

Operational Summary

For the first half of the fiscal year
ending March 31, 2004

November 12, 2003

Mitsubishi Chemical Corporation

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Number of Affiliates

	30-Sep 2003	31-Mar 2003	Differences
Consolidated subsidiaries	165	182	△ 17
Japan	105	111	△ 6
Overseas	60	71	△ 11
Affiliates accounted for by the equity method	92	100	△ 8
Total	257	282	△ 25

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Consolidated Statement of Operations

(Billions of Yen)

	1st half of 2004	1st half of 2003	Differences
Net sales	941.1	907.5	33.6
Operating income	40.1	40.4	(0.3)
Income(Expenses) on financing activities [Dividend income included in above]	(4.4) [1.4]	(5.8) [1.3]	1.4 [0.1]
Other non-operating income(expenses) Equity in earnings of non-consolidated subsidiaries and affiliates	(3.8) 2.3	(5.6) 2.7	1.8 (0.4)
Ordinary income(loss)	34.2	31.7	2.5
Extraordinary gain(loss)	(1.6)	(10.4)	8.8
Income(loss) before income taxes	32.6	21.3	11.3
Current and deferred income taxes	(10.7)	(11.3)	0.6
Minority interests in consolidated subsidiaries	(1.9)	(1.1)	(0.8)
Net income(loss)	20.0	8.9	11.1

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Consolidated Net Sales by Major Business Segments

(Billions of Yen)

	1st half of 2004	1st half of 2003	Differences	Comments
Total	941.1	907.5	33.6	
Petrochemicals	371.9	317.3	54.6	Increase in sales due to the higher price of naphtha, Increase in sales volume(capacity expansion of SM in Yuka Seraya Pte. Ltd)
Specialty Chemicals	223.9	228.3	(4.4)	Increase in sales volume of degital versatile discs, Sale of HD business, gas business and Western Litho Plate & Supply Co., etc.
Functional Products	165.0	157.5	7.5	Increase in sales volume of highly functional plastic products and products related to industrial materials
Healthcare	139.2	157.7	(18.5)	Business divestiture of plasma fractionation in the US, Decrease in sales volume of pharmaceutical products
Services	41.1	46.7	(5.6)	Decline in sales orders for engineering business

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Consolidated Operating Income by Major Business Segments

(Billions of Yen)

	1st half of 2004	1st half of 2003	Differences	Analysis (roughly estimated)			
				Price	Volume	Costs	Others
Total	40.1	40.4	(0.3)	(13.2)	1.0	5.9	6.0
Petrochemicals	4.2	6.2	(2.0)	(6.5)	(0.4)	3.3	1.6
Specialty Chemicals	19.9	13.5	6.4	(4.3)	9.3	2.1	(0.7)
Functional Products	6.9	4.8	2.1	(1.9)	1.8	1.6	0.6
Healthcare	12.8	17.6	(4.8)	(0.8)	(8.5)	0.1	4.4
Services	2.7	3.1	(0.4)	0.3	(1.2)	0.4	0.1
Corporate	(6.4)	(4.8)	(1.6)	0.0	0.0	(1.6)	0.0

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Consolidated Extraordinary Gain(Loss)

(Billions of Yen)

	1st half of 2004	1st half of 2003	Difference
Total	(1.6)	(10.4)	8.8
Extraordinary gain	12.4	1.6	10.8
Gain on sale of property, plant and equipment	6.1	0.9	5.2
Decrease of allowance for normal receivables	4.8		4.8
Gain on sale of securities and investment securities	1.5	0.7	0.8
Extraordinary loss	(14.0)	(12.0)	(2.0)
Loss on sale and disposal of subsidiaries and affiliates	(4.9)	(0.7)	(4.2)
Amortization of transition amount under post-employment benefits accounting	(4.2)	(4.8)	0.6
Additional benefits for employees' early retirement	(2.9)	(2.5)	(0.4)
Others	(2.0)	(4.0)	2.0

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Major Subsidiaries (Domestic)

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous 1st half)	Comments
Petrochemicals	V-Tech Corporation	Dec.	12.3	➡	Decrease in deficit due to progress in streamlining despite lower margin
	Japan Polychem Corporation	Dec.	67.9	➡	Getting out of the red due to progress in streamlining despite lower margin
Specialty Chemicals	The Kansai Coke and Chemicals Co.,Ltd.	March	20.8	➡	Decline in the raw material prices and streamlining
	Mitsubishi Chemical Agri Inc.	March	10.0	➡	Higher sales margin due to increase in sales volume of functional fertilizers
	Mitsubishi Chemical Media Co.,Ltd.	March	11.4	➡	Lower margin offset by increase in sales volume of degital versatile discs and others
	Nippon Kasei Chemical Co.,Ltd.	March	8.6	➡	Sales margin reduced
	API Corporation	March	16.4	➡	Operating income improved due to the merger
Functional Products	Mitsubishi Plastics Inc.	March	60.4	➡	Lower margin offset by increase in sales volume and progress in streamlining
	Mitsubishi Polyester Film Corporation	Dec.	14.0	➡	Steady demand
	Mitsubishi Chemical Functional Products	March	18.7	➡	Increase in sales volume of carbon fiber and alumina fiber
	Mitsubishi Chemical MKV CO.	March	8.7	➡	Increase in sales volume of agricultural PO and hard film
Healthcare	Mitsubishi Pharma Corporation	March	99.3	➡	Decrease in sales volume of pharmaceutical products
	Mitsubishi Kagaku Bio-Clinical Laboratories, Inc.	March	22.1	➡	Decline in Clinical Testing prices
Services	Mitsubishi Chemical Logistics Corp.	March	37.1	➡	Increase in labor costs
	Mitsubishi Chemical Engineering Corp.	March	32.4	➡	Decrease in the amount of orders received

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Major Subsidiaries (Overseas)

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous 1st half)	Comments
Petrochemicals	P.T.Mitsubishi Chemical Indonesia	Dec.	24.2	↘	Lower margin, despite progress in streamlining
	MCC PTA India Corp.Private Limited	Dec.	17.4	↘	Lower margin, offset by progress in streamlining and increase in sales volume
	Yuka Seraya Private LTD.	Dec.	24.5	↘	Suffering a deficit due to lower margin in spite of the new plants put to the operation
Specialty Chemicals	Verbatim Corporation	Dec.	24.3	↘	Increase in sales volume of digital versatile discs
	Mitsubishi Chemical America, Inc. (toners and organic photoconductors)	Dec.	11.0	↘	Increase in sales volume of organic photoconductors
Functional Products	Mitsubishi Polyester Film, LLC	Dec.	10.8	↘	Increase in fixed cost due to new production line
	Mitsubishi Polyester Film GmbH	Dec.	10.3	↘	Higher margin

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Consolidated Balance Sheet

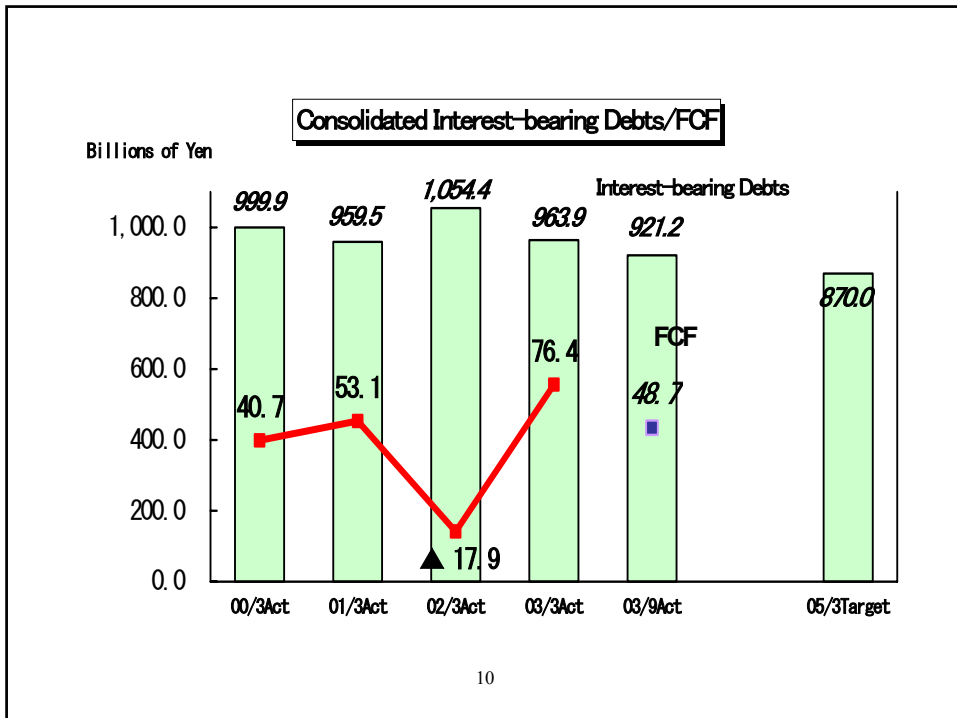
	Sep. 30 2003	March 31 2003	Differences	(Billions of Yen)
				Net differences
Cash and cash equivalents	58.1	65.3	(7.2)	(7.2)
Inventories	266.0	276.1	(10.1)	(4.4)
Trade receivables and others	546.5	582.1	(35.6)	(32.4)
Property, plant and equipment	782.3	830.1	(47.8)	(30.4)
Investments and other assets	361.9	363.4	(1.5)	0.3
Total assets	2,014.8	21,170.0	(102.2)	(74.1)
Short-term and long-term debt	524.6	583.8	(59.2)	(49.7)
Commercial paper	90.0	98.0	(8.0)	(8.0)
Bonds	296.5	280.4	16.1	16.1
Other liabilities	569.4	639.0	(69.6)	(51.8)
(Total liabilities)	1,480.5	1,601.2	(120.7)	(93.4)
Minority interests	157.8	165.5	(7.7)	(7.4)
Common stock	145.1	145.1	0.0	0.0
Additional paid-in capital	117.0	117.0	0.0	0.0
Retained earnings	113.2	100.6	12.6	12.6
Foreign currency translation adjustments etc.	1.2	(12.4)	13.6	14.1
(Total shareholders' equity)	376.5	350.3	26.2	26.7
Total liabilities and shareholders' equity	2,014.8	2,117.0	(102.2)	(74.1)
	Sep. 30 2003	March 31 2003	Differences	Net differences
Short-term and long-term debt, CP and Bonds	911.1	962.2	(51.1)	(41.6)
Discounted notes payable	10.1	1.7	8.4	8.4
Total debts	921.2	963.9	(42.7)	(33.2)
Equity ratio	18.7%	16.5%	2.2%	
Cash	57.7	59.3	(1.6)	

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Consolidated Statement of Cash Flows

		(Billions of Yen)	
	Sep.30 2003	Sep.30 2002	March 31 2003
Income(Loss) before income taxes	32.6	21.3	43.8
Depreciation and amortization	46.3	50.1	103.2
Decrease(Increase) in trade receivables and increase(decrease) in trade payables	(5.9)	4.7	8.5
Decrease(Increase) in inventories	(13.3)	(2.0)	10.3
Others	(7.8)	(3.3)	(33.3)
Net cash provided by operating activities	51.9	70.8	132.5
Payments for purchases of property, plant and equipment	(35.3)	Capital expenditures (32.1), Decrease in capital debts (3.2)	
Payments for purchases of investment securities	(20.7)	(49.5)	(91.5)
Proceeds from sale of businesses, fixed assets and investment securities etc.	28.4	Sale of property, plant and equipment 4.7, Sale of investment securities 5.8, Sale of business 17.9	
Others	24.4	18.6	16.8
Net cash used in investing activities	(3.2)	(34.1)	(56.1)
Free cash flows	48.7	36.7	76.4
Increase(Decrease) in debts	(41.6)	MCC 16 [Issuance of bonds 20, Redemption of bonds (4)], Debts (57.6)	
Cash dividends paid and others	(8.7)	(2.7)	(8.1)
Net cash provided by(used in) financing activities	(50.3)	(53.5)	(93.0)
Newly consolidated etc.	0.0	Newly consolidated/unconsolidated (0.4); Exchange 0.4	
Increase(Decrease) in cash and cash equivalents	(1.6)	(16.8)	(15.7)
Cash and cash equivalents at beginning of the period	59.3	75.0	75.0
Cash and cash equivalents at end of the period	57.7	58.2	59.3

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Consolidated Statements of Operations (2004 Forecast)

(Billions of Yen)

	2004 forecast			2003 Actual	Differences
	Full year	1st half	2nd half		
Net sales	1,940.0	941.1	998.9	1,887.5	52.5
Operating income	92.0	40.1	51.9	92.0	0.0
Income (Expenses) on financing activities [Dividend income included in above]	(10.0) [2.1]	(4.4) [1.4]	(5.6) [0.7]	(11.4) [2.8]	1.4 [-0.7]
Other non-operating income (expenses)	(10.0)	(3.8)	(6.2)	(9.7)	(0.3)
Equity in earnings of non-consolidated subsidiaries and affiliates	5.0	2.3	2.7	4.7	0.3
Ordinary income (loss)	77.0	34.2	42.8	75.6	1.4
Extraordinary gain (loss)	(15.0)	(1.6)	(13.4)	(31.8)	16.8
Income (Loss) before income taxes	62.0	32.6	29.4	43.8	18.2
Income taxes	(25.0)	(10.7)	(14.3)	(19.8)	(5.2)
Minority interests in consolidated subsidiaries	(7.0)	(1.9)	(5.1)	(2.6)	(4.4)
Net income (loss)	30.0	20.0	10.0	21.4	8.6

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Consolidated Net Sales by Major Business Segments (2004 Forecast)

(Billions of Yen)

	2004 forecast			2003 Actual	Differences
	Full year	1st half	2nd half		
Total	1,940.0	941.1	998.9	1,887.5	52.5
Petrochemicals	755.0	371.9	383.1	679.1	75.9
Specialty Chemicals	453.0	223.9	229.1	451.8	1.2
Functional Products	332.0	165.0	167.0	320.7	11.3
Healthcare	278.0	139.2	138.8	320.0	(42.0)
Services	122.0	41.1	80.9	115.9	6.1

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Consolidated Operating Income by Major Business Segments (2004 Forecast)

(Billions of Yen)

	2004 forecast			2003 Actual	Differences
	Full year	1st half	2nd half		
Total	92.0	40.1	51.9	92.0	0.0
Petrochemicals	18.0	4.2	13.8	20.6	(2.6)
Specialty Chemicals	37.0	19.9	17.1	30.5	6.5
Functional Products	15.0	6.9	8.1	10.8	4.2
Healthcare	27.0	12.8	14.2	30.5	(3.5)
Services	7.0	2.7	4.3	9.9	(2.9)
Corporate	(12.0)	(6.4)	(5.6)	(10.3)	(1.7)

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Consolidated Extraordinary Gain(Loss) (2004 Forecast)

(Billions of Yen)

	2004 forecast			2003 Actual	Differences
	Full year	1st half	2nd half		
Total	(15.0)	(1.6)	(13.4)	(31.8)	16.8
Extraordinary gain	13.0	12.4	0.6	25.0	(12.0)
Gain on sale of property, plant and equipment	6.1	6.1	0.0	13.1	(7.0)
Gain on reduction of prior service cost	4.8	4.8		0.0	4.8
Gain on sale of securities and investment securities	1.9	1.5	0.4	6.0	(4.1)
Gain from return of the entrust portion of the employee pension fund	0.0			4.0	(4.0)
Others	0.2	0.0	0.2	1.9	(1.7)
Extraordinary loss	(28.0)	(14.0)	(14.0)	(56.8)	28.8
Amortization of transition amount under Post-employment benefits accounting	(8.4)	(4.2)	(4.2)	(9.0)	0.6
Loss on sale and disposal of property, plant and equipment	} (13.5)	(0.1)	} (8.5)	} (24.0)	} 10.5
Loss on sale and disposal of subsidiaries and affiliates		(4.9)			
Additional benefits for employees' early retirement	(3.1)	(2.9)	(0.2)	(3.4)	0.3
Write-down/off of investment securities	0.0			(12.9)	12.9
Write-down/off of property, plant and equipment	0.0			(2.8)	2.8
Others	(3.0)	(1.9)	(1.1)	(4.7)	1.7

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Major Subsidiaries (Domestic)

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous year)	Comments
Petrochemicals	V-Tech Corporation	Dec.	27.3	➡	Decrease in deficit due to progress in streamlining
	Japan Polychem Corporation	Dec.	129.4	➡	Progress in streamlining and the reorganization in the latter half of the year
Specialty Chemicals	The Kansai Coke and Chemicals Co., Ltd.	March	41.2	➡	Progress in streamlining
	Mitsubishi Chemical Agri Inc.	March	20.8	➡	Fixed cost reduction
	Mitsubishi Chemical Media Co., Ltd.	March	21.2	➡	Increase in sales volume
	Nippon Kasei Chemical Co., Ltd.	March	16.8	➡	Fixed cost reduction, etc.
	API Corporation	March	34.7	➡	Keep the same sales margin due to price competition in spite of the merger
Functional Products	Mitsubishi Plastics Inc.	March	121.0	➡	Increase in sales volume and streamlining
	Mitsubishi Polyester Film Corporation	Dec.	28.3	➡	Steady demand
	Mitsubishi Chemical Functional Products	March	37.7	➡	Increase in sales volume
	Mitsubishi Chemical MKV CO.	March	18.5	➡	Increase in sales volume and streamlining
Healthcare	Mitsubishi Pharma Corporation	March	201.0	➡	Decrease in sales volume of pharmaceutical products in Japan
	Mitsubishi Kagaku Bio-Clinical Laboratories, Inc.	March	43.7	➡	Decline in sales prices
Services	Mitsubishi Chemical Logistics Corp.	March	76.3	➡	Increase in fixed cost, etc.
	Mitsubishi Chemical Engineering Corp.	March	104.9	➡	Decrease in the amount of orders received, offset by fixed cost reduction

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Major Subsidiaries (Overseas)

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous year)	Comments
Petrochemicals	P.T.Mitsubishi Chemical Indonesia	Dec.	46.8	➡	Lower sales margin
	MCC PTA India Corp.Private Limited	Dec.	32.8	➡	Lower margin, offset by progress in streamlining and increase in sales volume
	Yuka Seraya Private LTD.	Dec.	47.9	➡	Lower margin in the first half of the year offset by market recovery in the second half
Specialty Chemicals	Verbatim Corporation	Dec.	46.8	➡	Increase in sales volume of digital versatile discs
	Mitsubishi Chemical America, Inc. (toners and organic photoconductors)	Dec.	20.3	➡	Steady sales volume of organic photoconductors
Functional Products	Mitsubishi Polyester Film, LLC	Dec.	22.0	➡	Increased fixed cost due to new production line
	Mitsubishi Polyester Film GmbH	Dec.	18.7	➡	Decrease in sales volume offset by higher margin

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Statements of Operations-Non Consolidated

(Billions of Yen)

	1st half of 2004	1st half of 2003	Differences
Net sales	340.1	336.1	4.0
Operating income	6.4	14.9	(8.5)
Income(Expenses) on financing activities	2.0	2.7	(0.7)
[Dividend income included in above]	[5.8]	[6.3]	[-0.5]
Other non-operating income	2.3	2.1	0.2
Other non-operating expenses	(6.2)	(6.7)	0.5
Ordinary income(loss)	4.5	13.0	(8.5)
Extraordinary gain	4.2	1.7	2.5
Extraordinary loss	(4.4)	(4.2)	(0.2)
Income(Loss) before income taxes	4.3	10.5	(6.2)
Current income taxes	2.9	0.7	2.2
Deferred income taxes	(4.0)	(2.3)	(1.7)
Net income(loss)	3.2	8.9	(5.7)

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2004 Forecast-Non Consolidated

(Billions of Yen)

	2004 forecast			2003 Actual	Differences
	Full year	1st half	2nd half		
Net sales	700.0	340.1	359.9	674.6	25.4
Operating income	18.0	6.4	11.6	28.0	(10.0)
Income(Expenses) on financing activities	2.5	2.0	0.5	3.2	(0.7)
[Dividend income included in above]	[10.5]	[5.8]	[4.7]	[10.5]	0.0
Other non-operating income(expenses)	(8.5)	(3.9)	(4.6)	(8.0)	(0.5)
Ordinary income(loss)	12.0	4.5	7.5	23.2	(11.2)
Extraordinary gain(loss)	(5.0)	(0.2)	(4.8)	3.9	(8.9)
Current / Deferred income taxes	(2.0)	(1.1)	(0.9)	(11.1)	9.1
Net income(loss)	5.0	3.2	1.8	16.0	(11.0)

(Premised)

Exchange rate [Yen/\$]	116	118	115	121	(5)
Price of Naphtha (Domestic) [Yen/KL]	25,300	25,200	25,500	24,000	1,300

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Reference Materials

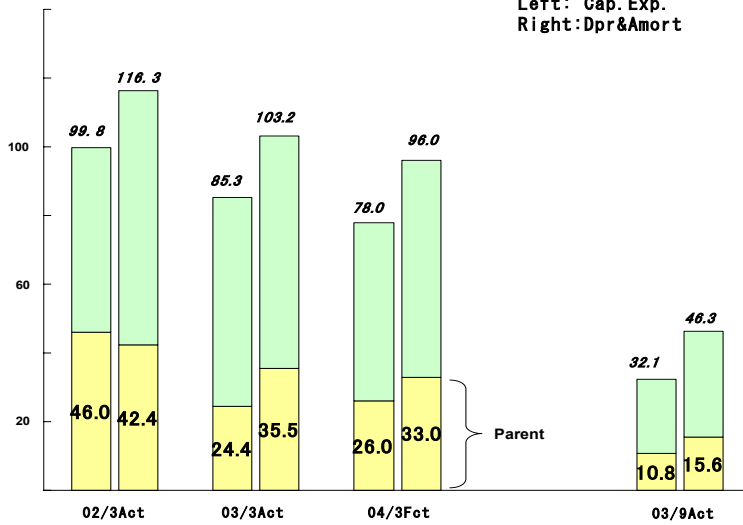
Consolidated Operating Income by Region
(Billions of Yen)

	1st half of 2004	1st half of 2003	Differences
Total	40.1	40.4	(0.3)
Japan	39.4	42.0	(2.6)
Overseas	7.1	3.2	3.9
Asia	3.9	5.2	(1.3)
Europe and America	3.2	(2.0)	5.2
Corporate	(6.4)	(4.8)	(1.6)

Billions of Yen

Consolidated Capital Exp. and Depreciation & Amortization

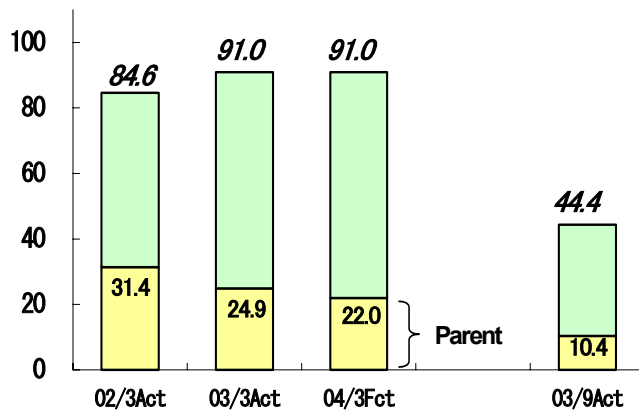
Left: Cap. Exp.
Right: Dpr&Amort



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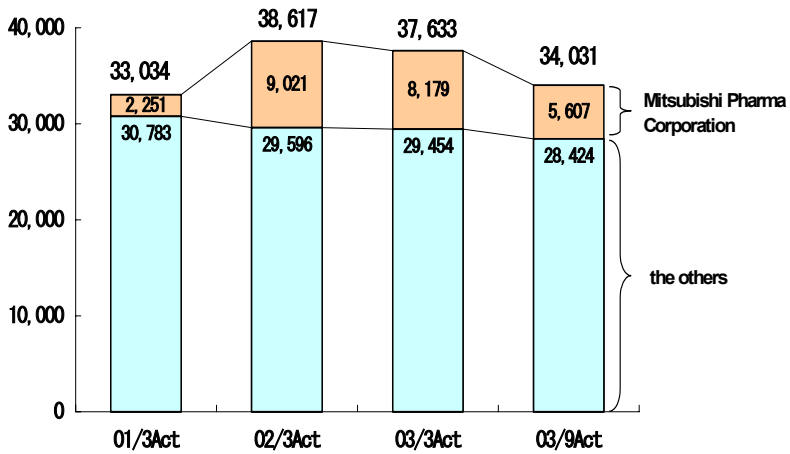
Billions of Yen

Consolidated R&D Expenses



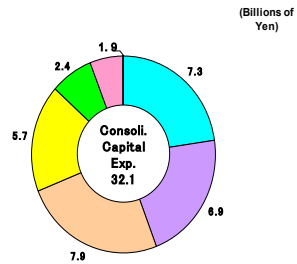
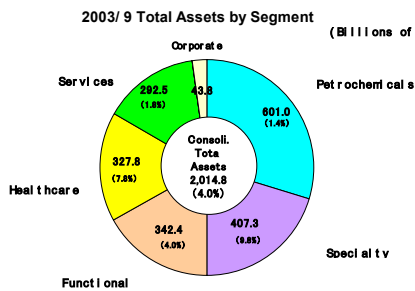
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Number of Employees (Consolidated)

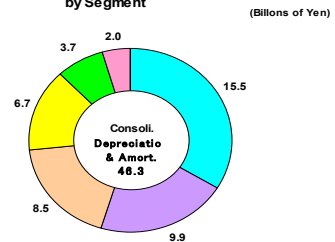


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2003/9 Capital Expenditures by Segment



2003/9 Depreciation & Amortization by Segment

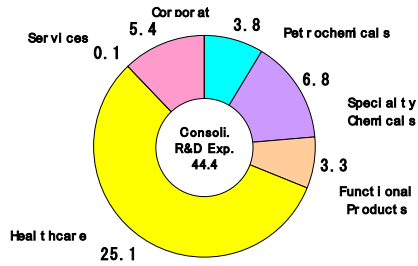


(): ROA (Return = Operating Income)

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2003/9 R&D Expenses by Segment

(Billions of Yen)



2003/9 Number of Employees(Consolidated)

