Human Chemistry, Human Solutions

TOWARD A SOLUTION-ORIENTED BUSINESS

FOR SUSTAINABLE GROWTH

ALWAYS EVOLVING

FOR VALUE CREATION

INTEGRATED REPORT 2015

Year ended March 31, 2015

Endeavoring to Provide New Solutions That Contribute to Enhancing the Quality of Life for All

The Teijin Group upholds its brand statement “Human Chemistry, Human Solutions” as its promise to society and its customers. Under the statement, we are globally expanding our wide range of businesses that include advanced fibers and composites, electric materials and performance polymer products, healthcare, products converting and IT. In line with our corporate philosophy, we continue striving to enhance the quality of life of people everywhere.

With advanced technologies at the core of operations, we will continue to create new solutions in response to various global issues and needs. In doing so, the Teijin Group is aiming to be a prominent, globally admired corporate group.

Teijin Group Corporate Philosophy

In Harmony With Society

Enhancing the Quality of Life

The Teijin Group’s purpose is to enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities.

Empowering Our People

Brand Statement

Human Chemistry, Human Solutions

Our promise is to keep delivering real value through the development of chemical technologies that are friendly to both people and the global environment, and through the provision of solutions that society and our customers expect.

Teijin's Challenge ① Environment and Energy Conservation

STURDY, LIGHTWEIGHT ECO-FRIENDLY CARS OF THE FUTURE

Teijin's thermoplastic CFRP will make this breakthrough possible.

Carbon fiber reinforced plastic (CFRP) is a composite material made of carbon fiber, which is about ten times stronger and three-quarters lighter than steel, and synthetic plastics.

By adopting CFRP for use in the body and parts of automobiles, Teijin is working to reduce vehicle weight, and thereby enable reductions in CO_2 emissions from automobiles and higher energy efficiency.

Teijin's thermoplastic CFRP features a molding time that is approximately 10 times faster than that of conventional CFRP.

At present, Teijin is making progress on joint projects with General Motors of the U.S. targeting mass-production vehicles.

We may soon see sturdy, lightweight eco-friendly vehicles made of Teijin's thermoplastic CFRP driving on roads around the world. Tomorrow's eco-friendly vehicles may very well be just around the corner.

Thermoplastic CFRP *Sereebo*

Sereebo®

✳ Calculations were made under the conditions shown below.
Body weight: 1,380 kg (gasoline-fueled, 4-door, FF; source: Japan Automobile Manufacturers Association Inc.), actual-driving fuel efficiency: 9.8 km/L (source: Japan Automobile Manufacturers Association, Inc.), total mileage: 94,000 km (average for vehicles in use for 10 years; source: Ministry of Land, Infrastructure, Transport and Tourism, Japan)


CO_2 emission reductions by using thermoplastic CFRP vehicles:
5 tons/vehicle*
Final stages of joint development with General Motors on thermoplastic CFRP parts for mass production vehicles
Registered on General Motor's materials list

Teijin's Challenge ② Safety, Security and Disaster Mitigation

PROTECTING LIFE FROM HAZARDS AND DISASTERS

Teijin's high performance materials are helping to achieve a safe and secure society.

Para-aramid fibers are tough, lightweight and tear-resistant. Leveraging these properties, para-aramid fibers are used in ballistic protection and stab-resistant products such as protective clothing, vests, and helmets, and thereby help to keep people safe.

Para-aramid fibers also offer advantages such as superior structural strength and dimensional stability. For this reason, this material is proving effective in earthquake mitigation and disaster prevention work. Notably, it is being used in repairing and reinforcing degraded concrete structures.

Meta-aramid fibers are resistant to heat and combustion, and do not melt and adhere to the skin. Based on these properties, meta-aramid fibers are expected to find greater use in disaster readiness and heat-resistant clothing, such as firefighter uniforms.

Moreover, Teijin has also combined IT with the Teijin Group's wide range of advanced, high performance materials in the development of smart wearables and other devices.

Para-aramid fibers
Twaron, *Technora*

Meta-aramid fibers
Teijinconex


Para-aramid fibers
About 50% share of the global market
Meta-aramid fibers
World-class, superior heat resistance

Teijin's Challenge ③ Demographic Change and Increased Health Consciousness

FOR HEALTHY LIFESTYLES

In the healthcare domain, Teijin conducts activities ranging from providing pharmaceuticals and home medical device services to developing advanced medical materials.

Teijin is working to satisfy people's desire for good health not only by developing pharmaceuticals, but also by developing medical devices for home oxygen therapy (HOT) and the home treatment of sleep apnea syndrome (SAS) along with providing related services.

Based on its knowledge in the field of pharmaceuticals development and its track record in home healthcare services, Teijin is expanding services that fully address the needs of both medical professionals and patients.

Teijin is also developing IT-driven home monitoring services and a sheet-type sealant for surgical operations that integrates materials science and healthcare. In these and other ways, Teijin will take full advantage of its strengths to contribute to healthy lifestyles of people everywhere.

The *Hi-Sanso*™ 3S therapeutic oxygen concentrator for home oxygen therapy (HOT)


Therapeutic oxygen concentrators
Positive pressure ventilator
for sufferers of SAS
No.1 share
in Japan
Provision of home
healthcare services
Over
400,000
people
(worldwide)

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Editorial Policy

The 2015 Teijin Group Integrated Report was prepared as an integrated report to ensure that all stakeholders, including shareholders and other investors, are able to obtain and understand the Teijin Group's financial information, such as business results and strategies, as well as non-financial information about the social and environmental aspects of the Group.

Reporting Period

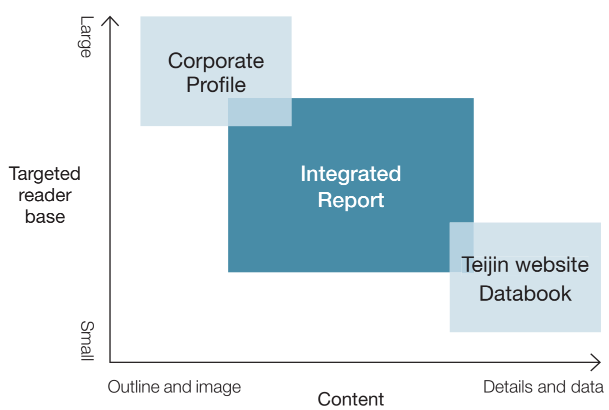
This report covers the period from April 2014 to March 2015. However, some activities in or after April 2015 are also included.

Reporting Organizations

The report covers the entire Teijin Group (Teijin Limited and 58 domestic Group companies, and 94 overseas Group companies).

Materiality and Comprehensiveness

The 2015 Teijin Group Integrated Report provides reporting on highly material issues for the Teijin Group and society as a whole. For more comprehensive and detailed information, please refer to Teijin's corporate website in conjunction with this report.



Guidelines for reference as regards disclosing non-financial information:

Environmental Report Guidelines 2012 (Japan's Ministry of the Environment)
Sustainability Reporting Guidelines 2006 (Global Reporting Initiative)

> **Disclaimer Regarding Forward-Looking Statements**
>
> Any statements in this Integrated Report, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these forecasts.

Desired Communication Points in Each Chapter

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ABOUT US

An easy-to-grasp overview of Teijin's businesses, financial and non-financial data, and global business network.

STRATEGY

A message from Jun Suzuki, President and CEO of Teijin Limited. Based on the theme of Teijin Group's Transformation and Ambitions, Dr. Suzuki retraces the Group's steps and discusses the principles behind the revised medium-term management plan.

CORPORATE GOVERNANCE

An outline of the Teijin Group's management team and the Group's corporate governance system.

CSR ACTIVITIES

An introduction to the process for identifying material CSR issues initiated in 2014, along with a description of activities based on material issues.

OPERATING SEGMENTS

An introduction to the activities of each business group based on the revised medium-term management plan, as well as a look at strengths in each business and annual business performance.

DATA SECTION

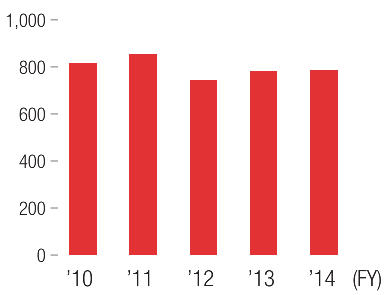
Financial analysis and business performance data for fiscal 2014, as well as 11-year financial highlights.

ABOUT US

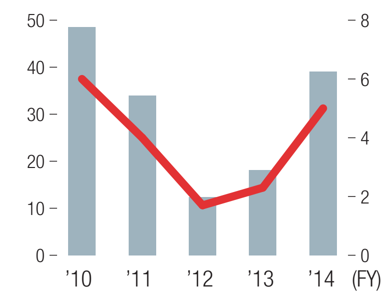
Financial and Non-Financial Information

Financial Information

Net Sales (Billions of yen)

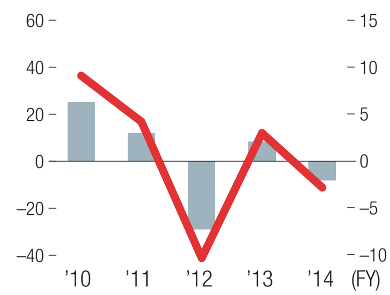


Operating Income (Billions of yen)
Operating Margin (%)



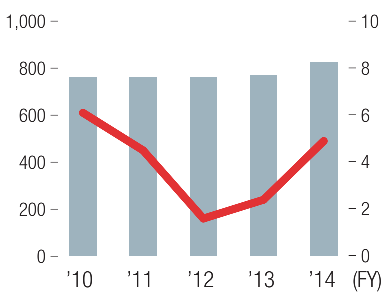
(Left scale) Operating income (Billions of yen) (Right scale) Operating margin (%)

Net Income (Billions of yen)
Return on Equity (ROE)*1 (%)



(Left scale) Net income (Billions of yen) (Right scale) ROE (%)

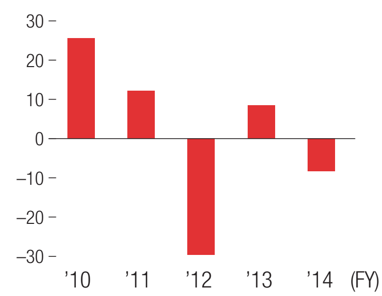
Total Assets (Billions of yen)
Return on Assets (ROA)*2 (%)



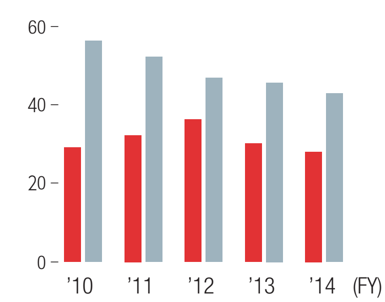
(Left scale) Total assets (Billions of yen) (Right scale) ROA (%)

Free Cash Flow (Billions of yen)

Net Income per Share (Yen)

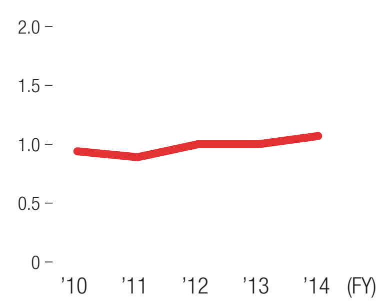


Capital Expenditure and Depreciation and Amortization (Billions of yen)

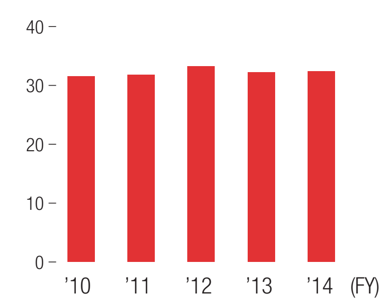


Capital expenditure Depreciation and amortization

Debt-to-Equity Ratio (Times)



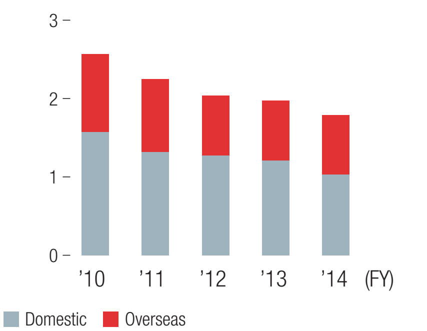
R&D Expenses (Billions of yen)



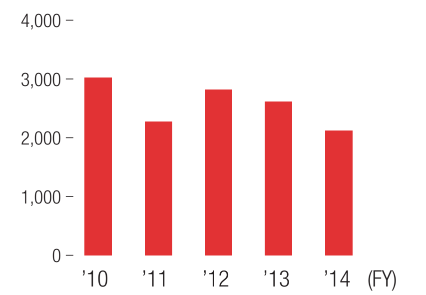
*1 Net income / Average total shareholders' equity
*2 Operating income / Average total assets

Non-Financial Information

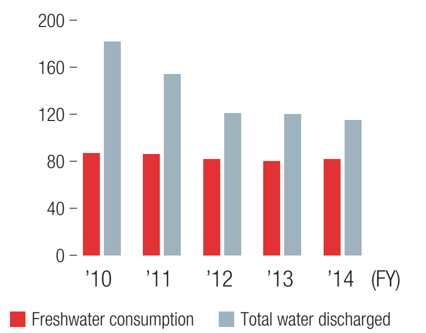
Greenhouse Gas Emissions from Manufacturing Operations*1 (Total) (Million tons-CO_2)



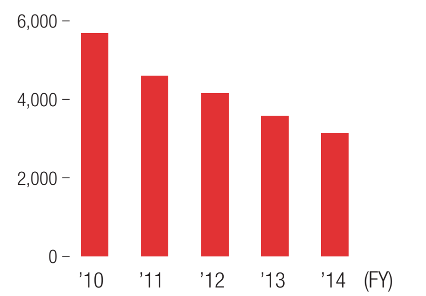
Chemical Substance Emissions*2 (Tons)



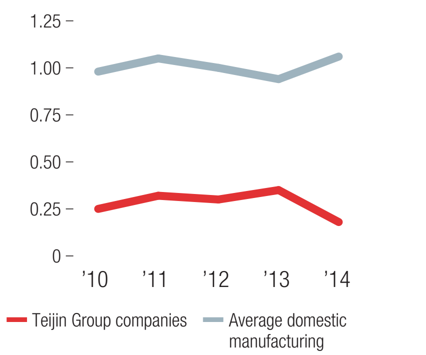
Freshwater Consumption and Total Water Discharged*3 (Millions of Tons)



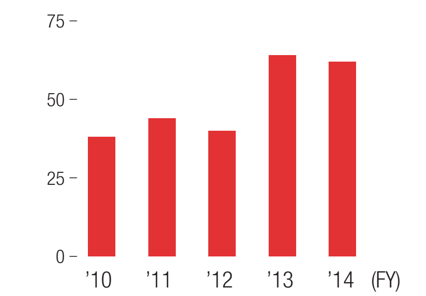
Waste with No Effective Use*4 (Tons)



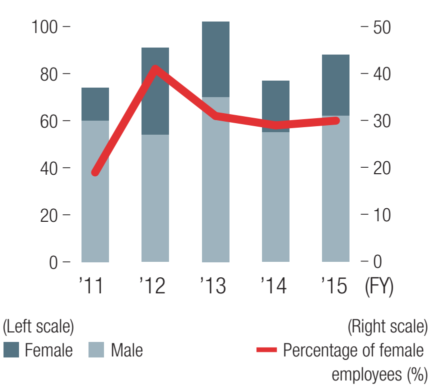
Lost Time Injury Frequency Rates*5



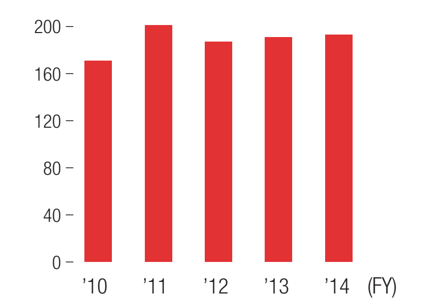
Usage of the Counseling and Reporting System (Number of Cases)



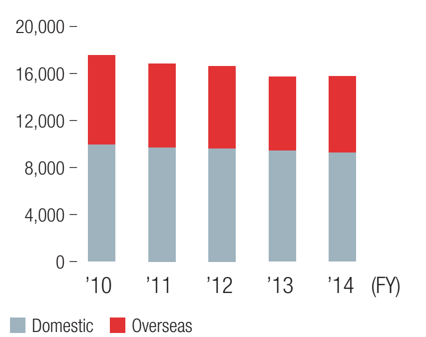
Number and Ratio of Newly Recruited Career-oriented Female University Graduates*6



Number of Employees Taking Childcare Leave*6 (People)



Number of Employees (Total) (People)



*1 Includes CO_2, methane and nitrous oxide. Calorific values and CO_2 emissions are calculated according to the coefficient specified in the Law Concerning the Promotion of Measures to Cope with Global Warming (an emissions factor for electricity of 0.555 kg CO_2/kWh is used for every fiscal year). For power purchased overseas, where known, the relevant emissions factor is used for the calculations.

*2 Emissions of Class 1 chemical substances listed in the Chemical Substances Management Law and chemical substances designated by the Japan Chemical Industry Association. The figures shown are the total of emissions into the atmosphere, soil and water, and landfill amount within business sites. The Chemical Substances Management Law: law concerning reporting, etc., of releases to the environment of specific chemical substances and promoting improvements in their management.

*3 Freshwater consumption amount includes industrial water, groundwater and tap water. Water discharged includes seawater used for cooling.

*4 Waste with no effective use refers to waste incinerated without heat recovery and waste for landfill.

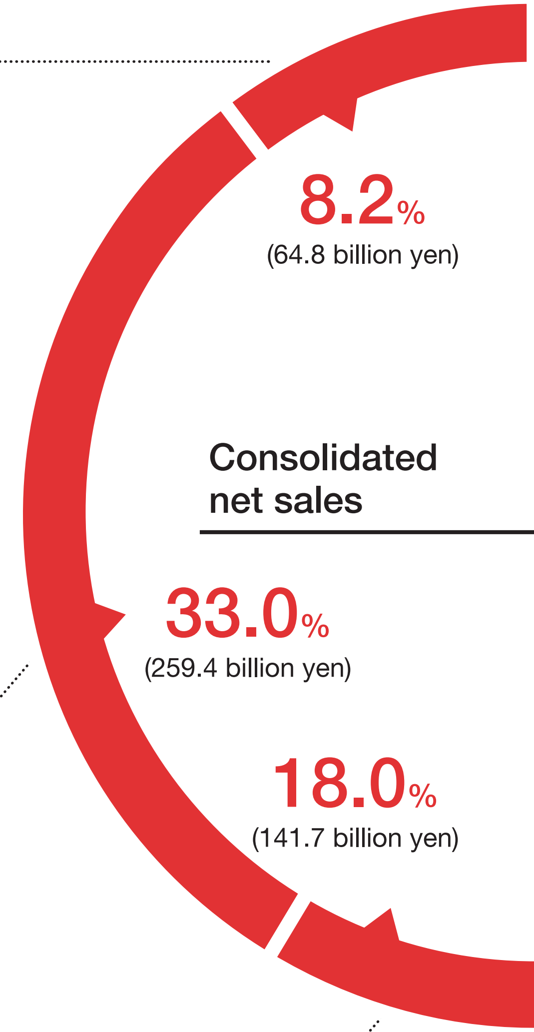
*5 The lost time injury frequency rate is the number of lost time injuries per one million hours worked. It thus represents the frequency of occupational injuries. (Figures are calculated based on calendar years.)
Source: Survey on Industrial Accidents, Japanese Ministry of Health, Labour and Welfare

*6 At the five core Group companies in Japan.

The Teijin Group's Businesses

● Breakdown of Consolidated Net Sales

(in Fiscal 2014)



IT and Others

IT Business

We provide various IT services, along with net services such as digital content distribution and e-commerce.

IT Services
- IT services for healthcare domains
  GRANDIT, a fully web-based enterprise resource planning software package
- Digital content management services

Net Services
- Content distribution services via mobile phones and smartphones (e-books and music)
- e-commerce services

New Business

We aim to create new businesses as early as possible in fields such as battery components, bioplastics, materials for printable electronics, and healthcare.

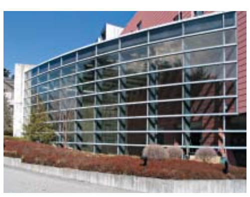
Trading and Retail

We provide a wide range of solutions from materials development to products, to meet a variety of needs in markets spanning apparel to industrial textiles and materials.

Principal products and services

- Sale and international trading of fiber materials, textiles and apparel, industrial textiles and materials, and films and plastics
- Polyester and recycled polyester fabrics and textiles
- Closed-loop recycling of polyester products

AEROSHELTER, ultralight large-scale tent



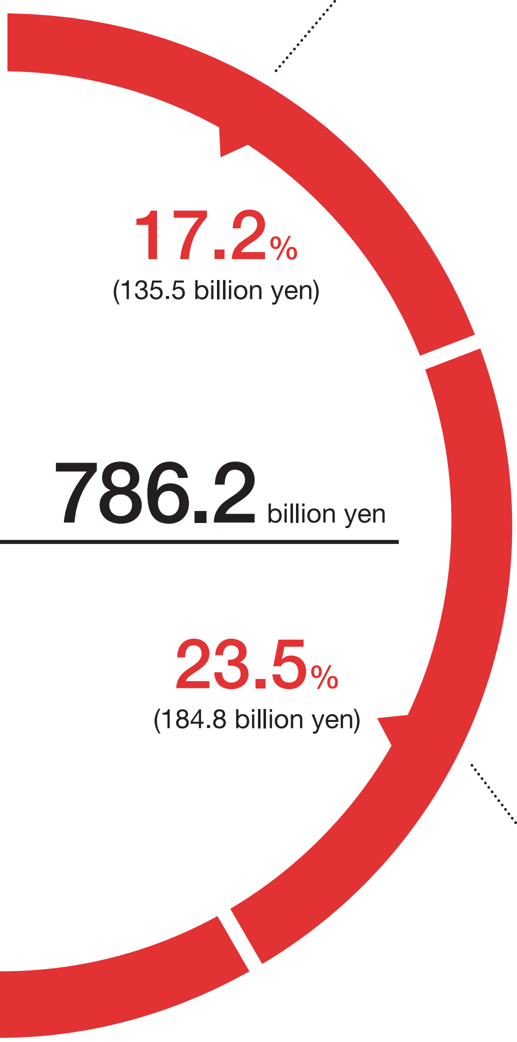
REFTEL, transparent heat-insulating film

Healthcare

We provide unique, groundbreaking medical solutions by leveraging our

Pharmaceuticals

- Bone and joint disease: treatment for osteoporosis, etc.
- Respiratory disease: expectorant and treatment for bronchial asthma, etc.
- Cardiovascular and metabolic disease: treatments for hyperuricemia and gout, and hyperlipidemia, etc.
- Others: treatment for severe infectious diseases, laxatives, etc.



Advanced Fibers and Composites

As a leading global company in advanced fibers such as aramid and carbon fibers as well as in composites, we are working to expand our business further.

Principal products

- Aramid fibers

- Carbon fibers
- Polyester fibers
- Polyethylene naphthalate (PEN) fibers
- Artificial leather

Principal applications

- Para-aramid fibers

  Friction products, tires, rubber reinforcements (hoses, belts)

  Protective clothing, optical fiber reinforcements, civil engineering materials

Bullet-resistant vest

- Meta-aramid fibers

  Firefighting uniforms, heat-resistant filters

- Carbon fibers

  Aircraft (structural and interior components)

  Pressure vessels, sports and leisure equipment

- Polyester fibers

  Automotive interior materials, rubber reinforcements

  Seat belts, mats, cushions

Electronics Materials and Performance Polymer Products

We are expanding globally, with a focus on polyester film, where we hold one of the largest shares of the global market, and polycarbonate resin, where we have a leading share of the growing Asian market.

Principal products

- Polycarbonate resin

- Polyester film

Principal applications

- Polycarbonate resin

  Electrical and electronics components, audiovisual (AV) and office automation (OA) equipment, personal computer casings, smartphone camera lenses, automotive components (headlamps, door handles, etc.)

  Sheets (Automotive instrument panels, dummy cans for vending machines)

- Polyester film

  Display materials (Liquid crystal display (LCD) materials, organic electroluminescent displays (OLEDs), etc.)

  Release film for various processes

  Laminating film for beverage and food cans

OA equipment

LCD television

strengths in both the pharmaceuticals and home healthcare fields.

Home healthcare

- Respiratory disease: therapeutic oxygen concentrators, noninvasive positive pressure ventilator (NPPV) for sufferers of sleep apnea syndrome (SAS), positive pressure ventilators for sufferers of SAS
- Bone and joint disease: Sonic Accelerated Fracture Healing System

ABOUT US

The Teijin Group's Global Business Network

The Teijin Group currently sells products in 80 countries around the world from a global network of 152 Group companies. The overseas sales ratio has reached 40.8%.

Europe

Europe hosts aramid and carbon fiber business sites in advanced fibers, among other sites.

Asia

We are developing business in the growing Asian market, where we have resin, polyester fiber, film and other business sites.

Teijin Aramid B.V. (Netherlands)

Toho Tenax Europe GmbH

Teijin Polycarbonate China Ltd.

Teijin Polyester (Thailand) Limited

PT. Indonesia Teijin DuPont Films

Group companies	Products sold in	Overseas sales ratio
152 companies	80 countries	40.8%

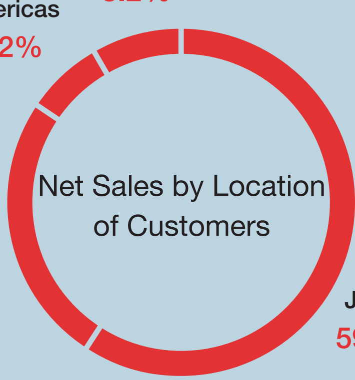
(As of March 31, 2015)

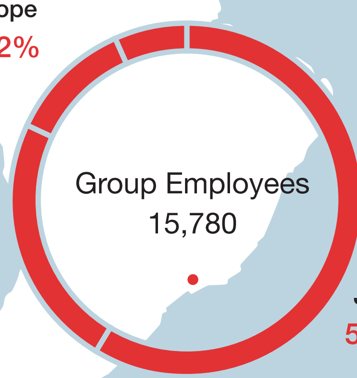
Japan

Japan hosts carbon fiber, polyester fiber, film and other business sites, and also provides a solid foundation for the healthcare business.

Americas

The Americas region hosts carbon fiber, film, home healthcare and other business sites.





STRATEGY

Top Management Perspectives on Teijin's Evolution and Ambition

“Teijin group must now drive its evolution forward through dramatic transformation. To this end, we are executing restructuring initiatives and transformation and growth strategies to evolve toward a solutions-oriented business model that delivers value to customers and society at large.”

In November 2014, the Teijin Group drew up and announced its revised medium-term management plan. The plan rests on two pillars: restructuring initiatives and transformation and growth strategies. It was formulated in line with Teijin’s long-term vision for evolving toward a solutions-oriented business model—one that will provide value needed by society and thereby achieve sustained profitable growth. This vision embodies our future aspirations for Teijin. Under the revised plan, we have set targets through fiscal 2016, along with drastic business restructuring initiatives and numerous actions and measures designed to systematically execute transformation and growth projects eyeing the future. In this section, Teijin President and CEO Jun Suzuki outlines Teijin’s evolution and ambition.

Jun Suzuki, President and CEO

Born in Tokyo in 1958. Joined Teijin Limited in 1983 after graduating with a Master’s Degree from the University of Tokyo Graduate School of Science. Worked at Teijin in pharmaceuticals development. Appointed Corporate Officer, Teijin Limited and Chief Marketing Officer in April 2012, after serving as President of Teijin Holdings Netherlands B.V. in 2011. Assumed the post of Executive Officer, Teijin Limited and General Manager, Advanced Fibers and Composites Business Group in April 2013 and Director, Executive Officer in June 2013. Appointed President and Chief Executive Officer (CEO) in April 2014.

THE TEIJIN GROUP'S CURRENT STANDING

Fiscal 2014 Performance

Net sales

¥786.2 billion

Up 0.2% YoY

Operating income

¥39.1 billion

Up 116.2% YoY

Net loss

¥(8.1) billion

Down 16.4 billion YoY

In fiscal 2014, the Teijin Group posted consolidated net sales of ¥786.2 billion. This was mostly unchanged from the previous fiscal year, as higher sales in our core businesses mostly offset the impact of certain discontinued operations. Operating income more than doubled from fiscal 2013 to ¥39.1 billion, underpinned by a recovery in the Advanced Fibers and Composites business and the positive impact of restructuring initiatives, primarily in the Electronics Materials and Performance Polymer Products business. Operating income was also buoyed by the yen's depreciation and declining prices for raw materials and fuel. Meanwhile, we recorded extraordinary losses of ¥50.3 billion on restructuring and other initiatives. Consequently, we posted a net loss of ¥8.1 billion, a change of ¥16.4 billion from net income of ¥8.4 billion in fiscal 2013.

Following the Lehman Brothers bankruptcy, Teijin has repeatedly conducted restructuring initiatives, and has had to post several net losses as a result. Currently, we are restoring our core earnings power through massive restructuring and cost-cutting initiatives. That said, I believe that the entire management team must take another hard and honest look at why Teijin has had to post repeated losses. In this light, we must now reexamine our aspirations for Teijin's future.

Under **the revised medium-term management plan** announced in November 2014, Teijin is targeting operating income of ¥50 billion, net income of ¥25 billion and ROE of over 8% in fiscal 2016. During the two years through 2016, we must first take steps to restore our core earnings power by driving steady growth in our existing businesses. In parallel, we must lay strong foundations for future growth and advancement through restructuring initiatives. However, these objectives are merely milestones and we must accomplish more if we are to reach our ultimate goals. To achieve sustained, long-term growth, we will also need to dynamically drive forward the evolution of our business model.

■ Fiscal 2016 Revised Medium-Term Management Plan Targets

Net sales	Operating income	Net income	ROE
¥800 billion	¥50 billion	¥25 billion	8% or more

TAKING STEADY STRIDES TOWARD EVOLUTION FROM A NEW STARTING POINT

STRATEGY

Society is in a constant state of flux, and is changing at an ever increasing pace. Why have we fallen short of our targets, despite the steps we have taken in the past? One of the reasons is that we have been unable to respond fast enough to changes in the markets and in society as a whole.

No business is guaranteed profits forever. What actions, then, should we take to generate sustained profits? **The key is to constantly evolve**. We are only here today because we have never lost sight of Teijin's evolution and ambition since its founding.

In the course of Teijin's long history, we now find ourselves in a period of profound evolution. In these times of rapid change and increasingly tumultuous upheaval, **maintaining the status quo will only lead to obsolescence and decline**. Therefore, I believe that we will have no future unless we constantly transform ourselves and create innovative business models and new markets. At times, this means we may have to flatly reject the way that has been handed to us from the past.

We must now begin taking steady strides from a new starting point. Companies do not change overnight. However, I would like to transform Teijin into an enterprise that applauds employees who embrace new ambitions based on the belief that preserving the status quo is inherently risky in these times.

“Become an enterprise that applauds employees who embrace new ambitions.”

THE TEIJIN GROUP’S CEASELESS EVOLUTION AND AMBITION

1918–

Evolution from a Rayon Fibers to a Synthetic Fibers Manufacturer

1918
Born as Japan’s first rayon manufacturer

1957
Teijin and Toray Industries, Inc. are licensed to introduce production technologies for polyester fibers and films from ICI of the United Kingdom

1958
Production began after choosing the trademark *Tetoron* for the polyester fiber

1972–

Evolution as a High-Performance Materials and Composites Manufacturer

1960
Began production of polycarbonate resins

1971
Began production of polyester films

1980–

Business Diversification for Nurturing the Healthcare and IT Fields as Business Domains

1952
Established Teijin Shoji Co., Ltd.

1980
Teijin Pharmaceutical Co., Ltd. began operations (launching the sale of *Venilon*, a treatment for severe infectious diseases)

The Teijin Group's history has been a history of evolution. When founded, Teijin was the equivalent of a modern-day venture business, spawned from university research. The Company was born in the process of commercializing the development of Japan's first technology for manufacturing semi-synthetic rayon fibers. In the ensuing years before and after World War II, Teijin's main operations underwent an evolution from rayon to polyester, and business continued to diversify and globalize as we ambitiously pursued chemical technologies and cutting-edge R&D to remain in stride with the changing times. Our Group today was shaped by ceaseless evolution and an undying ambition, inherited in our genes since founding, to change the world for the better in amazing ways.

1971
Rayon production discontinued

1973–
Starting with Indonesia, established global manufacturing bases for *Tetoron*

2002
Began developing the *ECO CIRCLE* closed-loop recycling system for polyester

1972
Began operations for the production of *Teijinconex* meta-aramid fibers

1987
Launched operations for the production of *Technora* high-strength para-aramid fibers

1999
Acquired an equity stake in Toho Rayon Co., Ltd. (to launch the carbon fiber business)

2000
Acquired a *Twaron* products para-aramid fibers business

1982
Launched the Home Healthcare business (home oxygen therapy (HOT))

1983
Launched the IT business

2002
Listed the stocks of Infocom Corporation

2011
Teijin Pharma Limited commenced the sales of *FEBURIC* (Febuxostat), a hyperuricemia and gout treatment, in Japan

2012
Established Teijin Frontier Co., Ltd.

1993–

Strengthening the Management Base

1993
Established the Teijin Group Corporate Philosophy, Standards of Conduct, and Corporate Code of Conduct

1999
Established Advisory Board
Started Female Employee Advancement Committee

2003
Transitioned to a holding company system
Introduced outside directors

2012
Restructured the organization

STRATEGY

CREATING NEW VALUE FOR CUSTOMERS THROUGH CEASELESS EVOLUTION AND AMBITION

How, then, should we drive evolution and create new businesses? The answer lies in considering **our customers today and our customers in the future**. We must think through who are our true customers, clearly define what value means to our customers, and develop a business model that delivers that value. **That is what we mean by fulfilling our mission of Quality of Life, as championed by the Teijin Group Corporate Philosophy**. This philosophy is the bedrock of the Teijin Group's existence. It also embodies our social mission and is positioned as a value of the highest importance to management.

We must consider in earnest what kinds of issues society will face in the future, and what types of roles we can fulfill to address those issues. The key lies in providing solutions that solve issues faced by customers. In this sense, the revised medium-term management plan unveiled in November 2014 represents our first step to becoming an enterprise that delivers new value to society.

"It is important that we think hard about what we can do to solve issues faced by our customers."

A NEW GROWTH SCENARIO BASED ON RESTRUCTURING INITIATIVES AND TRANSFORMATION AND GROWTH STRATEGIES

STRATEGY

Aims of restructuring initiatives

1

Narrow down business fields by selecting fields essential to future growth and advancement

2

Directly reshape methodologies and business models for generating earnings

In the course of drawing up a new growth scenario under the revised medium-term management plan, we have set forth **restructuring initiatives** and **transformation and growth strategies**.

Restructuring Initiatives

Concentrate Resources on Growth Fields to Maximize Teijin's Strengths

Our restructuring initiatives seek to build a solid foundation for future growth and advancement by accurately grasping the strengths that the Teijin Group has developed over the years and refining each of these strengths. To this end, we will rigorously narrow down our businesses based on the criteria of **market growth potential**, **competitive edge** and **profitability**, as we concentrate resources on growth fields.

Specifically, we will first downsize commodity businesses through the integration and closure of production facilities in the Electronics Materials and Performance Polymer Products business. In the Advanced Fibers and Composites business, we will bolster competitiveness in polyester fibers by upgrading and enhancing our production facility in Thailand, and centralizing domestic production and development facilities. In the raw materials and polymerization business, we will significantly reshape our production model for polyester products by discontinuing DMT (dimethyl terephthalate) production and centralizing polymerization facilities. Meanwhile, in the Healthcare business, Teijin will advance drastic restructuring initiatives in the U.S. home healthcare business. By executing these initiatives, we expected to improve operating income by ¥13.0 billion in fiscal 2016 compared with fiscal 2014. **Operating income will be improved by ¥17.5 billion** when the positive impact of these initiatives is fully realized.

■ Projected Impact of Restructuring Initiatives

(Billions of yen)

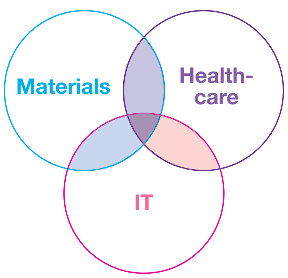
Business	Principal initiatives	Impact (operating income)			
		2015	2016	2017–	Fully realized
Electronics Materials and Performance Polymer Products	Plastics: Withdraw from Singapore subsidiary (December 2015) Films: Centralize production facilities in Japan (September 2016)	3.0	4.5	3.0	10.5
Healthcare	Reorganize the U.S. home healthcare business (Complete in fiscal 2016)	1.0	3.0	0.0	4.0
Advanced Fibers and Composites	Partially suspend production at the Iwakuni and Mihara plants Close the Tokuyama Plant (Discontinue certain production through fiscal 2016, close plant by fiscal 2017)	0.0	0.5	1.0	1.5
Raw materials and polymerization	Cease production at DMT plant; centralize polymerization facilities at Matsuyama Plant (Complete by end of fiscal 2015)	0.5	0.5	0.5	1.5
Total impact		4.5	8.5	4.5	17.5

Cumulative for 2015–2016 ¥13.0 billion

These initiatives do not mean that we will merely downsize Teijin's operations. The main thrust of our restructuring initiatives is to carefully consider where in our supply chain we will generate earnings, rather than just perpetuating our existing business models, and to directly transform our methodologies and business models for generating earnings. This is to ensure that we generate sustainable earnings eyeing the future. And to lay the foundation for further growth, we will need to act on another key priority—our transformation and growth strategies.

Aims of Transformation and Growth Strategies

Three business domains



Combine and integrate strengths in each business domain

↓

Create entirely new customer value

Transformation and Growth Strategies

Creating New, Unique Businesses That Can Only Be Developed by Teijin

We are a **unique entity with three core business domains: materials, healthcare and IT**. Until now, we have worked to grow each of these business domains independently. Going forward, we seek to create entirely new value for customers by **combining and integrating** the strengths and competitive advantages of each of these business domains.

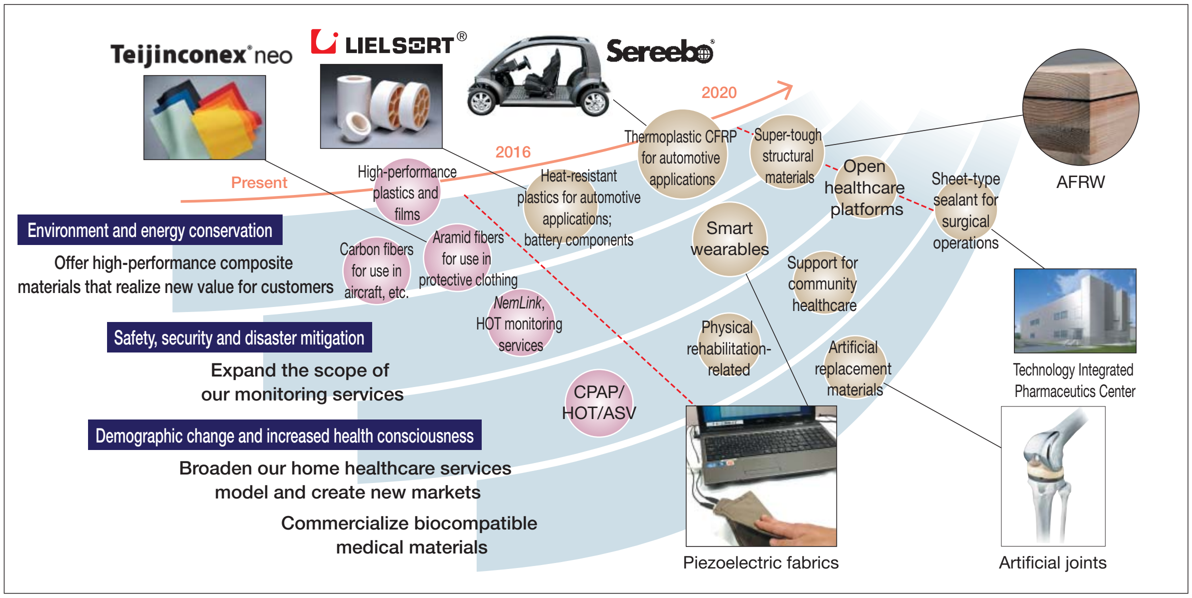
When considering the future of society, we believe that society will face a great number of urgent issues that must be solved in various fields. From among these fields, we have identified three business domains that will fully leverage Teijin's strengths by harnessing the knowledge and technologies it has amassed to date. They are **(1) Environment and energy conservation**, **(2) Safety, security and disaster mitigation**, and **(3) Demographic change and increased health consciousness**. We believe that these fields harbor significant growth potential, and will allow Teijin to help solve issues faced by society.

Specifically, in each of these fields, we intend to develop the following four areas by the following actions:

	Materials	Healthcare	IT
1 Offer high-performance composite materials that realize new value for customers —Automotive devices and battery components	Materials X Materials		
2 Expand the scope of our monitoring services —Smart wearables and super-tough structural materials	Materials	X	IT
3 Broaden our home healthcare services model and create new markets —Open healthcare platforms and community healthcare support services		Healthcare X IT	
4 Commercialize biocompatible medical materials —Materials for tissue repair and artificial replacement materials	Materials X Healthcare		

By boldly realizing our ambitions in these new fields, we aim to create new, unique businesses that can only be developed by Teijin.

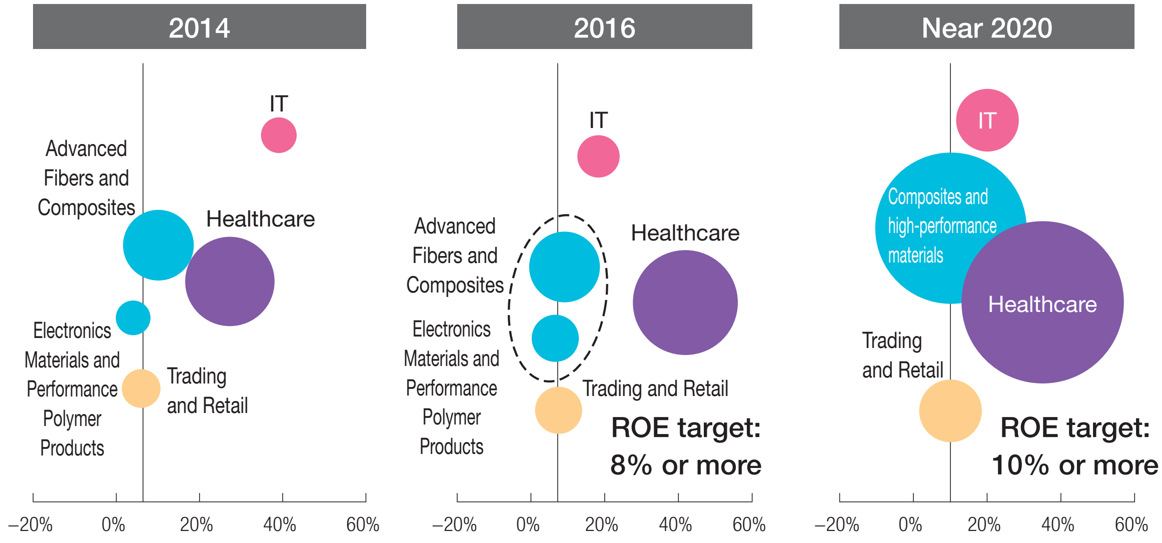
Growth and Transformation Strategy Pipeline



Vision for Teijin's Future

An Enterprise With Two Principal Businesses: Healthcare and Composites and High-performance Materials

Teijin will continue to drive further transformation to evolve into an enterprise with two principal businesses, namely the high-performance composite materials business and the healthcare business, both of which will serve as core strategic businesses. This will be achieved by centrally integrating the materials businesses by around 2020. The aforementioned two key strategic businesses will be underpinned by the Trading and Retail business and the IT business, which will continue to serve as stable-profit business.



(Horizontal scale) Return on invested capital (Vertical scale) Growth rate (Circle size) Operating income scale

EYEING SUSTAINED GROWTH OVER THE MEDIUM AND LONG TERMS AND ENHANCED CORPORATE VALUE

Measures to improve corporate value

- **Identify material CSR issues** P38
- **Corporate governance** P30
- **Diversity** P44

We must work to enhance our corporate value by honing our strengths through the restructuring initiatives that are currently under way, and by creating new value through our transformation and growth strategies. To this end, it is crucial that we formulate strategies and take action with a view to achieving sustained growth over the medium and long terms. We will also need to enhance our value to society as an enterprise.

To put Teijin on a clearer path to growth in this sense, we are working to **identify materiality** from a CSR viewpoint. Materiality generally refers to the important themes that a company should address in the course of its social and environmental activities. It encompasses the key issues that could impact the company's financial position and business management over the long term, namely, the factors that could have a bearing on its future corporate value. In our first fiscal year of defining materiality, we are at the stage of exploring various measures. We believe that these measures will play a pivotal role in determining our corporate value in the future.

Strengthening corporate governance is also essential. From the past, Teijin has had a well-established governance structure in place to ensure a high degree of transparency and rapid decision-making. Looking ahead, we also intend to fulfill our accountability to shareholders and other investors, and to increase their understanding through dialogue, as we execute bold strategies eyeing future growth.

Another theme that will be vital to our future is to **strengthen our personnel and attain diversity**. Diversity has already become the norm around the world. We must target sustainable growth by pooling the strengths of people from all walks of life, regardless of gender or nationality, including the talents of the elderly and people with disabilities. In parallel, we must also convey Teijin's DNA to the present and future generations.

Guided by this thinking, Teijin has endorsed and become a member of the United Nations Global Compact, which sets forth ten universally accepted principles related to human rights, labor, the environment and anti-corruption. Going forward, we will continue to harness the Teijin Group's collective capabilities with the goal of becoming an enterprise with a strong presence that is admired around the world.

BECOMING AN ENTERPRISE THAT IS ESSENTIAL TO TOMORROW'S SOCIETY

In fiscal 2015, the global economy continues to face numerous uncertainties, including the monetary policies of various countries, along with foreign exchange and crude oil price movements and other factors. In this operating environment, the Teijin Group will strive to restore its core earnings power and make it resilient to changes in the external environment, by continuing to implement restructuring initiatives and transformation and growth strategies. In the process, the Group will work to achieve the targets of its revised medium-term management plan as early as possible. Meanwhile, the Group will intensively allocate resources to core strategic businesses and new businesses. We will proactively invest in growth and advancement projects designed to create new value for customers.

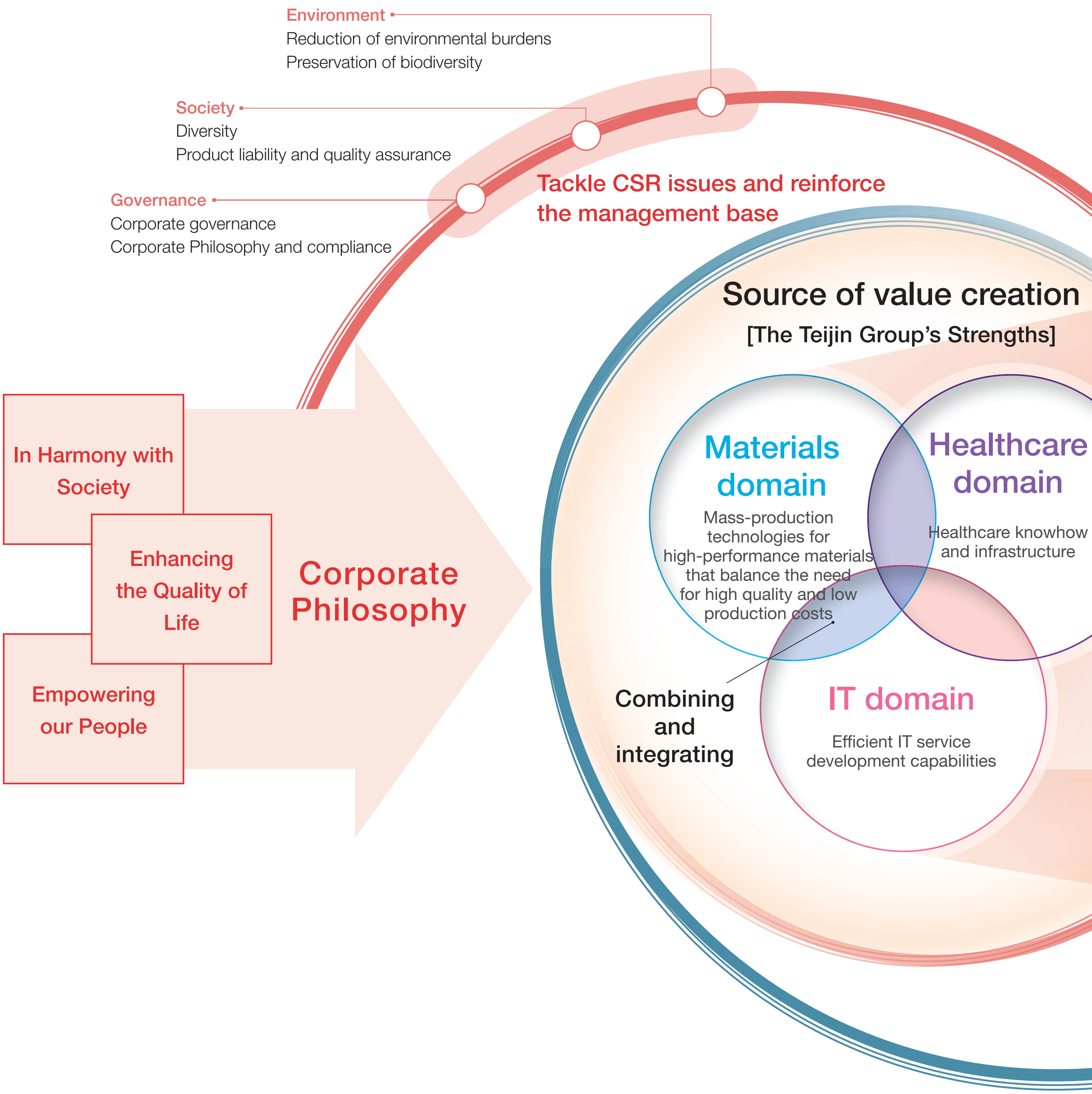
As stated earlier, we intend to become an enterprise that is essential to society by meeting customer expectations in anticipation of the future. Doing so will allow us to establish our superiority as a socially responsible enterprise and attain sustainable growth. That is why we must create new businesses that redraw boundaries both within and outside the Teijin Group's businesses and organization.

Our true restructuring initiatives are still in progress at this time. Nonetheless, we will continue working to reshape the Teijin Group and to pull together its collective capabilities to achieve a lasting transformation. We ask for your continued understanding and support as we endeavor to reach this goal.

Jun Suzuki,

President and CEO

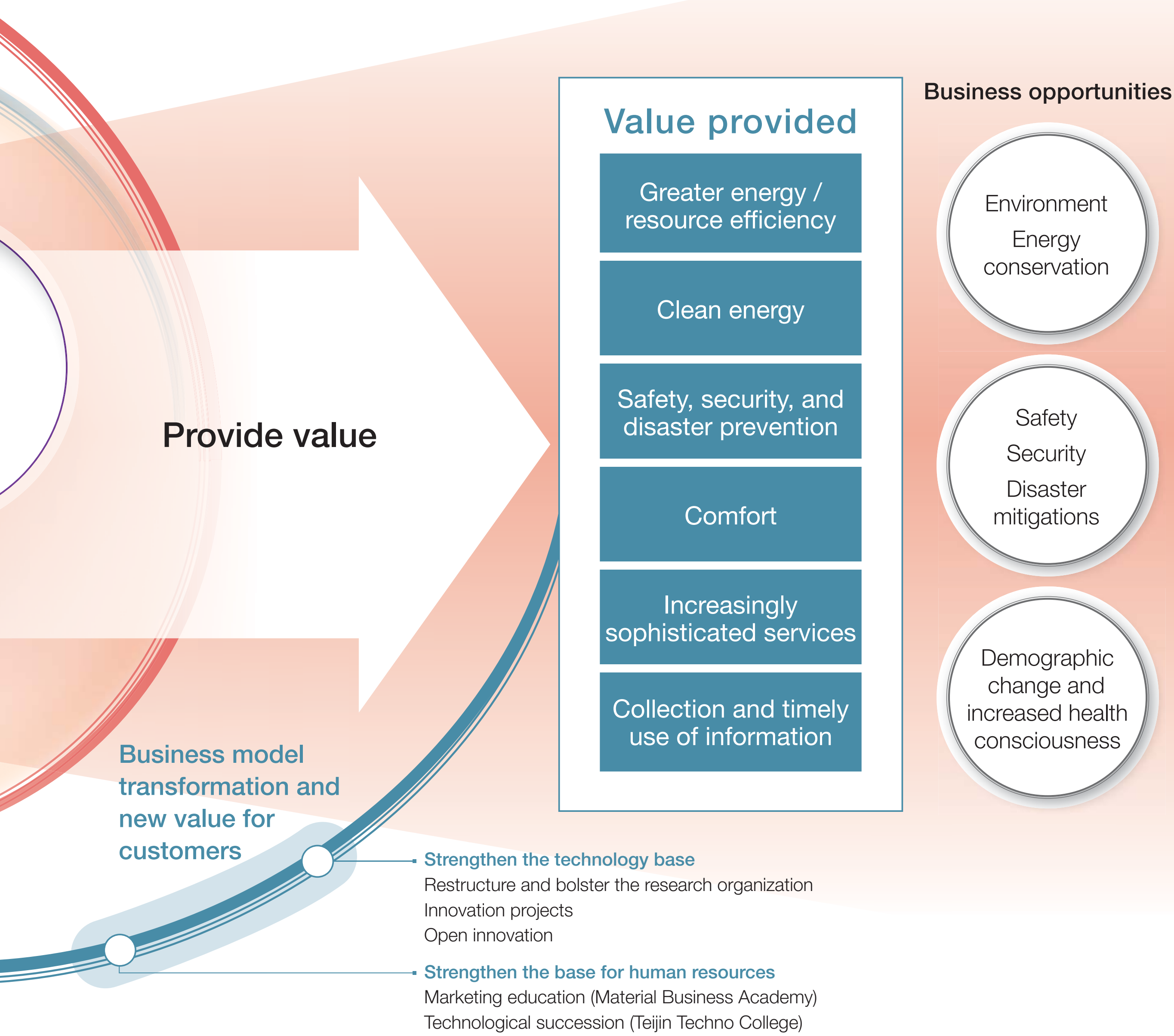
The Teijin Group's Value Creation Model



The basic goals underlying the Teijin Group's value creation activities are articulated by the phrases "Enhancing the Quality of Life," "In Harmony with Society" and "Empowering our People."

To achieve these basic goals, Teijin relies on the chemical technologies and customer base it has nurtured to leverage and integrate strengths in the three domains of materials, healthcare, and IT to provide much needed solutions to social issues.

Moreover, to realize sustainable growth, Teijin is endeavoring to transform its business model and provide customers with new value. At the same time, the Group is working ceaselessly to tackle CSR issues and reinforce its management base, while staying focused on social issues as they unfold.



CORPORATE GOVERNANCE

Management Team Responsible for Implementation of Strategies and for Supervision

(As of July 2015)

Board of Directors

5 3 1 2 4 6

1 Chairman, Member of the Board
Shigeo Ohyagi

1971 Joined Teijin Limited
2003 General manager of Medical and Pharmaceutical Business Group
2005 Chief Information Officer (CIO)
2007 Chief Strategy Officer (CSO)
2008 President and CEO, representative director of the board of Teijin Limited
2014 Chairman, member of the board of Teijin Limited (incumbent)

2 President and CEO, Representative Director of the Board
Jun Suzuki

1983 Joined Teijin Limited
2011 President of Teijin Holdings Netherlands B.V.
2012 Chief Marketing Officer, Director of BRICs Business
2013 Director of Tejin Limited, and general manager of Advanced Fibers and Composites Business Group
2014 President and CEO, representative director of the board of Teijin Limited (incumbent)

3 Senior Executive Officer, Representative Director of the Board
Yo Goto

1977 Joined Teijin Limited
2012 General manager of Engineering Center
2014 General manager of Technology Center (incumbent)
2015 Representative director of the board of Teijin Limited (incumbent)

4 Senior Executive Officer, Member of the Board
Hiroshi Uno

1981 Joined Teijin Limited
2011 General manager of Pharmaceutical Business Unit, Teijin Pharma Limited
2013 General manager of Healthcare Business Group (incumbent)
2015 Member of the board of Teijin Limited (incumbent)

5 Executive Officer, Member of the Board
Kazuhiro Yamamoto

1975 Joined Teijin Limited
2011 General manager of IT Business Group
2012 General manager of Corporate Strategy Office
2014 Chief financial officer (CFO), general manager of Accounting, Finance & Procurement Division
2015 Member of the board of Teijin Limited (incumbent)

6 Corporate Officer, Member of the Board
Yoshihisa Sonobe

1980 Joined Teijin Limited
2010 Deputy Chief Financial Officer (CFO), general manager of Accounting and Finance Office
2011 Chief Financial Officer (CFO), general manager, Accounting and Finance Division
2014 Member of the board, general manager of Corporate Strategy Office (incumbent)

3 1 2 4

1 Independent Outside Director
Hajime Sawabe

1964 Joined Tokyo Denki Kagaku Kogyo K.K. (now TDK Corporation)
1998 President & Representative Director of TDK Corporation
2006 Chairman & Representative Director of TDK Corporation
2008 Member of the board of Teijin Limited (incumbent)

2 Independent Outside Director
Yutaka Iimura

1969 Joined Ministry of Foreign Affairs of Japan
2002 Ambassador of Japan in Indonesia
2006 Ambassador of Japan in France
2009 Special Envoy of the Government of Japan (Middle East, Europe)
2011 Member of the board of Teijin Limited (incumbent)

3 Independent Outside Director
Nobuo Seki

1970 Joined Chiyoda Corporation
2001 President & CEO of Chiyoda Corporation
2007 Chairman of the board of Chiyoda Corporation
2012 Member of the board of Teijin Limited (incumbent)

4 Independent Outside Director
Kenichiro Senoh

1976 Joined Fuji Photo Film Co., Ltd. (now FUJIFILM Corporation)
2001 Professor, Graduate School of Keio University Media and Government
2004 President and Chairperson, The Industry-Academic Collaboration Initiative (NPO) (incumbent)
2012 Member of the board of Teijin Limited (incumbent)

Statutory Auditors

1 4 3 5 2

1 Full-Time Statutory Auditor
Toshiaki Yatabe

1974 Joined Teijin Limited
2006 General manager of New Business Development Group
2010 Chief Technology Officer (CTO)
2012 Statutory auditor (incumbent)

2 Full-Time Statutory Auditor
Atsushi Mugitani

1980 Joined Teijin Limited
2007 General manager of New Business Development Department
2013 General manager of Corporate Audit Department
2015 Statutory auditor (incumbent)

3 Independent Outside Statutory Auditor
Noriko Hayashi

1968 Registered as a lawyer (Tokyo Bar Association)
2000 Representative of Hayashi Law Office (incumbent)
2009 Statutory auditor of Teijin Limited (incumbent)
2010 Chairperson of Committee on Labor Law Legislation, Japan Federation of Bar Associations (incumbent)

4 Independent Outside Statutory Auditor
Nobuo Tanaka

1973 Joined Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry)
2002 General manager of International Trade Policy Bureau, Trade and Industry Organization Division METI
2007 Director-General of International Energy Agency
2012 Statutory auditor of Teijin Limited (incumbent)
2015 President of the Sasakawa Peace Foundation (incumbent)

5 Independent Outside Statutory Auditor
Gen Ikegami

1980 Joined Showa Accounting (now Ernst & Young ShinNihon LLC)
1983 Registered as a Certified Public Accountant
1992 Registered as CPA the state of California, USA
2000 Representative partner of Audit Corporation Ota Showa Century (now Senior Partner, Ernst & Young ShinNihon LLC)
2015 Statutory auditor of Teijin Limited (incumbent)

Advisory Board

Shigeo Ohyagi (Board chairman)
John Himes
Hajime Sawabe
Yutaka Iimura
Nobuo Seki
Kenichiro Senoh
Alexander Rinnooy Kan
Jun Suzuki

Chief Officers

Corporate Strategy Officer	Yoshihisa Sonobe
General Manager, Technology Center	Yo Goto
Chief Marketing Officer	Kentaro Arao
Chief Social Responsibility Officer	Noriaki Endo
Chief Financial Officer, General Manager—Accounting, Finance & Procurement Division	Kazuhiro Yamamoto
Chief Human Resources Officer	Yasuhiro Hayakawa

Business Group General Managers

Advanced Fibers and Composites	Masaya Endo
Electronics Materials and Performance Polymer Products	Yasumichi Takesue
Healthcare	Hiroshi Uno
Trading and Retail	Shinji Nikko
IT	Norihiro Takehara
New Business Development Business Unit	Kentaro Arao

CORPORATE GOVERNANCE

Corporate Governance

Basic Philosophy

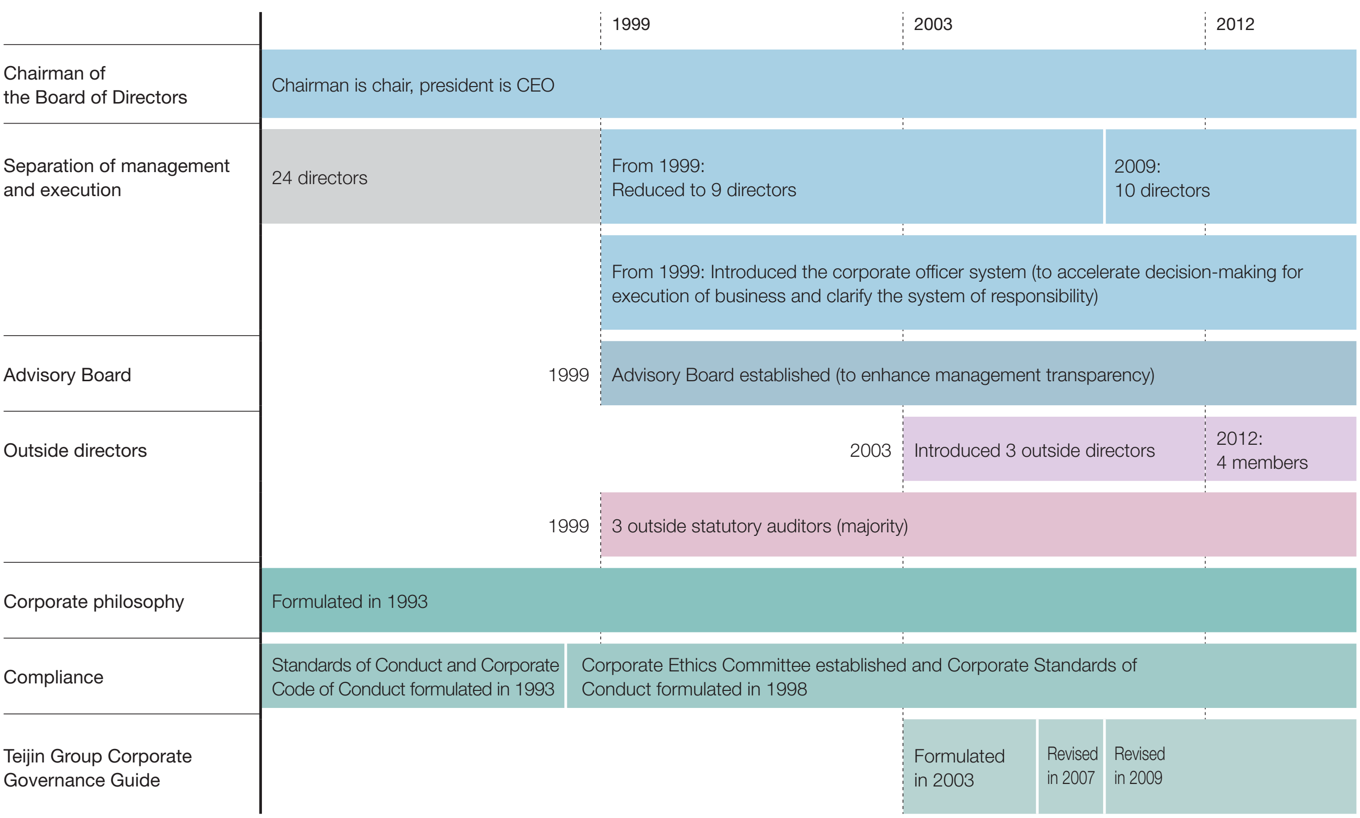
The Teijin Group realizes that its basic mission as a company is to ensure sustainable growth in shareholder value. On this basis, to fulfill our responsibilities to other various stakeholders, we have strived to strengthen corporate governance.

Since the late 1990s, we have implemented a series of ground-breaking management reforms relating to basic elements of corporate governance with the aim of enhancing transparency, ensuring fairness and objectivity, accelerating decision-making, and ensuring independence. These reforms include establishing the Advisory Board, appointing independent outside directors, and separating business execution and monitoring/auditing functions. The Teijin Group Corporate Governance Guide was published to specify guidelines regarding corporate governance.

■ Overview of the Corporate Governance System

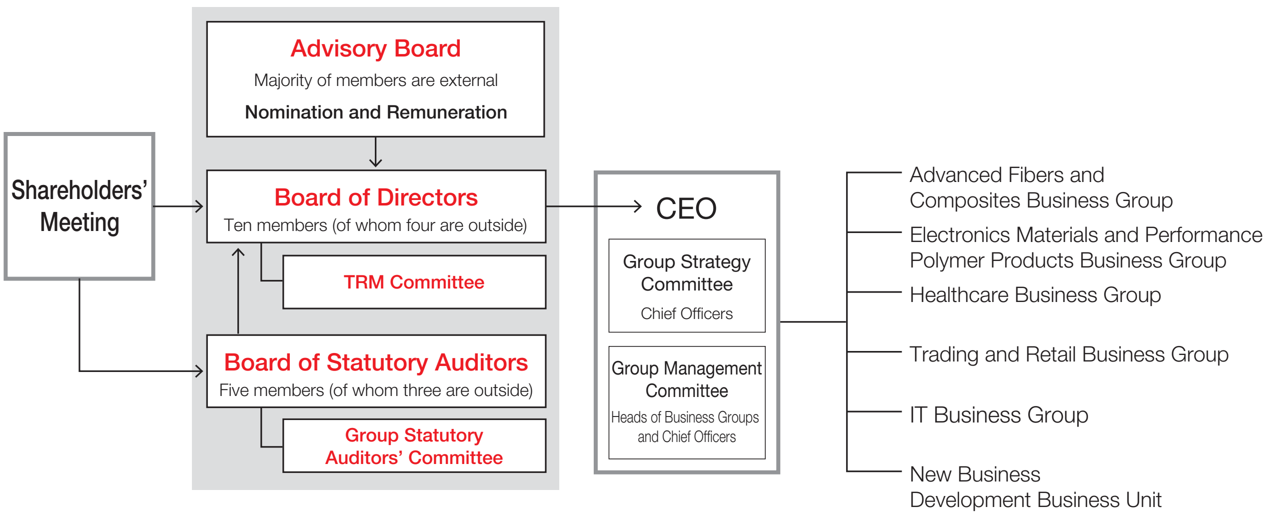
Organization form	Company that employs Board of Auditors system	
Directors	No. stipulated in Articles of Incorporation	10
	No. of Directors (included number of outside directors)	10 members (of whom 4 are outside directors)
	Term	1 Year
	Chairman of the Board of Directors	Chairman (or, in the absence of a chairman, the senior advisor or an outside director)
Statutory Auditors	No. stipulated in Articles of Incorporation	Upper limit on the number of members is not stipulated
	No. of Statutory Auditors (included number of outside statutory auditors)	5 members (of whom 3 are outside statutory auditors)
No. of independent outside individuals		7 members (of whom 4 are outside directors and 3 are outside statutory auditors)
Others	Established Advisory Board (advisory body to the Board of Directors with nomination and remuneration committee functions)	

■ Initiatives for Strengthening Governance



The Teijin Group's Corporate Governance System

Corporate Governance System



Advisory Board

The Advisory Board is a consultative body to the Board of Directors. It is comprised of five to seven Japanese and non-Japanese outside experts, the chairman or a senior advisor, and the CEO of Teijin Limited. Its role is to give advice and make proposals regarding corporate strategy and results, and function as the Nomination and Compensation Committee in deliberating on matters such as a change of CEO and the successor as well as the performance evaluation and standards of remuneration for directors.

Board of Directors

The Board of Directors is comprised of 10 directors of whom 4 are outside directors that maintain independence. The Board of Directors is chaired by the chairman, to ensure the appropriate separation of responsibility for frontline management and monitoring/supervising. The main goal of the Board of Directors is to maximize shareholder value each fiscal year and over the medium and long-term. At the same time, it must pay close attention to the position of stakeholders other than the shareholders. The Board of Directors must also deliberate, determine, and approve any management policies, and the overall plans of the entire Teijin Group, and any other items required by law or other regulations. Furthermore, the Board of Directors is responsible for ensuring accountability. It must also clarify its policies on compliance and how to manage risks surrounding the Company, and supervise those implementations.

TRM Committee

The Company has established the Total Risk Management (TRM) Committee beneath the Board of Directors, as a preventive measure to handle any risks the Company may face. The TRM categorizes the risks into management strategy or business operating risks. The Chief Social Responsibility Officer (CSRO) is assigned in charge of business operating risk, while the CEO is directly in charge of management strategy risk. The CEO chairs the TRM Committee, whose members are the CSRO and other chief officers assigned by the CEO. The Board of Directors deliberates and determines TRM basic policies and annual plans that are proposed by the TRM Committee, as well as managing significant risks for the Teijin Group, supporting business continuity.

Statutory Auditors and the Statutory Auditors' Committee

The Board of Statutory Auditors comprises five statutory auditors, and a majority of three are outside statutory auditors who maintain independence to enhance the efficacy of monitoring and auditing, and secure transparency of the Board. The Board of Statutory Auditors is in charge of monitoring and auditing the management. All of the statutory auditors attend the Board of Directors meeting and any other important internal meetings, where they express their opinions and make recommendations. The Statutory Auditors' Committee is responsible for surveying and auditing the entire Teijin Group, a role that corresponds to Group management and financial consolidation management. The Committee of Teijin Group Statutory Auditors' activities include deliberating and ensuring the inclusion of the basic policy and plan for auditing and the selection of key auditing items of each business. These deliberations are based on the Teijin Group's basic auditing policy and plans decided by the Board of Statutory Auditors of the Company.

Group Strategy Committee and Group Management Committee

The Group Strategy Committee and Group Management Committee are bodies for deliberating on the decision-making of the CEO, who is responsible for execution of duties. Attended by full-time corporate auditors, the committees ensure a rapid and highly transparent decision-making process.

Outside Directors and Outside Statutory Auditors

Teijin Limited (the Company) has prescribed “Requirements for Independent Directors” for outside directors, including candidates. These conditions for appointment are designed to increase the level of precision and ensure the transparency of the management supervisory function of the Board of Directors. In the same way, the Company has also prescribed “Requirements for Independent Statutory Auditors,” which cover outside statutory auditors, including candidates. These are designed to increase the level of precision and ensure the transparency of the auditing function of the execution of duties of the internal directors and the management.

With regard to independent director and independent statutory auditor requirements, the Company has formulated and operates its own regulations concerning independent directors and independent statutory auditors.

■ Independent Director and Independent Statutory Auditor Requirements (Overview)

(1) Persons having no significant special interests in the Teijin Group.

(2) Persons to whom items (a) through (e) below do not apply are deemed to be Independent Directors or Independent Statutory Auditors having no significant special interest in the Teijin Group.

- (a) Internal officers or employees and former internal officers or employees of the Teijin Group
- (b) Providers of specialized services to the Teijin Group
- (c) Persons having customer or business partner relations with the Teijin Group
- (d) Persons having “inter-directorship” relations with the Teijin Group
- (e) Persons having other special interests in the Teijin Group

	Name	Reason for selection	Independent director	Attendance at meetings of the Board of Directors and Board of Statutory Auditors in Fiscal 2014
Outside Directors	Hajime Sawabe	Appointed for his considerable business experience and deep insight developed as the president and chairman of a listed company, which the Company plans to utilize in its business operations	✓	Attended 12 of 12 Board of Directors meetings
	Yutaka Iimura	Appointed for his considerable knowledge and experience as a diplomat and his global perspective on business management, which the Company plans to utilize in its business operations	✓	Attended 12 of 12 Board of Directors meetings
	Nobuo Seki	Appointed for his considerable business experience and deep insight developed as the president and chairman of a listed company, which the Company plans to utilize in its business operations	✓	Attended 12 of 12 Board of Directors meetings
	Kenichiro Senoh	Appointed for his deep insight developed as a director and committee member for many organizations, mainly in the industry and business fields, which the Company expects him to utilize in offering guidance and proposals regarding its business operations	✓	Attended 12 of 12 Board of Directors meetings
Outside Statutory Auditors	Noriko Hayashi	Appointed for her deep insight and abundant experience developed as a lawyer having served on policy boards and so forth, which the Company expects her to utilize in maintaining and enhancing compliance	✓	Attended 12 of 12 Board of Directors meetings Attended 9 of 9 Board of Statutory Auditors meetings
	Nobuo Tanaka	Appointed for his deep insight and abundant experience developed in national government positions including within the Ministry of Economy, Trade and Industry, as well as international institutions such as the Organization for Economic Co-operation and Development, which the Company expects him to utilize in maintaining and enhancing corporate governance	✓	Attended 12 of 12 Board of Directors meetings Attended 9 of 9 Board of Statutory Auditors meetings
	Gen Ikegami	Appointed for his deep insight and abundant experience developed as a certified public accountant, which the Company expects him to utilize in maintaining and enhancing compliance	✓	Assumed the post in July 2015

Director Compensation

Compensation for directors is based on consolidated ROA, with consideration also given to consolidated ROE and operating income—specifically to whether targets have been met and improvements seen—as well as to a qualitative assessment of each individual director’s execution of duties. The Advisory Board deliberates systems and standards governing remuneration for Teijin Group directors, statutory auditors and corporate officers and evaluates the performance of the CEO and representative directors.

Compensation for directors in fiscal 2014

(Millions of yen)

Position	No. of people	Compensation amount
Director	12	341
Of which, outside directors	4	52
Statutory auditor	5	94
Of which, outside statutory auditors	3	28

Corporate Ethics and Compliance

The Teijin Group believes that compliance and risk management are necessary conditions for realizing corporate governance.

With regard to compliance, individuals employed by the Teijin Group are required not only to comply with relevant laws and regulations, but also to act with good faith as businesspeople and members of society in accordance with ethical and social norms. In line with this conviction, we formulated the Corporate Code of Conduct and the Corporate Standards of Conduct, which set forth consistent guidelines for the entire Teijin Group, and work diligently to reinforce awareness of compliance issues among executives and employees.

Teijin holds its Corporate Ethics Month campaign every year in October. At this time, all executives and employees, including contract and temporary employees, receive training in corporate ethics. Moreover, a relevant CEO message is given in seven languages, and campaign posters are displayed announcing the Corporate Ethics Month. By these and other means, Teijin works to raise the awareness of the entire Group about corporate ethics.

In the case that a legally or ethically inappropriate issue occurs within the Teijin Group, Teijin will activate its counseling and reporting system, involving input from both inside and outside Teijin and based on the decisions of the Chief Social Responsibility Officer, with the aim of solving the matter within the organization by setting in motion an organizational self-purification mechanism. In fiscal 2014, there were a total of 62 cases (★) of this counseling and reporting system being used.

Investor Relations

The Teijin Group behaves as a company that takes requests from shareholders and society into consideration to achieve a higher degree of accountability. The Chief Financial Officer is in charge of investor relations functions including information disclosure and communication with shareholders and others. In disclosing information, the Company's basic policy is to disclose the same content both in and outside Japan simultaneously. In addition to disclosing legally stipulated financial information, the Company proactively discloses corporate information from the perspective of good CSR. General meetings of shareholders are "open meetings," wherein communicating with shareholders is our first priority.

Advisory Board (As of July 2015)

Teijin established the Advisory Board, which is comprised mainly of outside experts, in 1999 with the objective of advising and making proposals to the Board of Directors and raising the degree of management transparency. In addition to leading experts from Japan, the Advisory Board's original members included leading global authorities on governance John A. Krol, former chairman of global chemicals giant DuPont, and Sir Ronald Hampel, previously chairman of ICI. Since its establishment, the board has held two ordinary meetings each year, in the spring and autumn, and has played a substantial role in such ways as making proposals to management, assessing directors, and deliberating presidential succession plans.

The Advisory Board is intended to have two or three members who are not Japanese. In May 2015, Prof. Alexander H.G. Rinnooy Kan of the Faculty of Economics and Business Studies, University of Amsterdam was welcomed onto the Board. The Advisory Board will continue to engage in lively debate and make proposals to enhance value to establish even stronger corporate governance across the Teijin Group.

Advisory Board members

Shigeo Ohyagi, Chairman, Member of the Board, Teijin Limited, (Board chairman)
John W. Himes, Former Senior Vice President, DuPont
Hajime Sawabe, Executive Advisor, TDK Corporation
Yutaka Iimura, Special Assistant to the Minister for Foreign Affairs and Special Envoy for Cooperation for Southeast Asia
Nobuo Seki, Former President/Chairman, Chiyoda Corporation
Kenichiro Senoh, President & Chairperson, The Industry-Academic Collaboration Initiative (NPO)
Alexander H.G. Rinnooy Kan, Professor, Faculty of Economics and Business Studies, University of Amsterdam, Netherlands
Jun Suzuki, President and CEO, Representative Director of the Board, Teijin Limited

Advisory Board Meeting Agenda

May 2015
- Report on operating results for fiscal 2014
- Presentation on business plan for fiscal 2015
- Deliberation of succession plan
- Evaluation of CEO's performance in previous fiscal year and discussion to determine amount of remuneration
- Deliberation of CEO's targets for the new fiscal year

December 2014
- Report on operating results for the first half of fiscal 2014
- Presentation on outlook for the second half of fiscal 2014
- Deliberation of succession plan

CSR ACTIVITIES

The basic goals of the Teijin Group's CSR activities are articulated by our corporate philosophy of "Enhancing the Quality of Life," "In Harmony with Society," and "Empowering Our People." In order to achieve the goals of our CSR activities, we have formulated the CSR Basic Policy and are advancing overall group CSR activities under the leadership of the Chief Social Responsibility Officer.

CSR Basic Policy (FY2012-FY2016)

1. To advance a CSR management that is integrated into the Teijin Group's business strategy, aiming to achieve the sustainable development of both business and society.
2. To continue to respond rapidly to changes in the socio-economic environment by obtaining and maintaining global recognition as "CSR champion" in Teijin's way.
3. To realize "co-existence with the global environment" by actively promoting environmental management.
4. To help realize improvement of "Quality of Life," by providing safe and reliable products and services.
5. To be recognized as a benchmark of Basic CSR activities such as compliance and risk management by their thorough implementation.
6. To build "Win-Win" relationships with stakeholders in and outside the Teijin Group by two-way dialogues and active involvement in their development and to enhance their satisfaction.

The Evolution of Teijin's CSR Management

The basic goals of the Teijin Group's CSR are articulated by "Enhancing the Quality of Life," "In Harmony with Society," and "Empowering our People," which comprise the Teijin Group Corporate Philosophy set forth in 1993.

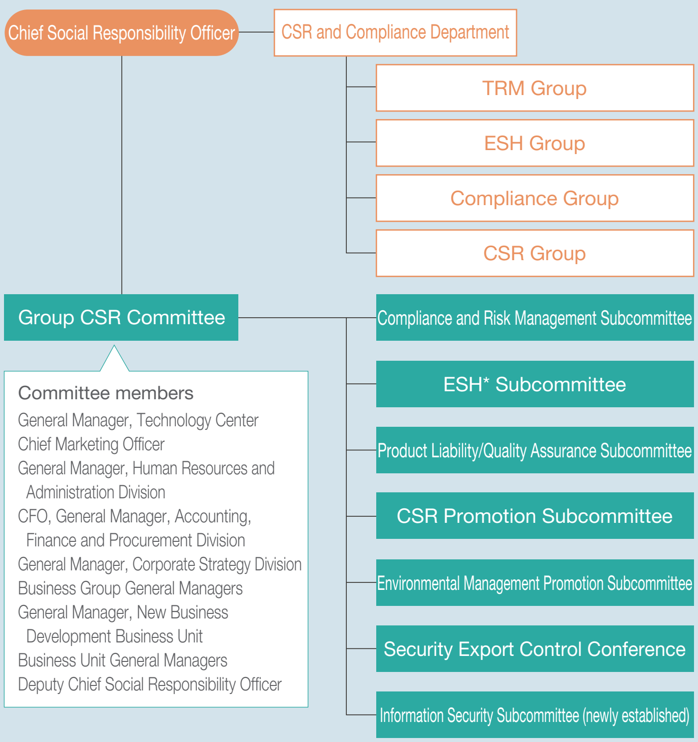
To achieve the goals entailed in this philosophy, we have formulated the CSR basic policy and have continued to implement systematic, well-planned CSR activities over many years. In April 2005, we inaugurated the role of Chief Social Responsibility Officer, and created an internal framework to advance all aspects of our CSR program, including corporate ethics, compliance, risk management, environment preservation, safety, disaster prevention and health (ESH), quality assurance, and social contribution. We have also developed and have been advancing a basic policy, targets and strategies. In fiscal 2011, in order to further promote CSR management, we joined the United Nations Global Compact, committing ourselves to a set of voluntary action principles related to "the protection of human rights," "the elimination of all forms of forced and compulsory labor," "initiatives to promote greater environmental responsibility," and "anti-corruption."

Advancing CSR Management

The Teijin Group divides its CSR initiatives into three fields: "basic," "expansive" and "selective" issues. In response to these fields, we have clarified our direction and medium-term goals for these initiatives, and are carrying out effective activities.

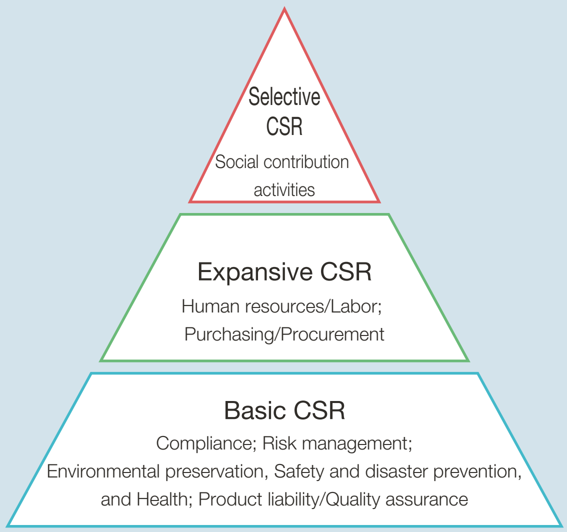
We have established a Group CSR Committee, which discusses and drives the implementation of responses to important CSR issues for the entire Teijin Group. There are seven subcommittees and a conference operating under the committee. Of these, the Group ESH Subcommittee, the Group Compliance and Risk Management Subcommittee, the Group Product Liability/Quality Assurance Subcommittee and the Group Security Export Control Conference, and the Group Information Security Subcommittee (newly established in April 2015) deliberate on and advance specific "basic" CSR issues which the Teijin Group view as particularly important. "Expansive" and "selective" issues are discussed and promoted by the Group CSR Promotion Subcommittee.

CSR Management System (as of April 1, 2015)



* ESH: Environment, Safety and Health

CSR Pyramid



External Evaluations

As of July 2015, the Teijin Group is included in the following international socially responsible investment (SRI) indices:

- The Dow Jones Sustainability Indices (criteria for inclusion: economic, environmental and social performance);
- The FTSE4Good Index Series, which measures the performance of companies that meet globally recognized CSR standards (criteria for inclusion: efforts to ensure environmental sustainability, development of positive relationships with stakeholders and support for universal human rights);
- The Ethibel Investment Register (criteria for inclusion: ethical economic policy, environmental policy, internal and external social policies);
- MSCI Global Sustainability Index Series

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

FTSE4Good

member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE

MSCI 2015 Constituent MSCI Global Sustainability Indexes

Identify Material CSR Issues

Shareholders, institutional investors and various other stakeholders have requested the Company disclose ever increasing amounts of financial and non-financial information in recent years. Nowadays, disclosing non-financial information appropriately, as it pertains to corporate social responsibility (CSR) encompassing the environment, society, and governance (ESG), requires identifying the material CSR issues to be disclosed, along with explaining the reasons for their materiality. The Teijin Group advances CSR management that is integrated with business strategies, and upholds a basic philosophy of CSR of contributing to the sustainable development of its business and society. The Group is implementing a variety of initiatives, but has identified the CSR issues of materiality after establishing a new methodology in fiscal 2014.

In fiscal 2015, the year ended March 31, 2016, the Group will make progress with activities aimed at addressing the issues it identified. Going forward, the activities will be improved by applying the PDCA cycle to review the content, as well as being integrated into the process of formulating Teijin's next new medium-term management plan.

Process of Identifying Material CSR Issues

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Grasp and screen	Analyze materiality	Select CSR issues	Consult outside experts	Identify material CSR issues

Review

STEP 1

Grasp and screen

Teijin grasped a wide range of CSR issues and screened them into groups for materiality analysis.

Currently, the Teijin Group has positioned as fundamental the CSR issues disclosed in its CSR report and also the creating shared value (CSV) issues that were identified as business opportunities arising from macroeconomic trends in Teijin's revised medium-term management plan. These issues were then screened against external evaluations such as the ISO 26000 guidance on social responsibility, Global Reporting Initiative (GRI) Guidelines, the UN Global Compact, social issues delineated in the UN's proposed sustainable development goals (SDGs), and major socially responsible investment (SRI) indices. Issues identified by the external evaluations that were yet to be addressed by the Teijin Group were then added into the respective groupings for materiality analysis.

The Teijin Group's CSR issues

- Basic CSR (Compliance, Risk management, Environmental preservation, Safety and disaster prevention, and Health (ESH), Product liability/Quality assurance)
- Expansive CSR (Human resources/Labor, Purchasing/Procurement)
- Selective CSR (Social contribution activities)

Issues pertaining to CSV in the revised medium-term management plan

- Environment and energy conservation
- Safety, security and disaster mitigation
- Demographic change and increased health consciousness

↔ Screen

External evaluations

- ISO 26000
- GRI Guidelines
- UN Global Compact
- UN SDGs
- Major SRI indices

Screening results

- The CSR issues the Teijin Group is tackling currently overlap for the most part with the issues raised by external evaluations.

Items Subject to Materiality Analysis

All Teijin CSR activities and CSV issues

+

Socially important issues yet to be addressed

STEP 2

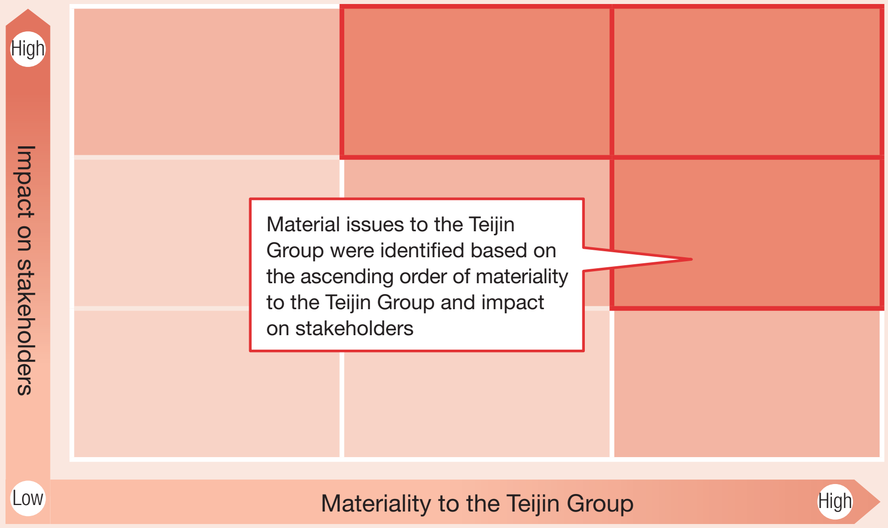
Analyze materiality

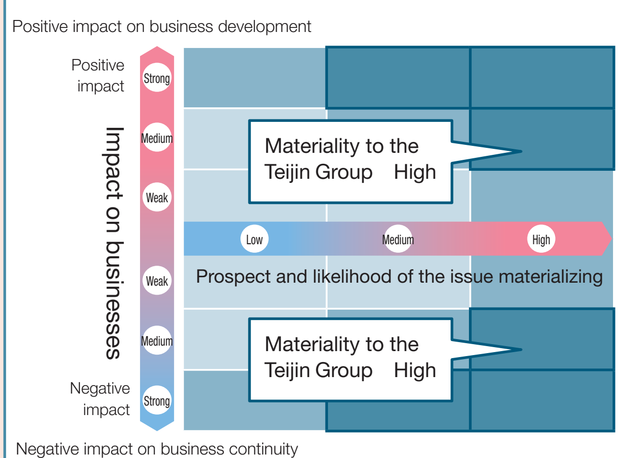
The CSR issues grasped and screened into groupings were put through a materiality analysis.

The screened CSR issues were mapped two-dimensionally, with materiality to the Teijin Group in ascending order along the horizontal axis, and impact on stakeholders in ascending order along the vertical axis. The material issues are what fall into the dark red squares in the diagram below.

Method for determining impact on stakeholders (vertical axis)

Stakeholders were categorized into (1) shareholders and investors, (2) employees, (3) customers, (4) suppliers, and (5) local residents. The ascending order of **degree of impact on stakeholders** was determined by whether a CSR issue was or wasn't of particular interest to each stakeholder category and then tallying the score.





Method for determining materiality to Teijin Group (horizontal axis)

Materiality of each issue to the Teijin Group was determined by plotting impact on businesses along the vertical axis (with the acuteness ascending for positive impact and descending for negative impact), and in ascending order. **The materiality to the Teijin Group** is then determined from both.

STEP 3

Select CSR issues

The material issues were selected from the issue groupings determined by the analytical method above.

STEP 4

Consult outside experts

The Chief Social Responsibility Officer (CSRO) then consulted external experts for their input concerning the Teijin Group's selection process for material CSR issues, and the selected issues.

■ Input from the experts

An Effective Means of Simultaneously Broadening the Perspective and Breaking Down the Components of CSR Issues

The framework is very logical and I give it high marks for having identified the positive impacts, also. It would be nice if Teijin could approach this framework not only from the perspective of its ongoing activities but from that of prevalent social issues as well. Breaking down the issues is an effective means of linking them with KPIs, and makes them easier to use in improving management. I think the important point now is to get more of the related departments involved and to raise the precision of the analytical framework.

Hidemi Tomita, General Manager, Business Development Division, LRQA Japan

The Need for a Clear Expression of Teijin's Worldview and Vision of CSR

What is Teijin's corporate view of the CSR issues it screened and analyzed? I think that this report also needs to include Teijin's worldview and vision of CSR in writing as a message to stakeholders. The report also needs to have a storyline of the future envisioned by Teijin together with the CSR activities it will be promoting in getting there. This could entail Teijin looking at CSR from the standpoint of adding happiness to the world. It would be nice if Teijin could add more transparency to the oftentimes blurry world of CSR.

Ken Shibusawa, Chairman, Commons Asset Management, Inc.

The Need to Hammer Out Long-Term Principles and Commitments from the Perspective of Creating Global Value

I thought the identification process was really wonderful and in fact impeccable at addressing the "what" aspect of prioritizing CSR issues. With regard to climate change and biodiversity, which are two major global issues right now, global companies and the private sector are playing an increasingly important role in enforcing soft law, or non-abiding international compacts. Ideally, companies should link business growth with paying serious consideration to such risks. Hammering out principles and management directions identifying long-term goals is good for raising employee morale.

Toshihiko Goto, Representative Director, Sustainability Forum Japan, and Member, Global Compact Board Japan

STEP 5

Identify material CSR issues

Teijin's Group Management Committee deliberated and confirmed the Teijin Group's material CSR issues for fiscal 2015 as follows.

Governance Issues

- Corporate governance (→P30)
- Corporate philosophy and compliance (→P35)
- CSR communication

Environmental Issues

- Environmental value solutions (→P2)
- Reduction of environmental impacts (→P42)
- Conservation of biodiversity (→P43)

Social Issues

- Safety, security and disaster mitigation solutions (→P4)
- Demographic change and increased health consiousness solutions (→P6)
- Diversity (→P44)
- Information security (→P45)
- Product liability/Quality assurance (→P46)
- Disaster prevention activities (→P46)
- Occupational safety and hygiene (→P47)

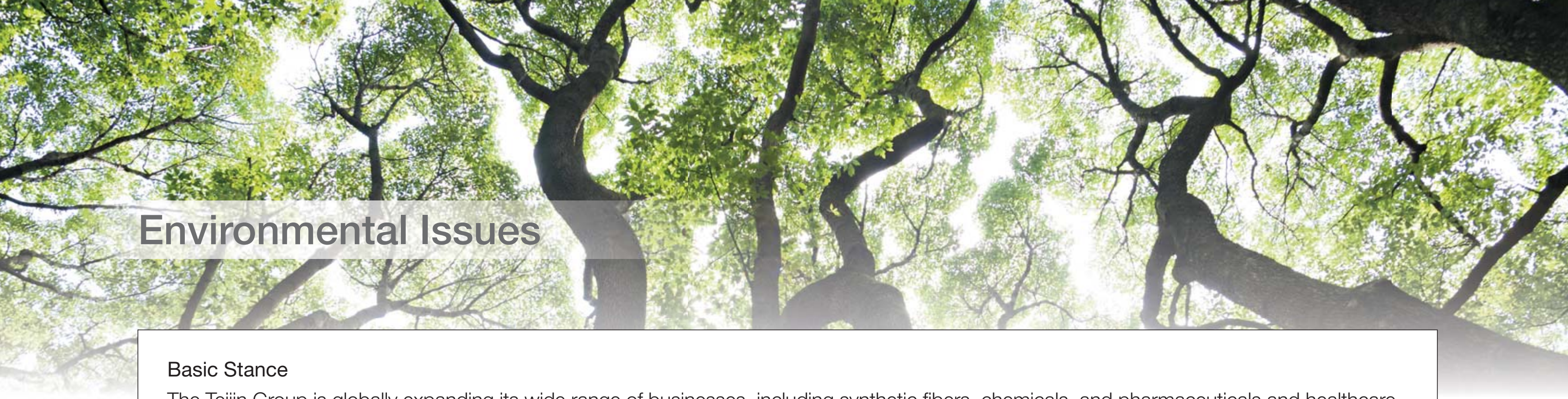
Message from the CSRO

Noriaki Endo,
Chief Social Responsibility Officer

Each business group of Teijin is moving ahead with the identified material CSR issues, and going forward we will reflect these issues in the business strategies we formulate for the Group as a whole.

The Teijin Group is advancing CSR management that is integrated with our business strategies, with the aim of achieving sustainable growth for both the companies and society. In this context, in fiscal 2014 we worked to identify the materiality of a variety of CSR issues.

CSR issues need not be viewed simply as risks—they can become opportunities for companies to achieve sustainable growth and development by implementing initiatives strategically. For the Teijin Group, it is important to identify materiality and then to reflect these in our business strategies through the formulation of our medium-term management plan and long-term vision. We are advancing initiatives in each business as regards the identified material issues, and going forward, we will reflect these in the business strategies of the Teijin Group.



Environmental Issues

Basic Stance

The Teijin Group is globally expanding its wide range of businesses, including synthetic fibers, chemicals, and pharmaceuticals and healthcare products to name just a few, and these business activities have an impact on the earth's environment.

Consequently, the Teijin Group will recognize its environmental impacts and work towards finding a variety of solutions. While making the guarantee of safety a basic foundation, the Teijin Group will strive to achieve a society manifesting "low carbon," "effective materials circulation," and "existence in harmony with nature," and to work towards the sustainable development of both society and the Company.

Environmental Management

The Teijin Group has been proactively advancing its environmental management in order to realize to exist in harmony with the natural environment and to cherish nature and life, as called for by its corporate philosophy. Our environmental management refers to reducing environmental impact over the entire life cycle of products including all processes from material procurement to production, use and disposal. Centered on the Group Environmental Management Promotion Subcommittee, we are working to integrate this with the Teijin Group's overall management strategy, provide environmental value solutions, reduce environmental impacts, conserve biodiversity, and promote environmental education and communication.

Reducing Environmental Impact from Material Procurement to Disposal

We are working to conserve energy, to use various resources effectively, to minimize emissions of chemical substances into the environment, to manage and reduce waste materials, to prevent soil and underground water pollution, and to conserve biodiversity.

Climate Change Initiatives

Greenhouse Gas Emissions from Manufacturing Operations*1 ★

Targets for FY2012–FY2020

Achieve a CO_2 emissions reduction ratio of 1% or more per year (compared to the level in the base year in fiscal 2011)

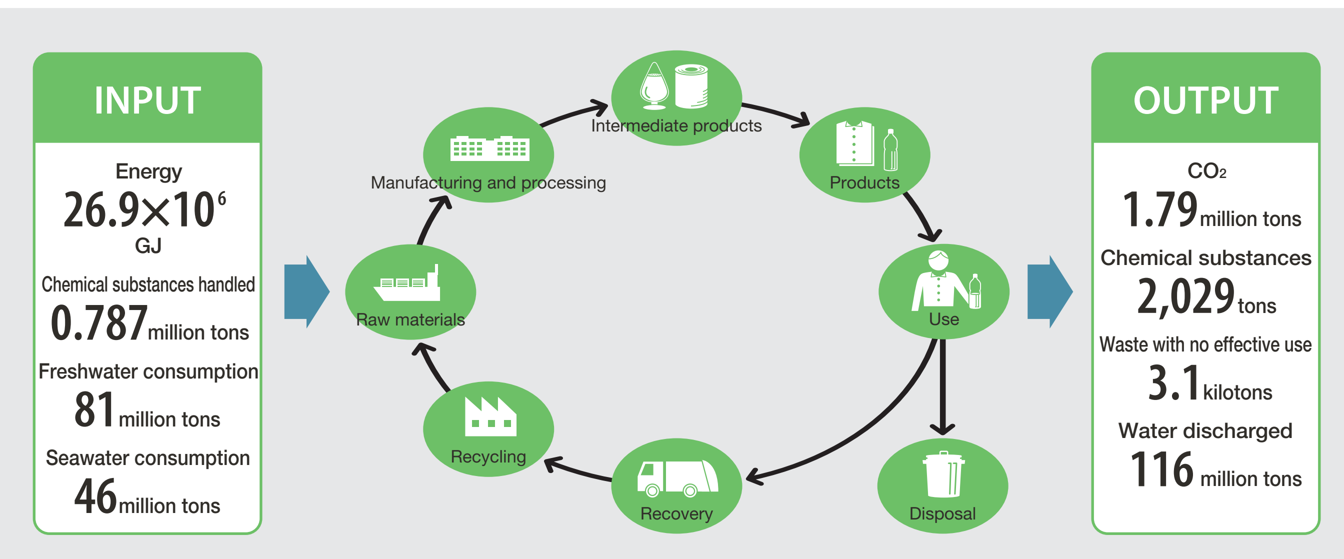
Fiscal 2014: **1.79** million tons-CO_2
(9% reduction compared to fiscal 2013)

The Teijin Group is working to reduce its greenhouse gas emissions released during manufacturing, both in Japan and overseas. In fiscal 2014, the Teijin Group's CO_2 emissions released during manufacturing were 1.79 million tons, representing a 9% reduction in greenhouse gas emissions compared to fiscal 2013.

In logistics, we are curbing CO_2 emissions by expanding the use of domestic vessels and rail transport, as well as by transporting in bulk to stock points in order to increase load efficiency and reduce the number of trips in which small volumes of materials are transported.

*1 Includes CO_2, methane and nitrous oxide. Calorific values and CO_2 emissions are calculated according to the coefficient specified in the Law Concerning the Promotion of Measures to Cope with Global Warming (an emissions factor for electricity of 0.555 kg CO_2/kWh is used for every fiscal year). For power purchased overseas, where known, the relevant emissions factor is used for the calculations.

■ Environmental Impact during Manufacturing in FY2014 by Input/Output ★



Reducing Chemical Substance Emissions

Emissions of Chemical Substances into the Environment*2 ★

Targets for FY2012–FY2020

By fiscal 2020, reduce by 80% or more compared to fiscal 1998 level

Fiscal 2014: 2,029 tons (reduced by 77% compared to fiscal 1998 level, down 23% from fiscal 2013)

We are actively commited reducing emissions into the environment, covering the 575 chemical substances. These 575 chemical substances include the Class 1 designated chemical substances pursuant to the Law Concerning Reporting, etc., of Release to the Environment of Specific Chemical Substances and Promoting Improvements in their Management (462 substances: revised in April 2010) and the chemical substances designated by the Japan Chemical Industry Association (433 substances). (Some substances are designated in both, hence the numerical discrepancy.)

*2 The total amount of chemical substances released into the atmosphere, water and soil, and forming landfill inside business sites.

Reducing Environmental Burdens by Water Consumed and Water Discharged

Freshwater Consumption*3 ★

Fiscal 2014: 81 million tons (increased by 2% compared to fiscal 2013)

Water Discharged*3 ★

Fiscal 2014: 116 million tons (reduced by 4% compared to fiscal 2013)

The Teijin Group uses freshwater (industrial water, groundwater, and tap water) as well as seawater primarily used for cooling, and is working to reduce the impact from the group's overall use and discharge of water. In fiscal 2014, some businesses switched to using freshwater instead of seawater for some of their needs. As a result, freshwater consumption increased by 2% compared to fiscal 2013, which was a level on par with the amount consumed in fiscal 2012.

*3 Freshwater consumption amount includes industrial water, groundwater and tap water. Water discharged includes seawater used for cooling.

Management and Reduction of Waste

Waste with No Effective Use*4 ★

Target for FY2020

Reduce "waste with no effective use" by 85% or more compared to the fiscal 1998 level by fiscal 2020

Fiscal 2014: 3,086 tons (reduced by 93% compared to fiscal 1998 level, down 14% from fiscal 2013)

The Teijin Group is committed to reducing the amount of waste it generates, as well as to reducing "waste with no effective use" through promoting a shift to reuse and recycling based on material, chemical or thermal processing.

*4 Waste with no effective use refers to waste incinerated without heat recovery and waste for landfill.

Design for Environment

The Teijin Group defines Design for Environment as "product design that aims to reduce the environmental impact of each product through evaluating the overall environmental impact throughout the product life cycle, including procurement, production, use and disposal" and we are taking measures for the reduction of environmental impact.

Products certified as Design for Environment

Artificial leather *CORDLEY* (use of recycled polyester)

Aramid fiber recycled pulp

Becoming a WIPO GREEN Partner

WIPO GREEN is a framework built by the World Intellectual Property Organization (an expert body of the United Nations) which promotes the transfer of environmental technologies to emerging countries. Teijin was the first private Japanese company to become a WIPO GREEN partner, and in addition to providing the environmental and technological information that we possess, we are involved in running the framework itself.

Conservation of Biodiversity

To visualize the effect that factors such as chemical substances, greenhouse gases and waste resulting from business activities have on biodiversity, the Teijin Group has clarified the risks relating to loss of biodiversity due to business activities and activities to conserve biodiversity. As a result, this will facilitate Teijin Group employees having a clear awareness of the impact of business activities on biodiversity, helping to propel conservation activities forward.

In addition, both the Matsuyama business site and the Iwakuni business site utilize the Japanese Business Initiative for Biodiversity (JBIB)'s "Plants & Wildlife Monitoring Sheet" for employees and outside experts to conduct surveys of plant, bird and insect life and check the level of contribution to biodiversity at each business site.

Social Issues

Diversity

Basic Stance

To strongly promote our business activities globally, it is essential to make full use of the abilities of diverse human resources who differ in nationality, race, gender, sense of values, ideas and experience. The Teijin Group upholds parts of its corporate philosophy, “Empowering Our People,” and accordingly put in place a work environment in which every Group member can fully harness their individuality and attractiveness to make the most of their abilities.

Promotion of Diversity

To utilize diversity of human resources as a driving force for enhancing competitiveness, the Teijin Group promotes diversity as part of its management strategy. We have stepped up efforts to promote diversity in recruitment/discovery, faster development and suitable global placement of human resources.

Initiatives to Discover and Develop Global Human Resources

Recruitment

The five core group companies in Japan* have set targets to achieve a 10% or higher ratio of foreign nationals to the total number of newly recruited career-oriented university graduates, and a 20% or higher ratio of personnel with experience living abroad.

Working to achieve these targets, the companies hold information sessions for foreign students in Japan and participate in overseas job fairs (company information session for students) in the U.S., China, and elsewhere.

* At the five core Group companies in Japan: Teijin Limited, Toho Tenax Co., Ltd., Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

Faster Development of Global Human Resources

We hold the following programs designed to develop core human resources for the future.

■ **STRETCH I and II**
(STRETCH: Strategic Executive Team Challenge)

STRETCH I and II are Group-wide core human resources development programs used to develop human resources who can work actively on the global stage. The programs target employees at all Group companies including overseas. STRETCH I is a program for department manager level employees; STRETCH II is a program for section manager level employees.

■ **SLP (SLP: Strategic Leader Development Program)**

Aimed at employees in mid-level positions, the SLP seeks to develop candidates for core human resources.

■ **Leadership Program, EaGLES**

Developing Global Human Resources

EaGLES is a training program that develops leaders capable of responding to the globalization of human resources and our businesses. The training program is positioned as an opportunity for all employees in managerial positions in the Teijin Group to acquire leadership experience and learn the Teijin Group sense of values, management policies and history. All employees in Japan and overseas requiring these skills and knowledge are successively taking this training program. In fiscal 2014, the training program was held in the two regions of Japan and China, with 66 participants.

Training in Japan

Training in China

Accelerating Female Career Development

The Number and Ratio of Newly Recruited Career-oriented Female University Graduates*5 ★

Target: The ratio of female recruits at 30% or more

Fiscal 2015: 26 people (30%)

Since 1999, the Teijin Group has been engaged in efforts to promote and support female employees to work to the best of their abilities, including setting the target of improving the ratio of newly recruited career-oriented female university graduates and the number of females in managerial positions. The five core Group companies in Japan have set the goal of maintaining the ratio of newly recruited career-oriented female university graduates at 30% or more. In fiscal 2015, we achieved a ratio of 30% with 26 people. In fiscal 2014, the number of female managers*5 was 88 (3.8%)(★).

*5 At the five core Group companies in Japan

Career Building Support for Female MRs

The Healthcare Business Group has a relatively high ratio of female career-oriented sales staff—mainly medical representatives (MRs)—and there is an increasing number of female employees who continue to work as sales representatives after giving birth. Having employees with time constraint issues such as childcare engaged in MR duty with unfixed working hours is a big challenge for both employees themselves and the workplace. However, a smooth return to the workplace and support after returning are ensured through interviews with human resource managers, superiors, and the Diversity Development Section.

Re-employment Systems

Teijin Limited and Teijin Pharma Limited have established the Hello-Again system for employees who left the companies for reasons including marriage, pregnancy, child-rearing, nursing care, or work transfer of their spouses. Employees in this situation who wish to return to the Teijin Group due to the reason for leaving no longer applying will be rehired as full-time employees on the condition that it is not more than 10 years since they left and if the need exists. We have also established a system by which employees at all domestic Group companies may continue to work after retirement. This system enables the knowledge and technical skills they have developed at Teijin to be passed on to the next generation of employees.

Review of Work-Life Balance Systems

Number of Employees Taking Childcare Leave*6 ★

Fiscal 2014: **193** people (Number of male employees: 29)

With the intention of enhancing work-life balance, in fiscal 2013, we reviewed the systems used in Japan, incorporating the perspective of "raising motivation." Four systems were targeted for review: Childcare Part-time Work, Work at Home, Childcare Leave and Nursing Care Leave. Each was made easier for employees to participate in and use flexibly depending on the situation.

In fiscal 2014, at the five core group companies in Japan, 193 employees, including 29 males, took childcare leave. In October 2014, we introduced a system under which the spouses of employees who are transferred overseas for work, may also take leave from work to be with their spouses. They may take leave for three years, and in the first six months of the system up to April 2015, six employees used the system.

*6 At the five core Group companies in Japan

Information Security

Basic Stance

The Teijin Group views information assets as important management resources, and is working to enhance corporate value through their active utilization, while also striving to maintain and enhance information security. As regards information security management, especially the protection of customers' information that includes personal information entrusted to us, we are advancing proactive initiatives in both the compliance and risk management fields from the viewpoint of ensuring the continuity and stability of business.

Strengthening Our Management System and Educating Employees

The Teijin Group has put in place measures to prevent leaks of business secrets, technological information, personal information, and other data, and maintains and improves its information security by taking the utmost care in managing its information systems.

These information systems are used to decide upon the people responsible for IT and the IT managers in each of the Company's divisions, and to check every year the management of such information assets as these information systems, networks, facilities, personal information and business secrets.

Moreover, the Corporate Audit Department conducts yearly audits of information security and personal information protection at all Group companies. In particular, the department conducts regular audits of personal information protection at the Group companies that handle highly secret personal information.

Employees attend training lectures that aim to raise their awareness and impart knowledge about the necessity of complying with the laws and regulations concerning information security. From fiscal 2012, employees of all Group companies have been required to attend regular lectures about information security e-learning.

Furthermore, in fiscal 2015 we newly established the Group Information Security Subcommittee (→page 37) as the secretariat of the CSR and Compliance Department, under the Group CSR Committee. This will enable us to manage the Group's information leakage risks in a unified manner, and to strengthen the management of information security throughout the entire Group.

Product Liability/Quality Assurance

Basic Stance
The Teijin Group conducts product liability/quality assurance activities under an original management system that ensures safe products are provided to our customers and enables quick response to needs in the ever-diversifying social environment.

Product Liability/ Quality Assurance Management System

The Teijin Group Product Liability/Quality Assurance Regulations apply to all Teijin Group products and services, and are the base of our product liability/quality assurance activities. Based on these regulations, the Group CSR Committee and the Group Product Liability/Quality Assurance Subcommittee decide the basic policies and associated targets for all product liability/quality assurance issues of the Teijin Group, and reflect them in the product liability/quality assurance activities conducted by business groups.

Product Liability/Quality Assurance Initiatives

Implementation of Product Liability/Quality Assurance Audits

Product liability/quality assurance activities are conducted as the responsibility of each respective product liability/quality assurance unit (six business groups and seven directly managed companies as of March 2015). The CSR and Compliance Department, which is in charge of supervising Group-wide quality, audits these activities and checks that quality assurance mechanisms are operating appropriately.

Enhancing the Product Liability/Quality Assurance System

In fiscal 2014, the Teijin Group started judging risks in relation to bringing products to market and the 4M* change items by using checklists, and prioritized assessments for high-risk items. For product liability, we have established Group product liability regulations and are strengthening our stance regarding them.

*4M: Stands for man, machine, material and method, which are four management resources affecting quality.

Secure Export Control

The Teijin Group has established the Group Secure Export Control Regulations governing the corresponding Secure Export Control Regulations and Detailed Implementation Rules, which apply to each Group company that conducts exports.

We implement this via a dual-level control system, placing specialist back-office staff at the head office and business groups to ensure a highly reliable level of secure export control.

Disaster Prevention Activities

Basic Stance
To prevent accidents and disasters such as explosions, fires, and leaks/spills of hazardous substances, we adhere strictly to disaster prevention management standards, and we are committed to preventative action/recurrence prevention as well as earthquake/tsunami countermeasures.

System to Promote Disaster Prevention Management

The Teijin Group is engaged in disaster prevention management and has established Group-wide Disaster Prevention Guidelines. For each fiscal year, we design plans based on these guidelines relating to preventative measures such as disaster prevention diagnoses, fire prevention and earthquake countermeasures as well as disaster prevention training, drills and upgrading of fire prevention equipment, and conduct the PDCA cycle.

Disaster Prevention Initiatives

Implementing Disaster Prevention Diagnoses

The Teijin Group conducts disaster prevention diagnoses and mini disaster prevention diagnoses based on its voluntary standards.

TCAP Disaster Prevention Activities

The Teijin Group has set-up a team consisting of current/former employees and external experts who have vast knowledge and experience in disaster prevention. This team, known as TCAP (Teijin Group Chemical Accident Preventions Specialist Team), provides technical support for voluntary disaster prevention activities at our chemical plants and in-house power generation plants.

Teijin Group Fire Prevention Day

Since 2008, November 10 has been the Teijin Group Fire Prevention Day. On this day, each Group company conducts its own fire prevention activities as well as common activities for the whole Teijin Group such as the periodical fire prevention check.

Disaster prevention training in Thailand by TCAP

Nighttime firefighting training at the Matsuyama business site

Occupational Safety and Hygiene

Basic Stance

A company cannot attain sustainable growth without ensuring the occupational safety and health and hygiene of its employees. To provide workplace environments created considering safety and health, we are taking steps to realize zero occupational accidents, redress long working hours and support the mental health of employees.

Occupational Safety

Lost Time Injury Frequency Rates*7 ★

Target: 0.30 or less (mid- and long-term), 0.25 or less (2014)

2014: **0.18**

The Teijin Group has established three pillars of safety activities: the “5S” initiative (five Japanese words [*seiri*, *seiton*, *seisou*, *seiketsu* and *shitsuke*] that correspond to organization, tidiness, cleaning, hygiene and discipline), the “Hiyari-Hatto” (meaning close call or near miss) initiative and safety patrols.

As a method of preventing the occurrence of occupational accidents, we make full use of the information gained from these activities, and work to improve each individual’s degree of sensitivity to danger and to improve communication in the workplace, with the aim of achieving zero occupational accidents in the Teijin Group.

The lost time injury frequency rate for 2014 (January–December) in relation to our target of 0.25 or less, was 0.18 (Japan: 0.25; overseas: 0.07).

*7 Lost time injury frequency rate: The number of lost time injuries per one million hours worked (calculated based on calendar years).

Occupational Safety Initiatives

Group-wide Sharing of Occupational Accident Information and Responses at the Time of an Accident

Information relating to all occupational accidents resulting in lost time due to injury that occur at Teijin Group companies is distributed via an Intranet, to help prevent the recurrence of similar accidents. In particular, in case that the circumstances and the cause of the accident satisfy the requirements for a “special audit“ prescribed by the ESH Audit Regulations, a special audit shall be conducted by head office or a business unit, depending on the nature of the occurrence. The audit shall determine the cause and circumstances at the site, confirm progress in re-occurrence prevention measures and whether improvements have been made adequately.

Current Status of OHSAS 18001 Certification

To reduce risk in the workplace, the Teijin Group encourages its manufacturing and processing sites to comply with OHSAS 18001 occupational health and safety management system standards.

As of the end of March 2015, 18 Group companies and 29 business sites and factories in Japan, and 10 Group companies and 13 business sites and factories overseas, had acquired approval.

Health and Sanitary Measures

In Japan, the Health Care Administration Office is responsible for planning/promoting Group-wide health management measures. We have established a system of health management for employees, resulting in the invigoration of workplaces and improvements in work efficiency and in stability and productivity.

Health and Hygiene Initiatives

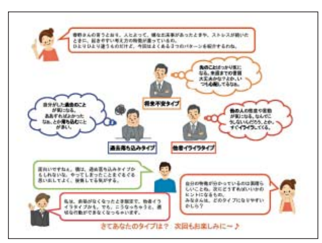
Mental Health Care Measures through Close Cooperation

We conduct individual consultations with employees who are working long hours, in addition to providing relevant training, and mental health care education via an Intranet. To examine mental health care more efficiently and effectively, we are reviewing our method of individual consultations and working to promote our employees’ mental and physical health.

Diagnosis of Stress Levels at All Workplaces

In June 2014, the Industrial Safety and Health Law was revised, and as a result, employees in workplaces with 50 or more personnel are obliged to have stress checks in Japan. In fact, the Teijin Group has been diagnosing stress levels at all workplaces since 2001. In fiscal 2014, we increased the number of diagnostic items from 12 to 33 to understand workplace stress levels in detail by means of objective indicators. We implement improvement activities in accordance with the circumstances of the workplace at all workplaces where the measured health hazard level exceeds a certain criteria.

Training to preserve mental health



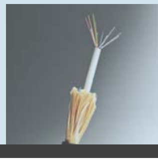
Awareness-raising reference materials for employees

OPERATING SEGMENTS


Advanced Fibers and Composites Business Group

“As a leading global company in advanced fibers such as aramid fibers and carbon fibers as well as in composites, we are working to expand our business further.”

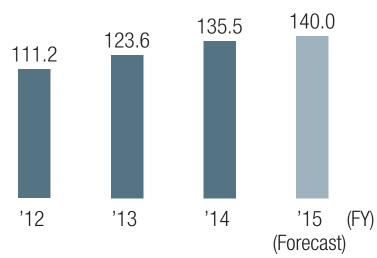


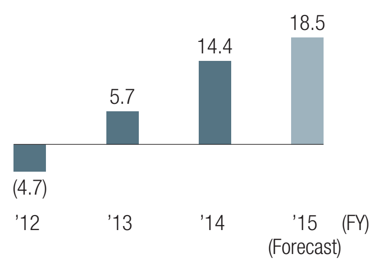
Masaya Endo
General Manager,
Advanced Fibers and Composites Business Group

FINANCIAL DATA Results and Forecasts

Net sales
(Billions of yen)



Segment income (loss)
(Billions of yen)



PRODUCTION SITES

Para-aramid fibers
- The Netherlands
- Japan

Meta-aramid fibers
- Japan
- Thailand (new)

Carbon fibers
- Japan
- Germany

Polyester fibers
- Japan
- Thailand

OUR VALUE Market Value

- **Para-aramid fibers:** Top global market shares, including in automotive applications, protective clothing applications, infrastructure-related applications
- **Meta-aramid fibers:** World-class heat-resistance
- **Carbon fibers and composites:** Sharply increasing demand as environmentally friendly materials that help conserve energy and reduce CO_2 emissions

STRATEGY Medium and Long-Term Strategy

Teijin aims to expand its business further by advancing the development of new technologies and strengthening its competitiveness, in order to provide new value and solutions using high-performance materials.

The market for para-aramid fibers is expected to grow at an annual rate of 4–5%, centered on automotive and infrastructure-related applications. Teijin is developing new applications for para-aramid fibers through joint development with customers while tapping into demand in emerging economies by leveraging its position with the highest market share in the world, its excellent product specifications and reliable quality, and its ability to offer a variety of solutions from a broad product lineup. We are expanding the market in Asia for our meta-aramid fibers, which have superior heat resistance (world-class level) and excellent dyeability, the latter traditionally an issue with aramid fibers.

In carbon fiber, we are focusing on further expanding our range of high-value-added products for aircraft parts and pressure vessels, which are markets likely to see sharp expansion. Amid tightening environmental regulations, we expect carbon fiber to be increasingly used in auto parts and materials. We have been developing thermoplastic carbon fiber reinforced plastic (CFRP) with the aim of having carbon fiber adopted for the structural components of mass-produced automobiles.

RESULTS Results for Fiscal 2014

Sales of para-aramid fibers increased steadily for automotive applications in Europe, and for infrastructure-related applications, while sales recovered in Asia and the Middle East as demand strengthened for ballistic protection products. Sales were also brisk for meta-aramid fibers for protective clothing and industrial materials.

In polyester fibers, sales stagnated for automotive applications in Japan and Thailand, but sales increased for applications including hygiene materials, infrastructure and civil engineering. In addition, profits improved as a result of cost reductions.

Sales of carbon fiber were robust for aircraft applications with solid orders from aircraft manufacturers, and sales also expanded for use in pressure vessels, supported by increased usage of applications in North America for natural gas. Sales were steady in Asia for sports and leisure products, as well as for civil engineering reinforcement projects.

PRESENT ACTION Issues and Initiatives for Fiscal 2015

Teijin plans to enhance its global marketing structure for para-aramid fiber in a bid to take advantage of growing demand mainly in emerging economies. The Company also aims to create new solutions in tune with the needs of its customers in China and other Asian countries at its Technical Center Asia in Shanghai. With an eye to expand markets in Asia for protective clothing, Teijin plans to open a new plant in Thailand for the *Teijinconex* neo meta-aramid fiber and launch production in the summer of 2015.

In polyester fibers, the Company aims to build and strengthen its supply chain throughout Asia through cooperation across the trading and retail business, and by establishing a new tire cords company in Thailand. At the same time, Teijin aims to reinforce its cost competitiveness by reorganizing its production bases in Japan.

In carbon fibers, we aim to apply our thermoplastic CFRP *Sereebo* for use in the structural components of mass-produced automobiles, and have been advancing several development projects through collaboration between the Teijin Composites Innovation Center in Matsuyama, Ehime Prefecture and our Teijin Composites Application Center in Michigan, U.S. We have entered the final stages of development before commercialization through joint efforts with General Motors. In addition, Teijin has started to examine the construction of a new plant in the U.S.

TOPICS

Thermoplastic CFRP (carbon fiber reinforced plastic)

Our newly developed thermoplastic carbon fiber reinforced plastic (CFRP), which is marketed under the name *Sereebo*, represents an important accomplishment in our drive to expand the focus of our Advanced Fibers and Composites segment to include downstream solutions. In addition to a molding time that is approximately 10 times faster than that of conventional CFRP, *Sereebo* contributes to the reduction of CO_2 emissions by automobiles—a key concern in both the automobile market and society at large—by reducing vehicle weight, underscoring the outstanding promise of this innovative material. Going forward, we will continue to promote *Sereebo*'s use in structural components for automobiles, which we see as a significant latent market. We are currently promoting multiple projects targeted at developing specific components for automobiles and establishing mass production procedures.

Body structure of a concept car that uses CFRP


Electronics Materials and Performance Polymer Products Business Group

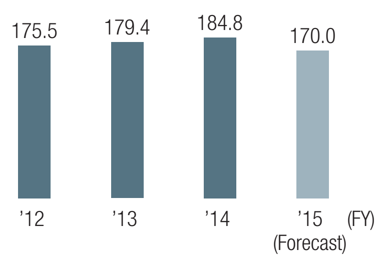
"With polycarbonate resins and polyester films as core products, we are developing business across a broad range of markets, centered on the electronics field."


Yasumichi Takesue

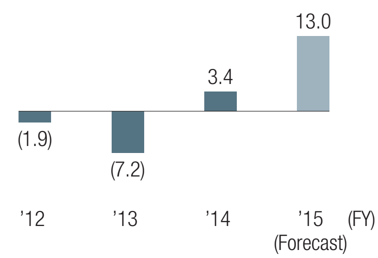
General Manager, Electronics Materials and Performance Polymer Products Business Group

FINANCIAL DATA Results and Forecasts

Net sales
(Billions of yen)



Segment income (loss)
(Billions of yen)



PRODUCTION SITES

Polycarbonate resins

Japan | China
(Singapore)*

* Company plans to withdraw in December 2015

Polyester films

Japan | Indonesia

OUR VALUE Market Value

- Polycarbonate resins: Materials technologies = compounds with other resins, specialty polymer development capabilities
  Processing technologies = large-scale molding technologies, coating technologies
- Films: Materials technologies = Teijin's proprietary materials (PEN resin)
  Processing technologies = multi-layer film formation technologies, surface processing, secondary processing technologies

STRATEGY Medium and Long-Term Strategy

Teijin aims to reduce its scale in commodity businesses while specializing further in fields where it can leverage its strengths and expand new high-value-added applications for high-performance resins and films.

In the plastics field, the Company is shifting to products and fields with higher added value by leveraging its compound technologies and processing technologies. We aim to focus more on the automotive, housing equipment, infrastructure-related, and high-function optical fields while lowering our dependence on the electronics field. To right-size our production capacity while lowering reliance on commodity businesses, we decided to dissolve our subsidiary in Singapore and concentrate production at our cost-competitive subsidiary in China and at the Matsuyama Plant, which is well equipped for the development and production of high-performance products. We are also expanding our lineup of resins other than polycarbonate resins and developing new compound materials.

In films, Teijin aims to optimize its production structures in Japan and Asia by streamlining its production bases in Japan. The Company is also accelerating the development of new applications for high-performance films in the fields of high-performance glass, batteries and sensors.

RESULTS Results for Fiscal 2014

In plastics, earnings improved for mainstay polycarbonate resins owing to a decline in prices for key raw materials since the second half of the fiscal year, and the emergence of restructuring benefits. In processed plastics products, sales were firm for transparent conductive film for car navigation systems and sheets for automotive instrument panels. Demand was also healthy for specialty polycarbonate resins used in smartphone camera lenses.

In films, sales were brisk for release films used in manufacturing processes for multilayer ceramic capacitors (MLCC) and polarizers, parts used in smartphones and other devices. Sales of reflective film for LCD TVs, however, were weak amid tough market conditions as Chinese rivals gained ground.

PRESENT ACTION Issues and Initiatives for Fiscal 2015

Teijin continues to transform its business fields while pushing ahead with restructuring.

As a part of its sweeping measures for restructuring, the Company plans to shut down its resin production base in Singapore in December 2015 and halt the production of films at the Gifu Factory in September 2016, and has been making steady progress consolidating and transferring production to other production bases in both of these business fields.

In resins, Teijin is making preparations for the launch of full-scale mass production in autumn 2015 at INITZ Co., Ltd., its joint venture with SK Chemicals Ltd. of South Korea, to add polyphenylene sulfide (PPS) resins, a super engineering plastic, to its lineup of resins. The Company is aggressively working to develop new compound materials through combinations with high-performance fibers and to capitalize on copolymerized polycarbonates. The Company is also working to expand applications for polyethylene naphthalate (PEN) resins, a strategic material. We aim to expand the plastic glazing business by taking advantage of our large-scale machining fabrication technologies and coating technologies.

In films, Teijin aims to expand the range of new applications by investing management resources in the development of high-performance films other than polyester films, such as piezoelectric film made from polylactic acid (PLA), while at the same time moving to foster markets for newly developed products such as flame retardant films. Teijin aims to push through the integration of the Teijin Group's businesses while proposing to customers a new way to create value that leverages our integral strengths. In addition, Teijin intends to accelerate the transformation of its business structure by acquiring technologies and outsourcing production through strategic external alliances.

TOPICS

Polyphenylene sulfide (PPS) resins

Excelling at heat resistance and dimensional stability, our PPS resins are mainly found in peripheral parts for automobile engines and motors, as well as electronic parts such as connectors and sockets. We expect demand to grow for PPS resins.

Teijin established a joint venture with SK Chemicals Ltd. in South Korea for the production and sale of PPS resins and their compounds (composites). SK Chemicals Ltd. has technologies for producing PPS resins that do not contain chlorine or sodium, which induce corrosion in metal molds and emit harmful environmental substances when incinerated. We aim to combine these technologies with our own compound technologies and know-how to accelerate the development of new applications for PPS resins in automobiles, electronic materials, and others.

Plant facilities at our joint venture INITZ Co., Ltd. (Ulsan City, South Korea)

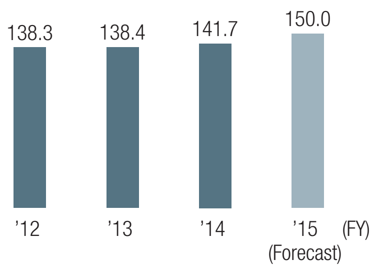
Healthcare Business Group

"We provide unique, groundbreaking medical solutions by leveraging our strengths in both the pharmaceuticals and home healthcare fields."

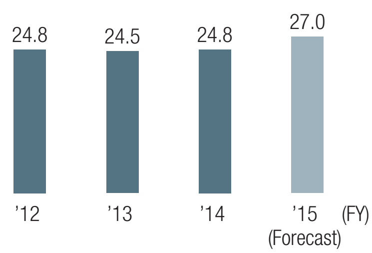
Hiroshi Uno
General Manager,
Healthcare Business Group

FINANCIAL DATA Results and Forecasts

Net sales
(Billions of yen)



Segment income
(Billions of yen)



BUSINESS SITES

Pharmaceuticals

70 sales offices in Japan

Home Healthcare

65 sales offices in Japan

OUR VALUE Market Value

- **Hyperuricemia and gout treatments:** Top market share in Japan, sold around the world
- Provision of home healthcare services to over 400,000 patients inside and outside Japan
- **Home oxygen therapy (HOT) services:** A pioneer in Japan, Teijin maintains its position a domestic market leader
- **Continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS):** Rapid market expansion, and Teijin is Japan's top provider

STRATEGY Medium and Long-Term Strategy

Teijin aims to provide healthcare solutions that maximize synergies in its pharmaceuticals and home healthcare services businesses, with a particular focus on bone and joint disease, respiratory disease and cardiovascular and metabolic disease.

In pharmaceuticals, the Company is working to increase worldwide sales of hyperuricemia and gout treatment, Teijin's first novel treatment in 40 years. This treatment is already sold in more than 40 countries, and we continue to focus on expanding sales around the world. At the same time, Teijin aims to expand its product lineup on its own by actively developing new drugs or by acquiring them by in-licensing, and managing them throughout their life cycle. We are also redoubling our efforts in new business fields including advanced medical materials that combine our pharmaceuticals technologies and materials technologies.

In home healthcare services, Teijin's strengths are its customer base, the largest in the sector, and its extensive domestic service structure, which can support patients 24 hours a day, 365 days a year. We aim for continued growth by focusing on expanding the sleep apnea syndrome (SAS) treatment business, and also by strengthening our competitiveness by introducing the latest models of devices and leveraging our call centers. We also aim to expand operations into other domains, such as community healthcare support and rehabilitation services, through the horizontal development of the home healthcare business model.

RESULTS Results for Fiscal 2014

In pharmaceuticals, sales increased strongly in Japan for hyperuricemia and gout treatment *FEBURIC*. For other long-listed drugs, amid persistently challenging business conditions with downward revisions to NHI drug reimbursement prices and growth in generics, Teijin worked to shore up sales by expanding its lineup of existing drugs with additional dosage forms. Overseas sales of hyperuricemia and gout treatments increased firmly.

In home healthcare services, the number of rented home oxygen therapy (HOT) therapeutic oxygen concentrators remained at a high level, and Teijin introduced a new model with a backup power supply in case of natural disasters and blackouts. We successfully launched *NemLink*, a monitoring system that uses mobile phone networks for CPAP ventilators used in the treatment of SAS, and the number of rented units increased steadily. Overseas, however, Teijin continued to consolidate its service centers and reduce personnel as a part of measures to improve earnings amid a persistently harsh operating environment.

PRESENT ACTION Issues and Initiatives for Fiscal 2015

In pharmaceuticals, Teijin is focusing efforts on enhancing awareness of hyperuricemia in a bid to maximize profits on its hyperuricemia and gout treatment, sales of which have been growing steadily around the world. In the first half of fiscal 2015, Teijin plans to introduce *Mucosolvan L*, a sustained release respiratory tract lubricant expectorant tablet (45 mg), as an additional dosage form in a small package that is easy to administer, and a single dosage is effective for the entire day. At the newly constructed Technology Integrated Pharmaceutics Center at the Iwakuni Factory, we have embarked on the development of groundbreaking, advanced medical materials that combine our pharmaceuticals and materials technologies, beginning with KTF-374, an innovative sheet-type sealant for surgical operations.

In home healthcare services, Teijin is targeting the market represented by privately practicing physicians, aiming to expand CPAP ventilators and the number of rented home oxygen therapy (HOT) therapeutic oxygen concentrators. We are also developing our business with *WalkAide*, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke and other causes, by steadily broadening marketing efforts beyond merely focusing on medical institutions in the Tokyo metropolitan area. The Company is also going to reorganize its operations in the U.S. by implementing bold measures as early as possible.

PIPELINE Pharmaceuticals Development Pipeline

Area	Code No.	Target Disease	Phase of Clinical Trials				
			Phase 1	Phase 2	Phase 3	Filed	Approved/New Launch
Bone and joint disease	ITM-058	Osteoporosis					
	KTP-001	Lumbar disc hernia					
Respiratory disease	PTR-36	Bronchial asthma		Dec. 2014			
	NA872ET	Expectorant					Feb. 2015
Cardiovascular and metabolic disease	TMG-123	Type 2 diabetes					
	ITM-014N	Neuroendocrine tumors					
	TMX-67XR	Hyperuricemia and gout		Jun. 2014			
	TMX-67TLS	Tumor lysis syndrome					
	TMX-67 (China)	Hyperuricemia and gout					
	TMX-049	Hyperuricemia and gout	Apr. 2015				
Other	GGS-ON, -MPA, -CIDP	Optic neuritis, microscopic polyangiitis, chronic inflammatory demyelinating polyneuropathy					

TOPICS

An innovative sheet-type sealant for surgical operations (KTF-374)

Teijin Pharma Limited has been jointly developing KTF-374 with Kaketsuken (The Chemo-Sero-Therapeutic Research Institute). KTF-374 is an innovative sheet-type sealant for surgical operations created from the application of the Teijin Group's high-performance fiber and pharmaceutical production technologies to the recombinant human proteins developed by Kaketsuken. Since the sheet-type formulation uses thin and elastic nonwoven fabric, it can form a tight seal on uneven lesions. KTF-374 has strong hemostatic effectiveness in a short period of time, and does not have to be removed after the bleeding is stopped because the sheet affixed to the lesion is absorbed by the body. The Teijin Group aims to provide new solutions in fields that combine its pharmaceuticals and materials technologies.

OPERATING SEGMENTS

Trading and Retail Business Group

“We provide a wide range of solutions from materials development to products, to meet a variety of needs in markets spanning apparel to industrial textiles and materials.”

Shinji Nikko
General Manager,
Trading and Retail Business Group

OUR VALUE Market Value

- Product development that use processing functions, from materials development to procurement, dyeing and sewing
- Global network of production and sales bases

STRATEGY Medium and Long-Term Strategy

One of our strengths in this business is our integrated global production and sales structure, from materials development and procurement to dyeing, sewing and sales. To further advance our solutions-oriented business model, where we studiously incorporate customer requirements, we must enhance our ability to propose solutions to customers that are integrated from upstream to downstream operations, and fortify collaboration with the materials business, especially high-performance fibers. Teijin aims to reinforce its production capabilities through proactive M&A and alliances in pursuit of a globally optimized procurement, production and sales framework. We aim to increase sales and position as strategic products our innovative materials brands *SOLOTEX*, *DELTA* and *SUNBURNER*.

RESULTS Results for Fiscal 2014

In apparel textiles, Teijin rapidly expanded collaboration with major overseas sports apparel makers, focusing in particular on the *DELTA* series of strategic materials, while promoting its brands of functional materials for sportswear and outdoor apparel.

However, profitability on sales of imported goods and in the OEM business overseas was squeezed by higher costs as a result of yen depreciation. Earnings growth was sluggish due to a lull in orders received for apparel, reflecting unfavorable weather in Japan.

In industrial textiles and materials, sales were brisk for automotive parts such as tire cords, belts and hoses, and demand grew in China and Asia for airbag fabric. Sales were also robust for products used in civil engineering applications and for water treatment filters in China. We also saw a partial rebound in sales of performance polymer products for electronics applications.

PRESENT ACTION Issues and Initiatives for Fiscal 2015

Key issues to tackle include expanding alliances in core strategic businesses, such as high-performance textiles and healthcare services, as well as expanding targeted business domains. In apparel textiles, Teijin aims to expand collaboration with major overseas sportswear makers and globally optimize its production bases in line with these efforts. In industrial textiles and materials, Teijin plans to establish and start operations at a joint venture in the production of tire cords during 2015 in Thailand.

IT Business Group

"Teijin provides a variety of IT services and engages in e-book distribution, e-commerce and other Internet businesses."

Norihiro Takehara
General Manager,
IT Business Group

infocom

OUR VALUE Market Value

- Involvement in both IT services for corporate, healthcare-related and public sector customers (B2B) as well as the Internet business for general consumers (B2C)
- Achievement of speed of IT service development in line with rapidly changing Internet businesses and diverse hospital systems
- Creation of new services through synergies with other Teijin Group businesses

STRATEGY Medium and Long-Term Strategy

Teijin's IT business is spearheaded by Infocom Corporation, which has a medium-term business plan that emphasizes efforts on three fronts under the banner "united innovation." These three efforts are to develop and market value-added services in a timely manner, expand the scale of core businesses and establish business processes that reflect customer perspectives and service quality concerns, thereby enhancing our presence as a provider of cutting-edge services.

To achieve stable growth, we aim to expand the scale of core business domains by focusing resources in the net services business, healthcare business and the enterprise resource planning (ERP) software package business.

We also aim to create new markets by developing business in domains that overlap the materials and healthcare businesses of the Teijin Group.

RESULTS Results for Fiscal 2014

In net services, sales of e-books were firm. In IT services, sales of some products declined due to weaker demand after the consumption tax was hiked, but overall sales increased as a result of enhancements to *GRANDIT*, a web-based ERP software package, and greater collaboration with development and sales partners. Infocom jointly established EverySense, Inc., in partnership with two other companies, with the aim of developing and offering new services in the Internet of Things (IoT) market.

PRESENT ACTION Issues and Initiatives for Fiscal 2015

In the e-book business, Teijin aims to expand and enhance content through a partnership with SHUEISHA Inc. We are also advancing an IT healthcare project through collaboration with the healthcare business. Teijin also launched Digital Health Connect, Japan's first IT tool designed to facilitate collaboration between entrepreneurs, and the medical and healthcare industry. As a part of this initiative, in March 2015, we introduced the *Sleep Styles* sleep assistance service that offers information over the web and a smartphone app for keeping track of sleeping patterns.

New Business Development Business Unit

"We aim for the early stage commercialization of new businesses in the fields of battery components, materials for printable electronics, and healthcare."

Kentaro Arao
General Manager,
New Business Development Business Unit

ABOUT THE GROUP New Business Development Business Unit

- This business unit was created through organizational restructuring in April 2014 to bring together the technologies of the Teijin Group and promptly create new businesses.

STRATEGY Medium and Long-Term Strategy

Teijin aims to create new businesses by harnessing its three strengths in materials, healthcare and IT, in order to innovate its business portfolio and further the business development strategies of the Teijin Group. We are currently focusing on discovering new business potential in the fields of the environment/energy, electronics materials, and healthcare.

RESULTS Results for Fiscal 2014

Sales of *LIELSORT* lithium-ion battery (LiB) separators continued to expand favorably. With the aim of further expanding this business, we installed a new line, which commenced operation in December 2014. We also developed *NanoGram* silicon paste for use in the production of high conversion-efficiency solar cells, as well as a new processing technology that maximizes this product's performance features, and promoted marketing to solar cell manufacturers. In collaboration with Kansai University, we developed the world's first polylactic acid (PLA) piezoelectric fabrics for use in wearable devices that sense human movement and transforms it into data.

In the area of advanced medical materials, we reorganized ourselves and are developing a patch to replace damaged cardiac tissue for long-term use. This project is a joint effort with Osaka Medical College and FUKUI WARP KNITTING Co., Ltd. On another front, we acquired a stake in Nakashima Medical Co., Ltd., with the aim of establishing a new joint venture, Teijin Nakashima Medical Co., Ltd. The joint venture will capitalize on Nakashima Medical's metalworking technologies and expertise in joint prostheses with the Teijin Group's materials technologies and sales capabilities. In addition to establishing itself as a leading manufacturer of domestically produced joint prostheses, the joint venture will lay a foundation for its eventual expansion into global markets.

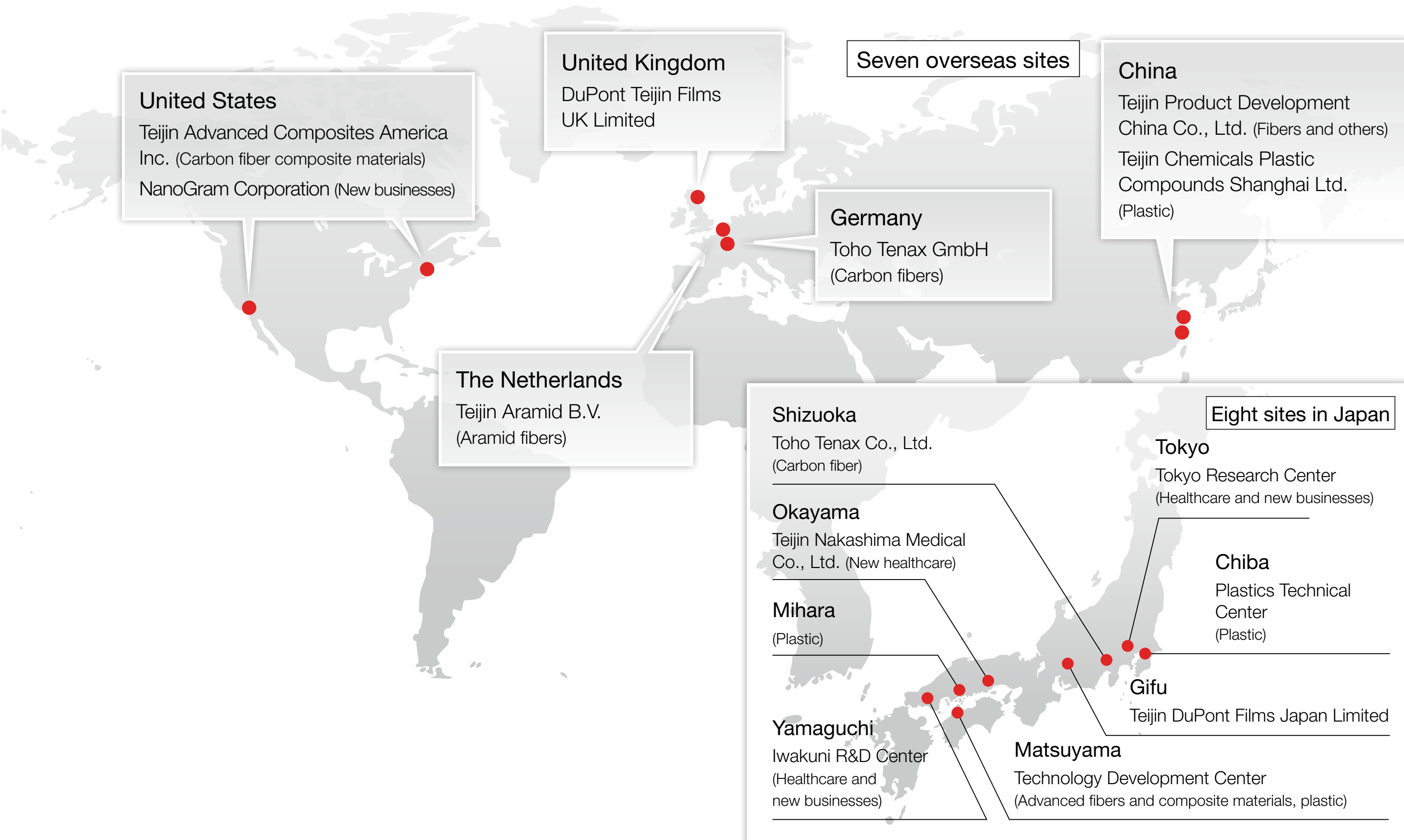
PRESENT ACTION Issues and Initiatives for Fiscal 2015

Together with focusing on expanding sales of *LIELSORT*, Teijin will continue the full-fledged development of high-performance membranes that use polyethylene and were developed by Tejin from formation technologies for microporous membranes, as the product brand *MIRAIM*. Furthermore, with our *RecoPick* information management system that employs the two-dimensional communication sheet *CELL FORM*, we will expand the business to physical-items management systems that include medical equipment in addition to books and confidential documents, making use of its capabilities to accurately and efficiently manage storage and retrieval, and inventory stock.

Research and Development

Technological innovation is vital to ensuring sustainable corporate growth. We intend to deliver new value grounded in innovative technology to customers and markets, and thereby enrich people's daily lives and contribute to the advancement of society. Doing so is inseparable from enhancing the quality of life, as set forth in our Corporate Philosophy. With this in mind, we are working to sharpen our ability to develop technologies and rapidly commercialize research achievements. This is being done by formulating a Group-wide R&D strategy, including basic research, in tandem with strengthening coordination between Group companies.

The Teijin Group currently has more than 1,600 researchers who are undertaking research activities around the clock at eight R&D sites in Japan and seven sites overseas.



R&D Aspirations

Our key R&D theme is to realize solutions that integrate key capabilities of existing businesses, as laid out in the revised medium-term management plan. This means we will combine and integrate the strengths of our three core businesses, namely materials, healthcare, and IT, to create customer-oriented business models that focus on providing solutions around competitive materials. Eyeing the creation of new businesses, we will fortify core technologies that will pave the way for business expansion. Furthermore, we will push ahead with new product development by enhancing the basic technologies that underpin those core technologies.

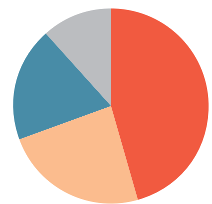
In existing businesses, we are seeking to improve our competitiveness. To this end, we are expanding our product pipeline and reviewing our technology road map, in conjunction with honing in on priority research themes and optimally allocating resources. Mindful of the need to transform our supply chains and business models, we will also actively work to create new forms of value that will expand the horizons of our existing business models. For example, rather than merely supply materials and other primary products, we will strive to produce and deliver value-added components and devices. Efforts will also be focused on providing entirely new IT-driven services in the healthcare field.

Allocating Resources to R&D

Teijin's policy is to continuously allocate 4–5% of net sales to R&D. Under this policy, we intend to effectively allocate resources to R&D with an emphasis on growth. Moreover, Teijin will direct around 80% of R&D expenses to core strategic business, namely the Healthcare and Advanced Fibers and Composites segments, as well as to new business domains.

Fiscal 2016 Allocation Plan

- Healthcare
- Advanced Fibers and Composites
- New Businesses and Corporate R&D
- Others



Innovation Projects

Eyeing the development of new business fields, Teijin has set up a project certification system and is forming task forces to drive projects forward, including organizations reporting directly to the CEO. Efforts are under way to secure development support budgets and personnel, along with providing backup at the corporate level for various functions.

Project certification requirements

(1) Project must offer prospects for business model transformation and sustainable earnings

(2) Project must create business opportunities in overlapping domains that leverage Teijin's strengths

Certified Projects (Examples)

Composite materials: Super-tough lightweight structural materials

IT and healthcare: Open healthcare platform

High-performance materials and IT: Expand businesses related to super-tough lightweight structural materials and the two-dimensional communication sheet *CELL FORM*

Promote planning and assessment of additional projects

Fostering R&D Personnel

Teijin is putting its full weight behind fostering R&D personnel through a variety of programs.

■ Teijin 21st Century Forum

Teijin holds this forum to build networks linking researchers in the polymer science and biotechnology fields, and to foster young researchers in these fields.

■ Teijin Technology Advisory Council

With guest members such as university professors and researchers representing various specialized fields, this council provides a forum for discussing a host of topics with young researchers, including future technologies, innovation processes, and technology trends.

■ Sending Young Researchers on Assignment

Teijin sends its young researchers on assignment to leading research institutions both in Japan and overseas.

■ Teijin Techno College

Teijin Techno College is staffed with former Teijin employees who serve as instructors and share their frontline expertise, skill and technological knowledge with current R&D personnel.

We are also fortunate to have Dr. Ei-ichi Negishi, a Noble Prize in Chemistry 2010 laureate and a former Teijin employee (currently a professor at Purdue University in the U.S.), on staff as a Teijin Group Distinguished Fellow. In this capacity, Dr. Negishi offers invaluable research guidance that is helping to foster outstanding R&D personnel at Teijin.

Open Innovation

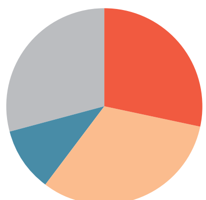
Teijin has embraced an open innovation strategy to strengthen partnerships with researchers both within and outside the Company, in an effort to spur R&D activities aimed at creating new businesses. We are undertaking joint research and exchanging information and personnel by forming networks in an expansive range of fields spanning industry, government and academia. By doing so, we aim to provide sophisticated solutions required by customers in a timely manner.

Intellectual Property Strategy

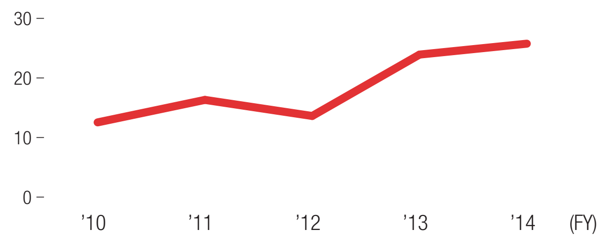
Teijin is strengthening its execution of intellectual property activities from a strategic perspective, with a view to advance integrated management of business, technology and intellectual property strategies. In response to our shift from quantity to quality and further globalization of our operations, we will continue to push ahead with initiatives to increase overseas patent applications as a percentage of total applications. At the same time, we will work to reshape our intellectual property portfolio in line with our restructuring initiatives and transformation and growth strategies. Besides protecting and utilizing patents, trademarks and other intellectual property, we are enhancing activities to protect knowledge and trade secrets throughout the company.

Patent Applications in Japan in Fiscal 2014

Advanced Fibers and Composites	76
Electronics Materials and Performance Polymer Products	86
Healthcare	28
New Businesses and Others	78
Total	268



Overseas Patent Applications as a Percentage of Total Applications (%)



FISCAL 2014 TOPICS

Upgrading and Expanding R&D Sites

We established Teijin Product Development China Co., Ltd. in Nantong, Jiangsu Province, China to serve as a product development hub that will undertake a full range of operations encompassing yarns and textiles to final products. The Center has sophisticated analysis facilities in terms of consumer science, including a weather-simulation laboratory and an experimental production facility, enabling the Center to conduct a full range of R&D operations within China, covering materials to finished products. One-stop operations spanning development to mass production will now be possible at a single location. Therefore, the Center will enable the Teijin Group to respond to customer needs more rapidly than ever.

Eyeing the development of new products that leverage Teijin's overlapping strengths in the materials and healthcare businesses, we have decided to build a Technology Integrated Pharmaceutics Center at our Iwakuni Factory in Iwakuni City, Yamaguchi Prefecture. Efforts will be focused on developing and upgrading our system for developing new products in overlapping domains. One such integrative undertaking is the development of KTF-374, an advanced sheet-type fibrin sealant offering high-performance hemostatic and tissue-sealing properties for surgical operations. This groundbreaking medical product will integrate Teijin's advanced fabric manufacturing technology and pharmaceutical manufacturing technology.

Reorganization of Teijin's R&D Structure

Teijin is implementing several reorganizations aimed at honing its solutions development capabilities based on the approaches of upgrading and expanding R&D functions and executing exit strategies.

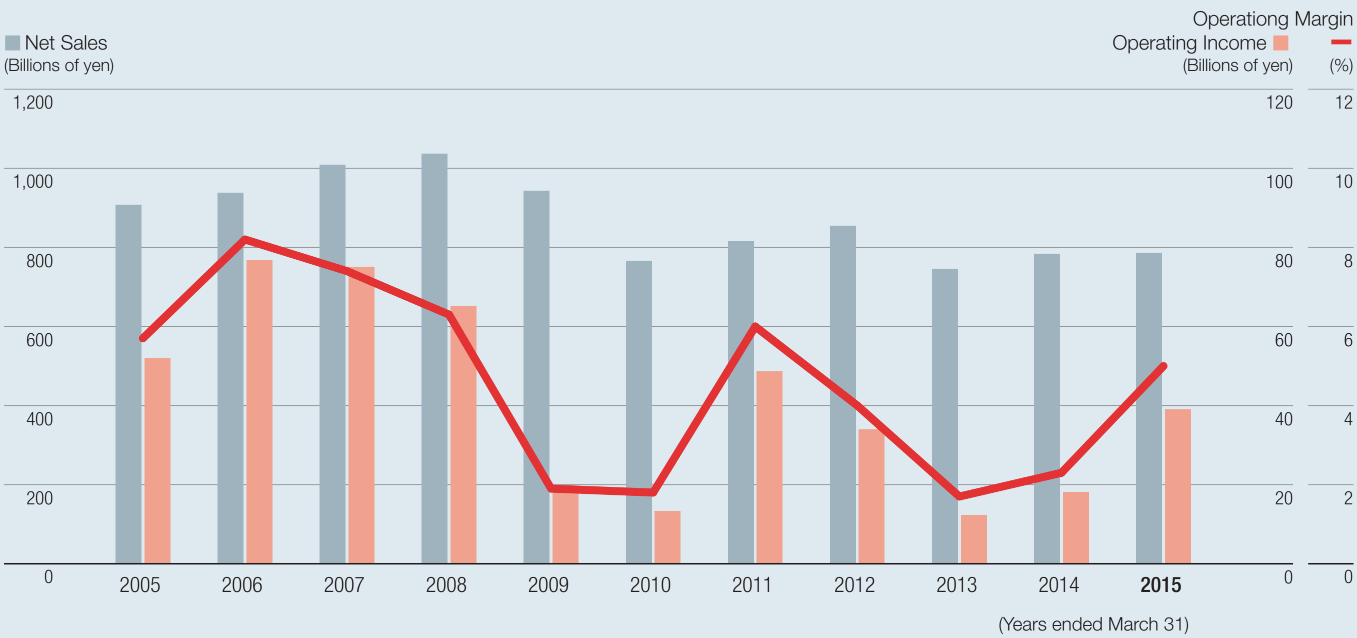
From fiscal 2015, Teijin has made the Matsuyama Plant its core R&D site. To ensure that this facility serves as a central hub for solutions development functions that span different businesses, we have established a Technology Development Center on the premises of the Matsuyama Plant. The functions of the Osaka Research Center have also been integrated into this new site.

Driving the Development of Carbon Fiber Reinforced Plastic (CFRP)

We achieved several breakthroughs in the development of CFRP, which is a major theme of our transformation and growth strategies. In products for aircraft applications, TENAX thermoplastic consolidated laminate (TPCL) was qualified for use in Airbus S.A.S.s' A350 XWB all-new, extra-wide midsize jetliner, and subsequently adopted for use in the A350 XWB family. In the development of production technologies for thermosetting CFRP, we successfully developed super-heat-resistant varieties of prepeg that can be used in super-high temperatures over 320°C, and a rapid-curing variety of prepreg that increases production efficiency several ten times higher than Teijin's conventional prepreg varieties. Moreover, Teijin developed Part via Preform (PvP), an automated manufacturing process that reduces parts manufacturing costs by minimizing carbon fiber waste. This was achieved by using binder yarn, which is essentially carbon fiber pre-coated with a thermoset resin, in the process of preforming carbon fiber sheets to conform to the shape of molds.

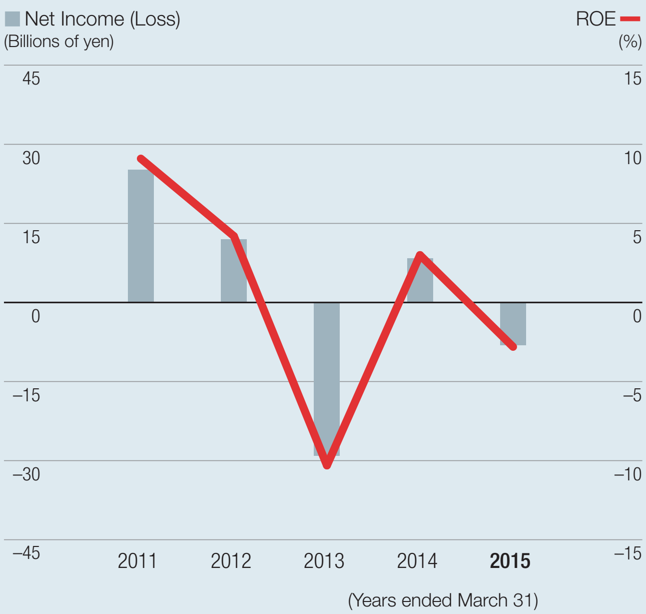
DATA SECTION

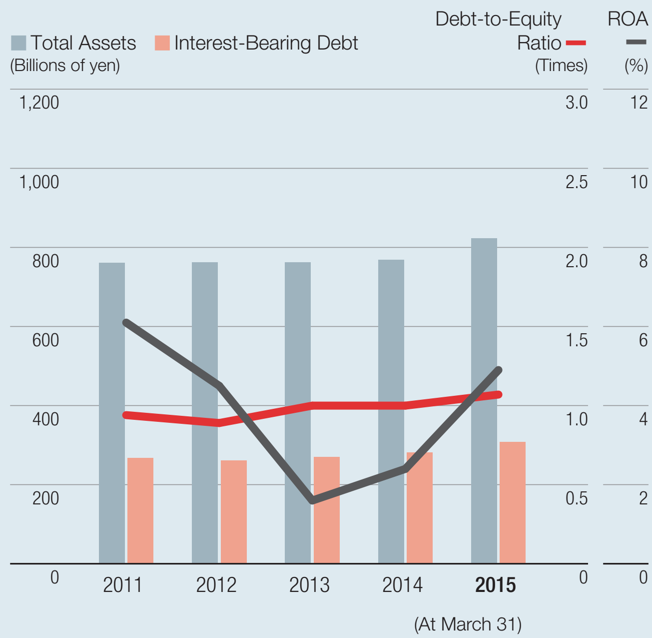
Financial Highlights and Consolidated 11-Year Summary



Years ended /as of March 31		2005	2006	2007	2008
Operating Results	Net sales	¥908,389	¥938,082	¥1,009,586	¥1,036,624
	Operating income	51,865	76,757	75,061	65,162
	Net income (loss)	9,159	24,853	34,125	12,613
Financial Position	Total assets	¥852,029	¥943,991	¥ 999,917	¥1,015,991
	Interest-bearing debt	277,032	298,298	295,480	325,245
	Shareholders' equity	290,586	338,609	366,753	391,010
Cash Flows	Cash flows from operating activities	¥ 73,313	¥ 75,491	¥ 96,456	¥ 53,740
	Cash flows from investing activities	12,708	(74,062)	(87,065)	(79,218)
	Free cash flow	86,021	1,429	9,391	(25,478)
	Cash flows from financing activities	(79,643)	1,511	(19,074)	16,080
Per Share Data	Net income (loss)	¥ 9.7	¥ 26.6	¥ 36.8	¥ 13.2
	Shareholders' equity	313.3	364.8	395.2	397.3
	Cash dividends	6.5	7.5	10.0	8.0
Other Data	Capital expenditure	¥ 54,135	¥ 66,777	¥ 75,698	¥ 84,641
	Depreciation and amortization	52,287	50,389	54,009	62,668
	R&D expenses	30,024	31,196	35,097	36,282
	Number of employees	18,960	18,819	19,053	19,125

Notes: 1. The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥120.17 to U.S.$1.00, the prevailing exchange rate at March 31, 2015.





						Millions of yen	Percentage change	Thousands of U.S. dollars
2009	2010	2011	2012	2013	2014	2015		2015
¥ 943,410	¥765,840	¥815,656	¥854,371	¥745,713	¥784,425	¥786,171	+0.2%	$6,542,157
17,966	13,436	48,560	34,044	12,358	18,078	39,086	+116.2%	325,256
(42,963)	(35,684)	25,182	11,979	(29,131)	8,356	(8,086)	—	(67,288)
¥ 874,157	¥823,071	¥761,535	¥762,118	¥762,399	¥768,411	¥823,695	+7.2%	$6,854,415
361,342	320,285	267,400	261,034	270,765	281,524	308,246	+9.5%	2,565,083
305,577	271,306	284,236	292,030	271,252	281,680	287,074	+1.9%	2,388,899
¥ 40,392	¥ 80,433	¥ 77,132	¥ 53,669	¥ 64,305	¥ 38,587	¥ 76,030		$ 632,687
(116,304)	(33,437)	(27,745)	(35,165)	(37,868)	(47,279)	(49,624)		(412,948)
(75,912)	46,996	49,387	18,504	26,437	(8,692)	26,406		219,739
79,178	(42,949)	(42,063)	(14,123)	(12,606)	(7,902)	10,394		86,494
						Yen		U.S. dollars
¥ (43.7)	¥ (36.3)	¥ 25.6	¥ 12.2	¥ (29.6)	¥ 8.5	¥ (8.2)		$ (0.07)
310.5	276.2	288.8	296.7	276.0	286.6	292.1		2.43
5.0	2.0	5.0	6.0	4.0	4.0	4.0		0.03
						Millions of yen		Thousands of U.S. dollars
¥ 75,806	¥ 36,314	¥ 29,249	¥ 32,294	¥ 36,261	¥ 30,182	¥ 28,098		$ 233,819
67,364	61,879	56,410	52,304	46,877	45,664	43,030		358,076
37,630	33,356	31,483	31,845	33,184	32,234	32,366		269,335
19,453	18,778	17,542	16,819	16,637	15,756	15,780		

2. Throughout this integrated report, return on equity (ROE) is calculated as net income divided by average shareholders' equity, and return on assets (ROA) is calculated as operating income divided by average total assets.
Shareholders' equity = Total net assets at year-end – Subscription rights to shares at year-end – Minority interests at year-end.
3. The debt-to-equity ratio is calculated as interest-bearing debt at year-end divided by shareholders' equity at year-end.

DATA SECTION

Management's Discussion and Analysis

Summary

Operating Environment

The global economy was comparatively stable in fiscal 2014, ended March 31, 2015, supported by firm conditions in the United States, although growth in China and a number of emerging economies decelerated noticeably. The second half of the period saw significant fluctuations in currency rates and crude oil prices, the impact of which varied in different countries and territories.

The Japanese economy slumped following the April 2014 consumption tax hike, and although signs of a rally were seen in the second half of the period, the pace of recovery remained sluggish.

Strategies in Action

In the period under review, we continued to put our principal emphasis on implementing measures aimed at achieving a self-driven recovery in profitability and at improving our ability to generate cash without relying on a favorable turn in the general operating environment. Accordingly, we pushed ahead with restructuring initiatives centered on the Electronics Materials and Performance Polymer Products segment, in addition to making a Groupwide effort to implement cost-cutting and other measures. Furthermore, we intensively allocated resources, primarily to the Advanced Fibers and Composites segment and the Healthcare segment, which are positioned as core strategic businesses.

Operating Results

	Billions of yen		
Years ended March 31	2014	2015	Change
Net Sales	¥784.4	¥786.2	0.2%

Net sales were ¥786.2 billion, remaining essentially level from the previous fiscal year, as higher sales in principal segments outweighed a drop in sales following the discontinuation of in-house production and sales of paraxylene.

	Billions of yen		
Years ended March 31	2014	2015	Change
Operating Income	¥18.1	¥39.1	116.2%

Operating income rose ¥21.0 billion from the previous fiscal year to ¥39.1 billion, underpinned by solid results in our materials businesses—specifically, a recovery in the Advanced Fibers and Composites segment and the positive impact of restructuring initiatives, primarily in the Electronic Materials and Performance Polymer Products segment—and by yen depreciation and declining prices for raw materials and fuel.

	Billions of yen		
Years ended March 31	2014	2015	Change
Net Income (Loss)	¥8.4	¥(8.1)	—

Despite the increase in operating income, we recorded extraordinary losses of ¥50.3 billion on restructuring and other initiatives, leading to a net loss of ¥8.1 billion.

	Billions of yen		
As of March 31	2014	2015	Change
Total Assets	¥768.4	¥823.7	7.2%

The weaker yen enhanced the value of assets denominated in other currencies. In terms of individual asset items, there was a decline in fixed assets attributable to the application of impairment accounting, while higher stock purchases pushed up investment securities.

	Billions of yen	
Years ended March 31	2014	2015
Free Cash Flow	¥(8.7)	¥26.4

Free cash flow was positive as net cash and cash equivalents provided by operating activities exceeded net cash and cash equivalents used in investing activities, mainly for the purchase of investment securities.

Years ended March 31	2014	2015
Key Indicators		
ROA	2.4%	4.9%
ROE	3.0%	–2.8%
D/E Ratio	1.00 times	1.07 times

Return on assets (ROA) improved due to the higher operating income, while ROE turned negative due to the recording of a net loss. The debt-to-equity ratio stood at 1.07 times, as a weaker yen pushed up the yen value of interest-bearing debt denominated in other currencies, despite an increase in total shareholders' equity.

Tasks Ahead

In fiscal 2015, we will continue to implement a variety of measures—balancing our two key priorities, namely, restructuring initiatives and transformation and growth strategies—with the aim of achieving sustainable growth.

In November 2014, we announced our revised medium-term management plan, and clarified the measures and targets we will implement and achieve by the end of fiscal 2016. This is to accelerate our efforts to build an earnings base that is resilient to changes in the external environment, as we evolve toward a solutions-oriented business model that lies beyond the future trajectory of our existing businesses.

We will put a framework in place to execute business restructuring initiatives and transformation and growth strategies, with the aim of laying a solid business foundation to drive future growth and evolution.

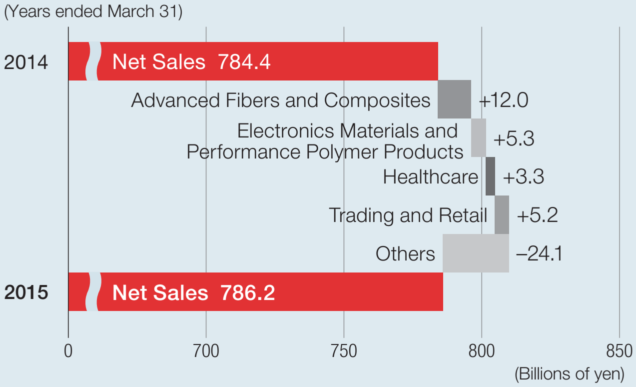
Results of Operations

Net Sales

With economic conditions in Japan and other developed countries recovering gradually, sales were generally favorable in principal segments. This, combined with the positive impact of yen depreciation, helped to push up sales on the whole. Meanwhile, sales were negatively impacted by the discontinuation of in-house production and sales of paraxylene. Consequently, net sales were held to an increase of 0.2%, or ¥1.7 billion, to ¥786.2 billion.

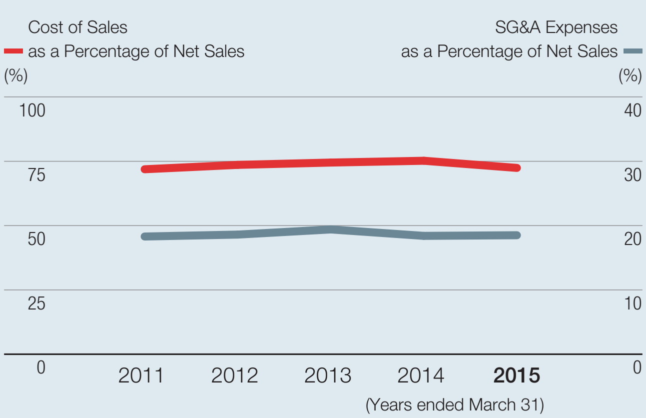
In terms of business segments, following on from the previous fiscal year, we once again saw a large increase in sales in the Advanced Fibers and Composites segment, supported primarily by firm demand for automotive applications. By region, higher sales in emerging countries made a large contribution to overall sales, with sales in China increasing 11.4% and sales in Asia, which excludes Japan and China, increasing 14.5%. In addition, sales in the Americas increased 12.8% from the previous fiscal year.

Analysis of Net Sales
(Years ended March 31)



Costs and Expenses

Cost of sales decreased 3.5%, or ¥20.6 billion, to ¥569.5 billion, mainly due to falling prices for raw materials and fuel, as well as the positive impact of ongoing Groupwide efforts to reduce costs. As a percentage of net sales, cost of sales declined 2.8 percentage points to 72.4%.



Selling, general and administrative (SG&A) expenses increased 0.8%, or ¥1.2 billion, to ¥145.2 billion, partly due to upfront cost outlays, despite measures to streamline head office staff. SG&A expenses represented 18.5% of net sales.

R&D expenses increased 0.4%, or ¥0.1 billion, to ¥32.4 billion. We continued to intensively allocate resources to healthcare and other core strategic businesses, as well as to promising new businesses.

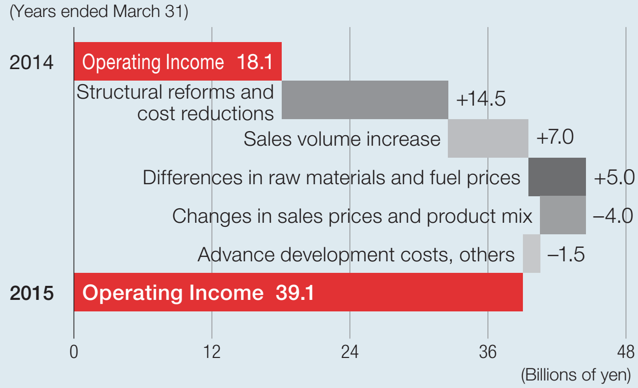
Operating Income

Operating income climbed sharply by 116.2%, or ¥21.0 billion, to ¥39.1 billion, underpinned by solid results in our materials business—specifically, a recovery in the Advanced Fibers and Composites segment and the positive impact of restructuring initiatives, primarily in the Electronics Materials and Performance Polymer Products segment—and by yen depreciation and declining prices for raw materials and fuel.

In the Advanced Fibers and Composites segment, sales of mainstay aramid fibers rose steadily for automotive applications, along with higher sales for use in infrastructure-related applications. In carbon fibers, sales were firm for use in aircraft. In the Electronics Materials and Performance Polymer Products segment, profitability was restored partly due to declining prices of primary raw materials, as well as the positive impact of restructuring initiatives. In the Healthcare segment, sales of hyperuricemia and gout treatment febuxostat increased worldwide. As a consequence of these and other factors, the operating margin on sales improved 2.7 percentage points to 5.0%.

The ¥21.0 billion increase in operating income reflected the positive impact of structural reforms and cost reductions, as well as higher sales volumes and differences in raw materials and fuel prices, estimated at approximately ¥26.5 billion in total, which countered the combined negative impact of changes in sales prices and product mix, and advance development costs, estimated at approximately ¥5.5 billion.

Analysis of Operating Income
(Years ended March 31)



Other Income (Expenses)

Other expenses, a net figure, amounted to ¥46.0 billion, an increase of ¥42.4 billion from ¥3.6 billion in fiscal 2013. Principal factors contributing to this result included an increase in impairment loss to ¥30.4 billion, from ¥8.8 billion in fiscal 2013, and an increase in business structure improvement expenses to ¥16.8 billion, from ¥2.4 billion in the previous fiscal year. In line with these other expenses, we recorded an extraordinary loss of ¥50.3 billion.

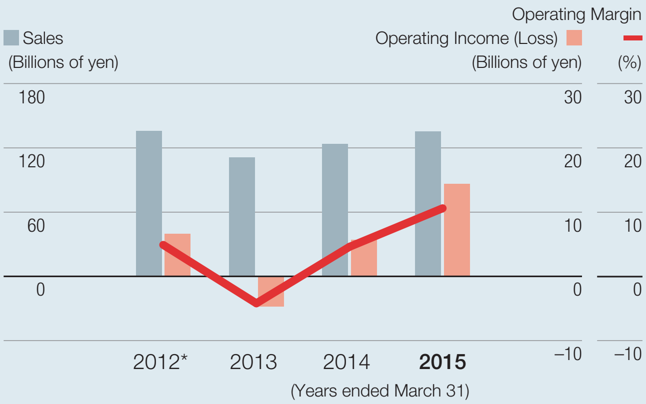
Net Income (Loss)

We reported a net loss of ¥8.1 billion, compared with net income of ¥8.4 billion in fiscal 2013. This was mainly owing to the recording of an extraordinary loss associated with restructuring initiatives, despite the large increase in operating income. As a consequence, ROE declined to –2.8% from 3.0% in fiscal 2013.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥135.5 billion, an increase of 9.7%, while operating income was ¥14.4 billion, up 150.0%.



* After elimination of the impact of changes to the accounting period (12-month base)

High-Performance Fibers

■ Demand remained firm for automotive applications and expanded for infrastructure-related applications.

Sales of mainstay *Twaron* para-aramid fibers rose steadily for automotive applications, including for tires in Europe, and for use as reinforcements for optical fibers and other infrastructure-related applications. Sales for use in ballistic protection products showed signs of recovery, shored up by expanded demand in Asia and the Middle East. The profitability of *Technora* para-aramid fibers improved, reflecting brisk domestic sales for automotive applications and exports for infrastructure-related applications, as well as the weaker yen. Sales of *Teijinconex* meta-aramid fibers for use in protective clothing and for industrial applications remained solid. Under these circumstances, we pressed forward with preparations to begin production of *Teijinconex* neo, a new type of meta-aramid fiber, in Thailand in summer 2015.

In polyester fibers, income at our subsidiaries in Thailand rose gradually—notwithstanding flagging sales for automotive applications—thanks to an increase in sales volume for use in personal hygiene and general-purpose products, as well as to falling prices for raw materials and the reduction of costs. In Japan, sales volume for automotive applications slipped amid sagging demand. Nonetheless, profitability was buttressed by higher sales for infrastructure- and civil engineering-related applications and for use in reverse osmosis membrane support layers for water treatment applications, as well as by efforts to cut costs.

Carbon Fibers and Composites

■ Demand for use in aircraft and in pressure vessels advanced, and efforts to realize new technologies were accelerated.

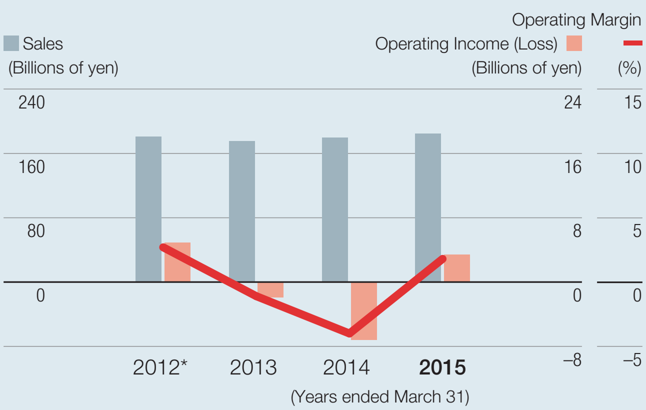
Sales of *TENAX* carbon fibers for use in aircraft remained favorable. Among other applications, sales for use in pressure vessels remained steady, supported by favorable sales in North America for natural gas storage and in Asia for use in sports and leisure equipment, as did sales for use in reinforcement materials for civil engineering-related applications. Sales of *Pyromex* flame-resistant fibers were stable, supported by higher demand for use in aircraft brake pads. The depreciation of the yen and declines in prices for raw materials and fuel, particularly evident since the latter half of fiscal 2014, also helped boost profitability.

Against this backdrop, in the area of products for aircraft applications *TENAX* thermoplastic consolidated laminate (TPCL) was qualified for use in Airbus S.A.S.'s A350 XWB all-new, extra-wide body midsize jetliner and subsequently adopted for use in the A350 XWB family. On another front, we accelerated efforts to realize new production technologies and develop various other technologies for thermosetting carbon fiber-reinforced plastic (CFRP).

We also pressed ahead with the development of structural components for mass-produced vehicles made with our innovative thermoplastic CFRP *Sereebo*. To this end, the Teijin Composites Innovation Center, situated within our Matsuyama Plant, which is in Ehime Prefecture, and the Teijin Composites Application Center, located in Metro Detroit, in the United States, are implementing multiple projects targeted at developing specific components and establishing mass-production procedures, and are making progress on both fronts. Our joint development work with General Motors Company is entering the final stage of preparation for commercialization, and *Sereebo* is now officially registered on General Motors' materials list. Considering these factors, we have begun looking into the establishment of a new carbon fibers production facility in the United States.

Electronics Materials and Performance Polymer Products

Sales in the Electronics Materials and Performance Polymer Products segment totaled ¥184.8 billion, an increase of 3.0%, while operating income was ¥3.4 billion, compared with an operating loss of ¥7.2 billion in fiscal 2013.



* After elimination of the impact of changes to the accounting period (12-month base)

Resin and Plastics Processing

■ **Profitability soared, bolstered by a decline in prices for key raw materials and the positive impact of restructuring initiatives.**

Results for mainstay polycarbonate resin products rallied, bolstered by falling prices for key raw materials in the latter half of fiscal 2014, and by the positive impact of restructuring initiatives. Nonetheless, with competition expected to remain harsh over the medium term, owing to a global product glut, we will step up strategic efforts to strengthen our earnings foundation by taking advantage of our decision to halt production at our plant in Singapore, scheduled for December 2015, to optimize production capacity and shrink fixed costs. Concurrently, we will promote the growth and expansion of our resin business by capitalizing on copolymerized polycarbonate resin, as well as on polyphenylene sulfide (PPS) polymer manufactured using innovative production processes at joint venture INITZ Co., Ltd.'s new production facility, which is scheduled to begin commercial production in autumn 2015, and by developing innovative composite materials that combine these resins with high-performance fibers.

In processed plastics, sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in capacitive touch screens for vehicle navigation systems and of *Panlite Sheet* polycarbonate resin sheet for use in automotive instrument panels and dummy cans for vending machines were firm. During the period, we stepped up efforts to market retardation film that leverages the unique optical properties of polycarbonate for use as antireflective film on wearable devices. We also sought to expand our plastic glazing business, which maximizes our large-scale molding and coating technologies.

Among high-performance resins, sales of specialty polycarbonate resin for use in smartphone camera lenses were healthy. We will press forward with the expansion of applications of polyethylene naphthalate (PEN) resin, a key strategic material.

Films

■ **Sales of products for use in smartphones and other devices were solid, but products for other mainstay applications struggled.**

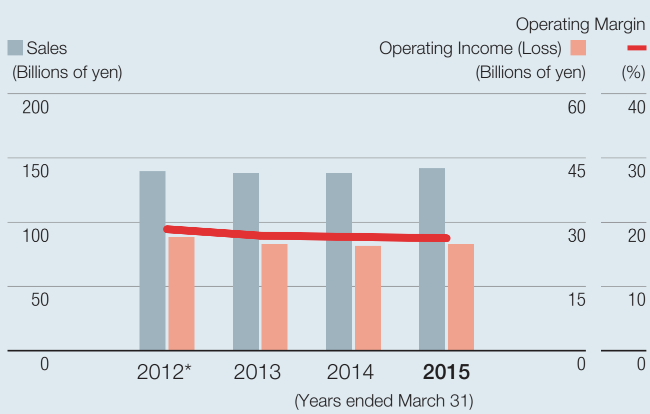
Overall operating conditions remained harsh. In the area of films for use as reflective film for liquid crystal display (LCD) televisions, the emergence of manufacturers from China intensified pricing competition, while demand for PEN film for use in magnetic materials remained sluggish. Nonetheless, sales of *Purex* release films for manufacturing processes remained firm for use in multilayer ceramic capacitors and polarizers for smartphones and other devices.

In this environment, we continued to promote efforts to reduce costs, particularly fixed costs, as a result of which segment operating income improved. Going forward, we will proceed with the integration of our domestic production facilities, to reinforce our cost competitiveness, as well as with efforts to foster new applications for products, thereby enhancing profitability. We will also allocate management resources to the development of non-polyester high-performance films.

Overseas, demand for packaging applications and for use in solar cells, among others, flagged in the Americas and Europe. Nonetheless, we sought to maintain profitability by reducing costs. Profitability in China remained encouraging, sustained by steady demand.

Healthcare

The Healthcare segment yielded sales of ¥141.7 billion, an increase of 2.4%, and operating income of ¥24.8 billion, up 1.2%.



* After elimination of the impact of changes to the accounting period (12-month base)

DATA SECTION

Pharmaceuticals

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

Operating conditions for our domestic pharmaceuticals business remained harsh, owing to the April 2014 revision of reimbursement prices for prescription pharmaceuticals under Japan's National Health Insurance (NHI) scheme and to higher sales of generic drugs. Under these conditions, sales of hyperuricemia and gout treatment *FEBURIC* (febuxostat) rose steadily, further boosting our leading share of the Japanese market for such treatments. Sales of *Somatuline*®*1, a treatment for acromegaly, also increased favorably. Drugs for which new formulations have been developed include osteoporosis treatment *Bonalon*®*2 , for which sales of an oral jelly and an intravenous drip are expanding.

Sales of febuxostat also continued to expand encouragingly overseas. As of March 2015, we have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 42 of these countries and territories, including Japan, and we intend to obtain regulatory approval to make it available in the others.

In R&D, we signed an agreement in May 2014 with U.K. pharmaceuticals manufacturer Sigma-Tau Pharma Ltd., gaining exclusive development and distribution rights in Japan for EZN-2279, a therapeutic agent for adenosine deaminase (ADA) deficiency developed by Sigma-Tau, and began preparing for domestic clinical trials. Eyeing the development of KTF-374, an innovative sheet-type sealant for surgical operations that integrates pharmaceuticals and materials technologies, core segment subsidiary Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic Research Institute) are preparing for the start of domestic clinical trials. In line with this, in September 2014 we decided to build a new integrated pharmaceuticals development laboratory, the Technology Integrated Pharmaceutics Center, in Iwakuni, Yamaguchi Prefecture. In December 2014, we embarked on Phase II clinical trials for bronchial asthma treatment PTR-36, while in February 2015 we obtained approval from Japan's Ministry of Health, Labour and Welfare to manufacture and market *Mucosolvan* L Tablet 45 mg, a novel expectorant. Sales of the new formulation began in July 2015. In March 2015, we concluded an agreement with Taisho Pharmaceutical Co., Ltd., granting us the distribution rights in Japan for TT-063, an anti-inflammatory analgesic patch. This move was aimed at adding new drugs to our lineup in the bone/joint disease area.

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

Home Healthcare

■ Rental volumes remained high or increased.

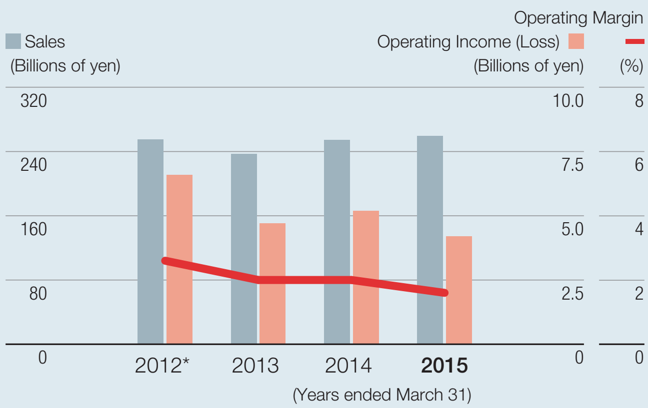
We currently provide home healthcare services to more than 400,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained firm, thanks to the release of new models. In June 2014, we also launched a new unit that helps resolve concerns and inconvenience for HOT patients in the event of a disaster or a major power failure. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, augmented by the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks. Rentals of our noninvasive positive pressure ventilators (NPPVs) (the *NIP NASAL* series and *AutoSet* CS) also rose encouragingly.

WalkAide, which is a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke and other causes, was launched in fiscal 2014, with an initial focus on the Tokyo metropolitan area. Going forward, we will gradually expand *WalkAide* to medical institutions in other areas of the country.

Overseas, we 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 headcounts.

Trading and Retail

Sales in the Trading and Retail segment edged up 2.0%, to ¥259.4 billion, while operating income was ¥4.2 billion, a decline of 18.1%.



* After elimination of the impact of changes to the accounting period (12-month base)

■ Collaboration with leading overseas sportswear manufacturers in the area of strategic materials expanded dramatically.

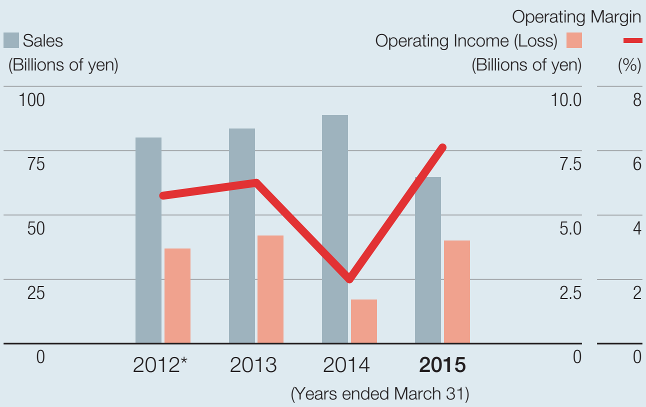
Overall sales of fiber materials and apparel were healthy, bolstered by efforts to reinforce brand deployment for high-performance materials for use in sportswear and outdoor apparel. Of note, collaboration with leading overseas sportswear manufacturers expanded dramatically, particularly for *DELTAPEAK*, which we have positioned as a key strategic material. Meanwhile, in the uniforms business, margins were lowered by the depreciation of the yen. In the fibers and yarn business, sales of imported yarns also struggled.

In functional textiles and apparel, we pushed ahead with bolstering our supply capabilities in the Association of Southeast Asian Nations (ASEAN) region. We fortified our original design manufacturer (ODM) business by maximizing our materials development capabilities. Efforts included proposing innovative compound materials made with *SOLOTEX* polytrimethylene terephthalate (PTT) fiber—another strategically important material—and natural fibers.

In industrial textiles and materials, sales were brisk for automotive parts such as tire cords, belts and hoses. Moreover, sales of filters for use in wastewater processing in China expanded. We also reported robust exports of high-performance materials to Europe and the Americas, and of carbon materials to Asia. In the area of chemical products, domestic shipments of plastic films and related products were firm, bolstered by a partial recovery in demand from the semiconductor and electronics industries.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥64.8 billion, down 27.1%, and operating income of ¥4.0 billion, up 128.8%.



* After elimination of the impact of changes to the accounting period (12-month base)

In the polyester raw materials and polymerization business, we discontinued in-house production and sales of paraxylene (PX) in March 2014. This move was in response to a disruption of the supply-demand balance, which significantly damaged profitability. Consequently, sales decreased sharply from the previous fiscal year, but earnings improved.

In the IT business, the favorable expansion of sales from the distribution of e-books contributed to firm sales in the net services category. In the IT services category, we established EverySense, Inc., in partnership with two other companies, with the aim of developing and offering new services in the Internet of Things (IoT)* market. We also continued to provide mental health support services for corporate employees on overseas assignment. Moreover, in the healthcare field, we launched Digital Health Connect, Japan's first IT tool designed to facilitate collaboration between innovators in the healthcare field and IT service providers. We also took steps to establish a presence in new areas of the IT services market. Of note, we launched *Athlete* Stories, a program designed to support the efforts of athletes seeking to reach the top ranks in their particular sport.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators continued to expand favorably. Therefore, we installed a second line at our production facility in the ROK, which commenced operation in December 2014. During the period, we also developed *NanoGram* silicon paste for use in the production of high conversion-efficiency solar cells, as well as a new processing technology for this product, and promoted marketing to solar cell manufacturers. In collaboration with Kansai University, we developed the world's first polylactic acid (PLA) piezoelectric fabrics for use in wearable devices that sense human movement and transforms it into data.

In the area of advanced medical materials, we are involved in a project to develop a groundbreaking patch to replace damaged cardiac tissue. This project, which was selected for support under a program launched by Japan's Ministry of Economy, Trade and Industry to promote collaboration between medical institutions and industry, is a joint effort with Osaka Medical College and FUKUI WARP KNITTING Co., Ltd. On another front, we acquired a stake in Nakashima Medical Co., Ltd., with the aim of establishing a new joint venture, Teijin Nakashima Medical Co., Ltd., thereby facilitating our entry into the market for joint prostheses. In addition to establishing itself as a leading manufacturer of domestically produced joint prostheses, the joint venture will lay a foundation for its eventual expansion into global markets.

In March 2015, ongoing efforts to advance businesses that integrate our capabilities in the IT and healthcare businesses resulted in the launch of *Sleep Styles*, a comprehensive sleep support service that includes, among others, the provision of related information via the Internet and a sleeping app.

* The IoT 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 wide range of new services.

Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Interest-bearing debt, at ¥308.2 billion, was up ¥26.7 billion, a result mainly of the issue of convertible bonds. Shareholders' equity increased ¥5.4 billion due to an increase in valuation difference on available-for-sale securities. As a consequence, the debt-to-equity ratio was 1.07 times, increasing slightly from the previous fiscal year. The equity ratio was 34.9%, down 1.8 percentage points.

Citing the need to monitor the positive impact of earnings improvements going forward, Japan's Rating and Investment Information, Inc.

maintained its rating of our long-term debt at A– (stable), the same rating as in the previous fiscal year.

Additionally, our debt payback period decreased to 4.1 years, from 7.3 years in fiscal 2013, while our interest coverage ratio rose to 23.8 times, from 10.5 times in the previous period.

As of March 31, 2015	Rating	Outlook
Rating and Investment Information, Inc.	A–	Stable

Assets, Liabilities and Net Assets

Total assets as of March 31, 2015, amounted to ¥823.7 billion, up ¥55.3 billion from the end of fiscal 2013, as the weaker yen enhanced the value of assets denominated in other currencies. While the impact of impairment accounting pushed down noncurrent assets, higher stock purchases and other factors pushed up investment securities.

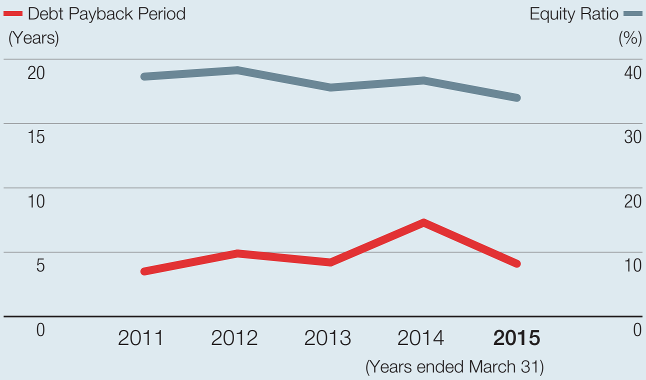
Total liabilities, at ¥520.1 billion, were up ¥51.8 billion from the fiscal 2013 year-end. Interest-bearing debt, which included loans payable and bonds, rose ¥26.7 billion to ¥308.2 billion, mainly a result of efforts to secure stable long-term funds primarily through the issue of convertible bonds.

Total net assets advanced ¥3.5 billion, to ¥303.6 billion. Shareholders' equity and total accumulated other comprehensive income together represented ¥287.1 billion of the total, up ¥5.4 billion. This increase was attributable to, among others, an increase in valuation difference on available-for-sale securities, which was partly offset by a decline due to the recording of a net loss for the period.

Cash Flows

Net cash and cash equivalents provided by operating activities in fiscal 2014 amounted to ¥76.0 billion. This result reflected the large impact of non-cash items such as depreciation and amortization and impairment loss, which outweighed the recording of a net loss for the period.

Net cash and cash equivalents used in investing activities amounted to ¥49.6 billion. Contributing factors included outlays for the purchase of property, plant and equipment and the purchase of investment securities.



Free cash flow in fiscal 2014 was thus a positive as operating and investing activities combined provided a net total of ¥26.4 billion.

Net cash and cash equivalents provided by financing activities amounted to ¥10.4 billion. Among reasons behind this result were the issue and redemption of bonds, the net result of proceeds from short- and long-term debt and the 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 ¥37.6 billion as of March 31, 2015.

Outlook for Fiscal 2015

Forecast for Operating Results

Given expectations of a gradual economic recovery in developed countries and a slowdown in emerging economies, global economic growth in the foreseeable future is likely to be limited. A number of factors continue to warrant caution, including the market implications of U.S. monetary policy normalization and wildly fluctuating currency rates and crude oil prices.

In this environment, we will continue to emphasize two priorities, namely, restructuring initiatives and transformation and growth strategies, guided by our revised medium-term management plan, announced in November 2014. In fiscal 2015, we will accelerate the implementation of such initiatives and strategies with the aim of rebuilding our earnings base in a manner that is not swayed by changes in the general operating environment. We will also continue to invest actively in promising strategic growth-oriented projects with the aim of creating new value for customers.

At present, we forecast consolidated net sales of ¥810.0 billion, up 3.0% from fiscal 2014. We also forecast operating income of ¥53.0 billion and ordinary income of ¥53.0 billion, representing increases of 35.6% and 25.1%, respectively, and profit attributable to owners of parent of ¥30.0 billion, up ¥38.1 billion from fiscal 2014. Accordingly, we forecast we will reach the target set forth in our revised medium-term management plan one year ahead of schedule. These forecasts assume exchange rates of ¥120 to US$1.00 and ¥135 to €1.00 and an average Dubai crude oil price of US$64 per barrel.

Forecast for Financial Position

In fiscal 2015, we will press forward with efforts to first maintain, and then 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 current medium- to long-term management vision. Our forecasts for fiscal 2015 are for an ROA of 6.3%, ROE of 10.0% and a debt-to-equity ratio of 1.0 times.

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 National Health Insurance (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 China, Southeast Asia (including Thailand and Singapore), 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 China 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.

Consolidated Balance Sheets

TEIJIN LIMITED As of March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
ASSETS			
Current assets:			
Cash and time deposits (Notes 3 and 4)	¥ 33,135	¥ 45,719	$ 380,453
Receivables:			
Notes and accounts receivable—trade (Note 4):			
Unconsolidated subsidiaries and affiliates	2,084	2,711	22,560
Other	163,156	169,429	1,409,911
Short-term loans receivable (Note 4):			
Unconsolidated subsidiaries and affiliates	17,544	15,182	126,338
Other	1,101	1,240	10,319
Other	14,673	13,451	111,933
Securities (Notes 4 and 5)	—	25,000	208,039
Inventories (Note 7)	118,668	115,334	959,757
Deferred tax assets (Note 13)	7,269	7,123	59,274
Other current assets	9,965	11,924	99,226
Allowance for doubtful accounts	(2,687)	(1,108)	(9,220)
Total current assets	364,908	406,005	3,378,590
Property, plant and equipment (Note 11):			
Land	43,691	43,811	364,575
Buildings and structures	191,145	191,047	1,589,806
Machinery, equipment and vehicles	571,339	574,943	4,784,414
Tools	78,663	83,509	694,924
Construction in progress	9,298	10,246	85,263
Other	3,043	2,976	24,764
	897,179	906,532	7,543,746
Accumulated depreciation	(660,318)	(697,649)	(5,805,517)
	236,861	208,883	1,738,229
Intangible assets	13,651	11,218	93,351
Deferred tax assets (Note 13)	2,272	3,875	32,246
Goodwill	15,806	9,409	78,297
	31,729	24,502	203,894
Investments and other assets:			
Investment securities (Notes 4 and 5):			
Unconsolidated subsidiaries and affiliates	35,567	34,075	283,557
Other	55,664	99,058	824,316
Long-term loans receivable (Note 4):			
Unconsolidated subsidiaries and affiliates	1,336	1,492	12,416
Other	723	708	5,892
Net defined benefit asset (Note 9)	28,837	34,585	287,801
Other	15,871	17,316	144,095
Allowance for doubtful accounts	(3,085)	(2,929)	(24,375)
	134,913	184,305	1,533,702
	¥ 768,411	¥ 823,695	$ 6,854,415

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable (Notes 4 and 8)	¥ 84,605	¥ 56,427	$ 469,560
Current portion of long-term loans payable (Notes 4 and 8)	28,772	41,630	346,426
Payables:			
Notes and accounts payable—trade:			
Unconsolidated subsidiaries and affiliates	1,119	1,334	11,101
Other	78,884	74,161	617,134
Other	25,115	28,417	236,473
Income taxes payable	2,915	6,680	55,588
Accrued expenses	17,757	21,053	175,193
Deferred tax liabilities (Note 13)	60	34	283
Other current liabilities	9,436	11,820	98,361
Total current liabilities	248,663	241,556	2,010,119
Long-term loans payable (Notes 4 and 8)	166,402	208,705	1,736,748
Provision for business structure improvement	—	14,683	122,185
Net defined benefit liability (Note 9)	30,204	30,407	253,033
Asset retirement obligations (Note 18)	1,246	6,861	57,094
Deferred tax liabilities (Note 13)	9,783	6,289	52,334
Other non-current liabilities	12,000	11,558	96,182
Contingent liabilities (Note 17)			
Net assets (Note 10)			
Shareholders' equity:			
Common stock			
Authorized—3,000,000,000 shares in 2014 and 2015			
Issued—984,758,665 shares in 2014			
984,758,665 shares in 2015	70,817	70,817	589,307
Capital surplus	101,429	101,447	844,196
Retained earnings	111,754	101,202	842,157
Treasury stock, at cost: 1,995,089 shares in 2014			
1,925,911 shares in 2015	(436)	(427)	(3,554)
Total shareholders' equity	283,564	273,039	2,272,106
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	10,759	24,227	201,606
Deferred gains (losses) on hedges	1,018	(2,569)	(21,378)
Foreign currency translation adjustments	(13,026)	(8,102)	(67,421)
Remeasurements of defined benefit plans (Note 9)	(635)	479	3,986
Total accumulated other comprehensive income	(1,884)	14,035	116,793
Subscription rights to shares	738	845	7,031
Minority interests	17,695	15,717	130,790
Total net assets	300,113	303,636	2,526,720
	¥768,411	¥823,695	$6,854,415

DATA SECTION

Consolidated Statements of Operations

TEIJIN LIMITED For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Net sales	¥784,425	¥786,171	$6,542,157
Costs and expenses:			
Cost of sales	590,092	569,499	4,739,111
Selling, general and administrative expenses	144,021	145,220	1,208,455
Research and development expenses	32,234	32,366	269,335
Operating income	18,078	39,086	325,256
Other income (expenses):			
Interest and dividend income	1,465	1,931	16,069
Interest expenses	(3,359)	(3,067)	(25,522)
Gain on sales of investment securities	8,289	1	8
Gain on sales of noncurrent assets	152	749	6,233
Gain on valuation of derivatives	1,496	2,664	22,169
Loss on sales and retirement of noncurrent assets	(1,676)	(1,284)	(10,685)
Loss on valuation of investment securities	(106)	(4)	(33)
Impairment loss (Note 11)	(8,781)	(30,376)	(252,775)
Equity in earnings of affiliates	4,181	2,435	20,263
Business structure improvement expenses	(2,386)	(16,759)	(139,461)
Other, net	(2,834)	(2,303)	(19,165)
	(3,559)	(46,013)	(382,899)
Income (loss) before income taxes and minority interests	14,519	(6,927)	(57,643)
Income taxes (Note 13):			
Current	5,126	11,521	95,873
Deferred	2,781	(8,446)	(70,284)
	7,907	3,075	25,589
Minority interests in net loss	1,744	1,916	15,944
Net income (loss)	¥ 8,356	¥ (8,086)	$ (67,288)

	Yen		U.S. dollars (Note 1)
Net income (loss) per share (Note 2)	¥ 8.50	¥ (8.23)	$ (0.07)
Net income per share—diluted	8.48	—	—
Cash dividends applicable to the year	4.00	4.00	0.03

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

TEIJIN LIMITED For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Income (loss) before minority interests	¥ 6,612	¥(10,002)	$ (83,232)
Other comprehensive income (Note 12):			
Valuation difference on available-for-sale securities	(2,791)	13,468	112,075
Deferred losses on hedges	(51)	(3,587)	(29,849)
Foreign currency translation adjustments	7,957	3,996	33,252
Remeasurements of defined benefit plans, net of tax	—	1,738	14,463
Share of other comprehensive income of associates accounted for using the equity method	1,505	421	3,503
Total	6,620	16,036	133,444
Comprehensive income	¥13,232	¥ 6,034	$ 50,212
Breakdown of comprehensive income:			
Comprehensive income attributable to shareholders of the parent	¥14,992	¥ 7,833	$ 65,182
Comprehensive income attributable to minority interests	¥ (1,760)	¥ (1,799)	$ (14,970)

See accompanying Notes to Consolidated Financial Statements.

DATA SECTION

Consolidated Statements of Changes in Net Assets

TEIJIN LIMITED For the years ended March 31, 2014 and 2015

		Millions of yen				
		Shareholders' equity				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2013	984,758,665	¥70,817	¥101,408	¥107,329	¥(417)	¥279,137
Changes of items during the period:						
Dividends from surplus				(3,931)		(3,931)
Net income				8,356		8,356
Purchase of treasury stock					(79)	(79)
Disposal of treasury stock			21		60	81
Net changes of items other than shareholders' equity						
Total		—	21	4,425	(19)	4,427
Balance at March 31, 2014	984,758,665	¥70,817	¥101,429	¥111,754	¥(436)	¥283,564
Cumulative effects of changes in accounting policies				1,465		1,465
Restated balance		70,817	101,429	113,219	(436)	285,029
Changes of items during the period:						
Dividends from surplus				(3,931)		(3,931)
Net loss				(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	(11,990)
Balance at March 31, 2015	984,758,665	¥70,817	¥101,447	¥101,202	¥(427)	¥273,039

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2014	$589,307	$844,046	$ 929,966	$(3,628)	$2,359,691
Cumulative effects of changes in accounting policies			12,191		12,191
Restated balance	589,307	844,046	942,157	(3,628)	2,371,882
Changes of items during the period:					
Dividends from surplus			(32,712)		(32,712)
Net loss			(67,288)		(67,288)
Purchase of treasury stock				(191)	(191)
Disposal of treasury stock		150		265	415
Net changes of items other than shareholders' equity					
Total	—	150	(100,000)	74	(99,776)
Balance at March 31, 2015	$589,307	$844,196	$ 842,157	$(3,554)	$2,272,106

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2013	¥13,551	¥ 1,069	¥(22,505)	¥ —	¥ (7,885)	¥650	¥20,226	¥292,128
Changes of items during the period								
Dividends from surplus								(3,931)
Net income								8,356
Purchase of treasury stock								(79)
Disposal of treasury stock								81
Net changes of items other than shareholders' equity	(2,792)	(51)	9,479	(635)	6,001	88	(2,531)	3,558
Total	(2,792)	(51)	9,479	(635)	6,001	88	(2,531)	7,985
Balance at March 31, 2014	¥10,759	¥ 1,018	¥(13,026)	¥ (635)	¥ (1,884)	¥738	¥17,695	¥300,113
Cumulative effects of changes in accounting policies								1,465
Restated balance	10,759	1,018	(13,026)	(635)	(1,884)	738	17,695	301,578
Changes of items during the period								
Dividends from surplus								(3,931)
Net loss								(8,086)
Purchase of treasury stock								(23)
Disposal of treasury stock								50
Net changes of items other than shareholders' equity	13,468	(3,587)	4,924	1,114	15,919	107	(1,978)	14,048
Total	13,468	(3,587)	4,924	1,114	15,919	107	(1,978)	2,058
Balance at March 31, 2015	¥24,227	¥(2,569)	¥ (8,102)	¥ 479	¥14,035	¥845	¥15,717	¥303,636

	Thousands of U.S. dollars (Note 1)							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total	Subscription rights to shares	Minority interests	Total net assets
Balance at March 31, 2014	$ 89,531	$ 8,471	$(108,396)	$(5,284)	$ (15,678)	$6,141	$147,250	$2,497,404
Cumulative effects of changes in accounting policies								12,191
Restated balance	89,531	8,471	(108,396)	(5,284)	(15,678)	6,141	147,250	2,509,595
Changes of items during the period								
Dividends from surplus								(32,712)
Net loss								(67,288)
Purchase of treasury stock								(191)
Disposal of treasury stock								415
Net changes of items other than shareholders' equity	112,075	(29,849)	40,975	9,270	132,471	890	(16,460)	116,901
Total	112,075	(29,849)	40,975	9,270	132,471	890	(16,460)	17,125
Balance at March 31, 2015	$201,606	$(21,378)	$ (67,421)	$ 3,986	$116,793	$7,031	$130,790	$2,526,720

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

TEIJIN LIMITED For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 14,519	¥ (6,927)	$ (57,643)
Depreciation and amortization	45,664	43,030	358,076
Impairment loss	8,781	30,376	252,775
Increase (decrease) in net defined benefit liability	1,425	5,421	45,111
Decrease (increase) in net defined benefit asset	1,259	(2,782)	(23,151)
Increase (decrease) in allowance for doubtful accounts	(382)	(1,917)	(15,952)
Increase (decrease) in provision for business structure improvement	—	14,683	122,185
Interest and dividend income	(1,776)	(1,931)	(16,069)
Interest expenses	3,359	3,067	25,522
Equity in earnings of affiliates	(4,181)	(2,435)	(20,263)
Loss (gain) on sales and retirement of noncurrent assets	1,524	535	4,452
Loss (gain) on sales of investment securities	(8,289)	39	325
Loss (gain) on valuation of derivatives	(1,496)	(2,664)	(22,169)
Loss (gain) on valuation of investment securities	106	4	33
Decrease (increase) in notes and accounts receivable—trade	8,592	1,051	8,746
Decrease (increase) in inventories	(2,371)	6,767	56,312
Increase (decrease) in notes and accounts payable—trade	(15,999)	(9,627)	(80,112)
Increase (decrease) in accrued payments due to change in retirement benefits	(2,421)	(2,082)	(17,325)
Other, net	(5,325)	2,802	23,318
Subtotal	42,989	77,410	644,171
Interest and dividend income received	5,404	7,068	58,817
Interest expenses paid	(3,663)	(3,190)	(26,546)
Income taxes paid	(6,143)	(5,258)	(43,755)
Net cash and cash equivalents provided by operating activities	38,587	76,030	632,687
Cash flows from investing activities:			
Purchase of property, plant and equipment	(30,863)	(26,528)	(220,754)
Proceeds from sales of property, plant and equipment	472	752	6,258
Purchase of intangible assets	(2,209)	(2,365)	(19,680)
Purchase of investment securities	(21,203)	(22,052)	(183,507)
Proceeds from sales of investment securities	10,847	1,576	13,115
Decrease (increase) in short-term loans receivable	(2,981)	2,434	20,255
Payments of long-term loans receivable	(56)	(1,908)	(15,878)
Collection of long-term loans receivable	255	329	2,738
Other, net	(1,541)	(1,862)	(15,495)
Net cash and cash equivalents used in investing activities	(47,279)	(49,624)	(412,948)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	11,135	(36,296)	(302,039)
Proceeds from issuance of bonds	11,111	59,210	492,719
Redemption of bonds	(21,632)	(19,809)	(164,841)
Proceeds from long-term loans payable	51,730	37,535	312,349
Repayment of long-term loans payable	(55,340)	(25,805)	(214,737)
Cash dividends paid	(3,932)	(3,931)	(32,712)
Cash dividends paid to minority shareholders	(554)	(201)	(1,673)
Other, net	(420)	(309)	(2,572)
Net cash and cash equivalents used in financing activities	(7,902)	10,394	86,494
Effect of exchange rate changes on cash and cash equivalents	869	786	6,541
Net increase (decrease) in cash and cash equivalents	(15,725)	37,586	312,774
Cash and cash equivalents at beginning of year	48,701	32,976	274,411
Cash and cash equivalents at end of year (Note 3)	¥ 32,976	¥ 70,562	$ 587,185

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

TEIJIN LIMITED

Note 1 Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Teijin Limited (the "Company") have been prepared in accordance with the provisions set forth in Japan's Financial Instruments and Exchange Law (the "Law") and the related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards (IFRS).

The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force ("PITF") No. 18, issued by the Accounting Standards Board of Japan ("ASBJ") on February 19, 2010). In principle, the Company has unified the accounting standards for overseas subsidiaries and makes necessary adjustments upon consolidation. There were no material effects as a result of the adoption of PITF No. 18 on the consolidated financial statements for the years ended March 31, 2014 and 2015.

The accompanying consolidated financial statements have been reformatted and translated into English with some expanded descriptions from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Law. Certain supplementary information included in the statutory Japanese-language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120.17 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Note 2 Summary of significant accounting policies

Consolidation

The consolidated financial statements include the accounts of the Company and 69 significant subsidiaries for the year ended March 31, 2015 and 2014. Investments made in 77 (78 in 2014) unconsolidated subsidiaries and affiliates are, with minor exceptions, stated at cost, adjusted for equity in undistributed earnings and losses since acquisition.

Companies which are 40% or more owned and substantially controlled by the Company are considered subsidiaries for inclusion in the consolidation. Equity method accounting is applied to unconsolidated subsidiaries and affiliates which are substantially controlled or of which operating and financial policies are significantly influenced by the Company.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill is usually amortized using the straight-line method over the estimated useful life from five to 20 years.

Of the Company's consolidated subsidiaries, 11 subsidiaries in 2015 and 2014 did not change their fiscal year-end of December 31. These 11 subsidiaries prepared, for consolidation purposes, financial statements in the case of provisional close of books for the period that correspond to the fiscal year of the Company.

Statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Allowance for doubtful accounts

The allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. It is determined by adding the individually estimated uncollectible amounts of certain accounts to an amount calculated using the provision rate based on past experience.

Securities

Under the Japanese accounting standard for financial instruments, all companies are required to classify securities as (a) securities held for trading purposes ("trading securities"), (b) debt securities intended to be held to maturity ("held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories ("available-for-sale securities").

The Company and its consolidated subsidiaries (the "Companies") do not hold trading securities. Held-to-maturity debt securities are stated at amortized cost.

Equity securities issued by subsidiaries and affiliated companies, which are not consolidated or accounted for using the equity method, are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sales of such securities are computed using moving-average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for using the equity method is not readily available, the securities will be written down to net asset value with a corresponding charge in the consolidated statements of operations in the event net asset value declines significantly. In these cases, the fair market value or the net asset value will be the carrying amount of the securities at the beginning of the following year.

Inventories

Inventories are stated at the lower of average cost or net realizable value.

Property, plant and equipment

Property, plant and equipment are amortized using the straight-line method over the estimated useful life of the asset.

(Change in accounting treatment for rental home healthcare devices)

Up to and including the year ended March 31, 2013, certain of the home healthcare devices that the Companies rent were recognized in expenses at the time of rental. However, effective from the year ended March 31, 2014, the Companies have recognized these devices as fixed assets and have depreciated them using the straight-line method.

The Companies anticipate rapid growth in the market for Continuous Positive Airway Pressure ("CPAP") ventilators for the treatment of Sleep Apnea Syndrome ("SAS") and have established a business configuration capable of responding to such growth. In light of these factors, having considered what accounting method would most appropriately reflect the constant environment for use of its core CPAP ventilators at present and in the future, the Companies resolved to treat these devices as property, plant and equipment and to depreciate them using the straight-line method, which they use to depreciate its other home healthcare devices. As a result of this change, consolidated operating income and income before income taxes and minority interests for the year ended March 31, 2014, were each ¥1,740 million higher than would have been the case had the previous method of depreciation been used.

Additionally, up to and including the year ended March 31, 2013, purchases of the aforementioned devices for rental, now recognized as property, plant and equipment, were accounted for in "Cash flows from operating activities." However, effective from the year ended March 31, 2014, these outlays are accounted for in "Purchase of property, plant and equipment" in "Cash flows from investing activities." Depreciation of such equipment is now accounted for in "Depreciation and amortization" in "Cash flows from operating activities." As a result of this change, "Net cash and cash equivalents provided by operating activities" and "Net cash and cash equivalents used in investing activities" for the year ended March 31, 2014, were ¥2,139 million higher and ¥2,139 million lower, respectively, than would have been the case had the previous method of accounting been used.

For information, on the impact of this change on segment results, see Note 16, "Segment information."

Intangible assets

Goodwill, patents, trademarks and other intangible assets are amortized using the straight-line method over the estimated useful life of the asset.

Software for internal use is amortized using the straight-line method over the estimated useful life, i.e. five to 10 years.

Research and development expenses

The Company charges research and development expenses to income as incurred.

Retirement benefits

(1) Employees

The Company has an unfunded lump-sum benefit plan and a funded contributory pension plan, generally covering all employees. Certain consolidated subsidiaries have unfunded lump-sum benefit plans and non-contributory pension plans. Most overseas subsidiaries do not have pension plans.

Under the terms of the lump-sum benefit plans, eligible employees are upon mandatory retirement at age 60 or voluntary termination before such age, entitled under most circumstances to a lump-sum payment based on their compensation at the time of severance and years of service.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Companies provided for employees' severance and retirement benefits at March 31, 2014 and 2015 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at those dates.

Prior service costs and actuarial gains and losses are recognized in expenses using the straight-line method over mainly 12 years, which is within the average of the estimated remaining service years of the employees, commencing with the current and the following period, respectively.

(Application of Accounting Standard for Retirement Benefits)

Effective March 31, 2014, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012), with the exception of provisions set forth in Clause 35 of the standard and Clause 67 of its accompanying guidance.

Under the new accounting standard, the difference between projected benefit obligation and fair value of plan assets is recognized as a net defined benefit liability or, in the event that the fair value of plan assets exceeds the projected benefit obligation, as a net defined benefit asset. Unrecognized actuarial gains and losses and prior service costs are recognized as a net defined benefit liability.

The application of the new accounting standard and its accompanying guidance is subject to the transitional accounting treatment set forth in Clause 37 of the standard. In the year ended March 31, 2014, remeasurements of defined benefit plans were included in accumulated other comprehensive income to reflect the impact of this change in method of accounting. As a result, the Company recorded a net defined benefit liability of ¥7,729 million and a net defined benefit asset of ¥7,091 million, while comprehensive income decreased by ¥635 million. Shareholders' equity per share was reduced by ¥0.65.

(Application of Accounting Standard for Retirement Benefits)

Effective from fiscal 2014, the Company has applied the accounting rules stipulated in Clause 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, issued on May 17, 2012) and the guidelines outlined in Clause 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on March 26, 2015). Accordingly, the method of attributing expected benefits to periods has been changed from the straight-line basis to the benefit formula basis and the basis for determining the discount rate has been amended from the expected average remaining working lives of employees and average period up to the estimated timing of benefit payment to a single weighted-average discount rate that reflects the estimated timing and amount of benefit payment.

The application of the new accounting standard and its accompanying guidance is subject to the transitional accounting treatment set forth in Clause 37 of the standard. At the beginning of the period under review, remeasurements of defined benefit plans were included in retained earnings to reflect the impact of this change in method of accounting. This change added ¥574 million ($4,777 thousand) to the "other" component of investments and other assets, reduced net defined benefit liability by ¥1,589 ($13,223 thousand) million and increased retained earnings by ¥1,465 million ($12,191 thousand) in the period. The effect of this change on operating income, and loss before income taxes and minority interests was negligible. The effect of this change on segment information was also negligible and has thus not been reported.

Liabilities arising from the application of the equity method

Liabilities arising from the application of the equity method have been provided with respect to losses that may arise from the Company's portion of the capital deficits of unconsolidated subsidiaries and affiliates that are accounted for by the equity method, after giving consideration to the Company's investments in, and guarantees for, such companies.

Provision for business structure improvement

The provision is provided in amounts sufficient to cover possible losses for business structure improvement.

(Change in accounting estimates)

In the first half of fiscal 2014, the Company resolved to withdraw from the business of consolidated subsidiary of Teijin Polycarbonate Singapore Pte Ltd. As a consequence, the expected remaining contract term for the real estate leased by the Company was shortened to a more practical number of years, thus facilitating a more precise estimate of asset retirement obligations—namely, an obligation of restoration to original condition—associated therewith. Owing to the revision of this estimate, the balance of asset retirement obligations as of September 30, 2014, was ¥8,142 million ($67,754 thousand) higher than would have been the case had the estimate not changed. In addition, because the Company applied impairment accounting to the accompanying tangible fixed assets, the effect of this change in accounting estimate was to increase loss before income taxes in the first half by an identical amount.

In light of newly available information as of March 31, 2015, including that related to methods used for demolition and removal, the Company subsequently revised its estimate of asset retirement obligations associated therewith. Owing to this revision, the balance of asset retirement obligations as of March 31, 2015, was ¥4,450 ($37,031 thousand) million lower than as of September 30, 2014. Concomitantly, the Company also revised the amount of its impairment loss in the first half. The effect of the aforementioned changes in fiscal 2014 was to increase loss before income taxes and minority interests by ¥4,252 million ($35,383 thousand).

Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of the gain or loss resulting from a change in fair value of the derivative financial instrument until the related gain or loss on the hedged item is recognized.

If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the forecast transaction will be recorded using the contracted forward rate on recognition, and no gains or losses on the forward foreign exchange contract are recognized (the “principle-based method”).

If interest rate swap contracts of the Company are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed (the “conventional method”).

Income taxes

The provision for income taxes is based on income for financial statement purposes. Income taxes comprise corporation tax, enterprise tax and prefectural and municipal inhabitants’ taxes. The assets and liabilities approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company and its wholly owned domestic consolidated subsidiaries have adopted consolidated tax return filing under Japanese tax regulations.

Translation of foreign currency

Cash, receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates. All revenues and expenses in foreign currencies are translated at the exchange rates prevailing when such transactions are made. The resulting exchange loss or gain is charged or credited to income.

The balance sheet accounts of the overseas consolidated subsidiaries and foreign investments accounted for by the equity method are translated at the rates of exchange in effect at the balance sheet date, except for capital accounts and assets and liabilities due to/from the Company, which are translated at historical rates. Accounts in the consolidated statements of operations are translated at the average rates of exchange for the year. Differences arising from translations are presented as “Foreign currency translation adjustments” in the accompanying consolidated financial statements. The Companies report foreign currency translation adjustments in net assets.

Net income (loss) per share

Computations of net income (loss) per share of common stock are based on the weighted-average number of shares outstanding during each period. Diluted net income per share is calculated based on the assumption that all dilutive convertible debentures and stock warrants were converted or exercised at the beginning of the year or at the time of issue.

Net income (loss) per share for the years ended March 31, 2014 and 2015 is calculated based on the following factors:

Year ended March 31, 2014

(a) Net income:	¥8,356 million
(b) Amount not attributable to common shareholders:	¥ — million
(c) Bonuses to directors and statutory auditors included in (b):	¥ — million
(d) Net income allocated to common stock:	¥8,356 million
(e) Average number of shares outstanding during the period:	982,860 thousand shares
(f) Increase in number of shares:	2,947
(g) Increase in number of subscription rights to shares included in (f):	2,947
(h) Summary of outstanding potential shares excluded from the computation of diluted EPS, if calculated for the period, since such potential stocks do not have a dilutive effect:	—

Year ended March 31, 2015

(a) Net loss:	¥8,086 million ($67,288 thousand)	
(b) Amount not attributable to common shareholders:	¥ — million ($ — thousand)	
(c) Bonuses to directors and statutory auditors included in (b):	¥ — million ($ — thousand)	
(d) Net loss allocated to common stock:	¥8,086 million ($67,288 thousand)	
(e) Average number of shares outstanding during the period:	982,749 thousand shares	
(f) Increase in number of shares:	—	
(g) Increase in number of subscription rights to shares included in (f):	—	
(h) Summary of outstanding potential shares excluded from the computation of diluted EPS, if calculated for the period, since such potential stocks do not have a dilutive effect:	—	

(Accounting standards issued but not yet effective)

(1) Accounting Standard for Retirement Benefits

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012)

1. Outline
   The new accounting standard contains amendments to, among others, formulas for amortizing unrecognized actuarial gains and losses and prior service costs, as well as formulas for computing and standards for disclosing projected benefit obligation and service costs.
2. Timing of adoption
   The Company expects to adopt new methods for computing projected benefit obligation and service costs from the beginning of the year ending March 31, 2015.
   The new accounting standard and its accompanying guidance are subject to transitional accounting treatment. Accordingly, it will not be applied retroactively to consolidated financial statements from past years.
3. Impact of the adoption of the accounting standard
   The Company is currently in the process of evaluating the impact of the application of this new accounting standard on its consolidated financial statements in the year ending March 31, 2015.

(2) Accounting standards for business combinations

"Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21)

"Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22)

"Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7)

"Revised Accounting Standard for Earnings per Share" (ASBJ Statement No. 2)

"Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10)

"Revised Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4)

All of the above were issued on September 13, 2013.

1. Outline
   The accounting treatment for changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary in the additional acquisition of shares therein and acquisition related costs was revised. In addition, besides the amendment of "minority interests" to "non-controlling interests," the presentation method of net income was amended and transitional provisions for accounting treatments were defined.
2. Timing of adoption
   The Company expects to apply these revised accounting standards and guidances from the beginning of the fiscal year ending March 31, 2016.
   However, the transitional provisions for accounting treatments will be applied from business combinations performed on or after the beginning of the fiscal year ending March 31, 2016.
3. Impact of the adoption of the accounting standards
   The effect of adoption of these revised accounting standards is now under assessment at the time of preparation of the accompanying consolidated financial statements.

(Reclassifications and restatements)

Certain prior year amounts have been reclassified and restated to conform to the current year's presentation. These reclassifications and restatements have no impact on previously reported results of operations or retained earnings.

Note 3 Statements of cash flows

(1) The reconciliations of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows, as of March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Cash and time deposits in the consolidated balance sheets	¥33,135	¥45,719	$380,453
Securities	—	25,000	208,039
Time deposits with maturities exceeding three months	(159)	(157)	(1,307)
Cash and cash equivalents in the consolidated statements of cash flows	¥32,976	¥70,562	$587,185

(2) Important non-cash transactions

The amounts recognized for important asset retirement obligations, as of March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Important asset retirement obligations recognized	¥186	¥5,420	$45,103

Note 4 Fair value of financial instruments

(1) Qualitative information on financial instruments

(a) Policies for using financial instruments

The Companies' fund management policy is to put money into short-term deposits only and to raise money through loans payable, commercial paper and corporate bonds.

The Companies principally enter into derivative transactions in connection with managing their market risk and not for speculation or trading purposes.

(b) Details of financial instruments used and the exposure to risk and how it arises

Notes and accounts receivable—trade are exposed to customers' credit risk. To manage that risk, the Companies check the balance of the accounts and confirm the collection of money at the due date. The Companies also review the credit risk of their main customers every six months in accordance with the Company's credit management regulations.

Marketable securities are negotiable certificates of deposit subject to settlement in the short term. Securities are exposed to market price fluctuation risk; however, the Companies only hold shares in firms with which they have business relations and these are not held for speculation.

The due dates of notes and accounts payable—trade are mainly within one year.

Short-term loans receivable are used mainly for operating purposes, and funding through corporate bonds and long-term loans payable is mainly for capital investment. Debts with a floating rate are exposed to interest rate fluctuation risk, but interest on some long-term loans payable is converted to a fixed rate through interest rate swap transactions.

The Companies use derivative transactions of, for example, forward currency exchange and currency swaps that are used to hedge the risk of fluctuation in foreign currency exchange rates with respect to monetary receivables and payables denominated in foreign currencies resulting from import and export transactions.

With respect to other derivative transactions, interest rate swap transactions are used to hedge the risk of fluctuation in interest rates. The Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging derivative instruments.

The Companies report periodically to the Chief Financial Officer and the Treasury Office on the actual results of derivative transactions. Furthermore, the Companies enter into contracts with banks and securities houses with high credit rating to minimize credit risk exposure.

(c) Supplementary information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in cases where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimations of fair value may vary. The contracted amounts, as presented in Note 6, "Derivative transactions," do not reflect market risk.

(2) Fair values of financial instruments

The following tables summarize fair value and book value of the financial instruments, and the difference between them, as of March 31, 2014 and 2015. Items for which fair value is difficult to estimate are not included in the following tables.

	Millions of yen		
	2014		
	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 33,135	¥ 33,135	¥ —
(2) Receivables	165,240	165,240	—
(3) Short-term loans receivable	18,600	18,600	—
(4) Investment securities—other securities	51,485	51,485	—
(5) Long-term loans receivable	2,104	—	—
Allowance for doubtful accounts*	(537)	—	—
	1,567	1,567	—
Total	¥270,027	¥270,027	¥ —
(1) Payables	¥ 80,003	¥ 80,003	¥ —
(2) Short-term loans payable	84,605	84,605	—
(3) Bonds	36,961	37,434	473
(4) Long-term loans payable	158,213	159,445	1,232
Total	¥359,782	¥361,487	¥1,705
Derivative transactions†			
(1) For which hedge accounting is not applied	¥ 4,395	¥ 4,395	¥ —
(2) For which hedge accounting is applied	1,393	1,393	—
Total	¥ 5,788	¥ 5,788	¥ —

	Millions of yen		
	2015		
	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 45,719	¥ 45,719	¥ —
(2) Receivables	172,140	172,140	—
(3) Short-term loans receivable	16,277	16,277	—
(4) Marketable securities and investment securities	110,840	110,840	—
(5) Long-term loans receivable	2,344	—	—
Allowance for doubtful accounts*	(528)	—	—
	1,816	1,816	—
Total	¥346,792	¥346,792	¥ —
(1) Payables	¥ 75,495	¥ 75,495	¥ —
(2) Short-term loans payable	56,427	56,427	—
(3) Bonds	76,248	83,094	6,846
(4) Long-term loans payable	174,087	175,291	1,204
Total	¥382,257	¥390,307	¥8,050
Derivative transactions†			
(1) For which hedge accounting is not applied	¥ 7,768	¥ 7,768	¥ —
(2) For which hedge accounting is applied	(3,355)	(3,355)	—
Total	¥ 4,413	¥ 4,413	¥ —

DATA SECTION

	Thousands of U.S. dollars		
	2015		
	Book value	Fair value	Difference
(1) Cash and time deposits	$ 380,453	$ 380,453	$ —
(2) Receivables	1,432,471	1,432,471	—
(3) Short-term loans receivable	135,450	135,450	—
(4) Marketable securities and investment securities	922,360	922,360	—
(5) Long-term loans receivable	19,506	—	—
Allowance for doubtful accounts*	(4,394)	—	—
	15,112	15,112	—
Total	$2,885,846	$2,885,846	$ —
(1) Payables	$ 628,235	$ 628,235	$ —
(2) Short-term loans payable	469,560	469,560	—
(3) Bonds	634,501	691,470	56,969
(4) Long-term loans payable	1,448,673	1,458,692	10,019
Total	$3,180,969	$3,247,957	$66,988
Derivative transactions†			
(1) For which hedge accounting is not applied	$ 64,642	$ 64,642	$ —
(2) For which hedge accounting is applied	(27,919)	(27,919)	—
Total	$ 36,723	$ 36,723	$ —

* Allowance for doubtful accounts is estimated for each category and is deducted from long-term loans receivable.

† Derivative transactions are presented net of receivables and liabilities, and figures within parenthesis indicate net liabilities.

(Note 1) The method of estimating the fair value for securities and derivative transactions is as follows:

Assets

(1) Cash and time deposits, (2) receivables and (3) short-term loans receivable

The terms of all of the above are short term and the fair value thereof is nearly equal to book value, so the book value is used as fair value.

(4) Marketable securities and investment securities

The fair value of shares is the market price. The terms of negotiable certificates of deposit are short term and the fair value thereof is nearly equal to book value, so the book value is used as fair value. See Note 5, “Investment securities” for information on investment securities categorized by holding purpose.

(5) Long-term loans receivable

The fair value of long-term loans receivable, categorized by term, is discounted by the interest rate that is based on that of government bonds, to which a spread that reflects credit risk has been added.

Moreover, the fair value of long-term loans receivable that are doubtful is estimated in the same way or is provided in an amount sufficient to cover possible losses on collection.

Liabilities

(1) Payables and (2) short-term loans payable

The terms of all of the above are short term and the fair value thereof is nearly equal to book value, so the book value is used as fair value.

(3) Bonds

The fair value of corporate bonds is calculated based on market price. In cases where there is no market price, fair value is calculated by using the discounted cash flow based on the sum of the principal and total interest of the remaining period and credit risk.

(4) Long-term loans payable

The fair value of long-term loans payable is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made. Certain long-term loans payable with floating rates are tied to interest rate swap transactions and subject to conventional treatment.

Derivative transactions

See Note 6, "Derivative transactions."

(Note 2) Financial instruments for which fair value is difficult to estimate:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unlisted shares	¥ 4,008	¥ 4,379	$ 36,440
Shares in affiliated companies	26,576	29,696	247,117
Total	¥30,584	¥34,075	$283,557

Market prices of the above shares are not available and the future cash flow cannot be estimated. Therefore, fair value is difficult to estimate. Accordingly, these are not included in Note 5, "Investment securities."

(Note 3) Expected repayment amounts of monetary assets and securities with maturity after the date of the accounting period are as follows:

	Millions of yen		
	2014		
	Within one year	One year to five years	Over five years
Cash and time deposits	¥ 33,135	¥ —	¥ —
Receivables	165,240	—	—
Short-term loans receivable	18,600	—	—
Long-term loans receivable	45	1,559	500

	Millions of yen		
	2015		
	Within one year	One year to five years	Over five years
Cash and time deposits	¥ 45,719	¥ —	¥ —
Receivables	172,140	—	—
Short-term loans receivable	16,277	—	—
Long-term loans receivable	144	1,700	500

	Thousands of U.S. dollars		
	2015		
	Within one year	One year to five years	Over five years
Cash and time deposits	$ 380,453	$ —	$ —
Receivables	1,432,471	—	—
Short-term loans receivable	135,450	—	—
Long-term loans receivable	1,198	14,147	4,161

(Note 4) Repayment schedule of bonds and long-term loans payable:

See Note 8, "Loans payable."

Note 5 Investment securities

(1) Information on securities held by the Companies at March 31, 2014 is as follows:

a) There were no held-to-maturity debt securities with fair values at March 31, 2014.

b) The following table summarizes acquisition costs and book values (fair values) of available-for-sale securities with fair values as of March 31, 2014.

	Millions of yen		
	2014		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Corporate shares	¥10,755	¥31,408	¥20,653
Securities with book values not exceeding acquisition costs:			
Corporate shares	24,832	20,077	(4,755)
Total	¥35,587	¥51,485	¥15,898

c) Total sales of available-for-sale securities in the year ended March 31, 2014, and the related gains and losses amounted to ¥10,847 million, ¥8,296 million and ¥7 million, respectively.

d) Available-for-sale securities with no fair values as of March 31, 2014, consisted mostly of non-listed equity securities, bonds and others amounting to ¥2,601 million, ¥1 million and ¥1,406 million, respectively.

(2) Information on securities held by the Companies at March 31, 2015 is as follows:

a) There were no held-to-maturity debt securities with fair values at March 31, 2015.

b) The following table summarizes acquisition costs and book values (fair values) of available-for-sale securities with fair values as of March 31, 2015.

	Millions of yen		
	2015		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Corporate shares	¥48,460	¥ 83,696	¥35,236
Securities with book values not exceeding acquisition costs:			
Corporate shares	2,364	2,144	(220)
Negotiable certificates of deposit	25,000	25,000	—
Total	¥75,824	¥110,840	¥35,016

	Thousands of U.S. dollars		
	2015		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Corporate shares	$403,262	$696,480	$293,218
Securities with book values not exceeding acquisition costs:			
Corporate shares	19,672	17,841	(1,831)
Negotiable certificates of deposit	208,039	208,039	—
Total	$630,973	$922,360	$291,387

c) Total sales of available-for-sale securities in the year ended March 31, 2015, and the related gains and losses amounted to ¥1,576 million ($13,115 thousand), ¥95 million ($791 thousand) and ¥134 million ($1,115 thousand), respectively.

d) Available-for-sale securities with no fair values as of March 31, 2015, consisted mostly of non-listed equity securities, bonds and others amounting to ¥3,132 million ($26,063 thousand), ¥2 million ($17 thousand) and ¥1,245 million ($10,360 thousand), respectively.

Note 6 Derivative transactions

(1) The following tables summarizes market value information of outstanding derivative transactions as of March 31, 2014 for which hedge accounting is not applied.

Outstanding positions, for which gains and losses were recognized in the consolidated financial statements as of March 31, 2014, were as follows:

Currency-related derivatives

	Millions of yen			
	2014			
	Contract amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Foreign currency swap transactions:				
Japanese yen received for Euro	¥ 6,981	¥ —	¥ (20)	¥ (20)
U.S. dollars received for Euro	¥ 3,541	¥ —	¥ (66)	¥ (66)
U.S. dollars received for Japanese yen	¥12,350	¥12,350	¥4,113	¥4,113
Foreign currency forward contract transactions:				
Sell: U.S. dollars	¥ 3,584	¥ —	¥ 136	¥ 136
Sell: Euro	¥ 1,786	¥ —	¥ (29)	¥ (29)
Sell: Japanese yen	¥ 987	¥ —	¥ 245	¥ 245
Buy: U.S. dollars	¥ 1,351	¥ —	¥ 11	¥ 11
Buy: Euro	¥ 95	¥ —	¥ 0	¥ 0
Buy: Renminbi	¥ 381	¥ —	¥ 6	¥ 6
Buy: British pounds	¥ 0	¥ —	¥ 0	¥ 0
Buy: Japanese yen	¥ 10	¥ —	¥ 0	¥ 0

(2) The following tables summarize market value information of outstanding derivative transactions as of March 31, 2014 for which hedge accounting is applied.

Currency-related derivatives: Principle-based method

	Millions of yens		
	2014		
	Contract amount	Amount of principal due over one year	Fair value
Foreign currency forward contract transactions:			
Sell: U.S. dollars	¥10,680	¥—	¥709
Sell: Euro	¥ 950	¥—	¥ (11)
Sell: Japanese yen	¥ 1,890	¥—	¥573
Buy: U.S. dollars	¥16,257	¥—	¥190
Buy: Euro	¥ 70	¥—	¥ 0
Buy: CHF	¥ 3	¥—	¥ 0
Buy: British pounds	¥ 0	¥ 0	¥ 0
Buy: Renminbi	¥ 49	¥—	¥ 0

Interest rate-related derivatives: Principle-based method

	Millions of yen		
	2014		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Receive variable rate in Euro, pay fixed rate in Euro	¥12,749	¥4,250	¥(65)
Receive variable rate in Euro, pay variable rate in Euro	¥ 977	¥ —	¥ (1)
Receive variable rate in Japanese yen, pay variable rate in Euro	¥ 6,981	¥ —	¥ 24
Receive variable rate in U.S. dollars, pay fixed rate in Euro	¥ 3,541	¥3,541	¥(26)

Interest rate-related derivatives: Conventional method

	Millions of yen		
	2014		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Receive variable rate in Japanese yen, pay fixed rate in Japanese yen	¥87,650	¥87,650	¥—

(3) The fair value of foreign currency forward contract transactions is based on the year-end forward rate. The fair value of foreign currency swap transactions and interest rate swap transactions is based on the prices presented by the counterpart financial institutions.

(4) The recognized gain or loss is estimated by the counterpart financial institutions.

(5) The following tables summarize market value information of outstanding derivative transactions as of March 31, 2015 for which hedge accounting is not applied.

Outstanding positions, for which gains and losses were recognized in the consolidated financial statements as of March 31, 2015, were as follows:

Currency-related derivatives

	Millions of yen			
	2015			
	Contract amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Foreign currency swap transactions:				
Japanese yen received for Euro	¥ 5,672	¥ —	¥ 388	¥ 388
U.S. dollars received for Euro	¥ 7,168	¥ 3,910	¥ 919	¥ 919
U.S. dollars received for Japanese yen	¥12,350	¥12,350	¥6,776	¥6,776
Foreign currency forward contract transactions:				
Sell: U.S. dollars	¥ 4,257	¥ 1,281	¥ (396)	¥ (396)
Sell: Euro	¥ 1,769	¥ —	¥ 91	¥ 91
Sell: Renminbi	¥ 112	¥ —	¥ (6)	¥ (6)
Sell: Japanese yen	¥ 308	¥ —	¥ (3)	¥ (3)
Sell: Thai bahts	¥ 3	¥ —	¥ 0	¥ 0
Buy: U.S. dollars	¥ 521	¥ —	¥ 1	¥ 1
Buy: Euro	¥ 175	¥ —	¥ 0	¥ 0
Buy: Renminbi	¥ 4	¥ —	¥ 0	¥ 0
Buy: British pounds	¥ 0	¥ —	¥ 0	¥ 0
Buy: Japanese yen	¥ 1,828	¥ —	¥ (2)	¥ (2)

	Thousands of U.S. dollars			
	2015			
	Contract amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Foreign currency swap transactions:				
Japanese yen received for Euro	$ 47,200	$ —	$ 3,229	$ 3,229
U.S. dollars received for Euro	$ 59,649	$ 32,537	$ 7,647	$ 7,647
U.S. dollars received for Japanese yen	$102,771	$102,771	$56,387	$56,387
Foreign currency forward contract transactions:				
Sell: U.S. dollars	$ 35,425	$ 10,660	$ (3,295)	$ (3,295)
Sell: Euro	$ 14,721	$ —	$ 757	$ 757
Sell: Renminbi	$ 932	$ —	$ (50)	$ (50)
Sell: Japanese yen	$ 2,563	$ —	$ (25)	$ (25)
Sell: Thai bahts	$ 25	$ —	$ 0	$ 0
Buy: U.S. dollars	$ 4,336	$ —	$ 8	$ 8
Buy: Euro	$ 1,456	$ —	$ 0	$ 0
Buy: Renminbi	$ 33	$ —	$ 0	$ 0
Buy: British pounds	$ 0	$ —	$ 0	$ 0
Buy: Japanese yen	$ 15,212	$ —	$ (17)	$ (17)

(6) The following tables summarize market value information of outstanding derivative transactions as of March 31, 2015 for which hedge accounting is applied.

Currency-related derivatives: Principle-based method

	Millions of yen		
	2015		
	Contract amount	Amount of principal due over one year	Fair value
Foreign currency forward contract transactions:			
Sell: U.S. dollars	¥28,716	¥14,463	¥(3,873)
Sell: Euro	¥ 758	¥ —	¥ 41
Sell: Renminbi	¥ 448	¥ —	¥ (12)
Buy: U.S. dollars	¥16,159	¥ —	¥ 593
Buy: Euro	¥ 4	¥ —	¥ 0
Buy: Renminbi	¥ 13	¥ —	¥ 2

	Thousands of U.S. dollars		
	2015		
	Contract amount	Amount of principal due over one year	Fair value
Foreign currency forward contract transactions:			
Sell: U.S. dollars	$238,961	$120,354	$(32,229)
Sell: Euro	$ 6,308	$ —	$ 341
Sell: Renminbi	$ 3,728	$ —	$ (100)
Buy: U.S. dollars	$134,468	$ —	$ 4,935
Buy: Euro	$ 33	$ —	$ 0
Buy: Renminbi	$ 108	$ —	$ 17

Interest rate-related derivatives: Principle-based method

	Millions of yen		
	2015		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Receive variable rate in Euro, pay fixed rate in Euro	¥3,910	¥3,910	¥(54)
Receive variable rate in Japanese yen, pay variable rate in Euro	¥5,672	¥ —	¥ 14
Receive variable rate in U.S. dollars, pay fixed rate in Euro	¥7,168	¥3,910	¥(66)

	Thousands of U.S. dollars		
	2015		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Receive variable rate in Euro, pay fixed rate in Euro	$32,537	$32,537	$(449)
Receive variable rate in Japanese yen, pay variable rate in Euro	$47,200	$ —	$ 117
Receive variable rate in U.S. dollars, pay fixed rate in Euro	$59,649	$32,537	$(549)

Interest rate-related derivatives: Conventional method

	Millions of yen		
	2015		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Receive variable rate in Japanese yen, pay fixed rate in Japanese yen	¥97,650	¥97,650	¥—

	Thousands of U.S. dollars		
	2015		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Receive variable rate in Japanese yen, pay fixed rate in Japanese yen	$812,599	$812,599	$—

(7) The fair value of foreign currency forward contract transactions is based on the year-end forward rate. The fair value of foreign currency swap transactions and interest rate swap transactions is based on the prices presented by the counterpart financial institutions.

(8) Interest rate swaps for which conventional methods have been applied are accounted for together with long-term items. Therefore, the fair value of interest rate swaps is included in the fair value of the hedged long-term debt.

Note 7 Inventories

Inventories at March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Finished goods	¥ 79,014	¥ 78,358	$652,059
Work in process	9,084	8,194	68,187
Raw materials	25,208	23,635	196,680
Supplies	5,362	5,147	42,831
Total	¥118,668	¥115,334	$959,757

Note 8 Loans payable

Short-term loans payable were represented by bank overdrafts and short-term notes with average annual interest rates of approximately 1.1% and 1.2% in 2014 and 2015, respectively.

Long-term loans payable at March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unsecured:			
Banks and insurance companies at 0.1–1.5%, maturing serially through 2024	¥108,657	¥123,650	$1,028,959
1.8% bonds, due 2015	15,000	15,000	124,823
0.7% bonds, due 2019	15,000	15,000	124,823
Zero coupon convertible bonds, due 2018	—	20,092	167,196
Zero coupon convertible bonds, due 2021	—	20,096	167,230
0.4% medium-term notes, due 2014	497	—	—
0.5% medium-term notes, due 2014	6,463	—	—
0.2% medium-term notes, due 2015	—	6,060	50,429
Loans denominated in foreign currencies (principally U.S. dollars) at 0.2–2.2%, maturing serially through 2020	49,557	50,437	419,714
Lease obligations at 8.5%, maturing serially through 2024	1,745	1,484	12,349
	196,919	251,819	2,095,523
Less amounts due within one year	29,107	41,923	348,864
Total	¥167,812	¥209,896	$1,746,659

The aggregate annual maturities of long-term loans payable at March 31, 2015 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥41,923	$348,864
2017	27,756	230,973
2018	48,584	404,294
2019	36,144	300,774
2020 and thereafter	97,224	809,054

Note 9 Employees' retirement benefits

(1) Funded contributory pension plan as of March 31, 2014

(a) Projected benefit obligation at beginning and end of year (excludes benefits of companies to which the simplified method is applied)

	Millions of yen
	2014
Balance at April 1, 2013	¥80,181
Service cost	2,269
Interest cost	597
Actuarial loss (gain)	(437)
Benefits paid	(6,578)
Other	16
Balance at March 31, 2014	¥76,048

(b) Fair value of plan assets at beginning and end of year (excludes benefits of companies to which the simplified method is applied)

	Millions of yen
	2014
Balance at April 1, 2013	¥74,309
Expected return on plan assets	1,315
Actuarial loss (gain)	4,791
Contributions paid by the employer	652
Benefits paid	(5,140)
Balance at March 31, 2014	¥75,927

(c) Projected benefit obligation at beginning and end of year of the companies to which the simplified method is applied

	Millions of yen
	2014
Balance at April 1, 2013	¥1,307
Retirement benefit costs	306
Benefits paid	(127)
Contributions paid by the employer	(240)
Balance at March 31, 2014	¥1,246

(d) Adjustments to reconcile projected benefit obligation and fair value of plan assets at end of year with the difference between net defined benefit liability and net defined benefit asset recognized in the consolidated balance sheets

	Millions of yen
	2014
Funded retirement benefit obligations	¥ 79,030
Plan assets	(78,533)
	497
Unfunded retirement benefit obligations	870
Total net liability (asset) for retirement benefits at March 31, 2014	¥ 1,367
Liability for retirement benefits	¥ 30,204
Asset for retirement benefits	(28,837)
Total net liability (asset) for retirement benefits at March 31, 2014	¥ 1,367

Note: This calculation includes benefits of companies to which the simplified valuation method is applied.

(e) Severance and retirement benefits expenses

	Millions of yen
	2014
Service cost	¥2,269
Interest cost	597
Expected return on plan assets	(1,316)
Net actuarial loss amortization	3,550
Past service costs amortization	301
Total retirement benefit costs for the fiscal year ended March 31, 2014 based on the simplified method	306
Other (Extra retirement payments, etc.)	1,677
Total retirement benefit costs for the fiscal year ended March 31, 2014	¥7,384

(f) Accumulated remeasurements of defined benefit plans

Components of accumulated remeasurements of defined benefit plans, excluding the impact of tax effect accounting, and the value thereof were as follows:

	Millions of yen
	2014
Past service costs that are yet to be recognized	¥(628)
Actuarial gains and losses that are yet to be recognized	(10)
Total balance at March 31, 2014	¥(638)

(g) Composition of plan assets

The composition of plan assets was as follows:

	2014
Equity securities	38%
Debt securities	36%
General accounts	18%
Other	8%
Total	100%

(h) Determination of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined by considering the current and projected future allocation of plan assets and present and future estimates for long-term investment returns calculated based on the diverse range of assets comprising plan assets.

(i) Actuarial assumptions

Actuarial assumptions used at March 31, 2014 were as follows:

	2014
Discount rate (funded contributory pension plan)	Mainly 0.1%
Debt securities (lump-sum benefit plan)	Mainly 1.0%
Long-term expected rate of return on plan assets	Mainly 2.7%

(2) Defined contribution pension plans as of March 31, 2014

Contributions to the defined contribution pension plans of the Companies totaled ¥3,322 million.

(3) Multi-employer pension plans as of March 31, 2014

The Group's contributions to multi-employer pension plans, for which contributions are negotiated, as well as contributions to defined contribution plans, totaled ¥1,754 million.

The funded status of the multiemployer contributory funded pension plans at December 31, 2013 (based on information available as of March 31, 2014), for which contributions are recorded as net periodic retirement benefit costs by the Companies, is as follows:

	Millions of yen
	2014
Fair value of plan assets	¥ 2,032,678
Benefit obligation in the calculation of pension financing	(1,939,897)
Difference	¥ 92,781
Companies' contribution percentage for multiemployer contributory funded pension plans*	5.3%

* This percentage shows the Companies' portion of the total estimated annual contribution to the plans, which is not necessarily equal to the actual percentage of the Companies' portion against the funded status in the above table.

(4) Funded contributory pension plan as of March 31, 2015

(a) Projected benefit obligation at beginning and end of year (excludes benefits of companies to which the simplified method is applied)

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Balance at April 1, 2014	¥76,048	$632,837
Cumulative effects of changes in accounting policies	(2,164)	(18,008)
Restated balance	73,884	614,829
Service cost	2,334	19,422
Interest cost	591	4,918
Actuarial loss (gain)	1,704	14,180
Benefits paid	(6,135)	(51,053)
Other	(357)	(2,970)
Balance at March 31, 2015	¥72,021	$599,326

(b) Fair value of plan assets at beginning and end of year (excludes benefits of companies to which the simplified method is applied)

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Balance at April 1, 2014	¥75,927	$631,830
Expected return on plan assets	655	5,451
Actuarial loss (gain)	5,300	44,104
Contributions paid by the employer	578	4,810
Benefits paid	(5,021)	(41,782)
Other	(74)	(617)
Balance at March 31, 2015	¥77,365	$643,796

(c) Projected benefit obligation at beginning and end of year of the companies to which the simplified method is applied

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Balance at April 1, 2014	¥1,246	$10,369
Retirement benefit costs	292	2,430
Benefits paid	(105)	(874)
Contributions paid by the employer	(263)	(2,189)
Other	(2)	(16)
Balance at March 31, 2015	¥1,168	$ 9,720

(d) Adjustments to reconcile projected benefit obligation and fair value of plan assets at end of year with the difference between net defined benefit liability and net defined benefit asset recognized in the consolidated balance sheets

	Millions of yen	Thousands of U.S. dollars
	2015	**2015**
Funded retirement benefit obligations	¥ 75,208	$ 625,847
Plan assets	(80,228)	(667,621)
	(5,020)	(41,774)
Unfunded retirement benefit obligations	842	7,006
Total net liability (asset) for retirement benefits at March 31, 2015	¥ (4,178)	$ (34,768)
Liability for retirement benefits	¥ 30,407	$ 253,033
Asset for retirement benefits	(34,585)	(287,801)
Total net liability (asset) for retirement benefits at March 31, 2015	¥ (4,178)	$ (34,768)

Note: This calculation includes benefits of companies to which the simplified valuation method is applied.

(e) Severance and retirement benefits expenses

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Service cost	¥ 2,334	$ 19,422
Interest cost	591	4,918
Expected return on plan assets	(655)	(5,451)
Net actuarial loss amortization	(1,385)	(11,525)
Past service costs amortization	314	2,613
Total retirement benefit costs for the fiscal year ended March 31, 2015 based on the simplified method	292	2,431
Other (Extra retirement payments, etc.)	3,220	26,795
Total retirement benefit costs for the fiscal year ended March 31, 2015	¥ 4,711	$ 39,203

(f) Remeasurements of defined benefit plans

Components of remeasurements of defined benefit plans, excluding the impact of tax effect accounting, and the value thereof were as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Past service costs	¥ 314	$ 2,613
Actuarial gains and losses	2,412	20,072
Total balance at March 31, 2015	¥2,726	$22,685

(g) Accumulated remeasurements of defined benefit plans

Components of accumulated remeasurements of defined benefit plans, excluding the impact of tax effect accounting, and the value thereof were as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Past service costs that are yet to be recognized	¥ (314)	$(2,605)
Actuarial gains and losses that are yet to be recognized	1,162	9,670
Total balance at March 31, 2015	¥ 848	$ 7,065

(h) Composition of plan assets

The composition of plan assets was as follows:

	2015
Equity securities	21%
Debt securities	45%
General accounts	18%
Other	16%
Total	100%

(i) Determination of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined by considering the current and projected future allocation of plan assets and present and future estimates for long-term investment returns calculated based on the diverse range of assets comprising plan assets.

(j) Actuarial assumptions

Actuarial assumptions used at March 31, 2015 were as follows:

	2015
Discount rate (funded contributory pension plan)	Mainly 0.1%
Debt securities (lump-sum benefit plan)	Mainly 0.8%
Long-term expected rate of return on plan assets	Mainly 0.7%

(5) Defined contribution pension plans as of March 31, 2015

Contributions to the defined contribution pension plans of the Companies totaled ¥3,304 million ($27,494 thousand).

(6) Multi-employer pension plans as of March 31, 2015

The Group's contributions to multi-employer pension plans, for which contributions are negotiated, as well as contributions to defined contribution plans, totaled ¥1,900 million ($15,811 thousand).

The funded status of the multiemployer contributory funded pension plans at December 31, 2014 (based on information available as of March 31, 2015), for which contributions are recorded as net periodic retirement benefit costs by the Companies, is as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Fair value of plan assets	¥ 2,513,612	$ 20,917,134
Benefit obligation in the calculation of pension financing	(2,414,960)	(20,096,197)
Difference	¥ 98,652	$ 820,937
Companies' contribution percentage for multiemployer contributory funded pension plans*	5.5%	

* This percentage shows the Companies' portion of the total estimated annual contribution to the plans, which is not necessarily equal to the actual percentage of the Companies' portion against the funded status in the above table.

Note 10 Net assets

Under Japanese laws and regulations, the entire amount of the issue price of shares is required to be accounted for as common stock, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital.

Under the Japanese Corporate Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend and excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Additional paid-in capital is included in capital surplus and legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit or may be capitalized by a resolution of the shareholders' meeting. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the Board of Directors' meeting held on May 9, 2014, appropriations of retained earnings for year-end dividends applicable to the year ended March 31, 2014 were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends: ¥2.00 ($0.02) per share	¥1,966	$16,360

Note 11 Impairment loss

Certain consolidated subsidiaries accounted for impairment losses for the year ended March 31, 2014 as follows:

Impairment loss

Location	Usage purpose	Type of assets	Millions of yen
Singapore	Performance Polymer Products facilities	Machinery, etc.	¥3,028
Namegata City in Ibaraki Prefecture	Performance Polymer Products facilities	Buildings, Machinery, etc.	1,615
Zhejiang, China	Performance Polymer Products facilities	Machinery, etc.	1,272
Matsuyama City in Ehime Prefecture	Polymerization facilities	Machinery, etc.	1,031
Others	—	—	1,835
		Total	¥8,781

The book values of idle assets with no utilization plan were written down to the recoverable amount of ¥5,829 million. Recoverable amount was measured by selling price, based on real estate appraisals or similar methods. If it is determined that an idle asset cannot be sold or diverted to another use, the asset is valued at zero.

Certain consolidated subsidiaries accounted for impairment losses for the year ended March 31, 2015 as follows:

Impairment loss

Location	Usage purpose	Type of assets	Millions of yen	Thousands of U.S. dollars
Singapore	Performance Polymer Products facilities	Machinery, etc.	¥ 9,563	$ 79,579
Anpachi Town in Gifu Prefecture and others	Performance Polymer Products facilities	Machinery, goodwill, etc.	5,972	49,696
Matsuyama City in Ehime Prefecture	Polymerization facilities, etc.	Machinery, etc.	5,062	42,124
California, U.S.A.	Pharmaceuticals and home healthcare business	Goodwill, etc.	4,558	37,930
Tokuyama City in Yamaguchi Prefecture	Power facilities, etc.	Machinery, etc.	1,150	9,570
Others	—	—	4,071	33,876
		Total	¥30,376	$252,775

The Companies set up cash generating units by business unit for which the profit or loss is continually controlled. Idle assets, which are not being used for business, are separately treated.

Among the assets used for business purposes, certain production facilities were devalued to the recoverable amount of ¥30,376 million ($252,775 thousand) as “Impairment loss.” Recoverable amount was measured by value in use, which was calculated by discounting future cash flows with discount rates of 6–20%.

As of March 31, 2015, the impairment losses in Singapore included a ¥4,070 million ($33,869 thousand) reversal of asset retirement obligations due to changes in the accounting estimates of asset retirement obligations and a ¥711 million ($5,917 thousand) reversal of impairment losses resulting from remeasurement of the recoverable amount of machinery, etc.

Note 12 Consolidated statements of comprehensive income

Components of other comprehensive income for the years ended March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ 4,231	¥19,212	$159,874
Reclassification adjustments	(8,468)	(26)	(217)
Subtotal, before tax	¥(4,237)	¥19,186	$159,657
Tax (expense) or benefit	1,446	(5,718)	(47,582)
Subtotal, net of tax	¥(2,791)	¥13,468	$112,075
Deferred gains (losses) on hedges:			
Increase (decrease) during the year	¥ 3,351	¥ (3,846)	$ (32,005)
Reclassification adjustments	(3,617)	(873)	(7,264)
Subtotal, before tax	¥ (266)	¥ (4,719)	$ (39,269)
Tax (expense) or benefit	215	1,132	9,420
Subtotal, net of tax	¥ (51)	¥ (3,587)	$ (29,849)
Foreign currency translation adjustments:			
Increase (decrease) during the year	¥ 7,957	¥ 1,137	$ 9,462
Reclassification adjustments	—	—	—
Subtotal, before tax	¥ 7,957	¥ 1,137	$ 9,462
Tax (expense) or benefit	—	2,859	23,790
Subtotal, net of tax	¥ 7,957	¥ 3,996	$ 33,252
Remeasurements of defined benefit plans			
Increase (decrease) during the year	¥ —	¥ 3,773	$ 31,397
Reclassification adjustments	—	(1,047)	(8,712)
Subtotal, before tax	¥ —	¥ 2,726	$ 22,685
Tax (expense) or benefit	—	(988)	(8,222)
Subtotal, net of tax	¥ —	¥ 1,738	$ 14,463
Share of other comprehensive income of associates accounted for using the equity method:			
Increase (decrease) during the year	¥ 1,504	¥ 396	$ 3,295
Reclassification adjustments	1	25	208
Subtotal	¥ 1,505	¥ 421	$ 3,503
Total other comprehensive income	¥ 6,620	¥16,036	$133,444

DATA SECTION

Note 13 Income taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 37.8% for the year ended March 31, 2014. The following table summarizes the significant differences between the Company's effective tax rate and the actual income tax rate for financial statement purposes for the year ended March 31, 2014.

Due to loss before income tax for the year ended March 31, 2015, reconciliation between the effective tax rate and the actual income tax rate is omitted.

	2014	2015
Effective tax rate	37.8%	—
Non-deductible expenses	3.2	—
Per capita inhabitants' taxes	1.2	—
Difference in statutory tax rate between Japan and other countries	14.4	—
Equity in earnings of affiliates	(11.1)	—
Amortization of goodwill	7.0	—
Changes in valuation allowance	(0.7)	—
Refund of income taxes	(3.7)	—
Decrease in statutory tax rate	2.6	—
Other	3.8	—
Actual income tax rate	54.5%	—

The Act on the Partial Amendment of the Income Tax Act, etc., was promulgated on March 31, 2014. Accordingly, Special Corporate Tax for Reconstruction will no longer be imposed from the fiscal year commencing on or after April 1, 2014. Thus, the effective statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities for the current fiscal year was changed from 37.8% in the previous fiscal year to 35.4% in connection with the temporary difference that is expected to be eliminated in the fiscal year commencing on April 1, 2014. Consequently, the amount of deferred tax assets (less the amount of deferred tax liabilities) declined by 352 million yen, income taxes—deferred posted in the current fiscal year increased by 356 million yen while deferred gains (losses) on hedges increased by 4 million yen.

The Act on the Partial Amendment of the Income Tax Act, etc. (Act No. 9, 2015) and the Act on the Partial Amendment of the Local Tax Act, etc. (Act No. 2, 2015) were promulgated on March 31, 2015. Accordingly, the income tax rate and other related matters for fiscal years commencing on or after April 1, 2015 have been revised. Thus, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous 35.4% to 32.9% in connection with the temporary difference that is expected to be eliminated in the fiscal year commencing on April 1, 2015. The effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 35.4% to 32.1% in connection with the temporary difference that is expected to be eliminated in the fiscal year commencing on April 1, 2016.

As a result of this change in tax rate, the amount of deferred tax assets (less the amount of deferred tax liabilities) declined by ¥299 million ($2,488 thousand), while income taxes—deferred posted in the current fiscal year increased by ¥1,215 million ($10,111 thousand). Valuation difference on available-for-sale securities increased by ¥1,039 million ($8,646 thousand), deferred gains (losses) on hedges increased by ¥16 million ($133 thousand), and remeasurements of defined benefit plans increased by ¥154 million ($1,282 thousand). Foreign currency translation adjustments declined by ¥293 million ($2,438 thousand).

Furthermore, the deduction limit for deductions of loss carryforwards has been amended to an amount equivalent to 65% of taxable income before deduction of loss carryforwards for fiscal years commencing on or after April 1, 2015, and an amount equivalent to 50% of taxable income before deduction of loss carryforwards for fiscal years commencing on or after April 1, 2017. Accordingly, the amount of deferred tax assets decreased by ¥529 million ($4,402 thousand) and income taxes-deferred posted in the current fiscal year increased by the same amount.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred tax assets:			
Excess bonuses accrued	¥ 3,014	¥ 3,784	$ 31,489
Provision for loss on guarantees	292	154	1,282
Write-down of investment securities	2,653	2,696	22,435
Retirement benefits	4,647	6,583	54,781
Accumulated impairment loss	8,402	12,538	104,336
Net operating loss carry forwards	47,166	47,071	391,703
Other	16,720	22,998	191,378
Total	¥ 82,894	¥ 95,824	$ 797,404
Valuation allowance	(60,327)	(65,187)	(542,457)
Total deferred tax assets	¥ 22,567	¥ 30,637	$ 254,947
Offset with deferred tax liabilities	(13,026)	(19,639)	(163,427)
Net deferred tax assets	¥ 9,541	¥ 10,998	$ 91,520
Deferred tax liabilities:			
Adjustments to fixed assets based on Corporate Tax Law	¥ (5,505)	¥ (4,790)	$ (39,860)
Accelerated depreciation of foreign subsidiaries' fixed assets	(1,889)	(1,276)	(10,618)
Tax effect of foreign subsidiaries' undistributed earnings	(1,625)	(2,305)	(19,181)
Adjustment of carrying amount based on fair value	(5,103)	(4,474)	(37,231)
Valuation difference on available-for-sale securities	(4,983)	(10,647)	(88,599)
Other	(3,764)	(2,470)	(20,555)
Total deferred tax liabilities	¥(22,869)	¥(25,962)	$(216,044)
Offset with deferred tax assets	13,026	19,639	163,427
Net deferred tax liabilities	¥ (9,843)	¥ (6,323)	$ (52,617)

Note 14 Leases

Operating leases as lessee

Future minimum lease payments for the remaining lease periods as of March 31, 2014 and 2015 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Due within one year	¥ 387	¥ 385	$ 3,204
Due over one year	2,733	2,649	22,044
Total	¥3,120	¥3,034	$25,248

DATA SECTION

Note 15 Stock option plans

Information on stock option plans at March 31, 2015 is as shown below.

Teijin Limited

The account and the amounts related to stock options in the years ended March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
Account	2014	2015	2015
Selling, general and administrative expenses	¥141	¥146	$1,215

The following tables summarize the contents of stock options as of March 31, 2015.

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 54
Class and number of stock	Common Stock: 146,000
Date of issue	July 10, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 10, 2006 to July 9, 2026

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 55
Class and number of stock	Common Stock: 207,000
Date of issue	July 5, 2007
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 5, 2007 to July 4, 2027

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 57
Class and number of stock	Common Stock: 328,000
Date of issue	July 7, 2008
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 7, 2008 to July 6, 2028

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 57
Class and number of stock	Common Stock: 420,000
Date of issue	July 9, 2009
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 9, 2009 to July 8, 2029

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 55
Class and number of stock	Common Stock: 349,000
Date of issue	July 9, 2010
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 9, 2010 to July 8, 2030

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 47
Class and number of stock	Common Stock: 737,000
Date of issue	March 12, 2012
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 12, 2012 to March 11, 2032

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 38
Class and number of stock	Common Stock: 698,000
Date of issue	March 15, 2013
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 15, 2013 to March 14, 2033

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 40
Class and number of stock	Common Stock: 618,000
Date of issue	March 14, 2014
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 14, 2014 to March 13, 2034

Company name	Teijin Limited
Position and number of grantees	Directors and Corporate Officers: 32
Class and number of stock	Common Stock: 379,000
Date of issue	March 18, 2015
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From March 18, 2015 to March 17, 2035

The following tables summarize the numbers and movements of stock options as of March 31, 2015.

Non-exercisable stock options

	Stocks								
Company name	Teijin Limited								
	2006	2007	2008	2009	2010	2011	2013	2014	2015
Stock options outstanding at April 1, 2014	—	—	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	—	—	379,000
Forfeitures	—	—	—	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	—	—	—	379,000
Stock options outstanding at March 31, 2015	—	—	—	—	—	—	—	—	—

Exercisable stock options

	Stocks								
Company name	Teijin Limited								
	2006	2007	2008	2009	2010	2012	2013	2014	2015
Stock options outstanding at April 1, 2014	47,000	83,000	176,000	290,000	284,000	660,000	643,000	618,000	—
Conversion from non-exercisable stock options	—	—	—	—	—	—	—	—	379,000
Stock options exercised	11,000	19,000	32,000	29,000	22,000	30,000	—	—	—
Forfeitures	4,000	4,000	6,000	—	—	—	—	—	—
Stock options outstanding at March 31, 2015	32,000	60,000	138,000	261,000	262,000	630,000	643,000	618,000	379,000

The following table summarizes value information of stock options as of March 31, 2015.

	Yen								
Company name	Teijin Limited								
	2006	2007	2008	2009	2010	2012	2013	2014	2015
Paid-in value	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	¥280	¥276	¥277	¥274	¥283	¥286	¥ —	¥ —	¥ —
Fair value at the date of grant	¥663	¥610	¥307	¥253	¥261	¥245	¥196	¥228	¥385

The method of estimation for the fair value of stock options granted in the year ended March 31, 2015 is as follows:

Method of valuation	Black–Scholes Model
Volatility	30%
Expected remaining period	5.5 years
Expected dividend	¥4.0 per share
Interest rate without any risks	0.08%

Infocom Corporation

The account and the amount related to stock options in the year ended March 31, 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
Account	2014	2015	2015
Selling, general and administrative expenses	¥26	¥16	$133

The following table summarizes the contents of stock options as of March 31, 2015.

Company name	Infocom Corporation
Position and number of grantees	Directors and Corporate Officers: 5
Class and number of stock	Common Stock: 36,200
Date of issue	May 31, 2013
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From June 1, 2013 to May 31, 2043

Company name	Infocom Corporation
Position and number of grantees	Directors and Corporate Officers: 6
Class and number of stock	Common Stock: 23,000
Date of issue	June 6, 2014
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From June 7, 2014 to June 6, 2044

The following tables summarize the numbers and movements of stock options as of March 31 2015.

Non-exercisable stock options

Company name	Stocks	
	Infocom Corporation	
	2014	2015
Stock options outstanding at April 1, 2014	—	—
Stock options granted	—	23,000
Forfeitures	—	—
Conversion to exercisable stock options	—	23,000
Stock options outstanding at March 31, 2015	—	—

Exercisable stock options

Company name	Stocks	
	Infocom Corporation	
	2014	2015
Stock options outstanding at April 1, 2014	36,200	—
Conversion from non-exercisable stock options	—	23,000
Stock options exercised	—	—
Forfeitures	—	—
Stock options outstanding at March 31, 2014	36,200	23,000

The following table summarizes value information of stock options as of March 31, 2015.

Company name	Yen	
	Infocom Corporation	
	2014	2015
Paid-in value	¥ 1	¥ 1
Average market price of the stock at the time of exercise	¥ —	¥ —
Fair value at the date of grant	¥143,839	¥144,800

The method of estimation for the fair value of stock options granted in the year ended March 31, 2015 is as follows:

Method of valuation	Black–Scholes Model
Volatility	45.0%
Expected remaining period	9.4 years
Expected dividend rate	1.91%
Interest rate without any risks	0.56%

Note 16 Segment information

(1) Reportable operating segment information

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. Up to and including the year ended March 31, 2015, the Company has divided its operations into business groups based on the 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 divided its operations into four reportable operating segments on the same basis as applied internally: Advanced Fibers and Composites; Electronics Materials and Performance Polymer Products; Healthcare; and Trading and Retail.

The description of each segment is as follows:

Advanced Fibers and Composites:
- Production and sales of aramid fibers, carbon fibers, polyester fibers and composites for industrial applications

Electronics Materials and Performance Polymer Products:
- Production and sales of films and resins for various industrial applications

Healthcare:
- Production and sales of prescription and non-prescription drugs and production, sales and rental of home healthcare devices

Trading and Retail:
- Trading and retail of polyester filaments, other fibers and polymer products

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

Accounts for reportable operating segments are for the most part calculated in line with generally accepted standards for the preparation of consolidated financial statements. Segment income for reportable operating segments is based on operating income. Amounts for intersegment transactions or transfers are calculated based on market prices or on prices determined using the cost-plus method.

(3) Segment sales, segment income, segment assets and other items for reportable operating segments

Segment information for the years ended March 31, 2014 and 2015 is as shown below.

	Millions of yen						
	2014						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Total	Others	Consolidated total
Sales:							
1) External customers	¥123,551	¥179,446	¥138,415	¥254,180	¥695,592	¥ 88,833	¥784,425
2) Intersegment net sales and transfer	27,898	4,851	—	4,234	36,983	22,608	59,591
Net sales	151,449	184,297	138,415	258,414	732,575	111,441	844,016
Segment income (loss)	5,742	(7,218)	24,529	5,186	28,239	1,741	29,980
Segment assets	199,099	157,913	124,753	121,847	603,612	87,106	690,718
Other items:							
Depreciation	16,314	9,985	9,789	1,795	37,883	3,046	40,929
Amortization of goodwill	1,435	190	1,116	16	2,757	(43)	2,714
Investments in associates accounted for using the equity method	7,546	16,658	879	698	25,781	9,786	35,567
Increase in tangible and intangible fixed assets	9,062	2,638	12,545	1,626	25,871	3,014	28,885

	Millions of yen						
	2015						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Total	Others	Consolidated total
Sales:							
1) External customers	¥135,529	¥184,767	¥141,723	¥259,380	¥721,399	¥64,772	¥786,171
2) Intersegment net sales and transfer	27,657	4,509	—	4,687	36,853	20,096	56,949
Net sales	163,186	189,276	141,723	264,067	758,252	84,868	843,120
Segment income	14,353	3,402	24,829	4,249	46,833	3,983	50,816
Segment assets	193,894	151,978	147,931	133,329	627,132	79,121	706,253
Other items:							
Depreciation	15,462	8,154	10,935	2,021	36,572	2,213	38,785
Amortization of goodwill	1,410	95	763	41	2,309	(48)	2,261
Investments in associates accounted for using the equity method	7,368	21,694	1,062	1,823	31,947	10,535	42,482
Increase in tangible and intangible fixed assets	10,034	1,676	11,232	2,025	24,967	2,296	27,263

	Thousands of U.S. dollars						
	2015						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Total	Others	Consolidated total
Sales:							
1) External customers	$1,127,811	$1,537,547	$1,179,354	$2,158,442	$6,003,154	$539,003	$6,542,157
2) Intersegment net sales and transfer	230,149	37,522	—	39,003	306,674	167,230	473,904
Net sales	1,357,960	1,575,069	1,179,354	2,197,445	6,309,828	706,233	7,016,061
Segment income (loss)	119,439	28,310	206,616	35,358	389,723	33,145	422,868
Segment assets	1,613,498	1,264,692	1,231,014	1,109,503	5,218,707	658,409	5,877,116
Other items:							
Depreciation	128,667	67,854	90,996	16,818	304,335	18,416	322,751
Amortization of goodwill	11,733	791	6,349	341	19,214	(399)	18,815
Investments in associates accounted for using the equity method	61,314	180,528	8,837	15,170	265,849	87,667	353,516
Increase in tangible and intangible fixed assets	83,499	13,947	93,468	16,851	207,765	19,106	226,871

(Notes)
1. "Others" includes the Company's IT business and does not qualify as a reportable operating segment.
2. "Depreciation" and "increase in tangible and intangible fixed assets" include long-term prepaid expenses and their amortization.
3. As described in Note 2, the Company recognizes certain of the home healthcare devices as fixed assets and depreciates them using the straight-line method. As a result of this change, segment income for healthcare in the year ended March 31, 2014 was ¥1,740 million higher than would have been the case had the previous method of depreciation been used.

Reconciliations of published figures and aggregates of reportable operating segments for the years ended March 31, 2014 and 2015 are as shown below:

Adjustment for net sales	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Reportable operating segments	¥732,575	¥758,252	$6,309,828
Others segment	111,441	84,868	706,233
Elimination of intersegment transactions	(59,591)	(56,949)	(473,904)
Net sales	¥784,425	¥786,171	$6,542,157

Adjustment for operating income	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Reportable operating segments	¥ 28,239	¥ 46,833	$389,723
Others segment	1,741	3,983	33,145
Elimination of intersegment transactions	288	129	1,073
Corporate expenses*	(12,190)	(11,859)	(98,685)
Operating income	¥ 18,078	¥ 39,086	$325,256

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

Reconciliations of published figures and aggregates of reportable operating segments as of March 31, 2014 and 2015 are as shown below:

Adjustment for assets	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Reportable operating segments	¥603,612	¥627,132	$5,218,707
Others segment	87,106	79,121	658,409
Elimination of intersegment transactions	112,388	164,236	1,366,697
Corporate assets†	(34,695)	(46,794)	(389,398)
Total assets	¥768,411	¥823,695	$6,854,415

† 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 “Investment securities,” etc.

	Millions of yen			
	2014			
Other items	Reportable operating segments	Others	Adjustment	Total
Depreciation	¥37,883	¥3,046	¥2,021	¥42,950
Amortization of goodwill	2,757	(43)	—	2,714
Investments in associates accounted for using the equity method	25,781	9,786	—	35,567
Increase in tangible and intangible fixed assets	25,871	3,014	1,297	30,182

	Millions of yen			
	2015			
Other items	Reportable operating segments	Others	Adjustment	Total
Depreciation	¥36,572	¥ 2,213	¥1,985	¥40,770
Amortization of goodwill	2,309	(48)	—	2,261
Investments in associates accounted for using the equity method	31,947	10,535	—	42,482
Increase in tangible and intangible fixed assets	24,967	2,296	835	28,098

Other items	Thousands of U.S. dollars 2015 Reportable operating segments	Others	Adjustment	Total
Depreciation	$304,335	$18,416	$16,518	$339,269
Amortization of goodwill	19,214	(399)	—	18,815
Investments in associates accounted for using the equity method	265,849	87,667	—	353,516
Increase in tangible and intangible fixed assets	207,765	19,106	6,948	233,819

(4) Information by geographical segment

1. Net sales by region for the years ended March 31, 2014 and 2015 are as shown below:

Millions of yen, 2014

Japan	China	Asia	Americas	Europe and others	Consolidated total
¥494,741	¥108,892	¥68,802	¥50,108	¥61,882	¥784,425

Millions of yen, 2015

Japan	China	Asia	Americas	Europe and others	Consolidated total
¥465,413	¥121,286	¥78,811	¥56,534	¥64,127	¥786,171

Thousands of U.S. dollars, 2015

Japan	China	Asia	Americas	Europe and others	Consolidated total
$3,872,955	$1,009,287	$655,829	$470,450	$533,636	$6,542,157

2. Tangible fixed assets by region as of March 31, 2014 and 2015 are as shown below:

Millions of yen, 2014

Japan	China	Netherlands	Asia	Americas	Europe	Consolidated total
¥140,096	¥22,469	¥47,824	¥17,550	¥2,487	¥6,435	¥236,861

Millions of yen, 2015

Japan	China	Netherlands	Asia	Americas	Europe	Consolidated total
¥124,938	¥22,235	¥37,421	¥16,144	¥2,560	¥5,585	¥208,883

Thousands of U.S. dollars, 2015

Japan	China	Netherlands	Asia	Americas	Europe	Consolidated total
$1,039,677	$185,030	$311,401	$134,342	$21,303	$46,476	$1,738,229

(Change in presentation method)

“China” was included within “Asia” in the fiscal year ended March 31, 2014, but from the fiscal year ended March 31, 2015 it has been presented as an independent category since the value of tangible fixed assets in China exceeded 10% of the tangible fixed assets on the consolidated balance sheets. Figures for the fiscal year ended March 31, 2014 have been restated accordingly.

(5) Information by major customer

Information for the year ended March 31, 2015 is omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the consolidated statements of operations.

(6) Loss on impairment and goodwill by reportable operating segment

Losses on impairment by reportable operating segment for the years ended March 31, 2014 and 2015 are as shown below:

	Millions of yen						
	2014						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Consolidated total
Loss on impairment	¥1,149	¥6,065	¥511	¥—	¥1,056	¥—	¥8,781

	Millions of yen						
	2015						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Consolidated total
Loss on impairment	¥2,041	¥15,587	¥4,558	¥43	¥8,147	¥—	¥30,376

	Thousands of U.S. dollars						
	2015						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Consolidated total
Loss on impairment	$16,984	$129,708	$37,930	$358	$67,795	$—	$252,775

Goodwill by reportable operating segment as of March 31, 2014 and 2015 is as shown below:

	Millions of yen						
	2014						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Consolidated total
Amortization of goodwill	¥1,435	¥ 190	¥1,116	¥16	¥(43)	¥—	¥ 2,714
Balance as of March 31, 2014	¥9,517	¥1,639	¥4,676	¥16	¥(42)	¥—	¥15,806

	Millions of yen						
	2015						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Consolidated total
Amortization of goodwill	¥1,410	¥95	¥ 763	¥ 41	¥(48)	¥—	¥2,261
Balance as of March 31, 2015	¥8,108	¥—	¥1,193	¥101	¥ 7	¥—	¥9,409

	Thousands of U.S. dollars						
	2015						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Consolidated total
Amortization of goodwill	$11,733	$791	$6,349	$341	$(399)	$—	$18,815
Balance as of March 31, 2015	$67,471	$ —	$9,928	$840	$ 58	$—	$78,297

Note 17 Contingent liabilities

At March 31, 2014 and 2015, the Companies were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
(a) As endorser of notes discounted or endorsed	¥ 55	¥ 27	$ 225
(b) As guarantors of indebtedness of:			
Unconsolidated subsidiaries and affiliates	¥4,198	¥ 8,896	$74,028
Others	2,595	2,538	21,121
	¥6,793	¥11,434	$95,149
(c) As guarantor of accounts receivable negotiated to third parties	¥1,650	¥ 1,885	$15,686

Note 18 Asset retirement obligations

Asset retirement obligations recorded on the consolidated balance sheet

(1) Outline of asset retirement obligations

Recorded asset retirement obligations are expenses such as costs for removal of asbestos from buildings owned by the Company when they are demolished and costs for restoration under the lease agreements of real estate in connection with land.

(2) Calculation method of asset retirement obligations

The Companies estimate that the period of use is from one to ten years, and calculate the obligations using the discount rates between 0.3% to 3.4%.

(3) Changes in the total amount of asset retirement obligations

In the year ended March 31, 2015, estimated amount of the obligation was changed as the more precise estimation of the obligation of restoration to original condition became possible.

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Beginning balance	¥1,131	¥1,246	$10,369
Reconciliation associated with passage of time	19	168	1,398
Reconciliation associated with changes in accounting estimates	186	5,420	45,103
Decrease due to the fulfillment of asset retirement obligations	(114)	(31)	(258)
Other	24	58	482
Ending balance	¥1,246	¥6,861	$57,094

Note 19 Subsequent events

At the Board of Directors' meeting held on May 8, 2015, appropriations of retained earnings for year-end dividends applicable to the year ended March 31, 2015 were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends: ¥2.00 ($0.02) per share	¥1,966	$16,360

Independent Auditor's Report

Independent Auditor's Report

To the Shareholders and Board of Directors of Teijin Limited:

We have audited the accompanying consolidated financial statements of Teijin Limited and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2015, and the consolidated statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teijin Limited and its consolidated subsidiaries as at March 31, 2014 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements. As indicated in Note 2, Teijin Limited and its consolidated subsidiaries previously recognized part of its leased home healthcare devices as expenses at the time of rental. However, from the year ended March 31, 2014, Teijin Limited and its consolidated subsidiaries have recognized such devices as fixed assets and has depreciated them using the straight-line method.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 24, 2015
Tokyo, Japan

Independent Assurance Report

Independent Assurance Report

To the President and CEO of Teijin Limited

We were engaged by Teijin Limited (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with a red star ★ for the period from April 1, 2014 to March 31, 2015 (the "Indicators") included in its 2015 Teijin Group Integrated Report (the "Report") for the fiscal year ended March 31, 2015.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the Sustainability Reporting Guidelines version 3.0 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Utsunomiya Factory of Teijin DuPont Films Japan Limited selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
August 13, 2015

Corporate Data

As of March 31, 2015

Established	June 17, 1918
Head Offices	Osaka Head Office 6-7, Minami Hommachi 1-chome, Chuo-ku, Osaka 541-8587, Japan Tel: +81-6-6268-2132
	Tokyo Head Office Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8585, Japan Tel: +81-3-3506-4529
Fiscal Year-End	March 31
Common Stock Authorized	3,000,000,000 shares
Common Stock Issued	984,758,665 shares
Paid-in Capital	¥70,817 million
Shareholders	98,874
Number of Teijin Group Companies	Japan 58 Overseas 94 Total 152
Number of Teijin Group Employees (Consolidated)	Japan 9,268 Overseas 6,512 Total 15,780
Stock Exchange Listing	Tokyo
Stock Code	3401
Stock Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Dividends	Dividends are usually declared in May and November.
Reports Available to Shareholders and Investors	Corporate Profile Integrated Report *Kessan Tanshin* (Japanese summary financial report) The Teijin Group CSR Report, Fact Book (web site)
Annual Meeting of Shareholders	The annual meeting of shareholders is held before the end of June.
Independent Public Accountants	KPMG AZSA LLC
Teijin on the Internet	http://www.teijin.com Teijin's web site offers a wealth of corporate and product information, including the latest Integrated Report, financial results and corporate news.
Investor Relations	If you have any questions or would like copies of any of our reports, please contact: Masahiro Ikeda, General Manager, IR Section, Finance & Investor Relations Department, Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8585, Japan Tel: +81-3-3506-4407 Fax: +81-3-5510-7977 E-mail: ir@teijin.co.jp

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TEIJIN LIMITED

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