KUREHA CORPORATION

BUSINESS REPORT 2013

Year ended March 31, 2013

The Pursuit of ***Excellence***

KUREHA

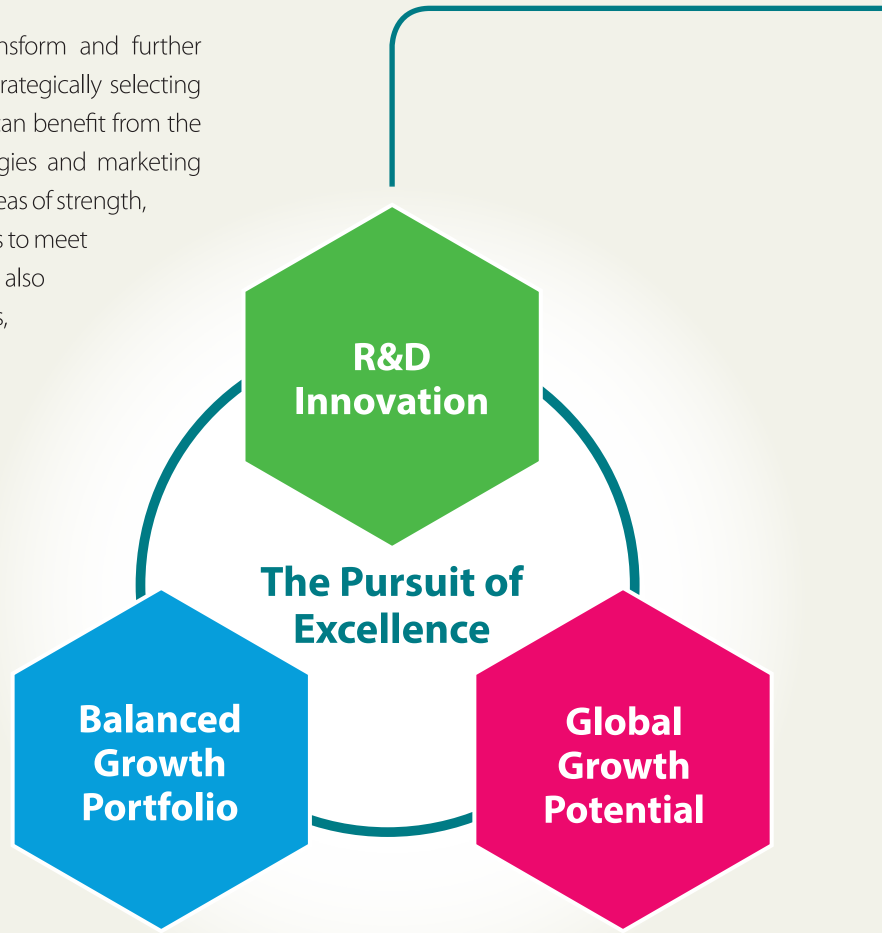
Growing from Our Roots

Kureha Corporation is a diverse specialty chemicals and plastics manufacturer that leverages its technological development expertise to create original products in such fields as advanced materials, pharmaceuticals, agrochemicals and packaging materials. Since its establishment in 1944, Kureha's growth and expansion has been driven by innovative products developed in-house, rather than a reliance on outside technology.

Over the past decade, Kureha has moved to transform and further strengthen its business portfolio with a global outlook, strategically selecting and focusing on key business areas where the company can benefit from the competitive advantage afforded by its unique technologies and marketing strengths. We have enhanced our production capacity in areas of strength, and taken proactive steps to improve products and services to meet market demands. To ensure sustainable growth, we have also focused on developing new technologies and products, thereby establishing a business foundation to spur Kureha's growth into the future.

The result of these efforts is visible in the formation of a balanced business portfolio that enables us to stand strong amid increasingly fierce global competition. Going forward, to strengthen this foundation and grow at a global level, we will enhance the efficiency of business operations and boost competitiveness.

Kureha's roots, and its strengths, are in technology. Building on unique technological capabilities, we will evolve in response to continually shifting markets and customer needs. Taking to heart Kureha's company mission of "the pursuit of excellence," and offering differentiated products and services through innovation, we are committed to delivering the greatest value to all stakeholders.



Contents

Three sources of Kureha's strength:

R&D Innovation:

The Source of Our Competitiveness

We pride ourselves on our expertise in polymer engineering and processing as well as organic synthesis and carbon materials development. These technologies provide the base for the development of our original innovative materials and products. We are constantly adding and fusing new ideas to these accumulated technologies, and in the spirit of "if it doesn't exist, create it," each day we pursue technology solutions that only Kureha can provide to meet unmet needs.

Balanced Growth Portfolio:

Maximization of Earnings and Diversification of Risk

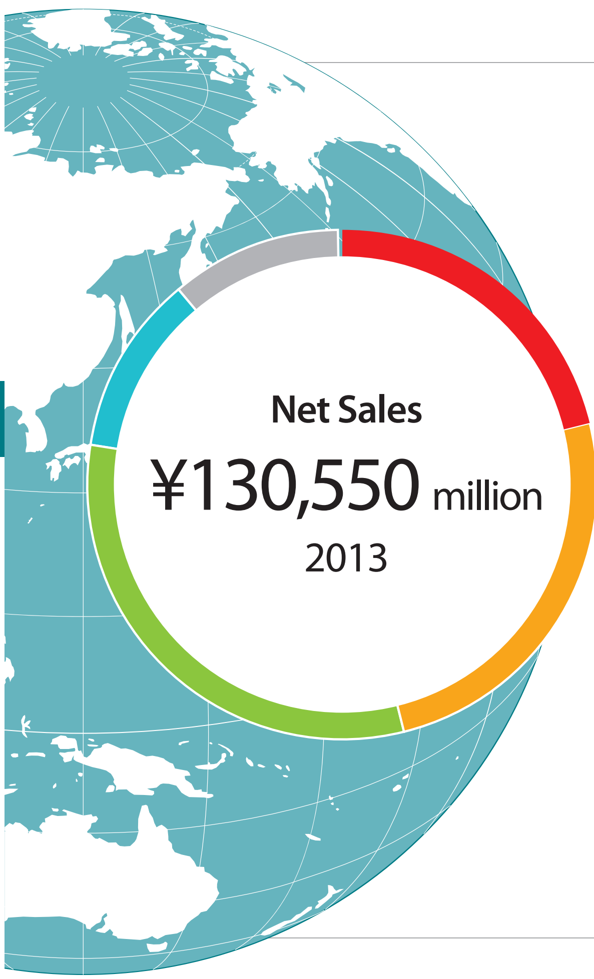
Our innovative products and services are broadly based but highly specialized, supporting a wide range of industries, including electrical and electronic-appliances automotive, agriculture, medicine and energy. We maximize earnings and diversify risk through broad-based business development in promising growth fields such as the environment, energy, health and lifestyle. We continuously optimize our portfolio to align with shifting market needs while securing our earnings path.

Global Growth Potential:

Further Growth in Global Markets

Kureha's overseas sales had reached 24% of total revenue as of March 2013. Along with exports from Japan, we have production, processing and sales locations in the United States, Germany, the Netherlands, France, the U.K., China and Vietnam, enabling an effective response to needs in overseas markets. With continued growth expected in newly emerging countries and many other regions, we are taking active and strategic steps to expand sales of highly competitive products in line with the needs of overseas markets, whether for advanced materials, chemicals, or plastic products.

Net Sales/Net Sales Composition



Advanced Materials

¥27,650 million

21.2%

Specialty Chemicals

¥32,833 million

25.2%

Specialty Plastics

¥40,900 million

31.3%

Construction and Other Operations

¥14,967 million

11.5%

(Construction)

¥14,197 million

10.9%

(Other Operations)

Consolidated Financial Highlights

Kureha Corporation and Consolidated Subsidiaries
Years ended March 31, 2013 and 2012

Business Areas

Advanced Plastics
Carbon Fibers & Products
Battery Materials

Pharmaceuticals
Industrial Chemicals
Agrochemicals

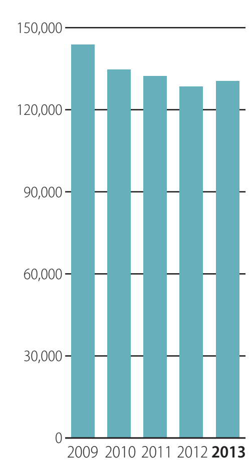
Household Products
Synthetic Fiber Products
Packaging Materials

Engineering & Construction
Environment Management
Logistics

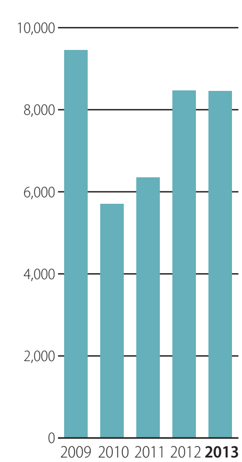
	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
For the year:			
Net sales	**¥130,550**	¥128,358	**$1,388,091**
Operating income	**8,458**	8,472	**89,930**
Net income	**3,212**	1,460	**34,152**
Capital expenditure	**19,984**	14,360	**212,482**
Depreciation	**8,882**	9,580	**94,439**
R&D expenses	**4,389**	5,080	**46,666**
Year-end:			
Total assets	**¥205,284**	¥186,223	**$2,182,711**
Net assets	**96,211**	88,554	**1,022,977**
Interest-bearing debt	**68,448**	56,683	**727,783**
	Yen		U.S. dollars
Amounts per share:			
Net income – basic	**¥ 18.51**	¥ 8.51	**$ 0.19**
Net assets	**546.69**	510.37	**5.81**
	Percent		
Ratios:			
Net income to net sales	**2.5%**	1.1%	
Return on equity	**3.5**	1.7	
Return on assets	**3.4**	4.3	
Equity ratio	**45.7**	47.0	

Notes: 1. For convenience only, U.S. dollar amounts have been translated from Japanese yen at the rate of ¥94.05 to US$1, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 29, 2013.
2. For amounts per share, see Note 21 of the Notes on Consolidated Financial Statements.
3. Return on equity = [Net income / (Average net assets - Average minority interests - Average stock subscription rights)] x 100.
4. Return on assets = (Recurring income / Average total assets) x 100.

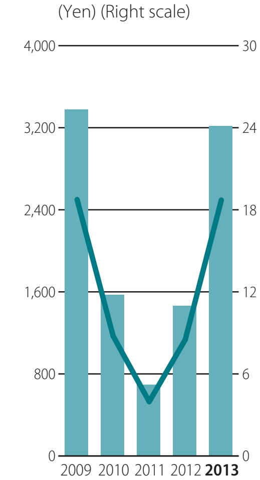
Net Sales
(Millions of yen)



Operating Income
(Millions of yen)



Net Income
(Millions of yen) (Left scale)
Net Income per Share
(Yen) (Right scale)

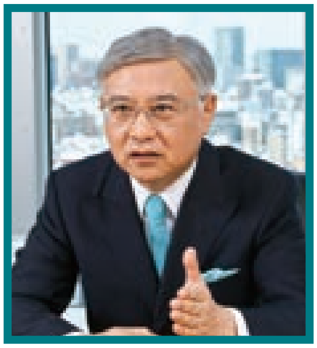


'Speed and Passion' —Driving our global growth

小林 豊

Yutaka Kobayashi
President &
Chief Executive Officer

One thing remains constant: our commitment to moving forward, and thinking globally, to meet tomorrow's needs through unique technologies and specialty products.



Constant evolution

Monitoring progress and refining corporate strategy is an ongoing process. Even more than usual, however, this has been a year in which we have closely reviewed our direction to ensure Kureha is firmly positioned on a path to global growth.

A number of factors have contributed to this reassessment. We have faced an economic slowdown in Europe and decelerating growth in emerging markets including China. Specific challenges have also arisen, such as prolonged inventory adjustments for solar power equipment due to excess supply within the solar generation market and slower than anticipated growth in the lithium-ion battery market for electric vehicles.

In navigating this business environment, as the new CEO of Kureha, I believe two things will be essential in taking the company forward – speed and passion. By that I mean swift decision-making that captures growth opportunities and enables us to adapt flexibility to market movements, and the drive and the energy to continuously innovate.

With this in mind, we have taken two key steps:

- In April 2013, we launched a cross-functional corporate revitalization initiative, headed by myself, focused on securing productivity improvements and enhancing cost competitiveness, as well as developing human resources that are global in mind and skill.
- We have started reviewing our Grow Globally II mid- term business plan, launched April 2012, to ensure that we are positioned to meet the changing needs of the domestic and global business environment.

Kureha is a dynamic company, founded on the philosophy of "constant evolution through innovation." This includes addressing the short and mid-term challenges and opportunities we face, to ensure that we can expand markets and maximize the value of existing products, as well as focusing on the long-term future of the company, including investing in advanced R&D to uncover the next generation of products and materials.

While many aspects of our business and our operating environment are forever changing, one thing remains constant: our commitment to moving forward, and thinking globally, to meet tomorrow's needs through unique technologies and specialty products.

Recent progress

It is reassuring to see that, while we continue our efforts to realign and revitalize our business for future growth, our well-balanced product portfolio enabled us to post stable results during fiscal 2012 (ended March 31, 2013). This included a consolidated sales increase of 1.7% year on year to ¥130.5 billion and operating income of ¥8.458 billion, down 0.2%. While recurring income decreased 16.5% to ¥6.570 billion, net income increased sharply from the previous year to ¥3.212 billion, up 120%, as the company was no longer required to post earthquake-related extraordinary losses.

These results indicate that the fundamental strategic premise of concentrating on key growth areas, as set out in the initial Grow Globally mid-term plan and continued under Grow Globally II, is correct. This includes promoting global growth for existing products such as PPS (polyphenylene sulfide), PVDF

Given Kureha's broad product portfolio, advanced production technologies and global network, there is significant scope to succeed in competitive growth areas, where we can offer a combination of cost competitiveness and high quality

(polyvinylidene fluoride), carbon fiber products, *Krehalon* food packaging films and the agricultural fungicide *Metconazole*, as well as pursuing new business areas.

The revised Grow Globally II builds on this approach. While the plan remains focused on accelerating global growth by steadily cultivating and expanding new businesses, it also contains an increased commitment to developing the human resources that will underpin Kureha's global ambitions.

Developing global human resources is important as we consider the shifting focus of our business and changing market needs globally. If we look even further ahead, to the kind of company Kureha will need to be to thrive for decades to come, it is critical.

Reform for global competitiveness

Part of the focus of the corporate revitalization initiative launched in April, therefore, is to look at how we can fundamentally shift the mindset of Kureha to internationalize not only our operations but also our human resources and our outlook. For example, as a way to nurture a global, and globally minded, workforce, we intend to encourage more young employees to work overseas early in their careers and rotate jobs more frequently to explore their global capabilities. Gaining such experience early on will make them better prepared for future management roles in the company's global business development.

We must also consider how best to expand markets and maximize the value of our products. As a leading supplier of specialty chemicals and plastics, Kureha has in the past focused on securing not only a leading position in the markets where we operate, but on cultivating niche markets where we can present a unique, unrivalled product offering. While this strategy has clear benefits and has proved successful for certain products, we are determined to further enhance and secure our competitiveness at a global level by reducing costs and promoting operational efficiency. Our corporate revitalization task force is now working to identify areas where cost reduction is possible, including adoption of less expensive raw materials and simplified manufacturing processes.

Given Kureha's broad product portfolio, advanced production technologies and global network, there is significant scope to succeed in competitive growth areas that display expanding demand, where we can offer customers a combination of cost competitiveness and high quality. Kureha naturally remains committed to securing a market-leading position for each of our product lines, but there may also be scope for us to operate in a more competitive, but ultimately larger, market segment.

Take battery materials, for example. We are committed to expanding the business for anode (negative electrode) materials and PVDF for binders used in both vehicles and stationary batteries. Although these products suffered slightly from sluggish demand during the past fiscal year, demand is expected to grow this year and beyond due to the expanding hybrid electric vehicle market and other factors. Lithium-ion batteries are set to play a key role in addressing a number of energy and environmental challenges, and although it is an increasingly competitive segment, it has enormous opportunities for growth. Kureha's battery materials display superior attributes in terms of performance and reliability, and hold an industry-leading position.

We must also continue to have the flexibility to quickly adapt to changing needs and take advantage of emerging opportunities.

In addition to developing new applications and expanding markets for existing products, we are again investing in R&D to plant the seeds for the next generation of technologies and materials

This is no more evident than in the PGA (polyglycolic acid) business. We were the first in the world to mass produce the material by leveraging unique polymerization technologies, and are now continuing to develop a range of applications that take advantage of PGA's biodegradability, high mechanical strength and gas barrier properties. Despite not being the primary application during the early commercialization period, Kureha has recently reoriented the PGA business to take advantage of the material's strong reputation as an application in oil and particularly shale gas extraction, a growth sector. We will further accelerate PGA market development and cultivation and, by expanding our sales and marketing efforts in key energy industry hubs worldwide, will focus on increased adoption in the shale gas sector.

Investing in the future

Having reviewed our business strategy, we will over the coming year focus on comprehensive market development to ensure that we are effectively positioned for global business expansion across a range of growth sectors. In doing so, we must continue to leverage Kureha's unique technological strengths, and remain committed to nurturing the development of new advanced materials and applications.

We are stepping up our investment in R&D activities, which had declined marginally in recent years. R&D funding remains critical to Kureha's operations and future vitality, and we are focused on putting this expenditure back on a growth track. In fiscal 2013, Kureha plans to increase R&D spending to ¥5.0 billion, up from ¥4.4 billion in the previous year. In addition to developing new applications and expanding markets, we are also again investing in R&D to plant the seeds for the next generation of technologies and materials. On April 1 this year, we established a new division focused on highly innovative and advanced R&D related to the three core areas of the environment, resource development and health, thereby laying the foundation for the Company's future direction.

I am confident that we are aligning ourselves for continued global growth, and firmly believe that we are seeing signs that our strategy is producing results. We must continue to work with passion, and accelerate efforts to develop our business internationally.

We look forward to your continued support.

July 2013

小林 豊

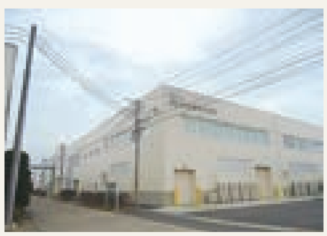
Yutaka Kobayashi

President &
Chief Executive Officer

New Production Facilities at Kureha Subsidiaries

New Fiber Products Factory Constructed at Kureha Gohsen Co., Ltd.

Kureha Gohsen manufactures and sells a wide range of plastic products, centering on fiber products made from polyvinylidene fluoride (PVDF). In April 2012, Kureha transferred sales operations for *Seaguar* recreational-use fishing lines to the company, strengthening its management foundation by integrating manufacture and sales with Kureha Gohsen's existing product lines of synthetic fiber products and commercial fishing lines. In April 2013, which also marked the 50th anniversary of the firm's founding, production operations began at a newly constructed fiber plant, established to further enhance the production structure.



Higashi-Hiroshima Factory Completed at Resinous Kasei Co., Ltd.

Resinous Kasai, a manufacturer of epoxy resin adhesives (used in electrical and electronic materials, and construction of road facilities), completed construction of its Higashi-Hiroshima Factory in February 2013. Resinous Kasei established the new plant, its second production facility in western Japan, to meet robust demand for the material, and to secure its supply chain in the wake of the Great East Japan Earthquake. In conjunction with completion of the new facility, the research and development function for the material was moved to the Higashi-Hiroshima Factory from the Iwaki Factory. The move provided the research laboratories with more than twice the previous space, and going forward the firm plans to double the number of R&D personnel, further accelerating the product development process.

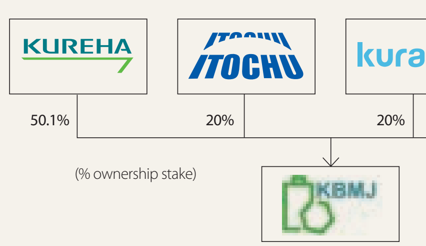
Kureha Battery Materials Japan Partners with Kuraray and the INCJ to Drive KBMJ's Global Expansion

Partners to acquire ¥20.0 billion equity stake to support global growth of KBMJ's unique, industry leading lithium-ion battery technology

In July 2012, Kureha Battery Materials Japan Co., Ltd. (KBMJ), Kureha's subsidiary that sells hard carbon anode materials and PVDF binder for lithium-ion batteries, received additional financial backup as Kureha, ITOCHU Corporation (Itochu), Kuraray Co., Ltd. (Kuraray) and the Innovation Network Corporation of Japan (INCJ) agreed to jointly support the further acceleration of KBMJ's growth. Under this agreement, Kuraray and the INCJ will newly acquire equity stakes in KBMJ through participation in a third-party allocation, together with Kureha and Itochu, investing up to ¥20.0 billion in KBMJ. KBMJ will allocate those funds to establish a larger global supply structure for LiBs materials, namely CARBOTRON P and BIOCARBOTRON.

The partnership aims to support KBMJ's global expansion, with a focus on its unique, industry-leading CARBOTRON P battery materials technology for LiBs, which are essential to hybrid and electric vehicles, among other technologies. The inclusion of the INCJ, which is tasked with nurturing next-generation industries through the promotion of open innovation in Japan, further highlights the quality and potential of KBMJ's industry-leading solutions. "Lithium-ion batteries are a core component in addressing energy and environmental challenges, and this is an exciting time in our industry. We see substantial opportunity and are pleased for the additional support, as we continue to expand our business and make our technologies available to more business partners worldwide" said Hideo Nakatani, President & Chief Executive Officer at KBMJ.

CARBOTRON P was used in the world's first commercially available LiB in 1991 and, as large-format batteries have evolved for use in electric cars and require far higher standards, has seen increased demand due to its performance and reliability. The increased emphasis on durability in such applications and the need to withstand repeated recharging have seen CARBOTRON P recognized for its highly stable properties and superb charge/discharge performance.



* INCJ has 9.9% ownership stake and non-voting preferred shares

Smiling Together – The East Japan Support Project

The earthquake and tsunami from the Great East Japan Earthquake of March 2011 caused considerable damage to the Pacific coastal region of eastern Japan. The prefectures of Iwate and Miyagi, as well as Fukushima where Kureha's Iwaki Factory is located, suffered loss of life, the destruction of homes, salt damage to agricultural lands from seawater, and damage to sales of agricultural products caused by harmful rumors and misinformation relating to the nuclear accident. Restoration and reconstruction in these areas remains a pressing concern.

Kureha is providing financial support for three projects aimed at revitalization of food and agriculture in the disaster areas—the Nanohana Project, the Agriculture Revitalization Project, and the Rebuilding of Culinary Culture through Community Support Project. These three projects, directed respectively by Tohoku University, Fukushima University, and Iwate Prefectural University Morioka Junior College, conduct activities in which students and residents of disaster areas work together for restoration.

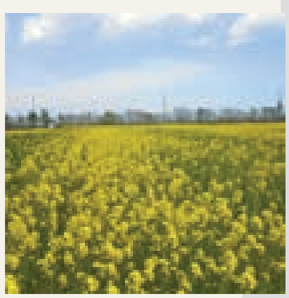
Kureha has been donating a portion of its revenue from sales of *NEW Krewrap* to aid these projects since October 2011, and will continue to provide reconstruction support to the disaster areas.

Total donations amounted to ¥57,852,264 as of the end of June 2013.

Rebuilding of Culinary Culture through Community Support Project


Neighbors gather in a community center to cook and enjoy local cuisines

Nanohana Project

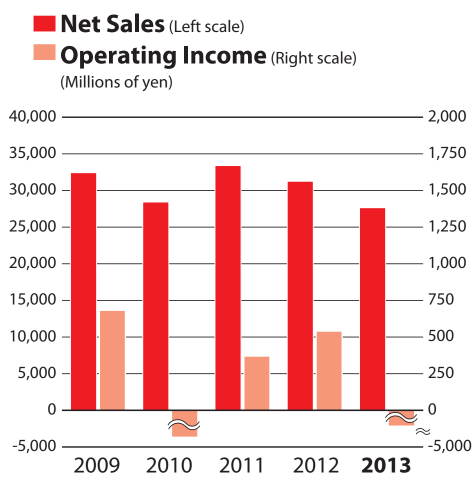



Nanohana (canola) flowers, known for soil desalinating effects, bloomed in spring

Agriculture Revitalization Project


Farmers raise fruits and vegetables in radiation-controlled environment

Advanced Materials



Major Product Areas

- Polyphenylene sulfide (PPS)
- Polyvinylidene fluoride (PVDF)
- Polyglycolic acid (PGA)
- Carbon fiber
- Bead-shaped activated carbon
- Specialty carbon material

Major product areas:
Advanced plastics (PPS, PVDF, PGA), carbon products

Advanced materials division sales were down 12% year-on-year to ¥27.7 billion, with the division reporting an operating loss of ¥2.1 billion. This was largely due to continued inventory adjustments significantly impacting the performance of carbon fiber products, as well as PVDF resin being impacted by a decline in demand.

Advanced plastics sales weaken

Sales of advanced plastics were down 7% from ¥14.7 billion to ¥13.7 billion. Sales of PPS resin for use in automotive applications and at the U.S. joint venture performed steadily, while sales for electronic and electrical materials applications slowed. Sales of PVDF resin for industrial use recovered in comparison to the previous year. However, PVDF resin for use in lithium-ion battery binders, which experienced strong demand in recent years especially in the period following the Great East Japan Earthquake, recorded a fall in demand in the face of increased competition among lithium-ion battery suppliers in the electronic and electrical market.

PGA experienced contrasting fortunes during the period, making significant gains in its use for the extraction of shale gas resources, but also experiencing a temporary halt in operations at the PGA plant, which forced the company to report operating and amortized costs as non-operating losses.

Continuing inventory adjustment for carbon products

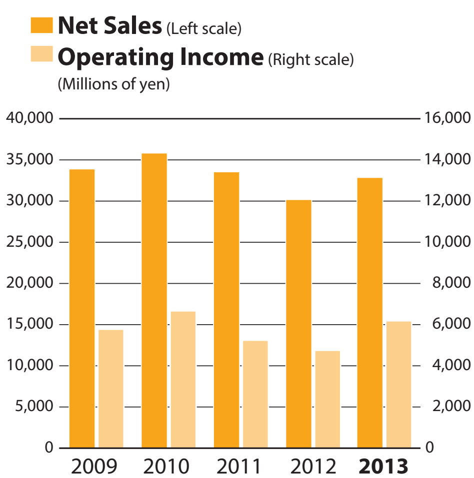
Demand for carbon fiber as an insulating material in silicon ingots manufacturing for solar powered equipment is yet to recover due to continuing inventory adjustments, while use as negative electrode materials in lithium-ion batteries also suffered from sluggish demand. As a result, sales of carbon products were down 37% from ¥6.9 billion to ¥4.4 billion.

Outlook: FY2013 divisional sales are forecast to increase 19% to ¥33.0 billion, while operating loss is expected to remain largely constant at ¥2.0 billion. Kureha anticipates that PPS resin for use in the auto sector will continue to demonstrate steady growth. PPS resin production at the Iwaki factory will continue at full capacity and operating capacity at the U.S. plant is also expected to further contribute to earnings. Sales expansion is also expected for PVDF for use in electrode binders for lithium-ion batteries in the auto industry and for use in other industrial applications. Kureha will further accelerate PGA market development and cultivation, with a focus on increased adoption in the shale gas sector. Demand for carbon materials for use in negative electrode materials for large-scale lithium-ion batteries is expected to grow due to the expanding hybrid electric vehicle market, while the recovery of demand as an insulating material for solar powered equipment is expected to be further delayed. Over the medium term, carbon fiber and other products in the division are expected to see demand growth, and will serve as key drivers for the Company's expansion.

PGA molded articles (*Kuredux*)

Hard carbon anode materials for lithium-ion batteries (*Cabotron*)

Specialty Chemicals



Major Product Areas

- Caustic soda
- Hydrochloric acid
- Sodium hypochlorite
- Monochlorobenzene
- para-Dichlorobenzene
- ortho-Dichlorobenzene
- Anti-cancer agent
- Therapeutic agent for chronic renal failure
- Agricultural and horticulture fungicide

Major product areas:
Industrial chemicals, agrochemicals, pharmaceuticals

Specialty chemicals division sales were up 9% year-on-year to ¥32.8 billion from ¥30.2 billion. The division made an operating profit of ¥6.1 billion, up 30%, thanks to the receipt of settlement funds from a patent lawsuit concerning Kremezin, and the strong performance of the pharmaceuticals and agrochemicals businesses.

Pharmaceuticals growth

Sales of pharmaceutical products increased 23% from ¥8.0 billion to ¥9.8 billion. Despite the official drug price cuts, Kremezin, a chronic kidney disease treatment, saw an increase in sales volume. Settlement funds following a patent infringement case also contributed to the strong divisional performance.

Industrial chemicals sales improve

Industrial chemicals recorded sales of ¥9.4 billion, a 4% increase. Although sales of inorganic chemicals such as sodium hydroxide (caustic soda) recovered, the rise in costs of raw materials negatively impacted organic chemicals, which resulted in a decline in operating profit.

Agrochemicals reported an increase in sales

Sales of agrochemical products were up 9% year-on-year to ¥8.3 billion. Metconazole, an agricultural fungicide, saw an increase in export sales volume, especially during the first part of the year when the yen was strong. The negative currency meant that there was little impact on operating income, which remained on a par with the previous year.

Outlook: Fiscal 2013 divisional sales are expected to increase by 4% to ¥34.0 billion, while operating income is projected to decline by 12% to ¥5.4 billion. Kureha will continue efforts to expand the market and enhance its supply structure for agrochemical products. Sales volumes of Metconazole are expected to remain largely unchanged, while it is anticipated that the favorable exchange rate will contribute positively. For pharmaceutical products, Kremezin is expected to see sales growth, although there will be no corresponding contribution from settlement funds from patent lawsuits. Kureha projects that industrial chemicals will maintain revenue levels by successfully transferring the impact of rising raw material prices to final products.

Therapeutic agent for chronic renal failure (*KREMEZIN*)

Agricultural and horticulture fungicide (*Metconazole*)

Specialty Plastics

Major product areas:
Food packaging materials for commercial use, household packaging products

Specialty plastics division sales increased by 9% from ¥37.7 billion to ¥40.9 billion, while operating income for the division grew by 34% to ¥3.0 billion. Sales of consumer products including household wrap films and fishing lines products were up, but packaging materials for commercial use declined due to sluggish demand growth in China.

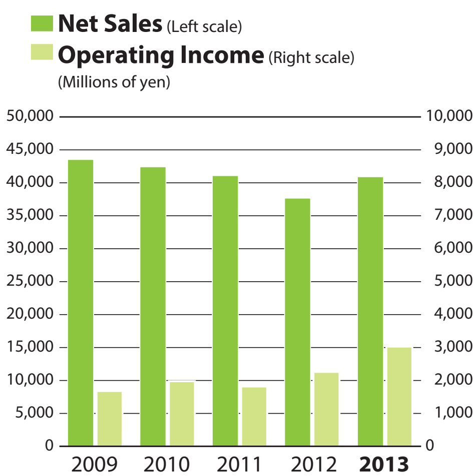
Continued consumer product sales growth

Sales of household products grew by 27% in comparison with the previous year, reaching ¥17.8 billion for the full year. NEW Krewrap sales and operating income increased on the back of sales volume recovery and the company's continued efforts to improve profitability. Kureha's Seaguar fishing line business, which was transferred to the subsidiary, Kureha Gohsen in April 2012, performed strongly.

Slowing demand in China

Sales for food packaging materials for commercial use were down 18% to ¥7.9 billion. PVDC films, multilayer shrinkable films, and multilayer bottles experienced a decline in demand, although the Company sought to reduce costs to help strengthen profitability. In Europe, hikes in raw material prices led to cost increases, despite the steady growth in sales. PVDC compound sales growth in China slowed, partly due to emerging competition in the market.

Outlook: Fiscal 2013 divisional sales are forecast to increase by 5% to ¥43.0 billion. Operating income is also projected to increase by 31% to ¥3.9 billion due to expected growth in sales volume of PVDC compounds in China, and strengthened cost competitiveness at the Vietnam film plant. Kureha also will continue its efforts to further improve New Krewrap products. The strategy of providing high value-added products continues, as does price optimization efforts for consumer products. For the synthetic textile related business, including Seaguar, Kureha will work to enhance the effectiveness of business consolidation with Kureha Gohsen.



Household wrap film (*New Krewrap*)

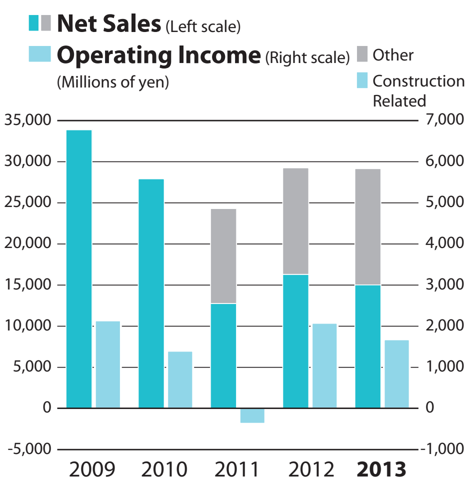
Fishing lines (*Seaguar*)

Food packaging film (*Krehalon*)

Major Product Areas

- Polyvinyliden chloride (PVDC) film
- PVDC compound
- Multilayer shrinkable film
- Multilayer non-shrinkable film
- Multilayer bottle
- Household wrap film
- Plastic containers
- PVDF fishing lines
- Machinery for auto-seal food packaging

Construction and Other Operations



Note: Construction related business was separated from other business segment from fiscal 2011.

Major Product Areas

- Environmental engineering and industrial waste treatment
- Industrial facility design, construction and management
- Civil engineering and construction
- Transport and warehousing
- Environmental and physiochemical testing and analysis

Major product areas:

Construction, environmental engineering, transport/ warehousing, and trading related businesses

Construction sales were down 8% from ¥16.3 billion to ¥15.0 billion, with operating profit of ¥1.0 billion. Sales of other operations increased 10% to ¥14.2 billion from ¥13.0 billion, with an operating profit of ¥0.6 billion. Although both divisions recorded an operating profit, the level of profitability decreased for both construction and other operations in comparison with the previous year, in part due to the burden of increased costs and expenses.

Difficult operating environment for construction related businesses

Sales at construction-related businesses declined by 8% from ¥16.3 billion to ¥15.0 billion, partly due to the reduction in post-disaster reconstruction operations, as well as increases in materials and labor costs.

Increased costs impact environmental engineering business

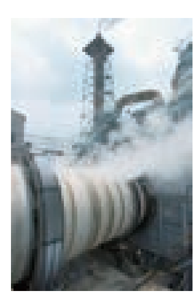
Environmental engineering sales were up 17% from ¥7.5 billion to ¥8.8 billion. Demand for disaster waste removal operations increased, while industrial waste processing operations declined. Additionally, contributing to improved sales was environmental engineering-related activities, which transferred to this business from construction related businesses to improve synergies and profitability. However, costs associated with waste-processing were up, resulting in a decline in operating income from the previous year.

Logistics and warehousing businesses largely stable

Logistics and warehousing business sales were down 3% to ¥10.3 billion, mainly due to the severe competitive environment. Sales at trading-related businesses were up 26% to ¥2.3 billion from ¥1.8 billion.

Outlook: Fiscal 2013 divisional sales for construction are projected to decline by 6% to ¥14.0 billion, with operating income also expected to fall due to the gradual reduction in earthquake-related reconstruction operations and exacerbated by increasing materials and labor costs. Divisional sales for other operations are estimated to increase by 13% to ¥16.0 billion, with operating income also to rise by 122% to ¥1.3 billion. Kureha will make further efforts to improve profitability in industrial waste related operations, specifically increasing micro-PCB (Polychlorinated Biphenyls) processing work.

Construction work



Industrial waste treatment facility

Research & Development

Kureha Corporation performs primary research and development (R&D), providing technology to all of the Kureha Group business. Kureha's R&D, with the aim of providing solutions that benefit the global environment and people's lives, designates priority research areas by identifying fields with a high degree of social value such as the environment, energy and health, and in which Kureha is able to leverage its technological strengths.

The R&D Division comprises five facilities—Research Center, PGA Research Laboratories, Agrochemical Research Laboratories, Advanced Materials Research Laboratories, and Polymer Processing Technology Center. Each facility has clearly defined research domains and targets, aiming to commercialize its research outcomes as quickly as possible. Furthermore, on July 1, 2012, Kureha opened the Adsorptive Medicine Technology Center within the pharmaceuticals business division in order to provide supporting research for *Kremezin*, a therapeutic agent for chronic kidney disease. Efforts such as these further deepen ties between R&D and relevant business and manufacturing divisions, enhance operational efficiency, and speed up the development process.

Research Center

Advanced Materials Research Laboratories

In the fiscal year ended March 2013, Kureha's R&D spending amounted to ¥4,389 million. An overview of spending is as follows.

Advanced Materials Division

In engineering plastics, for *Fortron KPS* (polyphenylene sulfide (PPS) resin), which is widely used in automobiles and electronic devices, Kureha is developing new grades of the material and exploring ways to further raise productivity. For *KF Polymer* (polyvinylidene fluoride (PVDF) resin), we are developing and improving the backsheets used for solar panels.

For *Kuredux* (polyglycolic acid (PGA) resin), Kureha is proactively working to develop new applications. We are making steady progress in the development of applications for oil drilling and extraction, utilizing PGA's strength and degradability. We are also conducting technical development to expand the range of new applications that take advantage of the resin's various unique properties.

In battery-related materials, to secure our competitive advantage in anode materials for the large-scale lithium-ion batteries used in hybrid and electric vehicles, Kureha is optimizing its production processes, and pursuing R&D aimed at achieving its business plan. We are also developing high-performance grade binders to help maintain and grow market share.

R&D spending in this division amounted to ¥1,756 million.

Specialty Chemicals Division

In agrochemicals, Kureha is working to expand markets, both in Japan and overseas, for the agricultural fungicide *Metconazole* and the seed treatment fungicide *Ipconazole*. To meet robust demand for *Metconazole*, we are working to enhance productivity, and are providing support for the expansion of production facilities.

In pharmaceuticals, we are providing supporting research to enhance the earnings of *Kremezin*.

R&D spending in this division amounted to ¥1,731 million.

Specialty Plastics Division

For *Krehalon* (polyvinylidene chloride (PVDC) resin), Kureha is pursuing technology development to ensure stable supply and improve quality. In addition, to further global business development we are actively providing technical assistance to customers in Japan and overseas.

R&D spending in this division amounted to ¥900 million.

R&D initiatives for new businesses

Kureha's R&D priorities in recent years have been PGA (polyglycolic acid) resin and hard carbon anode materials for lithium-ion batteries. Since full establishment of these two businesses is now in sight, we plan to focus our research efforts on exploratory research for the next new businesses, and enhancing the competitiveness of existing businesses.

In fiscal 2012 Kureha established the R&D Strategic Planning Department within the R&D Division. This was the first step of a coordinated effort to generate new businesses by integrating components of the various technologies that Kureha has accumulated. We further introduced a system for researchers to propose themes for exploratory research, and established an Emerging Technologies Department in the main Research Center as a new function specializing in such exploratory research themes. Under this new system, twice a year we solicit exploratory research themes from researchers, while providing a framework to support researchers and study the potential of ideas. Kureha will closely manage these newly discovered research themes during the research stage, monitor their progress, and generate future businesses that contribute to the sustainable growth of the company.

Kureha, an inaugural member of the Japan Responsible Care Council founded in 1995, continues to pursue Responsible Care initiatives to improve health, safety and environmental performance throughout its operations. We regard our commitment to Responsible Care as an integral part of our corporate responsibility.

Responsible Care implementation

Together, all Kureha group companies have established the All Kureha Responsible Care Committee. Through this committee, the company is working to enhance its efforts in various fields, including environmental protection, security and disaster response, labor safety and hygiene, product safety and quality assurance, logistics safety, energy conservation, and community relations.

Kureha has obtained ISO 14001, the international standard for environmental management, as well as ISO 9001 for product quality management and OHSAS 18001 for labor safety and hygiene management. The Company is further enhancing efforts aimed at improving responsible care activities through a "*plan, do, check, act*" activity cycle.

Reducing the burden on the environment

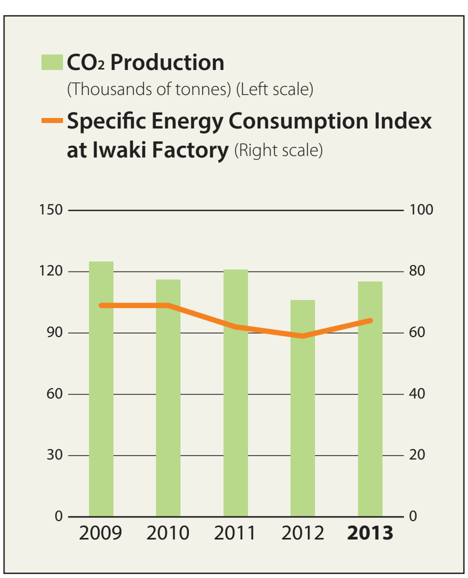
Since its establishment, Kureha has developed technologies and products with a view to reducing the burden on the environment. In the case of the Iwaki Factory, Kureha seeks to create a manufacturing facility that minimizes stress on the environment by implementing measures such as air and water pollution prevention, reduction of chemical material and industrial waste, odor control, and adoption of the Energy Consumption Index.

Disaster prevention

Safety and disaster prevention are among the most important responsibilities of a manufacturing factory. In order to respond to the trust the community places in the company, Kureha manages its facilities and operations in strict compliance with the relevant laws. In addition, the company implements a safety and disaster prevention program which includes its own voluntary control criteria, activities and training.

Contributing to the community

In addition to Kureha General Hospital being used as a community medical facility in the southern part of Iwaki City, Kureha contributes to the local community in a variety of different ways. These include opening company sports facilities for public use, volunteering for clean up activities, offering science classes at elementary schools and holding community meetings to initiate dialogue with local neighborhood associations.




Disaster drill


Wastewater treatment system


Kureha General Hospital

Maximizing the corporate value of all group companies is a fundamental policy of Kureha. In order to achieve this goal, Kureha is working to enhance governance and other internal control functions, guarantee business transparency and fair disclosure of information, and to implement Responsible Care policies.

Management, execution and decision-making framework

1. Supervisory and executive responsibilities are clearly distinguished to strengthen corporate governance and accelerate managerial decision-making and execution.

   The Board of Directors is limited to a maximum of 10 directors (including 2 external directors). The Board, presided over by the President & CEO, meets once a month in principle, to make decisions on important administrative matters and pursue supervision.

   The Executive Committee, chaired by the President & CEO and comprised of executive officers appointed by the President & CEO, meets twice a month in principle. The committee considers mid- and long-term management strategy and basic policies that cover all aspects of general management, and passes resolutions and implements these policies.

   To clarify responsibilities for fiscal year results, a one-year term was established for directors and executive officers.

   The Consolidated Executive Committee, chaired by the President & CEO, serves as a forum to exchange views on basic management policies and other matters relating to the Kureha Group, thereby reinforcing the efforts of the consolidated management team.

2. A total of four corporate auditors (including two external auditors) undertake auditing activities. This group works within a framework that allows them to monitor the deliberation processes of board resolutions and reports, as well as have a representative corporate auditor attend and monitor meetings of the Executive Committee. In addition, auditors are able to access documentation including all documents requiring senior approval, results of internal audits, and documentation on the status of customer inquiries.

   In addition, an Internal Control and Auditing Department acts independently of other departments and under direct management and supervision of the President & CEO. Based on an annual internal audit plan approved by the Board of Directors, this department assesses the suitability and effectiveness of internal management control systems including compliance and risk management. It then proposes necessary or desired changes and improvements, so as to enhance both management efficiency and public trust in Kureha.

Internal control system

To further strengthen its internal control system, Kureha has established a set of basic policies, committees and internal rules to ensure that it observes laws and regulations and conducts its business operations in an appropriate and fair manner.

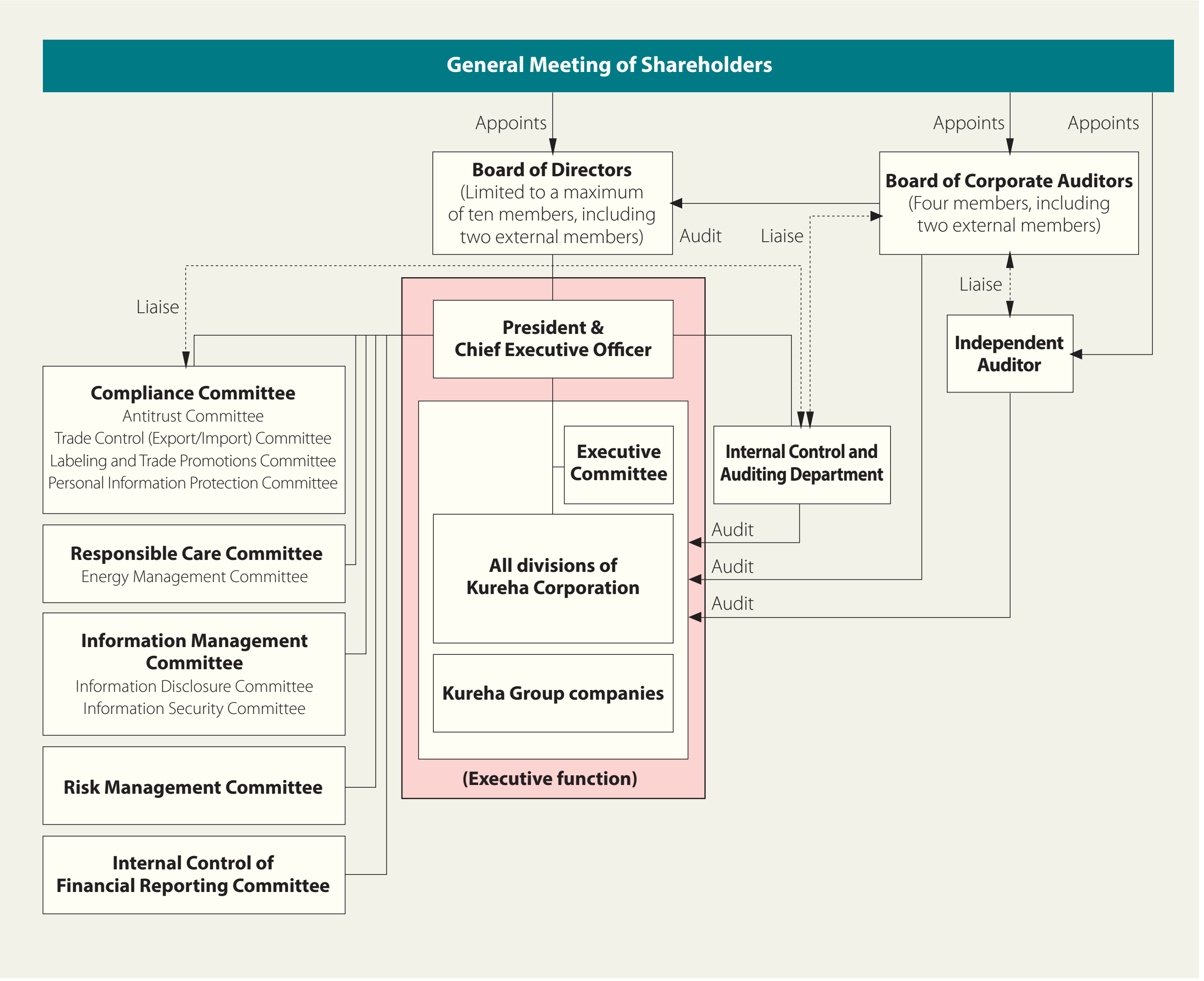
Under this system, Kureha publishes Internal Control Reports under the responsibility of the President & CEO. In addition, Kureha has also established a set of Basic Rules for Internal Control of Financial Reports to ensure the reliability of the financial reports and to guarantee implementation of management’s assessment and certified public accountant’s auditing of the effectiveness of internal control of financial reports, as stipulated in the Financial Instruments and Exchange Law.

Compliance program framework

Kureha has in place a compliance program framework, based on the Kureha Group Ethical Charter and its Compliance Rules. Kureha’s compliance objective is to ensure that all executives and employees act in a manner that is consistent with legal compliance and that also meets the standards of our society. This framework is constantly being improved and reinforced so as to cultivate a compliance-focused corporate culture.

The Compliance Committee, led by the President & Chief Executive Officer (CEO), keeps employees informed of compliance issues through training programs and other activities based on the Compliance Handbook and the Compliance Standards. In addition, direct access to internal and external (lawyers) advisers for inquiries

Diagram of Internal Control Systems (As of June 30, 2013)



and reporting on compliance issues is maintained so that legal violations, confirmed or suspected, can be detected and deterred at an early stage.

Risk management system

To enable the Company to recognize and minimize the risks it is exposed to during business activities, Kureha has established a Risk Management Committee. The committee proposes concrete measures to the President & CEO aimed at reducing and avoiding risk and manages the implementation of such measures. In addition, to respond to unforeseen circumstances, a system is in place for the establishment of an emergency response task force, with the objective of prioritizing the safety of personnel, minimizing economic damage, and ensuring the continuation of corporate activities.

Kureha has also established an Information Management Committee to identify a clear set of information management rules and promote procedures for the appropriate control of Company information. Suitable measures are also being taken for the management of information security and disclosure.

To address environmental and safety risks, management procedures for the environment, quality, and labor safety have been established that comply with ISO 14001, ISO 9001, and OHSAS 18001 standards. In addition, Kureha is continuing with ongoing efforts to improve environmental conservation, quality assurance, and occupational health and safety.

Directors, Executive Officers and Corporate Auditors

Board of Directors

Yutaka Kobayashi
President & Chief Executive Officer

Keikichi Munakata
Senior Executive Vice President
Chief Financial Officer
Chief Administrative Officer

Tadashi Sagawa
Executive Vice President
General Manager of Iwaki Factory,
Manufacturing Sector

Shusuke Matsuo
Senior Vice President
General Manager of
Advanced Materials Division
General Manager of PGA Division

Tsuneharu Takeda
Outside Director

Shigeto Umatani
Outside Director

Board of Corporate Auditors

Yoichi Kiyosuke

Mitsuo Sato

Haruki Yamaguchi

Masaru Kitamura

Officers

Yoshiki Shigaki
Senior Vice President, President of
KUREHA PGA LLC (USA)

Naoki Fukuzawa
Senior Vice President, General
Manager of Krehalon Division

Takashi Yamamoto
Senior Vice President, General
Manager of Engineering Division

Yoshio Noda
Vice President, General Manager of
Corporate Planning Division

Toru Yoshida
Vice President, General Manager of
Accounting Center

Hiroshi Sakabe
Vice President, General Manager of
Research & Development Division

Futoshi Saito
Vice President, Deputy General Manager
of Advanced Materials Division

Yoshinori Shiojiri
Vice President, Deputy General Manager
of Iwaki Factory

Hiroyuki Tanaka
Vice President, General Manager of
Administration Division

Michihiro Sato
Vice President, General Manager of
Plastics Processing Factory

FumihikoYamada
Vice President, General Manager of
Home Products Division

Consolidated Five-Year Summary

Kureha Corporation and Consolidated Subsidiaries
Years ended March 31, 2013, 2012, 2011, 2010 and 2009

	Millions of yen					Thousands of U.S. dollars (Note 2)
	2013	2012	2011	2010	2009	**2013**
For the year:						
Net sales:	**¥130,550**	¥128,358	¥132,309	¥134,606	¥143,741	**$1,388,091**
Domestic	**98,269**	97,461	101,696	107,740	116,182	**1,044,859**
Overseas	**32,278**	30,896	30,613	26,866	27,559	**343,200**
Net sales by segment:						
Advanced materials	**27,650**	31,253	33,391	28,423	32,424	**293,992**
Specialty chemicals	**32,833**	30,182	33,552	35,831	33,898	**349,101**
Specialty plastics	**40,900**	37,672	41,092	42,430	43,538	**434,875**
Other operations	**29,164**	29,250	24,274	27,921	33,881	**310,090**
Construction Related	**14,967**	16,300	12,760	—	—	**159,138**
Other	**14,197**	12,950	11,514	—	—	**150,951**
Operating income	**8,458**	8,472	6,350	5,706	9,456	**89,930**
Advanced materials	**(2,131)**	534	363	(3,645)	678	**(22,658)**
Specialty chemicals	**6,136**	4,715	5,203	6,619	5,732	**65,241**
Specialty plastics	**2,988**	2,226	1,790	1,948	1,655	**31,770**
Other operations	**1,651**	2,046	(348)	1,379	2,104	**17,554**
Construction Related	**1,038**	1,114	(387)	—	—	**11,036**
Other	**613**	932	39	—	—	**6,517**
Elimination or corporate	**(186)**	(1,051)	(658)	(595)	(713)	**(1,977)**
Net income	**3,212**	1,460	692	1,571	3,373	**34,152**
Capital expenditure	**19,984**	14,360	14,076	16,943	17,829	**212,482**
Depreciation	**8,882**	9,580	10,266	11,126	10,304	**94,439**
R&D expenses	**4,389**	5,080	5,502	6,240	6,085	**46,666**
Advanced materials	**1,756**	1,933	1,741	1,787	1,960	**18,670**
Specialty chemicals	**1,731**	2,293	2,765	3,372	2,956	**18,405**
Specialty plastics	**900**	853	996	1,080	1,125	**9,569**
Other operations	**—**	—	—	—	45	**—**
Cash flows from operating activities	**10,246**	12,144	12,509	15,847	11,420	**108,942**
Cash flows from investing activities	**(19,595)**	(14,169)	(11,432)	(17,682)	(20,518)	**(208,346)**
Cash flows from financing activities	**10,264**	370	2,720	1,999	10,705	**109,133**
Year-end:						
Total assets	**¥205,284**	¥186,223	¥181,753	¥184,623	¥182,224	**$2,182,711**
Net assets	**96,211**	88,554	89,500	96,822	97,075	**1,022,977**
Interest-bearing debt	**68,448**	56,683	54,885	47,969	44,033	**727,783**
	Yen					U.S. dollars
Amounts per share:						
Net income – basic	**¥ 18.51**	¥ 8.51	¥ 3.97	¥ 8.77	¥ 18.75	**$ 0.19**
Net assets	**546.69**	510.37	517.47	538.1	533.45	**5.81**
Cash dividends	**10**	10	10	10	10	**0.10**
	Percent					
Ratios:						
Operating income to net sales	**6.5%**	6.6%	4.8%	4.2%	6.6%	
Net income to net sales	**2.5**	1.1	0.5	1.2	2.3	
Return on equity	**3.5**	1.7	0.7	1.6	3.4	
Return on assets	**3.4**	4.3	3.1	3.0	4.7	
Equity ratio	**45.7**	47.0	48.9	52.2	52.4	

Notes: 1. For convenience only, U.S. dollar amounts have been translated from Japanese yen at the rate of ¥94.05 to US$1, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 29, 2013.
2. For amounts per share, see Note 21 of the Notes to Consolidated Financial Statements.

Business environment

During the fiscal year ended March 31, 2013, while the Japanese economy was supported by demand related to reconstruction efforts following the Great East Japan Earthquake, foreign demand continued to stagnate due to factors such as the continued European debt crisis, as well as the slowdown of the economy and increased political risk in China, resulting in difficult management environment for the Group.

Analysis of business results

Net sales in the subject fiscal year increased ¥2,191 million year-on-year to ¥130,550 million.

Gross profit, however, declined ¥1,222 million to ¥33,767 million, and the gross profit margin declined from 27.3% in the previous fiscal year to 25.9%. Selling, general and administrative expenses declined ¥1,209 million from the previous fiscal year to ¥25,309 million. Operating income declined ¥13 million year-on-year to ¥8,458 million, while the operating income ratio declined from 6.6% in the previous fiscal year to 6.5%.

Other expenses (net of other income) for the fiscal year ended March 31, 2013 amounted to ¥2,992 million, a decrease of ¥2,292 million, compared to ¥5,284 million for the fiscal year ended March 31, 2012 mainly since the Company no longer recorded a loss due to disaster in the subject fiscal year.

As a result of above, income before income taxes and minority interests increased ¥2,277 million to ¥5,466 million.

Total income taxes amounted to ¥2,297 million. Minority interests amounted ¥44 million of loss. As a result, net income increased ¥1,752 million from previous fiscal year to ¥3,212 million.

Cash flow analysis

The balance of cash and cash equivalents at the end of the subject fiscal year (March 31, 2013) amounted to ¥9,954 million, an increase of ¥1,097 million from the end of the previous fiscal year (March 31, 2012). An outline of individual cash flows and the main factors affecting each is as follows:

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥10,246 million, a decrease of ¥1,897 million from the previous fiscal year. This was due mainly to an increase in income before income taxes and minority interests, a decrease in trade notes and accounts receivable and a decrease in trade notes and accounts payable.

Cash flow from investment activities

Net cash used in investment activities amounted to ¥19,595 million, an increase of ¥5,426 million from the previous fiscal year. This was due mainly to an increase in payments for purchases of property, plant and equipment and intangible fixed assets.

Cash flow from financing activities

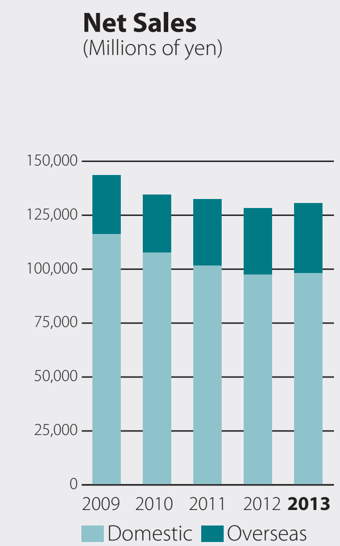
Net cash provided by financing activities amounted to ¥10,264 million, an increase of ¥9,894 million from the previous fiscal year. This was due mainly to proceeds from issuance of bonds with stock acquisition rights, offsetting the redemption of bonds.

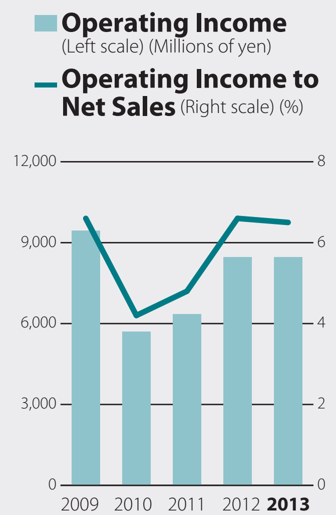
Financial policy

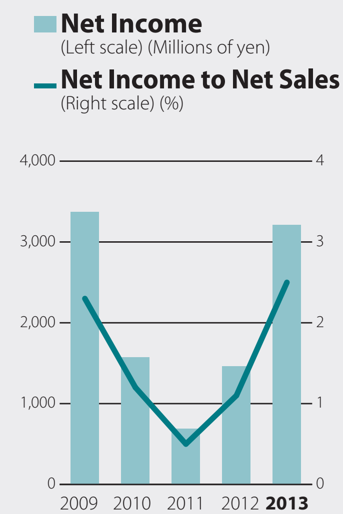
The Kureha Group's basic policy is to maximize cash flows from operating activities by securing earnings in line with its business plan and by enhancing asset efficiency, and to allocate cash with priority given to capital expenditure for new businesses and expansion of existing businesses, investments and loans, research and development, and dividend payments to investors. In line with this policy, Kureha procures required capital with priority given to securing long-term funding, and in consideration of the balance between long- and short-term borrowings.

Balance sheet analysis

As of March 31, 2013, total assets amounted to ¥205,284 million, an increase of ¥19,061 million from the end of the previous fiscal year (March 31, 2012). Current assets totaled ¥68,210 million, an increase of ¥1,389 million from the previous fiscal year. This was mainly due to an increase in inventories. Property, plant and equipment, net totaled ¥99,444 million, up ¥12,326 million from a year earlier, due mainly to a high level of capital expenditure, including in overseas production facilities, which exceeded depreciation expenses. Investment and other assets totaled ¥37,629 million, an increase of ¥5,346 million, due mainly to a rise of the market value of investments in securi-







ties at the end of the previous fiscal year.

Total liabilities at the end of the subject fiscal year amounted to ¥109,073 million, an increase of ¥11,404 million from the end of the previous fiscal year. This was due mainly to a ¥11,764 million increase in interest-bearing debt to ¥68,448 million following an issuance of bonds with stock acquisition rights, a decline in borrowings and redemption of bonds in addition to a decrease in trade notes and accounts payable.

Total net assets for the subject fiscal year amounted to ¥96,211 million, an increase of ¥7,656 million from the previous fiscal year. This was due mainly to the balance of net income of ¥3,212 million, a ¥1,716 million dividend payout from retained earnings, an increase in unrealized gain on available-for-sale securities and translation adjustments, and an increase in minority interests.

Overview of capital expenditure

The Kureha Group has designated advanced materials, pharmaceuticals and agrochemicals, and environment-related businesses as core businesses that drive earnings, and as such actively invests in these areas. Total capital expenditure during the fiscal year ended March 31, 2013 amounted to ¥19,984 million.

Capital expenditure by business division:

The Advanced Materials Division invested ¥8,740 million, mainly for PVDF (polyvinylidene fluoride) resin production facilities (Kureha and Kureha (Changshu) Fluoropolymers Co., Ltd.), epoxy resin production facilities (Resinous Kasei Co., Ltd.), and carbon fiber production facilities (Kureha and Kureha Advanced Materials LLC).

The Specialty Chemicals Division invested ¥1,369 million, primarily on production facilities for chlorine / caustic soda (Kureha).

The Specialty Plastics Division invested ¥6,365 million, primarily for manufacturing facilities for food packaging materials (Kureha and Kureha Vietnam Co., Ltd.) and building of new synthetic fibers manufacturing facilities (Kureha Gohsen Co., Ltd.).

The Construction Related Division invested ¥103 million, mainly for the renovation of buildings.

The Other Operations Division invested ¥947 million, mainly on industrial waste processing facilities (Kureha Ecology Management Co., Ltd.).

In addition, as a joint initiative, the Advanced Materials, Specialty Chemicals, and Specialty Plastics Divisions invested ¥2,457 million in such areas as environmental conservation projects (Kureha), and private power plant facilities (Kureha).

Capital required for these investments was procured from cash-at-hand, corporate bonds, and borrowings.

Business and other risks

The Kureha Group's business operations are diverse, comprising the Advanced Materials Division focused on PPS resin, PVDF resin and carbon products; the Specialty Chemicals Division focused on pharmaceuticals, agrochemicals and industrial chemicals; the Specialty Plastics Division focused on household products and food packaging; the Construction Related Division focused on construction and engineering; and the Other Operations Division including environmental businesses and logistics. By region, the Group conducts business in Japan as well as Europe, North America, and Asia.

The main factors that could affect the operating results, stock price, financial position and other aspects of the Kureha Group are as follows.

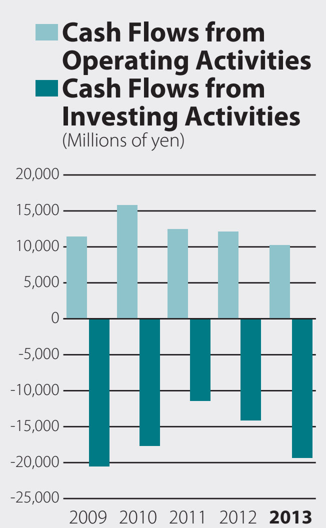
Forward-looking statements in this text are based on evaluations made at the time of the Company's securities report filing (June 25, 2013).

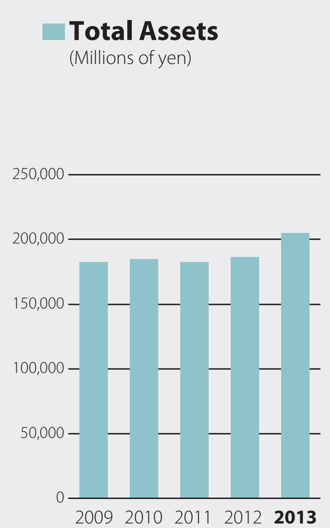
(1) Changes in the business environment in Japan and overseas; changes in the market price of products

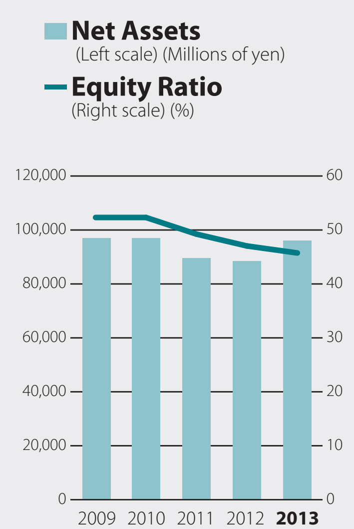
The Kureha Group's business is exposed to external factors such as changes in markets or customers, and intensification of competition with competing companies. Accordingly, changes such as a decrease in demand for the Group's principle products, customers shifting production overseas, and an increase in production capacity by competing firms, could therefore influence the Group's operating results and financial position.

(2) Changes in fuel and raw material prices

Raw materials such as naphtha and coal used by the Kureha Group, as well as fuel, are susceptible to changes in market conditions. As a result, changes such as an increase in the price of these raw materials, or the inability to shift the additional cost to product prices in a timely and appropriate manner, could have a negative effect on the







Group's operating results and financial position.

(3) Product liability

The Kureha Group's core business is chemical manufacturing. The Group is acutely aware of the risks connected with its products and the manufacturing process, and is careful to continually exercise Responsible Care (autonomous management for environmental conservation, disaster safety and other measures). However, should a significant, unforeseen quality issue arise, there could be a negative effect on the Group's operating results and financial position.

(4) The Specialty Chemicals Division's pharmaceutical business

One of the Kureha Group's core businesses is the manufacture and sale of pharmaceuticals. Accordingly, revisions to drug prices under Japan's medical insurance system could have a negative effect on the Group's operating results.

(5) Country risks for overseas businesses

The Kureha Group conducts business in Europe, North America and Asia. Accordingly, changes such as deterioration in the political or economic situation in these regions, the enactment or abolishment of laws and regulations, international tax practice risks such as transfer price taxation, and deterioration in public safety, as well as unforeseen circumstances such as terrorism, armed conflict or natural disaster, could have a negative effect on the Group's operating results and financial position.

(6) Currency fluctuations

The items in Kureha Group's financial statements not denominated in yen are susceptible to fluctuations in exchange rates when converted into yen. The Group concludes exchange contracts and takes other steps to minimize the effects of fluctuations in exchange rates.
However, fluctuations in exchange rates beyond those predicted could have a negative effect on the Group's operating results and financial position.

(7) Investment securities

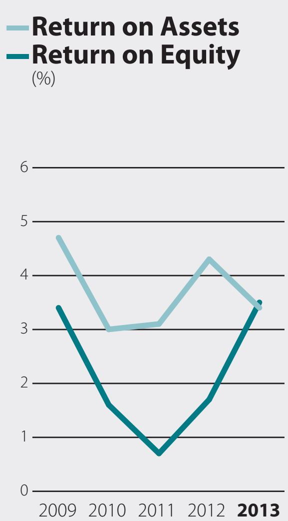
Of the ¥28,333 million in investment in securities, the Kureha Group held a total of ¥20,241 million for the purpose of long-term holdings (9.9% of total assets on a consolidated basis) as of the end of the subject fiscal year. Significant changes in market prices, or in the financial position of the issuing companies, could have a negative effect on the Group's operating results and financial position.

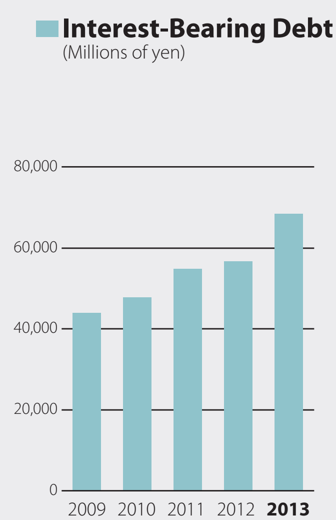
(8) Occurrence of natural disasters or accidents

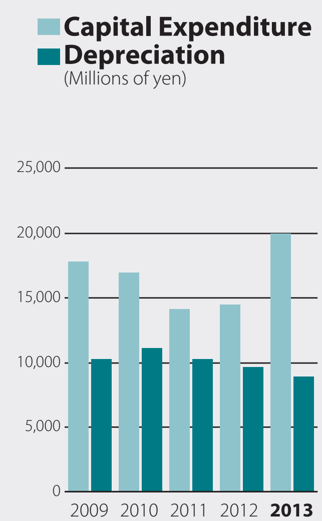
Manufacturing for the Kureha Group's principal products is concentrated in the production division of the Iwaki Factory (Iwaki, Fukushima Prefecture), and as such the Company makes continual efforts focused on this facility for environmental conservation and to ensure safety. However, damage to production facilities as a result of natural disasters such as major earthquakes or typhoons, or due to accidents, could have a negative effect on the Group's operating results and financial position.

(9) Litigation

The Kureha Group has established the "Kureha Group Ethical Charter," "Compliance Rules" and "Compliance Standards," and strives to ensure that the Group strictly complies with all laws, regulations and societal norms. However, there is a risk that the Group's domestic or overseas businesses could be the target of lawsuits, administrative measures or other action. A major lawsuit or other action be taken filed against Kureha could have a negative effect on the Group's operating results and financial position.







Consolidated Balance Sheets

Kureha Corporation and its Consolidated Subsidiaries
As of March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2012	**2013**
ASSETS			
Current assets:			
Cash and time deposits (Notes 5 & 8)	**¥ 9,954**	¥ 8,857	**$ 105,837**
Trade notes and accounts receivable (Notes 6 & 8)	**27,480**	29,586	**292,185**
Inventories (Note 7)	**25,318**	22,151	**269,197**
Deferred tax assets (Note 14)	**2,129**	2,630	**22,636**
Others	**3,418**	3,665	**36,342**
Less: Allowance for doubtful accounts (Note 8)	**(92)**	(69)	**(978)**
Total current assets	**68,210**	66,821	**725,252**
Property, plant and equipment, net (Note 11)**:**			
Buildings and structures	**32,176**	29,897	**342,115**
Machinery, equipment and vehicles	**35,680**	33,387	**379,372**
Land	**13,467**	13,454	**143,189**
Construction in progress	**15,681**	8,537	**166,730**
Others	**2,438**	1,841	**25,922**
Total property, plant and equipment, net	**99,444**	87,118	**1,057,352**
Investments and other assets:			
Investments in securities (Notes 8, 9 & 11)	**28,333**	23,720	**301,254**
Long-term loans (Note 8)	**2,060**	2,209	**21,903**
Deferred tax assets (Note 14)	**1,371**	839	**14,577**
Others	**6,033**	5,836	**64,146**
Less: Allowance for doubtful accounts	**(169)**	(322)	**(1,796)**
Total investments and other assets	**37,629**	32,283	**400,095**
Total assets (Note 23)	**¥205,284**	¥186,223	**$2,182,711**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2012	2013
LIABILITIES AND NET ASSETS			
Current liabilities:			
Trade notes and accounts payable (Notes 6, 8 & 11)	¥ 15,940	¥ 19,262	$ 169,484
Short-term loans payable including current portion of long-term debt (Notes 8, 10 & 11)	18,088	21,049	192,323
Other payables (Note 8)	7,146	6,123	75,980
Accrued income taxes (Note 14)	1,899	576	20,191
Accrued expenses	4,854	4,665	51,610
Accrued bonuses	2,283	2,126	24,274
Allowance for loss due to disaster	—	579	—
Others (Note 14)	2,665	2,933	28,335
Total current liabilities	52,877	57,316	562,222
Long-term liabilities:			
Long-term debt (Notes 8, 10 & 11)	50,359	35,634	535,449
Deferred tax liabilities (Note 14)	2,794	1,827	29,707
Reserve for employees' retirement benefits (Note 13)	556	650	5,911
Retirement allowance for directors and corporate auditors	341	336	3,625
Asset retirement obligations	797	785	8,474
Reserve for environmental measures	474	163	5,039
Others	871	953	9,261
Total long-term liabilities	56,195	40,352	597,501
Total liabilities	109,073	97,669	1,159,734
Net assets:			
Shareholders' equity (Note 22):			
Capital, non par value			
Authorized: 2013 and 2012 – 600,000,000 shares Issued: 181,683,909 shares in 2013 and 2012	12,460	12,460	132,482
Capital surplus	10,017	9,149	106,507
Retained earnings	72,614	71,988	772,078
Less: Treasury stock, at cost	(4,510)	(4,546)	(47,953)
Total shareholders' equity	90,580	89,051	963,104
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities (Note 9)	5,636	3,609	59,925
Deferred loss on hedges (Note 19)	(32)	(5)	(340)
Translation adjustments	(2,300)	(5,048)	(24,455)
Total accumulated other comprehensive income (loss)	3,303	(1,444)	35,119
Stock acquisition rights (Note 16)	62	82	659
Minority interests	2,264	864	24,072
Total net assets	96,211	88,554	1,022,977
Total liabilities and net assets	¥205,284	¥186,223	$2,182,711

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Kureha Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2012	**2013**
Net sales (Note 23)	**¥130,550**	¥128,358	**$1,388,091**
Cost of sales	**96,782**	93,368	**1,029,048**
Gross profit	**33,767**	34,990	**359,032**
Selling, general and administrative expenses (Note 17)	**25,309**	26,518	**269,101**
Operating income	**8,458**	8,472	**89,930**
Other income (expenses):			
Interest and dividend income	**643**	683	**6,836**
Interest expenses	**(820)**	(787)	**(8,718)**
Subsidy income	**311**	97	**3,306**
Compensation income	**148**	—	**1,573**
Gain on sales of property, plant and equipment (Note 18)	**6**	132	**63**
Gain on sales of investments in securities (Note 9)	**3**	80	**31**
Gain on business transfer	**—**	700	**—**
Gain on insurance claim	**—**	24	**—**
Depreciation of idle assets	**(1,431)**	—	**(15,215)**
Loss on disposal and sales of property, plant and equipment (Note 18)	**(810)**	(1,529)	**(8,612)**
Provision for environmental measures	**(263)**	—	**(2,796)**
Advanced depreciation of property, plant and equipment	**(148)**	(97)	**(1,573)**
Loss due to disaster (Note 24)	**—**	(3,797)	**—**
Other, net	**(634)**	(790)	**(6,741)**
Other expenses, net	**(2,992)**	(5,284)	**(31,812)**
Income before income taxes and minority interests	**5,466**	3,188	**58,118**
Income taxes (Note 14)**:**			
Current	**2,466**	1,018	**26,220**
Deferred	**(168)**	483	**(1,786)**
Total income taxes	**2,297**	1,501	**24,423**
Net income before minority interests	**3,168**	1,686	**33,684**
Minority interests	**(44)**	226	**(467)**
Net income	**¥ 3,212**	¥ 1,460	**$ 34,152**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Kureha Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2012	**2013**
Net income before minority interests	**¥ 3,168**	¥ 1,686	**$ 33,684**
Other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities	**2,037**	(116)	**21,658**
Deferred gain (loss) on hedges	**(26)**	30	**(276)**
Translation adjustments	**2,560**	(890)	**27,219**
Share of other comprehensive income in affiliates	**211**	6	**2,243**
Total other comprehensive income (loss) (Note 20)	**4,782**	(969)	**50,845**
Comprehensive income	**¥ 7,951**	¥ 716	**$ 84,540**
Comprehensive income attributable to:			
Owners of parent	**¥ 7,961**	¥ 493	**$ 84,646**
Owners of minority interests	**(9)**	223	**(95)**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Kureha Corporation and its Consolidated Subsidiaries
For the year ended March 31, 2013 and 2012

		Millions of yen				
		Shareholders' equity				
	Number of common stock	Capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
BALANCE-MARCH 31, 2012	181,683,909	¥12,460	¥ 9,149	¥71,988	¥(4,546)	¥89,051
Dividends paid		—	—	(1,716)	—	(1,716)
Net income		—	—	3,212	—	3,212
Acquisition of treasury stock		—	—	—	(1)	(1)
Disposal of treasury stock		—	0	—	37	38
Others		—	866	(870)	—	(3)
Net changes of items other than shareholders' equity		—	—	—	—	—
BALANCE-MARCH 31, 2013	181,683,909	¥12,460	¥10,017	¥72,614	¥(4,510)	¥90,580

	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred loss on hedges	Translation adjustments	Total accumulated other comprehensive income	Stock subscription rights	Minority interests	Total net assets
BALANCE-MARCH 31, 2012	¥3,609	¥ (5)	¥(5,048)	¥(1,444)	¥82	¥ 864	¥88,554
Dividends paid	—	—	—	—	—	—	(1,716)
Net income	—	—	—	—	—	—	3,212
Acquisition of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	38
Others	—	—	—	—	—	—	(3)
Net changes of items other than shareholders' equity	2,026	(26)	2,748	4,748	(20)	1,400	6,127
BALANCE-MARCH 31, 2013	¥5,636	¥(32)	¥(2,300)	¥ 3,303	¥62	¥2,264	¥96,211

	Thousands of U.S. dollars (Note 2)				
	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
BALANCE-MARCH 31, 2012	$132,482	$ 97,278	$765,422	$(48,335)	$946,847
Dividends paid	—	—	(18,245)	—	(18,245)
Net income	—	—	34,152	—	34,152
Acquisition of treasury stock	—	—	—	(10)	(10)
Disposal of treasury stock	—	0	—	393	404
Others	—	9,207	(9,250)	—	(31)
Net changes of items other than shareholders' equity	—	—	—	—	—
BALANCE-MARCH 31, 2013	$132,482	$106,507	$772,078	$(47,953)	$963,104

	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred loss on hedges	Translation adjustments	Total accumulated other comprehensive income	Stock subscription rights	Minority interests	Total net assets
BALANCE-MARCH 31, 2012	$38,373	$ (53)	$(53,673)	$(15,353)	$871	$ 9,186	$ 941,562
Dividends paid	—	—	—	—	—	—	(18,245)
Net income	—	—	—	—	—	—	34,152
Acquisition of treasury stock	—	—	—	—	—	—	(10)
Disposal of treasury stock	—	—	—	—	—	—	404
Others	—	—	—	—	—	—	(31)
Net changes of items other than shareholders' equity	21,541	(276)	29,218	50,483	(212)	14,885	65,146
BALANCE-MARCH 31, 2013	$59,925	$(340)	$(24,455)	$ 35,119	$659	$24,072	$1,022,977

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Kureha Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2013	2012	**2013**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 5,466**	¥ 3,188	**$ 58,118**
Adjustments for:			
Depreciation	**8,882**	9,580	**94,439**
Amortization of goodwill	**77**	98	**818**
(Decrease) increase in allowance for doubtful accounts	**(127)**	186	**(1,350)**
(Increase) decrease in prepaid pension expense	**(184)**	85	**(1,956)**
Decrease in reserve for employees' retirement benefits	**(104)**	(113)	**(1,105)**
Increase (decrease) in retirement allowance for directors and corporate auditors	**5**	(28)	**53**
Decrease in allowance for loss due to disaster	**(579)**	(1,242)	**(6,156)**
Increase in provision for environmental measures	**311**	—	**3,306**
Interest and dividend income	**(644)**	(684)	**(6,847)**
Interest expenses	**820**	787	**8,718**
Loss on disposal and sale of property, plant and equipment	**803**	1,396	**8,538**
Unrealized loss on securities and investments in securities	**1**	88	**10**
Gain on sale of investments in securities	**(3)**	(79)	**(31)**
Decrease (increase) in trade notes and accounts receivable	**3,027**	(2,481)	**32,185**
Increase in inventories	**(2,734)**	(3,133)	**(29,069)**
Decrease (increase) in other assets	**198**	(88)	**2,105**
(Decrease) increase in trade notes and accounts payable	**(3,737)**	5,237	**(39,734)**
Increase in other liabilities	**748**	1,217	**7,953**
Other, net	**(1,053)**	(1,162)	**(11,196)**
Subtotal	**11,174**	12,854	**118,809**
Dividends and interest received	**1,100**	968	**11,695**
Interest paid	**(830)**	(773)	**(8,825)**
Income taxes paid	**(1,198)**	(903)	**(12,737)**
Net cash provided by operating activities	**10,246**	12,144	**108,942**
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment	**(18,992)**	(14,454)	**(201,935)**
Proceeds from sales of property, plant and equipment	**113**	214	**1,201**
Payments for disposal of property, plant and equipment	**(538)**	(906)	**(5,720)**
Purchase of investments in securities	**(243)**	(18)	**(2,583)**
Proceeds from sales of investments in securities	**33**	581	**350**
Payments of loans receivable	**(210)**	(426)	**(2,232)**
Proceeds from collection of loans receivable	**315**	144	**3,349**
Other, net	**(72)**	694	**(765)**
Net cash used in investing activities	**(19,595)**	(14,169)	**(208,346)**
Cash flows from financing activities:			
Net decrease in commercial paper	**—**	(4,000)	**—**
Net increase in short-term loans payable	**573**	2,962	**6,092**
Proceeds from long-term debt	**5,284**	3,399	**56,182**
Repayments of long-term debt	**(5,070)**	(5,179)	**(53,907)**
Proceeds from issuance of bonds with stock acquisition rights	**14,923**	—	**158,670**
Redemption of bonds	**(5,000)**	—	**(53,163)**
Dividends paid	**(1,716)**	(1,716)	**(18,245)**
Dividends paid to minority shareholders	**(15)**	(13)	**(159)**
Proceeds from issuance of bonds	**—**	4,966	**—**
Proceeds from stock issuance to minority shareholders	**1,455**	50	**15,470**
Other, net	**(169)**	(99)	**(1,796)**
Net cash provided by financing activities	**10,264**	370	**109,133**
Effect of exchange rate changes on cash and cash equivalents	**181**	(285)	**1,924**
Net increase (decrease) in cash and cash equivalents	**1,097**	(1,938)	**11,664**
Cash and cash equivalents at beginning of year	**8,857**	10,746	**94,173**
Increase in cash and cash equivalents resulting from inclusion of consolidated subsidiaries	**—**	50	**—**
Cash and cash equivalents at end of year (Note 5)	**¥ 9,954**	¥ 8,857	**$105,837**

The accompanying notes are an integral part of these statements.

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Kureha Corporation (the "Company") and its consolidated subsidiaries (collectively the "Group") in accordance with the provisions set forth in the Companies Act and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different, in certain respects, from the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Act, for the years ended March 31, 2013 and 2012, amounts of less than one million yen have been omitted. Consequently, totals shown in the accompanying consolidated financial statements for the years ended March 31, 2013 and 2012 do not necessarily agree with the sums of the individual amounts.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Company's consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

2. U.S. Dollar Amounts

The accounts of consolidated financial statements presented herein are originally expressed in Japanese yen. The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥94.05 to U.S. $1, the rate of exchange prevailing as of March 29, 2013. And, for translation of millions of Japanese yen to thousands of U.S. dollars, amounts of less than one thousand dollar have been omitted. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at this or any other rate.

3. Principles of Consolidation

I. Scope of consolidation

The Company has consolidated 37 (38 in 2012) subsidiaries and two affiliates (one in 2012) as of March 31, 2013. The accounts of two subsidiaries (three in 2012) and three affiliates (three in 2012) were not consolidated and not applied to equity method for the year ended March 31, 2013 , as they would not have a material effect on the accompanying consolidated financial statements.

II. Fiscal terms of consolidated subsidiaries

The fiscal terms of 13 consolidated subsidiaries close their accounts at December 31. In preparing the consolidated financial statements, those accounts at December 31, 2012 are used, but major transactions which were executed during the three months between December 31 and March 31 are adjusted as necessary for consolidation.

4. Summary of Significant Accounting Policies

I. Securities

Securities included in marketable securities and investments in securities are designated as available-for-sale securities and are stated as follows:

Available-for-sale securities with market quotations are stated at the average market price during the month before the balance sheet date.

Valuation difference on these securities is reported at net of taxes as a separate component of net assets.

The cost of securities sold is determined based on the moving average cost at the time of sale.

Available-for-sale securities without market quotations are stated at cost by the moving average method.

II. Derivatives and hedge accounting

Derivative financial instruments are stated at fair value and any changes in the fair value are recognized as gain or loss.

Interest rate swaps qualified for hedge accounting are measured at fair value, and unrealized gains or losses are deferred until maturity. Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not re-measured at market value, but the differential paid or received under the swap agreements are recognized and included in the interest expense or income.

The Company and its consolidated subsidiaries utilize foreign exchange forward contracts to avoid the risk from future exchange rate fluctuations in connection with the foreign currency denominated receivables and payables and also interest rate swaps to reduce the financing costs related to long-term debt and short-term borrowings as a means to manage the interest rate risk. Certain foreign exchange forward contracts utilized by the Company and certain consolidated subsidiaries are exposed to an exchange rate fluctuation risk and interest rate risk from the movement of the interest rates is mitigated by converting floating interest rates to fixed interest rates using interest rate swap agreements. The Company and its consolidated subsidiaries use derivatives to hedge risks in accordance with internal rules.

III. Inventories

Inventories are stated at cost in principle determined by the gross average method. Inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less incremental estimated manufacturing costs and estimated direct selling expenses.

IV. Depreciation and amortization of fixed assets

Property, plant and equipment except for leased assets

Property, plant and equipment are principally stated at cost. Depreciation except for buildings is computed in accordance with the declining balance method based on the estimated useful lives and residual value. The depreciation of buildings is computed on the straight-line method. Accumulated depreciation which was directly deducted from property, plant and equipment as of March 31, 2013 and 2012 were ¥162,419 million ($1,726,943 thousand) and ¥162,961 million, respectively.

The useful lives of major property, plant and equipment are summarized as follows:

Buildings and structures	10 to 50 years
Machinery, equipment and vehicles	7 to 20 years
Other (tools, furniture and fixtures)	4 to 10 years

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates

In prior years, the Company and its domestic consolidated subsidiaries calculated depreciation of property, plant and equipment by the declining balance method (except for buildings which include buildings and facilities, and leased assets).

Effective April 1, 2012, the Company and its domestic consolidated subsidiaries changed their depreciation method of property, plant and equipment from the declining balance method to the straight-line method.

To accomplish "Grow Globally II medium-term business plan," which was formulated in the previous fiscal year, the Company will take a policy to actively expand its global operations and respond to global intensification of competition. In addition, the Company examined carefully both its utilization of domestically owned property, plant and equipment and the structure of future capital investments.

As a result of this examination, the Company confirmed that these will likely be operated on a long-term basis, reliably over useful lives and their repair and maintenance expense will likely be occurred on an average basis. Moreover, the occurrence of rapid technological and economic obsolescence would not be expected.

Based on the assumption that the Company will expand its global operations in the future, it has determined that the Group will adopt the straight-line method for their depreciation, which has already been adopted by all overseas consolidated subsidiaries. As a consequence, the Company determined that this change would more appropriately reflect the actual condition of investment in property, plant and equipment with a focus on the production facilities and more easily identify the result of capital investments as a whole group.

As a result of this change, depreciation expense decreased by ¥1,758 million ($18,692 thousand), and operating income and income before income taxes and minority interests increased by ¥1,758 million ($18,692 thousand) from the corresponding amounts which would have been recorded under the previous method.

Intangible fixed assets except for leased assets

Intangible fixed assets except for software are amortized by the straight-line method based on the estimated useful lives.

Software for in-house use is amortized by the straight-line method based on the estimated useful lives (5 years).

Leased assets

Leased assets under finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over respective lease periods without salvage value.

V. Allowance for doubtful accounts

Allowance for doubtful accounts of general receivables was established to provide for future losses, which are estimated based on the past credit loss experience.

In addition, uncollectible amount is estimated individually for doubtful receivables.

VI. Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is recorded based on the estimated projected benefit obligations and the plan assets at the end of the fiscal year. Certain domestic consolidated subsidiaries calculate their retirement benefit obligations using the liability which would be paid if all the employees voluntarily retired at each consolidated balance sheet date or liability reserve for pension financing calculation purpose.

The unrecognized transition amount which arose from adopting a new standard has been fully amortized when incurred. Past service cost is fully amortized when incurred. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized, on a straight-line basis over certain periods within the employees' average remaining service years.

VII. Retirement allowance for directors and corporate auditors

The retirement allowance for directors and statutory auditors is recorded based on the amount that would be required in accordance with the internal rule at the balance sheet date to provide for the payment for the retirement benefits.

VIII. Reserve for environmental measures
Reserve for environmental measures is recorded for disposal of PCB (polychlorinated biphenyl) that would be required by the Waste Disposal Law.

IX. Cash and cash equivalents
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, bank deposits payable on demand and short-term investments due within three months from acquisition with minor value fluctuation risk.

X. Changes in presentation
"Subsidy income" (¥311 million ($3,306 thousand) for the year ended March 31, 2013) and "advanced depreciation of property, plant and equipment" (¥148 million ($1,573 thousand) for the year ended March 31, 2013) which were included in "other, net" under other income (expenses) for the year ended March 31, 2012 are separately presented from the year ended March 31, 2013 as it became material in amount.

To reflect the change in presentation, the consolidated statements for the year ended March 31, 2012 are reclassified.

As a result, "subsidy income" of ¥97 million and "advanced depreciation of property, plant and equipment" of ¥ (97) million for the year ended March 31, 2012 are separately presented.

XI. Unapplied new accounting standards
"Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan (hereinafter "ASBJ") Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

A) Overview
Accounting standard for retirement benefits has been revised from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (a) how unrecognized actuarial differences and prior service cost should be accounted for, (b) how projected benefit obligations and service cost should be determined and (c) enhancement of disclosures.

B) Date of adoption
The Company and certain consolidated subsidiaries will adopt the revised accounting standards effective from the fiscal year ending March 31, 2014. However, the Company and certain consolidated subsidiaries will adopt the amendments to the method for calculating projected benefit obligations and service cost from the beginning of the fiscal year ending March 31, 2015.

C) The effect of adopting the accounting standards
The effect of adopting these accounting standards is currently under evaluation.

5. Cash and Cash Equivalents
The following table represents a reconciliation of cash and cash equivalents as of March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cash and time deposits	**¥9,954**	¥8,857	**$105,837**
Cash and cash equivalents	**9,954**	8,857	**105,837**

6. Trade Notes
Trade notes due at the end of the fiscal year are settled on the date of clearing.

As the end of the year ended March 31, 2013 fell on a bank holiday, the following trade notes due at the end of the fiscal year are included in the balance at the end of the year.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Trade notes receivable	**¥307**	¥399	**$3,264**
Trade notes payable	**936**	519	**9,952**

7. Inventories

Inventories as of March 31, 2013 and 2012, respectively, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Finished products and merchandise	¥18,670	¥15,540	$198,511
Work-in-process	1,730	1,118	18,394
Raw materials and supplies	4,918	5,493	52,291
Total	¥25,318	¥22,151	$269,197

8. Financial Instruments and Related Disclosures

I. Status of financial instruments

A) Group policy for financial instruments

The Group uses financial instruments, mainly bank loans and bonds for the purpose of raising its necessary fund for equipment investment plan. Cash surpluses, if any, are invested only in short-term deposits, etc. Working capital for short-term ongoing operations is procured from short-term bank loans. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described below.

B) Nature and extent of risks arising from financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Investments in securities, equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations. And long-term receivables are made to the employees.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies, partly accompanied by the export of materials, are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are almost netted against the balance of receivables denominated in the same foreign currency as noted above. And, the payables in Euro are always within the balance of receivables in Euro.

Although a part of such bank loans, bonds and lease obligation, which are mainly for the purpose of equipment investment, are exposed to market risks from changes in variable interest rates; those risks are mitigated by using mostly derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 19 for more detail about derivatives.

C) Risk management for financial instruments

Credit risk management (risk of counterparty's failure to repay)

Credit risk is the risk of economic loss arising from counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include setting up an individual credit limit and monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. A credit limit is changed, if necessary, based on a periodic monitoring of customers' financial positions. And the Group manages to mitigate the risk of receivable collection due to deteriorating financial position by utilizing such facilities as credit insurance or factoring. In using derivatives, the Group chooses highly creditworthy financial institutions to avoid counterparty risk.

Market risk management (foreign exchange risk and interest rate risk)

The Company and certain consolidated subsidiaries manage market risk resulting from fluctuations in foreign currency exchange rates of foreign currency trade receivables and payables, which are to be identified through management per month and per currency. Such foreign exchange risk is hedged principally by forward foreign currency contracts. Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of bank loans.

Investments in securities are managed by monitoring market values and financial position of issuers on a regular basis.

Basic principles of derivative transactions have been based on the internal guidelines which prescribe the authority and the limit for each transaction. The same principles are applicable to the consolidated subsidiaries.

Liquidity risk management (risk of the Group's failure to pay at maturity)

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by controlling a monthly cash flow plan, and the Company manages it by using commercial paper and commitment line.

D) Fair value of financial instruments
Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. The fair values hereof may vary upon applying various procedures, as the valuation techniques include variable factors. Also please note that the contract amounts themselves shown in Note 19 Derivatives and Hedging Activities do not imply the market risk exposure regarding derivative transactions.

II. Fair value of financial instruments
Carrying amount, fair value and the differences as of March 31, 2013 and 2012 are as follows:
(This information excludes financial instruments whose fair value cannot be reliably determined)

			Millions of yen
March 31, 2013	Carrying amount	Fair value	Unrealized gain/loss
Cash and time deposits	**¥ 9,954**	**¥ 9,954**	**¥ —**
Trade notes and accounts receivable	**27,480**		
Allowance for doubtful accounts	**(92)**		
Sub-total	**27,387**	**27,387**	**—**
Investments in securities:			
Available-for-sale securities	**19,312**	**19,312**	**—**
Long-term loans including current portion	**2,157**	**2,324**	**166**
Total assets	**¥58,812**	**¥58,979**	**¥ 166**
Trade notes and accounts payable	**15,940**	**15,940**	**—**
Short-term loans payable	**12,158**	**12,158**	**—**
Other payables	**7,146**	**7,146**	**—**
Bonds	**20,000**	**20,658**	**(658)**
Bonds with stock acquisition rights	**15,000**	**16,369**	**(1,369)**
Long-term debt including current portion	**21,289**	**20,430**	**859**
Total liabilities	**¥91,535**	**¥92,703**	**¥ (1,167)**
Derivatives:			
Not qualifying for hedge accounting	**¥ 1**	**¥ 1**	**¥ —**
Qualifying for hedge accounting	**(52)**	**(52)**	**—**

			Thousands of U.S. dollars
March 31, 2013	Carrying amount	Fair value	Unrealized gain/loss
Cash and time deposits	**$105,837**	**$105,837**	**$ —**
Trade notes and accounts receivable	**292,185**		
Allowance for doubtful accounts	**(978)**		
Sub-total	**291,196**	**291,196**	**—**
Investments in securities:			
Available-for-sale securities	**205,337**	**205,337**	**—**
Long-term loans including current portion	**22,934**	**24,710**	**1,765**
Total assets	**$625,326**	**$627,102**	**$ 1,765**
Trade notes and accounts payable	**169,484**	**169,484**	**—**
Short-term loans payable	**129,271**	**129,271**	**—**
Other payables	**75,980**	**75,980**	**—**
Bonds	**212,652**	**219,649**	**(6,996)**
Bonds with stock acquisition rights	**159,489**	**174,045**	**(14,556)**
Long-term debt including current portion	**226,358**	**217,224**	**9,133**
Total liabilities	**$973,258**	**$985,677**	**$(12,408)**
Derivatives:			
Not qualifying for hedge accounting	**$ 10**	**$ 10**	**$ —**
Qualifying for hedge accounting	**(552)**	**(552)**	**—**

March 31, 2012	Carrying amount	Fair value	Unrealized gain/loss
			Millions of yen
Cash and time deposits	¥ 8,857	¥ 8,857	¥ —
Trade notes and accounts receivable	29,586		
Allowance for doubtful accounts	(69)		
Sub-total	29,517	29,517	—
Investments in securities:			
Available-for-sale securities	16,103	16,103	—
Long-term loans including current portion	2,262	2,379	117
Total assets	¥56,741	¥56,858	¥ 117
Trade notes and accounts payable	19,262	19,262	—
Short-term loans payable	11,234	11,234	—
Other payables	6,123	6,123	—
Bonds including current portion	25,000	25,699	(699)
Bonds with stock acquisition rights	—	—	—
Long-term debt including current portion	20,449	20,823	(373)
Total liabilities	¥82,069	¥83,143	¥(1,073)
Derivatives:			
Not qualifying for hedge accounting	¥ (24)	¥ (24)	¥ —
Qualifying for hedge accounting	(6)	(6)	—

A) Method of fair value measurement of financial instruments

1. Asset

Cash and time deposits, and trade notes and accounts receivable

The carrying amounts of these accounts approximate fair value because of their short maturities.

Investments in securities

The fair values of investments in securities are measured at the quoted market price of the stock exchange for the equity instruments.

Long-term loans

The fair values of long-term loans are measured at the present value of the future cash flows discounted by a rate of return, an appropriate rate such as government bond rate added to a credit spread, with respect to each credit risk segment of credit control.

2. Liability

Trade notes and accounts payable, short-term loans payable, and other payable

The carrying amounts of these accounts approximate fair value because of their short maturities.

Bonds

The fair values of the bonds issued by the Company are measured based on the market price.

Bonds with stock acquisition rights

The fair values of bonds with stock acquisition rights are measured based on the prices obtained from the financial institutions with which they are transacted.

Long-term debt

The fair values of long-term debt are measured by discounting the principal and interest discounted by an assumed new borrowing rate. As a part of long-term debt with floating interest rates are subject to deferral method of interest rate swaps, the fair values of the said interest rate swaps are included in the long-term debt.

B) Carrying amount of financial instruments whose fair value cannot be reliably determined as of March 31, 2013 and 2012

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Investments in equity instruments that do not have a quoted market price in an active market	¥167	¥117	$1,775

C) The aggregate annual maturities of financial assets and securities with contractual maturities as of March 31, 2013 and 2012

	Millions of yen			
March 31, 2013	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	¥ 9,954	¥ —	¥ —	¥ —
Trade notes and accounts receivable	27,480	—	—	—
Long-term loans	96	663	664	733
Total	¥37,531	¥663	¥664	¥733

	Thousands of U.S. dollars			
March 31, 2013	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	$105,837	$ —	$ —	$ —
Trade notes and accounts receivable	292,185	—	—	—
Long-term loans	1,020	7,049	7,060	7,793
Total	$399,053	$7,049	$7,060	$7,793

	Millions of yen			
March 31, 2012	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	¥ 8,857	¥ —	¥ —	¥ —
Trade notes and accounts receivable	29,586	—	—	—
Long-term loans	53	632	709	867
Total	¥38,497	¥632	¥709	¥867

D) The aggregate annual maturities of bonds and long-term debt as of March 31, 2013 and 2012

	Millions of yen					
March 31, 2013	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	¥ —	¥ —	¥10,000	¥ —	¥ 5,000	¥5,000
Bonds with stock acquisition rights	—	—	—	—	15,000	—
Long-term debt	5,929	4,158	3,998	3,256	2,251	1,695
Total	¥5,929	¥4,158	¥13,998	¥3,256	¥22,251	¥6,695

	Thousands of U.S. dollars					
March 31, 2013	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	$ —	$ —	$106,326	$ —	$ 53,163	$53,163
Bonds with stock acquisition rights	—	—	—	—	159,489	—
Long-term debt	63,040	44,210	42,509	34,619	23,934	18,022
Total	$63,040	$44,210	$148,835	$34,619	$236,586	$71,185

March 31, 2012	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
						Millions of yen
Bonds	¥5,000	¥ —	¥ —	¥10,000	¥ —	¥10,000
Long-term debt	4,814	5,364	3,365	2,875	2,178	1,849
Total	¥9,814	¥5,364	¥3,365	¥12,875	¥2,178	¥11,849

9. Securities

Investments in unconsolidated subsidiaries and affiliates amount to ¥3,158 million ($33,577 thousand) and ¥2,712 million as of March 31, 2013 and 2012, respectively.

The acquisition cost and carrying amount of available-for-sale securities whose fair value were available as of March 31, 2013 and 2012 were as follows:

March 31, 2013	Acquisition cost	Carrying amount	Unrealized gain (loss)
			Millions of yen
Securities with unrealized gain:			
Equity securities	**¥ 7,960**	**¥17,114**	**¥9,154**
Sub-total	**7,960**	**17,114**	**9,154**
Securities with unrealized loss:			
Equity securities	**2,487**	**2,197**	**(289)**
Sub-total	**2,487**	**2,197**	**(289)**
Total	**¥10,447**	**¥19,312**	**¥8,865**

March 31, 2013	Acquisition cost	Carrying amount	Unrealized gain (loss)
			Thousands of U.S. dollars
Securities with unrealized gain:			
Equity securities	**$ 84,635**	**$181,967**	**$97,331**
Sub-total	**84,635**	**181,967**	**97,331**
Securities with unrealized loss:			
Equity securities	**26,443**	**23,359**	**(3,072)**
Sub-total	**26,443**	**23,359**	**(3,072)**
Total	**$111,079**	**$205,337**	**$94,258**

March 31, 2012	Acquisition cost	Carrying amount	Unrealized gain (loss)
			Millions of yen
Securities with unrealized gain:			
Equity securities	¥ 6,355	¥13,101	¥ 6,745
Sub-total	6,355	13,101	6,745
Securities with unrealized loss:			
Equity securities	4,028	3,002	(1,026)
Sub-total	4,028	3,002	(1,026)
Total	¥10,384	¥16,103	¥ 5,718

Proceeds from sales of available-for-sale securities and related gross realized gain and loss on those sales for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Proceeds from sales	**¥33**	¥582	**$350**
Gross realized gain	**3**	80	**31**
Gross realized loss	**—**	—	**—**

10. Short-term Loans Payable, Long-term Debt and Lease Obligations

Short-term loans payable and long-term debt as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Short-term loans with average interest rate of 0.85%	**¥12,158**	¥11,234	**$129,271**
Current portion of long-term debt with average interest rate of 1.56%	**5,929**	4,814	**63,040**
Current portion of unsecured bonds maturing on March 8, 2013 with the interest rate of 1.60%	**—**	5,000	**—**
Sub-total	**18,088**	21,049	**192,323**
Unsecured bonds maturing on June 17, 2015 with the interest rate of 2.06%	**10,000**	10,000	**106,326**
Unsecured bonds maturing on September 15, 2017 with the interest rate of 0.95%	**5,000**	5,000	**53,163**
Unsecured bonds maturing on October 19, 2018 with the interest rate of 0.82%	**5,000**	5,000	**53,163**
Zero coupon convertible bonds due 2018 (bonds with stock acquisition rights) maturing on March 14, 2018 (Note1)	**15,000**	—	**159,489**
Long-term debt maturing in 2014 through 2028 with average interest rate of 1.56%	**15,359**	15,634	**163,306**
Total	**¥68,447**	¥56,683	**$727,772**

(Note 1) Summary of zero coupon convertible bonds due 2018 (bonds with stock acquisition rights)

Type of stock should be issued	Common stock
Issue price of stock acquisition right	Zero (no consideration)
Initial conversion price	433 yen per share ($4.60)
Aggregate amount of bond	15,000 million yen ($159,489 thousand)
Aggregate amount of stock issued by exercising stock acquisition right	—
Ratio of stock acquisition right granted	100%
Exercise period	From March 28, 2013 to February 28, 2018 (at the place where the stock acquisition right is to be exercised)

Note: When the bondholder claims for exercising stock acquisition rights, the amount should be paid for the stocks acquired were fulfilled by substitution of the redemption amount of the bonds. Further, when the stock acquisition right was exercised, the Company considers as the bondholder has claimed for exercise.

The aggregate annual maturities of long-term debt as of March 31, 2013 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2014	¥5,929	$63,040
2015	4,158	44,210
2016	3,998	42,509
2017	3,256	34,619
2018	2,251	23,934

The aggregate annual maturities of lease obligations as of March 31, 2013 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2014	¥151	$1,605
2015	110	1,169
2016	79	839
2017	42	446
2018	8	85

Note: Average interest rate on lease obligations is omitted since above lease obligations recorded in the consolidated balance sheets as of March 31, 2013 include interest equivalent amounts.

11. Assets Pledged as Collateral

The following assets of the Group are pledged as collateral for trade notes and accounts payable, short-term loans payable and long-term debt in the amount of ¥1,657 million ($17,618 thousand) and ¥1,795 million as of March 31, 2013 and 2012, respectively:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Buildings and structures	**¥17,273**	¥16,702	**$183,657**
Machinery, equipment and vehicles	**13,627**	13,229	**144,891**
Land	**3,897**	3,897	**41,435**
Investments in securities	**4,632**	4,434	**49,250**
Total	**¥39,430**	¥38,264	**$419,245**

12. Loan Commitment Agreements

The Company and its consolidated subsidiaries entered into loan commitment agreements and overdraft agreements with the financial institutions. The outstanding balance as of March 31, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Total commitment available	**¥12,509**	¥11,237	**$133,003**
Amount utilized	**143**	390	**1,520**
Balance available	**¥12,365**	¥10,846	**$131,472**

13. Reserve for Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have principally tax qualified pension plans and lump-sum retirement benefit plans. In addition, in some cases, merit allowances which are not included in the actuarial calculation of projected benefit obligations may be paid upon the retirement of certain employees.

The reserve for employees' retirement benefits as of March 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Projected benefit obligations	**¥(20,718)**	¥(21,337)	**$(220,287)**
Plan assets	**18,252**	17,402	**194,066**
Funded status	**(2,466)**	(3,935)	**(26,220)**
Unrecognized actuarial differences	**4,151**	5,342	**44,136**
Sub-total	**1,685**	1,406	**17,916**
Prepaid pension cost	**2,241**	2,057	**23,827**
Reserve for employees' retirement benefits	**¥ (556)**	¥ (650)	**$ (5,911)**

Net pension expenses related to the retirement benefits for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Service cost	**¥ 908**	¥ 925	**$ 9,654**
Interest cost	**377**	386	**4,008**
Expected return on plan assets	**(306)**	(311)	**(3,253)**
Amortization of actuarial differences	**653**	620	**6,943**
Net pension expenses	**¥1,633**	¥1,620	**$17,363**

Note: In addition to above expenses, the Company and its domestic consolidated subsidiaries recorded merit allowances amounting to ¥18 million ($191 thousand) and ¥15 million for the years ended March 31, 2013 and 2012, respectively.

Assumptions used in calculation of the above information for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Discount rate	**1.736%**	1.736%
Expected rate of return on plan assets	**1.736%**	1.736%
Method of attributing the projected benefits to periods of services	**Straight-line basis**	Straight-line basis

14. Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Deferred tax assets:			
Tax loss carried forward	**¥ 5,022**	¥ 812	**$ 53,397**
Unrealized gain on fixed assets	**1,152**	981	**12,248**
Accrued bonuses	**827**	781	**8,793**
Accrued expenses	**521**	417	**5,539**
Accumulated depreciation	**378**	9	**4,019**
Loss on disposal and sales of fixed assets	**330**	530	**3,508**
Research and development costs	**293**	379	**3,115**
Asset retirement obligations	**282**	251	**2,998**
Write-down of inventories	**263**	249	**2,796**
Reserve for employees' retirement benefits	**178**	194	**1,892**
Loss on impairment	**173**	349	**1,839**
Reserve for environmental measures	**168**	61	**1,786**
Retirement allowance for directors and corporate auditors	**123**	122	**1,307**
Allowance for doubtful accounts	**54**	109	**574**
Tax credit for research and development costs	**—**	410	**—**
Settlement package	**—**	377	**—**
Casualty loss	**—**	215	**—**
Loss on discontinues operation	**—**	114	**—**
Others	**1,474**	1,253	**15,672**
Sub-total	**11,245**	7,623	**119,564**
Valuation allowance	**(1,697)**	(1,646)	**(18,043)**
Total deferred tax assets	**9,547**	5,976	**101,509**
Deferred tax liabilities:			
Shortfall in depreciation	**(4,418)**	(961)	**(46,975)**
Net unrealized gain on available-for-sale securities	**(3,134)**	(2,018)	**(33,322)**
Prepaid pension expenses	**(786)**	(719)	**(8,357)**
Retained earnings of subsidiaries	**(204)**	(356)	**(2,169)**
Asset retirement obligations	**(166)**	(175)	**(1,765)**
Others	**(131)**	(117)	**(1,392)**
Total deferred tax liabilities	**(8,841)**	(4,348)	**(94,003)**
Net deferred tax assets	**¥ 705**	¥ 1,627	**$ 7,496**

Deferred tax assets and liabilities as of March 31, 2013 and 2012 are presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Current assets			
Deferred tax assets	**¥ 2,129**	¥ 2,630	**$ 22,636**
Investments and other assets			
Deferred tax assets	**1,371**	839	**14,577**
Current liabilities			
Others	**(0)**	(13)	**(0)**
Long-term liabilities			
Deferred tax liabilities, non-current	**(2,794)**	(1,827)	**(29,707)**

Reconciliations of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Statutory income tax rate:	**37.75%**	40.44%
Expense not deductible for tax purpose	**5.83**	4.26
Non-taxable revenue	**(1.98)**	(4.08)
Tax credit for research and development costs	**(10.35)**	(3.98)
Amounts recognized unrealized gain tax effect	**1.02**	3.04
Retained earnings of overseas subsidiaries	**(2.77)**	1.44
Valuation allowance	**12.66**	(4.96)
Decrease in deferred tax assets at the end of the year due to changes in tax rate	**—**	8.14
Others	**(0.12)**	2.80
Effective income tax rate	**42.04%**	47.10%

15. Commitments and Guarantee Liabilities

The Group guarantees employees' bank loans to the amounts of ¥128 million ($1,360 thousand) and ¥189 million as of March 31, 2013 and 2012, respectively.

16. Stock Option Plan

The Company issued stock acquisition rights (stock options) in accordance with the provisions of the Companies Act based on the resolution of the general shareholders' meeting and the Board of Directors' meeting held on June 27, 2007 as follows:

I. Accounting for stock option related expenses for the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Share-based compensation included in selling, general and administrative expenses	**¥17**	¥20	**$180**

II. Details of stock options, volume and activity

A) Detail of stock options

	1st Stock Option Plan
Persons granted	8 directors of the Company
Number of stock options by type of shares	Common stock 47,500 shares
Grant date	July 18, 2007
Vesting conditions	a. The eligible director shall exercise options collectively during the period from the following day after he or she retired from the position as a director of the Company and through the 10th day. b. If the eligible director resigned from its position due to certain reasons, the number of stock options may be reduced depending on the service period. c. If the eligible director gives up the subscription rights, he or she cannot exercise the stock options given up.
Eligible service period	From June 27, 2007 to June 26, 2008
Exercise period	From July 18, 2007 to July 17, 2037

	2nd Stock Option Plan
Persons granted	8 directors of the Company
Number of stock options by type of shares	Common stock 49,400 shares
Grant date	July 23, 2008
Vesting conditions	a. The eligible director shall exercise options collectively during the period from the following day after he or she retired from the position as a director of the Company and through the 10th day. b. If the eligible director resigned from its position due to certain reasons, the number of stock options may be reduced depending on the service period. c. If the eligible director gives up the subscription rights, he or she cannot exercise the stock options given up.
Eligible service period	From June 26, 2008 to June 25, 2009
Exercise period	From July 23, 2008 to July 22, 2038

	3rd Stock Option Plan
Persons granted	8 directors of the Company
Number of stock options by type of shares	Common stock 55,500 shares
Grant date	July 22, 2009
Vesting conditions	a. The eligible director shall exercise options collectively during the period from the following day after he or she retired from the position as a director of the Company and through the 10th day. b. If the eligible director resigned from its position due to certain reasons, the number of stock options may be reduced depending on the service period. c. If the eligible director gives up the subscription rights, he or she cannot exercise the stock options given up.
Eligible service period	From June 25, 2009 to June 24, 2010
Exercise period	From July 22, 2009 to July 21, 2039

	4th Stock Option Plan
Persons granted	8 directors of the Company
Number of stock options by type of shares	Common stock 55,300 shares
Grant date	July 21, 2010
Vesting conditions	a. The eligible director shall exercise options collectively during the period from the following day after he or she retired from the position as a director of the Company and through the 10th day. b. If the eligible director resigned from its position due to certain reasons, the number of stock options may be reduced depending on the service period. c. If the eligible director gives up the subscription rights, he or she cannot exercise the stock options given up.
Eligible service period	From June 25, 2010 to June 24, 2011
Exercise period	From July 21, 2010 to July 20, 2040

	5th Stock Option Plan
Persons granted	7 directors of the Company
Number of stock options by type of shares	Common stock 56,600 shares
Grant date	July 20, 2011
Vesting conditions	a. The eligible director shall exercise options collectively during the period from the following day after he or she retired from the position as a director of the Company and through the 10th day. b. If the eligible director resigned from its position due to certain reasons, the number of stock options may be reduced depending on the service period. c. If the eligible director gives up the subscription rights, he or she cannot exercise the stock options given up.
Eligible service period	From June 24, 2011 to June 23, 2012
Exercise period	From July 20, 2011 to July 19, 2041

	6th Stock Option Plan
Persons granted	7 directors of the Company
Number of stock options by type of shares	Common stock 76,500 shares
Grant date	July 18, 2012
Vesting conditions	a. The eligible director shall exercise options collectively during the period from the following day after he or she retired from the position as a director of the Company and through the 10th day. b. If the eligible director resigned from its position due to certain reasons, the number of stock options may be reduced depending on the service period. c. If the eligible director gives up the subscription rights, he or she cannot exercise the stock options given up.
Eligible service period	From June 26, 2012 to June 25, 2013
Exercise period	From July 18, 2012 to July 17, 2042

B) Volume and activity of stock options for the year ended March 31, 2013:

Volume of stock options:

Before vesting:	
As of March 31, 2012	197,000
Granted	76,500
Forfeited	15,400
Vested	83,500
Outstanding	174,600
After vesting:	
As of March 31, 2012	—
Vested	83,500
Exercised	83,500
Forfeited	—
Outstanding	—

Price information:

	Yen		U.S. dollars	
	Exercised	Outstanding	Exercised	Outstanding
Exercise price	¥ 1	¥ 1	$0.01	$0.01
Average stock price at the time of exercise	339	—	3.60	—
Fair value at the date of grant	—	381	—	4.05

C) Valuation method for fair value of stock options:

The valuation method for fair value of 2012 stock options granted during the year ended March 31, 2013 is as follows:

Valuation method: Black-Scholes formula

Major basic numerical values and valuation method:

	6th Stock Option Plan
Stock price volatility	36.8%
Expected years to expiration	4.0 years
Expected dividends	¥10 ($0.10) per share
Risk-free interest rate	0.12%

D) Estimation method for the vested number of stock options

Since it is difficult to make a reasonable estimate on future forfeited stock options, the actual number of forfeited stock options is reflected in the estimation.

17. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Salaries, wages and bonuses	**¥7,611**	¥7,712	**$80,925**
Provision for bonuses	**623**	721	**6,624**
Employees' retirement benefit expenses	**653**	645	**6,943**
Research and development expenses	**4,389**	5,080	**46,666**

18. Gain or Loss on Property, Plant and Equipment

Gain on sale of property, plant and equipment and loss on disposal and sales of property, plant and equipment for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Gain on sale of property, plant and equipment:			
Land	**¥ —**	¥ 126	**$ —**
Machinery, equipment and vehicles	**6**	6	**63**
Total	**¥ 6**	¥ 132	**$ 63**
Loss on disposal of property, plant and equipment:			
Machinery, equipment and vehicles	**¥ 413**	¥ 453	**$ 4,391**
Buildings and structures	**382**	975	**4,061**
Others (tools, furniture and fixtures)	**0**	91	**0**
Total	**¥ 796**	¥ 1,520	**$ 8,463**
Loss on sale of property, plant and equipment:			
Machinery, equipment and vehicles	**¥ 14**	¥ 8	**148**
Total	**¥ 14**	¥ 8	**$ 148**

19. Derivatives and Hedging Activities

I. Derivative contracts to which hedge accounting is not applied as of March 31, 2013 and 2012 are as follows:

	Millions of yen					
	2013			2012		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:						
Selling:						
U.S. dollars	**¥855**	**¥0**	**¥0**	¥835	¥ (8)	¥ (8)
Euro	**230**	**1**	**1**	346	(14)	(14)
Buying:						
U.S. dollars	**71**	**0**	**0**	77	0	0
Euro	**16**	**0**	**0**	118	(2)	(2)
Total	**¥ —**	**¥1**	**¥1**	¥ —	¥ (26)	¥ (26)

	Thousands of U.S. dollars		
	2013		
	Contract amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:			
Selling:			
U.S. dollars	**$9,090**	**$ 0**	**$ 0**
Euro	**2,445**	**10**	**10**
Buying:			
U.S. dollars	**754**	**0**	**0**
Euro	**170**	**0**	**0**
Total	**$ —**	**$10**	**$10**

Notes: 1. Fair value is calculated using the forward rates.

2. For foreign exchange forward contracts, unrealized gain (loss) is presented as fair value.

II. Derivative contracts to which hedge accounting is applied as of March 31, 2012 and 2013 are as follows:

A) Currency related

As of March 31, 2013 — Millions of yen

Hedge accounting method	Classification of derivative contracts	Major hedged items	Contract amount	Contract amount over one year	Fair value
Principle processing method	Foreign exchange contract (selling) in Euro	Accounts receivable	**¥2,285**	**¥—**	**¥(12)**

As of March 31, 2013 — Thousands of U.S. dollars

Hedge accounting method	Classification of derivative contracts	Major hedged items	Contract amount	Contract amount over one year	Fair value
Principle processing method	Foreign exchange contract (selling) in Euro	Accounts receivable	**$24,295**	**$—**	**$(127)**

As of March 31, 2012 — Millions of yen

Hedge accounting method	Classification of derivative contracts	Major hedged items	Contract amount	Contract amount over one year	Fair value
Principle processing method	Foreign exchange contract (selling) in Euro	Accounts receivable	¥873	¥—	¥34

Notes: 1. Fair value is calculated using the forward rates.
2. Contract amount is presented in full amount, and unrealized gain (loss) calculated using investment ratio is presented as fair value.

B) Interest rate related

As of March 31, 2013 — Millions of yen

Hedge accounting method	Classification of derivative contracts	Major hedged items	Contract amount	Contract amount over one year	Fair value
Principle processing method	Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	**¥1,298**	**¥1,298**	**¥(40)**
Interest rate swaps meeting certain conditions	Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	**983**	**983**	**(Note 2)**
	Total		**¥2,281**	**¥2,281**	**¥(40)**

As of March 31, 2013					Thousands of U.S. dollars
Hedge accounting method	Classification of derivative contracts	Major hedged items	Contract amount	Contract amount over one year	Fair value
Principle processing method	Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	**$13,801**	**$13,801**	**$(425)**
Interest rate swaps meeting certain conditions	Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	**10,451**	**10,451**	**(Note 2)**
	Total		**$24,253**	**$24,253**	**$(425)**

As of March 31, 2012					Millions of yen
Hedge accounting method	Classification of derivative contracts	Major hedged items	Contract amount	Contract amount over one year	Fair value
Principle processing method	Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	¥ 777	¥ 777	¥ (40)
Interest rate swaps meeting certain conditions	Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	2,003	1,899	(Note 2)
	Total		¥2,780	¥2,676	¥ (40)

Notes: 1. Fair value is calculated using prices quoted by financial institutions.
2. With respect to interest rate swap contracts which meet certain conditions, fair values of the interest rate swap contracts are included in the fair values of the relevant long-term debt, since they are used for recording long-term debt as hedged items.

20. Other Comprehensive Income (Loss)

Reclassification adjustments and tax effect amounts of other comprehensive income(loss) for the year ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Unrealized gain (loss) on available-for-sale securities:			
Amount for the year	**¥ 3,155**	¥ (682)	**$33,545**
Reclassification adjustment	**(2)**	2	**(21)**
Amount before tax effect	**3,152**	(680)	**33,514**
Tax effect amount	**(1,115)**	564	**(11,855)**
Unrealized gain (loss) on available-for-sale securities	**2,037**	(116)	**21,658**
Deferred gain (loss) on hedges:			
Amount for the year	**(29)**	95	**(308)**
Reclassification adjustment	**(16)**	(45)	**(170)**
Amount before tax effect	**(46)**	49	**(489)**
Tax effect amount	**19**	(18)	**202**
Deferred gain (loss) on hedges	**(26)**	30	**(276)**
Translation adjustments:			
Amount for the year	**2,560**	(890)	**27,219**
Share of other comprehensive income in affiliates:			
Amount for the year	**211**	6	**2,243**
Total other comprehensive income (loss)	**¥ 4,782**	¥ (969)	**$50,845**

21. Per Share Information

Net assets per share as of March 31, 2013 and 2012 and net income per share for the years then ended were as follows:

	Yen		U.S. dollars
	2013	2012	**2013**
Net assets per share	**¥546.69**	¥510.37	**$5.81**
Basic net income per share	**18.71**	8.51	**0.19**
Diluted net income per share	**18.51**	8.50	**0.19**

Above per share information was computed using the following data:

	Millions of yen or shares		Thousands of U.S. dollars
	2013	2012	**2013**
Basic net income per share:			
Net income per consolidated income statements	**¥ 3,212**	¥ 1,460	**$34,152**
Net income attributed to common stock	**3,212**	1,460	**34,152**
Weighted average number of common stock during the period	**171,699,531**	171,664,943	—
Diluted net income per share:			
Number of increased common stock used in computing diluted net income per share:	**1,900,117**	170,971	—
Bonds with stock acquisition rights	**1,708,360**	—	—
Stock acquisition rights	**191,757**	170,971	—

22. Shareholders' Equity

For the year ended March 31, 2013

I. Issued stock

Type of share	Share at beginning of year	Increase	Decrease	Share at end of year
Common stock	**181,683,909**	—	—	**181,683,909**

II. Treasury stock

Type of share	Share at beginning of year	Increase	Decrease	Share at end of year
Common stock	**10,031,300**	5,152	83,500	**9,952,952**

III. Dividends

A) Dividends paid

Date of approval	Type of share	Amount (millions of yen)	Amount per share (yen)	Measurement date	Effective Date
April 17, 2012 Board of Directors	Common stock	**858**	**5**	March 31, 2012	June 4, 2012
October 16, 2012 Board of Directors	Common stock	**858**	**5**	September 30, 2012	December 4, 2012

Date of approval	Type of share	Amount (thousands of U.S. dollars)	Amount per share (U.S. dollars)	Measurement date	Effective Date
April 17, 2012 Board of Directors	Common stock	**9,122**	**0.05**	March 31, 2012	June 4, 2012
October 16, 2012 Board of Directors	Common stock	**9,122**	**0.05**	September 30, 2012	December 4, 2012

B) Dividends declared

Date of approval	Type of share	Source of dividend	Amount (millions of yen)	Amount per share (yen)	Measurement date	Effective Date
April 23, 2013 Board of Directors	Common stock	Retained Earnings	**858**	**5**	March 31, 2013	June 4, 2013

Date of approval	Type of share	Source of dividend	Amount (thousands of U.S. dollars)	Amount per share (U.S. dollars)	Measurement date	Effective Date
April 23, 2013 Board of Directors	Common stock	Retained Earnings	**9,122**	**0.05**	March 31, 2013	June 4, 2013

For the year ended March 31, 2012

IV. Issued stock

Type of share	Share at beginning of year	Increase	Decrease	Share at end of year
Common stock	**181,683,909**	—	—	**181,683,909**

V. Treasury stock

Type of share	Share at beginning of year	Increase	Decrease	Share at end of year
Common stock	**10,017,010**	20,902	6,612	**10,031,300**

VI. Dividends

A) Dividends paid

Date of approval	Type of share	Amount (millions of yen)	Amount per share (yen)	Measurement date	Effective Date
April 19, 2011 Board of Directors	Common stock	**858**	**5**	March 31, 2011	June 2, 2011
October 18, 2011 Board of Directors	Common stock	**858**	**5**	September 30, 2011	December 2, 2011

B) Dividends declared

Date of approval	Type of share	Source of dividend	Amount (millions of yen)	Amount per share (yen)	Measurement date	Effective Date
April 17, 2012 Board of Directors	Common stock	Retained Earnings	**858**	**5**	March 31, 2012	June 4, 2012

23. Segment Information

I. Overview of the reportable segments

The Company's reportable segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments within the Group. The Company has separate divisions by product, and each division formulates a comprehensive strategy for business activities in domestic and overseas markets. Major products and services for each segment are as follows:

Segment	Products and services
Advanced materials	PPS resin, PVDF resin, carbon fiber, bead-shaped activated carbon, anode materials for lithium ion batteries, PGA resin
Specialty chemicals	Therapeutic agent for chronic renal failure, anti-cancer agent, agricultural and horticultural fungicide, granular potting soil, horticultural potting soil caustic soda, hydrochloric acid, sodium hypochlorite monochlorobenzene, para-dichlorobenzene, ortho-dichlorobenzene
Specialty plastics	Household plastic wrap, garbage bags for kitchen sink, cooking sheet, silicon coted aluminium foil, plastic containers, PVDF fishing line, PVDC film, PVDC compound, multilayer shrinkable film, multilayer bottle, high barrier lamination film, machinery for auto-seal food packaging

Construction related	Civil engineering and construction contracting business, industrial facility design, construction and management service
Other operations	Environmental engineering and industrial waste treatment business, transport and warehousing business, laboratory tests, analysis, measurement, and inspection service

II. Valuation method for reportable segment profit (loss) and asset amounts

The accounting method for reportable business segments is presented in accordance with "Summary of Significant Accounting Policies." The reportable segment profit figures are based on operating profit. Inter–segment internal rates of return and the amounts transferred are presented based on the current market prices at the time of this report.

As described in "Changes in accounting policies that are difficult to distinguish from changes in accounting estimates," in prior years, the Company and its domestic consolidated subsidiaries calculated depreciation of property, plant and equipment by the declining balance method (except for buildings which includes buildings and facilities, and leased assets).

Effective April 1, 2012, the Company and its domestic consolidated subsidiaries changed their depreciation method of property, plant and equipment from the declining balance method to the straight-line method.

As a result of this change, operating loss of "Advanced materials" decreased by ¥612 million ($6,507 thousand), operating income of "Specialty chemicals" increased by ¥575 million ($6,113 thousand), operating income of "Specialty plastics" increased by ¥327 million ($3,476 thousand), operating income of "Construction related" increased by ¥2 million ($21 thousand) and operating income of "other" increased by ¥240 million ($2,551 thousand) from the corresponding amounts which would have been recorded under the previous method, respectively.

III. Segment information by type of business

	Millions of yen							
	2013							
	Reportable segment							
	Advanced materials	Specialty chemicals	Specialty plastics	Construction related	Other	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales:								
Outside customers	**¥27,650**	**¥32,833**	**¥40,900**	**¥14,967**	**¥14,197**	**¥130,550**	**¥ —**	**¥130,550**
Inter-segment	**1,525**	**256**	**1,103**	**7,506**	**7,099**	**17,491**	**(17,491)**	**—**
Total	**29,176**	**33,089**	**42,004**	**22,474**	**21,296**	**148,041**	**(17,491)**	**130,550**
Operating income (loss)	**¥ (2,131)**	**¥ 6,136**	**¥ 2,988**	**¥ 1,038**	**¥ 613**	**¥ 8,645**	**¥ (186)**	**¥ 8,458**
Assets	**¥70,462**	**¥21,865**	**¥34,579**	**¥ 9,214**	**¥13,433**	**¥149,554**	**¥ 55,730**	**¥205,284**
Depreciation	**3,796**	**1,142**	**1,441**	**109**	**724**	**7,214**	**1,668**	**8,882**
Adjustment for increase in fixed assets	**8,740**	**1,369**	**6,365**	**103**	**947**	**17,526**	**2,457**	**19,984**

	Thousands of U.S. dollars							
	2013							
	Reportable segment							
	Advanced materials	Specialty chemicals	Specialty plastics	Construction related	Other	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales:								
Outside customers	**$293,992**	**$349,101**	**$434,875**	**$159,138**	**$150,951**	**$1,388,091**	**$ —**	**$1,388,091**
Inter-segment	**16,214**	**2,721**	**11,727**	**79,808**	**75,481**	**185,975**	**(185,975)**	**—**
Total	**310,217**	**351,823**	**446,613**	**238,958**	**226,432**	**1,574,066**	**(185,975)**	**1,388,091**
Operating income (loss)	**$ (22,658)**	**$ 65,241**	**$ 31,770**	**$ 11,036**	**$ 6,517**	**$ 91,919**	**$ (1,977)**	**$ 89,930**
Assets	**$749,197**	**$232,482**	**$367,666**	**$ 97,969**	**$142,828**	**$1,590,154**	**$ 592,557**	**$2,182,711**
Depreciation	**40,361**	**12,142**	**15,321**	**1,158**	**7,698**	**76,703**	**17,735**	**94,439**
Adjustment for increase in fixed assets	**92,929**	**14,556**	**67,676**	**1,095**	**10,069**	**186,347**	**26,124**	**212,482**

	Millions of yen							
	2012							
	Reportable segment							
	Advanced materials	Specialty chemicals	Specialty plastics	Construction related	Other	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales:								
Outside customers	¥31,253	¥30,182	¥37,672	¥16,300	¥12,950	¥128,358	¥ —	¥128,358
Inter-segment	1,516	347	957	10,781	6,878	20,481	(20,481)	—
Total	32,769	30,530	38,630	27,081	19,828	148,840	(20,481)	128,358
Operating income (loss)	¥ 534	¥ 4,715	¥ 2,226	¥ 1,114	¥ 932	¥ 9,523	¥ (1,051)	¥ 8,472
Assets	¥60,884	¥21,629	¥27,214	¥11,815	¥12,548	¥134,093	¥ 52,130	¥186,223
Depreciation	2,943	1,735	1,775	113	912	7,480	2,099	9,580
Adjustment for increase in fixed assets	8,711	1,285	1,817	112	1,072	13,000	1,359	14,360

Notes: 1. Adjustment for segment operating income (loss) is due to inter-segment elimination.
Adjustment for segment assets includes corporate assets such as cash and cash equivalents, investments in securities, and other corporate shared facilities that are not allocated to each reportable segment.
2. Segment operating income (loss) is adjusted with operating income on the consolidated statements of income.

Geographical segment information of the Company for the year ended March 31, 2013 and 2012 was summarized as follows:

	Millions of yen				
	2013				
	Japan	Europe	Asia	Other	Total
Sales	**¥98,269**	**¥14,631**	**¥11,370**	**¥6,277**	**¥130,550**

	Thousands of U.S. dollars				
	2013				
	Japan	Europe	Asia	Other	Total
Sales	**$1,044,859**	**$155,566**	**$120,893**	**$66,741**	**$1,388,091**

	Millions of yen				
	2012				
	Japan	Europe	Asia	Other	Total
Sales	¥97,461	¥12,311	¥12,411	¥6,174	¥128,358

Note: Sales are categorized by country and regions based on customer's location.

	Millions of yen			
	2013			
	Japan	United States	Other	Total
Property and equipment	**¥73,214**	**¥16,914**	**¥9,315**	**¥99,444**

	Thousands of U.S. dollars			
	2013			
	Japan	United States	Other	Total
Property and equipment	**$778,458**	**$179,840**	**$99,043**	**$1,057,352**

	Millions of yen			
	2012			
	Japan	United States	Other	Total
Property and equipment	¥66,641	¥15,554	¥4,922	¥87,118

24. Loss Due to Disaster

Loss recorded due to the Great East Japan Earthquake for the year ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Estimated cost for facility restoration	¥—	¥1,565	$—
Fixed costs of operation during suspension	—	1,842	—
Disposal of inventories	—	389	—
Total	¥—	¥3,797	$—

25. Subsequent Events

The following appropriation of retained earnings has been approved by the general meeting of the Board of Directors held on April 23, 2013.

	Millions of yen	Thousands of U.S. dollars
Cash dividends at ¥5.00 ($0.05) per share	¥858	$9,122

Kureha Group and Affiliates

Country	Company Name	Major Business	Kureha Group Companies
Japan	**Kureha Extech Co., Ltd.**	Manufacture/sale of plastic film and products	◇
	Kureha Gohsen Co., Ltd.	Manufacture/sale of plastic fiber and products	◇
	Extron Japan Co., Ltd.	Manufacture/sale of plastic products	◇
	Krefine Co., Ltd.	Manufacture/sale of plastic compounds and products	*1
	Kureha Battery Materials Japan Co., Ltd.	Sales of lithium-ion battery materials	◇
	CNPJ Co., Ltd.	Manufacture/sale of lithium-ion battery materials	◇
	KHJ2 Co., Ltd.	Manufacture/sale of lithium-ion battery materials	◇
	Bio Hard Carbon Co., Ltd.	Manufacture/sale of plant-based carbon materials	*2
	Kureha Unyu Co., Ltd.	Transportation and storage services	◇
	Otoba Tsusho Co., Ltd.	Transportation and storage services	◇
	Otoba Unso Co., Ltd.	Transportation and storage services	◇
	Otoba Butsuryu Co., Ltd.	Transportation and storage services	◇
	Otoba Ryutsu Co., Ltd.	Transportation and storage services	◇
	Otoba Yuso Co., Ltd.	Transportation and storage services	◇
	Kansai Kureha Unyu Co., Ltd.	Transportation and storage services	◇
	Kurehanishiki Construction Co., Ltd.	Construction	◇
	Kureha Denki Co., Ltd.	Electric services	◇
	Kureha Setsubi Co., Ltd.	Plumbing and sanitary services	◇
	Kureha Koji Co., Ltd.	Civil engineering and construction	◇
	Kureha Engineering Co., Ltd.	Plant engineering and maintenance	◇
	Kureha Ecology Management Co., Ltd.	Waste treatment and management	◇
	Kureha Special Laboratory Co., Ltd.	Environmental/physiochemical evaluation and analysis	◇
	Kureha Trading Co., Ltd.	Trading of chemical and plastic products	◇
	Resinous Kasei Co., Ltd.	Manufacture/sale of advanced materials	◇
	Kureha Service Co., Ltd.	Real estate, travel and welfare services for Kureha Group	◇
	Kureha Staff Service Co., Ltd.	Recruiting and staffing services for Kureha Group	◇
	Kureha-kai Medical Corporation	Operation and management of Kureha General Hospital	—
USA	**Kureha America Inc.**	Holding company and finance	◇
	Kureha America LLC	Sale of advanced products and packaging materials	◇
	Kureha Advanced Materials LLC	Manufacture/sale of carbon fiber products	◇
	Kureha PGA LLC	Manufacture/sale of PGA resins	◇
Germany	**Kureha GmbH**	Sale of advanced products	◇
The Netherlands	**Kureha Europe B.V.**	Holding company and finance	◇
	Krehalon Industrie B.V.	Manufacture/sale of food packaging products	◇
France	**Krehalon France & Benelux S.A.S.**	Sale of food packaging products	◇
UK	**Krehalon UK Ltd.**	Sale of food packaging products	◇
China	**Kureha (China) Investment Co., Ltd.**	Holding company and finance	◇
	Kureha Chemicals Shanghai Co., Ltd.	Manufacture/sale of carbon fiber products	◇
	Kureha (Shanghai) Co., Ltd.	Sale of advanced materials	*1
	Kureha (Changshu) Fluoropolymers Co., Ltd.	Manufacture/sale of PVDF resins and compounds	◇
	Kureha SKT New Material Co., Ltd.	Manufacture/sale of PVDC resins and compounds	*2
Vietnam	**Kureha Vietnam Co., Ltd.**	Manufacture/sale of food packaging films	◇

◇ Consolidated subsidiaries

*1 Unconsolidated subsidiaries not accounted for by equity method

*2 Affiliated companies accounted for by equity method

Investor Information

(As of March 31, 2013)

Corporate Data

Corporate Name	Kureha Corporation
Headquarters	3-3-2, Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan Tel: 81-3-3249-4666 Fax: 81-3-3249-4744
Date of Establishment	June 21, 1944
Paid-in Capital	¥12,460 million
Number of Employees	4,046 (consolidated) 1,687 (non-consolidated)
Independent Auditor	Nihombashi Corporation

Major Stockholders

Meiji Yasuda Life Insurance Company
Tokio Marine & Nichido Fire Insurance Co., Ltd.
The Master Trust Bank of Japan Ltd. (trust account)
Daiichi Sankyo Co., Ltd.
Japan Trustee Service Bank. Ltd. (trust account)
The Nomura Trust and Banking Co., Ltd. (trust account)
Mizuho Corporate Bank, Ltd.
Juniper
Mizuho Trust & Banking Co., Ltd.
JP Morgan Chase Bank 385166

Stock Information

Number of Shares of Common Stock Issued	181,683,909 shares
Number of Shareholders	17,485
Number of Shares Held by Foreign Shareholders	31,113,672 (17.13% of total)
Stock Exchange Listings	Tokyo Stock Exchange
Transfer Agent	Mizuho Trust & Banking Co., Ltd.

Kureha Corporation Headquarters

http://www.kureha.co.jp/

KUREHA CORPORATION

Printed in Japan

VEGETABLE OIL INK