

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

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Notice Concerning Revisions to
First Half Performance Forecasts (April 1,2010 to September 30,2010)
and Full Year Performance Forecasts for the Fiscal Year Ending March 31, 2011

Based on recent trends in business performance, Kuraray Co., Ltd. has revised its First Half Forecasts (April to September 2010) and Full Year Performance Forecasts for the Fiscal Year Ending March 31, 2011 which were announced on April 30, 2010. The details of the revision are as follows.

1. Revision to the consolidated performance forecasts

Revision to the Cumulative Consolidated Forecast for the interim period of the fiscal year ending March 31, 2011 (April 1, 2010 - September 30, 2010)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A) (Announced on April 30, 2010)	175,000	19,000	18,000	10,500	30.17yen
Revised forecast (B)	180,000	24,000	23,000	12,500	35.91yen
Difference (B) - (A)	+5,000	+5,000	+5,000	+2,000	
Difference (%)	+2.9	+26.3	+27.8	+19.0	
Reference: Result for the interim period of the previous fiscal year (fiscal year ended March31, 2010)	157,065	9,758	9,409	5,221	15.00yen

Revision to the Consolidated Forecast for the full period of the fiscal year ending March 31,2011(April 1, 2010 - March 31, 2011)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A) (Announced on April 30, 2010)	360,000	43,000	41,000	24,000	68.95yen
Revised forecast (B)	365,000	48,000	46,000	26,000	74.69yen
Difference (B) - (A)	+5,000	+5,000	+5,000	+2,000	
Difference (%)	+1.4	+11.6	+12.2	+8.3	
Reference: Result for the previous fiscal year ended March31, 2010	332,880	30,451	28,925	16,315	46.86yen

2. Revisions to nonconsolidated performance forecasts

Revisions to nonconsolidated Forecast for the interim period of the fiscal year ending March 31, 2011 (April 1, 2010 - September 30, 2010)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A) (Announced on April 30, 2010)	100,000	13,000	13,000	7,500	21.55 yen
Revised forecast (B)	100,000	16,000	17,000	9,000	25.85 yen
Difference (B) - (A)	—	+3,000	+4,000	+1,500	
Difference (%)	—	+23.1	+30.8	+20.0	

Revision to the nonconsolidated Forecast for the full period of the fiscal year ending March 31,2011(April 1, 2010 - March 31, 2011)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A) (Announced on April 30, 2010)	205,000	29,000	28,000	16,500	47.40 yen
Revised forecast (B)	205,000	32,000	32,000	18,000	51.71 yen
Difference (B) - (A)	—	+3,000	+4,000	+1,500	
Difference (%)	—	+10.3	+14.3	+9.1	
Reference: Result for the previous fiscal year ended March31, 2010	179,688	19,444	19,890	10,744	30.86 yen

3. Reasons for the Revision

- ① During the First quarter period under review, the Company's profits were higher than expected, reflecting a trend toward businesses recovery that resulted in an increase in the plant utilization ratio as sales expanded and across-the-board cost reduction efforts took effect.
- ② As for the operating environment in the second quarter and later, there were several concerns, including hikes in raw materials and fuel prices, stagnant economic conditions in Europe and euro depreciation coupled with yen appreciation. Amid such circumstances, the Kuraray Group will strive to revise product prices to allow for rising raw materials and fuel prices while focusing on the development of higher-value-added products. Although each business segment remains on a recovery or growth track, the business environment in the third quarter and beyond is increasingly uncertain, therefore, the Company has not revised its forecast for the second half of the current fiscal year (October 1, 2010–March 31, 2011), instead choosing to remain with the forecast based on the assumption in the beginning of the current fiscal year.

Assumption for the Revision

Average currency exchange rates for the second quarter and later are assumptions and are as follows: ¥90 per U.S. dollar, ¥110 per euro, and domestic price of naphtha of ¥47,000 per kiloliter.

The assumptions and conditions upon which forecasts pertaining to main businesses in the second quarter and later are based are as follows:

Demand for poval resins is expected to be stable in Asia. In Europe, sales are expected to grow on the back of tight supply-demand conditions caused by the euro depreciation. Although Kuraray expects steady sales of optical-use poval film for LCD applications, the Company is concerned about the impact of inventory adjustments among users. Demand is anticipated to recover for PVB film in its main use as a construction material, while its use as a sealant for solar power generation equipment is expected to grow.

Demand for *EVVAL* is expected to continue the recovery track in the Asian market, thanks mainly to demand for its use in automobiles and food packaging, while sales in Europe and the United States are also anticipated to improve. For methacrylic resin and isoprene chemicals, the Company expects demand growth mainly in Asian countries, and thus pursuing sales expansion for new products and high-value-added items. Kuraray anticipates a sales volume increase for *GENESTAR* in the wake of higher than originally forecast demand for its use in LED reflector application. Sales of medical-related products for dental applications will remain stable both in Japan and overseas.

For *KURALON*, the sales volume in Europe for the FRC application may fall below the Company's initial forecast. On the other hand, results for *CLARINO* and *VECTRAN* are expected to show the positive results of the Company's ongoing business restructuring efforts.

Consolidated result forecast for the fiscal year ending March 31, 2011 (Breakdown of segment income)
(Billions of yen)

Segments Reported to be		Net Sales			Segment Income (Operating Income)		
		First Half	Second Half	Full Year	First Half	Second Half	Full Year
	Resin	76.0	76.0	152.0	26.0	24.0	50.0
	Chemicals	40.0	42.0	82.0	2.5	4.0	6.5
	Fibers and Textiles	29.0	31.0	60.0	0.0	0.5	0.5
	Trading	55.0	55.0	110.0	1.0	1.5	2.5
	Total	200.0	204.0	404.0	29.5	30.0	59.5
	Others	29.0	30.0	59.0	2.0	2.0	4.0
	Total	229.0	234.0	463.0	31.5	32.0	63.5
	Adjustment	(49.0)	(49.0)	(98.0)	(7.5)	(8.0)	(15.5)
	Figures on the (Quarterly) Consolidated Statement of Income	180.0	185.0	365.0	24.0	24.0	48.0

First half: Six-month period ending September 30, 2011

Second half: Six month period from October 1,2010 to March 31,2011

Note: The aforementioned forecasts are based on data available at the time this press release was published.
Actual performance may differ from forecasts due to a variety of factors.