

November 18, 2002

**ASAHI GLASS REPORTS CONSOLIDATED RESULTS FOR
FISCAL 2003 FIRST HALF**

TOKYO—Asahi Glass Company, Limited. released its consolidated operating results for the first half of fiscal 2003, ended September 30, 2002, today. Net sales edged down by 2.0%, to ¥632,873 million (\$4,921 million). Operating profit dipped 35.1%, to ¥28,734 million (\$223 million) and ordinary profit declined by 30.9%, to ¥24,799 million (\$193 million). Nonetheless, net income rose 11.8 %, to ¥15,220 million (\$118 million). Net income per common share was ¥12.96 (\$0.101), up from ¥11.59. The Company declared interim dividends per common share of ¥4.50 (\$0.035), the same as at the fiscal 2002 interim.

Operating Results

Some signs of a mild recovery in this midterm were observed in some parts of the world, but the future course of the world economy become uncertain due in part to the falls in global stock prices. In Japan, while personal consumption continued to stagnate, production showed signs of a recovery thanks to an increase in its exports. Even though economies in Asian nations are recovering, European economies have slowed down and the future course of the U.S. economy became uncertain, and the economic climate around us increased its severity.

In these severe economic climate, we further strengthened integrated global business operations in the wake of the transition to the new Company scheme in April 2002, and continued to implement cost reduction measures further, while withdrawing from unprofitable business operations in order to improve profitability.

Concerning the performance for this midterm, we recorded sales of ¥632,873 million, an operating profit of ¥28,734 million, as well as an ordinary profit of ¥24,799 million, each of these to be lower than those booked in the previous midterm. This is partly because the Hankuk Electric Glass Co., that had been a consolidated subsidiary until the previous mid-term, was changed to a group company under the equity method in this midterm. However, net income saw an increase from the previous midterm to ¥15,220 million, thanks to an improvement in extraordinary profit/loss over the corresponding period of last year.

We shall make a midterm dividend payment of ¥4.5 per share for this midterm, in accordance with the “*Allocation of Profits*” in the Management Policy hereinafter.

In order to enhance integrated global operation of its flat glass line, the Company acquired 1,948,159 shares of common stock and 26,723 units of convertible bonds in Glaverbel S.A. for 380 million euro (approx. ¥44,000 million) through public tender offer effective May, 2002. In addition, in August 2002, the Company acquired another 7.0 percent interest in the same company from its shareholders under the same conditions of the public tender offer. As a result of this acquisition, the Company's share of voting rights in Glaverbel S.A. has reached 98.98%.

Glass and Related Operations

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

For the domestic flat glass business of the Company, sales turned lower than the figure in previous fiscal year due to stalled domestic housing starts, although construction demand for building remained strong, owing to redevelopment projects in metropolitan area. In Asian markets, production/shipment expanded amid the economic recovery in the regions, while in the U.S. market, its sales volume increased due to an increase in the number of new housing starts. In European markets, though prices declined under the influence of the region's economic slowdown, sales increased from the year earlier, following an inclusion of Russian Bore Glass Works into the Company's consolidated books.

In the automotive glass segment, sales decreased because the ratio of compact cars in the total number of manufactured vehicles increased, though the number of domestic automobile production saw a moderate increase over the previous year owing to brisk exports. In the U.S. market, sales increased owing to an increase in shipment underpinned by strong automobile production, as well as an expansion in the company's market share with new customers increasing. While in Europe, sales saw a moderate increase, thanks to an increase in the volume of shipment for repair use, and of high value added products, although automobile production stagnated.

As a result, consolidated sales for the Glass and Related Operations rose by ¥13.0 billion (\$101 million), year on year, to ¥346.8 billion (\$2,697 million), but operating profit decreased by ¥1.6 billion (\$12 million) to ¥20 billion (\$156 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, sales and operating profit dropped partly because the equity method was applied to Hankuk Electric Glass Co., which had been a consolidated subsidiary up until the first half of this fiscal year. Sales of glass bulbs for CRTs continued to fare well stemming from an

increase in demand for those for TV sets, blessed by world soccer finals and the progress of inventory adjustments. On the other hand, for glass substrates for FPD, the shipment of glass substrates for TFT crystals continued to grow from last year, and sales of glass substrates for plasma display panels (PDPs) increased in line with the spread of plasma display panels.

The electronic materials category saw an improvement in demand for some of its products in the first half of this midterm period, but its recovery seems to have run its course on and after the summer. This category continued to face difficulties amid a decrease in sales of IC and small- and mid-size crystal displays under the influence of the prolonged IT recession, despite an increase in shipments of some of its products such as flit paste for PDP, or optical pickup components for DVD, and so forth.

As a result, consolidated sales for the Electronics and Display Operations dropped by ¥26.2 billion (\$204 million), year on year, to ¥149.7 billion (\$1,164 million), and operating profit decreased by ¥10.9 billion (\$85 million) from the year earlier, to ¥10.8 billion (\$84 million).

Chemicals Operations

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

Sales in the chlor-alkalis category in the domestic market dropped year on year, due to the influence of the overall market stagnation. Sales of vinyl chloride increased over the previous year as its export prices increased, while its domestic demand continued to stagnate. Without a recovery in demand, sales of caustic soda declined over the previous year, due partly to a sharp decline in export prices. Overseas sales continued to be strong amid a recovery in overseas market conditions for vinyl chloride, as well as robust demand for chlorine gas and caustic soda for poly-carbonate. Amid the prolonged IT recession, the shipment of fluorochemicals in the domestic market continued to be weak, despite an increase in sales of some of its products such as optic filters for PDP.

As a result, consolidated sales for the Chemicals segment decreased by ¥0.9 billion (\$7 million), year on year, to ¥129.4 billion (\$1,006 million). An operating loss of ¥2.1 billion (\$16 million) was incurred, marking a negative turnaround of ¥2.5 billion (\$19 million) from the previous fiscal year.

Taking into account this business category in the severe current business climate, the Company is implementing structural reform measures, including the completion of withdrawal from its chemical product business at its Kita Kyushu factory at the end of September, while cutting back on the number of jobs (focusing on the headquarters' personnel), in order to make an improvement in its profitability in and after the second half of this business year.

Other Operations

Sales in this segment are mainly from ceramics and other operations including physical distribution and financial services. Total sales decreased by ¥10.1 billion (\$79 million) from a year earlier, to ¥34.3 billion (\$267 million), and operating profit declined by ¥0.58 billion (\$4.5 million) to ¥0.04 billion (\$0.31 million).

Outlook for Fiscal 2003

Uncertainty over the future course of the Japanese economy is expected to be further deepened, with concerns over the possibility of a slowdown of the U.S. economy growing, and with corporate managers' sentiment deteriorating due to drops in share prices in Japan. Against this backdrop, the Company will establish a system, in which strategic and proactive decisions can be made under the newly introduced Company scheme, and will promote further structural reforms based on the Company's midterm business plan, titled "Shrink to Grow 2003."

The Company forecasts consolidated sales of ¥1,300 billion, an operating profit of ¥63 billion, an ordinary profit of ¥52 billion, and a net income of ¥31 billion for the full fiscal year ending in March 2003. The average exchange rates for the term are forecast at ¥124.9=\$1.00 and ¥117.6=1.00 euro.

Disclaimer Regarding Future Results Projections

Statements in this document in reference to projections regarding Asahi Glass' future results are forward-looking statements based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. It is recommended that investment decisions not be made solely on the basis of these statements. Actual results may differ materially from these projections. Potential risks and uncertainties include, but are not limited to, economic conditions affecting the Company's operating environment, market trends and foreign exchange fluctuations.

Consolidated Financial Highlights

	Millions of Yen			Millions of Yen
	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	Change (%)	April 1, 2001 – March 31, 2002
Net Sales	¥632,873	¥645,810	-2.0	¥1,263,196
Operating Profit	28,734	44,295	-35.1	58,988
Ordinary Profit	24,799	35,876	-30.9	44,470
Net Income	15,220	13,618	11.8	(12,605)
Total Assets	1,862,277	1,867,017		1,889,384
Total Shareholders' Equity	583,497	608,190		585,975
Per Share Data (Yen)				
Net Income – Primary	¥12.96	¥11.59		¥(10.73)
– Fully Diluted	12.45	11.23		-

Non-consolidated Financial Highlights

	Millions of Yen			Millions of Yen
	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	Change (%)	April 1, 2001 – March 31, 2002
Net Sales	¥268,764	¥276,507	-2.8	¥550,108
Operating Profit	(1,326)	362	-	(4,411)
Ordinary Profit	3,043	6,937	-56.1	6,984
Net Income	2,470	5,206	-52.6	(14,899)
Total Assets	1,103,557	1,053,179		1,098,294
Total Shareholders' Equity	563,138	601,077		574,970
Per Share Data (Yen)				
Net Income – Primary	¥2.10	¥4.43		¥(12.68)
Cash Dividends	4.5	4.5		9.0

Results by Business Segment and Region

(1) Business Segment

	Sales			Operating profit		
	Millions of Yen			Millions of Yen		
	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002
Glass	¥346,779	¥333,758	666,470	¥20,022	¥21,650	¥40,267
Electronics and Displays	149,698	175,915	314,947	10,827	21,760	23,838
Chemicals	129,439	130,368	258,676	(2,096)	384	(5,390)
Others	34,347	44,405	88,224	39	615	391
Elimination	(27,391)	(38,636)	(65,122)	(57)	(115)	(119)
Total	¥632,873	¥ 645,810	¥1,263,196	¥28,734	¥44,295	¥58,988

(2) Region

	Sales			Operating profit		
	Millions of Yen			Millions of Yen		
	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002
Japan	¥372,331	¥384,947	¥765,710	¥2,026	¥8,336	¥7,118
Asia	106,503	107,128	190,746	10,943	20,274	24,728
The Americas	94,898	90,710	180,306	3,457	2,524	3,225
Europe	128,585	111,863	224,201	12,006	12,948	24,030
Elimination	(69,444)	(48,840)	(97,768)	300	210	(115)
Total	¥632,873	¥645,810	¥1,263,196	¥28,734	¥44,295	¥58,988

Consolidated Statements of Income

	Millions of Yen		
	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002
Net Sales	¥632,873	¥645,810	¥1,263,196
Cost of Sales	490,848	482,857	975,488
Selling, General and Administrative Expenses	113,290	118,658	228,720
Operating profit	28,734	44,295	58,988
Other Income and Expenses:			
Other Income:			
Interest and dividend income	2,542	2,550	4,107
Equity in earnings of non-consolidated subsidiaries and affiliates	3,474	3,226	3,428
Others	2,859	2,152	7,909
	8,876	7,930	15,445
Other Expenses:			
Interest expenses	8,341	10,759	20,570
Interest expenses on commercial paper	324	1,154	1,682
Others	4,145	4,435	7,710
	12,811	16,349	29,963
Ordinary Profit	24,799	35,876	44,470
Extraordinary Profit:			
Gain on sale of fixed assets	4,061	4,662	5,884
Gain on sale of investments in securities	3,360	2,263	4,132
Others	2,520	1,893	3,735
	9,941	8,820	13,751
Extraordinary Losses:			
Loss on disposal of properties	4,065	3,576	11,470
Loss on sale of investments in subsidiaries	51	3,337	4,191
Loss on valuation of investments in securities	2,385	32	2,004
Loss on restructuring programs including bonus allowance for early retirement	–	1,328	42,294
Others	1,808	988	5,913
	8,310	9,263	65,874
Net Income Before Income Taxes	26,431	35,432	(7,652)
Taxes	8,443	10,868	13,613
Deferred income taxes	(80)	1,909	(19,496)
Minority interests in earnings of consolidated subsidiaries	2,847	9,036	10,836
Net Income	¥15,220	¥13,618	¥(12,605)

Summary: Consolidated Statements of Cash Flows

Millions of Yen

	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002
Cash Provided by Operating Activities	¥81,440	¥64,958	¥129,661
Net profit (loss) before taxes	26,431	35,432	(7,652)
Depreciation and amortization	53,650	52,834	109,954
Cash provided by Investing Activities including:	(91,569)	(56,021)	(107,020)
Acquisition of property, plant and equipment	(59,261)	(70,203)	(129,039)
Cash provided by Financing Activities	5,582	(14,539)	(17,625)
Repayments of long-term borrowings	11,662	(8,329)	(5,003)
Currency Translation Differences	(116)	(77)	1,275
Increase (decrease) in Cash and Cash Equivalents	(4,662)	(5,679)	6,290
Cash and Cash Equivalents at Beginning of Year	52,784	45,764	45,764
Reconciliation of Cash and Cash Equivalents Related			
to Change of Scope of Consolidation	951	871	729
Cash and Cash Equivalents at End of Year	¥49,072	¥40,956	¥52,784

Supplementary Information

Billions of Yen

Consolidated	April 1, 2002 – Sept. 30, 2002	April 1, 2001 – Sept. 30, 2001	April 1, 2001 – March 31, 2002
Capital Expenditure	¥48	¥72	¥131
Depreciation	54	53	110
Research and Development Expenses	15	14	29
Interest-bearing Liabilities	741	718	735
Financial Balance	-6	-9	-18
Debt-to-equity Ratio	1.13	1.03	1.08
Exchange Rate Used for Conversion (Yen/US\$)	128.63	120.8	122.2
Number of Employees	50,794	49,877	48,362

Management Policy

Basic Policy

The Company's management policy as a group is to seek to become an excellent company of global stature with high earnings and growth capabilities, and will strive to be one of the world's leading suppliers of materials and parts with our technologies in glass and fluorine chemicals at its core.

All corporate and personal members of the Group are expected to think and act in accordance with "Look Beyond," the Group's new corporate vision announced in April 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 of Profits

Asahi Glass recognizes raising shareholder value as one of its key management tasks. Accordingly, the Company pledges to maintain stable dividends and will calculate dividends based on a consideration of both fiscal results and dividend payout ratio to ensure the expectations of its shareholders are met. Asahi Glass will also allocate profits to research and development and capital investment, as well as mergers and acquisitions (M&As), to strengthen its financial position and maximize corporate value.

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 business climate rapidly changing, 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.

Based on this group vision, Asahi Glass group targets to become No.1 in respective market places as the world leading supplier of materials and parts, with our technologies in glass and fluorine chemicals at its core. Asahi Glass group is conducting business operations with global teams worldwide, honing its competitive edge as a group while concentrating its management resources on the following 3 major business areas; 1)Glazing, 2) Display , 3) Electronic & Energy.

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 our utmost efforts to achieve it during the next medium-term management plan period, between Fiscal 2004 and Fiscal 2006.

Reinforcement of Consolidated Group Management System

The basic policy of the Company's group corporate governance philosophy is; to make a clear distinction between business surveillance and management execution; with a clear distinction between corporate function and business execution function, by applying a similar structure of capital market to the sphere of business execution; and implement business management as a group, transcending the difference between the parent company and its subsidiaries.

Specifically, the Company introduced a system of executive directorship by greatly changing a title of the Board of Directors meeting to that of "the organ of approving Asahi Group's basic policies and of business surveillance execution" resolved in the Ordinary Shareholders meeting in June 2002, to make a clear distinction between management surveillance and management execution. With the introduction of a system of executive directorship, the number of directors was decreased to 7, and 2 of them are required to be outside directors. Executive directors became clearly distinguished from directors under the definition of the Japanese Commercial Code, and executive directors would be in charge of the business execution and management of Asahi Glass group.

For the business management execution, in order to clearly separate corporate function from business execution, Asahi Glass introduced a new Company scheme in April 2002, and established a total of four Companies: Flat Glass, Automotive Glass, Displays and Chemicals. A substantial amount of operating authority has been delegated to these respective Companies.

Note:

1. For the convenience of readers only, yen figures in this report have been translated into U.S. dollars at the rate of ¥128.6=\$1.00 and ¥116.1=1 euro, the prevailing rate.

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