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Board of Directors Meeting: May 11, 2004

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Consolidated Results for Fiscal Year 2003
April 1, 2003 – March 31, 2004

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

I. Summary of Consolidated Results

1. Results for fiscal year ended March 31, 2004

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

Fiscal year ended March	2004	2003
Net sales	1,253,534 [+5.0%]	1,193,615 [-0.1%]
Operating profit	60,932 [-1.0%]	61,555 [+34.8%]
Ordinary profit	53,643 [+6.5%]	50,389 [+26.4%]
Net income (loss)	27,672	(66,791)
Net income (loss) per share*	19.62	(47.63)
Diluted net income (loss) per share*	—	—
Net income/shareholders' equity	6.4%	-14.8%
Ordinary profit/total assets	4.4%	4.2%
Ordinary profit/net sales	4.3%	4.2%

* Yen

Notes:

1. Equity in profit of unconsolidated subsidiaries and affiliates: ¥783 million; loss during previous fiscal year, ¥2,646 million.

2. Average shares outstanding, consolidated: 1,401,106,820; during previous fiscal year, 1,402,283,889.

3. Change in method of accounting: Gains or losses on forward exchange contracts as hedges against receivables and payables denominated in foreign currencies, previously allocated across the term of the hedge, are recognized in income at fair value.

(2) Financial position

At fiscal year-end, March	2004	2003
Total assets	1,249,206	1,212,374
Shareholders' equity	450,451	407,639
Shareholders' equity/total assets	36.1%	33.6%
Shareholders' equity per share*	321.41	290.92

* Yen

(3) Cash flows

Fiscal year ended March	2004	2003
Cash flows from operating activities	122,147	84,431
Cash flows from investing activities	(79,323)	(84,548)
Cash flows from financing activities	(50,637)	(9,000)
Cash and cash equivalents at end of year	70,898	79,291

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 101

No. of unconsolidated subsidiaries for which the equity method is applied: 34

No. of affiliate companies for which the equity method is applied: 24

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

No. of newly included consolidated subsidiaries: 5

No. of consolidated subsidiaries newly excluded: 4

No. of unconsolidated subsidiaries and affiliate companies for which the equity method is newly applied: 7

No. of unconsolidated subsidiaries and affiliate companies newly excluded from application of the equity method: 5

2. Estimate for fiscal year ending March 31, 2005*

	For semiannual period ending September 2004	For fiscal year
Net sales	635,000	1,325,000
Ordinary profit	41,000	104,000
Net income	21,000	51,000

Note: Net income per share: ¥36.41

* Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.

II. Overview of Consolidated Results

1. Consolidated group results

The Japanese economy showed signs of recovery during the year, including strong exports, a recovery of private-sector capital investment, rising share prices, and improved corporate results. The operating environment nevertheless remained challenging, with lingering high unemployment and deflation in Japan, a high yen exchange rate, and a global economic outlook dampened by instability in the Middle East.

Increased sales in housing operations, with growing home orders during the previous term, in chemicals operations, with strong overseas demand, and in electronics operations, with strong demand in digital electronics applications, outweighed the sales decreases resulting from the withdrawal of acrylic fiber operations and divestments of

liquors-related operations. As a result, net sales increased by ¥59.9 billion to ¥1,253.5 billion, a 5.0% rise.

Overall profitability of operations rose substantially, but operating profit was slightly below that of the previous year due to the change in the period of amortization of unrecognized actuarial differences arising in retirement benefit accounts. The full amount of these actuarial differences is now amortized in the year following their occurrence. For fiscal 2003, a ¥19.4 billion shortfall was amortized, resulting in an operating profit decrease of ¥0.6 billion to ¥60.9 billion, a 1.0% decline.

Ordinary profit increased by ¥3.3 billion to ¥53.6 billion, a 6.5% rise. Net income was ¥27.7 billion, a ¥94.5 billion improvement from the net loss of the previous year which largely resulted from a special loss to eliminate all accumulated unrecognized actuarial differences related to retirement benefits.

2. Results by operating segment

Beginning with the fiscal year under review, our operating segments have been realigned in accordance with the holding company configuration adopted in October 2003, with seven segments corresponding to the new core operating companies and an eighth segment comprising the remainder of operations. For purposes of comparison, results for the year-ago period have been recalculated in accordance with the new operating segment alignment.

CHEMICALS

With strong demand for high value-added products such as Li-ion rechargeable battery separators and strong overseas demand bringing increased shipments of volume products, sales for the segment increased by ¥29.0 billion to ¥453.7 billion, a 6.8% rise. High naphtha prices brought elevated feedstock costs throughout the segment, and a strong yen exchange rate diminished the yen-based value of exports; operating profit decreased by ¥7.1 billion to ¥16.5 billion, a 30.1% decline, after charging ¥5.8 billion to amortize the actuarial shortfall for retirement benefits during the previous year.

MMA monomer operations performed well, but high feedstock costs and the strong yen weakened the profitability of styrene monomer and acrylonitrile, resulting in lower overall operating profit from basic chemicals.

In commodity plastics such as polyethylene, sales of high value-added products grew but overall profitability remained poor due to elevated feedstock costs.

Operating profit from performance plastics such as Tenac™ polyacetal, Xyron™ modified-PPE and Leona™ nylon 66 decreased due to elevated feedstock costs and the strong yen.

Operating profit from industrial membranes increased as demand for Hipore™ fine porous membranes grew in lithium-ion rechargeable battery applications, and sales of Microza™ hollow-fiber ultrafiltration and microfiltration membranes grew in large-scale water treatment applications.

Overseas sales of membrane-process salt electrolysis systems increased, most notably in China, but operating profit from ion-exchange decreased due to the strong yen.

Sales of AFP™ printing plates grew, particularly in Europe, and operating profit from photopolymers increased.

HOMES

Sales for the segment increased by ¥40.7 billion to ¥361.3 billion, a 12.7% rise, supported by growth in orders for unit homes since the second half of the previous year and completion of large condominiums and other urban redevelopment projects. After

charging ¥1.9 billion to amortize the actuarial shortfall for retirement benefits during the previous year, operating profit increased by ¥7.7 billion to ¥21.6 billion, a 55.6% rise.

The sustained rise in orders for unit homes has been driven by development and extension of our Long Life Home product concept for long-term ownership satisfaction, with recent emphasis on performance features such as our seismic damping system and the Neoma™ foam thermal insulation.

Operating profit from housing-related operations increased. Remodeling operations expanded sufficiently to overcome a decrease in pricing rates. In real estate operations, income from rentals, land sales, and condominium sales commissions all increased.

PHARMA

Measures to curtail public health care expenses continued to make the operating environment for pharmaceuticals and medical devices challenging, but with strong growth in medical devices, notably artificial kidneys, sales for the segment increased by ¥0.5 billion to ¥106.0 billion, a 0.5% rise. With large capital investments bringing increased depreciation and with the competition gaining share on one key product, operating profit decreased by ¥4.4 billion to ¥12.9 billion, a 25.6% decline, after charging ¥2.8 billion to amortize the actuarial shortfall for retirement benefits during the previous year.

Sales of Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant continued to grow, but competing products gained share on the calcitonin formulation Elcitonin™ and operating profit from pharmaceuticals decreased.

Operating profit from medical devices remained strong, with growth in sales of APS™ polysulfone-membrane artificial kidneys and Cellsorba™ leukocyte adsorption columns for ulcerative colitis. Operating profit from Planova™ virus removal filters remained strong, with notable demand growth overseas.

FIBERS

Sales for the segment decreased by ¥9.0 billion to ¥101.5 billion, an 8.2% decline, largely the result of the withdrawal of acrylic fiber operations and the continuing severe operating climate, with weak demand and intense competition from imports from China and other Asian countries. Fixed costs were cut but capital depreciation increased following the reconstruction of the plant for Leona™ nylon 66 filament, and operating profit decreased by ¥0.4 billion to ¥0.9 billion, a 29.2% decline, after charging ¥2.2 billion to amortize the actuarial shortfall for retirement benefits during the previous year.

Operating profit from Eltas™ spunbond increased with strong sales growth in diaper and construction materials applications. Operating profit from Roica™ elastic polyurethane filament increased with increased domestic sales volumes.

Operating profit from Bemberg™ cuprammonium rayon increased with reduced operating costs. The recovery of full operation of the plant for Leona™ nylon 66 filament enabled a large increase in sales volumes, but operating profit decreased due to increased capital depreciation.

ELECTRONICS MATERIALS AND DEVICES

Sales for the segment increased by ¥10.9 billion to ¥82.5 billion, a 15.2% rise. After charging ¥1.1 billion to amortize the actuarial shortfall for retirement benefits during the previous year, operating profit increased by ¥5.4 billion to ¥14.9 billion, a 56.5% rise.

Operating profit from both electronics devices and electronics materials increased with sustained strong demand in cellular phone and PC applications, and sharply rising

demand in digital electronics applications.

CONSTRUCTION MATERIALS

Demand throughout the construction industry remained generally slack, and sales for the segment decreased by ¥2.5 billion to ¥60.6 billion, a 3.9% decline. After charging ¥1.4 billion to amortize the actuarial shortfall for retirement benefits during the previous year, the operating loss decreased by ¥0.2 billion to ¥2.1 billion.

Profitability of high-performance products such as Neoma™ foam insulation panels improved with growing sales. Sales prices of Hebel™ ALC panels declined, but profitability was improved through cost reductions.

LIFE & LIVING

Sales for the segment increased by ¥6.9 billion to ¥59.8 billion, a 13.0% rise. After charging ¥0.9 billion to amortize the actuarial shortfall for retirement benefits during the previous year, operating profit increased by ¥0.5 billion to ¥5.2 billion, a 10.8% rise.

Operating profit from home-use products increased with successful marketing campaigns driving sales growth in kitchen products such as Saran Wrap™ cling film and Ziploc™ food storage bags, and with increasing exports of Saran™ fiber.

Operating profit from packaging products increased with growing sales of the performance film Suntec™-S in packaging of ready-to-eat meals sold at convenience stores.

SERVICES, ENGINEERING AND OTHERS

Sales for the segment decreased by ¥16.6 billion to ¥28.2 billion, a 37.1% decline, largely due to divestments of liquors-related operations and salt operations. Operating profit recovered to ¥2.3 billion, a ¥2.6 billion improvement from the operating loss of the previous year.

III. Consolidated Statements of Income

	Year ended March 2004	Year ended March 2003	Increase (decrease)	Percent change
Net sales	1,253,534	1,193,615	59,919	+5.0
Cost of sales	924,206	864,083	60,123	+7.0
Selling, general and administrative expenses	268,396	267,976	420	+0.2
Operating profit	60,932	61,555	(623)	-1.0
Non-operating income	5,523	5,665	(142)	—
Non-operating expenses	12,812	16,831	(4,019)	—
Ordinary profit	53,643	50,389	3,254	+6.5
Special gains	10,665	63,942	(53,277)	—
Special losses	9,488	215,201	(205,713)	—
Income (loss) before income taxes and minority interests	54,820	(100,869)	155,689	—
Net income (loss)	27,672	(66,791)	94,463	—

IV. Consolidated Balance Sheets

	As of March 2004	As of March 2003	Increase (decrease)
Assets section			
Current assets	554,404	548,877	5,527
Fixed assets	694,802	663,497	31,305
Tangible fixed assets	428,302	427,188	1,114
Intangible fixed assets	39,675	37,612	2,063
Investments and other assets	226,825	198,697	28,128
Total assets	1,249,206	1,212,374	36,832
Liabilities section			
Current liabilities	390,428	385,315	5,113
Long-term liabilities	402,350	408,531	(6,181)
Minority interest in consolidated subsidiaries	5,977	10,889	(4,912)
Shareholders' equity			
Issued and outstanding	103,389	103,389	—
Capital surplus	79,396	79,396	—
Retained earnings	249,820	230,292	19,528
Revaluation surplus	966	873	93
Unrealized gain on land	100	100	—
Net unrealized gains on securities	43,413	16,455	26,958
Foreign currency translation adjustment	(9,973)	(6,367)	(3,606)
Common stock in treasury, at cost	(16,660)	(16,499)	(161)
Total liabilities, minority interest and shareholders' equity	1,249,206	1,212,374	36,832

V. Cash Flows

	Year ended March 2004	Year ended March 2003
Cash flows from operating activities	122,147	84,431
Cash flows from investing activities	(79,323)	(84,548)
Cash flows from financing activities	(50,637)	(9,000)
Effect of exchange rate changes on cash and cash equivalents	(753)	(493)
Net decrease in cash and cash equivalents	(8,566)	(9,610)
Cash and cash equivalents at beginning of year	79,291	83,948
Cash and cash equivalents held by newly consolidated subsidiaries	172	4,954
Cash and cash equivalents at end of year	70,898	79,291

VI. Segment Information

1. Industry segments

(1) Fiscal year ended March 31, 2004*

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses, Assets, and Eliminations	Consolidated
Sales											
Customers	453,707	361,273	105,965	101,514	82,483	60,622	59,813	28,156	1,253,534	—	1,253,534
Intersegment	10,394	209	23	2,611	725	11,140	3,290	29,741	58,132	(58,132)	—
Total	464,101	361,482	105,988	104,125	83,208	71,761	63,104	57,896	1,311,666	(58,132)	1,253,534
Operating expenses	447,562	339,907	93,072	103,197	68,272	73,863	57,869	55,605	1,239,348	(46,746)	1,192,602
Operating profit (loss)	16,539	21,575	12,916	928	14,936	(2,101)	5,234	2,291	72,318	(11,386)	60,932
Identifiable assets, depreciation and amortization, and capital expenditure											
Identifiable assets	450,474	168,353	121,575	115,112	106,541	58,371	55,676	275,914	1,352,013	(102,807)	1,249,206
Depreciation and amortization	26,286	2,125	6,521	6,721	10,410	3,536	4,015	1,827	61,443	2,965	64,408
Capital expenditure	32,442	2,873	7,618	7,721	15,689	5,659	7,359	2,204	81,564	4,823	86,387

* Corporate research expenses and group monitoring expenses, previously allocated to operating segments, are reported in Corporate Expenses, Assets, and Eliminations. In the October 2003 transition to a holding company configuration, assets previously allocated to operating segments have been transferred to core operating companies where feasible; the remainder are reported in Corporate Expenses, Assets, and Eliminations.

(2) Fiscal year ended March 31, 2003*

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses, Assets, and Eliminations	Consolidated
Sales											
Customers	424,673	320,553	105,463	110,551	71,579	63,101	52,909	44,787	1,193,615	—	1,193,615
Intersegment	11,312	95	0	2,014	988	9,592	2,216	31,607	57,825	(57,825)	—
Total	435,985	320,648	105,463	112,565	72,568	72,693	55,124	76,394	1,251,440	(57,825)	1,193,615
Operating expenses	412,322	306,780	88,110	111,254	63,022	75,040	50,402	76,678	1,183,608	(51,548)	1,132,060
Operating profit (loss)	23,663	13,867	17,353	1,311	9,545	(2,347)	4,722	(284)	67,831	(6,276)	61,555
Identifiable assets, depreciation and amortization, and capital expenditure											
Identifiable assets	426,636	98,336	113,904	113,995	87,108	52,317	47,797	86,223	1,026,317	186,058	1,212,374
Depreciation and amortization	21,833	2,105	6,184	7,377	9,104	4,399	3,842	2,659	57,503	3,305	60,808
Capital expenditure	46,670	2,250	10,842	8,337	7,376	1,704	7,571	3,144	87,894	6,091	93,985

* Operating segments realigned for comparison purposes.

(3) Fiscal year ended March 31, 2003*

	Chemical and Chemical- related	Housing and Construction Materials	Fibers and Textiles	Electronics	Health Care	Liquors, Services and Others	Combined	Corporate Expenses, Assets, and Eliminations	Consolidated
Sales									
Customers	477,581	383,654	110,551	71,579	105,463	44,787	1,193,615	—	1,193,615
Intersegment	10,888	101	2,014	988	0	20,770	34,762	(34,762)	—
Total	488,469	383,754	112,565	72,568	105,463	65,557	1,228,376	(34,762)	1,193,615
Operating expenses	463,772	373,389	111,580	61,520	90,499	66,047	1,166,807	(34,747)	1,132,060
Operating profit (loss)	24,697	10,366	985	11,048	14,964	(490)	61,569	(15)	61,555
Identifiable assets, depreciation and amortization, and capital expenditure									
Identifiable assets	491,344	150,395	110,713	90,394	113,915	87,258	1,044,019	168,355	1,212,374
Depreciation and amortization	25,675	6,504	7,380	9,104	6,184	3,012	57,858	2,949	60,808
Capital expenditure	54,241	3,954	8,340	7,376	10,842	3,200	87,953	6,031	93,985

* Original operating segments.

2. Geographic information

(1) Fiscal year ended March 31, 2004

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

(2) Fiscal year ended March 31, 2003

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

3. Overseas sales

(1) Fiscal year ended March 31, 2004

	East Asia*	Other regions	Total
Overseas sales	131,678	110,490	242,168
Consolidated net sales	—	—	1,253,534
Overseas sales/ consolidated net sales	10.5%	8.8%	19.3%

* China (including Hong Kong), Korea, and Taiwan.

(2) Fiscal year ended March 31, 2003

Overseas sales	212,550
Consolidated net sales	1,193,615
Overseas sales/ consolidated net sales	17.8%

Segment information is not shown because sales to no overseas regions reached 10% of total sales.

VII. Overview of Operating Segments

1. Consolidated net sales by operating segment

	Year ended March 2004		Year ended March 2003		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals	453,707	36.2	424,673	35.6	29,034	+6.8
Homes	361,273	28.8	320,553	26.9	40,720	+12.7
Pharma	105,965	8.5	105,463	8.8	502	+0.5
Fibers	101,514	8.1	110,551	9.3	(9,037)	-8.2
Electronics Materials and Devices	82,483	6.6	71,579	6.0	10,904	+15.2
Construction Materials	60,622	4.8	63,101	5.3	(2,479)	-3.9
Life & Living	59,813	4.8	52,909	4.4	6,904	+13.0
Services, Engineering and Others	28,156	2.2	44,787	3.7	(16,631)	-37.1
Total	1,253,534	100.0	1,193,615	100.0	59,919	+5.0

2. Major products, by operating segment

Chemicals

Chemicals & Plastics

- Ammonia, nitric acid, caustic soda, high-compound fertilizers
- Acrylonitrile (AN)
- Styrene monomer
- Methyl methacrylate (MMA) monomer, polymethyl methacrylate
- Suntec™ polyethylene (PE)
- Stylac™-AS styrene-acrylonitrile, Stylac™-ABS acrylonitrile-butadiene-styrene, SB latex
- Synthetic rubber, thermoplastic elastomers (TPEs)

Performance Plastics & Compounds

- Tenac™ polyacetal
- Xyron™ modified polyphenylene ether (mPPE)
- Leona™ nylon 66
- Molding machine purging agent

Performance Chemicals

- Adipic acid, cyclohexanol
- Duranate™ non-yellowing polyisocyanate, aluminum paste, epoxy resin, acrylic latex, and other coating materials

Specialty Products & Systems

- Ceolus™ microcrystalline cellulose
- Industrial cleaning agents
- Bonded anchors, industrial explosives, defense explosives, metal cladding
- APR™ photosensitive resins, AFP™ photosensitive plates, printing plate making systems
- Microza™ ultrafiltration and microfiltration membranes and systems
- Hipore™ fine porous membranes
- Ion-exchange membranes, electrolysis and electro dialysis systems

Homes

- Hebel Haus™ houses
- Hebel Maison™ and other apartments, condominiums
- Remodeling
- Real estate, residential land development

Pharma

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

Fibers

- Roica™ elastic polyurethane filament
- Bemberg™ cuprammonium rayon
- Leona™ nylon 66 filament
- Eltas™ spunbond, Bemliese™ nonwoven cellulose filament, Lamous™ artificial suede
- Soloflex™ polytrimethylene terephthalate
- Polyester filament

Electronics Materials and Devices

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

Construction Materials

- Hebel™ autoclaved lightweight concrete (ALC) panels
- Piles
- Neoma™ foam insulation panels
- Artificial fish reefs

Life & Living

- Saran Wrap™ food wrapping films, Ziploc™ food storage bags
- Films, sheets, foams

Services, Engineering and Others

- Plant engineering, environmental engineering
- Medical image processing systems, IT systems integration services
- Think tank services