

Mitsubishi Chemical Corporation
Condensed Consolidated Financial Information
For the Third Quarter of the Fiscal Year Ending March 31, 2005

**1. Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2005****(Business period: April 1, 2004 to December 31, 2004)**

	Millions of Yen		Thousands of U.S. Dollars
	The Third Quarter of the Current Fiscal Year	The Third Quarter of the Previous Fiscal Year	The Third Quarter of the Current Fiscal Year
	April 1, 2004 ~ December 31, 2004	April 1, 2003 ~ December 31, 2003	April 1, 2004 ~ December 31, 2004
(1) Results of Operations:	(Note2)		(Note4)
Net Sales	1,606,220	1,416,730	14,470,450
Operating Income	115,538	75,021	1,040,883
Income Before Income Taxes	98,054	58,845	883,369
Net Income	48,654	29,333	438,324
		(Yen)	(U.S. Dollars)
Net Income Per Share	22.38	13.47	0.202

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

[December 31, 2004] 2,173,752,749 [December 31, 2003] 2,173,964,933

(2) Segment Information: (Note3)**[Net Sales by Segments]**

Petrochemicals	681,713	549,545	6,141,559
Performance Products	349,311	328,644	3,146,946
Functional Products	267,864	248,171	2,413,189
Health Care	214,534	216,898	1,932,739
Services	92,798	73,472	836,018
Total	1,606,220	1,416,730	14,470,450

[Operating Income (Loss) by Segments]

Petrochemicals	43,007	9,699	387,450
Performance Products	30,904	30,901	278,414
Functional Products	17,283	11,347	155,703
Health Care	26,389	28,503	237,739
Services	7,107	4,653	64,027
Elimination & Corporate Costs	(9,152)	(10,082)	(82,450)
Total	115,538	75,021	1,040,883

	Millions of Yen		Thousands of U.S. Dollars
	The Third Quarter of the Current Fiscal Year	The Previous Fiscal Year Ended March 31, 2004	The Third Quarter of the Current Fiscal Year
	April 1, 2004 ~ December 31, 2004	April 1, 2003 ~ March 31, 2004	April 1, 2004 ~ December 31, 2004

(3) Financial Position:

Total Assets	2,047,261	2,001,601	18,443,793
Inventories	288,093	251,762	2,595,432
Property, Plant and Equipment and Intangible Assets	721,326	753,069	6,498,432
Short-Term and Long-Term Debt	793,610	861,496	7,149,640
Shareholders' Equity	440,680	397,063	3,970,090
Ratio of Shareholders' Equity to Total Assets (%)	21.5	19.8	
		(Yen)	(U.S. Dollars)
Shareholders' Equity Per Share	202.70	182.59	1.826

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

[December 31, 2004] 2,173,973,203 [March 31, 2004] 2,173,764,447

(%)

The Third Quarter of the Current Fiscal Year	The Third Quarter of the Previous Fiscal Year
April 1, 2004 ~ December 31, 2004	April 1, 2003 ~ December 31, 2003

(4) Ratio of Net Income To:

Shareholders' Equity	11.6	7.9
Total Assets	2.4	1.4
Net Sales	3.0	2.0

* Based on the average of each amount at the beginning and the end of the respective periods.

Notes:

- The accompanying consolidated financial information has been prepared by using partially simplified accounting methods from those adopted for the latest fiscal year.
- The followings are the changes in accounting policy.
 - The exchange rate, at which the figures of sales and costs in reports of foreign subsidiaries are translated from local currencies to Japanese yen was changed from the exchange rate as of the end of the period to the average rate during the period. This change decreased the sales by 4,283 million yen and the operating income by 180 million yen from those calculated under the previous policy.
 - The Corporation and its domestic consolidated subsidiaries have early adopted a new accounting standard for impairment losses on fixed assets effective in the year ending March 31, 2005. The adoption of this new standard decreased the income before income taxes by 13,914 million yen.
- From this period, one consolidated subsidiary was reclassified from the Performance Products Segment to the Services Segment to reflect its performance in the appropriate segment. This change increased the sales of Services Segment by 9,206 million yen and decreased the sales of the Performance Products Segment by 9,206 million yen from those calculated under the previous segmentation. The impact on the operating income of both segments was immaterial.
- The Corporation and its domestic consolidated subsidiaries maintain their accounting recorded in Japanese yen. The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of 111Yen to U.S.\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of September, 2004.

2. The Prospects for the Current Fiscal Year (Announced on November 11, 2004)

The Current Fiscal Year
April 1, 2004 ~ March 31, 2005

(Millions of Yen)

Net Sales	2,140,000
Operating Income	128,000
Net Income	40,000

(Yen)

Net Income Per Share	18.33
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3. Business Performances and Financial Position

(1) Business Performances

Consolidated Performance for the Third Quarter of the Fiscal Year Ending March 31, 2005 (From April 1, 2004 to December 31, 2004)

Until the third quarter of the fiscal year ending March 31, 2005, the Japanese economy continued recovery and remained generally firm owing to increase in export and capital investment driven by overseas economic boom in the US and China, despite the supply to demand adjustment in IT and digital electronics related businesses. The business environment for the Group, however, continues to be unstable under high prices of crude oil and naphtha, and increased value of the yen.

Under these circumstances, the consolidated business results for the third quarter of the fiscal year ending March 31, 2005, resulted in net sales of ¥1,606.2 billion, operating income of ¥115.5 billion, recurring profit of ¥116.0 billion, and net income of ¥48.7 billion.

(2) Overview of Business Segments

Petrochemicals

Net sales of the segment were 681.7 billion yen (132.2 billion yen or 24.1% increase compared to the third quarter of the previous fiscal year), and the operating income was 43.0 billion yen (33.3 billion yen or 343.4% increase compared to the third quarter of the previous fiscal year).

The production volume of ethylene, a major basic raw material for petrochemicals, was 980 thousand tons, which was produced at full capacity similar to that of the third quarter of the previous fiscal year.

Businesses in basic petrochemicals, chemical products, synthetic fiber intermediates and synthetic resins were firm overall. An increase in shipment was achieved as the result of active demands in both domestic and overseas markets, and high level transition of overseas market condition mainly driven by demands in China, despite high prices of naphtha.

Major actions taken for the Petrochemicals Segment during this third fiscal quarter (from October 1, 2004 to December 31, 2004) are as follows:

- Mitsubishi Chemical Corporation agreed to examine the concrete plan for the business alliance on oil refinery and petrochemicals in the Kashima area with Japan Energy Corporation and Kashima Oil Co., Ltd. (December 2004)
- Mitsubishi Chemical Corporation decided to specialize in raw material supply for nylon resins in the Mitsubishi Chemical Group after terminating sale of caprolactam at the end of March 2005. (December 2004)
- Mitsubishi Chemical Corporation agreed to dissolve joint ventures with Nippon Steel Chemical Co., Ltd.: Nippon Phenol Co., Ltd. and Nippon Bisphenol Co., Ltd. at the end of March 2005. (December 2004)

Performance Products

Net sales of the segment were 349.3 billion yen (20.7 billion yen or 6.3 % increase compared to the third quarter of the previous fiscal year), and the operating income was 30.9 billion yen (amounted equal to the third quarter of the previous fiscal year).

Favorable business results in sales continued for performance polymers and food ingredients. Sales increased in optical disc business despite a fall in price, reflecting continuing market expansion of DVD and introduction of new products such as DVD+R DL. Sales in organic photo conductor (OPC) drums continued successfully, despite the price decline. Cokes business continued favorably owing to continuing high production level of crude steel both in domestic and overseas. Carbon black business, however, was affected by the hovering high price of raw materials and progressed in difficult circumstances. Profits were secured for fertilizers, as a result of increase in high-value-added products, despite under a sever business condition with the rising raw material costs.

Major actions taken for the Performance Products Segment during this third fiscal quarter are as follows:

- Mitsubishi Chemical Corporation succeeded in development of the high-definition urea solution for SCR (selective catalytic reduction) system introduced into next-generation low-emission diesel trucks, and Nippon Kasei Chemical Co., Ltd. started the production and sales. (December 2004)
- Mitsubishi Kagaku Media Co., Ltd. launched the Japan's first UDO™ (ultra density optical) disc with 30GB capacity. (December 2004)

Functional Products

Net sales of the segment were 267.9 billion yen (19.7 billion yen or 7.9 % increase compared to

the third quarter of the previous fiscal year), and the operating income was 17.3 billion yen (6.0 billion yen or 52.3 % increase compared to the third quarter of the previous fiscal year).

All types of films including composite films and sheets progressed firmly for the industrial applications and food packaging applications, due to the favorable demand from the semiconductors and liquid crystal related industries, and launching of new products, respectively. Also, both sales and profits progressed steadily for high performance materials such as alumina fibers and composite materials.

Major actions taken for the Functional Products Segment during this third fiscal quarter are as follows:

- Mitsubishi Plastics, Inc. launched the unit assembly type, closed type cooling tower - 'HISHI COOLING TOWER Ri SERIES'. (November 2004)
- Mitsubishi Chemical Functional Products, Inc. launched the 'Excel EF Joint' which enables fusion splice for single cross-linked polyethylene pipes. (December 2004)

Health Care

Net sales of the segment were 214.5 billion yen (2.4 billion yen or 1.1 % decrease compared to the third quarter of the previous fiscal year), and the operating income was 26.4 billion yen (2.1 billion yen or 7.4 % decrease compared to the third quarter of the previous fiscal year).

In the pharmaceutical business, growth in sales of an ethical neuroprotective agent, 'Radicut' and an anti-platelet agent, 'ANPLAG' were achieved. Net sales of Mitsubishi Pharma Corporation decreased, however, owing to the government's price revision of pharmaceuticals in April 2004 and transfer of OTC business. Clinical testing business progressed favorably in general.

Major actions taken for the Health Care Segment during this third fiscal quarter are as follows:

- Mitsubishi Pharma Corporation decided to transfer its in-plant packaging operations and production logistics, along with sales logistics at distribution centers, to its subsidiary, Yoshitomi Warehouses Co., Ltd. which will then be re-established as an independent new company under the name MP-Logistics Corporation on April 1, 2005. (December 2004)
- Mitsubishi Pharma Corporation decided to transfer the Ashikaga Plant and the Yoshitomi Plant to its subsidiary, MP-Technopharma Corporation on April 1, 2005, in order to optimize its production and technology divisions. (December 2004)

Services

Net sales of the segment were 92.8 billion yen (19.3 billion yen or 26.3 % increase compared to the third quarter of the previous fiscal year), and the operating income was 7.1 billion yen (2.5 billion yen or 52.7 % increase compared to the third quarter of the previous fiscal year).

Logistics progressed in high operation rate owing to new customer acquisitions and orders increased for engineering services.

Others

- Mitsubishi Chemical Corporation formulated the mid-term management plan, 'KAKUSHIN Plan: Phase 2' to be implemented from April 2005.

(3) Consolidated Financial Position

At the end of the third quarter of the fiscal year ending March 2005, total assets amounted to ¥2,047.3 billion, an increase by ¥45.7 billion compared to the end of the previous fiscal year owing to increase in trade receivables due to holidays on closing dates and seasonal effects. Interest-bearing debt including discount bills decreased to ¥801.2 billion, a decrease by ¥68.5 billion compared to the end of the previous fiscal year. The interest-bearing debt will be further reduced by reduction of operating capital and other costs.

4. Consolidated Financial Projection for the Fiscal Year Ending March 31, 2005

The Group expects to accomplish the projected net sales for the fiscal year ending March 31, 2005 as announced on November 11, 2004, as the financial results up to the third fiscal quarter has been greater-than-expected, despite expected decrease in sales of pharmaceuticals under seasonal reasons; increase in R&D expenditure for pharmaceuticals; and partial deterioration of overseas market condition for petrochemicals in the last quarter of the current fiscal year.

Forward-looking Statements

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation market conditions, and the effects of industry competition. The company expectations for the forward-looking statements are described in Page [2] and Page [6] hereof.