

# Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2012

February 6, 2012

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>

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Expected submission of quarterly report: February 10, 2012

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 3rd quarter of fiscal year ending March 31, 2012 (April 1, 2011 to December 31, 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	%
Q3 of FY ending March 31, 2012	129,504	(2.3)	7,251	(0.2)	3,898	0.0	2,292	0.6
Q3 of FY ended March 31, 2011	132,595	(1.0)	7,265	17.2	3,898	19.7	2,279	396.0

(Note) Comprehensive income Q3 of FY ending March 31, 2012: 1,788 million yen [-21.4%]  
Q3 of FY ended March 31, 2011: 2,273 million yen [—%]

	Quarterly net income per share	Quarterly net income per share after full dilution
	Yen	Yen
Q3 of FY ending March 31, 2012	4.20	4.04
Q3 of FY ended March 31, 2011	4.79	—

### (2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q3 of FY ending March 31, 2012	276,422	32,790	10.5
FY ended March 31, 2011	268,740	25,977	8.3

(Reference) Shareholders' equity 3rd quarter of fiscal year ending March 31, 2012: 29,086 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	—	0.00	—	—	—
FY ending March 31, 2012 (forecast)	—	—	—	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
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):
    - 3rd quarter of the fiscal year ending March 31, 2012: 572,960,324 shares
    - Fiscal year ended March 31, 2011: 475,969,000 shares
  - ② Number of treasury stocks at end of term
    - 3rd quarter of the fiscal year ending March 31, 2012: 569,333 shares
    - Fiscal year ended March 31, 2011: 561,784 shares
  - ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)
    - 3rd quarter of the fiscal year ending March 31, 2012: 545,509,365 shares
    - 3rd quarter of the fiscal year ended March 31, 2011: 475,418,244 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 pages 3 of the attachment.

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## 1. Qualitative Information on Quarterly Results

### (1) Qualitative Information on Consolidated Results

In the first nine-month period of the current fiscal year (April 1, 2011 to December 31, 2011), the Japanese economy was recovering slowly until the summer. However, the outlook became gloomier because of the sovereign debt crisis in Europe, a global economic slowdown, including the deceleration of growth in emerging countries including China, slumping exports from Japan due to the unprecedented appreciation of the yen against major currencies, and the shift in industrial operations from Japan to overseas. In such an environment, the Unitika Group reported net sales of 129,504 million yen (down 2.3% year-on-year), operating income of 7,251 million yen (down 0.2% year-on-year), ordinary income of 3,898 million yen (up 0.0% year-on-year), and net income of 2,292 million yen (up 0.6% year-on-year). Net sales decreased because the Group transferred the Environmental Division. Operating, ordinary and net income remained almost unchanged from the previous year because of a decline in demand for electrical and electronic applications after summer 2011.

Here is an overview of the business results by segment.

#### [Polymers]

In the films segment, cumulative sales increased in the packaging field despite a sudden inventory adjustment since the fall. Meanwhile, sales in the industrial field decreased because of weaker demand for electrical and electronic applications. Earnings in the films segment as a whole grew due to an increase in shipments until the second quarter of the current fiscal year. In the resins segment, earnings decreased due to sluggish demand for lucrative electric and electronics applications and office equipment applications, while shipments for automobile applications fluctuated. In the non-woven fabric segment, shipments of polyester spunbond for sanitary material and roofing applications were solid, but those for carpet applications, one of the main uses, were weak. Shipments of cotton spunlace for wet sheet applications were steady due to strong demand during summer.

#### [Advanced Materials]

In the glass fibers segment, shipments for building and civil engineering refurbishment applications remained steady. In the IC cloth segment, the division continued struggling to remain profitable amid a lingering semiconductor market slump, though profitability gradually recovered because some demand shifted to high value added products. In the glass beads segment, sales remained sluggish because the recovery in demand for industrial applications was delayed until the winter. In the activated carbon fibers segment, shipments for water purifiers, including those built into faucets, and professional-use mask applications increased strongly.

#### [Fibers and Textiles]

In the industrial material segment, shipments of ultra-high-strength polyester filament yarn for construction and civil engineering applications continued to be strong. The division had difficulty expanding sales of short-fiber polyester due to price competition with foreign-made products as a result of the strong yen. In the vinylon fibers segment, the division failed to improve profitability, because demand from reinforced concrete applications declined due to the deterioration of the European economy and the effects of price competition with overseas products caused by the rising yen. In the garments, lifestyle materials and bedding segment, shipments of uniforms maintained momentum. In addition, sales of differentiated threads and functional materials in the field of sportswear and women's clothing grew steadily, contributing to an improvement in profitability.

#### [Others]

In the health & amenity segment, sales of health food and feeding stuff increased solidly, but sales of functional dietary materials were sluggish due to weak domestic demand. In the medical segment, sales of catheters for the treatment of circulatory system diseases grew in the medical product field, while sales of enzymes and clinical diagnostic reagents were strong in the biochemical field. In addition, the real estate segment remained solid, because of the completion of a new development project.

(2) Qualitative information on financial positions

Total assets increased by 7,682 million yen from the end of the previous fiscal year to 276,422 million yen, mainly due to an increase in notes and accounts receivable-trade, inventories and property, plant and equipment. Liabilities grew by 869 million yen from the end of the previous fiscal year to 243,632 million yen, mainly because of an increase in provisions despite a decrease in loans payable. Net assets increased by 6,812 million yen from the end of the previous fiscal year to 32,790 million yen, mainly due to an increase in both capital stock and capital surplus by the exercise of subscription rights to shares and retained earnings.

(3) Qualitative information on the forecast of consolidated results

The Group did not revise its full-year forecast 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)	Q3 of FY ending March 2012 (December 31, 2011)
Assets		
Current assets		
Cash and deposits	16,786	15,769
Notes and accounts receivable-trade	41,898	44,464
Inventories	46,615	52,112
Other	4,514	3,911
Allowance for doubtful accounts	(233)	(219)
Total current assets	109,580	116,038
Noncurrent assets		
Property, plant and equipment		
Land	104,606	104,730
Other, net	47,062	48,807
Total property, plant and equipment	151,669	153,538
Intangible assets		
Goodwill	3	23
Other	727	762
Total intangible assets	731	786
Investments and other assets		
Other	7,368	6,644
Allowance for doubtful accounts	(609)	(585)
Total investments and other assets	6,758	6,059
Total noncurrent assets	159,159	160,384
Total assets	268,740	276,422

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2011)	Q3 of FY ending March 2012 (December 31, 2011)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	24,952	24,714
Short-term loans payable	73,893	70,736
Current portion of long-term loans payable	37,480	32,668
Income taxes payable	325	317
Provision for bonuses	1,160	985
Provision for loss on construction contracts	—	10
Provision for business structure improvement	624	208
Other	10,869	12,921
<b>Total current liabilities</b>	<b>149,306</b>	<b>142,563</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	71,176	78,472
Provision for retirement benefits	5,651	6,784
Provision for directors' retirement benefits	71	59
Other	16,556	15,752
<b>Total noncurrent liabilities</b>	<b>93,456</b>	<b>101,069</b>
<b>Total liabilities</b>	<b>242,762</b>	<b>243,632</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,798	26,298
Capital surplus	1,661	4,161
Retained earnings	(1,943)	347
Treasury stock	(55)	(55)
<b>Total shareholders' equity</b>	<b>23,460</b>	<b>30,751</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(49)	(134)
Deferred gains or losses on hedges	43	1
Revaluation reserve for land	2,452	2,575
Foreign currency translation adjustment	(3,569)	(4,107)
<b>Total accumulated other comprehensive income</b>	<b>(1,123)</b>	<b>(1,665)</b>
<b>Minority interests</b>	<b>3,641</b>	<b>3,703</b>
<b>Total net assets</b>	<b>25,977</b>	<b>32,790</b>
<b>Total liabilities and net assets</b>	<b>268,740</b>	<b>276,422</b>

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income  
 (Consolidated quarterly statements of income)  
 (Nine-month period ended December 31, 2011)

(Unit: Millions of yen)

	Nine-month period ended December 31, 2010 (April 1, 2010 to December 31, 2010)	Nine-month period ended December 31, 2011 (April 1, 2011 to December 31, 2011)
Net sales	132,595	129,504
Cost of sales	107,156	104,140
Gross profit	25,438	25,364
Selling, general and administrative expenses	18,172	18,112
Operating income	7,265	7,251
Non-operating income		
Interest income	141	107
Dividends income	99	101
Equity in earnings of affiliates	41	—
Other	760	719
Total non-operating income	1,043	928
Non-operating expenses		
Interest expenses	2,695	2,461
Equity in losses of affiliates	—	197
Other	1,716	1,622
Total non-operating expenses	4,411	4,282
Ordinary income	3,898	3,898
Extraordinary income		
Gain on sales of noncurrent assets	293	16
Total extraordinary income	293	16
Extraordinary loss		
Loss on disposal of noncurrent assets	349	422
Loss on valuation of investment securities	677	9
Business structure improvement expenses	242	588
Loss on abolishment of retirement benefit plan	13	299
Other	702	211
Total extraordinary loss	1,986	1,531
Income before income taxes and minority interests	2,205	2,384
Income taxes-current	433	331
Income taxes-deferred	(535)	(283)
Total income taxes	(101)	47
Income before minority interests	2,307	2,336
Minority interests in income	28	43
Net income	2,279	2,292



## (Consolidated quarterly statements of comprehensive income)

(Nine-month period ended December 31, 2011)

(Unit: Millions of yen)

	Nine-month period ended December 31, 2010 (April 1, 2010 to December 31, 2010)	Nine-month period ended December 31, 2011 (April 1, 2011 to December 31, 2011)
Income before minority interests	2,307	2,336
Other comprehensive income		
Valuation difference on available-for-sale securities	269	(84)
Deferred gains or losses on hedges	(9)	(41)
Revaluation reserve for land	—	150
Foreign currency translation adjustment	(277)	(547)
Share of other comprehensive income of associates accounted for using equity method	(16)	(24)
Total other comprehensive income	(33)	(548)
Comprehensive income	2,273	1,788
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,311	1,750
Comprehensive income attributable to minority interests	(38)	37

## (3) Notes on going concern assumption

Not applicable

## (4) Segment information

[Segment Information]

Information on net sales, income or loss by reportable segment

Nine-month period ended December 31, 2010 (April 1, 2010 to December 31, 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	49,661	11,216	56,796	117,674	14,921	132,595	—	132,595
Inter-segment sales or transfers	24	15	135	174	1,502	1,677	(1,677)	—
Total	49,685	11,231	56,931	117,848	16,423	134,272	(1,677)	132,595
Segment income (loss)	7,425	1,186	357	8,968	222	9,191	(1,925)	7,265

(Notes) 1. *Other* includes the Environmental Business, Medical Business, Health & Amenity Business, and Real Estate-related Business.

2. The adjustment of 1,925 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.

Nine-month period ended December 31, 2011 (April 1, 2011 to December 31, 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	51,557	11,353	55,807	118,719	10,785	129,504	—	129,504
Inter-segment sales or transfers	14	34	176	225	1,446	1,672	(1,672)	—
Total	51,572	11,388	55,983	118,944	12,232	131,176	(1,672)	129,504
Segment income (loss)	6,900	1,249	562	8,711	326	9,038	(1,786)	7,251

(Notes) 1. *Other* includes the Environmental Business, Medical Business, Health & Amenity Business, and Real Estate-related Business.

2. The adjustment of 1,786 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 Nine-month period ended December 31, 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 2,500 million yen. Consequently, capital stock and capital surplus totaled 26,298 million yen and 4,161 million yen, respectively, at the end of the first nine-month period of the fiscal year ending March 31, 2012.