

Asahi Kasei Corporation

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Board of Directors Meeting: May 14, 2002

May 14, 2002

Consolidated Results for Fiscal Year Ended March 31, 2002

(All figures in millions of yen, fractions of one million omitted, unless otherwise specified)

I. Summary of Consolidated Results

1. Results for fiscal year ended March 31, 2002

(1) Operating results (percent change from previous year in brackets)

Fiscal year ended March	2002	2001
Net sales	1,195,393 [-5.8%]	1,269,414 [+6.3%]
Operating profit	45,664 [-52.4%]	96,023 [+29.2%]
Ordinary profit	39,849 [-54.1%]	86,746 [+1.0%]
Net income	5,180 [-79.4%]	25,176 [+22.7%]
Net income per share (yen)	3.61	17.45
Diluted net income per share (yen)	—	17.35
Net income/shareholders' equity	1.0%	5.1%
Ordinary profit/total assets	3.3%	7.2%
Ordinary profit/net sales	3.3%	6.8%

Notes:

1. Equity in profit of unconsolidated subsidiaries and affiliates: ¥846 million (¥2,190 million loss during previous fiscal year)

2. Average shares outstanding (consolidated): 1,434,240,567 (1,442,597,375 during previous fiscal year)

3. Change in method of accounting: none

(2) Financial position

At fiscal year-end, March	2002	2001
Total assets	1,193,011	1,240,007
Shareholders' equity	496,825	516,013
Shareholders' equity/total assets	41.6%	41.6%
Shareholders' equity per share (yen)	353.16	357.70

(3) Cash flows

Fiscal year ended March	2002	2001
Cash flows from operating activities	69,979	69,519
Cash flows from investing activities	(87,987)	(62,081)
Cash flows from financing activities	14,576	(26,179)
Cash and cash equivalents at end of year	83,947	86,721

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 101

No. of unconsolidated subsidiaries for which the equity method is applied: 30

No. of affiliate companies for which the equity method is applied: 29

(5) Changes in scope of consolidation, application of equity method

No. of newly included consolidated subsidiaries: 2

No. of consolidated subsidiaries newly excluded: 3

No. of unconsolidated subsidiaries and affiliate companies for which the equity method is newly applied: 5

No. of unconsolidated subsidiaries and affiliate companies newly excluded from application of the equity method: 4

2. Estimate for fiscal year ending March 31, 2003

	For semiannual period ending September 2002	For fiscal year
Net sales	585,000	1,195,000
Ordinary profit	16,000	36,000
Net income	4,000	9,000

Note: Net income per share: ¥6.40

II. Overview of Consolidated Results

1. Consolidated group results

The operating environment during the fiscal year was particularly challenging, with industrial production decreasing sharply in the US and economies around the world. Throughout the Japanese economy, declines in capital investment and private consumption were exacerbated by falling share prices and rising unemployment, resulting in increasing deflationary pressures.

For the Asahi Kasei Group, consolidated operating results broadly reflected the difficulty of this business climate. Health care operations maintained results on par with the previous year, but sales and profit generally declined throughout our chemicals, housing, and electronics operations. Consolidated net sales decreased ¥74.0 billion to ¥1,195.3 billion, operating profit decreased ¥50.3 billion to ¥45.6 billion, ordinary profit decreased ¥46.8 billion to ¥39.8 billion, and net income decreased ¥19.9 billion to ¥5.1 billion.

During the year under review, a fire occurred at our Leona™ nylon 66 plant in Nobeoka. Though no one was injured in the March 12 incident, it forced a temporary suspension of nylon 66 intermediates, polymer, and compounded resins production. The fibers production section, where the damage was centered, and part of the polymer

production section remain shut down. Intermediates and compounds production resumed on March 22, and polymer production partially resumed on March 26. The effect on the year's operating results was negligible. The utmost efforts are presently being devoted to a thorough investigation of the cause and a clear assessment of the damage, and we are determined to implement proper measures to ensure against the possibility of any such incident ever recurring.

2. Results by operating sector

Beginning with the fiscal year under review, our operating sectors have been realigned to bring greater clarity and closer alignment between reported results and the internal company business units introduced in June 2001. The SPECIAL PRODUCTS AND SERVICES sector has been eliminated, and operations of the former MEMBRANES AND SYSTEMS segment have been combined with the former CHEMICALS AND PLASTICS sector to form the new CHEMICAL AND CHEMICAL-RELATED sector. The former ELECTRONICS segment is now an independent operating sector for reporting purposes, as is the new HEALTH CARE sector which comprises the operations of the former BIOTECHNOLOGY AND MEDICAL PRODUCTS segment. The remaining operations, including liquors, salt, engineering, and information systems, now comprise the LIQUORS, SERVICES AND OTHERS operating sector, in place of the former ENGINEERING AND OTHERS segment. For purposes of comparison, results for the year-ago period have been recalculated in accordance with the new operating sector alignment.

CHEMICAL AND CHEMICAL-RELATED

Sales for the sector decreased ¥8.7 billion to ¥440.6 billion, with operating profit decreasing ¥16.3 billion to ¥14.8 billion. Demand throughout the sector was generally weak due to the rapid slowing of economic growth in the US and worldwide. After increasing sharply during the first fiscal half, naphtha prices decreased during the second half of the year, but profitability continued to be limited by a broad-ranging and pronounced decrease in sale prices for chemical products throughout the year.

Operating profit in basic chemicals such as acrylonitrile and styrene monomer decreased due to poor global market conditions. Operating profit in adipic acid decreased in a year marked by weak polyurethane markets and fierce price competition in Asia, and market conditions only began to recover toward the end of the fiscal year.

Operating profit in commodity plastics such as Stylac™ ABS and Suntec™ polyethylene decreased, but operating profit in synthetic rubber and elastomers grew due to increased sales volumes and reduced operating costs.

In performance plastics such as Xyron™ modified-PPE and Leona™ nylon 66, demand grew in automotive applications but operating profit decreased as demand in electric and electronic applications fell.

Operating profit in consumable products decreased, despite marketing campaigns to expand domestic sales of Saran Wrap™ cling film and Ziploc™ food storage bags. Sales of cling wrap in China were initiated in October.

Sales and profit in Microza™ hollow-fiber filtration systems grew with rising orders from North America and Europe for use in large-scale water clarification applications. Operating profit in industrial membranes nevertheless decreased, as demand for Li-ion rechargeable batteries for cellular phones, the principal application for Hipore™ fine porous membranes, fell sharply.

Sales and operating profit in ion-exchange grew, with a strong recovery in overseas orders for membrane electrolysis systems for chlor-alkali production.

HOUSING AND CONSTRUCTION MATERIALS

Housing orders decreased as demand for homes in Japan was further depressed by apprehension related to rising unemployment, and markets for construction materials remained slack. Sales for the sector decreased ¥24.9 billion to ¥408.4 billion, and operating profit decreased ¥10.6 billion to ¥14.5 billion.

In housing, after-service operations in connection with our Long Life Home product concept were enhanced and enriched, and marketing campaigns were focused on new products such as the Hebel Haus Pao™ which features elegance and simplicity to make the most of limited living space. Despite positive contributions, these efforts could not fully overcome the underlying weakness of the market, and sales and operating profit decreased.

While Japanese markets for construction materials continued to be generally stagnant, cost-savings through restructuring resulted in an improvement of profitability.

FIBERS AND TEXTILES

Poor Japanese market conditions in both apparel and non-apparel fields resulted in lower domestic sales volumes, while competition in China and other Asian markets intensified markedly. As a result, sales for the sector decreased ¥8.8 billion to ¥125.9 billion, and the previous year's operating profit of ¥2.1 billion fell to an operating loss of ¥0.9 billion, a ¥3.0 billion decrease in profitability.

A recovery of demand in lining applications and cost reductions contributed to increased operating profit in Bemberg™ cuprammonium rayon. Sales volumes of Roica™ elastic polyurethane filament increased as newly expanded production capacity met growing demand, but operating profit decreased as sales prices declined.

ELECTRONICS

As manufacturers in industries ranging from cellular phones to PCs and home appliances implemented sharp and protracted production cuts, demand fell markedly for products throughout the sector, including electronic materials such as glass fabric for printed circuit boards and electronic devices such as LSIs. Sales for the sector decreased ¥31.9 billion to ¥64.0 billion, and operating profit decreased ¥19.5 billion to ¥3.5 billion.

HEALTH CARE

Sales for the sector increased ¥3.2 billion to ¥98.6 billion, and operating profit increased ¥0.1 billion to ¥13.3 billion. Sales of the Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant grew, contributing to increased pharmaceutical sales, but operating profit decreased due to an increase in selling expenses. In medical devices such as APS™ polysulfone-membrane artificial kidneys and Sepacell™ leukocyte reduction filters, as well as Planova™ virus removal filters, sales and profit grew.

LIQUORS, SERVICES AND OTHERS

Sales for the sector decreased ¥2.6 billion to ¥57.5 billion, and operating profit decreased ¥1.1 billion to ¥38 million. The fierce operating environment in liquors continued, with slack demand for *sake* and intense price competition in the *shochu* fizz market. Operating profit in service operations decreased as diminished demand for plant engineering accompanied a fall in private sector capital investment in Japan.

III. Consolidated Statements of Income

	Year ended March 2002	Year ended March 2001	Increase (decrease)	Percent change
Net sales	1,195,393	1,269,414	(74,021)	-5.8
Cost of sales	871,798	896,504	(24,706)	-2.8
Selling and general administrative expenses	277,930	276,885	1,045	+0.4
Operating profit	45,664	96,023	(50,359)	-52.4
Non-operating income	7,871	8,526	(655)	-7.7
Non-operating expenses	13,686	17,803	(4,117)	-23.1
Ordinary profit	39,849	86,746	(46,897)	-54.1
Special gains	1,452	52,816	(51,364)	-97.3
Special losses	30,622	89,245	(58,623)	-65.7
Income before income taxes and minority interests	10,679	50,318	(39,639)	-78.8
Net income	5,180	25,176	(19,996)	-79.4

IV. Consolidated Balance Sheets

	As of March 2002	As of March 2001	Increase (decrease)
Assets section			
Current assets	564,653	622,867	(58,214)
Fixed assets	628,358	617,140	11,218
Tangible fixed assets	415,192	419,168	(3,976)
Intangible fixed assets	31,547	21,794	9,753
Investments and other assets	181,617	176,176	5,441
Total assets	1,193,011	1,240,007	(46,996)
Liabilities section			
Current liabilities	383,423	414,066	(30,643)
Long-term liabilities	300,893	295,320	5,573
Minority interest in consolidated subsidiaries	11,869	14,607	(2,738)
Shareholders' equity			
Issued and outstanding	103,388	103,388	—
Additional paid-in capital	79,396	79,396	—
Revaluation surplus	872	872	—
Unrealized gain on land	97	—	97
Retained earnings	305,514	309,254	(3,740)
Net unrealized gains on securities	26,233	32,675	(6,442)
Foreign currency translation adjustment	(4,596)	(9,560)	4,964
Common stock in treasury, at cost	(14,081)	(14)	(14,067)
Liabilities, minority interest and shareholders' equity	1,193,011	1,240,007	(46,996)

V. Cash Flows

	Year ended March 2002	Year ended March 2001
Cash flows from operating activities	69,979	69,519
Cash flows from investing activities	(87,987)	(62,081)
Cash flows from financing activities	14,576	(26,179)
Effect of exchange rate changes on cash and cash equivalents	594	384
Net decrease in cash and cash equivalents	(2,837)	(18,357)
Cash and cash equivalents at beginning of year	86,721	104,967
Cash and cash equivalents held by newly consolidated subsidiaries	63	111
Cash and cash equivalents at end of year	83,947	86,721

VI. Segment Information

1. Industry segments

(1) Fiscal year ended March 31, 2002

	Chemical and Chemical- related	Housing and Construction Materials	Fibers and Textiles	Electronics	Health Care	Liquors, Services and Others	Combined	Corporate assets and eliminations	Consolidated
Sales									
Customers	440,698	408,473	125,907	64,062	98,686	57,565	1,195,393	—	1,195,393
Intersegment	10,141	49	2,409	517	0	18,349	31,468	(31,468)	—
Total	450,840	408,522	128,317	64,580	98,686	75,914	1,226,861	(31,468)	1,195,393
Operating expenses	435,997	393,991	129,275	61,042	85,333	75,876	1,181,517	(31,788)	1,149,729
Operating profit	14,843	14,531	(958)	3,537	13,352	38	45,344	319	45,664
Identifiable assets, depreciation and amortization, and capital expenditure									
Identifiable assets	447,618	162,261	129,181	88,691	107,926	75,634	1,011,314	181,696	1,193,011
Depreciation and amortization	25,755	7,054	8,511	7,936	5,487	3,219	57,964	2,711	60,675
Capital expenditure	31,266	5,425	7,283	10,712	7,430	4,334	66,452	8,373	74,826

(2) Fiscal year ended March 31, 2001*

	Chemical and Chemical-related	Housing and Construction Materials	Fibers and Textiles	Electronics	Health Care	Liquors, Services and Others	Combined	Corporate assets and eliminations	Consolidated
Sales									
Customers	449,470	433,439	134,790	95,998	95,481	60,234	1,269,414	—	1,269,414
Intersegment	12,655	44	2,077	228	0	21,759	36,765	(36,765)	—
Total	462,125	433,483	136,868	96,227	95,481	81,993	1,306,179	(36,765)	1,269,414
Operating expenses	430,889	408,293	134,739	73,134	82,257	80,841	1,210,156	(36,765)	1,173,390
Operating profit	31,236	25,189	2,128	23,093	13,223	1,151	96,023	0	96,023
Identifiable assets, depreciation and amortization, and capital expenditure									
Identifiable assets	438,294	178,788	153,059	100,245	105,352	73,062	1,048,802	191,205	1,240,007
Depreciation and amortization	26,778	6,840	9,382	8,804	5,220	3,121	60,146	2,075	62,222
Capital expenditure	24,676	10,263	10,687	9,533	6,834	2,919	64,914	4,274	69,188

(3) Fiscal year ended March 31, 2001†

	Chemicals and Plastics	Housing and Construction Materials	Fibers and Textiles	Special Products and Services	Combined	Corporate assets and eliminations	Consolidated
Sales							
Customers	430,934	433,439	134,790	270,249	1,269,414	—	1,269,414
Intersegment	12,458	44	2,077	19,876	34,456	(34,456)	—
Total	443,393	433,483	136,868	290,126	1,303,871	(34,456)	1,269,414
Operating expenses	414,959	408,293	134,739	249,854	1,207,846	(34,456)	1,173,390
Operating profit	28,434	25,189	2,128	40,271	96,024	(0)	96,023
Identifiable assets, depreciation and amortization, and capital expenditure							
Identifiable assets	407,207	178,788	153,059	295,312	1,034,367	205,640	1,240,007
Depreciation and amortization	23,391	6,840	9,382	19,370	58,985	3,237	62,222
Capital expenditure	21,921	10,263	10,687	22,040	64,914	4,274	69,188

* Operating sectors realigned for comparison purposes.

† Original operating sectors.

2. Geographic segments

(1) Fiscal year ended March 31, 2002

Information by geographic segment is omitted because operations based in Japan accounted for over 90% of total sales and assets.

(2) Fiscal year ended March 31, 2001

Information by geographic segment is omitted because operations based in Japan accounted for over 90% of total sales and assets.

3. Overseas sales

(1) Fiscal year ended March 31, 2002

Overseas sales	188,583
Consolidated net sales	1,195,393
Overseas sales/ consolidated net sales	15.8%

Information by geographic segment is omitted because no overseas geographical segment accounted for 10% or more of total sales.

(2) Fiscal year ended March 31, 2001

Overseas sales	183,196
Consolidated net sales	1,269,414
Overseas sales/ consolidated net sales	14.4%

Information by geographic segment is omitted because no overseas geographical segment accounted for 10% or more of total sales.

VII. Overview of Operating Sectors

1. Consolidated net sales by operating sector

	Year ended March 2002		Year ended March 2001*		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemical and Chemical-related	440,698	36.9	449,470	35.4	(8,772)	-2.0
Housing and Construction Materials	408,473	34.2	433,439	34.1	(24,966)	-5.8
Fibers and Textiles	125,907	10.5	134,790	10.6	(8,883)	-6.6
Electronics	64,062	5.4	95,998	7.6	(31,936)	-33.3
Health Care	98,686	8.2	95,481	7.5	3,205	+3.4
Liquors, Services and Others	57,565	4.8	60,234	4.8	(2,670)	-4.4
Total	1,195,393	100.0	1,269,414	100.0	(74,021)	-5.8

* Operating sectors realigned for comparison purposes.

2. Major products, by operating sector

Chemical and Chemical-related

- Ammonia, nitric acid, caustic soda, acrylonitrile (AN), styrene monomer, methyl methacrylate (MMA) monomer, high-compound fertilizers.
- Suntac™ polyethylene (PE), polystyrene (PS), Stylac™-AS styrene-acrylonitrile (SAN), Stylac™-ABS acrylonitrile-butadiene-styrene, styrene-butadiene latex, polymethyl methacrylate (PMMA), synthetic rubber, thermoplastic elastomers (TPEs).
- Tenac™ polyacetal, Xyron™ modified polyphenylene ether (mPPE), Leona™ nylon 66.
- Cyclohexanol, adipic acid, coating materials, nitrocellulose, acrylic latex, polyvinylidene chloride latex.
- Saran Wrap™ food wrapping films, Ziploc™ food storage bags and containers, films, sheets, foams.
- Microcrystalline cellulose, industrial cleaning agents, bonded anchors, industrial explosives, defense explosives, metal cladding, APR™ photosensitive resins, plate making systems.
- Microza™ ultrafiltration and microfiltration membranes and systems, Hipore™ fine porous membranes, ion exchange membranes, electrolysis and electro dialysis systems.

Housing and Construction Materials

- Hebel Haus™ houses, Hebel Maison™ and other apartments, condominiums, remodeling, real estate, residential land development.
- Hebel™ autoclaved lightweight concrete (ALC) panels, piles, Neoma™ foam insulation panels, artificial fish reefs.

Fibers and Textiles

- Cashmilon™ acrylic staple, Pewlon™ acrylic filament, Leona™ nylon 66 filament, polyester filament.
- Bemberg™ cuprammonium rayon.
- Roica™ elastic polyurethane filament, Eltas™ spunbond, Bemliese™ nonwoven cellulose filament, Lamous™ artificial suede.

Electronics

- Sunfort™ photosensitive dry film resist (DFR), glass fiber fabric.
- Pimel™ photosensitive polyimide, pellicles.
- LSIs, Hall elements.

Health Care

- Elcitonin™ Bredinin™, Flivas™, Toledomin™, and other pharmaceuticals.
- Pharmaceutical intermediates, feed additives, diagnostic reagents.
- Planova™ virus removal filters.
- Artificial kidneys, Sepacell™ leukocyte reduction filters, blood and plasma filters.
- Contact lenses.

Liquors, Services and Others

- Plant, equipment, process engineering.
- Fukumusume™ and other *sake*, *shochu*, Hi-Liki™ and other *shochu* fizz, salt.