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Board of Directors Meeting: May 9, 2003

May 9, 2003

Consolidated Results for Fiscal Year Ended March 31, 2003

(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, 2003

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

Fiscal year ended March	2003	2002
Net sales	1,193,614 [-0.1%]	1,195,393 [-5.8%]
Operating profit	61,554 [+34.8%]	45,664 [-52.4%]
Ordinary profit	50,389 [+26.4%]	39,849 [-54.1%]
Net income (loss)	(66,791)	5,180 [-79.4%]
Net income (loss) per share*	(47.63)	3.61
Diluted net income (loss) per share*	—	—
Net income/shareholders' equity	-14.8%	1.0%
Ordinary profit/total assets	4.2%	3.3%
Ordinary profit/net sales	4.2%	3.3%

* Yen

Notes:

- Equity in loss of unconsolidated subsidiaries and affiliates: ¥2,646 million (¥846 million profit during previous fiscal year)
- Average shares outstanding (consolidated): 1,402,283,889 (1,434,240,567 during 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

At fiscal year-end, March	2003	2002
Total assets	1,212,374	1,193,011
Shareholders' equity	407,639	496,825
Shareholders' equity/total assets	33.6%	41.6%
Shareholders' equity per share*	290.92	353.16

* Yen

(3) Cash flows

Fiscal year ended March	2003	2002
Cash flows from operating activities	84,430	69,979
Cash flows from investing activities	(84,548)	(87,987)
Cash flows from financing activities	(8,999)	14,576
Cash and cash equivalents at end of year	79,291	83,947

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 100

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

No. of affiliate companies for which the equity method is applied: 27

(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 for which the equity method is newly applied: 4

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

2. Estimate for fiscal year ending March 31, 2004*

	For semiannual period ending September 2003	For fiscal year
Net sales	595,000	1,250,000
Ordinary profit	21,000	55,000
Net income	11,000	29,000

Note: Net income per share: ¥20.70

* 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

Export markets showed some signs of recovery during the first fiscal half, but during the second fiscal half concerns about global economic prospects and the situation in Iraq increased, while the domestic Japanese operating environment remained impaired by weak share prices and nonperforming loans.

Results in HOUSING AND CONSTRUCTION MATERIALS operations broadly reflected the difficulty of this business climate, and FIBERS AND TEXTILES operations were affected by the fire at our Leona™ nylon 66 plant. CHEMICAL AND CHEMICAL-RELATED, ELECTRONICS, and HEALTH CARE operations performed well. Consolidated net sales decreased ¥1.7 billion to ¥1,193.6 billion, operating profit increased ¥15.8 billion to ¥61.5 billion, and ordinary profit increased ¥10.5 billion to ¥50.3 billion.

A net loss of ¥66.7 billion, the first net loss since the company's shares were publicly listed in 1949, was the result of a number of substantial extraordinary items which combined for a net special loss of ¥151.2 billion. In relation to retirement benefits, a ¥59.5 billion special gain was recorded on

reversion of proxy execution of a portion of the national pension, and ¥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. Other notable special losses included restructuring charges related to withdrawal of acrylic fiber operations and losses on accelerated disposal of idle fixed assets to achieve structural improvements in preparation for the transition to a holding company configuration.

2. Results by operating sector

CHEMICAL AND CHEMICAL-RELATED

Sales for the sector increased ¥36.8 billion to ¥477.5 billion and operating profit increased ¥9.8 billion to ¥24.6 billion. Naphtha prices rose sharply during the second fiscal half as the situation in the Middle East unsettled petroleum markets, and commodity polymer operations were unable to absorb the increased feedstock costs. Market conditions for monomers strengthened, and specialty products and systems, particularly industrial membranes, performed well.

Operating profit in basic chemicals such as acrylonitrile and styrene monomer increased with strong demand, particularly in China, and improved market conditions. Profitability of commodity plastics such as polyethylene was inhibited by elevated feedstock costs. Operating profit in methacrylates increased sharply with strong demand in light-conducting plate applications.

Demand for performance plastics such as Tenac™ polyacetal, Xyron™ modified-PPE and Leona™ nylon 66 grew in automotive, electrical, and electronics applications, and operating profit increased.

Adipic acid operations were affected by the Leona Plant fire and operating profit decreased despite expanded sales both in Japan and overseas.

Operating profit in consumable products increased with expanded domestic sales volume of Saran Wrap™ cling film and Ziploc™ food storage bags.

Operating profit in industrial membranes increased as demand for Hipore™ fine porous membranes grew in lithium-ion rechargeable battery applications, and sales of Microza™ hollow-fiber filtration systems grew in large-scale water clarification applications overseas. Operating profit in ion-exchange decreased despite increased sales of membrane-process salt electrolysis systems in Europe and China.

HOUSING AND CONSTRUCTION MATERIALS

Sales for the sector decreased ¥24.8 billion to ¥383.6 billion, and operating profit decreased ¥4.1 billion to ¥10.3 billion. Results were affected by the low number of housing orders received during the previous term due to buyer apprehension about economic prospects and job security, and by sluggish construction activity.

In housing, development and extension of our Long Life Home product concept for long-term ownership satisfaction continued. The Hebel Haus Sorakara™, designed with an emphasis on a symbiotic relationship with the environment, was introduced in July 2002. This home provides for a lifestyle that alleviates the burden on the environment and enables full enjoyment of the blessings of nature. Innovative mortgage and insurance products were also developed as part of a concerted effort to elicit demand. New housing orders began recovering in the summer and rose through the end of the fiscal year, and housing-related operations including urban renewal, remodeling, and real estate continued to grow, but operating profit decreased.

In construction materials, efforts were focused on expanding sales of Hebel™ ALC panels and Neoma™ foam insulation panels, and on reducing operating costs. Profitability nonetheless fell as construction demand remained depressed.

FIBERS AND TEXTILES

Sales for the sector decreased ¥15.3 billion to ¥110.5 billion with operating profit of ¥0.9 billion, a ¥1.9 billion improvement in profitability. 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 most of the fiscal year.

Operating profit in Bemberg™ cuprammonium rayon increased with recovering domestic and

overseas demand in lining applications and reduced operating costs. Sales volumes of Roica™ elastic polyurethane filament increased with growing demand in Asia and Europe, and operating profit increased.

ELECTRONICS

Sales for the sector increased ¥7.5 billion to ¥71.5 billion and operating profit increased ¥7.5 billion to ¥11.0 billion. Results for electronics materials and electronic parts such as LSIs improved as inventories throughout the electronics industry normalized during the first fiscal half and production of cellular phones, PCs and peripherals, and digital home appliances recovered.

HEALTH CARE

Sales for the sector increased ¥6.7 billion to ¥105.4 billion and operating profit increased ¥1.6 billion to ¥14.9 billion. Pharmaceutical operations were affected by reductions in medical reimbursement prices, but sales of Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant continued to grow. Operating profit growth for Planova™ virus removal filters was strong. In medical devices such as APS™ polysulfone-membrane artificial kidneys, Sepacell™ leukocyte reduction filters, and Cellsorba™ leukocyte adsorption columns for ulcerative colitis, sales and operating profit grew.

LIQUORS, SERVICES AND OTHERS

Sales for the sector decreased ¥12.7 billion to ¥44.7 billion with an operating loss of ¥0.4 billion, a ¥0.5 billion decrease in profitability. The fierce operating environment in liquors continued. In September 2002, *shochu* and low-alcohol beverage operations were transferred to Asahi Breweries, Ltd. and The Nikka Whiskey Distilling Co., Ltd. Engineering operations were affected by a fall in private sector capital investment in Japan.

III. Consolidated Statements of Income

	Year ended March 2003	Year ended March 2002	Increase (decrease)	Percent change
Net sales	1,193,614	1,195,393	(1,779)	-0.1
Cost of sales	864,083	871,798	(7,715)	-0.9
Selling, general and administrative expenses	267,976	277,930	(9,954)	-3.6
Operating profit	61,554	45,664	15,890	+34.8
Non-operating income	5,664	7,871	(2,207)	—
Non-operating expenses	16,830	13,686	3,144	—
Ordinary profit	50,389	39,849	10,540	+26.4
Special gains	63,942	1,452	62,490	—
Special losses	215,201	30,622	184,579	—
Income (loss) before income taxes and minority interests	(100,869)	10,679	(111,548)	—
Net income (loss)	(66,791)	5,180	(71,971)	—

IV. Consolidated Balance Sheets

	As of March 2003	As of March 2002	Increase (decrease)
Assets section			
Current assets	548,877	564,653	(15,776)
Fixed assets	663,497	628,358	35,139
Tangible fixed assets	427,188	415,192	11,996
Intangible fixed assets	37,612	31,547	6,065
Investments and other assets	198,696	181,617	17,079
Total assets	1,212,374	1,193,011	19,363
Liabilities section			
Current liabilities	385,315	383,423	1,892
Long-term liabilities	408,531	300,893	107,638
Minority interest in consolidated subsidiaries	10,888	11,869	(981)
Shareholders' equity			
Issued and outstanding	103,388	103,388	—
Additional paid-in capital	79,396	79,396	—
Retained earnings	230,291	305,514	(75,223)
Revaluation surplus	872	872	—
Unrealized gain on land	100	97	3
Net unrealized gains on securities	16,455	26,233	(9,778)
Foreign currency translation adjustment	(6,366)	(4,596)	(1,770)
Common stock in treasury, at cost	(16,498)	(14,081)	(2,417)
Total liabilities, minority interest and shareholders' equity	1,212,374	1,193,011	(19,363)

V. Cash Flows

	Year ended March 2003	Year ended March 2002
Cash flows from operating activities	84,430	69,979
Cash flows from investing activities	(84,548)	(87,987)
Cash flows from financing activities	(8,999)	14,576
Effect of exchange rate changes on cash and cash equivalents	(492)	594
Net decrease in cash and cash equivalents	(9,609)	(2,837)
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 year	79,291	83,947

VI. Segment Information

1. Industry segments

(1) 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 assets and eliminations	Consolidated
Sales									
Customers	477,581	383,653	110,550	71,579	105,463	44,786	1,193,614	—	1,193,614
Intersegment	10,888	100	2,014	988	0	20,770	34,761	(34,761)	—
Total	488,469	383,754	112,565	72,567	105,463	65,556	1,228,376	(34,761)	1,193,614
Operating expenses	463,772	373,388	111,579	61,519	90,499	66,046	1,166,806	(34,746)	1,132,059
Operating profit (loss)	24,697	10,365	985	11,047	14,964	(490)	61,569	(14)	61,554
Identifiable assets, depreciation and amortization, and capital expenditure									
Identifiable assets	491,343	150,394	110,713	90,394	113,914	87,258	1,044,019	168,355	1,212,374
Depreciation and amortization	25,675	6,503	7,380	9,103	6,183	3,011	57,858	2,949	60,807
Capital expenditure	54,241	3,954	8,339	7,376	10,842	3,199	87,953	6,031	93,984

(2) Fiscal year ended March 31, 2002

	Chemical and Chemical- related	Housing and Construction Materials	Fibers and Textiles	Electronics	Health Care	Liquors, Services and Others	Combined	Corporate assets and eliminations	Consolidated
Sales									
Customers	440,698	408,473	125,907	64,062	98,686	57,565	1,195,393	—	1,195,393
Intersegment	10,141	49	2,409	517	0	18,349	31,468	(31,468)	—
Total	450,840	408,522	128,317	64,580	98,686	75,914	1,226,861	(31,468)	1,195,393
Operating expenses	435,997	393,991	129,275	61,042	85,333	75,876	1,181,517	(31,788)	1,149,729
Operating profit	14,843	14,531	(958)	3,537	13,352	38	45,344	319	45,664
Identifiable assets, depreciation and amortization, and capital expenditure									
Identifiable assets	447,618	162,261	129,181	88,691	107,926	75,634	1,011,314	181,696	1,193,011
Depreciation and amortization	25,755	7,054	8,511	7,936	5,487	3,219	57,964	2,711	60,675
Capital expenditure	31,266	5,425	7,283	10,712	7,430	4,334	66,452	8,373	74,826

2. Geographic segments

(1) Fiscal year ended March 31, 2003

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, 2002

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, 2003

Overseas sales	212,549
Consolidated net sales	1,193,614
Overseas sales/ consolidated net sales	17.8%

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, 2002

Overseas sales	188,583
Consolidated net sales	1,195,393
Overseas sales/ consolidated net sales	15.8%

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

	Year ended March 2003		Year ended March 2002		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemical and Chemical-related	477,581	40.0	440,698	36.9	36,883	+8.4
Housing and Construction Materials	383,653	32.1	408,473	34.2	(24,820)	-6.1
Fibers and Textiles	110,550	9.3	125,907	10.5	(15,357)	-12.2
Electronics	71,579	6.0	64,062	5.4	7,517	+11.7
Health Care	105,463	8.8	98,686	8.2	6,777	+6.9
Liquors, Services and Others	44,786	3.8	57,565	4.8	(12,778)	-22.2
Total	1,193,614	100.0	1,195,393	100.0	(1,779)	-0.1

2. Major products, by operating sector

Chemical and Chemical-related

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, 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 electro dialysis 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

- 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