

Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2012

August 5, 2011

Listed stock exchanges: Tokyo Stock Exchange, Osaka Securities Exchange

Company name: Unitika Ltd.

Code number: 3103 URL: <http://www.unitika.co.jp/e/home.htm>

Representative: Kenji Yasue, President and Chief Executive Officer

Contact: Shoji Ishikawa, General Manager of Accounting Department TEL: +81-6-6281-5721

Expected submission of quarterly report: August 12, 2011

Expected commencement date for paying dividend: –

Preparation of supplementary explanation documents for quarterly financial results: No

Holding of an analyst meeting for quarterly financial results: No

(Figures rounded to nearest million yen.)

1. Consolidated performance for 1st quarter of fiscal year ending March 31, 2012 (April 1, 2011 to June 30, 2011)

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

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 of FY ending March 31, 2012	44,565	(0.3)	3,040	53.8	2,124	119.2	862	—
Q1 of FY ended March 31, 2011	44,681	5.0	1,976	81.9	969	764.9	56	3.3

(Note) Comprehensive income Q1 of FY ending March 31, 2012: 1,062 million yen [675.6%]
Q1 of FY ended March 31, 2011: 136 million yen [—%]

	Quarterly net income per share	Quarterly net income per share after full dilution
	Yen	Yen
Q1 of FY ending March 31, 2012	1.74	1.55
Q1 of FY ended March 31, 2011	0.12	—

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q1 of FY ending March 31, 2012	270,433	29,814	9.7
FY ended March 31, 2011	268,740	25,977	8.3

(Reference) Shareholders' equity 1st quarter of fiscal year ending March 31, 2012: 26,101 million yen
Fiscal year ended March 31, 2011: 22,336 million yen

2. Dividend payment

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2011	—	0.00	—	0.00	0.00
FY ending March 31, 2012	—				
FY ending March 31, 2012 (forecast)		0.00	—	0.00	0.00

(Note) Revision of the latest dividend forecast: None

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
6-month period ending September 30, 2011 (accumulation)	85,000	(4.8)	4,500	(0.4)	2,500	11.4	1,000	(13.0)	1.88
FY ending March 31, 2012	178,500	(1.2)	12,500	18.9	8,000	30.7	3,500	43.2	6.34

(Note) Revision of the latest forecasts of operational results: None

4. Others

- (1) Changes in significant subsidiaries during the period: No
- (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):
 - 1st quarter of the fiscal year ending March 31, 2012: 527,527,879 shares
 - Fiscal year ended March 31, 2011: 475,969,000 shares
 - ② Number of treasury stocks at end of term
 - 1st quarter of the fiscal year ending March 31, 2012: 564,915 shares
 - Fiscal year ended March 31, 2011: 561,784 shares
 - ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)
 - 1st quarter of the fiscal year ending March 31, 2012: 494,795,794 shares
 - 1st quarter of the fiscal year ended March 31, 2011: 475,420,533 shares

* Information on implementation of quarterly review procedures

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

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

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

○ Table of contents for the attachment

1. Qualitative Information on Quarterly Results	2
(1) Qualitative Information on Consolidated Results	2
(2) Qualitative information on financial positions	2
(3) Qualitative information on the forecast of consolidated results	3
2. Matters concerning Summary Information (Other)	3
(1) Changes in significant subsidiaries during the period	3
(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements	3
(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements	3
3. Quarterly financial statements	4
(1) Consolidated quarterly balance sheets	4
(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income	6
Consolidated quarterly statements of income	
Three-month period ended June 30, 2011.....	6
Consolidated quarterly statements of comprehensive income	
Three-month period ended June 30, 2011.....	7
(3) Notes on going concern assumption	8
(4) Segment information	8
(5) Notes on significant changes in shareholders' equity	8
(6) Material subsequent events	8

1. Qualitative Information on Quarterly Results

(1) Qualitative Information on Consolidated Results

In the first quarter of the fiscal year ending March 31, 2012 (April 1, 2011 to June 30, 2011), the Great East Japan Earthquake sent the domestic economy into a tailspin, but there were signs of recovery due to the gradual restoration of the disrupted supply chain of raw materials, fuels and components. Amid such an environment, the Group reported net sales of 44,565 million yen (down 0.3% year-on-year), operating income of 3,040 million yen (up 53.8% year-on-year), ordinary income of 2,124 million yen (up 119.2% year-on-year), and net income of 862 million yen (net income of 56 million yen a year earlier). This is because sales steadily increased, mainly in the Polymers business, contributing to earnings.

Here is an overview of the business results by segment.

[Polymers]

In the films business, businesses in the packaging and industrial fields were steady. Shipments for the packaging field increased due to brisk demand. Shipments for the industrial field slowed, but the division secured profitability by raising the portion of high-margined products. In the resins business, shipment of nylon resins, materials mainly used in automobiles, decreased due to production adjustment by the automobile industry, but shipments for electric and electronics equipment applications remained solid. In the non-woven fabric business, shipments of polyester spunbond for the roofing and agricultural material applications, whose demand was strong, made up for sluggish shipments for automobile carpet and interior material applications. In addition, shipments of cotton spunlace for cosmetic sundry goods applications were strong.

[Advanced Materials]

In the glass fibers business, the division struggled to increase shipments for interior material applications due a decline in new building constructions, but saw shipments for building and civil engineering refurbishment grow solidly. In the IC cloth business, there were some signs for recovery of profitability due to the improvement of orders and sales composition. In the glass beads business, shipments for road marking applications were steady, but those for industrial and reflective materials applications were weak. In the activated carbon fibers business, shipments for water purifiers and professional-use mask applications expanded, but those for automobile and waste water treatment applications declined.

[Fibers and Textiles]

In the industrial materials business, shipments of ultra-high-strength polyester filament yarn for construction and civil engineering applications and those of short-fiber polyester for vehicles and day-to-day product applications were strong. The division saw sales of vinylon fiber for reinforced concrete applications for Europe recover, but failed to improve profitability due to weak selling prices and the yen's appreciation. In the garments, lifestyle materials, and bedding business, shipments of high-functional materials and uniforms for corporate customers were solid, and profitability improved in many materials and applications.

[Others]

In the health & amenity business, sales of health food and feeding stuffs grew steadily and those of Ceramide expanded. In the medical business, sales of anti-thrombogenic catheters increased in the medical product field, while sales of enzymes and clinical diagnostic reagents including exports were strong in the biochemical field. In the real estate business, sales of condominiums were relatively firm, though revenue decreased. In the environment business, revenue declined due to the transfer of the environmental plant-related business.

(2) Qualitative information on financial positions

Total assets increased by 1,693 million yen from the end of the previous consolidated fiscal year to 270,433 million yen. This was mainly due to an increase in the notes and accounts receivable-trade. Liabilities declined by 2,143 million yen from the end of the previous consolidated fiscal year to 240,619 million yen. This was mainly due to a decrease in loans payable. Net assets increased by 3,836 million yen from the end of the previous consolidated fiscal year to 29,814 million yen, mainly as a result of an increase in capital stock and capital surplus due to the conversion of convertible bond-type bonds with subscription rights to shares and retained earnings due to the posting of net income.

(3) Qualitative information on the forecast of consolidated results

Because financial results in the first quarter of the consolidated fiscal year ending March 31, 2012 were almost in line with the plan, the Group did not revise its six-month period and full-year forecasts of consolidated results announced on May 10, 2011.

2. Matters concerning Summary Information (Other)

(1) Changes in significant subsidiaries during the period

Not applicable

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements

Not applicable

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

Not applicable

(Additional information)

Due to accounting changes and corrections of prior period errors that are conducted after the beginning of the first three-month period of the fiscal year ending March 31, 2012, the Company has adopted the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, issued on December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, issued on December 4, 2009).

3. Quarterly financial statements

(1) Consolidated quarterly balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2011)	Q1 of FY ending March 2012 (June 30, 2011)
Assets		
Current assets		
Cash and deposits	16,786	14,020
Notes and accounts receivable-trade	41,898	45,742
Inventory	46,615	47,587
Other	4,514	4,005
Allowance for doubtful accounts	(233)	(244)
Total current assets	109,580	111,112
Noncurrent assets		
Property, plant and equipment		
Land	104,606	104,797
Other (net value)	47,062	47,208
Total property, plant and equipment	151,669	152,006
Intangible assets		
Goodwill	3	26
Other	727	748
Total intangible assets	731	775
Investments and other assets		
Other	7,368	7,128
Allowance for doubtful accounts	(609)	(589)
Total investments and other assets	6,758	6,539
Total noncurrent assets	159,159	159,320
Total assets	268,740	270,433

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2011)	Q1 of FY ending March 2012 (June 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,952	24,001
Short-term loans payable	73,893	71,113
Current portion of long-term loans payable	37,480	37,284
Income taxes payable	325	121
Provision for bonuses	1,160	805
Provision for business structure improvement	624	459
Other	10,869	11,200
Total current liabilities	149,306	144,985
Noncurrent liabilities		
Convertible bond-type bonds with subscription rights to shares	—	2,250
Long-term loans payable	71,176	70,711
Provision for retirement benefits	5,651	5,939
Provision for directors' retirement benefits	71	59
Other	16,556	16,672
Total noncurrent liabilities	93,456	95,633
Total liabilities	242,762	240,619
Net assets		
Shareholders' equity		
Capital stock	23,798	25,173
Capital surplus	1,661	3,036
Retained earnings	(1,943)	(1,081)
Treasury stock	(55)	(55)
Total shareholders' equity	23,460	27,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(49)	(71)
Deferred gains or losses on hedges	43	6
Revaluation reserve for land	2,452	2,453
Foreign currency translation adjustment	(3,569)	(3,358)
Total accumulated other comprehensive income	(1,123)	(970)
Minority interests	3,641	3,712
Total net assets	25,977	29,814
Total liabilities and net assets	268,740	270,433

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income
 (Consolidated quarterly statements of income)
 (Three-month period ended June 30, 2011)

(Unit: Millions of yen)

	Three-month period ended June 30, 2010 (April 1, 2010 to June 30, 2010)	Three-month period ended June 30, 2011 (April 1, 2011 to June 30, 2011)
Net sales	44,681	44,565
Cost of sales	36,537	35,453
Gross profit	8,143	9,112
Selling, general and administrative expenses	6,166	6,071
Operating income	1,976	3,040
Non-operating income		
Interest income	57	46
Dividends income	64	61
Other	344	329
Total non-operating income	466	436
Non-operating expenses		
Interest expenses	920	823
Equity in losses of affiliates	15	39
Other	537	489
Total non-operating expenses	1,474	1,352
Ordinary income	969	2,124
Extraordinary income		
Gain on sales of noncurrent assets	292	16
Total extraordinary income	292	16
Extraordinary loss		
Loss on disposal of noncurrent assets	133	137
Loss on valuation of investment securities	220	7
Business structure improvement expenses	99	451
Loss on abolishment of retirement benefit plan	13	275
Environmental expenses	206	—
Other	321	134
Total extraordinary loss	995	1,007
Income before income taxes and minority interests	266	1,133
Income taxes-current	336	69
Income taxes-deferred	(164)	185
Total income taxes	172	255
Income before minority interests	93	877
Minority interests in income	37	15
Net income	56	862

(Consolidated quarterly statements of comprehensive income)

(Three-month period ended June 30, 2011)

(Unit: Millions of yen)

	Three-month period ended June 30, 2010 (April 1, 2010 to June 30, 2010)	Three-month period ended June 30, 2011 (April 1, 2011 to June 30, 2011)
Income before minority interests	93	877
Other comprehensive income		
Valuation difference on available-for-sale securities	(25)	(21)
Deferred gains or losses on hedges	(7)	(37)
Foreign currency translation adjustment	81	253
Share of other comprehensive income of associates accounted for using equity method	(5)	(10)
Other comprehensive income total	43	184
Quarterly comprehensive income	136	1,062
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	83	1,015
Quarterly comprehensive income attributable to minority interests	53	46

(3) Notes on going concern assumption
Not applicable

(4) Segment information

[Segment Information]

Information on net sales, income or loss by reportable segment

Three-month period ended June 30, 2010 (April 1, 2010 to June 30, 2010) (Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Figure in quarterly consolidated statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	16,388	3,680	18,537	38,606	6,074	44,681	-	44,681
Inter-segment sales or transfers	2	-	40	43	389	432	(432)	-
Total	16,391	3,680	18,577	38,649	6,464	45,113	(432)	44,681
Segment income (loss)	2,418	358	(105)	2,670	(53)	2,617	(641)	1,976

- (Notes) 1. *Other* includes the Environmental Business, Medical Business, Health & Amenity Business, and Real Estate-related Business.
2. The adjustment of 641 million yen for *Segment income (loss)* includes corporate expenses that are not allocated to each reportable segment.
3. *Segment income (loss)* is adjusted with operating income in quarterly consolidated statements of income.

Three-month period ended June 30, 2011 (April 1, 2011 to June 30, 2011) (Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Figure in quarterly consolidated statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	18,397	3,943	19,319	41,661	2,903	44,565	-	44,565
Inter-segment sales or transfers	3	13	45	62	399	461	(461)	-
Total	18,401	3,957	19,365	41,723	3,303	45,027	(461)	44,565
Segment income (loss)	2,884	359	452	3,697	(55)	3,641	(601)	3,040

- (Notes) 1. *Other* includes the Environmental Business, Medical Business, Health & Amenity Business, and Real Estate-related Business.
2. The adjustment of 601 million yen for *Segment income (loss)* includes corporate expenses that are not allocated to each reportable segment.
3. *Segment income (loss)* is adjusted with operating income in quarterly consolidated statements of income.

(5) Notes on significant changes in the amount of shareholders' equity

During the three-month period ended June 30, 2011, due to conversion (exercise) of No.1 unsecured convertible bond-type bonds with subscription rights to shares, capital stock and capital surplus each increased by 1,375 million yen. Consequently, capital stock and capital surplus totaled 25,173 million yen and 3,036 million yen, respectively, at the end of the first three-month period of the fiscal year ending March 31, 2012.

(6) Material subsequent events

Exercise of No.1 unsecured convertible bond-type bonds with subscription rights to shares
No.1 unsecured convertible bond-type bonds with subscription rights to shares issued on April 8, 2011 were exercised and fully converted into common stocks from July 1, 2011 to July 19, 2011. The details are as follows:

(1) Number of subscription rights exercised	18
(2) Amount of common stock issued	45,432,445 shares
(3) Total exercise amount	2,250,000,000 yen
(4) Average exercise price	49.5 yen per share
(5) Outstanding amount	0 yen
(6) Increase in capital stock	1,125,000,000 yen
(7) Increase in legal capital surplus	1,125,000,000 yen