

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2016

November 10, 2015

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: Shoji Ishikawa, Executive Officer, General Manager of Accounting Department

TEL: +81-6-6281-5721

Expected submission of quarterly report: November 13, 2015

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, 2016 (April 1, 2015 to September 30, 2015)

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

	Net sales		Operating income		Ordinary income		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, 2016	73,254	(5.6)	4,423	41.6	3,050	43.9	1,721	—
Q2 of FY ended March 31, 2015	77,623	(0.9)	3,123	0.1	2,120	(6.0)	(21,613)	—

(Note) Comprehensive income Q2 of FY ending March 31, 2016: 1,781 million yen [—%]

Q2 of FY ended March 31, 2015: (22,015) million yen [—%]

	Quarterly net income per share	Quarterly net income per share after full dilution
	Yen	Yen
Q2 of FY ending March 31, 2016	2.12	1.35
Q2 of FY ended March 31, 2015	(37.69)	—

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q2 of FY ending March 31, 2016	226,608	32,703	13.0
FY ended March 31, 2015	235,882	31,590	12.0

(Reference) Shareholders' equity 2nd quarter of fiscal year ending March 31, 2016: 29,395 million yen

Fiscal year ended March 31, 2015: 28,354 million yen

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, 2015	—	0.00	—	0.00	0.00
FY ending March 31, 2016	—	0.00	—	—	—
FY ending March 31, 2016 (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, 2016 (April 1, 2015 to March 31, 2016)

(% figures represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		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, 2016	145,000	(8.9)	11,300	26.7	8,800	14.6	3,000	—	3.47

(Note) Revision of the latest forecasts of operational results: None

* 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: 5 companies; (company name): Unitika Berkshire Co., Ltd., Unitika Information Systems Co., Ltd., Diabond Industry Co., Ltd., Unitika Environmental Technical Center Ltd., Unitika NP Cloth 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: Yes

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, 2016: 577,523,433 shares

Fiscal year ended March 31, 2015: 577,523,433 shares

② Number of treasury stocks at end of term

2nd quarter of the fiscal year ending March 31, 2016: 801,749 shares

Fiscal year ended March 31, 2015: 794,415 shares

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

2nd quarter of the fiscal year ending March 31, 2016: 576,726,075 shares

2nd quarter of the fiscal year ended March 31, 2015: 576,738,174 shares

* Information on implementation of quarterly review procedures

The summary of financial statements is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosing the summary of financial statements, the quarterly financial statement review procedures have been implemented.

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

The forward-looking statements in this document concerning 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 4 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, 2015	—	0.00	—	8,021.90	8,021.90
FY ending March 31, 2016	—	0.00			
FY ending March 31, 2016 (forecast)			—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2015	—	0.00	—	15,870.00	15,870.00
FY ending March 31, 2016	—	0.00			
FY ending March 31, 2016 (forecast)			—	23,740.00	23,740.00
Class C share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2015	—	0.00	—	40,109.60	40,109.60
FY ending March 31, 2016	—	0.00			
FY ending March 31, 2016 (forecast)			—	60,000.00	60,000.00

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1. Qualitative Information on Quarterly Results

(1) Explanation of operational results

In the first six months of the consolidated fiscal year ending March 31, 2016 (from April 1, 2015 to September 30, 2015), the government implemented economic measures according to its growth strategy and the yen remained weak. During the period, the Japanese economy continued recovering modestly, supported by a recovery in business performance centered on export-oriented companies, the positive effects of falling crude oil prices, and improvement of the employment and income environment. Meanwhile, the economic outlook became increasingly uncertain due to risks that threatened to drive down the economy, such as rising consumer prices and the slowdown of growth in emerging economies triggered by the economic slowdown in China.

Under these circumstances, the Unitika Group tried to strengthen its foundation as a functional materials manufacturer centered on the Polymers business and also reform the structure of under-performing businesses with the aim of achieving targets at an early stage under the growth strategy stated in its new medium-term management plan, which started in the last fiscal year. During the first six months of the current consolidated fiscal year under review, the Group also transferred equities in its consolidated subsidiaries including Unitika Berkshire Co., Ltd. and Unitika Environmental Technical Center Ltd. and decided to sell the real estate of its former Toyohashi Plant site.

As a result, in the first six months of the current consolidated fiscal year under review, the Unitika Group reported net sales of 73,254 million yen (down 5.6% year-on-year), operating income of 4,423 million yen (up 41.6% year-on-year), ordinary income of 3,050 million yen (up 43.9% year-on-year) and profit attributable to owners of parent of 1,721 million yen (net loss of 21,613 million yen in the same period of the previous year).

The Unitika Group has decided it will continue to pay no interim dividend for the fiscal year ending March 31, 2016. The management sincerely appreciates shareholders' understanding in this matter.

Here is an overview of the business results by segment.

From the first quarter of the current accounting year, Unitika reclassified its reporting segments. The statements referring to the comparison below are based on reclassified figures of the same period of the previous year. For details, please see 3. *Quarterly Consolidated Financial Statements*, (4) *Notes on quarterly consolidated financial statements (Segment information)*.

[Polymers]

In the Films business, domestic sales in the packaging sector increased because shipments for frozen food packaging applications grew steadily due to the summer heat in Japan, while overseas sales were sluggish due to the economic slowdown in South East Asia and China. Sales volumes for new barrier nylon film, rose robustly. Sales in the industrial sector grew, since sales of high value-added products, including silicon-free mold release polyester film, and a heat-resistant polyamide film, expanded for electric and electronic equipment applications. As a result, sales and profits increased in the Films business segment.

In the Resin business, sales of nylon resins remained flat due to a slump in the automobile industry in Japan. However, sales of thermoplastic saturated copolymeric polyester resin, and environmentally friendly water-based polyolefin cationic emulsion, increased steadily for solar cell panel applications. In addition, sales of thermoplastic polyester sheet, expanded for electric and electronic equipment applications. Furthermore, sales of polyarylate resin, grew robustly for information terminal applications. As a result, overall sales remained unchanged, but profits increased in the Resin business segment.

In the Non-woven Fabrics business, sales of polyester spunbond fabrics decreased, mainly for agricultural and building materials applications in Japan, despite steady domestic sales for daily product applications. Exports of polyester spunbond fabrics were also weak, since the Chinese economy lost steam. Meanwhile, sales of cotton spunlace for daily product applications increased against the backdrop of an increase in inbound demand. As a result, sales decreased but profits increased in the Non-woven Fabrics business.

Consequently, the Polymers business posted operating income of 3,763 million yen (up 51.1% year-on-year) on net sales of 28,067 million yen (up 0.2% year-on-year).

[Advanced Materials]

In the Glass Fibers business, sales for building-related material applications were strong, but sales for civil engineering applications were weak in the Industrial Materials business. In the electronic materials sector, sales of general-use IC cloth were sluggish due to weak demand for information terminal applications. However, sales of high value-added IC cloth, in general, remained strong.

In the Glass Beads business, sales volumes for road marking applications recovered, while sales for industrial and reflective material applications declined. Meanwhile, in the Activated Carbon Fibers

business, sales remained poor, since demand for mainstay water purifier applications did not recover, although sales for industrial applications were strong.

Consequently, the Advanced Materials business posted operating income of 694 million yen (up 19.0% year-on-year) on net sales of 5,607 million yen (down 7.0% year-on-year).

[Fibers and Textiles]

In the Industrial Materials business, although sales of ultra-high strength polyester filament yarn were weak in the field of civil engineering, its main applications, profitability improved as a result of the shift in sales focus to high-profit-margin products-. In the short-fiber polyester business, profitability improved significantly due to efforts to reduce sales of low-profit-margin products and boost high-profit-margin products in response to the business restructuring.

In the Garments, Lifestyle Materials, and Bedding business, sales in the uniform field decreased due to inventory adjustments of uniforms for factory workers, and the cost of procuring overseas products rose due to the weaker yen. Meanwhile, sales in the sports field remained weak, but sales in women's clothing fields were strong due to an increase in sales of secondary products. In addition, exports of denim remained robust.

Consequently, the Fibers and Textiles business posted operating income of 573 million yen (up 754.7% year-on-year) on net sales of 32,774 million yen (down 11.2% year-on-year).

[Others]

The Others category posted an operating loss of 631 million yen (operating loss of 32 million yen in the same period of the previous year) on net sales of 6,805 million yen (up 2.1% year-on-year) due to the effects of transfer of equities and businesses and liquidation associated with the business portfolio restructuring.

(2) Explanation of financial situation

Total assets decreased by 9,273 million yen from the end of the previous consolidated fiscal year to 226,608 million yen. This decrease was mainly due to the decrease in notes and accounts receivable-trade, inventories, and property, plant and equipment. Liabilities decreased by 10,385 million yen to 193,905 million yen, mainly due to the decrease in notes and accounts payable-trade and provisions. Net assets increased by 1,112 million yen to 32,703 million yen. This was mainly due to the increase in total net assets as a result of the reporting of profit attributable to owners of parent, despite a decrease in shareholders' equity and an increase in accumulated other comprehensive income due to reversal of revaluation reserve for land.

Here is a summary of the cash flow situation.

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

Net cash provided by operating activities during the first six months of the current consolidated fiscal year amounted to 2,390 million yen (down 55.3% year-on-year) due to cash-inflow—the total of income before income taxes and minority interests and non-cash items, such as depreciation and amortization.

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

Net cash used in investment activities amounted to 784 million yen during the first six months of the current consolidated fiscal year (2,249 million yen used in the same period of the previous fiscal year) due to capital expenditures despite proceeds from sales of assets associated with the business portfolio restructuring.

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

Net cash used in financing activities during the first six months of the current consolidated fiscal year amounted to 1,716 million yen (8,557 million yen provided in the same period of the previous consolidated fiscal year) 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 decreased by 310 million yen from the end of the previous consolidated fiscal year to 31,397 million yen.

- (3) Explanation of future forecast information including forecast of consolidated performance
The Company has not changed its forecast of consolidated performance for the fiscal year ending March 31, 2016 announced on May 12, 2015.

2. Matters concerning Summary Information (Notes)

(1) Changes in significant subsidiaries during the period

From the first quarter of the current consolidated accounting year, Unitika Berkshire Co., Ltd., Unitika Information Systems Co., Ltd., Diabond Industry Co., Ltd., and Unitika Environmental Technical Center Ltd. were excluded from consolidation as a result of divestiture of their shares.

From the second quarter of the current consolidated accounting year, Unitika NP Cloth Co., Ltd. was excluded from consolidation as a result of the completion of liquidation.

- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements
Not applicable

- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
(Changes in accounting policies)

(Application of Accounting Standards for Business Combination)

From the first quarter of the current consolidated accounting year, the Company adopted the Accounting Standard for Business Combination (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combination Accounting Standards"), the Accounting Standards for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Accounting Standards"), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestitures Accounting Standards"). In response to the adoption of these standards, the Company changed the accounting treatment of the Company's equity in subsidiaries under the control of the Company. Specifically, differences resulting from the Company's acquisition of shares of subsidiaries are recorded as a capital surplus, and the costs related to those acquisitions are recorded as expenses for the fiscal year in which the acquisitions are made. For business combinations in and after the first quarter of the current consolidated accounting year, the method to allocate acquisition costs has changed. The acquisition cost modified by temporary accounting is allocated to the consolidated financial statements for the quarter in which the business combination is implemented. In addition, the presentation of net income has also changed. And the presentation of "minority interests" has changed to "non-controlling interests". To reflect these changes, presentations in the consolidated financial statements for the first six months and the full year of the previous consolidated fiscal year were reclassified.

In the consolidated statement of cash flow for the first six months of the current consolidated fiscal year under review, cash flows related to payments or proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are posted in *Cash flows from financing activities*. Meanwhile, cash flows related to expenses for purchase of shares of subsidiaries resulting in change in scope of consolidation or payments or proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are posted in *Cash flows from operating activities*.

In adopting the Business Combination Accounting Standards, etc., the Company adopts the transitional treatments as stipulated in Article 58-2 (4) of the same Standards, Article 44-5 (4) of the Consolidated Accounting Standards, and Article 57-4 (4) of the Business Divestiture Accounting Standards in and after the beginning of the first quarter of the current consolidated accounting year.

As a result, operating income, ordinary income and net income before income taxes for the first six months of the current consolidated accounting year increased by 4 million yen, respectively. Capital surplus as of the end of the second quarter (September 30, 2015) decreased by 47 million yen.

3. Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2015)	Q2 of FY ending March 2016 (September 30, 2015)
Assets		
Current assets		
Cash and deposits	31,738	31,419
Notes and accounts receivable-trade	39,059	35,661
Inventories	37,377	34,321
Other	4,800	4,570
Allowance for doubtful accounts	(161)	(148)
Total current assets	112,814	105,824
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	18,167	22,753
Land	76,904	74,523
Other, net	21,371	16,784
Total property, plant and equipment	116,443	114,061
Intangible assets		
Goodwill	4	2
Other	1,480	1,552
Total intangible assets	1,485	1,554
Investments and other assets		
Other	5,382	5,280
Allowance for doubtful accounts	(243)	(111)
Total investments and other assets	5,138	5,168
Total non-current assets	123,067	120,784
Total assets	235,882	226,608

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2015)	Q2 of FY ending March 2016 (September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,368	15,604
Short-term loans payable	2,072	2,042
Current portion of long-term loans payable	1,703	1,129
Income taxes payable	461	216
Provision for bonuses	1,531	1,306
A product repair reserve fund	3,947	3,316
Provision for business structure improvement	1,751	1,198
Other	12,005	10,464
Total current liabilities	43,842	35,277
Non-current liabilities		
Long-term loans payable	130,127	129,052
Provision for directors' retirement benefits	26	7
Net defined benefit liability	12,353	11,442
Other	17,941	18,124
Total non-current liabilities	160,449	158,627
Total liabilities	204,291	193,905
Net assets		
Shareholders' equity		
Capital stock	100	100
Capital surplus	60,275	28,448
Retained earnings	(31,138)	122
Treasury shares	(45)	(46)
Total shareholders' equity	29,191	28,625
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	468	527
Deferred gains or losses on hedges	(224)	(203)
Revaluation reserve for land	5,165	6,671
Foreign currency translation adjustment	(2,807)	(2,954)
Remeasurements of defined benefit plans	(3,439)	(3,270)
Total accumulated other comprehensive income	(837)	769
Non-controlling interests	3,236	3,307
Total net assets	31,590	32,703
Total liabilities and net assets	235,882	226,608

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

(Consolidated quarterly statements of income)

(Six-month period ended September 30, 2015)

(Unit: Millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Net sales	77,623	73,254
Cost of sales	62,640	58,264
Gross profit	14,982	14,989
Selling, general and administrative expenses	11,858	10,566
Operating income	3,123	4,423
Non-operating income		
Interest income	89	35
Dividend income	48	45
Foreign exchange gains	660	–
Share of profit of entities accounted for using equity method	8	5
Rent income	45	159
Other	230	264
Total non-operating income	1,083	509
Non-operating expenses		
Interest expenses	1,401	1,200
Other	684	682
Total non-operating expenses	2,085	1,882
Ordinary income	2,120	3,050
Extraordinary income		
Gain on sales of non-current assets	–	128
Gain on sales of shares of subsidiaries and associates	–	375
Other	–	43
Total extraordinary income	–	546
Extraordinary losses		
Loss on disposal of non-current assets	259	251
Impairment loss	2,894	–
Business structure improvement expenses	20,139	525
Other	374	85
Total extraordinary losses	23,667	862
Income (loss) before income taxes and minority interests	(21,546)	2,735
Income taxes-current	451	68
Income taxes-deferred	(385)	931
Total income taxes	65	1,000
Profit (loss)	(21,612)	1,734
Profit attributable to non-controlling interests	0	13
Profit (loss) attributable to owners of parent	(21,613)	1,721

(Consolidated quarterly statements of comprehensive income)

(Six-month period ended September 30, 2015)

(Unit: Millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Profit (loss)	(21,612)	1,734
Other comprehensive income		
Valuation difference on available-for-sale securities	46	58
Deferred gains or losses on hedges	(265)	21
Revaluation reserve for land	–	(66)
Foreign currency translation adjustment	(868)	(136)
Remeasurements of defined benefit plans, net of tax	684	169
Total other comprehensive income	(402)	46
Comprehensive income	(22,015)	1,781
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(21,879)	1,755
Comprehensive income attributable to non- controlling interests	(136)	26

(3) Consolidated quarterly statements of cash flows

(Unit: Millions of yen)

	Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)	Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(21,546)	2,735
Depreciation	2,372	2,344
Impairment loss	2,894	–
Business structure improvement expenses	18,791	525
Increase (decrease) in allowance for doubtful accounts	(1)	(136)
Increase (decrease) in net defined benefit liability	986	(649)
Increase (decrease) in provision for business structure improvement	1,150	(407)
Increase (decrease) in provision for product repair	13	(630)
Increase (decrease) in other provision	(30)	(137)
Interest expenses	1,401	1,200
Loss (gain) on disposal of non-current assets	259	251
Loss (gain) on sales of non-current assets	–	(128)
Loss (gain) on sales of shares of subsidiaries and associates	–	(375)
Decrease (increase) in notes and accounts receivable-trade	1,482	2,477
Decrease (increase) in inventories	1,927	2,847
Increase (decrease) in notes and accounts payable-trade	(1,726)	(4,316)
Other, net	(515)	(1,875)
Subtotal	7,458	3,725
Interest and dividend income received	138	81
Interest expenses paid	(1,408)	(1,210)
Income taxes paid	(840)	(206)
Net cash provided by (used in) operating activities	5,348	2,390
Cash flows from investing activities		
Decrease (increase) in time deposits	5	6
Purchase of investment securities	(11)	(11)
Proceeds from sales of investment securities	–	17
Purchase of property, plant and equipment	(2,038)	(3,122)
Proceeds from sales of property, plant and equipment	0	2,105
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	129
Other, net	(205)	91
Net cash provided by (used in) investing activities	(2,249)	(784)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(24,582)	111
Proceeds from long-term loans payable	50	–
Repayment of long-term loans payable	(4,054)	(1,011)
Proceeds from issuance of common shares	37,218	–
Cash dividends paid	–	(666)
Other, net	(74)	(149)
Net cash provided by (used in) financing activities	8,557	(1,716)
Effect of exchange rate change on cash and cash equivalents	(35)	(200)
Net increase (decrease) in cash and cash equivalents	11,620	(310)
Cash and cash equivalents at beginning of period	19,557	31,708
Cash and cash equivalents at end of period	31,177	31,397

(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Segment information)

Segment Information

I. Six-month period ended September 30, 2014 (April 1, 2014 to September 30, 2014)

Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Figure in quarterly consolidated statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	28,016	6,030	36,910	70,957	6,665	77,623	—	77,623
Inter-segment sales or transfers	5,821	492	482	6,796	1,010	7,806	(7,806)	—
Total	33,837	6,523	37,392	77,753	7,675	85,429	(7,806)	77,623
Segment income (loss)	2,490	583	67	3,140	(32)	3,107	15	3,123

(Notes) 1. The *Other* category comprises business segments that are not included in reportable segments. It includes Environmental business, Medical business, Healthcare & Amenity business, and Real Estate-related business and the like.

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

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

II. Six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015)

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

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Figure in quarterly consolidated statements of income (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	28,067	5,607	32,774	66,448	6,805	73,254	—	73,254
Inter-segment sales or transfers	5,478	461	404	6,344	560	6,904	(6,904)	—
Total	33,546	6,068	33,178	72,793	7,365	80,158	(6,904)	73,254
Segment income (loss)	3,763	694	573	5,030	(631)	4,399	24	4,423

(Notes) 1. The *Other* category comprises business segments that are not included in reportable segments. It includes Environmental business, Medical business, Healthcare & Amenity business, and Real Estate-related business and the like.

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

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

2. Information related to the reclassification of reporting segments

In the first quarter of the current consolidated accounting year, Unitika reformed the organizational structure and business classifications for management purposes, with the aim of achieving the goals of the medium-term management plan. In response to these revisions, the classification of reporting segments for certain consolidated subsidiaries were also revised.

In addition, as for operating expenses, part of retirement benefit costs and part of R&D expenses, which were included in the adjustment item in the past, are allocated to relevant segments.

The segment information for the first six months of the previous consolidated fiscal year was reclassified as segment information after this revision.

4. Supplementary Information

1. Results and earnings forecast for fiscal year ending March 2016 (consolidated)

(Millions of yen)

			Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Consolidated	FY ended March 2014	Full year	162,686	6,799	4,713	583
	FY ended March 2015	Q2	77,623	3,123	2,120	(21,613)
		Full year	159,126	8,916	7,680	(27,033)
	FY ending March 2016	Q2	73,254	4,423	3,050	1,721
		Full year (forecast)	145,000	11,300	8,800	3,000
	Comparison with prior year	Q2	(4,368)	1,300	929	23,334
		Full year	(14,126)	2,384	1,120	30,033

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 2014 (Results)	Net sales to outside customers	28,016	6,030	36,910	6,665	–	77,623
		Component ratio (%)	36.1	7.8	47.6	8.6	–	100.0
		Operating income	2,490	583	67	(32)	15	3,123
		Component ratio (%)	79.7	18.7	2.1	(1.0)	0.5	100.0
Results for current fiscal year	1st six-month period ended September 2015 (Results)	Net sales to outside customers	28,067	5,607	32,774	6,805	–	73,254
		Component ratio (%)	38.3	7.7	44.7	9.3	–	100.0
		Operating income	3,763	694	573	(631)	24	4,423
		Component ratio (%)	85.1	15.7	13.0	(14.3)	0.5	100.0
Comparison with the same period of the previous year		Net sales to outside customers	50	(423)	(4,135)	139	–	(4,368)
		Increase/decrease from previous year (%)	0.2	(7.0)	(11.2)	2.1	–	(5.6)
		Operating income	1,272	110	506	(598)	8	1,300
		Increase/decrease from previous year (%)	51.1	19.0	754.7	–	54.4	41.6

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

(¥ million, persons)

		Capital expenditures	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 2014	Full year	4,995	4,936	3,881	164,552	(2,768)	4,513
1st six-month period ended September 2014	Q2	2,378	2,267	1,973	135,902	(1,263)	4,571
FY ended March 2015	Full year	4,808	4,715	3,940	133,903	(2,446)	4,458
1st six-month period ended September 2015	Q2	3,047	2,198	1,654	132,224	(1,118)	4,023

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 2014	Full year	6,839	(4,103)	(3,053)	19,557
1st six-month period ended September 2014	Q2	5,348	(2,249)	8,557	31,177
FY ended March 2015	Full year	6,080	(145)	5,870	31,708
1st six-month period ended September 2015	Q2	2,390	(784)	(1,716)	31,397