



Kureha Corporation Reports Interim Results

Period April – September 2014

Tokyo, Japan, November 2014 – Kureha Corporation (“Kureha”), a leading global supplier of specialty chemicals and plastics, has reported earnings for the half-year period ended September 30, 2014. On a consolidated basis, sales rose 8.5% to ¥73,449 million year-on-year (YoY) while operating income climbed 18.7% to ¥5,756 million. Recurring income increased by 14.8% YoY to ¥6,039 million. The solid performance resulted in a 25.1 % YoY increase in net income to ¥4,382 million as well as a rise in earnings per share by 5.11 yen to 25.51 yen.

Across Kureha’s business divisions, the trend was generally one of stronger performance, with only Specialty Chemicals failing to improve operating income due to government-mandated drug price revisions impacting the performance of pharmaceuticals. Positive factors include the depreciating yen, which generated foreign exchange adjustments that further benefitted operating income, and a reduction in losses on the retirement of fixed assets, which together with a lower corporate tax burden contributed to lifting net income.

The Advanced Materials division also recorded a strongly improved performance, which enabled a significant reduction in this division’s operating loss. Looking long-term, Kureha now sees a course for making Advanced Materials a pillar of the company’s growth.

Yutaka Kobayashi, President and Chief Executive Officer, said, “We are pleased to deliver these positive first-half results to our shareholders. I am confident that the figures show that we are right to focus on cultivating niche markets where we can present an unrivalled product offering, while at the same time enhancing our global competitiveness by reducing costs and promoting operational efficiency.”

“We remain committed to following the path set out under the Grow Globally II medium-term business plan launched in fiscal 2012. We will continue to pursue growth as a truly global company and to steadily cultivate new businesses, while also investing in R&D to plant the seeds for the next generation of technologies and materials.”

Summary of consolidated half year results

(¥ million, except where stated)

	Sept. 2014	Sept. 2013	Change (%)
Sales	73,449	67,723	8.5
Operating income	5,756	4,850	18.7
Recurring income	6,039	5,258	14.8
Net income	4,382	3,504	25.1
Earnings per share (EPS) (¥)	25.51	20.40	---

Update on the Grow Globally II medium-term business plan

Kureha remains focused on pursuing the strategy set out in its 2012-2015 medium-term business plan, Grow Globally II, including prioritizing growth areas such as lithium-ion batteries and PGA (polyglycolic acid), a unique polymer that Kureha was first in the world to develop and which has gained a strong reputation for its application in shale gas extraction. In addition, Kureha is continuing its efforts to accelerate global growth by steadily cultivating and expanding new businesses, and to step up investment in R&D. To achieve these objectives, an important priority will continue to be developing human resources that have the skills and outlook necessary to enable the company to thrive on the global stage.

The plan was reviewed in 2013 due to the fast-changing business environment. For the current year, the 2015 targets remain unchanged at consolidated sales of ¥165.0 billion and operating income of ¥15.0 billion.

Kureha has outlined a clear roadmap to achieve these targets and enhance its ability to respond swiftly and flexibly to changes in the business environment. Efforts to secure a rapid return on investment in the Advanced Materials division bore fruit during the first half of fiscal year 2014, with a significant reduction in the division's operating loss. The overall performance also indicates the company is on track with its strategy to reduce costs and enhance profitability across all existing businesses.

Kureha will also work to develop technologies using its strengths in innovative R&D, while seeking to acquire and create entirely new technologies that will enable the company to meet future needs.

Consolidated Interim Performance

(¥ million, except where stated)

Division		Sept. 2014	Sept. 2013	Change
Advanced materials	Sales	18,168	15,967	2,200
	Operating income	-398	-1,362	964
Specialty chemicals	Sales	17,779	17,342	436
	Operating income	3,259	3,473	-213
Specialty plastics	Sales	22,981	20,522	2,459
	Operating income	2,220	2,047	173
Construction related	Sales	7,361	6,492	869
	Operating income	369	128	241
Other operations	Sales	7,158	7,398	-239
	Operating income	531	443	87
	Adjustments	-226	120	346
Total	Sales	73,449	67,723	5,725
	Operating income	5,756	4,850	906

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 saw increases in both sales and income. Sales increased by 14% YoY to ¥18.2 billion from ¥16.0 billion. The operating loss narrowed significantly from ¥1.4 billion to ¥0.4 billion YoY.

Carbon products' performance strengthens

In carbon products, sales rose 43% to ¥4.3 billion on the back of solid sales for hard carbon anode materials used in lithium-ion batteries and recovering demand for heat insulation materials used in the manufacturing of solar power equipment.

Favorable sales growth for advanced plastics

Sales of advanced plastics rose 19% to ¥9.6 billion. PPS resin used in automotive applications and PVDF for use in binders for lithium-ion batteries and PGA for use in shale gas extraction all saw growth in sales and income.

Outlook: Divisional sales for the full-year are projected to be ¥36.0 billion, up slightly from ¥32.8 billion, with operating losses of ¥1.1 billion. In carbon products, demand for heat insulation materials for solar power equipment is expected to continue to recover. Advanced plastics are also expected to continue to improve, with firm performance forecast for PPS resin used in automotive applications as well as for PDVF, both as a binder for lithium-ion batteries and for general industrial applications. From December 2014, Kureha will commence shipments of PVDF from a new plant at a subsidiary in China. For PGA used in shale gas extraction, sales are expected to increase as a result of the alliance with US company Magnum Oil Tools International.

Specialty Chemicals Division

Major product areas – industrial chemicals, agrochemicals, pharmaceuticals

The Specialty Chemicals Division recorded sales of ¥17.8 billion, an increase of 3% YoY, and operating income of ¥3.3 billion, a decline of 6% from the corresponding period in the previous year. Segment earnings decreased due to weak performance by pharmaceuticals, which were significantly affected by government-mandated drug price revisions.

Industrial chemicals see improved profitability

Sales of industrial chemicals rose 12% to ¥5.5 billion while operating income also increased following price revisions and stronger unit sales.

Agrochemicals sales and income rise

Stronger unit sales and a depreciating yen led sales of agrochemicals to expand by 8% to ¥5.2 billion, with operating income also increasing.

Pharmaceuticals sluggish following drug price revisions

Pharmaceutical sales fell 8% to ¥4.6 billion, with operating income also decreasing. *Kremezin*, a therapeutic agent for chronic kidney disease, and *Krestin*, an anticancer

agent, both saw decreased sales and income due to the effect of government-mandated drug price revisions.

Outlook: Divisional sales for the full fiscal year are projected to grow from ¥36.6 billion to ¥38.5 billion, up 5%. Operating income will also improve, rising from ¥7.3 billion to ¥8.7 billion. In industrial chemicals, it will be necessary to continue to effectively manage the price rises to raw materials to ensure stable profits. In agrochemicals, sales of the agricultural fungicide *Metoconazole* are likely to remain at the same level as in the previous fiscal year. In pharmaceuticals, *Kremezin* is expected to see a temporary increase in sales due to contract-related income, offsetting a loss caused by government-mandated downward price revisions and increasing competition from generic drugs.

Specialty Plastics Division

Major product areas –food packaging materials, household products

Sales continued to improve, rising 12% to ¥23.0 billion from ¥20.5 billion. Operating income was up 9% from ¥2.0 billion to ¥2.2 billion on the back of strong growth in commercial-use packaging materials and packaging machines.

Commercial-use packaging materials perform strongly

Sales of commercial-use packaging materials increased by 18% to ¥11.6 billion, driven by sales of heat-shrinkable film and the Kureha Auto Packer (KAP) automated filling and clipping machine. Operating income also increased.

Household-use packaging materials retreat

Sales of household-use packaging materials rose prior to the April 1 increase in Japan's consumption tax due to frontloaded demand, but subsided over the following quarter. Overall for the first half, sales decreased 1% to ¥9.1 billion. Operating income also decreased.

Outlook: For the full fiscal year, divisional sales are expected to continue increasing from ¥45.3 billion to ¥48.5 billion, up 7.0%, while operating income is projected to decrease 7%, from ¥4.5 billion to ¥4.2 billion. However, it should be noted that the operating income figure is an upward revision from the original forecast of ¥3.9 billion, prompted by the depreciating yen positively impacting the performance of Kureha Auto Packer (KAP) machines and price adjustments improving the profitability of household-use packaging materials.

Overall, the profitability of the division is expected to continue to improve with ongoing global sales of heat-shrinkable film and Kureha Auto Packer (KAP) machines.

In household-use packaging materials, Kureha will continue to promote the value of *New Krewrap*. However, sales are expected to continue to be slow in the second half of the year due to the residual effects of the April 1 consumer tax increase.

Construction Related / Other Operations

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

Rising sales and income in construction related businesses

The first half of the fiscal year saw increases in both sales and income on the back of an increase in official reconstruction projects connected to the Great East Japan Earthquake of March 2011 as well as in private construction projects. Construction-related businesses as a whole saw a 13% increase in sales from ¥6.5 billion to ¥7.4 billion, while operating income rose sharply by 189% from ¥0.1 billion to ¥0.4 billion.

Other operations see sales decrease but income rise

In other operations, although transportation and warehousing-related operations were sluggish, continued sales growth in industrial waste disposal services resulted in both sales and operating income exceeding targets. Overall, sales decreased by 3% to ¥7.2 billion while operating income rose by 20% to ¥0.5 billion.

Outlook: Construction related businesses will see continued demand for earthquake-related reconstruction, but rising wage and material costs will affect profitability. Sales are projected to decrease 10% YoY to ¥15.5 billion, while operating income will fall 38% to ¥0.5 billion.

In other operations, a lower administrative burden is expected in the industrial waste treatment business. Kureha is also focusing on the management of low-concentration PCB waste as a business with potential for significant sales growth and profitability. Sales are forecast to rise slightly to ¥16.5 billion, while operating income will fall 13% to ¥1.4 billion.

Consolidated capital expenditure, depreciation and R&D

	Sept. 2014	Sept. 2013	March 2015 (forecasts)
Capital expenditure	9.2	6.5	21.3
Depreciation	3.9	4.5	8.6
R&D	2.3	2.1	5.3
Interest-bearing debt	84.5	73.9	86.2

Capital expenditure during the half-year period increased from ¥6.5 billion to ¥9.2 billion. The company expects to spend ¥21.3 billion for the full year, a significant increase from ¥16.5 billion in fiscal year 2013.

R&D expenditure rose slightly to ¥2.3 billion. The allocation for the full fiscal year is projected to be ¥5.3 billion.

Interest-bearing debt has increased from ¥73.9 billion to ¥84.5 billion and is projected to reach ¥86.2 billion for the full fiscal year.

Outlook for the full year

(¥ million, except where stated)

	March 2015 (Forecasts)	March 2014	Change (%)
Sales	155,000	148,124	4.6
Operating income	13,500	11,902	13.4
Recurring income	13,000	12,207	6.5
Net income	8,000	7,365	8.6
Earnings per share (EPS) (¥)	46.57	42.87	8.6

(¥ million, except where stated)

Division		March 2015 (Forecasts)	March 2014	Change (%)
Advanced materials	Sales	36,000	32,815	10
	Operating income	-1,100	-2,625	---
Specialty chemicals	Sales	38,500	36,615	5
	Operating income	8,700	7,341	19
Specialty plastics	Sales	48,500	45,291	7
	Operating income	4,200	4,519	-7
Construction related	Sales	15,500	17,238	-10
	Operating income	500	833	-38
Other operations	Sales	16,500	16,163	2
	Operating income	1,400	1,621	-13
	Adjustments	-200	212	---
Total	Sales	155,000	148,124	4.6
	Operating income	13,500	11,902	13.4

Kureha expects performance during the second half of the fiscal year 2014 to continue the positive trajectory. Overall sales for the fiscal year 2014 are forecast to improve to ¥155.0 billion, up 4.6%, and operating income is expected to grow 13.4% to ¥13.5 billion YoY. Recurring income is expected to rise by 6.5% to ¥13.0 billion. Net income will rise 8.6% to ¥8.0 billion for the full year.

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Condensed interim balance sheets
As of 30 September 2014 and 2013

	¥ million	
	Sept. 2014	Sept. 2013
Assets		
Current assets	75,125	67,789
Cash and cash equivalents	7,303	6,824
Fixed assets	160,559	145,013
Property, plant and equipment	117,365	105,270
Intangible assets	1,929	1,606
Investments and other assets	41,264	38,136
Total Assets	235,684	212,803
Liabilities and Net Assets		
Current liabilities	72,125	51,547
Short-term borrowings	23,561	21,160
Fixed liabilities	53,591	58,547
Corporate bonds	10,000	20,000
Long-term borrowings	22,968	17,718
Total Liabilities	125,716	110,095
Net Assets		
Shareholders' equity	98,281	93,255
Minority interest	2,321	2,081
Total Net Assets	109,968	102,707
Total Liabilities and Net Assets	235,684	212,803

Condensed interim income statement
As of 30 September 2014 and 2013

	¥ million	
	Sept. 2014	Sept. 2013
Sales	73,449	67,723
Cost of goods sold	54,221	49,896
Selling, general and administrative expenses	13,471	12,977
Operating income	5,756	4,850
Non-operating income	1,113	1,384
Non-operating expenses	830	976
Recurring income	6,039	5,258
Extraordinary gains	122	328
Extraordinary losses	178	460
Income before income taxes	5,982	5,126
Taxes and minority interest adjustments	1,636	1,677
Net income	4,382	3,504

Fiscal 2014 Interim Results

(Period April 1 – September 30, 2014)

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November 14, 2014

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1. **FY2014 Half-Year Results**

(April 1 – September 30, 2014)

- Operating income increased 18% vs. FY2013 1H
 - Strong performance in advanced plastics, agrochemicals, packaging machinery and construction businesses
 - Negative effect of national drug price revisions on pharmaceuticals
- Net income up 25%
 - Recorded less losses on retirement of fixed assets
 - Lower corporation tax rate

(in 100 million yen except per-share values)

	FY2014 1H	FY2013 1H	% Change
Net Sales	734.5	677.2	8.5%
Operating income	57.6	48.5	18.7%
Recurring income	60.4	52.6	14.8%
Net income	43.8	35.0	25.1%
Earnings per share (yen)	25.51	20.40	25.0%
Net assets per share (yen)	626.28	585.47	7.0%
Dividend per share (yen)	5.5	5.0	10.0%

Advanced Materials

In 100 million yen		FY2014 1H	FY2013 1H	% Change
Kureha Sales	Carbon products	32	25	30%
	Advanced plastics	96	81	19%
	Other	3	1	359%
Subsidiaries Sales	Carbon products (China)	11	5	143%
	Battery materials	31	25	25%
	Other	114	100	14%
Consolidated adjustment		-105	-76	--
Kureha Group Sales Total		182	160	14%
Kureha Group Operating Income Total		-4	-14	---

- Demand for carbon fiber insulation started recovering in the solar cell market
- Steady performance of Li-battery anode materials
- Advanced plastics volume gains in automotive (PPS), Li-battery (PVDF) and shale gas/oil extraction (PGA) applications

Specialty Chemicals

In 100 million yen		FY2014 1H	FY2013 1H	% Change
Kureha Sales	Industrial chemicals	55	49	12%
	Agrochemicals	52	48	8%
	Pharmaceuticals	46	50	-8%
Subsidiaries Sales		44	43	3%
Consolidated adjustment		-18	-16	---
Kureha Group Sales Total		178	173	3%
Kureha Group Operating Income Total		33	35	-6%

- Industrial chemicals profit margins improved on higher price
- Increased volume export of agricultural fungicide (Metoconazole), positive currency effect
- Pharmaceuticals (Kremezin, Krestin) negatively affected by national drug price revisions

Specialty Plastics

In 100 million yen		FY2014 1H	FY2013 1H	% Change
Kureha Sales	Packaging materials	55	43	28%
	Consumer products	91	92	-1%
Subsidiaries Sales	Packaging materials (overseas)	61	55	11%
	Other	74	58	28%
Consolidated adjustment		-52	-43	---
Kureha Group Sales Total		230	205	12%
Kureha Group Operating Income Total		22	20	9%

- Continued strong performance in heat-shrink ML film and packaging machinery
- Decline in consumer products demand after tax rise subsided by end 2Q

Construction

In 100 million yen		FY2014 1H	FY2013 1H	% Change
Subsidiaries Sales	Construction	120	97	24%
Consolidated adjustment		-47	-32	---
Kureha Group Sales Total		74	65	13%
Kureha Group Operating Income Total		4	1	189%

- Increased construction projects related to post-earthquake reconstruction

Other Operations

In 100 million yen		FY2014 1H	FY2013 1H	% Change
Subsidiaries Sales	Environmental engineering	46	46	1%
	Logistics, transportation	49	50	-2%
	Trading	11	11	-2%
	Other	11	10	4%
Consolidated adjustment		-45	-43	---
Kureha Group Sales Total		72	74	-3%
Kureha Group Operating Income Total		5	4	20%

- Operating gains driven by environmental engineering, particularly industrial waste treatment

Analysis of Recurring Income

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Recurring Income

In 100 million yen		FY2014 1H	FY2013 1H	Change
Kureha Corporation		56.2	49.2	7.0
Consolidated subsidiaries		13.4	9.0	4.4
Equity-method affiliates		1.0	1.9	- 0.9
Consolidated adjustments		- 10.2	- 7.5	- 2.7
Kureha Group recurring income total		60.4	52.6	7.8

Reasons for earnings increase/decrease

	Reasons for increase	Amount	Reasons for decrease	Amount	Total
Kureha Corporation	Increased sales volume	22	Decreased unit sales prices	- 2	7.0
	Increased non-operating income	2	Increased unit price of fuels and raw materials	- 6	
			Increased manufacturing fixed costs	- 4	
			Increased general and administrative costs	- 3	
			Increased R&D costs	- 1	
		24		- 17	7.0
Consolidated subsidiaries	Overseas Advanced Materials business	2	Domestic Advanced Materials business	- 1	4.4
	Construction business	3			
	Other businesses	2			
		6		- 1	4.4

Extraordinary Income/Losses

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(In 100 million yen)

		FY2014 1H	FY2013 1H	Change
Extraordinary income	Gain on sales of investment securities	0.7	1.6	-0.9
	Compensation income	0.4	0.7	-0.3
	Subsidy income	--	0.9	-0.9
	Others	0.1	--	0.1
	Total	1.2	3.3	-2.1
Extraordinary losses	Loss on sales and retirement of noncurrent assets	1.7	3.2	-1.5
	Loss on reduction of noncurrent assets	--	0.4	-0.4
	Others	0.1	0.9	-0.8
	Total	1.8	4.6	-2.8

(In 100 million yen)

	FY2014 1H	FY2013 1H	% Change
Capital expenditure	92	65	41%
Depreciation	39	45	-14%
R&D expenses	23	21	9%
Interest-bearing debt	845	739	14%
Net interest expense	0	- 0	---
Exchange rate	¥103.04/\$1 ¥138.92/€1	¥98.85/\$1 ¥130.00/€1	---
# Employees	4,159	4,101	1%

(In 100 million yen)

		September 30 2014	March 31 2014	Change
Assets	Cash and cash equivalents	73	87	-14
	Accounts and notes receivable-trade	310	304	5
	Inventories	294	281	13
	Other current assets	75	62	13
	Property, plant and equipment	1,174	1,117	57
	Intangible assets	19	20	-1
	Investments and other assets	413	373	40
	Total	2,357	2,245	112
Liabilities and net assets	Accounts and notes payable-trade	158	165	-6
	Interest-bearing debt	845	772	73
	Reserves	37	38	-1
	Other liabilities	216	208	8
	Capital stock	125	125	--
	Capital surplus	100	100	0
	Retained earnings	803	783	20
	Treasury stock	-45	-45	-0
	Valuation and translation adjustments	93	75	18
	Subscription rights to shares	1	1	0
	Minority interests	23	24	-1
	Total	2,357	2,245	112

		FY2014 1H	FY2013 1H	Change
Cash flow from operating activities	Pre-depreciation profit	99	96	3
	Increase/decrease in assets and liabilities	- 29	- 32	3
	Payments of corporation tax	- 25	- 20	- 5
	Other-net	- 4	- 4	1
Total		41	39	2
Cash flow from investing activities		- 103	- 101	- 2
Cash flow from financing activities		51	30	20
Effect of exchange rate changes on cash and cash equivalents		- 2	- 0	- 2
Increase/decrease in cash and cash equivalents		- 14	- 31	17
Cash and cash equivalents at beginning of year		87	100	- 12
Cash and cash equivalents at end of year		73	68	5

2. FY2014 Full-Year Forecasts

(April 1, 2014 – March 31, 2015)

In 100 million yen	FY2014e	FY2013	% Change
Net Sales	1,550	1,481	4.6%
Operating income	135	119	13.4%
Recurring income	130	122	6.5%
Net income	80	74	8.6%
Dividend per share (yen)	¥11 Interim ¥5.5 Year-end ¥5.5	¥11 Interim ¥5 Year-end ¥6	_____
Dividend payment ratio	23.6%	25.7%	_____

- Sales growth driven by advanced materials (PPS, PGA, carbon fiber) and pharmaceuticals
- Cost control and savings, including lower raw materials cost
- Increased expenditures for SGA, R&D, safety measures, raw materials/fuel in construction
- Depreciation costs likely to decrease (changes in lifetime assessment of manufacturing plants)
- Decreased foreign exchange benefits
- Extraordinary losses expected to increase to ¥1.8B, including ¥0.2B losses on fixed asset retirements

Advanced Materials

In 100 million yen		FY2014e	FY2013	% Change
Kureha Sales	Carbon products	63	52	21%
	Advanced plastics	186	171	9%
	Other	6	1	500%
Subsidiaries Sales	Carbon products (China)	23	9	154%
	Battery materials	63	56	12%
	Other	249	224	11%
Consolidated adjustment		-230	-184	--
Kureha Group Sales Total		360	328	10%
Kureha Group Operating Income Total		-11	-26	---

- Demand for carbon fiber insulation materials expected to further recover in the solar cell industry
- Continued demand for PPS in automotive and PVDF in LIB and other industrial applications
- Accelerating PVDF supply from new China plant beginning from December 2014
- PGA sales (molded parts) expected to grow in alliance with Magnum Oil Tools

Specialty Chemicals

In 100 million yen		FY2014e	FY2013	% Change
Kureha Sales	Industrial chemicals	106	98	8%
	Agrochemicals	118	118	0%
	Pharmaceuticals	106	95	12%
Subsidiaries Sales		89	88	1%
Consolidated adjustment		-34	-32	---
Kureha Group Sales Total		385	366	5%
Kureha Group Operating Income Total		87	73	19%

- Industrial chemicals to secure margins on higher price
- *Metconazole* fungicide sales likely to remain at a FY2013 level
- Pharmaceuticals: One-time income related to *Kremezin* kidney therapeutic agent offsetting negative impact of national drug price revisions and generic products

Specialty Plastics

In 100 million yen		FY2014e	FY2013	% Change
Kureha Sales	Packaging materials	120	98	22%
	Consumer products	185	191	-3%
Subsidiaries Sales	Packaging materials (overseas)	142	127	12%
	Other	138	130	6%
Consolidated adjustment		-100	-94	---
Kureha Group Sales Total		485	453	7%
Kureha Group Operating Income Total		42	45	-7%

- Packaging materials and machines to expand globally and improve profitability
- Sales volume down in core consumer product, NEW Krewrap, after pre-tax hike demand
- New PVDC plant (in Iwaki) scheduled to begin operation in 4Q

*In FY2014 and upward, food packaging and fishing lines businesses run by US subsidiaries (sales of approx. ¥1.5B) are reported in the Specialty Plastics segment, which were formally recorded in Advanced Materials

Construction

In 100 million yen		FY2014e	FY2013	% Change
Subsidiaries Sales	Construction	230	250	-8%
Consolidated adjustment		-75	-78	---
Kureha Group Sales Total		155	172	-10%
Kureha Group Operating Income Total		5	8	-38%

- Fewer orders for plant construction, materials and labor costs likely to increase

Other Operations

In 100 million yen		FY2014e	FY2013	% Change
Subsidiaries Sales	Environmental engineering	105	107	-2%
	Logistics, transportation	100	102	-2%
	Trading	20	21	-5%
	Other	20	20	0%
Consolidated adjustment		-80	-88	---
Kureha Group Sales Total		165	162	2%
Kureha Group Operating Income Total		14	16	-13%

- Focusing on high-margin environmental businesses, including low-level PCB treatment
- Termination of public waste management projects related to earthquakes

(In 100 million yen)

	FY2014e	FY2013	% Change
Capital expenditure	213	165	29%
Depreciation	86	91	-5%
R&D expenses	53	46	15%
Interest-bearing debt	862	772	12%
Net interest expense	- 2	- 1	---
Exchange rate	(Q3-4) ¥105/\$1 ¥135/€1	¥100.29/\$1 ¥134.44/€1	---
# Employees	4,180	4,080	2%

		FY2014e	FY2013	Change
Cash flow from operating activities	Pre-depreciation profit	198	199	- 1
	Increase/decrease in assets and liabilities	- 36	- 38	2
	Payments of corporation tax	- 32	- 30	- 2
	Other-net	16	8	8
Total		146	141	5
Cash flow from investing activities		- 236	- 204	- 32
Cash flow from financing activities		69	47	22
Effect of exchange rate changes on cash and cash equivalents		0	4	- 4
Increase/decrease in cash and cash equivalents		- 23	- 13	- 10
Cash and cash equivalents at beginning of year		87	100	- 13
Cash and cash equivalents at end of year		65	87	- 22

3. Consolidated Companies

		FY2014 1H		FY2013 1H		Change	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Kureha Corporation		429	1,845	388	1,684	42	161
Kureha Trading Group (2)*		145	133	141	132	4	1
Advanced Materials	Kureha Corporation	131	--	107	--	25	--
	Kureha Trading Group (2)*	52	--	47	--	5	--
	Kureha Battery Materials Japan Co.	10	20	7	15	4	5
	Kureha Extech Co.	11	25	10	25	1	0
	Kureha Extron Co.	31	47	25	50	6	-3
	Kureha GmbH	8	12	8	11	0	1
	Kureha America Group (4)*	31	296	28	277	3	19
	Kureha Chemicals Shanghai Co.	11	36	5	28	6	8
	Kureha China Group (3)*	1	133	1	75	1	58
	Consolidation adjustments	-105	--	-76	--	-29	--
Total		182	--	160	--	22	--
Specialty Chemicals	Kureha Corporation	152	--	146	--	6	--
	Kureha Trading Co.	44	--	43	--	1	--
	Consolidation adjustments	-18	--	-17	--	-1	--
	Total		178	--	173	--	4
Specialty Plastics	Kureha Corporation	146	--	135	--	11	--
	Kureha Trading Co.	39	--	40	--	-2	--
	Kureha Gohsen Co.	19	33	18	32	2	1
	Kureha China Group (3)*	10	--	--	--	10	--
	Kureha America Group (4)*	7	--	--	--	7	--
	Kureha Europe Group (4)*	44	67	40	51	4	16
	Kureha Vietnam Co.	17	47	14	46	3	1
	Consolidated adjustments	-52	--	-43	--	-9	--
Total		230	--	205	--	25	--

		FY2014 1H		FY2013 1H		Change	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Construction	Kureha Nishiki Group (4)*	94	107	71	86	23	21
	Kureha Engineering Co.	26	29	26	35	0	- 6
	Consolidation adjustments	- 47	--	- 32	--	- 15	--
	Total	74	--	65	--	9	--
Other Operations	Kureha Ecology Management Co.	40	77	40	71	0	6
	Kureha Special Laboratory Co.	7	6	6	7	0	- 1
	Kureha Unyu Group (7)*	49	60	50	59	- 1	1
	Kureha Trading Co.	11	--	11	--	- 0	--
	Kureha Service Co.	3	8	3	8	- 0	0
	Kureha Staff Service Co.	8	6	7	6	0	0
	Consolidation adjustments	- 45	--	- 43	--	- 2	--
Total	72	--	74	--	- 2	--	
Consolidation Total		735	--	677	--	57	--
Equity-method affiliates	Nangtong SKT New Material Co.	16	--	18	--	- 2	--

*Parenthesized numbers indicate the number of subsidiaries in the group

Note that, as at September 30, 2014, Kureha Corporation had 37 consolidated subsidiaries and one affiliate accounted for by the equity method, following the changes below:

- Two subsidiaries of Kureha Battery Materials Japan Co., were merged and absorbed by Kureha Battery Materials Japan Co. (FY2013)
- Kureha (Shanghai) Co., became a consolidated subsidiary (FY2013)
- Kureha Battery Materials Shanghai Co., was newly established (FY2014 2Q)

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
3. Please utilize these materials using you own judgment and responsibility