

Consolidated Financial Statement for 1Q of FY2007 (April 1, 2007 - June 30, 2007)

August 3, 2007

UNITIKA LTD. Listed on the First Section of TSE and OSE (Stock Code: 3103)
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(Amounts less than one million yen are omitted)

1. Consolidated Performance for the 1st Quarter FY2007 (April 1, 2007 - June 30, 2007)

(1) Consolidated Operating Results

Three months ended June 30

Percentage indicates increase /(decrease) from the previous year

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2007	54,635	7.6	2,259	32.4	2,458	80.1	1,658	224.9
2006	50,767	0.1	1,706	(52.3)	1,364	(56.4)	510	(59.4)
Year ended March 31, 2007	220,572	-	11,171	-	8,458	-	2,562	-

	Net income per share	Diluted net income per share
	Yen	Yen
2007	3.49	-
2006	1.07	-
Year ended March 31, 2007	5.39	-

(2) Consolidated Financial Position

As of June 30

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2007	328,097	39,158	10.5	72.67
2006	324,457	38,598	10.4	71.28
Year ended March 31, 2007	328,382	39,959	10.8	74.24

2. Forecast for the Fiscal Year 2007 Ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

No amendments were made to the forecast for FY 2007 that was announced on May 11, 2007 in the Financial Statements for 2006.

3. Others

(1) Changes in major subsidiaries during the subject fiscal year (transfer of specific subsidiaries following a change in the scope of consolidation): None

(2) Application of simplified methods in accounting procedures: Yes

(3) Changes in accounting methods since the recent consolidated fiscal year: None

[Note: For further details, refer to “Qualitative Information and Financial Statements, Clause 4 Others”]

** Note to ensure the appropriate use of the result forecast and the other special information*

Any result forecast and future outlook statements contained in this material are based on the current information available to and judged as reasonable by the company management. Actual performance and results may significantly differ from these descriptions because of a number of factors.

[Qualitative Information and Financial Statements]

1. Qualitative Information for Consolidated Operating Results

During the 1st quarter of FY 2007 (from April 1, 2007 to June 30, 2007), the domestic economy continued to be firm but with further increases in petrochemical raw material prices and the future prospects remaining obscure. Under such circumstances, our group tackled various measures to improve income, and for the 1st quarter of FY2007, net sales showed 54,635 million yen, operating income was 2,259 million yen, ordinary income was 2,458 million yen, and net income for the quarter was 1,658 million yen.

Here following, business performance is given by segment.

[Polymers]

In the film business, total film sales remained firm but nylon films were exposed to severe business circumstances, affected by further increases in raw material prices. The resin business continued to be firm with sales expansion of functional resins mainly for the applications in automotive, electrical and electronic parts. Nonwoven fabrics proceeded more or less steadily with the expansion in export business and in applications for hygienic products.

[Environmental Business and Advanced Materials]

The environmental business is faced with a difficult situation under the reduction in public projects and the lower prices of contracts. However, the construction works for orders delayed from the previous period helped a recovery in sales. In the advanced materials business, IC cloth was affected by inventory adjustments, but glass fiber proceeded steadily with a growth in applications for nonflammable products, as well as glass beads for reflective materials.

[Fibers and Textiles]

The synthetic fiber business was affected by increased raw material prices and business in nylon fibers was somewhat sluggish while the sales of polyester fiber continued to be firm. On the other hand, in the natural fiber business, the influx rush of overseas products could not be stopped, raw material prices increased and the influence of foreign exchange rates occurred, so business conditions have been very severe. However, an increase was seen in sales of uniforms.

[Healthcare & Amenity and Others]

In the healthcare & amenity business, the medical field business more or less progressed according to plans, but growth in the health supplements field was sluggish. In other businesses, income relating to real estate decreased.

2. Qualitative Information for Consolidated Financial Position

The total assets as of the end of the 1st quarter FY2007 amounted to 328,097 million yen, a decline of 284 million yen compared with the end of the previous period. The major increases and decreases were the increase in sales credits and inventory assets and the decrease in investments and other assets.

Net assets, including minority interests amounted to 39,158 million yen, increasing net income for this 1st quarter but decreasing by 800 million yen compared with the end of the previous period due to foreign currency translation adjustments, etc.

3. Qualitative Information for Consolidated Result Forecast

There were no amendments to the result forecast.

4. Others

- (1) Changes in major subsidiaries during the subject fiscal year (transfer of specific subsidiaries following a change in the scope of consolidation): None
- (2) Adoption of simplified methods in accounting procedures: Yes
A simplified method is adopted for a part of the reserves.
- (3) Changes in accounting methods since the recent consolidated fiscal year: None

5. Consolidated Balance Sheet

Unit:Millions of yen

	Mar 31,2007	Jun 30,2007	Increase (Decrease)	Jun 30,2006
ASSETS				
I.Current assets				
Cash and cash equivalents	16,501	15,841	(660)	13,426
Notes and accounts receivable	49,734	51,880	2,145	46,712
Inventories	65,266	67,288	2,022	61,960
Other current assets	8,562	9,840	1,278	9,257
Total current assets	140,065	144,850	4,785	131,356
II.Fixed assets				
Property,plant and equipment	164,115	164,147	31	165,370
Intangible fixed assets	1,651	1,635	(16)	1,395
Investments and other assets	22,550	17,464	(5,086)	26,335
Total fixed assets	188,317	183,247	(5,070)	193,100
Total assets	328,382	328,097	(284)	324,457
LIABILITIES				
I.Current liabilities				
Notes and accounts payable	41,999	39,447	(2,551)	32,954
Short-term interest-bearing debt	106,760	106,432	(327)	105,445
Other current liabilities	20,239	20,009	(229)	20,480
Total current liabilities	168,999	165,890	(3,108)	158,880
II.Long-term liabilities				
Long-term interest-bearing debt	90,198	94,678	4,479	94,523
Allowance for retirement benefits	3,926	3,280	(645)	4,940
Other long-term liabilities	25,299	25,089	(209)	27,515
Total long-term liabilities	119,423	123,048	3,624	126,979
Total liabilities	288,423	288,939	516	285,859
NET ASSETS				
I.Shareholders' equity				
Common stock	23,798	23,798	-	23,798
Capital surplus	1,661	1,661	-	1,661
Retained earnings	6,660	7,507	847	4,482
Treasury stock	(37)	(38)	(1)	(31)
Total shareholders' equity	32,082	32,928	846	29,909
II.Valuation and translation adjustments				
Unrealized gain on other securities	1,039	1,059	19	1,576
Deferred gain on derivatives under hedges accounting	2	3	1	10
Land revaluation excess	3,444	3,281	(162)	3,831
Foreign currency translation adjustments	(1,258)	(2,709)	(1,451)	(1,422)
Total valuation and translation adjustments	3,227	1,634	(1,592)	3,995
III.Minority interests in consolidated subsidiaries				
Total net assets	39,959	39,158	(800)	38,598
Total liabilities and net assets	328,382	328,097	(284)	324,457

Consolidated Statements of Income

Unit:Millions of yen

	Three months ended June 30		Increase (Decrease)	Year ended March 31,2007
	2006	2007		
I. Net sales	50,767	54,635	3,867	220,572
II. Cost of sales	41,130	44,660	3,530	178,211
Gross profit	9,637	9,974	337	42,360
III. Selling, general and administrative expenses	7,930	7,714	(216)	31,189
Operating income	1,706	2,259	553	11,171
IV. Non-operating incomes				
Interest income and dividends	160	162	1	399
Equity in income of unconsolidated subsidiaries and affiliates	129	457	327	274
Other incomes	941	1,251	309	3,074
Total non-operating incomes	1,231	1,870	638	3,748
V. Non-operating expenses				
Interest expense	927	996	69	3,875
Other expenses	646	675	28	2,585
Total non-operating expenses	1,573	1,671	98	6,461
Ordinary income	1,364	2,458	1,093	8,458
VI. Extraordinary income	9	1,249	1,239	41
VII. Extraordinary losses	287	475	188	5,129
Income before income taxes	1,087	3,232	2,144	3,369
Tax expense	615	1,650	1,035	947
Minority interest in income of consolidated subsidiaries	(38)	(77)	(38)	(140)
Net income	510	1,658	1,148	2,562

Segment Information

Business Segment Information

Three months ended June 30, 2006

Unit:Millions of yen

	Polymers	Environmental Business and Advanced Materials	Fibers and Textiles	Healthcare & Amenity and Others	Total	Elimination or Corporate	Consolidated total
Net sales and operating income							
I. Net sales							
(1) Outside customers	16,107	5,274	23,384	6,000	50,767	-	50,767
(2) Inter-segment net sales and transfers	961	167	108	780	2,017	(2,017)	-
Total	17,068	5,441	23,493	6,781	52,784	(2,017)	50,767
II Operating expenses	15,582	5,818	23,484	5,700	50,585	(1,524)	49,060
Operating income	1,486	(377)	9	1,081	2,199	(492)	1,706

(Note) Unallocated operating expenses disclosed in "Elimination or Corporate" amounted to 511 million yen.

Three months ended June 30, 2007

Unit:Millions of yen

	Polymers	Environmental Business and Advanced Materials	Fibers and Textiles	Healthcare & Amenity and Others	Total	Elimination or Corporate	Consolidated total
Net sales and operating income							
I. Net sales							
(1) Outside customers	16,931	6,574	25,086	6,041	54,635	-	54,635
(2) Inter-segment net sales and transfers	976	139	159	765	2,040	(2,040)	-
Total	17,908	6,713	25,246	6,807	56,675	(2,040)	54,635
II Operating expenses	16,062	6,424	25,182	6,150	53,820	(1,444)	52,375
Operating income	1,845	289	63	656	2,855	(595)	2,259

(Note) Unallocated operating expenses disclosed in "Elimination or Corporate" amounted to 586 million yen.

Fiscal year ended March 31, 2007

Unit:Millions of yen

	Polymers	Environmental Business and Advanced Materials	Fibers and Textiles	Healthcare & Amenity and Others	Total	Elimination or Corporate	Consolidated total
Net sales and operating income							
I. Net sales							
(1) Outside customers	66,198	28,947	103,236	22,190	220,572	-	220,572
(2) Inter-segment net sales and transfers	3,832	703	561	3,372	8,470	(8,470)	-
Total	70,031	29,650	103,798	25,562	229,042	(8,470)	220,572
II Operating expenses	62,390	27,374	101,685	23,391	214,842	(5,441)	209,400
Operating income	7,640	2,276	2,112	2,170	14,200	(3,028)	11,171

(Note) Unallocated operating expenses disclosed in "Elimination or Corporate" amounted to 3,088 million yen.