1H of FY2010（Apr. to Sep.）Earnings Presentation（Overview）

Fumio Ito

Representative Director and President

October 28, 2010

Kuraray Co., Ltd.

Overview of 1H FY2010 Results

[Billion ¥, except for exchange rates]

	1H FY2007	1H FY2009	1H FY2010 Initial Forecast	1H FY2010 Revised Forecast (Announced Aug. 4, 2010)	1H FY2010 Actual
Net Sales	**206.2**	**157.1**	175.0	180.0	**180.8**
Operating Income	**24.3**	**9.8**	19.0	24.0	**25.5**
Operating Income Ratio	**11.8%**	**6.2%**	10.9%	13.3%	**14.1%**
Ordinary Income	**22.7**	**9.4**	18.0	23.0	**25.0**
Net Income	**13.9**	**5.2**	10.5	12.5	**13.9**
¥/$U.S.	**119**	**96**	90	90	**89**
¥/Euro	**162**	**133**	130	110	**114**

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Overview of 1H FY2010 [1]

Results of Resins and Chemicals both exceeded initial forecasts

Income exceeded plans in main businesses, including poval resins, poval films, *EVAL*, methacryl, isopropene chemicals and *GENESTAR*

- Asian market grew (especially China)
- Enhanced business competitiveness of local production in Europe
- Impact of inventory adjustments of LCD materials was limited

Fiber and Textiles also in recovery trend

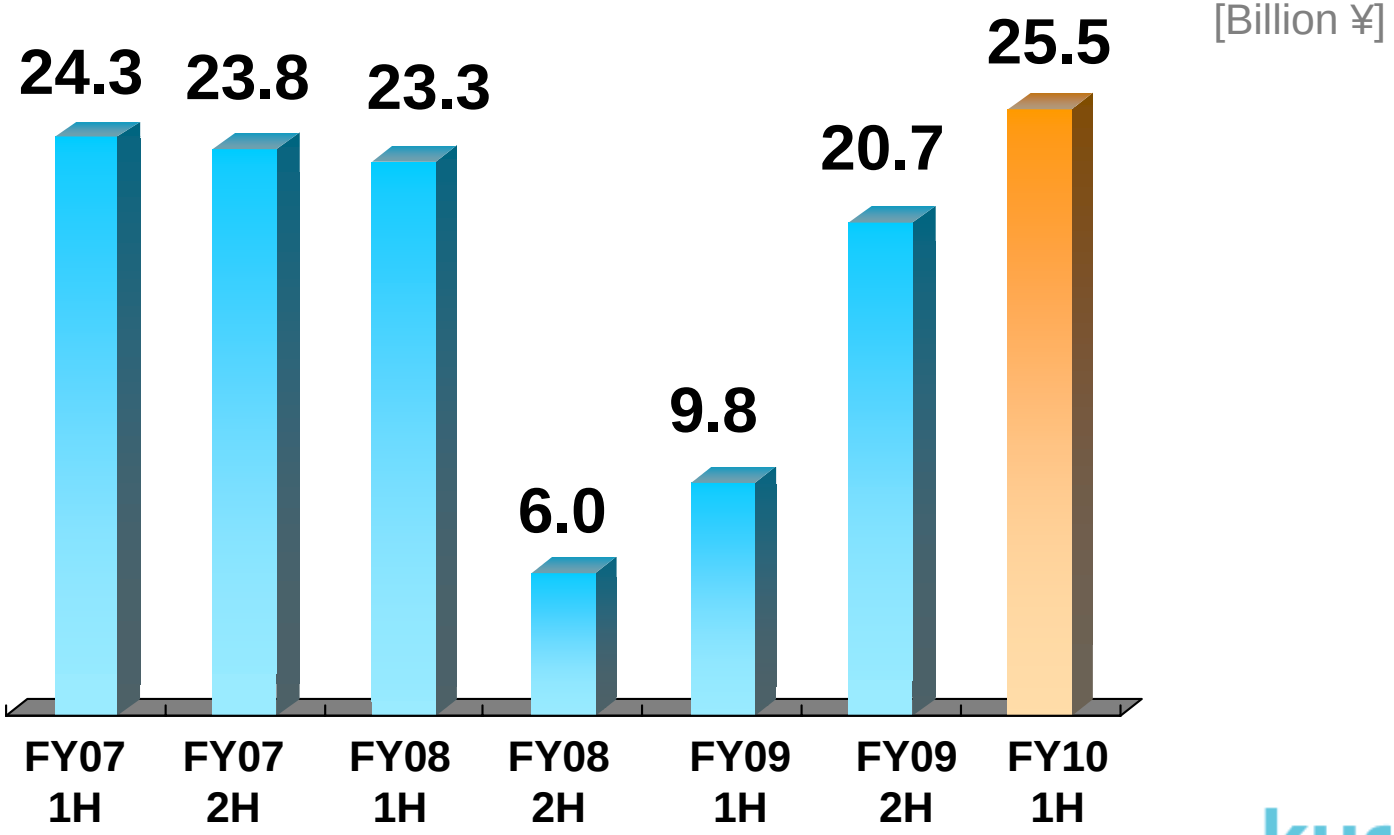
Strong yen had no significant impact on operating income

- Effect of conversion of U.S. dollar-denominated exports and overseas subsidiaries' results into yen was essentially cancelled out by the cost of U.S. dollar-denominated imports (raw materials)
- Main businesses are largely yen-denominated exports
- Weak euro enhanced competitiveness, and European subsidiaries increased sales

Overview of 1H FY2010 [2]

"Record High Operating Income"

Complete recovery 2 years after collapse of Lehman Brothers

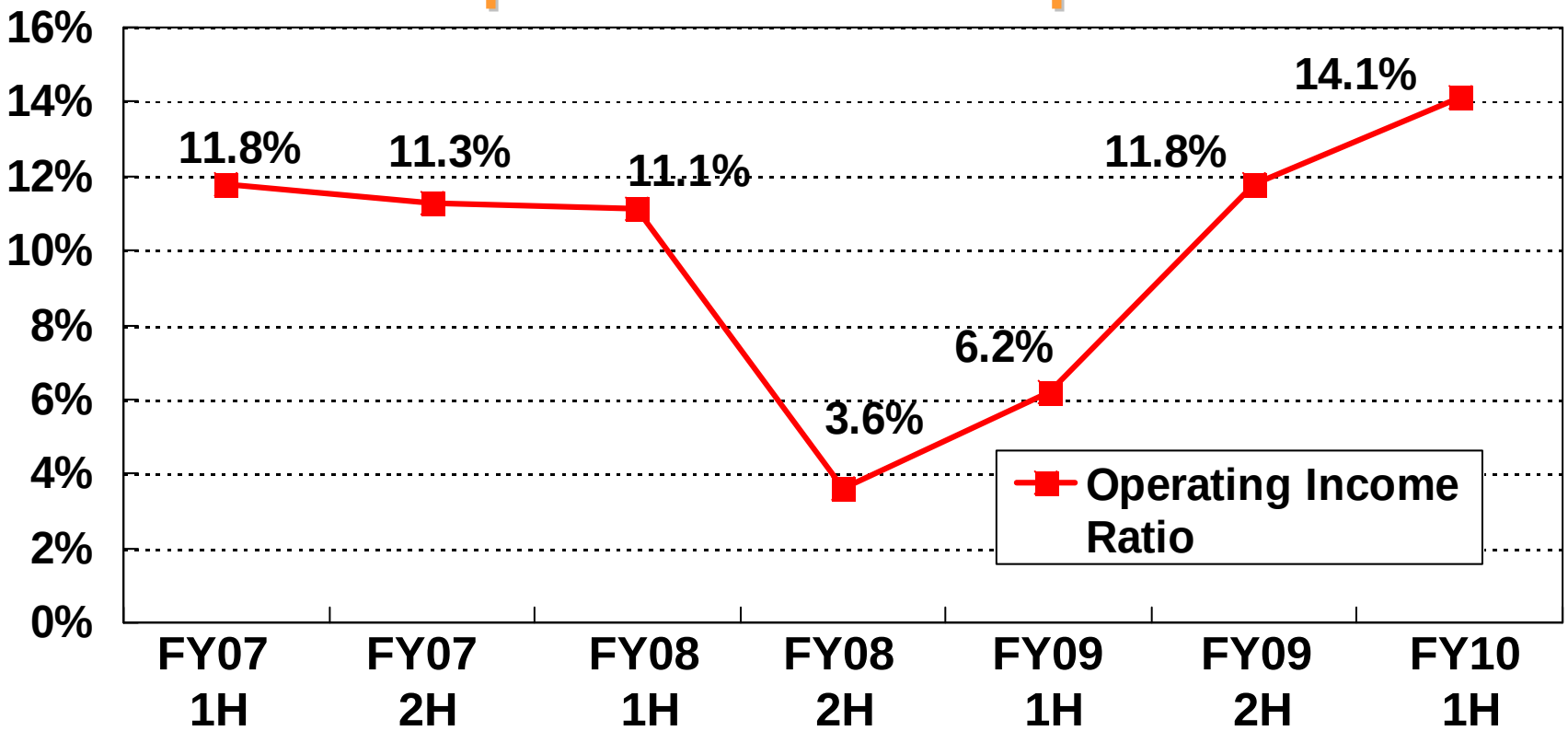


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Overview of 1H FY2010 Results [3]

"Record High Operating Income Ratio"

- Effect of fixed cost reduction
- Improved business portfolio



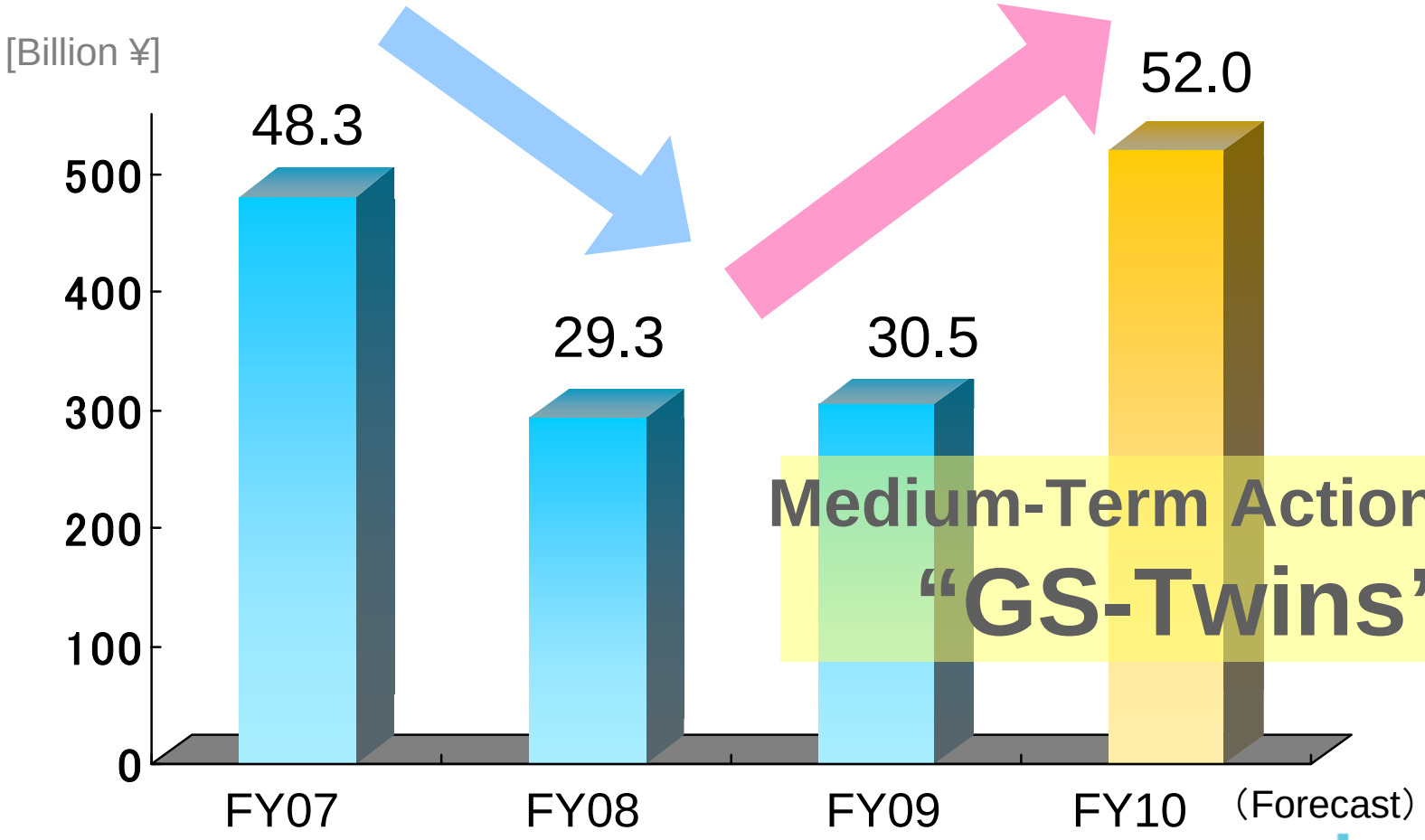
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FY2010 Forecast

Net Sales	¥365.0 billion
Operating Income	¥52.0 billion
Ordinary Income	¥50.0 billion
Net Income	¥28.5 billion

Medium-Term Action Plan “GS-Twins” Toward Early Achievement

“GS-Twins” Target : Operating income of ¥ 50 billion in FY2011



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FY2010 : A Turning Point for “GS-Twins”

Defensive Management After Collapse of Lehman Brothers

Now, Aggressive Management!

Expand Core Businesses

- **Expansion through CAPEX (¥40 billion, This year decision basis)**
- **Strategic expansion of regional sales (Brazil, India)**

Create New Businesses

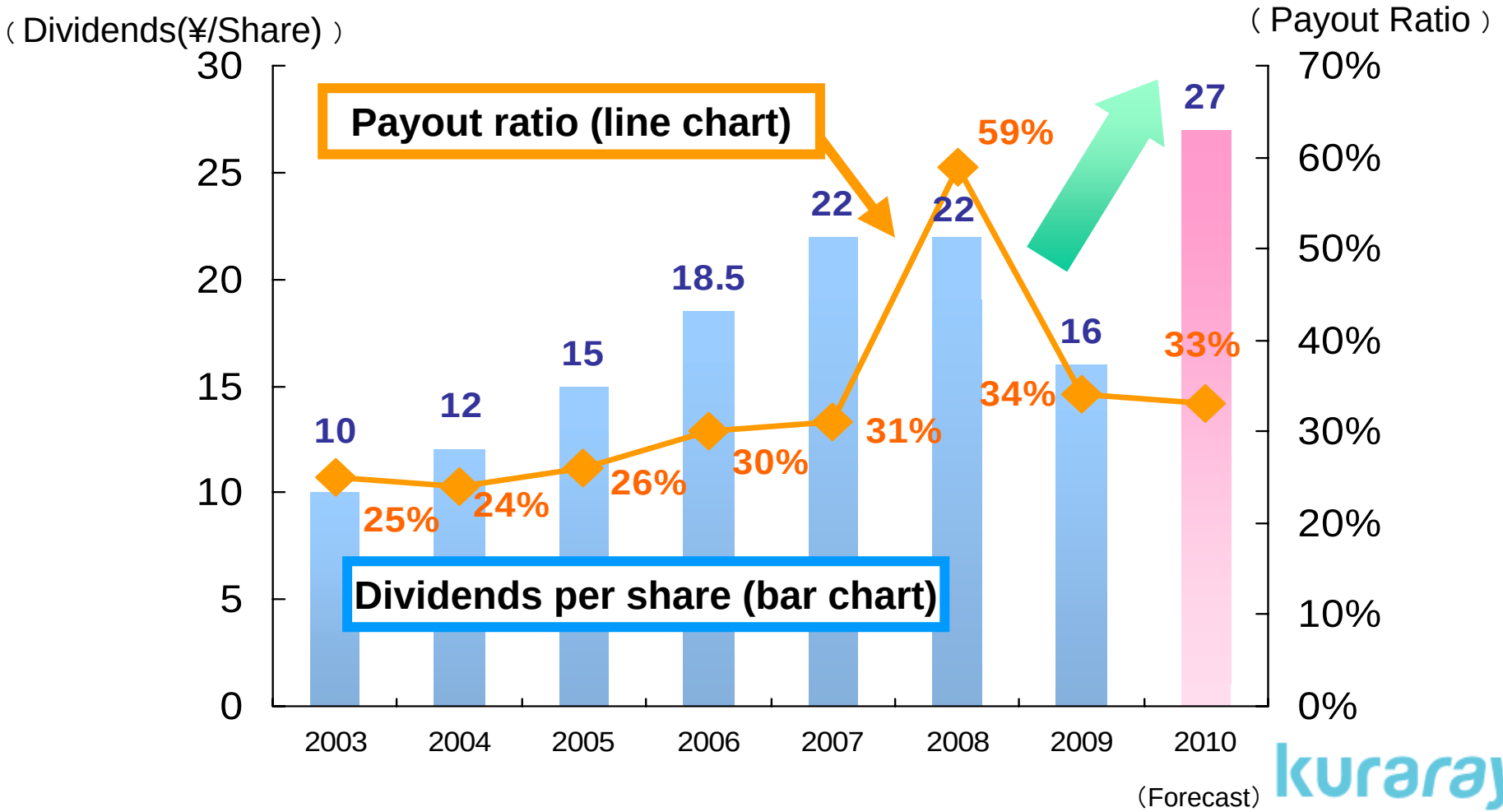
- **In the areas of environment (water), optics and energy**

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FY2010 Dividends

¥27 per Share Scheduled (Initial plan ¥24)

(Interim ¥13, Year-end ¥14)



1H FY2010 Results (Details)

Yuichi Kawarasaki
Senior Executive Officer
General Manager
Corporate Management Planning Office

October 28, 2010

Kuraray Co., Ltd.

1H FY2010 Results [1]

(Sales and Operating Income by Segment)

[Billion ¥]

	1H FY2010		1H FY2009		Difference	
	Net Sales	Operating Income / Loss	Net Sales	Operating Income / Loss	Net Sales	Operating Income
Resins	74.8	25.2	64.8	16.9	10.0	8.3
Chemicals	37.5	3.4	31.4	- 1.3	6.0	4.7
Fibers and Textiles	30.6	0.1	27.8	- 1.6	2.8	1.7
Trading	57.9	1.5	49.8	0.7	8.1	0.8
Others	27.5	2.4	22.4	1.9	5.1	0.5
Corporate &Elimination	- 47.4	- 7.2	- 39.2	- 6.9	- 8.3	- 3.0
Total	180.8	25.5	157.1	9.8	23.7	15.7

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1H FY2010 Results [2] (Cash Flows, Etc.)

[Billion ¥]

	1H FY2010	1H FY2009	Difference
Operating CF	31.6	38.3	- 6.7
Investing CF*	- 9.5	- 14.2	4.7
Free CF*	22.1	24.1	- 2.0
Earnings Per Share (¥)	¥39.96	¥15.00	¥24.96
CAPEX (Acceptance basis)	8.3	11.3	- 3.0
Depreciation and Amortization	16.3	17.0	- 0.7
R&D Expenses	7.8	7.4	0.4

*Investing CF, Free CF : excluding net cash used in time deposit and short-term investment securities.

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Summary of Consolidated Balance Sheets [1]

(Assets)

[Billion ¥]

	Sept. 30, 2010	March 31, 2010	Difference
Current Assets	260.8	249.3	11.4
Fixed Assets	233.3	253.5	- 20.2
Total Assets	494.1	502.8	- 8.8

Fixed Assets

CAPEX +8.3

Depreciation and Amortization -16.3

Foreign Currency Translation Adjustments -8.9

Others -0.4

Subtotal -17. 3

Investments and Other Assets

Subtotal -2.9

Overseas subsidiaries term-end exchange rates

	Sept. 30, 2010	March 31, 2010
Yen/$U.S.	88	92
Yen/Euro	108	132

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Summary of Consolidated Balance Sheets[2]

(Liabilities and Net Assets)

[Billion ¥]

	Sept. 30, 2010	March 31, 2010	Difference
Current Liabilities	69.9	76.6	- 6.7
Long-Term Liabilities	87.2	88.4	- 1.2
Total Liabilities	157.1	165.0	- 7.9
Net Assets	337.0	337.8	- 0.9
Total Liabilities and Net Assets	494.1	502.8	- 8.8

Overseas subsidiaries term-end exchange rates

	Sept. 30, 2010	March 31, 2010
Yen/$U.S	88	92
Yen/Euro	108	132

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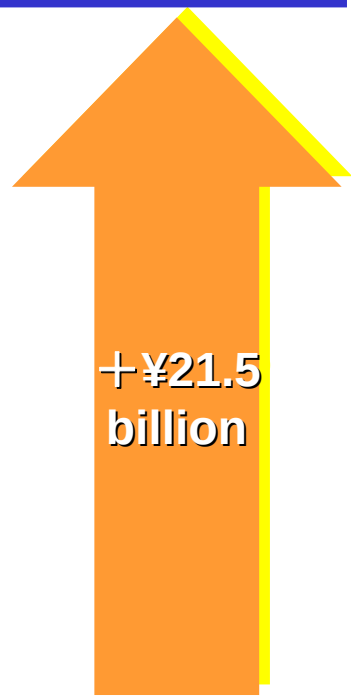
Forecast for FY2010

[Billion ¥]

	1H	2H	Full Year
Net Sales	180.8	184.2	365.0
Operating Income	25.5	26.5	52.0
Ordinary Income	25.0	25.0	50.0
1H Net Income	13.9	14.6	28.5
1H Earnings Per Share (¥)	¥ 39.96	¥ 41.90	¥ 81.86
Dividend per share (¥)	¥13.00	¥ 14.00	¥ 27.00
CAPEX (Acceptance basis)	8.3	12.7	21.0
Depreciation and Amortization	16.3	17.7	34.0
R&D Expenses	7.8	8.7	16.5

Factors Affecting the Change in Operating Income

FY2010 (Forecast)		¥52.0 billion
Sales volume	+12.1	
Utilization	+9.6	
Selling price, product mix	+7.3	
Raw material and fuel costs (foreign exchange)	-10.9	(+2.4)
Foreign exchange	-3.6	
Depreciation and amortization	+2.5	
Cost and expense reduction	+4.5	
FY2009		**¥30.5 billion**



Raw Material and Fuel and Foreign Exchange	FY09 (Actual)	1H FY10 (Actual)	2H FY10 (Assumption)	FY10 (Assumption)
Domestic naphtha / kl	¥ 36,000	¥ 46,000	¥ 45,000	¥ 46,000
$U.S. (average)	¥ 93	¥ 89	¥ 82	¥ 85
Euro (average)	¥ 131	¥ 114	¥ 114	¥ 114

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(Ref.) Forecast for FY2010 by Segment

[Billion ¥]

	Net Sales			Operating Income / Loss		
	1H	2H	Full Year	1H	2H	Full Year
Resins	74.8	74.2	149.0	25.2	25.3	50.5
Chemicals	37.5	41.5	79.0	3.4	5.6	9.0
Fibers and Textiles	30.6	29.4	60.0	0.1	- 0.6	- 0.5
Trading	57.9	58.1	116.0	1.5	1.5	3.0
Others	27.5	33.5	61.0	2.4	2.1	4.5
Corporate & Elimination	- 47.4	52.6	- 100.0	- 7.2	- 7.3	- 14.5
Total	180.8	184.2	365.0	25.5	26.5	52.0

(Ref.) 1H FY2010 Results by Segment（1Q→2Q）

[Billion ¥]

	Net Sales		Operating Income / Loss	
	Q1	Q2	Q1	Q2
Resins	36.9	37.9	13.0	12.3
Chemicals	18.7	18.8	0.9	2.6
Fibers and Textiles	14.7	15.9	0.5	- 0.4
Trading	28.6	29.3	0.6	0.9
Others	13.0	14.4	1.1	1.3
Corporate &Elimination	- 24.1	- 23.3	- 3.5	-3.7
Total	87.7	93.1	12.5	13.0

未来に化ける新素材。

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All financial figures are rounded to the nearest hundred million yen.

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