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Consolidated Results for the Semiannual Period Ended September 30, 2002

(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, 2002

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

Fiscal half ended September	2002	2001
Net sales	577,412 [-3.8%]	600,057 [-1.8%]
Operating profit	24,719 [+4.2%]	23,715 [-48.6%]
Ordinary profit	20,972 [+1.5%]	20,655 [-50.1%]
Net income (loss)	(40,280)	3,062 [-75.0%]
Net income (loss) per share*	(28.71)	2.12
Diluted net income per share*	—	—

* Yen

Notes:

- Equity in loss of unconsolidated subsidiaries and affiliates: ¥157 million (¥299 million equity in earnings during first half of previous fiscal year)
- Average shares outstanding (consolidated): 1,402,900,001 (1,442,611,180 during first half of previous fiscal year)
- Change in method of accounting: Change from ten-year to one-year amortization of unrecognized actuarial differences arising in retirement allowances.

(2) Financial position

As of	Sep. 2002	Sep. 2001
Total assets	1,223,691	1,208,876
Shareholders' equity	443,785	512,066
Shareholders' equity/total assets	36.3%	42.4%
Shareholders' equity per share*	316.45	354.96

* Yen

(3) Cash flows

Fiscal half ended September	2002	2001
Cash flows from operating activities	36,395	15,690
Cash flows from investing activities	(37,536)	(42,567)
Cash flows from financing activities	21,238	17,754
Cash and cash equivalents at end of year	108,392	77,646

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 101

No. of unconsolidated subsidiaries for which the equity method is applied: 29

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: 2

No. of consolidated subsidiaries newly excluded: 2

No. of unconsolidated subsidiaries and affiliate companies for which the equity method is newly applied: 1

No. of unconsolidated subsidiaries and affiliate companies newly excluded from application of the equity method: 7

2. Estimate for fiscal year ending March 31, 2003

Net sales	1,200,000
Operating profit	54,000
Ordinary profit	45,000
Net income (loss)	(46,000)

Note: Net loss per share: ¥32.80

II. Overview of Consolidated Results

1. Consolidated Group Results

Though export markets showed some signs of recovery during the first part of the period, the challenging domestic Japanese operating environment continued throughout the term, with capital investment and residential construction remaining slack, the problem of nonperforming loans coming to the fore, and a persistent share price decline. During the latter part of the period, apprehension regarding near-term economic prospects in the US and worldwide grew.

Consolidated results for the Asahi Kasei Group in the first half of the fiscal year were mixed. In CHEMICAL AND CHEMICAL-RELATED operations, sales and operating profit increased from the year-ago period, largely due to improved market conditions for monomers. In ELECTRONICS operations, inventories normalized during the first part of the period, and markets showed renewed signs of activity. In HEALTH CARE operations, increased sales of new pharmaceuticals contributed to improved results, and artificial kidneys continued to perform well. In FIBERS AND TEXTILES operations, however, sales and operating profit decreased from the year-ago period due to weak demand and the effects of the Leona Plant fire. Sales and operating profit in HOUSING AND CONSTRUCTION MATERIALS also decreased, reflecting the severe operating environment.

Net sales decreased ¥22.6 billion to ¥577.4 billion, operating profit increased ¥1.0 billion to ¥24.7 billion, and ordinary profit increased ¥0.3 billion to ¥20.9 billion. In relation to retirement benefits, a special gain of ¥56.0 billion was recorded due to the reversion of proxy execution of a portion of the national pension, while the ¥125.9 billion of unrecognized actuarial differences accumulated at the beginning of the period was charged as a one-time special loss to facilitate the transition to one-year amortization of unrecognized actuarial differences. A net loss of ¥40.2 billion, a decrease of ¥43.3 billion from the net income of a year ago, was largely the result of these extraordinary items.

2. Results by operating sector

CHEMICAL AND CHEMICAL-RELATED

Sales for the sector increased ¥5.4 billion to ¥229.1 billion and operating profit increased ¥2.3 billion to ¥9.9 billion with rising overseas demand, especially in China.

Operating profit in basic chemicals such as acrylonitrile and styrene monomer increased as market conditions recovered, with especially strong demand in China. Operating profit in commodity plastics such as polyethylene decreased due to weak sales prices.

In performance chemicals, adipic acid operations were affected by the Leona Plant fire, but expanded sales both in Japan and overseas enabled operating profit to remain on par with a year ago.

In performance plastics, including Tenac™ polyacetal, Xyron™ modified PPE, and Leona™ nylon 66, operating profit increased with continuing strong demand in automotive applications and particularly strong growth in electronics applications such as computer peripherals.

Operating profit in consumable products increased. Domestic sales of Saran Wrap™ and Ziploc™ expanded, and sales of food wrap film in China increased.

Operating profit in industrial membranes increased as demand grew for Microza™ hollow fiber filtration membranes for water treatment applications in the US and Europe, and demand recovered for Hipore™ fine porous membranes for use in lithium-ion rechargeable batteries for cellular phones.

Operating profit in ion-exchange decreased despite concerted efforts to expand sales of membrane-process salt electrolysis systems in Europe and China.

HOUSING AND CONSTRUCTION MATERIALS

Sales for the sector decreased ¥23.6 billion to ¥179.9 billion, and operating profit decreased ¥5.0 billion to ¥2.5 billion. The number of housing units sold decreased as prospective home buyers remained apprehensive about job security and economic prospects. Markets for construction materials continued to be lethargic.

Marketing efforts in housing were focused on advancing the “long life home” product concept. A new ecologically efficient home, the Hebel Haus sorakara™, was introduced in July 2002 to appeal to environment-conscious home buyers. Innovative mortgage and insurance schemes were also developed to make home buying more attractive. Housing-related operations including urban renewal, remodeling, and real estate continued to grow. These positive contributions, however, could not fully overcome the underlying weakness of the market, and operating profit in housing operations decreased.

Markets for construction materials remained slack. Operating cost reductions were implemented, but operating profit decreased nevertheless.

FIBERS AND TEXTILES

Sales for the sector decreased ¥8.0 billion to ¥56.3 billion, and operating profit was on par with a year ago at ¥0.2 billion. In both apparel and non-apparel fields, the domestic market continued to be marked by weak demand and fierce competition from imports from China and other Asian countries. This sector also bore the greatest effects of the Leona Plant fire, as nylon 66 filament production was suspended throughout the period.

Operating profit in Bemberg™ cuprammonium rayon increased, with demand in lining applications continuing to recover both in Japan and overseas. Sales volumes for Roica™ elastic polyurethane filament grew with rising demand, and operating profit increased.

ELECTRONICS

Sales for the sector increased ¥5.5 billion to ¥37.6 billion, and operating profit increased ¥3.7 billion to ¥5.8 billion. As production of cellular phones, personal computers, and computer peripherals recovered, demand for electronic devices such as LSIs and for electronic materials increased sharply during the first part of the period and then steadied during the latter part of the period.

HEALTH CARE

Sales for the sector increased ¥3.0 billion to ¥52.1 billion, and operating profit increased ¥1.0 billion to ¥7.6 billion.

Pharmaceutical operations were significantly affected by reductions in medical reimbursement prices but operating profit nevertheless increased as sales of Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant continued to grow. Overseas demand for Planova™ virus removal filters grew.

Operating profit in medical devices also increased with sales of APS™ polysulfone artificial kidneys and Sepacell™ leukocyte reduction filters continuing to grow, and with a growing contribution from Cellsorba™ leukocyte adsorption columns for ulcerative colitis which went on sale in October 2001.

LIQUORS, SERVICES AND OTHERS

Sales for the sector, which includes salt, engineering, and information systems operations, decreased ¥5.0 billion to ¥22.2 billion, and the operating loss increased ¥1.0 billion to ¥1.4 billion. In liquors, demand for sake remained poor and fierce price competition continued in the market for *shochu* fizz products. In service-related operations such as plant engineering, operating profit decreased with slack private sector capital investment.

III. Consolidated Statements of Income

	Fiscal half ended September 2002	Fiscal half ended September 2001	Increase (decrease)	Percent change
Net sales	577,412	600,057	(22,645)	-3.8
Cost of sales	417,460	435,095	(17,635)	-4.1
Selling, general and administrative expenses	135,232	141,246	(6,014)	-4.3
Operating profit	24,719	23,715	1,004	+4.2
Non-operating income	2,553	3,417	(864)	—
Non-operating expenses	6,300	6,477	(177)	—
Ordinary profit	20,972	20,655	317	+1.5
Special gains	58,401	765	57,636	—
Special losses	146,916	13,223	133,693	—
Income (loss) before income taxes and minority interests	(67,542)	8,197	(75,739)	—
Net income (loss)	(40,280)	3,062	(43,342)	—

IV. Consolidated Balance Sheets

	As of Sept. 2002	As of March 2002	Increase (decrease)
Assets section			
Current assets	579,306	564,653	14,653
Fixed assets	644,385	628,358	16,027
Tangible fixed assets	424,074	415,192	8,882
Intangible fixed assets	34,963	31,547	3,416
Investments and other assets	185,347	181,617	3,730
Total assets	1,223,691	1,193,011	30,680
Liabilities section			
Current liabilities	395,098	383,423	11,675
Long-term liabilities	373,413	300,893	72,520
Minority interest in consolidated subsidiaries	11,394	11,869	(475)
Shareholders' equity	443,785	496,825	(53,040)
Issued and outstanding	103,388	103,388	—
Additional paid-in capital	79,396	79,396	—
Retained earnings	261,009	305,514	(44,505)
Revaluation surplus	970	970	—
Net unrealized gain on securities	21,571	26,233	(4,662)
Foreign currency translation adjustment	(6,362)	(4,596)	(1,766)
Common stock in treasury, at cost	(16,188)	(14,081)	(2,107)
Total liabilities, minority interest and shareholders' equity	1,223,691	1,193,011	30,680

V. Cash Flows

Fiscal half ended September	2002	2001
Cash flows from operating activities	36,395	15,690
Cash flows from investing activities	(37,536)	(42,567)
Cash flows from financing activities	21,238	17,754
Effect of exchange rate changes on cash and cash equivalents	(606)	(17)
Net increase (decrease) in cash and cash equivalents	19,491	(9,139)
Cash and cash equivalents at beginning of year	83,947	86,721
Cash and cash equivalents held by newly consolidated subsidiaries	4,953	63
Cash and cash equivalents at end of half	108,392	77,646

VI. Segment Information

1. Industry segments

(1) Fiscal half ended September 30, 2002

	Chemical and Chemical- related	Housing and Construction Materials	Fibers and Textiles	Electronics	Health Care	Liquors, Services and Others	Combined	Eliminations	Consolidated
Sales									
Customers	229,108	179,948	56,302	37,632	52,137	22,281	577,412	—	577,412
Intersegment	5,506	24	954	51	0	7,770	14,307	(14,307)	—
Total	234,614	179,973	57,257	37,684	52,137	30,051	591,719	(14,307)	577,412
Operating expenses	224,645	177,470	57,008	31,836	44,522	31,540	567,024	(14,331)	552,692
Operating profit (loss)	9,969	2,503	248	5,847	7,615	(1,488)	24,695	24	24,719

(2) Fiscal half ended September 30, 2001

	Chemical and Chemical- related	Housing and Construction Materials	Fibers and Textiles	Electronics	Health Care	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 (loss)	7,628	7,562	159	2,096	6,577	(418)	23,607	108	23,715

2. Geographic segments

(1) Fiscal half ended September 30, 2002

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

(2) Fiscal half ended September 30, 2001

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, 2002

Overseas sales	106,344
Consolidated net sales	577,412
Overseas sales/ consolidated net sales	18.4%

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, 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.

VII. Overview of Operating Sectors

1. Consolidated net sales by operating sector

	Fiscal half ended September 2002		Fiscal half ended September 2001		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemical and Chemical-related	229,108	39.7	223,644	37.3	5,464	+2.4
Housing and Construction Materials	179,948	31.2	203,629	33.9	(23,681)	-11.6
Fibers and Textiles	56,302	9.8	64,380	10.7	(8,078)	-12.5
Electronics	37,632	6.5	32,047	5.3	5,585	+17.4
Health Care	52,137	8.9	49,039	8.2	3,098	+6.3
Liquors, Services and Others	22,281	3.9	27,315	4.6	(5,034)	-18.4
Total	577,412	100.0	600,057	100.0	(22,645)	-3.8

2. Major products, by operating sector

Chemical and Chemical-related

Chemicals and Plastics

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

Performance Plastics and 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, nitrocellulose, epoxy resin, acrylic latex, and other coating materials

Fabricated Home Products

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

Specialty Products & Systems

- Ceolus™ and Avicel™ 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 electrodialysis systems

Housing and Construction Materials

Housing

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

Construction Materials

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

Fibers and Textiles

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

Electronics

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

Health Care

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

Liquors, Services and Others

- Fukumusume™ and other *sake*
- Salt
- Plant, equipment, process engineering