

Asahi Kasei Corporation

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November 15, 2001

Consolidated Results for the Semiannual Period Ended September 30, 2001

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

I. Summary of Consolidated Results

1. Results for fiscal half ended September 30, 2001

(1) Operating results (percent change from first half of previous fiscal year in brackets)

Fiscal half ended September	2001	2000
Net sales	600,057 [-1.8%]	611,256 [+6.5%]
Operating profit	23,715 [-48.6%]	46,177 [+59.7%]
Ordinary profit	20,655 [-50.1%]	41,417 [+18.7%]
Net income	3,062 [-75.0%]	12,254 [+53.8%]
Net income per share (yen)	2.12	8.49
Diluted net income per share (yen)	—	8.45

Notes:

1. Equity in earnings of unconsolidated subsidiaries and affiliates: ¥299 million (¥812 million equity in loss during first half of previous fiscal year)

2. Average shares outstanding (consolidated): 1,442,611,180 (1,442,603,792 during first half of previous fiscal year)

3. Change in method of accounting: none

(2) Financial position

As of	Sep. 2001	Mar. 2001
Total assets	1,208,876	1,240,007
Shareholders' equity	512,066	516,013
Shareholders' equity/total assets	42.4%	41.6%
Shareholders' equity per share (yen)	354.96	357.70

(3) Cash flows

Fiscal half ended September	2001	2000
Cash flows from operating activities	15,690	14,288
Cash flows from investing activities	(42,567)	(27,666)
Cash flows from financing activities	17,754	(9,365)
Cash and cash equivalents at end of year	77,646	82,438

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 101

No. of unconsolidated subsidiaries for which the equity method is applied: 26

No. of affiliate companies for which the equity method is applied: 31

(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 newly excluded from application of the equity method: 1

2. Estimate for fiscal year ending March 31, 2002

Net Sales	1,210,000
Operating Profit	54,000
Ordinary Profit	47,000
Net Income	9,000

Note: Net income per share: ¥6.24

II. Overview of Consolidated Results

1. Consolidated Group Results

The operating environment during the first half of the fiscal year was extremely unfavorable, with sharp production cuts in the information technology industry in response to falling demand worldwide, especially in the US. The Japanese economy lagged, with the problem of nonperforming loans resurfacing, unemployment reaching record levels, and deflation becoming acute due to increasing supply/demand imbalances and rising imports.

In this environment, the financial performance of the Asahi Kasei Group was hampered, with both sales and profit declining from a year ago. Net sales decreased ¥11.1 billion to ¥600.0 billion, operating profit decreased ¥22.4 billion to ¥23.7 billion, ordinary profit decreased ¥20.7 billion to ¥20.6 billion, and net income decreased ¥9.1 billion to ¥3.0 billion.

2. Results by operating sector

Beginning with the fiscal half 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 and BIOTECHNOLOGY AND MEDICAL PRODUCTS segments are now independent operating sectors for reporting purposes. 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 increased ¥9.2 billion to ¥223.6 billion, largely due to the addition of new consolidated subsidiaries in performance resins operations. Operating profit decreased ¥7.5 billion to ¥7.6 billion. Elevated operating costs resulting from naphtha prices remaining high were difficult to pass on as sales price increases due to weak demand, particularly with the sharp slowing of the US economy.

Worldwide market conditions for basic chemicals such as acrylonitrile deteriorated, and operating profit decreased. Operating profit in commodity plastics such as polystyrene decreased due to high feedstock costs.

In chemical intermediates, poor market conditions in the polyurethane industry and intense competition from producers in China and other parts of Asia led to low market prices for adipic acid, resulting in decreased operating profit.

Despite poor demand in IT-related applications in Japan and Asia, operating profit in performance plastics such as Leona™ nylon 66 was comparable to a year ago, largely due to healthy domestic demand in automotive applications.

With domestic private consumption remaining generally weak, operating profit in consumable products such as Saran Wrap™ decreased.

Sales of Microza™ hollow fiber filtration membranes increased, principally for water treatment applications in the US, but demand for Hipore™ fine porous membranes for use in lithium-ion rechargeable batteries for cellular phones fell, and operating profit in industrial membranes decreased.

HOUSING AND CONSTRUCTION MATERIALS

Sales for the sector decreased ¥2.1 billion to ¥203.6 billion, and operating profit decreased ¥2.6 billion to ¥7.5 billion.

The domestic housing market continued to be marked by hesitancy on the part of prospective home buyers, largely due to falling real estate prices and apprehension about long-term job security. Despite efforts focused on countering this trend by marketing new products and expanding after-service operations in conjunction with our Long Life Home™ product concept, the number of housing units sold during the fiscal half failed to match that of a year ago, and operating profit decreased.

Operating profit in construction materials increased with rising sales of Neoma™ foam insulation panels, though demand in the domestic construction industry remained generally weak.

FIBERS AND TEXTILES

Sales for the sector decreased ¥3.3 billion to ¥64.3 billion, and operating profit decreased ¥1.2 billion to ¥0.1 billion. In both apparel and non-apparel fields, the domestic market continued to be marked by weak demand and increasing imports from China and other Asian countries.

Operating profit in Bemberg™ cuprammonium rayon increased, with demand in lining applications recovering. Market prices for Roica™ elastic polyurethane filament declined and operating profit decreased, despite increased sales volumes made possible by newly expanded production facilities.

ELECTRONICS

Sales for the sector decreased ¥17.6 billion to ¥32.0 billion, and operating profit decreased ¥10.6 billion to ¥2.0 billion. Demand fell sharply for products throughout the sector, including electronic materials such as glass fabric for printed circuit boards and electronic devices such as digital/analog mixed-signal LSIs, as users in the cellular phone, personal computer, and home electronics industries ran down inventories and initiated long-term cuts in production levels.

BIOTECHNOLOGY AND MEDICAL PRODUCTS

Sales for the sector increased ¥1.5 billion to ¥49.0 billion, and operating profit was on par with a year ago at ¥6.5 billion.

Sales of pharmaceuticals increased, with Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant making strong contributions to sales growth.

In medical devices, sales grew for APS™ polysulfone artificial kidneys and Sepacell™ leukocyte reduction filters.

LIQUORS, SERVICES AND OTHERS

Sales for the sector, which includes salt, engineering, and information systems operations, increased ¥1.0 billion to ¥27.3 billion. An operating loss of ¥0.4 billion resulted, after breaking even a year ago.

In liquors, several new items were added to the product lineup, but the operating loss could not be reduced as demand for *sake* was generally weak and competition from low-priced *shochu* fizz products intensified with the entry of beer makers into the market.

III. Consolidated Statements of Income

	Fiscal half ended September 2001	Fiscal half ended September 2000	Increase (decrease)	Percent change
Net sales	600,057	611,256	(11,199)	-1.8
Cost of sales	435,095	428,632	6,463	+1.5
Selling, general and administrative expenses	141,246	136,447	4,799	+3.5
Operating profit	23,715	46,177	(22,462)	-48.6
Non-operating income	3,417	3,237	180	+5.6
Non-operating expenses	6,477	7,997	(1,520)	-19.0
Ordinary profit	20,655	41,417	(20,762)	-50.1
Special gains	765	46,264	(45,499)	-98.3
Special losses	13,223	62,058	(48,835)	-78.7
Income before income taxes and minority interests	8,197	25,622	(17,425)	-68.0
Net income	3,062	12,254	(9,192)	-75.0

IV. Consolidated Balance Sheets

	As of Sept. 2001	As of March 2001	Increase (decrease)
Assets section			
Current assets	579,123	622,867	(43,744)
Fixed assets	629,753	617,140	12,613
Tangible fixed assets	424,842	419,168	5,674
Intangible fixed assets	27,480	21,794	5,686
Investments and other assets	177,429	176,176	1,253
Total assets	1,208,876	1,240,007	(31,131)
Liabilities section			
Current liabilities	377,222	414,066	(36,844)
Long-term liabilities	307,917	295,320	12,597
Minority interest in consolidated subsidiaries	11,669	14,607	(2,938)
Shareholders' equity			
Issued and outstanding	103,388	103,388	—
Additional paid-in capital	79,396	79,396	—
Revaluation surplus	872	872	—
Retained earnings	307,779	309,254	(1,475)
Net unrealized gain on securities	29,526	32,675	(3,149)
Foreign currency translation adjustment	(8,897)	(9,560)	663
Common stock in treasury, at cost	(0)	(14)	14
Total liabilities, minority interest and shareholders' equity	1,208,876	1,240,007	(31,131)

V. Cash Flows

Fiscal half ended September	2001	2000
Cash flows from operating activities	15,690	14,288
Cash flows from investing activities	(42,567)	(27,666)
Cash flows from financing activities	17,754	(9,365)
Effect of exchange rate changes on cash and cash equivalents	(17)	104
Net decrease in cash and cash equivalents	(9,139)	(22,639)
Cash and cash equivalents at beginning of year	86,721	104,967
Cash and cash equivalents held by newly consolidated subsidiaries	63	110
Cash and cash equivalents at end of half	77,646	82,438

VI. Segment Information

1. Industry segments

(1) Fiscal half ended September 30, 2001

	Chemical and Chemical-related	Housing and Construction Materials	Fibers and Textiles	Electronics	Biotechnology and Medical Products	Liquors, Services and Others	Combined	Eliminations	Consolidated
Sales									
Customers	223,644	203,629	64,380	32,047	49,039	27,315	600,057	—	600,057
Intersegment	5,583	21	1,043	357	—	10,522	17,528	(17,528)	—
Total	229,228	203,650	65,423	32,404	49,039	37,838	617,585	(17,528)	600,057
Operating expenses	221,599	196,087	65,263	30,307	42,462	38,257	593,978	(17,636)	576,341
Operating profit	7,628	7,562	159	2,096	6,577	(418)	23,607	108	23,715

(2) Fiscal half ended September 30, 2000*

	Chemical and Chemical-related	Housing and Construction Materials	Fibers and Textiles	Electronics	Biotechnology and Medical Products	Liquors, Services and Others	Combined	Eliminations	Consolidated
Sales									
Customers	214,363	205,745	67,709	49,718	47,458	26,260	611,256	—	611,256
Intersegment	6,168	25	999	91	—	11,248	18,533	(18,533)	—
Total	220,532	205,770	68,709	49,810	47,458	37,509	629,790	(18,533)	611,256
Operating expenses	205,327	195,565	67,251	37,091	40,910	37,492	583,639	(18,560)	565,079
Operating profit	15,204	10,204	1,457	12,719	6,548	16	46,151	26	46,177

(3) Fiscal half ended September 30, 2000†

	Chemicals and Plastics	Housing and Construction Materials	Fibers and Textiles	Special Products and Services	Combined	Eliminations	Consolidated
Sales							
Customers	206,526	205,745	67,709	131,275	611,256	—	611,256
Intersegment	6,102	25	999	10,259	17,386	(17,386)	—
Total	212,629	205,770	68,709	141,534	628,643	(17,386)	611,256
Operating expenses	198,736	195,565	67,251	120,947	582,501	(17,422)	565,079
Operating profit	13,893	10,204	1,457	20,587	46,142	35	46,177

* Operating sectors realigned for comparison purposes.

† Original operating sectors.

2. Geographic segments

(1) Fiscal half ended September 30, 2001

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

(2) Fiscal half ended September 30, 2000

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

3. Overseas sales

(1) Fiscal half ended September 30, 2001

Overseas sales	92,514
Consolidated net sales	600,057
Overseas sales/ consolidated net sales	15.4%

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

(2) Fiscal half ended September 30, 2000

Overseas sales	85,424
Consolidated net sales	611,256
Overseas sales/ consolidated net sales	14.0%

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

	Fiscal half ended September 2001		Fiscal half ended September 2000*		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemical and Chemical-related	223,644	37.3	214,363	35.1	9,281	4.3
Housing and Construction Materials	203,629	33.9	205,745	33.6	(2,116)	-1.0
Fibers and Textiles	64,380	10.7	67,709	11.1	(3,329)	-4.9
Electronics	32,047	5.3	49,718	8.1	(17,671)	-35.5
Biotechnology and Medical Products	49,039	8.2	47,458	7.8	1,581	3.3
Liquors, Services and Others	27,315	4.6	26,260	4.3	1,055	4.0
Total	600,057	100.0	611,256	100.0	(11,199)	-1.8

* 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.
- Suntec™ 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, molding machine purging agent.
- 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.
- Avicel™ 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.

Biotechnology and Medical Products

- 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™, Waru™, and other *shochu* fizz, salt.