

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

November 7, 2008

**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: November 13, 2008

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 six-month period of fiscal year ending March 31, 2009 (April 1, 2008 to September 30, 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 six-month period of FY ending March 31, 2009	107,853	—	2,559	—	1,236	—	521	—
1st six-month period of FY ended March 31, 2008	111,695	7.3	4,456	(16.8)	3,132	(24.9)	1,728	(14.1)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
1st six-month period of FY ending March 31, 2009	1.10		—	
1st six-month period of FY ended March 31, 2008	3.63		—	

## (2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1st six-month period of FY ending March 31, 2009	305,071	36,337	10.7	68.38
Fiscal year ended March 31, 2008	309,043	38,378	10.9	70.67

(Reference) Shareholders' equity 1st six-month period of fiscal year ending March 31, 2009: 32,516 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 6.
- (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 6.
- (4) Number of shares outstanding (Common stock)
  - ① Number of shares outstanding at end of term (including treasury stock):  
2nd quarter of the 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  
2nd quarter of the fiscal year ending March 31, 2009: 414,646 shares  
Fiscal year ended March 31, 2008: 393,124 shares
  - ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)  
2nd quarter of the fiscal year ending March 31, 2009: 475,566,387 shares  
2nd quarter of the fiscal year ended March 31, 2008: 475,607,818 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 5.
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 six-month period of the fiscal year ending March 31, 2009, Japan's economic outlook worsened along with deteriorating corporate earnings caused by skyrocketing resource prices, falling consumer spending caused by the increased cost of living, economic slowdown in U.S. and Europe, a series of failures and consolidations of U.S. financial institutions including stock brokers in the end of the term, and subsequent instability in financial and stock markets.

Under these conditions, the Unitika Group implemented measures based on the Group's medium-term (three-year) plan, "New Progress (NP)-8," which will end this fiscal year, and tried to revise its product prices continuously. However, the Company saw its sales and income decrease, mainly in environmental business and fibers & textiles business, due to greater-than-expected effects from rising material prices such as petrochemical materials and fuels. Consequently, the Company reported disappointing results for the first six-month period. The results fell short of the forecast: net sales of 107,853 million yen (a decrease of 3,841 million yen compared with the same period last year), operating income of 2,559 million yen (a decrease of 1,896 million yen), ordinary income of 1,236 million yen (a decrease of 1,896 million yen) and net income of 521 million yen (a decrease of 1,206 million yen).

Here is a summary of business by segment.

\* Since accounting standards for preparation of quarterly consolidated financial statements are applied from the current fiscal year, the amounts for the same period last year are indicated as reference in the qualitative information on business performance.

**[Polymers]**

In the polymers business as a whole, the Company worked hard to secure profitability by revising its product prices continuously as well as implementing cost-cutting measures, since a further rise in raw material and fuel prices cut into profits.

In the film business, sales of nylon film were sluggish in the domestic market, but the price revision was gradually accepted and profitability improved in overseas subsidiaries. In the polyester film business, total sales volumes increased due to a growth of differentiated film in the field of packaging, although inventory adjustment started in the industrial field such as household appliances and electronics industries. As a result, the Company saw sales and income increase over the same period last year in the polymers business. The cost reduction efforts also contributed. In the resin business, demand for nylon resin decreased due to production cutback in the automobile-related industry, but shipment of polyarylate resin, "U polymer," and polyester resin were steady. As a result, sales increased and income remained flat in the resin business. In the nonwoven fabrics business, shipment of spunbond was comparatively firm for general household materials and carpets use, but demand from the civil engineering, construction and automobile industries was weak and profitability worsened due to slightly delayed price revision. Shipment of cotton spunlace remained strong due to stable demand from mainly toiletry products and the price revision was gradually accepted. As a result, sales remained flat, but income decreased in the nonwoven fabrics business. The Company continued to promote the use of biomass plastic "TERRAMAC" in the following four fields: film, resin, nonwoven fabrics and textile. Thanks to our efforts, "TERRAMAC" has been adopted in beds and bedding for European market, various miscellaneous goods and heat-resistant durable plastic. With the world's fastest crystallization-promoting technology, the Company has been successful in significantly reducing the molding cycle time and production costs.

As a result, the polymers business posted an operating income of 3,464 million yen (an increase of 459 million yen over the same period last year) on net sales of 38,081 million yen (an increase of 3,388 million yen).

[Environmental Business/Advanced Materials]

In the environmental business, net sales increased along with progress of construction works, mainly waste disposal treatment projects won by the Company, but a decline in public works by governments and intensifying competition squeezed the profit margin and the Company had a hard time in maintenance service and sales of chemical products. As a result, both net sales and income decreased in the environmental business. In the advanced materials business, shipment of glass fibers for industrial materials use was slow due to a decline in demand from construction and engineering works. Shipment of IC cloth was also sluggish due to the worsening market condition in the electronic component industry. Shipment of glass beads was strong for industrial use and reflective materials use (for export) and shipment of activated carbon fiber was steady for air purification use and liquid-waste purification use. As a result, net sales slightly decreased while income diminished in the advanced materials business.

Consequently, the environmental business/advanced materials business posted an operating income of 203 million yen (a decrease of 498 million yen over the same period last year) on net sales of 14,373 million yen (a decrease of 98 million yen).

[Fibers & Textiles]

In the synthetic fiber business, in addition to deteriorating profitability caused by soaring raw material and fuel prices, demand declined over a wide range of industrial materials including construction, engineering works and automobile due to sluggish demand along with worsening business sentiment. Shipment of nylon fibers and long staple and short-fiber polyester also remained weak. In the vinyon fiber business, export of vinyon fiber was robust for reinforced concrete use as a replacement of asbestos, but in the domestic market shipment of vinyon fiber was sluggish for engineering works and building material use. In the natural fiber business, sales were sluggish as a whole. In the uniform business, in particular, the Company saw shipment decrease greatly due to the deteriorating market condition and cost pressures mounted due to production adjustment at its factory to reduce inventories. Furthermore, skyrocketing raw material and fuel prices also depressed earnings.

Consequently, the fibers & textiles business posted an operating loss of 228 million yen (operating income of 696 million yen in the same period last year) on net sales of 47,622 million yen (a decrease of 4,187 million yen over the same period last year).

[Health & Amenity, Others]

In the health & amenity, others business, net sales decreased due to a decline in Hanabiratake (cauliflower fungus)-related health food, but profitability improved due to steady shipment of functional food ingredients such as ceramid and arabinose, which large customers adopt for their main products. In the medical business, both sales and income decreased due to the revision in pharmaceutical prices for medical materials, but shipment of new products such as circulatory system catheters and enzymes increased. In other businesses, earnings from the real estate business decreased.

Consequently, the health & amenity, others business posted an operating income of 263 million yen (a decrease of 823 million yen over the same period last year) on net sales of 7,776 million yen (a decrease of 2,943 million yen).

## 2. Qualitative information on consolidated financial positions

Total assets amounted to 305,071 million yen, a decrease of 3,971 million yen, compared with the end of the previous fiscal year. This is mainly due to decrease in notes and accounts receivable-trade. Liabilities totaled 268,734 million yen, a decrease of 1,931 million yen, compared with the end of the previous fiscal year. This is mainly due to decrease in notes and accounts payable-trade. Net assets amounted to 36,337 million yen, a decrease of 2,040 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 flows situation.

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

Net cash provided by operating activities amounted to 4,011 million yen due to cash inflow from depreciation and a decrease in notes and accounts receivable-trade during the first six-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 3,960 million yen due to capital expenditures of 3,841 million yen during the first six-month period of the fiscal year ending March 31, 2009.

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

Net cash used in financing activities amounted to 1,827 million yen due to reduction of interest-bearing liability and dividend payment during the first six-month period of the fiscal year ending March 31, 2009.

As a result, cash and cash equivalents at the end of the first six-month period of the fiscal year ending March 31, 2009 amounted to 11,487 million yen, a decline of 1,722 million yen, compared with the end of the previous fiscal year.

## 3. Qualitative information on the forecast of consolidated performance

Rising resource prices, falling consumer spending, and destabilized global financial and stock markets have further heightened economic uncertainty. Under this environment, the company's profitability, mainly in environmental business and fibers & textiles business, is likely to continue to deteriorate, due to soaring raw material and fuel prices and economic slowdown. Taking these factors into consideration, the Company forecasts net sales of 233,000 million yen, operating income of 9,000 million yen, ordinary income of 5,500 million yen and net income of 1,000 million yen for the full-year ending March 31, 2009 (on consolidated basis).

#### 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, “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 second quarter of the consolidated fiscal year decreased by 550 million yen and 629 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 six-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 six-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 six-month period from the revision.

**5. Quarterly financial statements**

## (1) Consolidated quarterly balance sheets

	(Unit: Millions of yen)	
	End of Q2 of FY ending March 2009 (September 30, 2008)	Condensed consolidated balance sheet for previous FY (March 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposits	12,285	13,045
Notes and accounts receivable-trade	43,664	50,039
Merchandise and finished goods	39,413	39,171
Work in process	20,233	18,167
Raw materials and supplies	4,920	4,883
Other	7,781	8,536
Allowance for doubtful accounts	(92)	(65)
Total current assets	128,206	133,779
Noncurrent assets		
Property, plant and equipment		
Land	106,632	107,382
Other (net value)	59,081	56,629
Total property, plant and equipment	165,713	164,012
Intangible assets		
Goodwill	471	554
Other	896	944
Total intangible assets	1,367	1,498
Investments and other assets		
Other	10,637	10,580
Allowance for doubtful accounts	(852)	(826)
Total investments and other assets	9,784	9,753
Total noncurrent assets	176,865	175,264
Total assets	305,071	309,043

	(Unit: Millions of yen)	
	End of Q2 of FY ending March 2009 (September 30, 2008)	Condensed consolidated balance sheet for previous FY (March 31, 2008)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	34,388	38,385
Short-term loans payable	71,552	72,273
Current portion of long-term loans payable	31,616	56,489
Current portion of bonds	400	400
Income taxes payable	534	952
Provision for bonuses	2,093	2,265
Provision for warranties for completed construction	23	116
Other	18,418	15,290
Total current liabilities	159,027	186,172
Noncurrent liabilities		
Bonds payable	600	800
Long-term loans payable	88,320	62,823
Provision for retirement benefits	3,901	3,483
Provision for directors' retirement benefits	342	408
Other	16,542	16,977
Total noncurrent liabilities	109,706	84,492
Total liabilities	268,734	270,665
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,798	23,798
Capital surplus	1,661	1,661
Retained earnings	6,683	7,196
Treasury stock	(45)	(43)
Total shareholders' equity	32,097	32,612
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(127)	(120)
Deferred gains or losses on hedges	(2)	(11)
Revaluation reserve for land	2,914	3,484
Foreign currency translation adjustment	(2,365)	(2,354)
Total valuation and translation adjustments	418	998
Minority interests	3,821	4,767
Total net assets	36,337	38,378
Total liabilities and net assets	305,071	309,043



(2) Consolidated quarterly statements of income  
(1st six-month period ended September 30, 2008)

	(Unit: Millions of yen)
	1st six-month period ended September 30, 2008 (April 1, 2008 to September 30, 2008)
Net sales	107,853
Cost of sales	89,706
Gross profit	18,147
Selling, general and administrative expenses	15,587
Operating income	2,559
Non-operating income	
Interest income	131
Dividends income	84
Equity in earnings of affiliates	68
Other	1,487
Total non-operating income	1,772
Non-operating expenses	
Interest expenses	1,944
Other personal expenses	599
Other	551
Total non-operating expenses	3,095
Ordinary income	1,236
Extraordinary income	
Gain on sales of noncurrent assets	32
Total extraordinary income	32
Extraordinary losses	
Loss on disposal of noncurrent assets	255
Loss on valuation of investment securities	318
Business structure improvement expenses	745
Other	378
Total extraordinary losses	1,697
Quarterly net loss before income taxes	(429)
Income taxes-current	357
Income taxes-deferred	(1,373)
Total income taxes	(1,016)
Minority interests in income	65
Quarterly net income	521

## (3) Consolidated quarterly statements of cash flows

	(Unit: Millions of yen)
	1st six-month period ended September 30, 2008 (April 1, 2008 to September 30, 2008)
Net cash provided by (used in) operating activities	
Quarterly net loss before income taxes	(429)
Depreciation and amortization	3,494
Increase (decrease) in allowance for doubtful accounts	97
Interest expenses	1,944
Decrease (increase) in notes and accounts receivable-trade	6,545
Decrease (increase) in inventories	(2,117)
Increase (decrease) in notes and accounts payable-trade	(4,081)
Other	973
Sub-total	6,426
Interest and dividends income received	226
Interest expenses paid	(1,947)
Income taxes paid	(693)
Net cash provided by (used in) operating activities	4,011
Net cash provided by (used in) investment activities	
Decrease (increase) in time deposits	36
Purchase of investment securities	(12)
Proceeds from sales of investment securities	1
Purchase of property, plant and equipment	(3,841)
Proceeds from sales of property, plant and equipment	210
Other	(354)
Net cash provided by (used in) investment activities	(3,960)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(1,211)
Proceeds from long-term loans payable	42,114
Repayment of long-term loans payable	(41,326)
Redemption of bonds	(200)
Cash dividends paid	(935)
Other	(268)
Net cash provided by (used in) financing activities	(1,827)
Effect of exchange rate change on cash and cash equivalents	54
Net increase (decrease) in cash and cash equivalents	(1,722)
Cash and cash equivalents at beginning of period	13,209
Cash and cash equivalents at end of period	11,487

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 six-month period ended September 30, 2008 (April 1, 2008 to September 30, 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	38,081	14,373	47,622	7,776	107,853	—	107,853
(2) Inter-segment sales or transfers	1,761	382	1,248	1,952	5,344	[5,344]	—
Total	39,843	14,755	48,870	9,728	113,198	[5,344]	107,853
Operating income	3,464	203	(228)	263	3,702	[1,142]	2,559

b. Segment information by geographic area

1st six-month period ended September 30, 2008 (April 1, 2008 to September 30, 2008)

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

c. Overseas sales

1st six-month period ended September 30, 2008 (April 1, 2008 to September 30, 2008)

I. Overseas sales (million yen)	16,061
II. Consolidated sales (million yen)	107,853
III. Ratio of overseas sales to consolidated sales (%)	14.9

(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 six-month period of the previous fiscal year

(1) Consolidated statements of income for the 1st six-month period ended September 30, 2007

	6-month period ended September 30, 2007 (from April 1, 2007 to September 30, 2007)	
Account title	Amount (million yen)	
I. Net sales		111,695
II. Cost of sales		91,751
Gross profit		19,943
III. Selling, general and administrative expenses		15,487
Operating income		4,456
IV. Non-operating income		
Interest income	109	
Dividends income	99	
Gain on sales of investment securities	2	
Gain on contribution of securities to retirement benefit trust	299	
Rent income	72	
Equity in earnings of affiliates	541	
Other	1,010	2,135
V. Non-operating expenses		
Interest expenses	2,024	
Other personal expenses	702	
Other	731	3,458
Ordinary income		3,132
VI. Extraordinary income		
Gain on sales of noncurrent assets	747	
Gain on sales of subsidiaries and affiliates' stocks	512	1,260
VII. Extraordinary loss		
Loss on disposal of noncurrent assets	373	
Loss on valuation of inventories	265	
Business structure improvement expenses	479	
Other	671	1,789
Net income before income taxes		2,603
Income taxes-current	678	
Income taxes-deferred	253	931
Minority interests in income		(57)
Net income		1,728

## (2) Consolidated statements of cash flows for the 1st six-month period ended September 30, 2007

	6-month period ended September 30, 2007 (from April 1, 2007 to September 30, 2007)
Account title	Amount (million yen)
I. Net cash provided by (used in) operating activities	
Net income before income taxes	2,603
Depreciation and amortization	3,205
Increase in allowance for doubtful accounts	124
Interest expenses	2,024
Gain on sales of investment securities	(2)
Gain on sales of subsidiaries and affiliates' stocks	(512)
Decrease (increase) in notes and accounts receivable-trade	2,530
Decrease (increase) in inventories	(236)
Increase (decrease) in notes and accounts payable-trade	(4,327)
Other	(1,028)
Sub-total	4,379
Interest and dividends income received	229
Interest expenses paid	(2,079)
Income taxes paid	(683)
Net cash provided by (used in) operating activities	1,846
II. Net cash provided by (used in) investment activities	
Decrease (increase) in time deposits	22
Purchase of investment securities	(20)
Proceeds from sales of investment securities and short-term investment securities	1,795
Purchase of property, plant and equipment	(3,552)
Proceeds from sales of property, plant and equipment	887
Other	(391)
Net cash provided by (used in) investment activities	(1,259)

	6-month period ended September 30, 2007 (from April 1, 2007 to September 30, 2007)
Account title	Amount (million yen)
III. Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	2,302
Proceeds from long-term loans payable	19,166
Repayment of long-term loans payable	(23,450)
Redemption of bonds	(200)
Cash dividends paid	(936)
Net cash provided by (used in) financing activities	(3,117)
IV. Effect of exchange rate change on cash and cash equivalents	192
V. Net increase (decrease) in cash and cash equivalents	(2,337)
VI. Cash and cash equivalents at beginning of period	15,479
VII. Cash and cash equivalents at end of period	13,142

## (3) Segment information

## Segment information by business

1st six-month period ended September 30, 2007 (April 1, 2007 to September 30, 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	34,693	14,472	51,809	10,719	111,695	—	111,695
(2) Inter-segment sales or transfers	1,951	287	346	1,843	4,429	[4,429]	—
Total	36,644	14,759	52,156	12,563	116,125	[4,429]	111,695
Operating expenses	33,640	14,058	51,460	11,475	110,635	[3,396]	107,239
Operating income	3,004	701	696	1,087	5,489	[1,033]	4,456

(Note) Of operating expenses, the amount of unallocatable operating expenses included in “elimination or corporate” amounted to 1,040 million yen.

## 6. Other information

### Financial Results for the 1st Six-Month Period of the Fiscal Year Ending March 31, 2009 Supplementary information

#### ① Results and forecast for the Fiscal Year Ending March 31, 2009

(Millions of yen)

			Net sales	Operating income	Ordinary income	Net income
Consolidated performance	FY ended March 2007	Full year	220,572	11,171	8,458	2,562
	FY ended March 2008	1st six-months	111,695	4,456	3,132	1,728
		Full year	234,744	11,553	8,013	1,550
	FY ending March 2009	1st six-months	107,853	2,559	1,236	521
		Full year (forecast)	233,000	9,000	5,500	1,000
	Comparison to previous FY	1st six-months	(3,842)	(1,897)	(1,896)	(1,207)
Full year (forecast)		(1,744)	(2,553)	(2,513)	(550)	

#### ② Segment information (consolidated basis)

(Millions of yen)

			Polymers	Environmental Business/ Advanced Materials	Fibers & Textiles	Health & Amenity, Others	Elimination or corporate	Consolidated total
Results for previous year	1st six-month period ended September 2007	Net sales to outside customers	34,693	14,472	51,809	10,719	—	111,695
		Component ratio (%)	31.1	13.0	46.4	9.6	—	100.0
		Operating income	3,004	701	696	1,087	(1,033)	4,456
		Component ratio (%)	67.4	15.7	15.6	24.4	(23.2)	100.0
	FY ended March 2008	Net sales to outside customers	70,919	35,195	104,577	24,051	—	234,744
		Component ratio (%)	30.2	15.0	44.5	10.2	—	100.0
		Operating income	7,078	3,218	1,710	2,862	(3,316)	11,553
		Component ratio (%)	61.3	27.9	14.8	24.8	(28.7)	100.0
Forecast for current year	1st six-month period ended September 2008 (results)	Net sales to outside customers	38,081	14,373	47,622	7,776	—	107,853
		Component ratio (%)	35.3	13.3	44.2	7.2	—	100.0
		Operating income	3,464	203	(228)	263	(1,142)	2,559
		Component ratio (%)	135.4	7.9	(8.9)	10.3	(44.6)	100.0
	FY ending March 2009 (forecast)	Net sales to outside customers	77,000	33,000	99,000	24,000	—	233,000
		Component ratio (%)	33.0	14.2	42.5	10.3	—	100.0
		Operating income	7,800	2,000	500	2,100	(3,400)	9,000
		Component ratio (%)	86.7	22.2	5.6	23.3	(37.8)	100.0
Comparison to previous FY	1st six-month period ended September 2008	Net sales to outside customers	3,388	(99)	(4,187)	(2,943)	—	(3,842)
		Percentage change (%)	9.8	(0.7)	(8.1)	(27.5)	—	(3.4)
		Operating income	460	(498)	(924)	(824)	(109)	(1,897)
		Percentage change (%)	15.3	(71.0)	(132.8)	(75.8)	10.6	(42.6)
	FY ending March 2009 (forecast)	Net sales to outside customers	6,081	(2,195)	(5,577)	(51)	—	(1,744)
		Percentage change (%)	8.6	(6.2)	(5.3)	(0.2)	—	(0.7)
		Operating income	722	(1,218)	(1,210)	(762)	(84)	(2,553)
		Percentage change (%)	10.2	(37.8)	(70.8)	(26.6)	2.5	22.1



## ③ Capital expenditures, depreciation and amortization (property, plant and equipment), research and development expenses, interest bearing liability, financial account balance

(Millions of yen)

		Capital expenditures	Depreciation and amortization	Research and development expenses	Interest bearing liability (end of term)	Financial account balance
FY ended March 2007	Full year	5,723	6,633	4,377	196,959	(3,475)
1st six-month period ended September 2007	Q2	3,420	3,089	2,126	194,981	(1,815)
FY ended March 2008	Full year	7,167	6,467	4,230	192,785	(3,699)
1st six-month period ended September 2008	Q2	4,992	3,366	2,150	192,489	(1,728)
FY ending March 2009	Full year (forecast)	8,146	7,286			

## ④ Cash flows (Consolidated basis)

(Millions of yen)

		Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
FY ended March 2007	Full year	11,903	(7,097)	(3,779)	15,479
1st six-month period ended September 2007	Q2	1,846	(1,259)	(3,117)	13,142
FY ended March 2008	Full year	8,129	(5,500)	(5,113)	13,209
1st six-month period ended September 2008	Q2	4,011	(3,960)	(1,827)	11,487

## ⑤ Number of employees

(Persons)

	Consolidated basis
FY ended March 2007	5,030
1st six-month period ended September 2007	5,584
FY ended March 2008	5,531
1st six-month period ended September 2008	5,556