TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the year ended March 31, 2017)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan) May 9, 2017

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(Amounts less than one million yen are omitted)

1. Results of FY2016 (April 1, 2016 through March 31, 2017)

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

Period	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2016	741,291	-6.3	56,512	-15.8	55,933	-7.3	50,133	61.3
FY2015	790,748	0.6	67,130	71.7	60,316	42.3	31,090	—

cf.Comprehensive income; For FY 2016 :46,282 million yen (For FY2015: 15,799 million yen)

Period	E.P.S. *1	Diluted E.P.S.	ROE *2	ROA *3	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2016	254.91	231.09	15.7	6.3	7.6
FY2015	158.15	143.42	10.6	7.3	8.5

*1 E.P.S.: Earnings per share *2 ROE: Ratio of Profit (loss) attributable to owners of parent to Shareholders' equity *3 ROA: Ratio of Ordinary income to Total asset

cf. Equity on gain and losses of unconsolidated subsidiaries and affiliates; For FY2016: 2,078 million yen (For FY2015: (2,943) million yen)

(Notes) The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, the E.P.S. and the Diluted E.P.S. are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2017	964,053	351,829	35.1	1,720.13
As of March 31, 2016	823,429	314,412	36.4	1,526.16

cf. Shareholders' equity as of March 31, 2017 : 338,383 million yen (As of March 31, 2016: 300,112million yen)

(Notes) The Shareholders' equity per share is calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(3) Consolidated cash flows

Period	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2016	79,040	(127,650)	63,765	117,549
FY2015	80,640	(40,322)	(8,316)	100,955

2. Dividends

	Dividends per share					Total dividends paid	Payout ratio	Dividend on equity ratio
Period	1Q	2Q	3Q	4Q	Annual	(Annual)	(Consolidated)	(Consolidated)
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2015	—	3.00	—	4.00	7.00	6,881	22.1	2.3
FY2016	—	5.00	—	30.00	—	10,818	21.6	3.4
FY2017 (Outlook)	—	30.00	—	30.00	60.00		28.1	

(Notes) The amount of the year-end dividend per share for FY2016 reflects the impact of the consolidation of shares and disclosure of the annual dividend per share is omitted. The annual dividend per share converted on the basis after the consolidation of shares would be 35 yen for FY2015 and 55 yen for FY2016.

3. Forecast for operating results of FY2017 (April 1, 2017 through March 31, 2018)

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

Period	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2017 interim	415,000	17.5	30,000	11.1	31,000	16.2	23,000	7.6	116.95
FY2017	855,000	15.3	62,000	9.7	63,000	12.6	42,000	–16.2	213.56

4. Other information

(1) Changes in specific subsidiaries involving changes in the scope of consolidation: Yes
New: Continental Structural Plastics Holdings Corporation

(2)Shares issued (common stock)
Shares issued (including treasury stock) at end of term
End of FY 2016 196,951,733
End of FY 2015 196,951,733

Treasury stock
End of FY 2016 231,413
End of FY 2015 306,114

Average shares outstanding during the period
FY 2016 196,668,286
FY 2015 196,589,780

(Notes) The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, theShares issued (including treasury stock) at end of term, the Treasury stock and the Average shares outstanding during the period are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

Reference: Individual results of FY2016 (April 1, 2016 through March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2016	130,682	–8.1	14,823	–13.9	24,633	–3.5	16,035	39.6
FY2015	142,173	–2.8	17,207	56.9	25,532	22.5	11,490	–

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2016	81.54	73.82
FY2015	58.45	52.92

(Notes) The E.P.S. and the Diluted E.P.S. are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(2) Individual financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2016	640,010	249,499	38.9	1,264.42
FY2015	534,202	238,023	44.4	1,206.53

cf. Shareholders' equity: 248,736 million yen (FY2015: 237,259 million yen)
(Notes) The Shareholders' equity per share is calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

Appropriate Use of Forecasts and Other Information and Other Matters

All forecasts in this document are based on management’s assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Outlook for FY 2017," beginning on page 8.

1. Qualitative Information and Financial Statements

(1) Qualitative Information on Results of Operations

1) Analysis of Consolidated Results of Operations

Global economic conditions in FY 2016, ended March 31, 2017, tracked a gradual expansionary path as a whole, as developed countries centered on the U.S. drove firm growth, and the People's Republic of China (PRC) economy turned upward from the second half of the fiscal year due to economic stimulus measures. Meanwhile, the Japanese economy saw signs of improvement, including an upturn in business confidence in the manufacturing industry due to a recovery in exports and other factors despite sluggish growth in personal consumption.

In this environment, for FY 2016, consolidated net sales totaled ¥741.3 billion, a decrease of 6.3% year on year. This decrease was due in part to the impact of optimizing our production configuration associated with restructuring initiatives mainly in the resin business, in addition to the stronger yen in the first half of the fiscal year, although sales were generally steady across all businesses on the whole. Operating income decreased 15.8% to ¥56.5 billion, due in part to the impacts of foreign exchange movements, new drug licensing costs and downward revisions to NHI drug reimbursement prices, despite efforts to steadily expand the earnings base by driving growth in existing businesses and executing restructuring initiatives. Ordinary income decreased 7.3% to ¥55.9 billion.

Profit attributable to owners of parent increased 61.3% to ¥50.1 billion, partly due to a large decrease in tax expense in conjunction with the adoption of tax effect accounting in connection with a decision to withdraw from the home healthcare business in the U.S. Earnings per share rose ¥96.77 to ¥254.91.

2) Business Segment Results

Advanced Fibers and Composites
Sales in the Advanced Fibers and Composites segment totaled ¥136.8 billion, while operating income was ¥13.8 billion.

High-Performance Fibers
Sales remained firm for automotive applications.

In aramid fibers, sales of *Twaron* para-aramid fibers expanded firmly for automotive applications, including for tires in Europe. In contrast, sales for oil drilling and ballistic protection applications were weak. Sales were firm for *Technora* para-aramid fibers both for automotive applications in Japan and also for infrastructure-related applications overseas. *Technora* is being used in an expanding range of applications under more extreme conditions given the positive assessment of its outstanding fatigue resistance, chemical barrier and other properties.

Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as protective clothing and industrial applications, despite persistently fierce competition in the growing market for filter applications. Moreover, at a new production facility in Thailand, where production and sales commenced in the previous fiscal year, we are focused on expanding this particular business in promising Asian markets and emerging markets, where high growth is expected against the backdrop of increasingly stringent regulations pertaining to flame-retardant materials and environmental safety.

In polyester fibers, solid sales were recorded for automotive applications, such as seat belts, conveyor belts and hose cords, and for use in personal hygiene products, wadding, and reverse osmosis membrane support layers for water treatment applications. Moreover, we are striving to further strengthen our competitiveness by realigning our domestic production configuration and by transferring production of certain items to subsidiaries in Thailand.

Carbon Fibers and Composites
Sales for use in aircraft grew steadily; U.S.-based Continental Structural Plastics acquired.

Sales of *TENAX* carbon fibers continued to grow steadily for use in aircraft. Among other applications, sales for wind power generation in the Americas and Europe were robust, but the supply-demand balance softened for general industrial use, and for sports and leisure applications in Asia. In addition, *Pyromex* Oxidized PAN fiber has continued to post steady sales, reflecting favorable demand for use in aircraft brake pads. In response, a carbon fiber production line is being converted into a *Pyromex* production line at Toho Tenax America, Inc.

We are working to expand business centered on composite materials in the field of high-performance materials to be used in mass-produced automotive components. As part of these efforts, in January 2017, we acquired Continental Structural Plastics Holdings Corporation (Headquarters: Michigan, U.S.A.; "CSP"), a global leader in automotive lightweight composite technologies. CSP became our wholly owned subsidiary. Going forward, we will integrate CSP's glass fiber reinforced plastic (GFRP) and our fiber reinforced plastic (FRP) technologies, specifically carbon fiber reinforced thermoplastic (CFRTP) and carbon fiber reinforced plastic (CFRP), along with driving growth of CSP's components business model in the Americas and global market expansion of this business model to Europe, Japan and Asia. Through this process, we will establish a strong business platform in automotive composite products and will seek to become a supplier of Tier 1 components in this business.

Furthermore, to address further growth in demand for carbon fiber primarily in North America, we have completed the acquisition of land in the U.S. and are considering the construction of a new carbon fiber plant.

In addition, we carried out a fuel conversion of in-house power generation equipment at the Mishima Factory, a key carbon fiber production site, by switching from steam turbine generation using heavy oil to gas turbine power generation, and commenced operation of the converted equipment. As a result, we will push ahead with the reduction of our environmental impact in conjunction with improving power generation efficiency.

Electronics Materials and Performance Polymer Products
The Electronics Materials and Performance Polymer Products segment reported sales of ¥134.4 billion and operating income of ¥18.5 billion.

Resin and Plastics Processing
Steady performance by polycarbonate resins, with a focus on further expanding high-performance applications.

Our mainstay *Panlite* and *Multilon* polycarbonate resin products saw firm supply-demand dynamics and maintained steady profitability, owing to high capacity utilization maintained at both production sites in the PRC and Japan, plus an improved sales mix, despite a reduction in profits due to the impact of foreign currency conversion reflecting the stronger yen. In this environment, we are taking initiatives to further expand high-performance applications. In the automotive market, we are working to apply polycarbonate resin molded products incorporating advanced coating technology to automotive windows. Also, we are actively expanding a copolymer polycarbonate featuring a high surface hardness to applications such as automotive interior panels. In growing markets such as disaster readiness infrastructure, housing, and healthcare, we are offering proposals encompassing the supply of products as well as materials, both of which are centered on high value added polycarbonate resins and their compounds. In addition, we are actively pushing ahead with providing weight reduction, metal replacement and other solutions using proprietary composite materials that combine polycarbonate resins with the Teijin Group's high-performance fibers (aramid fibers, carbon fibers).

In high-performance resins, we are working to upgrade and expand our lineup of specialty polycarbonate resins for camera lenses in order to offer optimal products for smartphones as well as for use in vehicle and surveillance cameras expected to see market expansion. In addition, we are accelerating the expansion of polyethylene-naphthalate (PEN) resin to various pressure vessels by taking advantage of the features of PEN resin, including its chemical and gas barrier resistance properties. In flame retardants, we are expanding the market for new phosphorous products that lend high flame retardancy and bring easy colorability to polyester fibers as well as resins, alongside our existing lineups, which are generating steady earnings.

In regard to the "super engineering plastic" polyphenylene sulfide (PPS) resin, for which a mass-production structure is being established at INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK), we are developing distinctive compound products leveraging Teijin's proprietary technologies centered on automotive and electronics applications..

Films

Integrated our domestic polyester film production facilities and converted joint ventures in Japan and Indonesia into wholly owned subsidiaries.

Reflective films for use in liquid crystal display (LCD) televisions remained under pressure in terms of both volume and pricing due to the emergence of Chinese manufacturers. We posted relatively firm sales of *Purex* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices, as well as special packaging application exports and polyethylene-naphthalate (PEN) film for use in magnetic materials. Sales also remained strong for *Panlite* Sheet, a product made of polycarbonate resin, and *ELECLEAR* transparent electroconductive film, primarily for use in vehicle display applications. In addition, *PURE-ACE* optical film using specialty polycarbonate resin saw expanded sales for reverse-dispersion solvent-cast retardation film for use as an organic electroluminescent display (OLED) antireflective film, along with expanded sales for use in flexible printed circuits.

In this climate, profit increased from the previous fiscal year, owing to improvements in the sales mix of both polyester and polycarbonate films, as well as contributions from lower costs due to the integration of domestic polyester film production facilities. Moreover, we acquired the shares held by our joint venture partner E.I. du Pont de Nemours and Company (Du Pont) in the film business joint ventures in Japan and Indonesia. Business operations in Japan have recommenced under the new company name Teijin Film Solutions Limited. In Indonesia, business operations have recommenced under the new company name of P.T. Indonesia Teijin Film Solutions. This deal will enable us to improve management flexibility and decision-making speed, as well as utilize an even more diverse range of materials and film production methods than before, in order to create and further enhance value for customers.

Looking at overseas sites, in the PRC, sales volume was mostly unchanged from the previous year as market conditions remained sluggish. In the Americas and Europe, demand was relatively firm centered on packaging applications.

Healthcare
Sales in the Healthcare segment came to ¥147.5 billion, while operating income was ¥27.6 billion.

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

The domestic pharmaceuticals market continues to face a challenging business environment. In this climate, sales of hyperuricemia and gout treatment *FEBURIC* (febuxostat) and *Somatuline*®*, a treatment for acromegaly, continued to expand steadily. In addition, we are providing patients with a wider range of choices through new formulations, such as an oral jelly and an intravenous drip of the osteoporosis treatment *Bonalon*®†, and *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of the sustained-release expectorant *Mucosolvan*. Also, we are working to expand sales of the transdermal anti-inflammatory analgesic patch formulation *LOQOA* Tape, which it began jointly marketing with Taisho Toyama Pharmaceutical Co., Ltd. in January 2016.

On the R&D front, in July 2016, we applied for a new indication for treatment of neuroendocrine tumors for *Somatuline*®*, a treatment for agromegaly. In parallel, we began the clinical development of TMX-049DN (UK, Phase I) as a new treatment for diabetic nephropathy in Type 2 diabetes. In August 2016, we signed an exclusive license and supply agreement with Versartis, Inc. of the U.S. for the development and marketing of *Somavaratan* (VRS-317), a novel, long-acting form of recombinant growth hormone (rhGH) developed by Versartis, Inc. with its first planned indication being dwarfism caused by pediatric growth hormone deficiency (PGHD). In November 2016, we received a request from the Ministry of Health, Labour and Welfare to develop an expanded indication of *Somatuline*®* for thyroid stimulating hormone-secreting pituitary tumors, and have begun taking actions targeting the start of clinical trials within one year. Also, in December 2016, we entered into a collaboration and license agreement with Amgen Inc. of the U.S. regarding research and development of new therapeutic agents for kidney diseases and disorders. In February 2017, we started phase III clinical trials of ITM-058, a new treatment for osteoporosis. In March 2017, we started phase II clinical trials of TMX-049, a new treatment for hyperuricemia and gout, and phase II clinical trials of TMG-123, a new treatment for Type 2 diabetes.

Sales of febuxostat also continued to expand encouragingly overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 67 of these countries and territories (including Japan), and we are in the process of obtaining regulatory approval to make it available in the others.

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

Home Healthcare

Rental volumes either remained high or increased for all offerings.

In Japan, we firmly maintained a high level of rental volume for therapeutic oxygen concentrators for home oxygen therapy (HOT). Looking ahead, we will strive to further boost rental volume by enhancing the lineup and expanding the use of portable oxygen concentrators (*Hi-Sanso Portable α* (alpha), *Hi-Sanso Portable α II*), which are designed to expand the range of patients' daily activities, along with efforts to achieve the same for non-portable oxygen concentrators such as *Hi-Sanso 5S*. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, due to increasing the appeal of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks, and to the use of the *SAS2100* sleep disorder diagnostic system. We will continue seeking to further boost rental volume by expanding the use of *SLEEPMATE10*, a model featuring a built-in heater-humidifier in addition to *NemLink* functions. To further fortify support services for individuals, we sought to improve our ability to respond to patient needs by capitalizing on our home healthcare call centers in Fukuoka and Osaka, Japan.

Meanwhile, in September 2015 we commenced sales of *VitalLink*, a multidisciplinary collaboration and information sharing system. We have steadily expanded sales of *VitalLink* by making progress on signing agreements with physicians through medical associations, in addition to signing agreements directly with primary care physicians. Moreover, in regard to a repetitive transcranial magnetic stimulation device developed through an industry-academia partnership with Osaka University and other partners, investigator-initiated clinical trials of intractable chronic pain using this device are under way at several facilities. We also continued to expand our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device providing walking assistance in the case of gait impairment resulting from stroke or other causes launched in FY 2013, which initially focused on the Tokyo metropolitan area, to medical institutions elsewhere in the country. Additionally, we launched *ReoGo-J*, a portable robotic arm that supports the rehabilitation of paralyzed upper limbs due to stroke. Besides expanding sales of both products, we will continue to upgrade and enhance our lineup of these types of rehabilitation devices going forward.

Overseas, we had been considering bold reorganization measures targeting the home healthcare business in the U.S. On April 27(U.S. time), we decided to withdraw from the home healthcare business in the U.S. by selling all of our equity in this business to a company affiliated with Quadrant Management, Inc.†, We will continue to undertake the home healthcare business in Spain and the ROK.

Trading and Retail

The Trading and Retail segment yielded sales of ¥259.6 billion and operating income of ¥6.7 billion.

Fiber Materials and Apparel

Focused on strengthening the operating structure and expanding differentiated businesses.

In fiber materials, sales of high-performance materials for sports and outdoor use grew in the Americas and Europe, and the Japanese market, but profitability declined due to the impact of the stronger yen. In addition, in polyester yarn,

† An investment firm based in the U.S. that has a portfolio including a major home healthcare provider boasting one of the largest home healthcare businesses in the country.

although sales volume for use in automobiles declined due to the negative impact of domestic production adjustments by automakers, we posted expanded sales of differentiated, high performance yarn for interior goods to major retailers, as well as differentiated yarn for apparel, leading to a large improvement in earnings. In uniform materials, earnings improved owing to cost reductions through the transfer of production overseas and an increase in individual orders.

In functional textiles and apparel, the business environment in Japan remained under pressure due to a downturn in spending on apparel, inventory adjustments by customers, and other factors. In this environment, we promoted production at optimal sites and improved quality control in the production process. In conjunction with this, we strove to drive earnings growth by expanding business targeting prominent retailers and apparel sectors, leveraging our strengths in planning and proposal-oriented business based on our unique material *SOLOTEX* and the *DELTA* series. In June and November 2016, we proposed and presented our differentiated businesses to the markets through comprehensive exhibitions of textiles and apparel staged by Teijin Frontier Co., Ltd., which enabled us to capture customer needs and expand business.

Industrial Textiles and Materials

Favorable performance by automotive materials and civil engineering materials.

In sales of automotive materials, sales of reinforcement materials for tires, conveyor belts, and automotive hoses were firm. With the sales volume of air-bag fabric remaining on a growth track, we have set our sights on further expanding production. Sales of automotive interior materials and equipment struggled because of inventory adjustments by customers, but sales of fabric for synthetic leather grew significantly.
In other industrial textiles and related materials, in the Japanese market, we recorded solid sales of civil engineering materials including *Technora SAMM Sheet* concrete flaking prevention sheets for use in disaster reconstruction projects and arterial highways. In addition, we saw surging demand for *AEROSHELTER* provisional tents for disaster-readiness purposes and events. Sales were also solid for materials for agriculture, fisheries, electronics and the environment. Moreover, in overseas markets, we expanded business involving environmental materials for PRC on the back of market expansion.
In living related materials, particularly interior materials, we recorded increased profits from curtain materials due to the stronger yen, along with firm sales of wall- and floor-covering materials. We also posted solid sales of wiping-related materials. In wellness related products, we steadily increased sales of personal hygiene products and expanded the healthcare-related business with a major convenience store chain.
In resin and films, sales of PET films turned upward in the second half of the fiscal year in step with a recovery in production in the market for electronic components, but this did not make up for the sluggish sales in the first half.

In initiatives to create other new businesses, we focused on expanding sales of our “wearable cosmetics” *Raffinan*, disaster mitigation-related products, *Motanka*, an emergency blanket, and *Pullshelter,* a disaster-readiness curtain. We also steadily advanced initiatives to commercialize products using wearable electrode textiles.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥63.0 billion and operating income of ¥5.4 billion.

The IT business posted a steady performance mainly due to steady growth in sales of *Meccha Comics*, an e-book distribution service in the net services category. In the IT services category, specifically in the healthcare business, we bolstered sales of medical information systems including a radiology information system. At the same time, we are taking steps to expand into the nursing care field. Notably, we began providing monitoring services using the Internet of Things (IoT)* and a nursing care recordkeeping system.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators were sluggish due to market conditions. In parallel, we stepped up our focus on developing new customers.
In the area of new healthcare initiatives, we decided to establish a joint venture company in July 2017 that will be a medical company spun off from Takiron Co., Ltd. in the field of implantable medical products. We will promote business development over the medium to long term in tandem with improving profit through combining Teijin Group's marketing and technological capabilities with the knowhow of Teijin Nakashima Medical Co., Ltd., which has already entered the market.
In the field of functional food ingredients, we made efforts to conduct development and marketing activities that are resulting in food manufacturers steadily increasing their adoption of *BARLEYmax*, an enhanced barley product. Looking ahead, we will continue to focus on evidence acquisition and promotion to accelerate future business development.

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

3) Outlook for FY 2017

Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY 2017 (Forecast)	¥855.0	¥62.0	¥63.0	42.0
FY 2016	741.3	56.5	55.9	50.1
Change	+113.7	+5.5	+7.1	(8.1)
Percentage change	+15.3%	+9.7%	+12.6%	-16.2%

The global economy in FY 2017 is expected to remain on a gradual expansionary path as a whole. However, global economic conditions are being impacted by factors such as increasing pressure from protectionist economic policies along with rising geopolitical tension in the Middle East, Asia and elsewhere. Based on these factors, the outlook for the global economy has become increasingly uncertain. In this environment, in order to realize our long-term vision, we will steadily press ahead with the implementation of our growth strategies, and our transformation strategies, laid out in the new medium-term management plan announced in February, 2017. Concurrently, we will work to strengthen our management system platform underpinning these strategies.

Looking at our consolidated full-term operating results forecasts for FY 2017, we are forecasting net sales of ¥855.0 billion, up 15.3% from FY 2016. We also forecast operating income of ¥62.0 billion, up 9.7%, and ordinary income of ¥63.0 billion, up 12.6%. Profit attributable to owners of parent is forecast at ¥42.0 billion, down 16.2% from FY 2016. These forecasts assume exchange rates of ¥110 to US$1.00 and ¥116 to €1.00 and an average Dubai crude oil price of US$55 per barrel.

Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Materials	¥ 310.0	¥ 645.0	¥ 14.5	¥ 35.0
Healthcare	75.0	150.0	16.5	28.0
Others	30.0	60.0	2.0	5.0
Elimination and corporate	—	—	(3.0)	(6.0)
Consolidated total	¥ 415.0	¥ 855.0	¥ 30.0	¥ 62.0

Note: Effective from the fiscal year ending March 31, 2018, the Company reclassified its reportable operating segments into two segments: the Materials Business and the Healthcare Business. This change was made in line with the Company's restructuring into an organization that will accelerate growth and transformation strategies based on the medium-term management plan announced in February 2017. In the fiscal year under review, the Company had divided its operations into four reportable operating segments: Advanced Fibers and Composites; Electronics Materials and Performance Polymer Products; Healthcare; and Trading and Retail.

(2) Qualitative Information on Financial Position

1) Analysis of Assets, Liabilities, Net Assets and Cash Flows

Assets, Liabilities and Net Assets

Total assets as of March 31, 2017 amounted to ¥964.1 billion, up ¥140.6 billion from the end of FY 2015. The increase in total assets was primarily the result of increases in fixed assets, including goodwill, and certain other items due to the completion of the acquisition of CSP in January 2017. There was also an increase in deferred tax assets in conjunction with the adoption of tax effect accounting following the decision to withdraw from the U.S. home healthcare business.

Total liabilities amounted to ¥612.2 billion, up ¥103.2 billion from the end of FY 2015. Interest-bearing debt accounted for ¥376.2 billion of the total, up ¥72.9 billion mainly due to an increase in line with the procurement of funds for the acquisition of CSP.

Total net assets amounted to ¥351.8 billion, up ¥37.4 billion from the end of FY 2015. Total shareholders' equity and total accumulated other comprehensive income together represented ¥338.4 billion of the total, an increase of ¥38.3 billion. There was an increase in line with profit attributable to owners of parent, but this was partially offset by the payment of dividends and by a decrease in foreign currency translation adjustment in connection with the stronger yen.

Cash Flows

Net cash and cash equivalents provided by operating activities in FY 2016 amounted to ¥79.0 billion. This result reflected income before income taxes, along with the impact of non-cash items such as depreciation and amortization, impairment loss and provision for business structure improvement.

Net cash and cash equivalents used in investing activities amounted to ¥127.7 billion, owing mainly to the acquisition of CSP and the purchase of other fixed assets.

Free cash flow—net cash and cash equivalents from operating and investing activities combined—was therefore a negative ¥48.6 billion.

Net cash and cash equivalents provided by financing activities amounted to ¥63.8 billion. This reflected the net balance of components including the net result of proceeds from short- and long-term debt and repayment thereof, and the payment of dividends.

After factoring in the impact of exchange rate fluctuations, operating, investing and financing activities in the period under review resulted in a net increase in cash and cash equivalents of ¥16.6 billion as of March 31, 2017.

2) Forecast for Financial Position

In FY 2017, we will press forward with efforts to maintain and enhance financial soundness. At the same time, we will actively promote promising investments and projects with the potential to contribute to future growth, in line with our transformation strategies. Our forecasts for FY 2017 are for ROE of 11.9%, EBITDA of ¥105.0 billion and a debt-to-equity ratio of 1.0.

3) Key Indicators

	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)	FY 2015 (As of March 31, 2016)	FY 2016 (As of March 31, 2017)	FY 2017 (As of March 31, 2018) (Forecast)
ROE (%)	–10.3	3.0	–2.8	10.6	15.7	11.9
EBITDA	59.2	63.7	82.1	106.0	95.8	105.0
Debt-to-equity ratio (times)	1.00	1.00	1.07	1.01	1.11	1.0
Equity ratio (%)	35.6	36.7	34.9	36.4	35.1	37.0
Equity ratio (market value basis) (%)	31.3	34.9	43.5	43.1	40.3	—
Debt payback period (years)	4.2	7.3	4.1	3.8	4.8	—
Interest coverage ratio (times)	18.4	10.5	23.8	32.5	36.5	—

Note: Calculations are based on consolidated figures.

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

Earnings before interest, tax, depreciation and amortization (EBITDA) Operating income + Depreciation & amortization

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

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

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

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

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

(3) Policy Regarding the Payment of Dividends, Dividends Declared for FY 2016 and Dividend Forecast for FY 2017

1) Policy Regarding the Payment of Dividends

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

2) Dividends Declared for FY 2016 and Dividend Forecast for FY 2017

Our year-end dividend for FY 2016 was declared at ¥30.0 per share, bringing dividends for the full term, including the interim dividend, to ¥55.0 per share*. Taking into account our operating results forecasts, we currently expect to declare an interim dividend of ¥30.0 per share and a year-end dividend of ¥30.0 per share for FY 2017, for full-term dividends of ¥60.0 per share.

(4) 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.

1) Market-Related Risk

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

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

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

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

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* The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, the dividends per share are calculated on the assumption that the consolidation of shares is conducted at the beginning of FY2016.

2) 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.

3) 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.

4) Risks Related to Overseas Operations

The Teijin Group has operations in the PRC, Southeast Asia (including Thailand), Europe (including Germany and the Netherlands) and the U.S. These operations are vulnerable to the impact of fluctuations in foreign exchange and interest rates. Our operations 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.

5) Risks Related to Accidents and Disasters

The Teijin Group has prepared common disaster prevention guidelines for use by all Group companies and is an active proponent of efforts to prevent and/or alleviate the impact of disasters through disaster prevention diagnostics, earthquake response measures, fire prevention and other advance prevention strategies, disaster prevention education and training and post-disaster impact mitigation measures.
Nonetheless, in the event of a major natural disaster or unforeseen accident that results in damage to the Group's production facilities or significantly impedes the Group's supply chain, such developments may have a negative impact on the Group's operating results and/or financial position.

2. Management Policies

(1) Basic Management Policies of the Teijin Group

As declared in the Teijin Group's corporate philosophy, we are committed to enhancing the quality of life of people everywhere through our deep insight into human nature and the application of our creative abilities. At the same time, our corporate philosophy commits us to Grow In Harmony With Society, and to Grow By Empowering Our People. Accordingly, as our long-term vision, we pledge to create the new value needed by society by utilizing its workforce diversity, thereby aiming to become an enterprise that is essential to tomorrow's society.

(2) Principal Performance Targets

The Teijin Group has identified ROE and EBITDA as key performance indicators.

(3) Tasks Ahead and Medium & Long-Term strategies

In February 2017, we announced our new medium-term management plan for 2017–2019, named "ALWAYS EVOLVING," to create value needed by society, thereby striving to achieve the aim to become an enterprise that is essential to tomorrow's society, by utilizing its workforce diversity for enhanced competitiveness, improving core earnings through growth strategies, establishing new core businesses through transformation strategies and strengthening group-wide management systems.

1) Long-Term Vision

I. Evolve for future society as an enterprise that delivers new value

◆ **An enterprise that helps to solve social issues**

Teijin will develop business opportunities by leveraging strengths in core priority fields to help society address pressing issues.

Core priority fields for business development

Environmental value solutions	Supply weight-reducing materials that enhance environmental performance for transportation
Safety, security and disaster mitigation solutions	Enhance disaster-readiness measures and social infrastructure development
Demographic change and increased health consciousness solutions	Support health maintenance and enhancement in response to the progression of demographic change and increasing lifestyle diseases

◆ **An enterprise that achieves continuous transformation by anticipating changes in the external environment**

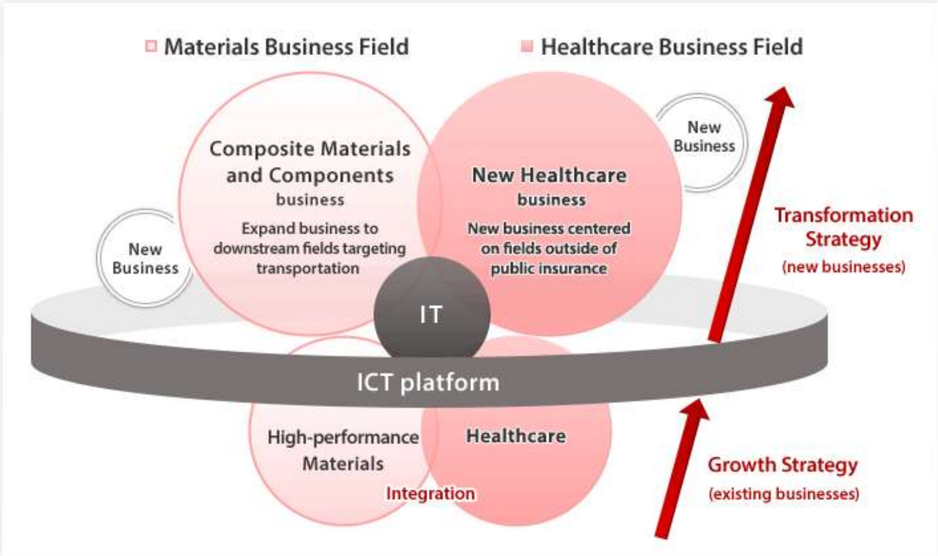
In an increasingly uncertain external environment, Teijin will take the initiative to contribute to evolution, instead of chasing trends, for sustainable growth.

◆ **An enterprise that continues to create new value at all times**

Teijin will create products and services that accelerate the evolution of society.

2) Business Strategies in Medium-Term Management Plan

Teijin will implement both growth and transformation strategies focusing on the materials and healthcare business fields as the pillars of its operations and develop new businesses that are not yet contributing to profits at present into its core earnings sources, without merely relying on the continuation of existing businesses.



I. Growth strategies for Materials business field

- **Focus on aircraft and automobile businesses (environmental value solutions)**
  Step up development of strong, lightweight high-performance materials in response to demands for higher fuel efficiency in line with stricter environmental regulations
- **Address infrastructure needs (safety, security and disaster mitigation solutions)**
  Accurately respond to disaster mitigation awareness and needs for improved and expanded infrastructure

II. Growth strategies for Healthcare business field

- **Strengthen solutions in high-growth domains (demographic change and increased health consciousness solutions)**
  Maximize earnings from existing growth drivers and emphasize drug discovery research

III. Transformation strategies for material business field

Transform the business model from supplying customers with materials to close-to-customer businesses to develop composites that incorporate multiple materials, and thereby win the competition amongst multiple materials.

- **Automotive composite products (environmental value solutions)**
  Rather than merely extending materials businesses into downstream fields, Teijin will leverage its strengths in composite technologies to expand business with a view to becoming a supplier of multi-material components.
- **Lithium-ion battery separator and membranes (environmental value solutions)**
  Leveraging technologies and expertise developed in membrane production, Teijin will roll out high-performance, high-productivity products in a wide range of fields.

IV. Transformation strategies for healthcare business field

Strengthen existing healthcare business to deliver comprehensive patient-service systems, even those not reimbursed under the Japanese health insurance system

- **Diversified product/service lineups (demographic change and increased health consciousness solutions)**
  Diversify lineups of medical equipment, digital healthcare, implantable medical products and functional food materials
- **Healthcare business creation (demographic change and increased health consciousness solutions)**
  Establish a healthcare business platform for pre-symptomatic condition, diseases and nursing care, and new business using the group's information platform

3) Strengthening of the Management System Platform

I. Structural reorganization

Teijin will pursue inter-business integration by integrating materials-related businesses into one materials business field. The New Business Development Business Unit will be split into units for materials and healthcare business to deepen group-wide collaboration with and absorption of these individual businesses. A newly established Global Strategy Officer will develop cross-business regional strategies and a newly established Information Strategy Representative will pursue smart projects on a group-wide basis.

II. Smart projects

Teijin will leverage IT to create new businesses and enhance group-wide business styles. In the medium-term, this will involve healthcare services development, smart plantations and innovation in business operating process, and the allocation of ¥10 billion centered on establishing the business platform.

III. Cost restructuring initiatives

By FY 2019, Teijin aims to reduce total costs by ¥20 billion from the FY 2016 level. This will be realized by completing measures in the revised medium-term management plan in 2014 and strengthening product cost competitiveness centered on growth businesses (¥11 billion), and restructuring into a small head office commensurate with business scale after the implementation of restructuring initiatives (¥9 billion).

4) Performance Targets

New key performance indicators (KPI) will be established with an emphasis on both investment efficiency and earnings power. Teijin will emphasize ROE and ROIC based on operating income as profitability indicators and EBITDA as a growth indicator. Other KPI including non-financial information will be established, such as net sales from transformation strategy projects and degree of diversity promotion, to visualize and measure business portfolio transformation. Performance targets to FY 2019 are shown below:

ROE	10%+
ROIC based on operating income	8%+
EBITDA	Over ¥ 120 billion
Invested Resources	CAPEX + M&A ¥ 300 billion (three-year total)
Dividend Payout Ratio (guidance)	30% of the profit attributable to owners of parent

Note: Return on invested capital (ROIC) based on operating income Operating income ÷ Invested capital*
* (Total shareholders' equity + Non-controlling interests + Interest-bearing debt – Cash and deposits)

3. Basic Policy on Selection of Financial Reporting Standards

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

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

4. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2015 (As of Mar. 31, 2016)	FY2016 (As of Mar. 31, 2017)
< Assets >		
Current assets		
Cash and deposits	72,122	97,750
Notes and accounts receivable-trade	164,536	166,803
Securities	29,000	20,000
Merchandise and finished goods	85,965	84,272
Work in process	7,738	8,980
Raw materials and supplies	26,738	29,059
Short-term loans receivable	15,811	13,677
Deferred tax assets	8,256	15,063
Other current assets	21,351	32,058
Allowance for doubtful accounts	(1,015)	(909)
Total	**430,504**	**466,754**
Fixed assets		
Tangible assets		
Buildings and structures, net	58,631	61,178
Machinery and equipment, net	70,751	98,322
Land	43,080	44,493
Construction in progress	8,475	15,471
Other, net	22,327	21,823
Total	**203,267**	**241,289**
Intangible assets		
Goodwill	7,296	32,737
Other	9,356	36,302
Total	**16,653**	**69,040**
Investments and other assets		
Investment securities	109,053	115,104
Long-term loans receivable	2,271	1,846
Net defined benefit asset	32,552	37,988
Deferred tax assets	4,278	10,965
Other	27,013	23,155
Allowance for doubtful accounts	(2,166)	(2,092)
Total	**173,004**	**186,967**
Total fixed assets	**392,924**	**497,298**
Total assets	**823,429**	**964,053**

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2015 (As of Mar. 31, 2016)	FY2016 (As of Mar. 31, 2017)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	71,394	79,117
Short-term loans payable	55,527	57,585
Current portion of long-term loans payable	27,493	51,326
Income taxes payable	6,238	5,021
Provision for business structure improvement	3,038	15,112
Deferred tax liabilities	52	54
Accrued expenses	24,996	26,261
Other	39,454	45,094
Total	**228,196**	**279,572**
Noncurrent liabilities		
Bonds payable	55,148	55,109
Long-term loans payable	163,645	210,431
Provision for business structure improvement	12,555	10,944
Net defined benefit liability	30,440	35,427
Asset retirement obligations	2,405	1,322
Deferred tax liabilities	5,640	8,370
Other	10,984	11,044
Total	**280,820**	**332,650**
Total liabilities	**509,017**	**612,223**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,473	103,664
Retained earnings	127,377	168,661
Treasury stock	(354)	(274)
Total	**299,312**	**342,867**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,754	21,842
Deferred gains or losses on hedges	(1,303)	(276)
Foreign currency translation adjustment	(15,073)	(24,889)
Remeasurements of defined benefit plans	(578)	(1,159)
Total	**799**	**(4,483)**
Subscription rights to shares	**837**	**861**
Non-controlling interests	**13,462**	**12,583**
Total net assets	**314,412**	**351,829**
Total liabilities and net assets	**823,429**	**964,053**

(2) Consolidated Statements of Income

(Millions of yen)

	FY2015 (Apr. 2015-Mar. 2016)	FY2016 (Apr. 2016-Mar. 2017)
Net sales	**790,748**	**741,291**
Cost of sales	536,309	492,862
Gross profit	**254,439**	**248,429**
Selling, general and administrative expenses	187,309	191,917
Operating income	**67,130**	**56,512**
Non-operating revenues		
Interest income	654	648
Dividends income	1,656	1,862
Equity in earnings of affiliates	―	2,078
Gain on investments in partnership	324	1,099
Miscellaneous income	1,118	769
Total	3,753	6,458
Non-operating expenses		
Interest expenses	2,419	2,223
Equity in losses of affiliates	2,943	―
Foreign exchange losses	889	1,726
Contribution	851	704
Loss on valuation of derivatives	1,276	541
Miscellaneous loss	2,185	1,840
Total	10,567	7,036
Ordinary income	**60,316**	**55,933**
Extraordinary income		
Gain on sales of noncurrent assets	305	318
Gain on sales of investment securities	70	119
Reversal of provision for business structure improvement	―	788
Gain on revision of retirement benefit plan	―	193
Reversal of impairment losses	3,265	52
Insurance income	―	392
Other	879	358
Total	4,521	2,223
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,865	4,772
Loss on valuation of investment securities	567	27
Impairment loss	7,565	1,378
Business structure improvement expenses	5,506	16,314
Other	2,752	1,736
Total	19,257	24,229
Income before income taxes	**45,580**	**33,928**
Income taxes - current	13,069	12,026
Income taxes - deferred	3,289	(29,487)
Total	16,358	(17,460)
Profit	**29,222**	**51,388**
Profit (loss) attributable to non-controlling interests	(1,867)	1,255
Profit attributable to owners of parent	**31,090**	**50,133**

TEIJIN
Human Chemistry, Human Solutions

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2015 (Apr. 2015-Mar. 2016)	FY2016 (Apr. 2016-Mar. 2017)
Profit	**29,222**	**51,388**
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,483)	4,180
Deferred gains (losses) on hedges	1,266	1,026
Foreign currency translation adjustment	(6,056)	(7,701)
Remeasurements of defined benefit plans, net of tax	(2,074)	(305)
Share of other comprehensive income of associates accounted for using equity method	(74)	(2,305)
Total	**(13,422)**	**(5,105)**
Comprehensive income	**15,799**	**46,282**
Comprehensive income attributable to :		
Owners of the parent	17,855	44,850
Non-controlling interests	(2,055)	1,432

(3) Consolidated Statement of Changes in Net Assets

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

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

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

(3) Consolidated Statement of Changes in Net Assets

FY2016 (Apr. 2016 - Mar. 2017) (Millions of yen : amounts less than one million yen are omitted)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2016	70,816	101,473	127,377	(354)	299,312
Changes of items during the period					
Dividends from surplus			(8,849)		(8,849)
Profit attributable to owners of parent			50,133		50,133
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		12		103	115
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,178			2,178
Net changes of items other than shareholders' equity					
Total	—	2,190	41,284	79	43,554
Balance at March 31, 2017	70,816	103,664	168,661	(274)	342,867

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2016	17,754	(1,303)	(15,073)	(578)	799	837	13,462	314,412
Changes of items during the period								
Dividends from surplus								(8,849)
Profit attributable to owners of parent								50,133
Purchase of treasury stock								(23)
Disposal of treasury stock								115
Change in treasury shares of parent arising from transactions with non-controlling shareholders								2,178
Net changes of items other than shareholders' equity	4,087	1,027	(9,816)	(581)	(5,283)	24	(878)	(6,136)
Total	4,087	1,027	(9,816)	(581)	(5,283)	24	(878)	37,417
Balance at March 31, 2017	21,842	(276)	(24,889)	(1,159)	(4,483)	861	12,583	351,829

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2015 (Apr. 2015-Mar. 2016)	FY2016 (Apr. 2016-Mar. 2017)
Cash flows from operating activities		
Income (loss) before income taxes	45,580	33,928
Depreciation and amortization of others	38,893	39,331
Impairment loss	7,565	1,378
Reversal of impairment losses	(3,265)	(52)
Increase (decrease) in net defined benefit liability	603	3,236
Decrease (increase) in net defined benefit asset	(1,776)	(5,586)
Increase (decrease) in allowance for doubtful receivables	(753)	(224)
Increase (decrease) in provision for business structure improvement	974	10,462
Interest and dividend income	(2,310)	(2,510)
Interest expense	2,419	2,223
Equity in losses (earnings) of affiliates	2,943	(2,078)
Loss (gain) on valuation of derivatives	1,276	541
Loss (gain) on sales and retirement of noncurrent assets	2,559	4,454
Loss (gain) on sales of investment securities	9	(119)
Loss (gain) on valuation of investment securities	567	27
Decrease (increase) in notes and accounts receivable-trade	2,998	5,253
Decrease (increase) in inventories	(6,933)	989
Increase (decrease) in notes and accounts payable-trade	(550)	2,191
Increase (decrease) in accrued payments due to change in retirement benefit plan	(2,015)	—
Other, net	1,366	(4,009)
Subtotal	90,153	89,437
Interest and dividends income received	6,588	6,021
Interest expenses paid	(2,481)	(2,166)
Income taxes paid	(13,619)	(14,251)
Net cash and cash equivalents provided by operating activities	**80,640**	**79,040**
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,895)	(37,662)
Proceeds from sales of property, plant and equipment	668	2,414
Purchase of intangible assets	(2,801)	(2,940)
Purchase of investment securities	(2,406)	(2,641)
Proceeds from sales of investment securities	848	2,026
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(82,890)
Decrease (increase) in short-term loans receivable	(2,643)	(2,379)
Payments of long-term loans receivable	(59)	(21)
Collections of long-term loans receivable	188	90
Other, net	(2,223)	(3,644)
Net cash and cash equivalents used in investing activities	**(40,322)**	**(127,650)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,146	1,604
Redemption of bonds	(20,770)	—
Proceeds from long-term loans payable	36,707	98,761
Repayment of long-term loans payable	(21,820)	(27,309)
Cash dividends paid	(4,914)	(8,849)
Cash dividends paid to non-controlling interests	(284)	(372)
Proceeds from share issuance to non-controlling shareholders	—	1,817
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,584)
Other, net	(380)	(301)
Net cash and cash equivalents provided by financing activities	**(8,316)**	**63,765**
Effect of exchange rate changes on cash and cash equivalents	**(1,970)**	**822**
Net increase in cash and cash equivalents	30,030	15,978
Cash and cash equivalents at beginning of period	**70,561**	**100,955**
Increase in cash and cash equivalents resulting from change of scope of consolidation	363	615
Cash and cash equivalents at end of period	**100,955**	**117,549**

5. Segment Information, etc.

(1) Segment Information

1) Outline of segments

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

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

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

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

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

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

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

FY2015 results (Apr. 2015 - Mar. 2016)

(Millions of yen)

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

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

FY2016 results (Apr. 2016 - Mar. 2017)

(Millions of yen)

	Reportable operating segments						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal	Others[1]	Total
Sales							
1) External customers	136,760	134,422	147,536	259,583	678,303	62,988	741,291
2) Intersegment transactions or transfers	24,210	3,595	—	4,102	31,908	18,326	50,234
Net sales	160,970	138,017	147,536	263,686	710,211	81,314	791,526
Segment income	13,846	18,481	27,556	6,704	66,588	5,375	71,964
Segment asset	311,967	140,822	147,350	133,913	734,053	92,394	826,448
Other items							
Depreciation[2]	14,228	4,067	12,180	2,122	32,597	2,632	35,229
Amortization of goodwill	2,080	—	49	25	2,155	107	2,262
Investments in associates accounted for using equity method	6,894	17,196	2,029	1,522	27,643	10,899	38,543
Increase in tangible and intangible fixed assets[2]	21,642	3,588	11,677	2,425	39,334	4,274	43,608

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

4) Reconcilisation of published figures and aggregates of reportable operating segments

(Millions of yen)

Net sales	FY2015	FY2016
Reportable operating segments	749,124	710,211
Others segment	92,817	81,314
Elimination of intersegment transactions	(51,194)	(50,234)
Net sales	790,748	741,291

(Millions of yen)

Operating income	FY2015	FY2016
Reportable operating segments	74,928	66,588
Others segment	6,488	5,375
Elimination of intersegment transactions	(257)	187
Corporate expenses*	(14,029)	(15,639)
Operating income	67,130	56,512

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

(Millions of yen)

Assets	FY2015	FY2016
Reportable operating segments	598,597	734,053
Others segment	92,144	92,394
Corporate assets not allocated to segments*	175,854	191,642
Other	(43,167)	(54,037)
Total assets	823,429	964,053

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

(Millions of yen)

Other items	Total for reportable operating segments		Others		Adjustment		Consolidated total	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Depreciation	32,805	32,597	2,412	2,632	1,745	1,838	36,963	37,068
Amortization of goodwill	1,818	2,155	112	107	—	—	1,930	2,262
Investments in associates accounted for using equity method	28,746	27,643	10,582	10,899	—	—	39,329	38,543
Increase in tangible fixed assets and intangible fixed assets	31,802	39,334	4,909	4,274	1,628	2,615	38,341	46,223

(2) Related Information

1) FY2015 results (Apr. 2015 - Mar. 2016)

Information by product/service

See Segment Information (page 24)

Information by geographical segment

I. Sales (Millions of yen)

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

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

II. Tangible fixed assets (Millions of yen)

Japan	U.S.	Netherlands	PRC	Asia	Europe	Americas (ex-U.S.)	Total
124,029	3,289	31,662	18,369	20,602	5,303	9	203,267

Information by major customer

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

2) FY2016 results (Apr. 2016 - Mar. 2017)

Information by product/service

See Segment Information (page 24)

Information by geographical segment

I. Sales (Millions of yen)

Japan	PRC	Asia	Americas	Europe, others	Total
453,734	93,789	65,985	65,718	62,065	741,291

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

II. Tangible fixed assets (Millions of yen)

Japan	U.S.	Netherlands	PRC	Asia	Europe	Americas (ex-U.S.)	Total
130,906	32,816	26,888	17,019	23,913	4,623	5,119	241,289

Information by major customer

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

(3) Loss on Impairment by Reportable Segment

1) FY2015 results (Apr. 2015 - Mar. 2016)

(Millions of yen)

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

2) FY2016 results (Apr. 2016 - Mar. 2017)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Impairment loss	597	197	—	41	45	496	1,378

(4) Goodwill by Reportable Segment

1) FY2015 results (Apr. 2015 - Mar. 2016)

(Millions of yen)

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

2) FY2016 results (Apr. 2016 - Mar. 2017)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Amortization of goodwill in FY2016	2,080	—	49	25	107	—	2,262
Balance as of March 31, 2017	32,319	—	49	50	318	—	32,737

6. Supplementary Information

(1) Movement of consolidated results

Movement of results

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Actual)
Net sales	784.4	786.2	790.7	741.3
Operating income	18.1	39.1	67.1	56.5
Ordinary income	19.9	42.4	60.3	55.9
Profit (loss) attributable to owners of parent	8.4	(8.1)	31.1	50.1

Movement of industrial segment information

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Actual)
Net sales				
Advanced Fibers and Composites	123.6	135.5	133.0	136.8
Electronics Materials and Performance Polymer Products	179.4	184.8	163.7	134.4
Healthcare	138.4	141.7	147.5	147.5
Trading and Retail	254.2	259.4	270.9	259.6
Total	695.6	721.4	715.2	678.3
Others	88.8	64.8	75.6	63.0
Consolidated total	784.4	786.2	790.7	741.3
Operating income (loss)				
Advanced Fibers and Composites	5.7	14.4	18.5	13.8
Electronics Materials and Performance Polymer Products	(7.2)	3.4	22.3	18.5
Healthcare	24.5	24.8	28.8	27.6
Trading and Retail	5.2	4.2	5.3	6.7
Total	28.2	46.8	74.9	66.6
Others	1.7	4.0	6.5	5.4
Elimination and corporate	(11.9)	(11.7)	(14.3)	(15.5)
Consolidated total	18.1	39.1	67.1	56.5

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

(Billions of yen)

	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Actual)
Capital expenditure:			
CAPEX for tangible assets	25.3	33.6	41.9
Total	28.1	38.3	46.2
Depreciation & amortization*	43.0	38.9	39.3
Research & development	32.4	33.3	35.4

* Depreciation and amortization includes amortization of goodwill.

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

(Billions of yen)

	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Actual)
Interest-bearing debt	308.2	303.3	376.2
Balance of financial expenses:			
Dividend income	1.3	1.7	1.9
Total	(1.1)	(0.1)	0.3

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

	FY2014	FY2015	FY2016
Consolidated	15,780	15,756	19,292

(5) Foreign Exchange Rate

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

	FY2014	FY2015	FY2016
JPY/US$	120	113	112
US$/EURO	1.08	1.13	1.07

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

	FY2014	FY2015	FY2016
JPY/US$	110	120	108
US$/EURO	1.26	1.10	1.10

(6) Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2015	FY2016
Feburic®	Hyperuricemia and gout	21.3	26.5
Bonalon®	Osteoporosis	12.9	11.6
Mucosolvan®	Expectorant	6.7	5.8
Venilon®	Severe infectious diseases	4.4	4.7
Onealfa®	Osteoporosis	4.9	3.7
Laxoberon®	Laxative	2.5	2.0
Somatuline®	Acromegaly and pituitary gigantism	1.5	1.7
Tricor®	Hyperlipidemia	1.6	1.5
Alvesco®	Asthma	1.2	1.2
LOQOA®	osteoarthritis pain and inflammation	—	1.0

(7) Development status of new pharmaceuticals

(As of March 31, 2017)

Products	Indication	Stage
TMX-67TLS(*Feburic*®)	Tumor lysis syndrome	Approved in Japan in May 2016
TMX-67	Hyperuricemia and gout	Filed in PRC in November 2015
ITM-014N (*Somatuline*®)	Neuroendocrine tumor	Filed in July 2016
STM-279	Adenosine deaminase (ADA) deficiency	Ph III
GGS-ON (*Venilon*®)	Optic neuritis	Ph III
GGS-MPA(*Venilon*®)	Microscopic polyangitis	Ph III
GGS-CIDP(*Venilon*®)	Chronic inflammatory demyelinating polyneuropathy	Ph III
ITM-058	Osteoporosis	Ph III
VRS-317	Pediatric growth hormone deficiency (GHD)	Ph II /III (Phase 3)
TMG-123	TypeII Diabetes	Ph II
TMX-049	Hyperuricemia and gout	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (U.S.)
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	Ph I (UK)

* *Bonalon*® is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, USA.

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

* KTP-001 was discovered and is under development by Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic ResearchInstitute), a general incorporated foundation, based on an enzyme engineered by Professor Hirotaka Haro of the University of Yamanashi’s Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of theDepartment of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.