

Financial Results for the 1st Nine-Month Period of Fiscal Year Ending March 31, 2009

February 6, 2009

Company name: Unitika Ltd.

Code number: 3103

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

Representative: Otofumi Onishi, President and Chief Executive Officer

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Expected submission of quarterly report: February 12, 2009

Listed stock exchange: Tokyo Stock Exchange,

Osaka Securities Exchange

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(Figures less than one million yen were omitted.)

1. Consolidated performance for 1st nine-month period of fiscal year ending March 31, 2009 (April 1, 2008 to December 31, 2008)

(1) Consolidated performance (accumulation)

(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	%
1st nine-month period of FY ending March 31, 2009	157,514	—	4,530	—	1,570	—	19	—
1st nine-month period of FY ended March 31, 2008	169,684	9.1	6,263	(13.0)	3,585	(27.5)	1,462	(29.7)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
1st nine-month period of FY ending March 31, 2009	0.04		—	
1st nine-month period of FY ended March 31, 2008	3.08		—	

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1st nine-month period of FY ending March 31, 2009	311,972	35,150	10.0	65.70
Fiscal year ended March 31, 2008	309,043	38,378	10.9	70.67

(Reference) Shareholders' equity

1st nine-month period of fiscal year ending March 31, 2009: 31,242 million yen

Fiscal year ended March 31, 2008: 33,611 million yen

2. Dividend payment

(Base date)	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2008	—	0.00	—	2.00	2.00
FY ending March 31, 2009	—	0.00	—	—	—
FY ending March 31, 2009 (forecast)	—	—	—	2.00	2.00

(Note) Revision of dividend forecast for the current quarter: No

3. Forecast of consolidated performance for fiscal year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(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
Fiscal year ending March 31, 2009	233,000	(0.7)	9,000	(22.1)	5,500	(31.4)	1,000	(35.5)	2.10

(Note) Revision of forecast of consolidated performance for the current quarter: No

4. Others

- (1) Changes in significant subsidiaries during the term (changes in specified subsidiaries accompanying change of scope of consolidation): No
- (2) Adoption of simplified accounting method and special accounting practices for preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to [Qualitative information and financial statements] and “4. Others” on page 4.
- (3) Changes in accounting principles, procedures and presentations for preparation of quarterly consolidated financial statements (those included in “Changes in Important Matters for Preparation of Quarterly Consolidated Financial Statements”)
 - ① Changes associated with revision in accounting standards: Yes
 - ② Other changes: Yes
(Note) For details, please refer to [Qualitative information and financial statements] and “4. Others” on page 4.
- (4) Number of shares outstanding (Common stock)
 - ① Number of shares outstanding at end of term (including treasury stock):

1st nine-month period of fiscal year ending March 31, 2009:	475,969,000 shares
Fiscal year ended March 31, 2008:	475,969,000 shares
 - ② Number of treasury stocks at end of term

1st nine-month period of fiscal year ending March 31, 2009:	425,288 shares
Fiscal year ended March 31, 2008:	393,124 shares
 - ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)

1st nine-month period of fiscal year ending March 31, 2009:	475,562,450 shares
1st nine-month period of fiscal year ended March 31, 2008:	475,601,196 shares

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

1. The forward-looking statements in this document concerning the forecast of performance for the fiscal year ending March 31, 2009 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 forecast of performance, please refer to [Qualitative information and financial statements] and “3. Qualitative information on the forecast of consolidated performance” on page 4.
2. Effective from the fiscal year ending March 31, 2009, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No.14) have been applied. The quarterly consolidated financial statements were prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

[Qualitative information and financial statements]

1. Qualitative information on consolidated performance

In the first nine-month period of the fiscal year ending March 31, 2009 (April 1, 2008 to December 31, 2008), resource prices turned downward; however, the Company saw sales and profits decrease substantially due to the spread of negative effects of the sharp slowdown in global activity. Consequently, the Company reported the following results: net sales of 157,514 million yen, operating income of 4,530 million yen, ordinary income of 1,570 million yen, and net income of 19 million yen.

Here is a summary of business by segment.

[Polymers]

In the film business, profitability temporarily improved thanks to a decline in material prices as well as effects of cost-cutting measures, but sales volumes of package film and industrial film decreased substantially toward the end of the quarter in domestic and overseas markets. In the resin business, earnings were sluggish due to a substantial decline in demand from the automobile and electronics industries. In the non-woven fabrics business, earnings of household materials was relatively steady, but earnings of industrial materials, which are used in the automobile, construction and civil engineering industries, declined.

[Environmental Business/Advanced Materials]

In the environmental business, earnings deteriorated since orders continued to decrease following the cut-back in public works budgets; more intensified competition and the rise in material prices up to the first half of the year cut into profits. In the advanced materials business, shipment of activated carbon fibers began slowing down and shipment of glass fibers for automobiles and industrial materials use also remained weak. Sales of IC cloth were affected by inventory adjustment in the electronics industry. Sales of glass beads for reflective materials failed to increase due to appreciation of the yen.

[Fibers & Textiles]

In the synthetic fiber business, sales declined over a wide range of industrial materials including construction, engineering works and automobiles in addition to clothing due to the economic slowdown and the yen's appreciation. Shipment of nylon fibers and long staple and short-fiber polyester also remained weak. In the vinylon fiber business, export of vinylon fiber was relatively strong for reinforced concrete use, but shipment in the domestic market was affected by sluggish demand in the civil engineering and building construction industries. In the natural fiber business, sales declined substantially in each field including the uniform, general clothing, and bed & bedding.

[Health & Amenity, Others]

In the health & amenity business, medical business sales were almost in line with the forecast, but dietary supplement sales were sluggish. In other businesses, earnings decreased from the real estate business, including sales of condominiums.

2. Qualitative information on consolidated financial positions

Total assets amounted to 311,972 million yen, an increase of 2,929 million yen, compared with the end of the previous fiscal year. This is mainly due to an increase in inventories. Liabilities totaled 276,822 million yen, an increase of 6,157 million yen, compared with the end of the previous fiscal year. This is mainly due to an increase in loans payable. Net assets amounted to 35,150 million yen, down 3,227 million yen compared with the end of the previous fiscal year. This is mainly due to a decrease in retained earnings caused by dividend payment, reversal of revaluation reserve for land in some overseas subsidiaries caused by unification of accounting procedures in overseas subsidiaries, and a decrease in minority interests caused by additional purchases of subsidiaries' equities.

Here is a summary of the cash flow situation.

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

Net cash used in operating activities amounted to 2,709 million yen due to an increase in inventories and decrease in notes and accounts payable trade during the first nine-month period of the fiscal year ending

March 31, 2009.

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

Net cash used in investment activities amounted to 5,723 million yen due to capital expenditures of 5,686 million yen during the first nine-month period of the fiscal year ending March 31, 2009.

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

Net cash provided by financing activities amounted to 11,209 million yen due to an increase in loans payable during the first nine-month period of the fiscal year ending March 31, 2009.

As a result, cash and cash equivalents at the end of the first nine-month period of the fiscal year ending March 31, 2009 amounted to 15,530 million yen, an increase of 2,321 million yen compared with the end of the previous fiscal year.

3. Qualitative information on the forecast of consolidated performance

The Company did not revise the forecast of consolidated performance for the fiscal year ending March 31, 2009 announced on October 28, 2008.

4. Others

- (1) Changes in significant subsidiaries during the term (changes in specified subsidiaries accompanying change of scope of consolidation):
Not applicable
- (2) Adoption of simplified accounting method and special accounting practices for preparation of quarterly consolidated financial statements:
In computing corporate income taxes, some consolidated subsidiaries took only major items into account in terms of additions and deductions for the income and tax credits.
- (3) Changes in accounting principles, procedures and presentations for preparation of quarterly consolidated financial statements
 - ① Effective from the fiscal year ending March 31, 2009, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No.14) have been applied. The quarterly consolidated financial statements were prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”
 - ② Effective from the first quarter of the consolidated fiscal year ending March 31, 2009, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 on May 17, 2006) has been applied. Accordingly, some revisions were made to the consolidated accounts, as necessary. Consequently, total assets and net assets as of the end of the third quarter of the consolidated fiscal year decreased by 522 million yen and 595 million yen, respectively, from those obtained by the previous method. There was only a minor impact on operating income, ordinary income, and net income before income taxes for the current first nine-month period.
 - ③ Finance lease transactions without title transfer were formerly accounted for in accordance with the method conforming to ordinary rental transactions. “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 [Business Accounting Council, the First Committee on June 17, 1993] revised on March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants, Committee of Accounting System on January 18, 1994] revised on March 30, 2007) have become applicable to the preparation of quarterly consolidated financial statements for consolidated fiscal years commencing on and after April 1, 2008. Effective from the first quarter of the consolidated fiscal year ending March 31, 2009, these standards have been applied and finance lease transactions without title transfer were accounted for in a similar manner with ordinary sale and purchase transactions. Leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual

value. This revision has no impact on operating income, ordinary income, and net income before income taxes for the current first nine-month period.

(Additional information)

- ④ The company revised its employees' severance payment plan on April 1, 2008, shifting part of future payment of pension benefits to the defined contribution plan from the defined benefit plan. Consequently, past service liabilities (reduction of liabilities) of 652 million yen were incurred.
- ⑤ Taking advantage of the revision of ministerial ordinances on useful life, the company and some of its consolidated subsidiaries reviewed use of their assets and shortened useful life of some machines and equipment from ten years to seven years in the first quarter of the fiscal year ending March 31, 2009. There was only a minor impact on operating income, ordinary income, and net income before income taxes for the current first nine-month period from the revision.

5. Quarterly financial statements

(1) Consolidated quarterly balance sheets

	(Unit: Millions of yen)	
	End of Q3 of FY ending March 2009 (December 31, 2008)	Condensed consolidated balance sheet for previous FY (March 31, 2008)
Assets		
Current assets		
Cash and deposits	16,352	13,045
Notes and accounts receivable-trade	44,341	50,039
Merchandise and finished goods	41,406	39,171
Work in process	20,989	18,167
Raw materials and supplies	5,109	4,883
Other	8,022	8,536
Allowance for doubtful accounts	(55)	(65)
Total current assets	136,166	133,779
Noncurrent assets		
Property, plant and equipment		
Land	106,554	107,382
Other (net value)	58,652	56,629
Total property, plant and equipment	165,207	164,012
Intangible assets		
Goodwill	449	554
Other	849	944
Total intangible assets	1,298	1,498
Investments and other assets		
Other	10,393	10,580
Allowance for doubtful accounts	(1,093)	(826)
Total investments and other assets	9,299	9,753
Total noncurrent assets	175,806	175,264
Total assets	311,972	309,043

	(Unit: Millions of yen)	
	End of Q3 of FY ending March 2009 (December 31, 2008)	Condensed consolidated balance sheet for previous FY (March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,319	38,385
Short-term loans payable	83,576	72,273
Current portion of long-term loans payable	32,883	56,489
Current portion of bonds	400	400
Income taxes payable	413	952
Provision for bonuses	480	2,265
Provision for warranties for completed construction	33	116
Other	15,559	15,290
Total current liabilities	165,665	186,172
Noncurrent liabilities		
Bonds payable	600	800
Long-term loans payable	90,146	62,823
Provision for retirement benefits	4,209	3,483
Provision for directors' retirement benefits	342	408
Other	15,858	16,977
Total noncurrent liabilities	111,156	84,492
Total liabilities	276,822	270,665
Net assets		
Shareholders' equity		
Capital stock	23,798	23,798
Capital surplus	1,661	1,661
Retained earnings	6,168	7,196
Treasury stock	(45)	(43)
Total shareholders' equity	31,581	32,612
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(447)	(120)
Deferred gains or losses on hedges	(5)	(11)
Revaluation reserve for land	2,927	3,484
Foreign currency translation adjustment	(2,813)	(2,354)
Total valuation and translation adjustments	(339)	998
Minority interests	3,907	4,767
Total net assets	35,150	38,378
Total liabilities and net assets	311,972	309,043

(2) Consolidated quarterly statements of income
(1st nine-month period ended December 31, 2008)

	(Unit: Millions of yen)
	1st nine-month period ended December 31, 2008 (April 1, 2008 to December 31, 2008)
Net sales	157,514
Cost of sales	129,846
Gross profit	27,667
Selling, general and administrative expenses	23,137
Operating income	4,530
Non-operating income	
Interest income	227
Dividends income	120
Equity in earnings of affiliates	136
Other	1,549
Total non-operating income	2,034
Non-operating expenses	
Interest expenses	2,939
Other personal expenses	920
Other	1,134
Total non-operating expenses	4,995
Ordinary income	1,570
Extraordinary income	
Gain on sales of noncurrent assets	33
Total extraordinary income	33
Extraordinary losses	
Loss on disposal of noncurrent assets	407
Loss on valuation of investment securities	473
Business structure improvement expenses	1,044
Other	665
Total extraordinary losses	2,590
Quarterly net loss before income taxes	(987)
Income taxes-current	433
Income taxes-deferred	(1,551)
Total income taxes	(1,117)
Minority interests in income	110
Quarterly net income	19

(3) Consolidated quarterly statements of cash flows

	(Unit: Millions of yen)
	1st nine-month period ended December 31, 2008 (April 1, 2008 to December 31, 2008)
Net cash provided by (used in) operating activities	
Quarterly net loss before income taxes	(987)
Depreciation and amortization	5,457
Increase (decrease) in allowance for doubtful accounts	303
Interest expenses	2,939
Decrease (increase) in notes and accounts receivable-trade	5,706
Decrease (increase) in inventories	(5,236)
Increase (decrease) in notes and accounts payable-trade	(6,088)
Other	(1,534)
Sub-total	560
Interest and dividends income received	362
Interest expenses paid	(2,637)
Income taxes paid	(994)
Net cash provided by (used in) operating activities	(2,709)
Net cash provided by (used in) investment activities	
Decrease (increase) in time deposits	14
Purchase of investment securities	(20)
Proceeds from sales of investment securities	1
Purchase of property, plant and equipment	(5,686)
Proceeds from sales of property, plant and equipment	283
Other	(315)
Net cash provided by (used in) investment activities	(5,723)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	8,793
Proceeds from long-term loans payable	49,495
Repayment of long-term loans payable	(45,585)
Redemption of bonds	(200)
Cash dividends paid	(939)
Other	(354)
Net cash provided by (used in) financing activities	11,209
Effect of exchange rate change on cash and cash equivalents	(454)
Net increase (decrease) in cash and cash equivalents	2,321
Cash and cash equivalents at beginning of period	13,209
Cash and cash equivalents at end of period	15,530

Effective from the fiscal year ending March 31, 2009, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No.14) have been applied. The company’s quarterly consolidated financial statements were prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

(4) Notes on going concern assumption
Not applicable

(5) Segment information

a. Segment information by business

1st nine-month period ended December 31, 2008 (April 1, 2008 to December 31, 2008)

(Unit: Millions of yen)

	Polymers	Environmental Business/ Advanced Materials	Fibers & Textiles	Health & Amenity, Others	Total	Elimination or corporate	Consolidated total
Net sales							
(1) Net sales to outside customers	55,420	20,875	69,436	11,781	157,514	—	157,514
(2) Inter-segment sales or transfers	2,600	516	1,742	2,968	7,827	[7,827]	—
Total	58,021	21,391	71,179	14,750	165,342	[7,827]	157,514
Operating income	5,669	300	(344)	638	6,264	[1,734]	4,530

b. Segment information by geographic area

1st nine-month period ended December 31, 2008 (April 1, 2008 to December 31, 2008)

Segment information by geographic area is omitted, since sales in Japan exceed 90% of total sales of all segments.

c. Overseas sales

1st nine-month period ended December 31, 2008 (April 1, 2008 to December 31, 2008)

I. Overseas sales (million yen)	23,911
II. Consolidated sales (million yen)	157,514
III. Ratio of overseas sales to consolidated sales (%)	15.2

(Note) Only total overseas sales were provided, since there were no segments whose overseas sales exceeded 10% of consolidated sales.

(6) Notes on significant changes in the amount of shareholders’ equity
Not applicable

“Reference material”

Financial statements for the 1st nine-month period of the previous fiscal year

(1) (Summary) Consolidated statements of income for the 1st nine-month period ended December 31, 2007

Account title	9-month period ended December 31, 2007 (April 1, 2007 to December 31, 2007)
	Amount (million yen)
I. Net sales	169,684
II. Cost of sales	140,174
Gross profit	29,510
III. Selling, general and administrative expenses	23,247
Operating income	6,263
IV. Non-operating income	
Interest income & dividends income	320
Equity in earnings of affiliates	615
Other	1,592
Total non-operating income	2,528
V. Non-operating expenses	
Interest expenses	3,062
Other	2,143
Total non-operating expenses	5,206
Ordinary income	3,585
VI. Extraordinary income	1,269
VII. Extraordinary loss	2,233
Net income before income taxes	2,621
Tax expenses	1,279
Minority interests in income	(120)
Net income	1,462

(2) Segment information

Segment information by business

1st nine-month period ended December 31, 2007 (April 1, 2007 to December 31, 2007)

(Unit: Millions of yen)

	Polymers	Environmental Business/ Advanced Materials	Fibers & Textiles	Health & Amenity, Others	Total	Elimination or corporate	Consolidated total
Net sales							
(1) Net sales to outside customers	53,088	23,411	77,736	15,448	169,684	—	169,684
(2) Inter-segment sales or 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
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) Of operating expenses, the amount of unallocatable operating expenses included in "elimination or corporate" amounted to 1,641 million yen.