

Results for the Year ended March 31, 2005

May 18, 2005

Kureha Chemical Industry Co., Ltd.

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. Topics (Apr. 04 ~ May 05)

1 . Management

- Jul. 04 Published Responsible Care Report 2004
- Oct. 04 Established Internal Control and Auditing Department under president to drive improvements in management efficiency and increase public trust
- Jan. 05 Clarified corporate philosophy and put in writing mission and employee code of conduct; announced change in company name to Kureha Corporation effective October 1, 2005
- Jan. 05 Announced a new medium-term management plan; aiming for sales of ¥180.0 bil. and operating profit of ¥20.0 bil. in the year ended in March 2009.
- Mar. 05 Kureha Kosan Co., Ltd. became a wholly owned subsidiary of Kureha through a simple exchange of stock.
- Apr. 05 Obtained “A” rating for long-term debt from Japan Credit Rating Agency, Ltd. (JCR)
- Apr. 05 Announced upward revision to previous forecast for year-end dividend by ¥2 to ¥5 per share, resulting in an annual ordinary dividend of ¥8 per share

2 . Advanced Materials

- June 05 Awarded Prize in 9th Advanced Display of the Year (ADY) Awards for Bayon KDP-100 transparent antistatic plate
- Feb. 05 Began studying construction of new production facility to meet growing PPS resin demand; started Feasibility study with Singapore as the primary candidate
- Apr. 05 Raised annual production capacity of PPS resin to 7,500 tons at the Nishiki Factory

3 . Specialty Products

- June 04 Signed license agreement in China for Kremezin, a treatment for chronic renal failure
- Jul. 04 Announced alliance with OncoTherapy Science (OTS) to develop antibody drug for the treatment of pancreatic cancer
- Jan. 05 Filed suit in Tokyo District Court against companies manufacturing and selling Kremezin-like products on the grounds of patent infringement and uncompetitive practices under the Unfair Competition Prevention Law

(3. Specialty Products (contd.))

- Feb. 05 Started selling Kremezin in South Korea under a business alliance with Sankyo Co., Ltd. and CJ CORP, a Korean firm
- Mar. 05 Agreed with Sumitomo Chemical Co., Ltd. to proceed with the joint development of a grass, fruit and vegetable fungicide for the North American market based on Metconazole, a fungicide for cereal crops
- Mar. 05 Agreed with U.S.-based Crompton Corporation to jointly develop a fungicide in the Americas and Europe based on Ipconazole, a rice seed disinfectant

4. Plastics

- Jul. 04 Completed development of the world's first packaging sausage that eliminates the need for metal packaging clips
- Jul. 04 Recalled LaQuPa zippable stock bags for refrigerated storage after lead was found to be contained in some bags
- Sept. 04 Launched the Kichinto-San series of containers for heating Japanese *udon* noodles in a microwave oven
- Oct. 04 Received a Good Design Award 2004 for NEW Krewrap
- Feb. 05 Launched new products in the Seaguar fishing line series
- Feb. 05 Launched an improved version of NEW Krewrap
- Mar. 05 Began selling U.S.-based Rubbermaid food storage containers under the Kichinto-San Rubbermaid Containers brand
- Apr. 04 Transferred sales activities for Pairflex multilayer film packaging to Sanko Plastics, which was then renamed Kureha Extech Co., Ltd.

5. Other Operations

- Jul. 04 Kureha Environmental Engineering Co., Ltd. and IBM Japan, Ltd. started IC tag field trials for tracking medical waste

. Consolidated Companies(1)

Unit: 100 million yen

		Year ended March 31, 2004		Year ended March 31, 2005		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Kureha Chemical Industry		836	1,363	802	1,370	-34	7
Nishiki Trading Co., Ltd. and 1 group company		272	128	285	123	13	-5
Advanced Materials	Kureha Chemical Industry	193	-	204	-	11	-
	Nishiki Trading Co., Ltd. and 1 group company	83	-	76	-	-7	-
	KUREHA CHEMICALS GmbH	9	5	10	7	1	2
	KREHA CORPORATION OF AMERICA	10	5	11	5	1	0
	KUREHA KPS, INC.	4	24	8	29	4	5
	Kureha Chemicals Shanghai	-	-	4	7	4	-
	Consolidation adjustments	-50	-	-61	-	-11	-
Total		249	-	252	-	3	-
Specialty Chemicals	Kureha Chemical Industry	285	-	262	-	-23	-
	Nishiki Trading Co., Ltd.	73	-	80	-	7	-
	Consolidation adjustments	-30	-	-32	-	-2	-
Total		328	-	310	-	-18	-
Specialty Plastics	Kureha Chemical Industry	358	-	336	-	-22	-
	Nishiki Trading Co., Ltd.	102	-	113	-	11	-
	Kureha Gosen Co., Ltd.	33	24	31	25	-2	1
	Kureha Plastics Co., Ltd.	121	74	120	70	-1	-4
	Kakogawa Plastics Co., Ltd.	29	20	33	21	4	1
	Sanko Plastics Co., Ltd.	28	17	26	17	-2	0
	KREHALON INDUSTRIE B.V.	37	33	41	37	4	4
	Five other group companies in Europe handling food wrapping	44	30	46	34	2	4
	Consolidation adjustments	-241	-	-239	-	2	-
	Total		511	-	507	-	-4

Kureha Chemical Industry Co., Ltd.

Consolidated Companies (2)

Unit: 100 million yen

		Year ended March 31, 2004		Year ended March 31, 2005		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Other Operations	Kureha Environmental Engineering Co., Ltd. and 1 group company	53	47	57	48	4	1
	Kureha Techno Eng Co., Ltd. and 1 group company	13	4	13	5	0	1
	Kureha Special Laboratory Co., Ltd.	110	56	116	48	6	-8
	Kureha Construction Co., Ltd. and 3 group companies	112	66	108	59	-4	-7
	Kureha Transport Co., Ltd. and 6 group companies	123	55	123	58	0	3
	Nishiki Trading Co., Ltd.	14	-	15	-	1	-
	Kureha Kosan Co., Ltd. and 2 group companies	22	62	14	64	-8	2
	Consolidation adjustments	-185	-	-211	-	-26	-
Total		-163	-	-197	-	-34	-
(Number of consolidated companies)		(34)		(35)		(1)	
Consolidated Total		1,350	1,733	1,304	1,727	-46	-6
Equity-method affiliates	RUTGERS KUREHA SOLVENTS GmbH	(21)		(24)		(3)	

Increase consolidated companies <Advanced Materials>

Kureha Chemicals Shanghai Co., Ltd.

Sanko Plastics Co., Ltd., which belongs to the Specialty Plastics segment, was renamed Kureha Extech Co., Ltd. on April 1, 2005.

Kakogawa Plastics Co., Ltd. was moved from the Specialty Plastics segment to the Advanced Materials segment beginning with the fiscal year ending in March 2006.

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Fiscal 2004 Results and Fiscal 2005 Forecasts

Financial Highlights

(Consolidated and Non-consolidated)

	Year ended March 31, 2004			Year ended March 31, 2005							Year ending March 31, 2006 (est.)						
	Consolidated	Non-consolidated	Ratio	Consolidated	Non-consolidated	Ratio	Year-on-Year Change				Consolidated	Non-consolidated	Ratio	Year-on-Year Change			
							Consolidated	Non-consolidated						Consolidated	Non-consolidated		
Net sales	1,350	836	1.6	1,304	802	1.6	-46	-3%	-34	-4%	(645)	(394)	1.6	96	7%	48	6%
Operating income	95	61	1.5	103	62	1.7	8	8%	0	1%	(35)	(23)	1.7	12	12%	4	7%
Recurring income	83	57	1.5	97	64	1.5	14	17%	8	13%	(35)	(25)	1.6	8	8%	1	1%
Net income	42	30	1.4	45	32	1.4	3	7%	2	5%	(15)	(13)	1.6	7	16%	0	1%
Total assets	1,733	1,363	1.3	1,727	1,370	1.3	-6	0%	7	0%	() Estimates for first-half results						
Shareholders' equity	918	881	1.0	931	879	1.1	13	1%	-2	0%							
Net income per share (¥)	¥ 21.45	¥ 15.37	1.4	¥ 23.41	¥ 16.52	1.4	¥ 1.96	9%	¥ 1.15	7%							
Shareholders' equity per share (¥)	¥ 483.12	¥ 462.85	1.0	¥ 500.56	¥ 469.43	1.1	¥ 17.44	4%	¥ 6.58	1%							
Equity ratio	53.0%	64.6%	0.8	53.9%	64.2%	0.8	0.9%	2%	-0.4%	-1%							

Comparison of Main Indicator (Consolidated and Non-consolidated)

Units: 100 million yen

	Year ended March 31, 2004			Year ended March 31, 2005						Year ending March 31, 2006 (est.)							
	Consolidated	Non-consolidated	Ratio	Consolidated	Non-consolidated	Ratio	Year-on-Year Change				Consolidated	Non-consolidated	Ratio	Year-on-Year Change			
							Consolidated		Non-consolidated					Consolidated		Non-consolidated	
Capital expenditure	87	72	1.2	120	91	1.3	33	-13%	19	-15%	145	118	1.2	25	21%	27	29%
Depreciation and amortisation	79	58	1.4	76	58	1.3	-3	-10%	0	-4%	80	64	1.3	4	5%	6	10%
R&D expenses	64	62	1.0	65	62	1.0	1	1%	0	2%	75	73	1.0	10	12%	11	12%
Interest-bearing debt	344	228	1.5	349	238	1.5	5	-27%	10	-31%	375	269	1.4	26	8%	31	13%
Net interest expense	-2	3	-	0	9	-	2	46%	6	-60%	1	9	0.2	1	-	-1	-6%
Exchange rate (US \$)	113.3			107.7			-5.6				105.0			-2.7			
Employees	3,866	1,441	2.7	3,793	1,386	2.7	-73	-2%	-55	-2%	3,837	1,392	2.8	44	1%	6	0%

Balance Sheets

(Consolidated and Non-consolidated)

1. Assets

Units: 100 million yen

	As of March 31, 2004		As of March 31, 2005		Year-on-Year Change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash and cash equivalents	76	41	60	34	-16	-6
Accounts and notes receivable - trade	354	219	320	197	-34	-22
Inventories	185	121	187	128	2	7
Other current assets	41	77	48	79	7	2
Property, plant and equipment	666	465	693	487	27	22
Intangible assets	23	22	21	19	-2	-2
Total investments and other assets	388	419	398	425	10	6
Total assets	1,733	1,363	1,727	1,370	-6	7

2. Liabilities, minority interests and shareholders' equity

Units: 100 million yen

	As of March 31, 2004		As of March 31, 2005		Year-on-Year Change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Accounts and notes payable - trade	189	75	168	71	-21	-5
Interest-bearing debt	344	228	349	238	5	10
Reserves	46	13	52	13	6	0
Other liabilities	219	166	220	169	1	2
Minority interests	17		8		-9	
Common stock	125	125	125	125	0	0
Capital reserve	97	97	97	97	0	0
Unrealized gains on investment securities	88	84	96	85	7	1
Other retained earnings	608	575	613	572	6	-3
Total	1,733	1,363	1,727	1,370	-6	7

Analysis of Consolidated Recurring Income (Year ended March 2004)

Units: 100 million yen

		Year ended March 31, 2004		Year ended March 31, 2005		Change
Recurring income	Kureha Chemical Industry	56.7	68%	64.3	66%	7.6
	Consolidated subsidiaries	32.6	39%	42.1	43%	9.5
	Equity-Method affiliates	0.0	0%	0.0	0%	0.0
	Consolidation adjustments	-6.1	-7%	-9.3	-10%	-3.2
	Total	83.2	100%	97.1	100%	13.9

Reasons for earnings increase/decrease

	Reasons for increase		Reasons for decrease		Total
	Item	Amount	Item	Amount	
Kureha Chemical Industry	Higher sales volume	7.4	Difference in unit cost of fuel	-18.5	7.6
	Difference in non-operating items	7.2	Increase in general and administrative expenses	-6.1	
	Decrease in manufacturing fixed costs	6.3			
	Difference in unit cost of purchased products	4.1			
	Pricing changes	2.9			
	Others	4.3			
		32.2		-24.6	
Consolidated subsidiaries	PPS business	4.0	Environment-related business	-1.4	9.5
	Japanese resin processing business	3.1	European packaging materials business	-0.5	
	Construction-related business	1.9			
	Others	2.4			
		11.4		-1.9	

Analysis of Consolidated Recurring Income (Year ending March 2005)

Units: 100 million yen

		Year ended March 31, 2005		Year ending March 31, 2006 (est.)		Difference
Recurring income	Kureha Chemical Industry	64.3	66%	64.5	61%	0.2
	Consolidated subsidiaries	42.1	43%	46.9	45%	4.8
	Equity-method affiliates	0.0	0%	0.0	0%	0.0
	Consolidated adjustments	-9.3	-10%	-6.4	-6%	2.9
	Total	97.1	100%	105.0	100%	7.9

Reasons for earnings increases/decreases

	Reasons for increase		Reasons for decrease		Total
	Item	Amount	Item	Amount	
Kureha Chemical Industry	Increase in unit sales price	16.8	Increase in general and		
	Higher sales volume	13.7	administrative expenses	-18.7	
	Decrease in unit cost of purchased products	4.4	Higher unit cost of fuel	-10.5	
	Others	7.2	Difference in non-operating items	-6.5	
			Increase in manufacturing fixed costs	-6.2	
		42.1		-41.9	0.2
Consolidated subsidiaries	PPS business	1.5	Others	-1.5	
	Japanese resin processing business	1.5			
	Environment-related business	1.5			
	European packaging materials business	1.2			
	Construction-related business	0.7			
		6.4		-1.5	4.8

Breakdown of Extraordinary Income/Losses

Units: 100 million yen

		Year ended		Year ended March 31, 2005				Year ending March 31, 2006 (est.)			
		31-Mar-04		Amount		Year-on-Year Change		Amount		Year-on-year change	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Extraordinary Income	Income from sale of investment securities	13.9	13.8	14.5	14.5	0.6	0.7	-	-	-14.5	-14.5
	Gain on elimination/sales of fixed assets	7.8	0.1	1.4	-	-6.4	-0.1	-	-	-1.4	-
	Other	0.3	-	0.3	-	0.0	-	-	-	-0.3	-
	Total	22.0	14.0	16.2	14.5	-5.8	0.5	0.0	0.0	-16.2	-14.5
Extraordinary Losses	Appraisal loss on investment securities	0.8	0.5	1.7	1.6	-0.8	-1.1	-	-	1.7	1.6
	Loss on sale of investment securities	0.1	0.1	0.0	0.1	0.1	0.1	-	-	0.0	0.1
	Retirement benefit expense	5.3	-	4.5	-	0.8	-	-	-	4.5	-
	Loss on elimination/sale of fixed assets	11.5	10.4	22.3	19.9	-10.8	-9.5	14.0	11.0	8.3	8.9
	Appraisal loss on fixed assets	-	-	-	-	-	-	3.0	-	-3.0	-
	Appraisal loss on inventories	-	-	1.2	1.2	-1.2	-1.2	-	-	1.2	1.2
	Valuation loss on real estate for sale	2.3	-	1.2	-	1.0	-	-	-	1.2	-
	Restructuring expenses	15.2	15.2	-	-	15.2	15.2	-	-	-	-
	Other	1.6	0.0	1.9	0.7	-0.2	-0.7	2.0	-	-0.1	0.7
Total	36.8	26.2	32.8	23.4	4.0	2.8	19.0	11.0	13.8	12.4	

Cash Flows

(Consolidated and Non-consolidated)

Units: 100 million yen

		Year ended March 31, 2004		Year ended March 31, 2005		Year ending March 31, 2006 (est.)	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash flows from operating activities	Pre-depreciation profit	147	102	157	112	166	118
	Increase/decrease in assets and liabilities	72	52	6	7	-8	-3
	Payments of corporation tax	-9	-2	-32	-27	-33	-20
	Other-net	-12	-10	-7	-1	17	13
		198	142	124	91	142	108
Cash flows from investing activities		-36	-4	-96	-67	-122	-101
Cash flows from financing activities		-160	-133	-41	-31	-9	-11
Effect of exchange rate changes on cash and cash equivalents		-0	-0	0	0	0	0
Increase in cash and cash equivalents upon change of fiscal year-end of consolidated subsidiary		-	-	-4	-	-	-
Cash and cash equivalents at beginning of year		74	36	76	41	60	34
Net increase/decrease in cash and cash equivalents		2	5	-16	-6	11	-3
Cash and cash equivalents at end of year		76	41	60	34	71	31

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Consolidated Net Sales and Operating Income by Segment

Consolidated Net Sales and Operating Income

< Advanced Materials >

Units: 100 million yen

			Year ended 31-Mar-04	Year ended March 31, 2005		Year ending March 31, 2006 (est.)			
				Amount	Year-on-Year Change	Amount	Year-on-Year Change		
Consolidated net sales	Kureha Chemical Industry	Carbon products	61	71	10	16%	66	-5	-7%
		Functional plastics	96	98	2	2%	126	28	28%
		Other	36	35	-1	-2%	41	6	17%
	Total		193	204	11	6%	233	29	14%
	Consolidated subsidiaries		106	109	3	3%	157	48	44%
	Eliminations		-50	-62	-12	-	-75	-13	-
	Total		249	252	2	1%	315	63	25%
Consolidated operating income			28	32	4	13%	41	9	28%

Consolidated Net Sales and Operating Income

< Specialty Chemicals >

Units: 100 million yen

			Year ended 31-Mar-04	Year ended March 31, 2005		Year ending March 31, 2006 (est.)			
				Amount	Year-on-Year Change	Amount	Year-on-Year Change		
Consolidated net sales	Kureha Chemical Industry	PVC plastics	38	-	-38	-	-	-	
		Industrial chemicals	88	93	5	6%	96	3	3%
	Agrochemicals	66	73	7	11%	71	-2	-3%	
	Pharmaceuticals	93	95	2	2%	96	1	1%	
	Total	285	262	-23	-8%	263	1	0%	
	Consolidated subsidiaries	73	80	7	10%	74	-6	-8%	
	Eliminations	-30	-32	-2	-	-32	0	-	
	Total	328	310	-18	-6%	305	-5	-2%	
Consolidated operating income			33	41	8	23%	33	-8	-19%

Consolidated Net Sales and Operating Income

< Specialty Plastics >

Units: 100 million yen

		Year ended 31-Mar-04	Year ended March 31, 2005		Year ending March 31, 2006 (est.)				
			Amount	Year-on-Year Change	Amount	Year-on-Year Change			
Consolidated net sales	Kureha Chemical Industry	Food service-use packaging materials	126	118	-9	-7%	127	9	8%
		Household goods	196	192	-3	-2%	204	11	6%
		Fishing lines	11	11	-1	-6%	14	4	35%
		Other	25	15	-10	-39%	9	-6	-39%
		Total	358	336	-22	-6%	354	18	5%
		Consolidated subsidiaries	393	410	16	4%	386	-24	-6%
		Eliminations	-241	-239	2	-	-235	4	-
	Total	511	507	-4	-1%	505	-2	0%	
Consolidated operating income		13	9	-4	-32%	19	10	118%	

Consolidated Net Sales and Operating Income

< Other Operations >

Units: 100 million yen

		Year ended 31-Mar-04	Year ended March 31, 2005		Year ending March 31, 2006 (est.)				
			Amount	Year-on-year change	Amount	Year-on-year change			
Consolidated net sales	Consolidated Subsidiaries	Environmental engineering business	66	70	4	6%	76	6	9%
		Construction-related business	222	224	2	1%	248	24	11%
		Transport and warehousing business	124	123	0	0%	132	9	7%
		Trading	14	16	1	10%	22	6	41%
		Other	22	14	-8	-34%	13	-1	-9%
	Total	447	447	-1	0%	491	44	10%	
	Eliminations	-185	-211	-26	-	-216	-5	-	
	Total	261	235	-26	-10%	275	40	17%	
Consolidated operating income		22	22	0	0%	23	1	7%	

Disclaimer

- This material is presented to foster a deeper understanding of Kureha Chemical Industry and not for the purpose of soliciting investors.
- This material contains judgments based on information available to Kureha Chemical Industry at the time of compilation. Actual results may differ materially from forecasts due to a range of factors.
- Investors are asked to form their own judgments about, and take responsibility for use of this material.