

Consolidated Earnings Report for the First Quarter of the March 31, 2004 Fiscal Year

1. Notes Relating to the Preparation of the Quarterly Statements

(1) Changes to accounting methods: Yes

(Details)

Certain allowances and adjustment of cost variance have been calculated using the simple method.

(2) Changes in the scope of consolidation: None

(3) The quarterly financial statements have not been audited.

2. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2004 (April 1, 2003 to June 30, 2003)

(1) Net sale and operating income

(Millions of yen, rounded down)

	Net Sales		Operating Income	
		%		%
Fiscal 2003 1Q	77,227	-	6,420	-
Fiscal 2002 1Q	-	-	-	-
Fiscal 2002	322,523		25,186	

Notes:

1. This is the first year that the Company has reported quarterly results. Quarterly results for the previous fiscal year is not provided.
2. Percentages show the increase or decrease in comparison with the same quarter of the preceding fiscal year. However, as this is the first time quarterly results have been provided comparative information is not provided.

[Supplementary Information Regarding Net Sales and Operating Income]

The Group's performance in the first quarter ended June 30, 2003 was generally steady despite the effects of prolonged deflation in Japan and uncertainty over political and economic conditions worldwide. Information by industrial segment was as follows.

Chemicals and resins

The Poval (PVA) business has been strong both at home and overseas spurred by continued demand for Poval film from LCD manufacturers. Healthy sales were recorded of *EVAl* on the back of global demand, despite rising costs of raw materials. Demand for methacrylic resin increased across the board beginning with strong growth for optical-use products. In the isoprene-related business sales of thermoplastic elastomers and chemicals were steady.

Fibers and textiles

The *KURALON* business has performed solidly with improvement in profitability in the polyester business owing to the positive effects of restructuring. Strong sales were posted of man-made leather *CLARINO* for use in athletic shoes. In the non-woven fabrics and loop fastener businesses performance has been weak buffeted by continued difficult conditions.

High Performance materials, Medical Products and Others

Shipments of Opto-screens to China fell impacted by concerns regarding SARS, while the medical products business has been reasonable. In the functional materials business, performance of the heat-resistant resin *GENESTAR* has been strong.

(2) Events significantly affecting consolidated financial position and financial results during the first quarter of fiscal 2003: None

3. Forecast for Fiscal 2003 (April 1, 2003 to March 31, 2004)

(Millions of yen)

	Net Sales	Operating Income	Net Income
Interim period	165,000	12,000	6,000
Fiscal 2003	340,000	28,000	14,000

[Qualitative Information Regarding Forecasts]

Results for the first quarter ended June 30, 2003 were in line with original forecasts. The Company does not anticipate significant change in results for the interim period and fiscal year. Accordingly, forecasts for fiscal 2003 remain unchanged.

Note: The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts accordingly.

Reference material

Segment information

Reference Material

Segment Information

Industrial segment information

First Quarter Fiscal 2003 (April 1, 2003 to June 30, 2003)

(Millions of yen)

	Chemicals and resins	Fibers and textiles	High-perfor mance materials, medical products and others	Total	Eliminated on consolidation and corporate	Consolidated total
Net sales and operating income						
Net sales						
(1) Outside customers	38,144	24,400	14,682	77,227		77,227
(2) Inter-segment sales and transfers	140	399	2,968	3,508	(3,508)	
Total	38,285	24,800	17,650	80,736	(3,508)	77,227
Operating expenses	32,115	23,321	16,282	71,719	(912)	70,807
Operating income	6,169	1,478	1,368	9,016	(2,595)	6,420

Fiscal 2002 (April 1, 2002 to March 31, 2003)

(Millions of yen)

	Chemicals and resins	Fibers and textiles	High-perfor mance materials, medical products and others	Total	Eliminated on consolidation and corporate	Consolidated total
Net sales and operating income						
Net sales						
(1) Outside customers	144,690	109,914	67,918	322,523		322,523
(2) Inter-segment sales and transfers	3,037	1,228	21,671	25,937	(25,937)	
Total	147,727	111,143	89,590	348,461	(25,937)	322,523
Operating expenses	127,779	106,342	81,268	315,390	(18,052)	297,337
Operating income	19,947	4,801	8,321	33,070	(7,884)	25,186