

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2019

November 8, 2018

Listed stock exchanges: Tokyo Stock Exchange

Company name: Unitika Ltd.

Code number: 3103

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

Representative: Hiroyuki Shime, President and Chief Executive Officer

Contact: Masanori Onishi, General Manager of Accounting Department

TEL: +81-6-6281-5721

Expected submission of quarterly report: November 13, 2018

Expected commencement date for paying dividend: –

Preparation of supplementary explanation documents for quarterly financial results: Yes

Holding of an analyst meeting for quarterly financial results: Yes (for securities analysts and institutional investors)

(Figures rounded down to nearest million yen.)

1. Consolidated performance for 2nd quarter of fiscal year ending March 31, 2019 (April 1, 2018 to September 30, 2018)

(1) Consolidated performance (accumulation) (Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 of FY ending March 31, 2019	63,379	0.5	4,408	(24.0)	4,257	(20.2)	3,875	(18.5)
Q2 of FY ended March 31, 2018	63,064	0.8	5,797	(7.6)	5,334	29.1	4,752	32.5

(Note) Comprehensive income Q2 of FY ending March 31, 2019: 3,038 million yen [(34.1%)]

Q2 of FY ended March 31, 2018: 4,613 million yen [41.5%]

	Quarterly net income per share	Diluted quarterly net income per share
	Yen	Yen
Q2 of FY ending March 31, 2019	63.76	39.13
Q2 of FY ended March 31, 2018	78.96	50.81

(Note) The Company implemented a 1-for-10 share consolidation effective as of October 1, 2017 by consolidating 10 common shares of the Company into one common share. *Quarterly net income per share* and *Diluted quarterly net income per share* were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q2 of FY ending March 31, 2019	202,649	43,358	19.7
FY ended March 31, 2018	201,447	40,729	18.4

(Reference) Shareholders' equity 2nd quarter of fiscal year ending March 31, 2019: 39,877 million yen

Fiscal year ended March 31, 2018: 37,165 million yen

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the current fiscal year. The change applies retroactively to the results for the previous fiscal year.

2. Dividend payment

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2018	—	0.00	—	0.00	0.00
FY ending March 31, 2019	—	0.00			
FY ending March 31, 2019 (forecast)			—	0.00	0.00

(Note) Revision of the latest dividend forecast: None

(Note) The above *Dividend payment* refers to dividends paid to the holders of common stock. For details of dividend payment to the holders of class shares (unlisted), the rights of which are different from those of common stock, please refer to *Dividend payment to the holders of class shares* mentioned below.

3. Forecast of consolidated performance for fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY ending March 31, 2019	131,500	2.4	10,500	(9.9)	9,000	(9.8)	6,500	(19.6)	107.15

(Note) Revision of the latest forecasts of operational results: Yes

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): Yes

New companies: — (company name)

Excluded companies: 2; (company name): UNITIKA EMBLEM CHINA LTD., UNITIKA NARIWA CO., LTD.

(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):

2nd quarter of the fiscal year ending March 31, 2019: 57,752,343 shares

Fiscal year ended March 31, 2018: 57,752,343 shares

② Number of treasury stocks at end of term

2nd quarter of the fiscal year ending March 31, 2019: 93,159 shares

Fiscal year ended March 31, 2018: 91,653 shares

③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)

2nd quarter of the fiscal year ending March 31, 2019: 57,659,748 shares

2nd quarter of the fiscal year ended March 31, 2018: 57,670,331 shares

(Note) The Company implemented a 1-for-10 share consolidation effective as of October 1, 2017 by consolidating 10 common shares of the Company into one common share. The *Number of shares outstanding at end of term*, the *Number of treasury stocks at end of term*, and the *Average number of shares outstanding during the term* were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

* This brief report of quarterly financial statements is not subject to audit procedures by a certified public accountant or an independent auditor.

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

The forward-looking statements in this document concerning forecasting of performance etc. are based on currently available information and assumptions considered by the Company to be reasonable. Such statements are neither promises nor guarantees of future performance. The actual performance may be significantly different from forecasts due to various factors. Concerning assumptions used as a basis for forecasting business performance and precautionary statements when using the forecast of performance, please refer to 1. *Qualitative Information on Quarterly Results* (3) *Explanation of future forecast information including forecast of consolidated performance* on page 3 of the attachment.

Dividend payment to the holders of class shares

The breakdown of dividends per share related to class shares, the rights of which are different from those of common stock, is as follows:

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year end	Total
Class A share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2018	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2019	—	0.00			
FY ending March 31, 2019 (forecast)			—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2018	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2019	—	0.00			
FY ending March 31, 2019 (forecast)			—	23,740.00	23,740.00

○ Table of contents for the attachment

1. Qualitative Information on Quarterly Results.....	2
(1) Explanation of operational results.....	2
(2) Explanation of financial situation	3
(3) Explanation of future forecast information including forecast of consolidated performance	3
2. Quarterly Consolidated Financial Statements and Major Notes to Consolidated Financial Statements	4
(1) Consolidated quarterly balance sheets	4
(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income	6
Consolidated quarterly statements of income Six-month period ended September 30, 2018	6
Consolidated quarterly statements of comprehensive income Six-month period ended September 30, 2018	7
(3) Consolidated quarterly statements of cash flows	8
(4) Notes on quarterly consolidated financial statements	9
(Notes on going concern assumption)	9
(Notes on significant changes in shareholders' equity)	9
(Additional information)	9
(Segment information)	9
(Significant subsequent events).....	10
3. Supplementary Information	11

1. Qualitative Information on Quarterly Results

(1) Explanation of operational results

During the six-month period of the consolidated accounting year under review, the Japanese economy continued to recover. Corporate earnings and the employment environment remained robust, and there were signs of personal consumption gradually picking up despite the negative impact of a spate of natural disasters. Looking overseas, the global economy remained solid, supported by the strong U.S. economy. However, the outlook for the global economy became unclear due to the protectionist U.S. trade policy, geopolitical risk in the Middle East, and rising raw material and fuel prices.

Under these circumstances, the Unitika Group endeavored to realize the three *Gs* (*Growth, Global, and Governance*) promoted under the “*G*” *round 20—to The Next Stage*, its medium-term management plan. Consequently, the Group reported net sales of 63,379 million yen (up 0.5% year on year), operating profit of 4,408 million yen (down 24.0% year on year), ordinary profit of 4,257 million yen (down 20.2% year on year), and profit attributable to owners of parent of 3,875 million yen (down 18.5% year on year) in the six-month period of the consolidated accounting year under review.

Here is an overview of the business results by segment.

[Polymers]

In the Films business, sales in the domestic packaging sector continued to grow steadily, supported by an increase in demand both for summer goods due to record hot weather and for goods for convenience stores owing to the expansion of items adopted. In addition, sales of high value-added products, such as *EMBLEM HG*, a barrier nylon film, grew robustly at home and abroad. In the industrial sector, demand was steady in the area of electric and electronics applications, supported by strong demand in the semiconductor market. Furthermore, sales of high value-added products such as *Uni-peel*, a silicon-free mold release PET film, were also robust. Accordingly, the Films business saw net sales grow but profit decrease due to soaring raw material and fuel prices.

In the Plastics business, sales of *U-Polymer*, the Company’s original polyarylate resin, continued to expand steadily, supported by strong demand for both information terminal and automobile applications. Meanwhile, demand for *elitel*, a thermoplastic saturated copolymeric polyester resin, continued to grow robustly for solar cell applications from the previous period. Sales of *ARROWBASE*, a range of environmentally friendly water-based polyolefin cationic emulsions, increased strongly but lost momentum in the latter half of the period because of falling demand. Accordingly, the Plastics business posted an increase in net sales and a fall in profit due to soaring raw material and fuel prices.

In the Non-woven Fabrics business, demand for polyester spunbond fabrics continued to grow steadily from the previous period in daily product applications, and demand, in general, remained strong for other applications. THAI UNITIKA SPUNBOND CO., LTD. (TUSCO), a subsidiary in Thailand, saw sales of existing products increase solidly for civil engineering and carpet applications, since it had consistently encouraged customers to adopt products manufactured by its new machinery at the stage of design. Sales of cotton spunlace continued to be robust for daily product applications, such as skin care goods. Accordingly, the Non-woven Fabrics business saw net sales grow but profit decrease due to soaring raw material and fuel prices.

Consequently, the Polymers business posted operating profit of 4,037 million yen (down 13.9% year on year) on net sales of 31,087 million yen (up 9.6% year on year).

[Advanced Materials]

In the Glass Fibers business, the industrial materials sector saw sales of products for building applications, such as incombustible sheets, grow steadily, but sales for environment-related applications were sluggish. In the electronic materials sector, sales of IC cloth, especially high value-added products, such as super thin products, increased robustly, supported by strong demand for information terminal applications.

In the Glass Beads business, sales for automobile applications, electronic component applications, and road marking applications grew steadily. However, sales for reflective material applications were sluggish due to a fall in exports. Furthermore, a sharp rise in raw material and fuel prices affected profitability, causing profit to decrease.

In the Activated Carbon Fibers business, demand for our mainstay water purifier applications and VOC removal applications continued to grow steadily. However, demand for industrial filter applications decreased.

Consequently, the Advanced Materials business posted operating profit of 625 million yen (down 1.9% year on year) on net sales of 6,286 million yen (up 2.2% year on year).

[Fibers and Textiles]

In the Industrial Materials business, sales of staple fibers were sluggish for daily product applications, but sales of high value-added products, such as composite fibers, remained robust. Furthermore, sales of ultra-high-strength polyester filament yarns grew steadily, supported by strong demand for civil engineering and building applications. However, soaring raw material and fuel prices significantly weighed on the business, leading to a fall in profit.

In the Garments, Lifestyle Materials and Bedding business, sales in the uniform sector for corporate customers, a mainstay of this business, and sales of raw fibers for high-functional materials remained steady. However, sales of clothing materials were sluggish in the sports clothing and women’s clothing sectors. Furthermore, in the Overseas business, sales of denim decreased.

Consequently, the Fibers and Textiles business posted an operating loss of 24 million yen (operating profit of 644 million yen in the previous year) on net sales of 25,219 million yen (down 5.2% year on year).

[Others]

The Others category posted an operating loss of 203 million yen (operating loss of 185 million yen in the same period of the previous consolidated fiscal year) on net sales of 785 million yen (down 59.7% year on year).

(2) Explanation of financial situation

Total assets increased by 1,202 million yen from the end of the previous consolidated year to 202,649 million yen, mainly due to an increase in property, plant and equipment. Liabilities fell by 1,425 million yen from the end of the previous consolidated year to 159,291 million yen, mainly due to a decrease in long-term loans payable. Net assets grew by 2,628 million yen from the end of the previous consolidated year to 43,358 million yen. This was mainly due to a rise in retained earnings caused by the posting of profit attributable to owners of parent.

Here is a summary of the cash flow situation.

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

Net cash provided by operating activities amounted to 5,825 million yen during the first six-month period of the current consolidated fiscal year (up 57.9% year on year) mainly due to cash-in-flow, which adds depreciation to profit before income taxes.

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

Net cash used in investment activities amounted to 3,219 million yen during the first six-month period of the current consolidated fiscal year (1,564 million yen used in the same period of the previous consolidated fiscal year) due to the posting of expenses related to capital expenditures.

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

Net cash used in financing activities amounted to 1,859 million yen during the first six-month period of the current consolidated fiscal year (15,652 million yen used in the same period of the previous consolidated fiscal year), mainly due to repayment of loans payable.

As a result, cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year increased by 3,563 million yen from the end of the previous consolidated fiscal year to 26,861 million yen.

(3) Explanation of future forecast information including forecast of consolidated performance

Considering the consolidated performance for the first six-month period of the current fiscal year and the prospect that raw material and fuel prices are likely to remain high, affecting its earnings, mainly the Polymers and Fibers and Textiles businesses, the Company has revised its full year forecast of consolidated performance for the fiscal year ending March 31, 2019 announced on May 11, 2018.

Revision of the full year forecast of consolidated performance for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	Yen
Previous forecast (A)	131,500	11,500	10,000	7,000	114.50
Revised forecast (B)	131,500	10,500	9,000	6,500	107.15
Changes (B – A)	—	(1,000)	(1,000)	(500)	—
Percentage change (%)	—	(8.7)	(10.0)	(7.1)	—
(Reference) Performance of the previous fiscal year (the year ended March 31, 2018)	128,388	11,658	9,972	8,081	133.25

2. Quarterly Consolidated Financial Statements and Major Notes to Consolidated Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2018)	Q2 of FY ending March 2019 (September 30, 2018)
Assets		
Current assets		
Cash and deposits	26,395	27,244
Notes and accounts receivable-trade	36,552	34,448
Inventories	27,202	29,282
Other	2,899	2,390
Allowance for doubtful accounts	(84)	(64)
Total current assets	92,965	93,300
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	23,081	22,935
Land	65,071	65,068
Other, net	13,502	14,652
Total property, plant and equipment	101,654	102,657
Intangible assets		
Other	2,139	2,018
Total intangible assets	2,139	2,018
Investments and other assets		
Other	4,707	4,712
Allowance for doubtful accounts	(20)	(38)
Total investments and other assets	4,686	4,674
Total non-current assets	108,481	109,349
Total assets	201,447	202,649

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2018)	Q2 of FY ending March 2019 (September 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,968	18,663
Short-term loans payable	2,450	2,430
Current portion of long-term loans payable	2,720	2,704
Income taxes payable	676	655
Provision for bonuses	1,576	1,644
A product repair reserve fund	704	355
Provision for business structure improvement	20	—
Other	8,567	8,916
Total current liabilities	35,685	35,371
Non-current liabilities		
Long-term loans payable	100,081	98,780
Provision for directors' retirement benefits	4	4
Net defined benefit liability	12,218	12,619
Other	12,727	12,516
Total non-current liabilities	125,031	123,920
Total liabilities	160,717	159,291
Net assets		
Shareholders' equity		
Capital stock	100	100
Capital surplus	16,451	16,487
Retained earnings	19,201	22,680
Treasury shares	(55)	(56)
Total shareholders' equity	35,698	39,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	491	507
Deferred gains or losses on hedges	(2)	(13)
Revaluation reserve for land	6,415	6,415
Foreign currency translation adjustment	(2,793)	(3,778)
Remeasurements of defined benefit plans	(2,644)	(2,465)
Total accumulated other comprehensive income	1,467	665
Non-controlling interests	3,564	3,480
Total net assets	40,729	43,358
Total liabilities and net assets	201,447	202,649

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income
 (Consolidated quarterly statements of income)
 (Six-month period ended September 30, 2018)

(Unit: Millions of yen)

	Six-month period ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)
Net sales	63,064	63,379
Cost of sales	47,316	48,394
Gross profit	15,747	14,984
Selling, general and administrative expenses	9,949	10,576
Operating profit	5,797	4,408
Non-operating income		
Interest income	45	28
Dividend income	47	46
Foreign exchange gains	115	374
Share of profit of entities accounted for using equity method	—	15
Rent income	69	68
Other	329	184
Total non-operating income	607	717
Non-operating expenses		
Interest expenses	706	618
Share of loss of entities accounted for using equity method	7	—
Other	357	250
Total non-operating expenses	1,070	868
Ordinary profit	5,334	4,257
Extraordinary income		
Gain on sales of non-current assets	415	—
Gain on liquidation of subsidiaries and associates	—	398
Total extraordinary income	415	398
Extraordinary losses		
Loss on disposal of non-current assets	196	254
Business structure improvement expenses	50	—
Other	1	—
Total extraordinary losses	248	254
Profit before income taxes	5,502	4,402
Income taxes-current	574	520
Income taxes-deferred	176	2
Total income taxes	751	523
Profit	4,750	3,878
Profit (loss) attributable to non-controlling interests	(2)	2
Profit attributable to owners of parent	4,752	3,875

(Consolidated quarterly statements of comprehensive income)
 (Six-month period ended September 30, 2018)

(Unit: Millions of yen)

	Six-month period ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)
Profit	4,750	3,878
Other comprehensive income		
Valuation difference on available-for-sale securities	82	15
Deferred gains or losses on hedges	(4)	(13)
Foreign currency translation adjustment	(386)	(1,020)
Remeasurements of defined benefit plans, net of tax	171	178
Total other comprehensive income	(136)	(839)
Comprehensive income	4,613	3,038
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,671	3,074
Comprehensive income attributable to non- controlling interests	(57)	(35)

(3) Consolidated quarterly statements of cash flows

	(Unit: Millions of yen)	
	Six-month period ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	5,502	4,402
Depreciation	2,327	2,390
Loss (gain) on liquidation of subsidiaries and affiliates	—	(398)
Business structure improvement expenses	50	—
Increase (decrease) in allowance for doubtful accounts	(2)	(1)
Increase (decrease) in net defined benefit liability	572	588
Increase (decrease) in provision for business structure improvement	(111)	(20)
Increase (decrease) in a product repair reserve fund	(469)	(349)
Increase (decrease) in provision for loss on anti-monopoly act	(94)	—
Increase (decrease) in other provision	22	68
Interest expenses	706	618
Loss (gain) on disposal of non-current assets	196	254
Loss (gain) on sales of non-current assets	(415)	—
Decrease (increase) in notes and accounts receivable-trade	(812)	2,008
Decrease (increase) in inventories	(1,340)	(2,164)
Increase (decrease) in notes and accounts payable-trade	(858)	(233)
Other, net	(202)	(219)
Subtotal	5,070	6,942
Interest and dividend income received	92	74
Interest expenses paid	(703)	(608)
Income taxes paid	(770)	(583)
Net cash provided by (used in) operating activities	3,688	5,825
Cash flows from investing activities		
Decrease (increase) in time deposits	(43)	(158)
Purchase of investment securities	(5)	(5)
Proceeds from sales of investment securities	126	—
Purchase of property, plant and equipment	(1,914)	(2,886)
Proceeds from sales of property, plant and equipment	572	10
Other, net	(300)	(179)
Net cash provided by (used in) investing activities	(1,564)	(3,219)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(902)	(19)
Proceeds from long-term loans payable	45	100
Repayments of long-term loans payable	(1,744)	(1,414)
Purchase of treasury shares (class shares)	(11,949)	—
Cash dividends paid	(997)	(397)
Other, net	(103)	(128)
Net cash provided by (used in) financing activities	(15,652)	(1,859)
Effect of exchange rate change on cash and cash equivalents	(64)	(54)
Net increase (decrease) in cash and cash equivalents	(13,592)	691
Cash and cash equivalents at beginning of period	36,890	26,169
Cash and cash equivalents at end of period	23,297	26,861

(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable.

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets have been classified as investment and other assets, and deferred tax liabilities have been classified as non-current liabilities.

(Segment information)

Segment Information

I. Six-month period ended September 30, 2017 (April 1, 2017 to September 30, 2017)

1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consolidated quarterly statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	28,357	6,150	26,607	61,116	1,948	63,064	—	63,064
Inter-segment sales or transfers	4,693	459	412	5,565	596	6,162	(6,162)	—
Total	33,051	6,610	27,020	66,681	2,544	69,226	(6,162)	63,064
Segment income (loss)	4,688	638	644	5,970	(185)	5,785	12	5,797

(Notes) 1. The *Other* segment includes business segments that are not included in the reporting segments, such as the design, construction, and maintenance businesses of plant projects.

2. Adjustment of *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

3. *Segment income (loss)* is adjusted with operating profit in consolidated statements of income.

II. Six-month period ended September 30, 2018 (April 1, 2018 to September 30, 2018)

1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consolidated quarterly statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	31,087	6,286	25,219	62,593	785	63,379	—	63,379
Inter-segment sales or transfers	4,536	445	264	5,245	607	5,853	(5,853)	—
Total	35,623	6,732	25,483	67,839	1,393	69,232	(5,853)	63,379
Segment income (loss)	4,037	625	(24)	4,638	(203)	4,435	(27)	4,408

(Notes) 1. The *Other* segment includes business segments that are not included in the reporting segments, such as the design, construction, and maintenance businesses of plant projects.

2. Adjustment of *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

3. *Segment income (loss)* is adjusted with operating profit in consolidated statements of income.

(Significant subsequent events)

(Partial acquisition and retirement of Class B shares)

UNITIKA LTD. resolved at the meeting of the Board of Directors held on November 8, 2018 to acquire part of the Class B shares issued by the Company (worth 3,200 million yen) in exchange for cash payment in accordance with the provision of Article 13-3, Item 6 of the Company's Articles of Incorporation (Call Options, the Consideration for Which Is Money) and to retire the same in accordance with the provision of Article 178 of the Companies Act subject to the said acquisition.

(1) Reasons for the acquisition

Considering the consolidated performance for the fiscal year ended March 31, 2018 and the progress of consolidated performance for the fiscal year ending March 31, 2019, the Board of Directors has judged it appropriate for the Company to begin redeeming Class B shares by using current net assets and cash and deposits as soon as possible. Therefore, the Company has decided to acquire and retire part of Class B shares. The action is designed to eliminate potential medium-and long-term financial problems, such as the burden of future dividend payments for Class B shares, dilution of common shares, and outflow of large sums at an unexpected time.

(2) Details of acquisition of Class B shares

(i) Class of shares to be acquired: Class B shares

(ii) Counterparty in the acquisition (shareholder): Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation

(iii) Total number of shares to be acquired: 3,200 shares

(Note) Regarding the above 3,200 shares, the number of shares to be acquired from each shareholder shall be proportionally calculated in accordance with the Company's Articles of Incorporation. Accordingly, the Company will acquire 2,020 shares from Mizuho Bank, Ltd. and 1,180 shares from Mitsubishi UFJ Trust and Banking Corporation.

(iv) Share acquisition value: 1,021,723.7 yen per share

(Note) The above share acquisition value is calculated by adding the unpaid preferred dividend on a per diem basis (21,723.7 yen) to the amount to be paid per Class B share (1,000,000 yen).

(v) Total share acquisition value: 3,269,515,840 yen

(vi) Acquisition date: February 28, 2019

(3) Details of retirement of Class B shares

(i) Class of shares to be retired: Class B shares

(ii) Total number of shares to be retired: 3,200 shares

(iii) Effective date of retirement: February 28, 2019

The retirement of Class B shares is subject to the acquisition of the shares by the Company as mentioned in (2) above.

3. Supplementary Information

1. Results and earnings forecast for fiscal year ending March 2019 (consolidated)

(Millions of yen)

			Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated	FY ended March 2017	Full year	126,219	12,538	10,483	7,389
	FY ended March 2018	Q2	63,064	5,797	5,334	4,752
		Full year	128,388	11,658	9,972	8,081
	FY ending March 2019	Q2	63,379	4,408	4,257	3,875
		Full year (forecast)	131,500	10,500	9,000	6,500
Comparison with prior year	Q2	314	(1,389)	(1,077)	(876)	
	Full year	3,111	(1,158)	(972)	(1,581)	

2. Segment information (consolidated)

(Millions of yen)

			Polymers	Advanced Materials	Fibers & Textiles	Other	Adjustment	Consolidated total
Results for previous fiscal year	1st six-month period ended September 2017 (Results)	Net sales to outside customers	28,357	6,150	26,607	1,948	—	63,064
		Component ratio (%)	45.0	9.8	42.2	3.1	—	100.0
		Operating profit	4,688	638	644	(185)	12	5,797
		Component ratio (%)	80.9	11.0	11.1	(3.2)	0.2	100.0
Results for current fiscal year	1st six-month period ended September 2018 (Results)	Net sales to outside customers	31,087	6,286	25,219	785	—	63,379
		Component ratio (%)	49.0	9.9	39.8	1.2	—	100.0
		Operating profit	4,037	625	(24)	(203)	(27)	4,408
		Component ratio (%)	91.6	14.2	(0.5)	(4.6)	(0.6)	100.0
Comparison with the same period of the previous year		Net sales to outside customers	2,729	136	(1,388)	(1,162)	—	314
		Increase/decrease from previous year (%)	9.6	2.2	(5.2)	(59.7)	—	0.5
		Operating profit	(650)	(12)	(669)	(17)	(39)	(1,389)
		Increase/decrease from previous year (%)	(13.9)	(1.9)	—	—	—	(24.0)

3. Capital investment, Depreciation (Property, plant and equipment), R&D expenditures, Interest-bearing liabilities, Financial account balance, Number of permanent employees (consolidated)

(Millions of yen, persons)

		Capital investment	Depreciation (Property, plant and equipment)	R&D expenditures	Interest-bearing liabilities (end of fiscal year)	Financial account balance	Number of permanent employees (persons)
FY ended March 2017	Full year	4,825	4,292	3,142	109,327	(1,826)	3,671
1st six-month period ended September 2017	Q2	2,211	2,164	1,709	106,668	(613)	3,693
FY ended March 2018	Full year	4,129	4,448	3,274	105,252	(1,182)	3,677
1st six-month period ended September 2018	Q2	3,296	2,113	1,752	103,915	(543)	3,734

4. Cash flow (consolidated)

(Millions of yen)

		Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
FY ended March 2017	Full year	18,111	(4,158)	(19,089)	36,890
1st six-month period ended September 2017	Q2	3,688	(1,564)	(15,652)	23,297
FY ended March 2018	Full year	9,739	(3,231)	(17,207)	26,169
1st six-month period ended September 2018	Q2	5,825	(3,219)	(1,859)	26,861