



May 12, 2005

Mitsubishi Chemical Corporation Condensed Consolidated Financial Information for the Year Ended March 31, 2005

1. Business Results for the Year Ended March 31, 2005 (Business period: April 1, 2004 - March 31, 2005)

	Millions of Yen		Thousands of U.S. Dollars
	FY2004	FY2003	FY2004
	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2005
(1) Results of Operations:	(Note 1)		(Note.3)
Net sales	2,189,462	1,925,331	20,462,262
Operating income	148,624	98,163	1,389,009
Income before income taxes	106,604	70,804	996,299
Net income	55,372	34,547	517,495

(2) Financial Position:	(Note 1)		
Total assets	1,970,528	2,001,601	18,416,150
Inventories	277,721	251,762	2,595,523
Property, plant and equipment	674,953	723,265	6,307,972
Short-term and long-term debt	704,077	861,496	6,580,159
Shareholders' equity	445,977	397,063	4,168,009
Ratio of shareholders' equity to total assets (%)	22.6	19.8	

(3) Cash Flows:			
Net cash provided by operating activities	222,821	144,992	2,082,439
Net cash used in investing activities	(57,642)	(75,707)	(538,710)
Net cash provided by (used in) financing activities	(171,306)	(70,252)	(1,600,991)
Cash and cash equivalents at end of the year	52,575	57,538	491,355

(4) General:			
Capital expenditures	67,123	69,331	627,318
Depreciation and amortization	87,708	95,559	819,701
R&D expenditures	89,215	88,513	833,785
Employees (number)	33,261	33,496	

	(Yen)	(U.S. dollar)
(5) Per Share:		
Net income	25.40	15.82
Shareholders' equity	205.09	182.59

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

[March 31, 2005] 2,173,796,826 [March 31, 2004] 2,173,948,548

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

[March 31, 2005] 2,173,794,699 [March 31, 2004] 2,173,764,447

(6) Ratio of Net Income to:	(%)	
Shareholders' equity	13.1	9.2
Total assets	2.7	1.6
Net sales	2.5	1.7

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

Millions of Yen	
FY2004	FY2003
Year Ended	Year Ended
March 31, 2005	March 31, 2004

Thousands of U.S. Dollars
FY2004
Year Ended
March 31, 2005

(7) Segment Information:

[Net Sales by Segments]

(Note 2)

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	933,425	741,443	8,723,598
Performance Products	469,946	453,118	4,392,019
Functional Products	356,641	338,144	3,333,093
Health Care	277,808	277,217	2,596,336
Services	151,642	115,409	1,417,215
Total	2,189,462	1,925,331	20,462,262

[Operating Income (Loss) by Segments]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	58,586	20,463	547,533
Performance Products	40,642	39,234	379,832
Functional Products	21,499	15,446	200,925
Health Care	28,694	29,206	268,168
Services	11,215	9,794	104,813
Elimination & corporate costs	(12,012)	(15,980)	(112,262)
Total	148,624	98,163	1,389,009

[Total Assets by Segments]

(Note 2)

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	631,681	599,968	5,903,561
Performance Products	426,098	412,021	3,982,224
Functional Products	331,888	331,369	3,101,757
Health Care	331,293	339,148	3,096,196
Services	293,418	301,558	2,742,224
Elimination & corporate assets	(43,850)	17,537	(409,813)
Total	1,970,528	2,001,601	18,416,150

[Depreciation by Segments]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	23,660	30,348	221,121
Performance Products	20,021	22,059	187,112
Functional Products	17,808	16,718	166,430
Health Care	14,119	14,743	131,953
Services	7,311	7,721	68,327
Corporate costs	4,789	3,970	44,757
Total	87,708	95,559	819,701

[Capital Expenditures by Segments]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	14,019	13,704	131,019
Performance Products	17,916	16,510	167,439
Functional Products	12,122	15,255	113,290
Health Care	15,709	15,198	146,813
Services	5,238	5,651	48,953
Corporate assets	2,119	3,013	19,804
Total	67,123	69,331	627,318

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of Following Fiscal Year	The Following Fiscal Year	The First Half of Following Fiscal Year	The Following Fiscal Year
	April 1, 2005 - September 30, 2005	April 1, 2005 - March 31, 2006	April 1, 2005 - September 30, 2005	April 1, 2005 - March 31, 2006
(Note 4)				
Net sales	2,380,000	1,150,000	22,242,991	10,747,664
Operating income	131,000	60,000	1,224,299	560,748
Net income	58,000	28,000	542,056	261,682
		(Yen)		(U.S. dollar)
Net income per share	26.61	12.88	0.25	0.12

Notes:

- Effective from this year ended March 31, 2005, the followings have been changed 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 has been changed from the exchange rate as of the end of the period to the average exchange rate during the period. This change has increased the sales by 4,793 million yen and the operating income by 165 million yen and the net income by 160 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 loss on fixed assets. The adoption of this new standard has decreased the income before income taxes by 15,554 million yen. Accumulated impairment losses on fixed assets are included in "accumulated depreciation" on the consolidated balance sheets.
 - The Corporation and its domestic consolidated subsidiaries have added a new provision account for prospective loss on removal of fixed assets because they have changed the timing of recording loss incurred by removal of already disposed fixed assets from the year when removal is completed to the year when the removal is decided and the amount of loss is estimated. This change has decreased the net income by 3,493 million yen with 3,493 million yen recorded on the provision account.
- 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 has increased the sales by 13,833 million yen and the total assets by 9,365 million yen in the Performance Products Segment from those calculated under the previous segmentation. The impact on the operating income, depreciation, and capital expenditures of both segments is 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 107 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2005.
- Although the result of Mitsubishi Pharma Corporation for the second half of the following fiscal year will be excluded due to the establishment of the holding company which is planned in October 2005, the prospects for the following fiscal year above is calculated on the current consolidated basis of Mitsubishi Chemical Corporation.

Regarding the prospects of the holding company, please refer to the announcement, "Financial Projections for Mitsubishi Chemical Holdings Corporation for the Fiscal Year Ending March 31, 2006" released today.

Expected net income per share for the following fiscal year is calculated on the prior and existing basis of Mitsubishi Chemical Corporation, without reflecting decrease of common stock for treasury by stock-for-stock exchange.

3. Management Policies

(1) Basic Management Policies

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

Three Satisfaction

The Mitsubishi Chemical Group pursues satisfactions for customers, shareholders and employees. Under a basic concept that the fundamental element of all our business activities lies in the enhancement of satisfaction of our shareholders and customers, integration of strengths will be directed to create new values and 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 is striving to maximize its profitability by creating further mobility in all 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 management metrics, ROA (earnings before income taxes) is mainly used.

(2) Mitsubishi Chemical Group Vision

Our Principles are as follows:

- We will continue to be a preferred solution partner to our customers by constantly advancing our skills and technologies.
- We will continually change and innovate, creating value and contributing to sustainable growth throughout the world.
- We will fulfill our social responsibilities including our commitment to health and

safety, and harmony with the environment.

- Our corporate culture of openness, fairness and mutual respect enables us to actively pursue and realize our dreams.

(3) Policy Concerning Profit Distribution

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

Recently, Mitsubishi Chemical Corporation has announced a revision on its compensation scheme for the directors and officers, which will increase linkage of compensation to the business performance of the Company and shareholder value. In detail, the Company will introduce a stock option scheme for a stock-linked compensation plan, and will issue stock acquisition rights at no cost in favor of the directors and officers, the exercise period of which will start after the retirement of the directors and officers and the amount to be paid when exercising a stock acquisition rights shall be ¥1 per share. The current compensation and allowance for the retirement benefits for the directors and officers will be reduced, and using the surplus from such reduction as the fundamental resource, a new scheme will be managed. Hereafter, contribution of the directors and officers shall be evaluated based on the progress of their mission in each fiscal year and the Company will thereby reward them amounting in total from zero up to twice of the fundamental resource at a maximum.

(4) Mid- and Long-Term Management Strategies and Important Management Issues

The Mitsubishi Chemical Group has announced a new mid-term management plan called the 'KAKUSHIN Plan' in November 2002. 'KAKUSHIN' means the implementation of changes to the status quo and represents 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 the Group in the fiscal year ending March 31, 2008 (FY2007). The 'KAKUSHIN Plan: Phase 1' (Phase 1) from FY2003-2004 was a preparation phase for rebuilding the business foundation and the 'KAKUSHIN Plan: Phase 2' (Phase 2) from FY2005-2007 will be a consolidation period for strength and building momentum for sustainable growth.

Action items for the Phase 1 were acceleration of portfolio management strategy, improvement of financial position, R&D for sustainable growth, thorough cost reduction, and integration of group strength. As for the improvement of financial position, which was

placed as a first priority task, interest-bearing debts at the end of March 2005 was ¥ 711.1 billion which far outpaced the targeted interest-bearing debts set at ¥ 870.0 billion. Consequently, reduction of ¥ 180.0 billion was achieved since March 31, 2002.

We have now entered the Phase 2 from April 1, 2005. The summarized plan for Phase 2, a period to consolidate strengths and build momentum for the sustainable growth, is as follows:

(i) Basic Concept

The Mitsubishi Chemical Group positions petrochemicals, performance and functional products, and health care as the three business pillars. The Group will promote sustainable growth through waves of change (KAKUSHIN) by constantly creating new products, processes, business models, and new markets in a global market; and constantly reforming business portfolio according to the changing social environments.

(ii) Basic Policies

a) Execution of growth strategy

Implementation of the following tasks in the targeted market areas of automobiles, IT, environment and energy, daily necessities, and health care:

- Selection of businesses for growth and focused allocation of resources
- Incubation of new products, processes, and business models
- Focus R&TD on selected future targeted projects, aligning with the business strategies
- Ease control on capital investment for future growth

b) Strengthening of management foundation

- Improvement of financial position
- Strategic reorganization of major domestic production sites
- Further progress of 'Production KAKUSHIN'
- Securing and fostering of human resources

c) Integration of the Group Strengths

- Reinforcement of the Group management
- Strengthening corporate social responsibilities

(iii) Numerical Targets

Target profits for FY2007 (ending March 31, 2008)

- Operating income: > ¥140.0 billion (net sales: ¥2,350.0 billion)
- ROA (earning before income taxes): > 5.5 %
- D/E ratio: < 1.5

In October 2005, Mitsubishi Chemical Corporation will establish a holding company jointly with Mitsubishi Pharma Corporation. The holding company will manage portfolio of the Group, and Mitsubishi Chemical Corporation and Mitsubishi Pharma Corporation will manage business operations under the holding company.

Under the portfolio management by the holding company, expansion of strategic options will be enabled for Mitsubishi Pharma Corporation to become a global research-driven pharmaceutical company, which is one of the prioritized strategy set in the Phase 2. Also under the new scheme, the holding company will seek to increase corporate value by further executing a phased restructuring of business portfolios for other Group companies.

(5) Basic Policy on Corporate Governance and the Current Status

Mitsubishi Chemical Corporation considers and positions expediting decision-making and management execution; clarification of management responsibilities; and ensuring of compliance in corporate activities as the most important managerial tasks of corporate governance. By strengthening its corporate governance, the Company seeks to further increase its corporate value.

(i) Implementation of Corporate Governance

a) Corporate Governance System

Organization

The Company has the board meeting, executive management committee meeting, corporate auditors and corporate auditors' meeting as its principle management system.

The Company instituted an executive officer system in June 1999, and transferred considerable responsibility and authority to the executive officers under the conduct of the chief executive officer, in order to separate supervision and business execution function. The Company is also expediting decision making and enhancing the supervising function at the board meetings. In April 2002, the Company has aligned its Group businesses in five Segments: Petrochemicals, Performance Products, Functional Products, Health Care, and Services. Since then, the Company has been promoting business restructurings actively

and has been operating its businesses efficiently.

Furthermore, Mitsubishi Chemical Corporation will jointly establish a holding company with Mitsubishi Pharma Corporation by means of a stock-for-stock exchange effective on October 1, 2005, subject to shareholder approval at the general meetings of shareholders of both companies scheduled for the end of June 2005. By the new pure holding company system, functions of portfolio management and business management will be separated which will further enable the Group companies to actively and flexibly cope with the changes of business environments.

Board Meeting

Supervision of business management, as well as decision-making on critical matters that required to be solved for the Company and basic policies for the Group management are made at the board meetings. The board meeting is held each month in principle, and the Company had 9 directors including 1 outside director and 5 directors concurrently holding executive officer positions, at the end of the fiscal year ended March 2005. In order to build the management system that may promptly copes with the changing management environment and clarifies roles and management responsibilities of directors, the term of office for directors has been changed to one year from two years, and their titles representing seniority, such as senior managing- or managing-, have been abolished besides chairman and the president. Those revisions were approved at the general meetings of shareholders in June 2004.

Executive Management Committee Meeting

Executive management committee meeting is held to assist decision making of the president by discussing important execution matters such as investment and loan for the Company and the Group. Additionally, for those items that have important consequences to the management of the Group will only be executed after the resolution at the board meeting.

Executive management committee meeting is held twice a month in principle, and is composed of the president and chief operation officers of each segment.

Corporate Auditors and Corporate Auditors' Meeting

Management execution of the board members is audited by the corporate auditors, based on the audit plan, through attendance to the board meetings; the executive management committee meetings; and other important meetings. Corporate auditors' meeting is held

each month in principle, and is composed of 4 corporate auditors including 2 outside auditors as of the end of the fiscal year ended March 2005.

b) Internal Control and Risk Management System

Compliance

The Company positions compliance as one of the most important managerial tasks. Raising awareness of our employees is being urged through provision of 'Corporate Ethics Guidelines of Mitsubishi Chemical', 'Antitrust Law Compliance Program', other corporate regulations, and 'Compliance Hot Line'. Ensuring of compliance among the Group companies is being reinforced in order to secure ethical corporate conduct and compliance with laws and regulations. In October 2004, the Group's compliance policies have been renewed, and following have been introduced: 'Mitsubishi Chemical Group Corporate Ethics,' 'Mitsubishi Chemical Group Compliance Code of Conduct'; appointment of chief compliance officer (CCO); establishment of Compliance Promotion Committee.

Risk Management System

There are various risks through our business activities, such as managerial, legal, political, and environmental risks and risks of accidents, disasters, and information management. Among those risks that occur throughout our business activities, each organization manages individual risks. For the managerial risks that may have critical impacts on business activities, however, are grasped, analyzed, and managed in a company-wide perspective by the Corporate Planning Department and at the executive management committee meeting. The Company is working on strengthening of the risk management system.

c) Internal Audit and Accounting Audit

Internal Audit

The Company has the Internal Audit Department, which is responsible for conducting internal audits on business departments and subsidiary companies based on the annual internal audit plan. The internal audit results are reported to the corporate auditors' meeting to seek cooperation with the corporate auditors.

Accounting Audit

The Company entrust its accounting audits to ChuoAoyama PricewaterhouseCoopers. Accounting auditors maintain a close coordination with the internal corporate auditors by exchanging information and opinions as needed, as well as reporting audit plans and audit

results, with the aim of improving the effectiveness and efficiency of audits.

Names of certified public accountants who performed the audit service in the year ended March 31, 2005, and the composition of professional staff related to audit service are as follows:

Names of certified public accountants who performed the audit service:

Tetsuo Suzuki (13 years of audit service to the Company)

Hideki Katayama (2 years of audit service to the Company)

Kazuhiko Tomoda (3 years of audit service to the Company)

Composition of professional staff related to the audit service:

11 certified public accountants, and 11 junior certified public accountants.

d) Others

Compensation to Directors and Corporate Auditors

	Compensation		Retirement Benefits	
	No. of personnel	Paid amounts (Millions of yen)	No. of personnel	Paid amounts (Millions of yen)
Directors	10	266	1	34
Corporate Auditors	5	77	1	21
Total	15	344	2	55

Note:

1. The Company has not paid any compensation to the director for his/her capacity as an executive officer concurrently being held.
2. The Company has not paid any bonus to directors and corporate auditors.
3. Compensation paid to directors was within the amount of ¥ 40 million per month as resolved at the general meeting of shareholders held on June 29, 1999.
4. Compensation paid to corporate auditors was within the amount of ¥ 11 million per month as resolved at the general meeting of shareholders held on June 29, 1994.
5. Numbers of directors and corporate auditors are 9 and 4, respectively at the end of the fiscal year ended March 31, 2005.
6. Amounts are rounded down to the nearest million yen.

Compensation to Accounting Auditors

(Unit: Millions of yen)

Amount of fees for audit certification	49
Other fees	5
Total	54

Note: Amounts are rounded down to the nearest million yen.

(ii) Summary of Interests between the Company and its Outside Directors and Outside Corporate Auditors

The Company's outside director, Shinichiro Handa concurrently holds senior corporate adviser position at Mitsubishi Pharma Corporation, a subsidiary company. One of the Company's outside corporate auditors, Yoshikazu Takagi, has worked in the past for the Bank of Tokyo-Mitsubishi, Ltd., which is the main lender and at the same time one of the major shareholder of the Company. There are no specific interest between Hiroyasu Sugihara, an outside corporate auditor, and the Company.

4. Business Performances and Financial Position

(1) Business Performances

(i) Consolidated Performance for the Fiscal Year Ended March 31, 2005

(FY2004: April 1, 2004 - March 31, 2005)

During the fiscal year ended March 2005, the Japanese economy continued to progress firmly as a whole owing to an increase in export driven by overseas economic boom in the US and China, and an increase in capital investment as the result of improved business performances, despite the inventory adjustment in IT and digital electronics related businesses.

The business environment for the Group was generally sound under the booming demand in both domestic and overseas industries, despite continuance of exceedingly high prices of crude oil and naphtha.

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 continued to expand sales, develop markets, and correct product prices.

As the result, the consolidated business results for the fiscal year ended March 2005 were as follows. The net sales increased to ¥2,189.5 billion (¥264.2 billion or 13.7% increase compared to the previous fiscal year), supported by continuing favorable business conditions for the petrochemicals and active demand in the steel-related industries. Operating income amounted to ¥148.6 billion (¥50.4 billion or 51.4 % increase compared to the previous fiscal year), due to a firm market progress in petrochemicals and overall rationalization efforts in most businesses. Recurring profit increased to ¥148.1 billion (¥65.5 billion or 79.2 % increase compared to the previous fiscal year), due to improvements in financial income and profits on equity method; consolidated net income also increased to ¥55.4 billion (¥20.9 billion or 60.3% increase compared to the previous fiscal year), despite early implementation of impairment accounting on fixed assets.

(ii) Dividends

Mitsubishi Chemical Corporation intends to pay year-end dividends of ¥6 per share, considering business performance of the fiscal year ended March 31, 2005; and our basic policy to consider stable dividends for mid- and long-term perspectives.

(iii) Overview of Business Segments

Petrochemicals

Net sales of the segment were ¥933.4 billion (¥192.0 billion or 25.9% increase compared to the previous fiscal year), and the operating income increased to ¥58.6 billion (¥38.1 billion or 186.3% increase compared to the previous fiscal year).

The production volume of ethylene, a major basic raw material for petrochemicals was 1,330 thousand tons, which was produced at full capacity similar to that of the previous fiscal year.

Businesses in basic petrochemicals, chemical products, synthetic fiber intermediates were firm overall, even though naphtha prices stayed high, owing to tight demands and bullish overseas market driven by demands in China. Polyolefin and polyvinyl chloride also performed steadily owing to price correction reflecting hiking raw material prices and other measures including alliances.

Major actions taken for the Petrochemicals Segment during the fiscal year ended March 2005 are as follows:

- A joint venture of Mitsubishi Chemical Corporation and Sasol Chemical Industries

Ltd, Sasol Dia Acrylates (South Africa) (Pty) Limited started shipments of the products. (April 2004)

- Mitsubishi Chemical Corporation started expanding facilities at the Olefin Aroma Center of the Kashima Plant to respond to diversification of raw materials, which aims at increase of its competitiveness. (May 2004)
- Mitsubishi Chemical Corporation (MCC) and China National Bluestar (Group) Corporation (Bluestar) reached a mutual agreement on that MCC licenses its production technology of acrylic acid and acrylic acid esters to Bluestar and MCC acquires partial off-take rights from Bluestar. (August 2004)
- 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. (November 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)
- Ningbo PTA Investment Co., Ltd. established by Mitsubishi Chemical Corporation, ITOCHU Corporation and Mitsubishi Corporation jointly submitted the Detailed Feasibility Study of the plan for purified terephthalic acid (PTA) project on Daxie Island to the Chinese government with Chinese International Trust and Investment Corporation (“CITIC”, Beijing, China) in March, 2004, and the Study has been approved by the Chinese government on February 1, 2005. (February 2005)
- V-Tech Corporation increased annual production capacity of vinyl chloride monomer from 350kt to 400kt, and formulated a three-year management plan focused on recycling of industrial salt and PVC. (March 2005)

Performance Products

Net sales of the segment amounted to ¥470.0 billion (¥16.9 billion or 3.7% increase compared to the previous year), and the operating income increased to ¥40.6 billion (¥1.4 billion or 3.6% increase compared to the previous 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.

Increase in sales volume of organic photo conductor (OPC) drums compensated the price decline. Coke business continued favorably owing to continuing active production of crude steel manufactures. 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 severe business condition with the rising raw material costs.

Major actions taken for the Performance Products Segment during the fiscal year ended March 2005 are as follows:

- API Corporation merged its wholly owned subsidiary, API Corporation. (April 2004)
- Mitsubishi Kagaku Media Co., Ltd. launched the sale of the world's first double layer DVD+R discs. (May 2004)
- Mitsubishi Chemical Corporation obtained the patents on the microorganism for Erythritol production from Nikken Chemicals Co., Ltd., and strengthened the position of Mitsubishi Kagaku-Foods Corporation in Erythritol business. (May 2004)
- Mitsubishi Chemical Corporation constructed a production plant for electrolytes in the wholly owned subsidiary of Shinryo Corporation, GEMtek Corporation in Suzhou, Jiangsu Province, China. (June 2004)
- Mitsubishi Chemical Infonics Pte Ltd in Singapore expanded the production facility for organic photo conductors. (July 2004)
- A consolidated subsidiary of Mitsubishi Pharma Corporation, CAREX, Inc. concluded to transfer its antibacterial agent and freshness preserver business to Mitsubishi Kagaku-Foods Corporation as of October 1, 2004. (August 2004)
- Mitsubishi Kagaku Media Co., Ltd. launched a DVD+R disc for data use with 16x writing speed. (October 2004)
- Mitsubishi Chemical Corporation integrated its businesses on sulfuric acid, nitric acid, nitrates, oleum, ammonium sulfate for industrial use, ammonio, and liquid urea to Nippon Kasei Chemical Co., Ltd's businesses. (December 2004)
- 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 a DVD-R disc for data use with 16x writing speed. (December 2004)
- Mitsubishi Kagaku Media Co., Ltd. launched the Japan's first UDO (ultra density

optical) disc with 30GB capacity. (December 2004)

- Mitsubishi Chemical Corporation succeeded in the development for mass production of both phosphors for white LEDs with high conversion efficiency that realizes much more natural white light than before and GaN substrates with homogeneous crystals, and announced to start these productions in the Tsukuba Plant from April 2005. (January 2005)
- Mitsubishi Chemical Corporation (MCC) and Nippon Kasei Chemical Co., Ltd (NKC) reached a mutual agreement on transferring MCC's synthetic silica powder and mesoporous silica businesses to NKC. (January 2005)
- Mitsubishi Kagaku Media Co., Ltd. announced to launch the world's first single-sided dual-layer DVD-R disc this spring. (February 2005)
- Plantech Research Institute, wholly owned subsidiary of Mitsubishi Chemical Corporation was dissolved as of the end of March 2005. (March 2005)
- Mitsubishi Kagaku Media Co., Ltd. launched a new DVD disc series named BIGAZO, which means 'beautiful image creation' in Japanese, and New Cine-R. (March 2005)
- Mitsubishi Kagaku Media Co., Ltd. development and launched 6x DVD-RW discs for data. (March 2005)

Functional Products

Sales of the segment were ¥356.6 billion (¥18.4 billion or 5.5% increase compared to the previous fiscal year), and the operating income was ¥21.5 billion (¥6.0 billion or 39.2% increase compared to the previous fiscal year).

All types of films including composite films and sheets progressed firmly due to the favorable demand from the semiconductors and liquid crystal related industries. Businesses for packaging applications also progressed favorably owing to a demand expansion in beverage industry and launching of new products. Also, business results in civil engineering and construction-related products were firm, in spite of strong yen and high raw material costs.

Major actions taken for the Functional Products Segment during the fiscal year ended March 2005 are as follows:

- Mitsubishi Chemical MKV Co. and Mitsui Kagaku Platech Co., Ltd. integrated their agricultural material businesses to form MKV PLATECH CO., LTD. (April 2004)
- Mitsubishi Plastics, Inc. received the highest evaluation in the preliminary review for

the world's first loan system called 'environment-friendly management promotion business' which introduced a special method of environmental ranking system established by Development Bank of Japan, and obtained a loan from the Bank at low interest. (May 2004)

- Mitsubishi Plastics, Inc. constructed the third film plant in the Azai Plant and started production in order to establish production technology of new products and speed up the commercialization. (June 2004)
- Ryoka MACS Corporation developed the high-thermal conductive aluminum alloy, 'MDS5' for heat sink used for electronic precision equipment for the next-generation automobiles and others, and started its manufacturing and marketing. (August 2004)
- 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)
- Mitsubishi Plastics, Inc. launched 'HISHI RECYCLE three layer joint', an unplasticized PVC three layer joint made with recycled material for public sewage pipelines for the first time in the industry. (January 2005)
- Mitsubishi Plastics, Inc. developed and launched a 20mm super thick PVC plate for industrial use made with continuous press method for the first time in the industry. (March 2005)

Health Care

Net sales of the segment were ¥277.8 billion (¥0.6 billion or 0.2% increase compared to the previous fiscal year), and the operating income was ¥28.7 billion (¥0.5 billion or 1.8% decrease compared to 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, and sales in clinical trial business increased due to large volume orders.

Major actions taken for the Health Care Segment during the fiscal year ended March 2005 are as follows:

- Mitsubishi Pharma Corporation obtained shares of its subsidiary, Green Cross Guangzhou Pharmaceutical Co., Ltd. held by Guangzhou Qiaoguang Pharmaceutical Co., Ltd., and made it the wholly owned subsidiary. (April 2004)
- The Osaka Research Center of Mitsubishi Pharma Corporation (MPC) and the Hirakata Research Center of Benesis Corporation, a subsidiary of MPC obtained the ISO14001 certificates. (July 2004)
- Mitsubishi Pharma Corporation launched airway secretion cell normalizing agents, 'Cleanal ORAL SOLUTION 8%'. (July 2004)
- Mitsubishi Pharma Corporation and Takeda Pharmaceutical Company Limited announced that they terminated the license agreement on oral formulation of 'MCC-135', an agent for cardiac diseases. (November 2004)
- Mitsubishi Kagaku Iatron, Inc. launched 'IMM-FAST Check J1' for detecting allergen-specific IgE, which employs immunochromatography assay and is the most rapid test kit combining high sensitivity in the world as well as enables the whole blood to use as specimens. (November 2004)
- 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)
- ZOEGENE Corporation (ZOEGENE) concluded the licensing agreement with Compound Therapeutics (CT) on mutual use of ZOEGENE's in vitro virus technology and CT's PROfusion technology. (December 2004)
- ZOEGENE Corporation (ZOEGENE) concluded the joint research agreement with Dainippon Pharmaceutical Co., Ltd. (DP), which is for DP obtains a candidate compound for its drug discovery in the area of diabetes and obesity, based on compounds designed by ZOEGENE. (March 2005)
- Mitsubishi Pharma Corporation launched the internal hemorrhoid sclerotherapy agents 'Zione Injection with analgesic agent' and 'Zione Injection with physiological saline', which are compounding agents for local injection of which the active ingredients are aluminum potassium sulfate and tannic acid. (March 2005)

Services

Net sales of the segment were ¥151.7 billion (¥24.5 billion or 19.3% increase compared to the previous fiscal year), and the operating income was ¥11.2 billion (¥1.3 billion or 13.1% increase compared to the previous fiscal year).

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

Others

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 ¥12.0 billion for this fiscal year.

Major actions taken other than the above-mentioned items in each segment during the fiscal year ended March 31, 2005 were as follows:

- Mitsubishi Chemical Corporation started detoxifying PCB at the Yokkaichi Plant. (April 2004)
- Mitsubishi Chemical Corporation issued the 29th and the 30th domestic straight bonds. [Total bond issue: ¥20.0 billion] (April 2004)
- Mitsubishi Chemical Corporation, Tokyo Denpa Co., Ltd., The Japan Steel Works, Ltd., Nippon Kasei Chemical Co., Ltd., Furuya Metal Co., Ltd. and Intelligent Cosmos Research Institute established a research Alliance, 'Solvothermal Crystal Growth Technology Research Alliance', in order to facilitate the industrialization of single crystal growth of GaN and ZnO. (June 2004)
- Mitsubishi Chemical Corporation issued the 31th and the 32th domestic straight bonds. [Total bond issue: ¥20.0 billion] (September 2004)
- Mitsubishi Chemical Corporation jointly started chemical recycling using enzymes of 'GS-Pla' in plastic recycling with Kyushu Institute of Technology. (October 2004)
- Mitsubishi Chemical Corporation delisted from the Frankfurt Stock Exchange. (November 2004)
- Mitsubishi Chemical Corporation formulated the mid-term management plan, 'KAKUSHIN Plan: Phase 2' implemented from April 2005. (December 2004)
- Mitsubishi Chemical Corporation succeeded in the development of an innovative organic light emitting transistor (OLET) for flexible display and the world's first optically transparent substrate with low thermal expansion as small as glass

substrate by the bio-nanofiber reinforcement, through the collaboration with Kyoto University, Pioneer Corporation, and Rohm Co., Ltd. in the Integrative Industry-Academia Partnership. (January 2005)

(iv) Business Forecast for the Fiscal Year Ending March 31, 2006

In terms of the future business environment, despite an increase in capital investment as the result of improved business performances and some signs of recovery in private consumption are seen, future prospects continues to remain uncertain as stagnation of overseas' economic growth, mainly in the US and China, is apprehended. Business environments for the chemical industry still exert anxiety as market conditions are expected to continue with further increase of naphtha price according to the prolonged high crude oil price and the slowing down of IT-related markets.

Under these circumstances, however, the Mitsubishi Chemical Group will continue to execute various action plans based on the mid-term management plan, the 'KAKUSHIN Plan: Phase 2', and strive to strengthen business competencies, price corrections, and put efforts in increasing profits.

As to the forecast for the consolidated business results for the fiscal year ending March 31, 2006, we expect the net sales to increase and will amount to ¥2,380.0 billion, as a further increase in naphtha prices is expected. Operating income of ¥131.0 billion and recurring profit of ¥125.0 billion are expected as FY2005 ending March 2006 will be a year in which ethylene plant in Mizushima Plant has a periodical maintenance. Net profit is expected to exceed and amount to ¥58.0 billion, as a substantial decrease will occur in extraordinary loss as the accounting for the impairment loss of fixed assets has been adopted already.

Note:

Although the result of Mitsubishi Pharma Corporation for the second half of the following fiscal year will be excluded due to the establishment of the holding company which is planned in October 2005, the prospects for the following fiscal year above is calculated on the current consolidated basis of Mitsubishi Chemical Corporation. Regarding the prospects of the holding company, please refer to the announcement, "Financial Projections for Mitsubishi Chemical Holdings Corporation for the Fiscal Year Ending March 31, 2006" released today.

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

(Unit: Billions of yen)

	Forecast for the fiscal year ending March 2006	Actual results for the fiscal year ended March 2005
Capital investment	108.0	67.1
Depreciation	84.0	87.7
R&TD expenditures	96.0	89.2
Exchange rate (¥/\$)	105	108
Naphtha (¥/kl)	38,000	32,100

(2) Financial Position

(i) Financial Position for the fiscal year ended March 2005

Total consolidated assets were ¥1,970.5 billion, a decrease of ¥31.1 billion compared to the previous fiscal year. The decrease was mainly due to reduced book value of fixed assets with recognition of impairment losses on fixed assets, as well as reduction of deferred tax assets.

Total consolidated liabilities was ¥1,385.1 billion, a reduction of ¥83.6 billion compared to the previous fiscal year due primarily to the reduction of interest-bearing debts particularly borrowings and commercial paper.

The ending balance of interest-bearing debts including discounted notes payables was ¥711.1 billion, which outpaced the reduction target set by the end of March 2005. The reduction of interest-bearing debts was one of management objectives set in the mid-term plan 'KAKUSHIN Plan: Phase 1'.

The balance of shareholders' equity was ¥446.0 billion, an increase of ¥48.9 billion compared to the previous fiscal year. The increase was due to consolidated net income of ¥55.4 billion and unrealized gains on investment securities, regardless of the negative impact of dividends paid.

As a result, the equity ratio was 22.6% (2.8% increase compared with the previous fiscal year), and debt-equity ratio was 1.59 (a significant improvement by 0.60 compared with the previous fiscal year).

(ii) Consolidated Statements of Cash Flows of the Fiscal Year Ended March 31, 2005

The free cash flow (operation cash flow and investing cash flow) for the fiscal year was ¥165.2 billion, an increase of ¥95.9 billion compared with the previous fiscal year. The increase was due primarily to net income before income taxes of ¥106.6 billion, and absorption of negative impact on working capital by decreasing accounts receivable with

shortened collection period, as well as no significant cash outflow was present such as that of FY2003 when negative cash flow of share acquisition of Mitsubishi Pharma Corporation was necessary. The cash and cash equivalents generated by above free cash flow was mainly used for repayment of interest-bearing debts and dividend paid to shareholders and minority shareholders of subsidiary companies. The ending balance of cash and cash equivalents was ¥52.6 billion, decreased by ¥4.9 billion compared with the end of previous fiscal year.

The net cash provided by operating activities in the fiscal year ended March 2005 was ¥222.8 billion, an increase of ¥77.8 billion compared with the previous fiscal year mainly due to the increase in net income before income taxes and absorption of increase of working capital by shortening collection period of accounts receivable.

The net cash used in investing activities was ¥57.6 billion, a decrease of ¥18.1 billion compared with the previous fiscal year. This was mainly due to acquisition of shares of Mitsubishi Pharma Corporation, regardless of the cash provided by the divestiture of businesses.

The net cash used in financing activities was ¥171.3 billion, an increase of ¥101.0 billion compared with the previous fiscal year, mainly due to repayment of interest-bearing debts and dividend payment.

(iii) Forecast for the Fiscal Year Ending March 31, 2006

The consolidated capital investment in the next fiscal year ending March 2006 is expected to be ¥108.0 billion, an increase of ¥40.0 billion compared with the previous fiscal year. The interest-bearing debts will be continuously reduced in the next fiscal year ending March 2006.

(iv) Cash Flow Ratios

	Fiscal Year ended March 2002	Fiscal year ended March 2003	Fiscal year ended March 2004	Fiscal year ended March 2005
Ratio of shareholders' equity to total assets (%)	15.3%	16.5%	19.8%	22.6%
Ratio of market value shareholders' equity to total assets (%)	27.3%	21.6%	34.5%	37.7%
Debt payment year (year)	11.4	7.3	6.0	3.2
Interest coverage ratio (%)	386.6%	792.4%	1094.1%	2055.2%

- Ratio of shareholders' equity to total assets:

$$\text{Book value of shareholders' equity} / \text{Book value of total assets}$$
- Ratio of market value shareholders' equity to total assets:

$$\text{Market value of shareholders' equity} / \text{Book value of total assets}$$
- Debt payment year:

$$\text{Interest-bearing debts} / \text{Net cash provided by operating activities}$$
- Interest coverage ratio:

$$\text{Net cash provided by operating activities} / \text{Interest paid}$$

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.

(3) Business Risks

The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: The Group companies execute businesses in many different fields, such as petrochemicals, carbon and inorganic products, information and electronics, pharmaceuticals, polymers and processed products, and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trend of market price, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws and regulations.

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 [3], [5], [7], [12], [19] through [21] hereof.