

PIONEERING

PROGRESSIVE

REFINEMENT

**ANNUAL REPORT 2008**

For the year ended March 31, 2008

Kuraray was established in 1926 to commercialize the production of the chemical fiber rayon, which was state-of-the-art at the time. As a pioneer in Japan's emerging chemical synthetic fiber production industry, the company moved to the industry forefront in 1950 with the accomplishment of commercial production of poval-based polyvinyl alcohol (PVA) fiber *KURALON*.

Over the last half century, Kuraray's technological expertise has developed numerous distinctive products that have expanded its presence in markets worldwide. In particular, several of our current products command the top share in the global market: including man-made leather *CLARINO*; poval resin, offering outstanding adhesive properties and water solubility; optical-use poval film, an indispensable element in liquid crystal displays (LCDs); and *EVAL* resin, a high gas barrier resin used for food packaging and fuel tanks.

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## Forward-Looking Statements

This annual report 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 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 future business circumstances. The factors that may cause such differences include, without limitation: (1) general market and economic conditions in Asia, including Japan, the United States, Europe, and other regions; (2) fluctuations of currency exchange rates, especially between the Japanese yen and the U.S. dollar & other foreign currencies; (3) changes in raw material and fuel costs; (4) industrial competition and price fluctuations in Japan and international markets; (5) advances or delays in the construction of new plants and production lines; (6) successful development of new products and technologies; (7) changes in laws and regulations (including tax and environmental) and legal proceedings; and (8) unforeseeable risks, including natural disasters.

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