1H of FY2011 (Apr. to Sep.) Earnings Presentation (Overview)

Representative Director and President

Fumio Ito

October 31, 2011

KURARAY CO., LTD.

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Overview of 1H FY2011 Results

[Billion ¥, except for exchange rate]

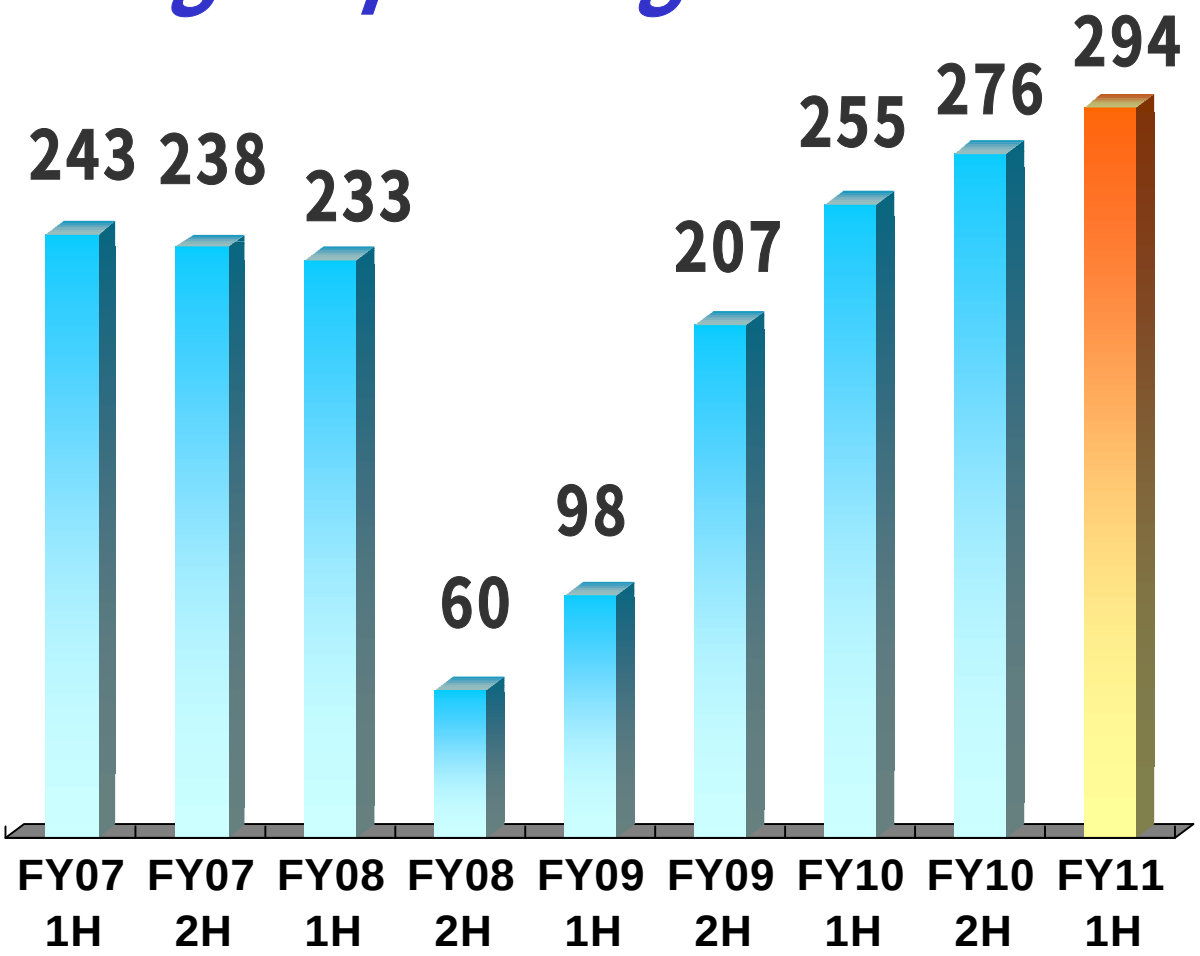
	1H FY2011			1H FY2010
	Initial Forecast	Revised Forecast (Announced Aug.3, 2011)	Actual	
Net sales	190.0	190.0	185.6	180.8
Operating Income	26.5	30.0	29.4	25.5
Operating Income Ratio	13.9%	15.8%	15.8%	14.1%
Ordinary Income	25.5	29.0	29.0	25.0
Net Income	14.8	17.0	17.2	13.9
\/$U.S.	82	82	80	89
\/Euro	115	115	114	114

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Operating Income Trend

Record High Operating Income

[Billion ¥]



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FY2011 Forecast

Net Sales	\390.0 billion
Operating Income	\60.0 billion
Ordinary Income	\58.5 billion
Net Income	\34.0 billion

In fiscal 2011, the final fiscal year of "GS-Twins", Kuraray exceeded its target of \50.0 billion for operating income.

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FY2011 Priority Issues

“Acceleration of Global Strategy for Core Business ” and “Creation and Expansion of New Business”[1]

Achievements during 1H FY2011

- ◆In dental materials, Noritake Dental Supply Co., Limited was merged into the Company.
- ◆Commercialization of a concentrating lens for solar power generation.
- ◆Decision to construct a new production facility for artificial bone graft.
- ◆Decision to establish a joint venture in the water treatment business in China.

FY2011 Priority Issues

"Acceleration of Global Strategy for Core Business" and "Creation and Expansion of New Business"[2]

2H FY2011

- Production facilities for the acrylic thermoplastic elastomer ***KURARITY*** begin operating.
- Production facilities for dental materials begin operating.
- Decision to expand production facilities for optical-use poval film (new type).
- Decision to expand production facilities for ***EVAL***. in North America
- Study and promotion of new production facilities for PVA resin in North America.
- Decision to make a series of investments in production facilities in the isoprene business.

FY2011 CAPEX Plan (Decision basis) ; \75.0 billion

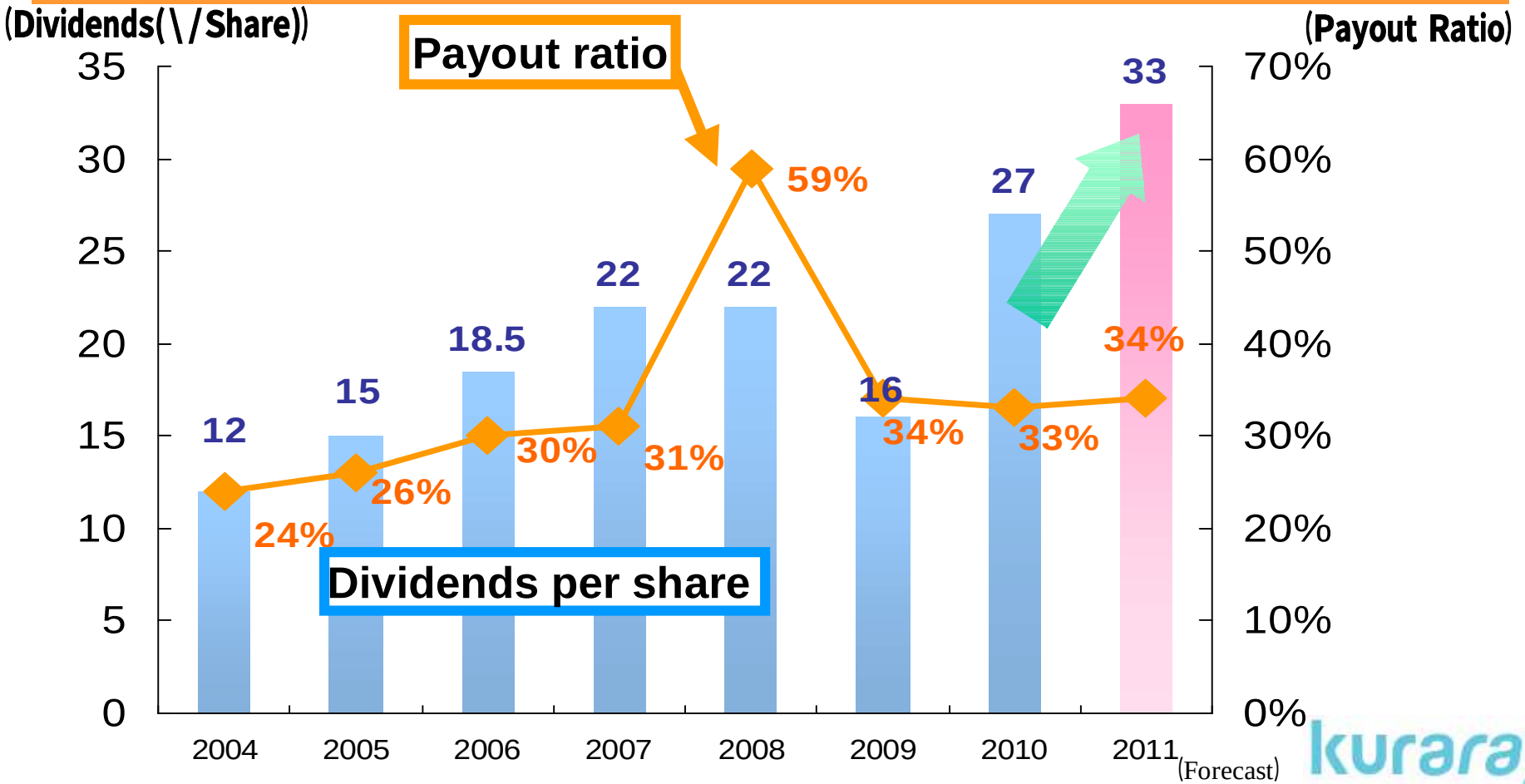
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FY2011 Dividends

¥33 per Share Scheduled

(according to Initial Plan)

(Interim¦¥16, Year-end¦¥17)



1H FY2011 Results (Details)

Yuichi Kawarasaki
Senior Executive Officer
General Manager
Corporate Management Planning Office

October 31, 2011

KURARAY CO., LTD.

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1H FY2011 Results

(Sales and Operating Income by Segment)

[Billion ¥]

	1H FY2011		1H FY2010		Difference	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Resins	77.5	25.9	74.8	25.2	2.7	0.7
Chemicals	38.9	5.2	37.5	3.4	1.4	1.7
Fibers and Textiles	29.6	0.6	30.6	0.1	- 1.0	0.5
Trading	56.8	1.8	57.9	1.5	- 1.1	0.3
Others	33.7	3.0	27.5	2.4	6.3	0.6
Corporate &Elimination	- 50.9	- 7.1	- 47.4	- 7.2	- 3.5	0.1
Total	185.6	29.4	180.8	25.5	4.8	3.9

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1H FY2011 Results

(Cash Flow, etc.)

[Billion ¥]

	1H FY2011	1H FY2010	Difference
Operating CF	27.7	31.6	- 3.9
Investing CF*	- 17.1	- 9.5	- 7.6
Free CF *	10.5	22.1	- 11.5
Earnings Per Share (¥)	49.43	39.96	9.47
CAPEX (Acceptance basis)	19.5	8.3	11.2
Depreciation and Amortization	14.7	16.3	-1.6
R&D Expenses	7.9	7.8	0.1

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

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Overview of Main Businesses

Poval resin	Growth slowed in European markets, but sales of value-added products increased in emerging markets and elsewhere.
Optical-use poval film	Sales remained flat year on year, reflecting the stagnant performance of LCD televisions in the second quarter.
EVAL	Sales for food packaging and gasoline tanks were favorable in Europe, North America and emerging countries.
Methacrylic resin	Sheets and molding materials performed well. Sales increased because market conditions improved.
Isoprene	Sales of *SEPTON* and liquid rubber products were stable. Although sales of certain chemical products were affected by the aftermath of the earthquake, sales of fine chemicals were firm.
GENESTAR	Sales decreased due to high raw material prices, the impact of the earthquake and slumping sales for LED reflectors in the second quarter. However, earnings were essentially unchanged because of the development of new applications etc.
Medical	Sales of dental materials were stable, and sales also benefited from Noritake Dental Supply Co., Ltd.
KURALON	Sales for automotive brake hoses and primary cell battery separators were favorable. Demand for fiber-reinforced cement (FRC) expanded.
CLARINO	With business restructuring under way, losses narrowed because sales for satchels were brisk and new processed products expanded steadily in areas such as footwear and interior applications.

Summary of Consolidated BS [1]

(Assets)

[Billion ¥]	Sept.30, 2011	March 31, 2011	Difference
Current Assets	328.0	310.6	17.4
Fixed Assets	206.1	196.7	9.4
Total Assets	534.1	507.3	26.8

Fixed Assets

CAPEX	+19.5
Depreciation and Amortization	-14.7
Foreign Currency Translation Adjustments	+2.5
Others	+2.1
Total	**+9.4**

<Ref.>Overseas subsidiaries term-end exchange rates

	June 30, 2011	Dec.31, 2010
Yen／$U.S.	81	81
Yen／Euro	117	108

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Summary of Consolidated BS [2]

(Liabilities and Net Assets)

[Billion ¥]

	Sept.30, 2011	March 31, 2011	Difference
Current Liabilities	93.6	86.2	7.4
Long-Term Liabilities	75.8	74.3	1.5
Total Liabilities	169.4	160.5	8.9
Net Assets	364.7	346.8	17.9
Total Liabilities and Net Assets	534.1	507.3	26.8

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Forecast for FY2011

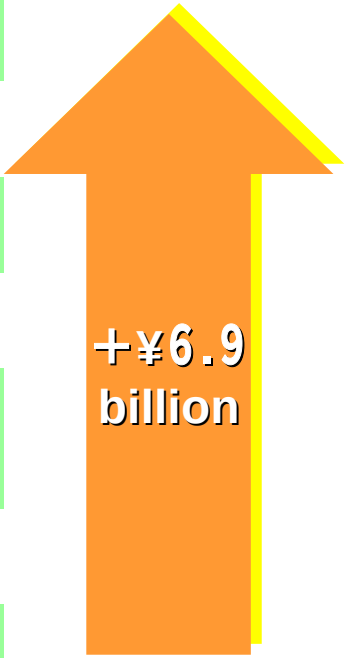
[Billion ¥]

	1H	2H	Full Year
Net Sales	185.6	204.4	390.0
Operating Income	29.4	30.6	60.0
Ordinary Income	29.0	29.5	58.5
1H Net Income	17.2	16.8	34.0
1H Earnings Per Share (¥)	49.43	48.19	97.62
Dividend per share (¥)	16.00	17.00	33.00
CAPEX (Acceptance basis)	19.5	23.0	42.5
Depreciation and Amortization	14.7	16.8	31.5
R&D Expenses	7.9	9.1	17.0

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Factors Affecting the Change in Operating Income

FY2011 (Forecast)	**¥60.0 billion**
Sales volume	+6.6
Utilization	+2.8
Selling price, product mix	+12.2
Raw material and fuel costs	-14.4
Foreign exchange (including +30 of raw material advantages)	-1.0
Depreciation and amortization	+2.0
Cost and expense reduction	-1.3
FY2010	**¥53.1 billion**



Raw Material and Fuel and Foreign Exchange	FY10(Actual)	1H FY11 (Actual)	2H FY11 (Assumption)	FY11 (Assumption)
Domestic naphtha/kl	¥ 47,000	¥58,000	¥ 50,000	¥ 54,000
$U.S. (average)	¥ 86	¥ 80	¥ 77	¥ 79
Euro (average)	¥ 113	¥ 114	¥ 105	¥ 110

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【Ref.】Forecast for FY2011 by Segment

[Billion ¥]

	Net Sales			Operating income		
	1H	2H	Full Year	1H	2H	Full Year
Resins	77.5	80.5	158.0	25.9	26.6	52.5
Chemicals	38.9	45.6	84.5	5.2	6.3	11.5
Fibers and Textiles	29.6	32.4	62.0	0.6	0.4	1.0
Trading	56.8	59.2	116.0	1.8	1.7	3.5
Others	33.7	36.8	70.5	3.0	3.0	6.0
Corporate & Elimination	- 50.9	- 50.1	- 101.0	- 7.1	- 7.4	- 14.5
Total	185.6	204.4	390.0	29.4	30.6	60.0

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

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