

Consolidated Financial Statement for 3Q of FY2007 (October 1, 2007 - December 31, 2007)

February 6, 2008

UNITIKA LTD. Listed on the First Section of TSE and OSE (Stock Code: 3103)
URL <http://www.unitika.co.jp/e>

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(Amounts less than one million yen are omitted)

1. Consolidated Performance for the 3rd Quarter FY2007 (October 1, 2007 - December 31, 2007)

(1) Consolidated Operating Results

Three months ended December 31

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	169,684	9.1	6,263	(13.0)	3,585	(27.5)	1,462	(29.7)
2006	155,480	1.0	7,198	(15.0)	4,947	(24.8)	2,080	0.4
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	3.08	-
2006	4.37	-
Year ended March 31, 2007	5.39	-

(2) Consolidated Financial Position

As of December 31

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2007	320,804	38,353	10.5	70.99
2006	334,121	39,444	10.4	73.19
Year ended March 31, 2007	328,382	39,959	10.8	74.24

2. Situation on Dividends

The company is not paying dividends with the ending day of the third quarter as the record date and, therefore, a statement on dividends is omitted.

3. 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 FY2007 that was announced on May 11, 2007 in the Financial Statements for 2006.

4. Others

(1) Changes in major subsidiaries during the subject fiscal year (transfer of specific subsidiaries following a change in the scope of consolidation): Yes

New companies, None, Exclusions, 1 company, (Name of the company: Unitika Uji Products Co., Ltd.)

(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 3rd quarter of FY2007 (from April 1, 2007 to December 31, 2007), the future obscure business outlook increased with the instability of world-wide financial markets, the increase in petrochemical raw material prices and such. Under such circumstances, net sales of our group showed 169,684 million yen, operating income was 6,263 million yen, ordinary income was 3,585 million yen, and net income for the quarter was 1,462 million yen.

Here following, business performance is given by segment.

[Polymers]

Profitability of the polymer business as a whole: We endeavored to secure earnings by further repricing products, etc. against a backdrop of further price increase of raw materials and fuels.

In the film business, domestic sales of nylon film increased and an improvement in earnings of overseas subsidiaries was achieved, while a recovery was seen in industrial applications for polyester films, but an additional increase in raw materials prices put pressure on profits. In the resin business, sales of PET resin for bottle application decreased, but sales of functional resins mainly in materials for automotive, electrical and electronic parts saw further expansion. In the nonwoven fabrics business, sales of spunbond fabrics for agriculture applications and roofing applications remained sluggish, but applications for hygienic goods, such as diapers, progressed favorably.

[Environmental Business and Advanced Materials]

In the environmental business, engineering works on backlog increased earnings, but with violent changes in the market environment, improvements in profitability have been delayed. In the advanced materials business, the effects of inventory adjustments of glass fibers for the IC cloth market and the electronic parts industry continued. However, the sales of industrial material market applications grew. In addition, sales of activated carbon fibers and glass beads proceeded favorably.

[Fibers and Textiles]

In the synthetic fiber business, polyester short fibers was generally firm, but the rapid increase in raw materials and fuels costs affected revenue of both long fibers clothing and industrial material applications, and also sales of nylon fiber decreased. Sales of vinylon fibers for cement reinforcement continued firmly. On the other hand, the natural fiber business was exposed to harsh conditions caused by intensified competition in the industry in general and by the effect of foreign exchange market fluctuations.

[Healthcare & Amenity and Others]

In the healthcare & amenity business, the medical field business was firm, while revenues in the health supplements field improved. In other businesses, sales of condominiums proceeded smoothly.

2. Qualitative Information for Consolidated Financial Position

Total assets as of the end of the 3rd quarter of FY2007 amounted to 320,804 million yen, a decline of 7,578 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 38,353 million yen, increasing net income for this 3rd quarter but decreasing by 1,605 million yen compared with the end of the previous period due to unrealized gain on other securities and foreign currency translation adjustments.

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):

Excluded 1 company: Unitika Uji Products Co., Ltd.

Unitika Uji Products Co., Ltd. was absorbed by merger and made defunct, while Unitika Ltd. was made the surviving company.

(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	Dec 31,2007	Increase (Decrease)	Dec 31,2006
ASSETS				
I.Current assets				
Cash and cash equivalents	16,501	15,117	(1,384)	14,001
Notes and accounts receivable	49,734	52,316	2,581	51,067
Inventories	65,266	68,158	2,892	68,307
Other current assets	8,562	8,251	(311)	9,737
Total current assets	140,065	143,844	3,778	143,114
II.Fixed assets				
Property,plant and equipment	164,115	164,213	98	164,653
Intangible fixed assets	1,651	1,553	(98)	1,551
Investments and other assets	22,550	11,192	(11,357)	24,802
Total fixed assets	188,317	176,960	(11,357)	191,007
Total assets	328,382	320,804	(7,578)	334,121
LIABILITIES				
I.Current liabilities				
Notes and accounts payable	41,999	39,158	(2,840)	35,887
Short-term interest-bearing debt	106,760	132,852	26,092	101,726
Other current liabilities	20,239	20,628	389	20,791
Total current liabilities	168,999	192,639	23,640	158,406
II.Long-term liabilities				
Long-term interest-bearing debt	90,198	67,678	(22,519)	103,605
Allowance for retirement benefits	3,926	3,731	(194)	4,532
Other long-term liabilities	25,299	18,400	(6,898)	28,133
Total long-term liabilities	119,423	89,810	(29,613)	136,271
Total liabilities	288,423	282,450	(5,972)	294,677
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	7,117	456	6,029
Treasury stock	(37)	(42)	(5)	(35)
Total shareholders' equity	32,082	32,533	451	31,453
II.Valuation and translation adjustments				
Unrealized gain on other securities	1,039	362	(677)	1,034
Deferred gain on derivatives under hedges accounting	2	(0)	(3)	2
Land revaluation excess	3,444	3,475	31	3,653
Foreign currency translation adjustments	(1,258)	(2,610)	(1,352)	(1,333)
Total valuation and translation adjustments	3,227	1,227	(2,000)	3,356
III.Minority interests in consolidated subsidiaries				
	4,649	4,593	(55)	4,634
Total net assets	39,959	38,353	(1,605)	39,444
Total liabilities and net assets	328,382	320,804	(7,578)	334,121

Consolidated Statements of Income

Unit: Millions of yen

	Three months ended December 31		Increase (Decrease)	Year ended March 31, 2007
	2006	2007		
I. Net sales	155,480	169,684	14,204	220,572
II. Cost of sales	125,227	140,174	14,946	178,211
Gross profit	30,252	29,510	(742)	42,360
III. Selling, general and administrative expenses	23,054	23,247	192	31,189
Operating income	7,198	6,263	(934)	11,171
IV. Non-operating incomes				
Interest income and dividends	353	320	(32)	399
Equity in income of unconsolidated subsidiaries and affiliates	91	615	524	274
Other incomes	2,086	1,592	(493)	3,074
Total non-operating incomes	2,530	2,528	(1)	3,748
V. Non-operating expenses				
Interest expense	2,861	3,062	201	3,875
Other expenses	1,919	2,143	224	2,585
Total non-operating expenses	4,780	5,206	425	6,461
Ordinary income	4,947	3,585	(1,362)	8,458
VI. Extraordinary income	36	1,269	1,232	41
VII. Extraordinary losses	2,347	2,233	(114)	5,129
Income before income taxes	2,636	2,621	(15)	3,369
Tax expense	660	1,279	619	947
Minority interest in income of consolidated subsidiaries	(103)	(120)	(17)	(140)
Net income	2,080	1,462	(617)	2,562

Segment Information

Business Segment Information

Three months ended December 31, 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	49,294	18,202	74,842	13,139	155,480	-	155,480
(2) Inter-segment net sales and transfers	2,878	526	421	2,356	6,182	(6,182)	-
Total	52,173	18,728	75,264	15,495	161,662	(6,182)	155,480
II Operating expenses	46,444	18,173	74,295	13,865	152,779	(4,497)	148,281
Operating income	5,728	555	968	1,630	8,883	(1,684)	7,198

(Note) Unallocated operating expenses disclosed in "Elimination or Corporate" amounted to 1,705 million yen.

Three months ended December 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	53,088	23,411	77,736	15,448	169,684	-	169,684
(2) Inter-segment net sales and transfers	2,985	439	499	2,635	6,559	(6,559)	-
Total	56,074	23,850	78,235	18,083	176,244	(6,559)	169,684
II Operating expenses	51,680	22,780	77,405	16,535	168,401	(4,980)	163,421
Operating income	4,393	1,069	829	1,548	7,842	(1,578)	6,263

(Note) Unallocated operating expenses disclosed in "Elimination or Corporate" amounted to 1,641 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.