



Kureha Corporation Reports Full-Year Results

FY2006 consolidated operating income forecast to grow by 24%

Tokyo, Japan – May 10, 2006 – Leading specialty chemicals and plastic products company, Kureha Corporation (“Kureha”), posted record sales of ¥135.6 billion in the fiscal year ended March 31, 2006, up from ¥130.4 billion in the previous year. The company recorded consolidated recurring income of ¥9.1 billion for the fiscal year, which was slightly short of the company’s forecast of ¥10.0 billion announced in February 2006. However, it posted a 15.8% increase in consolidated net income of ¥5.17 billion over the same period. Consolidated return on equity (ROE) rose to 5.4%, up from 4.8%, and the company announced an increase in the annual dividend payment from ¥8 to ¥9 per share.

Kureha President and Chief Executive Officer, Hiroshi Tanaka, said, “We are pleased to report a year-on-year growth in sales. This is the company’s first sales increase in five years and reflects our efforts under our previous mid-term business plan to refocus our business portfolio and withdraw from unprofitable non-core businesses. Though we fell marginally short of our profit forecasts, we are confident that the new corporate direction and increased focus on key growth areas will have an increasingly positive impact on financial results in the years to come.”

Summary of Consolidated Full-year Results

(¥ million, except where stated)

	March 2006	March 2005	Change (%)
Sales	135,627	130,400	4.0
Operating income	9,708	10,255	-5.3
Recurring income	9,185	9,705	-5.4
Net income	5,171	4,467	15.8
Earnings per share (EPS) (¥)	27.61	23.41	17.9

The consolidated sales figure of ¥135.6 billion for the fiscal year ended March 2006 represents a 4.0% year-on-year increase. Following Kureha’s strategic decision to withdraw from the OEM production of *polyvinyl chloride* (PVC) in the fiscal year ended March 2004, the company’s consolidated sales figures had, until now, experienced a period of decline.

The consolidated operating income of ¥9.7 billion for the fiscal year ended March 2006 represents a year-on-year decrease of 5.3%, while the operating income margin decreased from 7.9% to 7.2%. These results are largely accounted for by a rise in pharmaceutical and agrichemical R&D expenditure and an increase in depreciation costs following aggressive capital expenditure on strategic business areas.

Consolidated recurring income also declined, falling by 5.4% to ¥9.1 billion. At the parent company level, recurring income fell by approximately ¥300 million, while consolidated subsidiaries recorded profit increases of approximately ¥150 million. However, a significant cancellation of ¥370 million was caused by a high level of internal transactions was one of the key factors behind recurring income failing to meet expectations for the period.

However, Kureha’s move to a new corporate headquarters in October 2005 meant that the sale of the old headquarters building and land resulted in higher than anticipated profits, which were recorded as an extraordinary item. This led to the company posting consolidated net income of ¥5.17 billion for the fiscal year ended March 2006, up from ¥4.46 billion in the previous year.

As is evident from the balance sheet, Kureha issued ¥5.0 billion in corporate bonds in February 2006, just before the rise in interest rates. This move secured funds for both future investments in R&D and for increasing the production capacity of strategic products.

March 2007 Forecast

(¥ million, except where stated)

	March 2007 (Forecasts)	March 2006	Change (%)
Sales	142,000	135,627	4.7
Operating income	12,000	9,708	23.6
Recurring income	11,500	9,185	25.2
Net income	5,700	5,171	10.5
Earnings per share (EPS) (¥)	31.05	27.61	12.5

Kureha forecasts consolidated operating income of ¥12.0 billion for the period ending March 31, 2007, a year-on-year rise of approximately 24%, on ¥142.0 billion sales. This projected growth is based on the prospect of a full-year contribution from *polyphenylene sulphide (PPS)*, the super engineering plastics material, at increased production levels following the boost in production capacity in both Japan and the U.S., and input from other high value-added products in growth areas. Sales volumes and sales unit prices are expected to be major contributors to increased profitability, though the company does expect some increases in its fixed cost base.

Consolidated Operating Highlights by Division

(¥ million, except where stated)

Division		March 2006	March 2005	Change (%)
Advanced materials ¹	Sales	31,578	25,158	26
	Operating income	3,923	3,192	23
Specialty chemicals	Sales	31,294	31,000	1
	Operating income	3,493	4,050	-14
Specialty plastics ¹	Sales	45,261	50,729	-11
	Operating income	607	872	-30
Other operations	Sales	27,492	23,512	17
	Operating income	2,100	2,156	-3
	Operating income Cancellations	-415	-16	
Total	Sales	135,627	130,400	4.0
	Operating income	9,708	10,255	-5.3

Advanced Materials Division

Major product areas - advanced plastics (PPS resin, PVDF resin, Krefine), carbon products

Advanced plastics continue to grow

Sales of advanced plastics (PPS resin, PVDF resin, *Krefine*, etc.) increased from ¥9.8 billion in the fiscal year ended March 2005, to ¥11.8 billion in the fiscal year ended March 2006. Advanced materials is a key area of focus for Kureha and one with promising prospects for the company, which aims to grow sales by a further 26% to ¥14.8 billion in the fiscal year ending March 2007.

1) PPS resin (*Fortron KPS*) capacity raised following robust demand

¹ As of fiscal year 2005, the subsidiary company Kakogawa Plastics Co., Ltd., was transferred from the Specialty Plastics Division to the Advanced Materials Division.

PPS resin, the super engineering plastics material with a diverse range of applications including in car engines and electronic parts due to its tough and heat-resistant properties, ran at full capacity throughout the year. Kureha, together with its US joint venture, Fortron Industries, is the world's largest manufacturer of PPS resin, which remains one of the company's key strategic growth products.

Production capacity of PPS resin in Japan rose from 7,500 tonnes to top 10,000 tonnes per year, as of April 2006, on the back of strong demand. In the U.S., demand continues to grow at over 10% per year, a trend that is expected to continue. Fortron Industries increased production capacity from 6,800 tonnes to 8,600 tonnes per year, as of December 2005, and has announced plans to further raise production capacity to 15,000 tonnes during the first half of fiscal 2007. It is predicted that global market growth will continue to outpace production capacity over the next few years.

2) PVDF resin (*KF Polymer*) to generate stable revenue

Demand for *polyvinylidene fluoride* (PVDF) resin, a high performance material used in chemical and electronics industries, remains broadly positive. While application in lithium ion batteries is beginning to slow, use in industrial valves has been expanding. As of December 2005, Kureha increased production capacity from 1,500 to 2,500 tonnes per year, though an increase in depreciation costs is expected to have an impact on profitability over the coming year.

3) *Krefine* sales record strong increase

Krefine, an advanced electrostatic discharge material used to protect electronic devices from the damage caused by static electricity, is used in electronic parts such as IC test sockets. This particular product has received the approval required from the major IC manufacturers to allow application in distribution trays used inside their factories. Kureha expects to expand this area of application further in the future.

Sales of carbon products increased, but expected to slow

Sales of carbon products grew to ¥7.7 billion in the fiscal year ended March 2006, up from ¥7.1 billion in the previous year. In particular, positive sales results were posted by carbon fibers used in heat-resistance materials, such as heat-treatment furnaces for silicon wafer manufacturing. However, though sales increased, profitability was affected by the surging oil prices.

Demand for bead-shaped activated carbon, used in applications such as air deodorization, gas absorption and water purification, has begun to slow due to inventory accumulation at client companies. As a result, Kureha anticipates sales of carbon products to decline to ¥6.6 billion for the fiscal year ending March 2007.

Specialty Chemicals Division

Major product areas – pharmaceuticals, agrochemicals, industrial chemicals

Pharmaceuticals remain stable

Sales of pharmaceutical products showed a slight decline in the fiscal year ended March 2006, to ¥9.3 billion, from the ¥9.5 billion posted in the previous year. The official cut in drug prices announced in April 2006, however, is expected to impact upon two of Kureha key pharmaceutical products; *Kremezin* (reduced by 12.5%), a therapeutic agent for chronic renal failure, and *Krestin* (reduced by 6.6%), a drug for cancer immunotherapy. Kureha will strengthen its sales efforts for *Kremezin*, with co-marketer Sankyo Co., Ltd., with the aim of selling a greater quantity at the new lower price.

Targeting future growth, Kureha expects to expand overseas markets for *Kremezin*, particularly in South Korea and China, and therefore expects exports to grow. Kureha is also targeting sales of *Kremezin* in the USA from around 2010, with the product now set to enter

phase III clinical trials there. The current trend is expected to continue for the short term, however, and as a result Kureha expects sales of pharmaceutical products to fall to ¥9.1 billion for the fiscal year ending in March 2007, partly due to the continuing rise in R&D expenditure.

Agrochemicals remain stable

Overall sales of agrochemicals remained flat at ¥7.3 billion for the fiscal year ended March 2006, due to high levels of investment in developing overseas business. However, sales of *Metconazole*, a fungicide for cereal crops, continued to grow by some 20% and the product is now marketed in over 30 countries. Long-term growth prospects for *Metconazole* are also strong as it is expected to receive approval to be marketed in Japan on wheat and citrus fruits and in Taiwan on mangos, all by March 2007. Kureha is continuing to review its product portfolio to focus on core products and as a result, forecasts sales of agrochemical products of approximately ¥7.1 billion for the fiscal year ending March 2007.

Industrial Chemicals price rises achieved

Sales of industrial chemical products grew slightly in the fiscal year ended March 2006, rising to ¥9.7 billion from the ¥9.3 billion posted in the previous year, but are forecast to return to around ¥9.4 billion in the year ending March 2007. During the fiscal year ended March 2006 Kureha successfully transferred the impact of the rise in oil prices onto product prices, and will continue to move to improve the profitability of industrial chemicals.

Specialty Plastics Division

Major product areas – food packaging materials, household products, fishing lines

Earnings from household products expected to grow strongly

Overall sales of household products grew to ¥19.3 billion in the fiscal year ended March 2006 from ¥19.2 billion during the previous year due to optimization of the retail price for the household wrapping film, *New Krewrap*, and product renewals in three-consecutive-years. Kureha aims to boost sales of other product lines such as the *Kichinto-San* series, which includes food containers, cooking paper and garbage bags for use in kitchen sinks. The company forecasts sales rising to ¥20.0 billion in the fiscal year ended March 2007 and also anticipates profitability rebounding strongly on the back of improved yield, a lower cost base and an increase in unit prices.

Food Packaging Materials

Overall sales of food packaging materials declined to ¥10.4 billion in the fiscal year ended March 2006, down from ¥11.8 billion during the previous year, mainly due to the slower-than-expected progress in sales development of *Besela*. Sales are expected to flatten at ¥10.5 billion in the fiscal year ending March 2007.

1) China joint venture for *Krehalon*

In October 2005, Kureha completed the construction of a new compound plant in Nantong, China for *Krehalon*, which is used in the packaging of foods that have been pre-heated and sterilized; such as retort sausages, via a joint venture with a local manufacturer and a Japanese trading company. Demand for *Krehalon* in China remains strong with exports from Japan required to cater for the current supply shortfall. This joint venture will become an equity-method consolidated subsidiary from the fiscal year ending March 2007, and will be expected to contribute to earnings.

2) Strong demand expected in Europe for *Besela*

Besela, Kureha's new high barrier lamination film that has been developed to replace cans, has still yet to gain growth momentum as a result of the longer than expected evaluation phase in overseas markets. Stronger demand is anticipated for this product over the coming fiscal year, particularly in Europe and in the U.S. Kureha firmly believes

in Besela's long-term prospects, especially in light of the changing social trends towards the environment and an expected acceleration in the transition to soft packaging.

Other Operations Division

Major product areas – environmental engineering, construction and transport/warehousing-related businesses

Sales to grow but profitability to remain constant

Construction related businesses accounted for the largest individual business area within this division, generating increased sales of ¥25.2 billion, up from ¥22.4 billion in the previous fiscal year. However, the trend for low profitability in such business areas remained unchanged. Environmental businesses also recorded strong sales results, up from ¥7.0 billion to ¥7.6 billion in the fiscal year ended March 2006. In 2005, the Tokyo Metropolitan Government began introducing the IC tag system to track medical waste, with Kureha supporting the program and acting as one of the project's leaders.

Capex, Depreciation and R&D

Consolidated capital expenditure, depreciation and R&D

	March 2005	March 2006	March 2007 (forecast)
Capital expenditure	12.0	12.0	13.0
Depreciation	7.6	7.9	8.9
R&D	6.5	7.4	7.0

(¥ billion)

Consolidated capital expenditure remained unchanged at ¥12.0 billion, while depreciation costs increased to ¥7.9 billion, up from ¥7.6 billion in the previous fiscal year. Capital expenditure is largely accounted for by Kureha's investments in additional production capacity for PPS and PVDF resin, as well as upgrading the Iwaki Factory power plant. Looking towards March 2007, capital expenditure is estimated to remain relatively constant while depreciation costs are expected to increase slightly.

Kureha spent ¥7.4 billion on R&D in the fiscal year ended March 2006, a significant increase from the ¥6.5 billion spent during the previous term, with major expenditure in the pharmaceutical and agrochemical areas. Kureha expects to invest a total of ¥7.0 billion in R&D in the fiscal year ending March 2007.

Promising New Products

In addition to focusing on the key growth areas already highlighted, Kureha also has a range of promising new products under development, including:

Polyglycolic acid (PGA) resin for carbonated drink containers and beer bottles

The commercialization of PGA resin for use in carbonated drink containers and beer bottles remains a priority for the company. Polyethylene terephthalate (PET) bottles that contain a PGA layer have an extended shelf life, meaning the product has the potential to revolutionize the soft drinks industry. Kureha intends to conduct test marketing of PGA in stages this summer and is working closely alongside a major soft drinks manufacturer for PGA to be used in the industry throughout the world.

Solar control material

Solar control material is a type of filter that, when applied to a window absorbs heat from the sun, thereby reducing room temperature without the need to darken the room with blinds or curtains. Kureha is continuing to develop applications for this technology in association with glass and automobile parts manufacturers.



Anti-pancreatic cancer antibody agent

Kureha is currently searching for an antibody that reacts to molecules exclusive to pancreatic cancer, which is quite a rare cancer with no specific drug currently on the market. A decision is yet to be made on whether or not to proceed to the next-stage of development within the current fiscal year.

For further information, please contact:

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

Notes to Editors

About Kureha Corporation

Kureha Corporation is a leading chemical and plastic products company, listed on both the Tokyo and Osaka Stock Exchanges (4023). The company was established in 1944 as a manufacturer of caustic soda, chlorine-based chemicals, and fertilizers.

Utilizing strong in-house R&D capabilities, Kureha has developed into a leading manufacturer of advanced plastics (such as PPS resin and PVDF resin), specialty chemicals (pharmaceuticals, including therapeutic agent for chronic renal failure, *Kremezin*, and agrochemicals) and specialty plastics (food packaging products, including *New Krewrap*, and other household goods).

Kureha's main factory is located in Iwaki, Fukushima Prefecture, Japan. In addition, the company has overseas production facilities in China and in the United States. More information is found at <http://www.kureha.co.jp/>

<Appendix>

Condensed Consolidated Balance Sheets

For the fiscal years ended 31 March 2006 and 2005

¥ millions

	31 March 2006	31 March 2005
Assets		
Current assets	66,715	61,525
Cash and cash equivalents	6,542	6,001
Fixed assets	118,463	111,201
Property, plant and equipment	70,882	69,289
Intangible assets	1,774	2,091
Investments and other assets	45,807	39,820
Total Assets	185,203	172,727
Liabilities and Shareholders' Equity		
Current liabilities	57,203	57,713
Short-term borrowings	19,309	25,209
Fixed liabilities	28,411	21,165
Long-term borrowings	11,074	9,651
Total Liabilities	85,615	78,879
Minority Interest	1,229	785
Shareholders' Equity	98,357	93,062
Total Liabilities, Minority Interests and Shareholders' Equity	185,203	172,727

Condensed consolidated statement of income

As of 31 March 2006 and 2005

¥ millions

	March 2006	March 2005
Sales	135,627	130,400
Cost of goods sold	96,188	91,987
Selling, general and administrative expenses	29,730	28,158
Operating income	9,708	10,255
Non-operating income	1,138	771
Non-operating expenses	1,661	1,320
Recurring income	9,185	9,705
Extraordinary gains	2,885	1,621
Extraordinary losses	4,253	3,276
Income before income taxes	7,817	8,050
Taxes and minority interest adjustments	4,477	3,254
Net income	5,171	4,467



Results for the Year ended March 31, 2006

May 16, 2006

	(Slide)
1. Major Events(April-May 2006)	(1)(2)
2. Consolidated Companies	(3)(4)
3 . Fiscal 2005 Results and Fiscal 2006 Forecasts	(5)
· Financial Highlights	(6)
· Key Indicators	(7)
· Balance Sheets	(8)
· Analysis of Recurring Income	(9)(10)
· Breakdown of Extraordinary Income/Losses	(11)
· Cashflow	(12)
4 . Consolidated Net Sales and Operating Income by Segment	(13) -(17)

1. Major Events (April 05 – May 06)

1.Management

- Apr.05 Completed the introduction of ERP system at affiliated companies in Japan to support an efficient management decision making process and reduce the time needed to prepare earnings results
- Apr.05 Kureha's long-term preferred debt rated JCR "A"
- Aug.05 Kureha requests JFTC hearing the surcharge payment order concerning the sales of Kureha's modifier. JFTC announced the decide to commence the hearing proceedings in October
- Oct.05 Company name changed to Kureha Corporation
Corporate headquarters moved to Nihonbashi-Hamacho, Chuo-ku(Former headquarter building and land sold)
- Nov.05 Civil law suit in the US concerning modifier settled with plaintiffs for US\$5 million payment
- Feb.06 Kureha Kankyo Co. Ltd. established as a 100% subsidiary through simplified stock exchange
- Mar.06 Issued first non-collateral corporate bond (¥5 billion)
- Apr.06 Announced that year-end dividend to be raised from ¥4, as was previously forecast, to ¥5 (¥9 for full year)
- Apr.06 Upgraded utility supply facilities (to 43,000 kW power generation) and began operations
- Apr.06 Cleared US Department of Justice investigation regarding modifier without any charges being brought against Kureha

2.Advanced Materials

- Apr.05 Production capacity at PPS plant in Iwaki factory raised to 7500t/year
- Oct.05 Fortron Industries, Kureha's US joint venture released an increasing in production capacity to 15000t/year to meet increase in demand by first half of 2007
- Oct.05 Acquired stake in Elmec Electronics Industries to strengthen relationship between the two firms outsourced production and application development of PVDF Piezo electric films and optical products.

Major Events (April 05 – May 06)

KUREHA CORPORATION

- Dec.05 Raised production capacity at Iwaki factory's PVDF plant to 2,500 t/year
- Dec.05 Raised production capacity at US Fortron Industries' PPS plant to 8,600 t/year
- Jan.06 Kreha Corporation of America and Kureha KPS, Inc. merged to create Kureha America, Inc.
- Jan.06 Acquired TTSM, which manufactures and markets carbon textile insulation in the U.S.
- Apr.06 Raised production capacity at Iwaki factory's PPS plant to 10,000 t/year

3 . Specialty Chemicals

- Jun.05 Announced price revision of caustic soda
- Sep.05 Announced price revision of liquid chlorine
- Dec.05 Announced price revision for hydrochloric acid
- Jan.06 Announced the transfer of development rights for "Kremezin" in the U.S. and Europe to OCERA (Domain Associates group company) for stomach and liver disease applications
- Apr.06 Announced price revision to sodium hydroxide (caustic soda)

4 . Specialty Plastics

- Apr.05 Sales operations of multilayered packaging film "Pairflex FA" transferred to Kureha Extech Co., Ltd.
- Sep.05 Sold stakes in European packaging materials producer "KREHALON SYNCLAIR PACKAGING B.V."
- Sep.05 Opened Nantong SKT New Materials Co., Ltd. The company began producing PVDC in October
- Nov.05 Announced price revision of food packaging materials
- Mar.06 Updated "New Krewrap" for the third consecutive year, featuring new functions such as an easy-cuttool

5 . Other Operations

- Apr.05 Completed construction of and began operating cooler storage facility for medical waste at Kureha Kankyo Co., Ltd.

KUREHA

2. Consolidated Companies

KUREHA CORPORATION

(Unit : 100 million yen)

		FY2005		FY2006		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
KUREHA CORPORATION		802	1,370	818	1,476	16	106
Nishiki Trading Co., Ltd.(and one group company)		285	123	294	128	9	5
Advanced Materials	KUREHA CORPORATION	204	-	232	-	28	-
	Nishiki Trading Co., Ltd.(plus one group company)	76	-	84	-	7	-
	Kureha GmbH	10	7	18	8	8	1
	Kureha America Inc. (1)	11	5	12	9	1	4
	Kureha KPS, Inc. (1)	8	29	13	36	5	7
	Kureha Chemicals Shanghai Co., Ltd.	4	7	7	8	4	-
	Kakogawa Plastics Co., Ltd. (2)	-	-	29	21	-	-
	Consolidation adjustments	-61	-	-79	-	-18	-
Total		253	-	316	-	64	-
Specialty Chemicals	KUREHA CORPORATION	262	-	263	-	1	-
	Nishiki Trading Co., Ltd.	80	-	81	-	1	-
	Consolidation adjustments	-32	-	-31	-	1	-
Total		310	-	313	-	3	-
Specialty Plastics	KUREHA CORPORATION	336	-	323	-	-13	-
	Nishiki Trading Co., Ltd.	113	-	109	-	-4	-
	Kureha Gosen Co., Ltd.	31	25	31	26	0	1
	Kureha Plastics Co., Ltd.	120	70	122	72	2	2
	Kakogawa Plastics Co., Ltd. (2)	33	21	-	-	-	-
	Kureha Extech Co., Ltd.	26	17	27	17	2	0
	Krehalon Industrie B.V.	41	37	43	40	1	3
	Five other group companies in Europe handling food packaging (3)	46	34	40	23	-6	-11
Consolidation adjustments	-239	-	-243	-	-4	-	
Total		507	-	453	-	-21	-

KUREHA

Consolidated Companies

KUREHA CORPORATION

(Unit : 100 million yen)

		FY2004		FY2005		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Other Operations	Kureha Ecology Management Co., Ltd.(and 1 group company)	57	48	63	51	6	3
	Kureha Special Laboratory Co., Ltd.	13	5	13	5	0	0
	Kureha Engineering Co., Ltd.	116	48	128	71	12	23
	Kureha Construction Co., Ltd and 3 group companies	108	59	124	61	16	2
	Kureha Unyu Co., Ltd. and 6 group companies	123	58	124	63	0	5
	Nishiki Trading Co., Ltd.	16	-	20	-	4	-
	Kureha Service Co., Ltd and 1 group compaies (05/03 2 companies)	14	64	13	73	-1	9
	Consolidation adjustments	-212	-	-209	-	3	-
Total		235	-	275	-	40	-
(Number of consolidated companies)		(35)		(33)			
Consolidated Total		1,304	1,727	1,356	1,852	52	125
Equity-method affiliates	Rutgers Kureha Solvents	24		12			
	Nantong SKT New Material Co., Ltd.						

(1) Kureha Corporation of America was merged with Kureha KPS, Inc. and renamed Kureha America Inc. as of January 1, 2006

(2) For the fiscal year ending March 2006, the subsidiary Kakogawa Plastics Co., Ltd., has been transferred from the Specialty Plastics division to the Advanced Materials division

(3) Krehalon Synclair Packaging B.V. was sold in September 2005

(4) Changes to subsidiary names:

April 1, 2005 Sanko Plastics Co., Ltd. became Kureha Extech Co., Ltd.

October 1, 2005 Kureha Plastics Co., Ltd., Kureha Gosen Co., Ltd. and Kureha Service Co., Ltd. (changes to Japanese name only)

October 1, 2005 Kureha Techno Eng Co., Ltd. became Kureha Engineering Co., Ltd.

December 1, 2005 Kureha Chemicals GmbH became Kureha GmbH

April 1, 2006 Kureha Transport Co., Ltd. became Kureha Unyu Co., Ltd.

April 1, 2006 Kureha Kankyo Co., Ltd. became Kureha Environmental Engineering Co., Ltd.

* Following the changes outlined in points 1-3, the total number of subsidiaries as of April 1, 2006 was 32

KUREHA

3. Fiscal 2005 Results and Fiscal 2006 Forecasts

Financial Highlights

KUREHA CORPORATION

(Unit : 100 million yen)

	FY2004			FY2005						FY2006(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	1,304	802	1.6	1,356	818	1.7	52	4%	16	2%	(630)	(385)	1.7	64	4.7%	22	2.7%
Operating income	103	62	1.7	97	59	1.6	-5	-5%	-2	-4%	(30)	(18)	1.8	23	23.6%	9	15.1%
Recurring income	97	64	1.5	92	61	1.5	-5	-5%	-3	-5%	(30)	(20)	1.6	23	25.2%	9	14.4%
Net income	45	32	1.4	52	37	1.4	7	15%	6	18%	(10)	(6)	1.5	5	10.5%	1	1.5%
Total assets	1,727	1,370	1.3	1,852	1,476	1.3	125	7%	106	8%	*Forecasted operating profits of ¥12 billion are drawn from a combined profit forecast of ¥12.3 billion from all divisions, minus ¥0.3 billion in consolidated cancellations.						
Shareholders' equity	931	879	1.1	984	912	1.1	53	6%	33	4%							
Net income per share(yen)	yen 23.41	yen 16.52	1.4	yen 27.61	yen 19.94	1.4	yen 4.20	18%	yen 3.42	21%	*()Estimates for first-half results						
Shareholders' equity per share(yen)	yen 500.56	yen 469.43	1.1	yen 535.26	yen 492.03	1.1	yen 34.7	7%	yen 22.6	5%							
Equity ratio	% 53.9	% 64.2	0.8	% 53.1	% 61.8	0.9	% -0.8		% -2.4								

KUREHA

Key Indicators

KUREHA CORPORATION

(Unit: 100 million yen)

	FY2004			FY2005								FY2006(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		
Capital expenditure	120	91	1.3	120	109	1.1	0	0%	17	19%	130	110	1.2	10	8%	1	1%	
Depreciation	76	58	1.3	79	62	1.3	3	3%	4	6%	89	71	1.3	10	13%	10	16%	
R&D expenses	65	62	1.0	74	71	1.0	9	15%	9	14%	70	68	1.0	-4	-5%	-3	-4%	
Interest-bearing debt	349	238	1.5	354	254	1.4	5	2%	16	7%	331	243	1.4	-23	-6%	-11	-4%	
Net interest expense	0	9	-	1	10	-	2	-	2	20%	1	10	0.1	0	0%	0	0%	
Exchange rate(US\$)	107.7			113.1			5.4				115.0			1.9				
Employees	3,793	1,386	2.7	3,746	1,349	2.8	-47	-1%	-37	-2%	3,744	1,303	2.9	-2	0%	-46	-3%	

KUREHA

1.Assets

(Unit: 100 million yen)

	As of March 31, 2005		As of March 31, 2006		Year-on-year change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash and cash equivalents	60	34	65	46	5	11
Accounts and notes receivable - trade	320	197	340	200	19	2
Inventories	187	128	204	141	17	13
Other current assets	48	79	58	78	10	-2
Property, plant and equipment	693	487	709	521	16	34
Intangible assets	21	19	18	15	-3	-5
Total investments and other assets	398	425	458	477	60	52
Total assets	1,727	1,370	1,852	1,476	125	106

2. Liabilities, minority interests and shareholders' equity

(Unit: 100 million yen)

	As of March 31, 2005		As of March 31, 2006		Year-on-year change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Accounts and notes payable - trade	168	71	194	89	26	18
Interest-bearing debt	349	238	354	254	5	16
Reserve	52	13	55	19	2	6
Other Liabilities	220	169	253	202	33	33
Minority interests	8		12		4	
Common stock	125	125	125	125	0	0
Capital reserve	97	97	98	102	1	5
Unrealized gains on investment securities	96	85	119	103	24	17
Other retained earnings	613	572	641	583	28	11
Total	1,727	1,370	1,852	1,476	125	106

Analysis of Recurring Income

KUREHA CORPORATION

(Unit : 100 million yen)

		FY2004		FY2005		Change
Recurring income	KUREHA	64.3	66%	61.2	67%	-3.1
	Consolidated subsidiaries	42.1	43%	43.6	47%	1.5
	Equity-method affiliates	0.0	0%	0.1	0%	0.1
	Consolidation adjustments	-9.3	-10%	-13.0	-14%	-3.7
	Total	97.1	100%	91.9	100%	-5.2

Reasons for earnings increase/decrease

	Reasons for increase		Reasons for decrease		Total
	Item	Amount	Item	Amount	
KUREHA	Increased unit price	17.8	Decreased sales volume	-0.2	-3.1
	Reduced Fixed Production Costs	4.9	Increased unit price of raw materials	-11.6	
	Increased License Revenue	4.4	Increased unit price of purchased products	-1.8	
	Reduced Direct Marketing Costs	2.2	Differing inventory levels	-7.9	
	Improved Financial Balance	2.2	Increased SG&A	-8.0	
			Increased R&D	-2.3	
			Others	-2.8	
		31.4		-34.5	
Consolidated subsidiaries	PPS business	4.6	Processing business in Japan	-2.1	1.5
	Environment related business	1.6	Packaging business in Europe	-3.5	
	Other domestic subsidiaries	1.7	Transport and warehousing business	-1.6	
	Other foreign subsidiaries	0.8			
		8.7		-7.2	

KUREHA

Analysis of Recurring Income

KUREHA CORPORATION

(Unit : 100 million yen)

		FY2005		FY2006(est.)		Change
Recurring income	KUREHA	61.2	67%	70.0	61%	8.8
	Consolidated subsidiaries	43.6	47%	52.7	46%	9.1
	Equity-method affiliates	0.1	0%	1.3	1%	1.2
	Consolidation adjustments	-13.0	-14%	-9.0	-8%	4.0
	Total	91.9	100%	115.0	100%	23.1

Reasons for earnings increase/decrease

	Reasons for increase		Reasons for decrease		Total
	Item	Amount	Item	Amount	
KUREHA	Increased sales volume	12.1	Increased unit price of raw materials	-6.0	8.8
	Increased unit price	10.7	Increased fixed costs	-17.7	
	Increased license revenue	1.6	Increased SG&A	-0.4	
	Decline in fuel costs for power generation	7.9	Other	-1.6	
	Decline in unit price of purchased products	0.4	Foreign exchange losses	-0.9	
	Decline in direct marketing costs	1.8	Non-operating revenue losses and others	-0.9	
	Improved financial balance	1.7			
		36.2		-27.4	
Consolidated subsidiaries	PPS business	4.6	Others	-2.0	9.1
	Processing business in Japan	2.3			
	Packaging business in Europe	2.8			
	Construction related business	1.4			
		11.1		-2.0	

KUREHA

Breakdown of Extraordinary Income/Losses

KUREHA CORPORATION

(Unit : 100 million yen)

		FY2004		FY2005				FY2006(est.)			
				Amount		Increase/Decrease		Amount		Increase/Decrease	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Extraordinary income	Income from sales of investment securities	14.5	14.5	16.9	12.5	2.4	-2.0	-	-	-16.9	-12.5
	Gain on elimination/sales of fixed assets	1.4	-	11.1	14.0	9.7	14.0	-	-	-11.1	-14.0
	Others	0.3	-	0.8	0.5	0.5	0.5	-	-	-0.8	-0.5
	Total	16.2	14.5	28.9	27.1	12.7	12.6	0.0	0.0	-28.9	-27.1
Extraordinary losses	Appraisal loss on investment securities	1.7	1.6	0.0	0.0	1.7	1.6	-	-	0.0	0.0
	Loss on sale of investment securities	0.0	0.1	0.3	0.3	-0.3	-0.3	-	-	0.3	0.3
	Retirement benefit expense	4.5	-	-	-	4.5	-	-	-	-	-
	Loss on elimination/sale of fixed assets	22.3	19.9	17.2	15.4	5.1	4.5	17.0	12.0	0.2	3.4
	Appraisal loss on fixed assets	-	-	6.6	3.6	-6.6	-3.6	-	-	6.6	3.6
	Appraisal loss on inventories	1.2	1.2	-	-	1.2	1.2	-	-	-	-
	Valuation loss on real estate for sale	1.2	-	-	-	1.2	-	-	-	-3.0	-
	Restructuring expenses	-	-	5.7	5.7	-5.7	-5.7	-	-	5.7	5.7
Others	1.9	0.7	12.7	7.6	-10.8	-6.8	5.0	-	7.7	7.6	
Total	32.8	23.4	42.5	32.6	-9.7	-9.2	22.0	12.0	20.5	20.6	

KUREHA

(Unit : 100 million yen)

		FY2004		FY2005		FY2006(est.)	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cashflow from operating activities	Pre-depreciation profit	157	113	157	117	182	129
	Increase/Decrease in assets and liabilities	6	7	11	8	-16	-16
	Payments of corporation tax	-41	-27	-41	-21	-40	-21
	Other-net	2	-1	-15	-5	16	15
		124	91	113	99	142	107
Cashflow from investing activities		-96	-67	-96	-69	-96	-80
Cashflow from financing activities		-41	-31	-11	-19	-49	-48
Effect of exchange rate changes on cash and cash equivalent		0	0	0	0	-	-
Increase in cash and cash equivalents upon change of fiscal year-end of consolidated subsidiaries		-4	-	0	-	-	-
Cash and cash equivalents at beginning of year		76	41	60	34	65	46
Net increase/decrease in cash and cash equivalents		-16	-6	5	11	-3	-21
Cash and cash equivalents at end of year		60	34	65	46	62	25

4. Consolidated Net Sales and Operating Income by Segment

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Advanced Materials >

(Unit: 100 million yen)

			FY2004	FY2005			FY2006(est.)		
				Amount	Increase/Decrease		Amount	Increase/Decrease	
Consolidated net sales	KUREHA	Carbon products	71	77	6	9%	66	-11	-14%
		Advanced plastics	98	118	20	20%	148	30	26%
		Others	35	37	2	5%	42	5	13%
	Total		204	232	28	13%	256	24	10%
	Consolidated subsidiaries		109	163	53	49%	180	17	11%
	Eliminations		-62	-79	-17	-	-86	-7	-
Total			252	316	64	26%	350	34	11%
Consolidated operating income			32	39	7	23%	45	6	15%

KUREHA

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Specialty Chemicals >

(Unit : 100 million yen)

			FY2004	FY2005		FY2006(est.)			
				Amount	Increase/Decrease	Amount	Increase/Decrease		
Consolidated net sales	KUREHA	Industrial chemicals	93	97	4	4%	94	-3	-3%
		Agrochemicals	73	73	0	0%	71	-2	-3%
		Pharmaceuticals	95	93	-3	-3%	91	-2	-2%
		Total	262	263	1	1%	256	-7	-3%
	Consolidated subsidiaries	80	81	1	1%	83	2	2%	
	Eliminations	-32	-31	1	-	-29	2	-	
Total			310	313	3	1%	310	-3	-1%
Consolidated operating income			41	35	-6	-14%	35	0	0%

KUREHA

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Specialty Plastics >

(Unit : 100 million yen)

		FY2004	FY2005		FY2006(est.)				
			Amount	Increase/Decrease	Amount	Increase/Decrease			
Consolidated net sales	KUREHA	Food packaging materials	118	104	-13	-11%	105	1	1%
		Household products	192	193	1	0%	200	7	4%
		Fishing lines	10	14	3	34%	15	1	10%
		Others	16	12	-4	-24%	8	-4	-34%
		Total	336	323	-13	-4%	328	5	2%
	Consolidated subsidiaries	410	373	-37	-9%	378	5	1%	
	Eliminations	-239	-243	-4	-	-241	2	-	
Total		507	453	-55	-11%	465	12	3%	
Consolidated net income		9	6	-3	-30%	22	16	262%	

KUREHA

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Other Operations >

(Unit : 100 million yen)

		FY2004	FY2005		FY2006(est.)			
			Amount	Increase/Decrease	Amount	Increase/Decrease		
Consolidated net sales	Environmental engineering business	70	76	6	9%	79	3	4%
	Construction-related business	224	252	28	13%	260	8	3%
	Transport and warehousing business	123	124	0	0%	124	0	0%
	Trading	16	20	4	28%	20	0	1%
	Others	14	13	-2	-11%	12	-1	-6%
	Total	447	484	37	8%	495	11	2%
	Eliminations	-211	-209	2	-	-200	9	-
	Total	235	275	40	17%	295	20	7%
Consolidated operating income		22	21	-1	-3%	21	0	0%

KUREHA

- These materials are supplied to provide a deeper understanding of our company, and are not intended as a solicitation for investment or other actions
- 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
- Please utilize these materials using your own judgment and responsibility