

Consolidated Financial Statements Summary

(For the nine months ended December 31, 2016)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

February 6, 2017

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(Amounts less than one million yen are omitted)

1. Highlight of the third quarter of FY2016 (April 1, 2016 through December 31, 2016)

(1) Consolidated financial results

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended December 31, 2016	535,180	-9.5	43,614	-21.4	45,782	-19.4	34,065	-2.5
For the nine months ended December 31, 2015	591,293	2.2	55,488	125.9	56,808	96.1	34,922	—

cf. Comprehensive income for the nine months ended December 31, 2016 : 48,629 million yen (For the nine months ended December 31, 2015 : 31,330 million yen)

	E.P.S. *	Diluted E.P.S. *
	Yen	Yen
For the nine months ended December 31, 2016	173.23	157.06
For the nine months ended December 31, 2015	177.65	161.19

* E.P.S.: Earnings per share

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

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2016	905,816	354,298	37.6
As of March 31, 2016	823,429	314,412	36.4

cf. Shareholders' equity as of December 31, 2016 : 340,481 million yen (As of March 31, 2016 : 300,112 million yen)

2. Dividends

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

Note: Revision of outlook for dividends in the third quarter: No

*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, the amount of the year-end dividend per share for FY2016 (Outlook) reflects the impact of the consolidation of shares and disclosure of the annual dividend per share is omitted. Excluding the impact of the consolidation of shares, the year-end dividend per share for FY2016 (Outlook) would be 5 yen and the annual dividend per share would be 10 yen. For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

3. Forecast for operating results in the year ending March 31, 2017 (FY2016)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		E.P.S. *
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2016	740,000	-6.4	56,000	-16.6	55,000	-8.8	37,000	19.0	188.14

Note: Revision of outlook for FY2016 consolidated operating results in in the third quarter: Yes

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

Appropriate Use of Forecasts and Other Information and Other Matters

(1) Cautionary statement on forward-looking statements

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Qualitative Information on Outlook for Operating Results", beginning on page 7.

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

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

1. Dividend outlook for the year ending March 31, 2017
Dividends per share: Interim 5 yen (Note 1), Year-end 5 yen (Note 2)
2. Forecast for operating results in the year ending March 31, 2017 (FY 2016)
E.P.S.: (Year-end) 37.63 yen

Notes:

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

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

Global economic conditions in the nine months ended December 31, 2016 tracked a gradual recovery path, partly reflecting signs of an upturn, along with positive expectations for the policies of the new U.S. administration and the weaker yen reflecting those expectations. However, they still faced an increasingly uncertain geopolitical and economic outlook. Meanwhile, the Japanese economy was not so strong, as could be seen by slowing growth in personal consumption and other factors.

In this environment, for the nine months ended December 31, 2016, consolidated net sales declined 9.5% to ¥535.2 billion. This decline was due in part to the impact of optimizing our production configuration associated with restructuring initiatives in the resin business, in addition to the stronger yen, although sales were generally steady across all businesses on the whole. Operating income decreased 21.4% to ¥43.6 billion, due in part to the impacts of foreign exchange movements and new drug licensing costs, despite efforts to steadily expand the earnings base by driving growth in existing businesses and executing restructuring initiatives. Ordinary income decreased 19.4% to ¥45.8 billion. Meanwhile, profit attributable to owners of parent was held to a decrease of 2.5% to ¥34.1 billion, due in part to a decline in tax expense, reflecting the impact of changes in tax effect accounting, as well as declines in impairment loss and business structure improvement expenses. Earnings per share declined ¥4.42 to ¥173.23.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥85.9 billion, while operating income was ¥10.6 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 and for use in personal hygiene products, wadding, and reverse osmosis membrane support layers for water treatment applications. Moreover, we are striving to further strengthen our competitiveness by realigning our domestic production configuration and transferring production of certain items to subsidiaries in Thailand.

Carbon Fibers and Composites

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, reflecting firm orders from aircraft manufacturers. 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. Moreover, we will accurately grasp automakers' requirements for environmental impact reduction in response to tighter environmental regulations around the world, along with their requirements for cost reductions. Mindful of this, we will produce lightweight body components, reduce the number of parts, and improve recyclability, thereby offering added value that is greater than that of existing components.

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

Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥102.0 billion and operating income of ¥15.0 billion.

Resin and Plastics Processing

Steady performance by polycarbonate resins, with a focus on the development and sales of high-performance products.

Market conditions remained relatively stable for our mainstay *Panlite* and *Multilon* polycarbonate resin products. These products maintained steady profitability, owing to an improved sales mix and the positive effects of restructuring initiatives, including high capacity utilization maintained at both production sites in the PRC and Japan, despite a reduction in profits due to the impact of foreign currency conversion reflecting the stronger yen.

As an initiative to further expand high-performance applications, we are working to apply polycarbonate resin molded products incorporating an advanced coating method to automotive windows. Also, we are actively expanding a copolymer polycarbonate featuring a high surface hardness to applications such as automotive interior panels, for which demand is expected to increase as panels become larger. In addition, we are actively proposing weight reduction and metal replacement solutions using proprietary composite materials that combine polycarbonate resins with the Teijin Group's high-performance fibers (carbon fibers, aramid fibers).

In high-performance resins, we are working to upgrade and expand our lineup of specialty polycarbonate resins for camera lenses in order to offer optimal products for smartphones as well as vehicle and surveillance camera applications.

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

Films

Strengthened competitiveness by integrating our domestic polyester film production facilities and converting joint ventures 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 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, and for use in flexible printed circuits.

Profits improved from the same period of the previous fiscal year, owing to increases in the ratio of high-margin products along with that of polyester and polycarbonate films, as well as contributions from the integration of domestic polyester film production facilities and lower raw material and fuel costs. Moreover, we decided to acquire the interests owned by its 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 at the joint venture in Japan have recommenced under the new company name Teijin Film Solutions Limited. In Indonesia, business operations have recommenced at the joint venture under the new company name of PT. Indonesia Teijin Film Solutions from January 2017. 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, we continue to face a fierce competitive environment in terms of sales volume and price due to sluggish market conditions and intensified competition in the PRC. In the Americas and Europe, demand has been relatively firm centered on packaging applications.

Healthcare

Sales in the Healthcare segment came to ¥111.9 billion, while operating income was ¥21.4 billion.

Pharmaceuticals

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

The pharmaceuticals market as a whole continues to face a challenging business environment. In this climate, in our domestic pharmaceuticals business, sales of hyperuricemia and gout treatment *FEBURIC* (febuxostat) and *Somatuline*^{®*}, a treatment for acromegaly, continued to expand steadily. Also, in May 2016, *FEBURIC* was approved for the additional indication of hyperuricemia caused by cancer chemotherapy, providing new added value. In addition to an oral jelly and an intravenous drip of the osteoporosis treatment *Bonalon*[†], we are leveraging new formulations such as *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of the sustained-release expectorant *Mucosolvan*, in order to provide patients with a wider range of choices. 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, following the removal of dosage period restrictions from December 1, 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 acromegaly. In parallel, we began the clinical development of TMX-049DN (UK, Phase 1) 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 United States for the development and marketing of *Somavaratan* (VRS-317), a novel, long-acting form of recombinant growth hormone (rhGH) developed by Versartis, Inc. with its first planned indication being dwarfism caused by pediatric growth hormone deficiency (PGHD). 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.

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

Home Healthcare

Rental volumes either remained high or increased for all offerings.

In the home healthcare business, we currently provide services to more than 450,000 individuals in Japan and overseas. 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

* *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.

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. Going forward, we will seek to further boost rental volume, by proactively 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, as part of our transformation and growth strategies, in September 2015 we commenced sales of *VitalLink*, a patient information sharing system. We have expanded sales of *VitalLink* by entering into agreements with medical associations with a focus on primary care physicians. Moreover, in regard to a repetitive transcranial magnetic stimulation device developed through an industry-academia partnership with Osaka University and other partners, investigator-initiated clinical trials of intractable chronic pain using this device are under way at several facilities. We also continued to expand our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device providing walking assistance in the case of gait impairment resulting from stroke or other causes launched in fiscal 2013, which initially focused on the Tokyo metropolitan area, to medical institutions elsewhere in the country. Additionally, we launched *ReoGo-J*, a portable robotic arm that supports the rehabilitation of paralyzed upper limbs due to stroke. Going forward, we will continue to upgrade and enhance our lineup of these types of rehabilitation devices.

Overseas, we currently conduct the home healthcare business in the United States, Spain and the ROK. In the period under review, operating conditions in the United States remained harsh, a consequence of healthcare system reform and sizeable ensuing declines in medical treatment fees, as well as other factors. We responded by taking steps to restore profitability, including integrating business sites.

Trading and Retail

The Trading and Retail segment yielded sales of ¥190.9 billion and operating income of ¥4.6 billion.

Apparel Textiles and Materials

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 polyester yarn, although sales volume for use in automobiles declined due to the negative impact of production adjustments in Japan by automakers, we posted expanded sales of differentiated, high performance yarn for interior goods to major retailers, 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 uniform orders.

In functional textiles and apparel, the business environment remained under pressure due to a downturn in spending on apparel, adjustments of orders placed by customers in Japan, 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 November 2016, we proposed and articulated our differentiated businesses to the markets through a comprehensive exhibition of textiles and apparel staged by Teijin Frontier Co., Ltd., in tandem with capturing new customer needs.

Industrial Textiles and Materials

Favorable performance by automotive materials and civil engineering materials.

In sales of automotive materials, sales of conveyor belts, yarn and fabric for air bags, reinforcement materials for tires, and synthetic leather materials for automotive interiors were generally favorable.

In other industrial textiles and related materials, civil engineering materials including concrete flaking prevention sheets (*Technora SAMM Sheet*) and provisional tents (*AEROSHELTER*) posted favorable sales owing to demand based on national land development plans and demand related to disaster recovery. However, exports of short cut polyester fiber and aramid fibers faced an uphill struggle.

In living related materials, the profitability of curtain fabrics improved mainly as a result of reviewing the profitability of each product amid continuing weakness in market conditions. Exports of wiping cloth were firm, and sales of personal hygiene products were robust, and sales of healthcare products grew steadily.

In resin and films, despite sluggish demand for resin and polyester films, we saw signs of an upturn in shipments to certain customers in step with a recovery trend in the markets for semiconductors and related products.

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 are also steadily advancing initiatives to commercialize products using wearable electrode textiles.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥44.5 billion and operating income of ¥3.4 billion.

The IT business posted a steady performance as sales of *Meccha Comics*, an e-book distribution service in the net services category, grew steadily. In the IT services category, specifically in the healthcare business, we 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, including developing a comprehensive community healthcare system and studying the feasibility of a dementia care solution using the Internet of Things (IoT)*.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators grew steadily.

In the new healthcare field, sales of artificial joints manufactured by Teijin Nakashima Medical Co., Ltd. trended firmly. We continue to pursue development activities in fields such as implantable medical products and regenerative medicine products.

We are pushing ahead with the development of *BARLEYmax*, an enhanced barley product, as a new initiative in the field of functional food materials. We are conducting clinical trials, sales on a trial basis and marketing activities for

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

BARLEYmax. In December 2016, we won the “Food Category Award” in the Yahoo! Japan Search Awards. Furthermore, in January 2017, a food manufacturer decided to adopt *BARLEYmax* for the first time. Going forward, we will continue to accelerate business expansion activities for this proprietary product.

Qualitative Information on Financial Position

Analysis of Assets, Liabilities and Net Assets

Total assets as of December 31, 2016 amounted to ¥905.8 billion, up ¥82.4 billion from the end of fiscal 2015. The increase in total assets was primarily the result of an increase in cash and deposits due to the preparation of funds for the acquisition of Continental Structural Plastics Holdings Corporation (CSP). There was also an increase in the mark-to-market valuations of investment securities due to rising share prices of listed stocks.

Total liabilities amounted to ¥551.5 billion, up ¥42.5 billion from the end of fiscal 2015. Interest-bearing debt accounted for ¥343.7 billion of the total, up ¥40.4 billion, mainly due to an increase in fund procurement in line with the preparation of funds for the acquisition.

Total net assets increased ¥39.9 billion, to ¥354.3 billion. Total shareholders' equity and total accumulated other comprehensive income together represented ¥340.5 billion of the total, an increase of ¥40.4 billion. This was mainly due to profit attributable to owners of parent of ¥34.1 billion, along with an increase in deferred gains on hedges stemming from foreign currency forward transactions for funds prepared for the acquisition, despite the payment of dividends and other factors.

Qualitative Information on Outlook for Operating Results

Outlook for Fiscal 2016

Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Fiscal 2016 (Forecast)	¥740.0	¥56.0	¥55.0	¥37.0
Fiscal 2015	790.7	67.1	60.3	31.1
Change	(50.7)	(11.1)	(5.3)	+5.9
Percentage change	-6.4%	-16.6%	-8.8%	+19.0%

The global economy is expected to remain on a gradual recovery path as a whole, despite mixed speculation about the impact of the shift in policy of the new U.S. administration on geopolitical and economic conditions. In this environment, we will remain focused on completing the restructuring initiatives laid out in the revised medium-term

management plan announced in November 2014, whose final year is fiscal 2016. Meanwhile, 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 newly announced medium-term management plan. Concurrently, we will work to strengthen our management system platform underpinning these strategies.

Looking at our consolidated full-term operating results forecasts for fiscal 2016, in light of recent trends in foreign exchange movements and other factors, we have revised our forecast of consolidated net sales to ¥740.0 billion, compared with our previous forecast of ¥730.0 billion, operating income of ¥56.0 billion, compared with our previous forecast of ¥53.0 billion, ordinary income of ¥55.0 billion, compared with our previous forecast of ¥53.0 billion, and profit attributable to owners of parent of ¥37.0 billion, compared with ¥35.0 billion previously. These forecasts assume exchange rates of ¥108 to US\$1.00 and ¥120 to €1.00 and an average Dubai crude oil price of US\$47 per barrel.

Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	1Q-3Q	Full term (Forecast)	1Q-3Q	Full term (Forecast)
Advanced Fibers and Composites	¥ 85.9	¥ 135.0	¥ 10.6	¥ 14.5
Electronics Materials and Performance Polymer Products	102.0	135.0	15.0	17.5
Healthcare	111.9	145.0	21.4	27.5
Trading and Retail	190.9	260.0	4.6	6.0
Total	490.7	675.0	51.6	65.5
Others	44.5	65.0	3.4	5.5
Elimination and corporate	—	—	(11.4)	(15.0)
Consolidated total	¥ 535.2	¥ 740.0	¥ 43.6	¥ 56.0

2. Other Information

Changes in significant subsidiaries during the period under review:

None

Adoption of special quarterly accounting methods:

Certain of the consolidated subsidiaries of Teijin Limited (“the Company”) have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the nine months ended December 31, 2016, following the application of tax effect accounting to income before income taxes, and multiplying this by quarterly income before income taxes to estimate quarterly tax expense.

Changes in accounting principles, procedures and presentation methods:

None

Additional Information:

Adoption of Revised Implementation Guidance on Recoverability of Deferred Tax Assets

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

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3. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
< Assets >		
Current assets		
Cash and deposits	72,122	169,467
Notes and accounts receivable-trade	164,536	160,912
Securities	29,000	—
Merchandise and finished goods	85,965	89,079
Work in process	7,738	10,476
Raw materials and supplies	26,738	27,499
Other	45,419	54,839
Allowance for doubtful accounts	(1,015)	(2,701)
Total	430,504	509,573
Fixed assets		
Tangible assets		
Buildings and structures, net	58,631	57,377
Machinery and equipment, net	70,751	69,456
Other, net	73,883	76,699
Total	203,267	203,532
Intangible assets		
Goodwill	7,296	6,103
Other	9,356	9,378
Total	16,653	15,481
Investments and other assets		
Investment securities	109,053	114,866
Other	66,117	64,916
Allowance for doubtful accounts	(2,166)	(2,553)
Total	173,004	177,228
Total fixed assets	392,924	396,243
Total assets	823,429	905,816

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	71,394	80,520
Short-term loans payable	55,527	110,464
Current portion of long-term loans payable	27,493	49,849
Income taxes payable	6,238	3,765
Other	67,542	62,672
Total	228,196	307,272
Noncurrent liabilities		
Bonds payable	55,148	55,119
Long-term loans payable	163,645	126,920
Provision for business structure improvement	12,555	11,184
Net defined benefit liability	30,440	33,834
Asset retirement obligations	2,405	2,535
Other	16,624	14,650
Total	280,820	244,245
Total liabilities	509,017	551,518
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,473	102,805
Retained earnings	127,377	152,595
Treasury stock	(354)	(336)
Total	299,312	325,880
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,754	23,578
Deferred gains or losses on hedges	(1,303)	12,692
Foreign currency translation adjustment	(15,073)	(20,512)
Remeasurements of defined benefit plans	(578)	(1,158)
Total	799	14,600
Subscription rights to shares	837	817
Non-controlling interests	13,462	12,999
Total net assets	314,412	354,298
Total liabilities and net assets	823,429	905,816

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

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Net sales	591,293	535,180
Cost of sales	399,294	350,857
Gross profit	191,999	184,322
Selling, general and administrative expenses	136,511	140,707
Operating income	55,488	43,614
Nonoperating revenues		
Interest income	480	468
Dividends income	1,546	1,756
Equity in earnings of affiliates	2,553	2,352
Gain on valuation of derivatives	27	564
Miscellaneous income	1,150	479
Total	5,758	5,621
Nonoperating expenses		
Interest expenses	1,878	1,628
Foreign exchange losses	426	252
Miscellaneous loss	2,134	1,572
Total	4,438	3,453
Ordinary income	56,808	45,782
Extraordinary income		
Gain on sales of noncurrent assets	134	229
Gain on sales of investment securities	70	11
Reversal of impairment losses	1,782	51
Gain on revision of retirement benefit plan	—	193
Other	137	173
Total	2,125	659
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,526	1,565
Impairment loss	5,619	735
Business structure improvement expenses	4,193	2,020
Other	1,388	719
Total	12,728	5,041
Income before income taxes	46,204	41,400
Income taxes	13,244	6,668
Profit	32,959	34,732
Profit (loss) attributable to non-controlling interests	(1,962)	666
Profit attributable to owners of parent	34,922	34,065

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Profit	32,959	34,732
Other comprehensive income		
Valuation difference on available-for-sale securities	96	5,832
Deferred gains (losses) on hedges	1,001	13,993
Foreign currency translation adjustment	(2,074)	(3,262)
Remeasurements of defined benefit plans, net of tax	(430)	(496)
Share of other comprehensive income of associates accounted for using the equity method	(221)	(2,170)
Total	(1,628)	13,896
Comprehensive income (loss)	31,330	48,629
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	33,428	47,866
Comprehensive income (loss) attributable to minority interests	(2,097)	762

(4) Notes Pertaining to Going Concern Assumption

No

(5) Notes on Significant Changes in Shareholders' Equity

No

(6) Segment Information, etc.

I. For the nine months ended December 31, 2015

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	97,634	129,365	112,482	200,260	539,742	51,550	591,293
2) Intersegment transactions or transfers	20,194	2,880	—	2,911	25,985	12,525	38,511
Net sales	117,828	132,246	112,482	203,171	565,728	64,076	629,804
Segment income (loss)	13,924	18,913	25,436	4,030	62,304	3,274	65,578

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

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

(Adjustment)

(Millions of yen)

Operating income	Amount
Total reportable operating segments	62,304
Others segment	3,274
Elimination of intersegment transactions	(416)
Corporate expenses*	(9,674)
Operating income	55,488

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

3. Loss on impairment and goodwill by reportable segments

Material loss on impairment of fixed assets

In the nine months ended December 31, 2015, the Electronics Materials and Performance Polymer Products segment reported losses on impairment of 5,069 Million yen.

Material change in the amount of goodwill

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

Material gain from negative goodwill

No

II. For the nine months ended December 31, 2016

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	85,914	101,957	111,857	190,943	490,673	44,506	535,180
2) Intersegment transactions or transfers	17,646	2,590	—	3,228	23,465	13,241	36,706
Net sales	103,560	104,548	111,857	194,171	514,138	57,748	571,886
Segment income	10,626	14,989	21,410	4,583	51,609	3,445	55,054

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

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

(Adjustment)

(Millions of yen)

Operating income	Amount
Total reportable operating segments	51,609
Others segment	3,445
Elimination of intersegment transactions	(65)
Corporate expenses*	(11,374)
Operating income	43,614

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

3. Loss on impairment and goodwill by reportable segments

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

(Significant Subsequent Events)

(Acquisition of Company through the Purchase of Shares)

The Company resolved to acquire Continental Structural Plastics Holdings Corporation (“CSP”), a leading automotive composite supplier in North America, at its Board of Directors’ meeting held on August 1, 2016, through the purchase of all the shares of CSP by Teijin Holdings USA, Inc., a consolidated subsidiary of the Company. CSP will become a consolidated subsidiary of the Company. The Company agreed to acquire the shares of CSP on September 13, 2016. The acquisition of the shares was completed on January 3, 2017 (U.S. time).

1. Main Purpose of the Share Purchase

The Company will benefit from CSP’s established sales channels in the North American automotive market, which will enable the combined business to provide a broader range of solutions that meet automakers’ demands for weight reduction and durability, utilizing the company’s thermoplastic composite technologies. The Company is now focused on establishing a platform for business development in automotive composite products, aiming to provide a wider range of solutions for automakers.

2. Name of Share Purchase Counterparty

RLSI-CSP Capital Partners, LLC

3. Name, Description of Business of the Company to Be Acquired

Company Name : Continental Structural Plastics Holdings Corporation
Headquarters : Auburn Hills, Michigan, U.S.A.
Representative : Frank Macher, Chairman and CEO
Business : Design, molding and processing of automotive composite materials and components

4. Date of Share Purchase January 3, 2017 (U.S. time)

5. Acquisition Price USD 825 million

6. Financing Methods for Funds Paid

Cash on hand and external borrowings were allocated to execute the acquisition.

Supplementary Information

1. Movement of consolidated results

(1) Movement of results

(Billions of yen)

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q	FY2016 3Q
Net sales	192.6	199.5	199.2	199.5	174.2	178.8	182.1
Operating income	16.4	18.9	20.1	11.6	15.7	11.3	16.6
Ordinary income	18.0	17.9	21.0	3.5	14.4	12.3	19.1
Profit (loss) attributable to owners of parent	11.2	13.3	10.5	(3.8)	11.4	9.9	12.7

(2) Movement of industrial segment information

(Billions of yen)

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q	FY2016 3Q
Net sales							
Advanced Fibers and Composites	32.1	33.3	32.2	35.4	29.8	27.5	28.6
Electronics Materials and Performance Polymer Products	44.8	42.6	42.0	34.3	33.6	33.3	35.1
Healthcare	38.0	36.8	37.7	35.0	37.4	36.1	38.3
Trading and Retail	61.4	68.7	70.1	70.7	59.2	66.2	65.5
Total	176.3	181.4	182.1	175.4	160.1	163.2	167.4
Others	16.3	18.1	17.2	24.0	14.1	15.7	14.7
Consolidated total	192.6	199.5	199.2	199.5	174.2	178.8	182.1
Operating income (loss)							
Advanced Fibers and Composites	3.6	5.7	4.6	4.6	3.6	4.1	2.9
Electronics Materials and Performance Polymer Products	6.2	5.7	7.0	3.4	5.6	3.8	5.6
Healthcare	8.9	7.9	8.7	3.4	8.6	3.8	9.0
Trading and Retail	1.0	1.2	1.8	1.3	1.4	1.5	1.7
Total	19.7	20.4	22.2	12.6	19.2	13.2	19.2
Others	0.5	1.4	1.4	3.2	0.3	1.9	1.3
Elimination & corporate	(3.9)	(2.8)	(3.4)	(4.2)	(3.8)	(3.8)	(3.9)
Consolidated total	16.4	18.9	20.1	11.6	15.7	11.3	16.6

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

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016 1Q-3Q	FY2016
	(Actual)	(Actual)	(Actual)	(Actual)	(Outlook)
Capital expenditure:					
CAPEX for tangible assets	27.7	25.3	33.6	25.9	47.3
Total	30.2	28.1	38.3	28.6	50.0
Depreciation & amortization*	45.7	43.0	38.9	28.0	40.0
Research & development	32.2	32.4	33.3	27.0	36.0

* Depreciation and amortization includes amortization of goodwill.

3. Foreign Exchange Rate

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

	FY2014 (Actual)	FY2015 (Actual)	FY2016 3Q (Actual)	FY2016 (Outlook)
JPY/USD	120	113	116	114
USD/EUR	1.08	1.13	1.05	1.11

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

	FY2014 (Actual)	FY2015 (Actual)	FY2016 3Q (Actual)	FY2016 (Outlook)
JPY/USD	110	120	107	108
USD/EUR	1.26	1.10	1.11	1.11

4. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2014 (Actual)	FY2015 (Actual)	FY2016 1Q-3Q (Actual)
<i>Feburic</i> [®]	Hyperuricemia and gout	15.5	21.3	20.2
<i>Bonalon</i> [®]	Osteoporosis	12.9	12.9	9.0
<i>Mucosolvan</i> [®]	Expectorant	6.5	6.8	4.4
<i>Venilon</i> [®]	Severe infectious diseases	9.8	4.4	3.6
<i>Onealfa</i> [®]	Osteoporosis	5.4	4.8	2.9
<i>Laxoberon</i> [®]	Laxative	2.9	2.5	1.6
<i>Somatuline</i> [®]	Acromegaly and pituitary gigantism	1.1	1.5	1.3
<i>Tricor</i> [®]	Hyperlipidemia	1.7	1.6	1.2
<i>Alvesco</i> [®]	Asthma	1.2	1.2	0.9

5. Development status of new pharmaceuticals

(As of December 31, 2016)

Products	Indication	Stage
TMX-67TLS(<i>Feburic</i> [®])	Tumor lysis syndrome	Approved in Japan in May 2016
TMX-67	Hyperuricemia and gout	Filed in PRC in November 2015
ITM-014N (<i>Somatuline</i> [®])	Neuroendocrine tumor	Filed in July 2016
STM-279	Adenosine deaminase (ADA) deficiency	Ph III
GGs-ON (<i>Venilon</i> [®])	Optic neuritis	Ph III
GGs-MPA(<i>Venilon</i> [®])	Microscopic polyangiitis	Ph III
GGs-CIDP(<i>Venilon</i> [®])	Chronic inflammatory demyelinating polyneuropathy	Ph III
VRS-317	Pediatric growth hormone deficiency (GHD)	Ph II /III (Phase 3)
ITM-058	Osteoporosis	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (U.S.)
TMG-123	Type II Diabetes	Ph I
TMX-049	Hyperuricemia and gout	Ph I
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 Research Institute), a general incorporated foundation, based on an enzyme engineered by Professor Hirofumi Haro of the University of Yamanashi's Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of the Department of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.