
KURARAY 1H of FY2006 Earnings Presentation

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KURARAY CO., LTD.

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. Summary of 1H FY2006 Consolidated Results

1. Net Sales and Operating Income ('06 vs '05)

(Billions of yen)

	Net Sales	OP Income
1H FY2006	191.3	19.1
1H FY2005	179.3	17.1
Difference	+6.7%	+11.9%
FY 2006 Forecast	385.0	41.0
FY 2005	375.1	38.3
Difference	+2.6%	+7.0%

. Impact of Rising Raw Material & Fuel Costs and Countermeasures

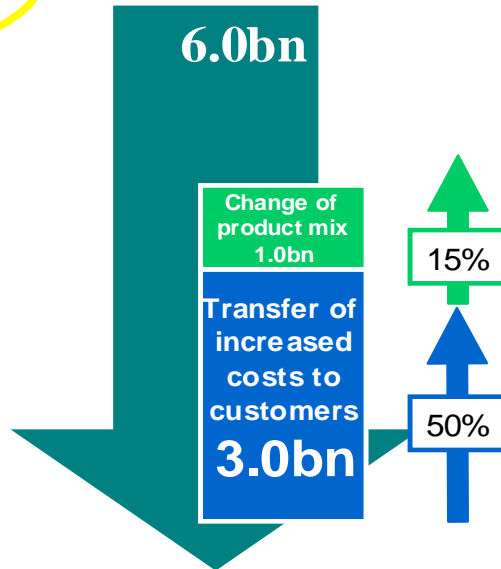
1H FY2005 vs 2H FY2006

FY2005 vs FY2006

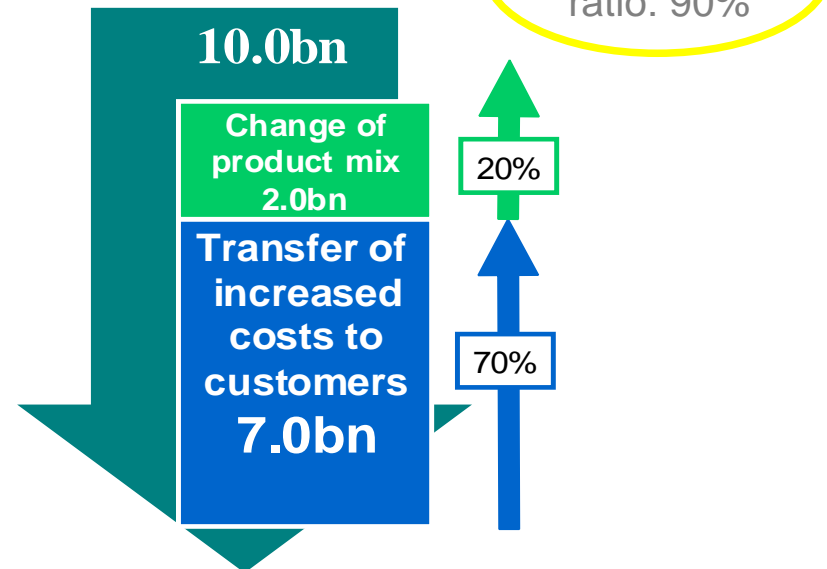
(Billions of yen)

Total coverage
ratio: 65%

Impact of Rising Raw Material Costs



Impact of Rising Raw Material Costs



[Assumption]

Crude Oil (Dubai):

45 61 (dollars)

49 61 (dollars)

Naphtha:

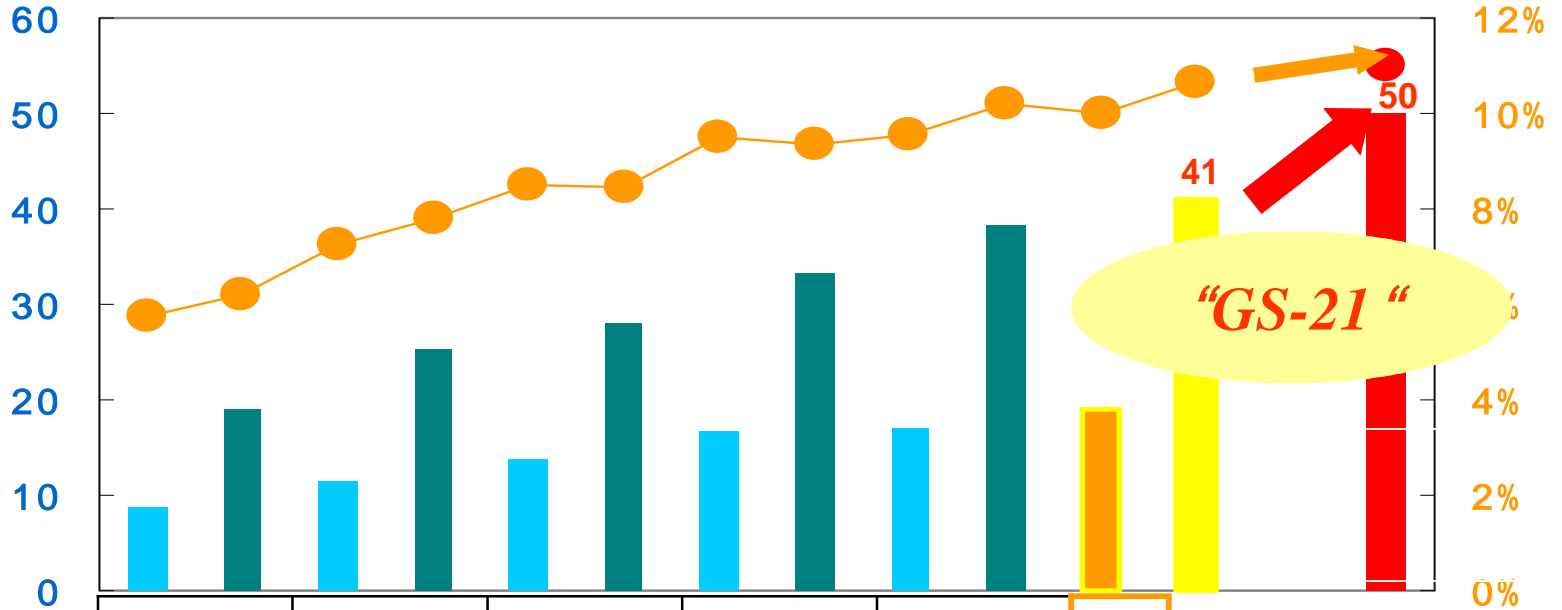
35 48 (thousand yen)

39 50 (thousand yen)

. Semiannual and Annual Trends of Key Performance Indicators

OP Income (billion of yen)

OP Margin



"GS-21"

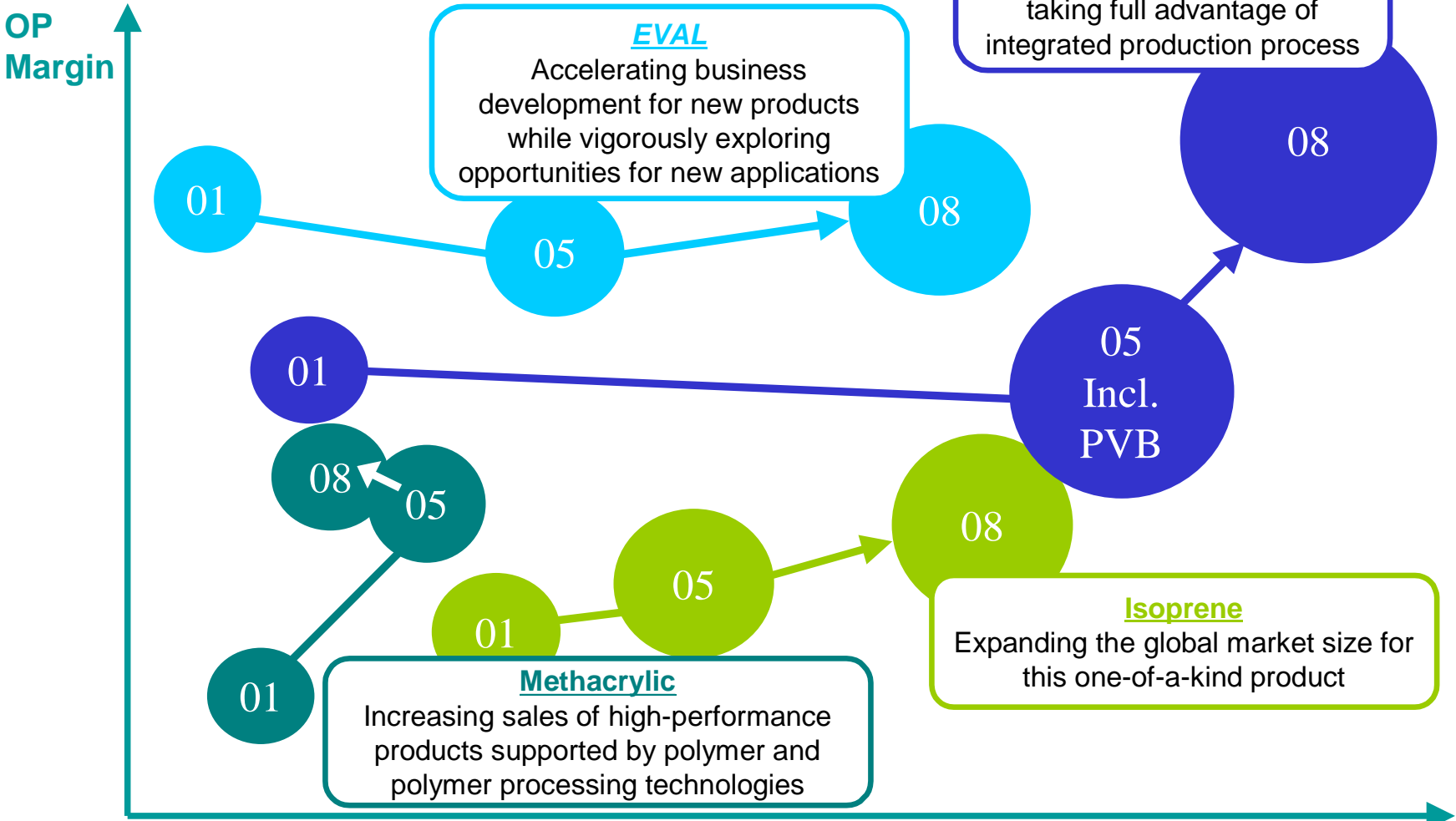
	01		02		03		04		05		06
	1H	Annual	1H	Annual	1H	Annual	1H	Annual	1H	Annual	1H
ROA(%)	3.5	3.8	4.9	5.5	6.5	6.7	8.0	7.6	7.5	8.2	7.9
ROE(%)	2.7	1.0	2.5	2.8	5.7	5.2	6.4	6.0	5.8	6.5	5.8
Dividends(¥)	4.5	9	4.5	9	4.5	10	5.5	12	6.5	15	8.5

ROA 9%
ROE 7%
 Dividend payout ratio: 25=>30%

New Medium-Term Business Plan "GS-21"

2.Forecast by Segment (FY2001-FY2008)

1. Chemical and resins



* Size of circle represents revenue

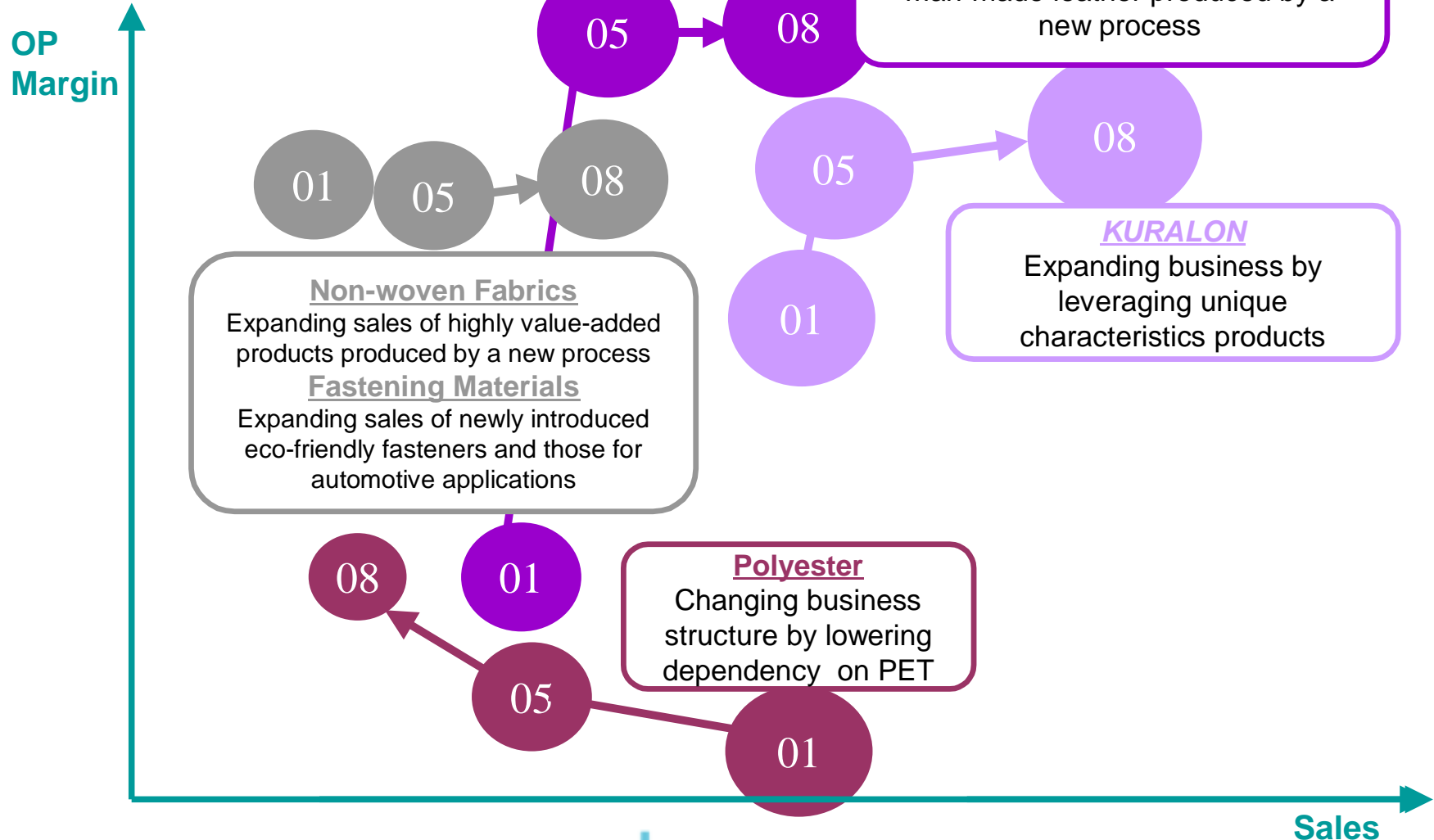


Sales

New Medium-Term Business Plan "GS-21"

2.Forecast by Segment (FY2001-FY2008)

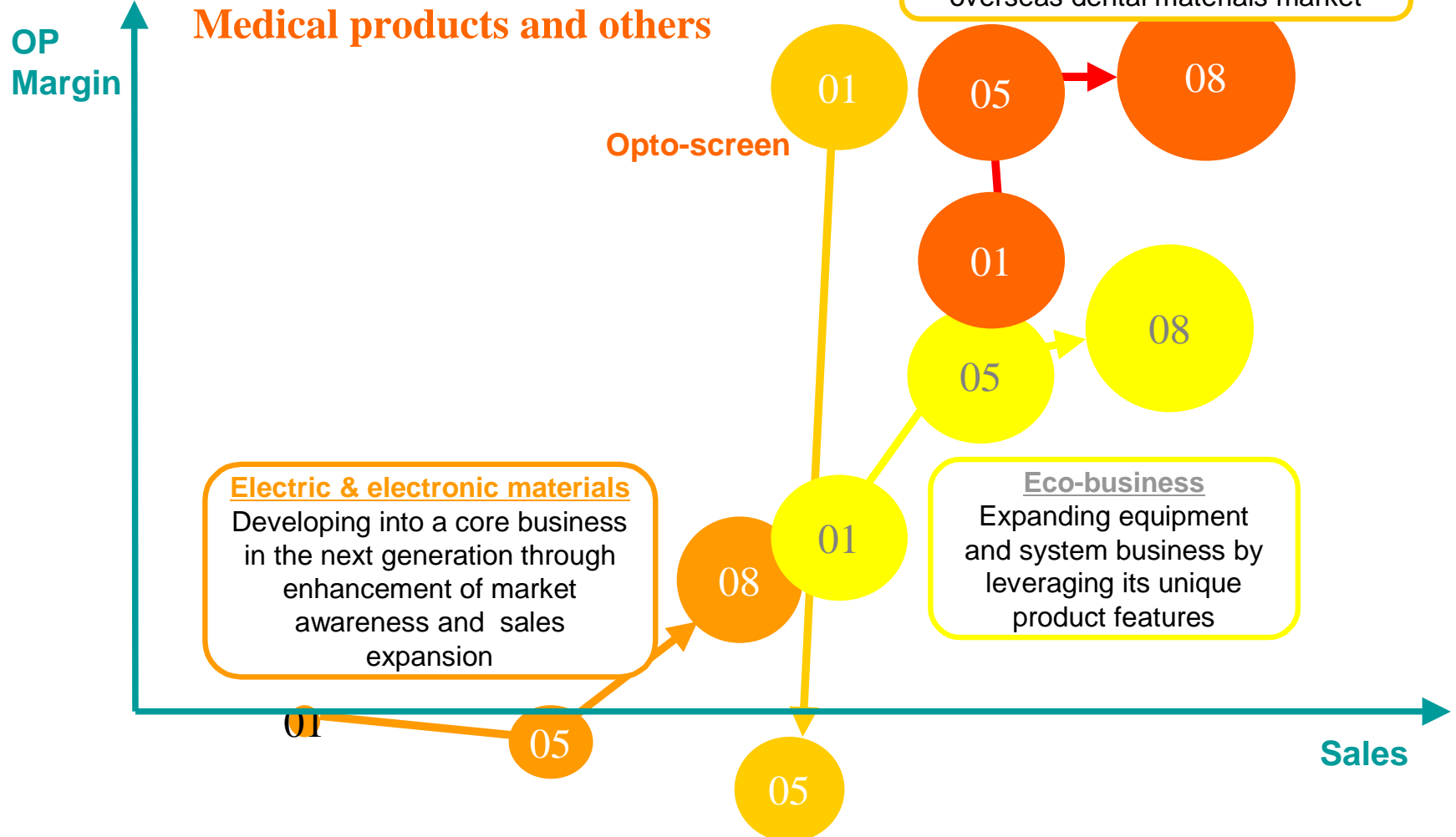
2. Fibers and Textiles



New Medium-Term Business Plan "GS-21"

2. Forecast by Segment (FY2001-FY2008)

3. High-performance materials, Medical products and others



* Size of circle represents revenue





This presentation contains various forward-looking statements which are based on the current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections and business plans of Kuraray and its group companies constitute forward-looking statements. Although Kuraray believes that its expectations and assumptions are reasonable, actual results and trends of Kuraray's performance could differ materially from those expressed or implied by such figures or statements due to risks and uncertainties in the future business circumstances. The factors which may cause such difference include, without limitation: (1) general market and economic conditions in Asia including Japan, the U.S., Europe and other regions; (2) fluctuations of currency exchange rates, especially between the Japanese yen and the U.S. dollar and other foreign currencies; (3) changes in raw material and fuel costs; (4) industrial competition and price fluctuations in Japan and international market; (5) advance or delay in the construction of new plants and production lines; (6) successful development of new products and technologies; and (7) changes in laws and regulations (including tax and environmental) and legal proceedings.