

## Kureha Corporation Reports Fiscal 2014 Results

**Tokyo, Japan – May 2014** – Kureha Corporation (“Kureha”), a leading global supplier of specialty chemicals and plastics, has reported continued increases in earnings for the fiscal year ended March 31, 2015 (FY2014). On a consolidated basis, sales increased by 1.4% year-on-year to ¥150.2 billion, while operating income was up by 22.3% to ¥14.6 billion. In addition, recurring income grew by 26.4% to ¥15.4 billion, and net income recorded another year-on-year increase, up 24.9%, to ¥9.2 billion.

Kureha President and Chief Executive Officer, Yutaka Kobayashi, said, “Despite a volatile business environment, Kureha continued on its solid upward trend. While net sales did not reach the forecasted figure for the fiscal year, we are pleased to report that operating income, recurring income and net income all exceeded the targets and reached the highest levels we have seen since the company began reporting consolidated financial results in 1990. We are also delighted to bring our shareholders a rise in earnings per share to 53.53 yen.”

Kobayashi added, “While one-time income related to a pharmaceutical sales contract contributed to this result, the biggest factor is that our long-standing focused investment into advanced materials finally bore fruit. This not only returned the Advanced Materials segment to operating profit; it will also enable us to gradually build a foundation for earnings that better balances our various businesses. We are also clearly seeing the benefits of our efforts to pursue group-wide cost and productivity improvements, develop global human resources, and overall enhance the ability of our group to flexibly respond to the economic environment. Going forward, we remain firmly committed to strengthening the competitiveness of our existing businesses while steadily cultivating and expanding new businesses, as set out in the Grow Globally II management plan.”

### Summary of Consolidated Full-year Results

(¥ million, except where stated)

	March 2014	March 2015	Change (%)
Sales	148,124	150,182	1.4
Operating income	11,902	14,551	22.3
Recurring income	12,207	15,426	26.4
Net income	7,365	9,195	24.9
Earnings per share (EPS) (¥)	42.87	53.53	24.9

## Performance by Division

### Consolidated Performance by Division

(¥ million, except where stated)

Division		March 2014	March 2015	March 2016 (Forecast)
Advanced materials	Sales	32,815	36,187	43,500
	Operating income/loss	(2,625)	438	2100
Specialty chemicals	Sales	36,615	35,535	33,500
	Operating income/loss	7,341	7,941	4,300
Specialty plastics	Sales	45,291	46,519	47,000
	Operating income/loss	4,519	3,660	4,600
Construction	Sales	17,238	16,721	15,000
	Operating income/loss	833	1,081	600
Other operations	Sales	16,163	15,218	16,000
	Operating income/loss	1,621	1,789	1,400
(Cancellations)	Operating income/loss	212	(360)	0
<b>Total</b>	<b>Sales</b>	<b>148,124</b>	<b>150,182</b>	<b>155,000</b>
	<b>Operating income</b>	<b>11,902</b>	<b>14,551</b>	<b>13,000</b>

### Advanced Materials Division

*Major product areas: advanced plastics (PPS, PVDF, PGA), carbon materials*

Advanced Materials division sales rose 10% year-on-year to ¥36.2 billion. The division also returned to operating profit, a development driven by across-the-board demand growth in the advanced plastics business and a slight demand recovery in carbon materials for solar applications.

#### **Advanced plastics: Demand growth across all product areas, recovery from loss**

Advanced plastics saw increased demand in all of the key product areas including PPS resin, particularly for use in the automotive sector; PVDF resin for use in lithium-ion battery binders and for industrial use; and PGA for use in shale gas extraction applications. As a result, the advanced plastics business was able to recover from the operating loss recorded in the previous year.

#### **Carbon materials: Slight recovery in demand in solar applications**

In carbon materials, demand recovered slightly for insulation material used in silicon ingot production for solar power applications and there was also an increase in sales of carbon fiber. However, due to increased costs related to the production of hard carbon

anode materials used in lithium-ion batteries, the operating loss for this business remained at the same level as in the previous year.

**Outlook:** FY2015 division sales are forecast to increase by 20% to ¥43.5 billion, with operating income making a drastic leap to ¥2.1 billion from ¥0.4 billion in FY2014, an increase of 378%. A key factor behind this growth will be the continued positive development of the shale gas market in the US, where Kureha will work with its partner Magnum Oil Tools International to refine its business strategy for PGA for use in shale gas extraction, in turn generating significant increases in sales and profit. Meanwhile, sales of PPS for use in automotive applications will remain firm. In carbon materials, Kureha foresees continued profitability improvements for heat insulation materials used in the manufacturing of solar power equipment, while sales of hard carbon anode materials used in lithium-ion batteries will remain stable.

## **Specialty Chemicals Division**

*Major product areas: industrial chemicals, agrochemicals, pharmaceuticals*

Specialty Chemicals division sales fell slightly by 3% year-on-year to ¥35.5 billion from ¥36.6 billion. However, the division continued to see healthy profit growth, with operating income rising 8% to ¥7.9 billion primarily due to one-time income related to a pharmaceutical sales contract.

### **Pharmaceuticals / agrochemicals: Extraordinary income balance fall in demand**

Demand for the agricultural fungicide *Metconazole* fell in the North America region, while government-mandated price revisions and growing use of generic drugs impacted on sales of *Kremezin*, a therapeutic agent for chronic renal failure. However, despite a slight sales decrease in this business, one-time income associated with new business contracts resulted in an increase in operating income.

### **Industrial chemicals: Continued sales and income increases across the board**

Increases in sales and operating income were recorded for both organic and inorganic chemicals.

**Outlook:** Specialty Chemicals division sales are projected to decrease slightly by 6% in FY2015 to ¥33.5 billion, while operating income is forecast to fall 46% to ¥4.3 billion. The main factors behind this downturn are found in the pharmaceuticals business. In addition to the absence of one-time income associated with a new contract, Kureha also foresees continued negative influence from generics on the sales of *Kremezin*.

However, in industrial chemicals, Kureha expects to be able to maintain profitability by responding flexibly and accurately to raw material price fluctuations and market movements. Kureha will also be focusing on expanding sales volumes of *Metconazole*.

## **Specialty Plastics Division**

*Major product areas: food packaging materials, household packaging products*

Specialty Plastics division sales increased by 3% from ¥45.3 billion to ¥46.5 billion, while operating income decreased by 19% to ¥3.7 billion, mainly due to slower performance in the consumer products business.

### **Consumer products: *NEW Krewrap* demand falls back after pre-tax hike spike**

In consumer products, while sales of *Seaguar* fishing lines increased on steady demand, sales of *NEW Krewrap* household wrapping film fell compared with the previous period, when demand rose sharply prior to the consumption tax increase on April 1, 2014. Cost increases also affected performance, ultimately leading to a decrease in both sales and operating income for this business.

### **Food packaging materials: Cost control and packaging machine sales generate solid performance**

Although sales of high-performance heat-shrinkable multilayer film declined, the business as a whole saw increases in both sales and operating income. Key factors behind this performance include continued cost control and increased sales of packaging machines.

**Outlook:** FY2015 division sales are forecast to increase by 1% to ¥47.0 billion, while operating income is projected to rebound by 26% to ¥4.6 billion. In food packaging materials, while Kureha forecasts a slight sales decrease with anticipated fewer orders for packaging machines, the company expects to continue to improve income by expanding global sales of high-performance heat-shrinkable multilayer films. In household products, while there will be an increase in depreciation costs related to the new PVDC plant, Kureha foresees an increase in income due to factors including a rebound in sales for *NEW Krewrap* and continued efforts to promote the product's added value to customers.

## **Construction and Other Operations**

*Major product areas: construction, environmental engineering, transport/warehousing, and trading related businesses*

### **Construction: Performance driven by earthquake-related reconstruction**

Construction businesses saw a substantial increase in operating income due to an increasing number of earthquake-related reconstruction projects, although this performance was partially offset by a decrease in both sales and operating income in the engineering business. Sales fell slightly by 3% to ¥16.7 billion, and operating income rose by 30% to ¥1.1 billion

### **Other Operations: Continued demand for industrial waste disposal**

In the environmental engineering business, while sales decreased, operational improvements as well as increasing demand for industrial waste treatment resulted in a rise in operating income. The transportation/warehousing business saw a fall in both sales and operating income. As a result, the overall division sales decreased 6% from ¥16.2 billion to ¥15.2 billion, while operating income reached ¥1.8 billion, a 10% increase.

**Outlook:** FY2015 division sales for Construction business are projected to decline by 10% to ¥15 billion, while operating income is expected to fall by 45% to ¥0.6 billion. In addition to a decline in post-earthquake reconstruction demand, higher labor and material costs will negatively impact operating income.

Division sales for Other Operations are estimated to increase by 5% to ¥16 billion, however operating income is projected to decrease by 22% to ¥1.4 billion due largely to increased facility renovation costs. Kureha continues to focus on enhancing profitability in industrial waste disposal businesses, including micro-PCB (polychlorinated biphenyls) treatment work.

## FY2015 Outlook

(¥ million, except where stated)

	March 2015	March 2016 (Forecast)	Change (%)
Sales	150,182	155,000	3.2
Operating income	14,551	13,000	(10.7)
Recurring income	15,426	12,500	(19.0)
Net income	9,195	8,000	(13.0)
Earnings per share (EPS) (¥)	53.53	46.57	(13.0)

For FY2015, Kureha forecasts a 3.2% increase in consolidated sales to ¥155.0 billion; operating income of ¥13.0 billion, down 10.7%; recurring income of ¥12.5 billion, down 19%; and net income of ¥8.0 billion, down 13%.

While sales are projected to rise, the figure falls short of the FY2015 target of ¥165 billion set out in Grow Globally II. Key reasons include projected falls in demand for products related to solar power and lithium-ion batteries in the Advanced Materials Segment, the continued impact of generic drugs on the pharmaceuticals business and increased depreciation costs related to the new PVDC and PVDF plants. In addition, Kureha foresees an extraordinary non-operating loss of ¥1.7 billion due to factors including loss on retirement of fixed assets.

However, Kureha also projects continued strong performance in the PGA business driven by a revised business strategy, and improved performance in household products, particularly as sales of *New KREWRA*P rebound from the fall seen after the demand spike preceding the April 1, 2014 consumption tax rise. In addition, ongoing group-wide efforts to reduce costs are expected to make a positive ¥1.2 billion contribution to operating income in the year.

## Capex, Depreciation, R&D and Debt

(¥ billion)

	March 2014	March 2015	March 2016 (forecast)
Capital expenditure	16.5	17.6	17.5
Depreciation	9.1	8.3	10.0
R&D	4.5	5.0	5.7
Interest-bearing debt	77.2	86.6	89.2

During FY2014, capital expenditures for new and existing assets were reviewed in light of the business environment and partly scaled down, amounting to ¥17.6 billion, an 1 billion increase from the year before. Major areas of investment included the new PVDC plant and R&D facilities at the Iwaki Factory, which became operational in Q4 of FY2014, along with maintenance and upgrading activities in order to further strengthen operations and respond to future demand. For FY2015, we foresee capital expenditure at a similar level.

Depreciation decreased from ¥9.1 billion to ¥8.3 billion in FY2014, partly as a result of changes to the period of depreciation for fixed assets.

R&D spending continued to increase in FY2014 to ¥5.0 billion, reflecting the critical importance Kureha places on continued investment in both near-term and long-term development. We aim to further increase R&D spending in FY2015 to ¥5.7 billion.

Interest-bearing debt grew as expected in line with the expansion of capital expenditure, increasing to ¥86.6 billion. For FY2015, interest-bearing debt is forecast to see a slight rise to ¥89.2 billion.

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## <Appendix>

### Condensed Consolidated Balance Sheets

( ¥ millions)

	31 March 2014	31 March 2015
<b>Assets</b>		
Current assets	73,429	75,949
Cash and cash equivalents	8,726	7,772
Fixed assets		
Tangible assets	111,684	123,185
Intangible assets	2,034	2,448
Investments and other assets	37,311	48,114
<b>Total Assets</b>	<b>224,459</b>	<b>249,697</b>
<b>Liabilities</b>		
Current liabilities	57,037	70,262
Short-term borrowings	18,606	34,866
Fixed liabilities	61,231	58,810
Corporate bonds	20,000	17,000
Long-term borrowings	21,619	19,770
<b>Total Liabilities</b>	<b>118,268</b>	<b>129,072</b>
<b>Net Assets</b>		
Shareholders' equity	96,279	102,150
Reevaluation and conversion differences, etc.	7,481	16,002
Minority interest	2,378	2,403
<b>Total Net Assets</b>	<b>106,190</b>	<b>120,624</b>
<b>Total Liabilities and Net Assets</b>	<b>224,459</b>	<b>249,697</b>

### Condensed Consolidated Statement of Income

( ¥ millions)

	March 2014	March 2015
<b>Sales</b>	<b>148,124</b>	<b>150,182</b>
Cost of goods sold	109,034	107,714
Selling, general and administrative expenses	27,187	27,916
<b>Operating income</b>	<b>11,902</b>	<b>14,551</b>
Non-operating income	2,177	2,339
Non-operating expenses	1,872	1,464
<b>Recurring income</b>	<b>12,207</b>	<b>15,426</b>
Extraordinary gains	785	429
Extraordinary losses	2,363	2,262
<b>Income before income taxes</b>	<b>10,629</b>	<b>13,593</b>
Taxes and adjustments	3,023	4,429
Minority interest	240	-32
<b>Net income</b>	<b>7,365</b>	<b>9,195</b>

# Fiscal 2014 Results

**KUREHA CORPORATION**

May 15, 2015

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# 1. **FY2014 Full-Year Results**

**(April 1, 2014 – March 31, 2015)**

(in 100 million yen except per-share values)

	FY2014	FY2013	% Change
Net Sales	1,502	1,481	1.4%
Operating income	146	119	22.3%
Recurring income	154	122	26.4%
Net income	92	74	24.9%
Total assets	2,497	2,245	11.2%
Net assets	1,206	1,062	13.6%
Earnings per share (yen)	53.53	42.87	25%
Net assets per share (yen)	687.8	604	14%
Equity ratio	47.3%	46.2%	--
Dividend per share (yen)	12	11	1
Dividend ratio	22.4%	25.7%	--

## Advanced Materials

In 100 million yen		FY2014	FY2013	% Change
Kureha Sales	Carbon products	60	52	16%
	Advanced plastics	202	171	18%
	Other	5	1	489%
Subsidiaries Sales	Carbon products (China)	19	9	110%
	Battery materials	61	56	8%
	Other	241	224	8%
Consolidated adjustment		-227	-184	--
<b>Kureha Group Sales Total</b>		<b>362</b>	<b>328</b>	<b>10%</b>
<b>Kureha Group Operating Income Total</b>		<b>4</b>	<b>-26</b>	<b>---</b>

- Carbon products: Carbon insulation materials operating loss narrowed on improved volume, but costs increased in hard carbon Li-battery anode materials
- Advanced plastics: Continued demand for PPS in automotive, PVDF in Li-battery, and PGA in shale gas/oil fields

## Specialty Chemicals

In 100 million yen		FY2014	FY2013	% Change
Kureha Sales	Industrial chemicals	106	98	8%
	Agrochemicals	98	118	-17%
	Pharmaceuticals	99	95	4%
Subsidiaries Sales		88	88	0%
Consolidated adjustment		-35	-32	---
<b>Kureha Group Sales Total</b>		<b>355</b>	<b>366</b>	<b>-3%</b>
<b>Kureha Group Operating Income Total</b>		<b>79</b>	<b>73</b>	<b>8%</b>

- Industrial chemicals: Increased profit on volume growth
- Agrochemicals: Slow demand for *Metconazole* fungicides in North America
- Pharmaceuticals: Slower sales affected by national drug price revisions and increased competition from generic drugs, one-time income related to *Kremezin* (chronic kidney failure treatment drug)

## Specialty Plastics

In 100 million yen		FY2014	FY2013	% Change
Kureha Sales	Packaging materials	118	99	20%
	Consumer products	175	191	-8%
Subsidiaries Sales	Packaging materials (overseas)	124	127	-3%
	Other	148	130	14%
Consolidated adjustment		-100	-93	---
<b>Kureha Group Sales Total</b>		<b>465</b>	<b>453</b>	<b>3%</b>
<b>Kureha Group Operating Income Total</b>		<b>37</b>	<b>45</b>	<b>-19%</b>

- Packaging materials: Profit growth driven by packaging machinery despite sales decrease in heat shrink film
- Consumer products: Strong *Seaguar* fishing lines performance, but *Krewrap* film volume declined due to demand fallout after the consumer tax hike in Japan

## Construction

In 100 million yen		FY2014	FY2013	% Change
Subsidiaries Sales	Construction	257	250	2%
Consolidated adjustment		-89	-78	---
<b>Kureha Group Sales Total</b>		<b>167</b>	<b>172</b>	<b>-3%</b>
<b>Kureha Group Operating Income Total</b>		<b>11</b>	<b>8</b>	<b>30%</b>

- Increase in public construction projects related to post-earthquake reconstruction

## Other Operations

In 100 million yen		FY2014	FY2013	% Change
Subsidiaries Sales	Environmental engineering	104	107	-3%
	Logistics, transportation	98	102	-4%
	Trading	23	21	8%
	Other	20	20	2%
Consolidated adjustment		-92	-88	---
<b>Kureha Group Sales Total</b>		<b>152</b>	<b>162</b>	<b>-6%</b>
<b>Kureha Group Operating Income Total</b>		<b>18</b>	<b>16</b>	<b>10%</b>

- Operating gains driven by environmental engineering (industrial waste treatment) business

( In 100 million yen)

	FY2014	FY2013	% Change
Capital expenditure	176	165	7%
Depreciation	83	91	-9%
R&D expenses	50	45	10%
Interest-bearing debt	866	772	12%
Net interest expense	-0	-1	---
Exchange rate	¥109.90/\$1 ¥138.84/€1	¥100.29/\$1 ¥134.44/€1	---
Number of employees	4,123	4,080	1%

# Extraordinary Income/Losses

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		( In 100 million yen)		
		FY2014	FY2013	Change
Extraordinary income	Compensation income	3.1	0.8	2.4
	Gain on sales of investment securities	0.7	1.9	-1.2
	Gain on sales of noncurrent assets	0.4	0.2	0.2
	Subsidy income	--	4.8	-4.8
	Others	0.1	0.2	-0.1
	<b>Total</b>	<b>4.3</b>	<b>7.9</b>	<b>-3.6</b>
Extraordinary losses	Loss on sales and retirement of noncurrent assets	10.6	11.8	-1.2
	Loss on liquidation of subsidiaries	7.5	--	7.5
	Loss on valuation of investments in capital	4.0	--	4.0
	Loss on reduction of noncurrent assets	--	4.2	-4.2
	Loss on debt forgiveness of subsidiaries and affiliates	--	3.0	-3.0
	Impairment loss	--	1.3	-1.3
	Loss on disaster	--	1.2	-1.2
	Others	0.5	2.1	-1.6
	<b>Total</b>	<b>22.6</b>	<b>23.6</b>	<b>-1.0</b>

( In 100 million yen)

		March 31 2015	March 31 2014	Change
<b>Assets</b>	Cash and cash equivalents	78	87	-10
	Accounts and notes receivable-trade	290	304	-15
	Inventories	328	281	47
	Other current assets	64	62	3
	Property, plant and equipment	1,232	1,117	115
	Intangible assets	24	20	4
	Investments and other assets	481	373	108
	<b>Total</b>	<b>2,497</b>	<b>2,245</b>	<b>252</b>
<b>Liabilities and Net assets</b>	Accounts and notes payable-trade	138	165	-27
	Interest-bearing debt	866	772	93
	Reserves	35	34	1
	Other liabilities	252	212	40
	Capital stock	125	125	0
	Capital surplus	100	100	0
	Retained earnings	842	783	59
	Treasury stock	-45	-45	-0
	Accumulated comprehensive income	160	75	85
	Subscription rights to shares	1	1	0
	Minority interests	24	24	0
	<b>Total</b>	<b>2,497</b>	<b>2,245</b>	<b>252</b>

		FY2014	FY2013
Cash flow from operating activities	Pre-depreciation profit	219	199
	Increase/decrease in assets and liabilities	-63	-38
	Payments of corporation tax	-41	-30
	Other-net	11	8
<b>Total</b>		<b>125</b>	<b>141</b>
Cash flow from investing activities		-188	-204
Cash flow from financing activities		50	47
Effect of exchange rate changes on cash and cash equivalents		4	4
Increase/decrease in cash and cash equivalents		-8	-13
Cash and cash equivalents at beginning of year		87	100
Increase/decrease in cash and cash equivalents resulting from fiscal year change of subsidiaries		-2	--
Increase in cash and cash equivalents from newly consolidated subsidiaries		--	1
Increase in cash and cash equivalents from consolidated subsidiaries' merger with unconsolidated subsidiaries		0	--
Cash and cash equivalents at end of year		78	87

## **2. FY2015 Full-Year Forecasts**

**(April 1, 2015 – March 31, 2016)**

In 100 million yen	FY2015e	FY2014	% Change
Net Sales	1,550	1,502	3.2%
Operating income	130	146	-10.7%
Recurring income	125	154	-19.0%
Net income	80	92	-13.0%
Dividend per share (yen)	¥11 Interim ¥5.5 Year-end ¥5.5	¥12 Interim ¥5.5 Year-end ¥5.5 Commemorative ¥1.0	—————
Dividend payment ratio	23.6%	22.4%	—————

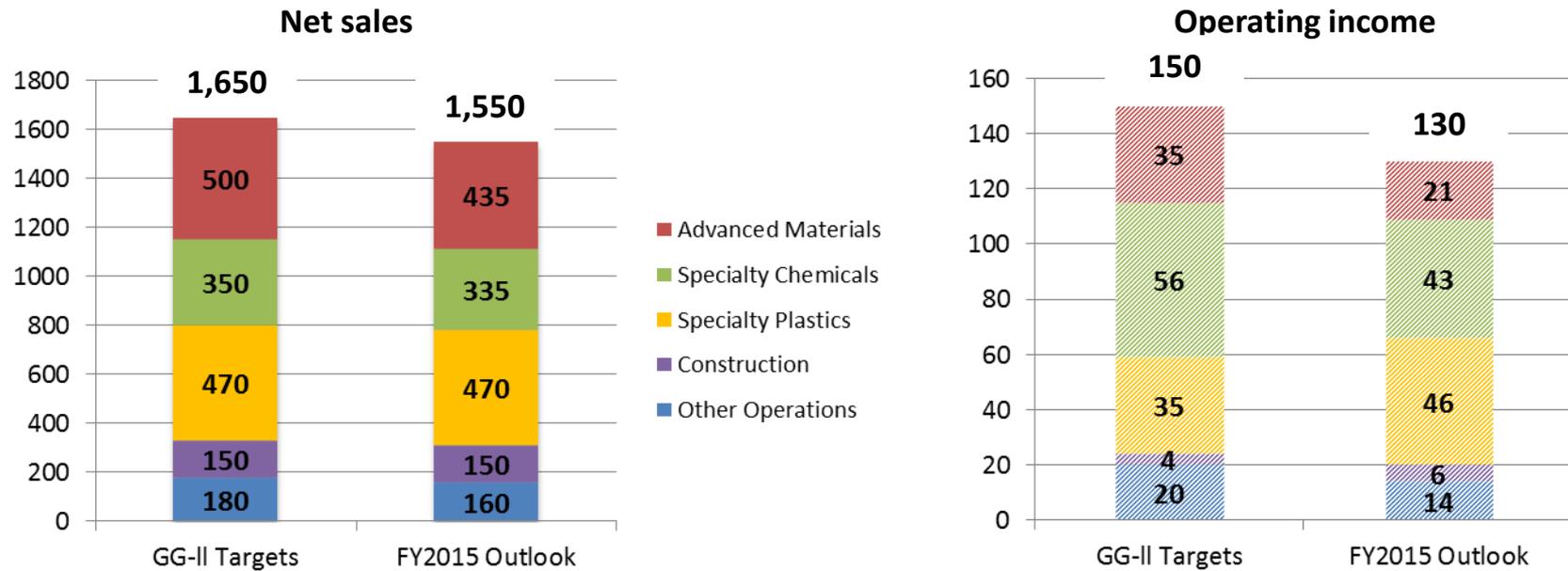
- Marginal profitability to improve in PGA (Advanced Materials) and Krewrap (Specialty Plastics) businesses
- Continuing cost control and savings
- Lack of pharmaceuticals-related onetime income
- Depreciation costs likely to increase with new PVDC and PVDF plants
- No foreign exchange translation gains/losses expected
- Extraordinary losses around ¥1.7B including losses on fixed asset retirements

# Mid-term Business Plan (“GG-II”) vs. FY2015 Outlook

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(In 100 million yen)



- FY2015 sales outlook is ¥10 billion lower than the GG-II mid-term business targets due to:
  - Slower growth in solar cell-related and LiB-related markets
  - Pharmaceuticals sales sliding due to generics
  - Limited growth expected in the environmental business
- FY2015 operating income outlook is ¥2 billion lower than the GG-II targets despite PGA and Home Products businesses are expected to improve profit and nearly ¥2.8 billion cost savings

## Advanced Materials

In 100 million yen		FY2015e	FY2014	% Change
Kureha Sales	Carbon products	60	60	0%
	Advanced plastics	266	202	32%
	Other	4	5	-25%
Subsidiaries Sales	Carbon products (China)	22	19	16%
	Battery materials	78	61	28%
	Other	290	242	20%
Consolidated adjustment		-285	-227	--
<b>Kureha Group Sales Total</b>		<b>435</b>	<b>362</b>	<b>20%</b>
<b>Kureha Group Operating Income Total</b>		<b>21</b>	<b>4</b>	<b>378%</b>

- Demand for carbon products (carbon fiber insulation materials for solar cell manufacturing and Li-battery anode materials for hybrid electric vehicles) likely to remain at a FY2014 level
- In advanced plastics;
  - Significant growth in PGA sales prompted by expanding the value chain in shale gas fields
  - Continuing demand for PPS in automotive
  - PVDF profit to slide due to depreciation cost, despite volume growth for Li-battery application

## Specialty Chemicals

In 100 million yen		FY2015e	FY2014	% Change
Kureha Sales	Industrial chemicals	98	106	-8%
	Agrochemicals	107	98	10%
	Pharmaceuticals	75	99	-24%
Subsidiaries Sales		90	88	3%
Consolidated adjustment		-35	-35	--
<b>Kureha Group Sales Total</b>		<b>335</b>	<b>355</b>	<b>-6%</b>
<b>Kureha Group Operating Income Total</b>		<b>43</b>	<b>79</b>	<b>-46%</b>

- Industrial chemicals to secure profit by properly responding to market trends and fuel costs
- Demand for *Metconazole* fungicides expected to recover in North America
- Pharmaceuticals earnings to decline from a lack of one-time income and also more competition from generics

## Specialty Plastics

In 100 million yen		FY2015e	FY2014	% Change
Kureha Sales	Packaging materials	92	118	-22%
	Consumer products	198	175	13%
Subsidiaries Sales	Packaging materials (overseas)	135	124	9%
	Other	150	148	1%
Consolidated adjustment		-105	-100	---
<b>Kureha Group Sales Total</b>		<b>470</b>	<b>465</b>	<b>1%</b>
<b>Kureha Group Operating Income Total</b>		<b>46</b>	<b>37</b>	<b>26%</b>

- Packaging materials to secure profit on global sales expansion of heat-shrink multilayer films and offset volume decline in packaging machinery
- NEW Krewrap likely to increase profit on stable demand and continual value promotion

## Construction

In 100 million yen		FY2015e	FY2014	% Change
Subsidiaries Sales	Construction	210	257	-18%
Consolidated adjustment		-60	-89	---
<b>Kureha Group Sales Total</b>		<b>150</b>	<b>167</b>	<b>-10%</b>
<b>Kureha Group Operating Income Total</b>		<b>6</b>	<b>11</b>	<b>-45%</b>

- Earthquake recovery-related projects expected to decrease

## Other Operations

In 100 million yen		FY2015e	FY2014	% Change
Subsidiaries Sales	Environmental engineering	114	104	10%
	Logistics, transportation	97	98	-1%
	Trading	18	23	-20%
	Other	16	20	-21%
Consolidated adjustment		-85	-92	---
<b>Kureha Group Sales Total</b>		<b>160</b>	<b>152</b>	<b>5%</b>
<b>Kureha Group Operating Income Total</b>		<b>14</b>	<b>18</b>	<b>-22%</b>

- Volume growth in high-margin PCB treatment services, but increasing cost related to facility enhancement and renovation

( In 100 million yen)

	FY2015e	FY2014	% Change
Capital expenditure	175	176	0%
Depreciation	100	83	21%
R&D expenses	57	50	15%
Interest-bearing debt	892	866	3%
Net interest expense	- 1	-0	---
Exchange rate	¥115/\$1 ¥135/€1	¥109.90/\$1 ¥138.84/€1	---
Number of Employees	4,213	4,123	2%

		FY2015e	FY2014
Cash flow from operating activities	Pre-depreciation profit	208	219
	Increase/decrease in assets and liabilities	-45	-63
	Payments of corporation tax	-28	-41
	Other-net	17	11
<b>Total</b>		<b>152</b>	<b>125</b>
Cash flow from investing activities		-164	-188
Cash flow from financing activities		5	50
Effect of exchange rate changes on cash and cash equivalents		--	4
Increase/decrease in cash and cash equivalents		-7	-8
Cash and cash equivalents at beginning of year		78	87
Increase/decrease in cash and cash equivalents resulting from fiscal year change of subsidiaries		--	-2
Increase in cash and cash equivalents from newly consolidated subsidiaries		--	--
Increase in cash and cash equivalents from consolidated subsidiaries' merger with unconsolidated subsidiaries		--	-0
Cash and cash equivalents at end of year		71	78

## 3. Consolidated Companies

		FY2014		FY2013		Change	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Kureha Corporation		899	1,930	824	1,760	74	170
Kureha Trading Group (2)		286	132	288	134	-3	-2
Advanced Materials	Kureha Corporation	268	--	224	--	44	--
	Kureha Trading Group (2)	98	--	98	--	0	--
	Kureha Battery Materials Japan Co. (2)	61	42	56	51	5	-9
	Kureha Extech Co.	22	27	20	25	2	1
	Kureha Extron Co.	22	21	14	16	8	5
	Kureha GmbH	14	11	17	11	-2	-0
	Kureha America Group (4)*	76	298	74	289	3	9
	Kureha Chemicals Shanghai Co.	19	38	9	32	10	6
	Kureha China Group (3)*	9	151	1	105	1	46
	Consolidation adjustments	-227	--	-185	--	-42	--
Total		362	--	328	--	34	--
Specialty Chemicals	Kureha Corporation	303	--	311	--	-8	--
	Kureha Trading Co.	88	--	88	--	0	--
	Consolidation adjustments	-35	--	-32	--	-3	--
	Total		355	--	366	--	-11
Specialty Plastics	Kureha Corporation	293	--	290	--	4	--
	Kureha Trading Co.	77	--	82	--	-4	--
	Kureha Gohsen Co.	37	34	37	31	-0	2
	Kureha America Group (4)*	16	9	--	--	16	9
	Kureha Europe Group (4)*	86	66	94	57	-7	9
	Kureha Vietnam Co.	37	50	33	46	4	5
	Consolidated adjustments	-82	--	-82	--	0	--
Total		465	--	453	--	12	--

		FY2014		FY2013		Change	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Construction	Kureha Nishiki Group (4)*	218	114	184	96	33	17
	Kureha Engineering Co.	39	25	66	36	-27	-11
	Consolidation adjustments	-89	--	-78	--	-11	--
	<b>Total</b>	<b>167</b>	<b>--</b>	<b>172</b>	<b>--</b>	<b>-5</b>	<b>--</b>
Other Operations	Kureha Ecology Management Co.	89	77	93	79	-4	-2
	Kureha Special Laboratory Co.	15	6	14	7	1	-0
	Kureha Unyu Group (7)*	98	61	102	61	-4	0
	Kureha Trading Co.	23	--	21	--	2	--
	Kureha Service Co.	5	10	5	10	0	1
	Kureha Staff Service Co.	15	6	15	6	-0	0
	Consolidation adjustments	-92	--	-88	--	-4	--
<b>Total</b>	<b>152</b>	<b>--</b>	<b>162</b>	<b>--</b>	<b>-9</b>	<b>--</b>	
[Total Number of Consolidated Subsidiaries]		[37]		[36]			
<b>Consolidation Total</b>		<b>1,502</b>	<b>2,497</b>	<b>1,481</b>	<b>2,245</b>	<b>21</b>	<b>252</b>
Equity-method affiliates	Nangtong SKT New Material Co.	38	--	35	--	3	--

\*Parenthesized numbers indicate the number of subsidiaries in the group

As of March 31, 2015, Kureha Corporation had 37 consolidated subsidiaries and one affiliated company accounted for by the equity method, including a new consolidated subsidiary, Kureha Battery Materials Shanghai Co., which was established in July 2014.

1. These materials are supplied to provide a deeper understanding of our company, and are not intended to as a solicitation for investment or other actions
2. These materials were prepared by our company based on the information available at this point in time, however actual performance may produce results that differ from the plan, due to a variety of factors
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