Consolidated Financial Statement for Year Ended March 31, 2008
(April 1, 2007 - March 31, 2008)

May 9, 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 Year FY2007 (April 1, 2007 - March 31, 2008)

(1)Consolidated Operating Results

Years ended March 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	%
2008	234,744	6.4	11,553	3.4	8,013	(5.3)	1,550	(39.5)
2007	220,572	2.1	11,171	(21.4)	8,458	(27.7)	2,562	(43.1)

	Net income per share	Diluted net income per share	Return on equity	Return on asset	Operating income ratio
	Yen	Yen	%	%	%
2008	3.26	-	4.5	2.5	4.9
2007	5.39	-	7.3	2.6	5.1

(Reference) Equity in earnings of affiliates: March 31, 2008 562 million yen,
March 31, 2007 274 million yen

(2) Consolidated Financial Position

As of March 31

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2008	309,043	38,378	10.9	70.67
2007	328,382	39,959	10.8	74.24

(Reference) Shareholders' equity: March 31, 2008 33,611 million yen,
March 31, 2007 35,310 million yen

(3) Consolidated Cash Flows
Years ended March 31

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
2008	8,129	(5,500)	(5,113)	13,209
2007	11,903	(7,097)	(3,779)	15,479

2. Dividends

Years ended/ending March 31

Record date	Dividends per share			Total dividends paid (total annual)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	Interim	Year-end	Total annual			
	Yen	Yen	Yen	Million yen	%	%
2007	-	2.00	2.00	951	37.1	2.7
2008	-	2.00	2.00	951	61.3	2.8
2009 (Forecast)	-	2.00	2.00		23.8	

3. Forecasts for the Fiscal Year 2008 ending March 31, 2009

Percentage indicates increase / (decrease) from the previous year

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim period	115,000	3.0	4,500	1.0	2,500	(20.2)	500	(71.1)	1.05
Fiscal year	245,000	4.4	13,000	12.5	9,000	12.3	4,000	157.9	8.41

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 company: 0 Exempted company: 1 (Unitika Uji Products Co., Ltd.)
(Note) For details, refer to “Status of Corporate Group” on page 7.

(2) Changes in accounting rules, procedures, or method relating to the preparation of the consolidated financial statements (those included in changes in important matters for preparation of consolidated financial statements) :
1. Changes in accordance with revisions to accounting standard: None
2. Other changes: Yes
(Note) For details, refer to “Basic matters for preparation of consolidated financial statements” on page 16.

(3) Number of share outstanding (Common stock) :
1. Number of shares outstanding at the end of period (including treasury stock)
March 31, 2008: 475,969,000 March 31, 2007: 475,969,000
2. Number of treasury stocks at the end of period
March 31, 2008: 393,124 March 31, 2007: 348,409
(Note) For details of basic number of shares to calculate net income per share (consolidated), refer to “Per Share Data” on page 20.

【Reference】 Non-Consolidated Performance Summary

1. Non-Consolidated Performance for Year FY2007 (April 1, 2007 - March 31, 2008)

(1) Non-Consolidated Operating Results

Years ended March 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	%
2008	103,825	7.1	7,237	0.3	5,025	(3.8)	417	(82.3)
2007	96,926	2.3	7,212	(4.3)	5,223	(25.4)	2,355	(22.1)

	Net income per share	Diluted net income per share
	Yen	Yen
2008	0.88	-
2007	4.95	-

(2) Non-Consolidated Financial Position

As of March 31

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2008	257,038	39,287	15.3	82.61
2007	258,149	40,943	15.9	86.09

(Reference) Shareholders' equity: March 31, 2008 39,287 million yen,
March 31, 2007 40,943 million yen

2. Non-Consolidated Forecasts for the Fiscal Year 2008 ending March 31, 2009

Percentage indicates increase / (decrease) from the previous year

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim period	50,000	3.7	3,000	3.9	1,500	(25.6)	200	(80.7)	0.42
Fiscal year	110,000	5.9	8,000	10.5	5,000	(0.5)	1,500	259.6	3.15

** 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.

1. Consolidated Operating Results

(1) Analysis of consolidated operating results

1. Summary of the current period

Although a continued upward trend in exports was seen during the current period, a slowdown of the Japanese economy became apparent, and serious concern for the future of business accelerated because of the effects on corporate profit margins and consumer spending by rising crude oil and raw material prices, the instability of the financial market with the extended subprime issue, the rapidly increasing value of the yen, and the sluggishness in construction investments.

Under these circumstances, the Unitika Group has worked at various measures including the unrestricted reinforcement of its businesses with a dominant market share, promotion of differentiation strategies and a drastic cost reduction under the 3-year midterm management plan ,“New Progress (NP)-8”. Also, to absorb the soaring prices of petrochemical feedstock and fuels, we emphasized product repricing. However, due to an insufficient revision of product prices to absorb soaring prices of petrochemical feedstock and fuels exceeding the initial forecast, the subject current period FY2007 recorded net sales of 234,744 million yen (14,172 million yen increase compared to the previous year), operating income of 11,553 million yen, (382 million yen increase compared to the previous year), ordinary income of 8,013 million yen, (445 million yen decrease compared to the previous year), and the current net income of 1,550 million yen (1,011 million yen decrease compared to the previous year) because of our early execution of “Accounting Standard Relating to the Evaluation of Inventories.”

In addition, we intend to distribute a dividend of 2 yen per share for the fiscal year ended March 31, 2008, an amount equal to that of last year.

Following are results by business segment.

[Polymers]

Profitability of the polymer business as a whole continued to be adversely influenced by sustained high prices of raw materials and fuels, and the further price increases. Under such situation, we endeavored to secure earnings by means of a continuous product repricing and drastic cost reduction.

In the film business, domestic sales of nylon film increased mainly through differentiated products such as barrier materials, and an improvement in earnings of overseas subsidiaries was achieved, but the increase of raw materials prices put pressure on profits. Sales of polyester films expanded in the field of vacuum evaporation packaging, but, sales in the industrial field saw sluggish growth because of continuing market adjustments. Consequently, the film business as a whole recorded increased sales but a reduced profit.

In the resin business, sales volume of various materials, with the exception of PET resin for bottle application, expanded but profitability of nylon and polyester was adversely influenced by the increase of raw materials prices. On the other hand, the revenue of our owned polyarylate resin “U-Polymer” increased under strong demand from the automotive and electronics industries. Consequently, the resin business as a whole recorded increased revenues and profits.

In the nonwoven fabrics business, sales of spunbond fabrics for agriculture applications remained sluggish. Affront a background of a decrease in construction starts, sales of roofing and construction materials also decreased. However, business in the fields of carpets, diapers, vehicle applications and export markets remained steady. In the cotton spunlace business, sales expanded for applications for hygienic goods and cosmetics. Consequently, the business as a whole recorded an increase in revenue but reduced profits because of the effects of increased raw materials prices.

“TERRAMAC®” biodegradable biomass plastic was actively promoted as film, resin, nonwoven fabrics and fiber materials, and its applications were extended to food containers for convenience stores, drum covers of complex machines, head rest covers, bedding products, etc. The scope of practical use of “TERRAMAC®” has been steadily expanding backed by the technical improvement in moldability and productivity owing to established technology for accelerated crystallization at the fastest level in the world.

As a result, the polymer business recorded sales of 70,919 million yen (4,721 million yen increase compared to the previous year) and operating income of 7,078 million yen (562 million yen decrease compared to the previous year).

[Environmental Business and Advanced Materials]

In the environmental business, engineering works on backlog increased earnings and the maintenance business remained firm. However, with violent changes in the market environment and fluctuations in demand order prices amidst intensifying competition, improvements in profitability have been delayed. Consequently, improved earnings of the whole business led to an increase in revenue, but a full scale recovery of the business has not been achieved. Moreover, no great change for the better has been seen in the environment surrounding public projects and, with a limited increase in business volume, growth of demand orders is being restrained.

In the advanced materials business, sales of glass fibers for the IC cloth market were sluggish with inventory adjustments of the electronic parts industry taking much longer than expected. In the industrial material market, business in cloth for bug filters, fireproof electric wires and automobile shock absorbers marked a steady increase in sales. Sales of glass beads for reflective materials increased, and, at the same time, the business of active carbon fibers for wastewater purification and automobile deodorization stayed firm. Consequently, the business as a whole accounted for increased revenues and profits.

As a result, the business of environmental business and advanced materials recorded sales of 35,195 million yen (6,248 million yen increase compared to the previous year) and operating income of 3,218 million yen (942 million yen increase compared to the previous year).

[Fibers and Textiles]

In the synthetic fiber business, amid the cost increase of mainly raw materials and fuels, we focused our efforts on cost reduction, product repricing and improvement in product mixes. The nylon fibers and polyester long fibers faced severe conditions. However, demand for nonwoven fabric expanded, industrial material applications such as polyester cotton progressed smoothly. With regard to the vinylon business, sales of vinylon fibers for cement reinforcement, which is used as a substitute for asbestos, continued to increase steadily due to market expansion overseas and strong market demand for construction materials and construction reinforcement materials.

In the natural fiber business, sales were affected by the high prices of raw materials and fuels and also by the strong Chinese yuan in the foreign exchange market. Growth in demand for uniforms was slow and, with the sluggish general clothing market, overall revenue remained at a low level.

As a result, sales of the fibers business rose to 104,577 million yen (1,340 million yen increase compared to the previous year), but operating income dropped to 1,710 million yen (402 million yen decrease compared to the previous year).

[Healthcare & Amenity and Others]

In the healthcare & amenity business, sales of healthcare supplement foods related to the existing “Hanabiratake Club®” and various other supplements slowed down in a dullish wellness market. However, functional food ingredients such as ceramide and arabinose were adopted for major products by large scale users and the business as the whole remained on the same past level.

In the medical business, together with a new anti-thrombotic catheter, which is a core product for the circulatory system, sales of biochemical field products including enzymes and diagnostic drugs expanded firmly and revenue of the business increased on the whole. In other business, sales of condominiums proceeded smoothly.

As a result, sales of the healthcare & amenity and other businesses increased to 24,051 million yen (1,861 million yen increase compared to the previous year) and operating income of 2,862 million yen (691 million yen increase compared to the previous year).

2. Outlook for the fiscal year ending March 31, 2009

In the Fiscal Year ending March 31, 2009, it is believed that outlook of business, both in Japan and overseas, will become further uncertain because of a reduction in general consumption consequent to the increase in crude oil prices and other general commodity prices.

In this business environment, the Unitika Group will seek revenue increasing measures for businesses that were sluggish during the last period under the "New Progress (NP)-8" 3-year midterm management plan and, in coping with surging prices of raw materials and fuels, optimization of profitability will be pursued via continued implementation of drastic cost reductions, product repricing, and improvement of product mixes. In addition, the Group will strive to further improve its financial standing. For the fiscal year ending March 31, 2009, we envisage net sales of 245,000 million yen, operating income of 13,000 million yen, ordinary income of 9,000 million yen, and net income of 4,000 million yen.

(2) Analysis of Financial Position

Total assets decreased by 19,338 million yen from the end of fiscal year 2006 to 309,043 million yen, mainly due to decreased inventories by the early application of "Accounting Standard Relating to the Evaluation of Inventories," decrease in deferred income taxes, and selling of investment securities, etc.

The status of cash flows is as follows.
(Cash flow from operating activities)
Net cash provided by operating activities increased by 8,129 million yen reflecting the decrease of cash inflow consisting of income before income taxes and depreciation and amortization.
(Cash flow from investing activities)
Net cash used in investing activities decreased by 5,500 million yen reflecting an expense of 7,538 million yen for capital investment.
(Cash flow from financial activities)
Net cash used in financial activities decreased by 5,113 million yen, reflecting the cut-down of interest-bearing debts and the payment of dividend.
As a result, the balance of cash and cash equivalents at the end of the period under review decreased by 2,270 million yen from March 31, 2007, to 13,209 million yen.

Indicators of Financial Position are shown below:

	March 31, 2008	March 31, 2007	March 31, 2006
(1) Shareholders' equity ratio (%)	10.9	10.8	10.6
(2) Shareholders' equity ratio based on market value (%)	15.1	23.8	31.4
(3) Interest-bearing debt to cash flow ratio (Years)	24.4	17.1	18.6
(4) Interest coverage ratio (Times)	2.0	3.1	3.0

(Notes)
Shareholders' equity ratio…………………………………shareholders' equity / total assets
Shareholders' equity ratio based on market value……… aggregate market value / total assets
Interest-bearing debt to cash flow ratio…… interest-bearing debt / cash flows
Interest coverage ratio……………………… cash flows / interest expense
* Ratios above are computed using consolidated financial data.
* Operating cash flows is used for the ratio computation purpose.
* Interest-bearing debt consist of all interest-paid debt among liabilities accounted for in the consolidated balance sheet.

(3) Basic policy concerning distribution of profits and dividend for the fiscal year ended March 31, 2008 and the fiscal year ending March 31, 2009

The Unitika Group considers that the distribution of profits to its shareholders is one of material management issues, and makes it a basic policy to maintain a continuous and stable distribution of dividend taking its earnings into consideration. Internal reserve will be utilized with shareholder interests in mind for future investments, etc. aiming further improvement of our financial strength and expansion of our businesses.
Under this policy, we intend to distribute a dividend of 2 yen per share for the fiscal year ended March 31, 2008, an amount equal to that of the last year, and we also intend to distribute a dividend of 2 yen per share for the fiscal year ending March 31, 2009.

2. Status of Corporate Group

The Unitika Group is made up of the company, 59 subsidiary companies and 4 affiliated companies.
The Unitika Group is engaged in business in the four fields of "Polymers," "Environmental Business and Advanced Materials," "Fibers and Textiles," and "Healthcare & Amenity and Others." The major business contents of the main companies that comprise the Unitika Group and the positioning of the said businesses are roughly as follows.

[Polymers]

The company is mainly engaged in the manufacture and sales of plastic films, resins, resin products, and nonwoven fabrics.
In Japan, Terabo Co., Ltd., which is a consolidated subsidiary, processes and sells plastics and chemical products, and Diabond Industry Co., Ltd. manufactures and sells adhesives for automotive, electrical and construction applications.
Overseas, Emblem Asia Co., Ltd. (Indonesia) and Unitika Emblem China Ltd. (China), which are consolidated subsidiaries, manufacture and sell films. Tusco (Thailand), an equity method affiliate, manufactures and sells nonwoven fabrics.

[Environmental Business and Advanced Materials]

In the environmental business, the company is engaged in the engineering business (water treatment facilities, incinerator furnaces, air pollution prevention systems, etc.) as well as in the advanced materials business (glass fiber products, glass beads, active carbon fibers, amorphous metal fibers, phenol type thermosetting resin "Univeks", etc.).
Unitika Glass Fiber Co., Ltd., which is a consolidated subsidiary, manufactures glass fiber products, Unitika Sparklite Ltd. manufactures and sells reflection materials, Unitika Environmental Technical Center Co., Ltd. conducts environment analysis and measuring, and Union Co., Ltd. manufactures glass beads.

[Fibers and Textiles]

The company and its consolidated subsidiaries Unitika Fibers Ltd. and Unitika Textiles Ltd. manufacture and sell various textiles (yarn, cotton, woven and knitted materials, etc.), while Unitika Sakai Ltd. manufactures and sells woven and knitted materials, etc. Unitika Fibers Ltd. receives supplies of materials from Unitika Ltd. and its consolidated subsidiary Nippon Ester Co., Ltd., which makes ester yarn and cotton on the one hand while consigning dyeing and finishing to the I-Tex Co., Ltd. on the other. Part of these products are sold through Unitika Sakai Ltd. and Unitika Tsusho Ltd., which are consolidated subsidiaries of Unitika Ltd. Unitika Textiles Ltd. consigns dyeing and finishing of woven and knitted material to Osaka Dyeing Co., Ltd., which is a consolidated subsidiary of Unitika Ltd., and a part of these products are sold through Unitika Tsusho Ltd., which is a consolidated subsidiary. The Unitika Berkshire Co., Ltd., a consolidated subsidiary, manufactures men's and ladies' socks and stockings, etc.

[Healthcare & Amenity and Others]

In the medical business, the company manufactures and sells medical use materials, enzymes, diagnostic drugs, while, in the healthcare and amenity business, they sell Hanabiratake Club®, ceramides, fodder material, etc.
Unitika Estate Co., Ltd., which is a consolidated subsidiary, plans and sells condominiums, Unitika Plant Engineering Co., Ltd. designs, installs and maintains various plants for fireproof screens, etc., Unitika Realty Co., Ltd. leases and manages shopping centers, and Unitika Akohkaihatsu Co., Ltd. operates the Akoh Country Club.

The Unitika Tsusho Ltd. and other trading companies, which are consolidated subsidiaries, handle the products of the above various businesses.

3. Management Policies

(1) Basic management policies

The management principle of the Unitika Group is the “linkage between human living and technologies” and the Group is aiming for “contribution to human living and environment, and a company with a social presence.” While promoting the “expansion of its core businesses and consolidated business performance,” “reinforcement of its businesses related to environment and daily living,” “strengthening of its corporate structure and shareholders’ equity,” the Group is confident that the contribution to the society will enhance its corporate value and result in the contribution to its shareholders.

(2) Targeted management index

The Unitika Group gives greater importance on amount of sales, operating income and ordinary income representing the achievement of its business activities. The Group also put a high priority on shareholders’ equity ratio. With the deduction of interest-bearing debt in mind, the Group will place the focus on cash flows through its intensive management.

(3) Medium- to long-term business strategies and issues to approach

Under the influence of cost increase caused by sustained high prices of raw materials and fuels on its corporate performance, the Unitika Group strives to improve profitability taking necessary measures at each stage of review of non-profitable business segments, manufacture, sales and distribution, and at the same time to improve and strengthen continuously its revenue base by promoting reinforcement measures listed in the 3-year midterm management plan, “New Progress (NP)-8,” in other words, promoting sales in the major field centered by the polymers business and differentiation strategies in the field of functional materials including functional resins, glass-related materials, and various segments of industrial materials, etc. Furthermore, with the growth of these businesses as a mainstay, we will tackle the structuring of a corporate constitution by which the company will continue to prosper in the future.

Respective business strategies and issues to be addressed are as follows.

Polymers: In the film business, we will be working to strengthen and expand sales of “Emblem®” nylon film to the Asian, Europe and the U.S. markets and make efforts to expand sales of high-barrier films, such as “SEVIX®,” to strengthen our position in the industrial film field. In the resins business, we will strengthen the presence of “U-Polymer®” in established fields and expand sales through the development of new applications. Further, we will vigorously develop automotive, cell phones and personal computer applications for nano-composite nylon resin and push sales of copolymerized polyester resin for electrical and electronic fields.
In the nonwoven materials business, we will address sales expansion in overseas markets for spunbond for carpet application and spunlace fabrics for hygienic goods and cosmetic applications. In addition, we will promote the development of new applications in high added-value fields for filter applications. With regard to our “TERRAMAC®” biomass plastic, we will promote its commercialization based on the development of our unique technologies, and introduce “TERRAMAC®” extensively to the electronic equipment, automotive and food container industries.

Environmental Business and Advanced Materials: In the environmental business, our operating base will be strengthened by reinforcing our cost competitiveness, expanding business in the fiber filter field, making the most of our originality, strengthening sales of drugs, and coping with civilian demands. In the advanced materials business, we will strive to expand glass fibers, high added-value IC cloth and high grade glass beads for industrial applications in domestic and overseas markets, and try to increase sales of applications of activated carbon fibers for various types of filters.

Fibers and Textiles: In the fibers and textiles business, reviews will be conducted of non-profitable businesses in the synthetic fiber business, and thorough cost reductions will be advanced, while efforts will be made to shift their application toward industrial use and expand sales of differentiated products to improve product mix. We will promote sales expansion of high strength vinylon fibers and, at the same time, increase and bolster sales of vinylon fibers for cement reinforcement via export expansion, of which production is scheduled to be increased in 2008. Also, we will focus our efforts on improving profits by means of new developments and strengthening of owned differentiated products in our natural fiber business.

Healthcare & Amenity and Others: In the healthcare & amenity business, we will be working to create a lineup of products that duly considers the needs of consumers in the healthcare foodstuff field, and, together with a strengthening of sales channels, efforts will be made to promote sales of functional food materials such as ceramide.
In the medical business, we will strengthen sales promotion of competitive anti-thrombotic catheters for the circulatory system, and focus on developing new applications of enzyme and diagnostic products.

For overseas business development, operations for all Asian countries and business for the European market will be promoted mainly for the resin business, nonwoven fabrics business, and advanced materials business, in addition to a global expansion of nylon film.

We consider that the total cost reduction is a permanent issue, and will review the cost structure drastically to reduce manufacturing cost, allocate selling and administrative expenses to the fully effective extent, implement effective fund management, reduce interest-bearing debt, and to enhance energy efficiency by switching to environment-friendly natural gas.

Consolidated Financial Statements
(1) Consolidated Statements of Income

Unit:Millions of yen

	Year ended March 31,2007	Year ended March 31,2008	Increse(Decrease)
I. Net sales	220,572	234,744	14,172
II. Cost of sales	178,211	191,942	13,731
Gross profit	42,360	42,801	441
III. Selling, general and administrative expenses	31,189	31,247	58
Operating income	11,171	11,553	382
IV. Non-operating incomes			
Interest income	252	246	(6)
Dividend income	146	136	(9)
Rent	225	133	(92)
Gain on sale of investment securities	578	-	(578)
Retirement benefits for employees for prior period	975	498	(476)
Equity in income of unconsolidated subsidiaries and affiliates	274	562	288
Other incomes	1,295	1,604	309
Total non-operating incomes	3,748	3,182	(565)
V. Non-operating expenses			
Interest expense	3,875	4,082	207
Salaries paid to dispatched employees	1,368	1,266	(101)
Other expenses	1,217	1,373	156
Total non-operating expenses	6,461	6,723	261
Ordinary income	8,458	8,013	(445)
VI. Extraordinary incomes			
Gain on sale of property, plant and equipment	41	825	783
Gain on sale of affiliate securities	-	512	512
Total extraordinary incomes	41	1,338	1,296
VII. Extraordinary losses			
Loss on sale of property, plant and equipment	974	926	(47)
Write-down of inventories	-	2,419	2,419
Loss on disposal of inventories	674	743	68
Loss on restructuring of businesses	2,477	913	(1,564)
Other losses	1,003	1,559	556
Total extraordinary losses	5,129	6,562	1,432
Income before income taxes	3,369	2,788	(581)
Income taxes - Current	1,303	1,064	(238)
Income taxes - Deferred	(355)	182	538
Minority interest in income of consolidated subsidiaries	(140)	(9)	130
Net income	2,562	1,550	(1,011)

(2) Consolidated Balance Sheet

Unit:Millions of yen

	Mar 31,2007	Mar 31,2008	Increase (Decrease)
ASSETS			
I.Current assets			
Cash and cash equivalents	16,501	13,045	(3,455)
Notes and accounts receivable	49,734	50,039	305
Inventories	65,266	62,222	(3,043)
Deferred income taxes	1,639	1,449	(190)
Other current assets	7,016	7,087	71
Allowance for doubtful receivables	(93)	(65)	27
Total current assets	140,065	133,779	(6,285)
II.Fixed assets			
(1) Property,plant and equipment			
Buildings and structures	26,666	25,161	(1,505)
Machinery and equipments	27,967	27,600	(366)
Furniture and fixtures	1,290	1,332	41
Land	107,009	107,382	372
Construction in progress	1,180	2,535	1,355
Total property,plant and equipment	164,115	164,012	(103)
(2) Intangible fixed assets			
Goodwill	704	554	(149)
Others	947	944	(3)
Total intangible fixed assets	1,651	1,498	(152)
(3) Investments and other assets			
Investment securities	11,517	7,053	(4,464)
Contribution	37	35	(2)
Long-term loans	1,917	528	(1,389)
Deferred income taxes	6,937	431	(6,505)
Other assets	2,505	2,531	26
Allowance for doubtful receivables	(365)	(826)	(461)
Total investments and other assetes	22,550	9,753	(12,797)
Total fixed assets	188,317	175,264	(13,053)
Total assets	328,382	309,043	(19,338)

Unit:Millions of yen

	Mar 31,2007	Mar 31,2008	Increase (Decrease)
LIABILITIES			
I.Current liabilities			
Notes and accounts payable	41,999	38,385	(3,613)
Short-term debt	66,391	72,273	5,881
Long-term debt due within one year	39,968	56,489	16,520
Bonds due within one year	400	400	-
Accrued income taxes	1,063	952	(110)
Accrued bonuses	2,390	2,265	(125)
Reserve for compensation for completed works	36	116	80
Other current liabilities	16,749	15,290	(1,458)
Total current liabilities	168,999	186,172	17,173
II.Long-term liabilities			
Bonds	1,200	800	(400)
Long-term debt	88,998	62,823	(26,175)
Deferred income taxes on land revaluation	2,874	2,851	(23)
Deferred income taxes	18,599	11,278	(7,321)
Allowance for retirement benefits	3,926	3,483	(442)
Allowance for directors' retirement bonuses	494	408	(86)
Other long-term liabilities	3,329	2,847	(482)
Total long-term liabilities	119,423	84,492	(34,931)
Total liabilities	288,423	270,665	(17,757)
NET ASSETS			
I.Shareholders' equity			
Common stock	23,798	23,798	-
Capital surplus	1,661	1,661	-
Retained earnings	6,660	7,196	536
Treasury stock	(37)	(43)	(6)
Total shareholders' equity	32,082	32,612	530
II.Valuation and translation adjustments			
Unrealized gain (loss) on other securities	1,039	(120)	(1,160)
Deferred gain (loss) on derivatives under hedges accounting	2	(11)	(13)
Land revaluation excess	3,444	3,484	40
Foreign currency translation adjustments	(1,258)	(2,354)	(1,096)
Total valuation and translation adjustments	3,227	998	(2,229)
III.Minority interests in consolidated subsidiaries	4,649	4,767	118
Total net assets	39,959	38,378	(1,580)
Total liabilities and net assets	328,382	309,043	(19,338)

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2007

Unit:Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	23,798	1,661	4,766	(30)	30,195
Change of items during the period					
Cash dividends paid（Note）			(951)		(951)
Net income			2,562		2,562
Reversal adjustment of land revaluation excess			282		282
Treasury stock purchased /disposed				(6)	(6)
Net change of items other than shareholders' equity					
Total	–	–	1,893	(6)	1,886
Balance as of March 31, 2007	23,798	1,661	6,660	(37)	32,082

	Valuation and translation adjustments					Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gain (loss) on other securities	Deferred gain (loss) on derivatives under hedges accounting	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	2,749	-	3,987	(1,625)	5,111	4,684	39,992
Change of items during the period							
Cash dividends paid（Note）							(951)
Net income							2,562
Reversal adjustment of land revaluation excess			(282)		(282)		-
Treasury stock purchased /disposed							(6)
Net change of items other than shareholders' equity	(1,709)	2	(260)	366	(1,601)	(35)	(1,637)
Total	(1,709)	2	(543)	366	(1,884)	(35)	(33)
Balance as of March 31, 2007	1,039	2	3,444	(1,258)	3,227	4,649	39,959

(Note) items in appropriation of earning resolved in General Shareholders Meeting held in June, 2006

Year ended March 31, 2008

Unit:Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	23,798	1,661	6,660	(37)	32,082
Change of items during the period					
Cash dividends paid			(951)		(951)
Net income			1,550		1,550
Reversal adjustment of land revaluation excess			(63)		(63)
Treasury stock purchased /disposed				(6)	(6)
Net change of items other than shareholders' equity					
Total	-	-	536	(6)	530
Balance as of March 31, 2008	23,798	1,661	7,196	(43)	32,612

	Valuation and translation adjustments					Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gain (loss) on other securities	Deferred gain (loss) on hedges under hedges accounting	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	1,039	2	3,444	(1,258)	3,227	4,649	39,959
Change of items during the period							
Cash dividends paid							(951)
Net income							1,550
Reversal adjustment of land revaluation excess			63		63		-
Treasury stock purchased /disposed							(6)
Net change of items other than shareholders' equity	(1,160)	(13)	(22)	(1,096)	(2,292)	118	(2,174)
Total	(1,160)	(13)	40	(1,096)	(2,229)	118	(1,580)
Balance as of March 31, 2008	(120)	(11)	3,484	(2,354)	998	4,767	38,378

(4) Consolidated Statements of Cash Flow

Unit:Millions of yen

	Year ended March 31,2007	Year ended March 31,2008	Increase (Decrease)
I.Cash flow from operating activities			
Income before income taxes	3,369	2,788	(581)
Depreciation and amortization	6,897	6,704	(192)
Increase (decrease) in allowance for doubtful receivables	(18)	463	482
Decrease in allowance for retirement benefits	(2,041)	(659)	1,382
Decrease in other allowance	(78)	(143)	(65)
Interest expense	3,875	4,082	207
Loss on sale of property, plant and equipment	974	926	(47)
Gain on sale of property, plant and equipment	(41)	(825)	(783)
Gain on sale of investment securities	(578)	-	578
Gain on sale of affiliate securities	-	(512)	(512)
Write-down of inventories	-	2,419	2,419
Decrease in accounts receivable	3,309	64	(3,244)
Increase (decrease) in inventories	(4,268)	1,221	5,490
Increase (decrease) in accounts payable	5,733	(3,765)	(9,499)
Other, net	(608)	238	847
Subtotal:	16,525	13,005	(3,519)
Interest and dividends received	453	409	(44)
Interest paid	(3,839)	(4,071)	(232)
Income taxes paid	(1,235)	(1,213)	22
Net cash provided by operating activities	11,903	8,129	(3,774)
II.Cash flow from investing activities			
Decrease in time deposit	43	176	133
Purchase of investment securities	(30)	(200)	(170)
Proceeds from sale of investment securities	2,144	1,856	(287)
Purchase of property, plant and equipment	(5,170)	(7,538)	(2,368)
Proceeds from sale of property, plant and equipment	147	1,068	921
Other, net	(4,231)	(862)	3,369
Net cash used in investing activities	(7,097)	(5,500)	1,596
III.Cash flow from financial activities			
Increase in short-term bank loans, net	3,837	5,771	1,934
Proceeds from long-term debt	31,547	31,995	447
Repayment of long-term debt	(37,670)	(41,539)	(3,869)
Redemption of debenture	(550)	(400)	150
Cash dividends paid	(939)	(940)	(0)
Other, net	(4)	-	4
Net cash used in financial activities	(3,779)	(5,113)	(1,333)
IV.Adjustment for foreign currency translation	124	215	90
V.Net increase in cash and cash equivalents	1,150	(2,270)	(3,420)
VI.Cash and cash equivalents at beginning of the period	14,328	15,479	1,150
VII.Cash and cash equivalents at end of the period	15,479	13,209	(2,270)

Basic matters for preparation of consolidated financial statements

1. Scope of consolidation

52 subsidiaries are consolidated as of the end of the current period under review. 7 subsidiaries are not consolidated. Major consolidated subsidiaries are Unitika Fibers Co., Ltd., Nippon Ester Co., Ltd., Unitika Textiles Co., Ltd., etc. Total assets, net sales, current period net income/loss (corresponding to equity) and retained earnings (corresponding to equity) of non-consolidated subsidiaries (Akoh Unitec Service Co., Ltd., Unitika Uji Kosan Co., Ltd., etc.) are small in value and do not have a significant influence on the consolidated financial statements. Changes in consolidated subsidiaries consisted of an increase of 1 company by additional acquisition of its stocks, a decrease of 3 companies by merger with Unitika Ltd., a decrease of 1 company by merger between consolidated subsidiaries, and a decrease of 2 companies by liquidation of consolidated subsidiaries.

2. Adoption of equity method

The equity method is adopted on 7 non-consolidated subsidiaries and 4 affiliated companies (major company: Ador Co., Ltd.). Changes in affiliated companies include a decrease of 1 company by becoming a consolidated subsidiary by additional acquisition of its stocks, and a decrease of 2 companies by sales of held stocks.

3. Closing date for consolidated subsidiaries

Among consolidated subsidiaries, Thai Nylon Co., Ltd., Unitika America Corp., Unitika (Shanghai) Ltd., Emblem Asia Co., Ltd., Unitika Emblem China Ltd., Unitika Do Brasil LLC, Brascot LLC, Peking Unitika Garments LLC and Unitex Co., Ltd. close their accounts on December 31, and Unitika Hong Kong Ltd. on February 29. For the purpose of preparing the consolidated financial statements, the financial statements on respective dates are used, and a necessary adjustment is made with regard to material transactions conducted during the period between the above-mentioned closing date and the date of the current consolidated closing.

4. Accounting policies

(1) Evaluation standards and method for material assets

Marketable securities

Other marketable securities

With market values: market value method based on market values, etc. on the closing date (variance from valuation is reported as a component of shareholders' equity, and sales cost is computed under moving average method)

Without market values: cost method under moving average method

Derivatives

Stated at fair value

Inventories

Stated at cost principally determined by using the moving average method (the balance sheet value was calculated by the book value devaluation method, based on lowering of profitability.)

(Change of accounting policy)

In accordance with the application of the "Accounting Standard Relating to the Evaluation of Inventories" (Corporate Accounting Standards No. 9 Issue, dated July 5, 2006) to consolidated financial statements relating to a consolidated accounting year starting before March 31, 2008, the said accounting standard is applied from the current consolidated accounting year.

By this, income before income taxes decreased 2,419 million yen.

The reason why the change in the said accounting policy was made in the second half year was because adjustment of the acceptance preparations relating to the Accounting Standard Relating to the Evaluation of Inventories was made in the said second half year.

(2) Depreciation method for important depreciable assets

Tangible fixed assets

Computed using the declining balance method. However, depreciation of a part of consolidated subsidiaries is by the straight-line method.

Intangible fixed assets

Straight –line method

(3) Accounting standards for important allowances

Allowance for doubtful receivables

In order to cover losses arising from bad debts, collectibility of general receivables is reviewed based on the loan loss ratio and specific receivables including possible bad debts, etc. are evaluated individually to account for non-recoverable amounts.

Accrued bonuses

The allowance for bonus is accounted for based on the estimated bonus amount for payment to employees.

Reserve for compensation for completed works

The amount computed by multiplying the construction revenue by the ratio of past repair results is accounted for to appropriate it for free repairs under the liability of security for completed works. Some of consolidated subsidiaries account for the reserve for compensation for completed works as an expense when paid out.

Allowance for retirement benefits

The amount for payment of retirement benefits to employees under review based on the estimated amount of the trust estate and pension assets related to retirement benefit obligations (in regard to a part of consolidated subsidiaries, the retirement benefit obligations and plan assets) at the end of the fiscal year ended March 31, 2008 is accounted for.

The transition difference due to a change in the accounting standards is treated as an expense equally dividing the difference in 15 years.

The past service liability is accounted for using the straight-line method based on the average years of remaining service (mainly 9 years) by employees when the liability is incurred.

A difference in the mathematical calculation is treated as an expense in and after the fiscal year following the year when the difference is incurred, using the straight-line method based on the average years of remaining service (mainly 10 years) by employees when the difference is incurred.

Allowance for directors' retirement bonuses

In the past, the amount payable at the end of the subject term under the internal rule was accounted for to appropriate it for directors' retirement bonuses payable upon retirement of directors (including executive officers). However, we abolished the system of providing a bonus to retiring directors for the company and its consolidated subsidiaries in June of 2006 and suspended the transfer of such amount to allowance for directors' retirement bonuses.

(4)Standard for translating important foreign currency based assets or liabilities to Japanese currency

Foreign currency-based currency credit obligations and liabilities are converted into yen currency at the spot exchange rate of the consolidated closing account date and translation difference to be treated as profit or loss.

Furthermore, the assets and liabilities of overseas subsidiaries are converted into yen currency by the spot exchange rate of the year-end closing date, and profits and expenses are converted into yen currency at the average market rate during the period with the translation difference included in the foreign currency translation adjustments account and minority interest share.

(5)Settlement method for important leasing operations

Finance lease transactions other than those in which the ownership of leased property is acknowledged as transferable to lessee was accounted for in accordance with the method conforming to that regarding ordinary leasing transactions.

(6)Interest relating to property for sale (inventories)

Of the property for sale of the consolidated subsidiaries, part of the interest cost relating to the property for sale in progress is accounted for in the acquisition amount of the said property.

(7)Important hedge accounting method

The deferred hedge accounting is adopted. We employ appropriation procedures for forward foreign exchange contracts which may satisfy requirements for appropriation, and preferential procedures for interest rate swaps which may satisfy requirements for preferential procedures.

(8)Settlement of consumption tax, etc.

Settled based on the net of tax method

5. Items relating to evaluation of assets and liabilities of consolidated subsidiaries

The full market value evaluation method will be adopted in regard to the evaluation of assets and liabilities of consolidated subsidiaries.

6. Items relating to depreciation of goodwill

Goodwill is depreciated over 5 years by the straight-line method.

7. Scope of funds in statement of consolidated cash flows

Funds (cash and cash equivalents) stated in the consolidated cash flows consist of cash on hand, deposits which may be withdrawn from time to time and short term investments in securities easily available for sale with a maturity of 3 months or less from time of purchase and with a negligible risk exposure against price fluctuation.

Change of basic matters for preparation of consolidated financial statements

Change of indication method

(Consolidated Statements of Income)

The "Gain on sale of investment securities" (8 million yen for the current period) was stated separately up until the previous period. However, since it became less than 10/100 of the non-operating incomes, it is included and indicated in the "Other incomes" of the non-operating incomes.

(Consolidated Statements of Cash Flow)

The "Gain on sale of investment securities" of the cash flow from operating activities is included in "Other net" since the amount for the period lacked monetary importance. The "Gain on sale of investment securities" included in "Other net" of the current period was minus 8 million yen.

Segment Information

1. Business Segment Information

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
1. 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
2. Assets, depreciation and amortization and capital expenditures							
Assets	85,569	28,995	112,313	72,884	299,763	28,619	328,382
Depreciation and amortization	3,347	474	1,651	901	6,374	522	6,897
Capital expenditures	2,545	1,119	1,472	349	5,486	516	6,002

(Note)
1. Unallocated operating expenses disclosed in “Elimination or Corporate” amounted to 3,088 million yen.
2. Of the “Assets”, the total company assets disclosed in “Elimination or Corporate” amounted to 38,001 million yen with the main ones comprising surplus working funds (cash and deposits) of the parent company, long-term investment funds (investment in securities), as well as assets, etc. relating to administration and the Research and Development Division.
The land revaluation excess for business of the parent company is not included in the respective business segments.

Fiscal year ended March 31, 2008 — Unit: Millions of yen

	Polymers	Environmental Business and Advanced Materials	Fibers and Textiles	Healthcare & Amenity and Others	Total	Elimination or Corporate	Consolidated total
1. Net sales and operating income							
I. Net sales							
(1) Outside customers	70,919	35,195	104,577	24,051	234,744	-	234,744
(2) Inter-segment net sales and transfers	3,960	586	673	3,512	8,732	(8,732)	-
Total	74,880	35,781	105,250	27,564	243,477	(8,732)	234,744
II. Operating expenses	67,802	32,562	103,540	24,701	228,607	(5,416)	223,190
Operating income	7,078	3,218	1,710	2,862	14,870	(3,316)	11,553
2. Assets, depreciation and amortization and capital expenditures							
Assets	80,709	31,727	106,302	78,363	297,102	11,940	309,043
Depreciation and amortization	3,276	682	1,466	804	6,230	474	6,704
Capital expenditures	1,950	2,039	1,545	979	6,515	831	7,346

(Note)
1. Unallocated operating expenses disclosed in “Elimination or Corporate” amounted to 3,454 million yen.
2. Of the “Assets”, the total company assets disclosed in “Elimination or Corporate” amounted to 29,005 million yen with the main ones comprising surplus working funds (cash and deposits) of the parent company, long-term investment funds (investment in securities), as well as assets, etc. relating to administration and the Research and Development Division.
The land revaluation excess for business of the parent company is not included in the respective business segments.

2. Geographic Segment Information

This information is omitted because sales generated in Japan accounted for more than 90% of sales generated in all geographic segments.

3. Overseas Sales

Unit: Millions of yen

	Year ended March 31, 2007	Year ended March 31, 2008
I Overseas sales	30,063	34,884
II Consolidated sales	220,572	234,744
III Percentage of overseas sales to total consolidated sales	13.6%	14.9%

(Note) No single business segment has an overseas sales more than 10% of total consolidated sales.

Per Share Data

As of March 31, 2007	As of March 31, 2008
Net assets per share 74.24 yen Net income per share 5.39 yen Diluted net income per share - yen	Net assets per share 70.67 yen Net income per share 3.26 yen Diluted net income per share - yen

(Note) Basis for the calculation of net income per share for the current term are as follows:

	Year ended March 31, 2007	Year ended March 31, 2008
Net income (Million yen)	2,562	1,550
Net income not attributable to common stock (Million yen)	-	-
Net income on common stocks (Million yen)	2,562	1,550
Average number of common stock (Thousand share)	475,641	475,595

(Material subsequent events)

None

(Other notes, etc.)

Notes regarding matters relating to lease transactions, transactions with related parties, items relating to tax effect accounting, items relating to marketable securities, items relating to derivative transactions, items relating to retirement benefits, items relating to stock options, etc. and items relating to corporate combining have been excluded because it considered less necessary to disclose such information in the consolidated financial results.