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**Consolidated Results for 1st to 3rd Quarter Fiscal 2003:
April 1, 2003 – December 31, 2003**

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

I. Conditions for Preparation of Quarterly Statements**1. Scope of consolidation, application of equity method**

No. of consolidated subsidiaries: 101 (1 more than in year ended March 31, 2003).

No. of unconsolidated subsidiaries and affiliates for which the equity method is applied: 52
(4 less than in year ended March 31, 2003).**II. Summary of Consolidated Results****1. Operating results**

	Q1-Q3 2003	cf. FY 2002
Net sales	904,557	1,193,615
Operating profit	44,636	61,555
Ordinary profit	38,706	50,389
Net income (loss)	19,795	(66,791)
Net income (loss) per share*	14.13	(47.63)
Diluted net income (loss) per share*	—	—

* Yen

Note:

Results for the first three quarters of the previous year and comparisons therewith are not shown because accounts were not closed on a quarterly basis during the previous fiscal year.

Discussion of operating results:

During the first three quarters, the domestic economy enjoyed some signs of improvement with a recovery of exports and increased capital expenditure. However, the outlook for growth continues to be obscure, with private consumption remaining subdued and the yen exchange rate persisting at high levels.

For the nine month period, Asahi Kasei Group results were largely in line with forecasts. Consolidated net sales were ¥904.6 billion, operating profit was ¥44.6 billion, ordinary profit was ¥38.7 billion, and net income was ¥19.8 billion.

Third quarter results by segment**CHEMICALS**

Sales volumes grew with strong overseas demand, but operating profit was below forecast due to high naphtha costs and the high yen exchange rate, especially for monomers and

performance plastics. Operating profit in industrial membranes increased with strong growth in microporous membranes for Li-ion rechargeable batteries.

HOMES

The recovery in orders which began in the second half of the previous fiscal year and tax incentives for home ownership brought a substantial increase in sales. Urban renewal and other related operations continued to grow.

PHARMA

Performance of pharmaceutical operations was constrained by government measures to curtail medical expenses, but sales of Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant continued to grow. Medical device operations performed well.

FIBERS

Operations were affected by the high exchange value of the yen but nevertheless performed well, led by strong results in Roica™ elastic polyurethane filament and nonwovens.

ELECTRONICS MATERIALS AND DEVICES

Strong demand in cell phone and home electronics applications brought good results, especially in electronic devices.

CONSTRUCTION MATERIALS

Sales volumes remained flat with low sales prices and weak demand.

LIFE & LIVING

Consumer products and packaging products performed well.

SERVICES, ENGINEERING AND OTHERS

With the withdrawal of liquors operations, performance of the segment recovered strongly.

2. Financial position

	At end of December 2003	At end of March 2003
Total assets	1,289,610	1,212,374
Shareholders' equity	438,462	407,639
Shareholders' equity/total assets	34.0%	33.6%
Shareholders' equity per share*	312.96	290.92

* Yen

3. Cash flows

	Q3 2003	cf. FY 2002
Cash flows from operating activities	66,646	84,431
Cash flows from investing activities	(79,562)	(84,548)
Cash flows from financing activities	9,566	(9,000)
Cash and cash equivalents at end of period	75,721	79,291

III. Forecast Fiscal 2003 (April 1, 2003 – March 31, 2004)

Net sales	1,250,000
Ordinary profit	55,000
Net income	29,000
Net income per share*	20.70

* Yen

Discussion of forecast results:

Chemicals operations are now expected to perform somewhat less well than initially foreseen, but the other operations are now expected to perform somewhat better than initially foreseen. Taken together, it is believed that consolidated performance will be in line with the previously announced forecast.

Note: 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.

IV. Consolidated Statements of Income

	Q1–Q3 2003	1st Half 2003	Q3 2003	cf. FY 2002
Net sales	904,557	586,020	318,537	1,193,615
Cost of sales	659,079	428,470	230,609	864,083
Selling, general and administrative expenses	200,841	134,870	65,972	267,976
Operating profit	44,636	22,680	21,956	61,555
Non-operating income	3,336	2,154	1,384	5,665
Non-operating expenses	9,266	6,818	2,650	16,831
Ordinary profit	38,706	18,017	20,689	50,389
Special gains	9,287	8,111	1,175	63,942
Special losses	7,172	4,491	2,681	215,201
Income (loss) before income taxes and minority interests	40,820	21,637	19,184	(100,869)
Net income (loss)	19,795	10,284	9,511	(66,791)

V. Consolidated Balance Sheets

	At end of Dec. 2003	At end of Sep. 2003	Increase (decrease)	At end of Mar. 2003
Assets section				
Current assets	610,655	577,143	33,512	548,877
Fixed assets	678,955	676,719	2,236	663,497
Tangible fixed assets	426,992	431,611	(4,619)	427,188
Intangible fixed assets	40,550	40,141	409	37,612
Investments and other assets	211,414	204,967	6,447	198,697
Total assets	1,289,610	1,253,862	35,748	1,212,374
Liabilities section				
Current liabilities	445,639	419,717	25,922	385,315
Long-term liabilities	399,665	399,385	280	408,531
Total liabilities	845,304	819,102	26,202	793,847
Minority interest in consolidated subsidiaries	5,843	7,884	(2,041)	10,889
Shareholders' equity				
Issued and outstanding	103,389	103,389	—	103,389
Additional paid-in capital	79,396	79,396	—	79,396
Retained earnings	241,826	236,519	5,307	230,292
Other	30,425	24,117	6,308	11,061
Common stock in treasury, at cost	(16,573)	(16,545)	(28)	(16,499)
Total shareholders' equity	438,462	426,876	11,586	407,639
Total liabilities, minority interest and shareholders' equity	1,289,610	1,253,862	35,748	1,212,374

VI. Cash Flows

	Q1–Q3 2003	1st Half 2003	Q3 2003	<i>cf.</i> FY 2002
Cash flows from operating activities	66,646	43,908	22,738	84,431
Cash flows from investing activities	(79,562)	(58,025)	(21,537)	(84,548)
Cash flows from financing activities	9,566	(4,730)	14,296	(9,000)
Effect of exchange rate changes on cash and cash equivalents	(392)	40	(432)	(493)
Net increase (decrease) in cash and cash equivalents	(3,743)	(18,807)	15,064	(9,610)
Cash and cash equivalents at beginning of period	79,291	79,291	60,484	83,948
Cash and cash equivalents held by newly consolidated subsidiaries	172	—	172	4,954
Cash and cash equivalents at end of period	75,721	60,484	75,721	79,291

VII. Segment Information

1. Consolidated net sales

(billions of yen)

	1st Half 2003	Q3 2003	Q1-Q3 2003	2003 Forecast
Chemicals	218.6	110.3	329.0	445.0
Homes	147.8	96.7	244.5	361.0
Pharma	53.9	28.6	82.5	108.0
Fibers	50.8	26.0	76.9	105.0
Electronics Materials and Devices	39.5	20.9	60.4	82.0
Construction Materials	31.1	15.4	46.4	61.0
Life & Living	28.8	16.3	45.2	58.0
Services, Engineering and Others	15.5	4.2	19.7	30.0
Total	586.0	318.5	904.6	1,250.0

2. Consolidated operating profit (loss)

(billions of yen)

	1st Half 2003	Q3 2003	Q1-Q3 2003	2003 Forecast
Chemicals	7.0	5.5	12.6	17.0
Homes	4.6	5.5	10.1	21.0
Pharma	6.6	5.2	11.8	11.5
Fibers	0.2	1.0	1.2	1.0
Electronics Materials and Devices	7.7	3.9	11.6	15.0
Construction Materials	(1.5)	0.3	(1.2)	(2.0)
Life & Living	2.9	2.4	5.4	5.0
Services, Engineering and Others	0.1	0.9	1.1	1.5
Combined	27.8	24.7	52.4	70.0
Corporate Expenses and Eliminations	(5.1)	(2.7)	(7.8)	(10.0)
Consolidated	22.7	22.0	44.6	60.0

3. Contract trends for home construction operations

	Fiscal 2002			Fiscal 2003			Q1-Q3 increase (decrease)
	1st Half	Q3	Q1-Q3	1st Half	Q3	Q1-Q3	
Value of orders received (¥ billion)	161.4	70.7	232.1	139.3	69.2	208.5	23.6
No. of orders received (home units)	8,053	3,700	11,753	7,072	3,654	10,726	1,027
Backlog of orders (¥ billion)	322.2	315.8	—	273.3	291.9	—	—
No. of sales (home units)	5,623	4,010	9,633	5,655	2,570	8,225	1,408
Value of sales (¥ billion)	121.2	77.1	198.3	121.9	50.7	172.6	25.7

4. Key operating factors

	Q3 Fiscal 2003	Q4 Fiscal 2003 Forecast
Naphtha price (yen/kL, domestic)	24,300	27,000
Yen/US\$ exchange rate (market average)	109	105