Business Results for the year Ended March 31, 2012

(unaudited)

Kuraray Co., Ltd.

Index of the Attachment

1. Results of Operations

(1) Analysis of Results of Operations

In the fiscal year ended March 31, 2012, although the operating environment of the Kuraray Group was affected by raw material and fuel price hikes and the impact of the Great East Japan Earthquake in the first half of the period, the economies in emerging nations including China were strong and the European and U.S. economies were firm overall. On the other hand, the Kuraray Group faced harsh business circumstances such as the global economic slowdown against the backdrop of the financial crisis in Europe, the rapid appreciation of the yen and the disruption of supply chains caused by the Thai flood disaster in the second half.

Confronting these circumstances, the Kuraray Group took various measures to respond to the economic slowdown including price maintenance and revisions and the shift to high-value-added products. In addition, the Group continued to steadily expand businesses and took proactive measures for further growth based on its GS-Twins medium-term business plan.

As a result, the Kuraray Group's consolidated net sales for the fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012) grew ¥5,784 million, or 1.6%, compared with the previous fiscal year to ¥368,975 million. On the other hand, operating income increased ¥1,638 million, or 3.1%, to ¥54,733 million; ordinary income rose ¥2,877 million, or 5.6%, to ¥53,940 million; and net income climbed ¥2,727 million, or 9.5%, to ¥31,469 million. Consequently, record-high earnings were achieved for the second consecutive fiscal year.

Results by Business Segment

Resins

Demand for resins was stable across Europe, the United States and Asia during the first half of the period under review, but the demand growth slowed in the second half due to the effect of the economic slowdown in Europe. As a result, sales in this segment rose 1.0% year on year to ¥148,879 million, whereas operating income decreased 1.9% to ¥49,904 million.

(1) Demand for poval resin was sluggish in the second half, affected by the global economic slowdown. The sales volume of optical-use poval film was flat year on year, but the performance saw sluggish growth in terms of profit. To better prepare for the anticipated demand expansion in this business over the medium term, Kuraray decided to build a new production line at its Saijo Plant, which will add annual production capacity of 3.2 million square meters. This new line is scheduled to begin production in June 2013. Sales of polyvinyl butyral (PVB) film were stable. To better prepare for the anticipated demand expansion in this business, Kuraray decided to expand the production line in Europe. The expanded plant is scheduled to begin production in November 2013.

(2) Sales of *EVAL* ethylene vinyl alcohol polymer (EVOH resin) increased year on year for *EVAL*'s use in food packaging and gas tanks. To prepare for the anticipated demand expansion in this business, Kuraray decided to expand its production capacity in the United Sates, which will add an annual capacity of 12,000 tons. This

new line is scheduled to begin production in January 2014.

Chemicals

Despite the suspension of production in some product categories due to the earthquake in the first half of the period under review, sales in this segment remained favorable overall. However, overall demand declined in the second half as a result of the malaise in the global economy. As a result, sales in this segment decreased 1.1% year on year to ¥74,872 million, whereas operating income increased 4.5% year on year to ¥9,066 million.

(1) Sales of methacrylic resin were favorable during the first half of the period under review but were affected by the decrease in demand for use as molding materials for LCD panels, coupled with increased competition, in the second half.

(2) In isoprene chemicals, demand for *SEPTON* thermoplastic elastomer rapidly declined at various regions in the second half of the period under review, although sales were steady in the first half. The performance of fine chemicals remained steady throughout the period under review. A mass-production facility for acrylic thermoplastic elastomer *KURARITY* was completed and started production.

(3) Sales of *GENESTAR* heat-resistant polyamide resin declined year on year due to the weak demand for LED reflector applications for LED. However, Kuraray secured overall profit growth by pioneering new applications such as use for automobiles.

(4) Kuraray Medical Inc.'s performance remained stable due to the inclusion of the dental materials business of Noritake Dental Supply Co., Limited, which was integrated into the Company in April 2011. A new plant was completed at the Niigata Plant, and it is scheduled to begin production in December 2012 after the certification procedure is finished.

Fibers and Textiles

Although sales of *KURALON* were stable, demand for certain other products remained stagnant. As a result, sales in this segment grew 2.9% year on year to ¥63,394 million and operating income increased to ¥1,103 million (from an operating loss of ¥221 million for the previous fiscal year).

(1) Sales were generally favorable for *KURARON* for use in primary cell separators and automotive brake hoses although demand for this product for use as an asbestos substitute in fiber-reinforced cement (FRC) was affected by the stagnant European market in the second half of the period under review.

(2) Sales of *CLARINO* man-made leather were healthy for schoolbag applications. The use of new processed products expanded for new applications, and the business restructuring brought about some improvements.

(3) Sales of *KURAFLEX* nonwoven fabrics for use in wet wipers and commercial counter cloth were stable despite stagnant demand for use of these products in industrial masks. Meanwhile, Kuraray promoted tapping into the market for *FELIBENDY*, a new product.

Trading
Although certain operations in this segment saw a decline in demand, sales of differentiated materials in such fiber-related businesses as polyester grew favorably. As a result, sales in this segment were down 2.6% year on year to ¥112,218 million, whereas operating income increased 6.7% to ¥3,527 million.

Other Business
Sales of activated carbon for use in water purification systems and capacitors (electricity storage devices) were steady, and other items also saw stable demand growth. As a result, sales in this segment climbed 12.7% to ¥66,362 million, whereas operating income rose 15.3% to ¥5,657 million.

In the aqua business, Kuraray established a joint venture with a local enterprise aiming to prepare for full-fledged business development in China. As for new business, the Company is promoting deliberation on a joint venture business project of hard carbon for use in lithium-ion secondary cells based on a basic agreement with KUREHA CORPORATION and ITOCHU Corporation.

Outlook for the Fiscal Year Ending March 31, 2013
We forecast that our operating environment in the next fiscal year will face unpredictable situations such as the lingering uncertainty of the European economy and further raw material and fuel price hikes although economic recovery is expected in the United States and emerging nations.

Effective from fiscal 2012, the Company has started a new medium-term business plan called "GS-III" (fiscal years 2012 to 2014). This action plan aims to achieve sustainable growth by accelerating the development of new products and applications through technological innovations and expanding businesses in markets and business areas of high growth potential in Japan and overseas.

Taking into account the aforementioned circumstances, our forecasts for the year ending March 31, 2013, are net sales of ¥400.0 billion, operating income of ¥60.0 billion, ordinary income of ¥58.5 billion and net income of ¥35.5 billion. We assume average exchanges rates of ¥83 to the U.S. dollar and ¥110 to the euro, as well as a domestic naphtha price of ¥58.5 thousand per kiloliter.

Consolidated Forecast for the Fiscal Year Ending March 31, 2013 (Results by Business Segment)

(¥100 million)

	Net sales		Operating income	
	Fiscal year ended March 31, 2012	Fiscal year ending March 31, 2013 (Forecast)	Fiscal year ended March 31, 2012	Fiscal year ending March 31, 2013 (Forecast)
Resins	1,488	1,670	499	550
Chemicals	748	900	90	95
Fibers and Textiles	633	635	11	20
Trading	1,122	1,200	35	40
Other Business	663	685	56	60
Adjustment	(967)	(1,090)	(145)	(165)
Total	3,689	4,000	547	600

Disclaimer: The Company bases its forecasts on information available at the date of announcement of this material. Actual results may differ from these forecasts due to various factors.

(2) Analysis of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased ¥15,918 million from the end of the previous fiscal year to ¥523,247 million, mainly owing to an increase in tangible fixed assets. Total liabilities declined ¥3,569 million to ¥156,933 million due to an increase in notes and accounts payable—trade and a decrease in provision for retirement benefits, and net assets rose ¥19,488 million to ¥366,314 million. Shareholders' equity amounted to ¥382,103 million, for an equity ratio of 68.8%.

(ii) Cash Flows

Cash Flows from Operating Activities:

Net cash provided by operating activities totaled ¥42,586 million at the end of the fiscal year ended March 31, 2012, a decrease of ¥27,024 million compared with the previous fiscal year. Major components included income before income taxes of ¥50,729 million, depreciation and amortization of ¥30,737 million, an increase in notes and accounts receivable—trade of ¥4,773 million, an increase in inventories of ¥14,389 million and income taxes paid of ¥19,376 million.

Cash Flows from Investing Activities:

Net cash used in investing activities totaled ¥25,023 million. Major components included a net decrease in invested assets including investment securities of ¥12,866 million and the purchase of tangible fixed assets and intangible fixed assets of ¥36,817 million.

Cash Flows from Financing Activities:
Net cash used in financing activities was ¥11,628 million. Major components included a net decrease in interest-bearing liabilities of ¥862 million and cash dividends paid of ¥10,448 million.

Taking into account the effect of exchange rate changes on cash and cash equivalents and the increase in cash equivalents from newly consolidated subsidiaries, in addition to the aforementioned factors, cash and cash equivalents at the end of the fiscal year increased ¥5,388 million from the end of the previous fiscal year to ¥34,811 million.

(¥ million)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net cash provided by operating activities	69,611	42,586
Net cash used in investing activities	(38,705)	(25,023)
Net cash used in financing activities	(16,355)	(11,628)
Effect of exchange rate changes on cash and cash equivalents	(1,539)	(550)
Net increase in cash and cash equivalents	13,010	5,382
Cash and cash equivalents, beginning of the period	16,412	29,423
Increase in cash and cash equivalents from newly consolidated subsidiaries	–	4
Cash and cash equivalents, end of the period	29,423	34,811

(Reference) Cash flow indicators for the Kuraray Group

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Equity ratio	68.2%	66.5%	67.6%	68.8%
Equity ratio (market basis)	61.6%	87.1%	73.6%	78.0%
Years to redemption of liabilities	1.5 year	0.9 year	0.9 year	1.5 year
Interest coverage ratio	39.1	60.8	60.6	39.7

Notes:

Equity ratio:

Net assets excluding both subscription rights to shares and minority interests/total assets

Equity ratio (market basis):

Total market value of shares issued and outstanding/total assets

Years to cash flow to interest-bearing liabilities ratio:

Interest-bearing liabilities/net cash provided by (used in) operating activities

Interest coverage ratio:

Net cash provided by (used in) operating activities/interest expenses

1. All indicators are calculated using consolidated financial statements.
2. The total market value of shares issued and outstanding was calculated by multiplying the closing price at the end of the fiscal year by the total number of shares issued and outstanding (after subtracting treasury stock) at the end of the fiscal year.
3. The figure for net cash provided by (used in) operating activities used in the above calculations is equivalent to the figure for "Net cash provided by operating activities" published in the Company's consolidated statements of cash flows.
4. Interest-bearing liabilities are the total of short-term loans payable, commercial paper, long-term debt, and the Company's bonds. The amount of interest expenses is equal to the amount of interest paid as stated in the Company's consolidated statements of cash flows.

(3) Kuraray's Fundamental Dividend Policy and Dividends for Fiscal Years 2011 and 2012

The distribution of profits to shareholders is one of the Company's top management issues. The target of profit allocation during the period of its medium-term plan "GS-Twins" (fiscal year 2009–2011) was to achieve a dividend payout ratio of 30% or more relative to consolidated net income, which was materialized by focusing on continuous improvement in our business performance.

Pursuant to this dividend policy, a year-end dividend of ¥17 per share is planned for the year ended March 31, 2012. Added to the interim dividend, this will be a total of ¥33 per share for the year ended March 31, 2012, and the dividend payout ratio will be 36.5%.

The Company will not change the above dividend policy during the period of the three-year medium-term management plan "GS-III" (fiscal year 2012 to 2014) and intends to raise the dividend payout ratio target from 30% to 35% or more. Assuming consolidated net income for the year ending March 31, 2013 of ¥35.0 billion, an annual dividend of ¥36 per share is planned for the year, which will be an increase of ¥3 per share from this fiscal year, and the dividend payout ratio will be 35.8%.

(4) Risk Management

Risks that could have a significant impact on the Kuraray Group's performance (results of operations and financial position) are discussed below. Forward-looking statements in the following sentences represent the Kuraray Group's best judgment as of March 31, 2012.

(i) Risks associated with the changes in business environment

Kuraray Group has a diversified business portfolio and our products are geared to global markets with a variety of uses and applications. Many of our products are originally specialty chemical materials less susceptible to the fluctuations in the commodity markets compared with those in other industries, but in recent years more and more of our products are geared to the growing business areas including electric and electronic materials, automotive and environmental applications, on which our overall business performance is increasingly dependent. In these areas, market environment can undergo drastic changes as a result of reverse in industry de facto standards for final products, shorter product cycles, and worldwide competition in product development. Therefore, we may also face drastic changes in market environment and competitive conditions for our products.

Meanwhile, we manufacture products such as chemical products, synthetic resins, synthetic fibers and textiles out of the raw materials such as ethylene and other petro-chemical products that are susceptible to the fluctuations in the markets of crude oil and natural gas. Violent fluctuations in these raw material markets could significantly impact our production costs.

The Company is exposed to the risks that it will be forced to downsize or close down certain areas of main businesses the Company, which are caused by the changes in its business environment as described above.

(ii) Risks associated with accidents and disasters

Kuraray Group has manufacturing facilities in Japan, Europe, North America and Asia. Many of these are large-scale chemical plants. Although risk management is in place by geographically spreading the locations of important production plants and arranging property and casualty insurance on them, in the event of serious security incidents, release of pollutants or natural disasters, there are risks that could cause personal injury or property damage to employees or third parties, or damage to the assets of the Kuraray Group, or halt of manufacturing operations for long periods.

In the event of accidents and disasters at suppliers who discharge such functions as providing important raw materials, facilities, maintenance parts and services, there are risks that could affect our product supply.

(iii) Risks associated with litigation and violation of laws and regulations

Kuraray Group is running quite a few businesses based on our proprietary technologies, posing the risks of serious infringement of our intellectual properties, or litigation involving our rights in the future.

Meanwhile, we are supplying many products that play significant roles in assuring the quality of the final products in the areas such as automotive products, electric and electronic materials, medical products and food packaging. As such, in the event of a large-scale product recall caused by defective quality, there are risks of major financial losses including liability losses that cannot be fully covered by the existing Product Liability insurance.

Also, despite our utmost effort of compliance with laws and regulations at each of our operation facility, there are risks that major breach of legal compliance could interrupt our business activities.

(iv) Risks associated with changes in exchange rates

The Kuraray Group is expanding its manufacturing and sales operations in Japan and in various overseas regions, including Europe, North America, and Asia. Export prices of the Kuraray Group's domestically manufactured products are affected by changes in exchange rates. In sales of products manufactured at our overseas bases, procurement and sales prices in different currency blocks and the value of foreign-currency-denominated assets and liabilities are affected by charges in exchange rates. It is possible that the Kuraray Group will be affected negatively by exchange rate fluctuations if they exceed the scope of our assumption.

(v) Other risks

With the global development of our businesses, there are risks that fortuitous external events such as war, riot, terrorism and epidemic could disrupt our business activities.

2. Management Policies

(1) Fundamental Management Policies

Taking into account the "Long-Term Corporate Vision," which indicates the long-term direction to be pursued by the Kuraray Group, the Company continues to move toward the realization of this vision.

The economic environment over the coming years is expected to undergo a long-term structural transformation as concerns grow regarding the global environment, resource conservation and the stalling of economies that remain centered on mass production and massive energy consumption. Other key issues that need to be addressed include the imbalance in the global economy, lower rates of economic growth and increasing competition. As individual values evolve, issues also arise concerning diversifying market needs, higher levels of sophistication and the rapid shift in demand trends. Furthermore, growing risks associated with Japan's fundamental structure such as its fiscal deficit, aging society and declining birthrate pose additional problems. In these circumstances, it is increasingly imperative for chemical companies to shift their management focus from quantity to quality. Against this backdrop, the Kuraray Group will exploit its longstanding corporate culture, which stresses "Contributing to the world and individual well-being through actions that others are unable to produce," and aim to become a sustainably growing specialty chemical manufacturer as its Long-Term Corporate Vision.

(2) Management Indicator Targets and Medium- to Long-Term Strategies

To achieve the abovementioned Long-Term Corporate Vision, the Kuraray Group promoted the improvement of profit structure as a top-priority management task and took proactive measures for further business expansion and growth based on the GS-Twins, its three-year medium-term plan (fiscal years 2009 to 2011). In fiscal 2011, record-high earnings were achieved for the second consecutive fiscal year, reestablishing the financial foundation that will allow the Group to address the Long-Term Corporate Vision. The Group therefore is addressing diverse action plans for a major leap forward in its next growth stage in compliance with the five major management policies described below during the period of three-year medium-term management plan "GS-III"(fiscal year 2012 to 2014).

(i) Technological innovation

According to the long-term corporate vision to "contribute to the solution of issues threatening our planet and livings with pioneering technology," the Company will expand its operations by developing new products and new applications through technological innovations that will lead to future growth. In addition, the Company will ensure its competitiveness in both construction costs and production costs through process innovations, as well as contribute to the environment through energy conservation.

(ii) Geographical expansion

The Company will increase, for its business, its bases in markets where there is room for growth– regardless of whether in Japan or abroad, or in developed countries or emerging ones – to promote multi-polarity and to accelerate business expansion.

(iii) Utilization of external resources

The Company has created many superior original materials through in-house development. While firmly maintaining this tradition, the Company will seek fusion with and effective utilization of external resources through M&A and alliances in the areas which complement and develop the Company's technologies.

(iv) Strengthening of the global business foundation

In order to support its business that is becoming geographically more spread and complicated with its growth in and outside of Japan, Kuraray will strengthen its back-office functions that cover each business site, such as global HR management, CSR management, risk management, and global financial and accounting strategies.

(v) Environmental measures

Recognizing that our mission is to provide, at low environmental load, materials and intermediate materials that are essential for products and systems contributing to the environment, we aim to improve the "eco-efficiency" (net sales per environmental load) of our products.

In fiscal 2014, the last year of the management plan, we aim to achieve net sales of ¥550.0 billion and operating income of ¥85.0 billion on a consolidated basis by carrying out various measures based on these strategies.

(3) Issues to Be Addressed

The Long-Term Corporate Vision presents a clear image for growth with the goal of achieving ¥1 trillion in net sales as a cornerstone for establishing Kuraray's global presence as a chemical company. We envision carrying out various measures set forth in the GS-III medium-term management plan, which has started from fiscal 2012, to link the results effectively with the sustainable growth set forth in the Long-Term Corporate Vision.

Kuraray believes its technological innovations can provide unique and effective contributions for resolving issues threatening our planet and living environment, including global warming, limited natural resources, insufficient water and food supplies, and environmental pollution. The Company also works to achieve a harmony with all of its corporate activities and the environment and society. We believe that these perspectives on our role and the contributions we can make to society are what will make it possible for Kuraray to achieve long-term sustainable growth. Each of the new fields in which the Company is concentrating—the new energy-related business, the aqua business and the environmentally friendly materials business—is related to the above global issues. We plan to maximize our growth capabilities by leveraging our cultivated technical and market knowledge and harness the value creation potential of the entire Group as we seek to achieve our net sales target of ¥1 trillion and operating income target of ¥150.0 billion in or around 2018.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

March 31, 2010 and 2011	Millions of yen Fiscal 2010	Fiscal 2011	(decrease)	*Thousands of U.S. dollars* ***Fiscal 2011***
ASSETS				
I Current assets:				
1 Cash and deposits	¥34,221	**¥31,464**	¥(2,756)	***$383,707***
2 Notes and accounts receivable - trade	76,135	**80,627**	4,491	***983,256***
3 Short-term investment securities	127,128	**71,995**	(55,133)	***877,987***
4 Merchandise and finished goods	40,534	**50,361**	9,827	***614,158***
5 Work-in-process	8,122	**9,528**	1,406	***116,195***
6 Raw materials and supplies	12,732	**14,542**	1,810	***177,341***
7 Deferred tax assets	6,046	**5,560**	(486)	***67,804***
8 Other	6,475	**5,783**	(691)	***70,524***
9 Allowance for doubtful accounts	(802)	**(781)**	20	***(9,524)***
Total current assets	310,594	**269,083**	(41,511)	***3,281,500***
II Noncurrent assets:				
1 Tangible fixed assets:				
(1) Buildings and structures (net)	33,701	**34,536**	835	***421,170***
(2) Machinery, equipment and vehicles (net)	79,216	**71,578**	(7,637)	***872,902***
(3) Land	17,976	**19,971**	1,995	***243,548***
(4) Construction in progress	11,867	**23,060**	11,192	***281,219***
(5) Other (net)	2,477	**3,730**	1,252	***45,487***
Total tangible fixed assets	145,238	**152,877**	7,638	***1,864,353***
2 Intangible fixed assets:				
(1) Goodwill	12,725	**11,538**	(1,187)	***140,707***
(2) Other	2,842	**2,465**	(377)	***30,060***
Total intangible fixed assets	15,568	**14,004**	(1,564)	***170,780***
3 Investments and other assets:				
(1) Investment securities	19,577	**70,029**	50,451	***854,012***
(2) Long-term loans receivable	1,189	**572**	(617)	***6,975***
(3) Deferred tax assets	4,725	**4,688**	(36)	***57,170***
(4) Prepaid pension cost	6,243	**5,822**	(420)	***71,000***
(5) Other	4,378	**6,262**	1,884	***76,365***
(6) Allowance for doubtful accounts	(186)	**(93)**	93	***(1,134)***
Total investments and other assets	35,926	**87,282**	51,356	***1,064,414***
Total noncurrent assets	196,733	**254,163**	57,430	***3,099,548***
TOTAL ASSETS	¥507,328	**¥523,247**	¥15,918	***$6,381,060***

CONSOLIDATED BALANCE SHEETS

(Unaudited)

March 31, 2010 and 2011	Millions of yen Fiscal 2010	**Fiscal 2011**	(decrease)	*Thousands of U.S. dollars* ***Fiscal 2011***
LIABILITIES				
I Current liabilities:				
1 Notes and accounts payable-trade	¥30,308	**¥32,945**	¥2,637	***$401,768***
2 Short-term loans payable	12,738	**13,781**	1,042	***168,060***
3 Current portion of bonds	10,000	**—**	(10,000)	***—***
4 Accrued expenses	5,193	**5,265**	72	***64,207***
5 Income taxes payable	10,369	**9,075**	(1,294)	***110,670***
6 Provision for bonuses	6,670	**6,657**	(12)	***81,182***
7 Provision for disaster loss	300	**68**	(231)	***829***
8 Other provision	1	**59**	57	***719***
9 Other	10,632	**13,829**	3,197	***168,646***
Total current liabilities	86,214	**81,684**	(4,529)	***996,146***
II Noncurrent liabilities:				
1 Bonds payable	—	**10,000**	10,000	***121,951***
2 Long-term loans payable	43,035	**41,981**	(1,053)	***511,963***
3 Deferred tax liabilities	4,918	**4,531**	(387)	***55,256***
4 Provision for retirement benefits	14,641	**5,617**	(9,024)	***68,500***
5 Provision for directors' retirement benefits	167	**194**	26	***2,365***
6 Provision for environmental measures	1,122	**1,106**	(16)	***13,487***
7 Asset retirement obligations	2,222	**2,224**	1	***27,121***
8 Other	8,179	**9,593**	1,414	***116,987***
Total noncurrent liabilities	74,288	**75,248**	960	***917,658***
TOTAL LIABILITIES	160,502	**156,933**	(3,569)	***1,913,817***
NET ASSETS				
I Shareholders' equity:				
1 Capital stock	88,955	**88,955**	—	***1,084,817***
2 Capital surplus	87,147	**87,147**	—	***1,062,768***
3 Retained earnings	225,743	**246,733**	20,989	***3,008,939***
4 Treasury stock	(40,856)	**(40,732)**	123	***(496,731)***
Total shareholders' equity	360,989	**382,103**	21,113	***4,659,792***
II Accumulated other comprehensive income				
1 Valuation difference on available-for-sale securities	2,280	**2,763**	483	***33,695***
2 Deferred gains or losses on hedges	(14)	**(32)**	(17)	***(390)***
3 Foreign currency translation adjustment	(19,916)	**(24,419)**	(4,502)	***(297,792)***
4 Pension liability adjustment	(233)	**(396)**	(163)	***(4,829)***
Total accumulated other comprehensive income	(17,884)	**(22,084)**	(4,200)	***(269,317)***
III Subscription rights to shares	560	**1,151**	591	***14,036***
IV Minority interests	3,159	**5,143**	1,983	***62,719***
TOTAL NET ASSETS	346,825	**366,314**	19,488	***4,467,243***
TOTAL LIABILITIES AND NET ASSETS	¥507,328	**¥523,247**	¥15,918	***$6,381,060***

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen			Thousands of U.S. dollars
Years ended March 31, 2011 and 2012	Fiscal 2010	**Fiscal 2011**	(decrease)	***Fiscal 2011***
I Net sales	¥363,191	**¥368,975**	¥5,784	***$4,499,695***
II Cost of sales	243,564	**246,538**	2,973	***3,006,560***
Gross profit	119,626	**122,437**	2,810	***1,493,134***
III Selling, general and administrative expenses:				
1 Selling expenses	18,663	**18,553**	(109)	***226,256***
2 General and administrative expenses	47,867	**49,149**	1,282	***599,378***
Total Selling, general and administrative expenses	66,531	**67,703**	1,172	***825,646***
Operating income	53,095	**54,733**	1,638	***667,475***
IV Non-operating income:				
1 Interest income	375	**415**	39	***5,060***
2 Dividends income	1,418	**2,055**	637	***25,060***
3 Equity in earnings of affiliates	18	**5**	(13)	***60***
4 Other	1,094	**1,201**	107	***14,646***
Total non-operating income	2,906	**3,677**	771	***44,841***
V Non-operating expenses:				
1 Interest expenses	1,135	**1,072**	(63)	***13,073***
2 Personnel expenses for seconded employees	652	**673**	20	***8,207***
3 Special retirement expenses	349	**507**	157	***6,182***
4 Other	2,800	**2,217**	(583)	***27,036***
Total non-operating expenses	4,939	**4,470**	(468)	***54,512***
Ordinary income	51,062	**53,940**	2,877	***657,804***
VI Extraordinary income:				
1 Gain on change in equity	—	**845**	845	***10,304***
2 Gain on transfer of business	225	—	(225)	—
Total extraordinary income	225	**845**	619	***10,304***
VII Extraordinary loss:				
1 Impairment loss	343	**2,473**	2,129	***30,158***
2 Disaster loss	653	**997**	343	***12,158***
3 Provision for disaster loss	300	**69**	(230)	***841***
4 Loss on disposal of tangible fixed assets	384	**293**	(90)	***3,573***
5 Loss on valuation of investment securities	574	**222**	(351)	***2,707***
6 Business structure improvement losses	1,588	—	(1,588)	—
7 Loss on adjustment for changes of accounting standard for asset retirement obligations	1,548	—	(1,548)	—
Total extraordinary loss	5,392	**4,056**	(1,336)	***49,463***
Income before income taxes	45,895	**50,729**	4,833	***618,646***
Income taxes - current	15,115	**18,205**	3,090	***222,012***
Income taxes - deferred	1,915	**504**	(1,411)	***6,146***
Total income taxes	17,031	**18,710**	1,679	***228,170***
Income before minority interests	28,864	**32,019**	3,154	***390,475***
Minority interests	122	**549**	(427)	***6,695***
Net income	¥28,742	**¥31,469**	¥2,727	***$383,768***

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen			Thousands of U.S. dollars
Years ended March 31, 2011 and 2012	Fiscal 2010	**Fiscal 2011**	(decrease)	***Fiscal 2011***
I Income before minority interests	28,864	**¥32,019**	3,154	***$390,475***
II Other comprehensive income				
1 Valuation difference on available-for-sale securities	(1,486)	**484**	1,971	***$5,902***
2 Deferred gains or losses on hedges	89	**(17)**	(107)	***$(207)***
3 Foreign currency translation adjustment	(11,686)	**(4,502)**	7,184	***$(54,902)***
4 Pension liability adjustment	11	**(163)**	(175)	***$(1,987)***
5 Shares of other comprehensive incomr of associates accounted for	(0)	**(1)**	(0)	***$(12)***
Total other comprehensive income	(13,072)	**(4,200)**	8,872	***(51,219)***
III Comprehensive income	15,791	**27,818**	12,026	***339,243***
Comprehensive incme attributable to				
1 Owners of the parent	15,669	**27,269**	11,599	***332,548***
2 Minority interests	122	**549**	427	***6,695***

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

	Millions of yen				
	Shareholders' equity				
Fiscal 2010 (As of March 31, 2011)	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at April 1, 2010	**¥88,955**	**¥87,192**	**¥204,070**	**¥(41,068)**	**¥339,150**
Transfer to pension liability adjustment from retained earnings			**244**		**244**
Changes of items during the period					
Cash dividends			**(7,310)**		**(7,310)**
Net income			**28,742**		**28,742**
Purchase of treasury stock				**(13)**	**(13)**
Disposal of treasury stock		**(48)**		**225**	**176**
Transfer to capital surpuls from retained earnings		**3**	**(3)**		**—**
Net changes of items other than shareholders' equity					**—**
Total changes of items during the period	**—**	**(44)**	**21,427**	**211**	**21,594**
Balance at March 31, 2011	**¥88,955**	**¥87,147**	**¥225,743**	**¥(40,856)**	**¥360,989**

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Pension liability adjustment	Total Accumulated Other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2010	**¥3,767**	**¥(103)**	**¥(8,230)**	**—**	**¥(4,566)**	**¥186**	**¥3,048**	**¥337,818**
Transfer to pension liability adjustment from retained earnings				**¥(244)**	**¥(244)**			**—**
Changes of items during the period								
Cash dividends								**(7,310)**
Net income								**28,742**
Purchase of treasury stock								**(13)**
Disposal of treasury stock								**176**
Transfer to capital surpuls from retained earnings								**—**
Net changes of items other than shareholders' equity	**(1,487)**	**89**	**(11,686)**	**11**	**(13,072)**	**374**	**110**	**(12,587)**
Total changes of items during the period	**(1,487)**	**89**	**(11,686)**	**11**	**(13,072)**	**374**	**110**	**9,006**
Balance at March 31, 2011	**¥2,280**	**¥(14)**	**¥(19,916)**	**¥(233)**	**¥(17,884)**	**¥560**	**¥3,159**	**¥346,825**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

Fiscal 2011 (As of March 31, 2012)	Millions of yen Shareholders' equity Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at April 1, 2011	**¥88,955**	**¥87,147**	**¥225,743**	**¥(40,856)**	**¥360,989**
Changes of items during the period					
Cash dividends			**(10,448)**		**(10,448)**
Net income			**31,469**		**31,469**
Purchase of treasury stock				**(6)**	**(6)**
Disposal of treasury stock		**(31)**		**130**	**98**
Transfer to capital surpuls from retained earnings		**31**	**(31)**		**—**
Net changes of items other than shareholders' equity					**—**
Total changes of items during the period	**—**	**—**	**20,989**	**123**	**21,113**
Balance at March 31, 2012	**¥88,955**	**¥87,147**	**¥246,733**	**¥(40,732)**	**¥382,103**

	Millions of yen Accumulated other comprehensive income Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Pension liability adjustment	Total Accumulated Other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2011	**¥2,280**	**¥(14)**	**¥(19,916)**	**¥(233)**	**¥(17,884)**	**¥560**	**¥3,159**	**¥346,825**
Changes of items during the period								
Cash dividends					**—**			**(10,448)**
Net income					**—**			**31,469**
Purchase of treasury stock					**—**			**(6)**
Disposal of treasury stock					**—**			**98**
Transfer to capital surpuls from retained earnings					**—**			**—**
Net changes of items other than shareholders' equity	**483**	**(17)**	**(4,502)**	**(163)**	**(4,200)**	**591**	**1,983**	**(1,625)**
Total changes of items during the period	**483**	**(17)**	**(4,502)**	**(163)**	**(4,200)**	**591**	**1,983**	**19,488**
Balance at March 31, 2012	**¥2,763**	**¥(32)**	**¥(24,419)**	**¥(396)**	**¥(22,084)**	**¥1,151**	**¥5,143**	**¥366,314**

	Thousands of U.S. dollars *Shareholders' equity* *Capital stock*	*Capital surplus*	*Retained earnings*	*Treasury stock*	*Total Shareholders' equity*
Balance at April 1, 2011	***$1,084,817***	***$1,062,768***	***$2,752,963***	***$(498,243)***	***$4,402,304***
Changes of items during the period					
Cash dividends			***(127,414)***		***(127,414)***
Net income			***383,768***		***383,768***
Purchase of treasury stock				***(73)***	***(73)***
Disposal of treasury stock		***(378)***		***1,585***	***1,195***
Transfer to capital surpuls from retained earnings		***378***	***(378)***		**—**
Net changes of items other than shareholders' equity					**—**
Total changes of items during the period	**—**	**—**	***255,963***	***1,500***	***257,475***
Balance at March 31, 2012	***$1,084,817***	***$1,062,768***	***$3,008,939***	***$(496,731)***	***$4,659,792***

	Thousands of U.S. dollars Accumulated other comprehensive income *Valuation difference on available-for-sale securities*	*Deferred gains or losses on hedges*	*Foreign currency translation adjustment*	*Pension liability adjustment*	*Total Accumulated Other comprehensive income*	Subscription rights to shares	*Minority interests*	*Total net assets*
Balance at April 1, 2011	***$27,804***	***$(170)***	***$(242,878)***	***$(2,841)***	***$(218,097)***	***$6,829***	***$38,524***	***$4,229,573***
Changes of items during the period								
Cash dividends								***(127,414)***
Net income								***383,768***
Purchase of treasury stock								***(73)***
Disposal of treasury stock								***1,195***
Net changes of items other than shareholders' equity	***5,890***	***(207)***	***(54,902)***	***(1,987)***	***(51,219)***	***7,207***	***24,182***	***(19,817)***
Total changes of items during the period	***5,890***	***(207)***	***(54,902)***	***(1,987)***	***(51,219)***	***7,207***	***24,182***	***237,658***
Balance at March 31, 2012	***$33,695***	***$(390)***	***$(297,792)***	***$(4,829)***	***$(269,317)***	***$14,036***	***$62,719***	***$4,467,243***

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Kuraray Co., Ltd. and its Consoli

Years ended March 31, 2011 and 2012	Millions of yen Fiscal 2010	Fiscal 2011
Ⅰ Net cash provided by (used in) operating activities:		
1 Income before taxes and minority interests	¥45,895	**¥50,729**
2 Depreciation and amortization	33,536	**30,737**
3 Increase (decrease) in allowance for doubtful accounts	(140)	**(110)**
4 Increase (decrease) in provision for retirement benefits	651	**641**
5 Impairment loss	343	**2,473**
6 Provision for loss on disaster	300	**69**
7 Loss on disposal of tangible fixed assets	384	**293**
8 Loss on valuation of investment securities	574	**222**
9 Loss on adjustment for changes of accounting standard for asset retirement obligations	1,548	**—**
10 Loss (gain) on change in equity	—	**(845)**
11 Loss (gain) on transfer of business	(225)	**—**
12 Interest and dividends income	(1,793)	**(2,470)**
13 Interest expenses	1,135	**1,072**
14 Decrease (increase) in notes and accounts receivable - trade	(2,580)	**(4,773)**
15 Decrease (increase) in inventories	(6,767)	**(14,389)**
16 Increase (decrease) in notes and accounts payable - trade	4,579	**2,944**
17 Contribution to employee's retirement benefits trust	—	**(10,000)**
18 Decrease (increase) in prepaid pension cost	423	**420**
19 Other, net	1,156	**3,495**
Sub-total	79,023	**60,510**
20 Interest and dividends income received	1,818	**2,526**
21 Interest expenses paid	(1,148)	**(1,073)**
22 Proceeds from insurance income	566	**—**
23 Income taxes (paid) refund	(10,648)	**(19,376)**
Net cash provided by (used in) operating activities	69,611	**42,586**
Ⅱ Net cash provided by (used in) investment activities:		
1 Net decrease (increase) in time deposits	6,782	**3,145**
2 Net decrease (increase) in short-term investment securities	(25,004)	**32,985**
3 Purchase of investment securities	(459)	**(50,374)**
4 Proceeds from sales and redemption of investment securities	22	**27,109**
5 Purchase of tangible fixed assets and intangible fixed assets	(18,697)	**(36,817)**
6 Payments for disposal of tangible fixed assets and intangible fixed assets	(626)	**(1,391)**
7 Proceeds from sales of tangible fixed assets and intangible fixed assets	112	**120**
8 Payments for purchase of stock of subsidiaries with change of scope of consolidation	—	**(104)**
9 Proceeds from transfer of business	102	**—**
10 Other, net	(936)	**302**
Net cash provided by (used in) investment activities	(38,705)	**(25,023)**
Ⅲ Net cash provided by (used in) financing activities:		
1 Net increase (decrease) in short-term loans payable	1,924	**1,417**
2 Net increase (decrease) in commercial paper	(6,000)	**—**
3 Proceeds from issuance of bonds	—	**10,000**
4 Redemption of bonds	—	**(10,000)**
5 Repayment of long-term loans payable	(4,645)	**(2,279)**
6 Cash dividends paid to minority shareholders	(11)	**(24)**
7 Proceeds from sales of treasury stock	112	**85**
8 Purchase of treasury stock	(13)	**(6)**
9 Cash dividends paid	(7,310)	**(10,448)**
10 Other, net	(411)	**(373)**
Net cash provided by (used in) financing activities	(16,355)	**(11,628)**
Ⅳ Effect of exchange rate changes on cash and cash equivalents	(1,539)	**(550)**
Ⅴ Net increase (decrease) in cash and cash equivalents	13,010	**5,382**
Ⅵ Cash and cash equivalents, beginning of year	16,412	**29,423**
Ⅶ Increase in cash and cash equivalents from newly consolidated subsidiaries	—	**4**
Ⅷ Increase in cash and cash equivalents resulting from merger	—	**0**
IX Cash and cash equivalents, end of year	¥29,423	**¥34,811**

(5) Notes regarding Going Concern Assumptions
None

(6) Basis of Presentation for Consolidated Financial Statements
Except for the (7) Changes in Accounting Policies and (8) Changes in Presentation Methods, there is no material change comparing with the description in the Annual Report for the year ended March 31, 2011, where the detail of significant accounting policies is available.

(7) Changes in Accounting Policies
(Changes in Accounting Policies due to the revision of Accounting Standards)
Effective from the fiscal year ended March 31, 2012, the Company has applied the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, June 30, 2010) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4; for the portion publicly released on June 30, 2010).
In calculating the diluted net income per share, the calculation method has been changed as follows: With regard to stock options, of which rights are ascertained after the completion of a certain period for an employee's services, the amount assumed to be subscribed through the exercise of the relevant rights on stock options shall include a portion of the fair value of the stock options pertaining to future services to be provided by the employee to the company.
The impact of this change on per share information is stated in the Per Share Information below.

(8) Changes in Presentation Methods
(Consolidated Statements of Income)
For the fiscal year ended March 31, 2012, "Special retirement expenses," which was included in "Other" under "Non-operating expenses" in the previous fiscal year, is separately presented because its amount exceeded 10/100 of the total non-operating expenses. The consolidated financial statements for the previous fiscal year were reclassified due to the change in Presentation Methods, respectively.
As a result, ¥3,150 million included in Other under Non-operating expenses was reclassified into Special retirement expenses of ¥349 million and Other of

¥2,800 million in the Consolidated Statements of Income for the previous fiscal year.

(9) Supplemental Information
With regard to the accounting changes and revisions to past errors, which are to be implemented or made on and after the beginning of the fiscal year ended March 31, 2012, the Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

(10) Notes to Consolidated Financial Statements
(Business Combinations)
(Transactions under Common Control)
Based on the resolution of the Board of Directors' Meeting held on January 28, 2011, the Company succeeded a part of the business of Kuraray Medical Inc. (hereinafter "Kuraray Medical"), a wholly-owned consolidated subsidiary through the corporate divestiture method, effective on April 1, 2011.

1. Name and description of the business, legal form of the business combination, name of the company after combination and outline of transactions including their purposes

(1) Name and description of the business and outline of transactions including their purposes
The Company succeeded the entire assets, liabilities, rights and obligations (including those related to the artificial bone graft business) except for those related to dental materials of Kuraray Medical, its wholly-owned consolidated subsidiary, with the aim to enhance Kuraray Medical's flexibility and competitiveness as an operating company specializing in the dental materials business

(2) Name of the company after the combination
Kuraray Co., Ltd.

(3) Legal form of business combination
The business combination was conducted in the form of an absorption-type split, with the Company being the successor.

2. Summary of accounting method implemented

The absorption-type split was treated as transactions under common control; all were eliminated completely as intra-company transactions. Therefore, the accounting treatment had no impact on the consolidated financial statements.

(Business Combination through Acquisition)

On January 28, 2011, Kuraray Co., Ltd. (hereinafter ”Kuraray”), a 100% owner of Kuraray Medical Inc. (hereinafter “Kuraray Medical”), and NORITAKE CO., LIMITED (hereinafter “NORITAKE”), a 100% owner of Noritake Dental Supply Co., Limited (hereinafter “Noritake Dental”) signed a basic agreement regarding the integration of the dental materials businesses of their respective wholly owned subsidiaries, with the aim of generating a synergy effect from the establishment of a business alliance in the areas of development, production and sales in order to increase their market presence both in Japan and overseas. Under the basic agreement, Kuraray and NORITAKE established a joint holding company on April 13, 2011, with Kuraray Medical and Noritake Dental becoming wholly-owned subsidiaries of the holding company.

The three companies—the holding company, Kuraray Medical and Noritake Dental—entered into a merger agreement as of January 31, 2012, and they were integrated into a company as of April 1, 2012. The details of the integration are described in the Significant Subsequent Information.

1. Name and description of business of acquired company, date of business combination, legal form of business combination, name of the company after combination, percentage of voting rights acquired and major reasons for the decision on acquiring the company

(1) Name and description of business of acquired company

Name of acquired company	Noritake Dental Supply Co., Limited
Description of business of acquired company	Development, production and sales of ceramics for crowns, dental plaster and CAD/CAM devices

(2) Date of business combination

April 13, 2011

(3) Legal form of business combination

Establishment of an intermediate holding company through a joint share transfer

(4) Name of the company after the combination

Kuraray Noritake Dental Holdings Co., Ltd. (hereinafter "Holdings")

(5) Percentage of voting rights acquired

The percentage of parent companies' voting rights in the Holdings is as follows.

Kuraray	66.7%
NORITAKE	33.3%

(6) Major reasons for the decision on acquiring the company

As Kuraray, the shareholder of Kuraray Medical holds a majority of voting rights in the holding company (Holdings), the company is deemed as an acquiring company, and Noritake Dental an acquired company from the standpoint of accounting for business combinations.

2. Period of the business profit of the acquired company included in Consolidated Financial Statements

   The calculation period is from April 1st, 2011 through March 31st, 2012, as the date, April 1st is the deemed acquisition date of the company.

3. Acquisition costs of the acquired company and their breakdown

	(¥ million)
Acquisition value	2,250
Expenses directly required for acquisition	—
Total	2,250

4. Transfer ratios by share class, their calculation method, the number of shares allotted and their estimated value

(1) Transfer ratios by share class

0.83375 Holdings common stock was allotted per each (1.0) Kuraray Medical common stock, and 0.208125 Holdings common stock was allotted per each (1.0) Noritake Dental common stock.

(2) Calculation method for share transfer ratios

In calculating share transfer ratios, the comparable company method was employed for the estimation of share value. The value was determined after due consideration between relevant parties.

(3) The number of shares allotted and their estimated value

The number of shares exchanged	333 shares
Estimated value	¥2,250 million

5. Amount of goodwill recognized, generating factors and method and period for amortization of the goodwill

(1) Amount of goodwill ¥1,483 million

(2) Generation of factors of goodwill

The total net asset value of the acquired company as at the business combination was lower than the cost of acquisition; therefore the difference was recognized as goodwill.

(3) Method and period for amortization of goodwill

The goodwill will be amortized over 15 years using a straight-line method.

6. The amounts and breakdown of allocated assets and assumed liabilities on the date of business combination

(1) Assets

	(¥ million)
Current assets	784
Fixed assets	271
Total assets	1,055

(2) Liabilities

	(¥ million)
Current liabilities	276
Long-term liabilities	13
Total Liabilities	289

(Segment Information, etc.)

(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 manufacturers and markets functional resins and film, including PVA, PVB and *EVAL*. The Chemicals segment produces and sells methacrylic resin, thermoplastic elastomer *SEPTON* and *KURARITY*, 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. Calculation Methods for Business Segments' Reported Results

The accounting method applied to reported business segments is the same as that stated in "Significant Matters that Form the Basis for Preparation of Consolidated Financial Statements." Profits from reported segments are operating income, and inter-segment income and transfers are based on the prevailing markets prices.

3. Business Segments' Reported Results
Fiscal 2010 (April 1, 2010 to March 31, 2011)

(¥ million)

	Reporting Segments					Other Business[1]	Total	Adjustment[2]	Consolidated Financial Statements[3]
	Resins	Chemicals	Fibers and Textiles	Trading	Total				
Net sales (1) Outside customers	116,905	47,312	42,813	111,932	318,963	44,227	363,191	—	363,191
(2) Inter-segment sales and transfers	30,524	28,387	18,782	3,229	80,924	14,666	95,590	(95,590)	—
Total	147,429	75,700	61,595	115,161	399,887	58,894	458,782	(95,590)	363,191
Segment income (loss)	50,848	8,676	(221)	3,304	62,608	4,906	67,515	(14,419)	53,095
Segment assets	150,556	76,627	52,927	35,278	315,389	43,053	358,443	148,885	507,328
Other items Depreciation and amortization (other than goodwill)	14,778	6,556	6,069	31	27,436	1,979	29,415	2,063	31,478
Impairment loss	—	264	20	—	284	—	284	59	343
Amortization of goodwill	2,057	—	—	—	2,057	—	2,057	—	2,057
Balance of goodwill at the end of current period	12,725	—	—	—	12,725	—	12,725	—	12,725
Investments in equity method affiliates	—	—	104	—	104	330	434	—	434
Increase in tangible fixed assets and intangible fixed assets	8,709	6,183	2,558	28	17,479	1,665	19,145	1,413	20,558

Notes:
1. The "Other Business" category incorporates operations not included in business segment reporting, including activated carbon business , environmental business and engineering.
2. Adjustment is as follows: Included within segment income (loss) of ¥14,419 million is the elimination of intersegment transactions of ¥52 million and corporate expenses of ¥14,472 million. Corporate expenses mainly comprise headquarters' general and administrative expenses and the submitting company's basic research expenses.
3. Segment income is adjusted with operating income under consolidated statements of income.
4. Adjustment is as follows: Included within segment assets of ¥148,885 million is the elimination of intersegment transactions of ¥27,940 million and corporate assets of ¥176,825 million.

Fiscal 2011 (April 1, 2011 to March 31, 2012)

(¥ million)

	Reporting Segments					Other Business[1]	Total	Adjustment[2]	Consolidated Financial Statements[3]
	Resins	Chemicals	Fibers and Textiles	Trading	Total				
Net sales (1) Outside customers	119,125	47,509	46,702	108,492	321,830	47,145	368,975	—	368,975
(2) Inter-segment sales and transfers	29,754	27,363	16,691	3,725	77,534	19,216	96,751	(96,751)	—
Total	148,879	74,872	63,394	112,218	399,365	66,362	465,727	(96,751)	368,975
Segment income (loss)	49,904	9,066	1,103	3,527	63,601	5,657	69,259	(14,525)	54,733
Segment assets	159,031	86,394	54,796	36,082	336,305	49,678	385,983	137,263	523,247
Other items Depreciation and amortization (other than goodwill)	13,675	5,834	5,107	30	24,647	2,244	26,892	1,744	28,636
Impairment loss	—	233	2,063	—	2,296	66	2,363	109	2,473
Amortization of goodwill	2,001	98	—	—	2,100	—	2,100	—	2,100
Balance of goodwill at the end of current period	10,153	1,384	—	—	11,538	—	11,538	—	11,538
Generation of Profit from Negative goodwill	—	—	—	—	—	141	141	—	141
Investments in equity method affiliates	—	—	102	—	102	—	102	—	102
Increase in tangible fixed assets and intangible fixed assets	18,637	11,813	3,493	27	33,971	3,166	37,138	1,867	39,006

Notes:

1. The "Other Business" category incorporates operations not included in business segment reporting, including activated carbon business, environmental business and engineering.
2. Adjustment is as follows: Included within segment income (loss) of ¥14,525 million is the elimination of inter-segment transactions of ¥510 million and corporate expenses of ¥14,015 million. Corporate expenses mainly comprise headquarters' general and administrative expenses and the submitting company's basic research expenses.
3. Segment income is adjusted with operating income under consolidated statements of income.
4. Adjustment is as follows: Included within segment assets of ¥137,263 million is the elimination of intersegment transactions of ¥31,279

million and corporate assets of ¥168,542 million.

(Related Information)

Fiscal year 2010 (April 1, 2010 to March 31, 2011)

1. Information of Each Product and Service

(¥ million)

	Resins	Chemicals	Fibers and Textiles	Other Business	Total
Net sales for outside customers	149,813	77,108	81,997	54,271	363,191

Notes:

Principal products of each segment are as follows:

Resins : Poval resin and film, *EVAL* resin and others.

Chemicals : *SEPTON* thermoplastic elastomer thermoplastic elastomer, isoprene chemicals, methacrylic resin, *GENESTAR* heat-resistant polyamide resin, medical products and others.

Fibers and textiles: Vinylon, *CLARINO* man-made leather, *KURAFLEX* non-woven Fabrics, *MAGIC TAPE* hook and loop fasteners, polyeste and others.

Other Business : Activated carbon, environmental business and engineering and others.

2. Performance by Geographical Segment

(1) Net Sales (¥ million)

Japan	North America	Europe	Asia	Other area	Total
181,826	23,817	62,870	85,105	9,570	363,191

(2) Tangible fixed assets (¥ million)

Japan	United States	Other overseas	Total
105,538	18,456	21,244	145,238

3 Major Customers

No information is available as there is no single outside customer accounting for 10% or more of the Company’s total net sales.

Fiscal year 2011 (April 1, 2011 to March 31, 2012)

1. Information of Each Product and Service

(¥ million)

	Resins	Chemicals	Fibers and Textiles	Other Business	Total
Net sales for outside customers	148,971	74,501	88,837	56,665	368,975

Notes:

Principal products of each segment are as follows:

Resins : Poval resin and film, *EVAL* resin and others.

Chemicals : *SEPTON* and *KURARITY* thermoplastic elastomer, isoprene chemicals, methacrylic resin, *GENESTAR* heat-resistant polyamide resin, medical products and others.

Fibers and textiles: Vinylon, *CLARINO* man-made leather, *KURAFLEX* non-woven Fabrics, *MAGIC TAPE* hook and loop fasteners, polyeste and others.

Other Business : Activated carbon, environmental business and engineering and others.

2. Performance by Geographical Segment

(1) Net Sales (¥ million)

Japan	North America	Europe	Asia	Other area	Total
190,940	23,787	64,145	80,699	9,403	368,975

(2) Tangible fixed assets (¥ million)

Japan	United States	Other overseas	Total
117,580	16,409	18,886	152,877

3 Major Customers

No information is available as there is no single outside customer accounting for 10% or more of the Company's total net sales.

(Per share information)

(Unaudited)

Kuraray Co., Ltd. and its Consolidated Subsidiaries

Years ended March 31, 2011 and 2012	Fiscal 2010 Yen	Fiscal 2011 Yen	*Fiscal 2011* *U.S. dollars*
Net assets per share	985.22	**1,033.48**	***12.00***
Basic net income per share	82.55	**90.35**	***1.10***
Diluted net income per share	82.44	**90.21**	***1.10***

Note: The basis for computation of basic and diluted net income per share is as follows:

	Fiscal 2010 (From April 1, 2010 to March 31, 2011)	Fiscal 2011 (From April 1, 2011 to March 31, 2012)	
	Millions of yen	Millions of yen	Thousands of US. dollars
Basic net income per share			
Net income	28,742	31,469	**383,768**
Net income unallocated to common stock	―	―	―
Net income allocated to common stock	28,742	31,469	**383,768**
Average number of common stock outstanding during the fiscal year (thousands shares)	348,174	348,304	
Diluted net income per share			
Adjustment made on net income	―	―	
Increase of common stocks (thousands shares)	494	551	
Outline of the residual securities which which were not included in the calculation of the diluted net income	The stock option based on the resolution of the General Shareholder's meeting held on June 24, 2010. Number of stock acquisition rights: 8,066 Number of shares: 4,033,000	―	

Note: As described in "Changes in Accounting Policy", the changes in accounting policies for the year ended March 31, 2012 has applied retrospectively to the consolidated financial statement for the year ended March 31, 2011. As a result, Diluted net income per share for the year ended March 31, 2011 was increased 0.04 Yen per share amounts comparing with the figure before the retrospective application.

Changed Diluted net income per share for FY2010

Before application 82.40 yen

After application 82.44 yen

(Significant Subsequent Information)

(Transactions under Common Control)

1. Summary of business combination

As stated in the aforementioned (Business Combination) in Notes to Consolidated Financial Statements, Kuraray Noritake Dental Holdings Inc. (hereinafter "Holdings"), Kuraray Medical Inc. (hereinafter "Kuraray Medical") and Noritake Dental Supply Co., Limited (hereinafter "Noritake Dental"), were integrated into a company as of April 1, 2012 in accordance with the basic agreement regarding the integration of the dental materials businesses on January 28, 2011 and the merger agreement dated January 31, 2012.

(1) Name and description of the business of the combination parties

Company name	Description of business
Holdings	Business administration of subsidiaries and associated operations
Kuraray Medical	Development, manufacturing and sales of medical-related products such as dental materials
Noritake Dental	Production and sales of ceramics for crowns, dental plaster and CAD/CAM devices

(2) Date of business combination

April 1, 2012

(3) Legal form of business combination

The business combination was conducted in the form of a merger with Kuraray Medical being the surviving company and Holdings and Noritake Dental being the extinct companies.

(4) Name of the company after the combination

Kuraray Noritake Dental Inc.

2. Summary of accounting method implemented

The merger was treated as transactions under common control; all were eliminated completely as intra-company transactions. Therefore, the accounting treatment had no impact on the consolidated financial statements.

(Omission of Disclosure)

Disclosure of Unapplied Accounting Standards, Non-consolidated Financial Statements and the notes related to the following items are omitted, as considered to be no great necessity for disclosing such items for earnings report.

-Notes to consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets, and consolidated statements of cash flows
-Notes to lease transactions
-Notes to financial instruments
-Notes to investment securities
-Notes to derivatives transactions
-Notes to retirement benefits
-Notes to stock options
-Notes to tax effect accounting
-Notes to asset retirement obligation

4. Reference Information (Appendix for geographical segment information)

Fiscal 2011 (April 1, 2011 to March 31, 2012)

(¥ million)

	Japan	North America	Europe	Asia	Total	Eliminated on consolidation and corporate	Consolidated total
Net sales (1) Outside customers	265,795	25,842	59,982	17,355	368,975	—	368,975
(2) Inter-segment sales and transfers	28,837	6,417	3,979	4,085	43,320	(43,320)	—
Total	294,633	32,260	63,962	21,440	412,296	(43,320)	368,975
Operating income	59,110	4,751	4,747	89	68,698	(13,965)	54,733

Notes:

1. The segmentation of country or region is based on the geographical proximity.
2. Major countries and regions included in each category are as follows:

(1)North America.…..The United States
(2)Europe…………...Germany, Belgium
(3)Asia………………Singapore, Hong Kong, China