

FY2016 1Q Highlights

KUREHA CORPORATION

Starting from FY2016, Kureha reports its financial performance based on International Financial Reporting Standards (IFRS). FY2015 results in this material are presented in accordance with IFRS for comparison purposes.

(In billion yen)

	FY2015 1Q	FY2016 1Q	% Change
Net sales	32.0	28.3	-11.5%
Operating income	1.8	0.9	-49.3%
Income before income tax	2.1	0.3	-86.9%
Net income*	1.5	-0.0	--

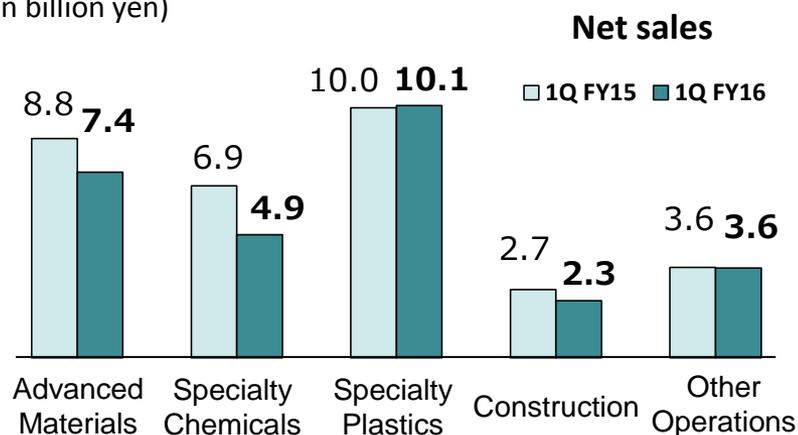
*Net income attributable to owners of the parent company

	FY2015 1Q	FY2016 1Q
Depreciation	2.4	2.5
R&D expenses	1.1	1.1

- Sales volumes decline in Advanced Materials and Specialty Chemicals
- Unfavorable currency effect

Segment performance

(In billion yen)



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FY2015 1Q Segment Results [IFRS]

(In billion yen)

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Const- ruction	Other Operations	Segment Total	Adjust- ment	Total
Net sales	8.8	6.9	10.0	2.7	3.6	32.0		32.0
Elimination							0.0	
Other income							0.2	
Other expenses							0.1	
Operating income	0.1	0.8	0.8	0.1	-0.0	1.7	0.1	1.8
Financial income							0.5	
Financial expenses							0.2	
Income before income tax								2.1
Net income								1.5

FY2016 1Q Segment Results [IFRS]

	Advanced Materials	Specialty Chemicals	Specialty Plastics	Const- ruction	Other Operations	Segment Total	Adjust- ment	Total
Net sales	7.4	4.9	10.1	2.3	3.6	28.3		28.3
Elimination							0.0	
Other income							0.1	
Other expenses							0.0	
Operating income	-0.4	-0.0	1.0	0.2	0.0	0.8	0.1	0.9
Financial income							0.2	
Financial expenses							0.9	
Income before income tax								0.3
Net income								-0.0

(In billion yen)

	FY2015 1Q	FY2016 1Q	Change
Carbon products	1.4	1.0	-28%
Advanced plastics	5.7	4.6	-20%
Other	0.1	0.0	-63%
Kureha Total	7.1	5.6	-22%
Carbon products (China)	0.5	0.4	-29%
Other	7.0	5.0	-28%
Subsidiaries Total	7.5	5.3	-28%
Adjustment	-5.8	-3.5	-
Kureha Group Sales	8.8	7.4	-15%
Kureha Group Operating Income	0.1	-0.4	-

Carbon products

- Volumes decrease in carbon fiber insulation and other carbon products
- Reduced operating loss due to efficiency improvements in Japan and overseas

Advanced plastics

- Continued PVDF growth in lithium-ion battery market (as polymer binder)
- Operating loss driven by weak PGA as its processed products sales slow in the shale oil and gas sector

Specialty Chemicals

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(In billion yen)

	FY2015 1Q	FY2016 1Q	Change
Industrial chemicals	2.3	2.1	-8%
Agrochemicals	1.0	0.2	-78%
Pharmaceuticals	2.5	1.7	-30%
Kureha Total	5.8	4.1	-30%
Subsidiaries Total	1.9	1.6	-19%
Adjustment	-0.9	-0.7	-
Kureha Group Sales	6.9	4.9	-28%
Kureha Group Operating Income	0.8	-0.0	-

Industrial chemicals

- Weak organic and non-organic chemicals volumes
- Reduced operating loss with the benefit of lower materials cost

Agrochemicals

- Fungicides volumes fall on weak demand

Pharmaceuticals

- Increasing generic competition and the NHI drug price revision negatively impact *Kremezin* (therapeutic agent for chronic renal failure)

Specialty Plastics

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(In billion yen)

	FY2015 1Q	FY2016 1Q	Change
Packaging materials	1.7	1.6	-8%
Home products	4.2	4.8	15%
Kureha Total	5.9	6.4	8%
Packaging materials	3.1	2.7	-14%
Fiber products	1.1	0.9	-12%
Other	1.8	1.6	-10%
Subsidiaries Total	6.0	5.2	-13%
Adjustment	-1.9	-1.5	-
Kureha Group Sales	10.0	10.1	1%
Kureha Group Operating Income	0.8	1.0	25%

Packaging materials

- Volumes decrease in heat shrink multilayer films and auto-packing machinery

Home products

- Continued strong growth driven by NEW Krewrap (home-use wrap film)

Construction & Other Operations

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(In billion yen)

	FY2015 1Q	FY2016 1Q	Change
Construction	3.4	3.1	-9%
Adjustment	-0.7	-0.8	
Kureha Group Sales	2.7	2.3	-16%
Kureha Group Operating Income	0.1	0.2	81%

Construction

- Slow public construction more than offsetting growth in private sector
- Improved operating income with effective cost management

	FY2015 1Q	FY2016 1Q	Change
Environmental engineering	2.0	1.9	-3%
Logistics	2.2	2.1	-7%
Hospital operations	0.9	0.9	7%
Other	0.5	0.5	1%
Subsidiaries Total	5.6	5.4	-3%
Adjustment	-2.0	-1.8	-
Kureha Group Sales	3.6	3.6	-1%
Kureha Group Operating Income	-0.0	0.0	-

Other operations

- Flat environmental engineering (1Q includes a regular furnace maintenance period)
- Lower logistics volumes, improved income with cost-cutting effort
- Hospital operations grew, recovering operating gain

Balance Sheet

KUREHA CORPORATION

Assets

	June 30	March 31	June 30	Change
	2015	2016	2016	
Cash and cash equivalents	6.5	6.7	6.1	-0.6
Accounts and notes receivable-trade	28.1	30.9	24.4	-6.6
Inventories	32.7	33.1	32.6	-0.5
Other current assets	2.7	2.2	3.3	1.1
Current assets total	69.9	72.9	66.3	-6.6
Property, plant and equipment	132.2	125.0	122.4	-2.6
Intangible assets	1.9	1.7	1.6	-0.1
Investments and other assets	51.1	40.3	38.3	-1.9
Non-current assets total	185.1	166.9	162.3	-4.6
Assets total	255.1	239.8	228.6	-11.2

Liabilities and Net assets

	June 30	March 31	June 30	Change
	2015	2016	2016	
Accounts and notes payable-trade	21.3	19.8	19.4	-0.4
Interest bearing debt	88.1	81.2	78.6	-2.6
Reserves	4.3	5.8	4.2	-1.6
Other liabilities	18.4	13.5	11.6	-2.0
Liabilities total	132.1	120.4	113.8	-6.6
Capital stock	12.5	12.5	12.5	0.0
Capital surplus	10.0	9.4	9.4	0.0
Treasury stock	-4.4	-4.5	-4.5	0.0
Retained earnings	91.2	95.7	94.7	-1.0
Other capital	12.8	5.0	1.4	-3.6
Minority interests	0.9	1.3	1.2	-0.1
Net assets total	123.0	119.4	114.8	-4.7
Liabilities and Net Assets total	255.1	239.8	228.6	-11.2