



Kureha Corporation Reports Interim Results

Period April- September 2013

Tokyo, Japan, November 2013 – Kureha Corporation (“Kureha”), a leading global supplier of specialty chemicals and plastics, has reported earnings for the half-year period ended September 30, 2013. On a consolidated basis, operating income of ¥4,850 million represented an increase of 1.5% year-on-year (YoY), while recurring income increased by 41.6% to ¥5,258 million. Overall sales increased 6.3% to ¥67,723 million, with the company registering net income of ¥3,504 million, up 57.7% from the previous year.

High-value-added products such as functional polymers, agrochemicals and pharmaceuticals performed strongly with increases in both sales and operating income, and exceeded initial targets. Recurring income, meanwhile, was enhanced by the yen’s depreciation and the absence of non-operating losses, as had been recorded in the previous year due to a temporary halt of operation at the PGA plant in the United States. Together with a lowering of the effective corporate tax rate and a decrease in general operational expenses, these factors enabled Kureha to deliver a substantial increase in net income to shareholders during the first half.

Yutaka Kobayashi, President and Chief Executive Officer, said, “We are pleased to bring these first-half results to our shareholders. As a leading global supplier of specialty chemicals and plastics, we will continue to cultivate specialty markets where we can present an unrivalled product offering, while at the same time enhancing our competitiveness at a global level by reducing costs and promoting operational efficiency.”

“While changes in the business environment have necessitated a review of the targets initially set under the Grow Globally II medium-term business plan launched in fiscal 2012, we remain committed to pursuing growth as a truly global company and steadily cultivating new businesses. Investment in R&D also remains critical, to ensure we are planting the seeds for the next generation of technologies and materials.”

Summary of consolidated half-year results

(¥ million, except where stated)

	Sept. 2013	Sept. 2012	Change (%)
Sales	67,723	63,718	6.3
Operating income	4,850	4,780	1.5
Recurring income	5,258	3,713	41.6
Net income	3,504	2,222	57.7
Earnings per share (EPS) (¥)	20.40	12.95	-

Update on the Grow Globally II medium-term business plan

Kureha remains committed to its management direction, and as such the central tenets of the Grow Globally II medium-term business plan remain unchanged. Kureha will continue to focus on growth areas, particularly solar power equipment, lithium-ion batteries and PGA (polyglycolic acid), a unique polymer that Kureha was first in the world to develop and that has gained a strong reputation for its application in shale gas extraction. In addition, Kureha will move to accelerate global growth by steadily cultivating and expanding new businesses; step up investment in R&D; and develop human resources that have the international skills and mindset necessary to enable the company to thrive on the global stage.

Going forward, the plan will be reviewed on a rolling basis every year. For the current year, reflecting drastic changes in the business environment, the 2015 targets have been revised from consolidated sales of ¥200 billion yen and operating income of ¥20 billion yen to ¥165 billion and ¥15 billion, respectively.

Core strategies include a rapid return on investment in the Advanced Materials division while ensuring a swift and flexible response to changing conditions, and reducing costs and enhancing profitability across all existing businesses. In addition, using its strengths in innovative R&D, Kureha will continue to enhance existing technologies, while also seeking to develop entirely new technologies that meet future needs.

Consolidated Interim Performance

(¥ million, except where stated)

Division		Sept. 2013	Sept. 2012	Change
Advanced materials	Sales	15,967	13,990	1,976
	Operating income	-1,362	-367	-955
Specialty chemicals	Sales	17,342	16,860	482
	Operating income	3,473	3,688	-215
Specialty plastics	Sales	20,522	20,224	297
	Operating income	2,047	1,676	370
Construction related	Sales	6,492	5,998	493
	Operating income	128	205	-77
Other operations	Sales	7,398	6,644	753
	Operating income	443	-0	444
	Cancellations	120	-422	542
Total	Sales	67,723	63,718	4,005
	Operating profit	4,850	4,780	69

Performance by Division

Advanced Materials Division

Major product areas: advanced plastics (PPS, PVDF, PGA), carbon materials

For the half-year period, the Advanced Materials Division's sales increased by 14% YoY from ¥14.0 billion to ¥16.0 billion. The division recorded an operating loss of ¥1.4 billion.

Carbon products see recovery of sales, but demand remains mixed

Sales of carbon products recorded a 7% increase from ¥2.3 billion to ¥2.5 billion on the back of expanding sales for hard carbon anode materials used in lithium-ion batteries. However, operating income fell due to continued decline in demand for heat insulation materials used in the manufacturing of solar power equipment.

Favorable sales growth for advanced plastics

Sales of advanced plastics rose from ¥7.0 billion to ¥8.1 billion, a 16% increase. PPS resin for use in automotive applications continued to show favorable sales growth, sales of PVDF for use in lithium-ion battery binders recovered, and PGA continued to strengthen its position as an application for use in shale gas extraction. However, Kureha continued to accrue expenses associated with its PGA manufacturing facility in the United States (recorded in the previous year as non-operating losses), contributing to an operating loss for the division as a whole.

Outlook: Divisional sales for the full-year are projected to be ¥33.0 billion, up from ¥27.7 billion last year, although operating losses are expected to remain largely constant at ¥2.0 billion. In carbon products, sales of heat insulation materials for solar power equipment are likely to remain flat, but hard carbon anode materials used in lithium-ion batteries are forecasted to see continued sales growth. Advanced plastics are expected to continue to improve, and sales are also on target to expand for PGA in shale gas applications. However, this will continue to be offset to some extent by expenses associated with the US PGA facility and lower carbon fiber insulating materials sales.

Specialty Chemicals Division

Major product areas – industrial chemicals, agrochemicals, pharmaceuticals

The Specialty Chemicals Division recorded sales of ¥17.3 billion, an increase of 3% YoY, and operating income of ¥3.7 billion, a decline of 6%.

Industrial chemicals suffers from increase in raw material prices

Sales of industrial chemicals continued to increase, rising 5% from ¥4.7 billion to ¥4.9 billion, but operating income suffered from a significant increase in the price of raw materials and fuels.

Agrochemicals sales and profits increase

Sales of agrochemicals products *Metoconazole*, a fungicide for cereals, and *Ipconazole*, a seed treatment fungicide for beans and corns, expanded by 18%, from ¥4.1 billion to ¥4.8 billion, driven by stronger volume sales. Factors including the depreciation of the yen also resulted in a rise in operating income.

Pharmaceuticals demand remains strong

Kremezin, a therapeutic agent for chronic kidney disease, recorded increased volume sales. However, sales fell 7% from ¥5.4 billion to ¥5.0 billion, largely due to the absence of settlement funds received following a patent infringement lawsuit, which had contributed to a strong performance in the corresponding period in the previous year.

On October 30, Kureha and Mitsubishi Tanabe Pharma Corporation, with which Kureha has been jointly developing *Kremezin*, announced that they would discontinue the development of this agent in Europe and the Americas. This will not impact Kureha's performance forecast for fiscal 2013, ending March 31, 2014.

Outlook: Divisional sales for the full fiscal year are projected to grow from ¥32.8 billion to ¥35.0 billion, up 7%. Operating income will likely remain flat at ¥6.1 billion. In industrial chemicals, it will be necessary to pass on price rises of raw materials to customers to ensure stable income. Agrochemicals are expected to benefit from growing volume sales of the agricultural fungicide *Metoconazole* as well as the weaker yen. In pharmaceuticals, although the absence of the above-mentioned settlement funds will influence results, increased sales of *Kremezin* are expected.

Specialty Plastics Division

Major product areas – food packaging materials, household products

Operating income continued to improve, rising 22% YoY to ¥2.0 billion from ¥1.7 billion. Sales rose only slightly, up 1% from ¥20.2 billion to ¥20.5 billion.

Commercial-use packaging materials slow in Japan, firm overseas

Although demand slowed in the domestic Japanese market for commercial-use packaging materials, which include films and bottles, performance was firm in overseas markets due to factors including the depreciation of the yen, leading to increases in both sales and profit.

Household-use packaging materials advance

Household-use packaging materials saw increases in both sales and operating income due to factors including the firm performance of the *NEW Krewrap* and *Kitchinto-san* product series.

Outlook: For the full fiscal year, divisional sales are expected to increase from ¥40.9 billion to ¥43.0 billion, up 5% from the previous year, while operating income is projected to rise 31%, from ¥3.0 billion to ¥3.9 billion. Commercial-use packaging materials are expected to show improved profitability in the film business as well as a recovery in sales in overseas markets. In household-use packaging materials, Kureha will continue to promote the excellent value of *NEW Krewrap* to consumers and attain an appropriate market price.

Construction / Other Operations

Major product areas – construction, environmental engineering, logistics, trading related businesses

Profitability of construction businesses further declines

Construction sales rose slightly on the back of an increase in public reconstruction projects connected to the 2011 Great East Japan Earthquake, although profitability declined due to increased labor and materials costs. In engineering businesses, although plant construction was firm, profitability remained flat year-on-year. As a result, construction businesses as a whole saw an 8% increase in sales from ¥6.0 billion to ¥6.5 billion YoY, but operating income decreased by 38% to ¥0.2 billion to ¥0.1 billion.

Other operations strengthen

Other operations saw an 11% increase in sales from ¥6.6 billion to ¥7.4 billion, along with growth of operating income, due to factors including continued sales growth in the industrial waste treatment business and large-scale environmental engineering projects.

Outlook: Construction sales for the full year are projected to rise 7% to ¥16.0 billion on the back of increased demand for construction work connected to the 2011 Great East Japan earthquake, while operating income is expected to continue to weaken due to higher costs. In other operations, sales and operating income are both expected to improve following continued expansion of the industrial waste treatment business, rising by 13% from ¥14.2 billion to ¥16.0 billion and 112% from ¥0.6 billion to ¥1.3 billion, respectively.

Consolidated capital expenditure, depreciation and R&D

	Sept. 2013	Sept. 2012	March 2014 (forecast)
Capital expenditure	6.5	7.5	21.0
Depreciation	4.5	4.1	9.1
R&D	2.1	2.1	5.0
Interest-bearing debt	73.9	61.8	80.4

(¥ billion)

Capital expenditure dropped from ¥7.5 billion to ¥6.5 billion during the first half-year period due to a delay in construction work, while the company expects to spend ¥21.0 billion for the full year. R&D expenditure remained steady at ¥2.1 billion, although the allocation for the full fiscal year is projected to be ¥5.0 billion.

Interest-bearing debt has increased, from ¥61.8 billion to ¥73.9 billion during the half-year period and is projected to reach ¥80.4 billion for the full fiscal year.

Outlook for the full year

(¥ million, except where stated)

	March 2014 (Forecasts)	March 2013	Change (%)
Sales	143,000	130,550	9.5
Operating income	9,500	8,458	12.3
Recurring income	9,500	6,570	44.6
Net income	5,800	3,212	80.5
Earnings per share (EPS) (¥)	33.76	18.71	80.4

(¥ million, except where stated)

Division		March 2014 (Forecasts)	March 2013	Change (%)
Advanced materials	Sales	33,000	27,650	19
	Operating income	-2,300	-2,131	--
Specialty chemicals	Sales	35,000	32,833	7
	Operating income	6,100	6,136	-1
Specialty plastics	Sales	43,000	40,900	5
	Operating income	3,900	2,988	31
Construction related	Sales	16,000	14,967	7
	Operating income	500	1,038	-52
Other operations	Sales	16,000	14,197	13
	Operating income	1,300	613	112
Total	Sales	143,000	130,550	9.5
	Operating income	9,500	8,458	12.3

Kureha anticipates a continued upward trend during the second half of the fiscal year ending March 31, 2014. All segments are expected to record sales growth. Despite increased amortization cost in the advanced plastics business and rising cost in construction businesses, operating income is expected to increase overall, driven by factors including strong performance in the Specialty Plastics division. Overall sales for the fiscal year are forecast to improve to ¥143.0 billion and operating income is expected to grow 12.3% to ¥9.5 billion. Recurring income is expected to rise by 44.6% to ¥9.5 billion. Net income for the full year is projected to be ¥5.8 billion, a strong rise of 80.5%.

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Condensed interim balance sheets

As of 30 September 2013 and 2012

	¥ million	
	Sept. 2013	Sept. 2012
Assets		
Current assets	67,789	67,714
Cash and cash equivalents	6,824	9,863
Fixed assets	145,013	120,715
Property, plant and equipment	105,270	90,019
Intangible assets	1,606	1,248
Investments and other assets	38,136	29,447
Total Assets	212,803	188,430
Liabilities and Net Assets		
Current liabilities	51,547	61,238
Short-term borrowings	21,160	19,631
Fixed liabilities	58,547	36,931
Corporate bonds	20,000	20,000
Long-term borrowings	17,718	13,125
Total Liabilities	110,095	98,169
Net Assets		
Shareholders' equity	93,255	90,425
Minority interest	2,081	2,195
Total Net Assets	102,707	90,261
Total Liabilities and Net Assets	212,803	188,430

Condensed interim income statement

For the fiscal years ended 30 September 2013 and 2012

	¥ million	
	Sept. 2013	Sept. 2012
Sales	67,723	63,718
Cost of goods sold	49,896	46,671
Selling, general and administrative expenses	12,977	12,266
Operating income	4,850	4,780
Non-operating income	1,384	626
Non-operating expenses	976	1,692
Recurring income	5,258	3,713
Extraordinary gains	328	170
Extraordinary losses	460	302
Income before income taxes	5,126	3,581
Taxes and minority interest adjustments	1,677	1,422
Net income	3,504	2,222

Fiscal 2013 Interim Results

(Period April – September 2013)

KUREHA CORPORATION

November 18, 2013

1. FY2013 Half-Year Results	2
• Financial Highlights	3
• Consolidated Net Sales and Operating Income by Segment	4~7
• Analysis of Recurring Income	8
• Breakdown of Extraordinary Income/Losses	9
• Key Indicators	10
• Balance Sheets	11
• Cash Flow	12
2. FY2013 Full Year Forecasts	13
• Estimated Figures	14
• Consolidated Net Sales and Operating Income by Segment	15~18
• Key Indicators	19
• Cash Flow	20
3. Consolidated Companies	21-23

1. FY2013 Half-Year Results

(April 1, 2013 – September 30, 2013)

Financial Highlights

3

KUREHA CORPORATION

(Comparison with same period in 2012)

- Consolidated net sales +6.3%, operating income +1.5%
 - Strong growth in high added value products including advanced plastics, pharmaceuticals, agrochemicals and household products
- Recurring income up 41.6% reflecting increased foreign exchange gains and decrease in PGA-related non-operating expenses
- A 57.7% rise in net income on improved recurring profit and lower corporate tax obligations

(Unit: 100 million yen)	FY2012 Half Year			FY2013 Half Year			% Increase/Decrease	
	Consolidated	Non-Consolidated	Ratio (%)	Consolidated	Non-Consolidated	Ratio (%)	Consolidated	Non-Consolidated
Net Sales	637.2	377.6	1.7	677.2	387.9	1.7	6.3%	2.7%
Operating income	47.8	46.8	1.0	48.5	40.4	1.2	1.5%	- 13.8%
Recurring income	37.1	49.4	0.8	52.6	49.2	1.1	41.6%	- 0.4%
Net income	22.2	32.9	0.7	35.0	35.6	1.0	57.7%	8.3%
Total assets	1,884	1,547	1.2	2,128	1,684	1.3	---	---
Shareholders' equity	903	859	1.1	1,027	922	1.1	---	---
Net income per share (yen)	12.95 yen	19.15 yen	0.7	20.40 yen	20.72 yen	1.0	---	---
Shareholders' income per share (yen)	512.51 yen	500.08 yen	1.0	585.47 yen	536.42 yen	1.1	---	---
Equity ratio (%)	46.7%	55.5%	0.8	47.3%	54.7%	0.9	---	---

Consolidated Net Sales and Operating Income by Segment

Advanced Materials

(Unit: 100 million yen)

		FY2012 Half Year	FY2013 Half Year	% Increase/ Decrease	
Consolidated net sales	Kureha	Carbon products	23	25	7%
		Advanced plastics	70	81	16%
		Others	2	1	- 72%
		Total	95	107	12%
		Consolidated subsidiaries	112	129	16%
		Consolidated adjustments	- 67	- 76	---
		Total	140	160	14%
Consolidated operating income		- 4	- 14	---	

Lower operating income on 7% higher sales vs. 1H '12

- Carbon Products: Stronger demand in anode materials for LiBs, lower volume for carbon fiber insulation materials
- Advanced Plastics: Continued growth in PPS for automotive, PVDF recovered for LiB binders and increased PGA sales for shale gas/oil field applications
- Lower operating income resulted from increased expenses relating to the US PGA plant (recorded as non-operating expenses in FY2012)

Consolidated Net Sales and Operating Income by Segment

Specialty Chemicals

(Unit: 100 million yen)

		FY2012 Half Year	FY2013 Half Year	% Increase/ Decrease	
Consolidated net sales	Kureha	Industrial chemicals	47	49	5%
		Agrochemicals	41	48	18%
		Pharmaceuticals	54	50	- 7%
		Total	141	146	4%
		Consolidated subsidiaries	42	43	2%
		Consolidated adjustments	- 14	- 16	---
		Total	169	173	3%
Consolidated operating income		37	35	- 6%	

Sales +5%, operating income 6% lower vs. 1H '12

- Industrial Chemicals: Organic chemicals sales growth offset by higher raw materials cost
- Agrochemicals: Stronger volume sales export of fungicides (Metconazole, Ipconazole) with favorable currency impact
- Pharmaceuticals: Continued sales growth in chronic kidney disease agent (Kremezin)
- Lower operating earnings without pharmaceutical patent settlement funds

Consolidated Net Sales and Operating Income by Segment

Specialty Plastics

(Unit: 100 million yen)

		FY2012 Half Year	FY2013 Half Year	% Increase/ Decrease	
Consolidated net sales	Kureha	Food packaging	39	39	2%
		Household products	89	92	3%
		Others	14	4	- 71%
	Total		142	135	- 5%
	Consolidated subsidiaries		101	113	11%
	Consolidated adjustments		- 41	- 43	---
	Total		202	205	1%
Consolidated operating income		17	20	22%	

Sales +1%, operating income 22% up vs. 1H '12

- Food packaging: Continued demand in overseas markets, positive impact of currency
- Household products: Steady growth in NEW Krewrap and Kichinto-san products

Consolidated Net Sales and Operating Income by Segment

Construction			FY2012 Half Year	FY2013 Half Year	% Increase/ Decrease
		(Unit: 100 million yen)			
Consolidated net sales	Construction business		107	97	- 9%
	Consolidated adjustments		- 47	- 32	---
	Total		60	65	8%
Consolidated operating income			2	1	- 38%

Other Operations

Consolidated net sales	Environmental engineering		38	46	20%
	Logistics & warehousing		51	50	- 1%
	Trading		10	11	5%
	Other businesses		11	10	- 6%
	Consolidated adjustments		- 44	- 43	---
Total			66	74	11%
Consolidated operating income			- 0	4	---

Increased sales and operating income for Construction & Other Operations combined vs. 1H '12

- Construction: Increased public and plant projects, lower earnings reflecting higher materials and labor costs
- Environmental Engineering: Steady growth of industrial waste treatment business, increased orders for large-scale environment projects

Analysis of Recurring Income

8

KUREHA CORPORATION

Consolidated Recurring Income

(Unit: 100 million yen)	FY2012 Half Year	FY2013 Half Year	Change
Kureha Corporation	49.4	49.2	- 0.2
Consolidated subsidiaries	- 3.6	9.0	12.6
Equity-method affiliates	1.3	1.9	0.6
Consolidation adjustments	- 10.0	- 7.5	2.5
Consolidated recurring income total	37.1	52.6	15.5

Reasons for earnings increase/decrease

(Unit: 100 million yen)

	Reasons for increase	Amount	Reasons for decrease	Amount	Total
Kureha Corporation	Increased sales volume	3	Increased unit price of purchased Products and raw materials	- 8	
	Increased unit sales price	8			
	Decreased manufacturing fixed costs	2	Differing inventory levels	- 14	
	Decreased general and administrative costs	4			
	Increased financial revenue	4			
	Decreased other non-operating expenses	2			
		22		- 22	- 0.2
Consolidated subsidiaries	Domestic Advanced Materials business	2	Construction business	- 1	
	Overseas Advanced Materials business	3			
	Overseas Specialty Plastics business	5			
	Other businesses	5			
		14		- 1	12.6

Breakdown of Extraordinary Income/Losses

(Unit: 100 million yen)		FY2012 Half Year		FY2013 Half Year		Change	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Extraordinary income	Compensation for damage	---	---	1.6	1.6	1.6	1.6
	Compensation for damage	1.0	---	0.7	---	- 0.3	---
	Subsidy income	0.7	---	0.9	0.4	0.2	0.4
	Gain on transfer of business	---	---	---	0.2	---	0.2
	Others	0.0	---	0.0	---	0.0	---
	Total	1.7	---	3.3	2.2	1.6	2.2
Extraordinary losses	Loss on sales and retirement of noncurrent assets	1.4	2.6	3.2	2.9	1.8	0.3
	Loss on reduction of noncurrent investment	0.7	---	0.4	---	- 0.3	---
	Loss on valuation of securities	0.6	---	---	---	- 0.6	---
	Others	0.3	0.2	0.9	1.8	0.6	1.6
	Total	3.0	2.8	4.6	4.7	1.6	1.9

Key Indicators

10

KUREHA CORPORATION

(Unit: 100 million yen)	FY2012 Half Year			FY2013 Half Year			% Increase/Decrease	
	Consolidated	Non-Consolidated	Ratio	Consolidated	Non-Consolidated	Ratio	Consolidated	Non-Consolidated
Capital expenditure	75	50	1.5	65	49	1.3	- 13%	- 1%
Depreciation	41	32	1.3	45	30	1.5	11%	- 7%
R&D expenses	21	20	1.1	21	20	1.1	1%	- 1%
Interest-bearing debt	618	444	1.4	739	520	1.4	20%	17%
Net interest expense	- 1	7	---	- 0	11	---	---	56%
Exchange rate	¥79.41/US\$1, ¥100.64/€1			¥98.85/US\$1, ¥130.00/€1				
Dividend per share	¥5.0			¥5.0				
# Employees	4,040	1,709	2.4	4,101	1,714	2.4	2%	0%

Balance Sheets

11

KUREHA CORPORATION

Assets (Unit: 100 million yen)	As of March 30, 2013		As of September 30, 2013		Increase/Decrease	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Cash and cash equivalents	100	49	68	31	- 31	- 18
Accounts and notes receivable-trade	275	162	274	172	- 1	10
Inventories	253	190	264	185	11	- 5
Other current assets	55	84	72	90	18	7
Sub total	682	485	678	479	- 4	- 6
Property, plant and equipment	994	585	1,053	604	58	19
Intangible assets	15	7	16	7	1	- 0
Investments and other assets	362	588	381	595	20	7
Sub total	1,371	1,180	1,450	1,205	79	25
Total	2,053	1,665	2,128	1,684	75	19
Liabilities and net assets						
Accounts and notes payable-trade	159	68	144	65	- 16	- 2
Interest-bearing debt	685	493	739	520	54	27
Reserves	37	22	34	21	- 2	- 1
Other liabilities	210	190	184	155	- 26	- 35
Sub total	1,091	773	1,101	762	10	- 11
Common stock	125	125	125	125	---	---
Capital reserves	100	102	100	102	- 0	- 0
Retained earnings	726	654	753	681	26	27
Treasury stock, at cost	- 45	- 45	- 45	- 45	0	0
Valuation and translation adjustment	33	55	73	59	40	3
Share warrant	1	1	0	0	- 0	- 0
Minority interests	23	---	21	---	- 2	---
Sub total	962	892	1,027	922	65	30
Total	2,053	1,665	2,128	1,684	75	19

(Unit: 100 million yen)

		FY2012 Half Year		FY2013 Half Year		Increase/Decrease	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Cash flow from operating activities	Pre-depreciation profit	79	79	96	76	17	- 2
	Increase/decrease in assets and liabilities	- 24	- 31	- 32	- 24	- 8	7
	Payments of corporation tax	- 5	- 2	- 20	- 16	- 15	- 14
	Other-net	- 7	2	- 4	2	2	0
	Total	43	47	39	38	- 3	- 9
Cash flow from investing activities		- 88	- 79	- 101	- 74	- 13	5
Cash flow from financing activities		55	29	30	18	- 24	- 11
Effect of exchange rate changes on cash and cash equivalents		1	0	- 0	0	- 1	0
Net increase/decrease in cash and cash equivalents		10	- 3	- 31	- 18	- 41	- 15
Cash and cash equivalents at beginning of year		89	34	100	49	11	15
Cash and cash equivalents at end of year		99	30	68	31	- 30	1

2. FY2013 Full Year Forecasts

(April 1, 2013 – March 30, 2014)

(Comparison with FY2012)

- Solid sales growth expected across all segments
- Stronger operating earnings supported by Specialty Chemicals, Specialty Plastics and Other Operations
- Non-operational expenses lessening and favorable foreign exchange gains driving a higher recurring income
- A substantial 80% increase in net income, owing partly to lower effective corporate tax rate

(Unit: 100 million yen)	FY2012			FY2013			% Increase/Decrease	
	Consolidated	Non-Consolidated	Ratio (%)	Consolidated	Non-Consolidated	Ratio (%)	Consolidated	Non-Consolidated
Net Sales	1,306	738	1.8	1,430	800	1.8	9.5%	8.4%
Operating income	85	73	1.2	95	68	1.4	12.3%	- 6.8%
Recurring income	66	75	0.9	95	75	1.3	44.6%	- 0.4%
Net income	32	41	0.8	58	48	1.2	80.5%	18.3%

Consolidated Net Sales and Operating Income by Segment

15

KUREHA CORPORATION

Advanced Materials

(Unit: 100 million yen)

		FY2012	FY2013	% Increase/ Decrease	
Consolidated net sales	Kureha	Carbon products	44	52	19%
		Advanced plastics	137	164	20%
		Others	4	4	- 11%
	Total		185	220	19%
	Consolidated subsidiaries		221	270	22%
	Consolidated adjustments		- 129	- 160	---
	Total		277	330	19%
Consolidated operating income		- 21	- 23	---	

Sales increase but lower operating income vs. FY2012

- Carbon products: Volume growth for LiB anode materials but demand for insulation materials expected to remain at 1H level
- Advanced plastics: PPS, PVDF and PGA sales growth but higher manufacturing costs for PGA

Consolidated Net Sales and Operating Income by Segment

16

KUREHA CORPORATION

Specialty Chemicals

(Unit: 100 million yen)

		FY2012	FY2013	% Increase/ Decrease	
Consolidated net sales	Kureha	Industrial chemicals	94	98	4%
		Agrochemicals	83	105	27%
		Pharmaceuticals	98	92	- 6%
		Total	275	295	7%
		Consolidated subsidiaries	83	86	4%
		Consolidated adjustments	- 29	- 31	---
		Total	328	350	7%
Consolidated operating income		61	61	- 1%	

Sales increase, operating income leveling off vs. FY2012

- Industrial Chemicals: Earnings secured by transferring materials cost increase to selling price
- Agrochemicals: Steady growth in Metconazole sales export and earnings with favorable currency impact
- Pharmaceuticals: Continuing Kremezin volume growth but lower earnings without lawsuit settlement income

Consolidated Net Sales and Operating Income by Segment

17

KUREHA CORPORATION

Specialty Plastics

(Unit: 100 million yen)

		FY2012	FY2013	% Increase/ Decrease	
Consolidated net sales	Kureha	Food packaging	79	82	4%
		Household products	178	180	1%
		Others	21	23	11%
	Total		278	285	3%
	Consolidated subsidiaries		215	240	12%
	Consolidated adjustments		- 84	- 95	---
	Total		409	430	5%
Consolidated operating income		30	39	31%	

Sales increase, substantially higher operating income vs. FY2012

- Food Packaging: Improved film productivity, increasing compound exports to China
- Household Products: Continuing growth in NEW Krewrap sales and earnings through added-value marketing strategy

Consolidated Net Sales and Operating Income by Segment

18

KUREHA CORPORATION

Construction		(Unit: 100 million yen)	FY2012	FY2013	% Increase/ Decrease
Consolidated net sales	Construction business		247	230	- 7%
	Consolidated adjustments		- 98	- 70	---
	Total		150	160	7%
Consolidated operating income			10	5	- 52%

Other Operations

Consolidated net sales	Environmental engineering		88	103	17%
	Logistics & warehousing		103	102	- 1%
	Trading		23	22	- 5%
	Other businesses		21	20	- 5%
	Consolidated adjustments		- 94	- 87	---
Total			142	160	13%
Consolidated operating income			6	13	112%

Construction sales up and operating income down vs. FY2012

- Sales up with continued disaster recovery projects, but lower earnings due to higher materials and labor costs

Other Operations sales and earnings increase vs. FY2012

- Environmental engineering business continues to contribute to segments sales and earnings

(Unit: 100 million yen)	FY2012			FY2013			% Increase/Decrease	
	Consolidated	Non-Consolidated	Ratio	Consolidated	Non-Consolidated	Ratio	Consolidated	Non-Consolidated
Capital expenditure	200	116	1.7	210	160	1.3	5%	38%
Depreciation	89	62	1.4	91	61	1.5	2%	- 2%
R&D expenses	44	41	1.1	50	46	1.1	13%	13%
Interest-bearing debt	684	493	1.4	804	614	1.3	17%	25%
Net interest expense	- 2	8	---	- 1	13	--	--	63%
Exchange rate	¥82.98/US\$1, ¥107.00/€1			¥95/US\$1, ¥125/€1				
Dividend per share	¥10.00			¥10.00				
# Employees	4,046	1,687	2.4	4,133	1,726	2.4	2%	2%

(Unit: 100 million yen)		FY2012		FY2013		Increase/Decrease	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Cash flow from operating activities	Pre-depreciation profit	143	122	171	121	28	- 1
	Increase/decrease in assets and liabilities	- 25	- 32	- 47	- 34	- 22	- 2
	Payments of corporation tax	- 12	- 3	- 23	- 20	- 11	- 17
	Other-net	- 4	6	9	14	13	8
		102	93	110	81	8	- 12
Cash flow from investing activities		- 196	- 147	- 230	- 206	- 34	- 59
Cash flow from financing activities		102	69	103	103	1	34
Effect of exchange rate changes on cash and cash equivalents		2	0	0	0	- 2	- 0
Net increase/decrease in cash and cash equivalents		11	15	- 17	- 22	- 28	- 37
Cash and cash equivalents at beginning of year		89	34	100	49	11	15
Cash and cash equivalents at end of year		100	49	82	27	- 18	- 22

3. Consolidated Companies

Consolidated Companies

22

KUREHA CORPORATION

(Unit: 100 million yen)		FY2012 Half Year		FY2013 Half Year		Increase/Decrease		
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets	
Kureha Corporation		378	1,547	388	1,684	10	137	
Kureha Trading Co. (1)		138	128	141	132	4	4	
Advanced Materials	Kureha Corporation	95	---	107	---	12	---	
	Kureha Trading Co. (1)	45	---	47	---	2	---	
	Extron Japan Co.	6	16	7	15	0	-1	
	Kureha Extech Co.	8	24	10	25	2	1	
	Kureha	21	46	25	50	3	4	
	Kureha GmbH	9	9	8	11	-1	1	
	Kureha America Inc. (3)	17	226	28	277	11	51	
	Kureha Chemicals Shanghai Co.	5	25	5	28	-1	3	
	Kureha (China) Investment Co. (1)	0	28	1	75	0	47	
Consolidation adjustments		- 67	---	- 76	---	- 9	---	
Total		140	---	160	---	20	---	
Specialty Chemicals	Kureha Corporation	141	---	146	---	5	---	
	Kureha Trading Co.	42	---	43	---	1	---	
	Consolidation adjustments		- 16	---	- 17	---	- 1	---
	Total		169	---	173	---	5	---
Specialty Plastics	Kureha Corporation	142	---	135	---	- 7	---	
	Kureha Trading Co.	40	---	40	---	0	---	
	Kureha Gohsen Co.	18	27	18	32	0	6	
	Krehalon Industrie B.V. (4)	32	40	40	51	8	11	
	Kureha Vietnam Co.	11	39	14	46	3	7	
	Consolidated adjustments		- 41	---	- 43	---	- 2	---
Total		203	---	205	---	2	---	

(Unit: 100 million yen)

		FY2012 Half Year		FY2013 Half Year		Increase/Decrease	
		Net sales	Total assets	Net sales	Total assets	Net sales	Total assets
Construct- ion	Kureha Nishiki Co. (3)	78	83	71	86	- 7	4
	Kureha Engineering Co.	29	39	26	35	- 3	- 4
	Consolidation adjustments	- 47	---	- 32	---	15	---
	Total	60	---	65	---	5	---
Other Operations	Kureha Ecology Management Co.	32	66	40	71	7	6
	Kureha Special Laboratory Co.	6	7	6	7	0	- 1
	Kureha Unyu Co. (6)	51	62	50	59	- 1	- 3
	Kureha Trading Co.	10	---	11	---	1	---
	Kureha Service Co.	3	8	3	8	0	0
	Kureha Staff Service Co.	8	6	7	6	- 1	- 1
	Consolidation adjustments	- 44	---	- 43	---	1	---
Total	66	---	74	---	8	---	
Number of consolidated companies		38		37*			
Consolidation Total		637	---	677	---	40	---
Equity- method affiliates	Nangtong SKT New Material Co.	14	---	18	---	4	---

Note: () indicates the number of group companies contributing to segment businesses.

* Assets of Krehalon Benelux N.V. were acquired by Krehalon France & Benelux S.A.S.

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