

Mitsubishi Chemical Corporation
Condensed Consolidated Financial Information
for the First Half of the Fiscal Year Ending March 31, 2004

1. Business Results for the First Half of the Fiscal Year Ending March 31, 2004

(Business period: April 1, 2003 ~ September 30, 2003)

First half of the fiscal year	First half of the previous fiscal year	Previous fiscal year
April 1, 2003 ~ September 30, 2003	April 1, 2002 ~ September 30, 2002	April 1, 2002 ~ March 31, 2003

(1) Results of operations:

(Millions of Yen)

Net sales	941,119	907,511	1,887,493
Operating income	40,131	40,459	91,962
Income (Loss) before income taxes	32,632	21,270	43,821
Net income (loss)	19,972	8,901	21,386

(2) Financial position:

(Millions of Yen)

Total assets	2,014,763	2,147,787	2,117,002
Inventories	265,994	284,976	276,072
Property, Plant and equipment	764,974	825,820	811,892
Short-term and long-term debt	911,181	989,886	962,197
Shareholders' equity	376,514	344,725	350,338
Ratio of shareholders' equity to total assets (%)	18.7	16.1	16.5

(3) Cash flows:

(Millions of Yen)

Net cash provided by operating activities	51,932	70,766	132,480
Net cash used in investing activities	(3,248)	(34,121)	(56,071)
Net cash provided by (used in) financing activities	(50,324)	(53,476)	(92,985)
Cash and cash equivalents at the end	57,724	58,159	59,317

(4) General:

(Millions of Yen)

Capital expenditures	32,136	44,079	85,339
Depreciation and amortization	46,325	50,062	103,151
R&D expenditures	44,366	45,479	91,041
Employees (number)	34,031	38,388	37,633

(5) Per share:

(Yen)

Net income (loss)	9.18	4.09	9.75
Shareholders' equity	173.19	158.45	161.06

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

[First half of this year] 2,174,013,847 [First half of the previous year] 2,175,672,909 [Previous year] 2,175,105,579

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

[First half of this year] 2,173,954,627 [First half of the previous year] 2,175,478,391 [Previous year] 2,174,130,809

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

(%)

Shareholders' equity	5.5	2.5	6.1
Total assets	1.0	0.4	0.9
Net sales	2.1	0.9	1.1

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

First half of the fiscal year	First half of the previous fiscal year	Previous fiscal year
April 1, 2003~ September 30, 2003	April 1, 2002~ September 30, 2002	April 1, 2002~ March 31, 2003

(7)Segment Information:

[Net sales by segment]

(Millions of Yen)

Petrochemicals	371,957	317,303	679,106
Performance Products	223,870	228,340	451,830
Functional Products	164,971	157,448	320,699
Health Care	139,201	157,683	319,970
Services	41,120	46,737	115,888
Total	941,119	907,511	1,887,493

[Operating income by segment]

(Millions of Yen)

Petrochemicals	4,243	6,209	20,630
Performance Products	19,940	13,519	30,444
Functional Products	6,867	4,766	10,829
Health Care	12,751	17,634	30,501
Services	2,713	3,086	9,849
Elimination & Corporate costs	(6,383)	(4,755)	(10,291)
Total	40,131	40,459	91,962

2. The Prospects for the Current Fiscal Year

Current fiscal year
April 1, 2003~ March 31, 2004

(Millions of Yen)

Net sales	1,940,000
Operating income	92,000
Net income	30,000

3. Management Policies

(1) Basic Management Policies

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

Three Satisfactions

The Mitsubishi Chemical Group pursues satisfactions for customers, shareholders and employees. The highest priority is placed on our customer's satisfaction. By regarding it as a fundamental element of all our business activities and forming deeper relationships with our customers, we aim to enhance the satisfaction of our shareholders and employees.

Maximization of our integrated strengths will be directed for the Group to become our customers' preferred solution partners.

Accordingly, since April 2002, the Group's businesses are realigned into five business segments; Petrochemicals, Performance Products, Functional Products, Health Care, and Services. Each segment will pursue satisfaction of our customers with more value by fully integrating competencies of the Group and creating further mobility in business operations.

Challenging Change

The Mitsubishi Chemical Group will challenge to arouse corporate culture based on the spirit of the Group Corporate Motto 'Create Waves of Change! Make Changes Work!'

Corporate Ethics

The Mitsubishi Chemical Group will ensure to observe corporate responsibilities and to comply with laws and regulations. In addition, the Group will continue to actively work on information disclosure.

As a profitability metrics, ROA (earnings before income taxes) is mainly used.

(2) Policy for Profit Distribution

Mitsubishi Chemical Corporation's basic policy is to give our shareholders continued dividends according to the business results, while considering stable dividends for medium and long-term perspectives and expanding reserves for the future business development.

(3) Medium- and Long-Term Management Strategies

The Mitsubishi Chemical Group has announced a new mid-term management plan called 'KAKUSHIN Plan' in November 2002. 'KAKUSHIN' is our slogan for representing our determination to make a quantum leap through continuous innovation and renovation. The 'KAKUSHIN Plan' is a five-years plan composed of a two-step approach and is targeted for

a vision of our Group in the fiscal year ending March 31, 2008 (FY2008). Phase 1 from FY2004-2005 will be a preparation phase for rebuilding the business foundation and Phase 2 from FY2006-2008 will be a consolidation period for strength and building momentum for sustainable growth.

Action items for Phase 1 are acceleration of portfolio management strategy, improvement of financial position, R&TD for sustainable growth, thorough cost reduction, and integration of group strength.

As for the business portfolio management, selection and focus will be accelerated according to the business categorization: concentrate, nurture, strengthen, and restructure.

Petrochemicals

As for the Petrochemicals Segment, rationalization, alliance, and strengthening are key actions.

The Mitsubishi Chemical Group will seek transformation of business structures that will secure profit even under harsh business environment and greater allocation of management resources to business units which offer global business opportunities using our group's competitive advantages.

Performance Products and Functional Products

As for the Performance Products Segment and the Functional Products Segment, shift to higher value-added products and businesses are key actions.

Businesses in these two segments will seek delivering materials, products, and services of excellent value and outstanding solution for our customers. In the Performance Products Segment, we have set targeted markets in information and electronics, medical care and food additives, and environment and energy. As for the Functional Products Segment, we will aim to establish stable business management structure by keeping pace with rapidly changing customer needs and developing new value-creating businesses supported by maximized energies in the Group.

Health Care

As for the Health Care Segment, boost earnings through organic growth and alliance are key actions.

In the Health Care Segment, pharmaceuticals business is positioned as 'concentrate' business, while diagnostics businesses are positioned as 'nurture' and seek to be a second pillar of the segment. Accordingly, Mitsubishi Pharma Corporation aims to become a 'global pharmaceutical company', while diagnostics business area will focus on the emerging

human genome-related fields, future tailor-made medications, and a much greater emphasis on preventive medicine.

Services

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

(4) Basic Policy for Corporate Governance and the Current Status

Mitsubishi Chemical Corporation recognizes and positions corporate governance and compliance as important managerial tasks. Since 1999, the Company has reduced the number of the board of directors to single digits and focused the responsibility to mainly decision-making on the management strategy of the Mitsubishi Chemical Group, introduced executive officer system and transferred considerable responsibility and authority to the executive officers to expedite decision-making and business execution. In addition, the Company has implemented segment management system to enhance speedy decision-making and business execution as the Group's overall management.

Supervision of business operation, as well as decision-making on critical matters required to be solved under laws and internal policies are made at the monthly held board meetings and extraordinary meetings upon request.

The Company currently has 9 directors including 1 outside director, 27 executive officers including 5 officers concurrently holding director position, and 4 corporate auditors including 2 outside auditors. There is no conflict of interest among the outside director, outside auditors, and the Company. The audit system by corporate auditors including outside auditors is employed in the Company.

In addition, the Company has established 'Compliance Hot Line' last December, and has also renewed 'Antitrust Law Compliance Program' for the promotion of ethical corporate conduct and compliance with laws and regulations.

(5) Important Management Issues

As the operating environment is becoming increasingly difficult, the Mitsubishi Chemical Group has placed its top priority to steady execution based on the 'KAKUSHIN Plan.'

First, the Group has positioned the improvement of its financial structure as its most prioritized corporate financial discipline. The target is to reduce interest-bearing debt by 180 billion yen during FY2003 to FY2005. Second, management resources will be allocated steadily to R&TD that is consistent with our long-term strategy and integrate R&TD activities across the Group for increased effectiveness. As part of measure, Mitsubishi Chemical Group Science and Technology Research Center, Inc. was established in July

2003. Third, thorough cost reduction will be implemented with the 'Production KAKUSHIN' activities at plant sites. Fourth, the Group's Responsible Care activity, a voluntary self-controlled activity to secure healthy environment and safety throughout R&TD, manufacturing, product usages and disposal, will continue to tackle the issues on safety and stable operations, and environment.

4. Business Performances and Financial Position

(1) Business Performances

(i) Consolidated Performance for the first half of Fiscal Year Ending March 31, 2004

(From April 1, 2002 to September 30, 2004)

During the first half of the current fiscal year, the Japanese economy showed signs of recovery owing to increase in export influenced by some indication of an upturn in the American economy and a sound trend in the Asian economy especially in China, and progress in domestic inventory adjustments. Even though the signs of improvements are observed for our business environments due to recovery in both the IT-related and the steel industries, the environments are far from reassuring yet as the high price of crude oil and naphtha continued.

Under these circumstances, in order to achieve our goals set in the 'KAKUSHIN Plan: Phase 1' which was worked out in November 2002, the Group has promoted investment of management resources to concentration businesses, active advancement of restructuring businesses, and progress in thorough cost reduction and actualization of super stable plant operation.

As the result, the consolidated business results for the first half of the current fiscal year ending March 2004, show that the total sales increased to ¥ 941.1 billion (3.7 % increase compared to the first half of the previous fiscal year), supported by market upturn in the basic raw materials, commodity monomers and commodity polymers; and strong sales in information and electronics businesses especially in the optical recording medias. Operating profits amounted to 40.1 billion yen (0.8 % decrease compared to the first half of the previous fiscal year), due to decrease in sales of pharmaceuticals. Recurring profit increased to 34.2 billion yen (7.9 % increase compared to the first half of the previous fiscal year), due to improvements in financial income; consolidated net income also increased to 20.0 billion yen (124.4 % increase compared to the same period in 2002), due to decrease of minority interests income; and non-consolidated net income decreased to 3.2 billion yen due to income decrease in technology fee.

(ii) Dividends

Mitsubishi Chemical Corporation declared to put off interim-dividends equally to the previous year.

(iii) Overview of Business Segments

Petrochemicals

Sales of the segment was 372.0 billion yen (17.2 % increase compared to the same period in 2002), and the operating income was 4.2 billion yen (31.7 % decrease compared to the same period in 2002).

The production volume of ethylene, a major basic raw material for petrochemicals, increased by 5.3 % compared to the same period in 2002, and reached 640 thousand tons. The increase was mainly due to the effect of the production operation without regular maintenance at Kashima Plant.

Earnings for the synthetic resins improved due to rationalization efforts. Some products, however, stayed sluggish reflecting incomplete product price adjustment of price increase in raw materials.

Sales recovered in the latter half for basic petrochemicals, industrial chemicals, and fiber intermediates and others, even though sales declined in the first half due to violent fluctuation of crude oil and naphtha prices. Profits decreased for some products, however, due to high price crude oil and naphtha, and strong yen.

Major actions taken for the Petrochemicals Segment during the first half of the fiscal year ending March 2004 are as follows:

- PS Japan Corp. was established by integrating the polystyrene businesses of A&M Styrene Co., Ltd., and Idemitsu Petrochemical Co., Ltd. (April)
- Sam Nam Petrochemical Co., Ltd. expanded the production facility for terephthalic acid. (May)
- Japan Polychem Corp. became wholly-owned subsidiary of Mitsubishi Chemical Corp. (June)
- V-Tech Corp. expanded the production facility for vinyl chloride monomer at Mizushima Plant. (June)
- Mitsubishi Chemical Foam Plastic Corp. merged with JSP Corp. (July)
- Mitsubishi Chemical Corp. expanded the production facility for phenol at Kashima Plant. (July)
- Japan Polyethylene Corp. was established by integrating the polyethylene businesses of Japan Polychem Corp. and Japan Polyolefins Co., Ltd., and also the investment of Mitsubishi Shoji Plastics Corp. to the company. (September)

Performance Products

Sales of the segment amounted to 223.9 billion yen (2.0 % decrease compared to the same period in 2002), and the operating income increased to 19.9 billion yen (47.5 % increase compared to the same period in 2002).

Favorable business results continued overall for performance polymers and epoxy resins. Significant results were achieved in information and electronics related products: optical media businesses recorded most favorable results contributed by very strong sales due to rapid market expansion of DVD; sales in Organic Photo Conductor (OPC) drums continued successfully. Ion exchange resin business received a spot order and both sales and profits increased. The production volume of cokes increased due to the increase in both domestic and overseas production of crude steel. Carbon black business was also satisfactory mainly due to big appetite in demand for tyre industry. Profit decreased, however, for inorganic products owing to insufficient price adjustment of high price raw materials. Profits for fertilizers improved as the result of efforts to decrease fixed costs.

Major actions taken for the Functional Materials Segment during the first half of the fiscal year ending March 2004 are as follows:

- Frontier Carbon Corp. constructed a pre-marketing scale, 40t-per-year fullerene plant in Kurosaki. (April)
- Mitsubishi Kagaku Media Co., Ltd. launched a new lineup of 4x DVD+RW discs for video and data use. (May)
- Mitsubishi Chemical Corp. received the JCIA Award for Chemical Technology for the Development of High Purity Electrolyte Manufacturing Process from Japan Chemical Industry Association. (May)
- Mitsubishi Kagaku Media Co., Ltd. launched a new Blu-ray disc for video. (July)
- Mitsubishi Kagaku Media Co., Ltd. launched a new 32x ultra speed CD-RW disc. (August)
- Mitsubishi Kagaku Media Co., Ltd. launched a new 8x high-speed DVD+R data disc and a new DVD-R 'Cine-R' series for video. (September)

Functional Products

Sales of the segment was 165.0 billion yen (4.8 % increase compared to the same period in 2002), and the operating income was 6.9 billion yen (44.1 % increase compared to the same period in 2002).

Civil engineering and construction-related products secured earnings by rationalization efforts, in spite of falling demands in public works and deterioration of market condition reflecting deflation effect. Industrial application of polyester films and various other films

and sheets were in good condition reflecting business conditions such as demand recovery for IT-related demands. Also, both sales and profits increased for alumina fibers owing to increase in sales volume.

Major actions taken for the Functional Materials Segment during the first half of the fiscal year ending March 2004 are as follows:

- Mitsubishi Polyester Film, LLC expanded the production facility for polyester. (May)
- Mitsubishi Plastics, Inc. launched a rigid PVC plate produced by a continuous press method, which product is FM4910-accredited. (May)
- Mitsubishi Chemical MKV Co. constructed the production facility for agricultural polyolefin film at Tsukuba Plant. (June)
- Mitsubishi Chemical MKV Co. and Mitsui Kagaku Iatron Co., Ltd. reached a basic agreement to merge their agricultural material businesses into a single entity. (August)

Health Care

Sales of the segment increased to 139.2 billion yen (11.7 % decrease compared to the same period in 2002), and the operating income increased to 12.8 billion yen (27.7% decrease compared to the same period in 2002).

As to pharmaceuticals, both the sales and operational income decreased owing to effects of several medical system reforms, sales decrease of 'RADICUT', an ethical brain protecting agent, which is one of the key products for Mitsubishi Pharma Corporation and delayed divestiture completion of plasma fractionation business in the US. Intense competition in clinical testing business resulted in decrease of profits.

Major actions taken for the Health Care Segment during the first half of the fiscal year ending March 2004 are as follows:

- Mitsubishi Chemical Corp. formed a comprehensive research association with ZOEGENE Corp., Fujitsu Ltd., and Celester Lexico-Sciences, Inc. in biotechnology. (May)
- Mitsubishi Pharma Corp. established a local corporation, Mitsubishi Pharma Deutschland GmbH, assigned sales and marketing of one's products in Germany. (June)
- Mitsubishi Chemical Safety Institute Ltd. formed an alliance with Affymetrix Japan K.K., and started comprehensive contract analysis services using Affymetrix's microarray, 'GeneChip®.' (June)
- Mitsubishi Kagaku Medical, Inc. launched Ghrelin ELISA Kit. (June)
- Alpha Therapeutic Corp., US subsidiary of Mitsubishi Pharma Corp. transferred its plasma fractionation business to Probitas Pharma S.A. (July)
- Mitsubishi Kagaku Medical, Inc., Iatron Laboratories, Inc., and Dia-Iatron Co., Ltd.

merged to form Mitsubishi Kagaku Iatron, Inc. (July)

- Mitsubishi Pharma Corp. concluded an agreement to transfer the business in over-the-counter (OTC) drugs to Sato Pharmaceutical Co., Ltd. (July)

Services

Sales of the segment was 41.1 billion yen (12.0 % decrease compared to the same period in 2002), and the operating income was 2.7 billion yen (12.1 % decrease compared to the same period in 2002).

Engineering service business was affected by decrease in orders and profits decreased. Logistics service business increased its sales through acquisition of new customers, however, its profit decreased as fixed cost increased.

Major actions taken for the Services Segment during the first half of the fiscal year ending March 2004 are as follows:

- Ryoka Rix Corp. and Ryoka Service Corp. merged to form Dia Rix Corp. (April)
- ACT Research Center Inc. and Ibaraki Environmental Technical Center Co., Ltd. merged to form Dia Analysis Service Inc. (April)
- Mitsubishi Chemical Logistics Corp. reached an agreement to contract overall logistics business with Chuo Kagaku Co, Ltd. (July)
- Ryoka Systems Inc. developed the software 'Ph4Dock' with Tokai University, which can retrieve compounds for drug candidates efficiently. (September)

Others

- Mitsubishi Chemical Corp. started the joint development of biomass resources for green sustainable plastic with Ajinomoto Co., Inc. (April)
- Mitsubishi Chemical Corp. launched green sustainable plastic 'GS Pla[®]'. (April)
- Mitsubishi Kagaku Institute of Life Sciences started to invite applications for research project leaders, as part of review of the mission. (April)
- Mitsubishi Chemical Corp. issued the 26th and the 27th domestic straight bonds. (May)
- Corporate R&TD division, MCC-Group Science & Technology Research Center was separated from Mitsubishi Chemical Corp. to merge with the Center for Analytical Chemistry and Science, Inc. and form an independent R&TD company, Mitsubishi Chemical Group Science and Technology Research Center, Inc. (July)
- Mitsubishi Chemical Corp. announced a new measure to disclose information on raw materials and products in order to improve its accountability, corresponding to green procurement for customers. (September)

Expenses including corporate research and technology development that cannot be defined to specific businesses have not been included in the operational income for each

segment. The concerned investment was 6.4 billion yen for the first half of this fiscal year.

(iv) Business Forecast for the Fiscal Year Ending March 31, 2004

In terms of the future business environment, despite the fact that exports and production are picking up following recoveries of American and other foreign economies, future prospects continue to remain extremely uncertain as autonomous recovery is expected to take time such that private consumption is still hovering and capital investment is held in check. Business environments for the chemical industry still exert anxiety as severe market conditions are expected to continue.

Under these circumstances, however, the Mitsubishi Chemical Group will further strive to improve and enhance profitability in each business segment, and ensure steady execution of the mid-term management plan, the 'KAKUSHIN Plan: Phase 1.'

For the second half of the fiscal year ending March 31, 2004, the Group companies have already implemented or will implement the following measures:

Petrochemicals

- Japan Polypropylene Corp. was established by integrating the polypropylene businesses of Japan Polychem Corp. and Chisso Corp. (October)
- V-Tech Corp. expanded the chlor-alkali manufacturing facility at Mizushima Plant.

Performance Products

- Mitsubishi Kagaku Media Co., Ltd. developed a new dual-layer DVD+R technology with Royal Philips Electronics, which is compatible with existing DVD video players and DVD-ROM drives. (October)

Functional Materials

- Mitsubishi Plastics, Inc. established MP International (Hong Kong) Ltd., which is the sales office for information and electronics materials. (October)

Health Care

- Mitsubishi Pharma Corp. transferred its bulk drug business to the consolidated subsidiary API Corp. (October)
- Mitsubishi Pharma Corp. completed transferring the plasma fractionation business of its US subsidiary, Alpha Therapeutic Corp. to Baxter Healthcare Corp. (October)
- Mitsubishi Pharma Corp. concluded an agreement to transfer the health food business such as black vinegar related products to Iwaki & Co., Ltd. (November)

Services

- Mitsubishi Chemical Engineering Corp. obtained construction, maintenance, and

engineering businesses by transfer from Yoshitomi Engineering, Ltd. (October)

Others

- The head office of Mitsubishi Chemical Corp. was relocated to Minato-ku, Tokyo. (October)
- Mitsubishi Chemical Corp. will present the first Mitsubishi Chemical Award of the Molecular Biology Society of Japan. (December)

Favorable forecast of the Performance Products Segment and others is expected to be more than enough to compensate the decrease anticipated in both sales and operating income of the Health Care Segment. As a result, as for the fiscal year ending March 31, 2004, sales is expected to increase by 2.8 %, amounting to 1940.0 billion yen. Operating income will remain at the same level of 92.0 billion yen. Net income is expected to increase by 40.2%, amounting to 30.0 billion yen.

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

(Unit: in ¥ billion)

	Actual results for the first half of the current fiscal year	Forecast for the whole fiscal year	Actual results in the previous fiscal year
Capital investment	32.1	78.0	85.3
Depreciation	46.3	96.0	103.2
R&TD expenditures	44.4	91.0	91.0
Exchange rate (¥/\$)	118	116	121
Naphtha (¥/kl)	25,200	25,300	24,000

(2) Financial Position

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

The free cash flow increased to 48.7 billion yen, as the results of increase in the net income before tax to 32.6 billion yen, income from business divestiture of plasma fractionation in the US, and condensed assets. The obtained free cash flow was used to reduce the interest-bearing debts.

(ii) Forecast for the Fiscal Year Ending March 31, 2004

The interest-bearing debts is expected to be decreased substantially as the net income before tax of the current fiscal year is expected to amount to 62.0 billion yen and income from business divestitures are also expected.

(iii)Cash Flow Ratios

	Fiscal year ended March 2001	Fiscal year ended March 2002	Fiscal year ended March 2003	First half of the fiscal year ending March 2004
Ratio of shareholders' equity to total assets (%)	19%	15.3%	16.5%	18.7%
Ratio of market value shareholders' equity to total assets (%)	36.7%	27.3%	21.6%	26.2%
Debt payment year (year)	8.4	11.4	7.3	8.9
Interest coverage ratio (%)	412.5%	386.6%	792.4%	789.5%

- Ratio of shareholders' equity to total assets:
Book value of shareholders' equity / Book value of total assets
- Ratio of market value shareholders' equity to total assets:
Market value of shareholders' equity / Book value of total assets
- Debt payment year:
Interest-bearing debts / Net cash provided by operating activities
- Interest coverage ratio:
Net cash provided by operating activities / Interest paid

1. Each ratio is calculated by consolidated financial figures.
2. Market value shareholders' equity is calculated by multiplying market value of a share by the number of shares outstanding at the end of the fiscal year.
3. Net cash provided by operating activities is from 'net cash provided by operating activities' in the consolidated financial information.
Interest-bearing debts consist of all of the liabilities which bear interest in the consolidated balance sheet including discounted notes.
Interest paid is from the consolidated statement of cash flows.

Forward-Looking Statements:

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation market conditions, and the effects of industry competition. The company expectations for the forward-looking statements are described in Page [2] , Page [5], Page [11] through Page [12] hereof.