

(left)  
Yasuaki Wakui (Representative Director and Chairman)

*Y. Wakui*

(right)  
Fumio Ito (Representative Director and President)

*F. Ito*



We thank you for your continued support of the Kuraray Group.

Our business environment in our 128th fiscal term (from April 1, 2008, to March 31, 2009) rapidly deteriorated from October last year due to an unprecedented economic crisis that originated from the U.S. financial market turmoil. In order to overcome such a situation, Kuraray promoted such emergency measures as a principled freeze on new capital investment, production adjustments meeting falling demand, redoubled efforts to curtail production costs and SG&A expenses, reduction of inventories, and pay cuts for directors and executive officers. We made maximum efforts to realize early earnings recovery.

However, the impact of the fast demand drop and the cost expansion on production cuts has been great, and as a result, Kuraray posted declines in both consolidated revenues and profit, with net sales at ¥376.8 billion, operating income at ¥29.3 billion, and net income at ¥13 billion.

Kuraray has been working to attain the three-year medium-term business plan "GS-21" from fiscal 2006. The Company made some achievements by steadily implementing measures cited in the plan. However, Kuraray failed to achieve goals in the plan as noted above.

From the current fiscal year, Kuraray has launched a three-year action plan named "GS-Twins" (for the fiscal 2009-2011 period). Under the plan, Kuraray will tackle (1) the improvement of the profit structure damaged by the global recession, (2) the creation and expansion of new businesses and (3) the acceleration of the global strategy for core businesses. In fiscal 2011 or the final year of the action plan, Kuraray will try to restore the profit structure goal given in the GS-21 plan. With an eye to achieving a net sales target of ¥1 trillion as specified in our 10-year Corporate Vision, Kuraray would like to see the action plan leading to its sustainable growth toward a specialty chemical company featuring a strong presence.

Regarding distribution of profit, Kuraray plans to keep the dividend payout ratio at 30% or more of consolidated net income.

The dividend for the end of fiscal 2008 is planned at ¥10 per share. Annual dividend payments, including interim dividends, will total ¥22 per share, unchanged from the previous fiscal year.

We ask for the continued understanding and generous support of our shareholders.