



Kureha Corporation Reports Better than Projected Profits for FY2007

Tokyo, Japan – May 16, 2008 – Leading specialty chemicals and plastic products company, Kureha Corporation (“Kureha”), recorded better than expected earnings for the fiscal year ended March 2008 (FY2007). On a consolidated basis, operating income rose by 7.4% year-on-year to reach ¥12.7 billion, ahead of the Company’s projection in November 2007 of ¥12.6 billion. Recurring income was ¥12.7 billion (up 8.4%), also exceeding the projected ¥12.1 billion, while sales reached ¥150 billion (up 2.4%), slightly short of the expected ¥155 billion.

Kureha’s annual dividend remained at the projected ¥10.0 per share. In addition, as a part of an initiative to enhance shareholder value, the Company has implemented an aggressive share buy-back program. During FY2007, Kureha spent ¥1.66 billion to buy-back and cancel shares in the Company. As a result, Kureha was able to reduce the total number of shares outstanding by 3.05 million to now stand at 183.68 million.

Kureha President and Chief Executive Officer, Takao Iwasaki, said, “Kureha is pleased to report such strong results despite the continued challenges in the operating environment; again validating the steps taken to radically redefine the way we approach our business. Building on these strong foundations, the Company is delighted to have announced plans to launch its PGA (polyglycolic acid) business, a material that displays considerable potential for packaging and industrial applications. PGA is central to the Company’s strategy of focusing on value-added, highly differentiated products, which is setting the Company on a path of strong growth and profitability over the medium term.”

Summary of consolidated full year results

(¥ million, except where stated)

	March 2008	March 2007	Change (%)
Sales	149,775	146,255	2.4
Operating income	12,722	11,841	7.4
Recurring income	12,661	11,682	8.3
Net income	6,096	5,832	4.5
Earnings per share (EPS) (¥)	33.39	31.58	5.7

Business highlight: Kureha launches PGA business

In December 2007 Kureha announced plans to invest more than US\$100 million in a new wholly-owned subsidiary in the U.S. for the production and sale of PGA (polyglycolic acid), the high-performance polymer. PGA is a polyester resin that demonstrates high gas barrier properties, as well as controllable hydrolysis and excellent mechanical strength, making it ideally suited to high-performance packaging and industrial applications.

At a time when reducing the amount of plastics in packaging is a major objective for manufacturers globally, adding a layer of PGA to a PET (polyethylene terephthalate) carbonated drinks bottle, for example, will enable manufacturers to reduce the amount of PET in the bottle by 20% without adversely affecting the product's shelf life. PGA is also compatible with standard industrial PET recycling processes, ensuring that the quality of recycled PET materials will not be compromised and further underscoring the potential for PGA to meet manufacturers' needs. Following the development of this breakthrough technology and the intellectual property surrounding Kureha's work, PGA is expected to become a centerpiece of the Company's strategy of focusing on value-added, highly-differentiated products.

Kureha's PGA production facility will be located at the DuPont site in Belle, West Virginia, U.S. Construction of the plant started in April 2008, with polymer production due to begin in April 2010. DuPont will provide Kureha with key raw materials required for PGA production.

Consolidated performance by segment

(¥ million, except where stated)

Division		March 2008	March 2007	Change (%)
Advanced materials	Sales	38,914	35,129	10.7
	Operating income	4,378	4,258	2.8
Specialty chemicals	Sales	32,521	30,543	6.4
	Operating income	3,482	3,348	4.0
Specialty plastics	Sales	48,764	48,399	0.7
	Operating income	3,358	2,212	51.8
Other operations	Sales	29,573	32,184	-8.1
	Operating income	1,619	2,289	-29.2
	Cancellations	-116	-267	
Total	Sales	149,775	146,255	2.4
	Operating profit	12,722	11,841	7.4

Performance by division

Advanced materials division

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

Advanced materials division sales rose by 6% year-on-year to ¥38.9 billion, while operating income for the division was up by 3% to ¥4.4 billion (after offsetting the impact of a ¥220 million adjustment due to changes to accounting practices for depreciation). Kureha core products including PPS resin, PVDF resin and carbon fibers have continued to perform strongly, enhancing divisional sales and profits.

Carbon fiber business to expand

Carbon fibers for heat-resistance materials used in heat-treatment furnaces are currently experiencing huge demand, primarily from solar battery manufacturers. A backlog of orders is currently accumulating and as a result Kureha has decided to increase production capacity at the Iwaki Factory and also at Kureha Chemicals Shanghai.

Advanced plastics running at full capacity

Sales of advanced plastics increased from ¥14.1 billion to ¥16.3 billion, up 16% year-on-year. PPS production was operating at full capacity in Japan following a continued expansion program. But in the U.S., despite the additional plant construction at joint venture in October, earnings growth has stalled in line with the overall slow down of the U.S. economy. Among the sectors showing strong demand was the auto industry, where the material is primarily used in automobile electric components. In addition, PVDF resin recorded strong sales on the back of continued high demand for use in lithium ion secondary batteries for PCs, and cell phones.

Outlook: Divisional sales are projected to grow strongly to ¥43.5 billion in FY2008, up 12% year-on-year. Factors contributing to this positive projection include a continued strong performance of core products such as carbon fibers, PPS and PVDF, as well as the transfer of Kureha Extech from the Specialty Plastics Division to the Advanced Materials Division, although activated carbon sales are expected to decline. Operating profit is likely to remain largely unchanged at ¥4.4 billion for FY2008, due to the expected U.S. economic slowdown and increasing depreciation stemming from the PPS business expansion program in the U.S.. By 2013, as a result of capacity expansion measures referred to above, sales of carbon fibers are projected to double from the current ¥6 billion to ¥12 billion.

Specialty chemicals division

Major product areas – industrial chemicals, agrochemicals, pharmaceuticals

The specialty chemicals division recorded sales of ¥32.5 billion, up 6% year-on-year, Divisional operating performance was positive, with profit increasing by 4% to ¥3.5 billion (after offsetting the impact of a ¥300 million depreciation related adjustment), despite individual product trends being somewhat mixed.

Industrial chemicals record sales increase, but rise in costs

Industrial chemicals recorded sales of ¥10.4 billion, 4% increase year-on-year. While strong demand from mainstream industrial sectors contributed to strong sales figures, initiatives to transfer the impact of rising raw materials and fuel prices to the final product have been slow to take effect.

Agrochemicals business growing

Sales of agrochemicals were ¥7.0 billion, up 2% year-on-year. Despite a weakening trend domestically, Kureha reported particularly strong demand for *Metconazole* from Europe for applications such as oilseed rape, which is used to produce biodiesel.

Kremezin outlook promising

Favorable sales of *Kremezin* countered a decline in sales of *Krestin*, a drug for cancer immunotherapy, and resulted in pharmaceutical product sales remaining unchanged from the previous year at ¥8.6 billion.

Outlook: Overall divisional sales are expected to stay at ¥32.5 billion during FY2008. However, more proactive marketing activities are expected to expand the sales of *Kremezin* as a result of positive clinical trials performed by the Japanese Society of Nephrology and registration approval of *Metconazole* in the US. Over the same period, operating income is projected to grow by 12% to ¥3.9 billion.

Specialty plastics division

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

Specialty plastics division sales increased by 1% year-on-year to ¥48.8 billion, while operating income for the division grew by 52% to ¥3.4 billion (after offsetting the impact of a ¥340 million depreciation related adjustment). For commercial use packaging materials, factors including volume increases, product price rises, cost cutting efforts and a strong performance by European operations all contributed to buoyant results. Continuous improvements to *NEW Krewrap* product functionality also contributed to sales growth.

PVDC domestic profitability improving

Sales of food packaging materials were increased by 1% to ¥11.0 billion, largely as a result of improved domestic production profitability for PVDC. Sales of machinery for food packaging have also benefitted from strong demand, especially those used in the manufacture of environmentally friendly film for seafood-based products.

Sales growth at European subsidiaries

ML40, a multilayer shrinkable film for meats and cheeses manufactured and marketed at European subsidiaries continued to demonstrate stable sales growth, having reached ¥10.0 billion during FY2008.

***NEW Krewrap* continues solid earnings**

Sales of household products grew by 5% to reach ¥21.4 billion. *NEW Krewrap* recorded both improved margins and increased sales volume on the back of continued efforts to upgrade functionality and shift to longer-length wrapping products; efforts that have been reflected in the product's retail price.

Fishing line product sales stable

Overall sales of *Seaguar* series products were largely unchanged at ¥1.5 billion. This was despite Kureha having issued a voluntary recall of some *Seaguar* series fishing line products from distributors in June 2007, following the discovery of a non-critical defect to fishing line materials.

Outlook: Divisional sales are forecast to reach ¥49.5 billion for FY2008. Operating income is projected to grow by 16% to ¥3.9 billion, mainly due to continued sales expansion of the *NEW Krewrap* and initiatives to pass on the rising costs of raw materials and oil to product prices.

Other operations division

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

Other operations was the only division to record a decrease in sales, down by 8% year-on-year to ¥29.6 billion, while divisional operating income was down 30% to ¥1.6 billion. Factors contributing to the decrease were escalating material costs and a decline in sales at construction related businesses.

Environmental engineering sales continue to grow

Environmental engineering businesses, including the treatment of industrial waste, medical waste processing and analytical work, continued to demonstrate stable sales growth, up by 12% on a year-on-year basis to ¥6.8 billion.

Construction related businesses facing difficult operating environment

Construction related businesses, however, did not perform as well. Sales declined by 13% to ¥26.0 billion following a decrease in construction starts as a result of changes to industry regulations and a fall in investment in public construction works.

Outlook: In FY2008 divisional sales are projected to rebound to ¥36.5 billion, up 23%, with operating income up 36% to ¥2.2 billion, mainly due to an expected recovery in construction operations and continued developments at environmental engineering businesses.

Capex, depreciation and R&D

(¥ billion)

	March 2007	March 2008	March 2009 (forecast)
Capital expenditure	10.7	10.1	20.0
Depreciation	9.1	10.1	10.8
R&D	6.9	6.5	6.7
Interest-bearing debt	32.5	32.0	39.8

Capital expenditure for FY2007 remained at the ¥10 billion level. However, Kureha is projected to almost double investment to ¥20.0 billion for FY2008, primarily due to 1) carbon fiber business capacity expansion, 2) capacity increase for *Kremezin*, 3) expansion of the packaging materials business in Europe, and 4) the establishment of Kureha Vietnam Co., Ltd. Depreciation increased from ¥9.1 billion to ¥10.1 billion year-on-year and is projected to increase to ¥10.8 billion for FY2008 as a result of increased capex. R&D spending during FY2007 was ¥6.5 billion, down slightly from the previous year. However, R&D expenditure remains vital to Kureha, which is reflected in the projected increase to ¥6.7 billion for FY2008.

Outlook

(¥ million, except where stated)

	March 2009 (Forecasts)	March 2008	Change (%)
Sales	162,000	149,775	8.1
Operating income	14,000	12,722	10.0
Recurring income	13,600	12,661	7.4
Net income	6,500	6,096	6.6
Earnings per share (EPS) (¥)	35.98	33.39	



Kureha is expecting growth of both sales and profits to continue in FY2008. The Company anticipates sales of ¥162.0 billion, up 8%, operating income of ¥14.0 billion, up 10%, recurring income of ¥13.6 billion, up 7%, and net income of ¥6.5 billion, up 6.6%. In spite of the current adverse operating environment, featuring rising raw material and fuel prices and macro-economic slowdown, Kureha is able to offer a growth story thanks to increased sales of high value-added products, improved cost competitiveness, and the successful transfer of rising resource prices to final products. The Company's strategy of focusing on high value-added, strategic and original products, while streamlining operational efficiency is now displaying results.

For further information, please contact:

KUREHA CORPORATION
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<Appendix>

Condensed Consolidated Balance Sheets

(¥ millions)

	31 March 2008	31 March 2007
Assets		
Current assets	69,487	69,128
Cash and cash equivalents	6,120	4,278
Fixed assets	117,861	126,966
Property, plant and equipment	71,763	71,970
Intangible assets	935	1,298
Investments and other assets	45,162	53,697
Total Assets	187,349	196,106
Liabilities		
Current liabilities	58,274	61,119
Short-term borrowings	18,542	19,374
Fixed liabilities	24,492	27,637
Corporate bonds	5,000	5,000
Long-term borrowings	8,498	8,095
Total Liabilities	82,766	88,757
Net Assets		
Shareholders' equity	93,138	90,688
Reevaluation and conversion differences, etc.	10,248	15,510
Minority interest	1,175	1,150
Total Net Assets	104,582	107,349
Total Liabilities and Net Assets	187,349	196,106

Condensed Consolidated Statement of Income

(¥ millions)

	March 2008	March 2007
Sales	149,775	146,255
Cost of goods sold	106,195	103,911
Selling, general and administrative expenses	30,858	30,503
Operating income	12,722	11,841
Non-operating income	1,719	1,344
Non-operating expenses	1,780	1,503
Recurring income	12,661	11,682
Extraordinary gains	2,087	2,272
Extraordinary losses	3,614	4,453
Income before income taxes	11,135	9,501
Taxes and minority interest adjustments	5,038	3,667
Net income	6,096	5,832

Results for the Year ended March 31, 2008

May 16, 2008

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1. Major Events (April 07-April 08)

KUREHA CORPORATION

1.General

- Apr. 07 Introduced Corporate Officer system. New management team officially appointed, led by Hiroshi Tanaka as Chairman of the Board of Directors and Takao Iwasaki as President & Chief Executive Officer.
- Jun. 07 Passed resolution at Annual General Meeting on introduction of stock option program (stock compensation style).
Note: issuance of stock acquisition rights took place in July.
- Jun.07 Passed resolution at Annual General Meeting on re-introduction of measures against large lot share purchases.
- Jul. 07 Introduced share buyback program for the period up to the end of March 08, with an upper target of 1.5 million shares or JPY 1.05 billion.
- Jul 07 Sold stake in Rutgers Kureha Solvents GmbH (no longer equity method affiliate).
- Oct.07 Announced mid-term dividend of JPY 5, in line with original projection.
- Nov.07 Completed purchase of 1.5 million shares under the share buyback program announced in July (JPY 0.8 billion). Separately, introduced a further share buyback program with an upper target of 1.5 million shares of JPY 0.9 billion.
- Dec. 07 Announced the launch of Polyglycolic Acid “Kureha PGA” business. Kureha PGA LLC established in January 08.
- Feb. 08 Completed purchase of 1.5 million shares under the share buyback program announced in November (JPY 0.862 billion).
- Feb. 08 Cancellation of 3.05 million treasury shares. As a result, total shares outstanding stands at 183,683,909 (3,012,449 treasury shares as of the end of March).
- Apr. 08 Implemented organizational changes and created the New Business Promotion Division, which includes the newly formed PGA Dept. In addition, the Carbon Products Dept. and Advanced Battery Materials Dept. were transferred from the Advanced Materials Division to form the newly created Carbon Products & Battery Materials Division.
- Apr. 08 Held groundbreaking ceremony for the PGA Plant (annual production capacity of 4,000 tonnes) as the DuPont site in Bell, West Virginia, U.S.
- Apr. 08 Announced year-end dividend of JPY 5(taking the annual dividend to JPY 10), as originally projected.

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1. Major Events (April 07 – April 08)

KUREHA CORPORATION

2. Advanced Materials

- Oct. 07 Increased production capacity at Fortron Industries LLC's PPS plant from 8,600 tonnes to 15,000 per year.
- Jan. 08 Announced expansion of the Carbon Fiber business(including expansion of production capacity at Iwaki Plant and at Kureha Chemicals Shanghai Co., Ltd., which is being relocated).
- Apr. 08 Transferred polyvinylidene fluoride films and sheets businesses to Kureha Extech Co., Ltd., to integrate development, production and marketing.

3. Specialty Chemicals

- Jul. 07 Voluntarily suspended shipments of Trichlorobenzene due to the detection of PCBs. Following a detailed investigation and the introduction of necessary measures, shipments were resumed in August.
- Aug. 07 Mitsubishi Tanabe Pharma Corporation started Phase III clinical trials for "Kremezin" as kidney disease application in the U.S. Trials will begin in Europe and South America later in the year.
- Dec. 07 Announced price revision for sodium hydroxide.
- Mar. 08 Official announcement of drug price revisions to take place from April 08. (Krestin to be reduced by 4.7% and Kremezin is reduced by 4.1 %)

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1. Major Events (April 07 – April 08)

KUREHA CORPORATION

4. Specialty Plastics

- Jun. 07 Voluntary recall of some “Seaguar series “ fishing line products due to appearance-related product defect.
- Jul. 07 “New Krewrap” wins “Food Packaging Material Award” at the Japan Packaging Contest.
- Jul. 07 Announced price revision for commercial-use packaging materials.
- Sep. 07 Launched upgraded version of “Kichinto-San series” cooking paper.
- Oct. 07 “New Krewrap” presented with “2007 Good Design Award”.
- Dec. 07 Announced the establishment of Kureha Vietnam Co., Ltd., for the manufacture and marketing of commercial-use food packaging films.
- Dec. 07 Announced price revision for “New Krewrap” (recommended retail price increased by approximately 7% ~ 13% form March 08.)
- Jan. 08 Launched upgraded version of “New Krewrap”.
- Feb. 08 Announced new product to be added to the “Seaguar series” of fishing line products.
- Mar. 08 Launched feature on website of “New Krewrap” enabling site visitors to create and publish commercials.
- Mar. 08 Launched new color-pack products series of “Kureha Rubbermaid containers”.
- Mar. 08 Held groundbreaking ceremony for film manufacturing plant at Kureha Vietnam Co., Ltd.

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2. Consolidated Companies

KUREHA CORPORATION

(Unit :100million yen)

		FY2006		FY2007		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Kureha Corporation		852	1,534	900	1,458	48	-76
Nishiki Trading Co., Ltd. and one group company		299	129	319	120	19	-9
Advanced Materials	Kureha Corporation	255	-	284	-	29	-
	Nishiki Trading Co., Ltd. and one group company	90	-	101	-	11	-
	Kureha GmbH	23	11	31	15	8	3
	Kureha America Inc.	31	50	34	61	2	11
	Kureha PGA LLC ☆-1	-	-	-	-	-	-
	Kureha Advanced Materials Inc.	2	4	3	4	-2	-4
	Kureha Chemicals Shanghai Co., Ltd.	7	8	10	10	3	2
	Kakogawa Plastics Co., Ltd.	34	22	29	22	-5	1
	Nihon Extron Co., Ltd.	-	-	8	19	8	19
Consolidation adjustments		-91	-	-110	-	-19	-
Total		351	-	389	-	38	-
Specialty Chemicals	Kureha Corporation	254	-	260	-	5	-
	Nishiki Trading Co., Ltd.	82	-	98	-	16	-
	Consolidation adjustments	-31	-	-32	-	-1	-
Total		305	-	325	-	20	-
Specialty Plastics	Kureha Corporation	343	-	357	-	14	-
	Nishiki Trading Co., Ltd. and one group company	108	-	102	-	-6	-
	Kureha Gosen Co., Ltd.	35	29	32	27	-4	-2
	Kureha Plastics Co., Ltd.	125	70	132	72	7	2
	Kureha Extech Co., Ltd.	28	20	21	14	-8	-6
	Krehalon Industrie B. V.	53	45	62	50	9	5
	Five other group companies in Europe	39	25	44	25	5	0
	Kureha Shanghai Trading Co., Ltd. ☆-1	-	-	0	1	0	1
	Consolidation adjustments	-247	-	-261	-	-14	-
Total		484	-	488	-	4	-

KUREHA

2. Consolidated Companies

KUREHA CORPORATION

(Unit: 100 million yen)

		FY2006		FY2007		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Other Operations	Kureha Ecology Management Co., Ltd.	47	47	52	45	6	-2
	Kureha Special Laboratory Co., Ltd.	14	7	16	7	2	0
	Kureha Engineering Co., Ltd. and 1 group companies ☆-3	141	85	100	59	-41	-26
	Kurehanishiki Construction Co., Ltd. and 3 group companies	158	89	159	89	1	-1
	Kureha Unyu Co., Ltd. and 6 group companies	126	69	130	65	4	-4
	Nishiki Trading Co., Ltd.	20	-	18	-	-1	-
	Kureha Service Co., Ltd.	12	63	6	49	-6	-13
	Kureha Staff Service Co., Ltd. ☆-2	20	5	24	6	4	1
Consolidation Adjustments		-215	-	-210	-	5	-
Total		322	-	296	-	-26	-
(Number of consolidated companies)		(33)		(35)			
Consolidation Total		1,463	1,961	1,498	1,873	35	-88
Equity-method affiliates	Rutgers Kureha Solvents GmbH ☆-4	30		-			
	Nangtong SKT New Material Co., Ltd.	28		34		5	

※ Number of consolidated companies: 35(3 added, 1 removed)

☆-1 As of March 08, Kureha Shanghai Trading Co., Ltd., Nihon Extron Co., Ltd. and Kureha PGA LLC in the U.S. added as consolidated companies

☆-2 Kureha Service Co., Ltd. merged with subsidiary, Kureha Information System Co., Ltd. In April 07.

☆-3 Kureha Engineering Co., Ltd. merged with subsidiary, Kureha Techno Maintenance Co., Ltd. As of April 1, 08.
⇒ As of May 12, 08, number of consolidated companies: 34.

※ Number of equity-method affiliates: 1 (decrease of 1)

☆-4 Following the sale of shares in Rutgers Kureha Solvents GmbH, the company is no longer an equity method affiliate from March 08.

KUREHA

3. Fiscal 2007 Results and Fiscal 2008 Forecasts

Financial Highlights

KUREHA CORPORATION

(unit: 100million yen)

	FY2006			FY2007						FY2008(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				Consolidated	Non-consolidated		
Net sales	1,463	852	1.7	1,498	900	1.7	35	2%	48	6%	(700)	(450)	1.7	122	8.2%	60	6.6%
Operating income	118	68	1.8	127	79	1.6	9	7%	11	16%	(46)	(35)	1.6	13	10.0%	8	10.8%
Recurring income	117	73	1.6	127	83	1.5	10	8%	10	13%	(45)	(35)	1.5	9	7.4%	8	10.2%
Net income	58	39	1.5	61	41	1.5	3	5%	2	6%	(20)	(16)	1.4	4	6.6%	4	8.7%
Total assets	1,961	1,534	1.3	1,873	1,458	1.3	-88	-4%	-76	-5%	※ () Estimates for first-half results						
Shareholders' equity	1,073	963	1.1	1,046	925	1.1	-27	-3%	-38	-4%							
Net income per share	yen 31.58	yen 21.18	1.5	yen 33.39	yen 22.66	1.5	yen 1.81	6%	yen 1.48	7%							
Shareholder's equity per share(yen)	yen 578.09	yen 523.99	1.1	yen 572.24	yen 511.78	1.1	yen -5.85	-1%	yen -12.2	-2%							
Equity ratio	% 54.2	% 62.7	0.9	% 55.2	% 63.4	0.9	% 1	-	% 0.7	-							

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Key Indicators

KUREHA CORPORATION

(unit : 100 million yen)

	FY2005			FY2006						FY2007							
	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	107	79	1.4	101	75	1.3	-6	-5%	-4	-5%	200	156	1.3	99	98%	81	107%
Depreciation	91	73	1.2	101	79	1.3	10	11%	6	8%	108	81	1.3	7	6%	2	3%
R&D expenses	69	65	1.1	65	63	1.0	-3	-5%	-2	-4%	67	65	1.0	2	2%	3	4%
Interest-bearing debt	325	229	1.4	320	228	1.4	-4	-1%	-0	0%	398	312	1.3	78	24%	84	37%
Net interest expense	0	12	-	1	14	-	1	152%	1	12%	0	12	-	-1	-100%	-1	-11%
Exchange rate	117.06yen/ \$、149.99yen/EUR			114.67yen/ \$、161.74yen/EUR						105円/ \$、155yen/EUR							
Dividend per share	10.0 yen/year			10.0 yen /year						10.0 yen/year							
Employees	3,749	1,303	2.9	3,882	1,285	3.0	133	4%	-18	-2%	3,973	1,256	3.2	91	2%	-29	-2%

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Balance Sheets

KUREHA CORPORATION

1. Assets

(Unit: 100 million yen)

	As of March31, 2007		As of March 31, 2008		Year-on-year change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cash and cash equivalents	43	25	61	28	18	3
Accounts and notes receivable - trade	379	212	351	205	-28	-7
Inventories	209	135	224	150	16	15
Others current assets	60	83	58	71	-2	-12
Property, plant and equipment	720	515	718	504	-2	-11
Intangible assets	13	10	9	7	-4	-3
Total investments and other assets	537	554	452	493	-85	-61
Total i	1,961	1,534	1,873	1,458	-88	-76

2. Liabilities and shareholders' equity

(Unit:100 million yen)

	As of March31, 2007		As of March 31, 2008		Year-on-year change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Accounts and notes payable-trade	225	87	206	84	-19	-3
Interest-bearing debt	325	229	320	228	-4	-0
Reserve	54	15	50	12	-4	-3
Other liabilities	284	241	251	209	-33	-32
Common stock	125	125	125	125	0	0
Capital reserve	100	102	100	102	0	0
Unrealized gains on investment securities	155	140	102	97	-53	-43
Other retained earning	682	596	707	601	25	5
Minority Interests	12		12		0	
Total	1,961	1,534	1,873	1,458	-88	-76

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Analysis of Recurring Income

KUREHA CORPORATION

(Unit:100 million yen)

		FY2006		FY2007		Change
Recurring income	Kureha	73.0	62%	82.5	65%	9.5
	Consolidated subsidiaries	53.7	46%	52.2	41%	-1.5
	Equity-method affiliates	2.2	2%	3.9	3%	1.7
	Consolidation adjustments	-12.0	-10%	-12.0	-9%	0.0
	計	116.8	100%	126.6	100%	9.8

Reason for earnings increase/decrease

	Reason for increase		Reason for decrease		Total
	Item	Amount	Item	Amount	
Kureha	Increased sales volume	33	Decreased sales volume	-15	
	Increased unit sales price	15	Increased unit price of purchased products, raw materials and fuels	-11	
	Decreased R&D	2	Increased manufacturing fixed costs	-18	
	Differing inventories levels	6	Increased direct marketing costs	-2	
	Improved financial balance	1	Loss on foreign exchange	-1	
			Others	-1	
		58	-48	9.5	
Consolidated subsidiaries	Overseas advanced materials business	4	Domestic advanced materials business	-1	
	Overseas specialty plastics business	1	Construction-related business	-8	
	Environmental engineering business	3	Others	-1	
		8	-9	-1.5	
Equity-method affiliates	Nangton SKT New Material Co. Ltd.	1.7			1.7

KUREHA

Analysis of Recurring Income

KUREHA CORPORATION

(Unit:100 million yen)

		FY2007		FY2008		Change
Recurring income	Kureha	82.5	62%	91.0	67%	8.5
	Consolidated subsidiaries	52.2	45%	52.2	38%	0.0
	Equity-method affiliates	3.9	2%	3.6	3%	-0.3
	Consolidation adjustments	-12.0	-9%	-10.8	-8%	1.2
	計	126.6	100%	136.0	100%	9.4

Reason for earnings increase/decrease

	Reason for increase		Reason for decrease		Total
	Item	Amount	Item	Amount	
kureha	Increased sales volume	41	Decreased sales volume	-10	
	Increased unit sales price	27	Increased unit price of purchased products, raw materials and fuels	-30	
	Decreased direct marketing costs	1	Increased manufacturing fixed costs	-9	
	Gain on foreign exchange	1	Increased general and administrative costs	-7	
			Differing inventories levels	-4	
			Financial balance	-1	
		70	-61	8.5	
Consolidated subsidiaries	Domestic advanced materials business	1	Overseas advanced materials business	-9	
	Domestic specialty plastics business	2	Others	-1	
	Overseas specialty plastics business	2			
	Construction-related business	6			
		10	-10	0.0	
Equity-method affiliates			Nangtong SKT New Materials Co., Ltd.	-0.3	-0.3

KUREHA

Breakdown of Extraordinary Income/Losses

KUREHA CORPORATION

(Unit:100 million yen)

		FY2006		FY2007				FY2008(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	11.5	6.2	15.5	11.8	4.1	5.6	-	-	-15.5	-11.8
	Gain on sales of fixed assets	5.9	1.3	0.3	0.0	-5.6	-1.3	-	-	-0.3	-0.0
	Others	5.4	3.2	5.1	3.6	-0.3	0.4	-	-	-5.1	-3.6
	Total	22.7	10.7	20.9	15.4	-1.8	4.8	0.0	0.0	-20.9	-15.4
Extraordinary losses	Loss on elimination/sales of fixed assets	20.7	18.8	13.7	9.7	-7.1	-9.0	17.0	14.0	-3.3	-4.3
	Expense for recall products	-	-	10.4	9.1	-10.4	-9.1	-	-	10.4	9.1
	Appraisal loss on inventories	10.4	9.3	5.0	4.4	-5.5	-4.9	3.0	-	2.0	4.4
	Retirement benefit expense	4.3	-	-	-	-	-	-	-	-	-
	Other appraisal losses	0.2	-	3.0	3.0	2.8	-	-	-	3.0	3.0
	Others	8.8	3.5	4.1	4.4	-4.7	0.9	4.0	3.0	0.1	1.4
Total	44.5	31.6	36.1	30.7	-8.4	-0.9	24.0	17.0	12.1	13.7	

KUREHA

Cashflow

KUREHA CORPORATION

(Unit: 100 million yen)

		FY2006		FY2007		FY2008(est.)	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Cashflow from Operating activities	Pre-depreciation profit	186	125	213	146	220	156
	Increase/decrease in assets and liabilities	3	-6	0	0	-37	-13
	Payments of corporation tax	-41	-19	-42	-18	-42	-21
	Other-net	-9	8	-21	-2	8	16
		139	109	150	126	149	138
Cashflow from investing activities		-120	-79	-86	-87	-191	-196
Cashflow from financing activities		-48	-51	-48	-36	49	55
Effect of exchange rate changes on cash and cash equivalents		0	0	0	0	-	-
Increase in cash and cash equivalents following merger		6	-	-	-	-	-
Net increase/decrease in cash and cash equivalents due to change in scope of consolidation		-	-	2	-	-	-
Net increase/decrease in cash and cash equivalents		-23	-21	18	3	7	-3
Cash and cash equivalents at beginning of year		65	46	43	25	61	28
Cash and cash equivalents at end of year		43	25	61	28	68	25

KUREHA

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)

		FY2006	FY2007		FY2008(est.)				
			Amount	Increase/decrease	Amount	Increase/decrease			
Consolidated net sales	Kureha	Carbon products	73	77	4	6%	80	3	4%
		Advanced plastics	141	163	22	16%	181	18	11%
		Others	41	44	3	7%	44	0	0%
		Total	255	284	29	11%	305	21	8%
	Consolidated subsidiaries	188	216	28	15%	※ 245	29	13%	
	Eliminations	-91	-110	-19	-	-115	-5	-	
Total		351	389	38	11%	435	46	12%	
Consolidated operating income		43	44	1	3%	44	0	1%	
Impact of changes in depreciation method (Additional depreciation for the 5% of existing assets)			2.2 (1.6)						

※As of FY2008, Kureha Extech Co., Ltd. section change: from Specialty Plastics to Advanced Materials.
(Projected sales figure for the fiscal year ending March 09 is JPY 2.4 billion)

KUREHA

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Specialty Chemicals >

(Unit:100 million yen)

		FY2006	FY2007		FY2008(est.)				
			Amount	Increase/decrease	Amount	Increase/decrease			
Consolidated net sales	Kureha	Industrial chemicals	101	104	4	4%	105	1	1%
		Agrochemicals	68	70	1	2%	71	1	2%
		Pharmaceuticals	86	86	0	0%	94	8	9%
		Total	254	260	5	2%	270	10	4%
		Consolidated subsidiaries	82	98	16	19%	90	-8	-8%
		Eliminations	-31	-32	-1	-	-35	-3	-
	Total	305	325	20	6%	325	0	0%	
Consolidated operating income		33	35	1	4%	39	4	12%	
<i>Impact of changes in depreciation method (Additional depreciation for the 5% of existing assets)</i>			3.0 (2.4)						

KUREHA

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Specialty Plastics >

(Unit:100 million yen)

		FY2006	FY2007		FY2008(est.)				
			Amount	Increase/decrease	Amount	Increase/decrease			
Consolidated net sales	Kureha	Food packaging materials	109	110	1	1%	115	5	4%
		Household products	204	214	10	5%	230	16	7%
		Fishing lines	16	15	-1	-8%	17	2	12%
		Others	13	17	4	29%	23	6	35%
	Total	343	357	14	4%	385	28	8%	
	Consolidated subsidiaries	389	※ 392	4	1%	380	-12	-3%	
	Eliminations	-247	-261	-14	-	-270	-9	-	
Total		484	488	4	1%	495	7	2%	
Consolidated net income		22	34	11	52%	39	5	16%	
<i>Impact of changes in depreciation method (Additional depreciation for the 5% of existing assets)</i>			3.4 (2.9)						

※As of FY2008, Kureha Extech Co., Ltd. section change: from Specialty Plastics to Advanced Materials.
(Projected sales figure for the fiscal year ending March 08 is JPY 2.1 billion)

KUREHA

Consolidated Net Sales and Operating Income by Segment

KUREHA CORPORATION

< Other Operations >

(Unit:100 million yen)

			FY2006	FY2007		FY2008(est.)			
				Amount	Increase/decrease	Amount	Increase/decrease		
Consolidated net sales	Kureha	Environmental engineering business	61	68	7	12%	70	2	3%
		Construction-related business	299	260	-39	-13%	330	70	27%
		Transport and warehousing business	126	130	4	3%	132	2	1%
		Trading	20	18	-1	-7%	18	0	0%
		Others	32	30	-2	-7%	30	0	0%
		Total	537	506	-31	-6%	580	74	15%
	Eliminations	-215	-210	5	-	-215	-5	-	
Total		322	296	-26	-8%	365	69	23%	
Consolidated net income			23	16	-7	-29%	22	6	36%
<i>Impact of changes in depreciation method (Additional depreciation for the 5% of existing assets)</i>				1.0 (0.5)					

KUREHA

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