Results for the First Half Ended September 30, 2003

Kureha Chemical Industry Co., Ltd.

Contents

Ⅰ. Results for the First Half Ended September 2003

Consolidated Companies (1)

Unit: 100 million yen

		First Half ended September 2003		First Half ended September 2002		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Kureha Chemical Industry		417	1,333	386	1,382	31	-49
Nishiki Trading Co., Ltd. and 1 group company		133	118	128	120	5	-2
Advanced Materials	Kureha Chemical Industry	96	-	93	-	3	-
	KUREHA CHEMICALS(SINGAPORE)PTE.LTD.	-	-	24	37	-24	-37
	KUREHA CHEMICALS GmbH	5	7	16	9	-11	-2
	KREHA CORPORATION OF AMERICA	5	5	8	6	-3	-1
	Nishiki Trading Co., Ltd. and 1 group company	41	-	30	-	11	-
	KUREHA KPS, INC.	3	25	-	26	3	-1
	Consolidation adjustments	-24	-	-28	-	4	-
	Total	126	-	143	-	-17	-
Specialty Products	Kureha Chemical Industry	143	-	122	-	21	-
	Nishiki Trading Co., Ltd.	38	-	35	-	3	-
	Consolidation adjustments	-16	-	-15	-	-1	-
	Total	165	-	142	-	23	-
Plastics	Kureha Chemical Industry	177	-	171	-	6	-
	Kureha Gosen Co., Ltd.	16	25	16	29	0	-4
	Kureha Plastics Co., Ltd.	57	75	60	78	-3	-3
	Kakogawa Plastics Co., Ltd	14	21	14	21	0	0
	Sanko Plastics Co., Ltd.	14	17	13	21	1	-4
	Nishiki Trading Co., Ltd.	47	-	48	-	-1	-
	KREHALON INDUSTRIE B.V.	20	33	17	27	3	6
	Five other group companies in Europe handling food wrapping	22	29	21	29	1	0
	Consolidation adjustments	-117	-	-123	-	6	-
	Total	250	-	237	-	13	-

Consolidated Companies （2）

Unit: 100 million yen

		First Half ended September 2003		First Half ended September 2002		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Other	Kureha Kosan Co., Ltd. and 2 group companies	11	65	13	78	-2	-13
	KurehaTransport Co., Ltd. and 7 group companies	61	54	59	57	2	-3
	Kureha Environmental Engineering Co., Ltd. and 1 group company	26	44	21	44	5	0
	Kureha Construdction Co., Ltd. and 3 group companies	51	59	33	81	18	-22
	Kureha Techno Eng Co., Ltd. and 1 group company	33	48	42	48	-9	0
	Nishiki Trading Co., Ltd.	7	-	14	-	-7	-
	Kureha Special Laboratory Co., Ltd.	6	4	6	3	0	4
	Consolidation adjustments	-80	-	-86	-	-	-
Total		115	-	102	-	-	-
(Number of consolidated companies)		(35)		(38)		(-3)	
Consolidated Total		657	1,673	624	1,731	33	-58
Equity-method affiliates	ROHM & HAAS(SCOTLAND) LTD.	(—)		(46)		(-46)	
	RUTGERS KUREHA SOLVENTS GmbH	(11)		(10)		(1)	

Reduction of 3consolidated companies <Advanced Material> Japan Singapore Modifiers Co., Ltd.
KUREHA CHEMICAL(SINGAPORE) PTE..LTD.
<Other> One of Kureha Transport Co., Ltd. Group companies (Trade)

Financial Highlights (Consolidated and Non-consolidated)

Unit: 100 million yen

	First Half ended September 2003			First Half ended September 2002			Increase/Decrease(Ratio)			
	Consolidated	Non-consolidated	Ratio	Consolidated	Non-consolidated	Ratio	Consolidated		Non-consolidated	
Net sales	657	417	1.6	624	386	1.6	33	5.3%	31	8.0%
Operating income	42	30	1.4	22	13	1.7	20	88.7%	17	129.7%
Recurring income	36	27	1.3	18	14	1.3	18	100.7%	13	93.1%
Net income	18	14	1.3	10	9	1.1	8	86.3%	5	63.2%
Total assets	1,673	1,333	1.3	1,792	1,382	1.3	-119	-6.6%	-49	-3.6%
Shareholders' equity	874	845	1.0	858	835	1.0	16	1.8%	10	1.2%
Net income per share(\)	9.32	7.22	1.3	4.87	4.31	1.1	4.45	91.4%	2.91	67.5%
Shareholders' equity per share(\)	453.91	438.05	1.0	435.49	421.88	1.0	18.42	4.2%	16.17	3.8%
Equity ratio	% 52.3	% 63.4	0.8	% 47.9	% 60.4	0.8	% 4.4	9.2%	% 3	5.0%

Comparison of Main Indicators (Consolidated and Non-consolidated)

Units: 100million yen

	First Half ended September 2003			First Half ended September 2002			Increase/Decrease(Ratio)			
	Consolidated	Non-consolidated	Relative size	Consolidated	Non-consolidated	Relative size	Consolidated		Non-consolidated	
Capital expenditure	31	30	1.0	54	49	1.1	-23	-42.6%	-19	-38.8%
Depreciation and amortisation	39	29	1.3	41	29	1.4	-2	-4.9%	0	0.0%
R&D expenses	30	30	1.0	30	29	1.0	0	0.0%	1	3.4%
Interest-bearing debt	414	281	1.5	557	373	1.5	-143	-25.7%	-92	-24.7%
Net interest expense	-1	1	-	-1	2	-	0	0.0%	-1	-50.0%
Employees	3,948	1,474	2.7	4,133	1,499	2.8	-185	-4.5%	-25	-1.7%

Consolidated Net Sales and Operating Income

＜Advanced Materials＞

Unit: 100 million yen

			First Half ended September 2003	First Half ended September 2002	Increase/Decrease(Ratio)	
Consolidated net sales	Kureha Chemical Industry	Modifiers	12	20	-8	-40.0%
		Carbon products	31	25	6	24.0%
		Functional plastics	47	37	10	27.0%
		Other	6	10	-4	-40.0%
		Total	96	93	3	3.2%
	Consolidated subsidiaries		54	78	-24	-30.8%
	Eliminations		-24	-28	4	
	Total		126	143	-17	-11.9%
Consolidated operating income			14	12	2	16.7%

Consolidated Net Sales and Operating Income

<Specialty Products>

Unit: 100 million yen

			First Half ended September 2003	First Half ended September 2002	Increase/Decrease(Ratio)	
Consolidated net sales	Kureha Chemical Industry	PVC plastics	18	23	-5	-21.7%
		Industrial chemicals	46	41	5	12.2%
		Agrochemicals	29	19	10	52.6%
		Pharmaceuticals	50	39	11	28.2%
		Total	143	122	21	17.2%
	Consolidated subsidiaries		38	35	3	8.6%
	Eliminations		-16	-15	2	
	Total		165	142	23	16.2%
Consolidated operating income			21	-0	21	

Consolidated Net Sales and Operating Income

<Plastics>

Unit: 100 million yen

			First Half ended September 2003	First Half ended September 2002	Increase/Decrease(Ratio)	
Consolidated net sales	Kureha Chemical Industry	Food service-use packaging material	62	62	0	0.0%
		Household goods	95	96	-1	-1.0%
		Fishing lines	4	9	-5	-55.6%
		Other	16	4	12	300.0%
		Total	177	171	6	3.5%
	Consolidated subsidiaries		190	189	1	0.5%
	Eliminations		-117	-123	6	
	Total		250	237	13	5.5%
Consolidated operating income			-0	8	-8	

Consolidated Net Sales and Operating Income

<Other>

Unit: 100 million yen

			First Half ended September 2003	First Half ended September 2002	Increase/Decrease(Ratio)	
Consolidated net sales	Consolidated subsidiaries	Transport and warehousing business	61	59	2	3.4%
		Environmental engineering business	32	27	5	18.5%
		Construction-related business	84	75	9	12.0%
		Trading	7	14	-7	-50.0%
		Other	11	13	-2	-15.4%
		Total	195	188	7	3.7%
	Eliminations		-80	-86	6	
	Total		115	102	13	12.7%
Consolidated operating income			9	2	7	350.0%

Analysis of Consolidated Recurring Income

Unit: 100 million yen

		First Half ended September 2003	First Half ended September 2002	Difference
Recurring Income	Kureha Chemical Industry	27.0	14.0	13.0
	Consolidated subsidiaries	11.7	6.4	5.3
	Equity-method affiliates	0.0	0.5	-0.5
	Consolidation adjustments	-2.6	-3.0	0.4
	Total	36.1	17.9	18.2

Factors affecting recurring income

	Positive		Negative		Total
	Item	Amount	Item	Amount	
Kureha Chemical Industry	Increase in sales volume	23.2	Increase in unit-cost of purchase		
	(Includes difference in technology fees)		raw material and products	-6.7	
	Decrease in cost of goods sold	5.8	Increase in selling and administrative expense	-7.8	
	Reduction of selling expense	2.7	Difference in non-operating expense	-4.2	
		31.7		-18.7	13.0
Consolidated subsidiaries	Advanced material business	3.0	Plastic modifier business	-4.6	
	Metalized film material business	0.7	Food packaging material business in Europe	-0.4	
	Others	6.7			
		10.3		-5.0	5.3
Equity-method affiliates			RHS(Scotland)	-0.3	
			RKS(Germany)	-0.2	
		0.0		-0.5	-0.5

Breakdown of Extraordinary Income/Losses

Unit: 100 million yen

		First Half ended September 2003		First Half ended September 2002		Difference	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Extraordinary Income	Income from sales of investment securities	4.1	4.0	7.7	3.7	-3.6	0.3
	Other	0.5	0.0	0.8	0.2	-0.3	-0.2
	Total	4.6	4.0	8.5	4.0	-3.9	0.0
Extraordinary Losses	Appraisal loss on investment securities	0.0	0.0	0.2	0.1	0.2	0.1
	Loss on liquidation of subsidiary	-	-	-	0.2	-	0.2
	Retirement benefit expense	2.6	-	2.6	-	0.0	-
	Loss on sales of fixed assets	6.8	7.1	2.4	3.1	-4.4	-4.0
	Other	1.3	-	0.4	0.0	-0.9	-0.0
	Total	10.7	7.1	5.6	3.4	-5.1	-3.7

Balance Sheets (Consolidated and Non-consolidated)

1. Assets

Unit: 100 million yen

	As of September 30, 2003		As of March 31, 2003		Increase/Decrease		(Ref.)As of September 30,2002	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash and cash equivalent	52	40	74	36	-22	4	55	35
Accounts and notes receivable-trade	353	234	402	267	-49	-33	373	244
Inventories	207	128	204	130	3	-2	228	130
Other current assets	40	81	44	97	-4	-16	37	77
Property, plant and equipment	661	449	672	459	-11	-10	707	461
Intangible assets	24	22	25	23	-1	-1	24	22
Total investments and other assets	337	378	310	357	27	21	367	413
Total assets	1,673	1,333	1,731	1,370	-58	-37	1,792	1,382

2. Liabilities, minority interests and shareholders' equity

Unit: 100 million yen

	As of September 30, 2003		As of March 31, 2003		Increase/Decrease		(Ref.)As of September 30, 2002	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Accounts and notes payable-trade	161	76	188	82	-27	-6	177	76
Interest-bearing debt	414	281	472	329	-58	-48	557	373
Reserves	44	14	46	19	-2	-5	48	23
Other liabilities	164	117	152	105	12	12	133	75
Minority interests	15	-	14	-	1	-	19	-
Common stock	125	125	125	125	0	-0	125	125
Capital reserve	97	97	97	97	0	0	97	97
Retained earnings	612	579	605	577	7	2	630	602
Unrealized gains on investment securities	53	52	38	37	15	15	33	29
Foregin currency translation adjustments	-3	0	-4	0	1	0	-6	0
treasury stock	-9	-7	-2	-1	-7	-6	-20	-17
Total	1,673	1,333	1,731	1,370	-58	-37	1,792	1,382

Cash Flows (Consolidated and Non-consolidated)

Unit: 100 million yen

		First Half ended September 2003		First Half ended September 2002		Difference	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consoidated	Non-consolidated
Cash flows from Operating activities	Net income before income tax	30	24	21	15	9	9
	Depreciation	39	29	41	29	-2	0
	Other-net	9	20	-16	-7	25	27
		78	73	46	36	32	37
Cash flows from investing activities		-24	-2	-15	-26	-9	24
Cash flows from financing activities		-77	-67	-45	-19	-32	-48
Effect of exchange rate changes on cash and cash equivalents		0	-0	-0	0	0	-0
Cash and cash equivalents at beginning of year		74	36	69	44	5	-8
Net increase/decrease in cash and cash equivalents		-22	4	-13	-9	-9	13
Cash and cash equivalents at end of year		52	40	55	35	-3	5

Ⅱ. Estimates for the Year Ending March 2004

Estimated figure (Consolidated and Non-consolidated)

Unit: 100 million yen

	Year ending March 31, 2004(est.)			Year ended March 31, 2003			Increase/Decrease(Ratio)			
	Consolidated	Non-consolidated	Ratio	Consolidated	Non-consolidated	Ratio	Consolidated		Non-consolidated	
Net sales	1,390	875	1.6	1,376	840	1.6	14	1.0%	35	4.2%
Operating income	103	73	1.4	83	47	1.8	20	24.1%	26	55.3%
Recurring income	90	70	1.3	75	53	1.4	15	20.0%	17	32.1%
Net income	40	33	1.2	15	14	1.1	25	166.7%	19	135.7%

Comparison of Main Indicator (Consolidated and Non-consolidated)

Units: 100million yen

	Year ending March 2004(est.)			Year ended March 2003			Increase/Decrease(Ratio)			
	Consolidated	Non-consolidated	Relative size	Consolidated	Non-consolidated	Relative size	Consolidated		Non-consolidated	
Capital expenditure	100	85	1.2	99	85	1.2	1	1.0%	0	0.0%
Depreciation and amortisation	83	60	1.4	88	60	1.5	-5	-5.7%	0	0.0%
R&D expenses	72	70	1.0	63	61	1.0	9	14.3%	9	14.8%
Interest-bearing debt	380	251	1.5	472	329	1.4	-92	-19.5%	-78	-23.7%
Net interest expense	-4	3	-	-4	7	-	0	0.0%	-4	-57.1%
Employees	3,880	1,434	2.7	4,012	1,476	2.7	-132	-3.3%	-42	-2.8%

Consolidated Net Sales and Operating Income
＜Advanced Materials＞

Unit: 100 million yen

			Year ending March 2004 (est.)	Year ended March 2003	Increase/Decrease(Ratio)	
Consolidated net sales	Kureha Chemical Industry	Modifiers	23	45	-22	-48.9%
		Carbon products	60	55	5	9.1%
		Functional plastics	95	81	14	17.3%
		Other	18	22	-4	-18.2%
	Total		196	202	-6	-3.0%
	Consolidated subsidiaries		99	173	-74	-42.8%
	Eliminations		-49	-58	9	
	Total		246	318	-72	-22.6%
Consolidated operating income			31	40	-9	-22.5%

Consolidated Net Sales and Operating Income

<Specialty Products>

Unit: 100 million yen

			Year ending March 2004 (est.)	Year ended March 2003	Increase/Decrease(Ratio)	
Consolidated net sales	Kureha Chemical Industry	PVC plastics	35	39	-4	-10.3%
		Industrial chemicals	89	86	3	3.5%
		Agrochemicals	68	65	3	4.6%
		Pharmaceuticals	95	81	14	17.3%
		Total	287	270	17	6.3%
	Consolidated subsidiaries		72	73	-1	-1.4%
	Eliminations		-38	-33	-6	
	Total		321	311	10	3.2%
Consolidated operating income			31	15	16	110.9%

Consolidated Net Sales and Operating Income

<Plastics>

Unit: 100 million yen

			Year ending March 2004 (est.)	Year ended March 2003	Increase/Decrease(Ratio)	
Consolidated net sales	Kureha Chemical Industry	Food service-use packaging material	156	157	-1	-0.6%
		Household goods	195	181	14	7.7%
		Fishing lines	14	16	-2	-12.5%
		Other	27	14	13	92.9%
		Total	392	368	24	6.5%
	Consolidated subsidiaries		446	403	43	10.7%
	Eliminations		-295	-262	-33	
	Total		543	510	33	6.5%
Consolidated operating income			25	18	7	38.9%

Consolidated Net Sales and Operating Income

＜Other＞

Unit: 100 million yen

			Year ending March 2004 (est.)	Year ended March 2003	Increase/Decrease(Ratio)	
Consolidated net sales	Consolidated subsidiaries	Transport and warehousing business	123	122	1	0.8%
		Environmental engineering business	66	56	10	17.9%
		Construction-related business	224	214	10	4.7%
		Trading	24	22	2	9.1%
		Other	22	26	-4	-15.4%
		Total	460	440	20	4.5%
	Eliminations		-180	-201	21	
	Total		280	238	42	17.6%
Consolidated operating income			16	12	4	33.3%

Cash Flows
(Consolidated and Non-consolidated)

Unit: 100 million yen

		Year ending March 2004(est.)		Year ended March 2003		Difference	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consoidated	Non-consolidated
Cash flows from Operating activities	Net income before income tax	69	62	35	22	34	40
	Depreciation	83	60	88	60	-5	0
	Other-net	20	17	35	16	-15	1
		172	139	157	99	15	40
Cash flows from investing activities		-60	-30	-29	-30	-31	0
Cash flows from financing activities		-123	-109	-123	-76	0	-33
Effect of exchange rate changes on cash and cash equivalents		0	0	0	0	0	-0
Cash and cash equivalents at beginning of year		74	36	68	44	6	-8
Net increase/decrease in cash and cash equivalents		-11	-0	5	-8	-16	8
Cash and cash equivalents at end of year		63	36	74	36	-11	-0

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.
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