

Mitsubishi Chemical Corporation
Condensed Consolidated Financial Information
For the Year Ended March 31,2002

1. Business Results for the Year ended March 31,2002

(Business period: April 1,2001 - March 31,2002)

	Millions of Yen		Thousands of U.S.Dollars
	2002	2001	2002
	Year ended March 31,2002	Year ended March 31,2001	Year ended March 31,2002
(1)Results of operations:			(Note2)
Net sales	1,780,346	1,747,167	13,386,060
Operating income	34,841	66,410	261,962
Income (Loss) before Income taxes	(55,444)	15,767	(416,872)
Net income (loss)	(45,253)	3,176	(340,248)

(2)Financial position:

Total assets	2,246,150	2,016,553	16,888,346
Inventories	290,568	253,091	2,184,722
Property, Plant and equipment	844,193	761,592	6,347,316
Short-term and long-term debt	1,051,675	956,910	7,907,331
Shareholders' equity	343,749	383,872	2,584,579
Ratio of shareholders' equity to total assets (%)	15.3	19.0	

(3)Cash Flows:

Net cash provided by operating activities	92,259	113,711	693,677
Net cash used in investing activities	(110,185)	(60,558)	(828,459)
Net cash used in financing activities	14,380	(63,741)	108,120
Cash and cash equivalents at end of the year	74,967	36,922	563,662

(4)General:

Capital expenditures	99,750	86,298	750,000
Depreciation and amortization	116,279	104,110	874,278
R&D expenditures	84,588	68,020	636,000
Employees (number)	38,617	33,034	

(5)Per share:

	(Yen)	(U.S.Dollars)
Net income (loss)	(20.78)	1.45
Shareholders' equity	157.86	176.27
		1.187

* Net income(loss) per share is based on the average number of common shares (exclude treasury stocks) during the respective period.

[2002] 2,177,611,977 [2001] 2,177,650,856

*Shareholders' equity per share is based on the number of common shares outstanding (exclude treasury stocks) as of the following closing dates.

[2002] 2,177,475,722 [2001] 2,177,658,416

(6)Ratio of net income (loss) to :

	(%)
Shareholders' equity	(12.4)
Total Assets	(2.1)
Net Sales	(2.5)
	0.8
	0.1
	0.1

* Based on the average of each amounts at the beginning and at the end of the respective period.

Millions of Yen	
2002	2001
Year ended March 31, 2002	Year ended March 31, 2001

Thousands of U.S.Dollars
2002
Year ended March 31, 2002

(Note2)

(7)Segment information :

[Net Sales by Segment]

	2002	2001	Thousands of U.S.Dollars
Petrochemicals	597,302	646,224	4,490,993
Carbon and Agrochemicals	185,661	200,622	1,395,947
Information and Electronics Related Products	174,943	182,170	1,315,361
Pharmaceuticals	231,130	127,424	1,737,820
Specialty Chemicals	128,814	120,574	968,526
Functional Materials and Plastic-Based Products	331,949	344,223	2,495,857
Services	130,547	125,930	981,556
Total	1,780,346	1,747,167	13,386,060

[Operating Income(loss) by Segment]

	2002	2001	Thousands of U.S.Dollars
Petrochemicals	(4,935)	20,387	(37,105)
Carbon and Agrochemicals	7,454	12,047	56,045
Information and Electronics Related Products	382	(3,311)	2,872
Pharmaceuticals	27,202	10,168	204,526
Specialty Chemicals	2,266	7,760	17,038
Functional Materials and Plastic-Based Products	11,285	19,939	84,850
Services	10,159	12,078	76,383
Corporate Costs	(18,972)	(12,658)	(142,647)
Total	34,841	66,410	261,962

[Total Assets by Segment]

	2002	2001	Thousands of U.S.Dollars
Petrochemicals	589,497	638,918	4,432,309
Carbon and Agrochemicals	218,761	216,269	1,644,820
Information and Electronics Related Products	139,668	158,893	1,050,135
Pharmaceuticals	389,590	107,546	2,929,248
Specialty Chemicals	134,240	135,373	1,009,323
Functional Materials and Plastic-Based Products	362,965	382,144	2,729,060
Services	357,538	347,228	2,688,256
Corporate Assets	53,891	30,182	405,195
Total	2,246,150	2,016,553	16,888,346

[Depreciation by Segment]

	2002	2001	Thousands of U.S.Dollars
Petrochemicals	33,240	33,559	249,924
Carbon and Agrochemicals	9,720	10,273	73,083
Information and Electronics Related Products	23,068	14,927	173,443
Pharmaceuticals	11,661	6,762	87,677
Specialty Chemicals	7,241	5,864	54,444
Functional Materials and Plastic-Based Products	16,831	19,038	126,549
Services	8,819	9,560	66,308
Corporate Costs	5,699	4,127	42,850
Total	116,279	104,110	874,278

[Capital Expenditures by Segment]

	2002	2001	Thousands of U.S.Dollars
Petrochemicals	20,671	21,094	155,421
Carbon and Agrochemicals	10,714	8,378	80,556
Information and Electronics Related Products	8,573	11,255	64,459
Pharmaceuticals	10,831	6,506	81,436
Specialty Chemicals	13,388	13,567	100,662
Functional Materials and Plastic-Based Products	22,591	14,029	169,857
Services	9,269	9,766	69,692
Corporate Assets	3,713	1,703	27,917
Total	99,750	86,298	750,000

Notes:

- 1.The accompanying consolidated financial informations have been prepared in accordance with generally accepted accounting standards in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.
- 2.The Corporation and its domestic consolidated subsidiaries maintain their accounting recorded in Japanese yen.The U.S.dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, **at the rate of ¥133 to US\$1**, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2002.

2. The Prospects for the Next Fiscal Year

	The First Half of Next Fiscal Year	The Next Fiscal Year
	April 1, 2002 - September 30, 2002	April 1, 2002 - March 31, 2003
	(Millions of Yen)	(Millions of Yen)
Net Sales	918,000	1,900,000
Operating Income	23,000	72,000
Net Income	(4,000)	15,000
	(Yen)	(Yen)
Net Income Per Share	(1.83)	6.88

Business Results and Financial Situation

(1) Business Results

1. Overall business results for the fiscal year ending in March 2002

While individual consumption and capital investment of the private sector had been stagnant, the Japanese economy in the fiscal year rapidly deteriorated being affected by the slowdown of the US economy.

Also, as to the business environment of the Mitsubishi Chemical Group, while the price of raw materials such as naphtha had remained at a high level, it became severe further due to the decline in the movement of the overseas product markets due to deterioration in demand and supply balance.

Under these circumstances, Mitsubishi Chemical and its consolidated Group companies realized the expansion of business in the pharmaceutical segment by establishing Mitsubishi Pharma Corporation through merger between Mitsubishi-Tokyo Pharmaceuticals, Inc. and Welfide Corporation in view of strengthening the competitiveness as the Group. To reestablish the business structure, we also carried out business alliance with other companies and withdrew from unprofitable businesses in our business segments including the petrochemicals. Furthermore, while we endeavored to carry out aggressive sales activity by reinforcing marketing and revising the product prices, we not only reduced costs, rationalized production and distribution, and restrained labor cost, but also restrained capital investment, promoted focus of R&D, and continued to improve the profitability as the Group. In addition, we established a joint venture company for fullerene business of which applications for pharmaceuticals and superconducting materials are expected and a genomic-based drug discovery company thereby expanding to a new business segment and creating new business. However, due to the deteriorated market conditions and decreased demand in the petrochemical segment as well as decreased demand for IT-related products in the functional materials and plastic-based products segment, we were forced to have worsened revenue. Moreover, we appropriated the decrease in evaluated value of the stocks of financial institutions and other organizations due to stagnant stock market and

costs that arise in promoting business structural reform as special loss.

As a result of the above, although the total turnover increased to Yen 1,780.3 billion (up 1.8% from the previous fiscal year) because Mitsubishi Pharma Corporation has newly become a consolidated subsidiary in the pharmaceutical segment in the fiscal year under review, operating profits decreased to Yen 34.8 billion (down 47.5% from the previous fiscal year), recurring profits to Yen 7 billion (down 83.2%), and net loss amounted to Yen 45.2 billion due to the above special loss.

2. Dividend

In the fiscal year under review, since our consolidated business results were substantially lower than those in the previous fiscal year as stated on the above and since we appropriated the decrease in evaluated value of the stocks of our subsidiaries and affiliated companies of which early recovery cannot be expected as special loss, our net loss for the fiscal year amounted a substantial figure of Yen 88.8 billion. Regrettably, therefore, we plan to skip the dividend this fiscal year.

3. Outline by business segment

(a) Petrochemical segment

The production volume of ethylene, a basic raw material of the petrochemical segment, amounted to 1,260,000 tons or down 14.0% from the previous fiscal year due to the stop of production facility at Yokkaichi Plant and regular repair at both Kashima and Mizushima Plants. The net sales and profits of such synthetic resins as polyethylene and polypropylene, both of which use ethylene and propylene as materials, respectively, decreased due to price drop in the international market and declined demand. The styrene monomer also experienced severe situation due to the price drop in the international market. Meanwhile, although the net sales of terephthalic acid, a raw material of synthetic fiber of MCC PTA India Corp. Private Limited increased, both the turnover and profits decreased due to the deteriorating market conditions and division of acrylonitrile and its related business. By the way, Yuka-Sansho Co., Ltd. was transferred from the petrochemical segment to the functional materials and plastic-based products segment.

As a result, the net sales of the petrochemical sector amounted to Yen 597.3 billion (down 7.5% from the previous fiscal year) and operating loss amounted to Yen 4.9 billion.

(b) Carbon and Agrochemicals segment

The production volume of cokes declined somewhat from the previous fiscal year due to decreased exports to the US. Sales of fertilizers also decreased due to declined sales in consignment. The market situation for such inorganic industrial chemicals as ammonia also deteriorated, thereby suppressed the profits. In addition since Nippon Tansan Co., Ltd. was excluded from our consolidated subsidiaries in September 2000, the company's net sales for half an year were dropped from our net sales.

As a result, the net sales of the carbon and agricultural products sector amounted to Yen 185.6 billion (down 7.4% from the previous fiscal year) and operating income amounted to Yen 7.4 billion (down 38.1%).

(c) Information and Electronics and Related Products Segment

While the effect of business restructuring was realized in optical disk, the compound semiconductors faced with severe situation being affected by the worldwide slowdown of IT-related demand.

As a result, the net sales of the information and electronics and related products segment amounted to Yen 174.9 billion (down 3.9% from the previous fiscal year) and operating income amounted to Yen 300 million.

(d) Pharmaceuticals Segment

The pharmaceuticals segment recorded increased sales and profits as Mitsubishi Pharma Corporation which was established by the merger between Mitsubishi-Tokyo Pharmaceuticals, Inc. and Welfide Corporation has newly become a subsidiary and also due to the launch of new products. The business of clinical tests also moved favorably.

As a result, the net sales amounted to Yen 231.1 billion (up 81.3% from the previous fiscal year) and operating income recorded Yen 27.2 billion (up

167.5%).

(e) Specialty Chemicals Segment

Due to the overall decrease of IT-related demand, fine chemical products such as functional dye materials and engineering plastics faced with severe situation. Meanwhile, since Japan Epoxy Resins Co., Ltd. has become a consolidated subsidiary, the company's net sales increased the segment's net sales.

As a result, the net sales of the specialty chemicals segment increased to Yen 128.8 billion (up 6.8% from the previous fiscal year) and operating income amounted to Yen 2.2 billion (down 70.7%).

(f) Functional Materials and Plastic-based Products Segment

Net sales and net profits of resin processed products decreased due to the decline of public works-related demand and IT-related demand. Also, polyester film faced with difficult situation due to decline in IT-related demand and slowdown of the US economy. Yuka-Sansho has been transferred to this segment from the petrochemical segment.

As a result, the net sales of the functional materials sector amounted to Yen 331.9 billion (down 3.5% from the previous fiscal year) and operating income amounted to Yen 11.2 billion (down 43.4%).

(g) Services Segment

Although the net sales of real estate for sale decreased, that of engineering increased due to increased amount of construction.

As a result, the net sales of the services segment increased to Yen 130.5 billion (up 3.6% from the previous fiscal year) and operating income amounted to Yen 10.1 billion (down 15.8%).

(2) Outlook for the next fiscal year

It is anticipated that the business environment surrounding our consolidated Group companies continues to be severe since the future movement of the prices of raw materials such as naphtha is cloudy and there is a concern for deterioration of the

demand and supply balance in overseas market such as Asia and that the domestic demand will remain stagnant in addition that it is anticipated that the international competition will become further fierce as the large-scale modern petrochemical plants will successively start their operation in Asia and the Middle East.

Under these circumstances, our consolidated Group companies have been conducting sales activity aggressively and, at the same time, thoroughly implementing measures in overall management to improve profitability such as cost reduction, restraint of capital investment, further focused and efficient use of R&D expenditure, and reduction of the number of employees required. Also, through the new business management focused on five segments that we have started since April, we will swiftly proceed with business structure reform.

As to the forecast of our consolidated business results for the fiscal year ending in March 2003, while we can expect for the achievement of the measures to improve profitability and business structure reform that we have so far carried out, the net sales and profits of Mitsubishi Pharma Corporation will be included in our consolidated business results for a whole year. As a result, we expect our net sales will amount to Yen 1,900 billion, operating income to Yen 72 billion, recurring income to Yen 55 billion, and net profits of Yen 15 billion.

Expected numerical values of the major indexes are as follows:

(Unit: in round Yen 100 million)

	Fiscal year ending in March 2003	Fiscal year ending in March 2002
Capital investment	970	998
Depreciation	1,020	1,163
R&D expenditure	1,020	846
Exchange (Yen/\$)	125	126
Naphtha (Yen/kl)	18,000	22,100

(3) Financial Conditions

1. Cash flow for the fiscal year under review

The cash flow (cash flow by business activity and investment activity) for the fiscal year under review amounted to minus Yen 17.9 billion since the net profits before adjustment such as taxes for the fiscal year substantially decreased from the previous fiscal year to the loss of Yen 55.4 billion although

we restrained our capital investment within the limit of the depreciation. Though our interest-bearing debt also increased, the outstanding balance of cash and cash equivalents at the end of the fiscal year increased by Yen 38 billion for that at the beginning of the fiscal year to Yen 74.9 billion since Mitsubishi Pharma Corporation has newly become a consolidated subsidiary.

2. Forecast of the next fiscal year

We expect that the net profits before adjustment such as taxes for the fiscal year will substantially increase and since we plan to suppress our investment and loans, it is forecast that free cash flow will increase in the next fiscal year from that of the year under review.