

**Consolidated Cumulative Third-Quarter Earnings Report for
the Fiscal Year Ending March 31, 2011 (Unaudited)**

**February 2, 2011
Kuraray Co., Ltd.**

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Consolidated Cumulative Third-Quarter Earnings Report for the Fiscal Year Ending March 31, 2011

Name of listed company: Kuraray Co., Ltd.
Stock code: 3405
Stock exchange listings: Tokyo, first sections
URL: <http://www.kuraray.co.jp>

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Preparation of supplementary documentation for the quarterly earnings report: No

Holding of quarterly earnings results briefing: No

(Millions of yen rounded down unless otherwise stated)

1. Consolidated Cumulative Financial Results for the Third-Quarter of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to December 31, 2010)

(1) Consolidated Operating Results (Cumulative)

(Percentages displayed for net sales, operating income, ordinary income and net income are comparisons with the corresponding period of the previous fiscal year) (Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		(Change)		(Change)		(Change)		(Change)
Fiscal 2010 3Q	270,427	11.4%	39,546	102.0%	38,416	106.0%	22,402	84.5%
Fiscal 2009 3Q	242,653	(19.6%)	19,576	(30.0%)	18,649	(27.7%)	12,145	(24.6%)

	Net Income per Share (¥)	Fully Diluted Net Income per Share (¥)
Fiscal 2010 3Q	64.35	64.23
Fiscal 2009 3Q	34.88	34.85

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
As of December 31, 2010	496,909	342,759	68.3	974.11
As of March 31, 2010	502,815	337,818	66.5	961.24

(Reference)

Shareholders' equity: As of December 31, 2010 ¥ 339,184 million
As of March 31, 2010 ¥ 334,583 million

2. Dividends

(Yen)

Record Date	Cash Dividends per Share				
	Jun. 30, 2010	Sept. 30, 2010	Dec. 31, 2010	Mar. 31, 2011	Annual
Fiscal 2009	—	8.00	—	8.00	16.00
Fiscal 2010	—	13.00			
Fiscal 2010 (Forecast)			—	14.00	27.00

Note: Revisions to cash dividend forecast during this period: No

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(Percentages displayed for net sales, operating income, ordinary income and net income are comparisons with the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share	
Full Fiscal Year	365,000	9.6%	52,000	70.8%	50,000	72.9%	28,500	74.7%	81.86	Yen

Note: Revisions to forecasts of consolidated financial results during this period: No

4. Other

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation)

No

(2) Adoption of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements

Yes

(3) Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements (Recorded under "Changes in Important Items Considered Fundamental to the Preparation of

Quarterly Consolidated Financial Statements”)

1. Changes following revision of accounting standards: Yes

2. Changes besides 1. above: None

(Note: Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Consolidated Financial Statements”

(4) Number of Shares Issued and Outstanding (Common Shares)

1. Number of shares issued and outstanding (including treasury stock) as of the period-end:

As of December 31, 2010 382,863,603 shares

As of March 31, 2010 382,863,603 shares

2. Number of treasury stock as of the period-end:

As of December 31, 2010 34,665,953 shares

As of March 31, 2010 34,790,071 shares

3. Average number of shares for the period:

As of December 31, 2010 348,153,844 shares

As of December 31, 2009 348,214,099 shares

Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from the quarterly review procedure based upon the Financial Instruments and Exchange Act. Furthermore, it was undergoing the review procedure process at the time of release.

Cautionary Statement with Respect to Forecasts of Consolidated Business Results

The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts. Please refer to p. 10 “Qualitative Information on Consolidated Operating Results Forecast” contained in the Attachment for the assumptions used.

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1. Qualitative Information and Financial Statements

(1) Qualitative Information and Overview of Consolidated Business Results

The operating environment in the nine-month period (April 1, 2010 to December 31, 2010) under review saw a gradual recovery in demand for Kuraray Group products in Europe and the United States as well as strong demand in emerging economies, chiefly China.

On the other hand, the situation remained unpredictable, with prompting concerns about the deceleration of the Japanese economy due to the rapid appreciation of the yen as well as raw materials and fuel price hikes in the latter half of the period under review. Amid these circumstances, the Kuraray Group made across-the-board efforts, including cutting back fixed costs, to improve its earnings structure. The Company also took proactive measures for further business growth, one of the objectives stated in “GS-Twins,” its medium-term action plan.

During the period under review, sales of LCD-related products grew favorably, and demand in Kuraray’s core businesses, including poval resins, *EVVAL* (an EVOH resin), isoprene chemicals and methacrylic resin, increased. In line with sales growth, the plant utilization ratio of each business improved.

As a result, net sales for the period under review grew 11.4% from a year earlier to ¥270,427 million, operating income jumped 102.0% to ¥39,546 million, ordinary income soared 106.0% to ¥38,416 million and net income surged 84.5% to ¥22,402 million.

(Reference) Quarterly consolidated performance

(Millions of yen)

	Fiscal year ended March 31, 2010				Fiscal year ending March 31, 2011		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	72,910	84,154	85,588	90,226	87,715	93,060	89,651
Operating income	1,730	8,025	9,787	10,875	12,534	12,916	14,042
Ordinary income	1,512	7,896	9,240	10,276	11,983	13,012	13,420
Net income	138	5,082	6,923	4,170	5,699	8,213	8,489

Results by business segment compared with the corresponding period of the previous fiscal year are as follows. For Kuraray’s overseas subsidiaries, the

nine-month period used is from January 1, 2010 through September 30, 2010.

In the current fiscal year, the Company introduced the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan (ASBJ) Statement No. 17 of March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 of March 21, 2008). A quarterly review by an independent auditor of the year-on-year data stated in the abovementioned “1. Qualitative Information and Financial Statements” has not been performed.

Results by Business Segment

Resins

The Resin segment saw steady business in China and other Asian countries as well as in Europe and the United States. As a result, sales in this segment rose 10.4% year on year to ¥110,594 million, while operating income grew 38.1% to ¥37,904 million.

- (1) Sales of poval resin were brisk in China and other Asian countries as well as in Europe. Given this, the Company decided to increase the annual production capacity at its European plant by 24,000 tons. The expanded plant will commence operations in the first quarter of fiscal 2013, ending March 31, 2014. Despite the impact of production adjustments undertaken by polarized film makers midway through the period under review, sales of optical-use poval film grew on the back of vigorous demand for LCD TVs. Spurred by this, the Company started to construct a new production line at the Saijo Plant aimed at increasing annual production by 20 million square meters. We plan for the new production line to commence operations in the first quarter of fiscal 2012. With regard to polyvinyl butyral (PVB) film, there were signs of gradual recovery in the European construction market and the market for automobile applications. We also recorded steady growth in demand for PVB film for use as an encapsulant for solar power generators.
- (2) Demand for *EVAL* ethylene vinyl alcohol polymer (EVOH resin) expanded in emerging countries, with demand for the *EVAL*'s use in automobiles and food packaging showing particularly significant growth in Asian countries. In Europe and the United States, demand for the *EVAL*

for use in food packaging and automobiles was brisk. Furthermore, sales expanded both in Japan and overseas for its use in new applications, such as vacuum insulation panels used in refrigerators.

Chemicals

The overall performance in the Chemicals segment was healthy. As a result, segment sales climbed 17.3% year on year to ¥56,215 million. The Chemicals segment recorded operating income of ¥5,941 million, a turnaround from an operating loss in the corresponding period of the previous fiscal year of ¥97 million.

- (1) Demand for methacrylic resin was vigorous for use in molding materials and sheets. Overall sales also grew on the back of improved market conditions.
- (2) As for isoprene chemicals, sales of *SEPTON* thermoplastic elastomer and liquid rubber were brisk. Sales of chemicals and fine chemicals recovered steadily, and there was an increase in sales of differentiated products, mainly in Japan and other Asian countries.
- (3) In the Medical segment, sales of dental materials were healthy on the back of the introduction of new types of composite resins and bonds in the European and U.S. markets. With the aim of reinforcing and expanding the dental materials business, Kuraray Medical Inc. plans to integrate the dental material's business with Noritake Dental Supply Co., Limited on April 1, 2011.
- (4) Demand for *GENESTAR* heat-resistant polyamide resin remained stable for use in electronics materials, including connectors, and for LED reflector applications in LCD TVs.

Fibers and Textiles

In the Fibers and Textiles segment, almost all businesses, including *KURALON*, recovered in the period under review. As a result, sales in this segment grew 6.7% year on year to ¥45,507 million. The Fibers and Textiles segment recorded an operating loss of ¥128 million, showing an improvement from an operating loss of ¥1,988 million in the corresponding period of the previous fiscal year.

- (1) Demand for *KURALON* expanded for use in automotive brake hoses and primary cell separators. In addition, demand for use as an asbestos

substitute in FRC (fiber reinforced cement) was brisk throughout the period under review.

- (2) Sales of new eco-friendly processed *CLARINO* products expanded for use in footwear and gloves, while demand for conventional *CLARINO* man-made leather showed signs of recovery for use in high-value-added products. Amid a drastic business restructuring, the Company is transferring general-purpose product manufacturing to a Chinese joint venture, while promoting the integration of new processing procedures for high-value-added products in domestic plants.
- (3) Sales of *KURAFLEX* nonwoven fabrics were stable for use in industrial wipers, although demand for use in commercial counter cloth and industrial masks was stagnant. Demand for *MAGIC TAPE* hook and loop fasteners were steady for use in industrial materials and medical and transport-related applications despite stagnant sales for use in automobile and housing-related applications.

Trading

The Trading segment saw market recovery in such fiber-related businesses as polyester (in apparel and materials fields), as well as in an increase in differentiated materials. On the back of steady demand, mainly in Asian countries, sales of resins, chemicals and chemical products expanded. As a result, sales in this segment grew 14.8% year on year to ¥85,887 million, while operating income surged 84.7% to ¥2,348 million.

- (1) During the period under review, of overall segment sales in apparel fields were brisk. In particular, sales expanded for new applications in uniform and sports clothes, while demand for high-value-added products remained strong.
- (2) In the materials field, sales for materials used in medical-related items and footwear were steady on the back of a strong demand increase. Demand for industrial materials for use in automobiles grew substantially in Asian countries.
- (3) In the resin, chemicals and chemical products businesses, the Company enjoyed growth in high-value-added businesses, including solvents, industrial membranes, *ISOBAM* alkaline water-soluble polymer and elastomer, showed healthy growth.

Others

Sales in the Others segment climbed 16.9% year on year to ¥42,079 million, while operating income rose 26.0% to ¥3,807 million.

During the period under review, sales of activated carbon for capacitors (electricity storage devices) and water purification systems were steady, while other business showed signs of gradual recovery.

(2) Qualitative Information on Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets decreased ¥5,906 million from the end of the previous fiscal year to ¥496,909 million, owing to a decrease in fixed assets. Total liabilities declined ¥10,846 million to ¥154,150 million, and net assets rose ¥4,940 million to ¥342,759 million. Shareholders' equity stood at ¥339,184 million, for an equity ratio of 68.3%.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities stood at ¥47,095 million at the end of the period under review, a decrease of ¥10,503 million compared with the same period of the previous fiscal year. Major components included income before income taxes and minority interests of ¥35,916 million, depreciation and amortization of ¥24,756 million, an increase in notes and accounts payable of ¥3,539 million, an increase in notes and accounts receivable of ¥3,446 million, an increase in inventories of ¥6,735 million and income taxes paid of ¥9,242 million.

Cash Flows from Investing Activities

Net cash provided by investing activities totaled ¥27,740 million. Major components included payments for the acquisition of property, plant and equipment and intangible assets worth ¥13,512 million and a net decrease in marketable securities of ¥32,980 million.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥18,377 million. Major components included dividends paid of ¥7,310 million, a decrease in commercial paper of ¥6,000 million, and repayment of long-term debt of ¥4,645 million.

As a result, Kuraray recorded total cash inflow of ¥56,459 million in the period under review, and cash and cash equivalents at the end of the December 2010 increased ¥55,317 million from the end of previous year to ¥71,730 million.

(3) Qualitative Information on Consolidated Operating Results Forecast

Despite the concerns regarding such negative factors as raw material price hikes, the Company has not revised its previous full-year forecast released on October 28, 2010. This forecast was made based on the assumption that core businesses are expected to remain stable.

For forecast purposes, the following assumed average currency rates for the fourth quarter have been used: ¥82 to the U.S. dollar, ¥110 to the euro, and a domestic naphtha price of ¥51,000 per kiloliter.

2. Others

(1) Changes in Significant Consolidated Subsidiaries

No

(2) Application of Accounting Methods for Consolidated Financial Statements That Are Simplified or Extraordinary

(i) Simplified accounting method

Tax expenses related to certain consolidated subsidiaries that have no significant impact on Kuraray's quarterly consolidated financial statements are calculated by multiplying income before income taxes and minority interests for the period under review by the effective income tax rate after the application of tax effect accounting to the consolidated statements of income for the previous fiscal year.

(ii) Special accounting practices used in the preparation of quarterly consolidated financial statements:

No

(3) Outline of Changes in Significant Accounting Policies, Procedures and Presentation:

(i) Changes in accounting procedures

(Accounting Standard for Asset Retirement Obligations)

From the first quarter of the fiscal year ending March 31, 2011, Kuraray applies the “Accounting Standard for Asset Retirement Obligation” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).

This change has had no significant impact on the Company’s operating income and ordinary income. Income before income taxes and minority interests for the period under review decreased ¥1,550 million. The change in the asset retirement obligations due to the application of the relevant accounting standards was ¥1,564 million.

Up to the previous fiscal year-end, the asset retirement obligations of overseas subsidiaries were included in others under fixed assets. As of the fiscal year ending March 31, 2011, however, such obligations are classified differently for the purpose of facilitating comparison with the previous fiscal year.

(ii) Changes in presentation methods
(Consolidated Quarterly Statement of Income)

Based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), Kuraray applies the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009). As a result, “Income before minority interests” is included in the consolidated financial statements for the cumulative third-quarter consolidated financial statements of the fiscal year ending March 31, 2011.

Figures for the corresponding period of the previous fiscal year are displayed for purposes of comparison.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	December 31, 2010	March 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	26,661	28,991
Notes and accounts receivable–trade	77,529	75,923
Short-term investment securities	88,991	73,978
Merchandise and finished goods	41,550	38,829
Work in process	8,558	8,044
Raw materials and supplies	12,174	10,972
Deferred tax assets	4,920	5,824
Others	7,125	7,366
Allowance for doubtful accounts	(661)	(604)
Total current assets	266,849	249,326
Fixed Assets		
Tangible fixed assets		
Buildings and structures (net)	34,150	34,880
Machinery and equipment (net)	85,051	96,170
Land	18,024	18,230
Construction in progress	8,581	11,560
Others (net)	2,703	2,867
Total tangible fixed assets	148,510	163,709
Intangible fixed assets		
Goodwill	14,108	17,941
Others	3,068	3,848
Total intangible fixed assets	17,176	21,790
Investments and other assets		
Investment securities	47,142	49,006
Long-term loans receivable	1,287	1,279
Deferred tax assets	5,021	6,570
Prepaid pension costs	6,354	6,666
Others	4,912	4,999
Allowance for doubtful accounts	(347)	(532)
Total investments and other assets	64,371	67,989
Total fixed assets	230,059	253,489
Total	496,909	502,815

	(Millions of yen)	
	December 31, 2010	March 31, 2010
LIABILITIES		
Current Liabilities		
Notes and accounts payable–trade	29,778	27,235
Short-term loans payable	8,384	12,158
Commercial paper	—	6,000
Current portion of bonds	10,000	—
Income taxes payable	7,329	6,038
Provision for bonuses	3,837	6,129
Other provision	3	138
Other	17,144	18,850
Total current liabilities	<u>76,476</u>	<u>76,550</u>
Long-Term Liabilities		
Corporate bonds	—	10,000
Long-term loans payable	45,033	46,502
Deferred tax liabilities	4,936	5,524
Provision for retirement benefits	14,654	14,248
Provision for retirement benefits for directors and auditors	146	167
Provision for environmental measures	1,126	1,275
Asset retirement obligations	2,326	812
Others	9,450	9,915
Total long-term liabilities	<u>77,673</u>	<u>88,446</u>
Total liabilities	<u>154,150</u>	<u>164,996</u>
NET ASSETS		
Shareholders' equity		
Capital	88,955	88,955
Capital surplus	87,162	87,192
Retained earnings	219,162	204,070
Treasury stock	(40,921)	(41,068)
Total shareholders' equity	<u>354,358</u>	<u>339,150</u>
Valuation and Translation Adjustments		
Valuation difference on available-for-sale securities	2,568	3,767
Deferred gain or losses on hedges	(20)	(103)
Foreign currency translation adjustments	(17,722)	(8,230)
Total valuation and translation adjustments	<u>(15,174)</u>	<u>(4,566)</u>
Stock subscription rights	430	186
Minority interests	3,144	3,048
Total net assets	<u>342,759</u>	<u>337,818</u>
Total liabilities and net assets	<u>496,909</u>	<u>502,815</u>

(2) Quarterly Consolidated Statements of Income

	(Millions of yen)	
	Nine-month period ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Nine-month period ended December 31, 2010 (April 1, 2010 – December 31, 2010)
Net sales	242,653	270,427
Cost of sales	175,083	181,475
Gross profit	67,569	88,951
Selling, general and administrative expenses		
Selling expenses	12,518	13,625
General and administrative expenses	35,474	35,779
Total selling, general and administrative expenses	47,993	49,405
Operating income	19,576	39,546
Non-operating income		
Interest income	304	287
Dividend income	1,106	1,070
Gain on allotment of investment securities	52	29
Other, net	792	686
Total non-operating income	2,254	2,073
Non-operating expenses		
Interest expenses	1,052	861
Other expenses	2,128	2,341
Total non-operating expenses	3,181	3,203
Ordinary income	18,649	38,416
Extraordinary income		
Gain on transfer of business	657	—
Total extraordinary income	657	—
Extraordinary expenses		
Impact of the application of the Accounting Standard for Asset Retirement Obligations	—	1,548
Loss on valuation of investment securities	177	525
Loss on disposal of fixed assets	—	219
Business structure improvement losses	1,115	206
Impairment losses	618	—
Total extraordinary expenses	1,911	2,499
Income before income taxes and minority interests	17,395	35,916
Current income taxes	5,840	10,805
Deferred income taxes	(676)	2,600
Total income taxes	5,164	13,406
Income before minority interests in net income of consolidated subsidiaries	12,231	22,510
Minority interests in net income of consolidated subsidiaries	86	107
Net income	12,145	22,402

(3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine-month period ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Nine-month period ended December 31, 2010 (April 1, 2010 – December 31, 2010)
Cash Flows from Operating Activities		
Income before income taxes and minority interests	17,395	35,916
Depreciation and amortization	26,698	24,756
Loss on disposal of fixed assets	—	219
Impairment losses	618	—
Impact of the application of the Accounting Standard for Asset Retirement Obligations	—	1,548
Write-down of investment securities	177	525
Gain or loss on transfer of business	(657)	—
Increase in notes and accounts receivable	(8,049)	(3,446)
Decrease (increase) in inventories	13,503	(6,735)
Increase in notes and accounts payable	4,108	3,539
Other, net	2,782	(496)
Subtotal	56,576	55,827
Income taxes refunded (paid)	589	(9,242)
Others	433	510
Net Cash Provided by Operating Activities	57,599	47,095
Cash Flows from Investing Activities		
Net decrease (increase) in time deposits	(12,882)	9,652
Net decrease (increase) in marketable securities	(62,963)	32,980
Payments for acquisition of property, plant and equipment and intangible assets	(17,414)	(13,512)
Payments for purchase of investment securities	(580)	(374)
Other, net	57	(1,004)
Net Cash Provided by (Used in) Investing Activities	(93,784)	27,740
Cash Flows from Financing Activities		
Decrease in short-term bank loans	(5,443)	(218)
Increase (decrease) in commercial paper	5,000	(6,000)
Proceeds from long-term debt	12,000	—
Repayment of long-term debt	—	(4,645)
Dividends paid	(6,267)	(7,310)
Other, net	(379)	(202)
Net Cash Provided by (Used in) Financing Activities	4,908	(18,377)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
	33	(1,141)
Net Increase (Decrease) in Cash and Cash Equivalents	(31,309)	55,317
Cash and Cash Equivalents, Beginning of the Period	46,157	16,412
Cash and Cash Equivalents, End of the Period	14,848	71,730

(4) Notes regarding Going Concern Assumptions

None

(5) Segment Information

1) Segment Overview

The business segments reported by Kuraray are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate their business results.

Kuraray adopts an in-house company system where each in-house company develops business activities and establishes its own comprehensive strategy, both for Japan and for overseas markets, in accordance with the products it handles. In addition, among Kuraray subsidiaries, Kuraray Trading Co., Ltd. independently conducts propriety planning and sales activities, including the processing and sale of Kuraray products as well as other companies' products.

Consequently, Kuraray has created four business segments for reporting—"Resins," "Chemicals," "Fibers and Textiles" and "Trading"—categorized by product group based on the respective in-house companies and trading segments.

The Resins segment manufactures and markets functional resins and film, including PVA, PVB and *EVAL*. The Chemicals segment produces and sells methacrylic resin, isoprene-related products, *GENESTAR*, and medical products. The Fibers and Textiles segment manufactures and sells synthetic fibers and textiles, man-made leather, non-woven fabrics and others. The trading segment conducts processing and sales activities for synthetic fibers and man-made leather, and it conducts planning and marketing for the products produced by the Kuraray Group and other companies.

2) Business Segments' Reported Results for the Cumulative third-quarter results for Fiscal 2010 (April 1, 2010 to December 31, 2010)

	Resins	Chemicals	Fibers and Textiles	Trading	Total	Other Business ¹	Total	Adjustment ²	(¥ million) Consolidated Statements of Income ³
Net sales									
(1) Outside customers	87,647	35,063	31,574	83,421	237,707	32,720	270,427	—	270,427
(2) Inter-segment sales and transfers	22,946	21,152	13,932	2,465	60,497	9,359	69,856	(69,856)	—
Total	110,594	56,215	45,507	85,887	298,204	42,079	340,284	(69,856)	270,427
Operating income (loss)	37,904	5,941	(128)	2,348	46,067	3,807	49,875	(10,329)	39,546

Notes:

1. The “Other Business” category incorporates operations not included in business segment reporting, including activated carbon, environmental business and engineering.
2. Adjustment is as follows: Included within operating income (loss) of ¥10,329 million is the elimination of intersegment transactions of ¥201 million and corporate expenses of ¥10,530 million. Corporate expenses mainly comprise headquarters' general and administrative expenses and the submitting company's basic research expenses not usually attributed to segments.
3. Segment income is adjusted with operating income under consolidated statements of income.
4. From the first quarter of the fiscal year ending March 31, 2011, Kuraray applied the “Accounting Standard for Asset Retirement Obligation” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). This change has had no significant impact on the Company's operating income and ordinary income.

(Supplemental Information)

From the consolidated first quarter under review, Kuraray has applied the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 of March 27, 2009) and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 of March 21, 2008).

(6) Material Changes in Shareholders' Equity

None

4. Reference (Appendix for segment information)

(¥ million)

	Net Sales			Operating income (loss)		
	FY2009 3Q	FY2010 3Q	Increase (Decrease)	FY2009 3Q	FY2010 3Q	Increase (Decrease)
Resins	100,194	110,594	10,399	27,450	37,904	10,453
Chemicals	47,936	56,215	8,279	(97)	5,941	6,039
Fibers and Textiles	42,640	45,507	2,866	(1,988)	(128)	1,860
Trading	74,782	85,887	11,104	1,271	2,348	1,077
Other Business	36,011	42,079	6,068	3,023	3,807	784
Adjustment ²	(58,913)	(69,856)	(10,943)	(10,083)	(10,329)	(245)
Consolidated Statements of Income ³	242,653	270,427	27,774	19,576	39,546	19,970

A quarterly review by an independent auditor of the year on year segment data stated above has not been performed.