

Financial Results for the 1st nine-month period of the Fiscal Year Ending March 31, 2011

February 4, 2011

Listed stock exchanges: Tokyo Stock Exchange, Osaka Securities Exchange

Company name: Unitika Ltd.

Code number: 3103

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Expected submission of quarterly report: February 10, 2011

Expected commencement date for paying dividend: –

Preparation of supplementary explanation documents for quarterly financial results: No

Holding of an analyst meeting for quarterly financial results: No

(Figures rounded to nearest million yen.)

1. Consolidated performance for 1st nine-month period of fiscal year ending March 31, 2011 (April 1, 2010 to December 31, 2010)

(1) Consolidated performance (accumulation) (Percentages represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st nine-month period of FY ending March 31, 2011	132,595	(1.0)	7,265	17.2	3,898	19.7	2,279	396.0
1st nine-month period of FY ended March 31, 2010	133,951	(15.0)	6,198	36.8	3,255	107.4	459	

	Quarterly net income per share	Quarterly net income per share after full dilution
1st nine-month period of FY ending March 31, 2011	Yen 4.79	Yen -
1st nine-month period of FY ended March 31, 2010	0.97	-

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
1st nine-month period of FY ending March 31, 2011	Millions of yen 276,432	Millions of yen 25,792	% 8.0	Yen 46.56
FY ended March 31, 2010	277,196	23,519	7.2	41.70

(Reference) Shareholders' equity 1st nine-month period of fiscal year ending March 31, 2011: 22,134 million yen
Fiscal year ended March 31, 2010: 19,823 million yen

2. Dividend payment

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2010	-	0.00	-	0.00	0.00
FY ending March 31, 2011	-	0.00	-		
FY ending March 31, 2011 (forecast)			-	0.00	0.00

(Note) Revision of dividend forecast for the current quarter: No

3. Forecast of consolidated performance for fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(% figures represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
FY ending March 31, 2011	190,000	4.3	11,500	34.6	7,000	56.4	6,000	97.6	12.62

(Note) Revision of forecast of consolidated performance in the current quarter: No

4. Others (For details, please refer to 2. *Other Information* on page 3 of the attachment.)

(1) Changes in significant subsidiaries during the period: No

(Note) Changes in specified subsidiaries accompanying change of scope of consolidation during the period

(2) Application of simplified accounting treatment and specific accounting treatment: Yes

(Note) Application of simplified accounting treatment and specific accounting treatment to prepare consolidated quarterly financial statements

(3) Change in accounting principles, procedures and method of presentation

① Changes associated with revision in accounting standards: Yes

② Changes other than ①: No

(Note) Changes in accounting principles, procedures and method of presentation for preparation of consolidated quarterly financial statements described in *Changes in Basic Important Matters for Preparation of Consolidated Quarterly Financial Statements*

(4) Number of shares outstanding (Common stock)

① Number of shares outstanding at end of term (including treasury stock):

1st nine-month period of the fiscal year ending March 31, 2011: 475,969,000 shares

Fiscal year ended March 31, 2010: 475,969,000 shares

② Number of treasury stocks at end of term

1st nine-month period of the fiscal year ending March 31, 2011: 560,273 shares

Fiscal year ended March 31, 2010: 546,728 shares

③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)

1st nine-month period of the fiscal year ending March 31, 2011: 475,418,244 shares

1st nine-month period of the fiscal year ended March 31, 2010: 475,530,620 shares

* Information on implementation of quarterly review procedures

The summary of financial statements is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosing the summary of financial statements, the quarterly financial statement review procedures have been implemented.

* Explanation on appropriate use of forecasts of performance and other special items

The forward-looking statements in this document concerning performance forecasting, etc., are based on currently available information and assumptions considered reasonable by the company. Actual performance may differ significantly from the forecast due to various factors. Concerning assumptions used as a basis for forecasting business performance and precautionary statements when using the forecast, please refer to 1. *Qualitative Information on Quarterly Consolidated Performance*, (3) *Qualitative Information on the Forecast of Consolidated Performance* on page 3 of the attachment.

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1. Qualitative Information on Quarterly Consolidated Performance

(1) Qualitative information on consolidated performance

In the first nine-month period of fiscal year 2010 (April 1, 2010 to December 31, 2010), demand in emerging countries, primarily China, led the recovery of the global economy, while the outlook for the Japanese economy remained uncertain due to the contraction of economic stimulus measures in addition to the yen's appreciation and lingering deflationary pressures. Under such an environment, management saw profits were on an upward trend against the backdrop of reviewing business operation in divisions being revamped and a recovery of sales. Consequently, the Group reported net sales of 132,595 million yen (down 1.0% year-on-year), operating income of 7,265 million yen (up 17.2% year-on-year), ordinary income of 3,898 million yen (up 19.7% year-on-year), and net income of 2,279 million yen (up 396.0% year-on-year).

Here is a summary of the business by segment.

[Polymers]

In the film business, shipment of package films picked up due to market recovery, but sales of industrial-use films, which had been strong thanks to steady demand from the electronic component field, slowed down slightly. The film business as a whole remained robust. In the resins business, sales for some particular materials and applications stagnated in the automobile and electric & electronics fields, but the resin business as a whole was strong. In the nonwoven fabrics business, sales of spunbond products including the automobile field remained relatively steady and sales of cotton spunlace continued to expand, because demand from the cosmetics field kept growing. In addition, we actively promoted marketing of *Terramac*, a biomass-based plastic, in the film, plastic, nonwoven fabrics, and textile fields with generally good results.

[Advanced Materials]

In the glass fiber business, sales for building materials, civil engineering, and automobile use remained sluggish due to a decrease in new projects, but those for environmental protection use continued steady. In the IC cloth business, demand in overseas markets was strong, but the domestic demand remained weak due to a delayed market recovery, cutting into profitability. Sales of activated carbon fibers for use in waste liquid treatment and removal of VOC pollutants from automobile emissions remained strong. Sales of glass beads for industrial use were sluggish, but those for road construction use and reflective materials use were robust.

[Fibers & Textiles]

In the industrial fibers and textiles business, we struggled to maintain profitability of vinylon fibers because of intensified price competition and the yen's appreciation, although sales volume increased thanks to our efforts to cultivate new applications in emerging markets to make up for sluggish sales in Europe. Sales of both highly resistant polyester thread for building and civil engineering use and short-fiber polyester for nonwoven fabrics use continued to be strong. In the garment fibers and textiles business, sales of uniforms, mainly for offices and factories, picked up against the backdrop of a decline in inventories in the distribution channel. In addition, profitability of functional materials for inner and sportswear use and materials for women's clothing improved due to market recovery.

[Others]

In the environment business, difficult order situations continued because public works spending and private-sector capital investment remained sluggish. Under such conditions, profitability of the environment plant-related project improved due to further implementation of thorough cost reduction measures. However, sales of the environment survey and analysis-related projects stagnated due to price competition. In the medical business, the market share of catheters for the circulatory system jumped; sales of new products grew steadily; and shipment of enzymes and clinical diagnostic reagents remained robust. In the health & amenity business, sales of functional dietary materials, such as Ceramide and L-arabinose, maintained momentum, whereas revenue in the real estate-related business decreased due to delay in the completion of a new condominium project.

(2) Qualitative information on consolidated financial positions

Total assets decreased by 764 million yen from the end of the previous fiscal year to 276,432 million yen. This was mainly due to a decrease in cash and deposits and property, plant and equipment despite an increase in notes and accounts receivable-trade. Liabilities declined by 3,036 million yen from the end of the previous fiscal year to 250,640 million yen. This was mainly due to a decrease in loans payable. Net assets increased by 2,272 million yen from the end of the previous fiscal year to 25,792 million yen. This was mainly attributable to an increase in retained earnings.

Here is a summary of the cash flow situation.

(Net cash provided by [used in] operating activities)

In the first nine month period of the fiscal year ending March 31, 2011, net cash provided by operating activities amounted to 758 million yen (net cash of 6,078 million yen used during the same period last year) due to cash inflow, the sum of income before income taxes and depreciation.

(Net cash provided by [used in] investment activities)

Net cash used in investment activities amounted to 2,441 million yen (net cash of 2,320 million yen used during the same period last year) due to capital expenditures of 3,039 million yen during the first nine-month period of the fiscal year ending March 31, 2011.

(Net cash provided by [used in] financing activities)

Net cash used in financing activities amounted to 3,520 million yen (net cash of 6,820 million yen provided during the same period last year) due to reduction of interest-bearing liabilities during the first nine-month period of the fiscal year ending March 31, 2011.

Consequently, cash and cash equivalents at the end of the first nine-month period of the fiscal year ending March 31, 2011 decreased 5,359 million yen from the end of the previous fiscal year to 14,801 million yen.

(3) Qualitative information on the forecast of consolidated performance

Since the performance for the first nine-month period of the fiscal year ending March 31, 2011 was almost in line with the plan, the company did not revise its full-year forecasts of consolidated performance announced on May 14, 2010.

2. Other Information

(1) Changes in significant subsidiaries

Not applicable

(2) Summary of simplified accounting method and special accounting practices

In computing corporate income taxes, some consolidated subsidiaries took only major items into account regarding additions and deductions for income and tax credits.

(3) Summary of changes in accounting principles, procedures and presentations

(Changes in accounting principles and procedures)

Effective from the first quarter of the fiscal year ending March 31, 2011, *Accounting Standards for Asset Retirement Obligations* (ASBJ Statement No. 18, issued March 31, 2008) and *Guidance on Accounting Standards for Asset Retirement Obligations* (ASBJ Guidance No. 21, issued March 31, 2008) have been applied. Consequently, operating income, ordinary income, and net income before income taxes decreased by 9 million yen, 13 million yen, and 164 million yen, respectively, in the consolidated first nine-month period of fiscal year 2010.

(Change in presentation of financial statements)

Consolidated statements of cash flow

Gain (loss) on sales of investment securities, which is stated in net cash from operating activities, is included in *Other, net* in the consolidated first nine-month period of fiscal year 2010, because its quantitative materiality diminished. *Gain (loss) on sales of investment securities* included in *Other, net* is 1 million yen in the aforementioned period.

Meanwhile, *Cash dividends paid*, which is stated in net cash from financing activities, is included in *Other, net* in the consolidated first nine-month period of fiscal year 2010, because its quantitative materiality diminished. *Cash dividends paid* included in *Other, net* is 0 million yen in the aforementioned period.

3. Quarterly financial statements

(1) Consolidated quarterly balance sheets

(Unit: Millions of yen)

	End of 1st nine-month period of FY ending March 2011 (December 31, 2010)	Condensed consolidated balance sheet for previous FY (March 31, 2010)
Assets		
Current assets		
Cash and deposits	15,004	20,199
Notes and accounts receivable-trade	48,175	39,361
Merchandise and finished goods	27,005	28,262
Work in process	16,449	16,676
Raw materials and supplies	4,313	3,920
Other	4,556	5,336
Allowance for doubtful accounts	(223)	(175)
Total current assets	115,281	113,581
Noncurrent assets		
Property, plant and equipment		
Land	104,570	104,452
Other, net	47,830	50,280
Total property, plant and equipment	152,400	154,732
Intangible assets		
Goodwill	25	90
Other	630	630
Total intangible assets	655	720
Investments and other assets		
Other	8,746	8,741
Allowance for doubtful accounts	(651)	(579)
Total investments and other assets	8,094	8,161
Total noncurrent assets	161,151	163,615
Total assets	276,432	277,196

(Unit: Millions of yen)

	End of 1st nine-month period of FY ending March 2011 (December 31, 2010)	Condensed consolidated balance sheet for previous FY (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	25,886	24,971
Short-term loans payable	71,939	77,668
Current portion of long-term loans payable	37,426	31,436
Current portion of bonds	200	400
Income taxes payable	425	322
Provision for bonuses	638	1,085
Provision for loss on construction contracts	16	1
Provision for warranties for completed construction	23	29
Provision for business structure improvement	711	1,118
Other	11,467	11,597
Total current liabilities	148,735	148,631
Noncurrent liabilities		
Long-term loans payable	80,323	83,875
Provision for retirement benefits	5,475	4,318
Provision for directors' retirement benefits	71	170
Other	16,033	16,681
Total noncurrent liabilities	101,904	105,045
Total liabilities	250,640	253,676
Net assets		
Shareholders' equity		
Capital stock	23,798	23,798
Capital surplus	1,661	1,661
Retained earnings	(2,108)	(4,734)
Treasury stock	(55)	(54)
Total shareholders' equity	23,295	20,670
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(159)	(429)
Deferred gains or losses on hedges	(6)	3
Revaluation reserve for land	2,452	2,799
Foreign currency translation adjustment	(3,447)	(3,219)
Total valuation and translation adjustments	(1,160)	(846)
Minority interests	3,657	3,695
Total net assets	25,792	23,519
Total liabilities and net assets	276,432	277,196

(2) Consolidated quarterly statements of income
(Six-month period ended September 30, 2010)

(Unit: Millions of yen)

	1st nine-month period ended December 31, 2009 (April 1, 2009 to December 31, 2009)	1st nine-month period ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Net sales	133,951	132,595
Cost of sales	108,614	107,156
Gross profit	25,337	25,438
Selling, general and administrative expenses	19,138	18,172
Operating income	6,198	7,265
Non-operating income		
Interest income	138	141
Dividends income	99	99
Gain on sales of investment securities	184	—
Equity in earnings of affiliates	30	41
Other	1,206	760
Total non-operating income	1,659	1,043
Non-operating expenses		
Interest expenses	2,756	2,695
Other personal expenses	912	868
Other	933	847
Total non-operating expenses	4,602	4,411
Ordinary income	3,255	3,898
Extraordinary income		
Gain on sales of noncurrent assets	17	293
Compensation income for expropriation	108	—
Total extraordinary income	126	293
Extraordinary loss		
Loss on disposal of noncurrent assets	733	349
Loss on valuation of investment securities	204	677
Business structure improvement expenses	498	242
Other	1,263	716
Total extraordinary loss	2,700	1,986
Income before income taxes and minority interests	680	2,205
Income taxes-current	333	433
Income taxes-deferred	(129)	(535)
Total income taxes	203	(101)
Income before minority interests	—	2,307
Minority interests in income	17	28
Net income	459	2,279

(3) Consolidated quarterly statements of cash flows

(Unit: Millions of yen)

	1st nine-month period ended December 31, 2009 (April 1, 2009 to December 31, 2009)	1st nine-month period ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	680	2,205
Depreciation and amortization	5,017	4,662
Increase (decrease) in allowance for doubtful accounts	273	151
Increase (decrease) in provision for business structure improvement	(2,001)	(407)
Interest expenses	2,756	2,695
Loss (gain) on sales of investment securities	(184)	—
Decrease (increase) in notes and accounts receivable-trade	(1,348)	(8,921)
Decrease (increase) in inventories	8,223	1,000
Increase (decrease) in notes and accounts payable-trade	(2,955)	1,022
Other, net	(673)	693
Subtotal	9,789	3,101
Interest and dividends income received	253	492
Interest expenses paid	(2,524)	(2,480)
Income taxes paid	(680)	(355)
Net cash provided by (used in) operating activities	6,837	758
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	10	(165)
Purchase of investment securities	(23)	(15)
Proceeds from sales of investment securities	368	18
Purchase of property, plant and equipment	(2,877)	(3,039)
Proceeds from sales of property, plant and equipment	268	851
Other, net	(67)	(91)
Net cash provided by (used in) investing activities	(2,320)	(2,441)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,626	(5,518)
Proceeds from long-term loans payable	31,960	23,749
Repayment of long-term loans payable	(22,070)	(21,223)
Redemption of bonds	(200)	(200)
Cash dividends paid	(2)	—
Other, net	(240)	(328)
Net cash provided by (used in) financing activities	6,820	(3,520)
Effect of exchange rate change on cash and cash equivalents	383	(156)
Net increase (decrease) in cash and cash equivalents	11,719	(5,359)
Cash and cash equivalents at beginning of period	9,275	20,160
Cash and cash equivalents at end of period	20,995	14,801

(4) Notes on going concern assumption
Not applicable

(5) Segment information

[Segment information by business]

1st nine-month period ended December 31, 2009 (April 1, 2009 to December 31, 2009)

	Polymers (Millions of yen)	Environmental Business/ Advanced Materials (Millions of yen)	Fibers & Textiles (Millions of yen)	Health & Amenity, Others (Millions of yen)	Total (Millions of yen)	Elimination or corporate (Millions of yen)	Consolidated total (Millions of yen)
Net sales							
(1) Net sales to outside customers	44,044	17,261	57,736	14,908	133,951	-	133,951
(2) Inter-segment sales or transfers	1,606	52	243	1,952	3,853	(3,853)	-
Total	45,650	17,313	57,979	16,860	137,804	(3,853)	133,951
Operating income (loss)	6,360	926	(834)	1,433	7,885	(1,686)	6,198

[Segment information by geographic area]

1st nine-month period ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Segment information by geographic area is omitted since sales in Japan exceed 90% of total sales of all segments.

[Overseas sales]

1st nine-month period ended December 31, 2009 (April 1, 2009 to December 31, 2009)

I. Overseas sales (Millions of yen)	16,381
II. Consolidated sales (Millions of yen)	133,951
III. Ratio of overseas sales to consolidated sales (%)	12.2

(Note) There were no segments whose sales (excluding inter-segment sales or transfers) exceeded 10% of consolidated sales.

[Segment Information]

Information on net sales, income or loss by reportable segment

1st nine-month period ended December 31, 2010 (April 1, 2010 to December 31, 2010) (Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Figure in quarterly consolidated statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	49,661	11,216	56,796	117,674	14,921	132,595	-	132,595
Inter-segment sales or transfers	24	15	135	174	1,502	1,677	(1,677)	-
Total	49,685	11,231	56,931	117,848	16,423	134,272	(1,677)	132,595
Segment income (loss)	7,425	1,186	357	8,968	222	9,191	(1,925)	7,265

(Notes) 1. *Other* includes the Environmental Business, Medical Business, Health & Amenity Business, and Real Estate-related Business.

2. The adjustment of (1,925 million yen) for Segment income (loss) includes corporate expenses that are not allocated to each reportable segment.

3. *Segment income (loss)* is adjusted with operating income in quarterly consolidated statements of income.

(Additional information)

Effective from the first quarter of the fiscal year ending March 31, 2011, *Accounting Standards for Disclosures about Segments of an Enterprise and Related Information* (ASBJ Statement No. 17, issued March 27, 2009) and *Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (ASBJ Guidance No. 20, issued March 21, 2008) have been applied.(6) Notes on significant changes in the amount of shareholders' equity
Not applicable