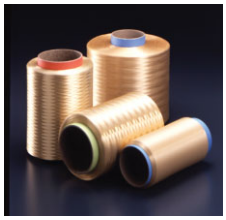
2005

Acquisition of *VECTRAN* Business from Celanese Advanced Materials

An airship that uses *VECTRAN*

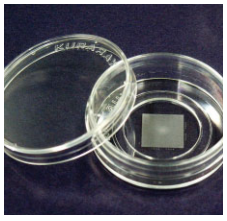


VECTRAN

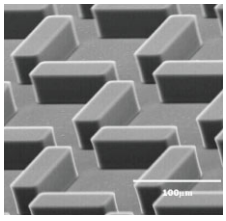
April 2005

Kuraray acquired the *VECTRAN* polyarylate fiber business of Celanese Advanced Materials Inc., of the United States. With properties that include high strength and flexibility, low creep, non-absorption of moisture, high strength retention at low temperatures, and abrasion resistance in wet conditions, *VECTRAN* is used for a wide range of applications, such as ropes and materials for the fisheries industry, plastic reinforcement, and protective gloves. We will add impetus to the expansion of these operations by consolidating our R&D, production, and sales organizations in Japan and the United States.

Development of a Microspace Cell-Culture Chip



Disposal dish

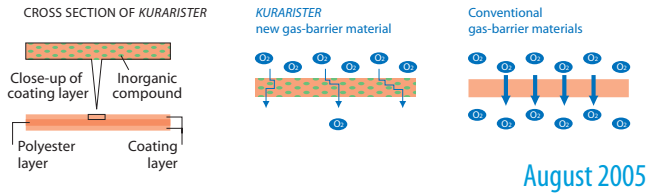


Microspace cell-culture chip

June 2005

Kuraray successfully developed a microspace cell-culture chip that can be customized to suit different research applications. The chip will contribute to research in such fields as regenerative medicine and bioassay by enabling the stereoscopic regulation of cell growth and differentiation as well as direction and orientation. We intend to develop operations in the field of life sciences by combining our technologies in the areas of polymeric materials, microprocessing, and biotechnology.

Commercialization of High-Value-Added Barrier Film



August 2005

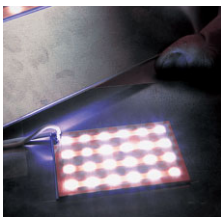
In fall 2006, Kuraray Tamashima Co., Ltd. will begin production of a transparent barrier film for food packaging retorts. *KURARISTER* features outstanding gas impermeability, with oxygen permeability of less than 1cc per square meter per day; durability under retort treatment, demonstrating the ability to withstand sterilization at 135℃ for 60 minutes; and excellent secondary processability.

Start-Up of Operations at New Activated Carbon Plant in China

September 2005

In response to extremely heavy demand for activated carbon, Kuraray Chemical Co., Ltd., began operations at a wholly owned subsidiary of Kuraray Chemical (Ningxia) Environmental Industry Co., Ltd., established in the Ningxia region of China. Ultimately targeting 10,000 tons per year, we will steadily increase annual production capacity to 1,000 in the first year of operations, 3,000 tons in two to three years, and 5,000 tons in four to five years.

Commencement of Joint Development of Ultra-Bright Inorganic EL Material and Next-Generation Light Sources with T. Chatani & Co.



Light emitting of ultra-bright, inorganic EL

October 2005

We began joint R&D with T. Chatani & Co., Ltd. to speed up the development of an ultra-bright, long-lasting inorganic EL material invented by T. Chatani & Co. Through the application of coating techniques, the newly invented inorganic EL materials can be used as a surface illuminant. Therefore, we hope to develop this material for wall-mounted televisions and other displays and as a replacement for lighting applications that use mercury, which creates environmental problems. Kuraray and T. Chatani & Co. will initially conduct the joint development of a white light source product for LCD backlighting devices, which are indispensable in flat-screen televisions.

* In April 2006, Kuraray and T. Chatani & Co. established the joint venture company K•C Luminas Co., Ltd. for the joint development of inorganic EL materials.

Development of VF-PE Poval Film with Outstanding Polarized Light Efficiency and Stretchability for Next-Generation Polarized Plates

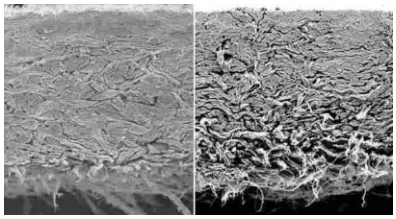
VF-PE optical-use poval film

December 2005

We developed the optical-use poval film VF-PE that realizes significant enhancements in polarized light efficiency and other optical functions in comparison with previous products. At the same time, this film stretches easily and is difficult to break, making it highly suited to manufacturing processes. This latest poval film caters to manufacturers that are striving to create LCDs with higher contrast, thinner construction, higher yield conversion, and lower electric power consumption.

2006

Development of Environment-Friendly Man-Made Leather



Cross section of natural leather (left) and *TIRRENINA* (right)

January 2006

Kuraray has launched operations for a newly developed man-made leather: *TIRRENINA*. This next-generation environment-friendly product combines the look and feel of natural leather with the outstanding properties unique to man-made leather. Thanks to newly developed ultra-fine fibers and our development of an innovative process that does not use organic solvents during production, *TIRRENINA* overcomes the stiff texture often seen in water-based man-made leathers made with inorganic solvents. Instead, it has a texture, fullness, and appealing appearance close to that of real leather.

Development of a Carbon Hydride Derived Polymer Electrolyte Membrane for Direct Methanol Fuel Cells*

January 2006

Using proprietary elastomers and membrane production technology, Kuraray developed a new electrolyte membrane with significantly enhanced power generation performance. The new membrane enables the use of smaller fuel tanks and batteries and facilitates easier assembly.

* Direct Methanol Fuel Cells
Direct methanol fuel cells (DMFCs) are a type of polymer electrolyte fuel cell that directly use methanol as a fuel. DMFCs are regarded as a next-generation power source for mobile devices as they operate at low temperatures, have high theoretical energy density compared with gas fuels, do not require fuel improvement, and are compact.

Decision to Increase Production Capacity for Optical-Use Poval Film for Polarized Film

March 2006

We decided to expand production facilities for optical-use poval film, which forms the base for polarized film, an essential component of LCDs. To attain our goal of building a system that can accurately meet very strong demand, in 2005 Kuraray Tamashima Co., Ltd. increased production capacity by 30 million square meters. Furthermore, we plan to add another 60 million square meters of production capacity by the end of 2007.

Production Capacity (million m^2/year)

	Current Capacity	Planned Increase	Completion	Capacity after Completion
Kuraray Saijo	31			31
Kuraray Tamashima	30	+30	1st half 2007	
		+30	2nd half 2007	90
Total	61	+60		121

Release from Kuraray in the fiscal year under review.