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**Consolidated Results for 1st Half Fiscal Year 2004****April 1, 2004 – September 30, 2004**

(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, 2004

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

Fiscal half ended September	2004	2003
Net sales	659,274 [+12.5%]	586,020 [+1.5%]
Operating profit	55,109 [+143.0%]	22,680 [-8.2%]
Ordinary profit	55,325 [+207.1%]	18,017 [-14.1%]
Net income	26,889 [+161.5%]	10,284
Net income per share*	19.20	7.34
Diluted net income per share*	—	—

\* Yen

Notes:

1. Equity in profit of unconsolidated subsidiaries and affiliates: ¥1,249 million; loss during first half of previous fiscal year, ¥246 million.

2. Average shares outstanding, consolidated: 1,400,805,235; during first half of previous fiscal year, 1,401,203,512.

## (2) Financial position

At end of	Sep. 2004	Mar. 2004
Total assets	1,257,904	1,249,206
Shareholders' equity	480,796	450,451
Shareholders' equity/total assets	38.2%	36.1%
Shareholders' equity per share*	343.25	321.41

\* Yen

## (3) Cash flows

Fiscal half ended September	2004	2003
Cash flows from operating activities	32,713	43,908
Cash flows from investing activities	(29,556)	(58,025)
Cash flows from financing activities	(19,137)	(4,730)
Cash and cash equivalents at end of period	56,535	60,484

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 106

No. of unconsolidated subsidiaries for which the equity method is applied: 31

No. of affiliate companies for which the equity method is applied: 23

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

No. of newly included consolidated subsidiaries: 7

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: 5

2. Forecast for fiscal year ending March 31, 2005\*

Net sales	1,388,000
Ordinary profit	112,000
Net income	56,000

Note: Net income per share: ¥39.98

\* 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

While the Japanese economy benefited from strong exports, corporate profitability, and private-sector capital investment during the term, the outlook remains clouded by persistently high costs for petroleum, naphtha, and other essential inputs, concern about the sustainability of growth rates in the US and China, and IT industry inventory adjustment.

Consolidated net sales grew by ¥73.3 billion from a year ago to ¥659.3 billion, a 12.5% increase. Sales growth was strongest in chemicals operations, with strong overseas demand, in electronics operations, with strong demand in related industries, and in housing operations, with growing home orders during the previous term.

Operating profit grew by ¥32.4 billion to ¥55.1 billion, a 143.0% increase.

Amortization of actuarial differences in retirement benefit accounts resulted in ¥18.4 billion of the ¥32.4 billion increase (a ¥9.2 billion shortfall was amortized during the year-ago term, and a ¥9.2 billion surplus was amortized during the term under review).

Ordinary profit grew by ¥37.3 billion to ¥55.3 billion, a 207.1% increase. Net income grew by ¥16.6 billion to ¥26.9 billion, a 161.5% increase, despite ¥11.6 billion in restructuring charges largely due to liquidation of subsidiary P.T. Indonesia Asahi Kasei and structural reform of construction materials operations.

## 2. Results by operating segment

### CHEMICALS

Sales for the segment grew by ¥49.2 billion to ¥267.9 billion, a 22.5% increase.

Operating profit grew by ¥13.3 billion to ¥20.4 billion, a 189.2% increase, after crediting ¥5.0 billion to amortize the actuarial surplus for retirement benefits during the year-ago term.

Monomer and basic chemical operations faced extremely high prices for feedstocks such as naphtha and benzene, but operating profit grew due to improved market conditions for styrene monomer and acrylonitrile and increased shipments of styrene monomer and cyclohexanol enabled by capacity expansion.

Polymer operations achieved higher shipment volumes, including for general-purpose resins such as ABS and polystyrene and for engineering resins such as polyacetal, modified-PPE, and nylon 66, but price increases could not keep pace with rising feedstock costs, and overall operating profit was on par with a year ago.

Operating profit from specialty products and systems increased. Sales of Hipore™ membrane separators increased following capacity expansion to meet growing demand in Li-ion rechargeable battery applications. Shipments of Microza™ ultrafiltration and microfiltration membranes grew, especially in electronics-related applications. Sales and operating profit from ion-exchange products grew with increased overseas sales of membrane-process salt electrolysis systems, particularly in China. Operating profit from photopolymers grew with increasing shipments of AFP™ photosensitive plates in Europe.

### HOMES

Sales for the segment grew by ¥19.5 billion to ¥167.3 billion, a 13.2% increase.

Operating profit grew by ¥4.4 billion to ¥9.0 billion, a 95.6% increase, after crediting ¥2.6 billion to amortize the actuarial surplus for retirement benefits during the year-ago term.

Growth in sales and operating profit resulted from increased deliveries of completed homes following the high level of outstanding orders accumulated at the beginning of the term, but the value of outstanding orders at closing was ¥8.3 billion lower than a year ago at ¥153.1 billion.

To elicit greater demand, two new products advancing the Long Life Home strategy were placed on the market in July: The Shindaichi™ with an enhanced slope-roof design, and the Kazenotou™ three-story home which engenders a feeling of living with nature in an urban setting.

In April Asahi Kasei Mortgage completed the requisite registration to perform money-lending operations, and in October began offering long-term, fixed-rate financing to customers of Asahi Kasei Homes, with debt securitized and issued to investment funds.

### PHARMA

Measures to curtail public health care expenses continued to make the operating environment for pharmaceuticals and medical devices challenging, and sales for the segment decreased by ¥1.1 billion to ¥52.8 billion, a 2.1% decline. Operating profit grew by ¥0.5 billion to ¥7.1 billion, a 7.0% increase, after crediting ¥2.5 billion to amortize the actuarial surplus for retirement benefits during the year-ago term.

Sales and operating profit from Flivas™ therapy for benign prostatic hyperplasia and Toledomin™ antidepressant continued to grow, but competing products gained share on the calcitonin formulation Elcitonin™ and overall performance of pharmaceuticals operations was poor.

Shipments of artificial kidneys increased, but sales decreased slightly due to

reduced medical reimbursement prices. Sales of Cellsorba™ leukocyte adsorption columns increased as rheumatoid arthritis was approved as an indication in addition to ulcerative colitis, and a high rate of operating profit from medical devices was maintained.

#### FIBERS

Sales for the segment grew by ¥0.5 billion to ¥51.4 billion, a 1% increase. Operating profit grew by ¥2.6 billion to ¥2.8 billion, an increase of 13.6 times, after crediting ¥2.0 billion to amortize the actuarial surplus for retirement benefits during the year-ago term.

The operating climate during the term remained challenging, with continued weak domestic demand and intense competition from China and other Asian countries, and with persistently high feedstock costs. Profitability was increased with higher sales volumes, sale price rises, and cost-cutting.

Operating profit from Eltas™ spunbond increased with growing shipments in diaper and construction materials applications. Operating profit from Lamous™ artificial suede increased. Roica™ elastic polyurethane filament met intensified price competition, but a high rate of operating profit was maintained due to higher sales volume and cost-cutting.

Shipments of Bemberg™ cuprammonium rayon to Europe decreased, but operating profit was on par with a year ago due to cost-cutting. The recovery of full operation of the plant for Leona™ nylon 66 filament enabled a large increase in sales volume, but profitability declined due to elevated feedstock costs.

#### ELECTRONICS MATERIALS AND DEVICES

Sales for the segment grew by ¥8.6 billion to ¥48.1 billion, a 21.9% increase. Operating profit grew by ¥2.9 billion to ¥10.7 billion, a 38.1% increase, after crediting ¥1.1 billion to amortize the actuarial surplus for retirement benefits during the year-ago term.

Sales and operating profit from electronics devices such as LSIs and Hall ICs increased with strong demand in DVD recorder, digital camera, flat panel TV, and cell phone applications.

Sales and operating profit from electronics materials such as Sunfort™ dry film resist, Pimel™ photosensitive polyimide precursor, and large pellicles for liquid crystal displays increased with generally strong demand throughout the electronics industry.

#### CONSTRUCTION MATERIALS

Sales for the segment decreased by ¥0.9 billion to ¥30.1 billion, a 3.0% decline. Operating profit was ¥1.5 billion after crediting ¥1.4 billion to amortize the actuarial surplus for retirement benefits during the year-ago term, a ¥3.0 billion turnaround from the ¥1.5 billion operating loss a year ago.

Sales of materials for home construction and of ready-made concrete piles decreased as the challenging operating environment continued. Sale prices for Hebel™ autoclaved lightweight concrete panels recovered. Sales of Neoma™ high-performance foam insulation panels grew. Sales of Eazet™ and ATT Column™ piles for small-scale construction grew. Operating costs were reduced by rationalization of production facilities.

#### LIFE & LIVING

Sales for the segment grew by ¥1.6 billion to ¥30.5 billion, a 5.6% increase. Operating profit was on par with a year ago at ¥2.9 billion after crediting ¥0.8 billion to amortize the actuarial surplus for retirement benefits during the year-ago term.

Sales of home-use products such as Saran Wrap™ cling film with a newly

redesigned package and Ziploc™ food storage bags and containers with Disney characters grew, but operating profit decreased with higher costs for strategic advertising.

Sales of Suntec Foam™ and MEF™ cushioning material grew, particularly in LCD panel shipment applications, but operating profit from packaging materials remained on par with a year ago as Suntec™ S film and other products faced high feedstock costs and sharp price competition.

#### SERVICES, ENGINEERING AND OTHERS

Sales for the segment decreased by ¥4.2 billion to ¥11.3 billion, a 26.9% decline.

Operating profit grew by ¥0.7 billion to ¥0.8 billion, a 494.9% increase.

The sales decrease largely resulted from the November 2003 divestment of shareholdings in salt producers Shin Nihon Salt and Ako Kaisui. Sales and operating profit from engineering operations increased.

### III. Consolidated Statements of Income

	Fiscal half ended Sep. 2004	Fiscal half ended Sep. 2003	Increase (decrease)	Percent change
Net sales	659,274	586,020	73,254	+12.5
Cost of sales	478,192	428,470	49,722	+11.6
Selling, general and administrative expenses	125,974	134,870	(8,896)	-6.6
Operating profit	55,109	22,680	32,429	+143.0
Non-operating income	5,343	2,154	3,189	—
Non-operating expenses	5,127	6,818	(1,691)	—
Ordinary profit	55,325	18,017	37,308	+207.1
Special gains	2,599	8,111	(5,512)	—
Special losses	16,797	4,491	12,306	—
Income before income taxes and minority interests	41,126	21,637	19,489	+90.1
Net income	26,889	10,284	16,605	+161.5

#### IV. Consolidated Balance Sheets

	At end of Sep. 2004	At end of Mar. 2004	Increase (decrease)
Assets section			
Current assets	571,459	554,404	17,055
Fixed assets	686,445	694,802	(8,357)
Tangible fixed assets	424,535	428,302	(3,767)
Intangible fixed assets	37,658	39,675	(2,017)
Investments and other assets	224,252	226,825	(2,573)
Total assets	1,257,904	1,249,206	8,698
Liabilities section			
Current liabilities	392,693	390,428	2,265
Long-term liabilities	378,426	402,350	(23,924)
Minority interest in consolidated subsidiaries	5,989	5,977	12
Shareholders' equity			
Issued and outstanding	103,389	103,389	—
Capital surplus	79,401	79,396	5
Retained earnings	272,340	249,820	22,520
Revaluation surplus	966	966	—
Unrealized gain on land	100	100	—
Net unrealized gains on securities	46,948	43,413	3,535
Foreign currency translation adjustment	(5,578)	(9,973)	4,395
Common stock in treasury, at cost	(16,770)	(16,660)	(110)
Total liabilities, minority interest and shareholders' equity	1,257,904	1,249,206	8,698

#### V. Cash Flows

Fiscal half ended September	2004	2003
Cash flows from operating activities	32,713	43,908
Cash flows from investing activities	(29,556)	(58,025)
Cash flows from financing activities	(19,137)	(4,730)
Effect of exchange rate changes on cash and cash equivalents	78	40
Net decrease in cash and cash equivalents	(15,902)	(18,807)
Cash and cash equivalents at beginning of year	70,898	79,291
Cash and cash equivalents held by newly consolidated subsidiaries	1,540	—
Cash and cash equivalents at end of year	56,535	60,484

## VI. Segment Information

### 1. Industry segments

#### (1) Fiscal half ended September 30, 2004

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses* and Eliminations	Consolidated
Sales											
Customers	267,890	167,250	52,758	51,357	48,113	30,125	30,458	11,324	659,274	—	659,274
Intersegment	7,107	39	4	1,239	388	5,598	2,062	17,641	34,078	(34,078)	—
Total	274,996	167,290	52,762	52,597	48,501	35,723	32,519	28,965	693,352	(34,078)	659,274
Operating expenses	254,614	158,244	45,669	49,801	37,846	34,230	29,602	28,150	638,156	(33,990)	604,166
Operating profit	20,382	9,046	7,093	2,796	10,655	1,493	2,917	815	55,196	(88)	55,109

#### (2) 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

\* Operating expenses for which allocation to operating segments was not feasible were ¥4,636 million in the fiscal half ended September 30, 2004 and ¥5,037 million in the fiscal half ended September 30, 2003.

### 2. Geographic information

#### (1) Fiscal half ended September 30, 2004

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

#### (2) Fiscal half ended September 30, 2003

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

### 3. Overseas sales

#### (1) Fiscal half ended September 30, 2004

	East Asia*	Other regions	Total
Overseas sales	92,667	59,397	152,064
Consolidated net sales	—	—	659,274
Overseas sales/ consolidated net sales	14.1%	9.0%	23.1%

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

#### (2) 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.

## VII. Overview of Operating Segments

### 1. Consolidated net sales by operating segment

	Fiscal half ended September 2004		Fiscal half ended September 2003		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals	267,890	40.6	218,643	37.3	49,247	+22.5
Homes	167,250	25.4	147,793	25.2	19,457	+13.2
Pharma	52,758	8.0	53,889	9.2	(1,131)	-2.1
Fibers	51,357	7.8	50,847	8.7	510	+1.0
Electronics Materials and Devices	48,113	7.3	39,470	6.7	8,643	+21.9
Construction Materials	30,125	4.6	31,056	5.3	(931)	-3.0
Life & Living	30,458	4.6	28,835	4.9	1,623	+5.6
Services, Engineering and Others	11,324	1.7	15,487	2.7	(4,163)	-26.9
Total	659,274	100.0	586,020	100.0	73,254	+12.5

## 2. Major products, by operating segment

### **Chemicals**

#### *Monomers and basic chemicals*

- Ammonia
- Nitric acid
- Caustic soda
- Acrylonitrile (AN)
- Styrene monomer
- Methyl methacrylate (MMA) monomer
- PMMA resin
- High-compound fertilizers
- Adipic acid

#### *Polymers and elastomers*

- Suntec™ polyethylene (PE)
- Stylac™ -AS styrene-acrylonitrile
- Stylac™-ABS acrylonitrile-butadiene-styrene
- Synthetic rubber
- Tenac™ polyacetal
- Xyron™ modified polyphenylene ether (mPPE)
- Leona™ nylon 66

#### *Specialty products and systems*

- Coating materials
- Latex
- Ceolus™ microcrystalline cellulose
- Explosives
- Explosion-bonded metal clad
- APR™ photosensitive resin and printing plate making systems
- Microza™ UF and MF membranes and systems
- Hipore™ fine porous membrane
- Ion-exchange membranes, electrolysis and electro dialysis systems

### **Homes**

- Hebel Haus™ houses
- Hebel Maison™ apartments
- Condominiums
- Remodeling
- Real estate
- Residential land development

### **Pharma**

- Elcitonin™, Bredinin™, Flivas™, Toledomin™, and other pharmaceuticals
- Pharmaceutical intermediates
- Diagnostic reagents
- Feed additives
- Planova™ virus removal filters
- APS™ artificial kidneys
- Sepacell™ leukocyte reduction filters
- Cellsorba™ leukocyte adsorption columns
- Contact lenses

**Fibers**

- Roica™ elastic polyurethane filament
- Eltas™ spunbond, Lamous™ artificial suede, and other nonwovens
- Bemberg™ cuprammonium rayon
- Leona™ nylon 66 filament
- Polyester filament

**Electronics Materials and Devices**

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

**Construction Materials**

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

**Life & Living**

- Saran Wrap™ cling film
- Ziploc™ storage bags
- Film
- Sheet
- Foam

**Services, Engineering and Others**

- Plant engineering
- Environmental engineering
- Medical image processing systems
- IT systems integration services
- Think tank services