Consolidated Financial Statements Summary

(For the six months ended September 30, 2016)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

November 7, 2016

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(Amounts less than one million yen are omitted)

1. Highlight of the Second quarter of FY2016 (April 1, 2016 through September 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the six months ended September 30, 2016	353,049	-9.9	26,997	-23.6	26,677	-25.6	21,370	-12.6
For the six months ended September 30, 2015	392,057	3.9	35,339	191.4	35,846	155.3	24,464	―

cf. Comprehensive income for the six months ended September 30, 2016 : 7,627million yen (For the six months ended September 30, 2015 : 16,637million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the six months ended September 30, 2016	108.67	98.55
For the six months ended September 30, 2015	124.45	112.92

* E.P.S.: Earnings per share
*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, the earnings per share and the earnings per share after adjustment for dilution are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2016	779,720	316,523	39.1
As of March 31, 2016	823,429	314,412	36.4

cf. Shareholders' equity as of September 30, 2016 : 304,799million yen (As of March 31, 2016 : 300,112million yen)

2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2015	―	3.00	―	4.00	7.00
FY2016	―	5.00			
FY2016 (Outlook)			―	25.00	―

Note: Revision of outlook for dividends in the second quarter: No
*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, the amount of the year-end dividend per share for FY2016 (Outlook) reflects the impact of the consolidation of shares and disclosure of the annual dividend per share is omitted. Excluding the impact of the consolidation of shares, the year-end dividend per share for FY2016 (Outlook) would be 5 yen and the annual dividend per share would be 10 yen. For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

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

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2016	730,000	-7.7	53,000	-21.0	53,000	-12.1	35,000	12.6	177.98

Note: Revision of outlook for FY2016 consolidated operating results in the second quarter: Yes
* Earnings per share under the forecast for operating results in the year ending March 31, 2017 (FY2016) reflects the impact of the consolidation of shares.
For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

Appropriate Use of Forecasts and Other Information and Other Matters

(1) Cautionary statement on forward-looking statements

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 8.

(2) Dividend outlook and forecast for operating results after the consolidation of shares

The Company consolidated its common shares at the ratio of five shares to one share on the effective date of October 1, 2016, following approval of a proposal for the consolidation of shares at the 150th Ordinary General Meeting of Shareholders held on June 22, 2016. Accordingly, the dividend outlook and forecast for operating results in the year ending March 31, 2017 (fiscal 2016) excluding the impact of the consolidation of shares are as follows.

1. Dividend outlook for the year ending March 31, 2017
   Dividends per share: Interim 5 yen (Note 1), Year-end 5 yen (Note 2)
2. Forecast for operating results in the year ending March 31, 2017 (fiscal 2016)
   E.P.S.: (Year-end) 35.60 yen

Notes:

1. The interim dividend will be paid out based on the number of shares before the consolidation of shares.
2. Represents the dividend amount excluding the impact of the consolidation of shares.
3. The annual dividend for the year ending March 31, 2017 (excluding the impact of the consolidation of shares) is 10 yen per share.

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

Global economic conditions in the six months ended September 30, 2016 were not so strong amid the continuation of a highly uncertain geopolitical and economic outlook, although business conditions held firm in developed countries. Growth in the People's Republic of China (PRC) continued to decelerate, despite support from public works investment and other factors. Moreover, the Japanese economy struggled to expand amid slowing growth in personal consumption.

In this environment, for the six months ended September 30, 2016, consolidated net sales declined 9.9% to ¥353.0 billion. This decline was due in part to the impact of optimizing our production configuration associated with restructuring initiatives in the resin business, in addition to the stronger yen, although sales were generally steady across all businesses on the whole. Operating income decreased 23.6% to ¥27.0 billion, due in part to the impacts of foreign exchange movements and new drug licensing costs, despite efforts to steadily expand the earnings base by driving growth in existing businesses and executing restructuring initiatives. However, all businesses surpassed business plans, and the decline in operating income was smaller than initially projected. Coupled with the recording of foreign exchange losses and other factors, ordinary income decreased 25.6% to ¥26.7 billion. Meanwhile, profit attributable to owners of parent was held to a decrease of 12.6% to ¥21.4 billion, due to a decline in tax expense, reflecting the impact of tax effect accounting. Earnings per share declined ¥15.78 to ¥108.67.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥57.3 billion, while operating income was ¥7.7 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. In contrast, sales for oil drilling and ballistic protection applications were weak. Sales were firm for *Technora* para-aramid fibers both for automotive applications in Japan and also for infrastructure-related applications overseas. *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. Moreover, at a new production facility in Thailand, where production and sales commenced in the previous fiscal year, we are focused on expanding this particular business in promising Asian markets and emerging markets, where high growth is expected against the backdrop of increasingly stringent regulations pertaining to flame-retardant materials and environmental safety.

In polyester fibers, solid sales were recorded for automotive applications and for use in personal hygiene products, wadding, and reverse osmosis membrane support layers for water treatment applications. 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

Firm sales for use in aircraft, with accelerated development of the composite materials business for automobiles.

Sales of *TENAX* carbon fibers continued to grow steadily for use in aircraft, reflecting firm orders from aircraft manufacturers. Among other applications, sales for general industrial use in Europe and Asia, and for wind power generation in the Americas and Europe were robust. In addition, *Pyromex* Oxidized PAN fiber has continued to post steady sales, reflecting favorable demand for use in aircraft brake pads. In response, construction work on converting carbon fiber production lines into *Pyromex* production lines at Toho Tenax America, Inc. is being carried out on schedule.

Against this backdrop, Teijin is working to expand business centered on composite materials in the field of high-performance materials to be used in mass-produced automotive components. As part of these efforts, Teijin has agreed to acquire Continental Structural Plastics Holdings Corporation (Headquarters: Michigan, U.S.A.; “CSP”). CSP will become a wholly owned subsidiary of Teijin. As a result, Teijin will acquire a strong business platform in automotive composite products, and will work to drive global business expansion as a supplier of Tier 1 components in this business. Moreover, Teijin will accurately grasp automakers’ requirements for environmental impact reduction and cost reduction in response to tighter environmental regulations around the world. Through this process that leads to the provision of components leveraging the features of high-performance composite materials such as CSP’s glass fiber reinforced plastic (GFRP) and Teijin’s carbon fiber reinforced thermoplastic (CFRTP), Teijin will produce lightweight body components, reduce the number of parts, and improve recyclability, as well as offering greater added value than existing components.

Furthermore, to address further growth in demand for carbon fiber primarily in North America, we have completed the acquisition of land in the United States for a project to construct a new carbon fiber plant.

Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥66.9 billion and operating income of ¥9.4 billion.

Resin and Plastics Processing

Steady performance by polycarbonate resins, with a focus on new business development.

The profitability of our mainstay *Panlite* and *Multilon* polycarbonate resin products has been steadily improving, amid a gradual increase in materials prices from the previous fiscal year. High capacity utilization was maintained at both production sites in the PRC and Japan owing to the positive effects of restructuring initiatives, coupled with the benefits of an improved sales mix, despite a reduction in profits from the drastic conversion from yuan into yen.

In the priority area of high-performance compound products, we are developing and marketing products that use copolymer polycarbonate for outdoor applications, which require weatherability, and chemical, and flame resistance, among other properties. In addition, we are actively proposing weight reduction and metal replacement solutions using proprietary composite materials that combine polycarbonate resins with the Teijin Group's high-performance fibers (carbon fibers, aramid fibers).

In high-performance resins, we are working to upgrade and expand our lineup of specialty polycarbonate resins for camera lenses to address the need for lenses with a higher heat-resistance grade, refractive index, and other properties, as we propose products not only for smartphones but also for vehicle and surveillance cameras. In polyethylene naphthalate (PEN) resin, we are developing applications with a focus on heat- and pressure-resistant containers.

In regard to the "super engineering plastic" polyphenylene sulfide (PPS) resin, which is scheduled to enter mass production at INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK), we are developing distinctive compound products and establishing a production structure centered on automotive and electronics applications.

Films

Strengthened competitiveness by integrating our domestic production facilities and converting a joint venture into a wholly owned subsidiary.

Reflective films for use in liquid crystal display (LCD) televisions remained under pressure in terms of both volume and pricing due to the emergence of Chinese manufacturers. We posted relatively firm sales of *PUREX* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices, as well as exports for special packaging applications. In reverse-dispersion solvent-cast retardation film for use as an organic electroluminescent display (OLED) antireflective film, sales expanded for use in smartphones and tablets. In addition, *Panlite* Sheet, a product made of a polycarbonate resin, also saw firm sales for use in vehicle display applications such as automotive meter panels.

Profits improved from the previous fiscal year, owing to contributions from lower raw material and fuel costs plus cost reductions as a result of restructuring. In the polyester film business, we halted production activities at the Gifu Factory as planned at the end of September 2016, and have completed the integration of production facilities at the Utsunomiya Factory. Going forward, we will further focus on high-value-added applications. Moreover, in August, Teijin decided to convert its film business joint ventures in Japan and Indonesia into wholly owned subsidiaries by acquiring interests in both companies from its joint venture partner E. I. du Pont de Nemours and Company (DuPont). This deal will enable Teijin to improve management flexibility and decision-making speed, as well as utilize an even more diverse range of materials and film production methods than before, in order to create and further enhance value for customers.

Looking at overseas sites, amid sluggish market conditions in the PRC, Teijin continues to face a fierce competitive environment in terms of sales volume and price. In Europe and the Americas, demand has been relatively firm centered on packaging applications.

Healthcare

Sales in the Healthcare segment came to ¥73.6 billion, while operating income was ¥12.4 billion.

Pharmaceuticals

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

The pharmaceuticals market as a whole continues to face a challenging business environment. In this climate, 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. Also, in May, *FEBURIC* was approved for the additional indication of hyperuricemia caused by cancer chemotherapy, providing new added value. Combined with new formulations including an oral jelly and an intravenous drip of the osteoporosis treatment *Bonalon*®†along with *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of the sustained-release expectorant *Mucosolvan*, we are providing patients with a wider range of choices. Also, Teijin Pharma Limited is working to expand sales of the transdermal anti-inflammatory analgesic patch formulation *LOQOA* Tape, which it began jointly marketing with Taisho Toyama Pharmaceutical Co., Ltd. in January 2016.

On the R&D front, in July, Teijin applied for a new indication for treatment of neuroendocrine tumors for *Somatuline*®*, a treatment for agromegaly. In parallel, Teijin began the clinical development of TMX-049DN (UK, Phase 1) as a new treatment for diabetic nephropathy in Type 2 diabetes. In August, Teijin signed an exclusive license and supply agreement with Versartis, Inc. of the United States for the development and marketing of *Somavaratan* (VRS-317), a novel, long-acting form of recombinant growth hormone (rhGH) developed by Versartis, Inc. with its first planned indication being dwarfism caused by pediatric growth hormone deficiency (PGHD).

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 63 of these countries and territories (including Japan), and we are in the process of obtaining regulatory approval to make it available in the others.

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—the non-portable *Hi-Sanso 5S* and the portable *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 increasing the appeal of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks, and to the use of the *SAS2100* sleep disorder diagnostic system. Going forward, we will seek to further boost rental volume,

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* *Somatuline*® is a registered trademark of Ipsen Pharma, Paris, France.

† *Bonalon*® is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

by proactively expanding the use of *SLEEPMATE10*, a new model launched in January 2016 featuring a built-in heater-humidifier in addition to *NemLink* functions. To further 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, Japan.

Meanwhile, as part of our transformation and growth strategies, in September 2015 we commenced sales of *VitalLink*, a patient information sharing system. We have expanded sales of *VitalLink* by entering into agreements with medical associations with a focus on primary care physicians. Moreover, in regard to a repetitive transcranial magnetic stimulation device developed through an industry-academia partnership with Osaka University and other partners, investigator-initiated clinical trials of intractable chronic pain using this device are under way at several facilities. We also continued to expand our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device providing walking assistance in the case of gait impairment resulting from stroke or other causes launched in fiscal 2013, which initially focused on the Tokyo metropolitan area, to medical institutions elsewhere in the country.

Overseas, we currently conduct the home healthcare business 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 business sites.

Trading and Retail

The Trading and Retail segment yielded sales of ¥125.5 billion and operating income of ¥2.9 billion.

Apparel Textiles and Materials

Focused on strengthening the operating structure amid sluggish domestic market conditions.

In fiber materials, sales of high-performance materials such as the *DELTA* series of strategic materials for sports and outdoor use expanded in the Americas and Europe, but the lackluster state of the Japanese market continued due to the impact of sluggish retail sales at major volume sports goods sellers. In polyester yarn, we achieved higher sales of differentiated, high performance yarn for interior goods and apparel, and in uniform materials, we promoted their optimal overseas production. Both of these factors contributed to improved earnings amid weak domestic market conditions.

In functional textiles and apparel, although domestic market conditions remained lackluster overall, we maintained profitability through efforts to restore production in the PRC, where productivity is high, in response to the stronger yen and weaker yuan from the beginning of the fiscal year. Moreover, we expanded the range of product items for the strategic material *SOLOTEX* by working to strengthen planning and development. We presented products and plans to customers through a comprehensive exhibition of textiles and apparel staged by Teijin frontier co., ltd. in June, and a booth opened at the Premiére Vision exhibition held in Paris in September, among other events. In this manner, we made steady strides toward expanding our differentiated business based on the presentation of original products.

Industrial Textiles and Materials

Favorable performance by automotive materials and civil engineering materials.

In sales of automotive materials, tire related products performed favorably centered on high-performance reinforcement materials for tires. Additionally, sales of conveyor belts, hoses, air bags, and car seats were generally firm.

In other industrial textiles and related materials, civil engineering materials posted favorable sales owing to demand based on national land development plans and demand related to disaster recovery. However, sales of tent fabrics, membrane-related materials and agricultural materials remained weak due to unfavorable weather. In exports of functional materials, sales expanded for sports materials and non-woven fabrics for water treatment.

In living related materials, sales of industrial wipers and personal hygiene products remained firm, but sales of curtain fabrics remained sluggish. Moreover, in healthcare products, initiatives with a major convenience chain have been growing steadily and we are now conducting planning and development activities aimed at the launch of additional new products.

In resin and films, we faced an uphill struggle in sales, owing to continuing production adjustments in the PC and smartphone markets.

In initiatives to create other new businesses, in June we initiated sales of products developed in-house using our “wearable cosmetics” *Raffinan* via retailers and the Teijin website. Furthermore, in the OEM business, we expanded business by taking steps together with a major innerwear manufacturer that led to the launch of the world’s first “cosmetics innerwear” in September. We are also steadily advancing initiatives to commercialize disaster mitigation-related products and products using wearable electrode textiles.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥2.98 billion and operating income of ¥2.2 billion.

The IT business posted a steady performance as sales of *Meccha Comics*, an e-book distribution service in the net services category, grew steadily. In the IT services category, specifically in the healthcare business, we began developing a comprehensive community healthcare system and studying the feasibility of a dementia care solution using the Internet of Things (IoT)*, among other activities. In IoT*-related activities, we developed an application to display the condition of soil and have begun examining ways to incorporate it into IT for use in agriculture.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators grew steadily. In addition, we continue to pursue business expansion initiatives for *miraim*, an internally developed high-performance membrane that contains polyethylene.

In the new healthcare field, Teijin Nakashima Medical Co., Ltd., which is engaged in the artificial joint business, received the Minister for Science and Technology Policy’s Award in the 14th Annual Merit Awards for

* 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.

Industry-Academia-Government Collaboration granted by the Cabinet Office of Japan. Going forward, Teijin Nakashima Medical Co., Ltd. will continue working to expand business as a domestic artificial joint manufacturer by developing groundbreaking products through the integration of materials and metalworking technologies.

Also, we are pushing ahead with the development of *BARLEYmax*, an enhanced barley product, as a new initiative in the field of functional food materials. Clinical trials have confirmed that *BARLEYmax* has an intestinal regulating action based on its large content of dietary fiber and resistant starch. Sales of this proprietary product have commenced on a trial basis. Looking ahead, we will conduct marketing activities targeting food manufacturers with a view to further expanding business.

Qualitative Information on Financial Position

Analysis of Assets, Liabilities and Net Assets

Total assets as of September 30, 2016 amounted to ¥779.7 billion, down ¥43.7 billion from the end of fiscal 2015. The decrease in total assets was primarily the result of a decline in the valuation of foreign currency-denominated assets on a yen basis, in response to the yen's appreciation. Other reasons for the decrease included a decline in notes and accounts receivable-trade, which was mainly a consequence of seasonal factors, and a decline in cash and deposits in line with the repayment of debt.

Total liabilities amounted to ¥463.2 billion, down ¥45.8 billion from the end of fiscal 2015. Interest-bearing debt accounted for ¥276.2 billion of the total, down ¥27.1 billion mainly due to the repayment of long-term loans payable and foreign exchange movements.

Total net assets increased ¥2.1 billion, to ¥316.5 billion. Total shareholders' equity and total accumulated other comprehensive income together represented ¥304.8 billion of the total, an increase of ¥4.7 billion. This was mainly due to profit attributable to owners of parent of ¥21.4 billion partly offset by a decrease in foreign currency translation adjustment in line with the stronger yen, along with the payment of dividends.

Cash Flows

Net cash and cash equivalents provided by operating activities in the six months ended September 30, 2016, amounted to ¥31.5 billion. This result reflected firm profit attributable to owners of parent.

Net cash and cash equivalents used in investing activities amounted to ¥18.8 billion, the result of investments primarily in core strategic businesses and new businesses.
Free cash flow—net cash and cash equivalents from operating and investing activities combined—was therefore a positive ¥12.7 billion.
Net cash and cash equivalents used in financing activities amounted to ¥23.8 billion, owing to the payment of dividends, the repayment of long-term debt and other factors.

After factoring in the impact of exchange rate fluctuations, operating, investing, and financing activities in the period under review resulted in a net decrease in cash and cash equivalents of ¥13.7 billion as of September 30, 2016.

Qualitative Information on Outlook for Operating Results

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)	¥730.0	¥53.0	¥53.0	¥35.0
Fiscal 2015	790.7	67.1	60.3	31.1
Change	(60.7)	(14.1)	(7.3)	+3.9
Percentage change	-7.7%	-21.0%	-12.1%	+12.6%

In the second half of fiscal 2016, the global economy is expected see firm growth continue primarily in the U.S., but concerns about further deceleration in economic growth cannot be dispelled, based on potential risks including protracted negotiations on the UK's exit from the EU and economic corrections in response to the PRC's excessive levels of investment.

In this environment, we will remain focused on pressing forward with the implementation of various measures centered on the restructuring initiatives and transformation and growth strategies laid out in the revised medium-term management plan announced in November 2014, whose final year is fiscal 2016. Moreover, in fiscal 2016, we will work to formulate a new medium-term management plan to succeed the revised medium-term management plan. In the process, we will articulate our growth scenarios and set a clearer course for our transformation to a solutions-oriented business model.

Looking at our consolidated full-term operating results forecasts for fiscal 2016, in light of recent trends in foreign exchange movements and other factors, we have revised our forecast of consolidated net sales to ¥730.0 billion, compared with our previous forecast of ¥740.0 billion. However, we have maintained our previous forecasts of operating income of ¥53.0 billion, ordinary income of ¥53.0 billion and profit attributable to owners of parent of ¥35.0 billion. These forecasts assume exchange rates of ¥103 to US$1.00 and ¥115 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	Full term (Forecast)	First half	Full term (Forecast)
Advanced Fibers and Composites	¥ 57.3	¥ 120.0	¥ 7.7	¥ 15.0
Electronics Materials and Performance Polymer Products	66.9	130.0	9.4	14.5
Healthcare	73.6	140.0	12.4	27.0
Trading and Retail	125.5	270.0	2.9	6.0
Total	323.3	660.0	32.4	62.5
Others	29.8	70.0	2.2	6.5
Elimination and corporate	—	—	(7.5)	(16.0)
Consolidated total	¥ 353.0	¥ 730.0	¥ 27.0	¥ 53.0

2. Other Information

Changes in significant subsidiaries during the period under review:

None

Adoption of special quarterly accounting methods:

Certain of the consolidated subsidiaries of Teijin Limited ("the Company") have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the six months ended September 30, 2016, 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:

None

Additional Information:

Adoption of Revised Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the three months ended June 30, 2016, the Company adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Implementation Guidance No. 26, issued on March 28, 2016).

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, 2016	As of September 30, 2016
< Assets >		
Current assets		
Cash and deposits	72,122	59,042
Notes and accounts receivable-trade	164,536	149,497
Securities	29,000	29,000
Merchandise and finished goods	85,965	86,270
Work in process	7,738	9,230
Raw materials and supplies	26,738	25,025
Other	45,419	46,511
Allowance for doubtful accounts	(1,015)	(1,021)
Total	**430,504**	**403,556**
Fixed assets		
Tangible assets		
Buildings and structures, net	58,631	56,355
Machinery and equipment, net	70,751	65,635
Other, net	73,883	73,518
Total	**203,267**	**195,510**
Intangible assets		
Goodwill	7,296	6,500
Other	9,356	9,043
Total	**16,653**	**15,544**
Investments and other assets		
Investment securities	109,053	104,899
Other	66,117	62,727
Allowance for doubtful accounts	(2,166)	(2,517)
Total	**173,004**	**165,109**
Total fixed assets	**392,924**	**376,164**
Total assets	**823,429**	**779,720**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	71,394	65,852
Short-term loans payable	55,527	51,090
Current portion of long-term loans payable	27,493	50,851
Income taxes payable	6,238	4,668
Other	67,542	59,655
Total	**228,196**	**232,119**
Noncurrent liabilities		
Bonds payable	55,148	55,129
Long-term loans payable	163,645	117,851
Provision for business structure improvement	12,555	10,717
Net defined benefit liability	30,440	30,097
Asset retirement obligations	2,405	2,358
Other	16,624	14,924
Total	**280,820**	**231,078**
Total liabilities	**509,017**	**463,197**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,473	102,801
Retained earnings	127,377	144,816
Treasury stock	(354)	(346)
Total	**299,312**	**318,088**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,754	17,296
Deferred gains or losses on hedges	(1,303)	(1,775)
Foreign currency translation adjustment	(15,073)	(27,845)
Remeasurements of defined benefit plans	(578)	(963)
Total	**799**	**(13,288)**
Subscription rights to shares	**837**	**838**
Non-controlling interests	**13,462**	**10,884**
Total net assets	**314,412**	**316,523**
Total liabilities and net assets	**823,429**	**779,720**

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

(Consolidated Statements of Income)

(Millions of yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Net sales	**392,057**	**353,049**
Cost of sales	265,332	231,269
Gross profit	**126,725**	**121,779**
Selling, general and administrative expenses	91,385	94,782
Operating income	**35,339**	**26,997**
Nonoperating revenues		
Interest income	323	318
Dividends income	982	1,121
Equity in earnings of affiliates	2,013	2,532
Miscellaneous income	719	322
Total	4,040	4,294
Nonoperating expenses		
Interest expenses	1,304	1,076
Foreign exchange losses	634	599
Loss on valuation of derivatives	69	1,890
Miscellaneous loss	1,524	1,047
Total	3,532	4,614
Ordinary income	**35,846**	**26,677**
Extraordinary income		
Gain on sales of noncurrent assets	119	206
Gain on sales of investment securities	70	11
Reversal of provision for business structure improvement	—	525
Reversal of impairment losses	1,879	50
Other	221	101
Total	2,291	895
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	564	1,201
Gain on sales of investment securities	33	106
Impairment loss	761	586
Business structure improvement expenses	3,430	1,509
Other	352	378
Total	5,142	3,782
Income before income taxes	**32,995**	**23,790**
Income taxes	**8,919**	**2,021**
Profit	**24,076**	**21,769**
Profit (loss) attributable to non-controlling interests	(387)	399
Profit attributable to owners of parent	**24,464**	**21,370**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Profit	**24,076**	**21,769**
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,439)	(462)
Deferred gains (losses) on hedges	964	(472)
Foreign currency translation adjustment	(597)	(10,623)
Remeasurements of defined benefit plans, net of tax	(359)	(307)
Share of other comprehensive income of associates accounted for using the equity method	(7)	(2,277)
Total	**(7,439)**	**(14,142)**
Comprehensive income (loss)	**16,637**	**7,627**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,176	7,282
Comprehensive income (loss) attributable to minority interests	(539)	344

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(3) Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2016
Cash flows from operating activities		
Income before income taxes	32,995	23,790
Depreciation and amortization	19,043	18,630
Impairment loss	761	586
Reversal of impairment losses	(1,879)	(50)
Increase (decrease) in net defined benefit liability	590	413
Decrease (increase) in net defined benefit asset	(1,195)	(1,078)
Increase (decrease) in accounts payable-other	(3,393)	215
Increase (decrease) in provision for business structure improvement	3,041	(2,401)
Interest and dividends income	(1,306)	(1,439)
Interest expenses	1,304	1,076
Equity in (earnings) losses of affiliates	(2,013)	(2,532)
Loss (gain) on sales of investment securities	9	(11)
Decrease (increase) in notes and accounts receivable-trade	6,911	8,937
Decrease (increase) in inventories	(15,860)	(4,437)
Increase (decrease) in notes and accounts payable-trade	496	(1,416)
Other, net	(5,158)	(1,593)
Subtotal	34,347	38,689
Interest and dividends income received	2,279	2,295
Interest expenses paid	(1,387)	(1,046)
Income taxes paid	(8,890)	(8,438)
Net cash and cash equivalents provided by operating activities	**26,349**	**31,500**
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,663)	(18,718)
Proceeds from sales of property, plant and equipment	433	1,687
Purchase of intangible assets	(1,233)	(1,045)
Purchase of investment securities	(821)	(631)
Proceeds from sales of investment securities	787	1,893
Net decrease (increase) in short-term loans receivable	(1,486)	(367)
Other, net	446	(1,634)
Net cash and cash equivalents used in investing activities	**(16,537)**	**(18,818)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,794	(21)
Redemption of bonds	(20,878)	—
Proceeds from long-term loans payable	1,435	2,065
Repayment of long-term loans payable	(7,738)	(20,163)
Cash dividends paid	(1,965)	(3,932)
Cash dividends paid to minority shareholders	(284)	(258)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,360)
Other, net	(163)	(154)
Net cash and cash equivalents provided by financing activities	**(27,800)**	**(23,825)**
Effect of exchange rate changes on cash and cash equivalents	**(479)**	**(2,589)**
Net increase (decrease) in cash and cash equivalents	(18,469)	(13,732)
Cash and cash equivalents at beginning of period	**70,561**	**100,955**
Increase in cash and cash equivalents resulting from change of scope of co	—	**615**
Cash and cash equivalents at end of period	**52,092**	**87,838**

(4) Notes Pertaining to Going Concern Assumption

No

(5) Notes on Significant Changes in Shareholders' Equity

No

(6) Segment Information, etc.

Ⅰ. For the six months ended September 30, 2015

1. Segment sales and operating income

(Millions of yen)

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

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

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

(Adjustment) (Millions of yen)

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

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

3. Loss on impairment and goodwill by reportable segments

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

Ⅱ. For the six months ended September 30, 2016

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	57,349	66,853	73,557	125,489	323,250	29,798	353,049
2) Intersegment transactions or transfers	12,481	1,685	—	2,342	16,508	8,973	25,482
Net sales	69,831	68,538	73,557	127,831	339,759	38,772	378,531
Segment income	7,680	9,414	12,361	2,928	32,385	2,160	34,546

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

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

(Adjustment) (Millions of yen)

Operating income	Amount
Total reportable operating segments	32,385
Others segment	2,160
Elimination of intersegment transactions	59
Corporate expenses*	(7,608)
Operating income	26,997

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

3. Loss on impairment and goodwill by reportable segments

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

(Significant subsequent events)

(Change of the number of shares to constitute one unit, consolidation of shares)
The Company resolved to change the number of shares to constitute one unit at its Board of Directors' meeting held on May 6, 2016 and it submitted a proposal for consolidation of shares to the 150th Ordinary General Meeting of Shareholders held on June 22, 2016 and the proposal was approved. The change of the number of shares to constitute one unit and the consolidation of shares took effect on October 1, 2016.

1. Change of the number of shares to constitute one unit

(1) Reason for change

Japanese stock exchanges have announced the Action Plan for Consolidating Trading Units, aiming to consolidate one hundred (100) shares of common stock of domestic companies listed on Japanese stock exchanges into one (1) trading unit by October 2018. As a company listed on the Tokyo Stock Exchange ("TSE"), the Company shall respect this intention and change its number of shares to constitute one unit to one hundred (100) shares.

(2) Particulars of change

The number of shares to constitute one unit was changed from 1,000 shares to 100 shares.

2. Consolidation of shares

(1) Purpose of consolidation of shares

As stated in "1. Change of the number of shares to constitute one unit" above, the Company has decided to change its number of shares to constitute one unit from one thousand (1,000) to one hundred (100) shares, and to consolidate the Company's shares (five shares into one share) in order to maintain the level of investment unit considered desirable by the stock exchanges (50,000 yen or more and less than 500,000 yen). The Company decided to reduce its total number of authorized shares from 3,000,000,000 to 600,000,000.

(2) Particulars of consolidation

(i) Type of shares to be consolidated	Common shares
(ii) Consolidation ratio	On October 1, 2016, shares held by shareholders listed or recorded in the latest Shareholder Registry as of September 30, 2016 were consolidated at the ratio of five shares to one share.
(iii) Total number of authorized shares on the effective date	600,000,000 shares Pursuant to the provisions of the Companies Act, it is deemed that the article which stipulates the total number of authorized shares in the Articles of Incorporation is amended from 3,000,000,000 shares to 600,000,000 shares on the effective date (October 1, 2016) of the consolidation of shares.

(iv) Number of shares reduced through consolidation

Total number of issued shares before consolidation (as of September 30, 2016)	984,758,665 shares
Number of shares reduced through consolidation	787,806,932 shares
Total number of issued shares after consolidation	196,951,733 shares

(v) Treatment of fractional shares

If any fractional shares arise as a result of the consolidation of shares, pursuant to the provisions of the Companies Act, the Company will sell all such fractional shares and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions.

3. Schedule

Date of resolution of the Board of Directors	May 6, 2016
Date of resolution of the 150th Ordinary General Meeting of Shareholders	June 22, 2016
Effective date of change of the number of shares to constitute one unit	October 1, 2016
Effective date of consolidation of shares	October 1, 2016
Effective date of change of the total number of authorized shares	October 1, 2016

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Supplementary Information

1. Movement of consolidated results

(1) Movement of results (Billions of yen)

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Net sales	192.6	199.5	199.2	199.5	174.2	178.8
Operating income	16.4	18.9	20.1	11.6	15.7	11.3
Ordinary income	18.0	17.9	21.0	3.5	14.4	12.3
Profit (loss) attributable to owners of pare	11.2	13.3	10.5	(3.8)	11.4	9.9

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

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Net sales						
Advanced Fibers and Composites	32.1	33.3	32.2	35.4	29.8	27.5
Electronics Materials and Performance Polymer Products	44.8	42.6	42.0	34.3	33.6	33.3
Healthcare	38.0	36.8	37.7	35.0	37.4	36.1
Trading and Retail	61.4	68.7	70.1	70.7	59.2	66.2
Total	176.3	181.4	182.1	175.4	160.1	163.2
Others	16.3	18.1	17.2	24.0	14.1	15.7
Consolidated total	192.6	199.5	199.2	199.5	174.2	178.8
Operating income (loss)						
Advanced Fibers and Composites	3.6	5.7	4.6	4.6	3.6	4.1
Electronics Materials and Performance Polymer Products	6.2	5.7	7.0	3.4	5.6	3.8
Healthcare	8.9	7.9	8.7	3.4	8.6	3.8
Trading and Retail	1.0	1.2	1.8	1.3	1.4	1.5
Total	19.7	20.4	22.2	12.6	19.2	13.2
Others	0.5	1.4	1.4	3.2	0.3	1.9
Elimination & corporate	(3.9)	(2.8)	(3.4)	(4.2)	(3.8)	(3.8)
Consolidated total	16.4	18.9	20.1	11.6	15.7	11.3

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

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)	FY2016 1Q–2Q (Actual)	FY2016 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	27.7	25.3	33.6	16.4	47.7
Total	30.2	28.1	38.3	17.9	50.0
Depreciation & amortization*	45.7	43.0	38.9	18.6	37.5
Research & development	32.2	32.4	33.3	19.5	36.0

* Depreciation and amortization includes amortization of goodwill.

3. Number of employees (Consolidated)

(People)

	End of FY13	End of FY14	End of FY15	End of FY16 2Q
Consolidated	15,756	15,780	15,756	16,177

4. Foreign Exchange Rate

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

	FY2014 (Actual)	FY2015 (Actual)	FY2016 2Q (Actual)	FY2016 (Outlook)
JPY/USD	120	113	101	100
USD/EUR	1.08	1.13	1.12	1.12

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

	FY2014 (Actual)	FY2015 (Actual)	FY2016 2Q (Actual)	FY2016 (Outlook)
JPY/USD	110	120	105	103
USD/EUR	1.26	1.10	1.12	1.12

5. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2014 (Actual)	FY2015 (Actual)	FY2016 2Q (Actual)
Feburic®	Hyperuricemia and gout	15.5	21.3	12.7
Bonalon®	Osteoporosis	12.9	12.9	5.9
Mucosolvan®	Expectorant	6.5	6.8	2.7
Venilon®	Severe infectious diseases	9.8	4.4	2.2
Onealfa®	Osteoporosis	5.4	4.8	2.0
Laxoberon®	Laxative	2.9	2.5	1.0
Tricor®	Hyperlipidemia	1.7	1.6	0.8
Somatuline®	Acromegaly and pituitary gigantism	1.1	1.5	0.9
Alvesco®	Asthma	1.2	1.2	0.6

6. Development status of new pharmaceuticals

(As of September 30, 2016)

Products	Indication	Stage
TMX-67TLS(*Feburic*®)	Tumor lysis syndrome	Approved in Japan in May 2016
TMX-67	Hyperuricemia and gout	Filed in PRC in November 2015
ITM-014N (*Somatuline*®)	Neuroendocrine tumor	Filed in July 2016
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
VRS-317	Pediatric growth hormone deficiency (GHD)	Ph II /III (Phase 2)
ITM-058	Osteoporosis	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (US)
TMG-123	TypeII Diabetes	Ph I
TMX-049	Hyperuricemia and gout	Ph I
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	Ph I (US)

* *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.