TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the year ended March 31, 2016)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

May 6, 2016

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(Amounts less than one million yen are omitted)

1. Results of FY2015 (April 1, 2015 through March 31, 2016)

(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	%
FY2015	790,748	0.6	67,130	71.7	60,316	42.3	31,090	—
FY2014	786,171	0.2	39,086	116.2	42,378	113.1	(8,086)	—

cf. Comprehensive income :15,799 million yen (FY2014: 6,033 million yen)

	E.P.S. *1	Diluted E.P.S.	ROE *2	ROA *3	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2015	31.63	28.68	10.6	7.3	8.5
FY2014	(8.23)	—	–2.8	5.3	5.0

*1 E.P.S.: Earnings per share
*2 ROE: Ratio of Profit (loss) attributable to owners of parent to Shareholders' equity
*3 ROA: Ratio of Ordinary income to Total assets
cf. Equity on gain and losses of unconsolidated subsidiaries and affiliates: (2,943) million yen (FY2014: 2,435 million yen)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2015	823,429	314,412	36.4	305.23
FY2014	823,694	303,635	34.9	292.09

cf. Shareholders' equity: 300,112 million yen (FY2014: 287,074million yen)

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2015	80,640	(40,322)	(8,316)	100,955
FY2014	76,030	(49,624)	10,393	70,561

2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
Period	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2014	–	2.00	–	2.00	4.00	3,930	–	1.4
FY2015	–	3.00	–	4.00	7.00	6,881	22.1	2.3
FY2016 (Outlook)	–	5.00	–	5.00	10.00		27.3	

3. Forecast for operating results in the year ending March 31, 2017 (Fiscal 2016)

(Percentages are interim-on-interim and year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2016 interim	370,000	–5.6	24,000	–32.1	24,000	–33.0	14,000	–42.8	14.24
FY2016	775,000	–2.0	58,000	–13.6	58,000	–3.8	36,000	15.8	36.62

4. Other information

(1) Changes in specific subsidiaries involving changes in the scope of consolidation: None

(2)Shares issued (common stock)

Shares issued (including treasury stock) at end of term

End of fiscal 2015 984,758,665

End of fiscal 2014 984,758,665

Treasury stock

End of fiscal 2015 1,530,571

End of fiscal 2014 1,925,911

Average shares outstanding during the period

Fiscal 2015 982,948,899

Fiscal 2014 982,749,176

Reference: Individual results of FY2015 (April 1, 2015 through March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2015	142,173	–2.8	17,207	56.9	25,532	22.5	11,490	–
FY2014	146,305	–12.8	10,970	236.4	20,837	30.1	(4,776)	–

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2015	11.69	10.58
FY2014	(4.86)	–

(2) Individual financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2015	534,202	238,023	44.4	241.31
FY2014	517,276	237,897	45.8	241.24

cf. Shareholders' equity: 237,259 million yen (FY2014: 237,095 million yen)

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 Forecast for Operating Results," beginning on page 8.

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

Global economic conditions in fiscal 2015, ended March 31, 2016, saw stronger stagnation amid a continuing deceleration of growth in the People's Republic of China (PRC) and other emerging countries and resource-rich nations, although they were underpinned on the whole by firm business conditions in advanced countries, primarily the United States. The Japanese economy followed a modest growth track, against the backdrop of slowing growth in exports, personal consumption and other factors.

In this environment, for fiscal 2015, consolidated net sales totaled ¥790.7 billion, an increase of 0.6% year on year, owing primarily to increases in the Trading and Retail and Healthcare segments, despite the impact of decreased sales from the halt of production at our resin plant in Singapore. Operating income rose 71.7%, or ¥28.0 billion, to ¥67.1 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.

Additionally, ordinary income increased 42.3%, or ¥17.9 billion, to ¥60.3 billion, despite the recording of equity in loss on affiliates (loss on valuation of investment in affiliates, etc.). Profit attributable to owners of parent increased ¥39.2 billion to ¥31.1 billion, owing in part to a decrease in extraordinary losses. Earnings per share rose ¥39.86 to ¥31.63.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥133.0 billion, while operating income was ¥18.5 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 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. *Technora* is being used in an expanding range of applications under more extreme conditions given the positive assessment of its outstanding fatigue resistance, chemical barrier and other properties, and production has continued at full capacity. Therefore, in March 2016, we decided to boost production capacity of *Technora* by around 10%, mainly by increasing fiber production facilities. Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as 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 solid sales of 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. Moreover, we are striving to further strengthen our competitiveness by realigning our domestic production configuration and transferring production of certain items to subsidiaries in Thailand..

Carbon Fibers and Composites

Favorable sales for use in aircraft and general industrial applications, while progress was made on new product development and downstream business expansion..

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 from midway through last year. Sales of *Pyromex* Oxidized PAN fiber were strong, reflecting brisk demand for use in aircraft brake pads. 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 *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 carbon fiber reinforced plastic (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. As part of these efforts, we strove to develop an integrated production system for CFRP in Europe using a high-pressure resin transfer molding (HP-RTM) process in combination with Part via Preform (PvP), a one-step carbon fiber to part technology. We are carrying out procedures to acquire land in the United States, with a view to constructing a new plant.

In addition, in the area of structural components for mass-produced vehicles made with our innovative thermoplastic CFRP *Sereebo*, we are continuing to implement activities with General Motors Company and other automobile manufacturers to achieve future commercialization.

Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥163.7 billion and operating income of ¥22.3 billion.

Resin and Plastics Processing

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

Profits from our mainstay *Panlite* and *Multilon* polycarbonate resin products improved markedly from the previous year, bolstered by lower 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. Through the optimization of production capacity, we have worked to enhance capacity utilization rates and the sales mix, along with reducing fixed costs. As a result, we have established a production configuration that is able to generate steady profits. Going forward, we will upgrade and expand our product lineup centered on compound products by harnessing materials such as the Teijin Group's high-performance fibers (aramid fibers, carbon fibers) and copolymers, as well as the "super engineering plastic" polyphenylene sulfide (PPS) resin, which will enter mass production at INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK).
These efforts will target growth fields such as automobiles, infrastructure, and housing equipment, as well as the medical field, in addition to the office equipment and electronic fields in which we have traditionally been strong. In parallel, in order to expand our earnings power, we will further strengthen development and marketing activities that will enable us to provide solutions through high-value-added materials, components, and services in growth fields.

In polyethylene naphthalate (PEN) high-performance resin, sales remained firm, and we are stepping up our focus on developing more applications that take advantage of features such as its chemical and gas barrier resistance properties. In flame retardants, we are bolstering activities to obtain product specification approval primarily through the development of new phosphorous products featuring strengths such as the ability to impart flame resistance and colorability to polyester fabrics and other materials, alongside our existing lineups, which are steadily generating earnings.

In processed plastics, we posted solid sales of polycarbonate retardation film for liquid crystal displays (LCDs) and 3D glasses, as well as reverse-dispersion solvent-cast retardation film for use as an organic electroluminescent display (OLED) antireflective film in smartphones and tablets. In addition, sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in touch screens for vehicle navigation systems, printers and game hardware, among others, were favorable, although sales for use in smartphones and tablets for the PRC market were sluggish.

Films

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

We faced an uphill struggle 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 for beverage cans and other items remained weak. However, we posted firm sales of *PUREX* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices. In addition, we saw lower raw material and fuel costs as a result of the fall in crude oil prices, and benefited from cost reductions as a result of restructuring. Consequently, profits improved from the previous year. Currently, we are working to consolidate production items and narrow 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 are striving to expand sales of fire-retardant films and other newly developed products. Going forward, we will step up our focus on developing new types of high-performance films by advancing marketing and development in tune with market needs.

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

Considering that the operating environment surrounding this business is becoming increasingly severe, we applied impairment accounting to fixed assets in connection with our domestic operations for the nine months ended December 31, 2015.

Healthcare

Sales in the Healthcare segment came to ¥147.5 billion, while operating income was ¥28.8 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. 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 January 2016, Teijin Pharma Limited began jointly marketing the transdermal anti-inflammatory analgesic patch formulation *LOQOA* Tape 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 57 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

* *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.

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. In addition, in January 2016 we began clinical development of EZN-2279 (domestic development code: STM-279), a therapeutic agent for adenosine deaminase (ADA) deficiency discovered by Sigma Tau Rare Disease Ltd. of the U.K. In March 2016, we obtained designation of EZN-2279 as an orphan drug by Japan's Ministry of Health, Labour and Welfare.

Since 2015, the 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). In March 2016, Kaketsuken obtained approval for partial amendment following progress made on resolving inconsistencies between the approval form and the actual manufacturing methods.
In response, we will make every effort to fulfill our responsibility to ensure a stable supply of pharmaceuticals to the medical frontline.

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, by expanding the use of *Hi-Sanso Portable α II*, a portable oxygen concentrator launched in March 2016. 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 the use of the *SAS2100* sleep disorder diagnostic system. Going forward, we will seek to further boost rental volume, by proactively expanding the use of *SLEEPMATE10*, a new model launched in January 2016 featuring *NemLink* functions and a built-in heater-humidifier. 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, investigator-initiated clinical trials of intractable neuropathic pain using a trial model of a repetitive transcranial magnetic stimulation device developed through an industry-academia partnership with Osaka University and other partners commenced at Osaka University Hospital in December 2015, followed by the start of these clinical trials at several other hospitals. 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

* A drug target is a molecule closely related to the cause of a disease. Controlling this molecule paves the way for successful treatment of the disease.

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 ¥270.9 billion and operating income of ¥5.3 billion.

Fiber Materials and Apparel

Expanded joint initiatives with overseas global brands by leveraging strengths of proprietary materials.

In the sports apparel field, we expanded joint initiatives with overseas global brands by leveraging high-performance materials centered on the core product *DELTA* series. Sales in Japan were healthy, supported mainly by the accomplishments of integrated materials sewing initiatives using OEM in the ASEAN region. Meanwhile, in the uniform field, we faced an uphill struggle owing to sluggish sales and the impact of inventory adjustments due to unseasonable weather. Sales of yarn benefitted from favorable sales of differentiated products. In textiles, sales of products for new markets in the Middle East grew..

In functional textiles and apparel, we faced an uphill struggle in our mainstay apparel OEM business due to declining consumption of apparel and sluggish sales of autumn and winter products due to unseasonable weather. In addition, profitability was squeezed by the yen's depreciation and rising overseas production costs. In this environment, we worked to enhance our ability to receive orders by pushing ahead with efforts to upgrade and expand our manufacturing platform, including a review of our manufacturing management structure centered on Vietnam and Myanmar. Moreover, in an effort to expand business, we proactively presented plans and proposals for apparel products based on proprietary materials including our strategic material *SOLOTEX*, through a comprehensive exhibition of textiles and apparel staged by TEIJIN FRONTIER CO., LTD. in Tokyo and by opening a booth at the Première Vision exhibition held in Paris.

Industrial Textiles and Materials

Firm sales of automotive materials and healthy exports of functional materials.

In the industrial textiles and automotive materials field, we saw firm sales of our mainstay tire cords for high-performance tires, and generally stable sales of rubber materials used in automobiles, such as hoses and belts. Airbags reached full capacity utilization and full sales in the second half of the fiscal year, with further production increases planned ahead. Although sales of automotive accessories such as seat covers remained lackluster, sales of automotive interior materials held steady overall, underpinned by the adoption of these materials in major vehicle models and other factors.

In textiles and related materials, in the Japanese market, sales were firm in the civil engineering, agriculture, fisheries and packaging fields, as well as in products related to nonwoven fabrics, , despite weak sales of membrane materials such as decorative tent fabrics and products in the filter field. In overseas markets, sales increased favorably owing to surging demand for functional materials such as short-cut fibers and carbon fibers.

In household materials, we posted growth in sales of products for wiping-related applications, and face masks developed as a new initiative with a major convenience store, among other products. In interior materials, sales of floor-covering materials and wall-covering materials were firm, but sales of curtain materials struggled.

In the films and plastics field, we faced an uphill struggle in sales of film, due to the impact of production adjustments for electronic components in the PRC from the second half of the fiscal year. In plastics, weak sales reflected a higher recycling rate for electronic component packaging applications. Meanwhile, sales were firm for equipment and machinery.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥75.6 billion and operating income of ¥6.5 billion.

The IT business reported solid results due to steady growth in sales of e-books in the net services category and other factors. Looking at the IT services category, we developed and started sales of the Cancer Patient Guidance and Administration Support System to hospitals, and in the field of comprehensive community healthcare, we entered into a business and capital alliance with Solasto Corporation. In addition, we made product enhancements to *GRANDIT*, a web-based ERP software package, such as enabling My Number support, in conjunction with advancing greater collaboration with our development and sales partners. Furthermore, in the IoT‡ field, we pushed ahead with expanding our business domains by entering into a business alliance with Afero, Inc., which provides cloud services. Meanwhile, we decided to stop providing services through our own data centers as a part of our restructuring initiative.

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 the orthopedics domain, in April 2015, we established Teijin Nakashima Medical Co., Ltd. as a joint venture with Nakashima Holdings Co., Ltd. to develop a global artificial joint business. The new venture plans to put together a strategic marketing team and develop products that combine the technologies of the two parent companies. In the cardiovascular domain, we continue to pursue our project to develop a patch for cardiac care. This project was selected for support under a program launched by

‡ The IoT (Internet of Things) is a concept that describes the interconnection of a vast array of devices worldwide via the Internet. Such advanced connectivity will facilitate the realization of a wider range of new services..

Japan's Ministry of Economy, Trade and Industry to promote collaboration between medical institutions and industry.

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.

Outlook for Fiscal 2016

Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Fiscal 2016 (Forecast)	¥775.0	¥58.0	¥58.0	¥36.0
Fiscal 2015	790.7	67.1	60.3	31.1
Change	(15.7)	(9.1)	(2.3)	+4.9
Percentage change	-2.0%	-13.6%	-3.8%	+15.8%

Looking at the macroeconomic environment in fiscal 2016, there are rising concerns of long-term stagnation in business conditions amid continuing economic deceleration in emerging countries. The PRC economy, which is fraught with overcapacity and excessive debt, still has downside risks. In the short term, the impact of various countries' monetary policies on the markets, along with large swings in foreign exchange rates and crude oil price, warrant continued vigilance.

In this environment, the Teijin Group continues to push ahead with restructuring initiatives and transformation and growth strategies guided by its revised medium-term management plan announced in November 2014. In fiscal 2016, the plan's final fiscal year, we will steadily execute restructuring initiatives, in conjunction with maximizing profit for the period by expanding sales of core products and services. In parallel, we will take steps to spur our future transformation and growth by investing actively in our transformation and growth strategies.

Looking at our consolidated full-term operating results forecasts for fiscal 2016, we are forecasting net sales of ¥775.0 billion, down 2.0% from fiscal 2015. We also forecast operating income of ¥58.0 billion, down 13.6%, and ordinary income of ¥58.0 billion, down 3.8%. Profit attributable to owners of parent is forecast at ¥36.0 billion, up 15.8% from fiscal 2015. These forecasts assume exchange rates of ¥110 to US$1.00 and ¥122 to €1.00 and an average Dubai crude oil price of US$45 per barrel.

Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Advanced Fibers and Composites	¥ 65.0	¥135.0	¥ 7.5	¥ 18.5
Electronics Materials and Performance Polymer Products	70.0	140.0	7.5	13.5
Healthcare	70.0	145.0	14.0	30.0
Trading and Retail	130.0	280.0	2.5	6.0
Total	335.0	700.0	31.5	68.0
Others	35.0	75.0	1.0	6.5
Elimination and corporate	—	—	(8.5)	(16.5)
Consolidated total	¥370.0	¥775.0	¥24.0	¥ 58.0

Qualitative Information on Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Assets, Liabilities and Net Assets

Total assets as of March 31, 2016 amounted to ¥823.4 billion, down ¥0.3 billion from the end of fiscal 2014. The decrease in total assets was primarily the result of a decline in fixed assets due to impairment accounting and valuation differences on investment securities. This decrease was despite an increase in cash and cash deposits due to a positive net cash balance.

Total liabilities amounted to ¥509.0 billion, down ¥11.0 billion from the end of fiscal 2014. Interest-bearing debt, which includes borrowings and bonds payable, accounted for ¥303.3 billion of the total, down ¥4.9 billion, mainly due to the impact of foreign exchange movements (a stronger yen) on foreign-currency denominated interest-bearing debt, as well as redemption of bonds.

Total net assets rose ¥10.8 billion, to ¥314.4 billion. Total shareholders' equity and total accumulated other comprehensive income together represented ¥300.1 billion of the total, an increase of ¥13.0 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 and a decrease in foreign currency translation adjustment.

Cash Flows

Net cash and cash equivalents provided by operating activities in fiscal 2015 amounted to ¥80.6 billion. This result reflected a substantial increase in profit attributable to owners of parent, along with the impact of non-cash items such as depreciation and amortization, and impairment loss.

Net cash and cash equivalents used in investing activities amounted to ¥40.3 billion, owing mainly to the purchase of property, plant and equipment

Free cash flow—net cash and cash equivalents from operating and investing activities combined—was therefore a positive ¥40.3 billion

Net cash and cash equivalents used in financing activities amounted to ¥8.3 billion. This reflected the net balance of components including the issue and redemption of bonds, the net result of proceeds from short- and long-term debt and repayment thereof, and the payment of dividends

After factoring in the impact of exchange rate fluctuations, operating, investing and financing activities in the period under review resulted in a net increase in cash and cash equivalents of ¥30.4 billion as of March 31, 2016.

Forecast for Financial Position

In fiscal 2016, we will press forward with efforts to maintain and enhance financial soundness. At the same time, we will actively promote promising investments and projects with the potential to contribute to future growth, in line with our transformation and growth strategies. Our forecasts for fiscal 2016 are for an ROA of 6.9%, ROE of 11.3% and a debt-to-equity ratio of 0.9 times.

Key Indicators

	Fiscal 2011 (As of March 31, 2012)	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016)	Fiscal 2016 (As of March 31, 2017) (Forecast)
ROA (%)	4.5	1.6	2.4	4.9	8.2	6.9
ROE (%)	4.2	–10.3	3.0	–2.8	10.6	11.3
Debt-to-equity ratio (times)	0.89	1.00	1.00	1.07	1.01	0.9
Equity ratio (%)	38.3	35.6	36.7	34.9	36.4	38.5
Equity ratio (market value basis) (%)	37.8	31.3	34.9	43.5	43.1	—
Debt payback period (years)	4.9	4.2	7.3	4.1	3.8	—
Interest coverage ratio (times)	10.9	18.4	10.5	23.8	32.5	—

Note: Calculations are based on consolidated figures.

Return on assets (ROA) Operating income ÷ Average* total assets
* ([Beginning balance + Ending balance] ÷ 2)

Return on equity (ROE) Profit attributable to owners of the parent ÷ Average* total shareholders' equity
* ([Beginning balance + Ending balance] ÷ 2)

Debt-to-equity ratio Interest-bearing debt ÷ Total shareholders' equity

Equity ratio [Total net assets (ending balance) – Subscription rights to shares (ending balance) – Non-controlling interests (ending balance)] ÷ Total assets

Equity ratio (market value basis) Market value of equity* ÷ Market value of total assets**
* Ending price × Number of shares issued at end of period (excluding treasury stock)
** Total shareholders' equity recalculated at market value

Debt payback period (years) Interest-bearing debt ÷ Net cash and cash equivalents provided by operating activities*
* As in Consolidated Statements of Cash Flows

Interest coverage ratio Net cash and cash equivalents provided by operating activities ÷ Interest expenses paid*
* As in Consolidated Statements of Cash Flows

Policy Regarding the Payment of Dividends, Dividends Declared for Fiscal 2015 and Dividend Forecast for Fiscal 2016

Policy Regarding the Payment of Dividends

Our basic policy for profit sharing is to ensure dividends are in line with consolidated operating results. We also give consideration to the need to ensure financial soundness, to our ability to maintain stable dividend payments over the medium to long term and to securing sufficient internal reserves to fund strategic investments aimed at ensuring future growth.

Dividends Declared for Fiscal 2015 and Dividend Forecast for Fiscal 2016

Our year-end dividend for fiscal 2015 was declared at ¥4.0 per share, bringing dividends for the full term, including the interim dividend, to ¥7.0 per share. Taking into account our operating results forecasts, we currently expect to declare an interim dividend of ¥5.0 per share and a year-end dividend of ¥5.0 per share for fiscal 2016, for full-term dividends of ¥10.0 per share.

Risk Factors

The Teijin Group recognizes certain risks as having the potential to affect its operating results and/or financial position. As of the date of this document, these risks included, but were not limited to, the risks listed below.

Market-Related Risk

The Teijin Group is working to transform itself into a corporate entity that is not swayed by changes in the general operating environment. Nonetheless, certain of the Group's products are vulnerable to market conditions, as a consequence of which the Group's performance may be affected by market trends, as well as by competition with other companies and sales price fluctuations arising thereof. Businesses involving commoditized materials—notably polyester fibers, polyester films and polycarbonate resin—are particularly vulnerable to fluctuations in shipments, sales prices and procurement costs for raw materials and fuel related to market conditions and competition with other companies. Because the cost of raw materials and fuel accounts for a major portion of production costs in these businesses, fluctuations in the price of crude oil may have a significant impact on the Group's income performance.

The majority of products in the Teijin Group's materials businesses are intermediates. Owing to inventory adjustments at each stage of production and sales, the rate of expansion or contraction of end-user demand for such products may exceed that of the real economy.

The Teijin Group's Healthcare segment is vulnerable to changes in drug reimbursement prices under Japan's NHI scheme, as well as to increasingly intense competition, both of which may have a negative impact on sales prices.

Fluctuations in foreign exchange and interest rates also have the potential to affect the Teijin Group's operating results and/or financial position.

Product Quality Risk

Teijin and the principal companies of the Teijin Group, including Teijin Pharma Limited, have established a dedicated product quality and reliability assurance function in the form of a division which functions independently of other divisions. The division, which adheres to strict quality management standards, is charged with product quality and reliability assurance for all Group businesses. However, there can be no assurance that all products are free of unforeseen major quality issues. Product and service defects arising from such quality issues have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

R&D-Related Risk

The Teijin Group actively allocates management resources to R&D with the aim of realizing sustainable growth through technology-driven innovation. However, the outcome of such R&D may diverge significantly from the objectives thereof, a situation that has the potential to negatively affect, among others, the Group's operating results.

In particular, R&D in the pharmaceuticals business is characterized by significant investments of funds and time. Pharmaceuticals discovery research has a high incidence of failure. In the initial stages, there is a high risk that researchers will fail to discover a promising drug. Even if a promising drug is discovered, clinical trials may prove it not to be as effective as anticipated, or to have unexpected adverse side effects, thereby forcing the abandonment of plans to apply for approval. There is also a risk that a new drug candidate may not receive regulatory approval as a result of the examination process that follows application, or that approval may be rescinded based on the outcome of research conducted subsequent to launch.

Risks Related to Overseas Operations

The Teijin Group has operations in the PRC, Southeast Asia (including Thailand), Europe (including Germany and the Netherlands) and the United States. These operations are vulnerable to the impact of fluctuations in foreign exchange and interest rates. Our operations in the PRC and Southeast Asia, in particular, may also be affected by such factors as the enforcement of new—or unexpected changes to existing—laws, regulations or tax systems that exert an adverse impact on the Group; economic fluctuations; or by social unrest triggered by, among others, changes of government or acts of terror or war. The manifestation of such risks has the potential to adversely affect the Group's operating results and/or financial position.

Risks Related to Accidents and Disasters

The Teijin Group has prepared common disaster prevention guidelines for use by all Group companies and is an active proponent of efforts to prevent and/or alleviate the impact of disasters through disaster prevention diagnostics, earthquake response measures, fire prevention and other advance prevention strategies, disaster prevention education and training and post-disaster impact mitigation measures.

Nonetheless, in the event of a major natural disaster or unforeseen accident that results in damage to the Group's production facilities or significantly impedes the Group's supply chain, such developments may have a negative impact on the Group's operating results and/or financial position.

2. Management Policies

Basic Management Policies of the Teijin Group

As declared in one of the Teijin Group's three corporate philosophies*, we are committed to enhancing the quality of life of people everywhere through our deep insight into human nature and the application of our creative abilities. Accordingly, we as a Group pledge to continue advancing chemical technologies that are friendly to both people and the global environment and to keep providing solutions that resonate with our customers and society at large. Guided by this philosophy, we aim to achieve sustainable growth in corporate value by pursuing an integrated management approach based on three core elements: Business strategies, corporate governance and corporate social responsibility (CSR)†. Through these efforts, we will endeavor to build solid relationships, based on trust, with all of our stakeholders‡.

* The Teijin Group has three corporate philosophies: "Enhance the quality of life," "Grow in harmony with society" and "Empower our people."

† CSR: A form of corporate self-regulation encompassing commitment to the environment, safety and health; compliance, i.e., adherence to social norms, ethical standards and the law; and responsibility to society.

‡ Stakeholders include shareholders, employees, creditors, business partners (customers and suppliers), consumers and local communities.

Principal Performance Targets

The Teijin Group has identified ROA, ROE and debt-to-equity ratio as key performance indicators.

Tasks Ahead

Short-Term Efforts

In our advanced fibers and composites business, which we have positioned as a core strategic business, we will focus on bolstering sales in promising markets, notably for use in aircraft, automotive and infrastructure-related applications. In healthcare, also viewed as a core strategic business, we will press ahead with efforts to increase sales of key strategic products, namely, hyperurecemia and gout treatment febuxostat and CPAP ventilators for treating SAS.

In addition to taking steps to expand profits in our trading and retail and IT businesses, which we see as stable-profit businesses, we will leverage synergies with core strategic businesses. In businesses to be restructured, namely our electronics materials and performance polymer products and our raw materials and polymerization businesses, we will step up efforts to reshape our business structure, in addition to steadily executing restructuring initiatives.

Medium-Term Efforts

In November 2014, we introduced a revised medium-term management plan, which centers on restructuring initiatives and transformation and growth strategies, to guide our efforts through fiscal 2016.

Restructuring initiatives

The goals of our restructuring initiatives are to ensure full awareness of and further reinforce the basic strengths we have amassed to date and to build a new structure capable of supporting transformation and growth strategies. To this end, we have narrowed our focus by analyzing each of our businesses from the perspectives of market growth potential, competitive advantages and profitability, and will seek to promote the targeted allocation of corporate resources in promising growth businesses. Based on the results of this process, we are pushing ahead with the integration of production and development bases.

These measures have already produced a positive impact from restructuring initiatives of ¥4.5 billion on operating income through fiscal 2015. Combined with an additional positive impact of ¥8.0 billion next fiscal year, we are targeting a cumulative positive impact of ¥12.5 billion through fiscal 2016, compared with fiscal 2014.

Transformation and growth strategies

The Teijin Group is a unique corporate entity with capabilities in three core business domains, namely, high-performance materials, healthcare and IT. While to date we have sought to grow businesses in each domain independently, our emphasis going forward will be on integrating capabilities and competitive advantages from these domains to foster groundbreaking, distinctively Teijin businesses in key categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness. We will continue to actively invest our resources to achieve this goal.

Medium-term management targets

Under the revised medium-term management plan, through the positive impact of restructuring initiatives and by the growth of our core strategic businesses, we targeted operating income of ¥50.0 billion and ROE of 8% or higher for fiscal 2016. However, in fiscal 2015, we attained these targets ahead of schedule. In fiscal 2016, we will manage our businesses with the aim of achieving operating income of ¥58.0 billion and ROE of 11.3%, both of which exceed our initial targets.

Next medium-term management plan

In fiscal 2016, the final fiscal year of the revised medium-term management plan, a major priority is to formulate the next medium-term management plan to drive further growth over the medium and long terms. In the process of formulating this plan, we will articulate our growth scenarios and set a clearer course for our transformation to a solutions-oriented business model.

Basic Policy on Selection of Financial Reporting Standards

In preparation for the future adoption of International Financial Reporting Standards (IFRS), we are analyzing differences between the IFRS and financial reporting standards generally accepted in Japan, which we currently apply. We are also considering the appropriate timing of adoption.

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)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
< Assets >		
Current assets		
Cash and deposits	45,719	72,122
Notes and accounts receivable-trade	172,139	164,536
Securities	25,000	29,000
Merchandise and finished goods	78,357	85,965
Work in process	8,194	7,738
Raw materials and supplies	28,781	26,738
Short-term loans receivable	16,421	15,811
Deferred tax assets	7,123	8,256
Other current assets	25,375	21,351
Allowance for doubtful accounts	(1,108)	(1,015)
Total	**406,004**	**430,504**
Fixed assets		
Tangible assets		
Buildings and structures, net	60,752	58,631
Machinery and equipment, net	71,111	70,751
Land	43,810	43,080
Construction in progress	10,246	8,475
Other, net	22,962	22,327
Total	**208,883**	**203,267**
Intangible assets		
Goodwill	9,408	7,296
Other	11,218	9,356
Total	**20,627**	**16,653**
Investments and other assets		
Investment securities	119,915	109,053
Long-term loans receivable	2,199	2,271
Net defined benefit asset	34,584	32,552
Deferred tax assets	3,874	4,278
Other	30,533	27,013
Allowance for doubtful accounts	(2,927)	(2,166)
Total	**188,179**	**173,004**
Total fixed assets	**417,689**	**392,924**
Total assets	**823,694**	**823,429**

(Millions of yen)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	75,495	71,394
Short-term loans payable	56,427	55,527
Current portion of long-term loans payable	20,570	27,493
Current portion of bonds	21,059	—
Income taxes payable	6,680	6,238
Deferred tax liabilities	33	52
Accrued expenses	21,052	24,996
Other	40,236	42,493
Total	**241,555**	**228,196**
Noncurrent liabilities		
Bonds payable	55,188	55,148
Long-term loans payable	153,517	163,645
Provision for business structure improvement	14,683	12,555
Net defined benefit liability	30,407	30,440
Asset retirement obligations	6,860	2,405
Deferred tax liabilities	6,289	5,640
Other	11,557	10,984
Total	**278,503**	**280,820**
Total liabilities	**520,059**	**509,017**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,447	101,473
Retained earnings	101,201	127,377
Treasury stock	(426)	(354)
Total	**273,039**	**299,312**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,226	17,754
Deferred gains or losses on hedges	(2,569)	(1,303)
Foreign currency translation adjustment	(8,102)	(15,073)
Remeasurements of defined benefit plans	479	(578)
Total	**14,034**	**799**
Subscription rights to shares	**844**	**837**
Non-controlling interests	**15,716**	**13,462**
Total net assets	**303,635**	**314,412**
Total liabilities and net assets	**823,694**	**823,429**

(2) Consolidated Statements of Income

(Millions of yen)

	FY2014 (Apr. 2014-Mar. 2015)	FY2015 (Apr. 2015-Mar. 2016)
Net sales	**786,171**	**790,748**
Cost of sales	569,499	536,309
Gross profit	**216,672**	**254,439**
Selling, general and administrative expenses	177,586	187,309
Operating income	**39,086**	**67,130**
Nonoperating revenues		
Interest income	622	654
Dividends income	1,308	1,656
Equity in earnings of affiliates	2,435	—
Foreign exchange gains	1,031	—
Gain on valuation of derivatives	2,663	—
Miscellaneous income	1,109	1,442
Total	9,170	3,753
Nonoperating expenses		
Interest expenses	3,067	2,419
Equity in losses of affiliates	—	2,943
Foreign exchange losses	—	889
Contribution	903	851
Loss on valuation of derivatives	—	1,276
Miscellaneous loss	1,907	2,185
Total	5,877	10,567
Ordinary income	**42,378**	**60,316**
Extraordinary income		
Gain on sales of noncurrent assets	748	305
Gain on sales of investment securities	94	70
Reversal of impairment losses	95	3,265
Other	19	879
Total	958	4,521
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,283	2,865
Loss on valuation of investment securities	4	567
Impairment loss	30,375	7,565
Business structure improvement expenses	16,759	5,506
Other	1,842	2,752
Total	50,264	19,257
Income (loss) before income taxes	**(6,927)**	**45,580**
Income taxes - current	11,521	13,069
Income taxes - deferred	(8,446)	3,289
Total	3,074	16,358
Profit (loss)	**(10,002)**	**29,222**
Profit (loss) attributable to non-controlling interests	(1,915)	(1,867)
Profit (loss) attributable to owners of parent	**(8,086)**	**31,090**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2014 (Apr. 2014-Mar. 2015)	FY2015 (Apr. 2015-Mar. 2016)
Profit (loss)	**(10,002)**	**29,222**
Other comprehensive income		
Valuation difference on available-for-sale securities	13,467	(6,483)
Deferred gains (losses) on hedges	(3,586)	1,266
Foreign currency translation adjustment	3,995	(6,056)
Remeasurements of defined benefit plans, net of tax	1,737	(2,074)
Share of other comprehensive income of associates accounted for using equity method	421	(74)
Total	**16,035**	**(13,422)**
Comprehensive income	**6,033**	**15,799**
Comprehensive income attributable to :		
Owners of the parent	7,832	17,855
Non-controlling interests	(1,798)	(2,055)

(3) Consolidated Statement of Changes in Net Assets

FY2014 (Apr. 2014 - Mar. 2015) (Millions of yen : amounts less than one million yen are omitted)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2014	70,816	101,429	111,754	(435)	283,564
Cumulative effects of changes in accounting policies			1,465		1,465
Restated balance	70,816	101,429	113,219	(435)	285,029
Changes of items during the period					
Dividends from surplus			(3,930)		(3,930)
Profit (loss) attributable to owners of parent			(8,086)		(8,086)
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		18		32	50
Net changes of items other than shareholders' equity					
Total	–	18	(12,017)	9	(11,989)
Balance at March 31, 2015	70,816	101,447	101,201	(426)	273,039

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2014	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	300,112
Cumulative effects of changes in accounting policies								1,465
Restated balance	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	301,577
Changes of items during the period								
Dividends from surplus								(3,930)
Profit (loss) attributable to owners of parent								(8,086)
Purchase of treasury stock								(23)
Disposal of treasury stock								50
Net changes of items other than shareholders' equity	13,467	(3,586)	4,923	1,113	15,918	106	(1,977)	14,047
Total	13,467	(3,586)	4,923	1,113	15,918	106	(1,977)	2,057
Balance at March 31, 2015	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635

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(3) Consolidated Statement of Changes in Net Assets

FY2015 (Apr. 2015 - Mar. 2016) (Millions of yen : amounts less than one million yen are omitted)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2015	70,816	101,447	101,201	(426)	273,039
Cumulative effects of changes in accounting policies					
Restated balance	70,816	101,447	101,201	(426)	273,039
Changes of items during the period					
Dividends from surplus			(4,914)		(4,914)
Profit (loss) attributable to owners of parent			31,090		31,090
Purchase of treasury stock				(41)	(41)
Disposal of treasury stock		26		112	138
Net changes of items other than shareholders' equity					
Total	—	26	26,175	71	26,273
Balance at March 31, 2016	70,816	101,473	127,377	(354)	299,312

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2015	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635
Cumulative effects of changes in accounting policies								—
Restated balance	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635
Changes of items during the period								
Dividends from surplus								(4,914)
Profit (loss) attributable to owners of parent								31,090
Purchase of treasury stock								(41)
Disposal of treasury stock								138
Net changes of items other than shareholders' equity	(6,471)	1,265	(6,971)	(1,057)	(13,234)	(7)	(2,254)	(15,496)
Total	(6,471)	1,265	(6,971)	(1,057)	(13,234)	(7)	(2,254)	10,776
Balance at March 31, 2016	17,754	(1,303)	(15,073)	(578)	799	837	13,462	314,412

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014 (Apr. 2014-Mar. 2015)	FY2015 (Apr. 2015-Mar. 2016)
Cash flows from operating activities		
Income (loss) before income taxes	(6,927)	45,580
Depreciation and amortization of others	43,030	38,893
Impairment loss	30,375	7,565
Reversal of impairment losses	(95)	(3,265)
Increase (decrease) in net defined benefit liability	5,420	603
Decrease (increase) in net defined benefit asset	(2,781)	(1,776)
Increase (decrease) in allowance for doubtful receivables	(1,917)	(753)
Increase (decrease) in provision for business structure improvement	14,683	974
Interest and dividend income	(1,931)	(2,310)
Interest expense	3,067	2,419
Equity in losses (earnings) of affiliates	(2,435)	2,943
Loss (gain) on valuation of derivatives	(2,663)	1,276
Loss (gain) on sales and retirement of noncurrent assets	535	2,559
Loss (gain) on sales of investment securities	39	9
Loss (gain) on valuation of investment securities	4	567
Decrease (increase) in notes and accounts receivable-trade	1,050	2,998
Decrease (increase) in inventories	6,766	(6,933)
Increase (decrease) in notes and accounts payable-trade	(9,626)	(550)
Increase (decrease) in accrued payments due to change in retirement benefit plan	(2,082)	(2,015)
Other, net	2,897	1,366
Subtotal	77,410	90,153
Interest and dividends income received	7,067	6,588
Interest expenses paid	(3,189)	(2,481)
Income taxes paid	(5,258)	(13,619)
Net cash and cash equivalents provided by operating activities	**76,030**	**80,640**
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,527)	(31,895)
Proceeds from sales of property, plant and equipment	751	668
Purchase of intangible assets	(2,364)	(2,801)
Purchase of investment securities	(22,052)	(2,406)
Proceeds from sales of investment securities	1,575	848
Decrease (increase) in short-term loans receivable	2,434	(2,643)
Payments of long-term loans receivable	(1,908)	(59)
Collections of long-term loans receivable	329	188
Other, net	(1,861)	(2,223)
Net cash and cash equivalents used in investing activities	**(49,624)**	**(40,322)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(36,295)	3,146
Proceeds from issuance of bonds	59,210	—
Redemption of bonds	(19,809)	(20,770)
Proceeds from long-term loans payable	37,534	36,707
Repayment of long-term loans payable	(25,805)	(21,820)
Cash dividends paid	(3,930)	(4,914)
Cash dividends paid to non-controlling interests	(200)	(284)
Other, net	(309)	(380)
Net cash and cash equivalents provided by financing activities	**10,393**	**(8,316)**
Effect of exchange rate changes on cash and cash equivalents	**786**	**(1,970)**
Net increase in cash and cash equivalents	37,586	30,030
Cash and cash equivalents at beginning of period	**32,975**	**70,561**
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	363
Cash and cash equivalents at end of period	**70,561**	**100,955**

4. Changes in Accounting Principles, etc.

Changes in accounting principles, procedures and presentation methods:

Application of Accounting Standard for Business Combinations

Effective from the year ended March 31, 2016, 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 fiscal year 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 consolidated financial statements for the fiscal year ended March 31, 2015, to reflect these changes.

In the consolidated statement of cash flows for the year ended March 31, 2016, 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 year ended March 31, 2016.

Change in accounting estimate

In the 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 year ended March 31, 2016, 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 March 31, 2016 was ¥2,488 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 year ended March 31, 2016 by ¥2,653 million.

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5. Segment Information, etc.
Segment Information
Outline of segments

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by its chief decision-making authority in determining the allocation of management resources and in assessing performance. The Company currently divides its operations into business groups, based on type of product, nature of business and services provided. The business groups formulate product and service strategies in a comprehensive manner in Japan and overseas.

Accordingly, the Company divides its operations into four reportable operating segments on the same basis as it uses internally: Advanced Fibers and Composites (comprising High-Performance Fibers and Carbon Fibers and Composites); Electronics Materials and Performance Polymer Products (comprising Polycarbonate Resin and Plastics Processing, and Films); Healthcare; and Trading and Retail.

Within the Advanced Fibers and Composites segment, the High-Performance Fibers business encompasses the production and sale of advanced aramid fibers and polyester fibers for industrial applications, and the Carbon Fibers and Composites business includes the production and sales of carbon fibers and composites. Within the Electronics Materials and Performance Polymer Products segment the Polycarbonate Resin and Plastics Processing business involves the production and sale of polycarbonate resin, other resins and resin products, while the Films business includes the production and sales of polyester films. Healthcare encompasses the production and sales of pharmaceuticals, the production and rental of home healthcare devices and the provision of home healthcare services. Trading and Retail focuses on the planning, OEM production and trading and retail of polyester filaments, other fibers and polymer products.

Accounting methods used to calculate segment income (loss), segment assets and other items for reportable segments

Segment income (loss) for reportable segments is based on operating income (loss).

Amounts for intersegment transactions or transfers are calculated based on market prices or on prices determined using the cost-plus method.

Segment income (loss), segment assets and other items for reportable segments

FY2014 results (Apr. 2014 - Mar. 2015)

(Millions of yen)

	Reportable operating segments						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal	Others[1]	Total
Sales							
1) External customers	135,528	184,767	141,723	259,380	721,399	64,772	786,171
2) Intersegment transactions or transfers	27,657	4,508	—	4,686	36,852	20,095	56,948
Net sales	163,185	189,276	141,723	264,067	758,252	84,867	843,119
Segment income	14,352	3,402	24,829	4,248	46,832	3,982	50,815
Segment asset	193,893	151,978	147,931	133,329	627,132	79,120	706,252
Other items							
Depreciation[2]	15,461	8,154	10,934	2,021	36,571	2,212	38,784
Amortization of goodwill	1,409	95	763	40	2,309	(48)	2,260
Investments in associates accounted for using equity method	7,368	21,693	1,061	1,823	31,946	10,535	42,482
Increase in tangible and intangible fixed assets[2]	10,033	1,676	11,231	2,024	24,966	2,295	27,262

(Notes)
1. "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable
2. Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

FY2015 results (Apr. 2015 - Mar. 2016)

(Millions of yen)

	Reportable operating segments					Others[1]	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	133,016	163,699	147,500	270,933	715,150	75,597	790,748
2) Intersegment transactions or transfers	26,458	3,753	—	3,762	33,974	17,219	51,194
Net sales	159,474	167,452	147,500	274,696	749,124	92,817	841,942
Segment income	18,498	22,298	28,801	5,329	74,928	6,488	81,417
Segment asset	185,914	134,113	144,990	133,579	598,597	92,144	690,742
Other items							
Depreciation[2]	14,319	4,980	11,524	1,980	32,805	2,412	35,218
Amortization of goodwill	1,428	—	364	25	1,818	112	1,930
Investments in associates accounted for using equity method	4,431	21,130	1,157	2,027	28,746	10,582	39,329
Increase in tangible and intangible fixed assets[2]	12,575	2,504	13,793	2,929	31,802	4,909	36,712

(Notes)
1. "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable
2. Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

Reconcilisation of published figures and aggregates of reportable operating segments

(Millions of yen)

Net sales	FY2014	FY2015
Reportable operating segments	758,252	749,124
Others segment	84,867	92,817
Elimination of intersegment transactions	(56,948)	(51,194)
Net sales	786,171	790,748

(Millions of yen)

Operating income	FY2014	FY2015
Reportable operating segments	46,832	74,928
Others segment	3,982	6,488
Elimination of intersegment transactions	129	(257)
Corporate expenses*	(11,858)	(14,029)
Operating income	39,086	67,130

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

(Millions of yen)

Assets	FY2014	FY2015
Reportable operating segments	627,132	598,597
Others segment	79,120	92,144
Corporate assets not allocated to segments*	164,235	175,854
Other	(46,793)	(43,167)
Total assets	823,694	823,429

(Notes)
Corporate assets are assets that cannot be allocated to individual reportable operating segments and are primarily related to investments of the parent company in "Cash and time deposits" and "Investments in securities" etc.

(Millions of yen)

Other items	Total for reportable operating segments		Others		Adjustment		Consolidated total	
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Depreciation	36,571	32,805	2,212	2,412	1,985	1,745	40,769	36,963
Amortization of goodwill	2,309	1,818	(48)	112	—	—	2,260	1,930
Investments in associates accounted for using equity method	31,946	28,746	10,535	10,582	—	—	42,482	39,329
Increase in tangible fixed assets and intangible fixed assets	24,966	31,802	2,295	4,909	835	1,628	28,098	38,341

Related Information

FY2014 results (Apr. 2014 - Mar. 2015)

Information by product/service

See Segment Information (page 25)

Information by geographical segment

I. Sales (Millions of yen)

Japan	PRC	Asia	Americas	Europe, others	Total
465,413	121,285	78,811	56,533	64,127	786,171

Note: Geographical segments are determined based on the country/region of domicile of customers.

II. Tangible fixed assets (Millions of yen)

Japan	PRC	Netherlands	Asia	Americas	Europe	Total
124,938	22,234	37,420	16,144	2,560	5,584	208,883

Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the Consolidated Statements of Income.

FY2015 results (Apr. 2015 - Mar. 2016)

Information by product/service

See Segment Information (page 25)

Information by geographical segment

I. Sales (Millions of yen)

Japan	PRC	Asia	Americas	Europe, others	Total
473,320	116,833	76,361	56,644	67,588	790,748

Note: Geographical segments are determined based on the country/region of domicile of customers.

II. Tangible fixed assets (Millions of yen)

Japan	PRC	Netherlands	Asia	Americas	Europe	Total
124,029	18,369	31,662	20,602	3,299	5,303	203,267

Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the Consolidated Statements of Income.

Loss on impairment by reportable segment

FY2014 results (Apr. 2014 - Mar. 2015)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Impairment loss	2,041	15,586	4,557	42	8,147	―	30,375

FY2015 results (Apr. 2015 - Mar. 2016)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Impairment loss	499	5,070	1,312	―	470	211	7,565

Goodwill by reportable segment

FY2014 results (Apr. 2014 - Mar. 2015)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Amortization of goodwill in FY2014	1,409	95	763	40	(48)	―	2,260
Balance as of March 31, 2015	8,107	―	1,193	100	7	―	9,408

FY2015 results (Apr. 2015 - Mar. 2016)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Amortization of goodwill in FY2015	1,428	―	364	25	112	―	1,930
Balance as of March 31, 2016	6,697	―	98	75	425	―	7,296

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6. Supplementary Information

(1) Movement of consolidated results

Movement of results

(Billions of yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)
Net sales	745.7	784.4	786.2	790.7
Operating income	12.4	18.1	39.1	67.1
Ordinary income	9.8	19.9	42.4	60.3
Profit (loss) attributable to owners of parent	(29.1)	8.4	(8.1)	31.1

Movement of industrial segment information

(Billions of yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)
Net sales				
Advanced Fibers and Composites	111.2	123.6	135.5	133.0
Electronics Materials and Performance Polymer Products	175.5	179.4	184.8	163.7
Healthcare	138.3	138.4	141.7	147.5
Trading and Retail	237.2	254.2	259.4	270.9
Total	662.2	695.6	721.4	715.2
Others	83.5	88.8	64.8	75.6
Consolidated total	745.7	784.4	786.2	790.7
Operating income (loss)				
Advanced Fibers and Composites	(4.7)	5.7	14.4	18.5
Electronics Materials and Performance Polymer Products	(1.9)	(7.2)	3.4	22.3
Healthcare	24.8	24.5	24.8	28.8
Trading and Retail	4.7	5.2	4.2	5.3
Total	22.9	28.2	46.8	74.9
Others	4.2	1.7	4.0	6.5
Elimination and corporate	(14.8)	(11.9)	(11.7)	(14.3)
Consolidated total	12.4	18.1	39.1	67.1

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

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)
Capital expenditure:			
CAPEX for tangible assets	27.7	25.3	33.6
Total	30.2	28.1	38.3
Depreciation & amortization*	45.7	43.0	38.9
Research & development	32.2	32.4	33.3

* Depreciation and amortization includes amortization of goodwill.

(3) Interest-bearing debt and balance of financial expenses (consolidated)

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)
Interest-bearing debt	281.5	308.2	303.3
Balance of financial expenses:			
Dividend income	1.0	1.3	1.7
Total	(1.9)	(1.1)	(0.1)

(4) Number of employees (End of fiscal year)

	FY2013	FY2014	FY2015
Consolidated	15,756	15,780	15,756

(5) Foreign Exchange Rate

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

	FY2013	FY2014	FY2015
JPY/US$	103	120	113
US$/EURO	1.38	1.08	1.13

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

	FY2013	FY2014	FY2015
JPY/US$	100	110	120
US$/EURO	1.34	1.26	1.10

(6) Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2014	FY2015
Feburic®	Hyperuricemia and gout	15.5	21.3
Bonalon®	Osteoporosis	12.9	12.9
Mucosolvan®	Expectorant	6.5	6.8
Onealfa®	Osteoporosis	5.4	4.8
Venilon®	Severe infectious diseases	9.8	4.4
Laxoberon®	Laxative	2.9	2.5
Tricor®	Hyperlipidemia	1.7	1.6
Somatuline®	Acromegaly and pituitary gigantism	1.1	1.5
Alvesco®	Asthma	1.2	1.2
Bonalfa®	Psoriasis	1.1	0.9

(7) Development status of new pharmaceuticals

(As of March 31, 2016)

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
STM-279	Adenosine deaminase (ADA) deficiency	Ph III
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 Research Institute), a general incorporated foundation, based on an enzyme engineered by Professor Hirotaka Haro of the University of Yamanashi's Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of the Department of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.