



KUREHA CORPORATION

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

**Consolidated Financial Results
for the six months ended September 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, hereinafter “Business Combinations Accounting Standard”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter “Consolidation Accounting Standard”), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter “Business Divestitures Accounting Standard”) and others effective from the first quarter of the fiscal year ending March 31, 2016. As a result, differences arising from changes in equity in subsidiaries over which the Company retains control are recognized as capital surplus, and acquisition-related costs are accounted for as expenses in the fiscal year in which the costs are incurred. For business combinations implemented at or after the beginning of the first quarter of the fiscal year ending March 31, 2016, adjustments to acquisition cost allocation due to the settlement of provisional accounting treatment are reflected in the quarterly financial statements for the quarter in which the business combination occurred. In addition, the presentation method of net income, etc. was amended, and 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 second quarter and the prior fiscal year presented herein.

The Business Combinations Accounting Standard and others have been prospectively adopted from the beginning of the first quarter of the fiscal year ending March 31, 2016, in accordance with the transitional provisions set forth in Paragraph 58-2 (4) of Business Combinations Accounting Standard, Paragraph 44-5 (4) of Consolidation Accounting Standard and Paragraph 57-4 (4) of Business Divestitures Accounting Standard.

The quarterly consolidated financial statements for the period from April 1, 2015 to September 30, 2015 were not affected by the changes above.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current second quarter (As of September 30, 2015)
ASSETS		
Current assets:		
Cash and time deposits	7,772	5,588
Trade notes and accounts receivable	28,984	28,799
Inventories	32,775	33,030
Others	6,609	7,222
Less: Allowance for doubtful accounts	(192)	(207)
Total current assets	75,949	74,432
Property, plant and equipment, net:		
Buildings and structures	39,198	42,138
Machinery, equipment and vehicles	49,514	56,823
Construction in progress	18,123	6,780
Others	16,350	17,313
Total property, plant and equipment, net	123,185	123,054
Investments and other assets:		
Investments in securities	26,960	26,530
Others	23,731	23,479
Less: Allowance for doubtful accounts	(129)	(102)
Total investments and other assets	50,562	49,906
Total assets	249,697	247,394

(Millions of yen)

	Prior fiscal year (As of March 31, 2015)	Current second quarter (As of September 30, 2015)
LIABILITIES AND NET ASSETS		
Current liabilities:		
Trade notes and accounts payable	13,766	14,841
Short-term loans payable including current portion of long-term loans payable	24,866	26,580
Accrued income taxes	2,430	1,655
Accrued bonuses	2,909	2,719
Reserve for environmental measures	21	0
Others	26,268	16,266
Total current liabilities	70,262	62,064
Long-term liabilities:		
Long-term debt	51,770	55,246
Retirement allowance for directors and corporate auditors	229	209
Reserve for environmental measures	374	374
Net defined benefit liability	550	580
Asset retirement obligations	804	810
Others	5,081	5,008
Total long-term liabilities	58,810	62,229
Total liabilities	129,072	124,293
Net assets:		
Shareholders' equity:		
Capital, non par value	12,460	12,460
Authorized: March 31 and September 30, 2015		
- 600,000,000 shares		
Issued: March 31 and September 30, 2015		
- 181,683,909 shares		
Capital surplus	10,013	10,013
Retained earnings	84,163	86,396
Less: Treasury stock, at cost	(4,487)	(4,448)
Total shareholders' equity	102,150	104,422
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	9,352	9,580
Deferred loss on hedges	(5)	(10)
Translation adjustments	7,272	7,210
Remeasurements of defined benefit plans	(615)	(515)
Total accumulated other comprehensive income	16,002	16,265
Stock acquisition rights	68	42
Non-controlling interests	2,403	2,370
Total net assets	120,624	123,100
Total liabilities and net assets	249,697	247,394

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

(Millions of yen)

	Prior second quarter (From April 1, 2014 To September 30, 2014)	Current second quarter (From April 1, 2015 To September 30, 2015)
Net sales	73,449	68,863
Cost of sales	54,221	49,964
Gross profit	19,227	18,899
Selling, general and administrative expenses	13,471	13,869
Operating income	5,756	5,029
Other income (expenses):		
Interest and dividend income	349	417
Interest expense	(335)	(339)
Foreign exchange gains (losses)	376	(191)
Compensation income	40	35
Loss on disposal and sales of property, plant and equipment	(172)	(243)
Other, net	(31)	415
Other income (expenses), net	225	92
Income before income taxes	5,982	5,122
Income taxes	1,636	1,752
Profit	4,345	3,370
Profit (loss) attributable to non-controlling interests	(37)	14
Profit attributable to owners of parent	4,382	3,356

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Prior second quarter (From April 1, 2014 To September 30, 2014)	Current second quarter (From April 1, 2015 To September 30, 2015)
Profit	4,345	3,370
Other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	1,003	215
Deferred gain on hedges	5	(4)
Translation adjustments	1,664	(129)
Remeasurements of defined benefit plans	171	101
Share of other comprehensive income in affiliates	(175)	63
Total other comprehensive income (loss)	2,669	246
Comprehensive income	7,015	3,616
Comprehensive income attributable to:		
Owners of parent	7,018	3,618
Non-controlling interests	(3)	(1)

(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 second quarter (From April 1, 2014 to September 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	18,168	17,779	22,981	7,361	7,158	73,449	—	73,449
Inter-segment	565	147	307	3,590	3,371	7,982	(7,982)	—
Total	18,733	17,926	23,289	10,952	10,530	81,432	(7,982)	73,449
Operating income (loss)	(398)	3,259	2,220	369	531	5,983	(226)	5,756

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 second quarter (From April 1, 2015 to September 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	18,795	15,094	21,976	6,327	6,669	68,863		68,863
Inter-segment	455	189	196	2,821	3,080	6,743	(6,743)	
Total	19,251	15,283	22,173	9,148	9,749	75,606	(6,743)	68,863
Operating income (loss)	113	2,417	1,677	318	421	4,947	82	5,029

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.