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To whom it may concern

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## **Notice Regarding the Recognition of Non-Operating Loss**

Teijin Limited announced today that it has recognized a non-operating loss for the year ended March 31, 2016, as follows..

### **1. Recognition of non-operating loss related to polyester fiber recycling business in the PRC**

#### **(1) Reasons for recognizing loss**

In December 2012, Teijin established Zhejiang Jiaren New Materials Co., Ltd. (Shaoxing, Zhejiang Province) through a joint venture agreement with Jinggong Holding Group, with the aim of establishing a closed-loop recycling system for polyester fiber in the People's Republic of China (PRC). The joint venture is pushing ahead with the development of a chemical recycling business using raw materials such as polyester fiber scraps and used polyester products. However, the operating environment surrounding this business is becoming increasingly severe amid significant volatility in prices for polyester fiber raw materials in connection with a sharp drop in crude oil prices and the decelerating PRC economy, and Teijin believes that the formation of a chemical recycling market in the PRC will take longer than initially anticipated. Therefore, in light of the fact that some more time will be needed for the joint venture's performance to improve, Teijin has decided to recognize a non-operating loss as follows.

#### **(2) Amount of loss recognized**

In line with this measure, Teijin has revised the valuation of its investment in the joint venture, along with providing an allowance for losses arising from loans and credit guarantees. Accordingly, Teijin has recognized equity in loss of affiliates of ¥5.7 billion in total for the year ended March 31, 2016.

#### **Reference : Outline of Zhejiang Jiaren New Materials Co., Ltd**

- Company Name : Zhejiang Jiaren New Materials Co., Ltd.
- Location : Shaoxing, Zhejiang Province, PRC
- Established : December 2012
- Representative : Lou bao liang
- Capital : 352 million yuan  
(Investment ratios: Jinggong Holding Group 51.0%, Teijin (China) Investment Co., Ltd. 49.0%)
- Business activities : Manufacture and sale of polyester fibers through chemical recycling
- Production capacity : 20,000 tons per year