



KUREHA CORPORATION
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**Quarterly Consolidated Financial Results
for the Three Months ended June 30, 2017
[IFRS]**



1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2017)	Current first quarter (As of June 30, 2017)
ASSETS		
Current assets:		
Cash and cash equivalents	6,222	6,212
Trade and other receivables	29,387	25,244
Other financial assets	332	35
Inventories	36,497	35,720
Current assets held for sale	772	—
Other current assets	2,060	2,798
Total current assets	75,272	70,010
Non-current assets:		
Property, plant and equipment, net	115,911	115,374
Intangible assets	1,395	1,340
Investments accounted for using equity method	10,714	10,891
Other financial assets	25,342	27,424
Deferred tax assets	1,350	1,363
Other non-current assets	4,920	5,504
Total non-current assets	159,634	161,899
Total assets	234,907	231,910

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2017)	Current first quarter (As of June 30, 2017)
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	20,369	18,578
Bonds and loans payable	46,689	44,132
Other financial liabilities	836	1,322
Accrued income taxes	873	618
Provisions	5,742	4,240
Other current liabilities	6,161	6,146
Total current liabilities	80,672	75,038
Non-current liabilities:		
Bonds and loans payable	23,561	22,966
Other financial liabilities	1,291	1,246
Deferred tax liabilities	1,492	2,217
Provisions	386	371
Net defined benefit liability	382	400
Other non-current liabilities	1,147	1,148
Total non-current liabilities	28,261	28,351
Total liabilities	108,934	103,390
Equity:		
Shareholders' equity:		
Capital stock, no par value		
Authorized: March 31, 2017 and June 30, 2017		
- 60,000,000 shares	12,460	12,460
Issued: March 31, 2017 and June 30, 2017		
- 18,168,390 shares		
Capital surplus	9,430	9,434
Less: Treasury stock, at cost	(4,456)	(4,436)
Retained earnings	101,731	101,547
Other components of equity	5,132	7,792
Total equity attributable to owners of parent	124,297	126,798
Non-controlling interests	1,674	1,722
Total equity	125,972	128,520
Total liabilities and equity	234,907	231,910

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statements of Profit or Loss

(Millions of yen)

	Prior first quarter (From April 1, 2016 To June 30, 2016)	Current first quarter (From April 1, 2017 To June 30, 2017)
Revenue	28,291	32,443
Cost of sales	21,142	24,303
Gross profit	7,149	8,139
Selling, general and administrative expenses	6,708	6,521
Share of profit of entities accounted for using equity method	369	490
Other income	144	156
Other expenses	46	34
Operating profit	908	2,229
Finance income	244	287
Finance costs	879	188
Profit before tax	273	2,328
Income tax expense	299	733
Profit (loss) for the period	(25)	1,595
Profit (loss) attributable to:		
Owners of parent	(34)	1,601
Non-controlling interests	8	(5)
Total	(25)	1,595
Profit (loss) per share (in Yen):		
Basic	(2.00)	93.16
Diluted	(2.00)	77.46

Condensed Quarterly Consolidated Statements of Comprehensive Income

	Prior first quarter (From April 1, 2016 To June 30, 2016)	Current first quarter (From April 1, 2017 To June 30, 2017)
Profit for the period	(25)	1,595
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(338)	1,454
Remeasurements of defined benefit plans	(48)	202
Total	(386)	1,656
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(2,300)	212
Cash flow hedges	0	—
Share of other comprehensive income of entities accounted for using equity method	(965)	—
Total	(3,265)	212
Total other comprehensive income (loss), net of tax	(3,652)	1,869
Comprehensive income (loss)	(3,678)	3,464
Comprehensive income (loss) attributable to:		
Owners of parent	(3,664)	3,442
Non-controlling interests	(14)	22
Comprehensive income (loss)	(3,678)	3,464

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Prior fiscal year (From April 1, 2016 To June 30, 2016)

	Total equity attributable to owners of parent						
	Capital, no par value	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity		
					Stock acquisition rights	Exchange differences on translating foreign operations	Cash flow hedges
BALANCE-APRIL 1, 2016	12,460	9,430	(4,450)	95,723	304	(2,682)	(2)
Profit for the period				(34)			
Other comprehensive income						(3,256)	0
Comprehensive income	—	—	—	(34)	—	(3,256)	0
Acquisition of treasury stock			(0)				
Share-based payment transaction					3		
Dividends				(945)			
Capital transactions with Non- controlling interests							
Reclassification from other components of equity to retained earnings				3			
Total transactions with owners	—	—	(0)	(941)	3	—	—
BALANCE-JUNE 30, 2016	12,460	9,430	(4,450)	94,748	308	(5,938)	(1)

	Total equity attributable to owners of parent					
	Other components of equity					Total net assets
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non- controlling interests	
BALANCE-APRIL 1, 2016	7,393	—	5,013	118,177	1,263	119,440
Profit for the period			—	(34)	8	(25)
Other comprehensive income	(325)	(48)	(3,629)	(3,629)	(22)	(3,652)
Comprehensive income	(325)	(48)	(3,629)	(3,664)	(14)	(3,678)
Acquisition of treasury stock			—	(0)		(0)
Share-based payment transaction			3	3		3
Dividends			—	(945)	(35)	(981)
Capital transactions with Non- controlling interests			—	—		—
Reclassification from other components of equity to retained earnings	(52)	48	(3)	—		—
Total transactions with owners	(52)	48	(0)	(941)	(35)	(977)
BALANCE-JUNE 30, 2016	7,014	—	1,382	113,571	1,213	114,784

Current fiscal year (From April 1, 2017 To June 30, 2017)

	Total equity attributable to owners of parent						
					Other components of equity		
	Capital, no par value	Capital surplus	Treasury stock, at cost	Retained earnings	Stock acquisition rights	Exchange differences on translating foreign operations	Cash flow hedges
BALANCE-APRIL 1, 2017	12,460	9,430	(4,456)	101,731	319	(3,582)	—
Profit for the period				1,601			
Other comprehensive income						212	
Comprehensive income	—	—	—	1,601	—	212	—
Acquisition of treasury stock			(0)				
Share-based payment transaction		3	20		(20)		
Dividends				(945)			
Capital transactions with Non- controlling interests							
Reclassification from other components of equity to retained earnings.				(839)			
Total transactions with owners	—	3	19	(1,784)	(20)	—	—
BALANCE-JUNE 30, 2017	12,460	9,434	(4,436)	101,547	298	(3,370)	—

	Total equity attributable to owners of parent					
				Other components of equity		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non- controlling interests	Total net assets
BALANCE-APRIL 1, 2017	8,395	—	5,132	124,297	1,674	125,972
Profit for the period			—	1,601	(5)	1,595
Other comprehensive income	1,426	202	1,841	1,841	27	1,869
Comprehensive income	1,426	202	1,841	3,442	22	3,464
Acquisition of treasury stock			—	(0)		(0)
Share-based payment transaction			(20)	3		3
Dividends			—	(945)	(41)	(986)
Capital transactions with Non- controlling interests			—	—	66	66
Reclassification from other components of equity to retained earnings	1,041	(202)	839	—		—
Total transactions with owners	1,041	(202)	818	(942)	24	(917)
BALANCE-JUNE 30, 2017	10,863	—	7,792	126,798	1,722	128,520

(4) Notes concerning condensed quarterly consolidated financial statements

(Going concern assumption)

Not applicable

(Segment Information)

(1) Overview of the reportable segments

The Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess their performance.

The Group has separate divisions by product, and each division formulates a comprehensive strategy for business activities in domestic and overseas markets.

Accordingly, the Group consists of segments by product and service on the basis of the business divisions, and has the five reportable segments of "Advanced materials," "Specialty chemicals," "Specialty plastics," "Construction-related," and "Other operations."

Major products and services for each segment are as follows:

Segment	Products and services
Advanced materials	polyphenylene sulfide (PPS), polyvinylidene fluoride (PVDF), carbon fiber, bead-shaped activated carbon, anode materials for lithium ion batteries, polyglycolic acid (PGA) and its processed product
Specialty chemicals	therapeutic agent for chronic renal failure, anti-cancer agent, agricultural and horticultural fungicides, caustic soda, hydrochloric acid, sodium hypochlorite, monochlorobenzene, para-dichlorobenzene, ortho-dichlorobenzene
Specialty plastics	household plastic wrap, garbage bags for kitchen sink, food containers and cooking paper, PVDF fishing lines, vinylidene chloride (PVDC) film, multilayer heat-shrinkable film, multilayer bottle, auto-pack machinery (for food packaging)
Construction	civil engineering and construction contracting business, construction and management service
Other operations	environmental engineering, industrial waste management, transport and warehousing, physiochemical and biochemical testing, analysis and measurement services

(2) Segment revenue and performance

The accounting policies for the reportable segments are the same as those of the Group stated in Consolidated Financial Results for the prior fiscal year. Intersegment revenue is principally based on the market price.

The Group's segment information is as follows.

Prior fiscal year (from April 1, 2016 to June 30, 2016)

(Millions of yen)

	Reportable segments						Reconcili- ations (Note)	Consolidated
	Advanced material	Specialty chemicals	Specialty plastics	Construction	Other operations	Total		
Revenue								
Revenue to external customers	7,419	4,924	10,079	2,280	3,588	28,291	—	28,291
Intersegment revenue	150	85	46	1,851	1,339	3,474	(3,474)	—
Total	7,569	5,009	10,126	4,132	4,927	31,765	(3,474)	28,291
Operating income (loss)	(371)	(9)	955	173	29	776	131	908
Finance income								244
Finance costs								(879)
Profit before income tax								273

Note:

Operating profit or loss reconciliation consists of 33 million yen of profit by elimination of intersegment transaction, mainly 144 million yen of other income and 46 million yen of other expenses not allocated to reportable segments.

Current fiscal year (from April 1, 2017 to June 30, 2017)

(Millions of yen)

	Reportable segments						Reconcili- ations (Note)	Consolidated
	Advanced material	Specialty chemicals	Specialty plastics	Construction	Other operations	Total		
Revenue								
Revenue to external customers	9,700	4,964	11,176	3,071	3,531	32,443	—	32,443
Intersegment revenue	155	140	92	1,166	1,356	2,911	(2,911)	—
Total	9,855	5,104	11,268	4,238	4,887	35,355	(2,911)	32,443
Operating profit (loss)	(18)	234	1,686	35	134	2,072	157	2,299
Finance income								287
Finance costs								(188)
Profit before income tax								2,328

Note:

Operating profit or loss reconciliation consists of 35 million yen of profit by elimination of intersegment transaction, mainly 156 million yen of other income and 34 million yen of other expenses not allocated to reportable segments.