

Consolidated Financial Results for the year ended March 31, 2003
Mitsubishi Materials Corporation
Tokyo, Japan

Code : 5711
Shares listed : Tokyo, Osaka and 3 other Japanese stock exchanges
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1. Results of the year ended March 31, 2003**(1) Results of operations :**

	Millions of yen							
	Net Sales	Change	Operating Profit	Change	Ordinary Income	Change	Net Income	Change
		%		%		%		%
Year ended Mar.31,2003	¥964,726	(7.8)	¥34,429	216.7	¥10,392	-	(¥26,853)	-
Year ended Mar.31,2002	¥1,046,807	(8.5)	¥10,871	(83.5)	(¥19,095)	-	(¥61,316)	-

	Net income per share	Diluted net income per share	Net income /Shareholders' equity	Ordinary income /Total assets	Ordinary income /Net sales
	Yen	Yen	%	%	%
Year ended Mar.31,2003	(¥23.88)	-	(14.1)	0.7	1.1
Year ended Mar.31,2002	(¥54.88)	-	(27.5)	(1.2)	(1.8)

Note 1.Profit/(loss) on investment by the equity method of accounting
Year ended March 31,2003 : (9,126)million yen
Year ended March 31,2002 : (5,898)million yen
2.Number of averaged shares in the fiscal period
Year ended March 31,2003 : 1,125,659,388share
Year ended March 31,2002 : 1,117,228,707share
3.Changes in the accounting method Accounting method for rent earned in undertaking was changed.
4.Changes shown in net income, operating profit, ordinary income and net income are calculated against those figures in the previous period.

(2) Financial position :

	Millions of yen			
	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
			%	Yen
As of Mar.31,2003	¥1,439,984	¥174,381	12.1	¥154.22
As of Mar.31,2002	¥1,575,739	¥206,412	13.1	¥184.76

Note: Number of shares at the end of the fiscal period
Year ended March 31,2003 : 1,130,531,863share
Year ended March 31,2002 : 1,117,192,333share

(3) Cash flows :

	Millions of yen			
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
As of Mar.31,2003	¥59,716	(¥31,109)	(¥61,343)	¥18,926
As of Mar.31,2002	¥42,073	(¥102,848)	¥94,394	¥52,152

(4) Scope of consolidation and adoption of the equity method of accounting :

Number of consolidated subsidiaries : 110
Number of non-consolidated subsidiaries to which the equity method accounting is applied : -
Number of affiliates to which the equity method accounting is applied : 19

(5) Changes in scope of consolidation and adoption of the equity method of accounting

Number of consolidated companies ; New : 2 Excluded : 6
Number of companies to which the equity method is applied ; New : - Excluded : 5

2. Forecast (from April 1, 2003 to March 31, 2004)

	Millions of yen		
	Net Sales	Ordinary Income	Net Income
Six months ending Sep.30,2003	¥480,000	¥11,000	¥1,000
Year ending Mar.31,2004	¥980,000	¥27,000	¥5,000

Anticipated net income per share for the year ending March 31, 2004: ¥4.40

An Overview of Company Results (Consolidated)

1. Results for the fiscal year ended March 30, 2003

In the first half of fiscal 2003, ended March 31, 2003, exports rose significantly, particularly to other Asian countries. Corporate earnings improved, while the downturn in private sector capital investment began to show signs of halting. In the second half of the period, however, export growth declined amid a slowdown in the global economy, principally as a result of the harsh economic climate in the United States. Moreover, there were no indications in Japan of any turnaround in lackluster personal consumption and unemployment rates. Domestic equities markets continued to suffer from the financial system's instability, and Japan remained mired in a deflationary spiral.

The operating environment was again generally adverse. Demand for Mitsubishi Materials' automotive-related products was again solid, and demand for information technology-related offerings headed toward recovery. In contrast, public sector spending and housing investment remained at a low ebb, hampering demand in the engineering and construction sectors. Also, Mitsubishi Materials faced strong discounting pressures from customers, causing overall selling prices to drop, while demand for copper and gold declined.

Against this backdrop, the Mitsubishi Materials Group drew on alliances with other companies to integrate and restructure parent and affiliate operations and push ahead with business structure reforms designed to solidify the Group's corporate foundations. In addition, the Company took decisive steps to secure its future revenues and earnings foundations. These initiatives included strategic investments in areas offering potentially high returns, including aluminum bottles and heat-resistant alloys, and the further penetration of the Chinese market. Management continued to constrain fixed and variable expenditure, which is central to the emergency cost reforms designed to enhance profitability. At the same time, the Company strove to enhance its financial position by reducing interest-bearing debt through asset divestments.

In silicon wafers and related operations, the Company posted non-operating expenses for the period as a result of the merger of these operations with those of Sumitomo Metal Industries, Ltd., to form Sumitomo Mitsubishi Silicon Corporation (SUMCO), in February 2002, which then became an equity method affiliate.

As a result of these factors, net sales declined JPY82.0 billion from the previous year, to JPY964.7 billion. Operating profit advanced JPY23.5 billion, to JPY34.4 billion. If the silicon wafer affiliate were not removed from consolidation, net sales would have increased JPY59.6 billion, with operating profit falling JPY18.1 billion.

At the non-operating level, the net financial balance was negative JPY13.5 billion (a JPY7.7 billion improvement which reflected the positive impact of JPY5.2 billion from the removal from consolidation of silicon wafer-related operations). The Company recorded JPY9.1 billion in losses on businesses of affiliates (JPY3.2 billion higher than a year earlier, which stemmed from JPY11.0 billion in losses on SUMCO), which were partly offset by a JPY7.8 billion improvement in holdings in other affiliates. Ordinary income was

thus JPY10.3 billion, compared with an ordinary loss of JPY19.1 billion in fiscal 2002. Mitsubishi Materials recorded a net loss for the year of JPY26.8 billion, compared with a loss of JPY61.3 billion in fiscal 2002. Although the Company achieved an extraordinary profit of JPY11.6 billion on sales of fixed assets and investment stocks, it also posted an extraordinary loss of JPY57.8 billion, reflecting an unrealized loss on evaluation of investment stocks, mainly those of financial institutions. The Company also created a higher provision for loss on business of affiliates and incurred additional expenses for future employees' retirement.

Review by Segment

Nonferrous Metals

Sales of copper were favorable owing to a recovery in demand for semiconductor materials and copper for automotive terminals. At the same time, copper wire demand was again sluggish because of downturns in the electric power, telecommunications and construction sectors, while exports were down. Also, sales volumes and values were both down from a year earlier.

Sales of gold to individuals were relatively solid because of concerns over the instability of Japan's financial system and political turmoil overseas. Nonetheless, both sales volumes and values were down. This was a result of a temporary boom in demand for gold from the second half of fiscal 2002, just prior to the abolishment of the payoff system.

PT. Smelting, a consolidated copper smelting subsidiary in Indonesia, suffered dramatic reductions in revenues and earnings attributed to repairs that were scheduled in the first half of the period.

The above factors caused nonferrous metals sales to decline JPY21.0 billion, to JPY262.9 billion. On the positive side, the operating profit was JPY600 million higher, at JPY4.8 billion, --- despite production cuts at PT. Smelting --- as the Company enjoyed foreign exchange gains, owing to depreciation of the yen, as well as decreases in costs and a rise in parent company earnings.

Cement

Domestic sales of cement were down on a volume basis because of reductions in public sector spending and stagnant demand for housing investment and private sector capital expenditure. Prices were also low amid poor demand conditions. In contrast, export volumes improved from a year earlier, mainly owing to gains in mainland China and Hong Kong.

The Company's American cement business remained buoyant, but domestic consolidated operations fared poorly owing to a downturn in demand for engineering and construction projects, while there was a reduction in shipments of the reclamation soil business.

Segment sales thus declined JPY9.0 billion, to JPY159.9 billion, while operating profit decreased JPY500 million, to JPY14.6 billion.

Fabricated Metal Products

The Company experienced a slight recovery in demand from mobile telecommunications, semiconductor and other information technology areas, while demand for automotive products remained strong throughout the period. Sales were thus solid for molding dies, hard metal products, powder metallurgy products and aluminum rolled products. Downturns in related industries, however, led to sluggish sales of copper pipes, heat-resistant alloys, and other high-performance materials.

In this segment, therefore, sales dropped JPY7.2 billion, to JPY339.6 billion. Operating profit, however, improved JPY5.9 billion, to JPY19.5 billion, as the Company was able to reduce costs and thus cover lower prices.

Advanced Materials

During the period, the semiconductor industry recovered from the unprecedented downturn of the previous year, which led to a steady recovery in demand for the Company's core silicon wafers through summer 2002. The second half of the year, however, saw further market corrections, mainly owing to the uncertainty of the U.S. economy. Demand turned around for chip thermistors and other mobile telecommunications-related products, while semiconductor-related electronic materials products also benefited from an improvement in information technology-related sectors. IT-related sales were particularly strong in the first half of fiscal 2003, but the market worsened again in the second half. Nonetheless, IT-related sales for the period improved from fiscal 2002.

As a result of these factors, segment sales dropped JPY47.7 billion (or increased JPY11.9 billion excluding the results for the Company's silicon wafer affiliate), to JPY65.5 billion. Operating profit was JPY400 million, from a JPY20.1 billion loss a year earlier (or a JPY2.0 billion loss excluding the silicon wafer affiliate operations).

Others

In the nuclear power and systems business, the peak of construction on the Shimokita reprocessing facility neared its end. Sales of the real estate business dropped, reflecting reductions in property development and rental revenues, while sales also declined for an engineering affiliate. Segment sales thus fell JPY6.8 billion, to JPY216.9 billion, while operating profit decreased JPY3.2 billion, to JPY2.8 billion.

2. Forecast for Fiscal 2004

There is little hope for a domestic demand-led recovery in the Japanese economy. In addition, management does not anticipate an improvement in the export environment owing to the uncertain future of the U.S. economy. Management thus believes that the business environment will remain adverse for the Mitsubishi Materials Group.

The Group will endeavor to overcome this situation by swiftly restructuring operations and reorganizing strategic parent company operations in an effort to build stable revenues and earnings foundations. At the same time, the Group will continue focusing on

further lowering costs through emergency cost structure reforms while transferring businesses and divesting assets to bolster its financial position.

Management's forecasts for fiscal 2004 that would result from such efforts are shown below:

	Millions of yen			
	Net sales	Operating profit	Ordinary income	Net income
Fiscal 2004	980,000	44,000	27,000	5,000
First half of fiscal 2004	480,000	20,000	11,000	1,000
Fiscal 2003	964,726	34,429	10,392	(26,853)
Change	1.6%	27.8%	159.8%	-

CONSOLIDATED BALANCE SHEET (1 / 2)
AS OF MARCH 31 2003

(Millions of yen)

	31/3/2002	31/3/2003	Difference
ASSETS			
CURRENT ASSETS			
Cash & Cash equivalents	¥49,851	¥19,450	(¥30,401)
Notes received & Accounts receivable - Trade	192,954	183,931	(9,023)
Marketable securities	3,000	17	(2,983)
Inventories	158,610	146,807	(11,803)
Future income tax benefit	6,899	7,137	237
Other current assets	111,474	93,506	(17,967)
Allowance for doubtful accounts	(3,700)	(2,823)	877
TOTAL CURRENT ASSETS	519,090	448,027	(71,063)
NON-CURRENT ASSETS			
TANGIBLE ASSETS			
Buildings & Structures	189,445	184,696	(4,748)
Machinery & Equipment	254,896	234,457	(20,439)
Land	240,599	243,224	2,625
Construction in progress	21,608	16,190	(5,418)
Other tangible assets	14,150	13,136	(1,014)
TOTAL TANGIBLE ASSETS	720,700	691,704	(28,996)
INTANGIBLE ASSETS			
Intangible assets	21,056	19,358	(1,697)
TOTAL INTANGIBLE ASSETS	21,056	19,358	(1,697)
INVESTMENT & LONG-TERM RECEIVABLES			
Investments securities	207,187	176,088	(31,098)
Long-term loans receivable	26,479	22,661	(3,817)
Advance payments	1,652	2,009	357
Future income tax benefit	47,635	56,046	8,410
Investment other	49,071	42,473	(6,598)
Reserve for loss on investments of affiliates	(1,301)	(1,393)	(91)
Allowance for doubtful accounts	(15,832)	(16,990)	(1,158)
TOTAL INVESTMENT & LONG-TERM RECEIVABLES	314,891	280,895	(33,996)
TOTAL NON-CURRENT ASSETS	1,056,648	991,957	(64,690)
TOTAL ASSETS	¥1,575,739	¥1,439,984	(¥135,754)

CONSOLIDATED BALANCE SHEET(2 / 2)
AS OF MARCH 31 2003

(Millions of yen)

	31/3/2002	31/3/2003	Difference
LIABILITIES			
CURRENT LIABILITIES			
Notes payable & Accounts payable - Trade	¥123,738	¥113,250	(¥10,487)
Short-term bank loans	393,510	377,661	(15,849)
Bonds payable	40,000	20,349	(19,651)
Commercial paper	31,000	6,000	(25,000)
Income taxes payable	3,363	3,418	55
Provision for deferred income tax	182	68	(114)
Reserve for bonus	11,743	9,538	(2,205)
Other current liabilities	152,218	144,573	(7,645)
TOTAL CURRENT LIABILITIES	755,757	674,859	(80,897)
LONG-TERM LIABILITIES			
Bonds payable	124,799	104,449	(20,350)
Long-term loans payable	309,198	318,795	9,597
Severance and pension benefits of employees	33,233	38,295	5,061
Reserve for loss on business of affiliates	21,235	14,265	(6,969)
Other provisions	4,959	4,992	32
Provision for deferred income tax	16,157	14,872	(1,284)
Provision for deferred income tax in relation to revaluation	31,860	30,956	(903)
Consolidated control	2,783	3,129	346
Other long-term liabilities	27,843	25,708	(2,135)
TOTAL LONG-TERM LIABILITIES	572,071	555,466	(16,604)
TOTAL LIABILITIES	1,327,828	1,230,326	(97,502)
MINORITY INTERESTS	41,498	35,276	(6,221)
SHAREHOLDERS' EQUITY			
Paid-in capital	99,396	-	(99,396)
Capital reserve	68,573	-	(68,573)
Reserve for revaluation	44,014	-	(44,014)
Retained earnings	(4,266)	-	4,266
Net unrealized holding gains on securities	(3,474)	-	3,474
Foreign currency translation adjustments	2,195	-	(2,195)
Treasury stock, at cost	(24)	-	24
Parent company stock held by subsidiaries, at cost	(2)	-	2
TOTAL SHAREHOLDERS' EQUITY	206,412	-	(206,412)
Paid-in capital	-	99,396	99,396
Capital Surplus	-	69,090	69,090
Retained Surplus	-	(32,789)	(32,789)
Reserve for land revaluation	-	46,281	46,281
Net unrealized holding gains on securities	-	(2,935)	(2,935)
Foreign currency translation adjustments	-	(4,121)	(4,121)
Treasury stock, at cost	-	(540)	(540)
TOTAL SHAREHOLDERS' EQUITY	-	174,381	174,381
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	¥1,575,739	¥1,439,984	(¥135,754)

**CONSOLIDATED PROFIT & LOSS STATEMENTS
FOR THE YEAR ENDED MARCH 31 2003**

(Millions of yen)

	2001	2002	Difference
Net Sales	¥1,046,807	¥964,726	(¥82,081)
Cost of Goods Sold	899,219	807,307	(91,912)
Selling, General & Administrative Expenses	136,715	122,988	(13,726)
Operating profit	10,871	34,429	23,557
Non-operating income			
Interest income	1,254	662	(591)
Dividend income	998	1,366	368
Rent earned in undertaking	1,391	6,816	5,425
Other non-operating income	4,328	2,679	(1,649)
Non-operating expenses			
Interest expenses	23,549	15,594	(7,955)
Loss on investment	5,898	9,126	3,227
Expense for rent in undertaking	-	5,142	5,142
Other non-operating expenses	8,491	5,698	(2,792)
Ordinary income	(19,095)	10,392	29,487
Extraordinary profit			
Profit on sales of fixed assets	14,355	3,145	(11,210)
Profit on sales of investment stocks	1,369	4,956	3,586
Other extraordinary profit	1,289	3,592	2,303
Extraordinary loss			
Unrealized loss on evaluation of investment stocks	3,341	20,857	17,516
Expenses for future employees' retirement	9,398	10,445	1,046
Provision for loss on business of affiliates	21,095	10,157	(10,937)
Loss on disposal of fixed assets	4,802	3,789	(1,013)
Loss on sale of investments securities	1,576	1,894	317
Provision for bad debt	6,462	1,573	(4,888)
Provision for loss on investments	1,257	112	(1,145)
Write-off of buildings	29,461	-	(29,461)
Writedown of inventories	2,242	-	(2,242)
Other extraordinary loss	10,643	8,999	(1,644)
Net income before tax	(92,362)	(35,742)	56,619
Corporate income taxes & business tax	8,104	6,925	(1,178)
Repayment for corporate income taxes & business tax	-	478	478
Reversal of the previous period's income taxes	700	-	(700)
Income taxes adjustments	(31,317)	(11,644)	19,673
Minority interest adjustment	(7,132)	(3,691)	3,441
Net income for the current year	(¥61,316)	(¥26,853)	¥34,462

**CONSOLIDATED RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31 2003**

(Millions of yen)

	2001	2002	Difference
Balance at the beginning of year	¥59,941	-	(¥59,941)
Increase resulting from increase of consolidated subsidiaries	989	-	(989)
Increase resulting from reversal of reserve for land revaluation	1,024	-	(1,024)
Other increase	216	-	(216)
Increase total	2,231	-	(2,231)
Cash dividends paid	3,351	-	(3,351)
Bonus to directors and statutory auditors	136	-	(136)
Decrease resulting from increase of consolidated subsidiaries	1,543	-	(1,543)
Decrease resulting from increase of equity method affiliates	57	-	(57)
Other decrease	32	-	(32)
Decrease total	5,122	-	(5,122)
Net income for current year	(61,316)	-	61,316
Balance at the end of year	(¥4,266)	-	¥4,266
0			
(Capital Surplus)			
Balance at the beginning of year	-	¥68,573	¥68,573
Increase from stock exchange	-	548	548
Increase total	-	548	548
Decrease from treasury stock dealing	-	31	31
Decrease total	-	31	31
Balance at the end of year	-	¥69,090	¥69,090
0			
(Retained Earnings)			
Balance at the beginning of year	-	(¥4,266)	(¥4,266)
Increase resulting from increase of equity method affiliates	-	710	710
Increase due to reversal of reserve for land revaluation	-	321	321
Increase due to merger	-	259	259
Increase resulting from increase of consolidated subsidiaries	-	2	2
Increase total	-	1,295	1,295
Bonus to directors and statutory auditors	-	107	107
Decrease resulting from decrease of equity method affiliates	-	469	469
Decrease due to reversal of reserve for land revaluation	-	2,198	2,198
Decrease due to merger	-	150	150
Decrease resulting from increase of consolidated subsidiaries	-	27	27
Net loss for current year	-	26,853	26,853
Other decrease	-	10	10
Decrease total	-	29,818	29,818
Balance at the end of year	-	(¥32,789)	(¥32,789)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31 2003

(Millions of yen)

	2001	2002	Difference
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	(¥92,362)	(¥35,742)	¥56,619
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	78,711	54,326	(24,385)
Provisions	27,392	15,713	(11,679)
Interest income & dividend income	(2,252)	(2,029)	223
Interest expenses	23,549	15,594	(7,955)
Equity earnings of unconsolidated subsidiaries and affiliates	5,898	9,126	3,227
Sales or disposal of property, plant and equipment	(9,552)	644	10,197
Sales or evaluation of marketable securities and investments in securities	3,549	17,795	14,246
(Increase)Decrease in accounts receivables	31,963	8,443	(23,520)
(Increase)Decrease in inventories	13,216	10,016	(3,200)
(Increase)Decrease in other current assets	(18,126)	588	18,715
Increase(Decrease) in accounts payable	(34,346)	(9,114)	25,232
Others	45,347	(7,320)	(52,667)
Sub-total	72,988	78,042	5,054
Receipts for interest & dividend	5,928	4,927	(1,000)
Payments for interest	(23,805)	(16,426)	7,378
Payments for income taxes	(13,037)	(6,827)	6,210
Net cash provided by operating activities	42,073	59,716	17,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of marketable securities and investments in securities	(14,587)	(21,469)	(6,882)
Proceeds from sales of marketable securities and investments in securities	4,336	10,293	5,956
Proceeds from sales of consolidated subsidiaries	(7,743)	-	7,743
Proceeds from sales of property, plant and equipment	20,586	8,653	(11,933)
Purchase of property, plant and equipment	(79,622)	(42,204)	37,417
Others	(25,818)	13,617	39,436
Net cash provided by investing activities	(102,848)	(31,109)	71,738
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase(Decrease) in short-term bank loans	43,520	(22,669)	(66,189)
Proceeds from long-term debt	137,176	108,230	(28,945)
Repayments of long-term debt	(78,880)	(81,508)	(2,627)
Increase(Decrease) in commercial paper	11,000	(25,000)	(36,000)
Proceeds from issuance of bonds	30,000	-	(30,000)
Redemption of bonds	(45,000)	(40,000)	5,000
Dividend paid	(3,351)	-	3,351
Others	(70)	(396)	(326)
Net cash provided by financing activities	94,394	(61,343)	(155,737)
Adjustment	717	(882)	(1,600)
Net Increase in cash	34,337	(33,619)	(67,957)
Cash at beginning of year	16,594	52,152	35,557
Increase(Decrease) due to the change of scope of consolidation	1,220	89	(1,131)
Increase(Decrease) due to merger	-	303	303
Cash at end of year	52,152	18,926	(33,226)

Segment Information

(a) Business segment information

Millions of yen								
Year ended March 31, 2002	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥258,924	¥168,414	¥329,240	¥110,005	¥180,223	¥1,046,807		¥1,046,807
Intersegment	25,108	513	17,657	3,306	43,568	90,155	(90,155)	-
Total	284,033	168,927	346,897	113,311	223,791	1,136,962	(90,155)	1,046,807
Operating expenses	279,821	153,706	333,326	133,370	217,707	1,117,932	(81,996)	1,035,935
Operating profit	¥4,212	¥15,220	¥13,571	(¥20,058)	¥6,084	¥19,030	(¥8,158)	¥10,871
Identifiable assets	¥285,375	¥284,130	¥439,217	¥148,975	¥239,647	¥1,397,345	¥178,393	¥1,575,739
Depreciation	¥10,541	¥10,845	¥21,402	¥26,806	¥7,063	¥76,658	¥2,053	¥78,711
Capital expenditures	¥6,513	¥6,501	¥23,068	¥20,654	¥4,549	¥61,288	¥4,920	¥66,208

Year ended March 31, 2003	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥229,994	¥159,209	¥325,040	¥64,261	¥186,220	¥964,726		¥964,726
Intersegment	32,979	701	14,612	1,275	30,709	80,278	(80,278)	-
Total	262,973	159,911	339,652	65,536	216,929	1,045,004	(80,278)	964,726
Operating expenses	258,115	145,238	320,108	65,065	214,091	1,002,619	(72,322)	930,296
Operating profit	¥4,857	¥14,673	¥19,544	¥471	¥2,837	¥42,384	(¥7,955)	¥34,429
Identifiable assets	¥266,965	¥273,323	¥424,171	¥130,656	¥179,012	¥1,274,129	¥165,855	¥1,439,984
Depreciation	¥9,563	¥10,308	¥21,417	¥5,478	¥4,453	¥51,221	¥3,105	¥54,326
Capital expenditures	¥4,868	¥4,726	¥14,945	¥2,631	¥8,759	¥35,931	¥6,296	¥42,227

NOTES

1. Business segment has been classified in terms of sales, main products of each business segment are as follows;

- | | |
|------------------------------------|---|
| (1) Nonferrous metals : | Gold, Silver, Copper, Zinc and Tin products |
| (2) Cement : | Cement, Cement-related products, Ready-mixed concrete and Building materials |
| (3) Fabricated metal products : | Powder metallurgy products, Special alloy products, Industrial machinery, Aluminum cans and Copper related products |
| (4) Silicon and advanced materials | Advanced products and Silicon wafers |
| (5) Others : | Energy and environmental-related products and Real estate |

2. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses is 9,434 million yen for the previous period and 9,448 million yen for the current period.

3. An amount of corporate assets included in Elimination and corporate assets is 191,285 million yen for the previous period and 191,520 million yen for the current period, main assets of which are those related to basic research & fundamental development, monies in the parent company (cash and marketable securities) and managerial division.

4. Due to the changing as of accounting method, both income and cost for undertaking rent earned, which presented as Net Sales and Cost of Goods Sold, are presented as Non-operating income and No-operating expenses from this financial term. According to this change, the amount of Sales, Operating expenses, and Operating profit in 'Others' decrease following amount comparing to the method as before;

Sales	¥4,200 million
Operating expenses	¥3,271 million
Operating profit	¥929 million

According to the change of accounting method as above, the identifiable assets belonging to the Real Estate Business, which was presented in the category of "Others", is presented in that of "Elimination and corporate assets or expenses".

As a result comparing to the previous method, the amount of the identifiable assets under the category of "Others" decrease 43,412 million yen, and the amount under the category of "Elimination and corporate assets or expenses" increase the same amount. And the depreciation in "Others" decrease 1,154 million yen, and that in "Elimination and corporate assets or expenses" decrease the same amount.

(b) Segment information by geographic area

Millions of yen								
Year ended March 31, 2002	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥872,977	¥79,585	¥8,669	¥83,092	¥2,482	¥1,046,807		¥1,046,807
Intersegment	45,352	3,281	2	26,748	-	75,385	(75,385)	-
Total	918,330	82,866	8,671	109,840	2,482	1,122,192	(75,385)	1,046,807
Operating expenses	890,669	93,126	8,680	108,641	1,943	1,103,060	(67,125)	1,035,935
Operating profit	¥27,660	(¥10,259)	(¥8)	¥1,199	¥539	¥19,131	(¥8,260)	¥10,871
Identifiable assets	¥1,219,626	¥102,665	¥21,757	¥125,592	¥3,061	¥1,472,703	¥103,035	¥1,575,739

Year ended March 31, 2003							Millions of yen	
	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥822,763	¥54,185	¥10,405	¥75,098	¥2,272	¥964,726		¥964,726
Intersegment	50,202	712	(6)	20,959	-	71,867	(71,867)	-
Total	872,965	54,897	10,399	96,058	2,272	1,036,593	(71,867)	964,726
Operating expenses	829,180	52,358	10,325	96,040	1,939	989,843	(59,546)	930,296
Operating profit	¥43,785	¥2,539	¥74	¥17	¥333	¥46,750	(¥12,321)	¥34,429
Identifiable assets	¥1,129,312	¥85,239	¥21,970	¥111,970	¥3,181	¥1,351,674	¥88,309	¥1,439,984

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than Japan and the United States

- (1) Europe : Germany, Spain, UK, France, Holland
(2) Asia : Indonesia, Malaysia, Singapore, Taiwan, Hong Kong, Thailand
(3) Other : Australia

3. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses is 9,434 million yen for the previous period and 9,448 million yen for the current period.

4. An amount of corporate assets included in Elimination and corporate assets is 191,285 million yen for the previous period and 191,520 million yen for the current period, main assets of which are those related to basic research & fundamental development, monies in the parent company (cash and marketable securities) and managerial division.

5. Due to the changing for accounting method, both income and cost for undertaking rent earned, which presented as Net Sales and Cost of Goods Sold, are presented as Non-operating income and No-operating expenses from this financial term. According to this change, the amount of Sales, Operating expenses, and Operating profit in 'Japan' decrease following amount comparing to the method as before:

Sales	¥4,200 million
Operating expenses	¥3,271 million
Operating profit	¥929 million

According to the change of accounting method as above, the identifiable assets belonging to the Real Estate Business, which was presented in the category of "Japan", is presented in that of "Elimination and corporate assets or expenses".

As a result comparing to the previous method, the amount of the identifiable assets under the category of "Japan" decrease 43,412 million yen, and the amount under the category of "Elimination and corporate assets or expenses" increase the same amount.

(c) Overseas sales by geographic area

Year ended March 31, 2002	Millions of yen				
	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥74,130	¥14,486	¥105,269	¥2,157	¥196,043
Consolidated net sales	¥1,046,807				
Percentage of overseas sales to consolidated net sales	7.1%	1.4%	10.1%	0.2%	18.7%

Year ended March 31, 2003	Millions of yen				
	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥61,873	¥14,848	¥86,018	¥1,702	¥164,442
Consolidated net sales	¥964,726				
Percentage of overseas sales to consolidated net sales	6.4%	1.5%	8.9%	0.2%	17.0%

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than the United States

- (1) Europe : Germany, UK, Spain, France
(2) Asia : Indonesia, Korea, Malaysia, Singapore, Taiwan, Thailand, Hong Kong
(3) Other : Australia, Canada, Brazil

3. Overseas sales represents sales of Mitsubishi Materials Corporation and its subsidiaries made in countries and regions other than Japan.