Consolidated Financial Statements Summary

(For the six months ended September 30, 2015)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

November 2, 2015

Company name : **TEIJIN LIMITED** (Stock code 3401) http://www.teijin.com
Contact person : Masahiro Ikeda General Manager, Finance & Investor Relations Department TEL: +81-(0)3-3506-4395

(Amounts less than one million yen are omitted)

1. Highlight of the Second quarter of FY15 (April 1, 2015 through September 30, 2015)

(1) Consolidated financial results (Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the six months ended September 30, 2015	392,057	3.9	35,339	191.4	35,846	155.3	24,464	–
For the six months ended September 30, 2014	377,399	–1.2	12,127	133.8	14,042	242.3	(22,346)	–

cf. Comprehensive income: 16,637million yen (FY2014: (18,928)million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the six months ended September 30, 2015	24.89	22.58
For the six months ended September 30, 2014	(22.74)	—

* E.P.S.: Earnings per share

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2015	802,725	318,973	37.7
As of March 31, 2015	823,694	303,635	34.9

cf. Shareholders' equity: 302,298million yen (FY2014: 287,074million yen)

2. Dividends

	Dividends per share				
Period	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2014	—	2.00	—	2.00	4.00
FY2015	—	3.00			
FY2015 (Outlook)			—	4.00	7.00

Note: Revision of outlook for dividends in the second quarter: Yes

3. Forecast for operating results in the year ending March 31, 2016 (Fiscal 2015)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2015	790,000	0.5	58,000	48.4	58,000	36.9	34,000	—	34.59

Note: Revision of outlook for fiscal 2015 consolidated operating results in the second quarter: Yes

Appropriate Use of Forecasts and Other Information and Other Matters

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Qualitative Information on Outlook for Operating Results", beginning on page 7.

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

Global economic conditions in the six months ended September 30, 2015 saw the United States and other advanced countries remain on a recovery path, although growth in the People's Republic of China (PRC) and other emerging countries decelerated visibly. The Japanese economy continued to show signs of moderate growth, despite a slowing pace of improvement in business conditions in tandem with the deceleration in emerging economies.

In this environment, for the six months ended September 30, 2015, consolidated net sales totaled ¥392.1 billion, an increase of 3.9% year on year, owing to increases in the Healthcare and Trading and Retail segments, as well as the positive impact of the weak yen. Operating income grew 191.4%, or ¥23.2 billion, to ¥35.3 billion, underpinned by substantial increases in our materials businesses, which reflected falling prices for raw materials and fuel and the positive impact of restructuring initiatives, and by steady gains in our Healthcare segment, thanks to robust results for core products and services. Ordinary income increased 155.3%, or ¥21.8 billion, to ¥35.8 billion, despite foreign exchange losses. Profit attributable to owners of parent increased ¥46.8 billion year on year to ¥24.5 billion, owing in part to a decrease in extraordinary losses. Profit attributable to owners of parent per share rose ¥47.63 to ¥24.89.

Business Segment Results

Advanced Fibers and Composites
Sales in the Advanced Fibers and Composites segment totaled ¥65.4 billion, while operating income was ¥9.3 billion.

High-Performance Fibers
Sales remained firm for automotive applications and sales for infrastructure-related applications expanded.

In aramid fibers, sales of *Twaron* para-aramid fibers expanded firmly for automotive applications, including for tires in Europe, and for use as reinforcements for cables and hoses for oil drilling. In contrast, sales for use in ballistic protection products and for use in uniforms for shale gas-related and other fields were weak. Sales were favorable for *Technora* para-aramid fibers for automotive applications in Japan and infrastructure-related applications overseas, leading to strong improvement in earnings. Sales of *Teijinconex* meta-aramid fibers were robust for use in protective clothing and industrial applications, while competition remained fierce in filter applications despite growing demand in this field.

In this environment, we commenced production and sales of *Teijinconex* neo, a new meta-aramid fiber offering superior heat resistance and dyeability, at a new production facility in Thailand in August 2015. Motivated by increasingly stringent regulations pertaining to flame-retardant materials and environmental safety, we will continue to focus on expanding this particular business in promising Asian markets and emerging economies.

In polyester fibers, sales growth was sluggish for automotive applications at our subsidiary in Thailand, but earnings held firm thanks to increased sales for use in personal hygiene products, sewing thread, and other materials as well as contributions from lower prices for raw materials and other cost reductions. In Japan, amid lackluster growth in automobile-related markets, income was bolstered by higher sales for use in reverse osmosis membrane support layers for water treatment applications, as well as by efforts to cut costs. Looking ahead, we will strive to further strengthen our competitiveness by gradually realigning our domestic production configuration and transferring production of certain items to subsidiaries in Thailand.

Carbon Fibers and Composites
Sales for use in aircraft and general industrial applications remained favorable, while progress was made on the development of new products.

Sales of *TENAX* carbon fibers for use in aircraft were favorable, as orders from aircraft manufacturers remained firm. Among other applications, sales for use in general industrial applications were robust. However, the supply-demand balance softened for sports and leisure equipment applications in Asia in the latter part of the first half. Sales of *Pyromex* flame-resistant fibers were strong, reflecting brisk demand for use in aircraft brake pads. Yen depreciation and declining prices for raw material and fuel prices, which have persisted since autumn 2014, helped boost profitability.

Against this backdrop, we developed *TENAX XMS32*, a new grade of carbon fiber with high-tenacity and high-tensile modulus properties for aircraft and automotive applications. We also continued development work on prepreg that uses this new carbon fiber for aircraft applications. We are working to expand operations in profitable, high-growth markets by promoting the expansion of downstream business. Of note, joint development work with General Motors Company in the area of structural components for mass-produced vehicles made with our innovative thermoplastic carbon fiber-reinforced plastic (CFRP) *Sereebo* has entered the final stage of preparation for commercialization and we are now considering options for the production of these components in the United States.

Electronics Materials and Performance Polymer Products
The Electronics Materials and Performance Polymer Products segment reported sales of ¥87.3 billion and operating income of ¥11.9 billion.

Resin and Plastics Processing
The profitability of our mainstay polycarbonate resin products improved substantially.

Operating profitability for our mainstay *Panlite* and *Multilon* polycarbonate resin products improved markedly, bolstered by falling prices for key raw materials as well as by the positive impact of an improved sales mix—which enhanced profitability—and ongoing restructuring initiatives. In the second half of the current fiscal year, we will halt production at our subsidiary in Singapore as planned, in line with our announcement in November 2014. In parallel, with an eye on future growth, we aim to accelerate product development and sales focused on compounds for high-value-added fields, such as automobiles, infrastructure, and housing equipment including LED lighting, as well as the medical field, in addition to the office equipment and electronics fields in which we have traditionally been strong.

In processed plastics, sales of polycarbonate retardation film were solid. In contrast, sales of reverse-dispersion solvent-cast retardation film for use as an antireflective film in smartphones and tablet computers were sluggish. Sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in capacitive touch screens for vehicle navigation systems and game hardware, among others, were robust. In high-performance resins, sales of specialty polycarbonate resin for use in smartphone camera lenses were strong. Polyethylene naphthalate (PEN) resin was adopted for use in the wet-type *CALMIE* transparent fire extinguisher that was put on the market in 2015, in addition to its continued use in the dry-type *CALMIE* fire extinguisher that was launched in 2014. We will focus on developing more applications for PEN resin that take advantage of features such as its heat, chemical and gas barrier resistance properties.

At INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK), we plan to start commercial production of polyphenylene sulfide (PPS) resin, a "super engineering plastic," with the aim of developing this resin into a second pillar of our resin and plastics processing business alongside polycarbonate. To this end, we are focusing on marketing PPS resin mainly for use in automotive interior parts as well as electrical and electronic components. In this manner, we aim to strengthen our ability to propose solutions by expanding our lineup of materials.

Films

Sales volume struggled in Japan, but restructuring and other measures to cut costs helped to shore up profits.

Sales of *PUREX* release films for manufacturing processes were firm for use in multilayer ceramic capacitors for smartphones and other devices, and for use in polarizers and other such applications. However, operating conditions were otherwise difficult as the emergence of manufacturers from the PRC intensified pricing competition in the area of reflective films for use in liquid crystal display (LCD) televisions, and demand for polyethylene terephthalate (PET) film for use in specialty packaging and PEN film for use in magnetic materials remained weak. Nevertheless, profits improved compared with the same period a year ago, owing to lower raw material and fuel costs as a result of the fall in crude oil prices, as well as cost reductions as a result of restructuring. Going forward, we will accelerate the narrowing of our focus on high-value-added applications as a part of preparations for the integration of our domestic production facilities at the Utsunomiya Factory, scheduled for fiscal 2016. At the same time, we will focus on expanding sales of fire-retardant films and other newly developed products, as well as on developing new types of high-performance films by advancing marketing and development in tune with market needs. We will also take decisive steps to reinforce our earnings foundation by developing highly processed films and composite films incorporating other materials.

Overseas, demand for films for packaging applications and for use in solar cells, among others, was comparatively firm in the Americas and Europe. In contrast, sluggish market conditions intensified competition in the PRC, particularly as regards both sales volume and prices.

Healthcare

Sales in the Healthcare segment came to ¥74.8 billion, while operating income was ¥16.8 billion.

Pharmaceuticals

Sales of our novel treatment for hyperuricemia and gout expanded favorably.

In our domestic pharmaceuticals business, the operating environment for long-listed originator drugs remained harsh, owing to rising sales of generic drugs. Even so, sales of recently developed drugs, including hyperuricemia and gout treatment *Feburic* (febuxostat) and *Somatuline*®*, a treatment for acromegaly, continued to expand steadily. Drugs for which new formulations have been developed include osteoporosis treatment *Bonalon*®†, which is now also available not only in tablet form but also as an oral jelly and an intravenous drip. A new addition to our portfolio is *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of our well-known expectorant *Mucosolvan* launched in July 2015, that offers promise as a once-daily tablet that is easier to swallow and yet equally effective as regular-sized tablets. These additional formulations provide patients with a wider range of choices. In September 2015, Taisho Pharmaceutical Co., Ltd. received manufacturing and marketing approval for the transdermal anti-inflammatory analgesic patch formulation *LOQOA* Tape for the indication and usage of “the treatment of osteoarthritis pain and inflammation.” Teijin Pharma Limited will co-market this new formulation with Taisho Toyama Pharmaceutical Co., Ltd.

Sales of febuxostat also continued to expand encouragingly overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 52 of these countries and territories (including Japan), and we are in the process of obtaining regulatory approval to make it available in the others.

In R&D, we commenced Stage I clinical trials in Japan for TMX-049, a new treatment for hyperuricemia and gout, in April 2015. In July 2015, we filed an application with the Ministry of Health, Labour and Welfare for the approval of TMX-67TLS, which is under development as a project to expand indications for *Feburic* tablets to hyperuricemia associated with cancer chemotherapy. In September 2015, subsidiary Teijin Pharma Limited signed a joint research

* Somatuline® is a registered trademark of Ipsen Pharma S.A.S., Paris, France.
† Bonalon® is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

and development agreement with PeptiDream Inc. We aim to discover innovative pharmaceuticals for patients with unmet medical needs by seeking to turn macrocyclic and constrained peptides into pharmaceuticals for various drug targets that had been excluded from drug development efforts to date.

Japan's Ministry of Health, Labour and Welfare had ordered manufacturer and distributor Kaketsuken (The Chemo-Sero-Therapeutic Research Institute) to suspend shipments of *Kenketsu Venilon*-1 (an intravenous-use human immunoglobulin therapy). However, the Ministry's Pharmaceutical Affairs and Food Sanitation Council has allowed exceptional shipments to be made. After receiving a limited delivery of the product from Kaketsuken, we plan to gradually resume shipments to medical institutions. Meanwhile, shipments are still suspended for *Bolheal* (a tissue adhesive), and this has been adversely affecting our sales as a licensed reseller. We recognize that this situation is a major inconvenience to hospitals and patients and will endeavor to keep both abreast of related developments.

Home Healthcare

Rental volumes either remained high or increased for all offerings.

In the home healthcare business, we currently provide services to more than 400,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained firm, thanks to the release of new models *Hi-Sanso 5S* and *Hi-Sanso Portable α* (alpha). Looking ahead, we will strive to further boost rental volume for *Hi-Sanso Portable α* by stepping up marketing efforts. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, augmented by the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks and which also provides pertinent data to medical care facilities to enhance the effectiveness of treatment. Rentals of our noninvasive positive pressure ventilators (NPPVs) remained steady. To fortify support services for individuals, we sought to improve our ability to respond to patient needs by capitalizing on our home healthcare call centers in Fukuoka and Osaka.

Meanwhile, as part of our transformation and growth strategies, we have decided to enter the comprehensive community healthcare-related business, which represents a new business in the overlapping domains of healthcare and IT. To establish a foothold in this business, in September 2015 we commenced sales of *VitalLink*, a patient information sharing system essential to comprehensive community healthcare. We also continued to expand our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke and other causes launched in fiscal 2013, which initially focused on the Tokyo metropolitan area, to medical institutions in other areas of the country.

Overseas, we currently provide home healthcare services in the United States, Spain and the ROK. In the period under review, operating conditions in the United States remained harsh, a consequence of healthcare system reform and sizeable ensuing declines in medical treatment fees, as well as other factors. We responded by taking steps to restore profitability, including integrating sales bases and reducing headcount.

Trading and Retail

The Trading and Retail segment yielded sales of ¥130.1 billion and operating income of ¥2.2 billion.

Fiber Materials and Apparel

Sales expanded for sports apparel in the Americas and Europe.

Overall sales of fiber materials were driven by rising sales of *DELTAPEAK*, a key strategic material, and other high-performance materials for use in sportswear and outdoor apparel to manufacturers in the Americas and Europe.

In contrast, sales in the Japanese market were sluggish in line with stagnant market conditions, particularly the impact of a downturn in sales at major sports goods retailers. Under these conditions, in June 2015, we announced the development of *DELTA* TL, a new core material that we will initially market for use in fall and winter 2016 sportswear and for which we will expand sales by cultivating non-sportswear applications including inner wear, uniforms, bedding and industrial materials.

In functional textiles and apparel, our mainstay OEM business for apparel companies, SPA and retailers saw profitability deteriorate owing to higher costs reflecting the weaker yen and surging labor costs at production sites in China and ASEAN countries. Meanwhile, we are pushing ahead with the reinforcement of production bases through a review of the manufacturing and management structure primarily in Vietnam and Myanmar. In fiscal 2015, the sewing plant in Myanmar in which we have a stake began full-scale operations, thereby expanding our supply capacity in the ASEAN region. In June 2015, we staged a comprehensive exhibition of textiles and apparel for spring and summer 2016 in a bid to expand the original design manufacturer (ODM) business, whereby contracted companies propose designs and manufacture products that are rebranded for sale, using *SOLOTEX* PTT fibers, one of our strategic materials.

Industrial Textiles and Materials

We began offering comprehensive services in the area of medical and nursing care.

In sales of materials and components for automotive applications, demand related to tires was brisk, especially for reinforcement materials used in high-performance tires. Demand was also generally strong in Japan for rubber materials used in belts and hoses for automotive applications. However, exports of some products struggled as customers undertook inventory adjustments.

In textiles and related materials, sales remained weak for membrane materials such as decorative tent fabrics due to unfavorable weather. In civil engineering materials, sales slumped as demand related to earthquake reconstruction peaked out and shipments slowed for regular construction projects. In Japan, the market flagged for materials used in agricultural, fisheries, and electrical applications. Exports of functional materials such as short-cut fibers and aramid have stayed firm since 2014, with results exceeding our expectations significantly. As for household materials, sales of wall-covering materials were strong, and sales of floor-covering materials rose slightly from the previous year, while sales of curtain materials fell sharply.

In an effort spearheaded by our new Well Life Promotion Department, established in April 2015, this business collaborated with our Healthcare segment to deploy *HEALTH CARE LABO*, a new Teijin Group healthcare brand, marking our debut as a provider of comprehensive medical and nursing care services. We are focused on expanding sales of our extensive range of products, which includes adaptive sleepwear and clothing for nursing care patients, our *Welldry* series of incontinence underwear, products for clean rooms and seat supports for wheelchairs.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥34.4 billion and operating income of ¥1.9 billion.

The IT business reported solid results on steady growth in sales of e-books in the net services category. In the IT services category, we worked to develop new business for Digital Health Connect, a forum designed to facilitate collaboration between innovators in the healthcare field and IT service providers. In datacenter services, as a part of our restructuring initiative, we decided to stop providing services through our own datacenters in light of recent trends in this field.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators continued to expand favorably. We also developed a new high-performance membrane that contains polyethylene using our proprietary microporous membrane production technology, and we are working to launch a new business based on this technology, with products to be offered under the brand name *miraim*.

In the healthcare field, we are advancing R&D with the aim of creating new business fields, such as embedded medical devices and medical composite materials for pharmaceuticals. In April 2015, we established Teijin Nakashima Medical Co., Ltd. to develop global business in the artificial joint field. As a joint venture with Nakashima Holdings Co., Ltd., Teijin Nakashima Medical Co., Ltd. plans to put together a strategic marketing team and develop products that combine the technologies of the two companies.

We promoted the use of *Recopick*—a radio frequency identification (RFID) information management system that incorporates our RFID-enabled two-dimensional communication sheet *CELL FORM,* in electronic management solutions for library books, classified information and medical devices, among others, capitalizing on the system's ability to efficiently and accurately track the entry and removal, inventory levels and precise location of items.

Qualitative Information on Financial Position

Analysis of Assets, Liabilities and Net Assets

Total assets as of September 30, 2015, amounted to ¥802.7 billion, down ¥21.0 billion from the end of fiscal 2014. The decline in total assets was primarily the result of a decrease in investment securities in line with mark-to-market valuations, a decline in notes and accounts receivable–trade, and a decrease in cash and deposits owing to outlays for the redemption of bonds. These decreases were despite an increase in inventories, which was a consequence of seasonal factors and an inventory build-up in response to a suspension in production in conjunction with restructuring.

Total liabilities, at ¥483.8 billion, were down ¥36.3 billion from the end of fiscal 2014. Interest-bearing debt, which accounted for ¥283.6 billion of the total, was down ¥24.7 billion due to the redemption of straight bonds and the repayment of debt at overseas subsidiaries.

Total net assets rose ¥15.3 billion, to ¥319.0 billion. Net shareholders' equity, calculated by subtracting total valuation and translation adjustments from total shareholders' equity, represented ¥302.3 billion of the total, an increase of ¥15.2 billion. This was mainly due to an increase in line with profit attributable to owners of parent, which was partially offset by a decrease in valuation difference on available-for-sale securities.

Cash Flows

Net cash and cash equivalents provided by operating activities in the six months ended September 30, 2015, amounted to ¥26.3 billion. This result reflected profit attributable to owners of parent, along with the elimination of the impact of non-cash items, such as depreciation, amortization of goodwill, and impairment loss. Net cash and cash equivalents used in investing activities amounted to ¥16.5 billion. Free cash flow—net cash and cash equivalents from operating and investing activities combined—was therefore ¥9.8 billion.

Net cash and cash equivalents used in financing activities amounted to ¥27.8 billion, owing to the redemption of straight bonds and repayment of debt at overseas subsidiaries.

After factoring in the impact of exchange rate fluctuations, operating, investing and financing activities in the period under review resulted in a net decrease in cash and cash equivalents of ¥18.5 billion as of September 30, 2015.

Qualitative Information on Outlook for Operating Results

Outlook for Fiscal 2015

Forecast for Operating Results

(Billions of yen)

	Net sales	Operating income	Ordinary income	Profit (loss) attributable to owners of parent
Fiscal 2015	790.0	58.0	58.0	34.0
Fiscal 2014	786.2	39.1	42.4	(8.1)
Change	+3.8	+18.9	+15.6	+42.1
Percentage change	+0.5%	+48.4%	+36.9%	—

In the second half of fiscal 2015, the global economy is expected to grow steadily, led by developed countries. However, the economic outlook is becoming increasingly uncertain as emerging economies experience further economic deceleration, mainly due to declining exports and a drop in natural resource prices.

In this environment, we will press forward with the implementation of various restructuring initiatives, guided by our revised medium-term management plan, announced in November 2014, with the goal of strengthening our earnings foundation. We will also continue to promote the focused allocation of investments to core strategic businesses and promising new businesses, and to invest actively in projects aligned with our transformation and growth strategies, with the aim of realizing new value for our customers.

In light of recent operating results, we have revised our consolidated full-term operating results forecasts for fiscal 2015. We now expect to report consolidated net sales of ¥790.0 billion, compared with our previous forecast of ¥810.0 billion, operating income of ¥58.0 billion, compared with our previous forecast of ¥53.0 billion, ordinary income of ¥58.0 billion, compared with our previous forecast of ¥53.0 billion, and profit attributable to owners of parent of ¥34.0 billion, compared with ¥30.0 billion previously. These forecasts assume exchange rates of ¥121 to US$1.00 and ¥135 to €1.00 and an average Dubai crude oil price of US$53 per barrel.

Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	First half	Full term (Forecast)	First half	Full term (Forecast)
Advanced Fibers and Composites	¥ 65.4	¥140.0	¥ 9.3	¥ 18.5
Electronics Materials and Performance Polymer Products	87.3	165.0	11.9	16.5
Healthcare	74.8	145.0	16.8	27.0
Trading and Retail	130.1	265.0	2.2	5.0
Total	357.7	715.0	40.1	67.0
Others	34.4	75.0	1.9	6.0
Elimination and corporate	—	—	(6.7)	(15.0)
Consolidated total	¥392.1	¥790.0	¥35.3	¥ 58.0

2. Other Information

Changes in significant subsidiaries during the period under review:

None

Adoption of special quarterly accounting methods:

Certain of the consolidated subsidiaries of Teijin Limited ("the Company") have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the six months ended September 30, 2015, following the application of tax effect accounting to income before income taxes, and multiplying this by quarterly income before income taxes to estimate quarterly tax expense.

Changes in accounting principles, procedures and presentation methods:

Application of Accounting Standard for Business Combinations

Effective from the three months ended June 30, 2015, the Company adopted the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on September 13, 2013) and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, issued on September 13, 2013), among others. Accordingly, the Company changed to an accounting method whereby it records differences arising from changes in its ownership interests in companies in which it retains control in capital surplus and charges acquisition-related costs as expenses in the fiscal year in which they are incurred. Additionally, for business combinations implemented on or after April 1, 2015, the Company changed to an accounting method whereby any revisions to the allocation of acquisition costs pursuant to the final determination of provisional accounting treatments are reflected in the consolidated financial statements for the quarter in which the relevant business combination occurs. Furthermore, a change in the presentation of net income in the financial statements was implemented and the term "minority interests" was amended to "non-controlling interests." The Company has recast its financial statements for the six months ended September 30, 2014, and the fiscal year ended March 31, 2015, to reflect these changes.

In the consolidated statement of cash flows for the six months ended September 30, 2015, the Company changed to an accounting method whereby cash flows related to the acquisition or the sale of subsidiaries' shares that do not result in a change in the scope of consolidation are shown under "Cash flows from financing activities." Cash flows related to acquisition-related costs for subsidiaries' shares that result in a change in the scope of consolidation or cash flows related to expenses incurred in conjunction with the acquisition or the sale of subsidiaries' shares that do not result in a change in the scope of consolidation are shown under "Cash flows from operating activities."

Application of ASBJ Statement No. 21 and its related standards is in accordance with transitional provisions stipulated in Clause 58, Paragraph 2 (4), of ASBJ Statement No. 21; Clause 44, Paragraph 5 (4), of ASBJ Statement No. 22; and Clause 57, Paragraph 4 (4), of ASBJ Statement No. 7. The Company applied these standards effective from April 1, 2015. This application had no material impact on consolidated net income for the six months ended September 30, 2015.

Changes in accounting estimate

In the fiscal year ended March 31, 2015, the Company resolved to withdraw from the business of consolidated subsidiary Teijin Polycarbonate Singapore Pte Ltd., and revised its estimated asset retirement obligations for the obligation of restoration to original condition under real estate leasing contracts. In the six months ended September 30, 2015, the Company has once again revised its estimated construction costs based on construction contracts with third parties.

As a result of the revision of this estimate, the balance of asset retirement obligations as of September 30, 2015 was ¥1,239 million lower than the estimated balance as of March 31, 2015. The effect of the aforementioned change in estimate was to increase income before income taxes for the six months ended September 30, 2015 by ¥1,258 million.

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3. Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
< Assets >		
Current assets		
Cash and deposits	45,719	44,248
Notes and accounts receivable-trade	172,139	164,330
Securities	25,000	8,000
Merchandise and finished goods	78,357	90,557
Work in process	8,194	9,581
Raw materials and supplies	28,781	31,794
Other current assets	48,920	48,175
Allowance for doubtful accounts	(1,108)	(1,074)
Total	**406,004**	**395,614**
Fixed assets		
Tangible assets		
Buildings and structures, net	60,752	59,261
Machinery and equipment, net	71,111	70,656
Other, net	77,020	77,111
Total	**208,883**	**207,029**
Intangible assets		
Goodwill	9,408	8,982
Other	11,218	10,987
Total	**20,627**	**19,970**
Investments and other assets		
Investment securities	119,915	110,004
Other	71,192	73,019
Allowance for doubtful accounts	(2,927)	(2,912)
Total	**188,179**	**180,111**
Total fixed assets	**417,689**	**407,111**
Total assets	**823,694**	**802,725**

(Millions of yen)

	As of March 31, 2015	As of September30, 2015
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	75,495	75,010
Short-term loans payable	56,427	56,820
Current portion of long-term loans payable	20,570	34,779
Current portion of bonds	21,059	―
Income taxes payable	6,680	3,940
Other	61,323	55,794
Total	**241,555**	**226,345**
Noncurrent liabilities		
Bonds payable	55,188	55,168
Long-term loans payable	153,517	135,235
Provision for business structure improvement	14,683	15,032
Net defined benefit liability	30,407	30,641
Asset retirement obligations	6,860	5,645
Other	17,846	15,683
Total	**278,503**	**257,406**
Total liabilities	**520,059**	**483,752**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,447	101,458
Retained earnings	101,201	123,700
Treasury stock	(426)	(422)
Total	**273,039**	**295,553**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	24,226	16,785
Deferred gains or losses on hedges	(2,569)	(1,604)
Foreign currency translation adjustment	(8,102)	(8,590)
Remeasurements of defined benefit plans	479	155
Total	**14,034**	**6,745**
Subscription rights to shares	**844**	**837**
Minority interests	**15,716**	**15,837**
Total net assets	**303,635**	**318,973**
Total liabilities and net assets	**823,694**	**802,725**

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
Net sales	**377,399**	**392,057**
Cost of sales	279,105	265,332
Gross profit	**98,293**	**126,725**
Selling, general and administrative expenses	86,166	91,385
Operating income	**12,127**	**35,339**
Nonoperating revenues		
Interest income	290	323
Dividends income	787	982
Equity in earnings of affiliates	1,642	2,013
Foreign exchange gains	463	—
Gain on valuation of derivatives	1,002	—
Miscellaneous income	383	719
Total	4,569	4,040
Nonoperating expenses		
Interest expenses	1,420	1,304
Foreign exchange losses	—	634
Loss on valuation of derivatives	—	69
Miscellaneous loss	1,234	1,524
Total	2,655	3,532
Ordinary income	**14,042**	**35,846**
Extraordinary income		
Gain on sales of noncurrent assets	70	119
Gain on sales of investment securities	50	70
Reversal of impairment losses	75	1,879
Other	6	221
Total	203	2,291
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	362	564
Impairment loss	30,518	761
Business structure improvement expenses	11,102	3,430
Other	241	386
Total	42,223	5,142
Income (loss) before income taxes	**(27,978)**	**32,995**
Income taxes	**(3,302)**	**8,919**
Profit	**(24,675)**	**24,076**
Profit (loss) attributable to non-controlling interests	(2,329)	(387)
Profit attributable to owners of parent	**(22,346)**	**24,464**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
Profit	**(24,675)**	**24,076**
Other comprehensive income		
Valuation difference on available-for-sale securities	2,388	(7,439)
Deferred gains (losses) on hedges	(784)	964
Foreign currency translation adjustment	4,054	(597)
Remeasurements of defined benefit plans, net of tax	(297)	(359)
Share of other comprehensive income of associates accounted for using the equity method	385	(7)
Total	**5,746**	**(7,439)**
Comprehensive income (loss)	**(18,928)**	**16,637**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(16,646)	17,176
Comprehensive income attributable to minority interests	(2,282)	(539)

(3) Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2014	For the six months ended September 30, 2015
Cash flows from operating activities		
Income (loss) before income taxes	(27,978)	32,995
Depreciation and amortization	22,273	19,043
Impairment loss	30,518	761
Reversal of impairment losses	(75)	(1,879)
Increase (decrease) in net defined benefit liability	1,106	590
Decrease (increase) in net defined benefit asset	(1,192)	(1,195)
Increase (decrease) in accounts payable-other	(1,104)	(3,393)
Increase (decrease) in provision for business structure improvement	9,427	3,041
Interest and dividends income	(1,078)	(1,306)
Interest expenses	1,420	1,304
Equity in (earnings) losses of affiliates	(1,642)	(2,013)
Loss (gain) on sales of investment securities	(50)	9
Decrease (increase) in notes and accounts receivable-trade	2,069	6,911
Decrease (increase) in inventories	(2,125)	(15,860)
Increase (decrease) in notes and accounts payable-trade	(3,190)	496
Other, net	(2,974)	(5,158)
Subtotal	25,404	34,347
Interest and dividends income received	1,972	2,279
Interest expenses paid	(1,445)	(1,387)
Income taxes paid	(3,093)	(8,890)
Net cash and cash equivalents provided by operating activities	**22,836**	**26,349**
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,107)	(14,663)
Proceeds from sales of property, plant and equipment	94	433
Purchase of intangible assets	(1,113)	(1,233)
Purchase of investment securities	(20,145)	(821)
Proceeds from sales of investment securities	92	787
Net decrease (increase) in short-term loans receivable	(1,775)	(1,486)
Other, net	(414)	446
Net cash and cash equivalents used in investing activities	**(38,369)**	**(16,537)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(22,406)	1,794
Increase (decrease) in commercial papers	17,000	—
Proceeds from issuance of bonds	12,983	—
Redemption of bonds	(7,833)	(20,878)
Proceeds from long-term loans payable	25,000	1,435
Repayment of long-term loans payable	(8,720)	(7,738)
Cash dividends paid	(1,965)	(1,965)
Cash dividends paid to minority shareholders	(200)	(284)
Other, net	(172)	(163)
Net cash and cash equivalents provided by financing activities	**13,684**	**(27,800)**
Effect of exchange rate changes on cash and cash equivalents	**1,150**	**(479)**
Net increase (decrease) in cash and cash equivalents	(697)	(18,469)
Cash and cash equivalents at beginning of period	**32,975**	**70,561**
Cash and cash equivalents at end of period	**32,277**	**52,092**

(4) Notes Pertaining to Going Concern Assumption

No

(5) Notes on Significant Changes in Shareholders' Equity

No

(6) Segment Information, etc.

Ⅰ. FY14 2Q results (Apr. 2014 - Sept. 2014)

1. Segment sales and operating income (loss)

(Millions of yen)

	Reportable operating segments					Others*	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	64,397	92,200	67,795	123,589	347,983	29,416	377,399
2) Intersegment transactions or transfers	13,733	2,405	–	2,518	18,657	10,075	28,732
Net sales	78,130	94,606	67,795	126,108	366,640	39,491	406,132
Segment income (loss)	4,684	(1,344)	12,093	1,964	17,397	495	17,893

* "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable operating segment.

2. Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment) (Millions of yen)

Operating income	Amount
Total reportable operating segments	17,397
Others segment	495
Elimination of intersegment transactions	(154)
Corporate expenses*	(5,611)
Operating income	12,127

* Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to basic research and head office administration.

3. Loss on impairment and goodwill by reportable segments

Material loss on impairment of fixed assets

In the six months ended September 30, 2014, the Advanced Fibers and Composites, Electronics Materials and Performance Polymer Products, Healthcare and Others segments reported losses on impairment of ¥1,229 million, ¥19,263 million, ¥4,210 million and ¥5,768million, respectively.

Material change in the amount of goodwill

In the six months ended September 30, 2014, the Company reported impairment losses in the Electronics Materials and Performance Polymers Products and Healthcare segments, resulting in a material change in the amount of goodwill.

As a consequence, goodwill in the Electronics Materials and Polymer Products and Healthcare segments declined ¥1,543 million and ¥3,104 million respectively. Impairment losses on goodwill are included in the figures presented above in "material loss on impairment of fixed assets."

Material gain from negative goodwill

No

Ⅱ. FY15 2Q results (Apr. 2015 - Sept. 2015)

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	65,403	87,335	74,818	130,118	357,675	34,381	392,057
2) Intersegment transactions or transfers	13,716	1,994	—	1,888	17,600	9,099	26,699
Net sales	79,120	89,329	74,818	132,007	375,275	43,481	418,757
Segment income	9,283	11,892	16,759	2,196	40,132	1,903	42,035

* "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable operating segment.

2. Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment) (Millions of yen)

Operating income (loss)	Amount
Total reportable operating segments	40,132
Others segment	1,903
Elimination of intersegment transactions	(340)
Corporate expenses*	(6,356)
Operating income	35,339

* Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to basic research and head office administration.

3. Loss on impairment and goodwill by reportable segments

This item has been omitted because it is of low significance.

Supplementary Information

1. Movement of consolidated results

(1) Movement of results (Billions of yen)

	FY2014 1Q	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q
Net sales	181.9	195.5	201.1	207.7	192.6	199.5
Operating income	4.8	7.3	12.4	14.5	16.4	18.9
Ordinary income	4.7	9.4	14.9	13.4	18.0	17.9
Profit (loss) attributable to owners of pare	1.6	(24.0)	7.9	6.3	11.2	13.3

(2) Movement of industrial segment information (Billions of yen)

	FY2014 1Q	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q
Net sales						
Advanced Fibers and Composites	31.4	33.0	34.4	36.7	32.1	33.3
Electronics Materials and Performance Polymer Products	46.2	46.0	46.7	45.8	44.8	42.6
Healthcare	33.2	34.5	38.1	35.9	38.0	36.8
Trading and Retail	57.5	66.1	66.9	68.9	61.4	68.7
Total	168.4	179.6	186.1	187.3	176.3	181.4
Others	13.5	15.9	14.9	20.4	16.3	18.1
Consolidated total	181.9	195.5	201.1	207.7	192.6	199.5
Operating income (loss)						
Advanced Fibers and Composites	1.7	3.0	3.2	6.5	3.6	5.7
Electronics Materials and Performance Polymer Products	0.7	(2.1)	1.1	3.6	6.2	5.7
Healthcare	5.7	6.4	9.2	3.6	8.9	7.9
Trading and Retail	0.8	1.2	1.2	1.1	1.0	1.2
Total	8.8	8.6	14.7	14.7	19.7	20.4
Others	(0.7)	1.2	0.9	2.6	0.5	1.4
Elimination & corporate	(3.3)	(2.5)	(3.1)	(2.8)	(3.9)	(2.8)
Consolidated total	4.8	7.3	12.4	14.5	16.4	18.9

2. Capital expenditure, depreciation & amortization expenses and research & development expenses (consolidated)

(Billions of yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015 1Q–2Q (Actual)	FY2015 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	33.1	27.7	25.3	15.0	41.3
Total	36.3	30.2	28.1	16.4	44.0
Depreciation & amortization*	46.9	45.7	43.0	19.0	40.0
Research & development	33.2	32.2	32.4	16.4	34.0

* Depreciation and amortization includes amortization of goodwill.

3. Number of employees (Consolidated)

	End of FY12	End of FY13	End of FY14	End of FY15 2Q
Consolidated	16,637	15,756	15,780	15,963

4. Foreign Exchange Rate

(1) BS exchange rate for overseas subsidiaries (End of fiscal year)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 2Q (Actual)	FY2015 (Outlook)
JPY/USD	103	120	120	120
USD/EUR	1.38	1.08	1.13	1.12

(2) PL exchange rate for overseas subsidiaries (Average of fiscal year)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 2Q (Actual)	FY2015 (Outlook)
JPY/USD	100	110	122	121
USD/EUR	1.34	1.26	1.11	1.12

5. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2013 (Actual)	FY2014 (Actual)	FY2015 2Q (Actual)
Feburic®	Hyperuricemia and gout	11.4	15.5	10.1
Bonalon®	Osteoporosis	14.2	12.9	6.6
Mucosolvan®	Expectorant	7.9	6.5	3.2
Onealfa®	Osteoporosis	6.6	5.4	2.6
Venilon®	Severe infectious diseases	9.4	9.8	2.5
Laxoberon®	Laxative	3.6	2.9	1.3
Tricor®	Hyperlipidemia	1.7	1.7	0.8
Alvesco®	Asthma	1.3	1.2	0.6
Somatuline®	Acromegaly and pituitary gigantism	0.6	1.1	0.7
Bonalfa®	Psoriasis	1.3	1.1	0.5

6. Development status of new pharmaceuticals

(As of September 30, 2015)

Products	Indication	Stage
NA872ET (Mucosolvan®)	Expectorant	Approved in Japan in February 2015 and commenced sales in July 2015
TMX-67TLS(*Feburic*®)	Tumor lysis syndrome	Filed in Japan in July 2015
GGS-ON (*Venilon*®)	Optic neuritis	Ph III
GGS-MPA(*Venilon*®)	Microscopic polyangitis	Ph III
GGS-CIDP(*Venilon*®)	Chronic inflammatory demyelinating polyneuropathy	Ph III
TMX-67	Hyperuricemia and gout	Ph III (PRC)
ITM-014N (*Somatuline*®)	Neuroendocrine tumor	Ph II
ITM-058	Osteoporosis	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (US)
TMX-67XR (*Feburic*®)	Hyperuricemia and gout	Ph I / II
TMG-123	TypeII Diabetes	Ph I
TMX-049	Hyperuricemia and gout	Ph I

* *Bonalon*® is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, USA.
* *Somatuline*® is the registered trademark of Ipsen Pharma, Paris, France.
* KTP-001 was discovered and is under development by Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic ResearchInstitute), a general incorporated foundation, based on an enzyme engineered by Professor Hirotaka Haro of the University ofYamanashi's Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of theDepartment of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.