TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the nine months ended December 31, 2015)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan) February 1, 2016

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(Amounts less than one million yen are omitted)

1. Highlight of the third quarter of FY2015 (April 1, 2015 through December 31, 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 nine months ended December 31, 2015	591,293	2.2	55,488	125.9	56,808	96.1	34,922	–
For the nine months ended December 31, 2014	578,450	0.0	24,568	153.8	28,961	127.9	(14,424)	–

cf. Comprehensive income : 31,330 million yen (FY2014: (3,902) million yen)

	E.P.S.*	Diluted E.P.S.
	Yen	Yen
For the nine months ended December 31, 2015	35.53	32.24
For the nine months ended December 31, 2014	(14.68)	–

* E.P.S.: Earnings per share

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2015	821,941	330,128	38.4
As of March 31, 2015	823,694	303,635	34.9

cf. Shareholders' equity : 315,597 million yen (FY2014: 287,074 million 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 third quarter: No

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		Profit (loss) attributable to owners		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2015	790,000	0.5	65,000	66.3	65,000	53.4	37,000	—	37.64

Note: Revision of outlook for fiscal 2015 consolidated operating results in the third 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 nine months ended December 31, 2015 were underpinned on the whole by firm business conditions in advanced countries, primarily the United States, although growth in the People's Republic of China (PRC) and other emerging countries decelerated visibly, with resources prices falling sharply due to declining demand. The Japanese economy followed a moderate growth track, supported in part by steady corporate earnings on the back of the weak yen and other factors, although nevertheless growth in personal consumption and capital investment continued to lack momentum.

In this environment, for the nine months ended December 31, 2015, consolidated net sales totaled ¥591.3 billion, an increase of 2.2% year on year, owing primarily to increases in the Healthcare and Trading and Retail segments. Operating income grew 125.9%, or ¥30.9 billion, to ¥55.5 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 96.1%, or ¥27.8 billion, to ¥56.8 billion, despite foreign exchange losses. Profit attributable to owners of parent increased ¥49.3 billion year on year to ¥34.9 billion, owing in part to a decrease in extraordinary losses incurred in conjunction with restructuring initiatives. Profit attributable to owners of parent per share rose ¥50.21 to ¥35.53.

Business Segment Results

Advanced Fibers and Composites
Sales in the Advanced Fibers and Composites segment totaled ¥97.6 billion, while operating income was ¥13.9 billion.

High-Performance Fibers
Sales remained firm for automotive applications.

In aramid fibers, sales of *Twaron* para-aramid fibers expanded firmly for automotive applications, including for tires in Europe. Sales of some items for use in ballistic protection products showed a recovery. In contrast, sales for use in uniforms and in optical fiber applications 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, despite persistently fierce competition in the growing market for filter applications.

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 have continued to focus on expanding this particular business in promising Asian markets and emerging markets.

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, wadding, and other materials, as well as contributions from lower prices for raw materials and other cost reductions. In Japan, amid lackluster growth in sales for automobile applications, 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 has been softening for sports and leisure equipment applications in Asia from midway through last year. 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 have been accelerating new product development, including development of *TENAX XMS32*, a new grade of carbon fiber with high-tenacity and high-tensile modulus properties for aircraft and automotive applications, and a woven fabric prepreg with high-tenacity, high-rigidity and fire-retardant properties that uses thermoplastic. In the field of railcars, we jointly developed a CFRP leaf spring for the *efWING* new-generation railcar truck developed by Kawasaki Heavy Industries, Ltd. and began supplying this product to this company.

We are working to expand operations in profitable, high-growth markets by promoting the expansion of downstream business. Of note, in terms of our activities with General Motors Company in the area of structural components for mass-produced vehicles made with our innovative thermoplastic CFRP *Sereebo,* we are continuing to consider our options for future commercialization.

Electronics Materials and Performance Polymer Products
The Electronics Materials and Performance Polymer Products segment reported sales of ¥129.4 billion and operating income of ¥18.9 billion.

Resin and Plastics Processing
Focus on shifting to high-value-added fields with production halted at our subsidiary in Singapore.

Profitability for our mainstay *Panlite* and *Multilon* polycarbonate resin products improved markedly, bolstered by low prices for key raw materials and the positive impact of restructuring initiatives implemented to date. In December 2015, we halted production at our polycarbonate resin production subsidiary in Singapore as planned, in line with our revised medium-term management plan announced in November 2014. We will now work to further enhance capacity utilization rates at our two production bases in Japan and the PRC. Moreover, we will upgrade and expand our lineup of compound products by harnessing materials such as our high-performance fibers (aramid fibers, carbon fibers) and the “super engineering plastic” polyphenylene sulfide (PPS) resin, which is scheduled to enter production at INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK). In conjunction with these measures, aiming to expand earnings, we will strengthen development and marketing activities that will enable us to provide materials, services and solutions targeting high-value-added fields, such as automobiles, infrastructure, and housing equipment, 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, we posted solid sales of polycarbonate retardation film, as well as reverse-dispersion solvent-cast retardation film for use as an antireflective film in smartphones and tablet computers. Sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in touch screens for vehicle navigation systems and game hardware, among others, were favorable. In polyethylene naphthalate (PEN) resin, we will step up our focus on developing more applications that take advantage of features such as its 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

Strengthened cost competitiveness by integrating our domestic production facilities through restructuring initiatives.

We posted firm sales of *PUREX* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices. However, operating conditions were otherwise difficult as the emergence of manufacturers from the PRC intensified volume and pricing competition in the area of reflective films for use in liquid crystal display (LCD) televisions, and demand for use in special packaging 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.

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.

Considering that the operating environment surrounding this business is becoming increasingly severe, we have applied impairment accounting to fixed assets in connection with our domestic operations.

Healthcare

Sales in the Healthcare segment came to ¥112.5 billion, while operating income was ¥25.4 billion.

Pharmaceuticals

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

In our domestic pharmaceuticals business, sales of recently developed drugs, including hyperuricemia and gout treatment *Feburic* (febuxostat) and *Somatuline*®*, a treatment for acromegaly, continued to expand steadily. Meanwhile, the operating environment for long-listed originator drugs remained harsh, owing to rising sales of generic drugs. In this environment, the osteoporosis treatment *Bonalon*®† saw firm sales of new formulations including an oral jelly and an intravenous drip. Moreover, 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.” In January 2016, Teijin Pharma Limited begins co-marketing this new formulation with Taisho Toyama Pharmaceutical Co., Ltd.

Sales of febuxostat also continued to expand encouragingly overseas. We have secured exclusive distributorship

* 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.

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 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. In other initiatives, in November 2015 we filed an application with the China Food and Drug Administration of the PRC for approval of TMX-67 (generic name: febuxostat), a treatment for hyperuricemia and gout, which is being jointly developed with Astellas Pharma China, Inc. in the PRC.

On January 8, 2016, Kaketsuken (The Chemo-Sero-Therapeutic Research Institute), a manufacturer of certain products we sell, received an administrative order (business suspension order) from Japan's Ministry of Health, Labour and Welfare for violation of the Act on Pharmaceuticals and Medical Devices (the former Pharmaceutical Affairs Act).

In response, we will make every effort to fulfill our responsibility—and mission as a distributor—to ensure a stable supply of pharmaceuticals to the medical frontline by continuing to supply products for which limited deliveries have been permitted.

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, due to the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks, and an influx of SAS patients owing to efforts to promote the *SAS2100* sleep disorder diagnostic system. 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, in September 2015 we commenced sales of *VitalLink*, a patient information sharing system. We have been working to expand this business by conducting marketing activities focused on facilities that play a crucial role in comprehensive community healthcare and on other sites. Moreover, we developed a trial model of a repetitive transcranial magnetic stimulation device through an industry-academia partnership with Osaka University and other partners. In December 2015, Osaka University Hospital commenced an investigator-initiated clinical trial using this device. 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 a stroke or 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 ¥200.3 billion and operating income of ¥4.0 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 yarn for use in the products of major interior goods retailers, along with sales of textiles for use in sports and outdoor products in the Americas and Europe, and Japan. Sales of products for sports apparel in Japan continued to face an uphill struggle due to the negative impact of sluggish sales of autumn and winter products. In September 2015, we opened a booth for the first time at the Première Vision exhibition held in Paris. At the event, we presented a broad range of our strategic materials, including the *SOLOTEX* family and the *DELTA* series, in an effort to spur sales growth primarily in the European market.

In functional textiles and apparel, we worked to bolster our manufacturing and quality management structure centered on Vietnam and Myanmar in our mainstay OEM business for apparel companies, SPA and retailers. We also made progress on strengthening our integrated global supply chain. Notably, in fiscal 2015 the sewing plant in Myanmar in which we have a stake began full-scale operations. The sewing plant we set up in Northeast China commenced operations in October 2015. In November 2015, we staged a comprehensive exhibition of textiles and apparel for autumn and winter 2016-2017 in a bid to expand the original design manufacturer (ODM) business, whereby contracted companies propose design and manufacture products that are rebranded for sale, using *SOLOTEX PTT* fibers, one of our strategic materials.

Industrial Textiles and Materials

We began comprehensive initiatives in the medical and nursing care fields.

In sales of materials and components for automotive applications, we posted firm overall sales of reinforcement materials used in high-performance tires worldwide and sales of rubber materials used in automotive belts and hoses in Japan, although exports of rubber materials and sales of yarn for airbags struggled. Teijin FRA Tire Cord (Thailand) Co., Ltd., a joint venture engaged in the twisting, weaving and bonding of tire cords, began operation of a dipping plant. Through these and other initiatives, we took major strides forward in bolstering our global supply chain by setting up a region-wide production structure spanning Japan, the PRC and the ASEAN region.

In textiles and related materials, sales of raw materials for nonwoven fabrics and concrete flaking prevention sheets using aramid fibers increased favorably, despite weak sales of canvas for use in membrane materials. In civil engineering materials, shipments of large sandbags returned to growth after a period of persistently sluggish sales as demand related to earthquake reconstruction peaked out. As for household materials, sales of curtain materials and wall-covering materials were sluggish.

In April 2015, we set up the Well Life Promotion Department to undertake comprehensive initiatives in the medical and nursing care fields in cooperation with the Healthcare segment, based on *HEALTH CARE LABO*, a new Teijin Group healthcare brand. As part of these efforts, in October 2015, we formed a business partnership with FamilyMart Co., Ltd. focused on the joint development of healthcare products using the Teijin Group's high-performance materials. As the first jointly developed product, we commenced sales of a high-performance face mask using ultra-fine nanofibers. The Well Life Promotion Department will continue to take the lead in product development and increasing sales of an expansive 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 wheel chairs.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥51.6 billion and operating income of ¥3.3 billion.

The IT business reported solid results on steady growth in sales of e-books in the net services category. Looking at the IT services category, in data center services, we decided to stop providing services through our own data centers as a part of our restructuring initiative. Meanwhile, we worked to develop new business for Digital Health Connect, a forum designed to facilitate collaboration between innovators in the health care field and IT service providers. We also launched new initiatives in the field of comprehensive community healthcare.

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 December 31, 2015 amounted to ¥821.9 billion, down ¥1.8 billion from the end of fiscal 2014. The decline in total assets was primarily the result of a decrease in cash and cash equivalents owing to outlays for the redemption of bonds, and a decline in fixed assets due to impairment accounting and other factor. This decline was 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 connection with restructuring.

Total liabilities, at ¥491.8 billion, were down ¥28.2 billion from the end of fiscal 2014. Interest-bearing debt, which accounted for ¥281.1 billion of the total, was down ¥27.2 billion due to the redemption of straight bonds and the repayment of debt at overseas subsidiaries.

Total net assets rose ¥26.5 billion, to ¥330.1 billion. Total shareholders' equity and total valuation and translation adjustments together represented ¥315.6 billion of the total, an increase of ¥28.5 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 foreign currency translation adjustment.

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	65.0	65.0	37.0
Fiscal 2014	786.2	39.1	42.4	(8.1)
Change	+3.8	+25.9	+22.6	+45.1
Percentage change	+0.5%	+66.3%	+53.4%	—

The global economic outlook has recently become increasingly uncertain based on volatility in the financial and foreign exchange markets and falling resource prices, compounded by geopolitical risks.

In this environment, we are pressing forward with the implementation of various restructuring initiatives, guided by our revised medium-term management plan, announced in November 2014, with the goal of steadily 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 customers.

Looking at our consolidated full-term operating results forecasts for fiscal 2015, in light of recent operating results, we are forecasting net sales of ¥790.0 billion, unchanged from our previous forecast, but we have revised the following forecasts. We now expect to report operating income of ¥65.0 billion, compared with our previous forecast of ¥58.0 billion, ordinary income of ¥65.0 billion, compared with our previous forecast of ¥58.0 billion, and profit attributable to owners of parent of ¥37.0 billion, compared with ¥34.0 billion previously. These forecasts assume exchange rates of ¥121 to US$1.00 and ¥134 to €1.00 and an average Dubai crude oil price of US$47 per barrel.

Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income (loss)	
	1Q–3Q	Full term (Forecast)	1Q–3Q	Full term (Forecast)
Advanced Fibers and Composites	¥ 97.6	¥140.0	¥ 13.9	¥ 18.5
Electronics Materials and Performance Polymer Products	129.4	165.0	18.9	20.5
Healthcare	112.5	145.0	25.4	29.0
Trading and Retail	200.3	265.0	4.0	5.0
Total	539.7	715.0	62.3	73.0
Others	51.6	75.0	3.3	6.0
Elimination and corporate	—	—	(10.1)	(14.0)
Consolidated total	¥591.3	¥790.0	¥55.5	¥ 65.0

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 nine months ended December 31, 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 nine months ended December 31, 2014, and the fiscal year ended March 31, 2015, to reflect these changes.

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 nine months ended December 31, 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 nine months ended December 31, 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 December 31, 2015 was ¥1,151 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 nine months ended December 31, 2015 by ¥1,161 million.

Italicized product names and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries. Where noted, other italicized product names and service names used in this document are protected as the trademarks and/or trade names of other companies.

3. Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
< Assets >		
Current assets		
Cash and deposits	45,719	56,866
Notes and accounts receivable-trade	172,139	170,528
Securities	25,000	3,000
Merchandise and finished goods	78,357	92,953
Work in process	8,194	10,345
Raw materials and supplies	28,781	32,151
Other current assets	48,920	50,234
Allowance for doubtful accounts	(1,108)	(1,048)
Total	**406,004**	**415,031**
Fixed assets		
Tangible assets		
Buildings and structures, net	60,752	58,593
Machinery and equipment, net	71,111	68,564
Other, net	77,020	73,325
Total	**208,883**	**200,483**
Intangible assets		
Goodwill	9,408	8,508
Other	11,218	9,934
Total	**20,627**	**18,443**
Investments and other assets		
Investment securities	119,915	121,260
Other	71,192	69,532
Allowance for doubtful accounts	(2,927)	(2,810)
Total	**188,179**	**187,982**
Total fixed assets	**417,689**	**406,909**
Total assets	**823,694**	**821,941**

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	75,495	81,840
Short-term loans payable	56,427	54,704
Current portion of long-term loans payable	20,570	41,360
Current portion of bonds	21,059	—
Income taxes payable	6,680	3,348
Other	61,323	61,402
Total	**241,555**	**242,656**
Non-current liabilities		
Bonds payable	55,188	55,158
Long-term loans payable	153,517	128,405
Provision for business structure improvement	14,683	13,239
Net defined benefit liability	30,407	30,651
Asset retirement obligations	6,860	5,604
Other	17,846	16,096
Total	**278,503**	**249,155**
Total liabilities	**520,059**	**491,812**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,447	101,460
Retained earnings	101,201	131,209
Treasury stock	(426)	(429)
Total	**273,039**	**303,056**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,226	24,320
Deferred gains or losses on hedges	(2,569)	(1,568)
Foreign currency translation adjustment	(8,102)	(10,347)
Remeasurements of defined benefit plans	479	135
Total	**14,034**	**12,540**
Subscription rights to shares	**844**	**830**
Non-controlling interests	**15,716**	**13,701**
Total net assets	**303,635**	**330,128**
Total liabilities and net assets	**823,694**	**821,941**

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

(Consolidated Statements of Income)

(Millions of yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Net sales	**578,450**	**591,293**
Cost of sales	424,170	399,294
Gross profit	**154,279**	**191,999**
Selling, general and administrative expenses	129,711	136,511
Operating income	**24,568**	**55,488**
Nonoperating revenues		
Interest income	455	480
Dividends income	1,279	1,546
Equity in earnings of affiliates	2,511	2,553
Foreign exchange gains	812	—
Gain on valuation of derivatives	2,758	27
Miscellaneous income	676	1,150
Total	8,494	5,758
Nonoperating expenses		
Interest expenses	2,243	1,878
Foreign exchange losses	—	426
Miscellaneous loss	1,857	2,134
Total	4,101	4,438
Ordinary income	**28,961**	**56,808**
Extraordinary income		
Gain on sales of noncurrent assets	70	134
Gain on sales of investment securities	67	70
Reversal of impairment losses	77	1,782
Other	25	137
Total	241	2,125
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	511	1,526
Impairment loss	31,563	5,619
Business structure improvement expenses	13,915	4,193
Other	363	1,388
Total	46,353	12,728
Income (loss) before income taxes	**(17,150)**	**46,204**
Income taxes	(391)	13,244
Profit	**(16,759)**	**32,959**
Profit (loss) attributable to non-controlling interests	(2,334)	(1,962)
Profit (loss) attributable to owners of parent	**(14,424)**	**34,922**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Profit	**(16,759)**	**32,959**
Other comprehensive income		
Valuation difference on available-for-sale securities	5,008	96
Deferred gains (losses) on hedges	(929)	1,001
Foreign currency translation adjustment	8,074	(2,074)
Remeasurements of defined benefit plans, net of tax	(542)	(430)
Share of other comprehensive income of associates accounted for using the equity method	1,245	(221)
Total	**12,856**	**(1,628)**
Comprehensive income	**(3,902)**	**31,330**
Comprehensive income attributable to :		
Owners of the parent	(1,661)	33,428
Non-controlling interests	(2,241)	(2,097)

(3) **Notes Pertaining to Going Concern Assumption**

No

(4) **Notes on Significant Changes in Shareholders' Equity**

No

(5) **Segment Information, etc.**

Ⅰ. FY14 3Q results (Apr. 2014 – Dec. 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	98,785	138,932	105,867	190,528	534,114	44,335	578,450
2) Intersegment transactions or transfers	20,631	3,419	—	3,691	27,742	15,245	42,987
Net sales	119,417	142,352	105,867	194,219	561,856	59,581	621,437
Segment income (loss)	7,847	(239)	21,279	3,197	32,083	1,389	33,472

* "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	32,083
Others segment	1,389
Elimination of intersegment transactions	(199)
Corporate expenses*	(8,704)
Operating income	24,568

* 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 nine months ended December 31, 2014, the Advanced Fibers and Composites, Electronics Materials and Performance Polymer Products, Healthcare and Others segments reported losses on impairment of ¥1,199 million, ¥19,953 million, ¥4,366 million and ¥5,997million, respectively.

Material change in the amount of goodwill

In the nine months ended December 31, 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 ¥3,418 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 3Q results (Apr. 2015 – Dec. 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	97,634	129,365	112,482	200,260	539,742	51,550	591,293
2) Intersegment transactions or transfers	20,194	2,880	—	2,911	25,985	12,525	38,511
Net sales	117,828	132,246	112,482	203,171	565,728	64,076	629,804
Segment income	13,924	18,913	25,436	4,030	62,304	3,274	65,578

* "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	62,304
Others segment	3,274
Elimination of intersegment transactions	(416)
Corporate expenses*	(9,674)
Operating income	55,488

* 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 nine months ended December 31, 2015, the Electronics Materials and Performance Polymer Products segment reported losses on impairment of ¥5,069 million.

Material change in the amount of goodwill

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

Material gain from negative goodwill

No

TEIJIN
Human Chemistry, Human Solutions

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	FY2015 3Q
Net sales	181.9	195.5	201.1	207.7	192.6	199.5	199.2
Operating income	4.8	7.3	12.4	14.5	16.4	18.9	20.1
Ordinary income	4.7	9.4	14.9	13.4	18.0	17.9	21.0
Profit (loss) attributable to owners of parent	1.6	(24.0)	7.9	6.3	11.2	13.3	10.5

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

	FY2014 1Q	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Net sales							
Advanced Fibers and Composites	31.4	33.0	34.4	36.7	32.1	33.3	32.2
Electronics Materials and Performance Polymer Products	46.2	46.0	46.7	45.8	44.8	42.6	42.0
Healthcare	33.2	34.5	38.1	35.9	38.0	36.8	37.7
Trading and Retail	57.5	66.1	66.9	68.9	61.4	68.7	70.1
Total	168.4	179.6	186.1	187.3	176.3	181.4	182.1
Others	13.5	15.9	14.9	20.4	16.3	18.1	17.2
Consolidated total	181.9	195.5	201.1	207.7	192.6	199.5	199.2
Operating income (loss)							
Advanced Fibers and Composites	1.7	3.0	3.2	6.5	3.6	5.7	4.6
Electronics Materials and Performance Polymer Products	0.7	(2.1)	1.1	3.6	6.2	5.7	7.0
Healthcare	5.7	6.4	9.2	3.6	8.9	7.9	8.7
Trading and Retail	0.8	1.2	1.2	1.1	1.0	1.2	1.8
Total	8.8	8.6	14.7	14.7	19.7	20.4	22.2
Others	(0.7)	1.2	0.9	2.6	0.5	1.4	1.4
Elimination & corporate	(3.3)	(2.5)	(3.1)	(2.8)	(3.9)	(2.8)	(3.4)
Consolidated total	4.8	7.3	12.4	14.5	16.4	18.9	20.1

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

(Billions of yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015 1Q–3Q (Actual)	FY2015 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	33.1	27.7	25.3	22.0	37.3
Total	36.3	30.2	28.1	24.1	40.0
Depreciation & amortization*	46.9	45.7	43.0	28.9	40.0
Research & development	33.2	32.2	32.4	23.9	34.0

* Depreciation and amortization includes amortization of goodwill.

4. Foreign Exchange Rate

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

	FY2013 (Actual)	FY2014 (Actual)	FY2015 3Q (Actual)	FY2015 (Outlook)
JPY/USD	103	120	121	120
USD/EUR	1.38	1.08	1.09	1.12

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

	FY2013 (Actual)	FY2014 (Actual)	FY2015 1Q–3Q (Actual)	FY2015 (Outlook)
JPY/USD	100	110	122	121
USD/EUR	1.34	1.26	1.10	1.11

5. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2013 (Actual)	FY2014 (Actual)	FY2015 1Q–3Q (Actual)
Feburic®	Hyperuricemia and gout	11.4	15.5	16.0
Bonalon®	Osteoporosis	14.2	12.9	10.1
Mucosolvan®	Expectorant	7.9	6.5	5.2
Onealfa®	Osteoporosis	6.6	5.4	3.9
Venilon®	Severe infectious diseases	9.4	9.8	3.8
Laxoberon®	Laxative	3.6	2.9	2.0
Tricor®	Hyperlipidemia	1.7	1.7	1.3
Somatuline®	Acromegaly and pituitary gigantism	0.6	1.1	1.1
Alvesco®	Asthma	1.3	1.2	0.9
Bonalfa®	Psoriasis	1.3	1.1	0.7

6. Development status of new pharmaceuticals

(As of December 31, 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
TMX-67	Hyperuricemia and gout	Filed in PRC in November 2015
GGS-ON (*Venilon®*)	Optic neuritis	Ph III
GGS-MPA(*Venilon®*)	Microscopic polyangitis	Ph III
GGS-CIDP(*Venilon®*)	Chronic inflammatory demyelinating polyneuropathy	Ph III
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.