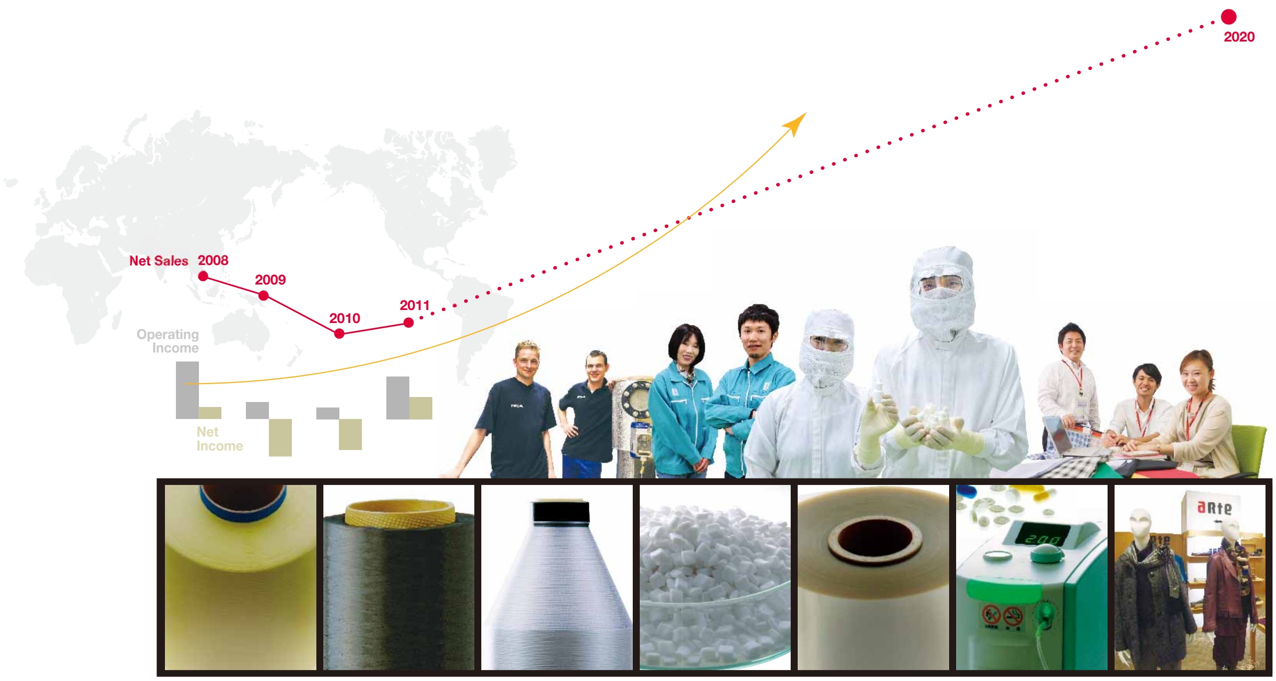
Human Chemistry, Human Solutions



Annual Report

Year ended March 31, 2011

2011

Contents

Net sales	Operating income	Free cash flow
up 6.5%	up 3.6 times	up ¥2.4 billion

Composition of Sales in Fiscal 2010

Disclaimer Regarding Forward-Looking Statements

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these forecasts. Potential risks and uncertainties include, but are not limited to, domestic and overseas economic conditions, such as consumer spending and private capital expenditures; currency exchange rate fluctuations, notably with the Japanese yen, U.S. dollar, Asian currencies, the euro and other currencies in which Teijin operates its international business; direct and indirect restrictions imposed by other countries; fluctuations in the market prices of securities in which Teijin has substantial holdings; and Teijin's ability to maintain its strength in many products and geographical areas, through such means as new product introductions, in a market that is highly competitive in terms of both price and technology, pertinent to the industry to which the Company primarily belongs.

Profile

Teijin Limited is the holding company for the Teijin Group, a multinational corporate enterprise that provides innovative solutions worldwide in eight distinct businesses, notably in the areas of high-performance materials and health care. Established in 1918, Teijin has a long history of turning challenges into opportunities and has evolved into a leading name in many of its core businesses. In high-performance materials, for example, the Company is currently one of the top global manufacturers of aramid fibers and carbon fibers, while in the health care field, Teijin is recognized as Japan's market leader in both home oxygen therapy (HOT) and continuous positive airway pressure (CPAP) devices.

Since 1999, Teijin has implemented a series of groundbreaking measures that have earned it a reputation as a pioneer in corporate governance in Japan. These include establishing its Advisory Board in 1999 and restructuring its Board of Directors to enhance the effectiveness of management. Today, the Company is pursuing an approach based on the integration of business strategies, corporate governance and corporate social responsibility (CSR).

Corporate Philosophy

In Harmony with Society	**Quality of Life** The Teijin Group's purpose is to enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities.	Empowering Our People

▲

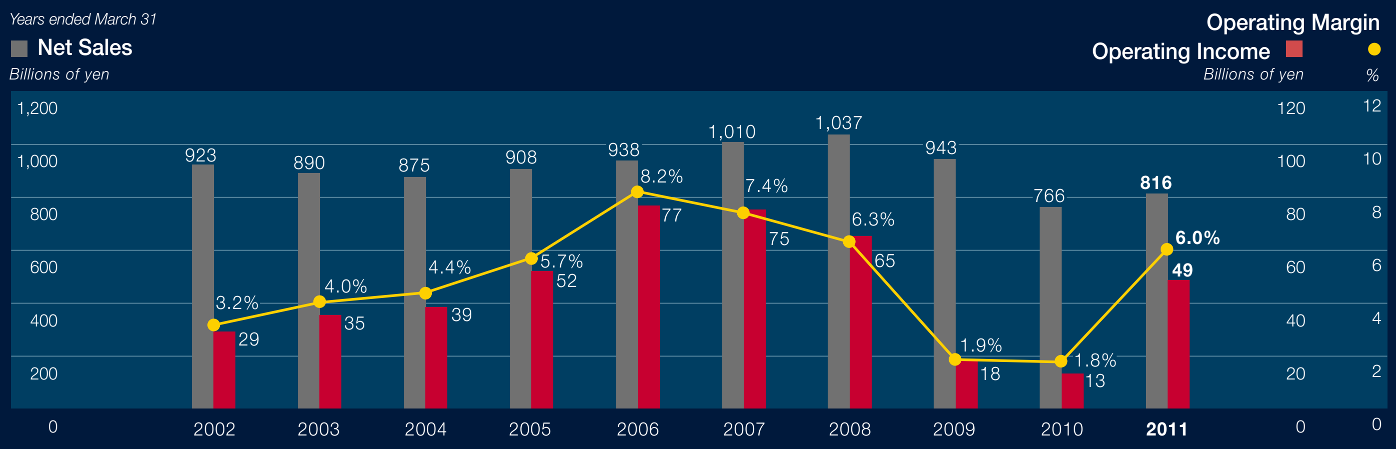
Brand Statement

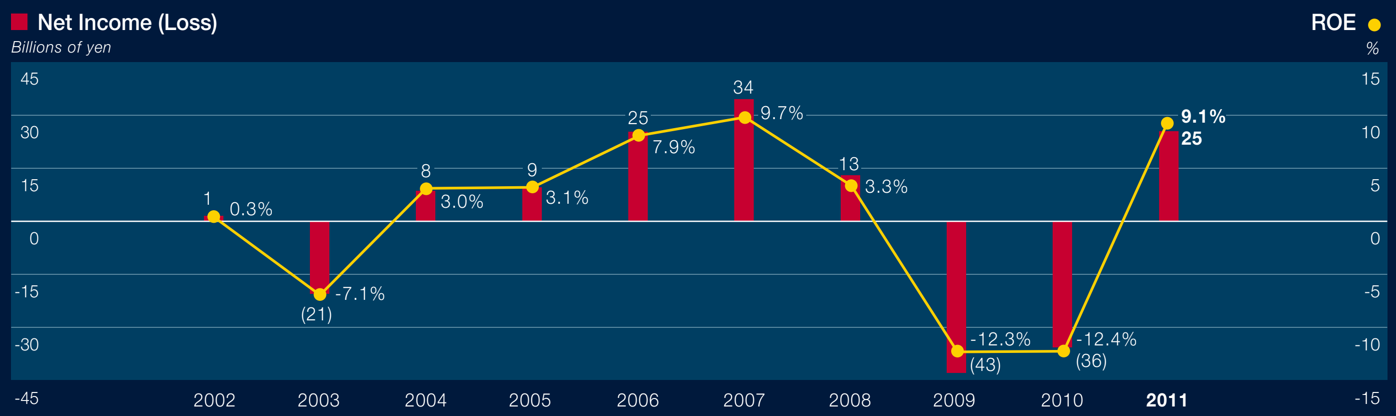
Human Chemistry, Human Solutions

The promise of the Teijin brand is summed up in the resonant statement: "Human Chemistry, Human Solutions."

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

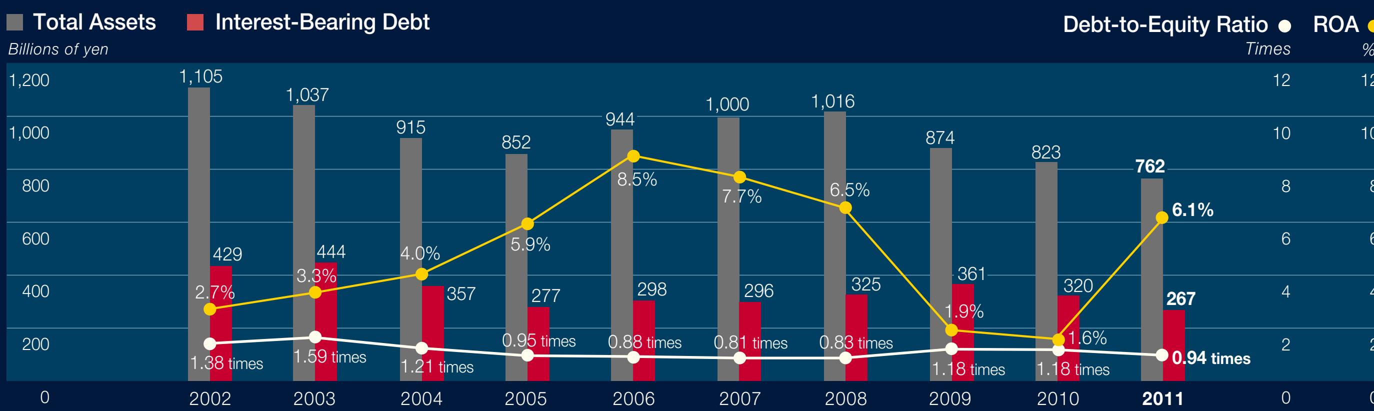
Financial Highlights

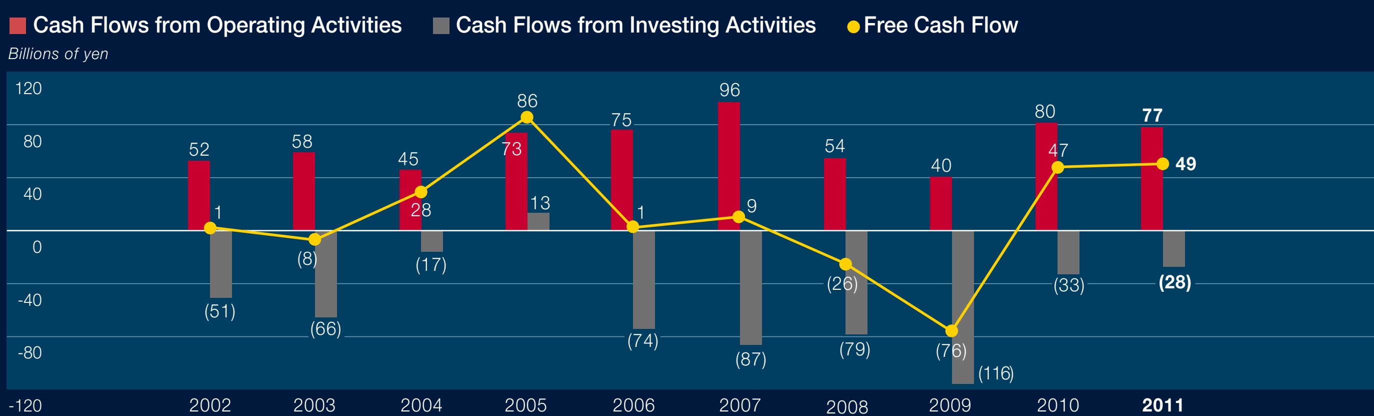




Years ended/as of March 31		2002	2003	2004	2005
Operating Results	Net sales	¥ 923	¥ 890	¥ 875	¥ 908
	Operating income	29	35	39	52
	Net income (loss)	1	(21)	8	9
	R&D expenses	32	30	33	30
Financial Position	Total assets	1,105	1,037	915	852
	Interest-bearing debt	429	444	357	277
	Shareholders' equity	311	279	294	291
Cash Flows	Cash flows from operating activities	52	58	45	73
	Cash flows from investing activities	(51)	(66)	(17)	13
	Free cash flow	1	(8)	28	86
	Cash flows from financing activities	(6)	11	(32)	(80)
Per Share Data	Net income (loss)	¥ 1.1	¥ (22.7)	¥ 9.0	¥ 9.7
	Shareholders' equity	335.5	300.3	316.8	313.3
	Cash dividends	6.5	6.5	6.5	6.5

Notes:
1. The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥83.15 to U.S.$1.00, the prevailing exchange rate at March 31, 2011.
2. Throughout this annual report, return on equity (ROE) is calculated as net income divided by average shareholders' equity, and return on assets (ROA) is calculated as operating income divided by average total assets. Shareholders' equity = Total net assets at year-end – Subscription rights to shares at year-end – Minority interests at year-end.
3. The debt-to-equity ratio is calculated as interest-bearing debt at year-end divided by shareholders' equity at year-end.





					Billions of yen	Percentage change	Millions of U.S. dollars
2006	2007	2008	2009	2010	**2011**	2010/2011	**2011**
¥ 938	¥1,010	¥1,037	¥ 943	¥ 766	**¥ 816**	6.5%	**$ 9,809**
77	75	65	18	13	**49**	261.4%	**584**
25	34	13	(43)	(36)	**25**	—	**303**
31	35	36	38	33	**31**	-5.6%	**379**
944	1,000	1,016	874	823	**762**	-7.5%	**9,159**
298	296	325	361	320	**267**	-16.5%	**3,216**
339	367	391	306	271	**284**	4.8%	**3,418**
75	96	54	40	80	**77**		**928**
(74)	(87)	(79)	(116)	(33)	**(28)**		**(334)**
1	9	(26)	(76)	47	**49**		**594**
2	(19)	16	79	(43)	**(42)**		**(506)**
					Yen		U.S. dollars
¥ 26.6	¥ 36.8	¥ 13.2	¥ (43.7)	¥ (36.3)	**¥ 25.6**		**$ 0.31**
364.8	395.2	397.3	310.5	276.2	**288.8**		**3.47**
7.5	10.0	8.0	5.0	2.0	**5.0**		**0.06**

Looking Back: Efforts to Build a Lean, Powerful Business Structure

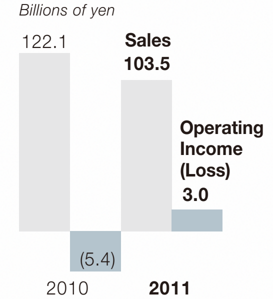
In response to the global economic crisis precipitated by the U.S. subprime mortgage issue, in late fiscal 2008 we introduced a basic management strategy and began executing a variety of urgent measures and structural reforms. Guided by these policies, in fiscal years 2009 and 2010 we worked to restructure certain businesses and achieve significant costs reductions.

Structural reforms focused on three poorly performing businesses—polyester fibers, polyethylene terephthalate (PET) film and polycarbonate resin—in which cost competitiveness and profitability had declined significantly, in tandem with severely reduced operating rates. In line with our overall objective of ensuring profitability at the net income level, even with facility operating rates at 70%, we took decisive steps in these businesses to lower costs and improve our responsiveness to market needs.

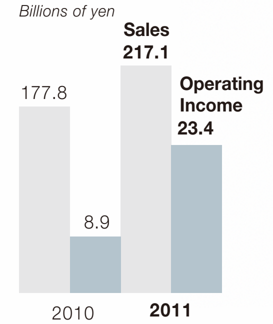
In polyester fibers, we focused on drastically restructuring loss-making businesses, creating an optimal global production configuration and restructuring the value chain. Restructuring measures implemented over the course of two years included divesting polyester fibers subsidiary P.T. Teijin Indonesia Fiber Tbk. We also pulled out of the monofilaments business, withdrawing from our subsidiary in the United States and divesting our subsidiary in Europe. Among the steps we took to create an optimal global production configuration, we transformed our plants in Thailand into a backbone production facility, shifting production of filament yarn there from our backbone facility in Japan. By March 2011, we had largely completed these reforms, achieving a substantial reduction in costs.

In PET film, we suspended or terminated production on a number of lines in the United States and Europe. In the United States, we closed our plant in Florence, South Carolina, in February 2011 and shifted the plant's PET film production to another facility in Hopewell, Virginia, while in Europe we suspended production on an unprofitable line in Luxembourg and modified other lines to accommodate higher-value-added products, a move that substantially reduced fixed costs and improved our product portfolio.

Years ended March 31
Polyester Fibers
Billions of yen



Years ended March 31
Films and Plastics
Billions of yen



Progress of Structural Reforms in the Polyester Fibers and PET Film Businesses

		2009: January–March	2009: April–June	2009: July–September	2009: October–December	2010: January–March	2010: April–June	2010: July–September	2010: October–December	2011: January–March
Polyester fibers: Return to profitability, then expand profits										
Groupwide				August: Announced restructuring of polyester fibers business	November: Reorganized Polyester Fibers Business Group					
Japan	Create optimal global production configuration			Shift production of polyester filament yarn, textiles and polyester fiber raw materials to Thailand by March 2011 ······➤						
	Drastically restructure loss-making businesses					March: Withdrew from the operations of Teijin Nestex Limited and others				
	Restructure the value chain				December: Integrated automotive seat fabrics business to create a joint venture					
Indonesia	Drastically restructure loss-making businesses				December: Resolved to divest P.T. Teijin Indonesia Fiber		April: Finalized divestiture			
USA	Drastically restructure loss-making businesses					March: Withdrew from the operations of Teijin Monofilament U.S., Inc.				
Europe	Drastically restructure loss-making businesses						June: Divested Teijin Monofilament Germany GmbH			
PET film: Transform into business capable of yielding profits	USA: Reduce network from five plants to one film-forming plant and one processing plant									
USA		February: Closed plant in Circleville, Ohio		July: Resolved to phase out production at plant in Florence, South Carolina, by March 2011 ·······➤						
Europe			June: Suspended production on one line at Luxembourg plant							

We also implemented urgent measures to shrink fixed costs in other businesses and at our head offices. Thanks to these various efforts, we succeeded in reducing fixed costs overall by ¥40.0 billion over two years, which also helped lower our break-even point.

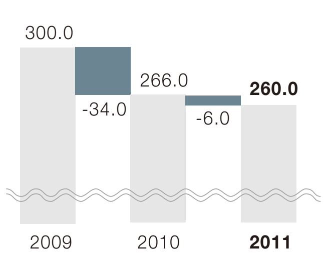
In addition, we took practical steps toward securing a positive free cash flow, that is, net cash and cash equivalents from operating and investing activities, including freezing major capital investment for two years and increasing the efficiency of working capital, primarily by slashing inventories. As a result of these initiatives, combined free cash flow for fiscal years 2009 and 2010 amounted to just under ¥100.0 billion, well in excess of the objective we had set internally. Free cash flow was used to reduce interest-bearing debt. The debt-to-equity ratio thus improved to 0.94 times, dipping below 1.0 times for the first time since fiscal 2007, underscoring a major improvement in the soundness of our financial condition.

The benefits of these measures and reforms also greatly improved fiscal 2010 consolidated operating income, to ¥48.6 billion. Owing to this advance, as well as to a sharp decline in extraordinary expenses, net income amounted to ¥25.2 billion, evidence that we have essentially achieved a business structure that ensures profitability, even with facility operating rates at 70%.

Years ended March 31

Reduction of Fixed Costs

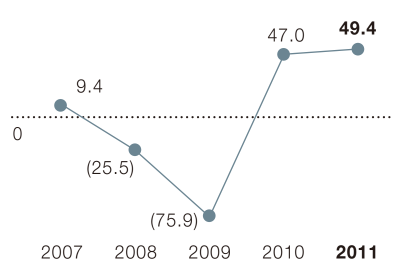
Billions of yen



Years ended March 31

Free Cash Flow

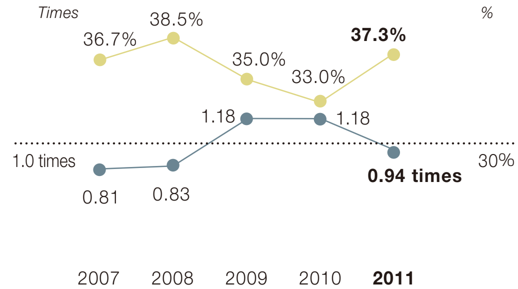
Billions of yen



Years ended March 31

Debt-to-Equity Ratio **Equity Ratio**

Times *%*



Repositioning Teijin on a Growth Trajectory

In fiscal 2010, the year ended March 31, 2011, economic conditions were generally favorable worldwide. However, the outlook remains clouded by uncertainty, owing to the upheaval caused by the Great East Japan Earthquake, which struck on March 11, 2011, and rising raw materials prices, as well as by such factors as a delay in the recovery of the U.S. economy and the tightening of fiscal policies in Europe; political instability in the Middle East and North Africa; and inflationary pressure in emerging economies, a consequence of excess liquidity worldwide. Having put the final touches to the aforementioned structural reforms, thereby creating a foundation for sustainable growth in fiscal 2011 and beyond, we are well positioned to meet the challenges presented by our operating environment.

Within our existing businesses, we will focus on two that we believe will be key profit drivers in the coming years—high-performance materials and health care. In the first, our emphasis is on materials that help reduce the weight and energy requirements and enhance the safety and security of finished products, as well as which contribute to environmental protection. In the second, we will continue to provide solutions that respond to the aging of society and the increasing prevalence of lifestyle-related diseases.

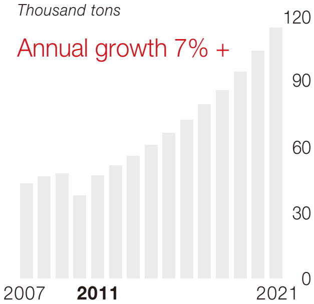
In our high-performance materials business, which centers on aramid and carbon fibers, our priority is decisive expansion. *Twaron*® and *Technora*® para-aramid fibers and *Teijinconex*® meta-aramid fibers are light, with superb strength, and boast excellent tensile modulus and thermal resistance, making them ideal for applications that respond to increasing concerns regarding product safety and security. These products are currently used in, among others, automotive-related materials and protective clothing and materials, as well as in fiber optic cables—the latter a growing market thanks to the spread and evolution of the Internet. For all these, we foresee further increases in demand in the near future. *Tenax*® carbon fibers are used extensively in aircraft; in wind turbine blades, containers and other general industrial applications; and in sports and leisure equipment, including golf club shafts. Looking ahead, we expect demand from the aircraft and automotive sectors to strengthen, mirroring the essential role these fibers play in reducing weight, energy requirements and CO_2 emissions. We also anticipate expanded demand for *Panlite*® polycarbonate resin and *Tetoron*® PET film for cutting-edge applications in such areas as electronics.

In health care, we specialize in three key therapeutic areas—bone and joint disease, respiratory disease and cardiovascular and metabolic disease. In our pharmaceuticals business, in 2011 we launched a new treatment for hyperuricemia and gout—the first novel drug in this field in 40 years—in the domestic market. We also market the drug for use in treating hyperuricemia in gout in a number of overseas markets. Sales in Europe and North America continue to increase. Eventually we hope to make the drug available in 60 countries worldwide and are targeting annual global sales of ¥100 billion. Additionally, we continue to advance the development of a promising drug for treating and preventing atrial fibrillation and flutter. In our home health care business, we have leveraged our position as a pioneer in home oxygen therapy (HOT) in Japan to secure a leading share of the market for continuous positive airway

Global Marketing of TMX-67 (treatment for hyperuricemia in gout)

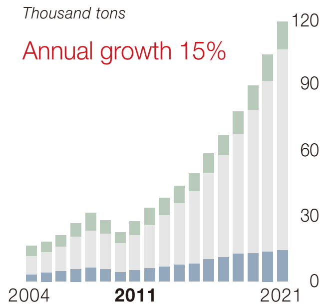
	Anticipated annual sales *Billions of yen*	2009	2010	2011	2012	2013	2014
USA	¥40–60	······	······	······	······	······	······➤
Europe	¥40–60		······	······	······	······	······➤
Japan	¥15–25			······	······	······	······➤
ROK	¥2–8			······	······	······	······➤
Hong Kong				······	······	······	······➤
Taiwan					······	······	······➤
PRC							······➤
Asia/Oceania		Selection of licensees in progress					
Middle East/Africa	¥1–2						
Central and South America	¥2–5						

Years ended/ending March 31
Outlook for Global Demand for Para-Aramid Fibers
Thousand tons



Source: Teijin estimate

Years ended/ending March 31
Outlook for Global Demand for Carbon Fibers
Thousand tons



Source: Teijin estimate

pressure (CPAP) ventilators. Today, we are also expanding our home health care business into overseas markets. In the United States, where we recently completed the integration of several new affiliates, we are seeing favorable sales gains. In Europe, we are working through our joint venture in Spain to set up operations elsewhere in the region.

Looking Ahead: Teijin in 2020

We have formulated a long-term outlook that delineates where we see the Teijin Group around 2020. Through technology-driven innovation, we will continue working to achieve sustainable growth by revamping our business portfolio and providing solutions that reflect changing social imperatives in two key domains—green chemistry and health care.

Our efforts in green chemistry will focus on high-performance materials, as well as green businesses and energy. This domain includes advanced composites, biomaterials and recycling systems, through which we strive to provide solutions that contribute to making finished products lighter, safer and more energy-efficient. In the second domain, health care, we will target the development of blockbuster and next-generation pharmaceuticals, as well as step up efforts to offer advanced home health care solutions. Our basic strategy for expanding our operations overseas, which emphasizes locations advantageous from both a production and a sales perspective, will remain unchanged. Accordingly, we will work to reinforce our presence in emerging economies, notably the BRIC countries Brazil, Russia, India and the People's Republic of China (PRC). We see sales in overseas markets growing to account for approximately 60% of consolidated net sales by about 2020, from about 40% at present.

In line with our long-term outlook, we are currently formulating a new medium-term management plan that will set out strategies not only for a technology-driven restructuring of our business portfolio, but also for the restructuring of our geographic and technology portfolios. One target of this plan will be to raise our consolidated operating margin to 10%, from 6% in fiscal 2010.

In these and all our efforts, we appreciate your continued support and guidance.

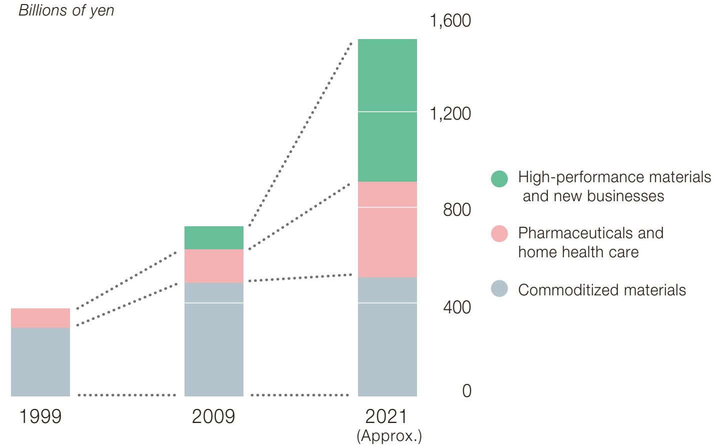
July 2011

Shigeo Ohyagi
President and CEO

Years ended/ending March 31

Sales in High-Performance Materials and Pharmaceuticals and Home Health Care Businesses

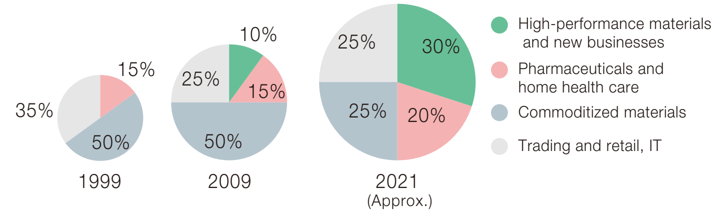
Billions of yen



Years ended/ending March 31

Sales in Key Businesses

Expansion centered on high-performance materials and health care

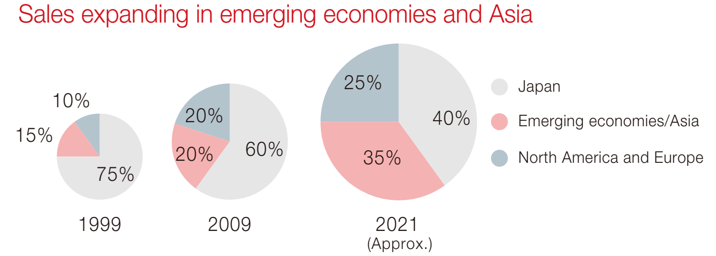


High-performance materials: Aramid fibers, carbon fibers, other high-performance materials
Commoditized materials: Polyester fibers, PET film, polycarbonate resin

Years ended/ending March 31

Sales by Region

Sales expanding in emerging economies and Asia



The Teijin Group at a Glance

Materials Businesses

High-Performance Fibers

Aramid Fibers Business Group

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Growing its para-aramid fibers business, a market it dominates in terms of global market share

Principal Products

- Para-aramid fibers
- Meta-aramid fibers

Carbon Fibers and Composites Business Group

page 11

Reinforcing its presence in carbon fibers, in which it enjoys a leading market share worldwide

Principal Products

- Carbon fibers
- Carbon fiber composite materials

Polyester Fibers

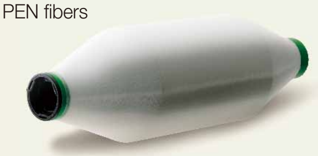
Polyester Fibers Business Group

page 12

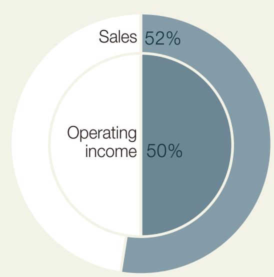
Maximizing technologies that are among the most advanced in the industry to offer high-value-added products

Principal Products

- Polyester fibers
- PEN fibers



Materials businesses as a percentage of sales and operating income



Films and Plastics

Plastics Business Group

page 13

Capitalizing on its position as the top name in polycarbonate resin in the Asian market

Principal Products

- Polycarbonate resin
- PET resin

Films Business Group

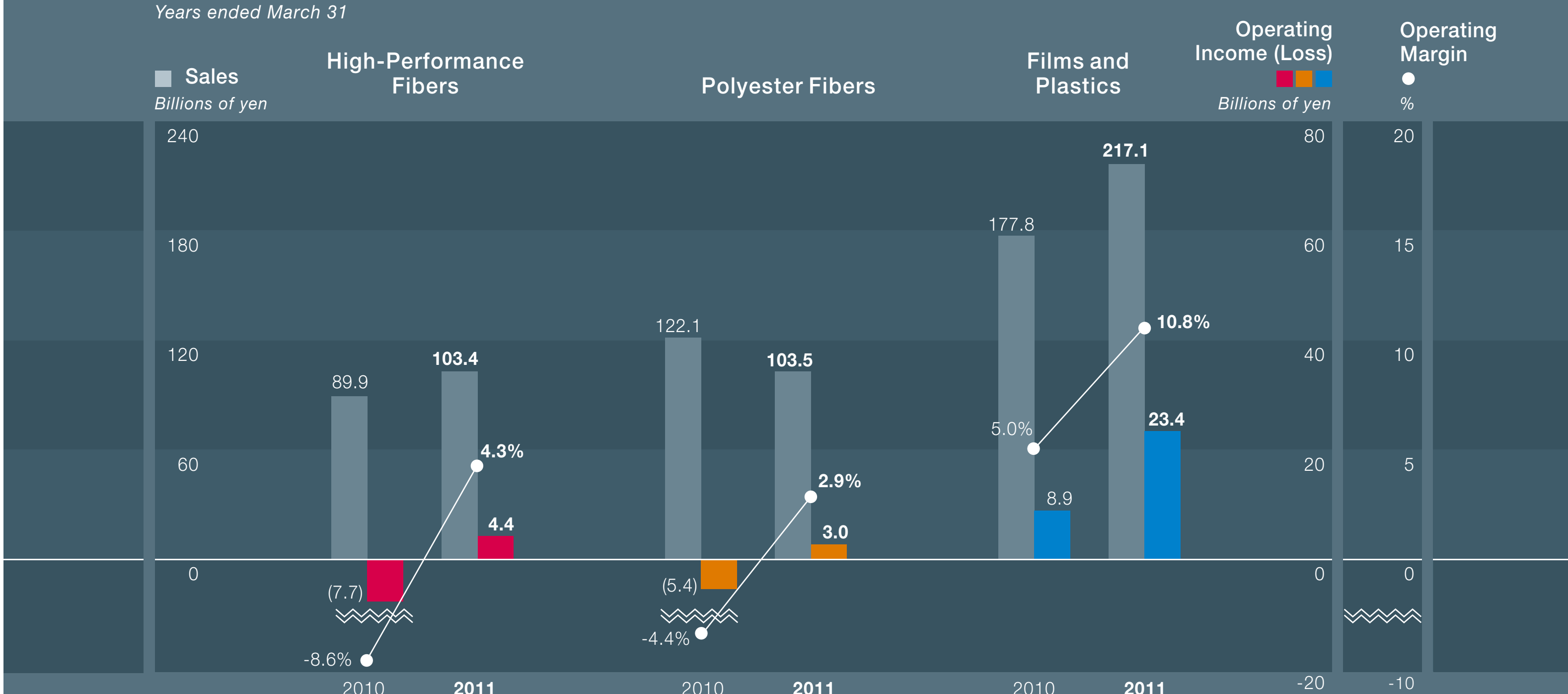
page 14

Expanding its global industry-leading PET and proprietary PEN films businesses

Principal Products

- PET film
- PEN film

Years ended March 31



Health Care Businesses

Pharmaceuticals and Home Health Care

Medical and Pharmaceuticals Business Group

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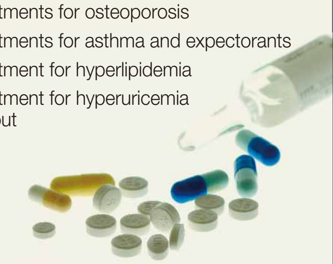
Pharmaceuticals
Developing ethical pharmaceuticals in three key therapeutic areas

Principal Products
- Treatments for osteoporosis
- Treatments for asthma and expectorants
- Treatment for hyperlipidemia
- Treatment for hyperuricemia in gout



Home Health Care
A pioneer in Japan's home health care market and a domestic market leader for HOT

Principal Products
- HOT devices
- Ventilators for treating SAS

Services and Other Businesses

Trading and Retail

Fiber Products Marketing Business Group

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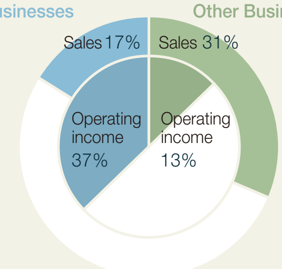
Leveraging its position as one of Japan's leading trading companies specializing in fiber products to expand operations overseas

Principal Businesses
- Sales, import and export of textiles and industrial materials
- Retail sales of men's and ladies' fashion

Health care, services and other businesses as a percentage of sales and operating income



Others

IT Business Group

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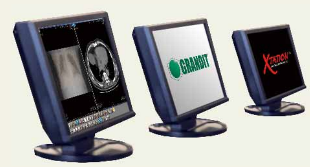
Promoting the development of total IT solutions and Services, including systems management and the provision of content

Principal Businesses
- IT solutions and content



New Business Development Group

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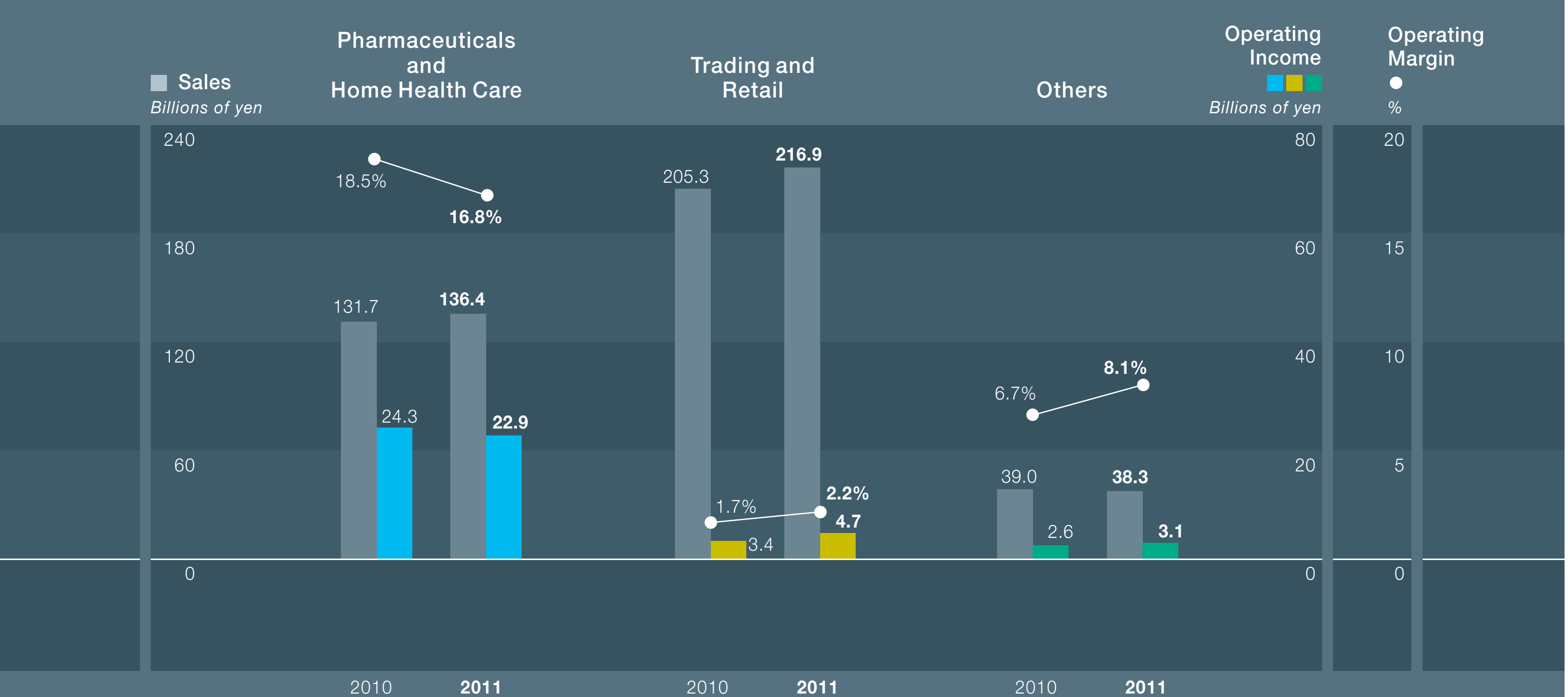
Advancing the incubation of new businesses, investigative research and Groupwide cross-business R&D



Eiso W.A. Alberda van Ekenstein
General Manager,
Aramid Fibers Business Group

Aramid Fibers Business Group

The global market for para-aramid fibers is essentially dominated by Teijin and E.I. du Pont de Nemours and Company (DuPont) of the United Sates, with technological barriers to new market entrants being sizeable. After falling 20% in fiscal 2009, demand worldwide recovered during fiscal 2010, returning to the prerecession level at the end of the period. Global demand is expected to rise by at least 7% annually for the foreseeable future. This projection reflects the increasing need for materials that contribute to, among others, greater safety and security, weight reduction and lower energy and resource consumption.

Q How did the aramid fibers business perform in fiscal 2010?

A Both sales and operating income rose, owing to an ongoing recovery in demand for key applications. Demand for para-aramid fibers remained robust, driven primarily by demand for use in automotive-related materials and protective clothing and materials, as well as in fiber optic cables. As a consequence, in September we resumed full-scale production. Demand for meta-aramid fibers also rallied, bolstered by a recovery in the steel, asphalt and electrical machinery industries.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A We will strive to increase sales for applications in the promising automotive, energy development, information and communications industries. One key aim is to expand the markets for our products in emerging economies, including those of BRIC countries Brazil, Russia, India and the PRC. We will also continue working to reinforce the structure of the aramid fibers business by enhancing productivity and reducing costs, while at the same time taking decisive steps to strengthen our competitive advantage by expanding midstream and downstream businesses. In addition, we have plans to enter the market for high-performance polyethylene products in the second half of fiscal 2011. We envisage high-performance polyethylene products evolving into a third pillar of Teijin's high-performance fibers portfolio, alongside aramid fibers and carbon fibers.

Q Can you give us any concrete information regarding the new high-performance polyethylene business?

A We will capitalize on the extensive customer base we have built up in the aramid fibers business and offer a wide range of products, including hybrids, that respond to various needs. Initially, we will focus on applications in bullet-resistant and stab-resistant clothing and materials and in industrial materials. Our target at the moment is to secure a 15% global market share between 2015 and 2020.

Principal Products

Para-aramid fibers

Brand names: ***Twaron®, Technora®***
Applications: Brake pads, gaskets, rubber reinforcements (hoses, belts), tires, protective clothing, plastic reinforcements, civil engineering materials, optical fiber reinforcements

Meta-aramid fibers

Brand name: ***Teijinconex®***
Applications: Fireproof clothing, heat-resistant filters, rubber reinforcements, plastic reinforcements

Artificial leather

Brand name: ***Cordley®***
Applications: Sporting goods (shoes, balls)

Characteristics of Principal Products

Twaron®
Light, with excellent thermal, chemical and impact resistance and eight times as strong as steel

Teijinconex®
Outstanding thermal resistance, allowing it to withstand long-term exposure to temperatures up to 200°C

Technora®
Boasts superb chemical resistance and even greater strength than *Twaron®*

Norio Kamei
General Manager,
Carbon Fibers and Composites
Business Group

Carbon Fibers and Composites Business Group

The world's top three manufacturers of carbon fibers at present—Teijin, Toray Industries, Inc., and Mitsubishi Rayon Co., Ltd.—currently account for more than 50% of global production capacity. New market entrants face daunting technological barriers. Despite falling approximately 30% since its peak in fiscal 2007, demand for carbon fibers bottomed out between January and March 2009. The supply–demand situation has also finally begun to improve. Global demand for carbon fibers is expected to continue rising by approximately 15% annually for the foreseeable future, as tighter environmental regulations and the growing preference for energy-efficient, ecologically sound options drives interest in carbon fibers for aircraft, automotive and general industrial applications.

Q How did the carbon fibers business perform in fiscal 2010?

A Demand continued to rise for aircraft, sports and leisure equipment and general industrial applications. As a consequence, facility operating rates and shipments were up significantly compared with fiscal 2009 and we started up production at our newest facility in Germany. We also made progress in restoring sales prices, particularly for carbon fibers used in sports and leisure equipment, and in lowering costs. These and other efforts facilitated a marked reduction of our operating loss.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A To restore stable profitability in this business, we are striving to reduce costs by revamping our production configuration. We are also working to bring new production facilities in Japan and Germany up to full-capacity operation, as well as to boost sales in key emerging economies by maximizing the capabilities of our Shanghai and Singapore offices. Over the medium to long term, we will focus on building a secure profit structure by implementing initiatives aimed at decisively reinforcing our competitiveness in terms of both cost and quality. Additionally, we will augment sales through the development of innovative high-performance carbon fibers and carbon fiber composite materials, as well as expand sales of midstream and downstream products. For aircraft applications, our emphasis will be on expanding direct contracts with manufacturers in that field, which will position us to respond better to customer needs and will bolster our share of the market for carbon fibers for next-generation aircraft. For midstream and downstream products, we will concentrate on growing our mass-produced carbon fiber composite materials business, which centers on products for the automotive industry.

Q What is the status of product development efforts in the composite materials business?

A In the area of carbon fiber composite materials for automotive applications, which is expected to see substantial growth in demand in the years ahead, we have established the world's first mass-production technologies for carbon fiber–reinforced plastic (CFRP) that reduce the time required for the molding of parts to less than one minute by impregnating carbon fibers with a thermoplastic resin. The new technologies are also environment-friendly, minimizing waste during production and facilitating repeated reheating and remolding. This is a major breakthrough that has brought the day when CFRP can be used in mass-produced vehicles considerably closer. With a view to the early commercialization of these technologies, we will continue to conduct R&D in collaboration with automakers and at the same time to cultivate applications in other industries.

Principal Products

Carbon fibers

Brand name	***Tenax***®
Applications	Aircraft (structural and interior components), general industrial applications (wind turbine blades, pressure vessels), sporting goods (golf club shafts, fishing rods, tennis racquets, yacht bodies)

Carbon fiber composite materials

Applications	Automobiles (principal parts and components)

Toshihide Fukushima
General Manager,
Polyester Fibers Business Group

Principal Products

Polyester fibers

Brand name *Teijin®Tetoron®*

Applications *Apparel*
Men's and ladies' fashions, sportswear, work and school uniforms, inner wear, garment lining fabrics

Interior decorating and household products
Curtains, upholstery, bedding, office fabrics, paper diapers, wiping cloths, wet tissues, air purifier filters, mattress filling

Industrial products and materials
Automobile, train and aircraft seats, tire cords, rubber reinforcements, seat belts, mats, cushions, filters

PEN fibers

Brand name *Teonex®*

Applications *Industrial products and materials*
Tire cords, transmission belts, high-pressure hoses, speaker cones

Polyester Fibers Business Group

From 2000 though 2007, production of synthetic fibers worldwide rose steadily, outpacing production of all other fibers combined. Production of polyester fibers, having dipped 2% in 2008, a consequence of the global economic downturn, rebounded, rising 9% in 2009 and 13% in 2010. The principal factor driving market growth at present is production in the PRC, which accounted for close to 70% of global production in 2010.

Q How did the polyester fibers business perform in fiscal 2010?

A We were profitable at the operating income level for the first time in nine years. The principal factors contributing to this result were improved demand, particularly for automotive applications, and the positive impact of structural reforms, notably the drastic reorganization of loss-making businesses and the creation of an optimal global production configuration.

Q How are structural reforms progressing?

A Key initiatives undertaken to date with the aim of reorganizing loss-making businesses have included divesting our Indonesian subsidiary in April 2010, withdrawing from monofilament production overseas and pulling out of the textile yarns dyeing business in Japan. In terms of creating an optimal production configuration, we relocated production of filament yarn and polymerization of polyester fiber raw materials—with the exception of certain specialized items—from Japan to Thailand. These measures contributed to a substantial reduction of costs, particularly fixed costs, and to an improved product portfolio, enabling us to establish a significant competitive advantage in terms of both cost and product quality.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A We have created an optimal global production configuration by transforming our plants in Thailand and the PRC into backbone production facilities for filament yarn (Thailand) and textiles (Thailand and the PRC), as well as by procuring from outside the Group and using OEM suppliers as necessary. This has positioned us to expand sales, particularly in the PRC and in Association of Southeast Asian Nations (ASEAN) member countries, which remain our principal target markets. We will also continue working to leverage our unique technologies and product lines in such exciting new fields as nanofibers. In addition, we will capitalize on Teijin Group polyester technologies to provide solutions that help reduce environmental impact. With this in mind, we are proceeding with preparations for the full-scale production and sales of *ECO CIRCLE™ Plantfiber*, scheduled for fiscal 2012, a new line of environment-friendly bio-derived PET products under development, and broadening the scope of *ECO CIRCLE™*, our closed-loop system for collecting and recycling polyester products, both in Japan and overseas.

Kazuyuki Sakai
General Manager,
Plastics Business Group

Principal Products

Polycarbonate resin

Brand name	***Panlite®***
Applications	Electrical and electronics components, audiovisual (AV) and office automation (OA) equipment, personal computer casings, optical discs (Blu-ray discs, DVDs and CDs), precision instrument components, automotive components (headlamps, door handles, bumpers)
Brand names	***Panlite® Sheet, ELECLEAR®, PURE-ACE®***
Applications	*Sheet* Mobile phone front panels, flat panel LCD TVs (flame-resistant sheet), automotive instrument panels, dummy cans for vending machines *Film* LCDs for mobile phones, personal digital assistants (PDAs) and other handheld electronics equipment, touch screens (OA and FA equipment, handheld video game machines)

PET resin

Applications	PET bottles

PEN resin

Brand name	***Teonex®***
Applications	Cosmetics containers, school lunch dishware, pharmaceuticals containers

Plastics Business Group

The world's top five manufacturers of polycarbonate resin are Bayer AG, Saudi Basic Industries Corporation (SABIC), Teijin, the Mitsubishi Group and Styron LLC. Together, these companies account for approximately 80% of global production capacity. In fiscal 2010, market conditions—which have recovered steadily since bottoming out in the first three months of 2009—remained robust, driven primarily by enhanced demand for applications in office automation (OA) equipment, home appliances and automobile parts, as global demand rose 8% from the previous fiscal year. Continuing demand in the PRC and other emerging markets is expected to support an annual increase in global demand of approximately 5% to 6% for the foreseeable future.

Q How did the plastics business perform in fiscal 2010?

A Operating rates at our plants in Japan, the PRC and Singapore remained high, supported by firm domestic demand for mainstay polycarbonate resin in the PRC and in emerging markets in Asia. In response to rising prices for principal raw materials, we worked to reduce costs—particularly fixed costs—through rationalization and to increase the weighting of high-value-added products in our portfolio, in addition to which we implemented sales price adjustments. As a consequence, we reported a sizeable improvement in operating income.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A The price of bisphenol-A (BPA), our principal raw material, remains high. It is therefore crucial that we continue adjusting sales prices accordingly. We must also buttress our ability to propose attractive solutions by collaborating closely with our sales and R&D teams to develop high-value-added products, including such specialty products as high-end compounds and copolymerized polycarbonate resins.

Q What is the current status of and your outlook for the processed polycarbonate products business?

A In the area of processed polycarbonate sheet products, our focus in the domestic market is on industrial applications, including dummy cans for vending machines and automotive instrument panels. Looking ahead, we aim to increase domestic sales of high-value-added polycarbonate sheet products, including one with enhanced flame-resistant properties and another that delivers outstanding surface hardness. Overseas, our emphasis is on strengthening our production configuration and profit structure. For these reasons, we have established a strategic partnership in the PRC with a local manufacturer of high-end plastic sheet products.

In the area of polycarbonate retardation film, we will work to maintain our significant share of the market for use in 3D movie glasses and to bolster sales of our exclusive reverse-dispersion solvent-cast retardation film for use as antireflective film for mobile phones. In transparent electroconductive film for smartphone touch screens, a growing market, we recently completed the development of technologies necessary to produce film for capacitive screens, positioning us well to respond to the shift from resistive to capacitive touch screens, and have stepped up commercialization efforts.

Takashi Takahashi
General Manager,
Films Business Group

Films Business Group

Teijin manufactures PET film worldwide through joint ventures with DuPont of the United States. In fiscal 2010, the global market for PET film rallied early, beginning in Asia, particularly the PRC, returning to the prerecession level in the first half. In the second half, demand climbed for use in flat panel displays (FPDs) and solar cell back sheets. As a consequence, global demand for PET film was up 7% for the full term as the market resumed a growth trajectory. Demand in the high-growth Asian market accounted for approximately 70% of global demand.

Q How did the films business perform in fiscal 2010?

A Demand for PET film for use in FPDs and solar cell back sheets was so brisk that supplies fell short. As a consequence, our production facilities worldwide continued to operate at full capacity and to sell out production. During the period, we proceeded with crucial structural reforms. The business also benefited from the positive impact of efforts to streamline unprofitable production facilities and lines at joint ventures in Europe and the United States, as well as from price increases implemented in light of robust demand and from improvements to our sales configuration. For our six PET film joint ventures as a whole and for three of these on an individual level—one each in Europe, the United States and the PRC—operating results in fiscal 2010 were the highest since the joint ventures' establishment in 2000. Moreover, our joint venture in Japan reported its second-best performance ever.

Q What is the current status of structural reforms?

A We have essentially completed structural reforms in both the United States and Europe. In the former, we closed our plant in Circleville, Ohio, in February 2009 and completed a phased closure of our plant in Florence, South Carolina, in February 2011, shifting that facility's production to our plant in Hopewell, Virginia. In Europe, we terminated production on one unprofitable line at our plant in Luxembourg and substantially downsized our European joint venture's head office and support departments. In Japan, we implemented urgent measures aimed at reducing costs—especially fixed costs—and converted one line at our Utsunomiya Plant to accommodate thick PET film in response to rising demand for use in solar cells, among others. In the coming years, we will focus on realigning our production configuration in Asia, including transferring additional production of general-purpose products to Indonesia and the PRC, and on increasing cost competitiveness.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A In the area of films for cutting-edge applications, we expect competition from other Japanese manufacturers, as well as from certain key firms based in the Republic of Korea (ROK), to remain intense. We further expect that product life cycles will become more limited. Accordingly, the challenges for us are to create an optimal production configuration for such products in Asia, centered on Japan, that will give us an unassailable edge in terms of cost competitiveness, and to reinforce ties and collaboration with key customers by expanding our marketing capabilities and our sales network. We will concentrate on the promising market for films for electronics applications, working to fortify our supply capabilities and ensure the seamless launch of new products, enabling us to secure or maintain the leading market share for strategic products. To cement our position as the principal supplier in the promising market for differentiated products in the PRC, we will pursue a two-pronged strategy of exporting products from Japan and enhancing production technologies at our facilities in the PRC.

Principal Products

PET film

Brand names: *Teijin®Tetoron®, Mylar®, Melinex®, Teflex®*

Applications: *Industrial applications*
Materials for LCDs and plasma and organic electroluminescent displays (OELDs), cards (integrated circuit [IC] cards, ID cards, radio frequency identification [RFID] chips), automotive products (interior and exterior materials and electronic components)

Packaging materials
Laminating film for beverage and food cans, shrink wrap, retort pouches, environment-friendly plastic trays

PEN film

Brand name: *Teonex®*

Applications: Digital videocassettes (DVCs), high-density data backup tapes, electronics materials, electronic circuit materials, high-performance materials for automotive applications (seat sensors and hybrid motor materials), advanced photo system (APS) film

Processed film

Brand name: *Purex®*

Applications: Materials for LCDs, electronics materials, films for semiconductor materials, medical materials, photocatalysts, moisturizing facial masks

Brand name: *CurrentFine®*

Applications: Flexible panel displays, touch screens, membrane switch materials

Kentaro Arao
General Manager,
Medical and Pharmaceuticals
Business Group

Principal Products

Respiratory disease

Pharmaceuticals

Mucosolvan®	Expectorant
Spiropent®	Bronchodilator
Atrovent®	Prophylaxis for bronchial constriction
Rhinocort®	Treatment for allergic rhinitis
Alvesco®	Inhaled corticosteroid agent for asthma

Home Health Care

Hi-Sanso™ series	Therapeutic oxygen concentrator
Mildsanso®	Therapeutic oxygen concentrator
NIP NASAL®	Noninvasive positive pressure ventilator (NPPV) for sufferers of sleep apnea syndrome (SAS)
SLEEPMATE®	Positive pressure ventilator for sufferers of SAS
AutoSet™	Positive pressure ventilator for sufferers of SAS
GoodKnight®	Positive pressure ventilator for sufferers of SAS
SleepWatcher®	High-performance sleep disorder diagnostic system

Bone and joint disease

Pharmaceuticals

*Bonalon®**	Treatment for osteoporosis
Onealfa®	Treatment for osteoporosis
Synvisc Dispo™	Treatment for pain associated with osteoarthritis of the knee

Home Health Care

SAFHS®	Sonic Accelerated Fracture Healing System

Cardiovascular and metabolic disease

FEBURIC®	Treatment for hyperuricemia
Tricor®	Treatment for hyperlipidemia

Other

Venilon®	Treatment for severe infectious diseases
Laxoberon®	Laxative
Bonalfa®	Treatment for psoriasis

* *Bonalon®* is the registered trademark of Merck & Co., Inc., Whitehouse Station, NJ, U.S.A.

Medical and Pharmaceuticals Business Group

Pharmaceuticals **Teijin specializes in three key therapeutic areas, namely, bone and joint disease, respiratory disease and cardiovascular and metabolic disease, and in Japan commands a leading share of the markets for pharmaceuticals for treating bone and joint disease and respiratory disease. In the area of cardiovascular and metabolic disease, Teijin has positioned TMX-67 (generic name: febuxostat)—a promising new treatment for hyperuricemia in patients with gout—as a strategic product with global currency and is pushing ahead with efforts to expand marketing worldwide. In May 2011, Teijin launched TMX-67 in Japan under the name *FEBURIC®*, for hyperuricemia and gout.**

Home Health Care **The first company to commercialize home oxygen therapy (HOT) services in Japan, Teijin has established a solid relationship with patients and health care professionals nationwide. Today, an estimated 150,000 patients across the country are undergoing treatment that involves HOT. Teijin is the top name in Japan in terms of market share. The Company has also expanded its focus to include overseas markets and currently provides home health care services in the United States, Spain and the ROK.**

Q How did the pharmaceuticals and home health care businesses perform in fiscal 2010?

A Both the pharmaceuticals and home health care businesses reported solid sales. However, owing to the revision of drug reimbursement prices—the official prices for prescription drugs under Japan's National Health Insurance (NHI) scheme—combined operating income dipped slightly.

In pharmaceuticals, sales of osteoporosis treatments *Bonalon®* and *Onealfa®*, an active vitamin D_3 preparation, were stable. We also saw encouraging sales of *Synvisc Dispo™*, an intra-articular injection-form drug for treating pain associated with osteoarthritis of the knee, which we launched in Japan in December 2010. We continued to expand the geographic scale of marketing efforts for TMX-67, an exciting new drug for treating hyperuricemia in patients with gout, in North America, where it is called *ULORIC ®*, and in Europe, where it is known as *ADENURIC®*, and were rewarded with solid sales in both markets. In January 2011, we received approval to manufacture and market TMX-67 in Japan under the name *FEBURIC®*.

In home health care, we continued to see high rental volumes for mainstay HOT equipment. We also saw favorable increases in rentals of other home health care equipment, namely continuous positive airway pressure (CPAP) ventilators, noninvasive positive pressure ventilators (the *NIP NASAL®* series and *AutoSet™* CS) and *SAFHS®* (Sonic Accelerated Fracture Healing System). Rentals also expanded steadily in the United States, Spain and the ROK.

R&D Pipeline

As of March 31, 2011

Area	Code No.	Target Disease	Medical Properties/ Characteristics	Phase of Clinical Trials
Bone and joint disease	GTH-42V	Osteoporosis	Alendronate	Filed (Feb 2011)
	ITM-058	Osteoporosis	Human PTHrP analog	Phase I
	GTH-42J	Osteoporosis	Alendronate	Phase I (May 2010)
Respiratory disease	BTR-15K	Asthma (children)	Inhaled steroid	Approved/ New Launch (Jan 2011)
Cardiovascular and metabolic disease	TMX-67	Hyperuricemia and gout	Xanthine oxidase inhibitor (Japan)	Approved/ New Launch (Jan 2011)
	ITM-014	Acromegaly	Sustained-release formulation of somatostatin analog	Phase III
	ITM-077	Type II diabetes	Human glucagon-like peptide-1 analog	Phase II
	NTC-801	Atrial fibrillation and flutter	Selective antiarrythmia agent	Phase II
Other	GGS	Multiple sclerosis	Human immunoglobulin	Phase III
	TV-02H	Psoriasis vulgaris	Tacalcitol monohydrate (PRC)	Filed (Sept 2010)

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A Our biggest challenges will be to swiftly expand sales of the two most recent additions to our portfolio—*FEBURIC*® (TMX-67) and Synvisc *Dispo*™—in Japan. We will also seek to expand marketing of TMX-67, developed in-house, which we have positioned as a strategic product, bolstering sales in Japan, North America and Europe while gaining approval to market the drug in other regions.

In home health care, we will work to ensure sustainable growth and safeguard our position as a domestic market leader for HOT and at the same time promote the expansion of our overseas network to strengthen the profitability of our operations in the United States and Europe. We will also take active steps to launch rentals in other regions, including emerging economies.

Q What is the status of drug candidates currently in the R&D pipeline?

A We continue to emphasize three key therapeutic areas, namely, bone and joint disease, respiratory disease and cardiovascular and metabolic disease. To enhance our R&D pipeline, we are conducting research in-house and in collaboration with universities, research institutes and other pharmaceuticals manufacturers in Japan and overseas. In May 2010, we commenced phase I clinical trials for GTH-42J, a new jelly version of osteoporosis treatment *Bonalon*®. In February 2011, we filed for approval of GTH-42V, a new injection-form of *Bonalon*®, with Japan's Ministry of Health, Labour and Welfare, while in the preceding month we received approval from the Ministry to manufacture and market inhaled steroid *Alvesco*®, for treating bronchial asthma in children, a new indication. We also proceeded with the development of NTC-801, a novel drug for the treatment and prevention of atrial fibrillation and flutter, now in phase II clinical trials, that we are developing in collaboration with Nissan Chemical Industries, Ltd.

Tetsushi Takenaka
General Manager,
Fiber Products Marketing
Business Group

Fiber Products Marketing Business Group

Building on its technological expertise as a manufacturer and its outstanding planning prowess, the core company of this business group, N.I. Teijin Shoji Co., Ltd., is evolving its innovative business model, whereby it is leveraging its ability to propose sophisticated multifaceted solutions that build value for its customers. These efforts are guided by what the company calls its "3C" approach:

- **Coordinating our value chain;**
- **Compounding materials, technologies and human resources to cultivate new business opportunities; and**
- **Converting, i.e., maximizing our converter functions to add value.**

In the textiles and apparel business, N.I. Teijin Shoji has established a broad global production and sales network that facilitates its involvement in a wide range of apparel-related businesses. In the industrial textiles and materials business, the company capitalizes on the extensive network it has cultivated in the area of textile materials for industrial applications, as well as its unique converter functions, to provide a variety of products for consumer and industrial applications.

Q How did the businesses in this group perform in fiscal 2010?

A In textiles and apparel, in our mainstay OEM business, sales of casual and everyday apparel, suits and other items remained brisk. In industrial textiles and materials, demand—which had fallen, owing to the global economic downturn—recovered encouragingly, particularly for products for automotive applications, as well as for use in liquid crystal display (LCD) televisions and mobile phone handsets. Thanks to these results, and to the positive impact of ongoing structural reforms, which substantially lowered business costs, we reported increases in sales and operating income.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A Our vision for achieving sustainable growth is to respond to the increasingly diverse needs of our markets and customers, as well as to the rapid trend toward globalization, and to confirm our position as Japan's leading specialized fiber products trading company. Accordingly, we will seek to cultivate commercial rights by promoting the strategic use of our global network, including collaborating with the High-Performance Fibers and the Polyester Fibers business groups, and by reinforcing our production and processing facilities, particularly those in the PRC and in ASEAN member countries. We will also continue to improve asset efficiency and reduce business and logistics costs, thereby enhancing profitability. Over the medium to long term, our efforts will focus on strategically expanding our overseas businesses, enlarging our industrial textiles and materials business, adapting to changes in consumer markets and sales channels and actively promoting supply chain management in cooperation with principal customers.

Kazuhiro Yamamoto
General Manager,
IT Business Group

IT Business Group

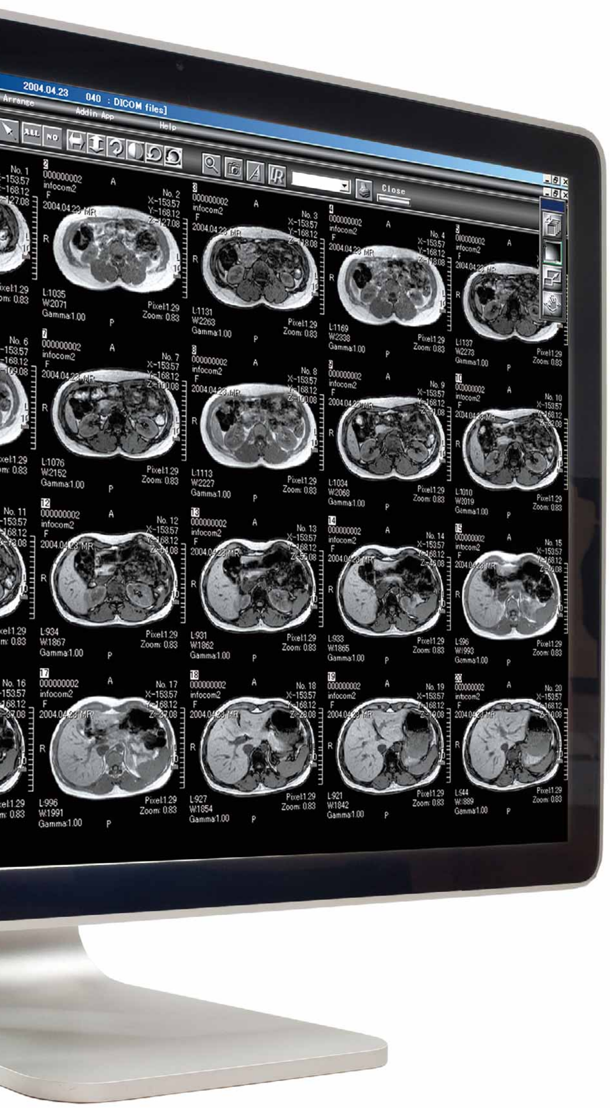
The IT business is divided into IT solutions and Services, both provided by subsidiary Infocom Corporation. IT solutions emphasizes solutions for mobile telephone service providers, general corporate entities and medical institutions, as well as public-sector customers, including government and municipal offices and educational and research institutions, to which Infocom provides such services as the planning and development of information management systems, as well as related consulting services. Services includes the provision of content for mobile phones, the management of e-commerce sites and the planning and management of information and communications systems.

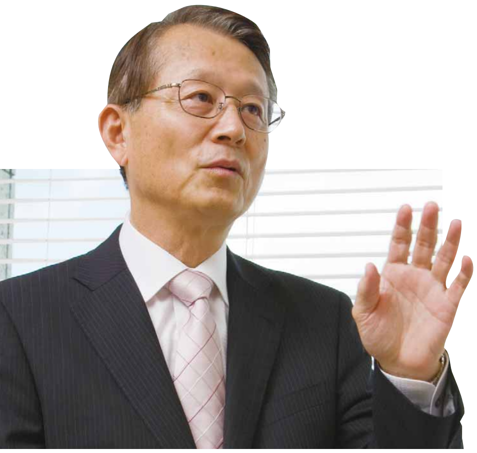
Q How did the IT businesses perform in fiscal 2010?

A We felt the impact of constraints on corporate IT spending. Nonetheless, we reported increases in both sales and operating income. This was due to firm results in the area of services for customers with Internet-based businesses, as well as to ongoing strategic efforts to boost profitability—including decisive measures to cut costs and structural reforms aimed at improving our operating margin—together with targeted investment in facilities and R&D and the optimization of our relationship with vendors.

Q What do you see as your principal challenges in fiscal 2011 and how will you respond?

A Companies continue to limit investment. Owing to this, and to the impact of the Great East Japan Earthquake, the outlook for our operating environment is increasingly difficult to gauge. In this situation, we recognize the importance of building an operating structure that enables us to respond swiftly to changes in business conditions. By ensuring effective project-specific budget and progress management, we will work to eliminate unprofitable businesses and projects and ensure the appropriate allocation of resources. Another major challenge is to create businesses and services that will be growth drivers over the medium to long term. In the Internet business field, which we recognize as key to our growth in the future, we will hasten the expansion of our content provision and e-commerce services businesses, introducing new services targeting women and companies in the health care field and entering the social media market. In the health care field, we are expanding into new areas, including solutions for medical representatives (MRs), aimed at pharmaceuticals manufacturers, and information services related to, among others, public health insurance. Stepping up efforts to accelerate growth, in April 2011 we established the Business Innovation Division, which is charged with companywide business planning and with the development of a cloud-based services business in response to the shift toward cloud computing.





Kenji Kubo
General Manager,
New Business Development Group

New Business Development Group

The New Business Development Group has three basic missions. The first is to leverage our incubation capabilities to facilitate the swift creation of new businesses. The second is to conduct investigative research aimed at developing basic technologies that will enable new businesses to germinate. Our third mission is to promote research with a long-term perspective in areas that straddle existing Group businesses. To fulfill these missions, we conduct R&D aimed at transforming technological achievements in various fields into commercial products. Such efforts are conducted principally at the Teijin Technology Innovation Center and the Integrative Technology Research Institute.

Q How are efforts to develop new businesses progressing?

A We are reinforcing R&D with the aim of promptly commercializing achievements in five key areas—bioplastics, high-performance electronics materials, highly thermoconductive materials, water treatment and advanced medical materials.

In the area of bioplastics, we have successfully marketed *BIOFRONT*®, which delivers exceptional heat resistance, for use in eyeglass frames and fabric for Japanese kimono, and are cultivating new markets with a view to full-scale commercialization. In high-performance electronics materials, we are emphasizing the development of thermoresistant separators for lithium-ion batteries (LiBs), responding to demands for enhanced battery safety. We are working toward the early commercialization of LiB separators made with aramid materials, thus ensuring superior heat resistance and durability. In July 2010, we acquired NanoGram Corporation, a U.S. nanoparticles R&D firm noted for its innovative nanomaterials design technologies, with the aim of expediting the development of silicon inks for semiconductors and commencing commercial production. This technology will also help to significantly reduce the cost of LCDs and solar cells, among others. In highly thermoconductive materials, we collaborated in the development of a heat-dissipating material made with *Raheama*®, an innovative carbon fiber material, for use in light-emitting diode (LED) lamp housings. In water treatment our aim is to provide comprehensive wastewater treatment solutions. Of particular note, our MSABP® (Multi-Stage Activated Biological Process) system—which uses the action of microorganisms, thereby making it possible to effectively treat effluent with high concentrations of organic substances—was recently selected for use in such countries as Angola and the PRC. In advanced medical materials, we are currently promoting development efforts to facilitate our early entry into the global market. Related measures include the instigation in April 2010 of a new R&D project.

Research and Development

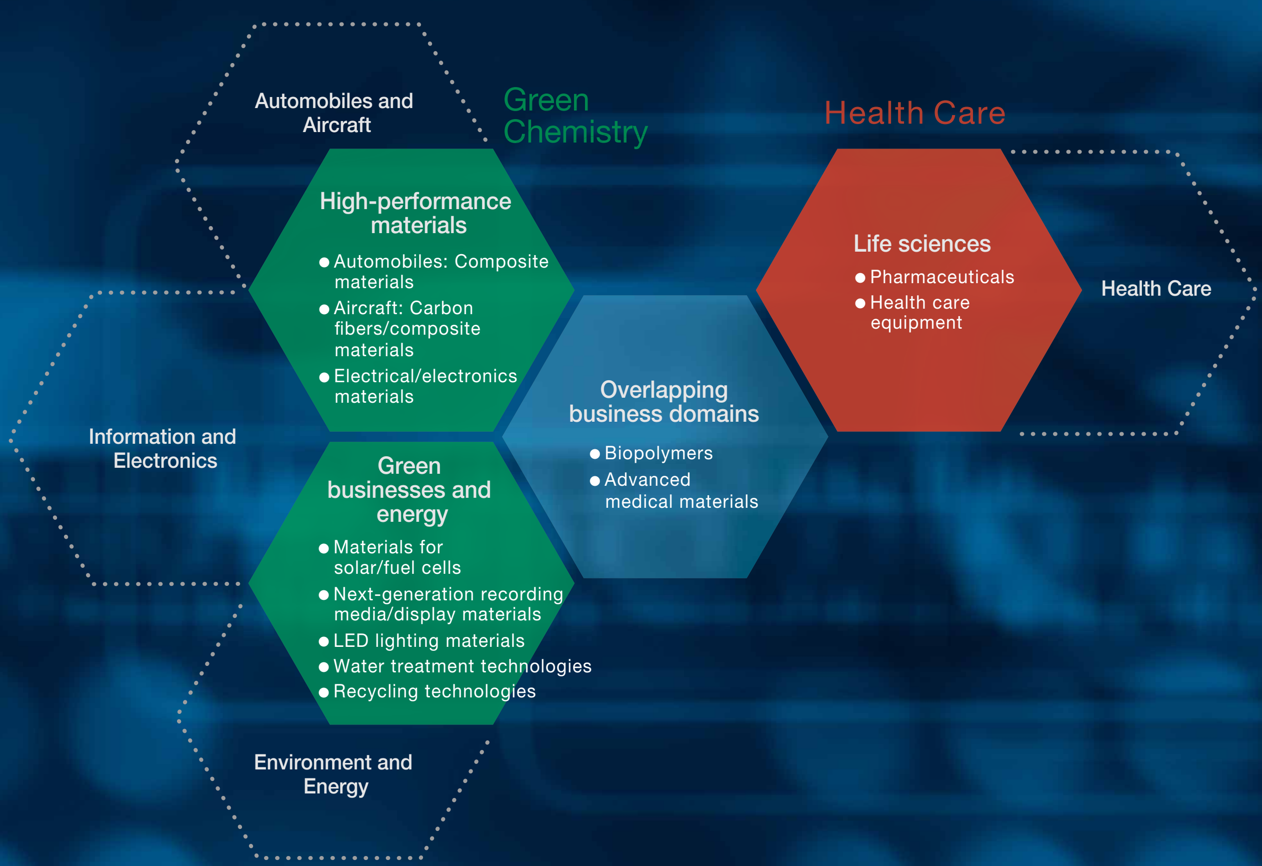
Recognizing technological innovation as the source of sustainable growth, we continue to promote R&D in two domains—green chemistry and health care—emphasizing three core technological areas, namely, high-performance materials, green businesses and energy and life sciences. With the aim of enhancing the efficiency of R&D activities and shortening time to market, in fiscal 2010 we revised our R&D management system. We also expanded the Group Technological Strategy Committee to reinforce the sharing of information pertaining to market trends and intellectual property throughout the Teijin Group.

R&D Strategy: Focus on High-Performance Materials, Green Businesses and Energy and Life Sciences

At present, we have nine major research sites in Japan and seven overseas, which together employ more than 1,600 researchers. We endeavor to conduct R&D that evokes our brand statement—"Human Chemistry, Human Solutions"—and to advance the development of original business models. We also work to expedite the transformation of technological achievements into commercially viable products.

For strategic purposes, we have grouped highly promising markets in our three core technological areas into four key fields: automobiles and aircraft; information and electronics; health care; and environment and energy. By concentrating resources in these areas, we seek to provide solutions that respond to changing social imperatives. Having identified a number of crucial technologies that will be necessary for restructuring our business portfolio, we are also working to accelerate product development by establishing and promoting the effective management of development pipelines. To this end, we are further enhancing key technologies and creating new value by fusing basic technologies—including polymerization, catalyzing and other chemical technologies, and technologies used in pharmaceuticals, home health care and IT—with nanotechnology, biotechnology and other next-generation technologies.

Core Technological Areas



R&D Achievements in Three Core Technological Areas

High-Performance Materials

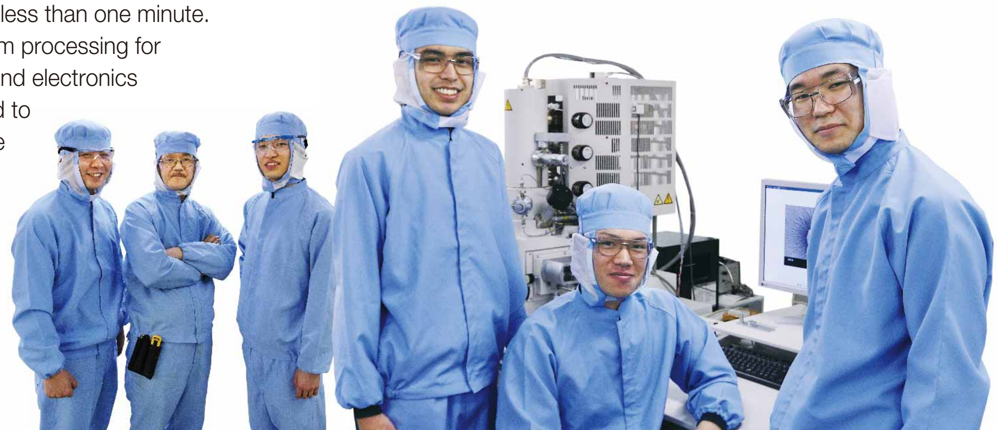
R&D in the area of high-performance materials focuses on balancing performance and price, as well as on adding value by making products more environment-friendly. Building on our success in developing a special polycarbonate resin that was adopted for use in the windows of Series N700 Shinkansen bullet trains, we have developed products for such applications as rear quarter windows for vehicles. We have also developed production technologies for carbon fiber composite materials that will make vehicles lighter, including the world's first mass-production technologies for thermoplastic CFRP that achieves a molding time of less than one minute. By expanding into midstream and downstream processing for materials for automotive parts and electrical and electronics equipment, among others, we are determined to earn greater customer and market confidence and to enhance product value.

Green Businesses and Energy

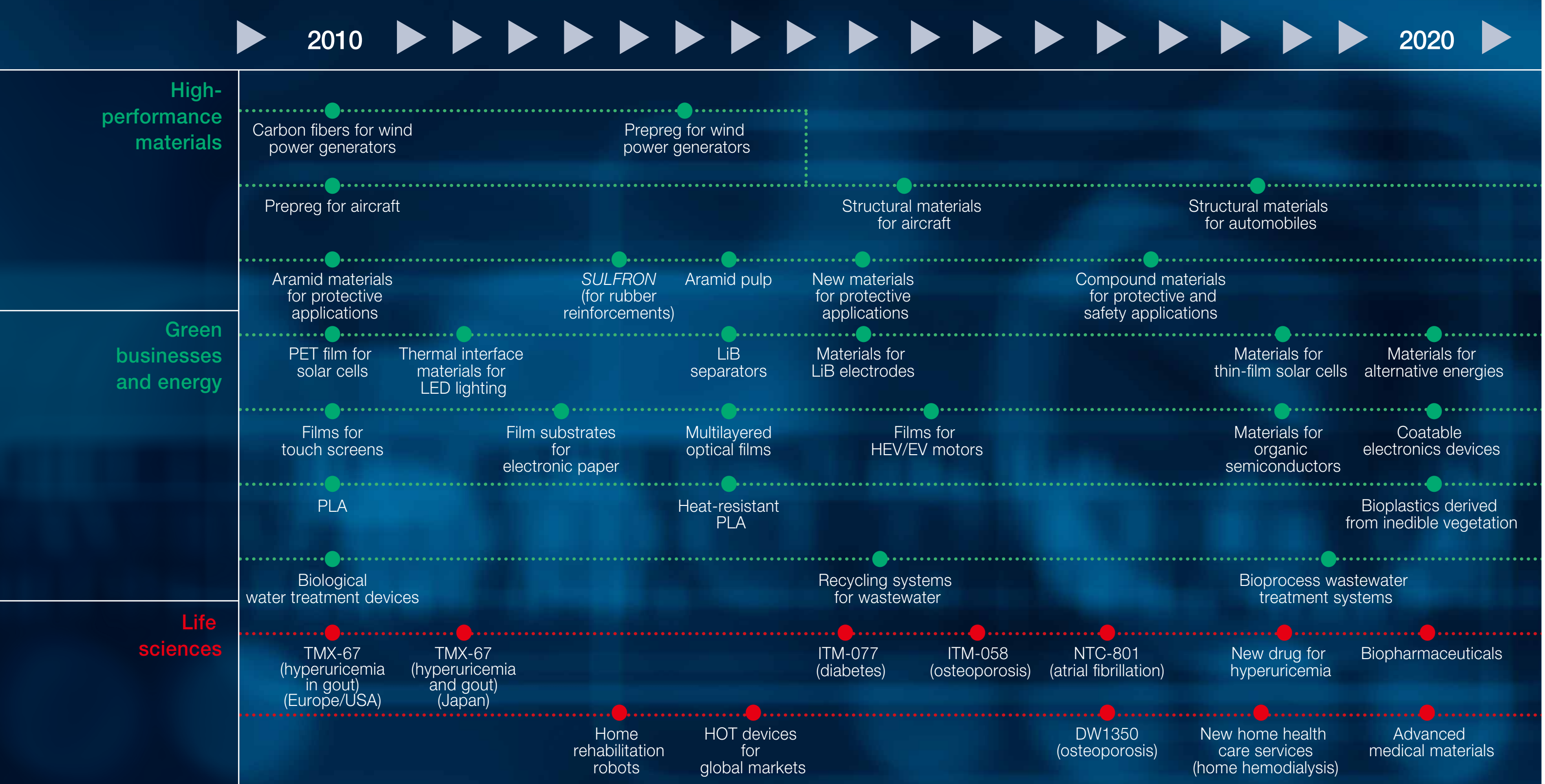
In green businesses and energy, we are promoting cutting-edge R&D in such areas as high-performance bioplastics derived from inedible vegetation rather than petroleum; silicon inks with semiconductor properties, essential for printable electronics; biotechnology-based wastewater treatment systems; heat-dissipating materials made from carbon fibers; and LiB battery materials made with heat-resistant aramid materials.

Life Sciences

In the life sciences field, our focus is on the development of a cell-based drug for treating stroke, using technologies licensed in from SanBio, Inc., of the United States. In collaboration with Motorika Medical (Israel) Ltd., we are also developing rehabilitation robots designed to help stroke survivors regain lost function in their upper and lower extremities.



Teijin's Main Technology-Driven Product Development Pipelines



LED: Light-emitting diode LiB: Lithium-ion battery HEV/EV: Hybrid electric vehicle/electric vehicle PLA: Polylactic acid HOT: Home oxygen therapy

Reinforcing R&D Capabilities

With the aim of enhancing the efficiency of R&D activities and to hasten commercialization, in fiscal 2010 we revised our R&D management system. Of particular note, we modified R&D procedures, including those pertaining to pipelines for new products, a move that has enabled the Group's top management to better track development progress. We have also simplified development stages and clarified stage gates. Further, this configuration makes it possible for resources to be allocated to support business group–specific R&D efforts.

We have also expanded the Group Technological Strategy Committee, which centers on the Chief Technology Officer (CTO) and the chief technology officers in each business group. The committee provides a forum for the executives in charge of marketing and intellectual property to provide information pertinent to, among others, market trends and intellectual property in emerging economies, thus ensuring such information is shared with all business group chief technology officers.

R&D Activities in Fiscal 2010

Corporate Research

Corporate research encompasses basic research designed to fortify our Groupwide foundation in chemical synthesis and polymer science, with the aim of cultivating new products and businesses. In the environment and energy field, we succeeded in developing an 80% bio-derived polylactic acid (PLA) molding compound, made with our highly heat-resistant bioplastic *BIOFRONT*®, in cooperation with Panasonic Electric Works Co., Ltd. In information and electronics, in July 2010 we acquired U.S. firm NanoGram, a move that enabled us to accelerate R&D in the area of silicon inks for semiconductors with a view to the prompt commencement of mass production of materials for printable electronics. In health care, we instigated a new R&D project to facilitate our early entry into the high-growth market for advanced medical materials.

High-Performance Fibers

Aramid Fibers Targeting the promising market for materials for electrical and electronics applications, in June 2010 we commenced research aimed at developing aramid nonwoven fabrics engineered using special spinning technologies. In October, we developed a groundbreaking firefighting uniform made with *TRIPROTECH*™, a newly developed meta- and para-aramid fiber fabric that is comfortably light and boasts superb heat-barrier properties, thanks to a proprietary air layer. We subsequently announced the decision to commercialize high-performance polyethylene products that offer excellent impact resistance and strength.

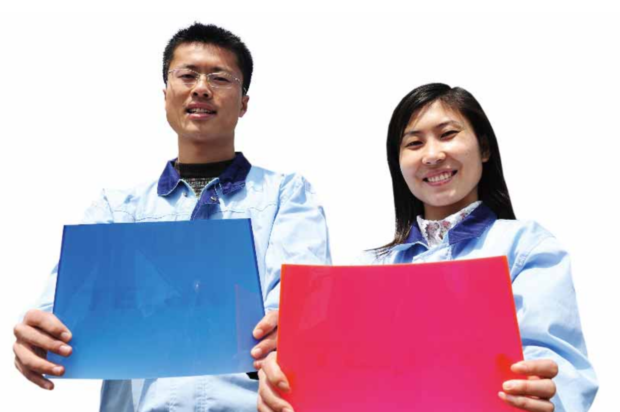
Carbon Fibers Here we continued to promote the development of carbon fibers with exceptional mechanical properties and carbon fibers for electrode materials that deliver outstanding electroconductivity and resistance to corrosion, as well as carbon fiber composites for aircraft applications. In addition, we continued to refine production technologies for composite materials used in automotive parts.

Polyester Fibers

R&D in this business group focuses on the development and commercialization of materials that incorporate consideration for human health and of environment-friendly technologies. In the former category, we developed *ECOPURE*®, an innovative pH-balanced polyester material that does not irritate human skin. In the area of environment-friendly technologies, we developed polyethylene naphthalate (PEN) fibers that significantly improve the impact resistance and reduce the weight of reinforced plastics, as well as polyester fibers that can be dyed using energy-efficient ambient-temperature and ambient-pressure processes. In addition, we began working toward full-scale production and sales of a new line of 30% bio-derived PET products under the brand name *ECO CIRCLE*™ *Plantfiber*, scheduled for launch in fiscal 2012.

Films and Plastics

Plastics Our polycarbonate reverse-dispersion retardation film continued to find favor with manufacturers for use in antireflective film for organic light-emitting diodes (OLEDs). During the period,



this film also earned Teijin an award of the Society of Polymer Science, Japan.

R&D efforts in this business yielded the *Panlite*® ML-5200 series of light-diffusion grade polycarbonate resin products for LED lighting applications that combine superb flame resistance with high transparency. We also commenced production and marketing of *Panlite*® SP-3810, a newly developed polycarbonate resin with a high refractive index and extremely low birefringence for use in mobile phone and other camera lenses that accommodates the trend toward higher picture quality and smaller lens size. Further, we succeeded in developing mass-production technologies for a new biopolycarbonate resin that is made primarily with bio-derived isosorbide and boasts outstanding durability, transparency and moldability.

Films In the area of products for optical applications, we commercialized a new ultrahigh-transparency film for FPDs and touch screens. For environmental and energy-related applications, we began mass production of a new highly durable film for solar cell back sheets. For information-related applications, we proceeded with efforts to develop next-generation base films for data storage media. Additionally, we focused on promoting the use of *Teonex*® PEN film in printable electronics and the automotive sector and of *Teflex*® formable PET film in automotive interior and exterior materials and components. We also worked to perfect technologies to facilitate the use of multilayered films in a variety of new areas.

Pharmaceuticals and Home Health Care

Pharmaceuticals In May 2010, we commenced phase I clinical trials for GTH-42J, a new jelly formulation of osteoporosis treatment *Bonalon*®.* In January 2011, we received approval from Japan's Ministry of Health, Labour and Welfare to manufacture and market TMX-67 for treating hyperuricemia and gout in Japan. The same month, the Ministry approved the use of *Alvesco*®, an inhaled steroid bronchial asthma treatment, for asthma in children—a new indication.

Home Health Care In April 2010, we augmented our rental lineup for home oxygen therapy (HOT) with *Hi-Sanso*™ 5Fx, an energy-efficient high-performance oxygen concentrator. In July 2010, we introduced *Hi-Sanso*™ 7R, an oxygen concentrator that delivers enhanced levels of safety, security and energy efficiency, as well as an around-the-clock remote oxygen-concentrator monitoring system that uses Japan's mobile phone network.

** Bonalon® is the registered trademark of Merck & Co., Inc., Whitehouse Station, NJ, U.S.A.*

Intellectual Property

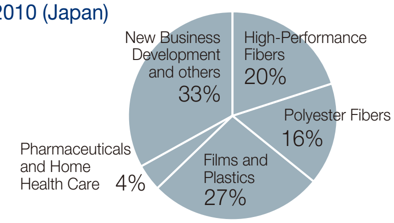
In line with our forward-looking growth strategies, we have designated a number of core technological areas and key fields in which we are working to create, protect and make effective use of intellectual property.

The driving force behind these efforts is Teijin Intellectual Property Center Limited, which works closely with intellectual property specialists in individual business groups to expand our patent portfolios and extend patent terms by fostering inventions and new technologies, products and processes; applying for patents; securing intellectual property rights; and analyzing competitors' patent information. To enhance the effectiveness of intellectual property management, we are selective in seeking patent protection, maintaining a high percentage of applications for achievements related to key Groupwide technological themes.

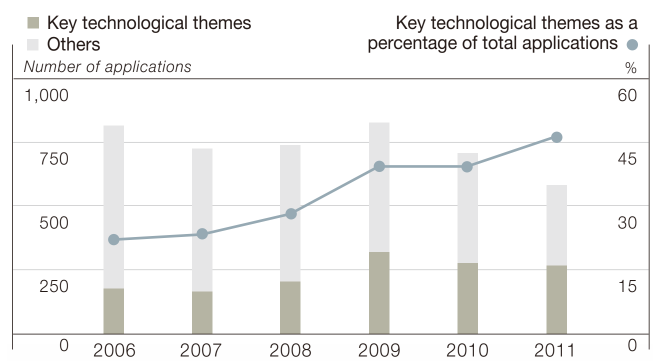
The Teijin Intellectual Property Center has established an intellectual property strategy office, which is tasked with ensuring information pertaining to achievements and challenges with respect to intellectual property is shared with management. The office is establishing a mechanism for clarifying the current state of our intellectual property portfolio and determining strategic directions.

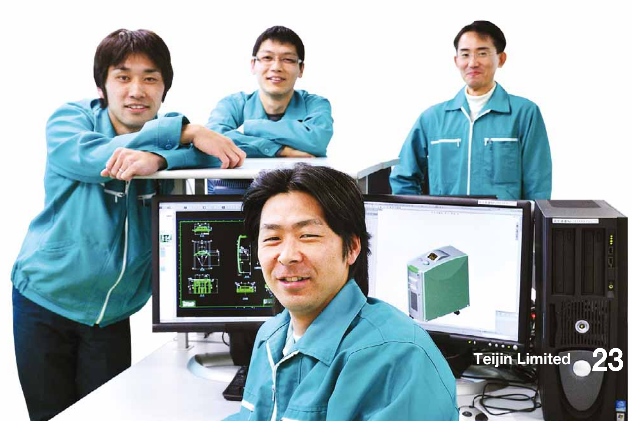
Patent Applications in Fiscal 2010 (Japan)

High-Performance Fibers	115
Polyester Fibers	95
Films and Plastics	159
Pharmaceuticals and Home Health Care	26
New Business Development and others	187
Total	582



Patent Applications Related to Key Technological Themes

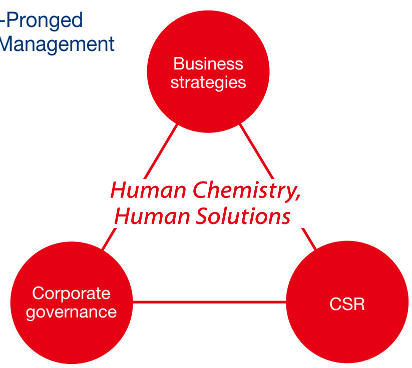




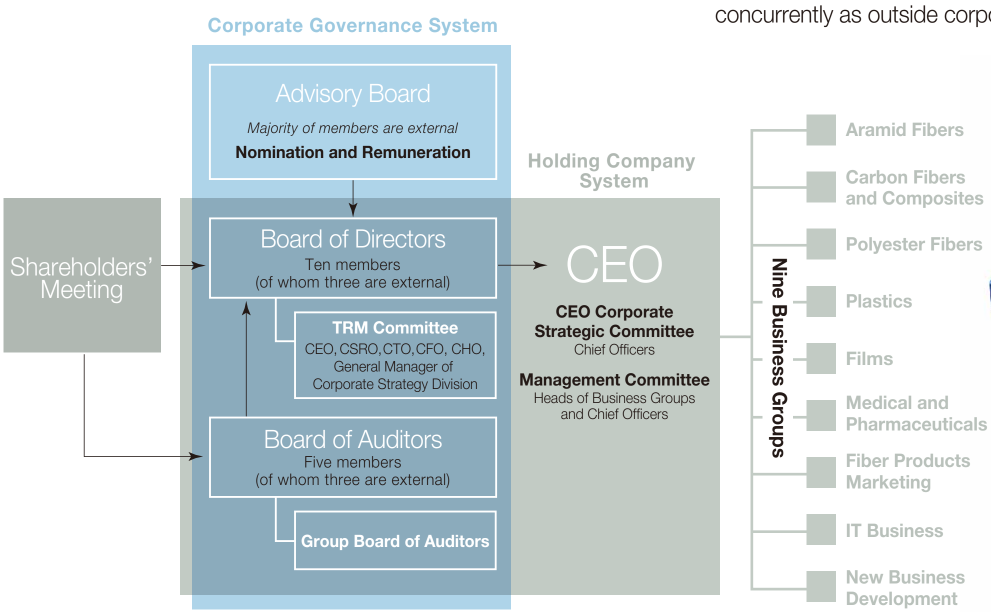
Corporate Governance

We believe effective corporate governance is essential if a company is to steadily increase its returns to shareholders on their investments over the medium to long term, as well as to fulfill its responsibilities to its various stakeholders. To these ends, we have implemented pioneering reforms aimed at enhancing transparency, ensuring fairness and objectivity and accelerating decision making. These include establishing an Advisory Board, reducing the number of directors on Teijin's Board of Directors, introducing a corporate officer system and adopting a compensation system for directors that is linked to our business performance.

Teijin's Three-Pronged Approach to Management



The Teijin Group's Corporate Governance System
As of July 2011



Board of Directors and Corporate Officers

To expedite decision making and clarify responsibility for frontline management, we have set the number of directors on Teijin's Board of Directors at a maximum of 10. We have also introduced a corporate officer system and have delegated considerable authority and responsibility to those officers. To ensure the appropriate separation of responsibility for frontline management and monitoring/supervising, the Board of Directors is directly responsible to the chairman, who does not participate in internal, operations-level decision making.

Three of the directors on the Board are independent and appointed from outside the Company. Responsibility for supervising the internal directors is vested with these independent outside directors, who also draw on the exceptional insight they bring to the position to advise on management-related issues, thereby helping to increase the transparency and accountability of the Board.

Percentage of Independent Outside Members on Teijin's Boards
As of July 2011

	Board of Directors	Board of Auditors	Advisory Board
Total number of individuals	10	5	7
Number of independent outside individuals	3	3	5
Percentage of independent outside individuals	30%	60%	70%

Note: Teijin has formulated its own requirements concerning the independence of outside directors and corporate auditors that are comparable with those mandated by U.S. stock exchanges.

Audit System and Board of Auditors

Teijin's Board of Auditors comprises five members, three of whom are independent outside corporate auditors, thereby ensuring transparency and the effective monitoring and auditing of all aspects of management, including Total Risk Management (TRM). To further enhance the efficacy of monitoring and auditing, full-time corporate auditors not only attend meetings of the CEO Corporate Strategic Committee and the Management Committee, but also coordinate meetings of the Group Board of Auditors and may, in addition, serve concurrently as outside corporate auditors for core Group companies.

Advisory Board

The Advisory Board is a consultative body that is tasked with advising on all aspects of management and evaluating the performance of top executives. The Board, which has two ordinary meetings each year, comprises five or six leading experts from outside the Company—of whom three are Japanese and two or three non-Japanese—as well as Teijin's chairman and the president, who also serves as CEO. The Advisory Board additionally functions as a nomination and remuneration committee and is charged with deliberating the replacement of the CEO and putting forward successors, proposing candidates for chairman, reviewing systems and standards governing remuneration for directors and evaluating the performance of the CEO and representative directors. Compensation for directors is based on consolidated ROA, calculated using operating income; consolidated ROE; and consolidated operating income—i.e., on an examination of whether those targets have been met and/or improvements seen—as well as on a qualitative assessment of each individual director's execution of his or her duties.

Compliance and Total Risk Management

We operate on the principal that effective corporate governance depends on strict compliance and comprehensive risk management. Individuals employed by the Teijin Group are required not only to comply with relevant laws and regulations, but also to act with good faith as a businessperson and a member of society in accordance with ethical and social norms. In line with this conviction, we formulated the Corporate Code of Conduct and the Corporate Standards of Conduct, which set forth consistent guidelines for the entire Teijin Group, and work diligently to reinforce awareness of compliance issues among management and employees. As a countermeasure to the risks and uncertainties we face as a corporate entity, we established our TRM Committee, which answers directly to the Board of Directors and which is charged with the comprehensive management of strategic and operational risk.

Advisory Board Members

As of July 2011

Toru Nagashima
Chairman of Teijin

John W. Himes
Former senior vice-president of DuPont

Lord Leon Brittan
Chairman of UBS Limited, Vice-chairman of UBS Investment Bank

Kunio Suzuki
Counselor of Mitsui O.S.K. Lines, Ltd.

Hajime Sawabe
Director and Chairman of the Board of TDK Corporation

Yutaka Iimura
Special Envoy of the Government of Japan (Middle East, Europe)

Shigeo Ohyagi
President and CEO of Teijin

One focus of the management reforms we initiated in 1999 was the creation of a first-class corporate governance system, a move designed to bring Teijin in line with other top global players. Our Advisory Board performed a key role in this effort. In addition to leading experts from Japan, the Advisory Board's original members included John A. Krol, former chairman of global chemicals giant DuPont, and Sir Ronald Hampel, previously chairman of ICI and of the Hampel Committee, which established certain key principles of corporate governance in the United Kingdom. Both these gentlemen took a very active role in Advisory Board discussions. Subsequent Advisory Board members have also made valuable contributions that have consistently enhanced both our corporate governance system and corporate value.

Corporate Governance Milestones

1993	Establishes corporate philosophy, Standards of Conduct and Corporate Code of Conduct
1998	Establishes Corporate Ethics Committee and formulates Corporate Standards of Conduct
1999	Installs Advisory Board and introduces corporate officer system
2003	Adopts holding company system and issues Teijin Group Corporate Governance Guide
2007	Updates Teijin Group Corporate Governance Guide
2009	Updates Teijin Group Corporate Governance Guide

Teijin's Disclosure Policies

1. In disclosing information, Teijin's basic policy is to disclose the same content both in and outside Japan simultaneously.
2. In addition to disclosing legally stipulated financial information, Teijin proactively discloses corporate information from the perspective of good CSR.
3. Teijin's general meetings of shareholders are open meetings, wherein communicating with shareholders is our first priority.

Management Team

Board of Directors, Corporate Auditors, Advisory Board, Chief Officers and Business Group General Managers

As of July 2011

Board of Directors

Chairman of the Board

Toru Nagashima

President and CEO, Representative Director of the Board

Shigeo Ohyagi

Executive Vice President, Representative Director of the Board

Junji Morita

Senior Executive Officer, Representative Director of the Board

Norio Kamei

Senior Executive Officer, Member of the Board

Osamu Nishikawa

Executive Officer, Member of the Board

Toshiaki Yatabe

Executive Officer, Member of the Board

Yoshio Fukuda

Independent Outside Director

Kunio Suzuki

Independent Outside Director

Hajime Sawabe

Independent Outside Director

Yutaka Iimura

Corporate Auditors

Full-Time	Kihachiro Sano
Full-Time	Atsuo Amano
Independent Outside	Ryozo Hayashi
Independent Outside	Toshiharu Moriya
Independent Outside	Noriko Hayashi

Advisory Board

Toru Nagashima (Chairman)
John W. Himes
Lord Leon Brittan
Kunio Suzuki
Hajime Sawabe
Yutaka Iimura
Shigeo Ohyagi

Chief Officers

CEO	Shigeo Ohyagi
CSRO/CIO	Osamu Nishikawa
CTO	Toshiaki Yatabe
CMO	Junji Morita
CFO	Yoshihisa Sonobe
CHO	Yasumichi Takesue
CENO	Yo Goto

Business Group General Managers

Aramid Fibers	Eiso W.A. Alberda van Ekenstein
Carbon Fibers and Composites	Norio Kamei
Polyester Fibers	Toshihide Fukushima
Plastics	Kazuyuki Sakai
Films	Takashi Takahashi
Medical and Pharmaceuticals	Kentaro Arao
Fiber Products Marketing	Tetsushi Takenaka
IT	Kazuhiro Yamamoto
New Business Development	Kenji Kubo

CEO: Chief Executive Officer
CSRO: Chief Social Responsibility Officer
CIO: Chief Information Officer
CTO: Chief Technology Officer
CMO: Chief Marketing Officer
CFO: Chief Financial Officer
CHO: Chief Human-resources Officer
CENO: Chief Engineering Officer

CSR Management

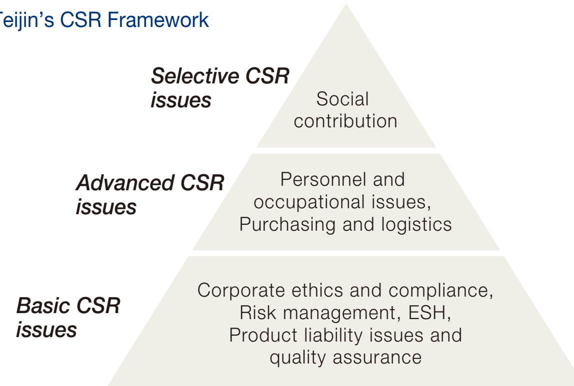
The Evolution of Teijin's CSR Program

The basic goals underlying our approach to CSR are articulated by the phrases, "Quality of Life," "In Harmony with Society," and "Empowering our People," which comprise the Teijin Group corporate philosophy, set forth in 1993. To achieve the goals entailed in this philosophy, we have formulated a basic policy for CSR and are implementing a variety of systematic, well-planned initiatives. In April 2005, we inaugurated the role of Chief Social Responsibility Officer (CSRO) and created an internal organization to coordinate all aspects of our CSR program, including corporate ethics; compliance; risk management; environment, safety and health (ESH); and other efforts to contribute to society. We have also developed specific policies, targets and strategies and continue to promote a wide range of related activities. In March 2011, we announced that we joined the United Nations Global Compact, thus committing ourselves to abiding by a set of universally accepted principles related to human rights, labor practices, environmental concerns and the prevention of corruption.

Advancing CSR Management

We have categorized our various CSR initiatives as addressing "basic," "advanced" or "selective" issues. Basic CSR issues include those related to corporate ethics, ESH, environmental protection, product liability and quality assurance. Advanced CSR issues are those that arise in the process of reflecting CSR in policies governing personnel and labor, as well as purchasing and logistics. Selective CSR issues encompass issues related to social contribution and support. This categorization has enabled us to clarify the focus of and appropriate course of action for these initiatives, set medium-term goals and enhance the effectiveness of our activities.

Teijin's CSR Framework



Teijin's CSR Management System

*PL is used here as an acronym for "product liability."

Environmental Preservation

Teijin's Sustainable Environment Declaration

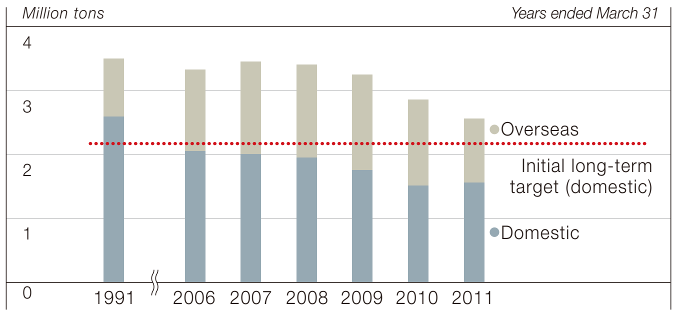
Having long recognized environmental issues as a crucial management responsibility, in 1992 we formulated the Teijin Group Global Environmental Charter. Today, we remain committed to protecting the environment through ambitious measures. In light of the increasing severity of environmental problems, in July 2007 we published our Sustainable Environment Declaration, which outlines three principal elements: Environmental preservation, environmental design and environmental business. In line with these elements, we continue to implement a variety of advanced initiatives. In the area of environmental preservation, we engage in a wide range of activities aimed at reducing the environmental impact of our daily business processes. In particular, we have set long-term targets for lowering emissions

of CO_2 and harmful chemicals, as well as for reducing the amount of waste disposed of as landfill, and are taking systematic steps to ensure these targets are met.

Principal Environmental Targets of the Teijin Group for 2020

Item	Scope	Minimum Target
CO_2 emissions	Japan	20% reduction from the fiscal 1990 level
Chemical substance emissions	Global	80% reduction from the fiscal 1998 level
Disposal of unusable industrial waste	Global	85% reduction from the fiscal 1998 level

CO_2 Emissions from Teijin Manufacturing Operations Worldwide



Social Responsibility

To date, individual Teijin Group production facilities and companies have taken the initiative in developing corporate citizenship activities in their own communities. We also engage in complementary pursuits in line with a common Groupwide social contribution program formulated and launched in 2006. The program places particular emphasis on three areas, namely, environment, international exchanges and social education, and centers on employee volunteer programs that contribute to the community. To support the efforts of employees participating in such programs, we have implemented a system that allows individuals to take days off or extended leave for volunteer activities. We have also designed systems to enable employees to become, for example, registered bone marrow donors or volunteer firefighters. Early in fiscal 2011, we introduced the Volunteer Support Program, which is intended to assist employees' efforts to contribute to society and encourage employee participation in volunteer activities. Expenses for volunteer activities are covered in part by donations from concerned employees and directors. Looking ahead, we will continue to promote initiatives to ensure Teijin contributes to the community in an active, meaningful manner.

Human Resources

We are committed to creating a working environment that supports personal growth and skill enhancement and which encourages employees to achieve their full potential. We have a scheme in place for managing human resources that respects individual lifestyles and values. Currently, we are pursuing personnel initiatives designed to foster a global and highly diverse labor force.

In a bid to promote global personnel strategies, in April 2009 we established an international human resources department, while in April 2011 we introduced EaGLES, a global leadership excellence training program. Aimed at employees newly appointed to management-level positions at Group companies in Japan and overseas, EaGLES seeks to instill necessary skills, as well as promote awareness of Teijin's corporate philosophies and basic values. Training is available in four languages, namely, Japanese, English, Mandarin and Thai. In fiscal 2011, we will also introduce overseas training—in the form of secondment to either India or the PRC—for new recruits.

Efforts to promote diversity began in 1999 with the establishment of a committee to empower female employees. In 2007, this committee was reorganized as the Diversity Promotion Office, which is responsible for creating a positive, enriching work environment for all employees. We continue to implement measures to ensure that all Teijin Group employees—regardless of gender, nationality or ethnicity—are able to bring their full capabilities into play.

EaGLES

Global **L**eadership **E**xcellence **S**tandard for (**Ea**rly) newly Assigned manager

Step 1. E-Learning (offered in four languages)
Comprises two parts: Teijin Standard, which encompasses Teijin's basic values, management policies and history; and Leadership Basics, focusing on skills required for employees newly assigned to management-level positions.

Step 2. Group Training (available in five countries)
Small groups of participants (10–15) share experiences through group discussions, case studies and other activities designed to build on knowledge and skills acquired through Step 1.

Step 3. Measuring Achievements (offered in four languages)
Evaluates whether participants' attitudes and conduct in the workplace have changed as a result of participation in EaGLES and whether they have fully taken newly acquired leadership skills on board and are successfully putting them into practice. Efforts are also made to ensure that awareness of the Teijin Group's philosophies, values and policies have filtered down into participants' workplaces.

Financial Section

Consolidated 11-Year Summary

Years ended March 31		2001	2002	2003	2004
Operating Results	Net sales	¥ 761,410	¥ 923,446	¥ 890,434	¥874,569
	Gross profit	205,404	211,660	209,491	212,682
	Percentage of net sales	27.0%	22.9%	23.5%	24.3%
	Operating income	43,713	29,497	35,298	38,745
	Percentage of net sales	5.7%	3.2%	4.0%	4.4%
	Net income (loss)	15,950	975	(20,977)	8,455
	Percentage of net sales	2.1%	0.1%	–2.4%	1.0%
Segment Information	Sales:				
	Fibers and Textiles	343,911	509,891	489,485	—
	Synthetic Fibers	—	—	—	247,530
	High-Performance Fibers	—	—	—	—
	Polyester Fibers	—	—	—	—
	Films and Plastics	210,997	192,426	182,398	186,504
	Pharmaceuticals and Home Health Care	88,643	94,542	92,464	93,104
	Trading and Retail	—	—	—	256,295
	Machinery and Engineering	71,538	74,481	72,784	43,290
	Others[1]	46,321	52,106	53,303	47,846
	Total	¥ 761,410	¥ 923,446	¥ 890,434	¥874,569
	Operating income (loss):				
	Fibers and Textiles	430	7,435	8,221	—
	Synthetic Fibers	—	—	—	9,144
	High-Performance Fibers	—	—	—	—
	Polyester Fibers	—	—	—	—
	Films and Plastics	17,560	(3,158)	3,734	4,020
	Pharmaceuticals and Home Health Care	15,809	16,916	16,192	17,252
	Trading and Retail	—	—	—	5,320
	Machinery and Engineering	4,744	2,568	3,723	3,861
	Others[1]	4,684	4,919	3,528	5,456
	Elimination and corporate[2]	486	817	(100)	(6,308)
	Total	¥ 43,713	¥ 29,497	¥ 35,298	¥ 38,745
Financial Position	Total assets	¥1,058,514	¥1,104,633	¥1,036,518	¥914,502
	Total current assets	416,784	459,334	435,187	342,127
	Property, plant and equipment, net	391,383	433,022	432,999	393,820
	Total current liabilities	386,477	495,591	444,140	330,862
	Long-term loans payable	189,121	159,661	207,774	199,298
	Shareholders' equity	320,769	311,469	278,527	293,898
Cash Flows	Cash flows from operating activities	79,446	52,394	58,316	44,973
	Depreciation and amortization	48,777	51,185	53,028	52,794
	Cash flows from investing activities	(50,511)	(51,284)	(65,919)	(16,715)
	Purchase of property, plant and equipment	(41,520)	(50,862)	(66,936)	(47,569)
	Cash flows from financing activities	(55,842)	(6,197)	10,842	(32,325)
	Net increase (decrease) in cash and cash equivalents	(26,267)	(3,957)	2,762	(4,451)
Per Share Data (Yen)	Net income (loss): Primary	¥ 17.6	¥ 1.1	¥ (22.7)	¥ 9.0
	Fully diluted	17.3	1.1	(22.7)	9.0
	Shareholders' equity	354.1	335.5	300.3	316.8
	Cash dividends	6.5	6.5	6.5	6.5
Ratios	Net income to shareholders' equity (ROE)[3]	5.2%	0.3%	–7.1%	3.0%
	Operating income to total assets (ROA)[3]	4.2	2.7	3.3	4.0
	Shareholders' equity to total assets	30.3	28.2	26.9	32.1
	Dividend payout ratio	37	607	—	72
Other Data	R&D expenses (Millions of yen)	¥ 30,275	¥ 31,864	¥ 29,880	¥ 32,830
	Number of shares outstanding (Thousands)	905,993	928,299	928,299	928,299
	Number of employees	22,256	24,026	23,265	20,551

Notes: 1. Prior to fiscal 2003, this segment was called "New Products and Other Businesses." In fiscal 2003, the segment name was changed to "IT and New Products, etc." In fiscal 2010, the year ended March 31, 2011, the segment name was changed to "Others."
2. In fiscal 2003, ended March 31, 2004, the allocation method for corporate expenses was changed.
3. Throughout this annual report, ROE is calculated as net income divided by average shareholders' equity, and ROA is calculated as operating income divided by average total assets. Shareholders' equity = Total net assets at year-end – Subscription rights to shares at year-end – Minority interests at year-end.
4. Effective from fiscal 2010, the Company revised its method of accounting for segments. Segment information for fiscal 2009, the year ended March 31, 2010, has been restated for the purpose of comparison.

Millions of yen

2005	2006	2007	2008	2009	2010	2010[4]	2011
¥908,389	¥938,082	¥1,009,586	¥1,036,624	¥943,410	¥765,840		**¥815,656**
222,607	250,365	258,737	256,428	218,636	191,901		**229,394**
24.5%	26.7%	25.6%	24.7%	23.2%	25.1%		**28.1%**
51,865	76,757	75,061	65,162	17,966	13,436		**48,560**
5.7%	8.2%	7.4%	6.3%	1.9%	1.8%		**6.0%**
9,159	24,853	34,125	12,613	(42,963)	(35,684)		**25,182**
1.0%	2.6%	3.4%	1.2%	—	—		**3.1%**
—	—	—	—	—	—	¥ —	**—**
278,846	260,967	293,280	317,612	273,208	205,154	—	**—**
—	—	—	—	—	—	89,912	**103,354**
—	—	—	—	—	—	122,092	**103,502**
216,432	264,511	287,902	293,834	258,004	177,791	177,791	**217,109**
97,104	105,589	113,093	114,403	127,146	131,711	131,711	**136,446**
261,199	259,828	266,492	265,931	239,163	205,314	205,314	**216,922**
—	—	—	—	—	—	—	**—**
54,808	47,187	48,819	44,844	45,889	45,870	39,020	**38,323**
¥908,389	¥938,082	¥1,009,586	¥1,036,624	¥943,410	¥765,840	¥765,840	**¥815,656**
—	—	—	—	—	—	—	**—**
10,520	14,549	17,342	24,448	(2,780)	(15,111)	—	**—**
—	—	—	—	—	—	(7,738)	**4,423**
—	—	—	—	—	—	(5,371)	**3,017**
19,145	40,950	33,900	20,247	226	7,997	8,910	**23,447**
18,148	19,318	21,192	21,691	24,838	24,201	24,324	**22,910**
6,145	5,316	5,395	5,255	3,873	3,441	3,441	**4,744**
—	—	—	—	—	—	—	**—**
3,758	3,760	4,320	3,516	3,589	2,954	2,600	**3,105**
(5,851)	(7,136)	(7,088)	(9,995)	(11,780)	(10,046)	(12,730)	**(13,086)**
¥ 51,865	¥ 76,757	¥ 75,061	¥ 65,162	¥ 17,966	¥ 13,436	¥ 13,436	**¥ 48,560**
¥852,029	¥943,991	¥ 999,917	¥1,015,991	¥874,157	¥823,071		**¥761,535**
369,860	399,002	417,409	417,395	351,120	332,746		**336,895**
322,652	346,498	379,632	382,568	339,704	316,901		**259,659**
320,828	397,919	426,748	417,534	325,074	293,848		**244,771**
158,959	108,715	102,105	117,200	177,081	188,480		**168,871**
290,586	338,609	366,753	391,010	305,577	271,306		**284,236**
73,313	75,491	96,456	53,740	40,392	80,433		**77,132**
52,287	50,389	54,009	62,668	67,364	61,879		**56,410**
12,708	(74,062)	(87,065)	(79,218)	(116,304)	(33,437)		**(27,745)**
(43,900)	(66,620)	(69,996)	(78,821)	(75,845)	(34,119)		**(25,456)**
(79,643)	1,511	(19,074)	16,080	79,178	(42,949)		**(42,063)**
6,249	4,689	(9,309)	(9,271)	1,274	4,128		**5,378**
¥ 9.7	¥ 26.6	¥ 36.8	¥ 13.2	¥ (43.7)	¥ (36.3)		**¥ 25.6**
9.7	26.6	36.8	13.2	—	—		**25.6**
313.3	364.8	395.2	397.3	310.5	276.2		**288.8**
6.5	7.5	10.0	8.0	5.0	2.0		**5.0**
3.1%	7.9%	9.7%	3.3%	–12.3%	–12.4%		**9.1%**
5.9	8.5	7.7	6.5	1.9	1.6		**6.1**
34.1	35.9	36.7	38.5	35.0	33.0		**37.3**
67	28	27	61	—	—		**20**
¥ 30,024	¥ 31,196	¥ 35,097	¥ 36,282	¥ 37,630	¥ 33,356		**¥ 31,483**
928,299	928,299	928,299	984,754	984,759	984,759		**984,759**
18,960	18,819	19,053	19,125	19,453	18,778		**17,542**

Summary

Operating Environment

In fiscal 2010, the year ended March 31, 2011, economic conditions were generally favorable worldwide. The PRC and key ASEAN countries continued to enjoy brisk domestic demand-led growth. In the United States, the underlying tone remained encouraging, while in Europe conditions overall remained stable, although the impact of the financial crisis became an issue in certain countries. The Japanese economy was firm, despite the rising value of the yen, buttressed by exports and the implementation of economic stimulus measures.

Strategies in Action

Having designated fiscal 2010 as the year in which we would conclude structural reforms and accomplish a return to profitability at the net income level, we pressed ahead with a variety of urgent measures and structural reforms, including withdrawing from loss-making businesses, reducing fixed costs and establishing optimal global production configurations. Thanks to such initiatives, and to steady efforts to respond to a recovery in demand—particularly in our materials businesses—we achieved this target, restoring profitability at the net income level. We also succeeded in maintaining free cash flow on a par with the previous period.

Operating Results

	Billions of yen		
Years ended March 31	2010	**2011**	**Change**
Net Sales	¥765.8	**¥815.7**	**6.5%**

Net sales totaled ¥815.7 billion, up 6.5% from fiscal 2009. This increase occurred despite the negative impact of such factors as our withdrawal from loss-making businesses and was attributable to a recovery in demand in our materials businesses.

	Billions of yen		
Years ended March 31	2010	**2011**	**Change**
Operating Income	¥13.4	**¥48.6**	**3.6 times**

Strengthened demand in our materials businesses and the benefits of restructuring measures were the principal factors behind a substantial increase in operating income.

	Billions of yen		
Years ended March 31	2010	**2011**	**Change**
Net Income	¥(35.7)	**¥25.2**	**—**

We made a decisive return to profitability at the net income level. Reasons for this included the upturn in operating income, significantly better results at unconsolidated affiliates accounted for by the equity method and a sharp decrease in extraordinary losses.

	Billions of yen		
As of March 31	2010	**2011**	**Change**
Total Assets	¥823.1	**¥761.5**	**-7.5%**

Total assets were down as a result of declines in the yen value of assets denominated in foreign currencies and in fixed assets—the former attributable to the appreciation of the yen and the latter to a freeze on major capital investment—and to the advance of depreciation and amortization.

	Billions of yen	
Years ended March 31	2010	**2011**
Free Cash Flow	¥47.0	**¥49.4**

Free cash flow remained close to ¥50.0 billion, despite a decrease in net cash and cash equivalents provided by operating activities, thanks to ongoing efforts to restrain capital investment.

Key Indicators

Years ended March 31	2010	**2011**
ROA	1.6%	**6.1%**
ROE	-12.4%	**9.1%**
Debt-to-equity ratio	1.18 times	**0.94 times**

Owing to the sharp increase in operating income and our return to profitability at the net income level, return on assets (ROA)—calculated using operating income—improved markedly, while return on equity (ROE) turned positive. The debt-to-equity ratio also improved to below 1.0 times for the first time since the year ended March 31, 2008, reflecting efforts to reduce interest-bearing debt.

Tasks Ahead

Our target for fiscal 2011 is to return Teijin to a growth trajectory. During the period, we will focus on manifesting the positive results of structural reforms, as well as on strengthening our sales capabilities and R&D platform, and on ensuring efficient risk management. We will also strive to respond swiftly and effectively to the devastation caused by the earthquake and tsunami of March 11, 2011, and do our utmost to achieve the prompt restoration of normal operations. Additionally, we will continue to place a high priority on securing and enhancing financial soundness. At the same time, we will actively foster businesses that support future growth, as well as promising projects.

Results of Operations

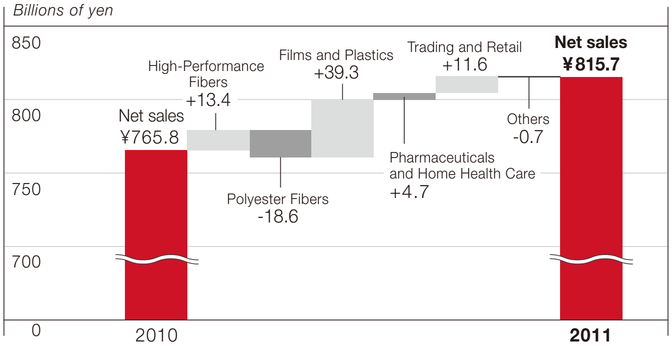
Net Sales

Despite the negative impact of such factors as our withdrawal from loss-making businesses, which pushed down polyester fibers sales, consolidated net sales in the period under review totaled ¥815.7 billion, up 6.5%, or ¥49.8 billion, from fiscal 2009, as a recovery in demand bolstered sales in other materials businesses. Sales in our materials businesses accounted for 52% of net sales for the period, while sales in overseas markets represented 37% of the total.

Years ended March 31

Analysis of Net Sales

Billions of yen

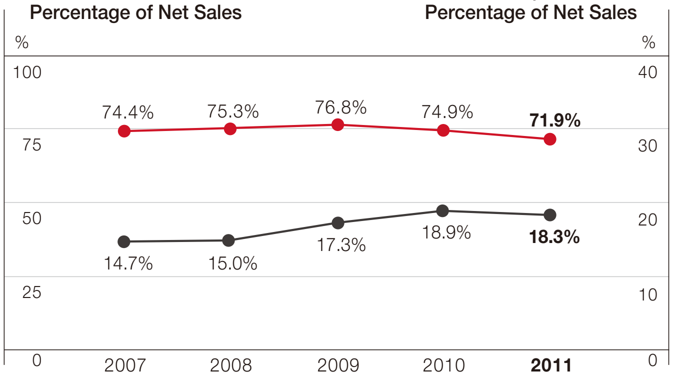


Costs and Expenses

Despite higher shipments and rising fuel prices, which added ¥18.0 billion to the total, cost of sales was held to an increase of 2.1%, or ¥12.3 billion, owing to decisive efforts to reduce costs, particularly in our materials businesses. As a percentage of net sales, cost of sales edged down 3.0 percentage points, to 71.9%. Selling, general and administrative (SG&A) expenses rose 2.9%, or ¥4.2 billion, a consequence of expenses associated with the hiring of new personnel in advance of the launch of new drugs. Despite this increase, ongoing cost-cutting measures held SG&A to 18.3% of net sales, down 0.6 percentage point. R&D expenses dropped 5.6%, or ¥1.9 billion, to ¥31.5 billion. This reflected strategic efforts to promote concentration and selectivity, while still pursuing ongoing forward-looking investments in corporate research in key technological areas and in the cultivation of new businesses.

Years ended March 31

● **Cost of Sales as a Percentage of Net Sales** **SG&A Expenses as a Percentage of Net Sales** ●



Operating Income

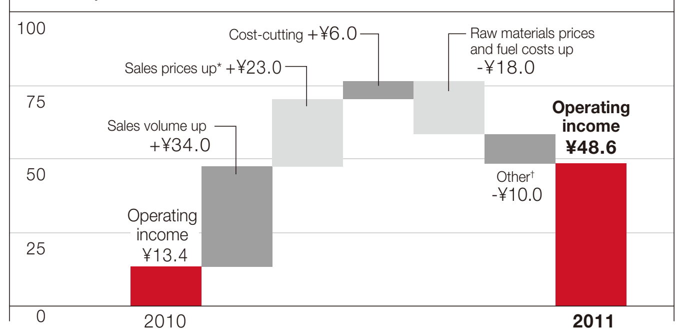
Operating income soared 3.6 times, or ¥35.1 billion, to ¥48.6 billion. Strengthened demand and the benefits of restructuring measures were the principal factors behind this increase, underscoring a substantial gain in our materials businesses, particularly those accounted for in the Films and Plastics segment. The High-Performance Fibers and Polyester Fibers segments, which finished in the red in fiscal 2009, improved markedly and returned to profitability. As a consequence, the operating margin rose 4.2 percentage points, to 6.0%.

Rising prices for raw materials and fuel had a negative impact on operating income of ¥18.0 billion. This was offset by increases in sales prices and shipments, as well as cost-cutting measures, which together added ¥63.0 billion.

Years ended March 31

Analysis of Operating Income

Billions of yen



* Net change resulting from increase in sales prices, improvement in product mix and revision of drug reimbursement prices.
† Includes increase in amortization of goodwill.

Other Income (Expenses)

Other expenses, a net figure, amounted to ¥4.1 billion, down significantly from ¥50.0 billion in the previous fiscal year, despite an earthquake-related loss of ¥2.9 billion. This reflected the absence of a ¥10.7 billion special factory operating loss recognized in fiscal 2009, thanks to the progress of structural reforms, as well as to declines in business structure improvement expenses and impairment loss of ¥19.6 billion and ¥2.6 billion, respectively. Equity in earnings of affiliates totaled ¥6.3 billion, compared to equity in losses of affiliates of ¥3.4 billion in the previous period, largely attributable to an improvement in the income performance of our U.S. and European films joint ventures.

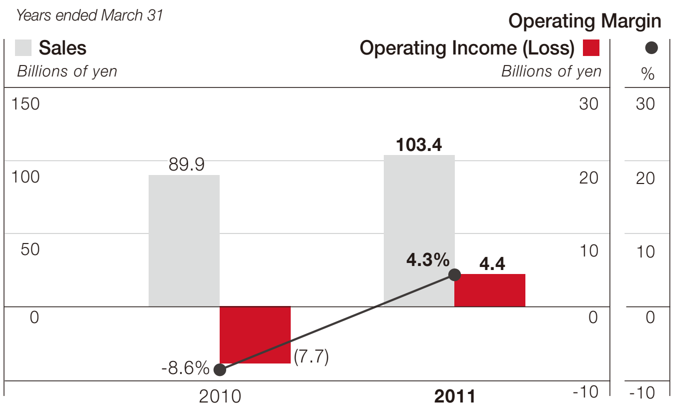
Net Income

Owing to the substantial improvements in operating income, as well as to equity in earnings of affiliates—as opposed to equity in losses of affiliates—and a sharp decline in extraordinary expenses, we reported net income of ¥25.2 billion, compared with net loss of ¥35.7 billion in fiscal 2009. As a consequence, ROE was 9.1%, a significant improvement from -12.4% in the previous period.

Business Segment Results

High-Performance Fibers

Sales in the High-Performance Fibers segment rose 15.0%, to ¥103.4 billion. Operating income was ¥4.4 billion, compared with an operating loss of ¥7.7 billion in fiscal 2009.



Aramid Fibers Demand recovered for key applications.

Demand for *Twaron*® and *Technora*® para-aramid fibers remained robust, driven primarily by demand for use in automotive-related materials. Results for *Twaron*® were further propelled by sound markets for use in protective clothing and materials, as well as in fiber optic cables. As a consequence, in mid-September 2010, we resumed production on those lines at our plant in Emmen, in the Netherlands, that had been temporarily shut down. All lines at the plant are now operating. Shored up by a recovery in the steel, asphalt and electrical machinery industries, demand for *Teijinconex*® meta-aramid fibers rallied for related applications. In this environment, we pushed ahead with efforts to cultivate new applications, promoting the adoption of *Twaron*® in tire cords and *Teijinconex*® in next-generation protective clothing for firefighters, which is considerably lighter than conventional options.

With the aim of broadening the scope of the high-performance fibers business, in November 2010 we announced our decision to commercialize high-performance polyethylene products, which have a wide range of potential applications, including reinforced plastics; protective, bullet-resistant and stab-resistant clothing and materials; ropes; and nets. Commercial production is slated to begin in the second half of 2011.

Carbon Fibers Demand showed signs of a recovery.

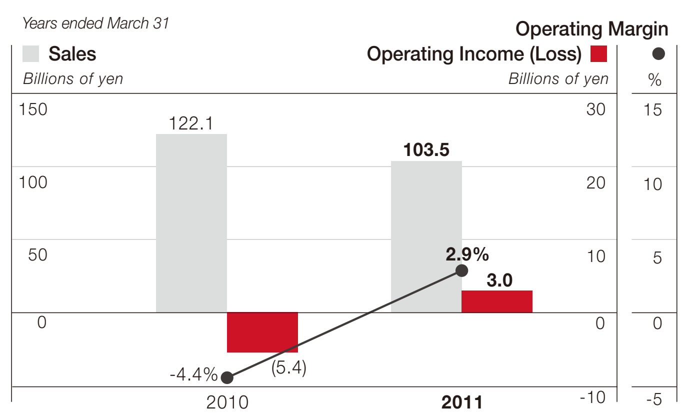
Demand for *Tenax*® carbon fibers stayed on an upswing for aircraft, sports and leisure equipment and general industrial applications, prompting us to increase facility operating rates. In the aircraft category, the market was solid, particularly for use in existing aircraft models. In sports and leisure equipment, demand in the PRC surpassed the peak recorded prior to the most recent global economic crisis by a sizeable margin. In the area of carbon fibers for general industrial applications, demand in areas where recovery had lagged—including reinforcement materials used in civil engineering and materials for industrial rollers—showed signs of improvement. The market for carbon fibers for use in wind turbines, pressure vessels and compounds picked up.

In this environment, we focused on fortifying relations with customers, signing direct contracts with aircraft manufacturers, establishing dedicated production facilities for materials used in Toyota Motor Corporation's Lexus LFA and concluding supply agreements with a manufacturer of pressure vessels. We also made steady progress in restoring sales prices for carbon fibers for use in both sports and leisure equipment and general industrial applications. Operating rates at our newest facility in Germany, which commenced production in September 2010, remained favorable. As part of our ongoing effort to reinforce our carbon fibers business overseas, we increased the number of personnel at our Shanghai office and established a new office in Singapore, thereby strengthening our footing in Asia.

In line with our aim of expanding our composite materials business, a key long-term growth strategy for the Group as a whole, we reorganized related operations, integrating the Teijin Composites Innovation Center—formerly part of the New Business Development Group—into the Carbon Fibers Business Group to create the Carbon Fibers and Composites Business Group, which was established on April 1, 2011.

Polyester Fibers

The Polyester Fibers segment, which includes the polyester fibers and the polyester raw materials and polymerization businesses, generated sales of ¥103.5 billion, a decline of 15.2%. The segment returned to profitability with operating income of ¥3.0 billion.



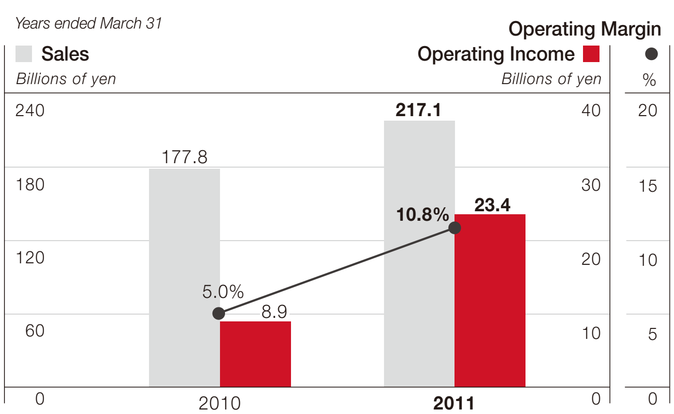
The positive impact of structural reforms—including efforts to decisively reorganize loss-making businesses—and measures aimed at reducing fixed costs, both ongoing since 2009, together with improved demand, particularly for automotive applications, supported a distinct improvement at the operating level for the polyester fibers component of this segment. As a consequence, the segment returned to profitability.

In Japan, core polyester fibers subsidiary Teijin Fibers Limited continued to see firm sales overall for use in industrial materials, while the market for textiles for use in apparel showed signs of improvement. In the area of polyester fibers for industrial materials, Teijin Fibers took steps to expand sales of polyester cushion materials with a unique three-dimensional structure, and of *TEPYRUS®*, a leading brand of short-cut polyester fibers specially engineered for wet-laid nonwoven fabrics, which enjoys a solid reputation in the industry worldwide. In polyester fibers for apparel, the company developed *ECOPURE®*, an innovative pH-balanced polyester material that does not irritate human skin, which it will advance as its principal material for sportswear for spring–summer 2012. Also in fiscal 2012, Teijin Fibers plans to commence full-scale sales of a new line of environment-friendly plant-based PET products under the brand name *ECO CIRCLE™ Plantfiber*.

Our polyester fibers subsidiary in Thailand also reported an improvement in operating results, attributable to an upswing in sales for industrial applications, particularly for automobiles, and to progress in the shift of production to the company from Teijin Fibers in Japan as part of our ongoing program of structural reforms.

Films and Plastics

Sales in the Films and Plastics segment increased 22.1%, to ¥217.1 billion, while operating income soared 2.6 times, to ¥23.4 billion.



Plastics Demand for polycarbonate resin was solid.

Driven by enhanced domestic demand for mainstay *Panlite®* polycarbonate resin in the PRC and elsewhere in Asia for applications in electrical, electronics and OA equipment and automobiles, operating rates at our production facilities in the PRC and Singapore remained high. In response to persistently high prices for principal raw materials, we implemented sales price adjustments, having secured the understanding of customers in advance. Product development efforts yielded a new flame-resistant light-diffusion grade of *Panlite®*, which helped us secure a substantial share of the global market for polycarbonate resin for LED lighting applications.

In the area of processed polycarbonate resin products, we proceeded with efforts to market newly developed varieties of *Panlite® Sheet*, including one that delivers outstanding surface hardness and another with enhanced flame-resistant properties. Sales of *PURE-ACE®* WR polycarbonate retardation film expanded steadily for use in antireflective film for OLEDs for mobile phones. Our polycarbonate retardation film for 3D glasses also continued to enjoy a significant market share. *ELECLEAR®* transparent electroconductive film—currently marketed for use as the base film for touch screens used in smartphones, among others—struggled, owing to the shift in demand from resistive to capacitive touch screens. However, having completed the development of technologies necessary to produce *ELECLEAR®* for capacitive touch screens, we pressed ahead with commercialization efforts.

Films Demand for PET film in Asia recovered. In Europe and the United States, structural reforms neared completion.

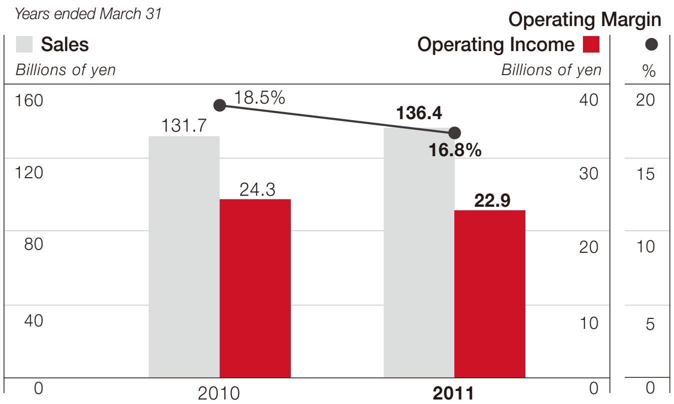
We currently have polyester films joint ventures with E.I. du Pont de Nemours and Company (DuPont) of the United States in six countries. Demand for PET film rallied during the period, beginning in Asia, returning to the prerecession level in the first half and continuing to climb thereafter. As a consequence, aggregate operating results of the joint ventures were the highest ever since the companies’ establishment in 2000.

In Japan, demand for PET film remained steady for use as FPD reflective film, a principal application for this film, while demand for use in solar cell back sheets was significantly higher than in fiscal 2009. Production lines at our polyester films joint ventures in Indonesia and the PRC continued to operate at full capacity. Of note, our joint venture in the PRC reported record-high operating results.

In Europe and the United States, we neared completion of crucial structural reforms, which have included ceasing production at our Circleville plant, in the United States, in February 2009; suspending production on one line at our plant in Luxembourg in June 2009; and phasing out production at the Florence plant, also in the United States, which concluded in February 2011. Thanks to the recovery in demand led by manufacturers of solar cells, which began in mid-2009, and the positive impact of structural reforms, operating results at joint ventures in both regions set new records.

Pharmaceuticals and Home Health Care

Sales in the Pharmaceuticals and Home Health Care segment amounted to ¥136.4 billion, an increase of 3.6%. Operating income declined 5.8%, to ¥22.9 billion.



Pharmaceuticals **We received approval to manufacture and market TMX-67, a treatment for hyperuricemia and gout, in Japan. We also expanded marketing of the drug in Europe and North America.**

In the area of drugs for treating bone and joint disease, sales were encouraging for *Synvisc Dispo*™ 2ml, an intra-articular injection-form drug for treating pain associated with osteoarthritis of the knee launched in Japan in December 2010. Among osteoporosis treatments, shipments of *Bonalon*®* and *Onealfa*®, an active vitamin D_3 preparation, were stable. In the area of treatments for cardiovascular and metabolic disease, in January 2011 we received approval to manufacture and market TMX-67—for treating hyperuricemia and gout—in Japan, under the name *FEBURIC*®. Developed by Teijin, TMX-67 is the first novel drug in this field for 40 years. We are persevering with expanding the geographic scale of marketing efforts for TMX-67 in North America, where it is sold under the name *ULORIC*®, and in Europe, where it is known as *ADENURIC*®. The drug continues to see firm sales in both regions. In the area of treatments for respiratory disease, we received authorization to market inhaled steroid *Alvesco*® for treating bronchial asthma in children, a new indication. Sales of the drug for pediatric use began on April 7.

In R&D, in May 2010 we commenced phase I clinical trials for GTH-42J, a new jelly version of osteoporosis treatment *Bonalon*®. In February 2011, we filed for approval of GTH-42V, a new injection form of *Bonalon*®, with Japan's Ministry of Health, Labour and Welfare.

Home Health Care **Rental volume was encouraging for both HOT equipment and CPAP ventilators.**

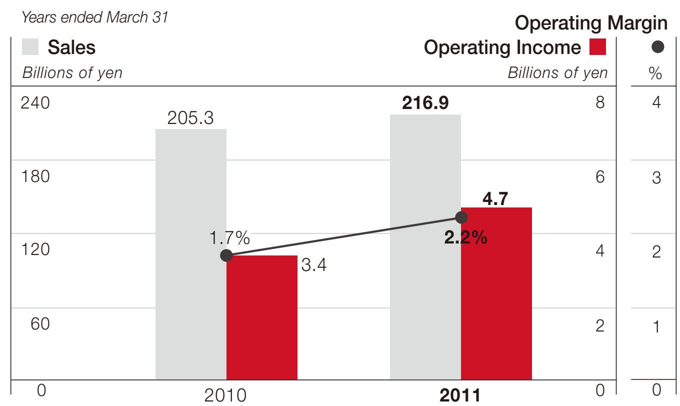
In Japan, rental volume for mainstay HOT equipment remained firm. We continued to capitalize on products such as *Hi-Sanso*™ 7R, an energy-efficient oxygen concentrator, and *TOMS*®-M, a remote monitoring system for HOT equipment that uses the country's mobile phone network—both of which were launched in July 2010—to strengthen our share of the domestic HOT equipment market. Rentals of other equipment, including CPAP ventilators, noninvasive positive pressure ventilators (the *NIP NASAL*® series and *AutoSet*™ CS), and *SAFHS*® also rose gradually.

Overseas, we currently provide home health care services in the United States, Spain and the ROK. During the period under review, rental volume expanded steadily in all three markets.

* *Bonalon*® is the registered trademark of Merck & Co., Inc., Whitehouse Station, NJ, U.S.A.

Trading and Retail

The Trading and Retail segment yielded sales of ¥216.9 billion, an increase of 5.7%, while operating income was ¥4.7 billion, up 37.9%. In textiles and apparel, we expanded our mainstay OEM business. The market for industrial textiles remained robust.



Textiles and Apparel

In our mainstay OEM business, we reported increases in sales and income, reflecting efforts to expand sales of casual and everyday apparel, suits and jackets, among others, to key customers.

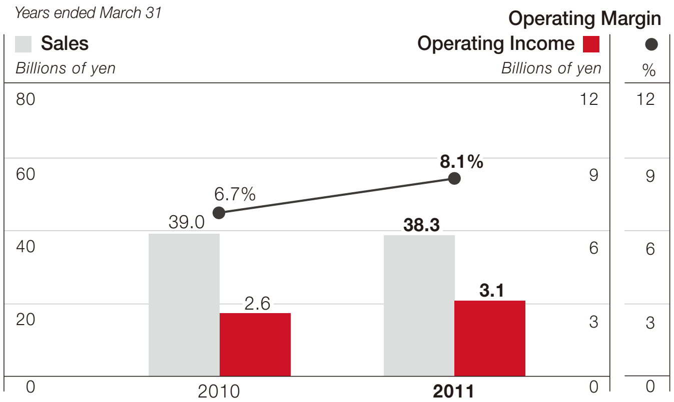
Industrial Textiles and Materials

Sales of products for automotive applications—including rubber reinforcements, airbag materials and vehicle interior materials—strengthened significantly, owing to the positive impact of domestic economic stimulus measures and flourishing export demand. Demand for use in general-purpose products, including filters and nonwoven materials, recovered. In film- and resin-related products, demand for use in LCD televisions and mobile phone handsets rose dramatically, supporting robust sales of film, sheet and resin products.

Others

This segment, which does not qualify as a reportable operating segment, achieved sales of ¥38.3 billion, down 1.8%. Operating income rose 19.4%, to ¥3.1 billion. Despite the impact of constraints on IT spending, sales to customers in the IT business sector were firm. This,

together with decisive efforts to cut costs, contributed to increases in sales and operating income.



Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Interest-bearing debt decreased ¥52.9 billion, to ¥267.4 billion. Shareholders' equity and total valuation and translation adjustments together amounted to ¥284.2 billion of the total, up ¥12.9 billion. As a consequence, the debt-to-equity ratio improved 0.24 point, to 0.94 times. The equity ratio was 37.3%, up 4.3 percentage points.

Although our long-term debt ratings remained level, Moody's raised its outlook—Negative in fiscal 2009—to Stable. Owing to successful efforts to secure a positive free cash flow, we also saw improvements in the interest coverage ratio, which rose to 17.2 times, from 13.1 times, and the debt payback period, which declined to 3.5 years, from 4.0 years.

As of March 31, 2011

	Moody's	Rating and Investment Information, Inc.
Rating	A3	A
Outlook	Stable	Stable

Assets, Liabilities and Net Assets

Total assets as of March 31, 2011, amounted to ¥761.5 billion, down ¥61.5 billion from the end of fiscal 2009. This result was largely attributable to declines in the yen value of assets denominated in foreign currencies and in property, plant and equipment, the former attributable to the appreciation of the yen and the latter to a freeze on major capital investment and the advance of depreciation and amortization.

Total liabilities, at ¥453.8 billion, were down ¥74.0 billion from the fiscal 2009 year-end. Interest-bearing debt, which includes commercial paper, short-term loans payable and long-term loans payable, decreased ¥52.9 billion, to ¥267.4 billion. This reflected the use of cash generated as a result of operating activities and the freeze on major capital investment to pay down such debt, as well as a decline in the yen value of liabilities denominated in foreign currencies as a consequence of the higher yen.

Total net assets were ¥307.7 billion, an increase of ¥12.4 billion. Shareholders' equity and total valuation and translation adjustments together represented ¥284.2 billion of the total, up ¥12.9 billion. This occurred despite an increase in the deduction for foreign currency translation adjustments and was due largely to net income of ¥25.2 billion for the period under review.

Cash Flows

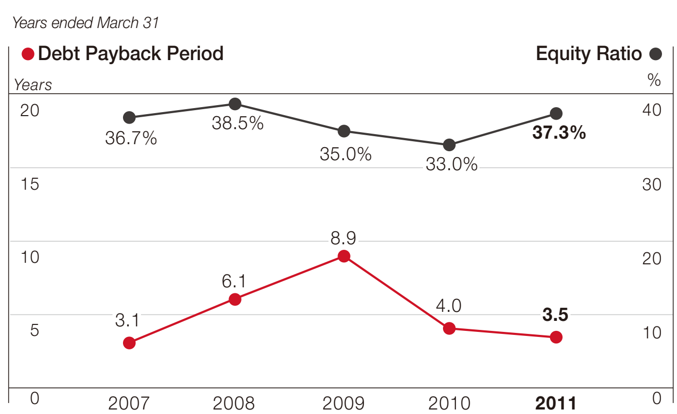
Net cash and cash equivalents provided by operating activities in fiscal 2010 amounted to ¥77.1 billion. Factors contributing to this result included net income, depreciation and amortization and an increase in notes and accounts payable—trade, which countered increases in notes and accounts receivable—trade and inventories, both attributable to expanded sales, and income taxes paid.

Net cash and cash equivalents used in investing activities came to ¥27.7 billion, owing primarily to outlays for purchase of property, plant and equipment.

Operating and investing activities in fiscal 2010 thus provided a total of ¥49.4 billion.

Net cash and cash equivalents used in financing activities amounted to ¥42.1 billion. This result reflected the issue and redemption of bonds and commercial paper, the net result of proceeds from short- and long-term loans payable and the repayment thereof, and cash dividends paid, among others.

After factoring in the impact of exchange rate fluctuations, operating, investing and financing activities in the period under review resulted in a ¥5.5 billion net increase in cash and cash equivalents as of March 31, 2011.



Tasks Ahead

Groupwide Challenges

To date, the Teijin Group has implemented a variety of urgent measures and structural reforms in response to the economic crisis that overshadowed fiscal years 2008 and 2009. Having essentially completed these efforts, in fiscal 2010 we achieved a return to profitability at the net income level, thereby largely fulfilling our principal objective, which was to create an operating structure that would ensure we were profitable, even with facility operating rates at 70%.

Fiscal 2011 has begun on a distressing note, owing to the Great East Japan Earthquake and to political unrest in the Middle East and North Africa, while the outlook remains clouded by uncertainties. Nonetheless, having designated this as the year for repositioning the Teijin Group on a growth trajectory, we will focus on manifesting the full benefits of structural reforms, as well as on strengthening our sales capabilities and R&D platform. We will also emphasize efficient risk management. We will respond swiftly and effectively to the devastation caused by the earthquake and tsunami and do our utmost to achieve the prompt restoration of normal operations. Additionally, we will continue to place a high priority on securing and enhancing financial soundness. At the same time, we will actively foster businesses that support future growth, as well as promising projects.

Our overriding objective is to achieve sustainable growth by providing sophisticated solutions in two core technological areas—green chemistry and health care—and in overlapping domains. Green chemistry encompasses high-performance materials and green businesses and energy, while health care covers pharmaceuticals and home health care. To this end, we will work, through technology-driven innovation, to provide solutions in promising markets, which we have grouped into four key fields: automobiles and aircraft, information and electronics, health care and environment and energy.

Existing businesses

In our materials businesses, we will focus on high-performance fibers—primarily aramid fibers and carbon fibers—that help reduce the weight and energy requirements and enhance the safety and security of finished products, as well as which contribute to environmental protection. Among our services businesses, we will concentrate on health care, where we will continue to respond to the aging of society and the increasing prevalence of lifestyle-related disease by emphasizing solutions in three therapeutic areas—bone and joint disease, respiratory disease and cardiovascular and metabolic disease.

On another front, we will work to establish an optimal global production configuration, including capabilities in promising new markets, including BRIC countries Brazil, Russia, India and the PRC, and the creation of additional value through the expansion of midstream and downstream businesses and the addition of new materials to our portfolio.

New businesses

New business development efforts will center on reinforcing R&D with the aim of promptly commercializing achievements in five key areas—bioplastics, high-performance electronics materials, highly thermoconductive materials, water treatment and regenerative medicine. In the area of bioplastics, we will nurture markets for a new product that is exceptionally resistant to heat. In high-performance electronics materials, we will emphasize thermoresistant LiB separators, responding to demands for enhanced battery safety, and silicon inks for semiconductors, for use in printable electronics, which are electronics components produced using printing processes. In highly thermoconductive materials, we are stepping up the development of materials for use in LED lamp housings. In the area of water treatment, our aim is to provide comprehensive wastewater treatment solutions. In regenerative medicine, our focus is on drugs for the treatment of stroke patients and rehabilitation robot devices.

In a bid to accelerate our global expansion, in early fiscal 2011 we introduced EaGLES—a leadership training program developed primarily for employees newly appointed to management-level positions—at Group companies in Japan and overseas. Through this program, we will endeavor to promote greater awareness of our philosophy and corporate values, as well as foster common leadership skills, across the global Teijin Group.

Challenges in Individual Business Segments

High-Performance Fibers We will strive to expand sales for applications in such promising areas as fiber optic cables and protective clothing, while at the same time reinforcing the structure of our aramid fibers business, enhancing productivity and reducing costs. We will also push ahead with efforts to cultivate markets for high-performance polyethylene products, the commercialization of which was announced in November 2010.

In our carbon fibers business, we will expand sales of products for use in aircraft and compounds, the principal markets for our carbon fibers. At the same time, we will work to cultivate new applications and enhance the efficiency of our production configuration with the aim of ensuring stable profitability. Additionally, by capitalizing on the unique characteristics of carbon fibers, we will focus on expanding applications for composite materials, including thermoplastic CFRP, particularly in the automotive industry.

Polyester Fibers We will continue to promote the establishment of the best possible production configuration for our polyester fibers business with the aim of enhancing competitiveness in terms of both cost and quality, thereby positioning us to expand sales of products for use in industrial materials and ensure the profitability of products for apparel. We will also actively promote environment-friendly solutions and new business models—including *ECO CIRCLE*™, our closed-loop system for collecting and recycling polyester products, and *ECO CIRCLE*™ *Plantfiber*, a new line of environment-friendly bio-derived PET products currently under development.

Films and Plastics In our plastics business, we will respond to persistently high prices for core raw materials by implementing sales price adjustments and working to expand sales of high-value-added products, while for processed plastics, efforts will focus on expanding sales in promising areas, including film for use as anti-reflective film for OLEDs and transparent film for touch screens. We will endeavor to further expand our films business by proceeding with the shift of operations to promising Asian markets and expanding our production capacity to accommodate soaring demand for use in FPDs and solar cell back sheets.

Pharmaceuticals and Home Health Care Having gained regulatory approval in Japan in January 2011, in May we began sales of

TMX-67, our innovative treatment for hyperuricemia and gout, in the domestic market under the name *FEBURIC*®. TMX-67 is also available in North America and Europe. In addition to seeking to rapidly expand sales of the drug in Japan, we will work to launch the drug in other markets. We will also strive to expand sales of *Synvisc Dispo*™ 2ml, an intra-articular injection-form drug for treating pain associated with osteoarthritis of the knee. In home health care, we will step up efforts to expand our overseas operations.

Trading and Retail In response to increasingly diverse market needs and the escalating globalization of user industries, we will reinforce our operating foundation by strengthening collaboration with the polyester fibers and high-performance fibers businesses, as well as by cultivating new markets in Asia.

Others In the IT business, we will take decisive steps to develop solutions that respond to the needs of customers, particularly those in the Internet business and health care fields.

Risk Factors

The Teijin Group recognizes certain risks as having the potential to affect its operating results and/or financial position. As of the date of this document, these risks included, but were not limited to, the risks listed below. The upheaval that has characterized the global financial markets of late appears to have settled to some degree and the Teijin Group faces very little risk of difficulty in procuring necessary funds.

Market-Related Risk

The Teijin Group manufactures and sells products, the sales of which may be affected by market conditions and competition with other companies, and by market price fluctuations arising thereof. Businesses involving commoditized materials—notably the polyester fibers business of the Polyester Fibers segment and the polyester films and polycarbonate resin businesses of the Films and Plastics segment—are particularly vulnerable to fluctuations in shipments, sales prices and procurement costs for raw materials and fuel related to market conditions and competition with other companies. Because the cost of raw materials and fuel accounts for a major portion of production costs in these businesses, fluctuations in the price of crude oil may have a significant impact on the Group's income performance.

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

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

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

Product Quality Risk

Teijin Pharma Limited, the principal subsidiary in the Teijin Group's Pharmaceuticals and Home Health Care segment, has established its own product reliability assurance function in the form of a compliance division. This division, which functions independently of other Group businesses, is charged with quality assurance in all aspects of the pharmaceuticals and home health care businesses. The Group maintains insurance coverage against product liability.

Nonetheless, as the pharmaceuticals business involves products that may affect the lives of users, quality issues have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

R&D-Related Risk in the Pharmaceuticals Business

R&D in the pharmaceuticals business is characterized by significant investments of funds and time. Pharmaceuticals discovery research has a high incidence of failure. In the initial stages, there is a high risk that researchers will fail to discover a promising drug. Even if a promising drug is discovered, clinical trials may prove it not to be as effective as anticipated, or to have unexpected adverse side effects, thereby forcing the abandonment of plans to apply for approval. There is also a risk that a new drug candidate may not receive regulatory approval as a result of the examination process that follows application, or that approval may be rescinded based on the outcome of research conducted subsequent to launch.

Risks Related to Overseas Operations

The Teijin Group has operations—in the High-Performance Fibers, Polyester Fibers, Films and Plastics, Pharmaceuticals and Home Health Care, and Trading and Retail segments—in the PRC, Southeast Asia (including Thailand and Singapore), Europe (including Germany and the Netherlands) and the United States. These operations are vulnerable to the impact of fluctuations in foreign exchange and interest rates. Our operations in the PRC and Southeast Asia, in particular, may also be affected by such factors as the enforcement of new—or unexpected changes to existing—laws, regulations or tax systems that exert an adverse impact on the Group; economic fluctuations; or by social unrest triggered by, among others, changes of government or acts of terror or war. The manifestation of such risks has the potential to adversely affect the Group's operating results and/or financial position.

Risks Related to Accidents and Disasters

The Teijin Group has prepared common disaster prevention guidelines for use by all Group companies and is an active proponent of efforts to prevent and/or alleviate the impact of disasters through disaster prevention diagnostics, earthquake response measures, fire prevention and other advance prevention strategies, disaster prevention education and training and post-disaster impact mitigation measures.

Consolidated Balance Sheets

TEIJIN LIMITED

As of March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	**2011**	**2011**
ASSETS			
Current assets:			
Cash and time deposits (Note 3)	¥ 23,122	**¥ 28,612**	**$ 344,101**
Receivables:			
Notes and accounts receivable—trade:			
Unconsolidated subsidiaries and affiliates	3,056	**3,439**	**41,359**
Other	155,895	**152,693**	**1,836,356**
Short-term loans receivable:			
Unconsolidated subsidiaries and affiliates	2,873	**8,368**	**100,637**
Other	627	**594**	**7,144**
Other	13,036	**16,360**	**196,753**
Inventories (Note 7)	106,315	**105,507**	**1,268,876**
Deferred tax assets (Note 16)	19,783	**13,230**	**159,110**
Other current assets	10,710	**10,206**	**122,742**
Allowance for doubtful accounts	(2,671)	**(2,114)**	**(25,424)**
Total current assets	332,746	**336,895**	**4,051,654**
Investments and other assets:			
Investment securities (Notes 4 and 5):			
Unconsolidated subsidiaries and affiliates	19,087	**22,184**	**266,795**
Other	43,289	**39,932**	**480,241**
Long-term loans receivable:			
Unconsolidated subsidiaries and affiliates	1,665	**2,533**	**30,463**
Other	2,514	**1,368**	**16,452**
Prepaid pension cost (Note 9)	16,208	**15,994**	**192,351**
Other	12,794	**13,109**	**157,655**
Allowance for doubtful accounts	(2,005)	**(1,970)**	**(23,692)**
	93,552	**93,150**	**1,120,265**
Property, plant and equipment (Note 11)**:**			
Land	45,636	**44,532**	**535,562**
Buildings and structures	187,267	**176,560**	**2,123,391**
Machinery, equipment and vehicles	575,159	**512,070**	**6,158,388**
Tools	72,467	**72,108**	**867,204**
Construction in progress	9,258	**6,629**	**79,723**
Other	2,369	**2,261**	**27,193**
	892,156	**814,160**	**9,791,461**
Accumulated depreciation	(575,255)	**(554,501)**	**(6,668,683)**
	316,901	**259,659**	**3,122,778**
Intangible assets	17,614	**15,843**	**190,535**
Deferred tax assets (Note 16)	2,438	**4,215**	**50,692**
Goodwill	59,820	**51,773**	**622,646**
	79,872	**71,831**	**863,873**
	¥823,071	**¥ 761,535**	**$ 9,158,570**

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	**2011**	**2011**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable (Note 8)	¥ 54,137	**¥ 44,568**	**$ 535,995**
Current portion of long-term loans payable (Note 8)	24,319	**18,942**	**227,805**
Commercial paper	51,000	**33,000**	**396,873**
Payables:			
Notes and accounts payable—trade:			
Unconsolidated subsidiaries and affiliates	1,274	**1,192**	**14,336**
Other	82,982	**86,092**	**1,035,382**
Other	30,916	**22,911**	**275,538**
Income taxes payable	5,025	**7,459**	**89,705**
Accrued expenses	17,118	**19,546**	**235,069**
Deferred tax liabilities (Note 16)	157	**162**	**1,948**
Other current liabilities	8,791	**10,899**	**131,077**
Provision for business structure improvement	18,129	**—**	**—**
Total current liabilities	293,848	**244,771**	**2,943,728**
Long-term loans payable (Note 8)	188,480	**168,871**	**2,030,920**
Provision for retirement benefits (Note 9)	18,474	**18,153**	**218,316**
Provision for directors' retirement benefits	1,801	**—**	**—**
Deferred tax liabilities (Note 16)	10,577	**9,285**	**111,666**
Liabilities from application of equity method	19	**—**	**—**
Other non-current liabilities	14,590	**12,757**	**153,423**
Contingent liabilities (Note 20)			
Net assets (Note 10)			
Shareholders' equity:			
Capital stock			
Authorized—3,000,000,000 shares in 2010 and 2011			
Issued—984,758,665 shares in 2010			
984,758,665 shares in 2011	70,817	**70,817**	**851,678**
Capital surplus	101,328	**101,373**	**1,219,158**
Retained earnings	112,983	**135,385**	**1,628,202**
Treasury stock, at cost: 2,616,343 shares in 2010			
561,229 shares in 2011	(773)	**(152)**	**(1,828)**
Total shareholders' equity	284,355	**307,423**	**3,697,210**
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	13,025	**10,824**	**130,174**
Deferred gains (losses) on hedges	299	**(199)**	**(2,393)**
Foreign currency translation adjustments	(26,373)	**(33,812)**	**(406,639)**
Total valuation and translation adjustments	(13,049)	**(23,187)**	**(278,858)**
Subscription rights to shares	401	**439**	**5,280**
Minority interests	23,575	**23,023**	**276,885**
Total net assets	295,282	**307,698**	**3,700,517**
	¥823,071	**¥761,535**	**$9,158,570**

Consolidated Statements of Operations

TEIJIN LIMITED
Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	**2011**	**2011**
Net sales	¥765,840	**¥815,656**	**$9,809,453**
Costs and expenses:			
Cost of sales	573,939	**586,262**	**7,050,655**
Selling, general and administrative expenses	145,109	**149,351**	**1,796,164**
Research and development expenses	33,356	**31,483**	**378,629**
Operating income	13,436	**48,560**	**584,005**
Other income (expenses):			
Interest and dividend income	1,591	**1,382**	**16,621**
Interest expenses	(5,785)	**(4,416)**	**(53,109)**
Gain on sales of investment securities	7,165	**2,220**	**26,699**
Gain on sales of property, plant and equipment	1,022	**1,354**	**16,284**
Compensation for transfer of property	120	**—**	**—**
Loss on disposal of property, plant and equipment	(1,509)	**(585)**	**(7,035)**
Loss on valuation of investment securities	(1,221)	**(117)**	**(1,407)**
Impairment loss (Note 11)	(4,387)	**(1,792)**	**(21,551)**
Provision for allowance for doubtful accounts	(525)	**(883)**	**(10,619)**
Business structure improvement expenses	(20,621)	**(1,050)**	**(12,628)**
Special factory operating loss (Note 12)	(10,713)	**—**	**—**
Environmental expenses (Note 13)	(408)	**(124)**	**(1,491)**
Equity in earnings (losses) of affiliates	(3,389)	**6,300**	**75,767**
Additional contribution to cover losses on disposal of securities with market value held in money trusts	(7,199)	**—**	**—**
Earthquake-related loss (Note 14)	—	**(2,861)**	**(34,408)**
Other, net	(4,173)	**(3,494)**	**(42,023)**
	(50,032)	**(4,066)**	**(48,900)**
Income (loss) before income taxes	(36,596)	**44,494**	**535,105**
Income taxes (Note 16)**:**			
Income taxes—current	7,766	**11,976**	**144,029**
Income taxes—deferred	(9,288)	**4,196**	**50,463**
	(1,522)	**16,172**	**194,492**
Minority interests in net (income) losses	(610)	**(3,140)**	**(37,763)**
Net income (loss)	¥ (35,684)	**¥ 25,182**	**$ 302,850**

	Yen		U.S. dollars (Note 1)
Net income (loss) per share (Note 2)	¥(36.26)	**¥25.59**	**$0.31**
Net income per share—diluted	—	**25.56**	**0.31**
Cash dividends applicable to the year	2.00	**5.00**	**0.06**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

TEIJIN LIMITED
Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010 (Note 15)	**2011** (Note 2)	**2011**
Income before minority interests	¥—	**¥ 28,323**	**$ 340,625**
Other comprehensive income:			
Valuation difference on available-for-sale securities	—	**(2,209)**	**(26,566)**
Deferred gains (losses) on hedges	—	**(487)**	**(5,857)**
Foreign currency translation adjustments	—	**(8,294)**	**(99,747)**
Share of other comprehensive income of associates accounted for using the equity method	—	**770**	**9,260**
Total	—	**(10,220)**	**(122,910)**
Comprehensive income	¥—	**¥ 18,103**	**$ 217,715**
Breakdown of comprehensive income:			
Comprehensive income attributable to shareholders of the parent	¥—	**¥ 15,045**	**$ 180,938**
Comprehensive income attributable to minority interests	¥—	**¥ 3,058**	**$ 36,777**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

TEIJIN LIMITED

Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	**2011**	**2011**
Shareholders' equity			
Capital stock			
Balance at end of previous fiscal year	¥ 70,817	**¥ 70,817**	**$ 851,678**
Changes in items during the period:			
Issuance of new shares	—	**—**	**—**
Total	—	**—**	**—**
Balance at end of current fiscal year	70,817	**70,817**	**851,678**
Capital surplus			
Balance at end of previous fiscal year	101,325	**101,328**	**1,218,617**
Changes in items during the period:			
Issuance of new shares	—	**—**	**—**
Disposal of treasury stock	3	**45**	**541**
Transfer of loss on disposal of treasury stock	—	**—**	**—**
Total	3	**45**	**541**
Balance at end of current fiscal year	101,328	**101,373**	**1,219,158**
Retained earnings			
Balance at end of previous fiscal year	150,886	**112,983**	**1,358,785**
Change owing to application of accounting policies for overseas equity method affiliates	—	**1,154**	**13,879**
Changes in items during the period:			
Dividends from surplus—other capital surplus	(1,969)	**(3,933)**	**(47,300)**
Net income (loss)	(35,684)	**25,182**	**302,850**
Others*	(250)	**(1)**	**(12)**
Transfer of loss on disposal of treasury stock	—	**—**	**—**
Total	(37,903)	**21,248**	**255,538**
Balance at end of current fiscal year	112,983	**135,385**	**1,628,202**
Treasury stock at cost			
Balance at end of previous fiscal year	(226)	**(773)**	**(9,296)**
Changes in items during the period:			
Purchase of treasury stock	(580)	**(41)**	**(493)**
Disposal of treasury stock	33	**662**	**7,961**
Total	(547)	**621**	**7,468**
Balance at end of current fiscal year	(773)	**(152)**	**(1,828)**
Shareholders' equity, total			
Balance at end of previous fiscal year	322,802	**284,355**	**3,419,784**
Change owing to application of accounting policies for overseas equity method affiliates	—	**1,154**	**13,879**
Changes in items during the period:			
Issuance of new shares	—	**—**	**—**
Dividends from surplus—other capital surplus	(1,969)	**(3,933)**	**(47,300)**
Net income (loss)	(35,684)	**25,182**	**302,850**
Others*	(250)	**(1)**	**(12)**
Purchase of treasury stock	(580)	**(41)**	**(493)**
Disposal of treasury stock	36	**707**	**8,502**
Total	(38,447)	**21,914**	**263,547**
Balance at end of current fiscal year	¥284,355	**¥307,423**	**$3,697,210**

* In 2010, changes in surpluses owing to actuarial differences in retirement benefit obligations calculated based on U.K. accounting standards.
  In 2011, changes in surpluses owing to change in scope of consolidation.

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	**2011**	**2011**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities			
Balance at end of previous fiscal year	¥ 12,744	**¥ 13,025**	**$ 156,645**
Changes in items during the period:			
Net changes in items other than shareholders' equity	281	**(2,201)**	**(26,471)**
Total	281	**(2,201)**	**(26,471)**
Balance at end of current fiscal year	13,025	**10,824**	**130,174**
Deferred gains (losses) on hedges			
Balance at end of previous fiscal year	(1,321)	**299**	**3,596**
Changes in items during the period:			
Net changes in items other than shareholders' equity	1,620	**(498)**	**(5,989)**
Total	1,620	**(498)**	**(5,989)**
Balance at end of current fiscal year	299	**(199)**	**(2,393)**
Foreign currency translation adjustments			
Balance at end of previous fiscal year	(28,648)	**(26,373)**	**(317,174)**
Changes in items during the period:			
Net changes in items other than shareholders' equity	2,275	**(7,439)**	**(89,465)**
Total	2,275	**(7,439)**	**(89,465)**
Balance at end of current fiscal year	(26,373)	**(33,812)**	**(406,639)**
Valuation and translation adjustments, total			
Balance at end of previous fiscal year	(17,225)	**(13,049)**	**(156,933)**
Changes in items during the period:			
Net changes in items other than shareholders' equity	4,176	**(10,138)**	**(121,925)**
Total	4,176	**(10,138)**	**(121,925)**
Balance at end of current fiscal year	(13,049)	**(23,187)**	**(278,858)**
Subscription rights to shares			
Balance at end of previous fiscal year	320	**401**	**4,823**
Changes in items during the period:			
Net changes in items other than shareholders' equity	81	**38**	**457**
Total	81	**38**	**457**
Balance at end of current fiscal year	401	**439**	**5,280**
Minority interests			
Balance at end of previous fiscal year	24,088	**23,575**	**283,524**
Changes in items during the period:			
Net changes in items other than shareholders' equity	(513)	**(552)**	**(6,639)**
Total	(513)	**(552)**	**(6,639)**
Balance at end of current fiscal year	23,575	**23,023**	**276,885**
Net assets, total			
Balance at end of previous fiscal year	329,985	**295,282**	**3,551,198**
Change owing to application of accounting policies for overseas equity method affiliates	—	**1,154**	**13,879**
Changes in items during the period:			
Issuance of new shares	—	**—**	**—**
Dividends from surplus—other capital surplus	(1,969)	**(3,933)**	**(47,300)**
Net income (loss)	(35,684)	**25,182**	**302,850**
Others*	(250)	**(1)**	**(12)**
Purchase of treasury stock	(580)	**(41)**	**(493)**
Disposal of treasury stock	36	**707**	**8,502**
Net changes in items other than shareholders' equity	3,744	**(10,652)**	**(128,107)**
Total	(34,703)	**11,262**	**135,440**
Balance at end of current fiscal year	¥295,282	**¥307,698**	**$3,700,517**

Consolidated Statements of Cash Flows

TEIJIN LIMITED
Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Cash flows from operating activities:			
Income (loss) before income taxes	¥ (36,596)	**¥ 44,494**	**$ 535,105**
Depreciation and amortization	61,879	**56,410**	**678,413**
Impairment loss	4,387	**1,792**	**21,551**
Increase (decrease) in provision for retirement benefits	(551)	**630**	**7,577**
Increase in provision for business structure improvement	18,129	**—**	**—**
Increase (decrease) in allowance for doubtful accounts	(68)	**1,082**	**13,013**
Interest and dividend income	(1,591)	**(1,382)**	**(16,621)**
Interest expenses	5,785	**4,416**	**53,109**
Equity in losses (earnings) of affiliates	3,389	**(6,300)**	**(75,767)**
Loss (gain) on sales or disposal of property, plant and equipment	487	**(770)**	**(9,260)**
Loss (gain) on sales of investment securities	(7,165)	**(2,220)**	**(26,699)**
Loss on valuation of investment securities	1,221	**117**	**1,407**
Decrease (increase) in notes and accounts receivable—trade	(7,234)	**(10,937)**	**(131,533)**
Decrease (increase) in inventories	29,631	**(6,283)**	**(75,562)**
Increase (decrease) in notes and accounts payable—trade	15,451	**8,477**	**101,948**
Other, net	6,893	**(260)**	**(3,127)**
Subtotal	94,047	**89,266**	**1,073,554**
Interest and dividend income received	3,774	**4,053**	**48,743**
Interest expenses paid	(6,155)	**(4,481)**	**(53,891)**
Income taxes paid	(4,034)	**(11,706)**	**(140,781)**
Additional contribution to cover losses on disposal of securities with market value held in money trusts	(7,199)	**—**	**—**
Net cash and cash equivalents provided by (used in) operating activities	80,433	**77,132**	**927,625**
Cash flows from investing activities:			
Purchase of property, plant and equipment	(34,119)	**(25,456)**	**(306,146)**
Proceeds from sales of property, plant and equipment	1,757	**1,125**	**13,530**
Purchase of investment securities	(1,183)	**(4,439)**	**(53,385)**
Proceeds from sales of investment securities	10,242	**3,719**	**44,726**
Decrease (increase) in short-term loans receivable	(2,502)	**(810)**	**(9,741)**
Increase in long-term loans receivable	(1,805)	**(662)**	**(7,962)**
Decrease in of long-term loans receivable	260	**933**	**11,221**
Other, net	(6,087)	**(2,155)**	**(25,917)**
Net cash and cash equivalents provided by (used in) investing activities	(33,437)	**(27,745)**	**(333,674)**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(20,488)	**(3,648)**	**(43,873)**
Net increase (decrease) in commercial paper	(25,000)	**(18,000)**	**(216,476)**
Proceeds from issuance of bonds	15,226	**13,022**	**156,609**
Redemption of bonds	(28,436)	**(22,584)**	**(271,606)**
Proceeds from long-term loans payable	25,754	**6,788**	**81,636**
Repayment of long-term loans payable	(8,473)	**(10,517)**	**(126,482)**
Cash dividends paid	(1,969)	**(3,933)**	**(47,300)**
Cash dividends paid to minority shareholders	(169)	**(2,996)**	**(36,031)**
Other, net	606	**(195)**	**(2,346)**
Net cash and cash equivalents provided by (used in) financing activities	(42,949)	**(42,063)**	**(505,869)**
Effect of exchange rate changes on cash and cash equivalents	81	**(1,946)**	**(23,403)**
Net increase (decrease) in cash and cash equivalents	4,128	**5,378**	**64,679**
Cash and cash equivalents at beginning of year	18,796	**22,964**	**276,175**
Increase in cash and cash equivalents resulting from change in scope of consolidation	40	**113**	**1,359**
Cash and cash equivalents at end of year (Note 3)	¥ 22,964	**¥ 28,455**	**$ 342,213**

See accompanying Notes to Consolidated Financial Statements.

Note 1. Basis of presenting consolidated financial statements

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

Prior to the year ended March 31, 2009, the accounts of overseas subsidiaries were based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. From the fiscal year ended March 31, 2009, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement" (Practical Issues Task Force ("PITF") No. 18, issued by the Accounting Standards Board of Japan ("ASBJ") on May 17, 2006). In principle, the Company unified accounting standards for foreign subsidiaries and makes necessary adjustments upon consolidation. There were no material effects as a result of the adoption of PITF No. 18 on the consolidated financial statements for the year ended March 31, 2010 and 2011.

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

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2011, which was ¥83.15 to U.S.$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Note 2. Summary of significant accounting policies

Consolidation

The consolidated financial statements include the accounts of the Company and 76 significant subsidiaries for the year ended March 31, 2011. For 2010, 81 significant subsidiaries were included in the consolidated financial statements. Investments in 69 (70 in 2010) unconsolidated subsidiaries and affiliates are, with minor exceptions, stated at cost, adjusted for equity in undistributed earnings and losses since acquisition.

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

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

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

The accounts of 38 (41 in 2010) consolidated subsidiaries are included on the basis of their fiscal years ending December 31 (January 31 for one (two in 2010) and February 28 for two (two in 2010) other subsidiaries). These subsidiaries do not prepare, for consolidation purposes, statements for the period, which corresponds with the fiscal year of the Company.

For these 41 (45 in 2010) consolidated subsidiaries, when there are significant transactions that occur between their respective fiscal year-ends and the Company's year-end, necessary adjustments are made to reflect the transactions in the accompanying consolidated financial statements.

Statements of cash flows

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

Allowance for doubtful accounts

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

Securities

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

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

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

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

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

Inventories

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

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is determined over the estimated useful life of the asset principally by the declining-balance method for domestic companies and by the straight-line method for overseas subsidiaries. For domestic companies, buildings acquired after March 31, 1998, are depreciated using the straight-line method.

Intangible assets

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

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

Research and development expenses

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

Retirement benefits

(1) Employees

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

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

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Company and its consolidated subsidiaries provided for employees' severance and retirement benefits at March 31, 2010 and 2011, based on the estimated amounts of projected benefit obligation and the fair value of the pension assets at those dates.

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

(2) Directors and statutory auditors

The Company and its domestic consolidated subsidiaries (the "domestic companies") provide for lump-sum retirement payments for directors and statutory auditors in amounts that would be required if they retired at the balance sheet dates.

Liabilities arising from application of equity method

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

Provision for business structure improvement

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

Derivatives and hedge accounting

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

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

However, prior to the year ended March 31, 2010, in cases where foreign currency forward contracts are used as hedges and meet certain hedging criteria, foreign currency forward contracts and hedged items are accounted for in the following manner:

(1) If a foreign currency forward contract is executed to hedge an existing foreign currency receivable or payable,
    (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the consolidated statements of operations in the period which includes the inception date, and
    (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(2) If a foreign currency forward contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gain or loss on the foreign currency forward contract will be recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(Change in accounting procedures)
Prior to the year ended March 31, 2010, the domestic companies applied a method of accounting for foreign currency forward contract transactions entered into to hedge transactions denominated in foreign currencies over the term of the contract based on a predetermined rate.

With the implementation of a new backbone system, effective from the year ended March 31, 2011, the domestic companies changed the method of accounting for such foreign currency forward contract transactions and began applying a principle-based method, in line with the accounting standard for financial instruments. The aim of this change was to achieve a more accurate presentation of foreign currency assets, liabilities and derivatives positions. This change had no material impact on the consolidated financial statements for the year ended March 31, 2011.

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

The Company and its wholly owned domestic consolidated subsidiaries have adopted the consolidated tax return filing under Japanese tax regulations for the year ended March 31, 2006 and thereafter.

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

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

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

Net income (loss) per share for the years ended March 31, 2010 and 2011, is calculated based on the following factors:

Year ended March 31, 2010

(a) Net loss:	¥35,684 million
(b) Amount not attributable to common shareholders:	¥ — million
(c) Bonuses to directors and statutory auditors included in (b):	¥ — million
(d) Net loss allocated to common stock:	¥35,684 million
(e) Average number of shares outstanding during the period:	984,000 thousand shares
(f) Increase in number of shares:	— thousand shares
(g) Increase in number of subscription rights to shares included in (f):	— thousand shares
(h) Summary of outstanding potential shares excluded from the computation of diluted EPS, if calculated for the period, since such potential stocks do not have a dilutive effect:	Subscription rights to shares for the purpose of granting stock options (390 thousand shares of common stock can be issued under the subscription rights to shares).

Year ended March 31, 2011

(a) Net income:	¥25,182 million ($302,850 thousand)
(b) Amount not attributable to common shareholders:	¥ — million ($ — thousand)
(c) Bonuses to directors and statutory auditors included in (b):	¥ — million ($ — thousand)
(d) Net income allocated to common stock:	¥25,182 million ($302,850 thousand)
(e) Average number of shares outstanding during the period:	984,033 thousand shares
(f) Increase in number of shares:	1,269 thousand shares
(g) Increase in number of subscription rights to shares included in (f):	1,269 thousand shares
(h) Summary of outstanding potential shares excluded from the computation of diluted EPS, if calculated for the period, since such potential stocks do not have a dilutive effect:	—

(Change in accounting procedures)

Recognition of revenues and costs on construction contracts

Prior to the year ended March 31, 2010, the domestic companies recognized revenues and costs of construction contracts using the completed-contract method. Effective from the year ended March 31, 2010, the domestic companies adopted the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, issued on December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, issued on December 27, 2007). Accordingly, when the outcome of individual contracts can be estimated reliably, the domestic companies apply the percentage-of-completion method to work commencing in the year ended March 31, 2010; otherwise the completed-contract method is applied. The percentage/stage of completion at the end of the reporting period is measured by the proportion of the cost incurred to the estimated total cost. The change had no material impact on the consolidated financial statements.

Accounting standards for investments applied to equity method affiliates

Effective from the year ended March 31, 2011, the Company has applied “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF Statement No. 24, issued on March 10, 2008). In principle, the Companies make adjustments as necessary for its consolidated financial statements.

As a result, operating income and income before income taxes each decreased by ¥420 million ($5,051 thousand), compared to what would have been recorded under the previous method.

Accounting standards for asset retirement obligations

Effective from the year ended March 31, 2011, the domestic companies have applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result, operating income decreased by ¥34 million ($409 thousand), and income before income taxes decreased by ¥563 million ($6,771 thousand), compared to what would have been recorded under the previous method.

Accounting standards for business combinations

Effective from the year ended March 31, 2011, the domestic companies applied “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (Statement No. 22, issued by ASBJ on December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, issued on December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 26, 2008).

Reclassifications and restatement

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

(Additional information)

Effective from the year ended March 31, 2011, the Company has applied “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010).

Note 3. Statements of cash flows

The reconciliation of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2010 and 2011, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Cash and time deposits in the consolidated balance sheets	¥23,122	**¥28,612**	**$344,101**
Time deposits with maturities exceeding 3 months	(158)	**(157)**	**(1,888)**
Cash and cash equivalents in the consolidated statements of cash flows	¥22,964	**¥28,455**	**$342,213**

The assets and liabilities of two subsidiaries, PT. Teijin Indonesia Fiber Tbk. and Teijin Monofilament Germany GmbH, which are excluded from the consolidation following the sale of their share of common stock during the year ended March 31, 2011, were as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	**¥ 8,965**	**$ 107,817**
Fixed assets	**12,654**	**152,183**
Assets, total	**¥ 21,619**	**$ 260,000**
Current liabilities	**(22,983)**	**(276,404)**
Long-term liabilities	**(1,765)**	**(21,227)**
Liabilities, total	**¥(24,748)**	**$(297,631)**

Note 4. Fair value of financial instruments

(1) Qualitative information on financial instruments

(a) Policies for using financial instruments

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

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

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

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

Securities are exposed to market price fluctuation risk, however, the Companies only hold shares in firms with which they have business relations and these are not for speculation.

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

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

The Companies use derivative transactions of, for example, forward currency exchange and currency swaps that are used to hedge the risk of fluctuation in foreign currency exchange rates with respect to monetary receivables and payables denominated in foreign currencies resulting from import and export transactions. With respect to other derivative transactions, interest rate swap transactions are used to hedge the risk of fluctuation in interest rates and commodity swap transactions are used to hedge the risk of fluctuation in the commodity price of fuel. The Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging derivative instruments.

The Companies report periodically to the Chief Financial Officer and the Accounting and Treasury Office on the actual results of derivative transactions. The actual results of derivative transactions for which hedge accounting cannot be applied are reported to the Board of Directors after the end of each year. Furthermore, the Companies enter into contracts with highly rated international institutions as counterparts to these transactions to minimize credit risk exposure.

(c) Supplementary information on fair values

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

(2) Fair values of financial instruments

The following tables summarize fair value and book value of the financial instruments, and the difference between them, as of March 31, 2010 and 2011. Items for which fair value is difficult to estimate are not included in the following tables.

	Millions of yen		
	2010		
	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 23,122	¥ 23,122	¥ —
(2) Receivables	158,952	158,952	—
(3) Short-term loans receivable	3,236	3,236	—
(4) Investment securities	39,155	39,155	—
(5) Long-term loans receivable	4,442	—	—
Allowance for doubtful accounts (*1)	(552)	—	—
	3,890	3,890	—
Total	¥228,355	¥228,355	¥ —
(1) Payables	84,257	84,257	—
(2) Short-term loans payable	54,137	54,137	—
(3) Commercial paper	51,000	51,000	—
(4) Bonds	47,270	48,658	1,388
(5) Long-term loans payable	165,529	166,671	1,142
Total	¥402,193	¥404,723	¥2,530
Derivative transactions (*2)			
(1) For which hedge accounting is not applied	(535)	(535)	—
(2) For which hedge accounting is applied	(1,528)	(1,528)	—
Total	¥ (2,063)	¥ (2,063)	¥ —

	Millions of yen			Thousands of U.S. dollars
	2011			**2011**
	Book value	Fair value	Difference	Difference
(1) Cash and time deposits	**¥ 28,612**	**¥ 28,612**	**¥ —**	**$ —**
(2) Receivables	**156,132**	**156,132**	**—**	**—**
(3) Short-term loans receivable	**8,872**	**8,872**	**—**	**—**
(4) Investment securities	**36,620**	**36,620**	**—**	**—**
(5) Long-term loans receivable	**3,992**	**—**	**—**	**—**
Allowance for doubtful accounts (*1)	**(555)**	**—**	**—**	**—**
	3,437	**3,437**	**—**	**—**
Total	**¥233,673**	**¥233,673**	**¥ —**	**$ —**
(1) Payables	**87,284**	**87,284**	**—**	**—**
(2) Short-term loans payable	**44,568**	**44,568**	**—**	**—**
(3) Commercial paper	**33,000**	**33,000**	**—**	**—**
(4) Bonds	**35,959**	**37,024**	**1,065**	**12,808**
(5) Long-term loans payable	**151,855**	**152,991**	**1,136**	**13,662**
Total	**¥352,666**	**¥354,867**	**¥2,201**	**$26,470**
Derivative transactions (*2)				
(1) For which hedge accounting is not applied	**1,593**	**1,593**	**—**	**—**
(2) For which hedge accounting is applied	**(242)**	**(242)**	**—**	**—**
Total	**¥ 1,351**	**¥ 1,351**	**¥ —**	**$ —**

(*1) Allowance estimated individually is deducted from loans receivable.

(*2) Derivative transactions are presented net of receivables and liabilities, and figures within parenthesis indicate net liabilities.

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

Assets

(1) Cash and time deposits, (2) Receivables, (3) Short-term loans receivable

These terms are all short-term, and the fair value is nearly equal to book value, so the book value is used as fair value.

(4) Investment securities

The fair value of shares is the market price. See Note 5, "Investment securities" for information on investment securities categorized as holding purpose.

(5) Long-term loans receivable

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

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

Liabilities

(1) Payables, (2) Short-term loans payable, (3) Commercial paper

These terms are all short-term and the fair value is nearly equal to book value, so the book value is used as fair value.

(4) Bonds

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

(5) Long-term loans payable

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

Derivative transactions

See Note 6, "Derivative transactions."

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

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Unlisted shares	¥ 3,959	**¥ 3,142**	**$ 37,787**
Shares in affiliated companies	15,302	**17,258**	**207,553**
Total	¥19,261	**¥20,400**	**$245,340**

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

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

	Millions of yen		Millions of yen		Thousands of U.S. dollars	
	2010		**2011**		**2011**	
	Within one year	One year to five years	Within one year	One year to five years	Within one year	One year to five years
Cash and time deposits	¥ 23,122	¥ —	**¥ 28,612**	**¥ —**	**$ 344,101**	**$ —**
Receivables	158,952	—	**156,132**	**—**	**1,877,715**	**—**
Short-term loans receivable	3,236	—	**8,872**	**—**	**106,699**	**—**
Investment securities	—	—	**—**	**—**	**—**	**—**
Long-term loans receivable	263	4,179	**90**	**3,902**	**1,082**	**46,927**

(Note 4) Expected repayment of bonds and long-term loans payable:

See Note 8, "Loans payable."

Note 5. Investment securities

(1) Information on securities held by the Companies at March 31, 2010, is as follows:

a) There were no held-to-maturity debt securities with fair values at March 31, 2010.

b) The following table summarizes acquisition costs and book values (fair values) of available-for-sale securities with fair values as of March 31, 2010.

	Millions of yen		
	2010		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Corporate shares	¥14,401	¥34,892	¥20,491
Securities with book values not exceeding acquisition costs:			
Corporate shares	5,788	4,263	(1,525)
Total	¥20,189	¥39,155	¥18,966

c) Total sales of available-for-sale securities in the year ended March 31, 2010, and the related gains and losses amounted to ¥10,205 million, ¥7,237 million and ¥18 million, respectively.

d) Available-for-sale securities with no fair values as of March 31, 2010, consisted mostly of non-listed equity securities and others amounting to ¥3,652 million and ¥307 million, respectively.

(2) Information on securities held by the Companies at March 31, 2011, is as follows:

a) There were no held-to-maturity debt securities with fair values at March 31, 2011.

b) The following table summarizes acquisition costs and book values (fair values) of available-for-sale securities with fair values as of March 31, 2011.

	Millions of yen			Thousands of U.S. dollars
	2011			**2011**
	Acquisition cost	Book value	Difference	Difference
Securities with book values exceeding acquisition costs:				
Corporate shares	**¥12,621**	**¥31,717**	**¥19,096**	**$229,657**
Securities with book values not exceeding acquisition costs:				
Corporate shares	**7,207**	**4,903**	**(2,304)**	**(27,709)**
Total	**¥19,828**	**¥36,620**	**¥16,792**	**$201,948**

c) Total sales of available-for-sale securities in the year ended March 31, 2011, and the related gains and losses amounted to ¥3,715 million ($44,672 thousand), ¥2,231 million ($26,826 thousand) and ¥8 million ($99 thousand), respectively.

d) Available-for-sale securities with no fair values as of March 31, 2011, consisted mostly of non-listed equity securities, bonds and others amounting to ¥2,847 million ($34,240 thousand), ¥1 million ($12 thousand) and ¥294 million ($3,535 thousand), respectively.

Note 6. Derivative transactions

(1) The following tables summarize market value information as of March 31, 2010, of outstanding derivative transactions for which hedge accounting is not applied.

Outstanding positions, for which gains and losses were recognized in the consolidated financial statements as of March 31, 2010, were as follows:

Currency-related derivatives

	Millions of yen			
	2010			
	Contract amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Foreign currency swap transactions:				
Japanese yen received for U.S. dollars	¥ 8,381	¥—	¥(114)	¥(114)
Foreign currency forward contract transactions:				
Sell: U.S. dollars	¥ 2,476	¥—	¥ 276	¥ 276
Sell: Japanese yen	¥ 855	¥—	¥ 101	¥ 101
Buy: Japanese yen	¥13,172	¥—	¥(796)	¥(796)

Interest-rate-related derivatives

	Millions of yen			
	2010			
	Contract amount	Amount of principal due over one year	Fair value	Recognized gain (loss)
Interest rate swap transactions:				
Variable rate received for fixed rate	¥92	¥—	¥(3)	¥(3)

(2) The following tables summarize market value information as of March 31, 2010, of outstanding derivative transactions for which hedge accounting is applied.

Currency-related derivatives: Principle-based method

	Millions of yen		
	2010		
	Contracted amount	Amount of principal due over one year	Fair value
Foreign currency swap transactions:			
Japanese yen received for Euro	¥34,678	¥11,197	¥(2,922)
Foreign currency forward contract transactions:			
Sell: U.S. dollars	¥11,864	¥ —	¥ 136
Sell: Euro	¥ 37	¥ —	¥ (2)
Sell: Japanese yen	¥ 9,098	¥ 5,020	¥ 1,146
Buy: U.S. dollars	¥ 8,521	¥ —	¥ 339
Buy: Euro	¥ 36	¥ —	¥ 0

Currency-related derivatives: Conventional method

	Millions of yen		
	2010		
	Contracted amount	Amount of principal due over one year	Fair value
Foreign currency forward contract transactions:			
Sell: U.S. dollars	¥4,212	¥—	¥—
Sell: Euro	¥1,288	¥—	¥—
Buy: U.S. dollars	¥ 601	¥—	¥—
Buy: Euro	¥ 103	¥—	¥—

Interest-rate-related derivatives: Principle-based method

	Millions of yen		
	2010		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Variable rate received for fixed rate	¥25,740	¥25,740	¥(286)

Interest-rate-related derivatives: Conventional method

	Millions of yen		
	2010		
	Contract amount	Amount of principal due over one year	Fair value
Interest rate swap transactions:			
Variable rate received for fixed rate	¥22,400	¥22,400	¥—
Fixed rate received for variable rate	¥ 1,000	¥ —	¥—

Commodity-related derivatives: Principle-based method

	Millions of yen		
	2010		
	Contract amount	Amount of principal due over one year	Fair value
Commodity swap transactions:			
Oil	¥265	¥—	¥61

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

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

(5) The following tables summarize market value information as of March 31, 2011, of outstanding derivative transactions for which hedge accounting is not applied.

Outstanding positions, for which gains and losses were recognized in the financial statements as of March 31, 2011, were as follows:

Currency-related derivatives

	Millions of yen				Thousands of U.S. dollars
	2011				**2011**
	Contract amount	Amount of principal due over one year	Fair value	Recognized gain (loss)	Recognized gain (loss)
Foreign currency swap transactions:					
Japanese yen received for Euro	**¥19,481**	**¥7,566**	**¥1,656**	**¥1,656**	**$19,916**
Foreign currency forward contract transactions:					
Sell: U.S. dollars	**¥ 1,912**	**¥ —**	**¥ (26)**	**¥ (26)**	**$ (313)**
Sell: Japanese yen	**¥ 679**	**¥ —**	**¥ (36)**	**¥ (36)**	**$ (433)**
Buy: U.S. dollars	**¥ 195**	**¥ —**	**¥ 0**	**¥ 0**	**$ 0**

(6) The following tables summarize market value information as of March 31, 2011, of outstanding derivative transactions for which hedge accounting is applied.

Currency-related derivatives: Principle-based method

	Millions of yen			Thousands of U.S. dollars
	2011			2011
	Contract amount	Amount of principal due over one year	Fair value	Fair value
Foreign currency forward contract transactions:				
Sell: U.S. dollars	**¥24,962**	**¥8,273**	**¥ 941**	**$11,317**
Sell: Euro	**¥ 2,988**	**¥ —**	**¥(113)**	**$ (1,359)**
Sell: Japanese yen	**¥ 6,956**	**¥3,531**	**¥(260)**	**$ (3,127)**
Buy: U.S. dollars	**¥17,896**	**¥ —**	**¥ 181**	**$ 2,177**
Buy: Euro	**¥ 125**	**¥ —**	**¥ 2**	**$ 24**
Buy: British pounds	**¥ 0**	**¥ —**	**¥ 0**	**$ 0**
Buy: Thai baht	**¥ 0**	**¥ —**	**¥ 0**	**$ 0**
Buy: Hong Kong dollars	**¥ 0**	**¥ —**	**¥ 0**	**$ 0**

Interest-rate-related derivatives: Principle-based method

	Millions of yen			Thousands of U.S. dollars
	2011			2011
	Contract amount	Amount of principal due over one year	Fair value	Fair value
Interest rate swap transactions:				
Receive variable rate in Euro, pay fixed rate in Euro	**¥21,041**	**¥21,041**	**¥(542)**	**$(6,518)**
Receive variable rate in Euro, pay variable rate in Euro	**¥ 745**	**¥ 745**	**¥ (5)**	**$ (60)**
Receive variable rate in Japanese yen, pay fixed rate in Euro	**¥14,217**	**¥ 7,566**	**¥(446)**	**$(5,364)**
Receive fixed rate in Japanese yen, pay fixed rate in Euro	**¥ 2,502**	**¥ —**	**¥ (2)**	**$ (24)**
Receive fixed rate in Japanese yen, pay variable rate in Euro	**¥ 2,762**	**¥ —**	**¥ 2**	**$ 24**

Interest-rate-related derivatives: Conventional method

	Millions of yen			Thousands of U.S. dollars
	2011			2011
	Contract amount	Amount of principal due over one year	Fair value	Fair value
Interest rate swap transactions:				
Receive variable rate in Japanese yen, pay fixed rate in Japanese yen	**¥22,400**	**¥20,000**	**¥—**	**$—**
Receive variable rate in U.S. dollars, pay fixed rate in U.S. dollars	**¥ 246**	**¥ 246**	**¥—**	**$—**

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

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

Note 7. Inventories

Inventories at March 31, 2010 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Finished goods	¥ 71,583	**¥ 71,448**	**$ 859,266**
Work in process	9,389	**9,163**	**110,199**
Raw materials	19,348	**19,559**	**235,226**
Supplies	5,995	**5,337**	**64,185**
Total	¥106,315	**¥105,507**	**$1,268,876**

Note 8. Loans payable

Short-term loans payable were represented by bank overdrafts and short-term notes with average annual interest rates of approximately 1.2% in 2010 and 2011.

Long-term loans payable at March 31, 2010 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Unsecured:			
Banks and insurance companies at 0.3–1.7%, maturing serially through 2016	¥105,821	**¥ 99,110**	**$1,191,942**
1.6% bonds, due 2013	15,000	**15,000**	**180,397**
1.8% bonds, due 2015	15,000	**15,000**	**180,397**
1.0% medium-term notes, due 2011	991	**993**	**11,942**
1.1% medium-term notes, due 2010	1,586	**—**	**—**
1.1–1.3% medium-term notes, due 2010	3,965	**—**	**—**
0.3–1.3% medium-term notes, due 2010–2011	10,727	**1,986**	**23,885**
0.4% medium-term notes, due 2011	—	**993**	**11,942**
0.5% medium-term notes, due 2011	—	**1,986**	**23,885**
Loans denominated in foreign currencies (principally U.S. dollars), 0.6–5.7% maturing serially through 2015	59,708	**52,745**	**634,336**
Lease obligations, 7.7% maturing serially through 2024	2,349	**2,019**	**24,281**
	215,147	**189,832**	**2,283,007**
Less amounts due within one year	24,506	**19,179**	**230,656**
Total	¥190,641	**¥170,653**	**$2,052,351**

At March 31, 2011, assets pledged as collateral for secured other liabilities of ¥24 million ($289 thousand) were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, net of accumulated depreciation	¥151	$1,816
Other assets	5	60

The aggregate annual maturities of long-term loans payable at March 31, 2011, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥19,179	$230,655
2013	59,390	714,251
2014	54,252	652,459
2015	28,010	336,861
2016 and thereafter	29,001	348,779

Note 9. Employees' retirement benefits

(Change in accounting procedures)
Effective from the year ended March 31, 2010, the domestic companies adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ No. 19, issued on July 31, 2008). This change had no material impact on the consolidated financial statements for the year ended March 31, 2010.

(1) The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2010 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Projected benefit obligation	¥ 131,446	**¥ 131,743**	**$ 1,584,402**
Unrecognized prior service costs	4,034	**3,349**	**40,276**
Less unrecognized actuarial differences	(18,705)	**(25,247)**	**(303,632)**
Less fair value of pension assets	(117,662)	**(110,522)**	**(1,329,188)**
Prepaid pension cost	19,361	**18,830**	**226,458**
Liability for severance and retirement benefits	¥ 18,474	**¥ 18,153**	**$ 218,316**

(2) The expenses for severance and retirement benefits included in the consolidated statements of operations for the years ended March 31, 2010 and 2011, comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Service costs—benefits earned during the year	¥ 5,403	**¥ 4,846**	**$ 58,280**
Interest cost on projected benefit obligation	3,465	**3,144**	**37,811**
Expected return on pension assets	(3,369)	**(3,586)**	**(43,127)**
Amortization of actuarial differences	3,835	**3,038**	**36,537**
Amortization of prior service costs	(662)	**(669)**	**(8,046)**
Severance and retirement benefit expenses	¥ 8,672	**¥ 6,773**	**$ 81,455**

(3) The discount rate and the rate of expected return on pension assets used by the Companies were mainly 2.0% and 3.3%, respectively, for the year ended March 31, 2010, and mainly 2.0% and 3.6%, respectively, for the year ended March 31, 2011.

(4) The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years. Prior service costs and actuarial gains and losses are recognized in expenses using the straight-line method over mainly 12 years, which is within the average of the estimated remaining service years of the employees, commencing with the current and the following period, respectively.

Note 10. Net assets

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

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

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

At the Board of Directors' meeting held on May 9, 2011, appropriations of retained earnings for year-end dividends applicable to the year ended March 31, 2011, were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends: ¥3.00 ($0.04) per share	¥2,953	$35,514

Note 11. Impairment loss

Certain consolidated subsidiaries accounted for impairment losses for the year ended March 31, 2011, as follows:

Impairment loss

Location	Usage purpose	Type of assets	Millions of yen	Thousands of U.S. dollars
Shunan City in Yamaguchi Prefecture	Power supply facilities	Machinery, etc.	¥ 557	$ 6,699
Matsuyama City in Ehime Prefecture	Polyester fiber production facilities	Machinery	476	5,725
Kentucky, U.S.A.	High-performance fibers business	Goodwill	307	3,692
Sennan City in Osaka Prefecture	Idle assets	Land	242	2,910
Matsuyama City in Ehime Prefecture	Idle assets	Machinery	111	1,335
Nomi City in Ishikawa Prefecture	Idle assets	Land	49	589
Others	—	—	50	601
		Total	¥1,792	$21,551

The Companies set asset groups by the business unit on which the profit or loss is continually controlled. Idle assets, which are not being used for business, are separately treated.

Among the assets used for business purposes, certain production facilities were devalued to the recoverable values by ¥1,390 million ($16,717 thousand) as "Impairment loss." Recoverable value was measured by the usage value, which was calculated by discounting future cash flows with discount rates of 7%–20%.

The book values of idle assets with no utilization plan were written down to recoverable values by ¥402 million ($4,834 thousand). Recoverable value was measured by the net salvage value, based on real-estate appraisals or similar methods. If it is determined that an idle asset cannot be sold or diverted to another use, the asset is valued at zero.

Note 12. Special factory operating loss

Special factory operating loss included in other income (expenses) was incurred due to a decline in the capacity utilization ratio.

Note 13. Environmental expenses

Environmental expenses represent the costs for asbestos exposure prevention and polychlorinated biphenyls detoxifying processes.

Note 14. Earthquake-related loss

Earthquake-related loss represents costs related to the Great East Japan Earthquake in March 2011 and consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Restoration expense	¥1,442	$17,342
Loss on valuation of inventories	816	9,814
Others	603	7,252
Total	¥2,861	$34,408

Note 15. Consolidated statements of comprehensive income

Comprehensive income for the year ended March 31, 2010

	Millions of yen
Comprehensive income attributable to owners of the parent	¥(31,508)
Comprehensive income attributable to minority interests	786
Total	¥(30,722)

Other comprehensive income for the year ended March 31, 2010

	Millions of yen
Valuation difference on available-for-sale securities	¥ 298
Deferred gains (losses) on hedges	1,617
Foreign currency translation adjustments	2,285
Share of other comprehensive income of associates accounted for using the equity method	151
Total	¥4,351

Note 16. Income taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 40.4% for the year ended March 31, 2011. The following table summarizes the significant differences between the Company's effective tax rate and the actual income tax rate for financial statement purposes for the year ended March 31, 2011.

	2011
The Company's effective tax rate	**40.4%**
Non-deductible expenses	**2.1**
Difference in statutory tax rate between Japan and other countries	**(7.6)**
Equity in earnings of affiliates	**(5.7)**
Amortization of goodwill	**5.9**
Changes in valuation allowance	**3.2**
Other	**(2.0)**
Actual income tax rate	**36.3%**

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2010 and 2011, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Deferred tax assets:			
Excess bonuses accrued	¥ 3,244	**¥ 4,060**	**$ 48,827**
Provision for loss on guarantees	3,035	**2,529**	**30,415**
Loss on valuation of stocks of subsidiaries and affiliates	9,145	**—**	**—**
Write-down of investment securities	3,817	**2,965**	**35,658**
Retirement benefits	3,805	**4,507**	**54,203**
Accumulated impairment loss	8,796	**3,631**	**43,668**
Provision for business structure improvement	7,117	**—**	**—**
Net operating losses	56,773	**68,022**	**818,064**
Capital losses	3,593	**1,778**	**21,383**
Other	11,848	**11,952**	**143,741**
Total	111,173	**99,444**	**1,195,959**
Valuation allowance	(67,332)	**(62,157)**	**(747,528)**
Total deferred tax assets	43,841	**37,287**	**448,431**
Offset with deferred tax liabilities	(21,620)	**(19,842)**	**(238,629)**
Net deferred tax assets	¥ 22,221	**¥ 17,445**	**$ 209,802**
Deferred tax liabilities:			
Adjustments to fixed assets based on Corporate Tax Law	¥ (7,384)	**¥ (7,108)**	**$ (85,484)**
Accelerated depreciation of foreign subsidiaries' fixed assets	(3,779)	**(3,677)**	**(44,221)**
Tax effect of foreign subsidiaries' undistributed earnings	(4,007)	**(3,849)**	**(46,290)**
Valuation difference of newly acquired subsidiaries	(5,958)	**(5,750)**	**(69,152)**
Valuation difference on available-for-sale securities	(5,845)	**(6,062)**	**(72,904)**
Other	(5,381)	**(2,843)**	**(34,192)**
Total deferred tax liabilities	(32,354)	**(29,289)**	**(352,243)**
Offset with deferred tax assets	21,620	**19,842**	**238,629**
Net deferred tax liabilities	¥(10,734)	**¥ (9,447)**	**$ (113,614)**

Note 17. Leases

(1) Finance leases as lessee

Finance lease transactions that commenced on and before March 31, 2008, and which did not transfer ownership are accounted for in the same manner as operating leases.

The original lease obligations, payments to date and payments remaining for assets leased from other parties under non-capitalized finance leases as of March 31, 2010 and 2011, are as follows:

	Millions of yen		
Year ended March 31, 2010	Original lease obligation	Payments to date	Payments remaining
Machinery, equipment and vehicles	¥2,097	¥1,601	¥496
Other fixed assets	1,245	875	370
Intangible assets	81	56	25
Total	¥3,423	¥2,532	¥891

	Millions of yen		
Year ended March 31, 2011	Original lease obligation	Payments to date	Payments remaining
Machinery, equipment and vehicles	**¥2,058**	**¥1,787**	**¥271**
Other fixed assets	**878**	**693**	**185**
Intangible assets	**48**	**36**	**12**
Total	**¥2,984**	**¥2,516**	**¥468**

	Thousands of U.S. dollars		
Year ended March 31, 2011	Original lease obligation	Payments to date	Payments remaining
Machinery, equipment and vehicles	**$24,751**	**$21,491**	**$3,259**
Other fixed assets	**10,559**	**8,335**	**2,225**
Intangible assets	**577**	**433**	**144**
Total	**$35,887**	**$30,259**	**$5,628**

Future minimum lease payments for the remaining lease periods as of March 31, 2010 and 2011, including interest, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Due within one year	¥455	**¥236**	**$2,838**
Due over one year	458	**234**	**2,814**
Total	¥913	**¥470**	**$5,652**

Lease payments for finance leases which do not transfer ownership were ¥667 million and ¥451 million ($5,424 thousand) for the years ended March 31, 2010 and 2011, respectively.

(2) Operating leases as lessee

Future minimum lease payments for the remaining lease periods, as of March 31, 2010 and 2011, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	**2011**	**2011**
Due within one year	¥ 272	**¥ 257**	**$ 3,091**
Due over one year	1,338	**1,491**	**17,931**
Total	¥1,610	**¥1,748**	**$21,022**

Note 18. Stock option plans

(1) Information on stock option plans at March 31, 2010, is shown below.
The account title and the amount related to stock options in the year ended March 31, 2010, are as follows:

Account title	Selling, general and administrative expenses
Amount	¥106 million

The following tables summarize the contents of stock options as of March 31, 2010.

Company name	Teijin Limited
Position and number of grantee	Directors, Employees and Directors of affiliates: 53
Class and number of stock	Common Stock 460,000
Date of issue	July 2, 2004
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 3, 2006 to July 2, 2009
Company name	Teijin Limited
Position and number of grantee	Directors, Employees and Directors of affiliates: 55
Class and number of stock	Common Stock 430,000
Date of issue	July 4, 2005
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 5, 2007 to July 4, 2010
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 54
Class and number of stock	Common Stock 146,000
Date of issue	July 10, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 10, 2006 to July 9, 2026
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 55
Class and number of stock	Common Stock 207,000
Date of issue	July 5, 2007
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 5, 2007 to July 4, 2027
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 57
Class and number of stock	Common Stock 328,000
Date of issue	July 7, 2008
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 7, 2008 to July 6, 2028
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 57
Class and number of stock	Common Stock 420,000
Date of issue	July 9, 2009
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 9, 2009 to July 8, 2029

The following tables summarize the scale and movement of stock options as of March 31, 2010.

Non-exercisable stock options

	Stocks					
Company name	Teijin Limited					
	2004	2005	2006	2007	2008	2009
Stock options outstanding at April 1, 2009	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	420,000
Forfeitures	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	420,000
Stock options outstanding at March 31, 2010	—	—	—	—	—	—

Exercisable stock options

	Stocks					
Company name	Teijin Limited					
	2004	2005	2006	2007	2008	2009
Stock options outstanding at April 1, 2009	195,000	390,000	142,000	207,000	328,000	—
Conversion from non-exercisable stock options	—	—	—	—	—	420,000
Stock options exercised	—	—	15,000	23,000	6,000	—
Forfeitures	195,000	—	—	—	—	—
Stock options outstanding at March 31, 2010	—	390,000	127,000	184,000	322,000	420,000

The following table summarizes price information of stock options as of March 31, 2010.

	Yen					
Company name	Teijin Limited					
	2004	2005	2006	2007	2008	2009
Paid-in value	¥405	¥515	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	¥275	¥275	¥282	—
Fair value at the date of grant	—	—	¥663	¥610	¥307	¥253

The method of estimation for the fair value of stock options granted in the year ended March 31, 2010, is as follows:

Method of valuation	Black-Scholes Model
Volatility	31%
Expected remaining period	5.5 years
Expected dividend	¥5.0 per share
Interest rate without any risks	0.73%

(2) Information on stock option plans at March 31, 2011, is shown below.
The account title and the amount related to stock options in the year ended March 31, 2011, are as follows:

Account title	Selling, general and administrative expenses
Amount	¥91 million ($1,094 thousand)

The following tables summarize the contents of stock options as of March 31, 2011.

Company name	Teijin Limited
Position and number of grantee	Directors, Employees and Directors of affiliates: 55
Class and number of stock	Common Stock 430,000
Date of issue	July 4, 2005
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 5, 2007 to July 4, 2010
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 54
Class and number of stock	Common Stock 146,000
Date of issue	July 10, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 10, 2006 to July 9, 2026
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 55
Class and number of stock	Common Stock 207,000
Date of issue	July 5, 2007
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 5, 2007 to July 4, 2027
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 57
Class and number of stock	Common Stock 328,000
Date of issue	July 7, 2008
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 7, 2008 to July 6, 2028
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 57
Class and number of stock	Common Stock 420,000
Date of issue	July 9, 2009
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 9, 2009 to July 8, 2029
Company name	Teijin Limited
Position and number of grantee	Directors and Corporate Officers: 55
Class and number of stock	Common Stock 349,000
Date of issue	July 9, 2010
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	No provisions
Period subscription rights are to be exercised	From July 9, 2010 to July 8, 2030

The following tables summarize the scale and movement of stock options as of March 31, 2011.

Non-exercisable stock options

	Stocks					
Company name	Teijin Limited					
	2005	2006	2007	2008	2009	2010
Stock options outstanding at April 1, 2010	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	349,000
Forfeitures	—	—	—	—	—	—
Conversion to exercisable stock options	—	—	—	—	—	349,000
Stock options outstanding at March 31, 2011	—	—	—	—	—	—

Exercisable stock options

	Stocks					
Company name	Teijin Limited					
	2005	2006	2007	2008	2009	2010
Stock options outstanding at April 1, 2010	390,000	127,000	184,000	322,000	420,000	—
Conversion from non-exercisable stock options	—	—	—	—	—	349,000
Stock options exercised	—	24,000	34,000	47,000	10,000	—
Forfeitures	390,000	—	—	—	—	—
Stock options outstanding at March 31, 2011	—	103,000	150,000	275,000	410,000	349,000

The following table summarizes price information of stock options as of March 31, 2011.

	Yen					
Company name	Teijin Limited					
	2005	2006	2007	2008	2009	2010
Paid-in value	¥515	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	¥290	¥292	¥295	¥294	—
Fair value at the date of grant	—	¥663	¥610	¥307	¥253	¥261

The method of estimation for the fair value of stock options granted in the year ended March 31, 2011, is as follows:

Method of valuation	Black-Scholes Model
Volatility	33%
Expected remaining period	5.5 years
Expected dividend	¥2.0 per share
Interest rate without any risks	0.41%

Note 19. Segment information

Segment information for the year ended March 31, 2010, is shown below.

(1) Industry segment information

The Company has five industry segments.

Synthetic Fibers:

—Production and sales of polyester filaments and other fibers for apparel and industrial applications, and artificial leather

Films and Plastics:

—Production and sales of films and resins for various industrial applications

Pharmaceuticals and Home Health Care:

—Production and sales of prescription and non-prescription drugs and production, sales and rental of home health care devices

Trading and Retail:

—Trading and retail of polyester filaments and other fibers

IT and New Products, etc.:

—Serving software and other

(a) Statements of operations items

	Millions of yen				
Year ended March 31, 2010	Net sales to external customers	Intersegment net sales and transfer amounts	Net sales	Operating expenses	Operating income (loss)
Synthetic Fibers	¥205,154	¥ 47,482	¥252,636	¥267,747	¥(15,111)
Films and Plastics	177,791	6,978	184,769	176,772	7,997
Pharmaceuticals and Home Health Care	131,711	1	131,712	107,511	24,201
Trading and Retail	205,314	4,787	210,101	206,660	3,441
IT and New Products, etc.	45,870	31,351	77,221	74,267	2,954
Total	765,840	90,599	856,439	832,957	23,482
Elimination and corporate	—	(90,599)	(90,599)	(80,553)	(10,046)
Consolidated total	¥765,840	¥ —	¥765,840	¥752,404	¥ 13,436

(b) Assets, depreciation and amortization, impairment loss and capital expenditure

	Millions of yen			
Year ended March 31, 2010	Assets	Depreciation and amortization	Impairment loss	Capital expenditure
Synthetic Fibers	¥357,206	¥27,438	¥5,201	¥14,184
Films and Plastics	182,000	12,567	171	5,797
Pharmaceuticals and Home Health Care	108,913	8,920	—	8,444
Trading and Retail	78,212	271	40	159
IT and New Products, etc.	51,255	2,205	141	2,263
Total	777,586	51,401	5,553	30,847
Elimination and corporate	45,485	3,140	174	5,467
Consolidated total	¥823,071	¥54,541	¥5,727	¥36,314

(2) Regional segment information

Regional segment information for the year ended March 31, 2010, is as follows:

	Millions of yen					
Year ended March 31, 2010	Net sales to external customers	Intersegment net sales or transfer amounts	Net sales	Operating expenses	Operating income (loss)	Assets
Japan	¥535,214	¥ 26,431	¥561,645	¥534,310	¥27,335	¥ 615,160
Asia	132,747	19,000	151,747	150,142	1,605	130,345
America	51,914	419	52,333	54,925	(2,592)	42,934
Europe	45,965	21,789	67,754	71,546	(3,792)	156,975
Total	765,840	67,639	833,479	810,923	22,556	945,414
Elimination and corporate	—	(67,639)	(67,639)	(58,519)	(9,120)	(122,343)
Consolidated total	¥765,840	¥ —	¥765,840	¥752,404	¥13,436	¥ 823,071

The main countries included in Asia, America and Europe are as follows:

Asia: Thailand, Indonesia, China and Singapore

America: The United States of America

Europe: The Netherlands and Germany

(3) Overseas sales for the year ended March 31, 2010, were as follows:

	Millions of yen
	2010
Asia	¥165,208
America	59,939
Europe and others	52,459
Overseas sales	¥277,606

Overseas sales include overseas subsidiaries' sales to overseas third parties, as well as the Company's and domestic subsidiaries' export sales to third parties.

The main countries included in Asia, America, and Europe and others are as follows:

Asia: Thailand, Indonesia and China

America: The United States of America

Europe and others: Italy, Germany and France

(4) "Elimination and corporate" in the "Operating expenses" column of the above schedules includes corporate expenses amounting to ¥10,324 million for the year ended March 31, 2010, which mainly consist of basic research expenses and corporate administrative departments' expenses in the Company.

(5) "Elimination and corporate" in the "Assets" column of the above schedules includes corporate assets amounting to ¥112,483 million for the year ended March 31, 2010, which mainly consist of cash, time deposits and investment securities held by the Company.

(Additional information)

Effective from the year ended March 31, 2011, the Company adopted the revised "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

(6) Reportable segment information

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by its chief decision-making authority in determining the allocation of management resources and in assessing performance. The Company currently divides its operations into business groups based on type of product, nature of business and services provided. The business groups formulate product and service strategies in a comprehensive manner in Japan and overseas. Accordingly, the Company divides its operations into five reportable operating segments on the same basis as it uses internally: High-Performance Fibers; Polyester Fibers; Films and Plastics; Pharmaceuticals and Home Health Care; and Trading and Retail.

Each segment is as follows:

High-Performance Fibers:

—Production and sales of aramid and carbon fibers for industrial applications, and artificial leather

Polyester Fibers:

—Production and sales of polyester fibers and raw materials for apparel and industrial applications

Films and Plastics:

—Production and sales of films and resins for various industrial applications

Pharmaceuticals and Home Health Care:

—Production and sales of prescription and non-prescription drugs and production, sales and rental of home health care devices

Trading and Retail:

—Trading and retail of polyester filaments and other fibers

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

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

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

Segment information for the years ended March 31, 2010 and 2011, is shown below. Figures for the previous fiscal year have been restated to conform with new segmentation.

	Millions of yen							
	2010							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Total	Others	Consolidated total
Sales:								
1) External customers	¥ 89,912	¥122,092	¥177,791	¥131,711	¥205,314	¥726,820	¥39,020	¥765,840
2) Intersegment net sales and transfer	9,758	39,379	6,978	1	4,787	60,903	31,052	91,955
Net sales	99,670	161,471	184,769	131,712	210,101	787,723	70,072	857,795
Segment income (loss)	(7,738)	(5,371)	8,910	24,324	3,441	23,566	2,600	26,166
Segment assets	244,495	118,441	182,540	92,210	78,212	715,898	34,548	750,446
Other items:								
Depreciation	19,363	8,211	12,567	8,920	271	49,332	2,276	51,608
Amortization of goodwill	5,597	(3)	(46)	1,809	0	7,357	(19)	7,338
Investments in associates accounted for using the equity method	3,868	3,800	6,233	1,560	305	15,766	3,321	19,087
Increase in tangible and intangible fixed assets	9,014	5,198	5,797	8,444	159	28,612	2,734	31,346

	Millions of yen							
	2011							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Total	Others	Consolidated total
Sales:								
1) External customers	**¥103,354**	**¥103,502**	**¥217,109**	**¥136,446**	**¥216,922**	**¥777,333**	**¥38,323**	**¥815,656**
2) Intersegment net sales and transfer	**10,651**	**40,776**	**7,951**	**1**	**4,813**	**64,192**	**30,312**	**94,504**
Net sales	**114,005**	**144,278**	**225,060**	**136,447**	**221,735**	**841,525**	**68,635**	**910,160**
Segment income (loss)	**4,423**	**3,017**	**23,447**	**22,910**	**4,744**	**58,541**	**3,105**	**61,646**
Segment assets	**215,824**	**105,937**	**184,560**	**93,420**	**76,472**	**676,213**	**36,004**	**712,217**
Other items:								
Depreciation	**16,781**	**5,624**	**11,492**	**9,486**	**201**	**43,584**	**2,052**	**45,636**
Amortization of goodwill	**5,531**	**—**	**(40)**	**1,817**	**16**	**7,324**	**(73)**	**7,251**
Investments in associates accounted for using the equity method	**3,816**	**3,409**	**9,314**	**772**	**367**	**17,678**	**4,506**	**22,184**
Increase in tangible and intangible fixed assets	**5,077**	**4,204**	**4,277**	**12,441**	**273**	**26,272**	**1,242**	**27,514**

	Thousands of U.S. dollars							
	2011							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Total	Others	Consolidated total
Sales:								
1) External customers	**$1,242,983**	**$1,244,762**	**$2,611,052**	**$1,640,962**	**$2,608,804**	**$9,348,563**	**$460,890**	**$9,809,453**
2) Intersegment net sales and transfer	**128,093**	**490,391**	**95,623**	**12**	**57,883**	**772,002**	**364,546**	**1,136,548**
Net sales	**1,371,076**	**1,735,153**	**2,706,675**	**1,640,974**	**2,666,687**	**10,120,565**	**825,436**	**10,946,001**
Segment income (loss)	**53,193**	**36,284**	**281,984**	**275,526**	**57,054**	**704,041**	**37,342**	**741,383**
Segment assets	**2,595,598**	**1,274,047**	**2,219,603**	**1,123,512**	**919,687**	**8,132,447**	**433,001**	**8,565,448**
Other items:								
Depreciation	**201,816**	**67,637**	**138,208**	**114,083**	**2,417**	**524,161**	**24,678**	**548,839**
Amortization of goodwill	**66,519**	**—**	**(481)**	**21,852**	**192**	**88,082**	**(878)**	**87,204**
Investments in associates accounted for using the equity method	**45,893**	**40,998**	**112,015**	**9,284**	**4,414**	**212,604**	**54,191**	**266,795**
Increase in tangible and intangible fixed assets	**61,058**	**50,559**	**51,437**	**149,622**	**3,283**	**315,959**	**14,937**	**330,896**

(Notes)
1. "Others" includes the Company's IT business and does not qualify as a reportable operating segment.
2. Depreciation and Increase in tangible and intangible fixed assets include long-term prepaid expenses and their amortization.

Reconciliation of published figures and aggregates of reportable operating segments for the years ended March 31, 2010 and 2011, is shown below:

	Millions of yen		Thousands of U.S. dollars
Adjustment for net sales	2010	**2011**	**2011**
Reportable operating segments	¥ 787,723	**¥ 841,525**	**$10,120,565**
Others segment	70,072	**68,635**	**825,436**
Elimination of intersegment transactions	(91,955)	**(94,504)**	**(1,136,548)**
Net sales	¥ 765,840	**¥ 815,656**	**$ 9,809,453**

	Millions of yen		Thousands of U.S. dollars
Adjustment for operating income	2010	**2011**	**2011**
Reportable operating segments	¥ 23,566	**¥ 58,541**	**$ 704,041**
Others segment	2,600	**3,105**	**37,342**
Elimination of intersegment transactions	233	**584**	**7,023**
Corporate expenses (*1)	(12,963)	**(13,670)**	**(164,402)**
Operating income	¥ 13,436	**¥ 48,560**	**$ 584,005**

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

Reconciliation of published figures and aggregates of reportable operating segments as of March 31, 2010 and 2011, is shown below:

	Millions of yen		Thousands of U.S. dollars
Adjustment for assets	2010	**2011**	**2011**
Reportable operating segments	¥ 715,898	**¥676,213**	**$8,132,447**
Others segment	34,548	**36,004**	**433,001**
Elimination of intersegment transactions	123,111	**107,837**	**1,296,897**
Corporate assets (*2)	(50,486)	**(58,519)**	**(703,776)**
Total assets	¥ 823,071	**¥761,535**	**$9,158,569**

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

	Millions of yen			
	2010			
Other items	Reportable operating segments	Others	Adjustment	Total
Depreciation	¥49,332	¥2,276	¥2,933	¥54,541
Amortization of goodwill	7,357	(19)	—	7,338
Investments in associates accounted for using the equity method	15,766	3,321	—	19,087
Increase in tangible and intangible fixed assets	28,612	2,734	4,968	36,314

	Millions of yen			
	2011			
Other items	Reportable operating segments	Others	Adjustment	Total
Depreciation	**¥43,584**	**¥2,052**	**¥3,523**	**¥49,159**
Amortization of goodwill	**7,324**	**(73)**	**—**	**7,251**
Investments in associates accounted for using the equity method	**17,678**	**4,506**	**—**	**22,184**
Increase in tangible and intangible fixed assets	**26,272**	**1,242**	**1,735**	**29,249**

	Thousands of U.S. dollars			
	2011			
Other items	Reportable operating segments	Others	Adjustment	Total
Depreciation	**$524,161**	**$24,678**	**$42,370**	**$591,209**
Amortization of goodwill	**88,082**	**(878)**	**—**	**87,204**
Investments in associates accounted for using the equity method	**212,604**	**54,191**	**—**	**266,795**
Increase in tangible and intangible fixed assets	**315,959**	**14,937**	**20,866**	**351,762**

(9) Information by geographical segment

1. Net sales

Millions of yen					
2011					
Japan	China	Asia	Americas	Europe and others	Consolidated total
¥512,152	**¥111,494**	**¥68,752**	**¥64,129**	**¥59,129**	**¥815,656**

Thousands of U.S. dollars					
2011					
Japan	China	Asia	Americas	Europe and others	Consolidated total
$6,159,375	**$1,340,878**	**$826,843**	**$771,245**	**$711,112**	**$9,809,453**

2. Tangible fixed assets

Millions of yen					
2011					
Japan	Netherlands	Asia	Americas	Europe	Consolidated total
¥142,582	**¥55,194**	**¥44,297**	**¥6,984**	**¥10,602**	**¥259,659**

Thousands of U.S. dollars					
2011					
Japan	Netherlands	Asia	Americas	Europe	Consolidated total
$1,714,756	**$663,788**	**$532,736**	**$83,993**	**$127,505**	**$3,122,778**

(10) Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the consolidated statements of income.

(11) Loss on impairment and goodwill by reportable segment

Loss on impairment by reportable segment for the year ended March 31, 2011.

	Millions of yen							
	2011							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Others	Elimination and corporate	Consolidated total
Loss on impairment (*1)	**¥549**	**¥537**	**¥148**	**¥—**	**¥—**	**¥558**	**¥—**	**¥1,792**

	Thousands of U.S. dollars							
	2011							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Others	Elimination and corporate	Consolidated total
Loss on impairment (*1)	**$6,603**	**$6,458**	**$1,780**	**$—**	**$—**	**$6,710**	**$—**	**$21,551**

(*1) The figure for "Others" is losses on impairment of power supply equipment and/or facilities.

Goodwill by reportable segment for the year ended March 31, 2011.

	Millions of yen							
	2011							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Others	Elimination and corporate	Consolidated total
Amortization of goodwill	**¥ 5,531**	**¥—**	**¥ (40)**	**¥ 1,817**	**¥16**	**¥ (73)**	**¥—**	**¥ 7,251**
Balance as of March 31, 2011	**¥39,869**	**¥—**	**¥(135)**	**¥12,251**	**¥62**	**¥(274)**	**¥—**	**¥51,773**

	Thousands of U.S. dollars							
	2011							
	High-Performance Fibers	Polyester Fibers	Films and Plastics	Pharmaceuticals and Home Health Care	Trading and Retail	Others	Elimination and corporate	Consolidated total
Amortization of goodwill	**$ 66,519**	**$—**	**$ (481)**	**$ 21,852**	**$192**	**$ (878)**	**$—**	**$ 87,204**
Balance as of March 31, 2011	**$479,483**	**$—**	**$(1,624)**	**$147,336**	**$746**	**$(3,295)**	**$—**	**$622,646**

Note 20. Contingent liabilities

At March 31, 2011, the Companies were contingently liable as follows:

		Millions of yen	Thousands of U.S. dollars
(a)	As endorser of notes discounted or endorsed	¥ 52	$ 625
(b)	As guarantors of indebtedness of:		
	Unconsolidated subsidiaries and affiliates	¥2,429	$29,212
	Others	2,744	33,001
		¥5,173	$62,213
(c)	As guarantor of accounts receivable negotiated to third parties	¥3,086	$37,114

Note 21. Subsequent events

At the Board of Directors' meeting held on May 9, 2011, appropriations of retained earnings for year-end dividends applicable to the year ended March 31, 2011, were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends: ¥3.00 ($0.04) per share	¥2,953	$35,514

Independent Auditors' Report

To the Shareholders and the Board of Directors of Teijin Limited:

We have audited the accompanying consolidated balance sheets of Teijin Limited and consolidated subsidiaries as of March 31, 2010 and 2011, the related consolidated statements of operations and comprehensive income for the year ended March 31, 2011, statement of operations for the year ended March 2010, and statement of changes in net assets and cash flows for each of the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teijin Limited and consolidated subsidiaries as of March 31, 2010 and 2011, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

(KPMG AZSA LLC)

Tokyo, Japan
June 22, 2011

Corporate Data

As of March 31, 2011

Established	June 17, 1918	
Head Offices	**Osaka Head Office** 6-7, Minami Hommachi 1-chome, Chuo-ku, Osaka 541-8587, Japan Tel: +81-6-6268-2132 **Tokyo Head Office** Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8585, Japan Tel: +81-3-3506-4529	
Fiscal Year-End	March 31	
Common Stock	Authorized	3,000,000,000 shares
	Issued	984,758,665 shares
	Paid-in capital	¥70,817 million
	Shareholders	120,366
Number of Teijin Group Companies	Japan	72
	Overseas	78
	Total	150
Number of Teijin Group Employees (Consolidated)	Japan	9,954
	Overseas	7,588
	Total	17,542
Stock Exchange Listings	Tokyo, Osaka	
Stock Code	3401	
Stock Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation	
Dividends	Dividends are usually declared in May and November. Dividends are usually paid in or about May and November.	
Reports Available to Shareholders and Investors	Corporate Brochure Annual Report Fact Book *Kessan Tanshin* (Japanese summary financial report) The Teijin Group CSR Report	
Annual Meeting of Shareholders	The annual meeting of shareholders is held before the end of June.	
Independent Public Accountants	KPMG AZSA LLC	
Teijin on the Internet	http://www.teijin.co.jp Teijin's web site offers a wealth of corporate and product information, including the latest annual report, financial results and corporate news.	
Investor Relations	If you have any questions or would like copies of any of our reports, please contact: Yoshihito Usami, General Manager, Public Relations & Investor Relations Office, Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8585, Japan Tel: +81-3-3506-4407 Fax: +81-3-3506-4150 E-mail: ir@teijin.co.jp	

TEIJIN LIMITED

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