

ASAHI GLASS REPORTS CONSOLIDATED RESULTS FOR FISCAL 2002

TOKYO – Asahi Glass Company, Ltd. released its consolidated operating results for Fiscal 2002, ended March 31, 2002, today. Net sales amounted to ¥1,263,196 million (\$10,337 million). Operating profit and recurring profit declined sharply to ¥58,988 million (\$483 million) and ¥44,470 million (\$364 million), respectively, year on year, partially due to the fact that the equity method was applied to Hankuk Electric Glass Co., Ltd., a consolidated subsidiary, whose shares were partially sold during the second fiscal half-year. For the first time since its shares were listed in 1950, the Company turned into the red with consolidated net loss of ¥12,605 million (\$103 million) as a result of extraordinary losses related to structural reform. The Company declared a year-end dividend of ¥4.50 (\$0.037) per common share, in addition to the interim dividend of ¥4.50, bringing the total annual dividend to ¥9.00 (\$0.074).

Operating Results

During Fiscal 2002, economic activities decelerated rapidly across the world as industry demand from the information technology (IT) and related sectors such as personal computers (PCs) turned sluggish. Market environment in Japan grew severer as personal consumption remained stagnant and private capital expenditures and public-sector investments tapered off. The U.S. economic stagnation has also affected the economies in Asia and Europe, bringing about the global economic slow-down.

Under these adverse market conditions, Asahi Glass continued to strive for improvements in its earnings capability through selection and concentration of businesses, implementation of various cost reduction measures and withdrawal from unprofitable business in accordance with its “Shrink to Grow” Initiatives. Nevertheless, the Company suffered substantial negative impacts of the contracting demand from the IT and related sectors.

In order to enhance integrated global operation of its flat glass line of business, the Company acquired 1,948,159 shares of common stock and 26,723 units of convertible bonds of Glaverbel S.A. for E380 million (approx. ¥44 billion) through public tender offer effective May 14, 2002. As a result of this acquisition, the Company’s share of voting rights in Glaverbel S.A. has reached 91.3%. This acquisition was funded by way of commercial papers and long-term debt.

Glass and Related Operations

The Glass and Related Operations segment encompasses two main product categories: flat glass and construction materials such as ceramic siding boards for use in construction, and fabricated glass consisting primarily of tempered glass for automotive use.

The domestic flat glass business of the Company remained slow as sales of construction glass and ceramic siding boards were kept weak by stalled housing starts. Sales of fabricated glass declined from those of the previous term as the Japanese auto industry stayed locked in a harsh market environment marked with poor domestic demand and reduced exports. In Asia, sales expanded as P.T. Asahimas Flat Glass Tbk. of Indonesia, Thai Asahi Glass Public Co. of Thailand and Asahi Glass Philippines Inc. of the Philippines, all involved in production and sales of flat glass and fabricated glass, were turned into consolidated subsidiaries during Fiscal 2002 as part of initiatives to optimally allocate production among

members of the Asahi Glass Group in Japan and Southeast Asia. The flat glass business in North America remained hampered by feeble demand for flat glass for construction use, mirroring the decelerated U.S. economy. Despite slightly reduced auto production, sales of fabricated glass remained buoyant as the market share expanded through development of new customers. In Europe, despite the decelerating economic trend, sales of flat glass products increased as prices of flat glass for construction use held favorably and sales of high-value-added strategic products grew. European sales of tempered glass for automotive applications expanded in keeping with sales growth in high-value-added strategic products.

Consolidated sales for Glass and Related Operations rose by ¥41,230 million (\$337 million), year on year, to ¥666,470 million (\$5,454 million), and operating profit increased by ¥4,415 million (\$36 million) to ¥40,267 million (\$330 million).

Electronics and Display Operations

This segment comprises displays, notably glass bulbs for cathode-ray tubes (CRTs) and glass substrates for flat panel displays (FPDs), and electronic materials.

In the display category, as market demand dwindled for PC monitors due to slow sales of IT-related products, liquid crystal displays (LCDs) gained popularity rapidly while demand for glass bulbs for CRTs plummeted. Sales and operating profit relative to glass bulbs for CRTs dropped sharply owing to reduced selling prices and the fact that the equity method was applied to Hankuk Electric Glass Co., a consolidated subsidiary, whose shares were partially sold during the second fiscal half-year. On the other hand, sales of glass substrates for FPDs continued to grow, and those of glass substrates for plasma display panels (PDPs) soared in step with the spread of PDPs.

In the electronic materials category, sales of optoelectronic materials for use in production of optical discs expanded but those of electronic materials for integrated circuits (ICs) and semiconductor manufacturing equipment were handicapped by contracted market demand for IT-related products. Elsewhere, sales of optical filters for optical communications equipment applications declined as the U.S. market plunged.

Consequently, consolidated sales for the Electronics and Display Operations dropped by ¥71,227 million (\$583 million) to ¥314,947 million (\$2,577 million), and operating profit decreased by ¥41,749 million (\$342 million) to ¥23,838 million (\$195 million).

Chemicals Operations

The Chemicals Operations segment consists of three categories: chlor-alkalis including caustic soda, fluorochemicals such as fluoric resins and solvents, and urethane and other chemicals.

Sales in the chlor-alkalis category dropped sharply from those of the previous term due to the reduced sales volume reflecting weak market demand and deteriorating market prices for chlorine products, notably vinyl chloride, in Japan. Operating profit also decreased substantially due to the elevated cost of imported raw materials caused by the depreciation of the yen and negative effects from reduced operating capacity resulting from the lower sales volume. In Asia, sales remained extremely poor as the sales volume for caustic soda remained sluggish while vinyl chloride declined both in sales volume and international market price. Sales in the fluorochemicals business in Japan also slipped substantially, reflecting stagnation in the IT sector. In the U.S. market, albeit strong efforts for market expansion and cost reduction, fluoric resins did poorly throughout the fiscal year due to effects of the decelerated U.S. economy.

Consolidated sales for the Chemicals segment decreased by ¥16,289 million (\$133 million) to ¥258,676 million (\$2,117 million) and an operating loss of ¥5,390 million (\$44 million) was incurred,

marking a negative turnaround of ¥14,401 million (\$118 million) from the previous fiscal year.

Other Operations

Sales in this segment are mainly from ceramics and other operations including physical distribution and financial services. Although sales in the main business category of ceramics remained flat, consolidated sales and operating profit for the Other Operations decreased modestly in relative terms by ¥5,581 million (\$46 million) to ¥88,224 million (\$722 million) and by ¥733 million (\$6 million) to ¥391 million (\$3 million), respectively, reflecting positive effects from sale of the Company's stake in Nippon Dry-Chemical Co.

Outlook for Fiscal 2003

While some business indicators point to positive turns in the Japanese economy, prevailing employment conditions and personal consumption climate continue to be bleak. Given these continuing adverse economic conditions, market demand is likely to remain extremely weak in this industrial sector. Although symptoms of business recovery are becoming visible in the U.S. and the European and Asian economies are expected to grow at a modest pace, outlook for sustained growth is in doubt and the world economy should remain covered with uncertainties. Despite this unfavorable business environment, the Company will continue to strive focus on further structural reforms through its "S to G 2003" Initiatives, a comprehensive medium-term management plan, while endeavoring to remodel management organizations and implement strategic and dynamic decision-making processes.

In light of these initiatives and plans, Asahi Glass projects consolidated net sales of ¥1,280,000 million (\$10,475 million), operating profit of ¥60,000 million (\$491 million), recurring profit of ¥45,000 million (\$368 million) and net profit of ¥28,000 million (\$229 million) for the current fiscal year, to be ended March 31, 2003.

Disclaimer regarding Outlook for Fiscal 2003

The abovementioned prospective results reflect management's judgment on the basis of currently available information and, as such, contain risks and uncertainties. It is recommended that investment decisions not be made solely on the basis of these prospective results as actual results may differ materially from such prospective results for the reasons such as, but not limited to, economic conditions effecting the Company's operating environment, market trends and fluctuations in foreign exchange rates.

Consolidated Financial Highlights

In Billions of Yen

	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001	Change (%)
Net Sales	1,263.2	1,312.8	-3.8
Operating Profit	59.0	111.7	-47.2
Recurring Profit	44.5	98.0	-54.6
Net Profit (Loss)	(12.6)	24.7	n.a.
Total Assets	1,889.4	1,886.8	0.1
Shareholders' Equity	586.0	607.0	-3.5
ROE	n.a.	4.1%	n.a.
Net Profit (Loss) per Share – Primary	(10.73)	21.04	n.a.

Non-Consolidated Financial Highlights

In Billions of Yen

	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001	Change (%)
Net Sales	550.1	604.6	-9.0
Operating Profit (Loss)	(4.4)	21.0	n.a.
Recurring Profit	7.0	33.7	-79.3
Net Profit (Loss)	(14.9)	11.7	n.a.
Total Assets	1,098.2	1,119.3	-1.9
Shareholders' Equity	575.0	630.6	-8.8
ROE	n.a.	1.9%	n.a.
Net Profit (Loss) per Share – Primary	(12.68)	9.96	n.a.

Consolidated Results by Business Segment & Region

(1) By Business Segment

In Millions of Yen

	Sales		Operating Profit (Loss)	
	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001
Glass	666,470	625,240	40,267	35,852
Electronics & Displays	314,947	386,174	23,838	65,587
Chemicals	258,676	274,965	(5,390)	9,011
Others	88,224	93,805	391	1,124
Elimination	(65,122)	(67,357)	(119)	76
Total	1,263,196	1,312,829	58,988	111,652

(2) By Region

In Millions of Yen

	Sales		Operating Profit	
	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001
Japan	765,710	841,008	7,118	39,389
Asia	190,746	214,493	24,728	46,627
The Americas	180,306	171,359	3,225	7,781
Europe	224,201	190,365	24,030	18,115
Elimination	(97,768)	(104,398)	(115)	(261)
Total	1,263,196	1,312,829	58,988	111,652

Consolidated Balance Sheet

In Millions of Yen

	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2001	Change
Cash on hand and in banks	50,195	47,143	3,052
Trade notes & accounts receivable	241,803	263,721	(21,918)
Inventories	203,607	204,169	(561)
Deferred tax assets	8,997	14,228	(5,231)
Other current assets	57,100	58,523	(1,422)
Allowance for bad debts	(5,813)	(5,327)	(486)
Current Assets	555,890	582,458	(26,568)
Buildings & structures	215,198	202,244	12,953
Machinery & equipment	428,793	406,407	22,385
Tools & fixtures	18,266	17,147	1,119
Land	108,044	99,813	8,231
Construction in progress	47,695	37,171	10,524
Tangible Fixed Assets	817,998	762,784	55,213
Intangible Fixed Assets	104,506	107,956	(3,449)
Investment in Marketable securities	343,876	382,024	(38,148)
Long-term loans	4,785	5,541	(756)
Long-term prepaid expense	4,224	6,032	(1,807)
Long-term deferred tax assets	35,271	9,209	26,062
Other investments	33,395	44,785	(11,390)
Allowance for bad debts	(11,175)	(14,667)	3,492
Investments, etc.	410,378	432,926	(22,548)
Fixed Assets	1,332,883	1,303,667	29,215
Deferred Assets	610	689	(79)
Total Assets	1,899,384	1,886,815	2,568

In Millions of Yen

	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2001	Change
Trade notes & accounts payable	155,247	190,068	(34,821)
Short-term bank loans	159,254	148,006	11,247
Commercial paper	95,638	80,563	15,074
Current maturities of bonds	22,103	43,178	(21,075)
Non-trade payables	60,715	64,705	(3,990)
Income taxes payable	5,281	15,694	(10,412)
Accrued expenses	19,839	19,320	519
Deposits received	27,958	26,182	1,775
Provision for bonus payments	10,916	10,977	(61)
Allowance for scheduled repairs	2,313	2,531	(217)
Other current liabilities	29,401	32,400	(2,998)
Current Liabilities	588,670	633,629	(44,959)
Bonds issued	320,331	282,999	37,331
Long-term bank loans	137,987	130,101	7,886
Long-term deferred tax liabilities	43,692	60,991	(17,298)
Accrued retirement benefits	46,236	42,877	3,359
Reserve for rebuilding furnaces	15,175	16,982	(1,806)
Allowance for structural reform	36,541	-	36,541
Other long-term liabilities	20,932	20,285	646
Long-term Liabilities	620,895	554,237	66,658
Total Liabilities	1,209,566	1,187,866	21,699
Minority Interest	93,842	91,948	1,894
Common shares	90,472	90,472	-
Additional paid-in capital	84,395	84,388	7
Assets revaluation reserve	117	119	(1)
Retained earnings	419,644	441,906	(22,262)
Revaluation of investment in securities	20,090	50,969	(30,878)
Adjustments on foreign currency translation	(28,438)	(60,851)	32,412
Treasury shares	(306)	(3)	(302)
Shareholders' Equity	585,975	607,000	(21,025)
Total Liabilities, Minority Interest & Shareholders' Equity	1,889,384	1,886,815	2,568

Consolidated Statement of Income

In Millions of Yen

	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001	Change
Net Sales	1,263,196	1,312,829	(49,632)
Cost of Goods Sold	975,488	971,893	3,594
Selling, General & Administrative Expenses	228,720	229,283	(563)
Operating Profit (Loss)	58,988	111,652	(52,664)
Interest and dividend income	4,107	5,374	(1,267)
Equity in earnings of non-consolidated subsidiaries and affiliates	3,428	4,855	(1,427)
Other non-operating income	7,909	4,677	3,231
Non-Operating Income	15,445	14,908	536
Interest expenses	20,570	21,848	(1,278)
Interest expenses on commercial paper	1,682	2,420	(737)
Other non-operating expenses	7,710	4,265	3,444
Non-Operating Expenses	29,963	28,534	1,429
Recurring Profit	44,470	98,026	(53,556)
Gain on sale of fixed assets	5,884	6,425	(541)
Gain on sale of investments in securities	4,132	10,411	(6,279)
Gain on sale of investments in subsidiaries and affiliates	-	1,762	(1,762)
Gain from establishment of trust for retirement benefits	-	75,506	(75,506)
Others	3,735	6,933	(3,197)
Extraordinary Profit	13,751	101,039	(87,287)
Loss on disposal of fixed assets	11,470	9,706	1,764
Foreign exchange loss	-	6,524	(6,524)
Loss on sale of investments in subsidiaries	4,191	-	4,191
Loss on valuation of investments in securities	2,004	3,125	(1,120)
Loss on valuation of land	-	12,810	(12,810)
Loss on restructuring programs including bonus allowance for early retirement	42,294	13,917	28,376
Change for full amount of transitional obligations for retirement benefits	-	84,256	(84,256)
Others	5,913	8,292	(2,378)
Extraordinary Losses	65,874	138,632	(72,757)
Net Profit (Loss) before Taxes	(7,652)	60,433	(68,086)
Taxes	13,613	20,761	(7,147)
Deferred income taxes	(19,496)	744	(20,241)
Minority interests in earnings of consolidated subsidiaries	10,836	14,203	(3,367)
Net Profit (Loss)	(12,605)	24,724	(37,330)

Abbreviated Consolidated Statement of Cash Flows

In Millions of Yen

	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001
Cash Provided by Operating Activities including:	129,661	144,643
Net profit (loss) before taxes	(7,652)	60,433
Depreciation expenses	109,954	97,522
Cash Provided by Investing Activities including:	(107,020)	(87,068)
Acquisition of fixed assets	(129,039)	(91,026)
Cash Provided by Financing Activities including:	(17,625)	(68,660)
Repayment of long-term bank loans	(62,352)	(64,452)
Currency Translation Differences	1,275	210
Increase (Decrease) in Cash & Cash Equivalents	6,290	(10,875)
Balance of Cash & Cash Equivalents at Beginning of Year	45,764	55,213
Reconciliation of Cash & Cash Equivalents Related to Change in Scope of Consolidation	729	1,426
Cash & Cash Equivalents at End of Year	52,784	45,764

Supplementary Information

(1) Consolidated

In Billions of Yen

	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001
Capital Expenditure	130.9	93.3
Depreciation	110.0	97.5
Research & Development Expenses	29.0	28.4
Outstanding Interest-bearing Debts	735.3	685.5
Debt/Equity Ratio	1.08	0.98
Number of Employees	48,362	48,809

(2) Non-Consolidated

In Billions of Yen

	April 1, 2001 – March 31, 2002	April 1, 2000 – March 31, 2001
Capital Expenditure	46.0	33.0
Depreciation	36.0	36.8
Research & Development Expenses	21.4	21.7
Outstanding Interest-bearing Debts	320.7	274.7
Debt/Equity Ratio	0.56	0.44
Number of Employees	6,989	7,275

Management Policy

Fundamental Management Policy

It is the fundamental management policy of Asahi Glass, as the world's leading supplier of materials and parts built on its core technologies in glass and fluorine chemicals, to strive to enhance the aggregate business value of its Group by constantly looking toward the future with a forward-looking vision that extends beyond its own realm of business, by pursuing innovations ceaselessly rather than staying content with the status quo, and by bringing out great potentials that the Group as a whole possesses.

All corporate and personal members of the Group are expected to think and act in full accord with "Look Beyond", the Group's new corporate vision announced in April of 2002, that draws on "innovation and operational excellence", "diversity", "environment" and "integrity" which have been identified as the four most important corporate values to be shared and pursued among themselves.

Allocation and Distribution of Profits

Asahi Glass pledges to maintain stable dividends, and will calculate dividends based on a consideration of various factors including consolidated results and dividend payout ratio, to ensure that the expectations of its shareholders will be met. Asahi Glass will also allocate retained earnings to R&D, capital investment and mergers and acquisitions with a view to strengthening its financial position and enhancing shareholder value.

Notwithstanding the difficult business environment, the Company plans to declare a year-end dividend of ¥4.50 per share, in addition to the earlier interim dividend of ¥4.50 per share, as a token of its appreciation for the continuing shareholder support.

Trading Unit of Common Shares

Asahi Glass finds it a useful measure of revitalizing the market to lower the trading unit of its shares, and recognizes the matter as one of its important management issues. It is the policy of the Company to deal with this matter on the basis of future stock market conditions as well as market trends on trading unit.

Medium- and Long-Term Strategies and Objectives

Amid the rapidly changing business environment surrounding it, Asahi Glass has firmed up "Look Beyond", a new Group-wide vision, aimed at highlighting a clear-cut future corporate path for the benefit of its stakeholders and encouraging all corporate and personal members of the Group to focus coherently on the ultimate objective of maximizing overall corporate value.

The Asahi Glass Group will seek to become an excellent company of global stature with high earnings and high growth capabilities, and will strive to be one of the world's leading suppliers of materials and parts built on its core technologies in glass and fluorine chemicals. Meanwhile, the Group companies will endeavor to become the top-ranked entities in their respective markets. The Asahi Glass Group will also try to zero in on more closely identifying specific business segments that should help maximize its corporate value, enhance its competitiveness based on the Group's overall strengths commit itself to management by global team members.

Given the current business conditions, it appears difficult to achieve a projected consolidated ROE of 10% by Fiscal 2004, a target initially called for under the "Shrink to Grow 2003" Initiatives. Nevertheless, the Company views this target as a bare minimum for a global business entity, and will continue with its efforts to achieve it between Fiscal 2004 and Fiscal 2006 during the term of the next medium-term management plan.

Measures to Reform Management Organizational Structure

In order to ensure that the Group will be better managed as a consolidated business entity and “corporate value” management will be pursued further, Asahi Glass will endeavor to enhance the “watchful eyes” of its shareholders by reducing the number of its internally promoted directors substantially and appointing more outside directors. We also believe that the Company’s decision-making process will speed up with the introduction of a scheme for executive officers having specific operational accountability, and further that corporate governance will be reinforced and firmly established through a strict separation between surveillance and execution of management. Asahi Glass introduced a new business company scheme in April of this year, and established a total of four companies: flat glass, tempered glass, displays and chemicals. A substantial amount of operating authority will be delegated to these companies, and this should permit them to operate with greater independence and agility.

Pending Management Issues

Key management issues that the Company must proactively cope with in future involve: (1) reforming management infrastructure and building up a system that will permit strategic and dynamic decision-making in accordance with the new “Look Beyond” Group-wide vision, and (2) faithfully implementing and executing the “Shrink to Grow” initiatives calling for selection of and concentration in strategic businesses. Asahi Glass will proceed further with consolidation of its glass bulb production facilities and structural reform of its chemicals business so as to reinforce its overall earnings capabilities.

Notes:

For the purpose of this report, yen figures have been translated into US dollars at the rate of US\$1.00=¥122.20 prevailing on March 31, 2002.

For further information, please contact:

Mr. Kenichi Imoto

Director, Corporate Communications Division

Asahi Glass Co., Ltd.

12-1 Yurakucho 1-chome,

Chiyoda-ku, Tokyo 100-8405, Japan

Tel: (03) 3218-5408 Fax: (03) 3201-5390

URL: <http://www.agc.co.jp/english/>