

Semi-annual financial information 2007

Kuraray Co., Ltd.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen			Thousands of U.S. dollars
	September 30, 2006	March 31, 2006	September 30, 2005	September 30, 2006
ASSETS				
Current assets:				
Cash and cash equivalents	¥26,833	¥28,085	¥11,523	\$227,398
Marketable securities	8,987	-	-	76,161
Notes and accounts receivable:				
Trade	89,532	88,677	81,888	758,746
Unconsolidated subsidiaries and affiliates	1,270	1,757	1,369	10,763
Other	2,393	4,127	1,931	20,280
Loans receivable from unconsolidated subsidiaries, affiliates and others	1,004	624	371	8,508
Allowance for doubtful accounts	(1,036)	(1,015)	(958)	(8,780)
	93,163	94,170	84,601	789,517
Inventories	71,766	69,431	68,184	608,186
Deferred income taxes	6,175	6,478	6,964	52,331
Other current assets	3,050	2,504	2,577	25,848
Total current assets	209,974	200,668	173,849	1,779,441
Property, plant and equipment:				
Land	19,718	19,676	20,293	167,102
Buildings	88,684	88,265	94,020	751,559
Machinery and equipment	443,178	443,689	431,294	3,755,746
Construction-in-progress	32,412	24,590	27,359	274,678
	583,992	576,220	572,966	4,949,085
Less accumulated depreciation	(418,782)	(416,824)	(407,009)	(3,549,000)
	165,210	159,396	165,957	1,400,085
Investments and other assets:				
Goodwill	28,869	28,625	28,700	244,653
Other intangible assets	6,294	6,014	6,108	53,339
Investment securities	34,888	37,970	30,324	295,661
Investments in unconsolidated subsidiaries and affiliates	5,681	4,512	4,415	48,144
Loans receivable from:				
Unconsolidated subsidiaries and affiliates	2,422	2,802	2,757	20,525
Other	533	475	557	4,517
Accumulated premiums on insurance	21,511	29,707	35,831	182,297
Deferred income taxes	2,711	2,650	2,088	22,974
Prepaid pension costs	6,139	5,142	4,775	52,025
Other	4,724	3,511	4,617	40,034
Allowance for doubtful accounts	(88)	(115)	(1,307)	(746)
	113,684	121,293	118,865	963,423
TOTAL ASSETS	¥488,868	¥481,357	¥458,671	\$4,142,949

See Notes(1), (6) and (7) of the end of this financial information

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	Millions of yen			Thousand of U.S. dollars
	September 30, 2006	March 31, 2006	September 30, 2005	September 30, 2006
LIABILITIES				
Current liabilities:				
Short-term bank loans	¥8,349	¥6,619	¥10,855	\$70,754
Current portion of long-term debt	5,000	390	1,931	42,373
Notes and accounts payable:				
Trade	39,930	39,150	38,361	338,390
Unconsolidated subsidiaries and affiliates	814	1,004	656	6,898
Other	9,845	8,130	7,837	83,432
Accrued income taxes	5,364	7,165	4,112	45,458
Accrued expenses and other	16,080	16,771	14,135	136,271
Total current liabilities	85,382	79,229	77,887	723,576
Long-term liabilities:				
Long-term debt	14,255	19,256	15,856	120,805
Deferred income taxes	12,309	13,714	10,012	104,314
Accrued retirement benefits	12,916	13,404	13,514	109,458
Other	15,713	14,273	16,962	133,160
Total long-term liabilities	55,193	60,647	56,344	467,737
TOTAL LIABILITIES	140,575	139,876	134,231	1,191,313
MINORITY INTEREST	-	2,354	2,302	-
SHAREHOLDERS' EQUITY				
Common stock:				
Authorized-700,000,000 shares in March 2006				
Issued-382,863,603 shares in March 2006				
Capital surplus	-	87,227	87,161	-
Retained earnings	-	155,377	145,701	-
Unrealized gain on revaluation of securities	-	16,426	12,321	-
Cumulative translation adjustments	-	2,726	(157)	-
TOTAL SHAREHOLDERS' EQUITY	-	350,711	333,981	-
Treasury stock at cost-15,379,675 shares in March 2006	-	(11,584)	(11,843)	-
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	-	481,357	458,671	-
NET ASSETS				
Owners' equity:				
Paid-in capital:				
Authorized-1,000,000,000 shares in September 2006				
Issued-382,863,603 shares in September 2006				
Capital surplus	88,955	-	-	753,856
Earned surplus	87,261	-	-	739,500
Treasury stock-15,181,671 shares in September 2006	162,068	-	-	1,373,458
	(11,463)	-	-	(97,144)
Total owners' equity	326,821	-	-	2,769,670
Valuation and translation adjustments				
Valuation difference on available-for-sale securities	14,452	-	-	122,475
Deferred gains or losses on hedges	(91)	-	-	(771)
Translation adjustments	4,718	-	-	39,982
Total valuation and translation adjustments	19,079	-	-	161,686
Minority interests	2,393	-	-	20,280
TOTAL NET ASSETS	348,293	-	-	2,951,636
TOTAL LIABILITIES AND NET ASSETS	¥488,868	¥ -	¥ -	\$4,142,949

See Notes(1), (4) and (7) of the end of this financial information

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen		Millions of yen	<i>Thousands of U.S. dollars</i>
	Six months period ended		Year ended	<i>Six months period ended</i>
	September 30, 2006	September 30, 2005	March 31, 2006	<i>September 30, 2006</i>
Net sales	¥191,264	¥179,279	¥375,073	\$1,620,881
Cost of sales	137,003	127,337	266,284	1,161,042
(Gross profit)	54,261	51,942	108,789	459,839
Selling, general and administrative expenses	35,118	34,842	70,512	297,610
(Operating income)	19,143	17,100	38,277	162,229
Other income (expenses):				
Interest and dividend income	819	723	1,294	6,941
Equity in earnings of affiliates	35	78	56	297
Interest expenses	(184)	(153)	(414)	(1,559)
Restructuring charges	(1,675)	(157)	(1,693)	(14,195)
Gain on sales of investment securities	358	964	1,029	3,034
Write-down of investment securities	-	(119)	(253)	-
Gain on sales of property, plant and equipment	211	-	8,446	1,788
Loss on disposal of property, plant and equipment	(314)	(100)	(492)	(2,661)
Impairment loss on property, plant and equipment	-	(1,359)	(5,455)	-
Other, net	(2,533)	(2,741)	(6,432)	(21,467)
	(3,283)	(2,864)	(3,914)	(27,822)
(Income before income taxes and minority interests)	15,860	14,236	34,363	134,407
Income taxes:				
Current	4,950	4,216	11,674	41,949
Deferred	974	767	1,394	8,254
	5,924	4,983	13,068	50,203
Minority interests in net income of consolidated subsidiaries	(54)	(58)	(109)	(458)
Net income	¥9,882	¥9,195	¥21,186	\$83,746
		Yen		<i>U.S. dollars</i>
Net income per share:				
Primary	¥26.88	¥25.05	¥57.51	\$0.23
Fully diluted	26.81	25.03	57.41	0.23

See Notes(1) of the end of this financial information

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen					
	Common stock	Capital surplus	Retained earnings	Unrealized gain on revaluation of securities	Cumulative translation adjustments	Treasury stock
Balance at March 31, 2005	¥88,955	¥87,156	¥138,951	¥9,012	¥679	¥(11,823)
Net income			9,195			
Cash dividends, YEN6.50 per share			(2,386)			
Bonuses to directors			(59)			
Changes in unrealized gain on revaluation of securities				3,309		
Translation adjustments					(836)	
Treasury stock acquired, net		5				(20)
Balance at September 30, 2005	¥88,955	¥87,161	¥145,701	¥12,321	¥(157)	¥(11,843)
Net income			11,991			
Cash dividends, YEN6.50 per share			(2,386)			
Effect of changes in reporting entities			56			
Minimum pension liability adjustment			15			
Changes in unrealized gain on revaluation of securities				4,105		
Translation adjustments					2,883	
Treasury stock sold, net		66				259
Balance at March 31, 2006	¥88,955	¥87,227	¥155,377	¥16,426	¥2,726	¥(11,584)

See Notes(1), (3), (5) and (6) of the end of this financial information

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen				
	Owners' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total Owners' equity
Balance at March 31, 2006	¥88,955	¥87,227	¥155,377	¥(11,584)	¥319,975
Cash dividends, YEN8.50 per share			(3,123)		(3,123)
Net income			9,882		9,882
Bonuses to directors			(68)		(68)
Treasury stock acquired				(67)	(67)
Treasury stock sold		34		188	222
Net changes other than shareholders' equity					
Total changes during the current period	-	34	6,691	121	6,846
Balance at September 30, 2006	¥88,955	¥87,261	¥162,068	¥(11,463)	¥326,821

	Millions of yen					
	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	¥16,426	¥ -	¥2,726	¥19,152	¥2,354	¥341,481
Cash dividends, YEN8.50 per share						(3,123)
Net income						9,882
Bonuses to directors						(68)
Treasury stock acquired						(67)
Treasury stock sold						222
Net changes other than shareholders' equity	(1,974)	(91)	1,992	(73)	39	(34)
Total changes during the current period	(1,974)	(91)	1,992	(73)	39	6,812
Balance at September 30, 2006	¥14,452	¥(91)	¥4,718	¥19,079	¥2,393	¥348,293

	Thousands of U.S. dollars				
	Owners' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total Owners' equity
Balance at March 31, 2006	\$753,856	\$739,212	\$1,316,754	\$(98,169)	\$2,711,653
Cash dividends, USD 0.07 per share			(26,466)		(26,466)
Net income			83,746		83,746
Bonuses to directors			(576)		(576)
Treasury stock acquired				(568)	(568)
Treasury stock sold		288		1,593	1,881
Net changes other than shareholders' equity					
Total changes during the current period	-	288	56,704	1,025	58,017
Balance at September 30, 2006	\$753,856	\$739,500	\$1,373,458	\$(97,144)	\$2,769,670

	Thousands of U.S. dollars					
	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	\$139,203	\$ -	\$23,102	\$162,305	\$19,949	\$2,893,907
Cash dividends, USD 0.07 per share						(26,466)
Net income						83,746
Bonuses to directors						(576)
Treasury stock acquired						(568)
Treasury stock sold						1,881
Net changes other than shareholders' equity	(16,728)	(771)	16,880	(619)	331	(288)
Total changes during the current period	(16,728)	(771)	16,880	(619)	331	57,729
Balance at September 30, 2006	\$122,475	\$(771)	\$39,982	\$161,686	\$20,280	\$2,951,636

See Notes(1), (3), (5) and (6) of the end of this financial information

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen			Thousands of U.S. dollars
	Six months period ended		Years ended	Six months period ended
	September 30, 2006	September 30, 2005	March 31, 2006	September 30, 2006
Cash flows from operating activities				
Income before income taxes and minority interests	¥15,860	¥14,236	¥34,363	\$134,407
Adjustments to reconcile income before income taxes and minority interests to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization	12,778	11,698	25,186	108,288
Increase in allowance for doubtful accounts	11	4	37	93
Increase (decrease) in accrued retirement benefits, net	135	62	(141)	1,144
Impairment loss on property, plant and equipment	-	1,359	5,455	-
Gain on sales of property, plant and equipment	(211)	-	(8,446)	(1,788)
Loss on disposal of property, plant and equipment	314	-	492	2,661
Gain on sales of investment securities	(358)	(964)	(1,029)	(3,034)
Write-down of investment securities	-	119	253	-
Interest and dividend income	(819)	(723)	(1,294)	(6,941)
Interest expenses	184	153	414	1,559
(Increase) decrease in notes and accounts receivable	(262)	520	(5,838)	(2,220)
Increase in inventories	(1,831)	(3,867)	(4,219)	(15,517)
Increase (decrease) in notes and accounts payable	444	(3,216)	(2,505)	3,763
Increase in prepaid pension costs	(720)	(1,262)	(1,630)	(6,102)
Other, net	(104)	(93)	1,264	(881)
Sub-total	25,421	18,026	42,362	215,432
Interest and dividend received	661	495	943	5,601
Interest paid	(184)	(129)	(388)	(1,559)
Income taxes paid	(6,773)	(5,750)	(10,226)	(57,398)
Net cash and cash equivalents provided by operating activities	19,125	12,642	32,691	162,076
Cash flows from investing activities:				
(Increase) decrease in marketable securities	(8,986)	3,000	3,000	(76,152)
Payments for acquisition of property, plant, equipment and intangible assets	(14,157)	(20,234)	(36,069)	(119,974)
Proceeds from sales of property, plant, equipment and intangible assets	296	22	10,550	2,508
Payments for purchase of investment securities	(1,570)	(327)	(1,379)	(13,305)
Payments for disposal of property, plant, equipment and intangible assets	(1,356)	(136)	(338)	(11,491)
Proceeds from sales and redemption of investment securities	449	3,008	3,604	3,805
Payments for acquisition of long term prepaid expenses	(2,175)	(225)	(338)	(18,432)
Payments of premiums on insurance	(290)	(464)	(702)	(2,458)
Withdrawals from accumulated premiums on insurance	8,705	29	6,573	73,771
Other, net	362	772	1,406	3,067
Net cash and cash equivalents used in investing activities	(18,722)	(14,555)	(13,693)	(158,661)
Cash flows from financing activities:				
(Decrease) increase in short-term bank loans	1,625	1,130	(3,322)	13,772
Proceeds from long-term debt	-	-	3,400	-
Repayments of long-term debt	(398)	(1,831)	(3,407)	(3,373)
Dividends paid	(3,123)	(2,386)	(4,772)	(26,466)
Proceeds from sales of treasury stock	222	45	461	1,881
Payments for purchase of treasury stock	(67)	(60)	(151)	(568)
Net cash and cash equivalents used in financing activities	(1,741)	(3,102)	(7,791)	(14,754)
Effect of exchange rate changes on cash and cash equivalents	86	(207)	134	729
Net (decrease) increase in cash and cash equivalents	(1,252)	(5,222)	11,341	(10,610)
Cash and cash equivalents, beginning of year	28,085	16,743	16,743	238,008
Effect of changes in reporting entities	-	2	1	-
Cash and cash equivalents, end of year	¥26,833	¥11,523	¥28,085	\$227,398

See Notes(1) and (2) of the end of this financial information

SEGMENT INFORMATION

Industrial segment information

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

Net sales and operating income

Six months period ended September 30, 2006	Millions of yen			Operating income
	Net sales			
	outside customers	inter-segment	total	
Chemicals and resins	¥102,074	¥190	¥102,264	¥17,480
Fibers and textiles	53,087	455	53,542	4,033
High performance materials, medical products and others	36,103	11,466	47,569	3,295
Total	191,264	12,111	203,375	24,808
Eliminated on consolidation and corporate	-	(12,111)	(12,111)	(5,665)
Consolidated total	¥191,264	¥ -	¥191,264	¥19,143

Six months period ended September 30, 2005	Millions of yen			Operating income
	Net sales			
	outside customers	inter-segment	total	
Chemicals and resins	¥89,965	¥368	¥90,333	¥14,009
Fibers and textiles	53,668	342	54,010	5,009
High performance materials, medical products and others	35,646	13,698	49,344	3,558
Total	179,279	14,408	193,687	22,576
Eliminated on consolidation and corporate	-	(14,408)	(14,408)	(5,476)
Consolidated total	¥179,279	¥ -	¥179,279	¥17,100

Six months period ended September 30, 2006	Thousands of U.S. dollars			Operating income
	Net sales			
	outside customers	inter-segment	total	
Chemicals and resins	\$865,034	\$1,610	\$866,644	\$148,136
Fibers and textiles	449,890	3,856	453,746	34,178
High performance materials, medical products and others	305,957	97,170	403,127	27,923
Total	1,620,881	102,636	1,723,517	210,237
Eliminated on consolidation and corporate	—	(102,636)	(102,636)	(48,008)
Consolidated total	\$1,620,881	\$ -	\$1,620,881	\$162,229

See Notes(1) of the end of this financial information

Industrial segment information

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

Identifiable assets, capital expenditure and depreciation and amortization

Six months period ended September 30, 2006	Millions of yen		
	Identifiable assets	Capital expenditure	Depreciation and amortization
Chemicals and resins	¥254,269	¥10,710	¥8,360
Fibers and textiles	79,009	2,646	1,910
High performance materials, medical products and others	69,655	1,389	1,673
Total	402,933	14,745	11,943
Eliminated on consolidation and corporate	85,935	1,951	835
Consolidated total	¥488,868	¥16,696	¥12,778

Six months period ended September 30, 2005	Millions of yen		
	Identifiable assets	Capital expenditure	Depreciation and amortization
Chemicals and resins	¥226,524	¥14,486	¥7,503
Fibers and textiles	75,125	2,187	1,772
High performance materials, medical products and others	80,391	2,175	1,704
Total	382,040	18,848	10,979
Eliminated on consolidation and corporate	76,631	624	719
Consolidated total	¥458,671	¥19,472	¥11,698

Six months period ended September 30, 2006	Thousands of U.S. dollars		
	Identifiable assets	Capital expenditure	Depreciation and amortization
Chemicals and resins	\$2,154,822	\$90,763	\$70,848
Fibers and textiles	669,568	22,424	16,186
High performance materials, medical products and others	590,296	11,771	14,178
Total	3,414,686	124,958	101,212
Eliminated on consolidation and corporate	728,263	16,534	7,076
Consolidated total	\$4,142,949	\$141,492	\$108,288

See Notes(1) of the end of this financial information

Geographic segment information

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

Six months period ended September 30, 2006	Millions of yen				
	Net sales			Operating income (loss)	Identifiable assets
	outside customers	inter-segment	total		
Domestic (inside Japan)	¥136,951	¥13,049	¥150,000	¥21,481	¥263,441
North America	15,718	1,493	17,211	1,359	47,453
Europe	30,347	2,513	32,860	2,434	89,368
Asia	8,248	1,485	9,733	(332)	5,420
Total	191,264	18,540	209,804	24,942	405,682
Eliminated on consolidation and corporate	-	(18,540)	(18,540)	(5,799)	83,186
Consolidated total	¥191,264	¥ -	¥191,264	¥19,143	¥488,868

Six months period ended September 30, 2005	Millions of yen				
	Net sales			Operating income (loss)	Identifiable assets
	outside customers	inter-segment	total		
Domestic (inside Japan)	¥130,711	¥14,318	¥145,029	¥19,294	¥250,978
North America	14,046	2,017	16,063	1,573	39,954
Europe	26,352	994	27,346	1,342	84,500
Asia	8,170	667	8,837	72	9,393
Total	179,279	17,996	197,275	22,281	384,825
Eliminated on consolidation and corporate	-	(17,996)	(17,996)	(5,181)	73,846
Consolidated total	¥179,279	¥ -	¥179,279	¥17,100	¥458,671

Six months period ended September 30, 2006	Thousands of U.S. dollars				
	Net sales			Operating income (loss)	Identifiable assets
	outside customers	inter-segment	total		
Domestic (inside Japan)	\$1,160,602	\$110,584	\$1,271,186	\$182,042	\$2,232,551
North America	133,203	12,653	145,856	11,517	402,144
Europe	257,178	21,297	278,475	20,627	757,356
Asia	69,898	12,585	82,483	(2,814)	45,932
Total	1,620,881	157,119	1,778,000	211,372	3,437,983
Eliminated on consolidation and corporate	—	(157,119)	(157,119)	(49,144)	704,966
Consolidated total	\$1,620,881	\$ -	\$1,620,881	\$162,229	\$4,142,949

See Notes(1) of the end of this financial information

Foreign sales

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

Six months period ended September 30, 2006	Millions of yen			<i>Thousands of U.S. dollars</i>	
	Foreign sales	Consolidated	Percentage of	<i>Consolidated</i>	
		net sales	net sales	net sales	<i>Foreign sales</i>
North America	¥19,072	¥ -	10.0 %	\$161,627	\$ -
Europe	32,331	-	16.9	273,992	-
Asia	32,942	-	17.2	279,169	-
Other	4,300	-	2.2	\$36,441	-
Total	¥88,645	¥191,264	46.3 %	\$751,229	\$1,620,881

Six months period ended September 30, 2005	Millions of yen			Percentage of	
	Foreign sales	Consolidated	consolidated	consolidated	
		net sales	net sales	net sales	net sales
North America	¥16,821	¥ -	9.4 %		
Europe	28,781	-	16.0		
Asia	28,660	-	16.0		
Other	3,520	-	2.0		
Total	¥77,782	¥179,279	43.4 %		

See Notes(1) of the end of this financial information

Notes:

Note (1) The United States dollar amounts represent translation of Japanese yen at the rate of YEN118=¥1

Note (2) The amounts in the cash flow statement of the previous period have been reclassified to conform with the classification of the current period as follows:

"Increase in prepaid pension costs" out of "Other, net" of Cash flows from investing activities

"Payments for disposal of property, plant, equipment and intangible assets" out of "Other, net" of Cash flows from investing activities

"Payments for acquisition of long term prepaid expenses" out of "Other, net" of Cash flows from operating activities

Note (3) Effective from the six months period ended September 30, 2006, Kuraray and its subsidiaries in Japan adopted the Accounting Standard Board of Japan (ASBJ) Statement No.4 "Accounting Standard for Directors' Bonus" issued by ASBJ on November 29, 2005. The adoption of the new accounting standard has no effect on the semi-annual financial information 2006

Note (4) Effective from the six months period ended September 30, 2006, Kuraray and its subsidiaries in Japan adopted ASBJ Statement No. "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and ASBJ Guidance No. 8 "Guidance on Accounting standard for Presentation of Net Assets in the Balance Sheet" both issued by ASBJ on December 9, 2005. The total amount corresponding to conventional "total shareholders' equity" on the balance sheet of the six months period ended September 30, 2006 is 345,991 millions of yen.

Note (5) Effective from the six months period ended September 30, 2006, Kuraray and its subsidiaries in Japan adopted revised ASBJ Statement No.1 (revised 2005) "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" and ASBJ Guidance No. 2 (revised 2005) "Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" both revised by ASBJ on December 27, 2005. The adoption of the revised accounting standard has no effect on the semi-annual financial information 2006.

Note (6) Effective from the six months period ended September 30, 2006, Kuraray and its subsidiaries in Japan adopted "Accounting Standard for Business Combination" issued by Business Accounting Council on October 31, 2003, and ASBJ Statement No.7 "Accounting standard for Business Divestitures" and ASBJ Guidance No.10 "Guidance on Accounting standard for Business Combinations and Accounting Standard for Business Divestitures" both issued by ASBJ on December 27, 2005

The adoption had an effect that "Other intangible assets" including "Goodwill arising on consolidation adjustment" as of September 30, 2005 was described as "Goodwill" as of September 30, 2006. The amounts of "Other intangible assets" including "Goodwill arising on consolidation adjustment" were 518 millions of yen as of September 30, 2005, and 499 millions of yen as of September 30, 2006, respectively.

Note (7) Although the closing date of the fiscal period was a holiday for financial institutions, Kuraray and its subsidiaries in Japan accounted for the matured notes/accounts on the end of fiscal periods as if notes/accounts were settled on maturity basis.

The amounts of notes/accounts matured on the end of the six months period ended September 30, 2006 and excluded from the balance sheet were as follows:

Notes receivables	2,488 (unit : millions of yen)
Accounts receivable-trade	3,211
Notes payable	735
Accounts payable-trade	3,575
Accounts payable-other	129