

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2020

November 8, 2019

Listed stock exchanges: Tokyo Stock Exchange

Company name: Unitika Ltd.

Code number: 3103

URL: <https://www.unitika.co.jp/e/home.htm>

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Expected submission of quarterly report: November 13, 2019

Expected commencement date for paying dividend: –

Preparation of supplementary explanation documents for quarterly financial results: Yes

Holding of an analyst meeting for quarterly financial results: Yes (for securities analysts and institutional investors)

(Figures rounded down to nearest million yen.)

1. Consolidated performance for 2nd quarter of fiscal year ending March 31, 2020 (April 1, 2019 to September 30, 2019)

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

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 of FY ending March 31, 2020	60,486	(4.6)	2,866	(35.0)	2,148	(49.5)	(1,383)	—
Q2 of FY ended March 31, 2019	63,379	0.5	4,408	(24.0)	4,257	(20.2)	3,875	(18.5)

(Note) Comprehensive income Q2 of FY ending March 31, 2020: (1,263) million yen [—%]

Q2 of FY ended March 31, 2019: 3,038 million yen [(34.1%)]

	Quarterly net income per share	Diluted quarterly net income per share
	Yen	Yen
Q2 of FY ending March 31, 2020	(26.78)	—
Q2 of FY ended March 31, 2019	63.76	39.13

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q2 of FY ending March 31, 2020	194,278	39,767	18.7
FY ended March 31, 2019	199,093	41,352	19.0

(Reference) Shareholders' equity 2nd quarter of fiscal year ending March 31, 2020: 36,322 million yen

Fiscal year ended March 31, 2019: 37,873 million yen

2. Dividend payment

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2019	—	0.00	—	0.00	0.00
FY ending March 31, 2020	—	0.00	—	—	—
FY ending March 31, 2020 (forecast)	—	—	—	0.00	0.00

(Note) Revision of the latest dividend forecast: None

(Note) The above *Dividend payment* refers to dividends paid to the holders of common stock. For details of dividend payment to the holders of class shares (unlisted), the rights of which are different from those of common stock, please refer to *Dividend payment to the holders of class shares* mentioned below.

3. Forecast of consolidated performance for fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY ending March 31, 2020	129,000	(0.1)	6,500	(20.2)	5,200	(26.7)	200	(96.2)	(2.11)

(Note) Revision of the latest forecasts of operational results: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): No
New companies: — (company name)
Excluded companies: — (company name)
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- ① Changes in accounting policies due to revisions of accounting standards: No
 - ② Changes of accounting policies other than the above: No
 - ③ Changes in accounting estimates: No
 - ④ Retrospective restatement: No
- (4) Number of shares outstanding (Common stock)
- ① Number of shares outstanding at end of term (including treasury stock):
2nd quarter of the fiscal year ending March 31, 2020: 57,752,343 shares
Fiscal year ended March 31, 2019: 57,752,343 shares
 - ② Number of treasury stocks at end of term
2nd quarter of the fiscal year ending March 31, 2020: 94,057 shares
Fiscal year ended March 31, 2019: 93,637 shares
 - ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)
2nd quarter of the fiscal year ending March 31, 2020: 57,658,458 shares
2nd quarter of the fiscal year ended March 31, 2019: 57,659,748 shares

* This brief report of quarterly financial statements is not subject to audit procedures by a certified public accountant or an independent auditor.

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

The forward-looking statements in this document concerning forecasting of performance etc. are based on currently available information and assumptions considered by the Company to be reasonable. Such statements are neither promises nor guarantees of future performance. The actual performance may be significantly different from forecasts due to various factors. Concerning assumptions used as a basis for forecasting business performance and precautionary statements when using the forecast of performance, please refer to 1. *Qualitative Information on Quarterly Results* (3) *Explanation of future forecast information including forecast of consolidated performance* on page 3 of the attachment.

Dividend payment to the holders of class shares

The breakdown of dividends per share related to class shares, the rights of which are different from those of common stock, is as follows:

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year end	Total
Class A share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2019	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2020	—	0.00			
FY ending March 31, 2020 (forecast)			—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2019	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2020	—	0.00			
FY ending March 31, 2020 (forecast)			—	23,740.00	23,740.00

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1. Qualitative Information on Quarterly Results

(1) Explanation of operational results

During the six-month period of the consolidated fiscal year under review, the Japanese economy continued to grow moderately, supported by good employment and income environment as well as solid capital investment and consumer spending in Japan, despite the impact of a slowdown in external demand. Meanwhile, the outlook for the global economy remained unclear, although the U.S. economy continued to grow robustly. This was due to economic stagnation in China as well as further intensifying trade friction between the U.S. and China and lingering geopolitical risks, such as unstable situations in the Middle East.

Under these circumstances, the Unitika Group endeavored to realize the three *Gs* (*Growth, Global, and Governance*) promoted under the “*G*” round 20—to *The Next Stage*, its medium-term management plan. Consequently, the Group reported net sales of 60,486 million yen (down 4.6% year on year), operating profit of 2,866 million yen (down 35.0% year on year), and ordinary profit of 2,148 million yen (down 49.5% year on year) in the six-month period of the consolidated fiscal year under review. Meanwhile, the Group posted 2,500 million yen of provision for loss on litigation, as an extraordinary loss, resulting in loss attributable to owners of parent of 1,383 million yen in the six-month period of the consolidated fiscal year under review (vs. profit attributable to owners of parent of 3,875 million yen in the previous year). This was a response to a judgment made by court of second instance, in which citizens of Toyohashi City filed a lawsuit claiming that the Company’s sale of land for industrial use (the land transferred by the City to the Company in 1951) to a third party was a breach of the land transfer contract and requested the mayor of the City to exercise a claim for damages against the Company.

Furthermore, as the Unitika Group announced on August 28, 2019 and November 1, 2019, incidents of inappropriate quality control occurred successively in the Company and its subsidiaries. The Group greatly regrets that such incidents occurred, reflects deeply on insufficient understanding about quality control as a manufacturer, and sincerely apologizes for significant worry and inconveniences these incidents may have caused customers and concerned parties.

Here is an overview of the business results by segment.

[Polymers]

The Polymers business saw the occurrence of a fire at the Uji Plant in January 2019 affect production and sales of the Films business and nylon products in the Plastics businesses.

In the Films business, sales decreased in the packaging sector due to the impact of the fire at the Uji Plant and a slowdown in demand for some seasonal products because the end of the rainy season came late. However, sales of high value-added products, such as *EMBLEM HG*, a barrier nylon film, grew steadily in Japan and overseas. In the industrial sector, sales decreased due to the deterioration of market conditions in the area of semiconductor applications both at home and abroad. Meanwhile, sales of high value-added products, such as *Uni-peel*, a silicon-free mold release PET film, and *Uni-amide*, a heat-resistant thermoplastic polyamide film, increased steadily. Accordingly, the Films business saw net sales decline but profit remain flat.

In the Plastics business, sales of nylon resins decreased due to the impact of the fire at the Uji Plant. Furthermore, sales of *U-Polymer*, a polyarylate resin, grew strongly for information terminal equipment applications but faced an uphill battle for automobile applications overseas due to a fall in demand. Sales of raw materials for other functional resins were sluggish due to the deterioration of market conditions caused by trade disputes between the U.S. and China and a decline in demand caused by stagnation in the semiconductor market. Accordingly, the Plastics business posted a fall in net sales and profit.

In the Non-woven Fabrics business, sales of polyester spunbond fabrics grew steadily overseas supported by steady progress of new customer exploitation, but were largely sluggish in Japan. THAI UNITIKA SPUNBOND CO., LTD. (TUSCO), a subsidiary in Thailand, saw its efforts to encourage customers to adopt products manufactured by its new machinery at the stage of design pay off, but overall sales were sluggish due to customers’ inventory adjustment for some applications. Sales of cotton spunlace grew strongly overseas for sanitary material applications, but demand temporarily decreased in Japan. Accordingly, the Non-woven Fabrics business saw net sales and profit decline.

Consequently, the Polymers business posted operating profit of 2,854 million yen (down 29.3% year on year) on net sales of 29,048 million yen (down 6.6% year on year).

[Advanced Materials]

In the Glass Fibers business, the industrial materials sector saw sales of products for building applications, such as tents, smoke barriers, and fire spread prevention sheets, grow steadily. Sales for environment-related applications also recovered. In the electronic materials sector, sales of IC cloth, especially high value-added products, such as super thin products and materials with low thermal expansion, grew steadily overseas. However, sales declined in Japan due to the deterioration of conditions in the semiconductor market.

In the Glass Beads business, sales of products for industrial applications were sluggish due to a fall in demand in the field of automotive and electronic components. Demand for products for reflective material applications recovered but profitability decreased. Meanwhile, sales of products for road applications increased steadily.

In the Activated Carbon Fibers business, sales for our mainstay water purifier applications, especially faucet built-in water purifiers, continued to be strong and sales for VOC removal applications also continued to grow steadily. However, sales for industrial filter applications remained sluggish.

Consequently, the Advanced Materials business posted operating profit of 483 million yen (down 22.8% year on year) on net sales of 6,470 million yen (up 2.9% year on year).

[Fibers and Textiles]

In the Industrial Materials business, sales of polyester staple fibers grew steady for daily product applications and industrial material applications, but exports were sluggish. Sales of ultra-high-strength polyester filament yarns were also robust for civil engineering and building applications. However, demand for composite fibers decreased for material applications.

In the Garments, Lifestyle Materials and Bedding business, sales in the uniform sector, a mainstay of this business, remained strong chiefly for corporate customers. However, sales continued to be weak in the sports clothing and bedding sectors. Exports of raw fibers for high-functional materials also declined. Furthermore, in the Overseas business, sales of denim remained flat from the previous year.

Consequently, the Fibers and Textiles business posted an operating loss of 323 million yen (vs. operating loss of 24 million yen in the previous year) on net sales of 24,840 million yen (down 1.5% year on year).

[Others]

The Others category posted an operating loss of 144 million yen (vs. operating loss of 203 million yen in the previous year) on net sales of 127 million yen (down 83.8% year on year).

(2) Explanation of financial situation

Total assets decreased by 4,815 million yen from the end of the previous consolidated year to 194,278 million yen, mainly due to a decrease in notes and accounts receivable-trade. Liabilities declined by 3,229 million yen from the end of the previous consolidated fiscal year to 154,511 million yen, mainly due to a decline in notes and accounts payable-trade despite the posting of provision for loss on litigation. Net assets fell by 1,585 million yen from the end of the previous consolidated year to 39,767 million yen. This was mainly due to a decrease in retained earnings caused by the posting of loss attributable to owners of parent.

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 4,593 million yen (down 21.1% year on year) during the first six-month period of the current consolidated fiscal year due to a decrease in trade receivables and the posting of depreciation and provision for loss on litigation despite a decline in trade payables.

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

Net cash used in investment activities amounted to 2,987 million yen during the first six-month period of the current consolidated fiscal year (3,219 million yen used in the same period of the previous consolidated fiscal year) due to the posting of expenses related to capital expenditures.

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

Net cash used in financing activities amounted to 2,079 million yen during the first six-month period of the current consolidated fiscal year (1,859 million yen used in the same period of the previous consolidated fiscal year), mainly due to repayment of loans payable.

As a result, cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review decreased by 553 million yen from the end of the previous consolidated fiscal year to 21,569 million yen.

(3) Explanation of future forecast information including forecast of consolidated performance

Considering the consolidated performance, mainly the Polymers business, for the first six-month period of the current fiscal year, the Company has revised the forecast of consolidated net sales for the full year of the fiscal year ending March 31, 2020 announced on August 6, 2019. For information, the forecast for operating profit, ordinary profit, and profit attributable to owners of parent remain unchanged from the previous forecast.

Revision of the full year forecast of consolidated performance for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	(Millions of yen) 132,000	(Millions of yen) 6,500	(Millions of yen) 5,200	(Millions of yen) 200	Yen (2.11)
Revised forecast (B)	129,000	6,500	5,200	200	(2.11)
Changes (B – A)	(3,000)	0	0	0	—
Percentage change (%)	(2.3)	0.0	0.0	0.0	—
(Reference) Performance of the previous fiscal year (the year ended March 31, 2019)	129,098	8,144	7,093	5,232	85.17

2. Quarterly Consolidated Financial Statements and Major Notes to Consolidated Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2019)	Q2 of FY ending March 2020 (September 30, 2019)
Assets		
Current assets		
Cash and deposits	22,580	22,229
Notes and accounts receivable-trade	35,316	29,615
Inventories	29,639	30,477
Other	2,416	2,701
Allowance for doubtful accounts	(61)	(48)
Total current assets	89,891	84,974
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	23,002	22,952
Land	65,629	65,179
Other, net	14,235	14,866
Total property, plant and equipment	102,868	102,997
Intangible assets		
Other	1,927	1,822
Total intangible assets	1,927	1,822
Investments and other assets		
Other	4,444	4,517
Allowance for doubtful accounts	(37)	(33)
Total investments and other assets	4,406	4,483
Total non-current assets	109,202	109,303
Total assets	199,093	194,278

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2019)	Q2 of FY ending March 2020 (September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,056	13,370
Short-term borrowings	2,430	2,241
Current portion of long-term borrowings	99,993	98,530
Income taxes payable	589	532
Provision for bonuses	1,648	1,592
A product repair reserve fund	72	43
Other	8,743	9,193
Total current liabilities	131,534	125,503
Non-current liabilities		
Long-term borrowings	180	150
Provision for retirement benefits for directors (and other officers)	4	—
Provision for loss on litigation	—	2,500
Retirement benefit liability	13,184	13,622
Other	12,836	12,734
Total non-current liabilities	26,206	29,007
Total liabilities	157,740	154,511
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,218	13,218
Retained earnings	24,040	22,334
Treasury shares	(56)	(56)
Total shareholders' equity	37,302	35,596
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	363	396
Deferred gains or losses on hedges	(69)	(97)
Revaluation reserve for land	6,412	6,412
Foreign currency translation adjustment	(3,589)	(3,635)
Remeasurements of defined benefit plans	(2,545)	(2,350)
Total accumulated other comprehensive income	571	725
Non-controlling interests	3,479	3,444
Total net assets	41,352	39,767
Total liabilities and net assets	199,093	194,278

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income
 (Consolidated quarterly statements of income)
 (Six-month period ended September 30, 2019)

(Unit: Millions of yen)

	Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)	Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)
Net sales	63,379	60,486
Cost of sales	48,394	46,727
Gross profit	14,984	13,759
Selling, general and administrative expenses	10,576	10,892
Operating profit	4,408	2,866
Non-operating income		
Interest income	28	61
Dividend income	46	46
Share of profit of entities accounted for using equity method	15	4
Foreign exchange gains	374	—
Rent income	68	63
Other	184	164
Total non-operating income	717	340
Non-operating expenses		
Interest expenses	618	599
Foreign exchange losses	—	250
Other	250	208
Total non-operating expenses	868	1,058
Ordinary profit	4,257	2,148
Extraordinary income		
Gain on sales of non-current assets	—	74
Gain on sales of investment securities	—	0
Gain on liquidation of subsidiaries and associates	398	—
Total extraordinary income	398	74
Extraordinary losses		
Loss on disposal of non-current assets	254	646
Loss on valuation of investment securities	—	44
Provision for loss on litigation	—	2,500
Other	—	23
Total extraordinary losses	254	3,213
Profit (loss) before income taxes	4,402	(990)
Income taxes-current	520	371
Income taxes-deferred	2	38
Total income taxes	523	410
Profit (loss)	3,878	(1,400)
Profit (loss) attributable to non-controlling interests	2	(17)
Profit (loss) attributable to owners of parent	3,875	(1,383)

(Consolidated quarterly statements of comprehensive income)

(Six-month period ended September 30, 2019)

(Unit: Millions of yen)

	Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)	Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)
Profit (loss)	3,878	(1,400)
Other comprehensive income		
Valuation difference on available-for-sale securities	15	33
Deferred gains or losses on hedges	(13)	(31)
Foreign currency translation adjustment	(1,020)	(59)
Remeasurements of defined benefit plans, net of tax	178	194
Total other comprehensive income	(839)	136
Comprehensive income	3,038	(1,263)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,074	(1,229)
Comprehensive income attributable to non-controlling interests	(35)	(34)

(3) Consolidated quarterly statements of cash flows

(Unit: Millions of yen)

	Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)	Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit (loss) before income taxes	4,402	(990)
Depreciation	2,390	2,548
Loss (gain) on liquidation of subsidiaries and associates	(398)	—
Provision for loss on litigation	—	2,500
Increase (decrease) in allowance for doubtful accounts	(1)	(16)
Increase (decrease) in net defined benefit liability	588	645
Increase (decrease) in provision for business restructuring	(20)	—
Increase (decrease) in a product repair reserve fund	(349)	(28)
Increase (decrease) in other provision	68	(60)
Interest expenses	618	599
Loss (gain) on disposal of non-current assets	254	646
Loss (gain) on sales of non-current assets	—	(74)
Loss (gain) on valuation of investment securities	—	44
Decrease (increase) in notes and accounts receivable-trade	2,008	5,654
Decrease (increase) in inventories	(2,164)	(887)
Increase (decrease) in notes and accounts payable-trade	(233)	(4,623)
Other, net	(219)	(854)
Subtotal	6,942	5,101
Interest and dividend income received	74	108
Interest expenses paid	(608)	(596)
Income taxes paid	(583)	(490)
Proceeds from insurance income	—	470
Net cash provided by (used in) operating activities	5,825	4,593
Cash flows from investing activities		
Decrease (increase) in time deposits	(158)	(206)
Purchase of investment securities	(5)	(5)
Proceeds from sales of investment securities	—	1
Purchase of property, plant and equipment	(2,886)	(3,056)
Proceeds from sales of property, plant and equipment	10	501
Other, net	(179)	(222)
Net cash provided by (used in) investing activities	(3,219)	(2,987)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(19)	(188)
Proceeds from long-term loans payable	100	—
Repayments of long-term loans payable	(1,414)	(1,492)
Cash dividends paid	(397)	(321)
Other, net	(128)	(76)
Net cash provided by (used in) financing activities	(1,859)	(2,079)
Effect of exchange rate change on cash and cash equivalents	(54)	(79)
Net increase (decrease) in cash and cash equivalents	691	(553)
Cash and cash equivalents at beginning of period	26,169	22,122
Cash and cash equivalents at end of period	26,861	21,569

(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable.

(Additional information)

In a lawsuit filed by citizens of Toyohashi City, Aichi Prefecture (the "City") who claimed that Unitika's sale of land for industrial use to a third party was a breach of the land transfer contract—the land was transferred by the City to the Company in 1951—and requested the mayor of the City to demand damages against the Company (the Company participated in the lawsuit as an assisting intervener), on February 8, 2018 the Nagoya District Court ordered the mayor to request the Company to pay 6,300 million yen in damages and delinquency charges. On February 20, 2018, the mayor appealed to the Nagoya High Court against the decision (the Company participated in the lawsuit as an assisting intervener). On July 16, 2019, the Nagoya High Court sentenced the mayor to request the Company to pay around 2,094 million yen in damages and delinquency charges. On July 29, 2019, the mayor appealed to the Supreme Court against the judgment made by the court of second instance and made a petition for acceptance of a final appeal. Meanwhile, the Company made reasonable estimates to calculate the amount basing on the judgment by the High Court and posted 2,500 million yen of provision for loss on litigation.

(Segment information)

Segment Information

I. Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)

1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consolidated quarterly statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	31,087	6,286	25,219	62,593	785	63,379	—	63,379
Inter-segment sales or transfers	4,536	445	264	5,245	607	5,853	(5,853)	—
Total	35,623	6,732	25,483	67,839	1,393	69,232	(5,853)	63,379
Segment income (loss)	4,037	625	(24)	4,638	(203)	4,435	(27)	4,408

(Notes) 1. The *Other* segment includes business segments that are not included in the reporting segments, such as the design, construction, and maintenance businesses of plant projects.

2. Adjustment of *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

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

II. Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)

1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consolidated quarterly statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	29,048	6,470	24,840	60,359	127	60,486	—	60,486
Inter-segment sales or transfers	4,588	360	252	5,201	18	5,219	(5,219)	—
Total	33,637	6,830	25,092	65,560	145	65,706	(5,219)	60,486
Segment income (loss)	2,854	483	(323)	3,014	(144)	2,870	(3)	2,866

(Notes) 1. The *Other* segment includes business segments that are not included in reportable segments.

2. Adjustment of *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

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

3. Supplementary Information

1. Results and earnings forecast for fiscal year ending March 2020 (consolidated)

(Millions of yen)

			Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated	FY ended March 2018	Full year	128,388	11,658	9,972	8,081
	FY ended March 2019	Q2	63,379	4,408	4,257	3,875
		Full year	129,098	8,144	7,093	5,232
	FY ending March 2020	Q2	60,486	2,866	2,148	(1,383)
		Full year (forecast)	129,000	6,500	5,200	200
	Comparison with prior year	Q2		(2,893)	(1,541)	(2,109)
Full year			(98)	(1,644)	(1,893)	(5,032)

2. Segment information (consolidated)

(Millions of yen)

			Polymers	Advanced Materials	Fibers & Textiles	Other	Adjustment	Consolidated total
Results for previous fiscal year	1st six-month period ended September 2018 (Results)	Net sales to outside customers	31,087	6,286	25,219	785	—	63,379
		Component ratio (%)	49.0	9.9	39.8	1.2	—	100.0
		Operating profit	4,037	625	(24)	(203)	(27)	4,408
		Component ratio (%)	91.6	14.2	(0.5)	(4.6)	(0.6)	100.0
Results for current fiscal year	1st six-month period ended September 2019 (Results)	Net sales to outside customers	29,048	6,470	24,840	127	—	60,486
		Component ratio (%)	48.0	10.7	41.1	0.2	—	100.0
		Operating profit	2,854	483	(323)	(144)	(3)	2,866
		Component ratio (%)	99.6	16.9	(11.3)	(5.0)	(0.1)	100.0
Comparison with the same period of the previous year		Net sales to outside customers	(2,038)	183	(379)	(658)	—	(2,893)
		Increase/decrease from previous year (%)	(6.6)	2.9	(1.5)	(83.8)	—	(4.6)
		Operating profit	(1,182)	(142)	(298)	59	23	(1,541)
		Increase/decrease from previous year (%)	(29.3)	(22.8)	—	—	—	(35.0)

3. Capital investment, Depreciation (Property, plant and equipment), R&D expenditures, Interest-bearing liabilities, Financial account balance, Number of permanent employees (consolidated)

(Millions of yen, persons)

		Capital investment	Depreciation (Property, plant and equipment)	R&D expenditures	Interest-bearing liabilities (end of fiscal year)	Financial account balance	Number of permanent employees (persons)
FY ended March 2018	Full year	4,129	4,448	3,274	105,252	(1,182)	3,677
1st six-month period ended September 2018	Q2	3,296	2,113	1,752	103,915	(543)	3,734
FY ended March 2019	Full year	6,074	4,481	3,474	102,603	(1,066)	3,497
1st six-month period ended September 2019	Q2	3,154	2,268	1,831	100,922	(490)	3,477

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 2018	Full year	9,739	(3,231)	(17,207)	26,169
1st six-month period ended September 2018	Q2	5,825	(3,219)	(1,859)	26,861
FY ended March 2019	Full year	8,985	(6,440)	(6,519)	22,122
1st six-month period ended September 2019	Q2	4,593	(2,987)	(2,079)	21,569