

May 26, 2014



Notice of Convocation

The 148th Ordinary General Meeting of Shareholders

Teijin Limited

Disclaimer: *Please note that the following is a translation of the original Japanese documents prepared for the convenience of our non-Japanese shareholders with voting rights. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence in the case of any discrepancies between this translation and the original. Certain information regarding voting procedures that is not applicable for shareholders resident outside Japan has been omitted or modified as applicable. In addition, these materials will not facilitate your status as a registered shareholder authorized to attend the Ordinary General Meeting of Shareholders. Every shareholder attending the Ordinary General Meeting of Shareholders is required to present the Voting Card, which is sent to the registered shareholder together with the original Notice of Convocation in Japanese, to the receptionist at the meeting.*

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(Securities code: 3401)
May 26, 2014

Dear Shareholder,

**Notice of Convocation of
the 148th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 148th Ordinary General Meeting of Shareholders of Teijin Limited (“the Company”) to be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposals for voting using the following method. Please refer to the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 5 p.m., Thursday, June 19, 2014.(Japan Time)

[In case of voting by Mail]

Please indicate your approval or disapproval of the proposals on the enclosed Document for the Exercise of Voting Rights, and mail the document so that it arrives by the above deadline.

[In case of voting by Internet etc.]

Please access to the web-site to exercising voting rights (<http://www.evotep.jp/>) through personal Computer, Smartphone or cellular phone with the log-in ID and temporary password indicated in the **enclosed Document for the Exercise of Voting Rights**, and input your approval or disapproval of the proposals according to the instructions on the window. In case of personal computer or smartphone, you may access to the **web-site to exercise voting rights** from the Company’s web-site.

Sincerely,

Jun Suzuki
President and Representative Director
Teijin Limited
6-7, Minami-Hommachi 1-chome,
Chuo-ku, Osaka 541-8587,
Japan

Details

1. Date and Time of the Meeting:

Friday, June 20, 2014, at 10 a.m.(Japan Time)
(The door opens at 9 a.m.)

2. Place:

The Westin Osaka, 2nd Floor, Rose Room, 1-20, Oyodonaka 1-chome, Kita-ku, Osaka , Japan

3. Purposes

Reports:

The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and the Report by the Accounting Auditor and the Board of Corporate Auditors of the results of audit on the Consolidated Financial Statements, for the 148th Fiscal Year (April 1, 2013 to March 31, 2014)

Proposal for voting:

Proposal: Election of Ten (10) Directors

4. Decision on Convocation

- (1) If you do not indicate either approval or disapproval on the Document for the Exercise of Voting Rights, we shall treat such “no answer” as your “approval” on the proposal.
- (2) In the event of an overlap in the exercise of voting rights via the Document for the Exercise of Voting Rights and the Internet voting system, the exercise of voting rights via the Internet voting system shall prevail.
- (3) If you vote more than once using the same method, your last vote shall prevail.

5. Attachments to Notice of Convocation and Reference Documents for the General Meeting of Shareholders

If any revision should be required to the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, such revision will be posted on the Company’s website. (<http://www.teijin.com/>)

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- **If you attend the General Meeting of Shareholders, please submit the attached Document for the Exercise of Voting Rights to the reception of the meeting.**
 - **If you attend the General Meeting of Shareholders by proxy, you may exercise your voting rights by authorizing one(1) other shareholder with voting rights to act as its proxy as stipulated in the Company’s Article of Incorporation.**

Reference Documents for the General Meeting of Shareholders

Proposal and Reference

Proposal: Election of Ten (10) Directors

The terms of office of ten (10) Directors— Shigeo Ohyagi, Norio Kamei, Osamu Nishikawa, Takashi Takahashi, Yoshio Fukuda, Jun Suzuki, Hajime Sawabe, Yutaka Imura, Nobuo Seki and Kenichiro Senoh—will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following ten (10) Directors (of whom eight (8) are up for reelection).

The candidates for Director are as follows.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
1	<p style="text-align: center;">Shigeo Ohyagi (May 17, 1947)</p> <p><Participation in Board of directors meetings> 12 times out of 12 (100%)</p>	<p>Mar. 1971 : Joined Teijin Limited</p> <p>Jun. 1999 : Corporate Officer; Manager of Tokyo Branch, Medical & Pharmaceutical Business Division</p> <p>Jun. 2001 : Executive Officer; Deputy General Manager, Pharmaceuticals Marketing Division</p> <p>Apr. 2002 : General Manager, Medical & Pharmaceutical Business Division</p> <p>Jun. 2002 : Senior Executive Officer</p> <p>Apr. 2003 : General Manager, Medical & Pharmaceutical Business Group</p> <p>Oct. 2003 : President & Representative Director, Teijin Pharma Limited</p> <p>Apr. 2005 : CIO (Chief Information Officer), Teijin Limited</p> <p>Jun. 2005 : Managing Director</p> <p>Jun. 2006 : Senior Managing Director</p> <p>Apr. 2007 : CSO (Chief Strategy Officer)</p> <p>Jun. 2008 : President ,Representative Director , CEO (Chief Executive officer)</p> <p>Jun. 2010 : President , Teijin Limited</p> <p>Apr.2014 : Chairman of the Board (Incumbent),</p> <p><Significant Concurrent Positions> Chairman, Japan Bio Plastics Association Permanent Officer, Keidanren(Japan Business Federation)</p>	212,000 shares

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
2	<p style="text-align: center;">Jun Suzuki (February 19, 1958)</p> <p><Participation in Board of directors meetings> 9 times out of 9 (100%)</p>	<p>Apr.1983</p> <p>Apr.2011</p> <p>Apr.2012</p> <p>Apr.2013</p> <p>June.2013</p> <p>Apr.2014</p>	<p>Joined Teijin Limited</p> <p>President, Teijin Holdings Netherlands B.V.</p> <p>Corporate Officer, Teijin Limited</p> <p>Chief Marketing Officer</p> <p>Director, BRICs business</p> <p>Executive Officer, Teijin Limited</p> <p>General Manager, Advanced Fibers & Composites Business Group</p> <p>General Manager ,Carbon Fibers and Composites Business Unit</p> <p>President & Representative Director, Toho Tenax Co., Ltd.</p> <p>Director</p> <p>President , (Incumbent)</p> <p>Representative Director , (Incumbent)</p> <p>CEO (Chief Executive officer) (Incumbent)</p>	<p style="text-align: center;">50,000 Shares</p>
3	<p style="text-align: center;">Osamu Nishikawa (April 14, 1950)</p> <p><Participation in Board of directors meetings> 12 times out of 12 (100%)</p>	<p>Apr. 1975</p> <p>Jun. 2004</p> <p>Jun. 2006</p> <p>Jun. 2007</p> <p>Apr. 2008</p> <p>Jun. 2008</p> <p>Apr. 2010</p> <p>Apr. 2011</p> <p>Jun.2011</p> <p>July 2011</p> <p>Apr.2012</p> <p>June 2012</p>	<p>Joined Teijin Limited</p> <p>Corporate Officer, Teijin Limited</p> <p>Director, Teijin Pharma Limited</p> <p>Executive Officer, Teijin Limited</p> <p>Senior Managing Director & Representative Director, Teijin Pharma Limited</p> <p>General Manager, Medical & Pharmaceutical Business Group, Teijin Limited</p> <p>President & Representative Director, Teijin Pharma Limited</p> <p>Senior Executive Officer, Teijin Limited (Incumbent)</p> <p>CIO (Chief Information Officer), Teijin Limited</p> <p>CSRO (Chief Social Responsibility Officer), Teijin Limited</p> <p>Supervisor of Legal Office and Corporate Audit Office</p> <p>Director</p> <p>Director, Effective Utilization of Factories Project (Incumbent)</p> <p>Chief Social Responsibility Officer(Incumbent)</p> <p>Supervisor of Corporate Audit Office(currently Corporate Audit Department) (Incumbent)</p> <p>Representative Director (Incumbent)</p>	<p style="text-align: center;">46,000 Shares</p>

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
4	Yoshio Fukuda (March 1, 1953) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr. 1976 Jun. 2006 May. 2007 Apr. 2010 Jun. 2010 Jun.2011 Apr.2012 Apr.2013 Apr.2014	Joined Teijin Limited Corporate Officer, Teijin Limited Director & General Manager, Raw Materials & Polymers Business Division, Teijin Fibers Limited President & Director, P.T.Teijin Indonesia Fiber Corporation Tbk General Manager , Corporate Strategy Division, Teijin Limited Director, Teijin Limited (Incumbent) Executive Officer Chairman, Teijin DuPont Films(Incumbent) General Manager, Electric Materials & Performance Polymer Products Business Group (Incumbent) General Manager, Resin & Plastic Processing Business Unit President & Representative Director, Teijin Chemicals Ltd. Vice-President & Representative Director, Win Tech Polymer Senior Executive Officer (Incumbent) General Manager, Films Business Unit (Incumbent)	62,000 Shares
*5	Yo Goto (January 23,1953)	Apr.1977 Apr.2009 Jun.2009 Apr.2012 Apr.2013 Apr.2014	Joined Teijin Limited CENO(Chief Engineering Officer) Deputy CSRO (Chief Social Responsibility Officer), (for Accident/Disaster/Fire Prevention) President & Representative Director, Teijin Entech Co., Ltd. Corporate Officer, Teijin Limited Chief Engineering Officer Executive Corporate Officer, Teijin Limited (Incumbent) General Manager, Technology Center(Incumbent) Supervisor of Iwakuni, Matsuyama and Mihara factory (Incumbent)	37,000 Shares
*6	Yoshihisa Sonobe (October 17,1956)	Apr.1980 Jun,2009 Apr.2010 Apr.2011 Apr.2012 Apr.2014	Joined Teijin Limited Corporate Officer, Teijin Limited(Incumbent) Deputy CFO(Chief Finance Officer) (for/Accounting/ Finance/ Budget Control) General Manager, Accounting and Finance Office General Manager, Corporate Strategy Office Teijin Creative Staff Co., Ltd. General Manager, CFO General Manager, Accounting and Finance Division Teijin Creative Staff Co., Ltd. Representative Director, Executive Officer(General Manager, Accounting and Finance Division) Member, Global Policy Board Teijin Dupont Films Global Joint Venture(Incumbent) CFO, Accounting, Finance & IR Division Corporate Strategy Officer(Incumbent) For Raw Materials & Polymers Division(Incumbent)	16,000 shares

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
7	Candidate for Outside Director	Apr.1964	Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)	39,000 Shares
	Hajime Sawabe (January 9, 1942) <Participation in Board of directors meetings> 12 times out of 11 (92%)	Jun.1996 Jun.1998 Jun.2006 Jun.2008 Jun.2011 Jun.2012	Director, TDK Corporation President & Representative Director, TDK Corporation Chairman & Representative Director, TDK Corporation Director, Teijin Limited (Incumbent); Member of the Advisory Board, Teijin Limited (Incumbent) Chairman of the Board & Director, TDK Corporation Counselor, TDK Corporation (Incumbent)	
<Significant Concurrent Positions > Counselor, TDK Corporation Outside Corporate Auditor, Nikkei Inc. Councilor, Waseda University				
<Reason of the nomination of the candidate for outside director> ・Hajime Sawabe has served as President and Chairman of the Board of TDK Corporation, and he is expected to provide advice on the Company's business operations based on his abundant business experience and high level insight. ・Nomura Securities Co., Ltd. where he served as an outside director until June 2011, received a business improvement order from the Financial Services Agency in August 2012 in connection with its employees' action of leaking corporate information on public offerings of shares. During his tenure as outside director of Nomura Securities Co., Ltd., he made proposals from the perspective of the legal compliance at the Board of directors meetings.				
8	Candidate for Outside Director	Apr.1969	Joined Ministry of Foreign Affairs, Japan (MFA)	12,000 Shares
	Yutaka Iimura (October 16,1946) <Participation in Board of directors meetings> 12 times out of 11 (92%)	Aug.1999 Feb. 2001 Sep. 2001 Jul. 2002 Nov.2002 Apr. 2006 May.2007 Jul. 2009 Jul. 2009 Jun.2011	Director, General, Economic Cooperation Bureau, MFA Deputy Vice-Minister, MFA Assistant Vice-Minister, MFA Ambassador of Japan in Indonesia Ambassador of Japan in Indonesia and the Democratic Republic of Timor-Leste (East Timor) Ambassador of Japan in France and The Principality of Andorra (Andorra) Ambassador of Japan in France, Andorra and the Principality of Monaco Retired from MFA Special Envoy of the Government of Japan for the Middle East and Europe (Incumbent) Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent)	
<Significant Concurrent Positions> Special Envoy of the Government of Japan for the Middle East and Europe Vice-Chairman, Japan Indonesia Association				
<Reason of the nomination of the candidate for outside director> Yutaka Iimura has served at the Ministry of Foreign Affairs, and he is expected beneficial to the business of the Company in terms of a global viewpoint, based on his ample wisdom and expertise. And so the Company judges he can fulfill his duties appropriately as Outside Director.				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
9	Candidate for Outside Director Nobuo Seki (September 21,1944) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1970 Apr.1992 Jun.1997 Jun.1998 Aug.2000 Apr.2001 Apr.2007 Apr.2009 Jun.2012 Jul.2012	Joined Chiyoda Corporation Vice-President, Chiyoda International Corporation Director, Chiyoda Corporation Managing Director, Chiyoda Corporation Senior Managing Director & Representative Director, Chiyoda Corporation President & CEO, Chiyoda Corporation Chairman of the Board, Chiyoda Corporation General Corporate Advisor , Chiyoda Corporation Director, Teijin Ltd (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent) Adviser Chiyoda Corporation	8,000 Shares
		<Significant Concurrent Positions> Outside Corporate Auditor, SUGIYO Co., Ltd. Professor , Graduate School of Shibaura Institute of Technology Member of Management Committee , Tokyo Institute of Technology		
<Reason of the nomination of the candidate for outside director> Nobuo Seki has served as President and Chairman of the Board of Chiyoda Corporation, and he is expected to provide advice on the Company's business operations based on his abundant business experience and high level insight.				
10	Candidate for Outside Director Kenichiro Senoh (January 1,1954) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr.1976 Dec.1999 Apr.2001 Apr.2004 Jun.2012	Joined Fuji Photo Film Co., Ltd.(currently FUJIFILM Corporation) Representative Vice-President Keio Academic Enterprise Co., Ltd. Professor, Graduate school of Keio University Media and Government President & Chairperson, The Industry- Academic Collaboration Initiative (NPO) (Incumbent) Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent)	18,000 Shares
		<Significant Concurrent Positions> President & Chairperson, The Industry-Academia Collaboration Initiative (NPO) Chairman, Intellectual Property Strategy Headquarters By Intellectual President, CIEC(Community for Innovation of Education and learning through Computers and communication networks) Committee Member, Ministry of Agriculture, Forestry and Fisheries , Agriculture, Forestry and Fisheries Research Council		
<Reason of the nomination of the candidate for outside director> Kenichiro Senoh is serving many officers and committee members, and is expected to provide advice based on his specialist viewpoint of industry and business field.				

- Notes: 1. The candidate marked with * are candidates for new Directors.
2. Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh are candidates for Outside Directors. The Company requires the candidate for Outside Director to satisfy all the requirements of Independent Director stipulated by the Company. These four (4) candidates satisfy all such requirements. Since they also satisfy the requirements of independency as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as "Independent Director / Auditor". Refer to 9-10 page the contents of the requirements of "Independent Director" stipulated by the Company.
3. The Company has entered into liability limitation agreements with Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh being incumbent Outside Directors, which limit the liabilities of each Outside Director to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation. In case the election of is approved, the Company intends to enter into the same liability limitation agreement with them.

4. The chart below indicates the dates of the first appointment of the Outside Director for each candidate and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders.

Name	Date of First Appointment	Tenure in Position
Hajime Sawabe	June 20, 2008	6 years
Yutaka Iimura	June 22, 2011	3 years
Nobuo Seki	June 22, 2012	2 years
Kenichiro Senoh	June 22, 2012	2 years

<Reference>

Independent Director and Independent Corporate Requirements

Teijin Limited Independent Director and Independent Corporate Auditor Requirements

On April 1, 2003, Teijin Limited (the Company) prescribed "Requirements for Independent Directors" for outside directors, including candidates. These conditions for appointment are designed to increase the level of precision and ensure the transparency of the management supervisory function of the Board of Directors. At the same time, the Company also prescribed "Requirements for Independent Corporate Auditors," which covers outside corporate auditors and candidates. These requirements are intended to enhance the precision and transparency of the auditing of duties of internal directors and the management team. With regard to independent director and independent corporate auditor requirements, the Company has formulated and operates regulations concerning independent directors and independent corporate auditors of its own accord. The primary content of these requirements is described below.

Note: Hereinafter, the "Teijin Group" is used to refer collectively to 1) "Teijin Limited," 2) "subsidiaries of Teijin Limited" and 3) "equal joint venture partners."

Independent Director and Independent Corporate Auditor Requirements

- (1) Persons having no significant special interests in the Teijin Group.
- (2) Persons to whom items (a) through (e) below do not apply are deemed to be Independent Directors or Independent Corporate Auditors having no significant special interest in the Teijin Group.
 - (a) Internal officers or employees and former internal officers or employees of the Teijin Group
 - (b) Providers of specialized services to the Teijin Group
 - (c) Persons having customer or business partner relations with the Teijin Group
 - (d) Persons having "inter-directorship" relations with the Teijin Group
 - (e) Persons having other special interests in the Teijin Group

Detailed Internal Standards Concerning Persons Falling under Items (a) through (e) Above

Applicability of the category

- (a) Internal officers or employees and former internal officers or employees of the Teijin Group
 - (1) In the event that the person does not satisfy the requirements under Company Law (Please refer to Company Law, Article 2, No. 15 and 16) for outside director or outside corporate auditor of Teijin Limited
 - (2) In the event that the person is a director of an "equal joint venture company," (including persons defined as "management executives" in Note 1 below) or has held such a position within the past five years
 - (3) In the event that a member of the person's "family" (Note 2) is currently a director of the Teijin Group (including persons defined as "management executives")
- (b) Providers of specialized services to the Teijin Group
 - (1) In the event that the person or the person's "family" provides accounting audit services to the Teijin Group or has done so within the past five years, or in the event that the person or the person's "family" is currently a member of an outside auditing firm that provides accounting audit services to the Teijin Group or has been a member of such a firm within the past five years
 - (2) In the event that the person or the person's "family" provides, or has provided within the past three years, services other than accounting services that involved compensation of more than 7 million yen (or US\$60,000) and fall into the following categories:
 - (i) Lawyers, (ii) certified public tax accountants, (iii) chartered patent agents, (iv) judicial scriveners, (v) management, financial, technical or marketing consultants
- (c) Persons having customer or business partner relations with the Teijin Group
In the event that the person currently holds the position of Director or any of "Executives and top managers" (Note 4) in a company or other for-profit organization in Japan or overseas that is presently a "major customer or business partner" (Note 3) of the Teijin Group
- (d) Persons having "inter-directorship" relations with the Teijin Group
 - (1) In the event that the relationship exists wherein the outside director currently holds the position of director in a company in Japan or overseas or holds a position in a for-profit organization that is equivalent to the director position, and a director of the Teijin Group currently holds a director or equivalent executive position in that same organization
 - (2) In the event that the relationship exists wherein the outside corporate auditor holds a director position in a company in Japan or overseas or an equivalent executive position in a for-profit organization, and a director or auditor of the Teijin Group currently holds a director, auditor or equivalent executive position in that same organization
- (e) Persons having other special interests in the Teijin Group
 - (1) In the event that the person currently receives contributions, financing or debt guarantees from the Teijin Group
 - (2) In the event that the person's "family" currently receives contributions, financing or debt guarantees from the Teijin Group amounting to 1 million yen or more
 - (3) In the event that the person or the person's "family" currently holds the position of Director or any of "Executives and top managers" (Note 4) in a company or for-profit organization in Japan or overseas that currently receives contributions, financing or debt guarantees from the Teijin Group amounting to 1 million yen or more

The terminology used above is defined below.

Note 1: "Management executives" are employees who hold positions of importance, including operating officers, senior officers or positions higher than general manager.

Note 2: "Family" includes spouses, children, people sharing the same household and other persons related by blood or marriage within two degrees of consanguinity

Note 3: "Major customer or business partner" describes a person or an entity whose total annual transaction relationship, either as a seller or a purchaser, has exceeded 2% of consolidated net sales at any time within the past three years. (If the Teijin Group is the seller, this amount refers to the percentage of consolidated net sales of Teijin Limited. If the Teijin Group is the buyer, this amount refers to the percentage of consolidated net sales of the other party.)

Note 4: "Executives and top managers" are employees, counselors or advisors who hold positions of importance, including auditor, operating officer or positions higher than general manager.

This "Teijin Limited Independent Director and Independent Corporate Auditor Requirements" document is intended as a reference to help deepen the reader's understanding of the Teijin Group. This document is an overview of the Independent Director Regulations and Independent Corporate Auditor Regulations as prescribed by the Company and is not a rigorously defined record of these regulations, Company Law or any other legislation.

Attached Reports

Reports on Operations for the 148th Fiscal Year (April 1, 2013 to March 31, 2014)

1. Current State of the Teijin Group

(1) Progress and Results of Operations

1) Progress and Results of Operating Activities

① Sales and Income

While the pace of economic growth in developed countries, particularly the United States, saw a gradual return to stability, growth worldwide lacked strength in fiscal 2013, ended March 31, 2014, as conditions in emerging economies, notably the People's Republic of China (PRC), remained generally weak. In Japan, signs of revival persisted, shored up by firm domestic demand, but a self-sustained recovery remained elusive, owing to a variety of factors, including the weakness of both exports and capital investment.

In this environment, consolidated net sales rose 5.2%, to ¥784.4 billion. Despite sagging results in the Electronics Materials and Performance Polymer Products segment, operating income climbed 46.3%, to ¥18.1 billion, as results in the Advanced Fibers and Composites segment recovered. Ordinary income, at ¥19.9 billion, was approximately double the fiscal 2012 result, an improvement attributable to the positive impact of an adjustment for tax effect accounting on the results of equity method affiliates, among others. Net income amounted to ¥8.4 billion, up from a net loss of ¥29.1 billion in fiscal 2012, owing to the impact of extraordinary items, which included a gain on sales of investment securities and a decrease in impairment loss on fixed assets. Net income per share was ¥8.50.

② Analysis of Assets, Liabilities and Net Assets

Total assets as of March 31, 2014, amounted to ¥768.4 billion, up ¥6.0 billion from the end of fiscal 2013, as the weaker yen enhanced the value of assets denominated in other currencies. While stock purchases and other factors led to a sharp increase in the value of investment securities, cash and time deposits declined. The impact of depreciation and impairment accounting pushed down noncurrent assets.

Total liabilities, at ¥468.3 billion, were down ¥2.0 billion from the fiscal 2013 year-end. Interest-bearing debt, which includes short-term loans payable and long-term loans payable, rose ¥10.8 billion, to ¥281.5 billion, mainly a result of an increase in the yen value of outstanding debt denominated in other currencies, owing to the depreciation of the yen.

Total net assets advanced ¥8.0 billion, to ¥300.1 billion. Total shareholders' equity and total valuation and translation adjustments together represented ¥281.7 billion of the total, up ¥10.4 billion. This increase was attributable to, among others, an increase in net income and a decline in the deduction for foreign currency translation adjustments.

Segment operating results (sales and operating income) of the Teijin Group are as follows.

(Billions of yen / %)

		Fiscal 2012	Fiscal 2013	Change	Percentage
Net sales	Advanced Fibers and Composites	¥111.2	¥123.6	¥12.4	11.1%
	Electric Materials & Performance Polymer Products Polymer	175.5	179.4	3.9	2.2
	Health Care	138.3	138.4	0.1	0.1
	Products Converting	237.2	254.2	17.0	7.2
	Sub-Total	¥662.2	¥695.6	¥33.4	5.0
	Others	83.5	88.8	5.3	6.4
	Total	¥745.7	¥784.4	38.7	5.2
Operating income	Advanced Fibers and Composites	-¥4.7	¥5.7	¥10.4	-
	Electric Materials & Performance Polymer Products	-1.9	-7.2	-5.3	-
	Health Care	24.8	24.5	-0.3	-1.1
	Products Converting	4.7	5.2	0.5	10.0
	Sub-Total	¥22.9	¥28.2	¥5.3	23.3
	Others	4.2	1.7	-2.5	-58.9
	Elimination and corporate	(14.8)	(11.9)	2.9	-
	Total	¥12.4	¥18.1	¥5.7	46.3

Business Segment Results for fiscal 2013 were as follows:

■ Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥123.6 billion (Increase of 15.8% compared with the preceding term), while operating income was ¥5.7 billion (Increase of ¥10.4 billion compared with the preceding term).

High-Performance Fibers

Demand recovered, led by that for automotive applications.

Sales of *Twaron* para-aramid fibers for automotive applications, including tires, recovered in Europe, while sales for infrastructure-related applications, including optical fiber and rope reinforcements, were firm. In contrast, demand for use in ballistic protection products and protective clothing remained lackluster, while pricing competition for all applications intensified. Demand for *Technora* para-aramid fibers was stable in Japan for automotive applications, while the weakening of the yen enhanced the profitability of exports. *Teijinconex* meta-aramid fibers benefited from firm demand for industrial applications, while demand for use in filters expanded despite mounting competition. In polyester fibers for industrial applications, solid sales for automotive and certain other applications helped revive income at our subsidiary in Thailand, but profitability in Japan was hampered by rising prices for a number of raw materials.

Under these circumstances, we resolved to commercialize a new type of meta-aramid fiber offering superior heat resistance and dyeability and proceeded with preparations to begin production in Thailand in July 2015. Against a background of increasingly stringent regulations pertaining to heat-resistant materials and environmental safety, we will focus on expanding our business in promising Asian markets and emerging economies. In the PRC, our polyester recycling joint venture in Zhejiang Province pushed ahead with the construction of a new facility in preparation for the start of operations in fiscal 2014.

Carbon Fibers and Composites

Sales for principal applications were encouraging.

Demand for *TENAX* carbon fibers for use in aircraft remained firm, while among general industrial applications demand for use in pressure vessels for natural gas extraction was favorable in North America, supported by the expansion of shale gas development. However, demand for other applications languished, reflecting the uncertain economic outlook in Europe and the PRC. Sales prices, persistently low in recent years, showed signs of recovering, although the outlook remained difficult to gauge, owing to sales offensives by other manufacturers, particularly late market entrants overseas. In this environment, steps aimed at strengthening our operations in promising Asian markets, notably India and the Association of Southeast Asian Nations (ASEAN) region, proceeded smoothly. These include the establishment in July 2013 of Toho Tenax Singapore Pte. Ltd.

During the period, the Teijin Composites Innovation Center—a facility in Matsuyama, Ehime Prefecture, that spearheads research in the area of advanced composite materials—sought to cultivate markets for our new thermoplastic carbon fiber-reinforced plastic (CFRP), which is marketed under the brand name *Sereebo*, an acronym for “save the earth, revolutionary and evolutionary carbon.” Efforts focused particularly on carving out markets for automotive and general industrial applications. Underscoring its revolutionary nature, *Sereebo* was chosen for use in the structural components of several new digital single-lens reflex (SLR) cameras. Going forward, we will further capitalize on the ability of CFRP to reduce the weight of finished products to promote *Sereebo*’s use in structural components for mass-produced vehicles, which we see as a significant latent market. To this end, our thermoplastic CFRP pilot plant, situated within the Matsuyama Plant, and the Teijin Composites Application Center, located in Metro Detroit, in the United States, are collaborating on multiple projects targeted at developing specific components and establishing mass-production procedures, and are making steady progress on both fronts.

■ Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥179.4 billion (Increase of 2.2% compared with the preceding term) and an operating loss of ¥7.2 billion (Decrease of ¥5.3 billion compared with the preceding term)

Resin and Plastics Processing

A supply–demand imbalance persisted for polycarbonate resin.

Pricing competition in the market for mainstay polycarbonate resin intensified, owing to sluggish demand—a consequence of decelerating growth in the PRC, among others—and moves by competitors to maintain operating rates and implement year-end inventories adjustments. Under these circumstances, we sought to preserve sales volumes through flexible pricing and to reduce costs by suspending production on certain lines at our plant in Singapore. Despite these actions, profitability was severely undermined.

In the area of specialty polycarbonate resin, sales were steady in Taiwan, the PRC and the Republic of Korea (ROK) for use in lenses for smartphone and mobile phone cameras and for onboard vehicle cameras. In processed plastics products, sales of *Panlite Sheet* were encouraging for use in dummy cans for vending machines, automotive instrument panels and motorcycle windshields, as were sales of *PURE-ACE* polycarbonate retardation film for use as antireflective film in vehicle navigation systems. In plastic glazing*, in October 2013 Nissan Motor Company began using *Panlite* polycarbonate resin for the driver–passenger partition in its NV200 taxicabs, which it markets to taxi operators in New York City. With the goal of building plastic glazing into a full-scale business, we also took steps to create a dedicated production configuration. Other highlights included the addition of *Fireguard FCX-210*, a new phosphorus flame retardant suitable for use in a broad range of resins, to our lineup, which previously centered on brominated products, positioning us to market flame retardants for electronics, automotive and other applications.

Films

The integration of domestic polyethylene terephthalate (PET) film production facilities continued to bolster cost competitiveness.

We have a number of polyester films joint ventures with E.I. du Pont de Nemours and Company (DuPont) of the United States around the world. In the area of products for electronics applications, sales of release films for manufacturing processes remained firm for use in smartphones and tablet computers. In contrast, films for use in liquid crystal display (LCD) televisions struggled, owing to a glut of LCDs in the market and increasingly fierce competition with overseas films manufactures, which have driven down sales prices. Demand for films for specialized packaging and for magnetic applications tapered, as a result of which profitability waned. In this environment, we suspended operations on the PET film line at our domestic joint venture’s Ibaraki factory and integrated the company’s other production facilities. Looking ahead, we will focus on further enhancing production line efficiency, with the aim of restoring cost competitiveness. In the area of release films for manufacturing process and other applications, we will endeavor to fortify collaboration with customers, as well as to broaden marketing.

Overseas, cost reductions were insufficient to offset flagging demand in the United States. In contrast, sales in Europe were solid for packaging and general industrial applications. With demand in the PRC steady, despite the impact of facility expansion by local manufacturers, which amplified competition, we sought to maintain profitability by leveraging our superior technological and quality control capabilities.

* Made with injection-molded polycarbonate resin, plastic glazing is an attractive alternative to metal and glass for vehicle parts.

■ Healthcare

Sales in the Healthcare segment came to ¥138.4 billion (Increase of 0.1% compared with the preceding term), while operating income was ¥24.5 billion (Decrease of 0.1% compared with the preceding term).

Pharmaceuticals

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

Operating conditions for our domestic pharmaceuticals business remained harsh, owing to the launch of rival products, as well as to rising sales of generic drugs. Despite overall market conditions, sales of hyperuricemia and gout treatment *Feburic* (febuxostat) expanded favorably, further boosting our leading share of the Japanese market for such treatments. We also continued working to achieve further market penetration for osteoporosis treatment *Bonalon*^{®†} by adding new formulations to our osteoporosis drug lineup, including an intravenous and an oral jelly, both firsts for Japan.

Sales of febuxostat also continued to expand favorably overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 37 of these countries and territories, and we are in the process of obtaining regulatory approval to make it available in the others.

In R&D, we commenced clinical trials in Japan for ADC3680 (development code: PTR-36)—a treatment for bronchial asthma licensed in from U.K. firm Pulmagen Therapeutics (Asthma) Limited—in June 2013. In the United States, we proceeded with clinical development of KTP-001[‡], a treatment for herniated lumbar discs, which began in 2012. In February 2014, we filed an application with Japan's Ministry of Health and Welfare for approval to manufacture and market NA872ET, a small, sustained-release tablet form of expectorant *Mucosolvan*. We also pressed forward with clinical trials for new indications for other drugs in our portfolio.

Also in June 2013, we concluded a drug discovery contract and an R&D and marketing option agreement with Amgen Inc. of the United States for novel treatments for autoimmune diseases. Under this agreement, we will collaborate with Amgen in research aimed at discovering truly groundbreaking new drugs.

Home Healthcare

Rental volumes remained high or increased.

We currently provide home healthcare services to approximately 430,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained firm, thanks to the release of new therapeutic oxygen concentrator models *Hi-Sanso 3S* and *Hi-Sanso Portable α* (alpha). Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) advanced favorably, augmented by the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks and which also provides pertinent data to medical care facilities to enhance the effectiveness of treatment. Rentals of our noninvasive positive pressure ventilators (NPPVs) (the *NIP NASAL* series and *AutoSet CS*) and for *SAFHS* (Sonic Accelerated Fracture Healing System) also rose encouragingly. To fortify support services for individuals, we established a new home healthcare call center in Osaka, improving our ability to respond effectively to patient needs. In April 2013, we launched the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke. Looking ahead, we will gradually broaden marketing efforts for this device, which initially focused on medical institutions in the Tokyo metropolitan area, with the goal of expanding rentals.

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

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

[‡]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 Hiroataka 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.

■ Products Converting

The Products Converting segment yielded sales of ¥254.2 billion (Increase of 7.2% compared with the preceding term) and operating income of ¥5.2 billion (Increase of 10.0% compared with the preceding term).

During the period, the segment sought to showcase the board synergies between its trading and manufacturing businesses, which enable it to propose innovative solutions.

In the fiber materials and apparel business, exports of textiles for use in fashion apparel and sportswear were robust to Europe and North America, bolstered by the depreciation of the yen. To expand sales, we promoted the development of state-of-the-art high-performance materials, including the *Delta* series, created in collaboration with leading sportswear manufacturers overseas, as well as by enhancing our fabric supply capabilities in the ASEAN region.

In textiles and apparel, we stepped up efforts to shore up our production bases in the ASEAN region, including our new subsidiary in Myanmar, to reinforce our integrated global supply configuration, which encompasses everything from raw materials through to finished products. Sales in our mainstay OEM business rose on the strength of favorable shipments in early autumn and last-minute demand in advance of a consumption tax hike in Japan, although yen depreciation and higher production costs overseas combined to squeeze profitability in all product categories.

In industrial textiles and materials, sales of materials and components for use in seats, tires and transmission belts and hoses increased sharply worldwide, as production and sales levels at domestic and overseas automakers remained solid. In general-purpose materials, shipments of tents and materials for fisheries applications slowed as reconstruction-related demand in areas affected by the Great East Japan Earthquake wound down, but sales of materials for civil engineering and construction-related applications were firm, as were sales of sewing thread. Shipments of interior materials and films and plastics slackened, a consequence of sluggish market conditions.

In this environment, subsidiary Teijin Frontier Limited, which marked its first anniversary, staged a comprehensive exhibition of segment products. Through this event, the company sought to encourage customer and market appreciation for the broad synergies it realized as a company that combines the functions of a trading company and a manufacturer.

■ Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥88.8 billion (Increase of 6.4% compared with the preceding term) and operating income of ¥1.7 billion (Decrease of 58.9% compared with the preceding term).

In the IT business, sales from the distribution of e-books and other factors contributed to firm sales in the net services category. To create an operating structure capable of supporting the further expansion of this business, we spun off the net services operations of subsidiary Infocom Corporation into a separate company, which began operating in October 2013 under the name Amutus Corporation. The new company's sales from the distribution of e-books have continued to expand since and are currently estimated at ¥10 billion-plus on an annual basis. We also took steps to bolster our share of the healthcare-related information services market, including acquiring the medical radiology information systems business of AJS Inc. Going forward, we will seek to further strengthen our ability to develop and market sales support systems for pharmaceuticals manufacturers.

In the polyester raw materials and polymerization business, we discontinued in-house production and sales of paraxylene (PX) in March 2014. This move was in response to a disruption of the supply–demand balance, which significantly damaged profitability.

In new business development, we sought to expand sales of *LIELSORT* lithium-ion battery (LiB) separators, manufactured in the ROK, to capitalize on soaring demand for these separators—which have already been adopted for use by multiple battery manufacturers—in promising Asian markets. On another front, we responded to rapidly increasing wastewater treatment needs in the PRC by expanding related operations in that country, which are anchored by subsidiary Teijin (Shenyang) Environmental Technologies Co., Ltd. We also moved ahead with efforts to commercialize nanosilicon inks, which are used in printable electronics; *BIOFRONT*, a highly heat-resistant bioplastic that is attracting increased attention for use in shale gas and petroleum extraction; and advanced medical materials, including those for tissue repair and drug delivery systems. With the aim of hastening the commercialization of promising new products, in April 2014 we reorganized our New Business Development Group and renamed it the New Business Development Business Unit.

2) Progress and Results of Non-Operating Activities

The progress and results of non-operating activities conducted by the Teijin Group (“the Group”) during the fiscal year under review were as follows.

The Group is actively engaged in efforts to reduce its environmental impact, conserve energy and resources and make effective use of waste as part of the Group’s important effort relating to all business operations. Specifically, as an effort to reduce the environmental burden to address climate change issues, the Group had endeavored to cut CO₂ emissions at its domestic locations for production, logistics and office operations aiming toward a reduction target of 20% or more of greenhouse gas emissions by fiscal 2020 compared with fiscal 1990 levels. As a result of such efforts, the Group has already achieved a more than 50% reduction, reaching the target ahead of schedule. Furthermore, throughout the entire Group, including our overseas bases, we are striving to attain our new annual target of a 1% or more reduction in CO₂ emissions. To reduce waste, we strove to reduce total waste emissions and promoted various recycling processes. As a result of such efforts, the Group has already achieved a reduction of 90% or more in the amount of non-recyclable waste emissions compared with the fiscal 1998 levels, exceeding the target of a reduction of 85% well ahead of the fiscal 2020 schedule.

The Group’s efforts to reduce its environmental impact also include the Design for Environment initiative: All of our products, manufacturing processes and IT services are designed to minimize their environmental impact in accordance with the Teijin Group Design for Environment Guidelines, which assess the environmental impact throughout a product’s life cycle. In addition, the reduction of environmental impact is promoted by the Group’s “environmental businesses,” including the development of weight trimming materials that contribute to reducing CO₂ emissions and recycling technologies that enable the reuse of water and other resources.

In line with the social contribution policy shared by all Group companies, the Group is actively engaged in corporate social contribution activities leveraging the distinctive characteristics of each business group and each region.

For the areas affected by the Great East Japan Earthquake, the Group continued to provide support for restoration, mainly by promoting interaction via Iwanuma “House for Everyone”.¹ The facility was established in 2013 in Iwanuma-shi, Miyagi Prefecture, by Infocom Corporation, a Group company operating in the IT business. In March 2014, we provided support for the operation of a Junior Soccer Camp in Iwanuma-shi, inviting coaches from FC Schalke 04, a renowned foreign soccer club on which Atsuto Uchida plays, when he is not representing Japan in international competition.

As part of our international exchange activities, Nantong Teijin Co., Ltd., a Group company in China, is contributing to Nantong, Jiangsu, China, to establish a Nantong Teijin charitable scholarship fund to supply scholarships to students from low-income families in the city. Teijin Polyester (Thailand) Limited, a Group company in Thailand, is helping teach children in Southeast Asia the joy of soccer as an official sponsor for the Japan Dream Football Association (JDFA),² a general incorporated association. The Group also participated in “TABLE FOR TWO”³, an initiative that helps to solve social issues such as starvation in developing nations. We also continued the “Book Dream Project” by providing picture books to libraries in Indonesia and Thailand. This is made possible through the efforts of the Group’s employees who sell used books and other items to purchase the picture books.

The Group encourages the participation of its employees in volunteer activities, adopting days off and leave reserved for volunteer activities. We promote the Volunteer Support Program, which financially supports the volunteer activities of employees of the Group companies and is funded by donations from volunteer employees and financial aid from Group companies. Moreover, the Group has an authorized leave system for bone marrow transplant donors and registered volunteer firefighters at local communities.

To be a conscientious corporate citizen that can cohabitate in harmony with society, the Group will promote active participation and support for academic, educational, cultural and sports activities, as well as environmental preservation and disaster prevention activities.

Notes: 1. Iwanuma “House for Everyone”, which was established by Infocom Corporation in Iwanuma-shi, Miyagi Prefecture, to provide continuing support for the areas affected by the Great East Japan Earthquake, is a multipurpose facility equipped with IT equipment such as optical lines, personal computers and videoconferencing systems. This facility has been used as a venue for community residents to gather and communicate and to revitalize agriculture.

2. The Japan Dream Football Association (JDFA) was organized in 2011 by Masao Kiba, a former captain of Gamba Osaka, a member of Japan’s professional football league, the J.League, a general incorporated association. In search of the first J.League player from Southeast Asia, JDFA is holding soccer clinics in Southeast Asian countries, visiting and assessing local leagues, evaluating and selecting high potential players, and scouting for talent, etc., through which JDFA seeks to offer a dream to children along with our aim to develop Japanese and Asian soccer leagues.

3. TABLE FOR TWO is a social contribution initiative originated in Japan and led by the nonprofit organization TABLE FOR TWO International. Part of the sales of the beverage vending machines and company cafeterias participating in the initiative is donated to provide school lunches to children in developing countries.

(2) Changes in Assets and Profit and Loss

Fiscal Period	145 th Fiscal Period FY2011	146 th Fiscal Period FY2012	147 th Fiscal Period FY2013	148 th Fiscal Period FY2014 (Current period)
Net sales (Millions of yen)	815,655	854,370	745,712	784,424
Operating income (Millions of yen)	48,560	34,044	12,357	18,078
Ordinary income (Millions of yen)	50,345	34,283	9,786	19,887
Net income (Millions of yen)	25,182	11,979	△29,130	8,356
Net earnings per share (Yen)	25.59	12.17	△29.61	8.50
Total assets (Millions of yen)	761,534	762,118	762,399	768,411
Net assets (Millions of yen)	307,698	312,217	292,127	300,112

(3) Capital Investments

Capital investments by the Group in fiscal 2013 totaled ¥ 30.2 billion, mainly for maintenance and renewal..

(4) Financing

While raising long term debts partially to secure finance, for short-term financing, we made efforts to reduce financing costs through direct financing markets. We also strove to reduce interest-bearing debt, but resulting in an increase in interest-bearing debt in long- and short-term loans by ¥10.8 billion from the end of the previous year and amounted to ¥281.5billion by the effect of fluctuation exchange (depreciation of the yen) in foreign-currency interest-bearing debt.

(5) Tasks Ahead

In the coming years, the evolution of emerging economies is likely to further intensify global competition. This, combined with changes in structure of key markets and ever-shorter product and technology life cycles, is expected to result in an increasingly harsh operating environment. In response, we will remain committed to creating value for customers by driving our evolution toward a solutions-based business model, as set forth in our current medium-to long-term management vision. To this end, we will continue to implement a variety of measures—balancing our two key priorities, namely, business restructuring initiatives and growth strategies—with the aim of achieving sustainable growth.

The goal of restructuring initiatives, which commenced in fiscal 2013, is to further rationalize our business portfolio by reassessing current businesses using four basic criteria: market potential, technological superiority, profitability and suitability for our business model. Based on this, we will take steps to optimize the scale, location and configuration of production in each area using five specific approaches:

- Shut down/integrate production and R&D facilities in Japan and overseas
- Actively seek beneficial strategic alliances, OEM arrangements and M&A opportunities
- Optimize the location and scale of commoditized materials businesses and concentrate investment in growth businesses
- Increase the efficiency of support departments and promote ongoing Groupwide efforts to reduce costs

Growth strategies will center on the continued allocation of management resources to core strategic business, namely advanced fibers and composites and healthcare, as well as to areas that overlap these businesses, with the aim of boosting operating results in the years ahead. In our materials businesses, we will expand our focus to also include components, finished products and services, capitalizing on our high-performance materials, which help make the items in which they are used smaller, lighter, stronger and more attractive, and on our technologies, which facilitate the production of composites combining multiple materials. In healthcare, we will work to accelerate business growth by further maximizing synergies between our pharmaceuticals and home healthcare businesses and by capitalizing on our nationwide home healthcare service network. We will also draw on the collective capabilities of the Teijin Group to cultivate new businesses that integrate materials or healthcare and in some cases also incorporate IT services, thereby positioning us to secure profitable, sustainable growth, as well as to build value that responds to the needs of our customers and society at large.

(6) Primary Businesses

The Teijin Group conducts various businesses including the manufacture and sale of the products below, operating in the Advanced Fibers and Composites, Electric Materials & Performance Polymer Products, Health Care, Products Converting, and Others segments.

(As of March 31, 2014)

Business Segments	Business Fields	Principal Products and Businesses
Advanced Fibers and Composites	Aramid Fibers	Para-aramid fibers, Meta-aramid fibers, High-performance polyethylene, Artificial leather
	Carbon Fibers	Carbon fibers, Oxidized PAN fibers
	Polyester Fibers	PET • PEN fibers
Electric Materials & Performance Polymer Products	Plastics	Polycarbonate resin • sheet • film, molding product Transparent conductive film, PET • PEN • PBN resin, Flame-retardant agents
	Films	PET • PEN film
Health Care	Pharmaceuticals	Agent for Osteoporosis, Agent for Infection, Expectorant, Inhaled Corticosteroid Agent for Adult Asthma, Agent for Hyperlipidemia, Treatment for Hyperuricemia and gout Agent for treating pain associated with osteoarthritis of the knee
	Home Health Care	Oxygen Concentrator for home oxygen Therapy(HOT), Continuous Positive Airway Pressure Unit (CPAP), Ultrasound Bone Fracture Treatment Devices
Products Converting	Textiles and Apparel	Fiber materials, Textiles, Apparel products, General merchandise
	Industrial Textiles and Materials	Industrial and vehicle materials, Living and interior goods, Resin • films, Packing and construction materials,
Others	IT Services	Planning, development and consultation of information systems for cell-phone operators, general-companies, medical-related organizations, public offices and educational research institutions Supply of a variety of services of the planning, management of information systems
	Net Business	Supply of contents and e-commerce, etc. for cell phones or smartphones
	Raw Materials, Polymers	PET / PEN recycle, Polyester raw materials

Notes: PET (Polyethylene terephthalate), PEN (Polyethylene naphthalate), PBN (Polybutylene naphthalate)

(7) Primary Business Places

(As of March 31, 2014)

Business	Function	Location
The Company	Headquarters	Osaka, Tokyo
Advanced Fibers and Composites	Manufacturing bases	Ehime, Yamaguchi, Shizuoka, Gifu U.S.A., Germany, the Netherlands, China, Thailand
	Operation bases	Tokyo, Osaka U.S.A., Germany, the Netherlands, China, Thailand
	Research bases	Osaka, Shizuoka, Ehime U.S.A., Germany, the Netherlands, Thailand
Electric Materials & Performance Polymer Products	Manufacturing bases	Gifu, Tochigi, Ehime, Hiroshima China, Singapore, Indonesia
	Operation bases	Tokyo, Osaka, Aichi U.S.A., the Netherlands, China, Korea, Taiwan, Singapore, Malaysia, Indonesia, Thailand
	Research bases	Gifu, Ehime, Chiba, Hiroshima China
Health Care	Manufacturing bases	Yamaguchi
	Operation bases	12 branches throughout Japan U.S.A
	Research bases	Tokyo, Yamaguchi U.S.A., U.K.
Products Converting	Manufacturing bases	Ishikawa, Fukui, China, Thailand, Vietnam, Indonesia,
	Operation bases	Tokyo, Osaka, Aichi U.S.A., Germany, China, Thailand, Hong Kong
Others	Manufacturing bases	Tokyo, Ehime
	Operation bases	Tokyo, Osaka, Kanagawa, Fukuoka, Ehime, Yamaguchi
	Research bases	Tokyo, Osaka, Yamaguchi

Note: The function of headquarters is indicated in The Company, and the manufacturing, operation and research bases are indicated in each business segments.

(8) Employees

Business segments	147 th Fiscal Period FY2012 (As of March 31, 2013)	148 th Fiscal Period FY2013 (As of March 31, 2014) (Current period)	Change in the number of employees
Advanced Fibers and Composites	4,439	4,078	Δ361
Electric Materials & Performance Polymer Products	2,427	2,327	Δ100
Health Care	4,142	3,643	Δ499
Products Converting	3,078	3,029	Δ49
Others	2,551	2,679	+128
Total	16,637	15,756	Δ881

Notes: 1. The number of employees stated above represents the numbers of employees in each segment.

2. The number of employees stated above does not include temporary employees
(2,325 employees for the 147th fiscal period and 2,193 employees for the 148th fiscal period)

(9) Significant Subsidiaries

(As of March 31, 2014)

Business segments	Subsidiary (Location of The Head Office)	Capital	Investment ratio (%)	Principal business
Advanced fibers and Composites	Toho Tenax Co., Ltd. (Tokyo)	¥500 million	99.75	Production and sales of carbon fibers and Oxidized PAN fibers
	Toho Tenax Europe GmbH (Germany)	0.025million euro	※100.00	Production and sales of carbon fibers
	Toho Tenax America, Inc. (U.S.A.)	US\$12.5 million	※100.00	Production and sales of carbon fibers and Oxidized PAN fibers
	Teijin Aramid B.V. (the Netherlands)	0.02million euro	※100.00	Production and sales of para-aramid fibers
	Teijin (Thailand) Limited (Thailand)	800million bath	※100.00	Production and sales of polyester fibers
	Teijin Polyester (Thailand) Limited (Thailand)	548million bath	66.87	Production and sales of polyester fibers
Electric Materials & Performance Polymer Products	Teijin DuPont Films Japan Limited (Tokyo)	¥10,010 million	60.00	Production and sales of polyester films
	Teijin Polycarbonate Singapore Pte Ltd. (Singapore)	US\$75 million	100.00	Production and sales of polycarbonate resins
	Teijin Polycarbonate China Ltd.(China)	720million RMB	100.00	Production and sales of polycarbonate resin
	Teijin Chemicals Plastic Compounds Shanghai Ltd. (China)	143million RMB	100.00	Coloration, processing and sales of polycarbonate resins
Health Care	Teijin Pharma Limited (Tokyo)	¥10,000 million	100.00	Production and sales of medicinal drugs and medical equipment
	Teijin Home Health Care Ltd (Tokyo)	¥100 million	※100.00	Home health care services provider
	Braden Partners L.P. (U.S.A.)	US\$134 million	※100.00	Home health care services provider
Product Converting	Teijin Frontier Co., Ltd (Osaka)	¥2,000 million	100.00	Sales of textiles and others
	Nantong Teijin Co., Ltd. (China)	¥4,000 million	100.00	Production and sales of polyester textile goods
Others	Infocom Corporation (Tokyo)	¥1,590 million	58.08 Notes ³	Development and sales of computer software, etc.
	Teijin Engineering Ltd. (Osaka)	¥475 million	100.00	Engineering services, design and sales of plants and equipment
	Teijin Logistics Co., Ltd. (Osaka)	¥80 million	100.00	Transportation and custody of goods

Notes: 1. The Teijin Group has 69 consolidated companies including the aforementioned 18 significant subsidiaries; 78 companies are accounted for via the equity method.

2. ※ indicates the investment ratio including investment by subsidiaries.

3. The Company's ratio of investment in Infocom Corporation increased to 58.08% at the end of the year under review from 57.54% at the previous year-end because Infocom Corporation acquired its treasury shares on March 2014.

4. The Company conducted the absorption-type merger with Teijin Chemicals Limited on April 1, 2013.

(10) Primary Lenders and Amount of Borrowings

(as of March 31, 2014)

Primary Lenders	Balance of borrowings
	Millions of yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd. *	66,366
Development Bank of Japan Inc.	30,000
Mizuho Corporate Bank, Ltd. *	27,865
Japan Bank for International Cooperation	8,880
Sumitomo Mitsui Banking Corporation*	5,958

Notes: 1. * indicates that the balance of borrowings includes loans from overseas affiliate banks.

2. In addition to loans indicated in the balance of borrowings above, the Company borrows ¥93,994 million under syndicated loans.

(11) Acquisition or disposal of the stocks and other shares of other companies, or a share stock option

In April 2013, The Company acquired 7.59 millions shares of Kyorin Holdings, Inc. (shareholding ratio: 10.13%) for purpose of construction of strategic alliance relation in field of HealthCare Business's R&D, production and sales/logistics.

2. Matters Regarding the Shares of the Company (as of March 31, 2014)

- | | |
|--|----------------------|
| (1) Issuable shares | 3,000,000,000 shares |
| (2) Issued shares | 984,758,665 shares |
| (3) Number of shareholders | 115,132 |
| (4) Top 10 shareholders of the Company | |

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust account)	75,252,000	7.66
2	Japan Trustee Service Bank, Ltd. (Trust account)	49,526,000	5.04
3	Nippon Life Insurance Company	39,630,509	4.03
4	The Employee Stock Ownership Association of Teijin	25,749,953	2.62
5	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,694,935	2.11
6	The Bank of New York, Non-Treaty Jasdec Account	16,855,933	1.72
7	Japan Trustee Service Bank, Ltd. (Trust account 9)	13,430,000	1.37
8	Nisshinbo Holdings Inc.	9,766,292	0.99
9	State Street Bank West Client Treaty	9,678,859	0.98
10	Tam Two	9,083,000	0.92

Note: The shareholding ratio has been calculated after excluding Treasury stocks (1,995,089 shares) from the Issued shares.

3. Stock Option

(1) Status of Stock Option as of the last day of the subject Fiscal Year

Time of Issue (Issue date)	5 th (July 10, 2006)	6 th (July 5, 2007)	7 th (July 7, 2008)	8 th (July 9, 2009)	9 th (July 9, 2010)	10 th (Mar 12, 2012)	11 th (Mar 15, 2013)	12 th (Mar 14, 2014)
Number of Issued Stock Option (unit)	146	207	328	420	349	737	698	618
Class and Number of Shares (Common Stock) to be acquired by the Stock Option	146,000	207,000	328,000	420,000	349,000	737,000	698,000	618,000
Issue Price of Stock Option (per share)	¥663	¥610	¥307	¥253	¥261	¥245	¥196	¥228
Exercise Price of Stock Option (per share)	¥1	¥1	¥1	¥1	¥1	¥1	¥1	¥1
Period during which the Stock Option may be exercised	July 10, 2006 ~ July 9, 2026	July 5, 2007 ~ July 4, 2027	July 7, 2008 ~ July 6, 2028	July 9, 2009 ~ July 8, 2029	July 9, 2010 ~ July 8, 2030	Mar 12, 2012 ~ Mar 11, 2032	Mar 15, 2013 ~ Mar 14, 2033	Mar 14, 2014 ~ Mar 13, 2034

Of the above, total number of unexercised Stock Option held by Directors and Corporate Auditors of the Company (breakdown by each issue of the Stock Option)

(As of March 31, 2014)

Issue	Directors		Corporate Auditors	
	Number of Units	Number of Directors Holding Rights	Number of Units	Number of Corporate Auditors Holding Rights
The 5 th Issue of the Stock Option	12	4	2	1
The 6 th Issue of the Stock Option	21	5	7	2
The 7 th Issue of the Stock Option	41	5	10	2
The 8 th Issue of the Stock Option	55	5	13	2
The 9 th Issue of the Stock Option	50	5	12	2
The 10 th Issue of the Stock Option	118	5	17	1
The 11 th Issue of the Stock Option	156	6	-	-
The 12 th Issue of the Stock Option	141	6		

Note: 1. No Stock Option is granted to any Outside Directors and Corporate Auditors.

2. The Stock Option held by the Corporate Auditors were distributed as a consideration of performance of duties as Director or Corporate Officer prior to assuming the position of Corporate Auditor.

(2) Stock Option distributed during the subject Fiscal Year

Stock Option distributed during the subject Fiscal Year is stated in the 12th Issue of the Stock Option noted in (1) above.

Status of Stock Option distributed to employees of the Company in the 12th Issue of Stock Option.

No. of Unites	No. of Recipients
477	34

4. Directors and Corporate Auditors

(1) Directors and Corporate Auditors

(As of March 31, 2014)

Post	Name	Duty, State of significant positions concurrently Held at other companies
President, Representative Director	Shigeo Ohyagi	CEO (Chief Executive Officer) Chairman, Japan Bio Plastics Association Permanent Officer, Keidanren(Japan Business Federation)
Executive Vice-President, Representative Director	Norio Kamei	Managing GM, Advanced Fibers & Composites Business Group, Electric Materials & Performance Polymer Products Business Group and Raw Materials, Polymers & Procurement Division
Senior Executive Officer, Representative Director	Osamu Nishikawa	Chief Social Responsibility Officer Supervisor of Corporate Audit Department Director, Effective Utilization of Factories Project
Senior Executive Officer, Director	Takashi Takahashi	Chief Science and Technology Officer Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control
Senior Executive Officer, Director	Yoshio Fukuda	General Manager, Electric Materials & Performance Polymer Products Business Group, Chairman, Teijin DuPont Films
*Executive Officer, Director	Jun Suzuki	General Manager, Advanced Fibers & Composites Business Group General Manager, Carbon Fibers & Composites Business Unit President & Representative Director, Toho Tenax Co., Ltd.
Director	Hajime Sawabe	Counselor of TDK Corporation Outside Corporate Auditor, Nikkei Inc. Councilor, Waseda University
Director	Yutaka Imura	Special Envoy of the Government of Japan for Mid-East & Europe Vice-Chairman, Japan-Indonesia Association, Inc.
Director	Nobuo Seki	Outside Corporate Auditor, SUGIYO Co., Ltd. Professor, Graduate School of Shibaura Institute of Technology Management Committee member , Tokyo Institute of Technology
Director	Kenichiro Senoh	President & Chairperson, The Industry-Academia Collaboration Initiative (NPO) President, CIEC(Community for Innovation of Education and learning through Computers and communication networks) Committee Member, Ministry of Agriculture, Forestry and Fisheries Agriculture, Forestry and Fisheries Research Council
Full-time Corporate Auditor	Atsuo Amano	
Full-time Corporate Auditor	Toshiaki Yatabe	
Corporate Auditor	Toshiharu Moriya	Professor, Graduate School of Accounting, Hosei University Outside Corporate Auditor, NIFTY Corp. Outside Corporate Auditor, Fujitsu Frontech Limited. Auditor, Kanagawa Dental College
Corporate Auditor	Noriko Hayashi	Representative, Hayashi Legal Office, Lawyer The Chairperson of Committee on Labor Law Legislation, Japan Federation of Bar Associations
Corporate Auditor	Nobuo Tanaka	Global Associate, The Institute of Energy Economics Japan Outside Corporate Auditor, Innotech Corporation Part-time employee, INPEX Corporation Professor, Graduate School of Public Policy, Tokyo University

9. Changes in posts and duties of Directors following the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Shigeo Ohyagi	Chairman of the Board	President, Representative Director CEO (Chief Executive Officer)	April 1, 2014
Jun Suzuki	President, Representative Director CEO (Chief Executive Officer)	Executive Officer, Director, General Manager, Advanced Fibers & Composites Business Group General Manager, Carbon Fibers & Composites Business Unit President & Representative Director, Toho Tenax Co., Ltd.	April 1, 2014
Yoshio Fukuda	Senior Executive Officer, Director General Manager, Electric Materials & Performance Polymer Products Business Group General Manager, Films Business Unit Chairman, Teijin DuPont films	Senior Executive Officer, Director General Manager, Electric Materials & Performance Polymer Products Business Group Chairman, Teijin DuPont films	April 1, 2014
Norio Kamei	Director Advisor	Executive Vice-President, Representative Director Managing GM, Advanced Fibers & Composites Business Group, Electric Materials & Performance Polymer Products Business Group and Raw Materials, Polymers & Procurement Division	April 1, 2014
Takashi Takahashi	Director Advisor Supervisor of Safety Control	Senior Executive Officer, Director Chief Science and Technology Officer Supervisor of Iwakuni, Matsuyama and Mihara factory Supervisor of Safety Control	April 1, 2014

(2) Remuneration for Directors and Corporate Auditors

1) Remuneration for Directors during the subject fiscal year

(millions of yen)

Inside Directors		Outside Directors		Total	
Number of Directors	Amount of Remuneration	Number of Directors	Amount of Remuneration	Number of Directors	Amount of Remuneration
7	320	4	63	11	383

Notes: 1. Inside directors means directors other than outside directors.

2. The Company has no director who is also an employee of the Company.

3. The maximum annual remuneration for directors is ¥700 million, of which ¥630 million is for annual salary and ¥70 million is for the fair value of compensation-type stock options (as resolved by the 140th Ordinary General Meeting of Shareholders, held on June 23, 2006).

4. The performance-based remuneration system is applied for the inside directors. The amount of remuneration is basically determined according to the consolidated Return on Assets (ROA) and additionally based on the consolidated Return on Equity (ROE), the improvement of operating income, achievements relative to budgets, and an evaluation of the director's performance. Outside directors receive a fixed amount of remuneration.

5. The amounts of above remuneration include ¥37 million, an expected amount of performance-based remuneration to be paid to the six (6) inside directors appointed at the 147th Ordinary General Meeting of Shareholders held on June 21, 2013. Performance-based remuneration was not paid to outside directors. The amounts of above remuneration include ¥32 million as compensation-type stock options granted to inside directors for their duties performed during the subject fiscal year. Stock options were not granted to outside directors.

6. Apart from the amounts of above remuneration, retirement benefits of ¥362 million were paid to one (1) inside directors who retired during the fiscal 2013. The Company abolished the retirement benefits payment system for retiring inside directors at the close of the 145th Ordinary General Meeting of Shareholders held on June 22, 2011. Retirement benefits are not paid to outside directors.

2) Remuneration for Corporate Auditors during the subject fiscal year

(millions of yen)

Inside Corporate Auditors		Outside Corporate Auditors		Total	
Number of Corporate Auditors	Amount of Remuneration	Number of Corporate Auditors	Amount of Remuneration	Number of Corporate Auditors	Amount of Remuneration
2	78	3	29	5	107

Notes: 1. Inside corporate auditors means corporate auditors other than outside corporate auditors.

2. The maximum monthly remuneration for corporate auditors is ¥12 million (as resolved by the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999).

(3) Outside Directors and Outside Corporate Auditors

1) Significant Concurrent Positions and the relation between the Company and the entities at which Outside Directors and Outside Corporate Auditors hold such positions.

They are shown in the above-mentioned 「(1) Directors and Corporate Auditors」.

2) Main Activities of Outside Directors and Outside Corporate Auditors

Category	Name	Main Activities
Outside Directors	Hajime Sawabe	Attended 12 of the 11 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his extensive management experience and knowledge.
	Yutaka Iimura	Attended 12 of the 11 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his expertise and knowledge cultivated over many years as a diplomat.
	Nobuo Seki	Attended 12 of the 12 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his extensive management experience and knowledge.
	Kenichiro Senoh	Attended 12 of the 12 meetings of the Board of Directors held during the relevant fiscal year and offered valuable comments from his specialist viewpoint of business model field.
Outside Corporate Auditors	Toshiharu Moriya	Attended 12 of 12 meetings of the Board of Directors and 7 of 7 meetings of the Board of Corporate Auditors held during the relevant fiscal year and offered valuable comments from his professional knowledge as a Certified Public Accountant.
	Noriko Hayashi	Attended 12 of 12 meetings of the Board of Directors and 7 of 7 meetings of the Board of Corporate Auditors held during the relevant fiscal year and offered valuable comments from her professional knowledge as lawyer, and offered, in particular, advice and suggestions Concerning compliance
	Nobuo Tanaka	Attended 12 of 11 meetings of the Board of Directors and 7 of 7 meetings of the Board of Corporate Auditors held during the relevant fiscal year and offered valuable comments from his experience at the government agencies and international organization and offered, in particular, advice and suggestions Concerning corporate governance.

3) Liabilities Limitation Agreements

① Liabilities Limitation Agreement with Outside Directors

The Company has executed a Liabilities Limitation Agreement with each of four (4) outside directors, Hajime Sawabe, Yutaka Iimura, Nobuo Seki and Kenichiro Senoh which limits the respective liabilities of each outside director to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

② Liabilities Limitation Agreement with Outside Corporate Auditors

The Company has executed a Liabilities Limitation Agreement with each of three (3) outside corporate auditors, Toshiharu Moriya, Noriko Hayashi and Nobuo Tanaka which limits the respective liabilities of each corporate auditor to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC.

(2) Amount of Remuneration

(Millions of yen)

Details	Amount
1) The amount of remuneration, etc., to be paid by the Company to the accounting auditor	156
2) The total amount of cash or other proprietary interest to be paid by the Company and its subsidiaries to the accounting auditor	308

Notes: 1. The amount described in Item 1) of the above table is the total sum of the remunerations for audits under the Companies Act and the remuneration for the audits under Financial Products & Exchange Act in Japan because these are not clearly distinguished from each other in the contract between the Company and the accounting auditor.

2. Of the major subsidiaries of the Company, 10 companies, including Teijin Aramid B.V., undergo auditing by accounting firm other than the accounting auditor.

3. The Company pays remuneration to the accounting auditor for "Making comfort letter service for bond issue" and so on not specified in Article 2, Paragraph 1, of the Certified Public Accountant Act.

(3) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company has a policy that the Board of Corporate Auditors will dismiss its accounting auditor based on an unanimous approval of corporate auditors in the event that it falls under any item of Article 340, Paragraph 1, of the Companies Act.

Furthermore, the Company has a policy of submitting a proposal regarding dismissal or non-reappointment of the accounting auditor to a shareholder's meeting in the event that it is deemed that a grave obstacle to the Company's audit operation involving the accounting auditor has occurred.

6. Corporate Governance System

(1) Reasons for Choosing the Current Corporate Governance System

The Company has adopted and will adopt from time to time mechanisms for corporate governance which is appropriate for achieving the purposes of the Company. Accordingly, the Company will timely review the mechanisms and such changes may be made in accordance with changes in the social and legal environments.

The current Companies Act requires the Board of Directors to appropriately carry out two functions: execution of business and management oversight and supervision. The governance system deemed appropriate is therefore based on these two core functions, with execution of business led by the Company's inside directors on the one hand, and management oversight and supervision focused on by outside directors and carried out by corporate auditors and the Board of Auditors on the other hand.

Therefore the Company intends to continue to be a company with Board of Corporate Auditors for the time being. At the Company, the strengthening of the management oversight and supervisory functions and similar corporate governance that are the aim of a "company with committees" are effectively achieved via an "Advisory Board", a "Board of Directors and executive officer system that includes independent outside directors," and a "Board of Auditors system that includes independent outside corporate auditors."

(2) Overview of Current Corporate Governance

1) Advisory Board (Management Consultative Committee)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top managements, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors consisting of two or three non-Japanese advisors as well as the Chairman of the Board* and the President & CEO, and the Chairman of the Board chairs the Advisory Board. The Advisory Board also functions as a nominations and remuneration committee, making recommendations regarding the alternation of the CEO and nomination of a successor, deliberating the selection of Chairman, deliberating the system and levels of compensation for Teijin Group directors, and evaluating the performance of the CEO and representative directors.

*The case of vacant of the Chairman of the Board, Senior Advisor will take the chairmanship of the Advisory Board.

2) Board of Directors and Corporate Officer System that Includes Independent Outside Directors

To expedite decision making and clarify accountability of execution of business, the Company's Articles of Incorporation set the maximum members of the Board of Directors to 10 directors, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. Four members of the Board of Directors are independent outside directors. In addition, the Articles of Incorporation sets the term of office for directors at one year. The Board of Directors is chaired by the Chairman of the Company*, as a means of separating oversight and supervision from execution of business.

The outside directors also contribute to enhancement of the transparency and accountability of the Board of Directors, with their oversight function with respect to internal directors and by management advice function based on their expertise.

*The case of vacant of the Chairman of the Board, the director of Senior Advisor or the outside director will take the chairmanship of the Board.

3) Board of Auditors System that Includes Independent Outside Corporate Auditors

① Corporate Audits

The Company's Board of Auditors consists of five members, of whom a majority of three are independent outside auditors. This maintains transparency, and achieves the management oversight and audit function including audit of total risk management. In addition, the Committee of Teijin Group Corporate Auditors, comprising corporate auditors of Group companies, exists to enhance the effectiveness of group-wide oversight and audit of the entire Group, which correspond to group consolidated management and ensure impartial auditing.

The Company and its Group companies have a three-pronged audit system, which includes internal audits in addition to the corporate audits by corporate auditors and the accounting audits by the accounting auditors stipulated by the Companies Act and the Financial Products and Exchange Act. These three components work in mutual cooperation to enhance corporate governance.

② Internal Audit System

The Corporate Audit Office, reporting directly to CEO, has been established as an internal audit organization, and carries out Group-wide and global audits to evaluate efficiency and validity of internal control functions.

7. Summary of Resolution to Establish Systems to Ensure Appropriate Business Operations

Resolutions on Basic Policies for establishment of Internal Control Systems

At a board meeting held on August 1, 2013, the Board of Directors made resolution on basic policies for establishment of internal control systems. This resolution should be regularly reviewed and confirmed at a board meeting once every year. Below is a summary of this resolution, the details of which can be viewed at the Company's Web site: (<http://www.teijin.com/ir/governance/resolution/>).

(1) Systems for Ensuring the Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors and Employees

The Company has declared the basic principles of compliance in its Teijin Group "Corporate Governance Guide" (available on the Company's Web site at : <http://www.teijin.com/ir/governance/guide/>).

To practice these basic principles, the Company shall establish systems and organizational structures that ensure practical operation and thorough observation of the Company's Corporate Philosophy, Corporate Code of Conduct, Corporate Standards of Conduct, Group Ethics Regulations and other related internal regulations.

The Company's representative directors and other executives shall take the initiative and set good examples in observing laws, regulations and the Articles of Incorporation, social rules and ethics, and shall promote compliance education and awareness among the Teijin Group's employees. In order to establish a compliance system across the entire Teijin Group, the Company appoints Chief Social Responsibility Officer as the officer in charge of compliance.

All directors, officers and employees of the Teijin Group are required to report to the Teijin entity to which they belong or to Teijin Limited which is the holding company of the Teijin Group, whether they detect any violations of laws and regulations or other serious information concerning compliance, in accordance with Group Ethics Regulations and other internal regulations. Chief Social Responsibility Officer shall direct and supervise investigations to confirm such reported facts and, upon consultation with CEO (President), determine appropriate measures.

The Company shall provide necessary means for directors, officers, employees and business partners to directly report any violation or doubtful activities of non-compliance. Such measures shall ensure that anonymity of the caller is protected and that the caller does not get any disadvantageous treatment. Important reports as well as measures taken by the relevant Teijin entity and their results shall be announced as appropriate to, and shall be recognized by, all directors, officers and employees of the Teijin Group.

The Company places Corporate Audit Department directly supervised by CEO, which performs internal auditing of the Teijin Group's execution of business and conducts the evaluation of the internal control system and proposes its improvement.

The Company shall maintain a resolute attitude toward pressure from antisocial forces, including demands for payoffs from specific shareholders or interference by crime syndicates, and shall not allow such interference. Chief Social Responsibility Officer shall be appointed as the person in charge of actions against antisocial forces. Chief Social Responsibility Officer shall establish action policies and other rules in consort with general manager, Human Resources Division and shall ensure observance of such policies and rules by directors, officers and employees within the Teijin Group.

(2) Systems for the Preservation and Management of Information in Relation with the Directors' Performance of Their Duties

Directors shall appropriately preserve and manage minutes of shareholders' general meetings, minutes of Board of Directors' meetings, and other documents and important information concerning the performance of their duties in accordance with relevant company regulations. Chairman of the Board*, who chairs the Board of Directors, is responsible for the supervision and oversight of the preservation and management of such documents and important information. Documents concerning directors' performance of their duties shall be preserved for at least ten (10) years and shall be accessible whenever necessary.

*The case of vacant of the Chairman of the Board, CEO will perform the office of the Chairman.

(3) Rules and Systems for Risk Management

The Board of Directors shall operate a total risk management system to deal with any kind of risks that might threaten sustainable business development.

Total Risk Management (TRM) Committee, shall mainly deal with the business operational risks and strategic risks, and shall propose basic policies and annual plans related to TRM to the Board of Directors. Chief Social Responsibility Officer is in charge of establishing a system across the Teijin Group to manage business operation risk, and shall identify problems and deal with such risks upon occurrence thereof. CEO shall assess strategic risks and present his/her assessment to the Board of Directors as an important element upon which managerial decisions are made.

The Company shall implement necessary measures to ensure the continuation of businesses when faced with risk events including disasters, the inappropriate performance of duties by directors, officers or employees, and damage to critical IT systems.

(4) Systems for Ensuring that Directors' Duties Are Performed Efficiently

More than one Independent Outside Director who satisfy the requirements for independence stipulated by the Company shall be appointed as members of the Board of Directors in order to enhance the validity of the decisions to be made by the Board of Directors.

The Board of Directors shall have the representative directors and other executives conduct the operation of the Company and decisions for the items on which the representative directors and other executives have been delegated decision-making powers shall be made by the organization and procedures in accordance with the internal regulations. These regulations shall be revised as may be necessary to reflect any revision and/or abolition of laws and regulations and/or to increase the efficiency of the representative directors and other executives in executing their duties.

The Board of Directors shall organize the basic structure of Teijin Group, and shall establish efficient management, oversight and supervision system.

(5) Systems for Ensuring that Proper Business Operations Are Conducted within the Group of Companies, Including Subsidiaries and Parent Companies

The Company shall prepare group regulations that apply to all entities in the Teijin Group, in addition to measures to ensure that business activities are conducted in compliance with the relevant laws and regulations and the Articles of Incorporation.

Transactions within the Teijin Group must be conducted in an appropriate manner according to the social norms.

The representative directors and other executives shall provide necessary instructions to ensure that the Teijin Group entities have appropriate internal control systems.

Corporate Audit Department shall operate or supervise internal audits of the Teijin Group's business operations and ensure the efficiency and validity of internal control functions over the entire business of the Teijin Group.

Corporate Auditors shall establish appropriate systems, such as those for close coordination with the accounting auditors and Corporate Audit Department, to ensure effective and appropriate supervision and auditing of the Group's entire business operations.

To ensure the reliability of its financial reporting, the Company shall establish a group-wide internal control system for the financial reporting and the operation of the Teijin Group individual operational processes, and shall be properly and efficiently operate and assessed such systems.

(6) Assignment of Employees when the Corporate Auditors request to have Employees Assist in Performing Their Duties

The Company shall establish Teijin Group Auditors Office and appoint two or more employees, in principle, to assist Corporate Auditors in performing their duties.

(7) Independence from Directors of the employees Assisting the Corporate Auditors in Performing Their Duties

To secure the independence of members of Teijin Group Auditors Office above, all decisions concerning personnel measures regarding the members of Teijin Group Auditors require the prior consent of the full-time Corporate Auditors. The full-time Corporate Auditors shall assess the performance of the members of Teijin Group Auditors Office.

No members of Teijin Group Auditors Office can assume any post or function in any Teijin Group entity.

(8) System regarding Reports to Corporate Auditors by Directors, Employees and Others

Representative directors and other executives shall report at the meetings of the Board of Directors and other important meetings the status of the business operations they are in charge.

Representative directors and other executives shall immediately report to Corporate Auditors when they discover incidents that causes or may cause significant erosion of public trust of the Company, adverse effects on the performance of the Company, significant damage to the internal or external environment, safety and health (ESH); or related to product liability, significant violations of internal regulations, or other incidents similar thereof.

Directors, corporate officers and employees shall promptly and appropriately respond to requests made by the Corporate Auditors to report on the business operations or on the conditions of the assets and business of the Teijin Group.

(9) Other System for Ensuring that the Audits of Corporate Auditors Are Conducted Effectively

To ensure transparency, the majority of Corporate Auditors consists of Independent Outside Auditors that satisfy the requirements for independence that the Company specifies.

The corporate auditors shall enter into advisory agreements with outside law firms in order for themselves and Teijin Group entities' corporate auditors to form independent opinions. When they consider it necessary in the course of conducting audits, the corporate auditors can, at their own discretion, retain outside advisers, including Certified Public Accountants and other consultants.

8. Basic Policy Regarding the Control of the Company

(1) Basic Policy Regarding the Company's Shareholders

(Basic policy regarding those who control the decision of the company's financial and business policy)

The Company believes the existence of its shareholders is based on free transactions in the market and therefore the Company's shareholders should make the final decisions as to whether to accept a proposal of a large-scale acquisition that would result in a transfer of the Company's ownership.

However, it is envisioned that some large-scale acquisition of the Company's shares or such proposals might entail, among others, the followings:

①The likelihood of causing obvious harm to the corporate value of the Company and the common interests of the shareholders.

②The threat of compelling the shareholders to sell their shares.

③Acquisition conditions that are inappropriate or insufficient with a view to the Company's intrinsic value.

The Company believes such a large-scale acquirer of the Company's shares or a person or company who proposes such an action is exceptionally inappropriate to control the decision of the Company's financial and business policies.

(2) Measures to Realize the Basic Policy

The Company has already launched the following measures to improve the corporate value of the Company and the common interests of the shareholders to ensure that investors can continue to invest in the Company over the long term. The Company believes such measures will contribute to the realization of the basic policy described in (1) above.

1) Efforts to Improve Corporate Value through Reforms of Business Structures and Implementing Growth Strategies

To attain global excellence and show our presence in the world, the Company aims to provide creating value for customers by "driving our evolution toward a solutions-based business model", as set forth in our current medium- to long-term management vision, and is promoting measures centered on both "Business Restructuring Initiatives" and "Growth Strategies." The specific measures to be taken in and after fiscal 2014 are included in "1. Current Status of the Teijin Group, (5) Tasks Ahead." We will achieve sustainable growth by steadily implementing these specific measures.

2) Measures to Improve Corporate Value through Strengthening Corporate Governance

As an essential system to achieve steady growth in the corporate value of the Company and the common interests of the shareholders, the Company has strived to strengthen corporate governance. Concretely, it is executed as shown below ;

①Separated and strengthened the decision-making and business operations and the monitoring/auditing 3 functions.

②Established an Advisory Board as the Board of Directors' consultative body that includes experts from Japan and overseas to receive advice and recommendations on management of the entire Group, thereby enhancing the effectiveness and transparency of management. The Advisory Board also evaluates the performance of top executives.

③Established and disclosed the Corporate Governance Guide as a concrete guideline for corporate governance.

(3) Measures to Prevent Decisions on the Financial and Business Policies of the Company from Being Controlled by Those Deemed Inappropriate in Light of the Basic Policy (Takeover Defense Measures)

The Company established the Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures) (hereinafter, "the Plan"), which were approved by shareholders at the 146th Annual General Meeting of Shareholders held on June 22, 2012.

The summary of the Plan is as follows:

1) Applicable Acquisitions

Applicable acquisitions are those that lead to holdings of 20% or more of the Company's shares.

2) Procedures for Negotiations with Acquirer

Acquirers are required to submit in advance an acquisition statement and provide a period that allows the Company to collect information and examine the acquisition proposal, present the Company management's plans and alternative proposals to shareholders and negotiate with the acquirer.

3) Allotment of Stock Option with call in the Event That an Acquirer Does Not Comply with Procedures

If an acquirer does not comply with the aforementioned procedures, in accordance with the recommendation of the Independent Committee, the Board of Directors will decide to allot all shareholders registered at that time Stock Option with call, without contribution, at the rate of one Stock Option per one share of stock held.

4) Calling the Stock Option with a Call and Distribution of the Company's Stock

According to the Call Option attached to the stock option, the Company will call the stock option in exchange for the Company's shares from all shareholders other than the acquirer and other non-qualified parties at a rate of one (1) share of the Company's stock per one (1) stock option.

5) Impact on Shareholders Other than the Acquirer and Other Non-qualified Parties

As the Company's shares are evenly delivered to all the shareholders other than the acquirer and other non-qualified parties, the shares held by the shareholders would not be diluted. As the Company's shares are not granted to the acquirer and other non-qualified parties, this would result in dilution of the acquirer's voting rights to a maximum of 50%.

6) Requirements for the Allotment of the Stock Option Without Contribution

The allotment of the stock option without contribution will be implemented in case any acquisition falls under any of the following cases and it is deemed reasonable to implement an allotment of the stock option without contribution:

- ① In case the acquisition does not comply with the procedure set forth in the Plan;
- ② In case the acquisition is likely to cause obvious harm to the corporate value of the Company and/or the common interests of the shareholders in view of the purpose of the acquisition and the post-acquisition management policy in such cases as, for example, the buyout of the Company's shares to demand that the Company purchase said shares at an inflated price;
- ③ In case the acquisition threatens to have the effect of compelling the shareholders to sell their shares;
- ④ In case the acquisition conditions are insufficient or inappropriate with a view to the Company's intrinsic value.

7) Overview of Process Prior to Triggering The Plan

When the acquirer submits the Acquisition Statement, the Independent Committee consisting of five members appointed from among the outside directors and outside corporate auditors may require the Company's Board of Directors to present its opinion regarding the details of the acquisition by the acquirer within a specified period of time (a maximum 30 days). Following this, the Independent Committee will collect and examine information for a maximum period of 60 days. The Independent Committee may extend this assessment period for up to 30 days.

Based on its collection and examination of this information, the Independent Committee will make a recommendation to the Board of Directors for either the implementation or non-implementation of an allotment of the stock option without contribution. The Company's Board of Directors shall respect and adhere to the aforementioned recommendation from the Independent Committee and finally resolve whether implement or non-implement an allotment of the stock option without contribution. However, the Board of Directors shall convene a shareholders' meeting as soon as practicable and raise a proposal on the implementation of the allotment of stock option without contribution as a matter to be resolved thereat, in case the Independent Committee has placed a reserve that prior approval of a shareholders' meeting should be obtained for the recommendation that an allotment of the stock option without contribution should be implemented.

Note: Details of the "Countermeasures to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures)" are available on the Company's Internet site (<http://www.teijin.com/ir/governance/defense/>).

(4) Explanation as to How the Above Measures Comply with the Basic Policy, Do Not Harm the Common Interests of the Shareholders of the Company and Do Not Pursue the Personal Interests of the Company's Directors and Corporate Auditors

The Plan was designed to incorporate the following perspectives and therefore the Company believes that it should comply with the Basic Policy, be consistent with the corporate value of the Company and the common interests of the shareholders and not pursue the personal interests of the Company's Directors and Corporate Auditors.

1) Respect of Shareholders' Intent

The Plan became effective upon its approval at the 146th Ordinary General Meeting of Shareholders, held on June 22, 2012, and will remain in effect for three years, until the conclusion of the Ordinary General Meeting of Shareholders pertaining to the business year ending March 2015. Moreover, as the term of office of the Company's directors is one (1) year, the shareholders' intent may be well reflected by way of the election of directors. Furthermore, even before the expiry of the effective period after The Plan is introduced, The Plan shall be abolished immediately in case a proposal that The Plan be abolished is approved at a shareholders' meeting of the Company.

2) Emphasis on the Judgment by Highly Independent Outside Directors and Independent Outside Corporate Auditors

Upon the introduction of the Plan, the Company established the Independent Committee, an organ with the role of substantial and objective decision making for the benefit of shareholders while eliminating the possibility of arbitrary decisions by the Company's Board of Directors with regard to the actual operation of the Plan. The Independent Committee consists of members elected and appointed by the Company's Board of Directors from among those persons of outside director or outside corporate auditor.

3) Reinforcement and Continuity of Corporate Governance

The Company intends to separate and reinforce three managerial functions (decision making, execution of business and monitoring/auditing) by electing four independent outside directors on its Board of Directors, which comprises a maximum of 10 directors, and having three independent outside corporate auditors comprising a majority of the number of corporate auditors. The Company has also established an Advisory Board- comprising five to seven outside advisers, the Chairman of the Company*, and the President & CEO – as a consultative body to the Board of Directors that is charged with deliberating the alternation of President & CEO and nomination of successors, as well as compensation systems for directors and corporate auditors of the Teijin Group. Guidelines on corporate governance of

the Company including these measures above are disclosed in the form of the Corporate Governance Guide.

The above measures are viewed as groundbreaking initiatives for corporate governance among Japanese listed companies. This mechanism should have the effect of strongly breaking the self-protective conduct of the Company's directors and corporate auditors and are expected to prevent the arbitrary application of The Plan. The Company intends to maintain its corporate governance above during the effective period of This Plan.

*The case of vacant of the Chairman of the Board, Senior Advisor will take the chairmanship of the Advisory Board.

4) Setting of Rational and Objective Requirements for Triggering The Plan

The Plan is structured not to be easily triggered unless rational, detailed and objective requirements are satisfied, and moreover, these objective requirements are consistent with the cases set out for determining a person who is deemed inappropriate to control the decisions of the Company's financial and business policies. This idea serves to prevent the Board of Directors from arbitrarily triggering the Plan.

9. Policy Regarding the Determination of Dividends from Retained Earnings

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.

Consolidated Balance Sheets

(As of March 31, 2014)

(Millions of yen)

	FY2012 (As of Mar. 31, 2013)	FY2013 (As of Mar. 31, 2014)
< Assets >		
Current assets		
Cash and deposits	48,858	33,134
Notes and accounts receivable-trade	169,015	165,239
Finished goods	74,110	79,014
Work in process	9,468	9,084
Raw materials and supplies	28,054	30,569
Short-term loans receivable	14,483	18,644
Deferred tax assets	11,616	7,269
Other current assets	20,308	24,639
Allowance for doubtful accounts	(3,659)	(2,687)
Total	372,255	364,908
Fixed assets		
Tangible assets		
Buildings and structures, net	70,359	69,238
Machinery, equipment and vehicles, net	101,287	91,429
Land	43,734	43,690
Construction in progress	9,561	9,297
Other, net	19,913	23,204
Total	244,856	236,861
Intangible assets		
Goodwill	18,104	15,806
Other	15,571	13,651
Total	33,676	29,457
Investments and other assets		
Investment securities	64,796	82,068
Long-term loans receivable	2,656	2,059
Prepaid pension cost	23,004	—
Net defined benefit asset	—	28,836
Deferred tax assets	1,691	2,271
Other	21,802	25,033
Allowance for doubtful accounts	(2,339)	(3,085)
Total	111,611	137,184
Total fixed assets	390,143	403,502
Total assets	762,399	768,411

Consolidated Balance Sheets

(As of March 31, 2014)

(Millions of yen)

	FY2012 (As of Mar. 31, 2013)	FY2013 (As of Mar. 31, 2014)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	91,875	80,003
Short-term loans payable	67,326	84,604
Current portion of long-term loans payable	52,389	21,811
Current portion of bonds	16,996	6,960
Income taxes payable	2,890	2,915
Deferred tax liabilities	12	60
Accrued expenses	17,758	17,757
Other	40,030	34,550
Total	289,281	248,662
Noncurrent liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	102,247	136,401
Provision for retirement benefits	20,351	—
Net defined benefit liability	—	30,204
Deferred tax liabilities	12,658	9,782
Other	15,733	13,246
Total	180,990	219,635
Total liabilities	470,271	468,298
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,407	101,429
Retained earnings	107,328	111,754
Treasury stock	(415)	(435)
Total	279,137	283,564
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,550	10,758
Deferred gains or losses on hedges	1,069	1,017
Foreign currency translation adjustment	(22,505)	(13,025)
Remeasurements of defined benefit plans	—	(634)
Total	(7,885)	(1,884)
Subscription rights to shares	649	737
Minority interests	20,226	17,694
Total net assets	292,127	300,112
Total liabilities and net assets	762,399	768,411

Consolidated Statements of Income

(April 1, 2013 to March 31, 2014)

(Millions of yen)

	FY2012 (Apr. 2012-Mar. 2013)	FY2013 (Apr. 2013-Mar. 2014)
Net sales	745,712	784,424
Cost of sales	555,208	590,091
Gross profit	190,504	194,333
Selling, general and administrative expenses	178,146	176,254
Operating income	12,357	18,078
Nonoperating revenues		
Interest income	525	506
Dividends income	822	957
Equity in earnings of affiliates	572	4,181
Gain on valuation of derivatives	2,617	1,495
Miscellaneous income	1,077	1,405
Total	5,614	8,546
Nonoperating expenses		
Interest expenses	3,408	3,358
Foreign exchange losses	606	287
Contribution	998	1,043
Miscellaneous loss	3,172	2,048
Total	8,186	6,737
Ordinary income	9,786	19,887
Extraordinary income		
Gain on sales of noncurrent assets	1,407	151
Gain on sales of investment securities	44	8,296
Gain on revision of retirement benefit plan	418	—
Other	495	690
Total	2,366	9,139
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,510	1,676
Loss on valuation of investment securities	761	106
Impairment loss	29,417	8,781
Business structure improvement expenses	58	2,385
Other	2,506	1,557
Total	34,253	14,507
Income (loss) before income taxes	(22,101)	14,519
Income taxes - current	4,224	5,126
Income taxes - deferred	1,884	2,781
Total	6,108	7,907
Income (loss) before minority interests	(28,209)	6,611
Minority interests in income (loss)	921	(1,744)
Net income (loss)	(29,130)	8,356

Consolidated Statement of Changes in Net Assets

FY2012 (Apr. 2012 - Mar. 2013)

(Million 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, 2012	70,816	101,389	141,441	(127)	313,519
Changes of items during the period					
Dividends from surplus			(4,921)		(4,921)
Net income (loss)			(29,130)		(29,130)
Others			(59)		(59)
Purchase of treasury stock				(326)	(326)
Disposal of treasury stock		18		38	56
Net changes of items other than shareholders' equity					
Total	—	18	(34,112)	(288)	(34,382)
Balance at March 31, 2013	70,816	101,407	107,328	(415)	279,137

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2012	9,913	306	(31,708)	—	(21,488)	566	19,619	312,217
Changes of items during the period								
Dividends from surplus								(4,921)
Net income (loss)								(29,130)
Others								(59)
Purchase of treasury stock								(326)
Disposal of treasury stock								56
Net changes of items other than shareholders' equity	3,637	762	9,202	—	13,603	82	606	14,292
Total	3,637	762	9,202	—	13,603	82	606	(20,089)
Balance at March 31, 2013	13,550	1,069	(22,505)	—	(7,885)	649	20,226	292,127

Consolidated Statement of Changes in Net Assets

FY2013 (Apr. 2013 - Mar. 2014)

(Million 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, 2013	70,816	101,407	107,328	(415)	279,137
Changes of items during the period					
Dividends from surplus			(3,931)		(3,931)
Net income (loss)			8,356		8,356
Others					—
Purchase of treasury stock				(78)	(78)
Disposal of treasury stock		21		59	80
Net changes of items other than shareholders' equity					
Total	—	21	4,425	(19)	4,426
Balance at March 31, 2014	70,816	101,429	11,754	(435)	28,564

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2013	13,550	1,069	(22,505)	—	(7,885)	649	20,226	292,127
Changes of items during the period								
Dividends from surplus								(3,931)
Net income (loss)								8,356
Others								—
Purchase of treasury stock								(78)
Disposal of treasury stock								80
Net changes of items other than shareholders' equity	(2,791)	(51)	9,479	(634)	6,001	88	(2,531)	3,558
Total	(2,791)	(51)	9,479	(634)	6,001	88	(2,531)	7,985
Balance at March 31, 2014	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	300,112

(For reference)

Consolidated Statements of Comprehensive Income

(April 1, 2013 to March 31, 2014)

(Millions of yen)

	FY2012 (Apr. 2012-Mar. 2013)	FY2013 (Apr. 2013-Mar. 2014)
Income (loss) before minority interests	(28,209)	6,611
Other comprehensive income		
Valuation difference on available-for-sale securities	3,638	(2,790)
Deferred gains or losses on hedges	762	(50)
Foreign currency translation adjustment	8,785	7,957
Share of other comprehensive income of associates accounted for using equity method	597	1,504
Total	13,784	6,620
Comprehensive income	(14,424)	13,232
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(15,527)	14,992
Comprehensive income attributable to minority interests	1,102	(1,760)

(For reference)

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2012 (Apr. 2012-Mar. 2013)	FY2013 (Apr. 2013-Mar. 2014)
Cash flows from operating activities		
Income (loss) before income taxes	(22,101)	14,519
Depreciation and amortization of others	46,876	45,663
Impairment loss	29,417	8,781
Increase (decrease) in provision for retirement benefits	1,199	—
Increase (decrease) in net defined benefit liability	—	1,424
Decrease (increase) in prepaid pension costs	(7,302)	—
Decrease (increase) in net defined benefit asset	—	1,258
Increase (decrease) in allowance for doubtful receivables	475	(382)
Interest and dividend income	(1,348)	(1,776)
Interest expense	3,408	3,358
Equity in losses (earnings) of affiliates	(572)	(4,181)
Loss (gain) on valuation of derivatives	(2,617)	(1,495)
Loss (gain) on sales and retirement of noncurrent assets	102	1,524
Loss (gain) on sales of investment securities	60	(8,289)
Loss (gain) on valuation of investment securities	761	106
Decrease (increase) in notes and accounts receivable-trade	11,070	8,591
Decrease (increase) in inventories	2,509	(2,370)
Increase (decrease) in notes and accounts payable-trade	(4,786)	(15,998)
Increase (decrease) in accrued payments due to change in retirement benefit plan	6,545	(2,420)
Other, net	(4,762)	(5,324)
Subtotal	58,936	42,989
Interest and dividends income received	4,043	5,403
Interest expenses paid	(3,487)	(3,663)
Income taxes paid	(3,308)	(6,143)
Casualty insurance income	8,120	—
Net cash and cash equivalents provided by operating activities	64,305	38,586
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,030)	(30,863)
Proceeds from sales of property, plant and equipment	1,928	472
Purchase of intangible assets	(2,664)	(2,208)
Purchase of investment securities	(3,947)	(21,202)
Proceeds from sales of investment securities	315	10,847
Decrease (increase) in short-term loans receivable	(1,563)	(2,981)
Payments of long-term loans receivable	(774)	(55)
Collections of long-term loans receivable	230	254
Other, net	(361)	(1,541)
Net cash and cash equivalents used in investing activities	(37,867)	(47,278)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,547)	11,135
Increase (decrease) in commercial paper	(18,000)	—
Proceeds from issuance of bonds	23,911	11,110
Redemption of bonds	(7,695)	(21,631)
Proceeds from long-term loans payable	44,347	51,730
Repayment of long-term loans payable	(46,861)	(55,339)
Cash dividends paid	(4,921)	(3,931)
Cash dividends paid to minority shareholders	(185)	(553)
Other, net	(652)	(421)
Net cash and cash equivalents provided by financing activities	(12,605)	(7,902)
Effect of exchange rate changes on cash and cash equivalents	1,585	869
Net increase in cash and cash equivalents	15,417	(15,725)
Cash and cash equivalents at beginning of period	33,283	48,700
Cash and cash equivalents at end of period	48,700	32,975