

# Results for the Year Ended March 2003

May 15, 2003

Kureha Chemical Industry Co., Ltd.

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# I. Topics (Year Ended March 2003)

April: Began using of SAP/R3 (parent only)

April: Acquired chlorobenzene production facilities from K.H. Chemical Co., Ltd.

June: Created investor relations section and posted financial information (balance sheets and income statements) on our website.

July: Launched light-snack preservation container and large-size container for freezing rice as part of the *Kichinto-San* series (household product series) designed for use in microwave ovens.

October: Signed a licensing agreement in South Korea for *Kremezin*, a treatment for patients with chronic kidney failure

November: Announced business restructuring at Kureha Chemical Industry (to promote value-added business)

January: Announced new grade of *Besela* (a high-barrier acrylic-coat film) and market development of this lineup for overseas markets.

February: Launched new products in the *Seaguar* and *Riverge* fishing line series

February: Decided to start a packaging film business in China

March: Launched new products for cooking spaghetti and vegetables in the *Kichinto-San* series (household product series) designed for use in microwave ovens

April: Announced that Sankyo Co., Ltd. will conduct joint marketing and promotions with and Sanwa Kagaku Kenkyusho Co., Ltd. for *Kremezin*

# II. Fiscal 2002 Results and Fiscal 2003 Forecasts

# Consolidated Companies

Units: 100 million yen

		Year ended March 2002		Year ended March 2003		Increase/Decrease		
		Consolidated net sales	Total assets	Consolidated net sales	Total assets	Consolidated net sales	Total assets	
<b>Kureha Chemical Industry</b>		<b>778</b>	<b>1,451</b>	<b>774</b>	<b>1,370</b>	<b>-4</b>	<b>-81</b>	
Consolidated/Subsidiaries	<b>Advanced Materials</b>							
	Kureha Chemicals (Singapore) Pte. Ltd. (Business Transfer)	44	38	46	-	2	-38	
	Kureha Chemicals GmbH	33	8	40	12	7	4	
	Kureha Corporation of America	15	5	15	5	0	0	
	One other company (one less than the previous year)	0	42	1	23	1	-19	
	<b>Total</b>	<b>92</b>	<b>92</b>	<b>102</b>	<b>41</b>	<b>10</b>	<b>-52</b>	
	<b>Specialty Products</b>							
	None	-	-	-	-	-	-	
	<b>Plastics</b>	Kureha Plastics Co., Ltd.	7	84	7	77	0	-6
		Kureha Gosen Co., Ltd.	23	30	24	28	1	-2
		Kakogawa Plastics Co., Ltd.	24	20	27	21	4	2
		Sanko Plastics Co., Ltd. (two less than the previous year)	28	32	18	20	-10	-12
		Krehalon Industrie B.V.	24	26	28	29	4	3
		Five other group companies in Europe handling food wrapping	31	27	37	28	6	1
		<b>Total</b>	<b>137</b>	<b>219</b>	<b>140</b>	<b>204</b>	<b>4</b>	<b>-15</b>
	<b>Other</b>	Kureha Kosan Co., Ltd. and 2 group companies	5	87	5	70	0	-17
		Kureha Transport Co., Ltd. and 8 group companies	71	60	65	56	-6	-4
		Kureha Environmental Engineering Co., Ltd. and 1 group company (one more than in the year)	42	48	30	44	-12	-4
		Kureha Construction Co., Ltd. and 3 group companies (two less than the previous fiscal year)	78	79	73	72	-5	-8
		Kureha Techno Eng Co., Ltd. and 1 group company	40	61	41	46	1	-15
Nishiki Trading Co., Ltd. and 1 group company		157	127	142	129	-16	2	
Kureha Special Laboratory Co., Ltd.		4	3	4	4	0	1	
<b>Total</b>	<b>397</b>	<b>466</b>	<b>360</b>	<b>420</b>	<b>-37</b>	<b>-45</b>		
<b>TOTAL</b>		<b>626</b>	<b>777</b>	<b>602</b>	<b>665</b>	<b>-24</b>	<b>-112</b>	
(Number of consolidated companies)		(38 companies)		(36 companies)				
<b>Consolidated Total</b>		<b>1,404</b>	<b>2,228</b>	<b>1,376</b>	<b>2,035</b>	<b>-28</b>	<b>-193</b>	
Equity-method Affiliates	ROHM AND HAAS (SCOTLAND) LTD.(Share Transfer)	92		99		7		
	RUTGERS KUREHA SOLVENTS GmbH	21		21		1		

\* Nishiki Trading Co., Ltd. and its 2 group companies are shown in Other in the above table. However, in the segment information from page 11, some purchased goods were also included in Other in the year ended March 31, 2002. From the year ended March 2003, as a means of improving the accuracy of segment information, Kureha Chemical Industry upgraded its information systems and now includes this information in advanced materials, specialty products and plastics.

\* Total assets are based on non-consolidated year-end figures before eliminations.

# Financial Highlights

## (Consolidated and Non-consolidated)

Units: 100 million yen

	Year ended March 31, 2002			Year ended March 31, 2003						Year ending March 31, 2004 (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	1,404	840	1.7	1,376	840	1.6	-28	-2.0%	0	0.0%	1,430	875	1.6	54	3.9%	35	4.1%
Operating income	63	48	1.3	83	47	1.8	20	31.8%	-1	-1.8%	103	73	1.4	20	24.3%	26	54.9%
Recurring income	46	43	1.1	75	53	1.4	28	61.5%	10	23.5%	90	70	1.3	15	20.4%	17	31.4%
Net income	20	15	1.4	15	14	1.1	-6	-28.6%	-1	-7.1%	40	33	1.2	25	175.3%	19	144.1%
Total assets	1,892	1,451	1.3	1,731	1,370	1.3	-161	-8.5%	-81	-5.5%							
Shareholders' equity	888	864	1.0	859	835	1.0	-30	-3.3%	-29	-3.4%							
Net income per share (¥)	10.05	7.16	1.4	7.13	6.67	1.1	-2.92		-0.49								
Shareholders' equity per share (¥)	447.44	432.82	1.0	442.4	429.13	1.0	-5.04		-3.69								
Equity ratio	%	%	0.8	%	%	0.8	%		%								

# Comparison of Main Indicators (Consolidated and Non-consolidated)

Units: 100 million yen

	Year ended March 31, 2002			Year ended March 31, 2003							Year ending March 31, 2004 (est.)						
	Consolidated	Non-consolidated	Relative size	Consolidated	Non-consolidated	Ratio	Year-on-Year Change				Consolidated	Non-consolidated	Ratio	Year-on-Year Change			
							Consolidated		Non-consolidated					Consolidated		Non-consolidated	
Capital expenditure	84	67	1.3	99	85	1.2	15	17.9%	18	21.4%	110	85	1.3	11	10.6%	0	0.1%
Depreciation and amortisation	85	54	1.6	88	60	1.5	3	3.2%	6	7.5%	83	60	1.4	-5	-5.7%	-0	-0.7%
R&D expenses	61	59	1.0	63	61	1.0	2	3.2%	2	3.3%	73	70	1.0	10	15.2%	9	15.6%
Interest-bearing debt	583	373	1.6	472	329	1.4	-111	-19.1%	-44	-7.6%	435	310	1.4	-37	-7.8%	-19	-5.8%
Net interest expense	-7	2	-	-4	7	-	3	42.1%	5	74.8%	-4	2	-	-0	-4.7%	-5	-73.0%
Exchange rate (US\$)	115.8			120.9							120.0						
Employees	4,154	1,477	2.8	4,012	1,476	2.7	-142	-3.4%	-1	0.0%	3,962	1,456	2.7	-50	-1.2%	-20	-1.4%

# Analysis of Consolidated Recurring Income

Units: 100 million yen

		Year ended March 31, 2002		Year ended March 31, 2003		Difference
Recurring income	Kureha Chemical Industry	43.2	93.3%	53.3	71.3%	10.1
	Consolidated subsidiaries	8.6	18.7%	27.0	36.1%	18.3
	Equity-Method Affiliates	0.3	0.6%	0.6	0.8%	0.3
	Consolidation adjustments	-5.8	-12.6%	-6.1	-8.2%	-0.3
	Total	46.3	100.0%	74.7	100.0%	28.5

## Factors affecting recurring income

	Positive		Negative		Total
	Item	Amount	Item	Amount	
Kureha Chemical Industry	Increase in sales volume	37.1	Sales price difference	-36.7	10.1
	(Includes difference in technology fees)		Difference in purchase price of raw material	-3.3	
	Difference in price of purchased products	3.1	Increase in R&D cost	-2.0	
	Difference in non-operating income	11.0			
	Others	0.9			
		52.1		-42.0	
Consolidated subsidiaries	Plastic modifier business	4.6	2 Subsidiaries	-0.1	18.3
	Metalized film material business	4.1			
	Food packaging material business	3.0			
	Construction-related business	2.9			
	PPS business	1.6			
	Others	2.2			
		18.5		-0.1	
Equity-method affiliates	R&H(Scotland)	0.6	RKS	-0.3	0.3
		0.6		-0.3	

# Projected Consolidated Recurring Income for the Year Ending March 2004

Units: 100 million yen

		Year ended March 31, 2003		Year ending March 31, 2004 (est.)		Difference
Recurring income	Kureha Chemical Industry	53.3	71.3%	70.0	77.8%	16.7
	Consolidated subsidiaries	27.0	36.1%	23.4	26.0%	-3.6
	Equity-method affiliates	0.6	0.8%	0.3	0.3%	-0.3
	Consolidation adjustments	-6.1	-8.2%	-3.6	-4.1%	2.5
	<b>Total</b>	<b>74.7</b>	<b>100.0%</b>	<b>90.0</b>	<b>100.0%</b>	<b>15.3</b>

## Factors affecting recurring income

	Positive		Negative		Total
	Item	Amount	Item	Amount	
Kureha Chemical Industry	Increase in sales volume	21.0	Raw materials price difference	-2.5	16.7
	(Includes difference in technology fees)		Increase in R&D cost	-10.5	
	Difference in manufacturing cost	13.0	Difference in financial cost	-5.5	
	Decrease by "Selection and Concentration Strategy"	3.5	others	-2.3	
		37.5		-20.8	
Consolidated subsidiaries	Food packaging material business	1.8	Plastic modifire business	-5.6	-3.6
	PPS business	1.7	others	-1.5	
		3.5		-7.1	
Equity-method affiliates	RKS	0.3	R&H(Scotland)	-0.6	-0.3
		0.3		-0.6	-0.3

# Breakdown of Extraordinary Income/Losses

Units: 100 million yen

		Year ended 31-Mar-02		Year ended March 31, 2003				Year ending March 31, 2004 (est.)			
				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 intellectual property rights	-	-	16.6	16.6	16.6	16.6	-	-	-16.6	-16.6
	Income from sales of consolidated subsidiaries' shares	-	-	11.4	13.4	11.4	13.4	-	-	-11.4	-13.4
	Income from sale of investment securities	8.6	8.3	10.9	6.9	2.3	-1.4	-	-	-10.9	-6.9
	Other	2.9	-	4.1	0.6	1.1	0.6	1.0	1.0	-3.1	0.5
	<b>Total</b>	<b>11.6</b>	<b>8.3</b>	<b>42.9</b>	<b>37.4</b>	<b>31.4</b>	<b>29.2</b>	<b>1.0</b>	<b>1.0</b>	<b>-41.9</b>	<b>-36.4</b>
Extraordinary Losses	Appraisal loss on investment securities	10.9	10.3	38.8	38.0	-27.9	-27.7	-	-	38.8	38.0
	Loss on sale of investment securities	-	-	24.1	21.1	-24.1	-21.1	-	-	24.1	21.1
	Loss on liquidation of subsidiary	-	11.5	-	0.9	-	10.6	-	-	-	0.9
	Retirement benefit expense	7.5	-	5.3	-	2.2	-	6.0	-	-0.7	-
	Loss on sale of fixed assets	6.6	6.0	11.4	8.2	-4.9	-2.2	16.0	16.0	-4.6	-7.8
	Other	5.7	-	3.3	0.7	2.4	-0.7	-	-	3.3	0.7
	<b>Total</b>	<b>30.7</b>	<b>27.7</b>	<b>82.9</b>	<b>68.8</b>	<b>-52.2</b>	<b>-41.1</b>	<b>22.0</b>	<b>16.0</b>	<b>60.9</b>	<b>52.8</b>

# Balance Sheets

## (Consolidated and Non-consolidated)

### 1. Assets

Units: 100 million yen

	As of March 31, 2002		As of March 31, 2003		Year-on-Year Change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash and cash equivalents	69	44	74	36	6	-8
Accounts and notes receivable – trade	431	276	402	267	-29	-9
Inventories	201	123	204	130	2	7
Other current assets	38	77	44	97	7	20
Property, plant and equipment	696	443	672	459	-24	16
Intangible assets	25	23	25	23	0	1
Total investments and other assets	433	466	310	357	-123	-108
<b>Total assets</b>	<b>1,892</b>	<b>1,451</b>	<b>1,731</b>	<b>1,370</b>	<b>-161</b>	<b>-81</b>

### 2. Liabilities, minority interests and shareholders' equity

Units: 100 million yen

	As of March 31, 2002		As of March 31, 2003		Year-on-Year Change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Accounts and notes payable – trade	183	85	188	82	6	-3
Interest-bearing debt	583	373	472	329	-111	-44
Reserves	49	25	46	19	-3	-6
Other liabilities	170	103	152	105	-18	2
Minority interests	19		14		-5	0
Common stock	125	125	125	125	0	0
Capital reserve	97	97	97	97	0	0
Unrealized gains on investment securities	52	47	38	37	-15	-11
Other retained earnings	614	595	599	577	-15	-18
<b>Total</b>	<b>1,892</b>	<b>1,451</b>	<b>1,731</b>	<b>1,370</b>	<b>-161</b>	<b>-81</b>

# Cash Flows

## (Consolidated and Non-consolidated)

Units: 100 million yen

		Year ended March 31, 2002		Year ended March 31, 2003		Year ending March 31, 2004 (est.)	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash flows from operating activities	Net income before income tax	27	24	35	22	69	55
	Depreciation	85	54	88	60	83	60
	Other-net	-8	1	35	16	7	8
		105	79	157	99	159	123
Cash flows from investing activities		-71	-111	-29	-30	-93	-69
Cash flows from financing activities		-96	-15	-123	-76	-69	-53
Effect of exchange rate changes on cash and cash equivalents		0	0	0	0	-	-
Cash and cash equivalents at beginning of year		131	91	68	44	74	36
Net increase/decrease in cash and cash equivalents		-63	-47	5	-8	-3	0
Cash and cash equivalents at end of year		68	44	74	36	71	36

# III.

## Consolidated Net Sales and Operating Income by Segment

# Consolidated Net Sales and Operating Income <Advanced Materials>

Units: 100 million yen

		Year ended 31-Mar-02	Year ended March 31, 2003		Year ending March 31, 2004 (est.)				
			Amount	Year-on-Year Change	Amount	Year-on-Year Change			
Consolidated net sales	Kureha Chemical Industry	Modifiers	36	45	8	22.9%	22	-23	-50.3%
		Carbon products	57	55	-2	-4.0%	56	1	2.7%
		Functional plastics	63	81	18	28.6%	89	8	9.9%
		Other	19	22	3	16.1%	21	-1	-5.6%
		Total	175	202	27	15.5%	188	-14	-7.1%
		Consolidated subsidiaries	101	173	72	71.8%	100	-74	-42.5%
		Eliminations	-25	-58	-33	-	-48	10	18.1%
		<b>Total</b>	<b>251</b>	<b>318</b>	<b>66</b>	<b>26.3%</b>	<b>240</b>	<b>-78</b>	<b>-24.4%</b>
		Calculated using revised segment accounting method	(27)	(27)					
Consolidated operating income		14	40	26	185.0%	25	-15	-38.0%	
		Calculated using revised segment accounting method	(-0)	(-0)					

# Consolidated Net Sales and Operating Income <Specialty Products>

Units: 100 million yen

			Year ended 31-Mar-02	Year ended March 31, 2003		Year ending March 31, 2004 (est.)			
				Amount	Year-on-Year Change	Amount	Year-on-Year Change		
Consolidated net sales	Kureha	PVC plastics	58	39	-19	-32.8%	35	-4	-10.2%
		Chemical Industry	Industrial chemicals	83	86	2	2.9%	88	2
	Agrochemicals		68	65	-3	-4.0%	66	1	2.0%
	Pharmaceuticals		74	81	7	9.2%	91	10	13.0%
	Total		283	270	-12	-4.4%	280	10	3.6%
	Consolidated subsidiaries			73	73	-	80	6	8.2%
	Eliminations			-33	-33	-	-30	3	9.5%
	Total		283	311	28	10.1%	330	19	6.1%
Calculated using revised segment accounting method				(41)	(41)				
Consolidated operating income			15	15	-0	-0.5%	28	13	91.9%
Calculated using revised segment accounting method				(-0)	(-0)				

# Consolidated Net Sales and Operating Income

## <Plastics>

Units: 100 million yen

		Year ended 31-Mar-02	Year ended March 31, 2003		Year ending March 31, 2004 (est.)			
			Amount	Year-on-Year Change	Amount	Year-on-Year Change		
Consolidated net sales	Food service-use packaging material	150	157	7	5.0%	188	31	19.9%
	Kureha Household goods	204	181	-23	-11.2%	192	11	6.2%
	Chemical Fishing lines	16	16	0	0.2%	13	-4	-21.8%
	Industry Other	13	14	1	4.9%	14	0	1.4%
	Total	383	368	-15	-3.8%	407	39	10.6%
	Consolidated subsidiaries	300	403	103	34.4%	432	29	7.1%
	Eliminations	-209	-262	-53	-25.2%	-269	-7	-2.8%
	Total	473	510	36	7.6%	570	60	11.9%
	Calculated using revised segment accounting method		(51)	(51)				
Consolidated operating income		26	18	-8	-31.5%	37	19	108.1%
Calculated using revised segment accounting method			(1)	(1)				

# Consolidated Net Sales and Operating Income <Other>

Units: 100 million yen

		Year ended 31-Mar-02	Year ended March 31, 2003		Year ending March 31, 2004 (est.)				
			Amount	Year-on-year change	Amount	Year-on-year change			
Consolidated net sales	Consolidated Subsidiaries	Transport and warehousing business	129	122	-7	-5.3%	120	-2	-1.5%
		Environmental engineering business	57	44	-13	-23.3%	50	6	13.7%
		Construction-related business	210	214	4	1.7%	230	16	7.6%
		Trading	284	22	-262	-92.2%	25	3	12.8%
		Other	38	38	0	0.8%	35	-3	-8.3%
		Total	718	440	-278	-38.7%	460	20	4.6%
	Eliminations	-321	-201	119	37.2%	-170	31	15.6%	
	Total	397	238	-158	-39.9%	290	52	21.6%	
	Calculated using revised segment accounting method		(-119)	(-119)					
Consolidated operating income		9	12	3	34.1%	13	1	4.8%	
Calculated using revised segment accounting method			(-1)	(-1)					

# 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.