



## Kureha Corporation Reports Interim Results

Period April- September 2012

**Tokyo, Japan – November 2012** – Kureha Corporation (“Kureha”), a leading global supplier of specialty chemicals and plastics, has reported earnings for the half-year period ended September 30, 2012. On a consolidated basis, operating income of ¥4,780 million represented an increase of 13.4% year-on-year (YoY), while recurring income declined 6.2% YoY to ¥3,713 million. Overall sales increased 8.3% YoY to ¥63,718 million, with the company registering a net profit of ¥2,222 million, a significant improvement from previous year.

Both top-line revenue and operating income recorded strong growth from the corresponding period the previous year, when damage caused by the March 2011 earthquake was still having a negative impact on operations, while the receipt of funds from a patent lawsuit settlement has also contributed to revenues. The company was also no longer required to record earthquake-related extraordinary losses this term, which helped to push up net income. At the same time, however, accrual of expenses associated with a temporary stoppage of the PGA plant in U.S. and costs associated with the issuance of new shares following the addition of new shareholders to its joint venture, Kureha Battery Materials Japan (KBMJ), negatively impacted recurring income.

Yutaka Kobayashi, who assumed the position of Kureha President and Chief Executive Officer on September 1, 2012 after former CEO Takao Iwasaki passed away, said, “Kureha has deeply mourned the loss of Dr. Iwasaki, who led the company with passion. At the heart of his vision was a commitment to Kureha achieving excellence in its operations and leveraging unique technologies. This commitment remains unchanged. We continue to overcome adverse challenges in the macro-economic environment through concerted efforts to expand our business in Japan and globally. Nurturing and expanding new businesses such as PGA and lithium-ion battery materials has been a critical area of focus, though we also recognize the value and contribution of existing businesses and the need to continue improving our product offerings, including enhanced competitiveness in quality and costs.”

“Our Grow Globally II medium-term business plan took effect from this fiscal year and runs through fiscal 2015, with human resources being a key driver to support Kureha becoming a truly global company. Our passion for innovative changes is essential and should serve as a driver to enhance the Company’s strength and growth. ”

### **Summary of consolidated half year results**

(¥ million, except where stated)

	Sept. 2012	Sept. 2011	Change (%)
Sales	63,718	58,852	8.3
Operating income	4,780	4,214	13.4
Recurring income	3,713	3,957	-6.2
Net income	2,222	-975	-
Earnings per share (EPS) (¥)	12.95	-5.68	-

### Update on PGA (polyglycolic acid) Resin

Oil exploration firms are paying fresh attention to Kureha's PGA for use in the extraction of shale gas resources, taking advantage of its hydrolytic properties at various temperatures. To extract gas from shale formations, pressurized fluid is applied to fracture the rock, creating passages for the gas to seep out. PGA is considered an ideal fracking compound, due to its strength and limited environmental impact. Apart from fracking compound, PGA is also used as a material for molded 'plugging pipes' that temporarily seal a drilled hole so inserted fluid pressure can be maximized at a designated location to effectively create fractures. Commercial shale-gas technology itself is still developing, seeking safer, lower-cost techniques, and as it does PGA is gaining increased recognition, with its value highly evaluated.

### Consolidated Interim Performance

(¥ million, except where stated)

Division		Sept. 2012	Sept. 2011	Change
Advanced materials	Sales	13,990	15,890	-1,899
	Operating income	-367	587	-955
Specialty chemicals	Sales	16,860	14,802	2,057
	Operating income	3,688	2,870	818
Specialty plastics	Sales	20,224	17,110	3,114
	Operating income	1,676	672	1,003
Construction related	Sales	5,998	4,968	1,029
	Operating income	205	341	-135
Other operations	Sales	6,644	6,080	563
	Operating income	-0	388	-389
	Cancellations	-422	-647	224
<b>Total</b>	<b>Sales</b>	<b>63,718</b>	<b>58,852</b>	<b>4,866</b>
	<b>Operating profit</b>	<b>4,780</b>	<b>4,214</b>	<b>566</b>

### Performance by Division

#### Advanced Materials Division

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

For the half-year period, the Advanced Materials Division's sales declined by 12% YoY from ¥15.9 billion to ¥14.0 billion. The division recorded an operating loss of ¥367 million.

#### **Carbon fibers suffer from sharp decline in demand**

Sales of carbon products recorded a 34% decrease from ¥3.5 billion to ¥2.3 billion. This was due to decline in demand for heat insulation materials used in the manufacturing of solar power equipment, as a result of inventory adjustments for solar panel products. Sales of Kureha's hard carbon, *Carbotron*, used in lithium-ion secondary batteries, also weakened.

#### **Mixed results for advanced plastics**

Sales of advanced plastics continued to decline from ¥7.3 billion to ¥7.0 billion. PPS resin used in automotive applications showed favorable sales growth, while earnings at the U.S. joint venture, Fortron Industries, also increased. At the same time, however, PVDF resin experienced a decline in both sales and profits. Despite sales of the product for industrial-use improving, sales for use in electrode binders for lithium-ion batteries were deteriorated.

### **PGA hit by temporary halt in production**

Kureha has completed some shipments of PGA for use in shale gas extraction activities. However, operating costs at the U.S. production base swelled due to a temporary halt in operations, forcing Kureha to accrue a non-operating expenses of ¥550 million.

**Outlook:** Divisional sales for the full-year are projected to be ¥29.5 billion, down from ¥31.3 billion, with an operating loss of ¥1.6 billion. The carbon fiber business is expected to further weaken, with declining solar power related demand, and lithium-ion batteries set to plateau. Advanced plastics are expected to record a slight improvement. Evaluation of PGA is due to continue among potential customers for shale gas applications, while Kureha must accrue non-operating expenses associated with the temporary stoppage of its PGA facility in the U.S.

### **Specialty Chemicals Division**

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

Specialty Chemicals Division sales were up 14% YoY to ¥16.9 billion, while divisional operating income increased 28% to ¥3.7 billion.

### **Industrial chemicals recovering following earthquake**

Sales of industrial chemicals increased 7% YoY to ¥4.7 billion, after utilization rates recovered from earthquake-related cuts, with an improvement also recorded in operating profits.

### **Agrochemicals sales increase, profits flat**

Export sales of agrochemicals expanded, growing by 14% from ¥3.6 billion to ¥4.1 billion, but the weakened Euro placed negative pressure on profitability.

### **Sales and profits of pharmaceuticals improve**

*Kremezin*, a therapeutic agent for chronic kidney disease, recorded increased unit sales, despite an official price cut. In addition, Kureha also received settlement funds following a patent lawsuit for *Kremezin*'s generic agent. Overall, sales of pharmaceutical products increased from ¥4.0 billion to ¥5.4 billion, up 33% YoY.

**Outlook:** Divisional sales for the full fiscal year are projected to grow from ¥30.2 billion to ¥33.0 billion, up 9% YoY and operating income from ¥4.7 billion to ¥5.8 billion, up 23% YoY, as a result of improved utilization rates in the industrial chemicals business, expansion of export units of *Metoconazole*, and increased unit sales of *Kremezin*.

## **Specialty Plastics Division**

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

Specialty Plastics Division operating income showed significant improvement to reach ¥1.7 billion while sales increased by 18% YoY, from ¥17.1 billion to ¥20.2 billion. During the period the fishing line business was transferred from the Specialty Plastics division to the subsidiary, Kureha Gosen.

### **Commercial-use packaging materials slowed**

Sales of commercial-use packaging materials, which include film, bottles and PVDC compound exports to China for use in sausage products, suffered from declining demand during the period, and as a result declined by 5% YoY to ¥3.9 billion.

### **Huge improvement in household-use packaging materials**

Sales of household products recorded growth of 60% to reach ¥8.9 billion from ¥5.6 billion thanks to an updated marketing strategy. The company has promoted continual improvements and product upgrades to better match users' need. As a result, the product has been marketed as a value-added item, leading to a significant improvement in earnings.

**Outlook:** For the full fiscal year, divisional sales are expected to continue increasing to ¥425 billion from the ¥37.7 billion recorded during the previous fiscal year. Operating income is also expected to improve from ¥2.2 billion to ¥3.7 billion, largely due to the favorable performance of the household-use packaging business.

## **Other Operations / Construction Related**

*Major product areas – construction, environment, logistics, trading related businesses*

### **Profitability of construction related businesses to deteriorate**

Sales at construction related businesses were down 21% YoY to ¥6.0 billion. The decline could be attributed to the transfer of environmental related engineering business operations from this division to the subsidiary, Kureha Environment, which offset an increase in sales due to work accrued from the previous term and new plant construction activities. At the same time, the profitability of construction related operations deteriorated due to a hike in labor and materials cost.

### **Other operations stable**

Sales performance of other operations increased to ¥6.6 billion, up 9% YoY, ensuring that the division was approximately break-even. Sales of environment related businesses, including earthquake related debris removal, grew but increased processing costs and other expenses pushed down operating profits. Sales of logistics and warehousing businesses were stable when compared to the previous year.

**Outlook:** Construction related sales for the full year are projected to drop 8% YoY to ¥15.0 billion, due to partial business transfer of environmental engineering operations, while operating profits are expected to continue to weaken due to the hike in costs. Sales of other operations are expected to improve 16% YoY to ¥15.0 billion following the expansion of industrial waste treatment business.

## **Consolidated capital expenditure, depreciation and R&D**

(¥ billion)

	Sept. 2012	Sept. 2011	March 2013 (forecast)
Capital expenditure	7.5	8.5	21.0
Depreciation	4.1	4.6	8.1
R&D	2.1	2.5	5.6
Interest-bearing debt	61.8	55.6	68.9

Capital expenditure dropped from ¥8.5 billion to ¥7.5 billion during the first half-year period due to a delay in construction work, while the company expects to spend ¥21.0 billion for the full year.

R&D expenditure was down from ¥2.5 billion to ¥2.1 billion, although the allocation for the full fiscal year is projected to be ¥5.6 billion.

Interest-bearing debt has increased, from ¥55.6 billion to ¥61.8 billion during the half-year period and is projected to reach ¥68.9 billion for the full fiscal year, due to increased investment in facilities.

### Outlook for the full year

(¥ million, except where stated)

	March 2013 (Forecasts)	March 2012	Change (%)
Sales	135,000	128,358	5.2
Operating income	9,000	8,472	6.2
Recurring income	6,500	7,867	-17.4
Net income	2,500	1,460	71.2
Earnings per share (EPS) (¥)	14.56	8.51	71.1

(¥ million, except where stated)

Division		March 2013 (Forecasts)	March 2012	Change (%)
Advanced materials	Sales	29,500	31,253	-5.6
	Operating income	-1,600	534	
Specialty chemicals	Sales	33,000	30,182	9.3
	Operating income	5,800	4,715	23.0
Specialty plastics	Sales	42,500	37,672	12.8
	Operating income	3,700	2,226	66.2
Construction related	Sales	15,000	16,300	-8.0
	Operating income	500	1,114	-55.1
Other operations	Sales	15,000	12,950	15.8
	Operating income	900	932	-3.4
	Cancellations	-300	-1051	
Total	Sales	135,000	128,358	5.2
	Operating income	9,000	8,472	6.2

Kureha anticipates trends during the second half of the fiscal year 2013 tracing a similar path to the first half. As such, overall sales for the fiscal year ending March 2013



are forecast to improve to ¥135.0 billion and operating income is also expected to grow 6.2% YoY. Recurring income, however, is expected to deteriorate. Net income for the full year is projected to be ¥2.5 billion.

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**For further information, please contact:**

KUREHA CORPORATION  
Public Relations and IR Department  
Tel. 03-3249-4651

**Condensed interim balance sheets**  
As of 30 September 2012 and 2011

	¥ million	
	Sept. 2012	Sept. 2011
<b>Assets</b>		
Current assets	66,821	58,563
Cash and cash equivalents	8,857	6,055
Fixed assets	119,402	118,746
Property, plant and equipment	87,118	87,422
Intangible assets	840	909
Investments and other assets	31,443	31,324
<b>Total Assets</b>	<b>186,223</b>	<b>178,219</b>
<b>Liabilities and Net Assets</b>		
Current liabilities	57,316	49,620
Short-term borrowings	16,049	15,235
Fixed liabilities	40,352	40,878
Corporate bonds	20,000	20,000
Long-term borrowings	15,623	15,345
<b>Total Liabilities</b>	<b>97,669</b>	<b>90,499</b>
<b>Net Assets</b>		
Shareholders' equity	89,051	87,478
Minority interest	864	724
<b>Total Net Assets</b>	<b>88,554</b>	<b>87,720</b>
<b>Total Liabilities and Net Assets</b>	<b>186,223</b>	<b>178,219</b>

**Condensed interim income statement**  
For the fiscal years ended 30 September 2012 and 2011

	¥ million	
	Sept. 2012	Sept. 2011
<b>Sales</b>	<b>63,718</b>	<b>58,852</b>
Cost of goods sold	46,671	42,079
Selling, general and administrative expenses	12,266	12,558
<b>Operating income</b>	<b>4,780</b>	<b>4,214</b>
Non-operating income	626	672
Non-operating expenses	1,692	928
<b>Recurring income</b>	<b>3,713</b>	<b>3,957</b>
Extraordinary gains	170	841
Extraordinary losses	302	5,153
<b>Income before income taxes</b>	<b>3,581</b>	<b>-354</b>
Taxes and minority interest adjustments	1,422	499
<b>Net income</b>	<b>2,222</b>	<b>-975</b>

# Interim Results for the Financial Year Ending March 31, 2013

November 19, 2012



<b>1. Interim Results for the Financial Year 2012</b>	(2)
· Financial Highlights	(3)
· Consolidated Net Sales and Operating Income by Segment	(4) ~ (7)
· Analysis of Recurring Income	(8)
· Breakdown of Extraordinary Income/Losses	(9)
· Key Indicators	(10)
· Balance Sheets	(11)
· Cash flow	(12)
<b>2. Estimates for the Financial Year ending March 2013</b>	(13)
· Estimated Figures	(14)
· Consolidated Net Sales and Operating Income by Segment	(15) ~ (18)
· Key Indicators	(19)
· Cash flow	(20)
<b>3. Consolidated Companies</b>	(21) ~ (23)

# 1. Interim Results for the Financial Year 2012

# Financial Highlights (Comparison with same period in FY2011)

KUREHA CORPORATION

(Unit:100 million yen)

	FY2011 Interim			FY2012 Interim			Increase/decrease (Ratio)			
	Consolidated	Non-Consolidated	Ratio	Consolidated	Non-Consolidated	Ratio	Consolidated		Non-Consolidated	
Net sales	588.5	338.4	1.7	637.2	377.6	1.7	48.7	8.3%	39.2	11.6%
Operating income	42.1	29.5	1.4	47.8	46.8	1.0	5.7	13.4%	17.4	58.9%
Recurring income	39.6	32.8	1.2	37.1	49.4	0.8	-2.4	-6.2%	16.6	50.5%
Net income	-9.8	-13.4	-	22.2	32.9	0.7	32.0	-	46.3	-
Total assets	1,782	1,460	1.2	1,884	1,547	1.2	102	-	87	-
Shareholders' equity	877	834	1.1	903	859	1.1	26	-	26	-
Net income per share (yen)	-5.68	-7.78	-	12.95	19.15	0.7	18.63	-	26.93	-
Shareholders' equity per share (yen)	506.3	485.24	1.0	512.51	500.08	1.0	6.21	-	14.84	-
Equity ratio	% 48.8	% 57.1	0.9	% 46.7	% 55.5	0.8	% -2.1	-	% -1.6	-

**KUREHA**

## Advanced Materials

(Unit:100 million yen)

		FY2011 Interim results	FY2012 Interim results	Increase/decrease (Ratio)		
Consolidated net sales	Kureha	Carbon products	35	23	-12	-34%
		Advanced plastics	73	70	-3	-4%
		Others	1	2	1	104%
		Total	109	95	-14	-13%
		Consolidated subsidiaries	106	112	6	6%
		Consolidation adjustments	-56	-67	-11	-
		Total	159	140	-19	-12%
Consolidated operating income		6	-4	-10	-	

## Specialty Chemicals

(Unit: 100 million yen)

		FY2011 Interim results	FY2012 Interim results	Increase/ decrease (Ratio)		
Consolidated net sales	Kureha	Industrial chemicals	43	47	3	7%
		Agrochemicals	36	41	5	14%
		Pharmaceuticals	40	54	13	33%
		Total	119	141	22	18%
	Consolidated subsidiaries	42	42	-0	-1%	
	Consolidation adjustments	-13	-14	-1	-	
	Total	148	169	21	14%	
Consolidated operating income		29	37	8	28%	

# Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

## Specialty Plastics

(Unit: 100 million yen)

		FY2011 Interim results	FY2012 Interim results	Increase/ decrease (Ratio)		
Consolidated net sales	Kureha	Food packaging	41	39	-2	-5%
		Household products	56	89	34	60%
		Fishing lines	6	-	-6	-
		Others	8	14	6	77%
		Total	110	142	32	29%
		Consolidated subsidiaries	98	101	4	4%
		Consolidation adjustments	-36	-41	-5	-
	<b>Total</b>	<b>171</b>	<b>202</b>	<b>31</b>	<b>18%</b>	
Consolidated operating income		7	17	10	149%	

# Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

## Construction related

(Unit: 100 million yen)

		FY2011 Interim results	FY2012 Interim results	Increase/ decrease (Ratio)	
Consolidated net sales	Construction-related business	109	107	-2	-2%
	Consolidation adjustments	-59	-47	12	-
	Total	50	60	10	21%
Consolidated operating income		3	2	-1	-40%

## Other operations

(Unit: 100 million yen)

		FY2011 Interim results	FY2012 Interim results	Increase/ decrease (Ratio)	
Consolidated	Environmental engineering business	35	38	4	11%
	Logistics and warehousing business	51	51	-0	-0%
	Trading	9	10	2	19%
	Others	11	11	-0	-4%
	Consolidation adjustments	-45	-44	1	-
	Total	61	66	6	9%
Consolidated operating income		4	-0	-4	-

**KUREHA**

# Analysis of Recurring Income (Comparison with same period in FY2011)

KUREHA CORPORATION

(Unit: 100million yen)

		FY2011 Interim		FY2012 Interim		Change
Recurring income	Kureha	32.8	83%	49.4	133%	16.6
	Consolidated subsidiaries	16.4	41%	-3.6	-10%	-20.0
	Equity-method affiliates	1.1	3%	1.3	4%	0.2
	Consolidation adjustments	-10.7	-27%	-10.0	-27%	0.7
	計	39.6	100%	37.1	100%	-2.5

## Reason for earnings increase/decrease

	Reason for decrease		Reason for increase		Total
	Item	Amount	Item	Amount	
Kureha	Decreased unit sales price	-1	Increased sales volume	24	16.6
	Increased unit price of purchased products raw materials and fuels	-2	Differing inventories levels	8	
	Increased manufacturing fixed costs	-13	Decreased R&D costs	3	
	Increased selling direct cost	-1			
	Increased general and administrative costs	-2			
			-19	35	
Consolidated	Domestic advanced materials business	-7	Domestic specialty plastics business	2	-20.0
	Overseas advanced materials business	-9			
	Construction-related business	-1			
	Others	-5			
			-22	2	

**KUREHA**



# Breakdown of Extraordinary Income/Losses

KUREHA CORPORATION

(Unit:100 million yen)

		FY2011 Interim		FY2012 Interim		Increase/decrease	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Extraordinary income	Compensation for damage	-	-	1.0	-	1.0	-
	Subsidy income	1.0	-	0.7	-	-0.3	-
	Gain on transfer of business	7.0	7.0	-	-	-7.0	-7.0
	Others	0.4	0.3	0.0	-	-0.4	-0.3
	<b>Total</b>	<b>8.4</b>	<b>7.3</b>	<b>1.7</b>	<b>0.0</b>	<b>-6.7</b>	<b>-7.3</b>
Extraordinary	Loss on sales and retirement of noncurrent assets	2.1	2.0	1.4	2.6	-0.6	0.6
	Loss on reduction of noncurrent investment	1.0	-	0.7	-	-0.3	-
	Loss on valuation of securities	12.0	12.0	0.6	-	-11.4	-12.0
	Loss on disaster	35.7	38.3	-	-	-35.7	-38.3
	Others	0.7	0.7	0.3	0.2	-0.4	-0.5
	<b>Total</b>	<b>51.5</b>	<b>53.0</b>	<b>3.0</b>	<b>2.8</b>	<b>-48.5</b>	<b>-50.2</b>

# Key Indicators (Comparison with same period in FY2012)

KUREHA CORPORATION

(Unit:100 million yen)

	FY2011 Interim			FY2012 Interim			Increase/decrease (Ratio)			
	Consolidated	Non-Consolidated	Ratio	Consolidated	Non-Consolidated	Ratio	Consolidated		Non-consolidated	
Capital expenditure	85	37	2.3	75	50	1.5	-10	-11%	13	36%
Depreciation	46	39	1.2	41	32	1.3	-5	-11%	-7	-17%
R&D expenses	25	24	1.1	21	20	1.1	-4	-16%	-4	-17%
Interest-bearing debt	556	409	1.4	618	444	1.4	62	11%	35	8%
Net interest expense	-0	7	-	-1	7	-	-0	-	0	2.3%
Exchange rate *	80.0 yen/\$, 114.3yen/eur			79.6 yen/\$, 100.9 yen/eur						
Dividend per share	5.0			5.0						
Employees	4,091	1,661	2.5	4,040	1,709	2.4	-51	-1%	48	3%

\* TTM - The Bank of Tokyo-Mitsubishi UFJ, Ltd.

# Balance Sheets

KUREHA CORPORATION

## 1.Assets

(Unit: 100 million yen)

	As of Mar.30,2011		As of Sep.30,2012		Increase/decrease	
	consolidated	Non-consolidated	consolidated	Non-consolidated	consolidated	Non-consolidated
Cash and cash equivalents	89	34	99	30	10	-3
Accounts and notes receivable-trade	296	174	265	172	-31	-2
Inventories	222	160	237	167	16	7
Other current assets	62	86	76	94	14	8
Sub total	668	454	677	464	9	10
Property, plant and equipment	871	537	900	552	29	15
Intangible assets	8	4	12	5	4	1
Investments and other assets	314	517	294	525	-20	8
Sub total	1,194	1,059	1,207	1,083	13	24
Total	1,862	1,513	1,884	1,547	22	34

## 2 . Liabilities and net assets

	As of Mar.30,2011		As of Sep.30,2012		Increase/decrease	
	consolidated	Non-consolidated	consolidated	Non-consolidated	consolidated	Non-consolidated
Accounts and notes payable-trade	193	85	154	65	-39	-19
Interest-bearing debt	567	406	618	444	51	38
Reserves	39	21	35	19	-3	-2
Other liabilities	179	154	175	160	-4	6
Sub total	977	665	982	688	5	23
Common stock	125	125	125	125	-	-
Capital reserves	92	102	92	102	0	0
Retained earnings	720	631	733	655	14	24
Treasury stock, at cost	-45	-45	-45	-45	0	0
Valuation and translaton adjustment	-14	35	-24	22	-10	-13
Share warrant	1	1	1	1	-0	-0
Minority interests	9	-	22	-	13	-
Sub total	886	848	903	859	17	11
Total	1,862	1,513	1,884	1,547	22	34

**KUREHA**

(Unit: 100 million yen)

		FY2011 Interim		FY2012 Interim		Increase/decrease	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cashflow from Operating activities	Pre-depreciation profit	42	26	79	79	37	53
	Increase/decrease in assets and liabilities	21	-5	-24	-31	-45	-27
	Payments of corporation tax	-4	-2	-5	-2	-2	-1
	Other-net	-6	-3	-7	2	-1	5
		53	16	43	47	-10	31
Cashflow from investing activities		-96	-44	-88	-79	8	-35
Cashflow from financing activities		-3	4	55	29	58	25
Effect of exchange rate changes on cash and cash equivalents		-1	0	1	0	2	-0
Net increase/decrease in cash and cash equivalents		-47	-25	10	-3	57	21
Cash and cash equivalents at beginning of year		107	50	89	34	-18	-16
Cash and cash equivalents at end of year		61	25	99	30	38	5

### 3. Estimates for the Financial Year ending March 2013

# Estimated Figures

KUREHA CORPORATION

( Unit: 100 million yen)

	FY2011			FY2012			Increase/decrease (Ratio)			
	Consolidated	Non-consolidated	Ratio	Consolidated	Non-consolidated	Ratio	Consolidated		Non-consolidated	
Net sales	1,284	731	1.8	1,350	780	1.7	66	5.2%	49	6.7%
Operating income	85	61	1.4	90	70	1.3	5	6.2%	9	15.2%
Recurring income	79	62	1.3	65	70	0.9	-14	-17.4%	8	12.8%
Net income	15	10	1.4	25	33	0.8	10	71.2%	23	220.4%

## Advanced Materials

(Unit: 100 million yen)

		FY2011	FY2012	increase/decrease (Ratio)		
Consolidated net sales	Kureha	Carbon products	69	49	-20	-29%
		Advanced plastics	147	152	5	3%
		Others	4	4	0	0%
		Total	220	205	-15	-7%
		Consolidated subsidiaries	216	228	12	6%
		Consolidation adjustments	-123	-138	-15	-
	Total	313	295	-18	-6%	
Consolidated operating income		5	-16	-21	-	

## Specialty Chemicals

(Unit: 100 million yen)

		FY2011	FY2012	increase/decrease (Ratio)		
Consolidated net sales	Kureha	Industrial chemicals	90	95	5	5%
		Agrochemicals	76	84	8	10%
		Pharmaceuticals	80	96	16	20%
		Total	246	275	29	12%
	Consolidated subsidiaries	85	85	0	0%	
	Consolidation adjustments	-30	-30	-1	-	
	Total	302	330	28	9%	
Consolidated operating income		47	58	11	23%	



# Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

## Specialty Plastics

(Unit: 100 million yen)

		FY2011	FY2012	increase / decrease (Ratio)		
Consolidated net sales	Kureha	Food packaging materials	96	92	-4	-4%
		Household products	140	175	35	25%
		Fishing lines	11	-	-11	-
		Others	18	33	15	84%
	Total		265	300	35	13%
	Consolidated subsidiaries		194	220	26	13%
	Consolidation adjustments		-82	-95	-13	-
Total		377	425	48	13%	
Consolidated operating income		22	37	15	66%	

**KUREHA**

# Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

## Construction related

(Unit: 100 million yen)

		FY2011	FY2012	Increase/ decrease (Ratio)	
Consolidated net sales	Construction-related business	292	230	-62	-21%
	Consolidation adjustments	-129	-80	49	-
	Total	163	150	-13	-8%
Consolidated operating income		11	5	-6	-55%

## Other Operations

(Unit: 100 million yen)

		FY2011	FY2012	Increase/ decrease (Ratio)	
Consolidated net sales	Environmental engineering business	75	93	18	24%
	Logistics and warehousing business	106	105	-1	-1%
	Trading	18	21	3	14%
	Others	22	21	-1	-3%
	Consolidation adjustments	-92	-90	2	-
Total		130	150	20	16%
Consolidated operating income		9	9	0	0%

**KUREHA**

# Key Indicators

KUREHA CORPORATION

(Unit: 100 million yen)

	FY2011			FY2012			Increase/decrease (Ratio)			
	Consolidated	Non-consolidated	Ratio	Consolidated	Non-consolidated	Ratio	Consolidated		Non-consolidated	
Capital expenditure	144	72	2.0	210	155	1.4	66	46%	83	116%
Depreciation	96	80	1.2	81	64	1.3	-15	-15%	-16	-20%
R&D expenses	51	48	1.1	56	53	1.1	5	10%	5	11%
Interest-bearing debt	567	406	1.4	689	497	1.4	122	22%	91	23%
Net interest expense	-1	8	-	-3	7	-	-2	-	-1	-10%
Exchange rate	79.09yen/\$、109.17yen/€			80.0yen/\$、100.0yen/€						
Dividend per share	10.00			10.00						
Employees	4,032	1,628	2.5	4,042	1,684	2.4	10	0%	56	3%

(Unit: 100 million yen)

		FY2011		FY2012		Increase/decrease	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cashflow from Operating activities	Pre-depreciation profit	128	96	130	118	2	22
	Increase/decrease in assets and liabilities	8	-19	-15	-19	-23	0
	Payments of corporation tax	-9	-2	-13	-5	-4	-3
	Other-net	-5	-3	4	18	9	21
		121	73	106	112	-15	39
Cashflow from investing activities		-142	-81	-214	-196	-72	-115
Cashflow from financing activities		4	-8	105	74	101	82
Effect of exchange rate changes on cash and cash equivalents		-3	0	0	0	3	-0
Net increase/decrease in cash and cash equivalents		-19	-16	-3	-10	16	6
Cash and cash equivalents at beginning of year		107	50	89	34	-18	-16
Cash and cash equivalents at end of year		89	34	86	24	-3	-10

## 3. Consolidated Companies

# Consolidated Companies

KUREHA CORPORATION

(Unit : 100million yen)

		FY2011 Interim		FY2012 Interim		Increase/decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
<b>Kureha Corporation</b>		338	1,460	378	1,547	39	87
<b>Kureha Trading Co., Ltd. and one group company</b>		138	120	138	128	-1	8
<b>Advanced Materials</b>	Kureha Corporation	109	-	95	-	-14	-
	Kureha trading Co., Ltd and one group company	48	-	45	-	-3	-
	Nihon Extron Co., Ltd.	7	16	6	16	-1	-0
	Kureha Extech Co., Ltd.	12	16	8	24	-4	8
	Kureha Battery Materials Japan Co.,Ltd. and two group companies	-	1	21	46	21	45
	Kureha GmbH	9	10	9	9	-1	-0
	Kureha America Inc. and 3 group companies	16	224	17	226	1	2
	Kureha Chemicals Shanghai Co., Ltd.	14	25	5	25	-9	0
	Kureha (China) Investment Co., Ltd. and one group companies	-	-	0	28	0	28
	Consolidation adjustments	-56	-	-67	-	-11	-
Total		159	-	140	-	-19	-
<b>Specialty Chemicals</b>	Kureha Corporation	119	-	141	-	22	-
	Kureha trading Co., Ltd.	42	-	42	-	-0	-
	Consolidation adjustments	-13	-	-14	-	-1	-
Total		148	-	169	-	21	-
<b>Specialty Plastics</b>	Kureha Corporation	110	-	142	-	32	-
	Kureha trading Co., Ltd.	39	-	40	-	1	-
	Kureha Gosen Co., Ltd.	14	19	18	27	4	8
	Krehalon Industrie B.V. and 4 group companies	34	46	32	40	-2	-6
	Kureha Vietnam Co., Ltd	10	33	11	39	1	6
	Consolidation adjustments	-36	-	-41	-	-5	-
Total		171	-	202	-	31	-

**KUREHA**

# Consolidated Companies

KUREHA CORPORATION

(Unit:100 million yen)

		FY2011 Interim		FY2012 Interim		Increase/decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
<b>Construction related</b>	Kurehanishiki Construction Co., Ltd. and 3 group companies	61	85	78	83	17	-2
	Kureha Engineering Co., Ltd.	48	51	29	39	-19	-12
	Consolidation Adjustments	-59	-	-47	-	12	-
Total		50	-	60	-	10	-
<b>Other Operations</b>	Kureha Ecology Management Co., Ltd.	29	64	32	66	3	2
	Kureha Special Laboratory Co., Ltd.	5	6	6	7	1	1
	Kureha Unyu Co., Ltd and 6 group companies	51	62	51	62	-0	1
	Kureha Trading Co., Ltd	9	-	10	-	2	-
	Kureha Service Co., Ltd.	3	8	3	8	0	-0
	Kureha Staff Service Co., Ltd.	9	6	8	6	-0	0
Consolidation Adjustments		-45	-	-44	-	1	-
Total		61	-	66	-	6	-
(Number of consolidated companies)		(35)		(38)			
<b>Consolidation Total</b>		<b>589</b>	<b>-</b>	<b>637</b>	<b>-</b>	<b>49</b>	<b>-</b>
Equity-method affiliates	Nangtong SKT New Material Co., Ltd.	13	-	14	-	1	-
	Bio Hard Carbon Co.,Ltd.	-	-	-	-	-	-

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