

December 19, 2007

Kuraray Co., Ltd.

Notice Concerning the Acquisition of Shares in Equity-Method Affiliate POVAL ASIA PTE LTD. to Make it a Wholly-owned Subsidiary

We hereby provide notice that the Company passed a resolution in the meeting of the Board of Directors held on December 19, 2007 to acquire all of the shares of equity-method affiliate POVAL ASIA PTE LTD. (based in Singapore and hereinafter referred to as PA) to make it a wholly-owned subsidiary.

1. Reason for Acquiring the Shares

PA was established in 1996 as a joint venture between Kuraray Singapore Pte., Ltd. (a subsidiary of Kuraray) and NIPPON GOHSEI Singapore Pte Ltd. (hereinafter referred to as NSP), which is a subsidiary of Nippon Synthetic Chemical Industry Co. Ltd., (hereinafter referred to as NIPPON GOHSEI) and the company has provided general-purpose polyvinyl alcohol mainly in the Asian market until now.

In recent years, there has been increased demand from emerging countries in the polyvinyl alcohol market, resulting in a tightening of the global market. Furthermore, there has also been a diversification of uses as resin, heightened quality requirements, and an increase in demand as material to be used in film and fibers.

In these conditions, we decided that we should adopt a flexible supply system including not only general purpose products that we have handled in the past, but also high added-value products by positioning PA as a wholly-owned subsidiary serving as an Asian production center as we globally expand our polyvinyl alcohol business.

Based on this business strategy, we came to an agreement with NIPPON GOHSEI to acquire all of the PA shares held by NSP (50%) on January 31, 2008.

2. Overview of the Subsidiary Subject to the Transfer

- (1) Trading name: POVAL ASIA PTE LTD.
- (2) Representative: Tadahiro Yamamoto, President
- (3) Address: 10 Sakra Avenue Singapore 627887
- (4) Date established: October 1, 1996
- (5) Principal lines of business: Manufacture and sale of polyvinyl alcohol
- (6) Shares outstanding: 40 million shares (50% held by Kuraray) *including indirect holdings
- (7) Accounting period: December 31
- (8) Shareholders' equity: US\$27,775,000

(9) Performance in recent business years

	Year Ended Dec 31, 2005	Year Ended Dec 31, 2006
S a l e s	US\$106,168,000	US\$98,603,000
Ordinary income	US\$1,347,000	US\$1,190,000
Net income	US\$980,000	US\$1,254,000
Total assets	US\$79,962,000	US\$73,411,000
Net assets	US\$32,732,000	US\$32,526,000

3. Party Providing Shares for Acquisition

- (1) Trading name: NIPPON GOHSEI Singapore Pte Ltd.
(2) Representative: Koichi Inoue, President
(3) Address: 16 Raffles Quay, #32-03 Hong Leong Building, Singapore 048581
(4) Principal lines of business: Investment in affiliates within Singapore and sale of polyvinyl alcohol in Asia
(5) Capital ties: None with Kuraray

4. Shares Acquired, Acquisition Price and Status of Shares Held Before and After Acquisition

- (1) Shares held before transfer: 20 million shares (Holding ratio of 50%) *Including indirect holdings
(2) Shares acquired: 20 million shares
* The acquisition price shall not be disclosed due to a secrecy obligation.
(3) Shares held after transfer: 40 million shares (Holding ratio of 100%) *Including indirect holdings

5. Schedule

- December 19, 2007 Resolution by the Board of Directors of Kuraray
January 31, 2008 Share delivery date (scheduled)

6. Future Outlook

As the acquisition of shares will take place after the completion of PA's current fiscal year, there will be no impact on the Company's consolidated performance this fiscal year.
The impact on consolidated performance from next year onward is expected to be minor.