

Profile

Mitsubishi Gas Chemical Company, Inc. (MGC) was established in 1971. The Company currently operates nine plants and four research centers in Japan. In addition, 28 consolidated subsidiaries, with operations ranging from production to marketing, are members of the MGC Group of approximately 100 companies worldwide.

MGC works to distinguish itself in markets globally through the excellence of its products. More than 80 percent of the Company's products, from basic and fine chemicals to advanced materials, are manufactured using original MGC technologies. In addition to its main areas of production such as methanol and hydrogen peroxide, MGC supplies products in a wide range of fields, including xylene products, engineering plastics, electronics materials, oxygen absorbers and optoelectronics.

Management Philosophy

With a view towards meeting worldwide needs, our marketing efforts will focus on identifying and enlarging our share of the world's markets.

We are dedicated to providing comfortable workplaces, paying due respect to the will and ability of our employees, and are determined to create energetic, productive workgroups.

Using our thorough knowledge of market needs, we will implement innovative research and development to bring projects to fruition.

By making efforts to upgrade technology, preserve the environment and promote safety, we will engage in the manufacture of better quality products.

We are a transparent company,
where all employees work towards a common goal.

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FORWARD-LOOKING STATEMENTS

Statements in this annual report with respect to MGC's plans, strategies and beliefs, as well as other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. Various factors could cause actual results to differ materially from such statements.

Message from the Management

Operating Environment and Results

During fiscal 2002, the year ended March 31, 2003, the Japanese economy was sluggish. In the first half of the fiscal year, increases in exports and production were seen as signs that the Japanese economy had bottomed out, but exports, which had compensated for sluggish domestic demand, later slowed due to the deceleration of growth in the U.S. economy. Stock prices, largely those of banks, fell due to uncertainty in the financial system, and consumer spending, which had been firm in some sectors, began to slow.

In the chemical industry, conditions in Japan remained challenging due to factors including stagnant domestic demand, higher prices for crude oil and other raw materials, and the delayed recovery in demand for information technology related products. Overall sales, however, were supported by exports to the thriving Asian market, in particular to China.

Given these conditions, the MGC Group worked for further implementation of MGC SHINKA 21, a medium-term management plan representing a strategy of selection and concentration of business and management resources aimed at turning around depressed profitability. The Group also concentrated on increasing product prices, expanding sales volume and further reducing fixed expenses.

Due to the above and other factors, including a rise in commodity chemical prices and an increase in sales volume of engineering plastics, consolidated net sales increased ¥36,409 million year-on-year to ¥312,119 million. Operating income was ¥1,907 million, compared with an operating loss of ¥6,786 million in the previous fiscal year. Other deductions including a loss on devaluation of investments in securities, however, contributed to a net loss of ¥474 million, compared to a net loss of ¥4,234 million in the previous fiscal year.



Akira Ohira, Chairman (left), and Hideki Odaka, President

Medium-Term Management Strategies and Objectives

Fiscal 2002 was the last year for the medium-term management plan MGC SHINKA 21, which began in fiscal 2000. Although we achieved some success with company-wide efforts to strengthen management and improve MGC's business structure during the period, the operating environment was more challenging than expected. Consequently, MGC's results have yet to fully recover, and we believe business structural reform is still developing.

In light of this situation, MGC established a new medium-term management plan, KYOSO 2005, which begins in fiscal 2003 and aims to move the company toward profitability through acceleration of business structural reform. The KYOSO 2005 plan aims to reinforce the individual strengths that have emerged from the differentiation strategy and fuse them together to create new value. MGC will thus achieve a high-profit corporate organization through the establishment of KYOSO 2005.

Aiming to improve return on assets (ROA) for the entire MGC Group by focusing on asset efficiency, MGC has adopted the following three fundamental strategies:

- 1) Creation of infrastructure for the realization of a high profit corporate structure;
- 2) Acceleration of business structural reform; and
- 3) Establishment of highly efficient management and the principle of individual responsibility.

The first task facing MGC is the return to profitability, as we have yet to achieve a genuine recovery in performance. We must achieve a solid rebound in performance by steadily and swiftly executing measures aligned with the basic strategies of KYOSO 2005. Achieving our management objectives through steady implementation of KYOSO 2005 will be our foremost task.

Basic Policy Concerning Dividends

MGC determines the amount of dividends to be paid to shareholders and of retained earnings through consideration of factors including performance trends, the operating environment and future business developments.

MGC uses retained earnings to strengthen and expand the operating foundation through measures such as strengthening core businesses, developing new products and technologies, and strengthening finances, thereby helping to secure long-term profits for shareholders. For fiscal 2003, MGC plans to pay a year-end dividend of ¥3 per share, taking into consideration all conditions, including performance and retained earnings. Because MGC did not pay an interim dividend, the annual dividend per share will be ¥3, the same as in the previous fiscal year.

FINANCIAL HIGHLIGHTS

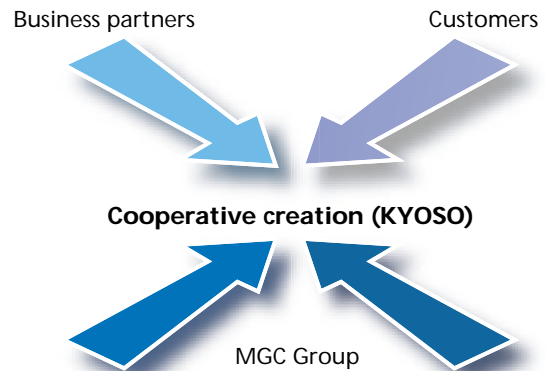
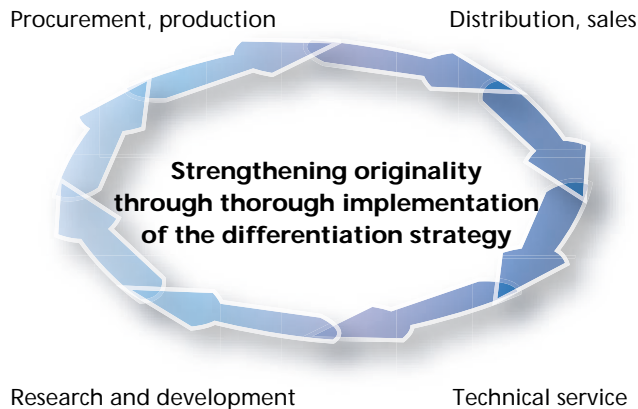
Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2003, 2002 and 2001

	Millions of yen			Percentage change	Thousands of U.S. dollars
	2003	2002	2001	2003/2002	2003
For the year:					
Net sales.....	¥312,119	¥275,710	¥323,076	13.2%	\$2,596,664
Operating income (loss)	1,907	(6,786)	12,179	—	15,865
Net income (loss).....	(474)	(4,235)	7,285	—	(3,943)
Return on assets (ROA)(%)	(0.1)	(0.9)	1.5	—	—
Return on equity (ROE)(%)	(0.3)	(2.4)	4.2	—	—
Capital expenditures	22,626	27,396	22,938	17.4	188,236
At year end:					
Total assets	¥458,137	¥466,763	¥486,970	1.8%	\$3,811,456
Stockholders' equity	161,859	174,743	175,280	(7.4)	1,346,581
Interest-bearing debt	193,999	191,359	188,620	1.4	1,613,968
	Yen			Percentage change	U.S. dollars
	2003	2002	2001	2003/2002	2003
Per share of common stock:					
Net income (loss)—basic	¥ (1.05)	¥ (8.79)	¥ 15.07	—%	\$(0.01)
Net income—diluted.....	—	—	15.02	—	—
Stockholders' equity	349.93	367.69	362.54	(4.8)	2.91
Cash dividends	1.50	4.00	4.00	—	0.01

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the approximate rate of ¥120.20=US\$1 prevailing on March 31, 2003.

2. Cash dividends for each year represent the total of the interim dividend and the previous fiscal year-end dividend approved at the General Meeting of Shareholders.

Originality and individual strengths necessary for achieving cooperative creation



Basic Policy and Measures for Corporate Governance

MGC believes the creation of a sound, transparent management structure is an important task, and is working to improve transparency, ensure fairness and expedite decision-making.

Specifically, MGC has introduced an executive officer system. Under this system, the Board of Directors is responsible for decision making on important matters such as basic management policies, and for overseeing business execution. This will strengthen governance and enhance management execution through the clarification of functions and responsibilities.

To increase management transparency and fairness, the content of audits performed by corporate auditors has been enhanced, and an Internal Audit Office has been established to raise management efficiency and strengthen internal controls. In addition, management receives the advice of attorneys, accountants and other specialists when necessary concerning decision making in the Company's management and day-to-day business execution. MGC also promotes effective corporate governance through appropriate disclosure of management information. Furthermore, MGC has established a Compliance Committee and a compliance

consultation desk for employees.

MGC's management philosophy is based on using chemistry to create and expand value that contributes to social harmony and development. Our goal is to be a unique and superior chemical company. In working to create new value that meets the needs of our times while increasing the corporate value of the entire Group, we intend to further strengthen the trust and satisfaction of customers, shareholders, the communities we serve and other stakeholders.

Akira Ohira
Chairman

Hideki Odaka
President

Natural Gas Chemicals Company

Message from Company President Shoji Uematsu

Managers and employees are working together on their common mission to achieve the medium-term profit targets and create new value. To achieve these goals, we strive to further improve productivity and increase customer satisfaction with a global perspective. We are strengthening and expanding our methanol and energy businesses, which are company strong points. In addition, we are implementing business specific strategies for eliminating the deficits of unprofitable businesses, including production rationalization, stable procurement of inexpensive materials, expansion of derivative products, and disposal and integration of businesses. Moreover, we are strengthening the foundation of the life-science and specialty chemicals businesses and developing them as future core businesses.



MAIN PRODUCTS

Commodity chemicals:
Methanol, formaldehyde, ammonia, urea

Organic chemicals:
Amines, methyl methacrylate (MMA) and polyols

Other: *Biochemicals, geothermal steam and technology sales*

The main feature of the Natural Gas Chemicals Company is the strong role played by natural gas. With commodity chemicals such as methanol, ammonia and formaldehyde, organic chemicals derived from these commodity chemicals and methanol-based biochemical products, the company has established a range of strongly linked businesses. The Natural Gas Chemicals Company even has a tie-up with the Specialty Chemicals Company for the production of polyacetal engineering plastic.

In 1983, MGC moved its production base for the methanol business to Saudi Arabia and commissioned the world's first large-scale methanol tanker. Raw materials, technology, manufacturing, logistics, sales and the development of derivative products are all part of the same operation. In 1994, MGC established a production base in Venezuela in order to facilitate sales in the U.S. market, and is currently proceeding with plans to construct a second production facility in Venezuela. Furthermore, the company is conducting a feasibility study of Southeast Asia as a new supply base for the rapidly growing Asian market.

Recently, attention has focused on dimethylether (DME) as an environmentally friendly form of energy, and MGC is proceeding with plans for DME operations in Western Australia. Along with its methanol business, the company is focusing on developing new businesses based on natural gas.

At the same time, the company is streamlining production and improving profitability of urea and formaldehyde by closing urea production facilities and consolidating formaldehyde production facilities through alliances with other companies.

In addition to its focus on esters and intermediates, MGC will also work aggressively to license its technology for methyl methacrylate (MMA). Manufacturers in Japan and abroad have expressed interest in the Company's superior production process that creates no ammonium sulfate by-product.

In biochemical products, MGC will market enzymes and coenzymes produced through fermentation. The company is working to expand the biochemical business with the launch of new products including the hair tonic ASC Hair and Solica powdered catalase.

Aromatic Chemicals Company

Message from Company President Kazuo Sakai

The Aromatic Chemicals Company has recently seen drastic changes in its management and business environment. In line with the measures we have outlined to respond to these developments, every employee in every division will work actively from a global perspective to improve business performance and contribute to a stronger profit base.

In specialty aromatic chemicals, with its focus on metaxylene derivatives, we will work for further differentiation through business expansion and enhancement of derivatives, and will strengthen the business further through the addition of new businesses and products and through technological services. Specific measures will include the development of all derivatives and expansion of overseas bases to meet the strong overseas demand for MX nylon.

We will strengthen the cost competitiveness of commodity chemical products and focus on alliances with other companies, as well as implementing much-needed, drastic structural reforms. In line with this thinking and aiming to further improve profitability and stabilize business, we added a highly pure terephthalic acid sales venture to our current paraxylene and plasticizer joint ventures in 2002.

Concerning group companies under the company, we will conduct operations suited to our business structure, including new business creation, establishment of new technologies and cost reductions.



MAIN PRODUCTS

Specialty aromatic chemicals:

MX nylon, metaxylene diamine, aldehydes and polycarboxylic acid

Commodity aromatic chemicals:

Paraxylene, purified terephthalic acid, phthalic anhydride, orthoxylene and plasticizers

The Aromatic Chemicals Company is expanding business with a focus on derivatives of metaxylene (manufactured through the separation of xylene isomers), paraxylene, orthoxylene and original technologies.

Applications include products integral to people's everyday lives, such as textiles, paints, solvents, food packaging materials and automotive parts.

The product lineup consists of metaxylene and its derivative metaxylenediamine, MX nylon, trimellitic acid, isophthalic acid, paraxylene and its derivative highly pure terephthalic acid, anhydrous phthalic acid, and plasticizers. Furthermore, the company sells aromatic aldehydes and other aromatic chemicals produced through its original technologies.

The Mizushima Plant, the company's main factory,

produces multi-use chemicals, mainly xylene isomer mechanisms and specialty chemicals, and the Niigata Plant produces metaxylenediamine, MX nylon and other products.

The Hiratsuka Research Laboratory, the company's main lab, develops new products and new applications for existing products, and conducts further research and development on the company's next generation of products.

As described above, the company produces a comprehensive range of materials and final products, from commodity chemicals to fine chemicals, and strives to create future-oriented markets by analyzing current market needs and areas of potential technological development.

Specialty Chemicals Company

Message from Company President Yasuhiko Kijima

In Asia, particularly China, production bases and markets for general-purpose products are expanding rapidly, while the market for specialty products has become remarkably generalized and mature due to intense competition and technological innovations. To respond to these changes in the business environment, we aim to establish a stable profit base through speed, ownership (integrity) and courage that does not fear change.



MAIN PRODUCTS

Inorganic chemicals:

Hydrogen peroxide, sodium hydrosulfide, hydrazine hydrate and persulfates

High-function products:

Super-pure hydrogen peroxide, ELM Clean and lens monomer

Engineering plastics:

Polycarbonate, polycarbonate sheet, polyoxymethylene, modified polyphenylene oxide and Reny

The Specialty Chemicals Company is involved in two business areas: inorganic chemicals and engineering plastics.

The inorganic chemicals business has strengthened the competitiveness of basic chemicals such as hydrogen peroxide, hydrazine, hydrosulfate and persulfates, and is shifting toward environmentally friendly products with high added value, such as high-purity chemicals for semiconductors and liquid crystal, lifestyle-related products such as lens materials, and fluoride wastewater treatment Diافresh Efson. Responsible for conducting research on electronic chemicals for semiconductors, liquid crystals and printed wiring boards, the Electronic Chemical Center has been raising performance steadily by facilitating the sharing of technical know-how with customers and promoting smooth joint research with domestic and overseas users. Beyond chemical development, the company also intends to develop new businesses that focus on development of total solutions which combine materials and appliances for electronics manufacturing. Not only did demand for pulp bleaches and environmental chemicals increase after the Specialty Chemicals Company increased production of hydrogen peroxide by 50,000 tons per year in 2000, but the company also began large scale development of chemical materials for caprolactam, making use of its propriety

pure production. Demand in this field is expected to increase.

The engineering plastics business has adopted a global perspective, supplying a wide range of engineering plastics from polycarbonates to modified high heat-resistant plastics.

The Specialty Chemicals Company increased production capacity for polycarbonates at its Kashima Plant by 70,000 tons per year as of spring 2002, and also completed an 80,000 ton expansion of its production facility in Thailand in the summer of 2003, aiming to become the world's third-largest manufacturer of polycarbonates. Furthermore, the company is strengthening its polyphenylethers business through a joint venture with Asahi Kasei Corporation in Singapore. For production of polyacetal, in addition to the completion of expansion of its own production facility to 45,000 tons per year in Thailand in August 2003, the company will create joint ventures with Ticona GmbH in Germany and Polyplastics Co., Ltd. in China. In addition to quickly raising competitiveness in these bulk plastics businesses, the Specialty Chemicals Company aims to be the top supplier in the high-value-added products field through the development of advanced plastics, the further advancement of film technologies and the creation of specialty technologies.

Information & Advanced Materials Company

Message from Company President Toshio Kawasaki

In today's rapidly changing market environment, the Information & Advanced Materials Company is working to form closer relationships with its customers in order to better anticipate their needs. At the same time, we aspire to strengthen our operating base by rapidly developing and improving our distinctive, advanced, low-cost, high-quality products and shifting towards high-value-added operations.

We respond quickly to our customers' needs, offering the ideal products at the optimum volume on the appropriate schedule, in order to succeed in the face of intense global competition.



MAIN PRODUCTS

Electronic materials:

BT laminate, epoxy laminate and mass molding laminate laminate

Oxygen absorbers:

AGELESS®, Anaeropac®, RP System™

Info-advanced materials:

Magnetic garnet single crystal

The Information & Advanced Materials Company consists of three businesses, which are all based at the Tokyo Plant: electronic materials, oxygen absorbers and info-advanced materials. These businesses include a range of unique products such as BT laminate, AGELESS®, magnetic garnet single crystal and wavelength division multiplexing (WDM) devices. The company has established strong links among the factories and affiliates involved in these three businesses, enabling it to offer sophisticated, high-value-added products that anticipate customers' needs.

In the electronic materials business, production is being shifted to Electrotechno Co., Ltd., which is more cost-competitive and provides high-quality materials. Yonezawa DIA Electronics Co., Ltd. develops sophisticated shield boards based on superior processing technology.

In the oxygen absorbers business, AGELESS® is marketed not only to the food industry but also to the pharmaceutical and health care industries, and the markets for RP System™, Savi-Knight™ and AGELESS-OMAC® oxygen absorbing film expanded.

In the info-advanced materials business, with the rapid expansion in broadband services, the company is working to develop and expand the market for low-cost, high-performance coarse wavelength division multiplexing (CWDM) devices for metro-area networks.

MGC ECO-Facility Inc., established inside the Tokyo Plant as part of efforts to make the plant a more sustainable "urban factory," developed Memory Green Crystal, which has contributed to the greening of rooftop space.

FINANCIAL REVIEW

SIX-YEAR SUMMARY

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2003, 2002, 2001, 2000, 1999 and 1998

	Millions of yen					
	2003	2002	2001	2000	1999	1998
For the year:						
Net sales	¥312,119	¥275,710	¥323,076	¥289,531	¥286,471	¥311,434
Chemical products	176,747	157,792	169,578	149,155	143,428	163,848
Advanced materials	110,201	99,809	135,522	122,032	124,825	126,348
Other products	25,171	18,109	17,976	18,343	18,217	21,238
Gross profit	14,159	36,169	55,171	48,347	50,936	64,380
Selling, general and administrative expenses	43,252	42,955	43,018	43,054	43,314	46,785
Operating income (loss)	1,907	(6,786)	12,179	5,293	7,622	17,595
Net income (loss)	(474)	(4,235)	7,285	4,172	6,754	6,346
R&D expenses	11,542	11,910	12,473	12,302	11,900	12,800
Capital expenditures	22,626	27,396	22,938	24,326	35,807	29,907
At year end:						
Total assets	¥458,137	¥466,763	¥486,970	¥481,030	¥475,834	¥479,466
Current assets	180,343	176,950	208,505	241,972	235,982	257,935
Current liabilities	193,765	175,349	191,014	181,508	162,010	199,459
Working capital	(13,422)	1,601	17,491	60,464	73,972	58,476
Stockholders' equity	161,859	174,743	175,280	172,718	172,057	167,478
Interest-bearing debt	193,999	191,359	188,620	195,409	190,834	192,143
Per share of common stock:						
Net income (loss)—basic	¥ (1.05)	¥ (8.79)	¥ 15.07	¥ 8.40	¥ 13.55	¥ 12.73
Net income—diluted	—	—	15.02	8.39	13.51	12.69
Stockholders' equity	349.93	367.69	362.54	355.77	345.07	335.88
Cash dividends	1.50	4.00	4.00	5.00	5.00	5.00
Ratios:						
Gross profit margin (%)	4.5	13.1	17.1	16.7	17.8	20.7
Operating income margin (%)	0.6	—	3.8	1.8	2.7	5.6
Return on sales (%)	—	—	2.3	1.4	2.4	2.0
Return on assets (ROA) (%)	(0.1)	(0.9)	1.5	0.9	1.4	1.3
Return on equity (ROE) (%)	(0.3)	(2.4)	4.2	2.4	3.9	3.8
Current ratio (times)	0.93	1.01	1.09	1.33	1.46	1.29
Stockholders' equity ratio (%)	35.3	37.4	36.0	35.9	36.2	34.9

Note: Cash dividends for each year represent the total of the interim dividend and the previous fiscal year-end dividend approved at the General Meeting of Shareholders.

Sales and Income (Loss)

Consolidated net sales improved during fiscal 2002, ended March 31, 2003, rising ¥36,409 million year-on-year to ¥312,119 million. Principal factors included the rise in the price of commodity chemicals and an increase in sales volume of engineering plastics. Operating income was ¥1,907 million compared to an operating loss of ¥6,786 million in the previous fiscal year. However, a loss on the devaluation of investment securities booked as other deductions resulted in a net loss of ¥474 million, an improvement of ¥3,761 million from the net loss in the previous fiscal year.

Performance by Business Segment

Chemical Products Group

Net sales of methanol and ammonia-based products increased dramatically, due to improvement in the international

methanol market after the summer and an increase in sales in Japan. Sales of formalin remained comparable to those in the previous fiscal year, reflecting stagnant demand in Japan. Though sales of urea decreased due to restructuring of the ammonia and urea businesses, sales volume and sales of ammonia increased. Despite increased demand for amine derivatives overseas, particularly in China, sales of amine derivatives were essentially unchanged year-on-year, because sales prices dropped due to competition from cheaper foreign products. Sales of methacrylate products increased significantly against the backdrop of a market recovery as the balance of supply and demand turned favorable, supported by solid demand for use in acrylic resins and weather-resistant paints. Sales of polyols (polyalcohols) increased due to strong exports to Asia for use in powder paints.

In the xylene-based product sector, sales of metaxylene and

derivative products were strong. In particular, both sales and sales volume of metaxylene (MX) nylon rose substantially, due to increased demand for use in food wrapping materials. Sales of aromatic aldehyde increased due to strong demand for use as an ingredient in plasticizers. Sales of phthalic anhydride increased with higher sales volume, despite a lack of improvement in the market for plasticizers, the primary market for this product. Sales of paraxylene and purified terephthalic acid, a paraxylene derivative, increased due to improved market conditions. In order to increase its competitiveness in the purified terephthalic acid market, MGC formed a sales subsidiary through a joint venture with Mitsubishi Chemical Corporation.

In the industrial chemical sector, sales of hydrogen peroxide increased, due to higher demand from the pulp and paper industry and shipments to new industries. Sales of hydrosulfite declined due to weak domestic demand and exports. Sales of persulfate were essentially unchanged year-on-year, despite deterioration of market conditions, due to strong sales for use in resins. Sales of hydrazine hydrate declined due to a decrease in exports.

As a result of the above, total sales of the Chemical Products Group increased ¥18,955 million year-on-year to ¥176,747 million. Operating income increased ¥4,378 million year-on-year to ¥1,842 million.

Advanced Materials Group

Overall sales and sales volume of engineering plastics increased. Amid MGC's restructuring of the production network, including overseas production bases, and expansion of capacity, sales to the automotive industry were strong, and demand from the electric and electronics industry recovered moderately.

Sales of printed circuit board materials increased due to a rise in demand for BT resin laminated boards for cellular phones and digital cameras, in addition to a partial recovery in the semiconductor packaging business. Sales of chemicals used in the electronics industry benefited from the completion of inventory adjustments in the semiconductor industry and a recovery in the operating rates of key customer segments, including the start of full-fledged use of LCDs in large-screen televisions. However, sales increased only slightly as competition drove down market prices. Sales of magnetic garnet single crystal continued to decrease due to the decline in investment by manufacturers of optical communications-related products. MGC began to sell multiple-wavelength transmission equipment during the past fiscal year. Sale and sales volume of lens monomer were essentially unchanged year-on-year due to sluggish demand for high-quality eyeglass lenses. Sales of AGELESS®, an oxygen absorber used to preserve the freshness of packaged food, increased due to rising concerns about food safety.

The above factors resulted in an increase of ¥10,392 million in Advanced Materials Group Sales to ¥110,201 million. Operating loss totaled ¥670 million, an improvement of ¥4,601 million year-on-year.

Other Products Group

Sales of technology declined year-on-year due to low orders of technology for equipment for producing hydrogen gas using the methanol method. Sales in the geothermal steam business increased slightly year-on-year. Sales of equipment for refinery and exhaust gas treatment declined due to weak demand.

Overall sales increased due to the addition this fiscal year of the refrigerator/air conditioner business of consolidated subsidiary Fudow Co., Ltd., and the maritime shipping business of Kokuko Sangyo Co., Ltd., which became a consolidated subsidiary in the second half of the previous fiscal year.

Consequently, Other Products Group sales increased ¥7,062 million to ¥25,171 million. Operating income improved by ¥71 million to ¥611 million.

Liquidity and Financial Position

On a consolidated basis, cash and cash equivalents at the end of the year increased ¥5,479 million year-on-year to ¥33,667 million. Net cash provided by operating activities increased 78.7 percent, or ¥10,790 million, to ¥24,509 million, largely due to a substantial reduction in operating losses and a decrease in income taxes paid.

Net cash used in investing activities was ¥16,360 million, compared to ¥15,396 million for the previous fiscal year. Capital expenditures decreased ¥4,770 million to ¥22,626 million, while proceeds from sales of property, plant and equipment decreased ¥6,642 million to ¥3,532 million.

Net cash used in financing activities increased to ¥3,154 million from ¥2,596 million in the previous fiscal year. Dividends paid to stockholders decreased ¥1,221 million, and short-term debt increased ¥9,127 million, compared to ¥4,551 million in the previous fiscal year. However, these factors were offset by a ¥5,455 million decrease in cash generated by long-term debt, and a decrease of ¥622 million in purchase of treasury stock.

Current assets at March 31, 2003 totaled ¥180,343 million, compared to ¥176,950 million a year earlier. Current liabilities totaled ¥193,765 million, compared to ¥175,349 million a year earlier. As a result, working capital deficit totaled ¥13,422 million compared to working capital of ¥1,601 million a year earlier. The current ratio was 0.93 to 1, compared to 1.01 to 1 a year earlier.

Net property, plant and equipment decreased to ¥171,420 million from ¥175,420 million a year earlier. Total assets decreased to ¥458,137 million from ¥466,763 million a year earlier. Total non-current liabilities decreased to ¥95,933 million from ¥110,080 million a year earlier, due to the redemption of bonds and reduction of long-term debt. Stockholders' equity decreased to ¥161,859 million from ¥174,743 million a year earlier.

Consolidated Balance Sheets

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
March 31, 2003 and 2002

ASSETS	Millions of yen		Thousands of U.S. dollars (note 2)
	2003	2002	2003
Current assets:			
Cash (notes 3 and 6).....	¥ 24,976	¥ 20,865	\$ 207,787
Trade notes and accounts receivable (note 15).....	83,109	81,777	691,423
Short-term investments (note 4).....	12,202	5,849	101,514
Inventories.....	49,125	50,063	408,694
Deferred income taxes (note 8).....	3,480	5,977	28,952
Other current assets.....	7,782	13,144	64,742
Less allowance for doubtful receivables.....	331	725	2,754
Total current assets.....	180,343	176,950	1,500,358
Property, plant and equipment (note 6):			
Buildings and structures.....	112,615	108,902	936,897
Machinery, equipment and vehicles.....	274,125	276,599	2,280,574
Land.....	25,490	24,306	212,063
Construction in progress.....	14,354	15,064	119,418
Other.....	28,790	27,954	239,517
	455,374	452,825	3,788,469
Less accumulated depreciation.....	283,954	277,405	2,362,346
Net property, plant and equipment.....	171,420	175,420	1,426,123
Intangible assets, net:			
Software.....	977	949	8,128
Other.....	754	724	6,273
Net intangible assets.....	1,731	1,673	14,401
Investments and other assets:			
Investments in securities (notes 4 and 5).....	85,350	100,834	710,067
Long-term loans receivable.....	2,486	2,933	20,682
Deferred income taxes (note 8).....	10,970	3,335	91,265
Other investments and other assets (note 5).....	6,759	6,683	56,231
Less allowance for doubtful receivables.....	922	1,065	7,671
Total investments and other assets.....	104,643	112,720	870,574
Total assets.....	¥458,137	¥466,763	\$3,811,456

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

 Thousands of
U.S. dollars
(note 2)

	Millions of yen		2003
	2003	2002	
Current liabilities:			
Trade notes and accounts payable	¥ 61,980	¥ 53,887	\$ 515,641
Short-term debt and current installments of long-term debt (note 6)	111,168	93,733	924,859
Accrued expenses (note 15)	9,185	9,352	76,414
Accrued income taxes (note 8)	1,055	817	8,777
Accrued bonuses	3,575	3,757	29,742
Other current liabilities (note 8)	6,802	13,803	56,589
Total current liabilities	193,765	175,349	1,612,022
Non-current liabilities:			
Long-term debt (notes 6 and 15)	82,831	97,626	689,110
Liabilities for retirement and severance benefits (note 7)	12,465	10,675	103,702
Other non-current liabilities (note 8)	637	1,779	5,299
Total non-current liabilities	95,933	110,080	798,111
Total liabilities	289,698	285,429	2,410,133
Minority interests	6,580	6,591	54,742
Stockholders' equity:			
Common stock (note 11):			
Authorized 984,856,000 shares;			
issued and outstanding 483,478,398 shares			
in 2003 and 2002	41,971	41,971	349,176
Additional paid-in capital (note 11)	35,518	35,518	295,491
Retained earnings (note 12)	95,099	96,234	791,173
Surplus on revaluation of land	192	184	1,597
Net unrealized gain (loss) on other securities (note 4)	(3,094)	3,699	(25,740)
Foreign currency translation adjustments	(3,995)	(1,258)	(33,236)
Treasury stock	(3,832)	(1,605)	(31,880)
Total stockholders' equity	161,859	174,743	1,346,581
Commitments and contingencies (note 16)			
Total liabilities and stockholders' equity	¥458,137	¥466,763	\$3,811,456

Consolidated Statements of Operations

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (note 2)
	2003	2002	2003
Net sales (note 15)	¥312,119	¥275,710	\$2,596,664
Cost of sales (note 10)	266,960	239,541	2,220,965
Gross profit	45,159	36,169	375,699
Selling, general and administrative expenses (notes 7, 9 and 10)	43,252	42,955	359,834
Operating income (loss)	1,907	(6,786)	15,865
Other income (deductions):			
Interest income	203	274	1,689
Dividend income	1,010	686	8,403
Interest expenses (note 15)	(2,930)	(3,199)	(24,376)
Equity in earnings of affiliates	5,698	6,604	47,404
Exchange gain (loss)	(846)	356	(7,038)
Gain on sale of investments in securities (note 4)	304	16	2,529
Loss on devaluation of inventories	(517)	(1,100)	(4,301)
Loss on sale/disposal of property, plant and equipment	(293)	(1,366)	(2,438)
Loss on devaluation of investments in securities	(3,834)	(3,537)	(31,897)
Other, net	(2,217)	(2,316)	(18,444)
	(3,422)	(3,582)	(28,469)
Loss before income taxes and minority interests	(1,515)	(10,368)	(12,604)
Income taxes (note 8):			
Current	1,739	1,313	14,468
Deferred	(2,554)	(6,587)	(21,248)
	(815)	(5,274)	(6,780)
Loss before minority interests	(700)	(5,094)	(5,824)
Minority interests	(226)	(859)	(1,881)
Net loss	¥ (474)	¥ (4,235)	\$ (3,943)

	Yen	U.S. dollars (note 2)
Per share of common stock:		
Net loss (note 13):		
Basic	¥(1.05)	¥(8.79)
Diluted	—	—
Cash dividends applicable to the year (note 12)	1.50	4.00
	0.01	0.01

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (note 2)
	2003	2002	2003
Common stock (note 11):			
Balance at beginning of year	¥ 41,971	¥ 41,971	\$ 349,176
Balance at end of year	41,971	41,971	349,176
Additional paid-in capital (note 11):			
Balance at beginning of year	35,518	35,518	295,491
Balance at end of year	35,518	35,518	295,491
Retained earnings (note 12):			
Balance at beginning of year	96,234	102,429	800,616
Increase resulting from an affiliate newly accounted for by the equity method	258	—	2,146
Decrease resulting from newly consolidated subsidiaries	(197)	—	(1,639)
Cash dividends	(713)	(1,934)	(5,932)
Bonuses to directors and corporate auditors	(9)	(26)	(75)
Net loss	(474)	(4,235)	(3,943)
Balance at end of year	95,099	96,234	791,173
Surplus on revaluation of land at end of year	192	184	1,597
Net unrealized gain (loss) on other securities at end of year (note 4) ...	(3,094)	3,699	(25,740)
Foreign currency translation adjustments at end of year	(3,995)	(1,258)	(33,236)
Treasury stock at end of year	(3,832)	(1,605)	(31,880)
Total stockholders' equity at end of year	¥161,859	¥174,743	\$1,346,581

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (note 2)
	2003	2002	2003
Cash flows from operating activities:			
Loss before income taxes and minority interests.....	¥ (1,515)	¥(10,368)	\$ (12,604)
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization.....	20,113	18,974	167,329
Loss on sale/disposal of property, plant and equipment	293	1,039	2,438
Equity in earnings of affiliates	(5,698)	(6,604)	(47,404)
Allowance for doubtful receivables.....	(582)	313	(4,842)
Increase (decrease) in liabilities for retirement and severance benefits.....	420	(828)	3,494
Interest and dividend income.....	(1,213)	(960)	(10,092)
Interest expenses.....	2,930	3,199	24,376
Gain on sale of short-term investments and investments in securities ...	(304)	(462)	(2,529)
Loss on devaluation of investments in securities.....	3,834	3,537	31,897
Decrease in trade notes and accounts receivable.....	2,599	34,997	21,622
Decrease in inventories.....	1,954	3,335	16,256
Increase (decrease) in trade notes and accounts payable.....	3,673	(16,849)	30,558
Bonuses to directors and corporate auditors.....	(18)	(43)	(150)
Other, net	1,241	(8,287)	10,325
Sub total.....	27,727	20,993	230,674
Interest and dividend received.....	1,196	964	9,950
Interest paid.....	(2,953)	(3,294)	(24,567)
Income taxes paid.....	(1,461)	(4,944)	(12,155)
Net cash provided by operating activities	24,509	13,719	203,902
Cash flows from investing activities:			
Purchase of short-term investments	(217)	(599)	(1,805)
Proceeds from sale of short-term investments	140	37	1,165
Capital expenditures.....	(22,626)	(27,396)	(188,236)
Proceeds from sale of property, plant and equipment.....	3,532	10,174	29,384
Purchase of investments in securities	(1,943)	(2,923)	(16,165)
Proceeds from sale of investments in securities.....	1,025	1,931	8,528
Increase (decrease) in long-term loans receivable.....	(46)	(563)	(383)
Other, net	3,775	3,943	31,406
Net cash used in investing activities.....	(16,360)	(15,396)	(136,106)
Cash flows from financing activities:			
Increase in short-term debt	9,127	4,551	75,932
Proceeds from long-term debt.....	15,605	18,275	129,825
Payments on long-term debt	(24,486)	(21,701)	(203,711)
Purchase of treasury stock.....	(2,227)	(1,605)	(18,527)
Dividends paid to stockholders.....	(713)	(1,934)	(5,932)
Dividends paid to minority stockholders of subsidiaries.....	(220)	(182)	(1,830)
Other, net	(240)	—	(1,997)
Net cash used in financing activities.....	(3,154)	(2,596)	(26,240)
Effect of exchange rate changes on cash and cash equivalents	(1,145)	816	(9,526)
Net increase (decrease) in cash and cash equivalents.....	3,850	(3,457)	32,030
Cash and cash equivalents at beginning of year.....	28,188	31,645	234,509
Cash and cash equivalents of newly consolidated subsidiaries.....	1,629	—	13,552
Cash and cash equivalents at end of year (note 3).....	¥ 33,667	¥ 28,188	\$ 280,091

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presenting Consolidated Financial Statements

Mitsubishi Gas Chemical Company, Inc. (the Company) and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the financial statements issued domestically in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (28 subsidiaries for 2003 and 2002).

All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in affiliates are accounted for by the equity method.

The Accounting Standards for Consolidation require the control or influence concept for the consolidation scope of subsidiaries and affiliates. Under the control or influence concept, a company in which the parent company or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations is fully consolidated, and another company over which the parent company and/or its consolidated subsidiaries have the ability to exercise significant influence is accounted for by the equity method.

The excess of cost over the underlying net assets at the dates of investments in subsidiaries is being amortized over 5 years.

(c) Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value which have maturities of generally three months or less when purchased to be cash equivalents.

(d) Short-term Investments and Investments in Securities

Under the Accounting Standards for Financial Instruments, securities are classified into four categories – “trading securities”, “held-to-maturity securities”, “investments in affiliates” and “other securities”. Securities classified as “trading securities” are stated at fair value and unrealized gains or losses are

recorded in the consolidated statement of income. Securities classified as “held-to-maturity securities” are stated at amortized cost. Securities classified as “other securities” are stated at fair value and unrealized gains or losses, net of related taxes, are excluded from earnings and recorded in a separate component of stockholders’ equity. Realized gains or losses on the other securities are determined by the moving average method. Holding securities of the Company are classified as held-to-maturity securities and other securities.

(e) Inventories

Inventories are stated principally at cost. Cost is principally determined by the average method other than real estate for sale by the specific identification method.

(f) Property, Plant and Equipment

Property, plant and equipment are carried substantially at cost. Depreciation is provided principally by the straight-line method based on estimated useful lives.

The estimated useful lives are as follows:

Buildings and structures	7-50 years
Machinery, equipment and vehicles	7-15 years

(g) Intangible Assets

The expenses for internal use computer software are deferred and amortized by the straight-line method over estimated useful lives (5 years). Intangible assets other than software are deferred and amortized by the straight-line method at the rates based on the estimated useful lives of the respective assets.

(h) Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided at an amount of uncollectible receivables based on historical loss ratios and an amount that takes into consideration the possibility of specific liabilities.

(i) Retirement and Severance Benefits

The Company and its consolidated subsidiaries have retirement benefit plans covering substantially all employees.

Under the Accounting Standards for Retirement and Severance Benefits, provisions have been made in the accompanying consolidated financial statements based on the present value of the projected future retirement and severance benefits attributable to employee services rendered by the end of the year, less amounts funded under noncontributory pension plans.

The Company and its certain subsidiaries have unfunded defined benefit pension plans for directors and corporate auditors. The provision for the plans has been made in the accompanying consolidated financial statements for the vested benefits to which directors and corporate auditors are entitled if they were to retire or sever immediately at the balance sheet dates.

(j) Leases

Finance leases, except for those where the legal title of the underlying property is transferred from the lessor to the lessee

at the end of the lease term, are accounted for similarly to operating leases.

(k) Foreign Currency Translation

Under the Accounting Standards for Foreign Currency Transactions, foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction dates, receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange as of the balance sheet dates, and gains or losses resulting from the translation of foreign currencies are credited or charged to income. Assets and liabilities, and revenues and expenses of overseas subsidiaries are translated into yen at the rate of exchange as of the balance sheet date, and a comprehensive adjustment resulting from translation is presented as "Foreign currency translation adjustments" in a component of stockholders' equity and "Minority interests".

(l) Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporate tax, inhabitant tax and business tax.

The Accounting Standards for Income Taxes require that deferred income taxes be accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, and the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(m) Appropriation of Retained Earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the stockholders at a general meeting to be held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriation. (See note 12)

(n) Data per Common Share

Basic net loss per share is computed on the basis of the weighted average number of shares of common stock outstanding during the respective years. (See note 13)

Cash dividends per share are computed based on dividends actually paid during the year.

(o) Reclassifications

Certain reclassifications of the accompanying consolidated financial statements as of and for the year ended March 31, 2002 have been made to conform to the 2003 presentation.

Note 2. FINANCIAL STATEMENT TRANSLATION

The consolidated financial statements are expressed in Japanese yen. However, solely for the convenience of the reader, the consolidated financial statements as of and for the year ended March 31, 2003 have been translated into United States dollars at the rate of ¥120.20=U.S.\$1, the approximate

exchange rate on the Tokyo Foreign Exchange Market on March 31, 2003. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at such rate.

Note 3. CASH AND CASH EQUIVALENTS

A reconciliation of the cash and cash equivalents of consolidated balance sheets and that of consolidated statements of cash flows at March 31, 2003 and 2002 is follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Cash.....	¥24,976	¥20,865	\$207,787
Short-term investments.....	9,357	5,240	77,845
Securities purchased under resale agreements	—	2,500	—
Time deposits with maturities of over three months.....	(666)	(417)	(5,541)
Cash and cash equivalents	¥33,667	¥28,188	\$280,091

Note 4. SHORT-TERM INVESTMENTS AND INVESTMENTS IN SECURITIES

Balance sheet amount, fair value and gross unrealized gain and loss of held-to-maturity securities with fair value as of March 31, 2003 and 2002 are summarized as follows:

	Millions of yen			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2003				
Government bond securities...	¥ 36	¥ 3	¥ —	¥ 39
Corporate bond securities	2,176	31	—	2,207
	¥2,212	¥34	¥—	¥2,246

March 31, 2002				
Government bond securities...	¥ 50	¥ 50	¥ —	¥ 54
Corporate bond securities	2,177	152	—	2,329
	¥2,227	¥156	¥—	¥2,383

	Thousands of U.S. dollars			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2003				
Government bond securities...	\$ 300	\$ 25	\$ —	\$ 325
Corporate bond securities	18,103	258	—	18,361
	\$18,403	\$283	\$—	\$18,686

Acquisition cost, balance sheet amount and gross unrealized gain and loss of other securities with fair value as of March 31, 2003 and 2002 are summarized as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2003				
Equity securities	¥29,201	¥3,847	¥(6,951)	¥26,097
Corporate bond securities	24	5	—	29
Other securities	57	—	(5)	52
	¥29,282	¥3,852	¥(6,956)	¥26,178

March 31, 2002				
Equity securities	¥32,558	¥7,410	¥(1,035)	¥38,933
Corporate bond securities	24	7	—	31
Other securities	24	—	(1)	23
	¥32,606	¥7,417	¥(1,036)	¥38,987

	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2003				
Equity securities	\$242,937	\$32,005	\$(57,829)	\$217,113
Corporate bond securities	200	41	—	241
Other securities	474	—	(41)	433
	\$243,611	\$32,046	\$(57,870)	\$217,787

It is not practicable to estimate the fair value of securities as of March 31, 2003 and 2002 described below because of lack of market price and difficulty in estimating fair value.

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Held-to-maturity securities:			
Certificates of deposit	¥ 6,790	¥3,000	\$ 56,489
Commercial paper	2,800	1,800	23,295
Other securities:			
Unlisted equity securities	3,468	2,973	28,852
Investment trusts, etc.	—	1,048	—
	¥13,058	¥8,821	\$108,636

Projected future redemption of other securities with maturities and held-to-maturity securities at March 31, 2003 are summarized as follows:

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Debt securities:				
Corporate bond securities	¥ 2,199	¥ —	¥ —	¥ —
Other debt securities	16	40	2	2
Other:				
Certificates of deposit	6,790	—	—	—
Commercial paper	2,800	—	—	—
Other	48	23	—	—
	¥11,853	¥ 63	¥ 2	¥ 2

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Debt securities:				
Corporate bond securities	\$18,295	\$ —	\$ —	\$ —
Other debt securities	133	333	17	17
Other:				
Certificates of deposit	56,489	—	—	—
Commercial paper	23,295	—	—	—
Other	399	191	—	—
	\$98,611	\$524	\$ 17	\$ 17

For the years ended March 31, 2003 and 2002, proceeds from the sale of other securities are ¥810 million (\$6,739 thousand) and ¥1,817 million, gross realized gains are ¥304 million (\$2,529 thousand) and ¥462 million, respectively. Gross realized losses were ¥446 million for the year ended March 31, 2002.

Note 5. INVESTMENTS IN AFFILIATES

The aggregate carrying amount of investments in affiliates as of March 31, 2003 and 2002 is ¥55,932 million (\$465,324 thousand) and ¥56,841 million, respectively.

Note 6. SHORT-TERM AND LONG-TERM DEBT

Short-term debt is represented by bank loans which are due within one year. The weighted average interest rate of short-term debt at March 31, 2003 and 2002 is 0.6%.

Long-term debt as of March 31, 2003 and 2002 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Loans, principally from banks, maturing in installments through 2032; bearing weighted average interest of 1.6% at March 31, 2003 and 2002, partially secured by mortgage of property, plant and equipment, securities and cash	¥ 84,444	¥ 81,224	\$702,529
2.95% unsecured yen bonds, due 2003 ...	10,000	10,000	83,195
2.225% unsecured yen bonds, due 2003 ..	—	5,000	—
2.225% unsecured yen bonds, due 2003 ..	—	5,000	—
2.675% unsecured yen bonds, due 2005 ..	5,000	5,000	41,597
2.675% unsecured yen bonds, due 2005 ..	5,000	5,000	41,597
2.57% unsecured yen bonds, due 2006	5,000	5,000	41,597
2.57% unsecured yen bonds, due 2006 ...	5,000	5,000	41,597
1.0% unsecured yen bonds issued by a subsidiary, due 2003	—	1,000	—
1.38% unsecured yen bonds issued by a subsidiary, due 2006	1,000	—	8,320
	115,444	122,224	960,432
Less current installments	31,613	23,598	263,003
	83,831	98,626	697,429
Elimination on consolidation	(1,000)	(1,000)	(8,319)
	¥ 82,831	¥ 97,626	\$689,110

The aggregate annual maturities of long-term debt after March 31, 2004 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31:		
2005	¥23,884	\$198,702
2006	14,931	124,218
2007	18,865	156,947
2008	2,366	19,684

Property, plant and equipment and cash with a book value at March 31, 2003 of ¥32,502 million (\$270,399 thousand) are mortgaged to secure certain debts.

As is customary in Japan, both short-term and long-term bank loans are under general agreements which provide that security and guarantees for the present and future indebtedness will be given upon request of the banks, and that the banks shall have the right, as the obligations become due or in the event of default, to offset cash deposits against obligation due to the banks.

Note 7. RETIREMENT AND SEVERANCE BENEFITS

The Company and its domestic subsidiaries have defined benefit retirement and pension plans, which consist of unfunded lump-sum payment plans and tax qualified noncontributory pension plans.

The funded status of the pension plans at March 31, 2003 and 2002 is outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Projected benefit obligation	¥(45,012)	¥(41,282)	\$(374,475)
Plan assets at fair value	12,460	13,489	103,660
Assets contributed to the trust	11,208	14,532	93,244
Funded status	(21,344)	(13,261)	(177,571)
Unrecognized actuarial loss	11,010	5,040	91,597
Unrecognized prior service cost	(484)	(544)	(4,026)
Amount recognized in the consolidated balance sheets	(10,818)	(8,765)	(90,000)
Prepaid retirement and severance benefits	632	971	5,258
Accrued retirement and severance benefits	¥(11,450)	¥ (9,736)	\$ (95,258)

Net periodic pension cost for the years ended March 31, 2003 and 2002 consists of the following components:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Service cost	¥1,925	¥1,953	\$16,015
Interest cost	1,357	1,342	11,290
Expected return on plan assets	(318)	(317)	(2,646)
Amortization of actuarial loss	2,727	1,222	22,687
Amortization of prior service cost	(61)	(61)	(507)
Net periodic pension cost	¥5,630	¥4,139	\$46,839

Note: In addition to the above costs, additional benefits amounting to ¥41 million (\$341 thousand) and ¥183 million are charged to income for the years ended March 31, 2003 and 2002, respectively.

Significant assumptions of pension plans used to determine these amounts in fiscal 2003 and 2002 are as follows:

	2003	2002
Periodic allocation method for projected benefit	Straight-line	Straight-line
Discount rate	Mainly 2.5%	Mainly 3.5%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
Period for amortization of unrecognized prior service cost	10 years	10 years
Period for amortization of unrecognized actuarial loss	Mainly 10 years	10 years

Directors and corporate auditors are not covered by the plans described above. For such persons, the Company and its certain subsidiaries have unfunded defined benefit pension plans. Under the plans, directors and corporate auditors are entitled to lump-sum payments based on the current rate of pay and length of service when they leave the Company. The Company provides for the amount of the vested benefits to which directors and corporate auditors are entitled if they were to retire or sever immediately at the balance sheet dates. As of March 31, 2003 and 2002, the liabilities for retirement and severance benefits related to the plans were ¥1,015 million (\$8,444 thousand) and ¥939 million, respectively.

Note 8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese corporate, inhabitant and business taxes based on income which, in the aggregate, result in a statutory tax rate of approximately 42.0% in 2003 and 2002.

Amendments to Japanese tax regulations were enacted on March 31, 2003. As a result of these amendments, the normal income tax rate is to be reduced from approximately 42.0% to 40.7% effective from the Company's fiscal year beginning April 1, 2004. As a result of the change in the tax rate, net deferred income tax assets as of March 31, 2003 which are expected to be eliminated after April 1, 2004 were decreased by ¥453 million (\$3,768 thousand) and ¥452 million (\$3,760 thousand) was charged to income, and net unrealized loss on other securities was decreased by ¥1 million (\$8 thousand).

The reconciliation for the years ended March 31, 2003 and 2002 is not subject to disclosure as loss before income taxes is recorded.

Significant components of deferred tax assets and liabilities at March 31, 2003 and 2002 are as follows:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Deferred tax assets:			
Liabilities for retirement and severance benefits.....	¥10,568	¥ 8,902	\$ 87,920
Tax loss carryforward	6,262	5,311	52,097
Devaluation loss on investments in securities	2,994	1,449	24,908
Net unrealized loss on other securities	1,320	—	10,982
Accrued bonuses.....	1,272	1,038	10,582
Intercompany profits	1,021	1,631	8,494
Depreciation	607	711	5,050
Other	3,377	3,219	28,095
	27,421	22,261	228,128
Valuation allowance	(3,990)	(2,074)	(33,195)
	23,431	20,187	194,933
Deferred tax liabilities:			
Gain by contributing the assets to the trust.....	(3,820)	(3,948)	(31,780)
Tax purpose reserves, etc. regulated by Japanese tax law...	(3,103)	(3,408)	(25,815)
Net unrealized gain on other securities	—	(2,691)	—
Other	(2,152)	(1,675)	(17,904)
	(9,075)	(11,722)	(75,499)
Net deferred tax assets.....	¥14,356	¥ 8,465	\$119,434

Net deferred tax assets and liabilities as of March 31, 2003 and 2002 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Current assets — Deferred income taxes	¥ 3,480	¥5,977	\$ 28,952
Investments and other assets			
– Deferred income taxes	10,970	3,335	91,265
Current liabilities			
– Other current liabilities	(39)	(58)	(325)
Non-current liabilities			
– Other non-current liabilities	(55)	(789)	(458)
Net deferred tax assets	¥14,356	¥8,465	\$119,434

Note 9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Significant components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Freight	¥8,942	¥8,728	\$74,393
Stevedoring and warehouse fee	2,297	2,324	19,110
Salaries.....	9,697	9,167	80,674
Employees' bonuses.....	3,102	3,114	25,807
Pension cost.....	2,640	1,717	21,963
Welfare	2,761	2,490	22,970
Transportation	1,299	1,249	10,807
Depreciation.....	2,158	2,191	17,953

Note 10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended March 31, 2003 and 2002 are ¥11,542 million (\$96,023 thousand) and ¥11,910 million, respectively.

Note 11. COMMON STOCK

Under the Commercial Code of Japan, at least 50% of the issue price of new shares is required to be designated as stated common stock. The actual portion to be designated as stated common stock is determined by resolution of the Board of Directors. Proceeds in excess of the amount designated as stated common stock are credited to additional paid-in capital.

Note 12. RETAINED EARNINGS AND DIVIDENDS

The Commercial Code of Japan provides that an amount equal to at least 10% of appropriations paid in cash be appropriated as a legal reserve until an aggregated amount of additional paid-in capital and the legal reserve equal 25% of common stock.

This legal reserve and additional paid-in capital may be used to reduce a deficit by approval at the meeting of stockholders or may be transferred to stated common stock by resolution of the Board of Directors. On condition that the total amount of legal reserve and additional paid-in capital remains equal to or exceeds 25% of stated common stock, they are available for distributions by approval at the meeting of stockholders.

Balances of the legal reserve are included in retained earnings in the accompanying consolidated balance sheets.

The amount available for dividends is based on the amount recorded in the Company's non-consolidated books of account in accordance with the Commercial Code of Japan.

In accordance with the Commercial Code of Japan, proposed appropriations of retained earnings have not been reflected in the financial statements at the end of each fiscal year. The proposed appropriation of retained earnings at March 31, 2003 was cash dividends of ¥1,387 million (\$11,539 thousand).

Note 13. NET INCOME PER SHARE INFORMATION

Reconciliation of the numbers and the amounts used in the basic net loss per share computations for the year ended March 31, 2003 are as follows:

	Millions of yen	Thousands of U.S. dollars
Net loss	¥474	\$3,943
Net loss not applicable to common stockholders:		
Directors' and corporate auditors' bonuses....	18	150
Net loss applicable to common stockholders.....	¥492	\$4,093
		Number of shares
Weighted average number of shares on which basic net loss per share is calculated		469,793,553

Note 14. LEASES

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at March 31, 2003 and 2002 are as follows:

	Millions of yen		
	Machinery, equipment and vehicles	Other tangible assets	Total
March 31, 2003			
Acquisition cost	¥3,325	¥2,045	¥5,370
Accumulated depreciation	1,385	1,689	3,074
Net book value	¥1,940	¥ 356	¥2,296

March 31, 2002			
Acquisition cost	¥2,445	¥2,335	¥4,780
Accumulated depreciation	1,292	1,724	3,016
Net book value	¥1,153	¥ 611	¥1,764

	Thousands of U.S. dollars		
	Machinery, equipment and vehicles	Other tangible assets	Total
March 31, 2003			
Acquisition cost	\$27,662	\$17,013	\$44,675
Accumulated depreciation	11,522	14,052	25,574
Net book value	\$16,140	\$ 2,961	\$19,101

Future minimum payments which include interest portion required under finance leases at March 31, 2003 and 2002, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Within one year	¥ 735	¥ 874	\$ 6,115
Over one year	1,561	890	12,986
	¥2,296	¥1,764	\$19,101

Lease payments for the years ended March 31, 2003 and 2002 amounted to ¥764 million (\$6,356 thousand) and ¥928 million, respectively.

Note 15. BALANCES AND TRANSACTIONS WITH RELATED PARTY

A corporate auditor of the Company is concurrently serving as a representative director of Nippon Life Insurance Company, and the balances with the company at March 31, 2003, and related transactions for the year then ended are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Balances:		
Long-term debt	¥2,800	\$23,295
Accrued expenses	8	67
Transactions:		
Borrowing	¥1,000	\$ 8,319
Interest expenses	36	300

The Company has a 50% equity ownership in Mitsubishi Engineering-Plastics Corp. at March 31, 2003 and 2002, and a 50% equity ownership in Mizushima Paraxylene Co., Ltd. at March 31, 2002.

Balances with Mitsubishi Engineering-Plastics Corp. at March 31, 2003 and 2002, and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Balances:			
Trade accounts receivable	¥ 5,345	¥ 4,885	\$ 44,468
Transactions:			
Sales	34,630	26,664	288,103

Transactions with Mizushima Paraxylene Co., Ltd. for the year ended March 31, 2002 were summarized as follows:

	Millions of yen
Sale of equipment	
– Proceeds	¥7,384
Loans guaranteed	4,969

Note 16. COMMITMENTS AND CONTINGENCIES

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of trade accounts receivable and to subsequently discount such notes at banks or to transfer them by endorsement to suppliers in the settlement of accounts payable. At March 31, 2003 and 2002, the company was contingently liable with respect to trade notes receivable discounted in the amounts of ¥3,625 million (\$30,158 thousand) and ¥1,318 million, respectively. Notes discounted are accounted for as sales and removed from the balance sheets.

Contingent liabilities at March 31, 2003 for loans guaranteed amounted to ¥11,223 million (\$93,369 thousand).

Note 17. DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not hold or issue derivative financial instruments for the purpose of trading. Derivative financial instruments held by the Company comprise forward exchange contracts and interest rate swap agreements. The Company has entered into forward exchange contracts to hedge the risk of changes in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies. The Company also has entered into interest rate swap agreements to manage interest rate exposures on certain borrowings.

If interest rate swap agreements are used as hedges and meet certain hedging criteria, the difference in amounts to be paid or received on the interest rate swap agreements is recognized over the life of the agreements as an adjustment to interest expense.

The counterparties to these derivative transactions are financial institutions with high credit ratings and consequently, the Company does not anticipate credit-related losses from non-performance by the counterparties to transactions involving derivative financial instruments.

The contract or notional amounts disclosed below do not represent straightforwardly the extent of market risk or credit risk of the derivatives.

The contract or notional amounts and fair value of derivative financial instruments held as of March 31, 2003 and 2002 are summarized as follows:

	Millions of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2003			
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollars.....	¥ 643	¥ 639	¥ 4
Euro.....	86	87	(1)
To sell foreign currency:			
U.S. dollars.....	148	150	2
Interest rate swap agreements:			
Variable rate received for fixed rate	24,202	(478)	(478)
March 31, 2002			
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollars.....	¥ 164	¥ 164	¥ 0
Interest rate swap agreements:			
Variable rate received for fixed rate	49,385	(592)	(592)

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2003			
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollars	\$ 5,349	\$ 5,316	\$ 33
Euro	716	724	(8)
To sell foreign currency:			
U.S. dollars	1,231	1,248	17
Interest rate swap agreements:			
Variable rate received for fixed rate	201,348	(3,977)	(3,977)

The fair value of forward exchange contracts is computed using prices on the futures market and the fair values of interest rate swap agreements are estimated based on quotes from counterparties.

Receivables and payables denominated in foreign currencies, of which yen amounts at settlement are fixed and stated at the corresponding yen amounts on the consolidated balance sheets due to forward exchange contracts are not subject to disclosure.

Note 18. SEGMENT INFORMATION

(a) Industry segments

The Company and its subsidiaries operate principally in three segments: chemical products, advanced materials and others, which are divided based on type of business, type of products and markets.

Segment information by industry for the years ended March 31, 2003 and 2002 is summarized as follows:

	Millions of yen					
	2003					
	Chemical products	Advanced materials	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers.....	¥176,747	¥110,201	¥25,171	¥312,119	¥ —	¥312,119
Inter-segment sales.....	4,619	1,485	1,940	8,044	(8,044)	—
	181,366	111,686	27,111	320,163	(8,044)	312,119
Operating expenses.....	179,524	112,356	26,500	318,380	(8,168)	310,212
Operating income.....	¥ 1,842	¥ (670)	¥ 611	¥ 1,783	¥ 124	¥ 1,907
Assets	¥199,863	¥176,344	¥33,785	¥409,992	¥48,145	¥458,137
Depreciation.....	9,122	9,852	1,139	20,113	—	20,113
Capital expenditures	6,491	8,533	772	15,796	—	15,796

	Millions of yen					
	2002					
	Chemical products	Advanced materials	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers.....	¥157,792	¥ 99,809	¥18,109	¥275,710	¥ —	¥275,710
Inter-segment sales.....	3,388	1,990	1,354	6,732	(6,732)	—
	161,180	101,799	19,463	282,442	(6,732)	275,710
Operating expenses.....	163,716	107,070	18,923	289,709	(7,213)	282,496
Operating income.....	¥ (2,536)	¥ (5,271)	¥ 540	¥ (7,267)	¥ 481	¥ (6,786)
Assets	¥192,207	¥183,697	¥35,590	¥411,494	¥55,269	¥466,763
Depreciation.....	8,935	8,817	1,222	18,974	—	18,974
Capital expenditures	6,391	22,223	1,393	30,007	—	30,007

	Thousands of U.S. dollars					
	2003					
	Chemical products	Advanced materials	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers.....	\$1,470,441	\$ 916,814	\$209,409	\$2,596,664	\$ —	\$2,596,664
Inter-segment sales	38,428	12,354	16,140	66,922	(66,922)	—
	1,508,869	929,168	225,549	2,663,586	(66,922)	2,596,664
Operating expenses	1,493,544	934,742	220,466	2,648,752	(67,953)	2,580,799
Operating income	\$ 15,325	\$ (5,574)	\$ 5,083	\$ 14,834	\$ 1,031	\$ 15,865
Assets.....	\$1,662,754	\$1,467,088	\$281,073	\$3,410,915	\$400,541	\$3,811,456
Depreciation	75,890	81,963	9,476	167,329	—	167,329
Capital expenditures	54,002	70,990	6,422	131,414	—	131,414

The main products of each segment are as follows:

Chemical products: Methanol, ammonia, urea, xylene and xylene derivatives, hydrogen peroxide, polyhydric alcohol, hydrazine hydrate and other industrial chemicals.

Advanced materials: Engineering plastics, printed circuit board materials, printed circuit boards, electronic materials, oxygen absorbing agent (AGELESS®).

Other: Gasification equipment and purification equipment for high-purity gases, disposable heating pads.

Corporate assets of ¥59,083 million (\$491,539 thousand) and ¥63,132 million as of March 31, 2003 and 2002 in the Elimination / corporate line consist primarily of surplus funds (cash and deposits, and securities), long-term investments (investment securities, etc.) and assets relating to the administrative operations.

(b) Geographic segments

Both domestic sales and assets located in Japan are over 90% of all segments for the years ended March 31, 2003 and 2002.

(c) Overseas sales

Information for overseas sales for the years ended March 31, 2003 and 2002 is summarized as follows:

	Millions of yen		Thousands of
	2003	2002	U.S. dollars
Overseas sales			2003
Asia	¥ 51,718	¥ 52,848	\$ 430,266
North and South America ...	16,146	16,910	134,326
Other	7,504	6,086	62,430
	<u>¥ 75,368</u>	<u>¥ 75,844</u>	<u>\$ 627,022</u>
Consolidated sales	<u>¥312,119</u>	<u>¥275,710</u>	<u>\$2,596,664</u>
Percentage of overseas sales to consolidated sales	24.1%	27.5%	24.1%

The major countries or regions in the respective divisions are as follows:

Asia: Thailand, Malaysia, India, Indonesia, Korea, China and Taiwan

North and South America: U.S.A., Mexico and Brazil

Other: Australia, New Zealand, Germany, The Netherlands, Italy, Great Britain and South Africa

Independent Auditors' Report

To the Stockholders and Board of Directors of Mitsubishi Gas Chemical Company, Inc.

We have audited the accompanying consolidated balance sheets of Mitsubishi Gas Chemical Company, Inc. and consolidated subsidiaries as of March 31, 2003 and 2002, and related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan and, accordingly, our audits included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi Gas Chemical Company, Inc. and consolidated subsidiaries as of March 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The accompanying consolidated financial statements as of and for the year ended March 31, 2003 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 2 to the consolidated financial statements.


Toyo & Co.

Tokyo, Japan
June 27, 2003

See Note 1(a) to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of Mitsubishi Gas Chemical Company, Inc. and consolidated subsidiaries under Japanese accounting principles and practices.

Subsidiaries and Affiliates

(As of March 31, 2003)

Consolidated Subsidiaries

Name	Issued share capital (millions)	The Company's share ownership	Principal business
NATURAL GAS CHEMICALS COMPANY			
Kinoe Terminal Co., Inc.	¥500	74.5%	Warehouse service for methanol
Japan Pionics Co., Ltd.	200	100.0	Manufacture of gas generators, gas purifiers and disposable body warmers
Japan Hydrazine Co., Inc.	274	77.2	Manufacture of hydrazine and its derivatives and resistors
Marine Transport and Terminal Co., Ltd.	400	100.0	Storage and transport of methanol, other chemical products and petroleum products
A&C Co., Ltd.	50	100.0	Manufacture of choline chloride, silica choline and trimethylamine hydrochloride
Japan Chemical Transport Co., Ltd.	10	100.0	Transport of chemical products
Kokuka Sangyo Co., Ltd.	250	80.0	Transport of chemical products
SPECIALTY CHEMICALS COMPANY			
Toyo Kagaku Co., Ltd.	¥96	75.0	Compound resin injection molding and sales
Fuji Kasei Co., Ltd.	50	83.9	Manufacture and sale of compound resin molding materials
Eiwa Chemical Industrial Co., Inc.	420	55.6	Manufacture and sale of plastic resins and related products and foaming agents for rubber
Samyoung Pure Chemicals Co., Ltd.	W3,500	51.0	Manufacture and sale of super-pure hydrogen peroxide
MGC Pure Chemicals America, Inc.	US\$5	90.0	Manufacture and sale of super-pure hydrogen peroxide
P. T. Peroksida Indonesia Pratama	Rp21,308	60.0	Manufacture and sale of hydrogen peroxide
Kyodo Kasankasuiso Corporation	¥480	75.0	Manufacture and sale of hydrogen peroxide
Thai Polyacetal Co., Ltd.	Bt800	73.6	Manufacture and sale of polyoxymethylene
INFORMATION & ADVANCED MATERIALS COMPANY			
Japan Circuit Industrial Co., Ltd.	¥898	70.3	Manufacture of printed circuit boards
Electrotechno Co., Ltd.	1,615	100.0	Manufacture of epoxy resin-glass fabric copper-clad laminate and multilayer prepreg
Diatec Co., Ltd.	75	90.0	Manufacture and sale of printed circuit boards
Photocrystal Inc.	300	100.0	Manufacture and sale of magnetic garnet single crystal
CORPORATE			
Tokyo Shokai Co., Ltd.	¥200	99.9	Sale of compound resins and other products
Ryoko Chemical Co., Ltd.	100	100.0	Sale of industrial chemicals
Ryowa Enterprise Co., Inc.	100	100.0	Management of real estate and others
MITSUBISHI GAS CHEMICAL SINGAPORE Pte. Ltd.	S\$2	100.0	Sale of methanol and industrial chemicals in Southeast Asia
Ryowa Kosan Co., Ltd.	¥100	100.0	Real estate management
Ryoyo Shoji Co., Ltd.	90	67.0	Sale of industrial chemicals and insurance agency businesses
MITSUBISHI GAS CHEMICAL AMERICA, INC.	US\$1	100.0	Sale of MGC products

Overseas Subsidiaries, Affiliates and Others

AMERICAS

MITSUBISHI GAS CHEMICAL AMERICA, INC.
Metanol De Oriente, Meteor, S.A.
MGC Pure Chemicals America, Inc.
MRM Toluic Co., Inc.

EUROPE

MITSUBISHI GAS CHEMICAL Europe GmbH

ASIA AND MIDDLE EAST

MITSUBISHI GAS CHEMICAL SINGAPORE Pte. Ltd.
Samyoung Pure Chemicals Co., Ltd.
Korea Engineering Plastics Co., Ltd.
P.T. Peroksida Indonesia Pratama
Saudi Methanol Company
Tai Hong Circuit Industrial Co., Ltd.
Thai Polyacetal Co., Ltd.
Thai Polycarbonate Co., Ltd.
Jinan Hualing Pharmaceutical Co., Ltd.
MGC Pure Chemicals Singapore Pte. Ltd.
MGC Pure Chemicals Taiwan, Inc.
POLYXYLENOL SINGAPORE Pte. Ltd.
Aekyung Petrochemical Co., Ltd.
AGELESS (THAILAND) Co., Ltd.

Corporate Data

Board of Directors, Executive Officers and Statutory Auditors

Representative Director, Chairman Akira Ohira	Takao Kawaki Shoji Uematsu Kazuo Sakai	Yuh Miyauchi Kazuhiro Miyasaka
Representative Director, President Hideki Odaka	Executive Officers Toshio Kawasaki Toshikazu Umemura Kuniaki Kawakami Kunisuke Usuda Yoshishige Yamazaki Akihiro Ikeda	Corporate Statutory Auditors Yasunori Ogata Yukio Ikeda Ichiei Noguchi Wataru Taguchi
Representative Directors, Senior Managing Executive Officers Shizuo Togo Hiromi Nakamura	Akikazu Amagai Teiji Urakami Norio Hakuta Masahiro Harada	
Directors, Managing Executive Officers Hiroshi Watanabe Kiichi Goto Yasuhiko Kijima		(As of June 27, 2003)

Offices and Plants

HEAD OFFICE

Mitsubishi Building
5-2, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100-8324, Japan

BRANCH OFFICES

Osaka, Nagoya

RESEARCH INSTITUTES

Corporate Research Laboratory
Tokyo Research Laboratory
Niigata Research Laboratory
Hiratsuka Research Laboratory

PLANTS

Tokyo, Niigata, Mizushima,
Yokkaichi, Osaka, Yamakita,
Kashima, Naniwa*, Saga*

*Part of Yokkaichi Plant

Established

April 20, 1951

Paid-in Capital

¥41,971 million

Annual Meeting of Shareholders

The annual meeting of shareholders is normally held in June in Tokyo, Japan.

Auditor

Toyo & Co.

Transfer Agent and Registrar

The Mitsubishi Trust & Banking Corp.

Number of Employees

2,487

Outstanding Shares

483,478,398

Number of Shareholders

47,840

Ticker Code

4182

Principal Shareholders

Name	Number of Shares Held	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	30,575	6.3%
The Master Trust Bank of Japan (Trust Account)	21,595	4.4
Japan Trustee Services Bank, Ltd. (Trust Account)	18,399	3.8
Meiji Life Insurance Company	16,795	3.4
The Bank of Tokyo-Mitsubishi, Ltd.	16,726	3.4
The Mitsubishi Trust & Banking Corp.	15,297	3.1
The Bank of Yokohama, Ltd.	12,340	2.5
The Norinchukin Bank	10,053	2.0
Mizuho Corporate Bank Co., Ltd.	9,803	2.0
Asahi Glass Co., Ltd.	9,671	2.0

(As of March 31, 2003)



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