



KUREHA CORPORATION

3-3-2, Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan

**Consolidated Financial Results
for the three months ended June 30, 2015
[Japanese GAAP]**



1. Matters Related to Summary Information (Notes)

(1) Application of Special Accounting Method for Preparing Quarterly Financial Statements

(a) Deferral accounting of cost variance

Cost variance arising from seasonal changes in production level is deferred as current assets because such variance is expected to be eliminated by the end of the cost accounting period.

(b) Calculation of Income Taxes

Income taxes are calculated by multiplying the income before income taxes for the three months ended June 30, 2015 by the estimated effective tax rate by taking into account the effective tax rate after the tax effect which will be imposed to the income before income taxes of each group company for the current fiscal year.

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement

(Changes in accounting policies)

The Company has adopted “Revised Accounting Standard for Business Combinations” (the Accounting Standards Board of Japan (hereinafter “ASBJ”) Statement No. 21, September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and others effective from the first quarter of the fiscal year ending March 31, 2016. As a result, the presentation method of net income was amended as well as the presentation method of minority interests was amended to non-controlling interests. To reflect these changes in presentation, adjustments have been made to the consolidated financial statements for the prior first quarter and the prior fiscal year presented herein.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current first quarter (As of June 30, 2015)
ASSETS		
Current assets:		
Cash and time deposits	7,772	6,348
Trade notes and accounts receivable	28,984	27,125
Inventories	32,775	32,739
Others	6,609	7,590
Less: Allowance for doubtful accounts	(192)	(198)
Total current assets	75,949	73,605
Property, plant and equipment, net:		
Buildings and structures	39,198	42,934
Machinery, equipment and vehicles	49,514	57,090
Construction in progress	18,123	7,232
Others	16,350	17,074
Total property, plant and equipment, net	123,185	124,331
Investments and other assets:		
Investments in securities	26,960	29,772
Others	23,731	23,139
Less: Allowance for doubtful accounts	(129)	(121)
Total investments and other assets	50,562	52,790
Total assets	249,697	250,728

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current first quarter (As of June 30, 2015)
LIABILITIES AND NET ASSETS		
Current liabilities:		
Trade notes and accounts payable	13,766	13,734
Short-term loans payable including current portion of long-term loans payable	24,866	25,754
Accrued income taxes	2,430	888
Accrued bonuses	2,909	1,346
Reserve for environmental measures	21	8
Others	26,268	19,711
Total current liabilities	70,262	61,444
Long-term liabilities:		
Long-term debt	51,770	57,825
Retirement allowance for directors and corporate auditors	229	195
Reserve for environmental measures	374	374
Net defined benefit liability	550	559
Asset retirement obligations	804	807
Others	5,081	5,966
Total long-term liabilities	58,810	65,728
Total liabilities	129,072	127,173
Net assets:		
Shareholders' equity:		
Capital, non par value	12,460	12,460
Authorized: March 31 and June 30, 2015		
- 600,000,000 shares		
Issued: March 31 and June 30, 2015		
- 181,683,909 shares		
Capital surplus	10,013	10,013
Retained earnings	84,163	83,983
Less: Treasury stock, at cost	(4,487)	(4,447)
Total shareholders' equity	102,150	102,009
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	9,352	11,648
Deferred loss on hedges	(5)	(2)
Translation adjustments	7,272	8,027
Remeasurements of defined benefit plans	(615)	(571)
Total accumulated other comprehensive income	16,002	19,102
Stock acquisition rights	68	38
Non-controlling interests	2,403	2,404
Total net assets	120,624	123,555
Total liabilities and net assets	249,697	250,728

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Millions of yen)

	Prior first quarter (From April 1, 2014 To June 30, 2014)	Current first quarter (From April 1, 2015 To June 30, 2015)
Net sales	33,912	32,873
Cost of sales	25,758	24,350
Gross profit	8,154	8,523
Selling, general and administrative expenses	6,810	6,987
Operating income	1,343	1,535
Other income (expenses):		
Interest and dividend income	333	372
Interest expense	(158)	(196)
Foreign exchange gains (losses)	(151)	167
Compensation income	40	35
Loss on disposal and sales of property, plant and equipment	(59)	(4)
Other, net	(14)	43
Other income (expenses), net	(9)	417
Income before income taxes	1,333	1,952
Income taxes	618	1,005
Profit	714	947
Profit (loss) attributable to non-controlling interests	(5)	4
Profit attributable to owners of parent	720	942

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Prior first quarter (From April 1, 2014 To June 30, 2014)	Current first quarter (From April 1, 2015 To June 30, 2015)
Profit	714	947
Other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	849	2,317
Deferred gain on hedges	0	3
Translation adjustments	(1,266)	753
Remeasurements of defined benefit plans	85	45
Share of other comprehensive income in affiliates	(134)	6
Total other comprehensive income (loss)	(465)	3,126
Comprehensive income	249	4,074
Comprehensive income attributable to:		
Owners of parent	263	4,042
Non-controlling interests	(14)	31

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

【Segment information】

I. Prior first quarter (From April 1, 2014 to June 30, 2014)

Information on amount of net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Consolidated (Note 2)
	Advanced materials	Specialty chemicals	Specialty plastics	Construction related	Other	Total		
Net sales:								
Outside customers	8,863	6,688	11,354	3,408	3,596	33,912	—	33,912
Inter-segment	309	59	167	1,934	1,598	4,070	(4,070)	—
Total	9,173	6,747	11,522	5,343	5,195	37,982	(4,070)	33,912
Operating income (loss)	(636)	681	1,002	138	174	1,361	(18)	1,343

Notes: 1. Adjustment for segment operating income (loss) is due to inter-segment elimination.

2. Segment operating income (loss) is adjusted with operating income on the quarterly consolidated statements of income.

II. Current first quarter (From April 1, 2015 to June 30, 2015)

Information on amount of net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Consolidated (Note 2)
	Advanced materials	Specialty chemicals	Specialty plastics	Construction related	Other	Total		
Net sales:								
Outside customers	9,018	7,088	10,792	2,725	3,247	32,873	—	32,873
Inter-segment	266	99	118	1,491	1,509	3,485	(3,485)	—
Total	9,284	7,187	10,911	4,217	4,757	36,358	(3,485)	32,873
Operating income (loss)	(500)	842	1,035	81	66	1,526	8	1,535

Notes: 1. Adjustment for segment operating income (loss) is due to inter-segment elimination.

2. Segment operating income (loss) is adjusted with operating income on the quarterly consolidated statements of income.