

May 21, 1998

ASAHI GLASS REPORTS RESULTS FOR FISCAL 1998

TOKYO - Asahi Glass Company, Limited, released its operating results for fiscal 1998, ended March 31, 1998, today. While nonconsolidated net sales declined 5.4%, to ¥854,500 million (\$6,473 million), ordinary income increased 3.7%, to ¥31,426 million (\$238 million) and net income advanced 5.5%, to ¥20,072 million (\$152 million).

Net income per share was ¥17.08 (\$0.12). Asahi Glass declared dividends of ¥10.00 (\$0.75) per share for the period, comprising an interim dividend of ¥4.50 (\$0.034), a final dividend of ¥4.50 (\$0.034) and a special ¥1.0 dividend (\$0.007) in commemoration of our 90th anniversary. The dividend payout ratio was 58.5%, while the ratio of dividends to shareholders' equity was 2.0%.

Nonconsolidated Operating Results

Japan's economy weakened in the second half of fiscal 1998, owing to stagnant personal consumption and flagging housing investment and a downturn in private-sector capital investment. The situation was exacerbated by increasing instability in the domestic financial system and the economic crisis in Asia.

Asahi Glass responded to these conditions by stepping up its marketing activities. However, declining demand for mainstay products, coupled with sagging market conditions, resulted in a decline in nonconsolidated net sales. Nevertheless, effective companywide measures to improve efficiency and rationalize operations contributed to income growth.

Glass and Related Operations

Sales of glass and related operations fell 6.7%, to ¥440,875 million (\$3,339 million), and accounted for 51.6% of net sales. While sales of energy-saving double-glazing glass units advanced, sales of float glass, sashes and fireproof siding board were sluggish and contributed to the overall sales drop.

Sales of fabricated glass, most of which is used in automobile production, improved as weak domestic automobile sales were countered by increased exports. Glass bulb sales fell as declining exports to Asian countries offset higher domestic sales.

Chemical Operations

Chemical operations generated sales of ¥293,108 million (\$2,220 million), down 5.6%, and equivalent to 34.3% of net sales. Firm sales of fluorinated products, such as pharmaceutical and agrochemical intermediates, were offset by reduced sales of caustic soda, vinyl chloride and other products.

Ceramics and Refractories Operations

Sales of ceramics and refractories operations were down 9.7%, to ¥22,423 million (\$169 million), accounting for 2.6% of net sales. This decline primarily reflected slack demand for fused cast refractories and a stagnant market for bonded and castable refractories.

Electronics Operations

Sales of electronics operations grew 6.0%, to ¥77,407 million (\$586 million), representing 9.1% of net sales. Rising sales of integrated circuits for information and telecommunications equipment and glass substrates for liquid crystal displays, plus sales of large plant equipment, fueled the increase.

Other Operations

Sales in this category, which includes health-care equipment and a variety of other products, declined 6.4%, to ¥20,685 million (¥156 million), and accounted for 2.4% of net sales.

Outlook for Fiscal 1999

While hopes are high that the Japanese government's current fiscal measures will be effective, consumer spending and private-sector capital investment-both essential to encouraging domestic demand-are not expected to recover in the immediate future. Furthermore, lingering economic difficulties in Southeast Asia continue to fuel concern. Accordingly, economic conditions will likely remain difficult.

In this environment, Asahi Glass will ensure endeavor to expand and develop its operations and ensure consistent growth into the 21st century by

- accurately anticipating changes in its operating environment and accelerating new business and product development processes, while raising competitiveness and operating efficiency
- reinforcing its global consolidated management structure by unifying the administration of domestic and overseas operations
- expanding and strengthening its comprehensive quality control system, which applies to all aspects of its operations.

For the current fiscal year, ending March 31, 1999, Asahi Glass projects nonconsolidated net sales to decline 2.9% from fiscal 1998, to ¥830,000 million (\$6,287 million). Ordinary income is expected to amount to ¥28,000 million (\$212 million), an decrease of 10.9%, while net income is projected to total ¥17,000 million (\$128 million), down 15.3%. In line with its policy of considering the stability of dividends, the Company expects to pay a midterm dividend of ¥4.50 (\$0.034) per common share, bringing the annual dividend to ¥9.00 (\$0.068) per share.

Consolidated Results

Asahi Glass's consolidated net sales in fiscal 1998 totaled ¥1,346,727 million (\$10,202 million), up 0.7%. Ordinary income was ¥56,782 million (\$430 million), a rise of 13.1%. Net income amounted to ¥20,361 million (\$154 million), 15.7% below the previous year. Net income per share was ¥17.33 (\$0.13), compared with ¥20.56 (\$0.15) in fiscal 1997.

Consolidated net sales for the current fiscal year are expected to total ¥1,360,000 million (\$10,303 million), representing an increase of 1.0%. Ordinary income is forecast to rise 2.1%, to ¥58,000 million (\$439 million) and net income to advance 27.7%, to ¥26,000 million (\$196 million).

Significant Subsequent Event

At the Board of Directors' meeting on April 23, 1998, the Company resolved to issue on May 20, 1998, the first unsecured bonds to the value of ¥50,000 million (\$378 million), maturing in 2003, to raise funds for the settlement of outstanding bonds and commercial paper.

Note:

For the convenience of readers only, yen figures in this report have been translated into U.S. dollars at the rate of ¥132=\$1.00, the prevailing rate on March 31, 1998.

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Nonconsolidated Financial Highlights

Asahi Glass Company, Limited

	Millions of yen/ Percent		
	April 1, 1997 - March 31, 1998	April 1, 1996 - March 31, 1997	Change (%)
Net sales	¥854,500	¥903,157	(5.4)
Operating income	13,766	15,517	(11.3)
Ordinary income	31,426	30,295	3.7
Net income	20,072	19,032	5.5

Exports	¥185,350	¥215,877
Export ratio	21.7%	23.9%

Sales by Operation/ Percentage of Net Sales

Glass and related operations	¥440,875	51.6%	¥472,533	52.3%	(6.7)
Chemicals operations	293,108	34.3	310,652	34.4	(5.6)
Ceramics and refractories operations	22,423	2.6	24,824	2.7	(9.7)
Electronics operations	77,407	9.1	73,036	8.1	6.0
Other operations	20,685	2.4	22,110	2.5	(6.4)
	¥854,500	100.0%	¥903,157	100.0%	(5.4)

Per Share Data (in yen)

Net income	¥17.08	¥16.19
Assuming full dilution	¥16.51	¥15.69
Interim dividend	¥ 4.50	¥ 4.50
Annual dividend	¥10.00	¥ 9.00

Nonconsolidated Statements of Income
Asahi Glass Company, Limited

	Millions of Yen	
	April 1, 1997 - March 31, 1998	April 1, 1996 - March 31, 1997
Net Sales	¥854,500	¥903,157
Cost of Sales	739,286	784,557
Selling, General and Administrative Expenses	101,446	103,083
Operating income	13,766	15,517
Other Income and Expenses:		
Other Income:		
Interest and dividend income	15,430	13,222
Others	11,273	10,873
	26,703	24,095
Other Expenses:		
Interest expenses	4,346	4,621
Others	4,697	4,696
	9,043	9,318
Ordinary Income	31,426	30,295
Extraordinary Income:		
Gains on sales of fixed assets	7,895	6,793
Gains on sales of investment securities	3,976	920
Gains on sales of shares in subsidiaries	57	2,686
Interest income overdue	2,552	-
Transfer from allowance for bad debt	243	18
	14,726	10,419
Extraordinary Losses:		
Loss on disposal of fixed assets	5,492	5,530
Loss on foreign currency translation	-	751
Special pension premiums	3,765	-
Expenditures for improving operating structure	9,722	-
	18,980	6,281
Net income before income taxes	27,172	34,432
Reserve for income taxes	7,100	15,400
Net income after taxes	20,072	19,032
Earnings Carried Forward from the Previous Year	14,543	12,660
Interim Dividends	5,288	5,288
Unappropriated retained earnings at year-end	¥29,327	¥26,404

Consolidated Financial Highlights
Asahi Glass Company, Limited

	Millions of yen/ Percent		
	April 1, 1997 - March 31, 1998	April 1, 1996 - March 31, 1997	Change (%)
Net sales	¥ 1,346,727	¥ 1,337,293	0.7
Operating income	66,072	59,827	10.4
Ordinary income	56,782	50,188	13.1
Net income	20,361	24,167	(15.7)

**Sales by Operation/
Percentage of Net Sales**

Glass and related

operations	¥ 795,143	59.0%	¥ 775,966	58.0%	2.5
Chemicals operations	341,588	25.4	364,566	27.3	(6.3)
Other operations	209,995	15.6	196,760	14.7	6.7
	¥ 1,346,727	100.0%	¥ 1,337,293	100.0%	0.7

Per Share Data

(in yen)

Net income	¥ 17.33	¥ 20.56
Assuming full dilution	¥16.74	¥19.71

Consolidated Statements of Income
Asahi Glass Company, Limited

	Millions of Yen	
	April 1, 1997 - March 31, 1998	April 1, 1996 - March 31, 1997
Net Sales	¥1,346,727	¥1,337,293
Cost of Sales	1,064,546	1,061,516
Selling, General and Administrative Expenses	216,108	215,949
Operating income	66,072	59,827
Other Income and Expenses:		
Other Income:		
Interest and dividend income	7,618	6,132
Others	13,953	13,699
	21,572	19,832
Other Expenses:		
Interest expenses	23,539	22,149
Others	7,323	7,322
	30,862	29,471
Ordinary Income	56,782	50,188
Extraordinary Income	15,284	8,634
Extraordinary Losses	29,732	11,566
Net income before income taxes	42,334	47,256
Reserve for income taxes	15,189	24,032
Minority-interest earnings	(3,945)	(3,636)
Amortization of consolidated goodwill	(3,654)	(3,003)
Equity in earnings of unconsolidated subsidiaries	817	7,584
Net income after taxes	¥ 20,361	¥ 24,167