

**Mitsubishi Chemical Corporation**  
**Condensed Consolidated Financial Information**  
**For the First Half of the Fiscal Year Ending March 31,2003**

**1. Business Results for the First Half of the Fiscal Year ending March 31,2003**

(Business period: April 1,2002 - September 30,2002)

<b>The First Half of the Fiscal Year</b>	The First Half of the Previous Fiscal Year	The Previous Fiscal Year
<b>April 1, 2002 - September 30, 2002</b>	April 1, 2001-September 30, 2001	April 1, 2001-March 31, 2002

**(1)Results of operations:**

(Millions of Yen)

Net sales	<b>907,511</b>	834,003	1,780,346
Operating income	<b>40,459</b>	12,031	34,841
Income (Loss) before Income taxes	<b>21,270</b>	(11,753)	(55,444)
Net income (loss)	<b>8,901</b>	(8,705)	(45,253)

**(2)Financial position:**

(Millions of Yen)

Total assets	<b>2,148,142</b>	1,991,581	2,246,150
Inventories	<b>284,976</b>	262,781	290,568
Property, Plant and equipment	<b>825,820</b>	756,615	844,193
Short-term and long-term debt	<b>989,886</b>	962,226	1,051,675
Shareholders' equity	<b>345,080</b>	369,454	343,749
Ratio of shareholders' equity to total assets (%)	<b>16.1</b>	18.5	15.3

**(3)Cash Flows:**

(Millions of Yen)

Net cash provided by operating activities	<b>70,766</b>	48,390	92,259
Net cash used in investing activities	<b>(34,121)</b>	(46,011)	(110,185)
Net cash provided by (used in) financing activities	<b>(53,476)</b>	(5,145)	14,380
Cash and cash equivalents at the end	<b>58,159</b>	34,746	74,967

**(4)General:**

(Millions of Yen)

Capital expenditures	<b>44,079</b>	46,034	99,750
Depreciation and amortization	<b>50,062</b>	48,091	116,279
R&D expenditures	<b>45,479</b>	35,520	84,588
Employees (number)	<b>38,388</b>	32,877	38,617

**(5)Per share:**

(Yen)

Net income (loss)	<b>4.09</b>	(3.99)	(20.78)
Shareholders' equity	<b>158.62</b>	169.65	157.86

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

[First half of this year] 2,175,672,909 [First half of the previous year] 2,177,657,710 [Previous year] 2,177,611,977

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

[First half of this year] 2,175,478,391 [First half of the previous year] 2,177,660,196 [Previous year] 2,177,475,722

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

(%)

Shareholders' equity	<b>2.5</b>	(2.3)	(12.4)
Total Assets	<b>0.4</b>	(0.4)	(2.1)
Net Sales	<b>0.9</b>	(1.0)	(2.5)

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

<b>The First Half of the Fiscal Year</b>	The First Half of the Previous Fiscal Year	The Previous Fiscal Year
<b>April 1, 2002 - September 30, 2002</b>	April 1, 2001-September 30, 2001	April 1, 2001-March 31, 2002

**(7)Segment Information:**

[Net Sales by Segment]

(Millions of Yen)

Petrochemicals	<b>317,303</b>	321,877	643,542
Specialty Chemicals	<b>228,340</b>	220,710	458,311
Functional Products	<b>157,448</b>	169,788	337,796
Healthcare	<b>157,683</b>	73,268	224,626
Services	<b>46,737</b>	48,360	116,071
Total	<b>907,511</b>	834,003	1,780,346

[Operating Income by Segment]

(Millions of Yen)

Petrochemicals	<b>6,209</b>	(5,586)	(8,091)
Specialty Chemicals	<b>13,519</b>	2,638	8,211
Functional Products	<b>4,766</b>	6,335	11,102
Healthcare	<b>17,634</b>	9,839	24,509
Services	<b>3,086</b>	3,127	9,567
Elimination & Corporate Costs	<b>(4,755)</b>	(4,322)	(10,457)
Total	<b>40,459</b>	12,031	34,841

**2. Forecast for the Current Fiscal Year**

The Current Fiscal Year

April 1, 2002–  
March 31, 2003

(Millions of Yen)

Net Sales	<b>1,860,000</b>
Operating Income	<b>82,000</b>
Net Income	<b>18,000</b>

### 3. Management Policies

#### (1) Basic Management Policies

Mitsubishi Chemical Group companies are directed under the following management principles:

##### **Three Satisfactions**

Mitsubishi Chemical Group pursues satisfactions for customers, shareholders and employees. The highest priority is placed on our customer's satisfaction. By regarding it as a fundamental element of all our business activities and forming deeper relationships with our customers, we aim to enhance the satisfaction of our shareholders and employees. Maximization of our integrated strengths will be directed for Mitsubishi Chemical Group to become our customers' preferred solution partners. Accordingly, since April this year, Mitsubishi Chemical Group's businesses were realigned into five business segments; Petrochemicals, Performance Products, Functional Materials, Health Care, and Services. Each segment will pursue to satisfy our customers with more value by fully uniting the power of the relevant group companies, both vertically and horizontally, and to establish the structure that create further mobility in business operations.

##### **Challenging Change**

Mitsubishi Chemical Group will challenge to arouse corporate culture that will create waves of change and make changes work.

##### **Corporate Ethics**

Mitsubishi Chemical Group will ensure to observe corporate responsibilities and to comply with laws and regulations.

In addition, Mitsubishi Chemical Group will continue to actively work on information disclosure.

#### (2) Dividends

Mitsubishi Chemical is committed to give its shareholders continued dividends according to the business results, while considering stable dividends for medium and long-term perspectives and expanding reserves for the future business development.

#### (3) Strategy

Mitsubishi Chemical Group has positioned reinforcement of financial structure as the most urgent management issue for the present. To secure our future profitability and sustainable growth, we will determine the positioning and direction of each business segment and will thoroughly implement selection and focus of individual businesses.

##### **Petrochemicals**

Petrochemicals segment will continue to drastically reinforce its worldwide competitiveness.

Various measures on structural reformation, including alliances with other domestic and overseas chemical companies, will be flexibly and aggressively put into practice. Businesses in derivatives products will be selected considering the company's dominance in technology and markets, and will pursue for further competitiveness and profitability.

##### **Performance Products and Functional Materials**

These segments will be strengthened as strategic clusters of solution businesses for our customers.

Businesses in these two segments aim development and expansion and will place emphasis on providing our customers more values through solutions and satisfaction and hence become our customers' preferred solution partners.

### **Health Care**

This segment will be positioned as an important pillar of Mitsubishi Chemical Group.

In the Health Care segment, strategy to manage both business growth and profitability will continue to be maintained. In addition to the reinforcement of the existing businesses, the company expects to create new businesses by fully combining the achievements of our fundamental research in life sciences and innovations in biotechnology research, as well as our intellectual properties.

### **Services**

Businesses in this segment will create values by efficient and practical solutions for our customers.

### **Research and Technology Development**

Mitsubishi Chemical Group will continue to position R&TD as “an essential engine for sustainable business growth and profitability.”

Linking technology to business, building and leveraging technological competencies and creating seamless innovation process will be emphasized. Mitsubishi Chemical Group will secure corporate R&TD investment from a long-term perspective.

### **Responsible Care**

Mitsubishi Chemical Group's Responsible Care activity, a voluntary self-controlled activity to secure healthy environment and safety throughout R&TD, manufacturing, product usages and disposal, will continue to tackle the issues on safety and stable operations, and environment.

## **(1) Management System**

Since 1999, Mitsubishi Chemical Corporation has introduced positions of executive officers as a management system to clarify management responsibilities and accelerate decision-makings and business operations. In addition, each segments has been positioned as an individual management unit, in order to strengthen Mitsubishi Chemical Group's overall management, and Chief Operation Officers are appointed in charge for each segment to accelerate business development.

## 4. Business Performances and Financial Position

### (1) Business Performances

#### (i) Consolidated Performance for the First Half of the Current Fiscal Year

(From April 1, 2002 to September 30, 2002)

During the first half of the fiscal year, the operating environment was still unfavorable as the Japanese economy continued to have a deflationary trend and was in severe situation as a whole while the personal consumption and private capital investment continued to be stagnant though there was a movement of hitting the bottom in a part of industry.

As to the business environment of MCC Group companies, domestic market condition was not sufficient enough to absorb the raised cost of raw materials such as naphtha, which remained at a high price level. While, the international market condition for petrochemical products partly recovered in spring.

The consolidated business results for the first half of the current fiscal year, out total sales increased to 907.5 billion(Yen) (8.8% increase compared to the same period in 2001) partly because Mitsubishi Pharma Corporation and its consolidated subsidiaries joined in Health Care segment as the company's consolidated subsidiaries from October last year. Operating profits amounted to 40.4 billion(Yen) (236.3% increase compared to the same period in 2001), recurring profit amounted to 31.6 billion(Yen) (in the first half of the previous year, recurring loss was 3.7 billion(Yen)), and net profits amounted to 8.9 billion(Yen) (in the first half of the previous year, net loss was 8.7 billion(Yen)), all exceeding the figures of the first half of the previous year substantially.

The above financial results are the outcomes of restructuring business structures by integrating some of the company's businesses with that of other companies, revisions of the optimum capacity of manufacturing facilities, and continuing business selections and focus to achieve business competitiveness. In addition, a special emphasis has been placed on marketing capability, on aggressive business activities, and R&TD activities for new business developments. In total, a great improvement on profit has been achieved and the restructuring activities are still in progress unanimously as a Mitsubishi Chemical Group.

#### (ii) Dividends

Mitsubishi Chemical Corporation declared to put off interim-dividends. The company intends to pay year-end dividends to be 3 Yen per share.

#### (iii) Overview of Business Segments

Mitsubishi Chemical Group's operating businesses have been realigned into five segments to bring greater effects in strategies since the beginning of this fiscal year. For purposes of comparison, business results for the previous fiscal year have been restated in accordance with the alignment of the new operational business segments.

#### **Petrochemicals**

Sales of the segment was 317.3 billion(Yen) (1.4% decrease compared to the same period in 2001), and the operating income was 6.2 billion(Yen) (in the first half of the previous year, operating loss was 5.5 billion(Yen)).

The petrochemicals segment handles primarily basic raw materials and commodity monomers and

polymers.

The production volume of ethylene, a major basic raw material for petrochemicals, increased by 7.7%, reached 600,000 tons, compared to the first half of the previous fiscal year. The increase was mainly due to the effect of the production operation without regular maintenance at Mizushima plant. A severe situation continued for the synthetic polyethylene resins and vinyl chlorides due to the delayed price increase of products. On the other hand, international market conditions recovered for other products such as styrene monomer, polystyrene, and terephthalic acid and the businesses were generally favorable in reflection to the adjusted manufacturing capacities to meet demands and cost reductions. Acrylonitrile-related businesses were transferred to Dia-Nitrix Co., Ltd., a joint venture with Mitsubishi Rayon Co., Ltd., in July 2001.

Major actions taken for the Petrochemicals segment during the first half of this fiscal year are as follows:

- The exclusive license on the production technology for catalytic ethylene glycol process was supplied to Shell International Ltd. (April)
- Sam Yang Kasei Co., Ltd. in Korea expanded its production facility for polycarbonate. (April)
- The production facility for N-methyl-2-pyrrolidone at Mizushima Plant was renewed. (April)
- The production facility for bisphenol A was newly constructed at Kurosaki Plant. (June)
- Yuka Seraya (Pte) Ltd. in Singapore started to purchase styrene monomer by contract from the newly-built production facility of ELLBA Eastern (Pte) Ltd. (July)
- Concerning polystyrene businesses in Japan, a basic agreement was reached to integrate A&M Styrene Co., Ltd., a 50-50 joint venture with Asahi Kasei Corp., with Idemitsu Petrochemical Co., Ltd. (July)
- Japan Polychem Corp. closed a part of the production facility for high density polyethylene at Kawasaki Plant. (August)
- MCC PTA INDIA Corporation Private Ltd. expanded the production facility for terephthalic acid. (August)
- The production facility for 1,4-butanediol/tetrahydrofuran at Yokkaichi Plant was expanded. (September)
- A part of the production facility for terephthalic acid at Matsuyama Plant was closed (September)

### **Performance Products**

Sales of the segment increased to 228.3 billion(Yen) (3.4% increase compared to the same period in 2001), and the operating income amounted to 13.5 billion(Yen) (412.4% increase compared to the same period in 2001).

Businesses covered in the Performance Products segment are high value added specialty chemicals, functional polymers, functional components and carbon products. The targeted three markets of “information and electronics”, “health care and food additives” and “environment and energy”.

The production volume of cokes remained at the same level compared to the first half of the previous fiscal year. Carbon and agricultural products including cokes experienced a severe situation due to the increased raw materials cost and stagnant domestic market for fertilizers. While Information and electronics-related products decreased its sales in printing materials and equipment business due to the transfer of its US subsidiary, sales of optical disks and organic photoconductors (OPC) increased. Consequently, the total sales remained at a same level compared to the first half of the previous fiscal year, however, its profits increased substantially due to the effect of various measures in structural reformation

of businesses. In addition, the sales of active pharmaceutical ingredients (API) increased as Yoshitomi Fine Chemical, Ltd. were aligned since last October. As a result, both sales and profit increased in specialty chemicals related products.

Major actions taken for the Performance Products segment during the first half of this fiscal year are as follows:

- The fertilizer business was separated and Mitsubishi Chemical Agri, Inc. was established as a 100% subsidiary of Mitsubishi Chemical Corp. (April)
- Concerning the printing equipment business, the whole shares in Western Litho Plate and Supply Co. was sold to Lastra America Corp. (April)
- Frontier Carbon Corp. started its sample sale of fullerene produced by combustion method. (May)
- The chemistry for the new "Oasis Clean" system was jointly developed with Applied Materials, Inc. of the US. (July)
- The trial on the pilot plant production of carbon nanofibers from carbon dioxide (CO<sub>2</sub>) with the carbon dioxide immobilization technology was started, which was jointly developed with Shimadzu Corp. (July)
- Mitsubishi Chemical Media Co., Ltd. launched high speed 48x recordable CD-R disc for data. (August)
- Mitsubishi Chemical Media Co., Ltd. launched environmentalfriendly 3.5" Magneto Optical disk. (August)
- Mitsubishi Chemical Media Co., Ltd. launched three new product lines for data DVD discs. (August)
- The fertilizer business of Nippon Kasei Chemical Co., Ltd. was transferred to Mitsubishi Chemical Agri, Inc. (September)
- Mitsubishi Chemical Media Co., Ltd. launched ultra speed 24x CD-RW disc for data. (September)

### **Functional Materials**

Sales of the segment was 157.4 billion(Yen) (7.2 % decrease compared to the same period in 2001), and the operating income was 4.7 billion(Yen) (24.7 % decrease compared to the same period in 2001).

This segment provides plastics and films as materials for IT, housings and buildings, and food packaging as solution packages that solve and satisfy the needs of our customers.

Civil engineering and construction-related products decreased sales and profits due to decline in demand relating to public works. While the sales of polyester films increased due to the recovery of market demand, a severe situation in terms of profits continued as the international market competition was intensified

Major actions taken for the Functional Materials segment during the first half of this fiscal year are as follows:

- The plastic pallet business and the shares in Nippon Plastic Pallet Corp. were sold to Dainippon Ink and Chemicals Inc. (April)
- ADVANCED PLASTICS COMPOUNDS CO. established a manufacturing and marketing company for synthetic resin compounds in China. (April)
- Concerning PVC tube business, Mitsubishi Plastics, Inc. established an integrated manufacturing company, M&S Pipe Systems Co., with Sekisui Chemical Co., Ltd. (April)

- Mitsubishi Plastics, Inc. jointly developed plant derived plastics for housing of electronics with Sony Corp. (June)
- Mitsubishi Plastics, Inc. established a joint venture company for production of polyethylene electrofusion joints in China with Sekisui Chemical Co., Ltd. (June)
- Mitsubishi Plastics, Inc. established Hishi Plate Co., Ltd. by separating its production department for resin plate business. (August)
- Concerning converting plastic films, the joint venture with Kohjin Co., Ltd. was dissolved and the business was transferred to Mitsubishi Plastics, Inc. (September)

### **Health Care**

Sales of the segment increased to 157.6 billion (Yen) (115.2 % increase compared to the same period in 2001), and the operating income increased to 17.6 billion(Yen) (79.2% increase compared to the same period in 2001).

Businesses in this segment cover pharmaceuticals, new drug discovery, clinical testing, and diagnostic reagents.

As to pharmaceuticals, Mitsubishi Pharma Corporation and its consolidated subsidiaries have become the company's consolidated subsidiaries since October last year. Both the sales and operational income have increased due to good start in ethical brain protecting agent, "RADICUT". On the other hand, while the sales were steady for clinical testing business, circumstances were severe in terms of profits due to the decreased contract price.

Major actions taken for the Health Care segment during the first half of this fiscal year are as follows:

- Mitsubishi Kagaku Medical, Inc. launched human papillomavirus detection kit. (April)
- Mitsubishi Pharma Corp. started to sell "VASOMET Tablets" and "MOVER Tablets" by itself. (April)
- Mitsubishi Kagaku Bio-Clinical Laboratories, Inc. started to provide rice variety identification by DNA analysis. (June)
- Yoshitomi Pharmaceutical Industries, Ltd. started a joint promotion of its anti-depressant drug, "Paxil tablets" with GlaxoSmithKlein K.K. (July)
- Stocks of the UK genetic diagnosis venture company, IC-Vec Ltd. were acquired. (May)
- Mitsubishi Chemical Bio-Clinical Laboratories jointly developed the electronic chart with Fujitsu Ltd.
- Mitsubishi Pharma Corp. launched the injectable new quinolone antibacterial agent, "Pazucross INJECTION". (September)
- Mitsubishi Pharma Corp. launched "Fludecasin Kit INTRAMUSCULAR INJECTION 25mg" (September)
- Mitsubishi Pharma Corp. terminated the development of anti-platelet agent "NM-702" which the company had jointly developed with Nissan Chemical Industries, Ltd. (September)

### **Services**

Sales of the segment was 46.7 billion(Yen) (3.3 % decrease compared to the same period in 2001), and the operating income was 3.0 billion(Yen) (1.3 % decrease compared to the same period in 2001).

This segment provides Mitsubishi Chemical Group with services such as IT, engineering and logistics as well as for customers.

While the logistics service increased its sales due to increased volume of transportation, engineering service decreased its sales due to dropped construction volume.

Major actions taken for the Services segment during the first half of this fiscal year are as follows:

- Ryoka Systems Inc. participated in the new drug discovery project of Tokai University. (April)

#### **Others**

- The management structure was shifted to segment management system (April)
- Mitsubishi Kagaku Institute of Life Sciences established the first private think tank on bioethics and medical ethics in Japan. (April)
- Mitsubishi Kagaku Institute of Life Sciences succeeded in clone cultivation of human skeletal muscle stem cell. (June)
- Mr. Ryuichi Tomizawa was inaugurated as the president and Chief Executive Officer. (June)
- The relocation of the head office to Minato-ku, Tokyo in October 2003 was determined. (July)
- The Integrative Industry-Academia Partnership was established between Kyoto University and other four companies. (August)
- We issued the 23<sup>rd</sup> domestic straight bond. (August)

Investments on research and technology development that cannot be defined to specific businesses have not been included in the operational income for each segment. The concerned investment was 4.7 billion(Yen) for the first half of this fiscal year.

#### **(iv) Business Forecast for the Current Fiscal Year**

Regarding business forecast, business environment for MCC Group companies is anticipated to become severer as the company's businesses will be affected by the development of the US economy and the world political situation concerning Iraqi issue. Depending on the world situation, it is anticipated that raw materials cost such as naphtha can rise suddenly and that the demand-supply balance in overseas markets such as in Asia may deteriorate and domestic demands may become stagnant.

Under these circumstances, however, MCC Group companies will aggressively conduct business activities while the company will continue to strengthen its business structures and will continue to take measures for higher and stronger profitability under the new management policy. For the latter half of the current fiscal year, MCC Group companies have already implemented or will implement the following measures:

#### **Petrochemicals**

- As to terephthalic acid businesses in Japan, the sales departments of Mitsubishi Chemical Corp. and Mitsubishi Gas Chemical Company, Inc. were integrated, and the businesses were transferred to their joint venture company, Dia Terephthalic Acid Corp. (October)
- Mitsubishi Chemical Foam Plastic Corp. has concluded a letter of memorandum to merge with JSP Corp. (October)
- The production facility for polybutylene terephthalate at Yokkaichi Plant was expanded. (October)
- Japan Polychem Corp. will close the production facility for polypropylene at Yokkaichi Plant. (December)

### **Performance Products**

- The agrochemical business was sold to Nihon Nohyaku Co., Ltd. (October)
- Concerning activated carbon business, Mitsubishi Chemical Corp. and Calgon Carbon Corp. have transferred their business in Japan to their joint venture company, Calgon Mitsubishi Chemical Corp. (October)
- Active pharmaceutical ingredients (API) and a part of fine chemicals businesses were transferred to Yoshitomi Fine Chemical, Ltd., which has changed its name to API Corp. (October)
- The production facility for ammonia at Kurosaki Plant was closed (October)
- Concerning the shares of Advanced Colortech, Inc., a 50-50 joint venture company with Asahi Glass Co., Ltd., both companies agreed to transfer 40% of their respective shares to Dai Nippon Printing Co. (October)
- The offset printing plate business was sold to Kodak Polychrome Graphics Japan, Ltd. (December)
- Mitsubishi Chemical Media Co., Ltd. will launch 1-4x DVD+R recordable disc for data. (December)
- The hard disc business will be sold to Showa Denko group. (January 2003)
- Concerning industrial separate gas, the manufacturing and sales business will be transferred to Kashima Oxygen Co., Ltd. (Taiyo Toyo Sanso Co., Ltd. will acquire a majority of shares after April next year) and purchasing and sales business will be transferred to Taiyo Toyo Sanso Co., Ltd. (March 2003)

### **Functional Materials**

- Mitsubishi Plastics, Inc. will launch the plastic terminal box with recycle material for public sewage pipeline. (January 2003)
- Mitsubishi Plastics, Inc. will launch PET-G film with black-color rewritable function for IC cards. (February 2003)

### **Health Care**

- Mitsubishi Pharma Corp. separated its biological products division and has established Benesis Corp. (October)
- Mitsubishi Pharma Corp. launched antihypercholesterolemic drug, "CHOLEBINE Mini 83%" as addition of dosage form. (October)
- Mitsubishi Kagaku Medial, Inc. developed the compact chemiluminescent immunoassay system, "PATHFAST". (October)
- Mitsubishi Chemical Medical, Inc. acquired the exclusive right in Japan to use a new breast cancer biomarker (NMP66) and its detection technology that Matritech Inc., a US bio venture company, owned. (November)

### **Services**

- Mitsubishi Chemical Logistics Corp. will expand its warehouses in Kashima, Ibaragi and Kazo, Saitama. (November and December)

### **Others**

- Mitsubishi Kagaku Institute of Life Sciences has created a model mouse of human X-linked lysencephaly with abnormal genitalia (XLAG) jointly with National Institute for Basic Biology. (October)
- We submitted applications on the treatment of making PCBs stored in tanks harmless to the prefectural government of Mie. (October)

- We will develop and launch new management policies. (November)

As to the forecast for the consolidated business results for the fiscal year ending in March 2003, we expect the total sales of 1,860 billion(Yen), operating incomes of 82 billion(Yen), recurring profit of 65 billion(Yen) and net profits of 18 billion(Yen). The above forecast has included the expected outcomes of the various measures that Mitsubishi Chemical Group has been taking to improve profits and strengthen its business structures, and the effect of aligning Mitsubishi Pharma Corporation.

As for the financial performance of Mitsubishi Chemical as a parent company itself, it expects net income for the current fiscal year of 16 billion(Yen), and expects to give year-end dividends of 3Yen per share.

The expected numerical values of the major indices are as follows:

(Unit: in billion(Yen))

	Actual results for the first half of the current fiscal year	Forecast for the whole fiscal year	Actual results in the previous fiscal year
Capital investment	44.1	95.0	99.8
Depreciation	50.1	103.0	116.3
R&TD cost	45.5	94.0	84.6
Exchange rate (¥/\$)	122	121	126.0
Naphtha (¥/kl)	22,600	22,800	22,100

## (2) Financial Position

### **(i) Consolidated Statements of Cash Flows of the First Half of the Current Fiscal Year**

The free cash flow was 36.6 billion(Yen) as the results of a substantial increase in the net income before tax to 21.2 billion(Yen), controlled capital investment within the depreciation and amortization, sales and decrease of assets. The obtained free cash flow was used to reduce the interest-bearing debts.

On the other hand, the balance of cash and cash equivalent decreased as of September 30, 2002 by 16.8 billion(Yen) to 58.1 billion(Yen).

### **(ii) Forecast for the Fiscal Year Ending March 31, 2003**

The net income of the current fiscal year is expected to amount 55.5 billion(Yen) and the year-end free cash flow is also expected to increase compared to the previous fiscal year as the capital investments will be controlled.

### **Forward-Looking Statements:**

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation market conditions, and the effects of industry competition. The company expectations for the forward-looking statements are described in Page [2] and Page [12] through Page [15] hereof.