

Asahi Chemical Industry Co., Ltd.

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Board of Directors Meeting: May 23, 2000

May 24, 2000

Consolidated Results for Fiscal Year Ended March 31, 2000

(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, 2000

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

Fiscal year ended March	2000	1999
Net sales	1,194,462 [+1.9%]	1,171,845 [-8.6%]
Operating profit	74,322 [+45.1%]	51,236 [-18.4%]
Ordinary profit	85,853 [+102.3%]	42,442 [-24.6%]
Net income	20,524 [+18.0%]	17,392 [-16.4%]
Net income per share (yen)	14.23	12.06
Diluted net income per share (yen)	14.21	—
Net income/shareholders' equity	4.4%	3.8%
Ordinary profit/total assets	7.3%	3.5%
Ordinary profit/net sales	7.2%	3.6%

Notes:

- Equity in loss of unconsolidated subsidiaries and affiliates: ¥466 million (¥2,831 million during previous fiscal year)
- Gain on market valuation of securities: ¥111,903 million
- Loss on market valuation of derivatives: ¥ 132 million
- Change in method of accounting: none

(2) Financial position

Fiscal year ended March	2000	1999
Total assets	1,180,372	1,185,249
Shareholders' equity	476,159	464,338
Shareholders' equity/total assets	40.3%	39.2%
Shareholders' equity per share (yen)	330.07	321.88

(3) Cash flows

Cash flows from operating activities	68,192
Cash flows from investing activities	34,213
Cash flows from financing activities	(74,433)
Cash and cash equivalents at end of year	104,967

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 93

No. of unconsolidated subsidiaries for which the equity method is applied: 21

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: 17

No. of consolidated subsidiaries newly excluded: 9

No. of unconsolidated subsidiaries and affiliate companies for which the equity method is newly applied: 6

No. of unconsolidated subsidiaries and affiliate companies newly excluded from application of the equity method: 21

2. Estimate for fiscal year ending March 31, 2001

	For semiannual period ending September 2001	For fiscal year
Net Sales	610,000	1,250,000
Ordinary Profit	32,000	81,000
Net Income	11,000	27,000

Note: Net income per share: ¥18.72

II. Consolidated Statements of Income

	Year ended March 2000	Year ended March 1999	Increase (decrease)	Percent change
Net sales	1,194,462	1,171,845	22,617	+1.9
Cost of sales	850,147	850,030	117	—
Selling and general administrative expenses	269,992	270,578	(586)	-0.2
Operating profit	74,322	51,236	23,086	+45.1
Non-operating income	32,332	14,784	17,548	
Non-operating expenses	20,802	23,578	(2,776)	
Ordinary profit	85,853	42,442	43,411	+102.3
Special gains	31,794	4,884	26,910	
Special losses	78,032	9,801	68,231	
Income before income taxes and minority interests	39,615	37,525	2,090	+5.6
Net income	20,524	17,392	3,132	+18.0

III. Consolidated Balance Sheets

	Year ended March 2000	Year ended March 1999	Increase (decrease)
Assets section			
Current assets	605,559	599,038	6,521
Fixed assets	562,004	575,571	(13,567)
Tangible fixed assets	416,881	435,004	(18,123)
Intangible fixed assets	18,110	8,316	9,794
Investments and other assets	127,012	132,250	(5,238)
Foreign currency translation adjustment	12,808	10,638	2,170
Total assets	1,180,372	1,185,249	(4,877)
Liabilities section			
Current liabilities	397,046	395,457	1,589
Long-term liabilities	292,683	310,709	(18,026)
Minority interest in consolidated subsidiaries	14,482	14,743	(261)
Shareholders' equity			
Issued and outstanding	103,388	103,388	—
Additional paid-in capital	79,396	79,396	—
Revaluation surplus	872	872	—
Retained earnings	292,509	280,687	11,822
Common stock in treasury	(8)	(6)	(2)
Liabilities and shareholders' equity	1,180,372	1,185,249	(4,877)

IV. Cash Flows

Cash flows from operating activities	68,192
Cash flows from investing activities	34,213
Cash flows from financing activities	(74,433)
Effect of exchange rate changes on cash and cash equivalents	(661)
Increase in cash and cash equivalents	27,311
Cash and cash equivalents at beginning of year	75,690
Increase in cash and cash equivalents due to consolidation of unconsolidated subsidiaries	1,966
Cash and cash equivalents at end of year	104,967

V. Segment Information

1. Industry segments

(1) Fiscal year ended March 31, 2000

	Chemicals and Plastics	Housing and Construction Materials	Fibers and Textiles	Special Products and Services	Combined	Corporate assets and eliminations	Consolidated
Sales							
Customers	379,677	412,954	139,181	262,650	1,194,462	—	1,194,462
Intersegment	11,693	43	4,697	16,160	32,593	(32,593)	—
Total	391,370	412,997	143,878	278,810	1,227,055	(32,593)	1,194,462
Operating expenses	371,664	390,589	141,714	248,810	1,152,777	(32,637)	1,120,139
Operating profit	19,706	22,408	2,164	30,000	74,278	44	74,322
Assets, depreciation and amortization, and capital expenditure							
Assets	368,160	172,858	158,035	285,231	984,286	196,085	1,180,372
Depreciation and amortization	25,816	6,833	10,424	17,280	60,353	3,275	63,628
Capital expenditure	20,469	6,937	9,986	22,192	59,584	3,629	63,213

(2) Fiscal year ended March 31, 1999

	Chemicals and Plastics	Housing and Construction Materials	Fibers and Textiles	Special Products and Services	Combined	Corporate assets and eliminations	Consolidated
Sales							
Customers	375,048	372,649	148,277	275,871	1,171,845	—	1,171,845
Intersegment	14,019	61	5,601	22,034	41,715	(41,715)	—
Total	389,067	372,710	153,878	297,905	1,213,560	(41,715)	1,171,845
Operating expenses	375,282	359,127	151,797	276,080	1,162,286	(41,677)	1,120,608
Operating profit	13,785	13,583	2,081	21,825	51,274	(38)	51,236
Assets, depreciation and amortization, and capital expenditure							
Assets	374,460	169,444	163,969	272,617	980,490	204,759	1,185,249
Depreciation and amortization	27,353	5,896	11,200	17,435	61,884	1,961	63,845
Capital expenditure	26,572	6,273	10,058	23,395	66,298	4,163	70,461

2. Geographic segments

(1) Fiscal year ended March 31, 2000

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, 1999

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, 2000

Overseas sales	149,832
Consolidated net sales	1,194,462
Overseas sales/ consolidated net sales	12.5%

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, 1999

Overseas sales	162,406
Consolidated net sales	1,171,845
Overseas sales/ consolidated net sales	13.9%

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

VI. Overview of Operating Sectors

1. Consolidated net sales by operating sector

	Year ended March 2000		Year ended March 1999		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals and Plastics	379,677	31.8	375,048	32.0	4,629	+1.2
Housing and Construction Materials	412,954	34.6	372,649	31.8	40,305	+10.8
Fibers and Textiles	139,181	11.6	148,277	12.7	(9,096)	-6.1
Special Products and Services	262,650	22.0	275,871	23.5	(13,221)	-4.8
Electronics	80,653	6.8	66,212	5.7	14,441	+21.8
Membranes and Systems	17,967	1.5	18,133	1.5	(166)	-0.9
Biotechnology and Medical Products	93,460	7.8	88,050	7.5	5,410	+6.1
Engineering and Others	70,570	5.9	103,476	8.8	(32,906)	-31.8
Total	1,194,462	100.0	1,171,845	100.0	22,617	+1.9

Note: Following the divestment of the foods operations during the fiscal year ended March 2000, a new *Engineering and Others* category has been established, subsuming the *Foods and Liquors* and *Engineering and Services* categories which were used through the year ended March 1999. Sales in *Foods and Liquors* for the year ended March 1999 were ¥90,068 million.

2. Major products, by operating sector

Chemicals and Plastics

Basic chemicals (anhydrous ammonia, nitric acid, caustic soda, acrylonitrile, styrene monomer, methyl methacrylate monomer, adipic acid), polyethylene, styrenic resins (polystyrene, SAN, ABS), polymethyl methacrylate, synthetic rubber, thermoplastic elastomers, engineering resins (polyacetal, modified polyphenylene ether, nylon 66 resin), food wrapping films, food storage bags, plastic films, sheets, foams, coating materials, latexes, coated paper, microcrystalline cellulose, industrial cleaning agents, explosives, explosion bonded clad, coated paper, photosensitive resins, printing plate making systems, high-compound fertilizers.

Housing and Construction Materials

Hebel Haus™, Hebel Mezon™, Scrum House™, condominiums, remodeling, real estate, residential land development, Hebel™ autoclaved lightweight concrete panels, piles, FRP fish reefs.

Fibers and Textiles

Acrylic (Cashmilon™ staple fiber, Pewlon™ filament), synthetic filaments (Leona™ nylon 66 filament, polyester filament), cellulose (Bemberg™ cuprammonium rayon, viscose rayon), functional products (Roica™ elastic polyurethane filament, spunbond, Bemliese™, and other non-woven fabrics).

Special Products and Services

Electronics

Photosensitive polyimide, photosensitive dry film resist, Hall elements, LSIs, glass fiber fabric for printed circuit boards.

Membranes and Systems

Ultrafiltration and microfiltration membranes, fine porous membranes, ion exchange membranes, electrolysis and electro dialysis systems.

Biotechnology and Medical Products

Pharmaceuticals, bulk pharmaceuticals, feed additives, diagnostic reagents, artificial kidneys and other medical devices, contact lenses.

Engineering and Others

Engineering, salt, liquors.