Member of Financial Accounting Standards Foundation

Financial Report for Fiscal Year ended March 31, 2011 [Japanese GAAP] (Consolidated)

May 10, 2011

Company name: Unitika Ltd.
Code number: 3103
Listed stock exchange: Tokyo Stock Exchange, Osaka Securities Exchange
URL: http://www.unitika.co.jp/e/home.htm

Representative: Kenji Yasue, President and Chief Executive Officer
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Expected date for holding a regular shareholders meeting: June 29, 2011
Expected date for submitting securities report: June 29, 2011
Expected commencement date for paying dividend
Preparation of the attachment of Financial Report: Yes
Holding of a results presentation: Yes (for securities analysts and institutional investors)

(Figures less than one million yen were omitted.)

1. Consolidated performance for fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Consolidated business results

(Percentages represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2011	180,706	(0.8)	10,513	23.1	6,119	36.7	2,444	(19.5)
FY ended March 31, 2010	182,239	(13.0)	8,543	10.0	4,476	34.1	3,036	—

(Note) Comprehensive income FY ended March 31, 2011: 2,460 million yen [(35.1%)]
FY ended March 31, 2010: 3,789 million yen [—%]

	Net income per share	Net income per share after full dilution	Return on equity	Return on asset	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY ended March 31, 2011	5.14	—	11.6	2.2	5.8
FY ended March 31, 2010	6.39	—	16.9	1.6	4.7

(Reference) Equity in earnings/losses of affiliates FY ended March 31, 2011: 38 million yen
FY ended March 31, 2010: (8 million yen)

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2011	268,740	25,977	8.3	46.98
FY ended March 31, 2010	277,196	23,519	7.2	41.70

(Reference) Shareholders' equity: FY ended March 31, 2011: 22,336 million yen
FY ended March 31, 2010: 19,823 million yen

(3) Consolidated cash flows situation

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at period end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 31, 2011	10,416	(2,959)	(10,844)	16,589
FY ended March 31, 2010	14,286	(2,683)	(1,175)	20,160

2. Dividend payment

	Annual dividend per share					Annual dividends paid (Total)	Dividend payout ratio (consolidated)	Dividend ratio of net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 31, 2010	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2011	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2012 (forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of consolidated performance for fiscal year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentages 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	%	Yen
First six-month period	85,000	(4.8)	4,500	(0.4)	2,500	11.4	1,000	(13.0)	2.10
Full year	178,500	(1.2)	12,500	18.9	8,000	30.7	3,500	43.2	7.36

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): No

(2) Changes in accounting principles, procedures, and method of presentations

(i) Changes associated with revision in accounting standards: Yes

(ii) Other changes: No

Note) For details, please refer to *Changes in basic important matters for preparation of consolidated financial statements* on page 18.

(3) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of period (including treasury stock):

Fiscal year ended March 31, 2011: 475,969,000 shares

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

(ii) Number of treasury stocks at end of period

Fiscal year ended March 31, 2011: 561,784 shares

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

(iii) Average number of shares outstanding during the term

Fiscal year ended March 31, 2011: 475,415,759 shares

Fiscal year ended March 31, 2010: 475,513,719 shares

(Reference) Summary of non-consolidated performance

1. Non-consolidated performance for fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Non-consolidated business results (Percentages represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2011	102,663	13.0	9,863	23.6	6,362	42.3	3,570	21.6
FY ended March 31, 2010	90,887	(2.4)	7,979	16.7	4,471	29.6	2,936	—

	Net income per share	Net income per share after full dilution
	Yen	Yen
FY ended March 31, 2011	7.51	—
FY ended March 31, 2010	6.18	—

(2) Non-consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2011	226,857	25,706	11.3	54.07
FY ended March 31, 2010	232,676	21,725	9.3	45.70

(Reference) Shareholders' equity: FY ended March 31, 2011: 25,706 million yen
FY ended March 31, 2010: 21,725 million yen

* Presentation of situation of audit procedures

This financial report is not subject to audit procedures under the Financial Instruments and Exchange Law of Japan. Audit procedures concerning financial statements have not been completed at the date of disclosure of this financial report.

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

The forward-looking statements in this document concerning forecasting of performance and etc. are based on currently available information and assumptions considered by the company to be reasonable. The actual performance may be significantly different from the forecast due to various factors. For the assumptions used as a basis for forecast of performance and important matters when using the forecast of performance, please refer to *1. Business results (1) Analysis of business results　Forecast of business performance for fiscal year ending March 31, 2011* on page 4.

1. Business results

(1) Analysis of Business results

(i) Business results for fiscal year ended March 31, 2010

In the current fiscal year, domestic consumer spending temporarily lost its momentum due the waning effects of economic stimulus measures. But, the Japanese economy remained on its way to a mild recovery, because corporate business performance improved thanks to a steady increase in exports to emerging countries including Asian countries. However, the Great East Japan Earthquake that occurred on March 11, 2011 seriously damaged production bases of raw materials and fuels and components, disrupted the transportation network, impeding the distribution of goods, and struck a nuclear power plant, forcing the government to implement rolling blackouts in the Kanto region. The Japanese economy remained in an unpredictable situation, because the domestic economy sharply cooled down after the earthquake.

In such an environment, the Unitika Group as a whole promoted structural reform comprising measures to reduce fixed costs in accordance with its basic policy under its medium-term, three-year management plan, *Reform 2011*, implemented from the previous fiscal year. In the meantime, the Group strived to review operations in business units whose structure was improved, such as the Fibers and Textiles business. In addition, the Group tried to improve profitability through price revisions amid soaring raw material and fuel prices mainly in the strategic core businesses, such as Polymers and Advanced Materials businesses. As a result, the Group reported net sales of 180,706 million yen (down 1,533 million yen year-on-year), operating income of 10,513 million yen (up 1,970 million yen year-on-year), ordinary income of 6,119 million yen (up 1,642 million yen year-on-year), and net income of 2,444 million yen (down 592 million yen year-on-year).

The Unitika Group has decided it will pay no dividend for the current fiscal year. The management sincerely appreciates your understanding in this matter.

Here is a summary of business by segment.

[Polymers]

Among the Films business, in the packaging field, sales of mainly nylon films for domestic customers remained sluggish in the first half of the current fiscal year. However, demand for food package materials grew in the second half of the current fiscal year. In addition, the Company revised selling prices in response to soaring raw material and fuel prices, leading to sales increase. In the industrial field, sales increased, because demand remained steady in electronic components and separators applications despite a temporary inventory adjustment amid tight inventory due to an increase in demand for optical films. As a result, sales and income grew in the Films business.

In the Resins business, sales were supported by solid demand in main fields, including automobile, electric and electronics equipment and office machinery, throughout the current fiscal year, although some orders decreased due to the waning effects of economic stimulus packages. In automobile applications, domestic sales stagnated, but exports to North America, China, and ASEAN regions rose solidly. In electric and electronics equipment fields, sales increased steadily including exports to China, because demand in personal digital assistant applications remained brisk. Sales of U-Polymer, the Company’s original polyarylate resin, grew firmly, contributing to earnings, thanks to efforts to cultivate demand in automobile and electric and electronics equipment applications in addition to office machinery applications. As a result, sales and income increased in the Resins business.

In the Non-woven Fabrics business, sales of spunbond fabrics were weak in the civil engineering fields as a whole, but exports, mainly for carpet applications, and shipments for agriculture and day-to-day product applications maintained momentum. In addition, demand in roofing applications began recovering. In the cotton spunlace business, sales volumes and earnings reached record levels, because of the expansion of demand in cosmetic sundry goods application due to extraordinary hot summer as well as steady sales for sanitary materials and industrial wiper applications. As a result, sales and income increased in the Non-woven Fabrics business.

The Company continued to strongly promote the use of the biomass plastic Terramac in four fields (films, resins, non-woven and textiles). Its sales were slightly sluggish in the first half of the current fiscal year, but recovered in the second half of the current fiscal year. The adoption of Terramac steadily increased in packaging films, sheets, automobile, electric and electronics equipment and various sundry products applications.

Consequently, the Polymers business posted operating income of 10,550 million yen (up 1,658 million yen year-on-year) on sales of 67,016 million yen (up 6,073 million yen year-on-year).

[Advanced Materials]

In the Advanced Materials business, sales of glass fibers especially for interior material use stagnated, because there were still negative effects from a decline in new building construction and restraint of capital expenditures and public spending, but its sales for building and civil engineering refurbishment use were robust. Demand for IC cloth at home and abroad was on its way to a recovery in the first half of the current fiscal year. However, its demand suddenly evaporated in the second half of the current fiscal year. Sales of IC cloth stagnated, because its selling prices declined and export profitability deteriorated due to the yen's appreciation. Shipment of activated carbon fibers for automobile use, such as waste water treatment and VOC removal sheets, was strong. In addition, shipment of glass beads for road construction use, such as road marking, was slightly sluggish, but demand for industrial use, such as blast finishing, and reflective materials use, such as traffic signs and protective clothing, was strong.

Consequently, the Advanced Materials business posted operating income of 1,771 million yen (up 282 million yen year-on-year) on net sales of 14,931 million yen (down 611 million yen year-on-year).

[Fibers and Textiles]

In the Industrial Materials business, shipment of ultra-high-strength polyester filament yarn for construction and civil engineering uses was steady and shipment of short-fiber polyester, mainly for non-woven fabric use, was also strong. In the meantime, the Company tried to expand sales of vinylon fiber for reinforced concrete use, a replacement for asbestos, but failed to do so, because a recovery in demand was slow in the European market with a few exceptions; cultivating new customers in Asia and other regions did not lead to a drastic improvement of profitability due to price competition with overseas products and the yen's appreciation.

In the Garments, Lifestyle Materials, and Bedding business, a shortage in the capacity of sewing plants at home and abroad to which the Company outsources production made it difficult for the Company to keep the business going due to cost problems. However, thanks to its efforts to review operations at each business and thoroughly control the progress of measures, sales remained generally strong. In the uniform field, demand from corporate customers significantly recovered, while sales were also steady in the women's clothing field. Though overall sales continued to decrease gradually due to the effects of structural improvement measures implemented from two years ago, profitability improved further.

Consequently, the Fibers and Textiles business posted operating income of 840 million yen (487 million yen operating loss in the previous fiscal year) on net sales of 77,095 million yen (down 418 million yen year-on-year).

[Others]

In the Environmental business, the Company concluded an agreement with the Hitachi Zosen Group to transfer the environmental plant-related business. Sales and income decreased in the environmental plant-related business, because the Company started preparation for the business transfer to the Hitachi Zosen Group in the middle of the current fiscal year. Sales and income also decreased in the Environmental Survey and Analysis business, due to intensified price competition as well as deteriorating business environment such as a cutback in public-works projects.

In the Healthcare & Amenity business, signs of recovery became visible in the health food market. Sales of functional dietary materials such as *Hanabiratake*-related goods, *Ceramide* and *Arabinose*, steadily increased. In the Medical business, sales of new catheters grew in the medical product field. Overall sales were also steady in the biochemical field due to solid demand.

In the Real Estate business, revenue from the sales of condominiums decreased, because the completion of a new condominium project was delayed to the next fiscal year in addition to few completions of new condominium projects.

Consequently, the Others business posted operating income of 952 million yen (down 1,125 million yen year-on-year) on net sales of 21,662 million yen (down 6,576 million yen year-on-year).

(ii) Forecast of business performance for fiscal year ending March 31, 2011

With the outlook for the domestic economy, which had been heading for recovery, having become uncertain due to the effects of the Great East Japan Earthquake, the Unitika Group will steadily implement measures stated in *Reform 2011*. Under the program, the Group will review such measures and put them into practice in a timely manner by flexibly responding to business environment that changes over time, and boost profits in focused areas, such as the Polymers and Advanced Materials businesses, and improve profitability of the Fibers and Textiles business through further structural reform. The Group will continue striving to further enhance its financial strength. The Unitika Group forecasts net sales of 178,500 million yen, operating income of 12,500 million yen, ordinary income of 8,000 million yen, and net income of 3,500 million yen for fiscal year ending March 31, 2012.

(2) Analysis on financial situation

Total assets decreased by 8,456 million yen from the end of the previous fiscal year to 268,740 million yen, mainly due to a decrease in cash and deposits, inventories and property, plant and equipment despite an increase in notes and accounts receivable-trade. Liabilities decreased by 10,914 million yen from the end of the previous fiscal year to 242,762 million yen, mainly due to a decrease in loans payable. Net assets increased by 2,457 million yen from the end of the previous fiscal year to 25,977 million yen, mainly due to an increase in retained earnings.

Here is a summary of the cash flow situation.

(Net cash provided by [used in] operating activities)
Net cash provided by operating activities amounted to 10,416 million yen (down 3,869 million yen year-on-year), due to a decrease in cash-inflow—the total of net income before income taxes, depreciation and amortization—and inventories during the current fiscal year.

(Net cash provided by [used in] investment activities)
Net cash used in investment activities amounted to 2,959 million yen (net cash of 2,683 million yen used in the previous fiscal year) due to capital expenditures of 4,176 million yen during the current fiscal year.

(Net cash provided by [used in] financing activities)
Net cash used in financing activities amounted to 10,844 million yen (net cash of 1,175 million yen used in the previous fiscal year) due to a reduction in interest-bearing debt during the current fiscal year.

As a result, cash and cash equivalents at the end of the current fiscal year decreased by 3,571 million yen from the end of the previous fiscal year to 16,589 million yen.

The table below shows trends in cash flow indicators.

	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
(i) Shareholders' equity ratio (%)	8.3	7.2	5.7
(ii) Shareholders' equity ratio on market value basis (%)	11.9	13.0	11.3
(iii) Ratio of interest-bearing debt to cash flow	17.8	13.7	39.8
(iv) Interest coverage ratio	3.0	3.9	1.3

(Notes) Shareholders' equity ratio: Shareholders' equity/Total assets
Shareholders' equity ratio on market value basis: Market capitalization/Total assets
Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest expense
*1. Each indicator is calculated based on consolidated financial results.
*2. Cash flow is net cash provided by operating activities.
*3. Interest-bearing debt includes all liabilities, reported on the consolidated balance sheet, on which interest is paid.

(3) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2011 and the fiscal year ending March 31, 2012

The Unitika Group considers that the profit distribution to its shareholders is an important aspect of its business, but management intends to cancel dividend payment for the fiscal year ended March 31, 2011, with consideration on the business results and financial situation at the end of the fiscal year.

For the future, Unitika's basic dividend policy is to conduct profit distribution to shareholders that is appropriate to the Company's financial results. At the same time, the Company intends to decide dividend payment after considering the improvement of financial position and enhancing of internal reserve for securing profit for shareholders from a long-term perspective.

2. Management Policies

(1) Basic management policies

Having the corporate mission of connecting daily life with technologies, the Unitika Group has been aiming to become a company that contributes to improvement of people's lives and preservation of environment, with social recognition. Management believes that the contribution to the society will enhance its corporate value, which in turn will reward shareholders, while the Company promotes its basic management policies: implementation of structural reform, establishment of a foundation as a functional materials manufacturer and strengthening of its corporate structure and shareholders' equity.

(2) Targeted management index

The Unitika Group places greater importance on amount of sales, operating income and ordinary income that represent the results of its business activities. The Group considers enhancing its shareholders' equity ratio and reducing interest-bearing debts to strengthen its financial position and places emphasis on and manages cash flows with great care.

(3) Medium- to long-term business strategies and issues to be addressed

Although there are various uncertain factors that will affect the Company's business performance, such as the effects of the Great East Japan Earthquake, cost pressures due to soaring raw material and fuel prices, and foreign currency fluctuation, the Unitika Group will steadily implement measures stated in *Reform 2011*, while reviewing the measures time to time in response to changes in business environment. The Group will try to achieve its earnings target for the next fiscal year and upgrade its financial condition as well as promptly improve and stabilize its earnings structure. The Unitika Group will continue to enhance efficiency of operations in business units whose structure was improved, such as the Garments, Lifestyle Materials, and Bedding fields, though it achieved the initial target of the business structural reform by the second year of *Reform 2011*. Concerning growth areas, the Group will strive to establish a business entity that can achieve sustainable growth in the future by promoting improvement and strengthening of its business operational capability in the field of functional materials, mainly polymers and advanced materials, including projects that the Group has already started, such as establishment of a joint venture company for manufacturing cotton spunlace and expansion of nylon film production capacity at an overseas subsidiary.

Here is a summary of business strategies and issues to be addressed for each business.

Polymers:
In the Films business, the Company will further strengthen sales of the nylon film *Emblem* in the Asian market, and promote cultivation of new applications of industrial-use polyester films and sales expansion of its high-value-added polyester films. In the Resins business, the Company will accelerate development of a new type of nano-composite nylon resin, focus on the expansion of its use to the automobiles and electrical and electronics equipment applications, develop a new and ultrahigh functional grade of *U-Polymer* for the injection molding application, and also try to increase sales of *ARROWBASE*, an environment-friendly water-based polyolefin cationic emulsion. In the Non-Woven Fabrics business, the Company will strengthen cooperation with its subsidiary in Thailand to promote sales of non-woven fabrics, notably *Eleves*, a bi-component composite spunbonded non-woven fabric, mainly in the overseas market. The Company will also use production capacity in a cotton spunlace-manufacturing joint-venture company and expand sales of spunlace fabrics by launching newly-developed goods. Concerning *TERRAMAC*, a biomass plastic, the Company has been improving the weaknesses of existing polylactic acid, such as thermal resistance, durability and formability, and will further strengthen the expansion of its use in each field.

Advanced Materials:
The Company will try to strengthen the domestic sales and exports of high-functional glass fiber products and aims to immediately improve profitability of IC cloth by reviewing its cost structure. Regarding activated carbon fibers, the Company will focus on cultivating the Asian market in the liquid phase field and expanding sales of various types of filters such as VOC removal sheets for automobile applications in the vapor phase field and expand market share and cultivate new applications of its high-grade glass beads.

Fibers and Textiles:
In the Fibers and Textiles business, the Company will continue to review individual businesses, shake up the product lineup, and thoroughly reduce costs to establish a stable earnings structure. In the industrial materials business, the Company will create a sales structure to deal with the expansion of overseas markets of vinylon fiber for reinforced concrete use including Asia, South America, and Africa, and to improve profitability of short-fiber polyester by shifting to high-performance materials. In the Garments, Lifestyle Materials, and Bedding business, the Company will streamline business operations to further improve profitability by letting Unitika Trading Co., Ltd. play a central role.

Others and Healthcare & Amenity:
In the Healthcare & Amenity business, the Company will strengthen sales of functional dietary materials, such as its mainstay product, *Konjac Ceramide*, and new food ingredients, β-cryptoxanthin and Lactobionic acid, and also promote cultivation of new customers for health food, such as *Byakugen Houou*, and creation of new products. In the Medical business, the Company will aim to raise market share by strengthening sales of anti-thrombogenic catheters mainly for the circulatory system and focusing on sales expansion of new products, and also develop new uses of enzymes and clinical diagnostic reagents, cultivate new customers for these products, and promote further cost reduction.
Regarding overseas business development, with demand in Asia including China growing, the Group will try to expand sales of *functional materials* mainly in polymer and advanced materials fields. One of the measures is production capacity expansion of a nylon film facility in its Indonesia subsidiary that started in March 2011. The Unitika Group will strengthen global expansion of the nylon film business, one of its core businesses.
Regarding R&D, the Company will place the next four years as a focused period, mainly the Polymer business, and develop biomass plastic, functional resins, and heat-resistant film, which are used in electrical and electronics equipment and industrial fields, by using both the Unitika Group's polymer design and control technologies and film-forming and stretching technologies.
Regarding overall cost reduction, in the fiscal year ending March 31, 2012, the Group will continue to implement measures for reducing fixed costs as a part of its structural reforms, and thoroughly cut variable costs, and will also efficiently manage funds to reduce interest-bearing debt.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2010)	Current consolidated fiscal year (March 31, 2011)
Assets		
Current assets		
Cash and deposits	20,199	16,786
Notes and accounts receivable-trade	39,361	41,898
Merchandise and finished goods	28,262	27,835
Work in process	16,676	14,435
Raw materials and supplies	3,920	4,343
Deferred tax assets	1,299	1,136
Other	4,036	3,377
Allowance for doubtful accounts	(175)	(233)
Total current assets	113,581	109,580
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (net)	22,632	21,531
Machinery, equipment and vehicles (net)	24,235	22,596
Tools, furniture and fixtures (net)	1,305	1,162
Land	104,452	104,606
Lease assets (net)	1,273	987
Construction in progress	833	784
Total property, plant and equipment	154,732	151,669
Intangible assets		
Goodwill	90	3
Other	630	727
Total intangible assets	720	731
Investments and other assets		
Investment securities	5,621	3,955
Investments in capital	25	24
Long-term loans receivable	130	138
Deferred tax assets	640	563
Other	2,323	2,688
Allowance for doubtful accounts	(579)	(609)
Total investments and other assets	8,161	6,758
Total noncurrent assets	163,615	159,159
Total assets	277,196	268,740

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2010)	Current consolidated fiscal year (March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,971	24,952
Short-term loans payable	77,668	73,893
Current portion of long-term loans payable	31,436	37,480
Current portion of bonds	400	—
Lease obligations	379	408
Income taxes payable	322	325
Provision for bonuses	1,085	1,160
Provision for loss on construction contracts	1	—
Provision for warranties for completed construction	29	—
Provision for business structure improvement	1,118	624
Other	11,217	10,461
Total current liabilities	148,631	149,306
Noncurrent liabilities		
Long-term loans payable	83,875	71,176
Lease obligations	920	657
Deferred tax liabilities	10,867	10,815
Deferred tax liabilities for land revaluation	2,809	2,571
Provision for retirement benefits	4,318	5,651
Provision for directors' retirement benefits	170	71
Other	2,085	2,512
Total noncurrent liabilities	105,045	93,456
Total liabilities	253,676	242,762
Net assets		
Shareholders' equity		
Capital stock	23,798	23,798
Capital surplus	1,661	1,661
Retained earnings	(4,734)	(1,943)
Treasury stock	(54)	(55)
Total shareholders' equity	20,670	23,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(429)	(49)
Deferred gains or losses on hedges	3	43
Revaluation reserve for land	2,799	2,452
Foreign currency translation adjustment	(3,219)	(3,569)
Total accumulated other comprehensive income	(846)	(1,123)
Minority interests	3,695	3,641
Total net assets	23,519	25,977
Total liabilities and net assets	277,196	268,740

(2) Consolidated income statement and consolidated comprehensive income statement
(Consolidated income statement)

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net sales	182,239	180,706
Cost of sales	148,299	146,098
Gross profit	33,939	34,607
Selling, general and administrative expenses	25,396	24,093
Operating income	8,543	10,513
Non-operating income		
Interest income	181	180
Dividends income	101	102
Rent income	90	90
Gain on sales of investment securities	188	—
Equity in earnings of affiliates	—	38
Foreign exchange gains	191	—
Other	1,009	1,013
Total non-operating income	1,763	1,425
Non-operating expenses		
Interest expenses	3,722	3,544
Equity in losses of affiliates	8	—
Other personal expenses	1,188	1,164
Other	910	1,110
Total non-operating expenses	5,829	5,819
Ordinary income	4,476	6,119
Extraordinary income		
Gain on sales of noncurrent assets	20	299
Gain on transfer of business	589	—
Compensation income for expropriation	108	—
Total extraordinary income	719	299
Extraordinary losses		
Loss on disposal of noncurrent assets	866	424
Loss on valuation of investment securities	—	1,392
Business structure improvement expenses	1,063	698
Environmental expenses	—	634
Other	1,457	748
Total extraordinary loss	3,387	3,898
Income before income taxes and minority interests	1,808	2,519
Income taxes-current	407	375
Income taxes-deferred	(1,658)	(341)
Total income taxes	(1,251)	34
Income before minority interests	—	2,485
Minority interests in income	23	40
Net income	3,036	2,444

(Consolidated comprehensive income statement)

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Income before minority interests	—	2,485
Other comprehensive income		
Valuation difference on available-for-sale securities	—	380
Deferred gains or losses on hedges	—	39
Foreign currency translation adjustment	—	(430)
Share of other comprehensive income of associates accounted for using equity method	—	(14)
Total other comprehensive income	—	(25)
Comprehensive income		2,460
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	—	2,513
Comprehensive income attributable to minority interests	—	(53)

(3) Consolidated statements of changes in net assets

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	23,798	23,798
Balance at the end of current period	23,798	23,798
Capital surplus		
Balance at the end of previous period	1,661	1,661
Balance at the end of current period	1,661	1,661
Retained earnings		
Balance at the end of previous period	(7,783)	(4,734)
Changes of items during the period		
Net income	3,036	2,444
Reversal of revaluation reserve for land	12	347
Disposal of treasury stock	(0)	(0)
Total changes of items during the period	(3,049)	2,791
Balance at the end of current period	(4,734)	(1,943)
Treasury stock		
Balance at the end of previous period	(46)	(54)
Changes of items during the period		
Purchase of treasury stock	(8)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(8)	(1)
Balance at the end of current period	(54)	(55)
Total shareholders' equity		
Balance at the end of previous period	17,629	20,670
Changes of items during the period		
Net income	3,036	2,444
Reversal of revaluation reserve for land	12	347
Purchase of treasury stock	(8)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	3,040	2,790
Balance at the end of current period	20,670	23,460

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(498)	(429)
Changes of items during the period		
Net changes of items other than shareholders' equity	68	380
Total changes of items during the period	68	380
Balance at the end of current period	(429)	(49)
Deferred gains or losses on hedges		
Balance at the end of previous period	12	3
Changes of items during the period		
Net changes of items other than shareholders' equity	(8)	39
Total changes of items during the period	(8)	39
Balance at the end of current period	3	43
Revaluation reserve for land		
Balance at the end of previous period	2,875	2,799
Changes of items during the period		
Reversal of revaluation reserve for land	(12)	(347)
Net changes of items other than shareholders' equity	(63)	—
Total changes of items during the period	(76)	(347)
Balance at the end of current period	2,799	2,452
Foreign currency translation adjustment		
Balance at the end of previous period	(3,909)	(3,219)
Changes of items during the period		
Net changes of items other than shareholders' equity	689	(350)
Total changes of items during the period	689	(350)
Balance at the end of current period	(3,219)	(3,569)
Total accumulated other comprehensive income		
Balance at the end of previous period	(1,520)	(846)
Changes of items during the period		
Reversal of revaluation reserve for land	(12)	(347)
Net changes of items other than shareholders' equity	686	69
Total changes of items during the period	673	(277)
Balance at the end of current period	(846)	(1,123)
Minority interests		
Balance at the end of previous period	3,636	3,695
Changes of items during the period		
Net changes of items other than shareholders' equity	59	(54)
Total changes of items during the period	59	(54)
Balance at the end of current period	3,695	3,641
Total net assets		
Balance at the end of previous period	19,746	23,519
Changes of items during the period		
Net income	3,036	2,444
Purchase of treasury stock	(8)	(1)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	745	14
Total changes of items during the period	3,773	2,457
Balance at the end of current period	23,519	25,977

(4) Consolidated statements of cash flow

(Unit: Millions of yen)

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,808	2,519
Depreciation and amortization	6,787	6,275
Increase (decrease) in allowance for doubtful accounts	362	127
Increase (decrease) in provision for retirement benefits	(437)	1,352
Increase (decrease) in provision for business structure improvement	(2,556)	(493)
Increase (decrease) in other provision	178	(52)
Interest expenses	3,722	3,544
Loss (gain) on disposal of noncurrent assets	866	424
Loss (gain) on sales of noncurrent assets	(20)	(299)
Loss (gain) on sales of investment securities	(188)	—
Loss (gain) on valuation of investment securities	—	1,392
Decrease (increase) in notes and accounts receivable-trade	(2,281)	(2,677)
Decrease (increase) in inventories	12,608	2,112
Increase (decrease) in notes and accounts payable-trade	(1,567)	127
Other, net	(905)	(720)
Sub-total	18,376	13,634
Interest and dividends income received	298	532
Interest expenses paid	(3,695)	(3,516)
Income taxes paid	(692)	(233)
Net cash provided by (used in) operating activities	14,286	10,416
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	18	(158)
Purchase of investment securities	(28)	(20)
Proceeds from sales of investment securities	401	744
Purchase of property, plant and equipment	(3,831)	(4,176)
Proceeds from sales of property, plant and equipment	274	857
Other, net	481	(205)
Net cash provided by (used in) investment activities	(2,683)	(2,959)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,147)	(3,444)
Proceeds from long-term loans payable	34,953	24,756
Repayment of long-term loans payable	(32,808)	(31,322)
Redemption of bonds	(400)	(400)
Cash dividends paid	(3)	—
Other, net	231	(434)
Net cash provided by (used in) financing activities	(1,175)	(10,844)
Effect of exchange rate change on cash and cash equivalents	457	(183)
Net increase (decrease) in cash and cash equivalents	10,885	(3,571)
Cash and cash equivalents at beginning of period	9,275	20,160
Cash and cash equivalents at the end of the current fiscal year	20,160	16,589

(5) Notes regarding assumption of a going concern

Not applicable

(6) Significant items that are the basis for preparation of consolidated financial statements

1. Scope of consolidation

The Company has 48 consolidated subsidiaries and 5 non-consolidated subsidiaries as of the end of the current period under review. Major consolidated subsidiaries are Nippon Ester Co., Ltd. and Unitika Trading Co., Ltd. Total assets, net sales, net income/loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) of the 5 non-consolidated subsidiaries (Akoh Unitec Service Co., Ltd., Unitika Uji Kosan Co., Ltd., etc.) are small in value and do not significantly influence the consolidated financial statements. The number of consolidated subsidiaries decreased by one from the end of the previous period due to liquidation.

2. Application of the equity method

The Company applies the equity method to the 5 non-consolidated subsidiaries and 2 affiliated companies (Ador Co., Ltd. and another) as of the end of the current period under review. The number of non-consolidated subsidiaries decreased by one from the end of the previous period due to liquidation.

3. Account settlement date, etc. of consolidated subsidiaries

Among consolidated subsidiaries, Thai Nylon Co., Ltd., Unitika America Corp., Unitika (Shanghai) Ltd., Emblem Asia Co., Ltd., Unitika Emblem China Ltd., Unitika Do Brasil LLC, Brascot LLC, Unitika (Beijing) LLC, Unitex Co., Ltd. and TUSCO Co., Ltd. settle their accounts on December 31, and Unitika Hong Kong Ltd. settles its accounts on February 28. For the purpose of preparing the consolidated financial statements, the financial statements on respective dates are used, and a necessary adjustment is made with regard to significant transactions conducted during the period between the above-mentioned settlement date and the current consolidation date.

4. Accounting standards

(1) Evaluation standards and method for significant assets

Marketable securities

Other marketable securities

With market values: Valued at fair value based on market values, etc. on the settlement date (variance from valuation is processed with the method entirely to charge or credit directly to equity, and selling cost is calculated using the moving average method.)

Without market values: Valued at cost using the moving average method

Derivatives

Valued at fair value

Inventories

Valued primarily at cost by using the moving average method (the balance sheet value is calculated by the book value written-down method based on decline in profitability.)

(2) Depreciation method for significant depreciable assets

Tangible fixed assets (excluding lease assets)

The Company and its consolidated subsidiaries primarily use the declining-balance method. However, some consolidated subsidiaries use the straight-line method.

Intangible fixed assets (excluding lease assets)

Straight-line method

Lease assets

Lease assets under finance lease transactions that do not transfer ownership

Lease assets are depreciated using the straight-line method over the lease term, based on the assumption that the residual value is equal to zero.

(3) Accounting standards for important allowances

Allowance for doubtful receivables

In order to cover losses from uncollectible account receivables, the Company provides for estimated uncollectible amount of normal receivables based on historical loss ratios. Specific claims including doubtful receivables, etc. are individually evaluated for the likelihood of recovery and estimated uncollectible amount is provided.

Provision for bonuses

The Company provides for allowance for bonus based on the estimated amount of the payment for employees.

Provision for business structure improvement

The Company provides for reasonably estimated amount of loss incurred in the next consolidated fiscal year due to implementation of a business structure improvement program.

Allowance for retirement benefits

To cover payment of retirement benefits to employees, the Company provides for retirement benefits based on the estimated amount of the retirement benefit obligation and the trust estate related to retirement benefit obligation (regarding some consolidated subsidiaries, the retirement benefit obligation and pension assets) at the end of the fiscal year ended March 31, 2011.

The transition difference due to a change in the accounting standards is equally expensed over 15 years.

The past service liabilities are amortized using the straight-line method over the average remaining years of service of employees (generally 13 years) when the liability is incurred.

Actuarial gains and losses are expensed using the straight-line method over the average remaining years of service of employees (generally 13 years), allocated starting from the year each respective gain or loss is incurred.

Allowance for directors' retirement bonuses

In the past, the Company and its consolidated subsidiaries provided for the amount payable at the end of the subject term under the internal rule to cover payment of retirement bonuses to directors (including executive officers). However, the Company and its consolidated subsidiaries abolished the directors' retirement bonus system in June 2006 and suspended the transfer of such amount to allowance for directors' retirement bonuses.

(4) Accounting standards for recognizing revenues and costs of construction contracts

The percentage-of-completion method has been applied to construction contracts if the outcome of the construction activity is deemed certain on March 31, 2011 (the estimated percentage of completion shall be based on the ratio of the cost incurred to the estimated total cost). The completed-contract method has been applied to other construction contracts.

(5) Standards for translating important foreign currency assets or liabilities to Japanese currency

Foreign currency monetary assets and liabilities are converted into yen currency at the spot exchange rate of the consolidated settlement date and exchange differences are treated as profit or loss. Meanwhile, the assets and liabilities of overseas subsidiaries are converted into yen currency by the spot exchange rate of the settlement date, and profits and expenses are converted into yen currency at the average market rate during the period with the exchange differences included in the currency exchange translation adjustment and minority interests.

(6) Interest relating to property for sale (inventories)

Interests paid in relation to some real estate for sale in progress among the real estate for sale held by some consolidated subsidiaries are included in the acquisition amount of such real estate.

(7) Important hedge accounting method

The Company adopts deferred hedge accounting, and uses the method for translating foreign currency receivables and payables on the basis of yen value cash flow fixed by forward contract for exchange contracts that may satisfy requirements for the said method, and preferential procedures for interest rate swaps that may satisfy requirements for preferential procedures.

(8) Items relating to amortization of goodwill

Goodwill is amortized using the straight-line method over 5 years.

(9) Scope of funds in consolidated statements of cash flows

Funds (cash and cash equivalents) stated in the consolidated statements of cash flows consist of cash on hand, demand deposits and short-term investments that are readily convertible into cash, are exposed to insignificant risk of changes in value and are redeemable in 3 months or less from each acquisition date.

(10) Treatment of consumption taxes, etc.

The Company adopts the tax-excluding method.

(7) Changes in basic important matters for preparation of consolidated financial statements

(Change in accounting policies)

Effective from the consolidated fiscal year ended March 31, 2011, the Company has adopted Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No.21, issued on March 31, 2008).

Consequently, operating income, ordinary income, and net income before income taxes decreased by 12 million yen, 21 million yen, and 164 million yen, respectively, in the consolidated fiscal year ended March 31, 2011.

A change in Asset Retirement Obligations resulting from the adoption of the standards amounts to 233 million yen.

(8) Change in financial statement presentation

Consolidated statements of income

Effective from the consolidated fiscal year ended March 31, 2011, the Company has adopted Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Formant, and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, issued on March 24, 2009) based on Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008). As a result, income before minority interest is presented as an account item in the consolidated income statement.

Gain on sales of investment securities (21 million yen in the consolidated fiscal year ended March 31, 2011), which was stated separately in the consolidated fiscal year ended March 31, 2010, is included in Other under non-operating income in the consolidated fiscal year ended March 31, 2011, since it fell below 10/100 of the non-operating incomes.

Loss on valuation of investment securities, which was included in Other of extraordinary loss in the consolidated fiscal year ended March 31, 2010, is stated separately in the consolidated fiscal year ended March 31, 2011, since it exceeded 10/100 of the extraordinary loss. Loss on valuation of investment securities, which was included in Other in the consolidated fiscal year ended March 31, 2010, was 2 million yen.

Consolidated statements of cash flow

Loss (gain) on sales of investment securities separately stated in net cash provided by (used in) operating activities is included in Other, since its quantitative materiality diminished. Loss (gain) on sale of investment securities, which is included in Other in the consolidated fiscal year ended March 31, 2011, is −21 million yen.

Loss (gain) on valuation of investment securities, which was included in Other, net cash provided by (used in) operating activities in the consolidated fiscal year ended March 31, 2010, is stated separately in the consolidated fiscal year ended March 31, 2011, since its quantitative materiality increased. Loss (gain) on valuation of investment securities, which was included in Other in the consolidated fiscal year ended March 31, 2010, was 2 million yen.

Cash dividends paid separately stated in net cash provided by (used in) financing activities is included in Other in the consolidated fiscal year ended March 31, 2011, since its quantitative materiality diminished. Cash dividends paid, which is included in Other in the consolidated fiscal year ended March 31, 2011, is − 0 million yen.

(9) Supplemental information

Effective from the consolidated fiscal year ended March 31, 2011, the Company has adopted Accounting Standard for Presentation of Comprehensive Income (ASBJ No.25, issued June 30, 2010). However, the amount of Accumulated other comprehensive income and Total accumulated other comprehensive income in the consolidated fiscal year ended March 31, 2010 are stated at the amount of Valuation and translation adjustments and Total valuation and translation adjustments.

(10) Notes on consolidated financial statements

(Consolidated comprehensive income statement)
Consolidated current fiscal year (April 1, 2010 to March 31, 2011)

*1. Comprehensive income for the fiscal year prior to the current consolidated fiscal year

Comprehensive income attributable to owners of the parent	3,722 million yen
Comprehensive income attributable to minority interests	66
Total	3,789

*2. Other comprehensive income for consolidated fiscal year prior to the current consolidated fiscal year

Other valuation difference on available-for-sale securities	68 million yen
Deferred gains or losses on hedges	(8)
Revaluation reverse for land	(63)
Foreign currency translation adjustment	736
Share of other comprehensive income of associates accounted fro using equity method	(3)
Total	729

(Segment information, etc.)

a. Segment information by business

The previous consolidated fiscal year (April 1, 2009 to March 31, 2010) (Unit: Millions of yen)

	Polymers	Environmental Business/ Advanced Materials	Fibers & Textiles	Health & Amenity, Others	Total	Elimination or corporate	Consolidated total
I Net sales and operating income (loss)							
Net sales							
(1) Net sales to outside customers	60,942	25,903	77,514	17,878	182,239	—	182,239
(2) Inter-segment sales or transfers	790	58	266	2,414	3,529	(3,529)	—
Total	61,732	25,962	77,780	20,293	185,769	(3,529)	182,239
Operating expenses	52,840	23,615	78,267	19,075	173,800	(104)	173,696
Operating income (or operating loss)	8,891	2,346	(487)	1,217	11,968	(3,425)	8,543
II Assets, depreciation expenses and capital expenditures							
Assets	74,163	25,354	88,023	62,355	249,897	27,299	277,196
Depreciation and amortization	2,868	779	1,768	838	6,254	532	6,787
Capital expenditures	1,731	190	951	408	3,282	414	3,696

(Note) 1. Among operating expenses, unallocatable operating expenses that are included in elimination or corporate amounted to 3,513 million yen.

2. Among the Assets, the total company assets that are included in elimination or corporate amounted to 35,465 million yen. The main items are investment of surplus funds (cash and deposits), long-term investment funds (investment securities) and assets, etc. related to the Administration and the Research and Development Division of the parent company. Revaluation reserve for business land of the parent company is not included in the respective business segments.

b. Segment information by geographic area

The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)

Segment information by geographic area is omitted because sales and assets in Japan accounted for more than 90% of total sales (including inter-segment sales) and total assets of all geographic segments.

c. Overseas sales

The previous consolidated fiscal year (April 1, 2009 to March 31, 2010)

I. Overseas sales (million yen)	22,394
II. Consolidated sales (million yen)	182,239
III. Ratio of overseas sales to consolidated sales (%)	12.3

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

d. Segment information

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

1. Summary of reportable segment

Unitika's reportable segments are components of the Company for which separate financial information is available. These segments are subject to regular reviews by the Board of Directors to decide the distribution of managerial resources and evaluate business results.

The Company sets up divisions by product and service in its head office. Each division formulates comprehensive domestic and overseas strategies for its products and services and conducts business activities according to the strategies.

Unitika consists of segments by product and service based on divisions. The following three are its reportable segments: Polymers, Advanced Materials, and Fibers & Textiles.

The Polymers segment manufactures and markets films, resins, and non-woven fabrics. The Advanced Materials segment makes and sells glass fibers. The Fibers & Textiles produces and distributes various types of fibers (threads, cotton, textiles and fabrics and the like).

2. Information on the amount of net sales, profit or loss, assets and other items by reportable segment

The previous fiscal year (April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consoli-dated financial statements (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	60,942	15,543	77,514	154,000	28,239	182,239	—	182,239
Inter-segment sales or transfer	790	50	266	1,106	2,429	3,536	(3,536)	—
Total	61,732	15,593	77,780	155,107	30,668	185,775	(3,536)	182,239
Segment income (loss)	8,891	1,488	(487)	9,892	2,077	11,970	(3,426)	8,543
Segment assets	92,746	19,753	75,089	187,589	52,712	240,302	36,893	277,196
Other items								
Depreciation and amortization	2,790	703	1,897	5,390	1,077	6,468	318	6,787
Increase in property, plant and equipment and intangible assets	1,731	179	951	2,862	422	3,284	412	3,696

(Note) 1. The *Other* category comprises business segments that are not included in reportable segments. It includes Environmental business, Medical business, Healthcare & Amenity business, and Real Estate-related business and the like.

2. Adjustment details are as follows.

(1) Adjustment of —3,426 million yen posted in segment income (loss) includes corporate expenses that are not distributed to each reportable segment.

(2) Adjustment of 36,893 million yen posted in segment assets include investment of surplus funds (cash and deposits) by the parent company, long-term investment funds (investment securities) and assets, etc. related to the Administration and the Research and Development Division of the parent company.

(3) Adjustment of 318 million yen posted in depreciation and amortization is depreciation and amortization of common assets that are not distributed to each reportable segment.

(4) Adjustment of 412 million yen posted in increase in property, plant and equipment and intangible assets is an increase in common assets that are not distributed to each reportable segment.

3. Segment income (loss) is adjusted with operating income presented in consolidated income statement.

Current consolidated fiscal year (April 1, 2010 to March 31, 2011)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consolidated financial statements (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	67,016	14,931	77,095	159,043	21,662	180,706	—	180,706
Inter-segment sales or transfer	39	20	212	272	1,661	1,933	(1,933)	—
Total	67,055	14,951	77,308	159,315	23,324	182,640	(1,933)	180,706
Segment income	10,550	1,771	840	13,161	952	14,114	(3,600)	10,513
Segment assets	89,712	18,663	75,341	183,717	51,069	234,786	33,953	268,740
Other items								
Depreciation and amortization	2,615	659	1,762	5,037	925	5,963	312	6,275
Increase in property, plant and equipment and intangible assets	1,644	369	804	2,818	1,189	4,008	709	4,717

(Note) 1. The *Other* category comprises business segments that are not included in reportable segments. It includes Environmental business, Medical business, Healthcare & Amenity business, and Real Estate-related business and the like.

2. Adjustment details s are as follows.
   (1) Adjustment of —3,600 million yen posted in segment income (loss) includes corporate expenses that are not distributed to each reportable segment.
   (2) Adjustment of 33,953 million yen posted in segment assets include investment of surplus funds (cash and deposits) by the parent company, long-term investment funds (investment securities) and assets, etc. related to the Administration and the Research and Development Division of the parent company.
   (3) Adjustment of 312 million yen posted in depreciation and amortization is depreciation and amortization of common assets that are not distributed to each reportable segment.
   (4) Adjustment of 709 million yen posted in increase in property, plant and equipment and intangible assets is an increase in common assets that are not distributed to each reportable segment.
3. Segment income (loss) is adjusted with operating income presented in consolidated income statement.

(Supplemental Information)

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

(Per share information)

Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net assets per share: 41.70 yen Net income per share: 6.39 yen Information on net income per share after full dilution is omitted, since there is no potential common stock.	Net assets per share: 46.98 yen Net income per share: 5.14 yen Information on net income per share after full dilution is omitted, since there is no potential common stock.

(Note) The basis for the calculation of net income per share is as follows:

	Previous consolidated fiscal year (April 1, 2009 to March 31, 2010)	Current consolidated fiscal year (April 1, 2010 to March 31, 2011)
Net income (million yen)	3,036	2,444
Amount not attributable to common stockholders (million yen)	—	—
Net income attributable to common stock (million yen)	3,036	2,444
Average number of common stock during the fiscal year (thousand shares)	475,513	475,415

(Material subsequent events)

1. Issuance of the first unsecured convertible bonds with stock acquisition rights (moving strike convertible bonds) through third party allotment

Unitika Ltd. resolved at its Board of Directors' Meeting held on March 22, 2011 that the Company would issue its first unsecured convertible bonds with stock acquisition rights with a face value of 5,000 million yen through third party allotment as described below. On April 8, 2011, the payment of full amount was completed as scheduled.

(1) Issue date	April 8, 2011
(2) Total number of the stock acquisition rights	40
(3) Issue price of the corporate bonds and the stock acquisition rights	Amount paid per corporate bond:125,000,000 yen (100 yen per face value of 100 yen) Amount paid per stock acquisition right: No payment is required in exchange for the stock acquisition rights.
(4) Number of dilutive common stocks through the issuance	Number of dilutive common stocks at the initial conversion price (66 yen): 75,757,575 Number of dilutive common stocks at the minimum conversion price (33 yen): 118,263,000 (The number of dilutive common stocks at the minimum conversion price described above is the maximum accumulated number of common stocks allocated by the conversion of the stock acquisition rights.) Number of dilutive common stocks at the maximum conversion price (99 yen): 50,505,050
(5) Funds to be raised (Estimated net amount)	4,990,000,000 yen The estimated net amount is an amount obtained by deducting the expenses of issuing the bonds with stock acquisition rights from the total face value of the bonds with stock acquisition rights (5,000,000,000 yen).
(6) Maturity date	The bonds shall be redeemed at 100 yen per face value of 100 yen on April 12, 2013.
(7) Yields	The bonds shall not bear any interest.
(8) Class and number of shares to be issued upon the exercise of the stock acquisition rights	The class of shares to be issued upon the exercise of the stock acquisition rights shall be the Company's common stock. The number of shares to be issued upon the exercise of the stock acquisition rights shall be the amount obtained by dividing the total amounts paid to obtain the bonds with stock acquisition rights exercised by the conversion price described below. Any fraction less than one share shall be disregarded.
(9) Conversion price	The initial conversion price is set at 66 yen. The initial conversion price of the bonds with stock acquisition rights is equivalent to 100% of the closing price of the Company's common stocks on the Tokyo Stock Exchange, Inc. on the date on which the issuance of the bonds with stock acquisition rights was resolved (March 22, 2011).
(10) Revision of conversion price	After the issuance of the bonds with stock acquisition rights, the conversion price shall be revised to the price equivalent to 90% of the average closing prices of the Company's common stock traded on the Tokyo Stock Exchange, Inc. over the last 5 consecutive market days ending on the third Friday of each month. The minimum conversion price is set at 33 yen (equivalent to 50% of the closing price on the date on which the issuance of the bonds with stock acquisition rights was resolved). The maximum conversion price is set at 99 yen (equivalent to 150% of the closing price on date on which the issuance of the bonds with stock acquisition rights was resolved).
(11) Adjustment of conversion price	In the event of any change or possibility of a change in the number of shares of the Company's common stock due to particular reasons after the issuance of the unsecured convertible bonds with stock acquisition rights, the conversion price should be adjusted by the following formula. Conversion price after adjustment = Conversion price before adjustment × (Number of outstanding shares of common stock＋Number of allocated shares of common stock × Amount paid per stock ÷ Market price) ÷ (Number of outstanding shares of common stock＋Number of allocated shares of common stock)
(12) Exercise period of the stock acquisition rights	Period from April 11, 2011 to April 11, 2013
(13) Conditions to exercise the stock acquisition rights	Partial exercise of one stock acquisition right is not allowed.
(14) Method of offering and allocation (allotted party)	Third party allotment to Nomura Securities Co., Ltd.
(15) Use of fund	The Company plans to use the fund for investment and loan to its subsidiary in Indonesia (P.T. Emblem Asia) and R&D in the Polymers business (films, resins, and non-woven fabrics), etc.

2. Exercise of the first unsecured convertible bonds with stock acquisition rights

The Company's first unsecured convertible bonds with stock acquisition rights issued on April 8, 2011 were partially exercised from April 11, 2011 to April 30, 2011 as follows:

(1) Number of the stock acquisition rights exercised	6
(2) Number of common stocks issued	13,227,513 shares
(3) Total exercise amount	750,000,000 yen
(4) Exercise price	56.7 yen per share
(5) Outstanding amount	4,250,000,000 yen
(6) Increase in capital stock	375,000,000 yen
(7) Increase in legal capital surplus	375,000,000 yen

4. Other

Transfer of directors

As of June 29, 2011

1. Candidate for position of auditor
   Toshiro Yoshida (current full-time auditor of Terabo Co., Ltd.)

2. Auditor to be retired
   Taro Tokuzawa (full-time Auditor)

Career summary of candidate for position of auditor

Toshiro Yoshida (date of birth: September 12, 1948)

Employment history	April 1971	Joined Unitika, Ltd.
	April 2002	General Manager of General Affairs Department
	April 2005	Executive Officer
	June 2009	Senior Executive Officer
	June 2010	Retired from position as Senior Executive Officer Full-time auditor of Terabo Co., Ltd.

5. Supplementary materials

(1) Results and earnings forecast for fiscal year ending March 2012 (consolidated)

(Millions of yen)

			Net sales	Operating income	Ordinary income	Net income
Consolidated	FY ended March 2010	Full year	182,239	8,543	4,476	3,036
	FY ended March 2011	Q2	89,281	4,517	2,243	1,149
		Full year	180,706	10,513	6,119	2,444
	FY ended March 2012	Q2 (forecast)	85,000	4,500	2,500	1,000
		Full year (forecast)	178,500	12,500	8,000	3,500
	Comparison with prior year	Q2 (forecast)	(4,281)	(17)	257	(149)
		Full year (forecast)	(2,206)	1,987	1,881	1,056

(2) Segment information (consolidated)

(Millions of yen)

			Polymers	Advanced Materials	Fibers & Textiles	Other	Elimination or corporate	Consolidated total
Results for prior fiscal year	FY ended March 2010	Net sales to outside customers	60,942	15,543	77,514	28,239	—	182,239
		Component ratio (%)	33.4	8.5	42.5	15.5	—	100.0
		Operating income	8,891	1,488	(487)	2,077	(3,426)	8,543
		Component ratio (%)	104.1	17.4	(5.7)	24.3	(40.1)	100.0
Results for current fiscal year	FY ended March 2011	Net sales to outside customers	67,016	14,931	77,095	21,662	—	180,706
		Component ratio (%)	37.1	8.3	42.7	12.0	—	100.0
		Operating income	10,550	1,771	840	952	(3,600)	10,513
		Component ratio (%)	100.4	16.8	8.0	9.1	(34.2)	100.0
Comparison with prior year		Net sales to outside customers	6,074	(612)	(419)	(6,577)	—	(1,533)
		Increase/decrease from prior year (%)	10.0	(3.9)	(0.5)	(23.3)	—	(0.8)
		Operating income	1,659	283	1,327	(1,125)	(174)	1,970
		Increase/decrease from prior year (%)	18.7	19.0	—	(54.2)	5.1	23.1
FY ended March 2012 (forecast)	(forecast)	Net sales to outside customers	69,000	15,500	77,000	17,000	—	178,500
		Component ratio (%)	38.7	8.7	43.1	9.5	—	100.0
		Operating income	10,600	2,000	1,500	1,700	(3,300)	12,500
		Component ratio (%)	84.8	16.0	12.0	13.6	(26.4)	100.0
	Comparison	Net sales to outside customers	1,984	569	(95)	(4,662)	—	(2,206)
		Increase/decrease from prior year (%)	3.0	3.8	(0.1)	(21.5)	—	(1.2)
		Operating income	50	229	660	748	300	1,987
		Increase/decrease from prior year (%)	0.5	12.9	78.6	78.6	(8.3)	18.9

(3) Capital expenditures, Depreciation (Property, plant and equipment), R&D expenditures, Interest-bearing liabilities, Financial account balance, Number of full-time employees (consolidated) (¥ million, persons)

		Capital expenditures	Depreciation (Property, plant and equipment)	R&D expenditures	Interest-bearing liabilities (end of fiscal year)	Financial account balance	Number of full-time employees (persons)
FY ended March 2009	Full year	8,215	7,264	4,394	194,744	(3,486)	5,437
FY ended March 2010	Full year	3,566	6,592	3,866	193,380	(3,438)	5,037

FY ended March 2011	Full year	4,437	6,106	3,615	182,550	(3,261)	4,845
FY ended March 2012	Full year (forecast)	7,633	5,758				

(4) Cash flow (consolidated)

(Millions of yen)

		Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
FY ended March 2009	Full year	4,977	(7,419)	(505)	9,275
FY ended March 2010	Full year	14,286	(2,683)	(1,175)	20,160
FY ended March 2011	Full year	10,416	(2,959)	(10,844)	16,589