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**Consolidated Results for 1st Half Fiscal 2003:
April 1, 2003 – September 30, 2003**

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

I. Summary of Consolidated Results

1. Results for fiscal half ended September 30, 2003

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

Fiscal half ended September	2003	2002
Net sales	586,020 [+1.5%]	577,412 [-3.8%]
Operating profit	22,680 [-8.2%]	24,719 [+4.2%]
Ordinary profit	18,017 [-14.1%]	20,973 [+1.5%]
Net income (loss)	10,284	(40,281)
Net income (loss) per share*	7.34	(28.71)
Diluted net income (loss) per share*	—	—

* Yen

Notes:

1. Equity in loss of unconsolidated subsidiaries and affiliates: ¥246 million (¥158 million during first half of previous fiscal year)

2. Average shares outstanding (consolidated): 1,401,203,512 (1,402,900,001 during first half of previous fiscal year)

3. Changes in method of accounting: 1) Gains or losses on forward exchange contracts as hedges against receivables and payables denominated in foreign currencies, previously allocated across the term of the hedge, are recognized in income at fair value, 2) Corporate research expenses and group monitoring expenses, previously allocated to operating segments, are reported in Corporate Expenses and Eliminations.

(2) Financial position

At end of	Sep. 2003	Mar. 2003
Total assets	1,253,862	1,212,374
Shareholders' equity	426,876	407,639
Shareholders' equity/total assets	34.0%	33.6%
Shareholders' equity per share*	304.67	290.92

*Yen

(3) Cash flows

Fiscal half ended September	2003	2002
Cash flows from operating activities	43,908	36,396
Cash flows from investing activities	(58,025)	(37,536)
Cash flows from financing activities	(4,730)	21,238
Cash and cash equivalents at end of year	60,484	108,392

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 98

No. of unconsolidated subsidiaries for which the equity method is applied: 32

No. of affiliate companies for which the equity method is applied: 26

(5) Changes in scope of consolidation, application of equity method

No. of newly included consolidated subsidiaries: 0

No. of consolidated subsidiaries newly excluded: 2

No. of unconsolidated subsidiaries and affiliate companies for which the equity method is newly applied: 3

No. of unconsolidated subsidiaries and affiliate companies newly excluded from application of the equity method: 1

2. Forecast for fiscal year ending March 31, 2004

Net Sales	1,250,000
Ordinary Profit	55,000
Net Income	29,000

Note: Net income per share, ¥20.70

II. Overview of Consolidated Results

1. Consolidated Group Results

Despite concerns about the economic effects of SARS at the beginning of the term, the Japanese economy showed signs of recovery during the fiscal half year, with expanding exports, increasing capital investment, and rising share prices. The operating environment nevertheless remained difficult and the outlook remained obscure, as employment prospects and personal consumption remained poor throughout the term and the exchange value of the yen rose sharply in the second quarter.

Consolidated net sales increased by ¥8.6 billion to ¥586.0 billion despite the withdrawal of acrylic fiber operations and divestment of liquors operations. Underlying profitability of operations improved, although recorded operating profit decreased by ¥2.0 billion to ¥22.7 billion due to ¥9.2 billion amortization of unrecognized actuarial differences arising in retirement allowances, whereas operating profit in the year-ago term comprised no such amortization due to the transition from ten-year to one-year amortization. Ordinary profit decreased by ¥3.0 billion to ¥18.0 billion. Net income recovered to ¥10.3 billion after a net loss in the year-ago term due to substantial special losses related to retirement benefits, including a one-time amortization of accumulated unrecognized actuarial differences.

2. Results by operating segment

Beginning with the fiscal half under review, operating segments have been realigned for continuity with the holding company/constituent corporations configuration introduced in October 2003. For purposes of comparison, results for the year-ago period have been recalculated in accordance with the new alignment.

CHEMICALS

Naphtha prices remained high throughout the term, and the Iraq crisis and SARS outbreak made the early part of the term particularly challenging, but demand generally recovered in the latter part of the term. Industrial membranes and other specialty products and systems performed well. Sales increased by ¥15.6 billion to ¥218.6 billion. After expensing ¥2.7 billion for amortization of unrecognized actuarial differences in retirement allowances, operating profit decreased by ¥2.8 billion to ¥7.0 billion.

Strong market conditions for styrene monomer brought increased operating profit, but overall operating profit in basic chemicals decreased as acrylonitrile and adipic acid operations could not absorb increased feedstock costs.

Operating profit in commodity plastics such as polyethylene decreased despite efforts to increase sales of high added value grades. Operating profit in methacrylates increased as demand and market conditions for MMA monomer were strong, and light-guide plate applications for PMMA continued to grow.

Demand for performance plastics such as Tenac™ POM, Xyron™ mPPE, and Leona™ nylon 66 was strong in both automotive and electronic applications, but operating profit decreased due to heightened feedstock costs.

Operating profit in industrial membranes increased, with growing demand for Hipore™ microporous membranes for Li-ion rechargeable batteries and strong demand overseas for Microza™ hollow-fiber membranes for water treatment. Operating profit in ion-exchange decreased, but orders for salt electrolysis systems increased in Europe and China.

HOMES

The expansion and development of the “long-life home” product strategy for long-term customer satisfaction resulted in a sustained increase in new orders beginning in the summer of 2002, but the field is characterized by order delivery near fiscal year end, and sales decreased by ¥0.2 billion to ¥147.8 billion. After expensing ¥1.0 billion for amortization of unrecognized actuarial differences in retirement allowances, operating profit increased by ¥0.7 billion to ¥4.6 billion as a result of cost-cutting.

The Hebel Haus Koko™, an innovative new dual-unit home for three-generation residency was introduced in July 2003, followed by a new line in the series of homes designed for living with pets in August 2003.

Urban renewal operations continued to grow, and Asahi Kasei was designated to participate in the rebuilding of the Suwacho condominium. Housing-related operations such as home insurance, remodeling, and real estate continued to grow.

PHARMA

Sales increased by ¥1.8 billion to ¥53.9 billion. After expensing ¥1.4 billion for amortization of unrecognized actuarial differences in retirement allowances, operating profit decreased by ¥2.6 billion to ¥6.6 billion. The challenging operating environment continued due to government measures to curtail health care expenses. Sales of Flivas™ therapy for benign prostatic hypoplasia and Toledomin™ antidepressant grew. In medical devices, sales grew for APS™ polysulfone artificial kidneys and Cellsorba™ leukocyte adsorption columns for ulcerative colitis. Sales of Planova™ virus removal filters continued to grow.

FIBERS

Sales decreased by ¥5.5 billion to ¥50.8 billion due to the withdrawal of acrylic fiber operations. After expensing ¥1.1 billion for amortization of unrecognized actuarial differences in retirement allowances, operating profit decreased by ¥0.5 billion to ¥0.2 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.

Sales of Bemberg™ cuprammonium rayon were flat, but cost-cutting resulted in increased operating profit. Operating profit for both Roica™ elastic polyurethane filament and nonwovens increased with strong overseas demand.

ELECTRONICS MATERIALS AND DEVICES

Sales increased by ¥1.8 billion to ¥39.5 billion. After expensing ¥0.6 billion for amortization of unrecognized actuarial differences in retirement allowances, operating profit increased by ¥2.6 billion to ¥7.7 billion. Strong demand for electronic materials and electronic devices such as LSIs recovered in the major application fields of cell phones, PCs and peripherals, and home appliances.

CONSTRUCTION MATERIALS

Sales decreased by ¥0.9 billion to ¥31.1 billion. Substantial operating cost reductions were realized, but after expensing ¥0.7 billion for amortization of unrecognized actuarial differences in retirement allowances, the operating loss increased by ¥0.4 billion to ¥1.5 billion. Demand for Hebel™ ALC panels and Neoma™ foam insulation panels remained weak.

LIFE & LIVING

Sales increased by ¥2.7 billion to ¥28.8 billion. After expensing ¥0.4 billion for amortization of unrecognized actuarial differences in retirement allowances, operating profit increased by ¥0.6 billion to ¥2.9 billion. Sales of products such as Saran Wrap™ cling film and Ziploc™ storage bags increased.

SERVICES, ENGINEERING AND OTHERS

Sales decreased by ¥6.8 billion to ¥15.5 billion. Operating profit was ¥0.1 billion, a ¥1.5 billion improvement from the operating loss a year ago.

In September 2002, *shochu* and low-alcohol operations were transferred to Asahi Breweries, Ltd. and its subsidiary The Nikka Whiskey Distilling Co., Ltd. In July 2003, refined *sake* and artificial refined *sake* operations were transferred to Oenon Holdings, Inc., a holding company established in the same month for operations of the Godo Shusei Group. Liquors operations have now been completely divested and withdrawn.

III. Consolidated Statements of Income

	Fiscal half ended September 2003	Fiscal half ended September 2002	Increase (decrease)	Percent change
Net sales	586,020	577,412	8,608	+1.5
Cost of sales	428,470	417,460	11,010	+2.6
Selling, general and administrative expenses	134,870	135,233	(363)	-0.3
Operating profit	22,680	24,719	(2,039)	-8.2
Non-operating income	2,154	2,554	(400)	—
Non-operating expenses	6,818	6,301	517	—
Ordinary profit	18,017	20,973	(2,956)	-14.1
Special gains	8,111	58,401	(50,290)	—
Special losses	4,491	146,916	(142,425)	—
Income (loss) before income taxes and minority interests	21,637	(67,543)	89,180	—
Net income (loss)	10,284	(40,281)	50,565	—

IV. Consolidated Balance Sheets

	At end of Sept. 2003	At end of March 2003	Increase (decrease)
Assets section			
Current assets	577,143	548,877	28,266
Fixed assets	676,719	663,497	13,222
Tangible fixed assets	431,611	427,188	4,423
Intangible fixed assets	40,141	37,612	2,529
Investments and other assets	204,967	198,697	6,270
Total assets	1,253,862	1,212,374	41,488
Liabilities section			
Current liabilities	419,717	385,315	34,402
Long-term liabilities	399,385	408,531	(9,146)
Total liabilities	819,102	793,847	25,255
Minority interest in consolidated subsidiaries	7,884	10,889	(3,005)
Shareholders' equity			
Issued and outstanding	103,389	103,389	—
Capital surplus	79,396	79,396	—
Retained earnings	236,519	230,292	6,227
Revaluation surplus	873	873	—
Unrealized gain on land	100	100	—
Net unrealized gain on securities	29,015	16,455	12,560
Foreign currency translation adjustment	(5,871)	(6,367)	496
Common stock in treasury, at cost	(16,545)	(16,499)	(46)
Total shareholders' equity	426,876	407,639	19,237
Total liabilities, minority interest and shareholders' equity	1,253,862	1,212,374	41,488

V. Cash Flows

Fiscal half ended September	2003	2002
Cash flows from operating activities	43,908	36,396
Cash flows from investing activities	(58,025)	(37,536)
Cash flows from financing activities	(4,730)	21,238
Effect of exchange rate changes on cash and cash equivalents	40	(607)
Net increase (decrease) in cash and cash equivalents	(18,807)	19,491
Cash and cash equivalents at beginning of year	79,291	83,948
Cash and cash equivalents held by newly consolidated subsidiaries	—	4,954
Cash and cash equivalents at end of half	60,484	108,392

VI. Segment Information

1. Operating segments

(1) Fiscal half ended September 30, 2003

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses and Eliminations	Consolidated
Sales											
Customers	218,643	147,793	53,889	50,847	39,470	31,056	28,835	15,487	586,020	—	586,020
Intersegment	3,107	91	9	1,172	353	5,440	1,405	12,752	24,328	(24,328)	—
Total	221,749	147,885	53,898	52,019	39,824	36,496	30,239	28,238	610,348	(24,328)	586,020
Operating expenses	214,702	143,260	47,272	51,813	32,105	38,015	27,298	28,101	582,566	(19,227)	563,339
Operating profit (loss)	7,047	4,625	6,626	205	7,718	(1,519)	2,941	137	27,782	(5,101)	22,680

(2) Fiscal half ended September 30, 2002*

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses and Eliminations	Consolidated
Sales											
Customers	203,005	148,040	52,137	56,303	37,633	31,909	26,103	22,282	577,412	—	577,412
Intersegment	5,888	21	0	955	51	4,922	1,131	13,015	25,984	(25,984)	—
Total	208,894	148,061	52,138	57,257	37,684	36,831	27,234	35,297	603,396	(25,984)	577,412
Operating expenses	199,063	144,145	42,890	56,506	32,516	37,964	24,903	36,674	574,660	(21,968)	552,693
Operating profit (loss)	9,831	3,916	9,248	751	5,168	(1,133)	2,332	(1,377)	28,735	(4,016)	24,719

(3) 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	Corporate Expenses and Eliminations	Consolidated
Sales									
Customers	229,109	179,949	56,303	37,633	52,137	22,282	577,412	—	577,412
Intersegment	5,506	25	955	51	0	7,770	14,307	(14,307)	—
Total	234,615	179,974	57,257	37,684	52,138	30,052	591,719	(14,307)	577,412
Operating expenses	224,646	177,470	57,009	31,837	44,522	31,541	567,024	(14,331)	552,693
Operating profit (loss)	9,969	2,504	249	5,847	7,615	(1,489)	24,695	24	24,719

* Operating segments realigned for comparison purposes.

† Original operating segments.

2. Geographic segments

(1) Fiscal half ended September 30, 2003

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

(2) Fiscal half ended September 30, 2002

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, 2003

	East Asia*	Other regions	Total
Overseas sales	63,750	55,723	119,473
Consolidated net sales			586,020
Overseas sales/ consolidated net sales	10.9%	9.5%	20.4%

* China (including Hong Kong), Korea, and Taiwan.

(2) 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.

VII. Overview of Operating Segments

1. Consolidated net sales by operating segments

	Fiscal half ended September 2003		Fiscal half ended September 2002*		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals	218,643	37.3	203,005	35.2	15,637	+7.7
Homes	147,793	25.2	148,040	25.6	(247)	-0.2
Pharma	53,889	9.2	52,137	9.0	1,752	+3.4
Fibers	50,847	8.7	56,303	9.8	(5,456)	-9.7
Electronics Materials and Devices	39,470	6.7	37,633	6.5	1,838	+4.9
Construction Materials	31,056	5.3	31,909	5.5	(853)	-2.7
Life & Living	28,835	4.9	26,103	4.5	2,732	+10.5
Services, Engineering and Others	15,487	2.7	22,282	3.9	(6,795)	-30.5
Total	586,020	100.0	577,412	100.0	8,608	+1.5

* Operating segments realigned for comparison purposes.

2. Major products, by operating segment

Chemicals

- 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.
- 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.

Homes

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

Pharma

- 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.

Fibers

- Leona™ nylon 66 filament, polyester filament.
- Bemberg™ cuprammonium rayon.
- Roica™ elastic polyurethane filament.
- Eltas™ spunbond, Bemliese™ nonwoven cellulose filament, Lamous™ artificial suede.
- Solotex™ polytrimethylene terephthalate.

Electronics Materials and Devices

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

Construction Materials

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

Life & Living

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

Services, Engineering and Others

- Speech recognition technology.
- Think tank services.
- Plant, equipment, process engineering.