

Operational Summary

**For the first half of the fiscal year
ending March 31, 2005**

November 11, 2004

Mitsubishi Chemical Corporation

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Note

2004: Fiscal year ending March 31, 2005

2003: Fiscal year ended March 31, 2004

Number of Affiliates

	30-Sep 2004	31-Mar 2004	Differences
Consolidated subsidiaries	166	164	2
Japan	105	103	2
Overseas	61	61	0
Affiliates accounted for by the equity method	89	92	(3)
Total	255	256	(1)

Consolidated Statement of Operations

(Billions of Yen)

	1st half of FY 2004	1st half of FY 2003	Differences
Net sales	1,039.0	941.1	97.9
Operating income	68.0	40.1	27.9
Income (Expenses) on financing activities	(3.1)	(4.4)	1.3
[Dividend income included in above]	[2.0]	[1.4]	[0.6]
Other non-operating income (expenses)	(0.3)	(3.8)	3.5
Equity in earnings of non-consolidated subsidiaries and affiliates	4.6	2.3	2.3
Ordinary income	69.2	34.2	35.0
Extraordinary gain (loss)	(17.8)	(1.6)	(16.2)
Income before income taxes	51.4	32.6	18.8
Current and deferred income taxes	(22.2)	(10.7)	(11.5)
Minority interests in consolidated subsidiaries	(4.6)	(1.9)	(2.7)
Net income	24.6	20.0	4.6

Consolidated Net Sales by Business Segments

(Billions of Yen)

	1st half of FY 2004	1st half of FY 2003	Differences	Comments
Total	1,039.0	941.1	97.9	
Petrochemicals	427.9	371.9	56.0	Increase in sales due to price correction corresponding to hiking naphtha prices, bullish overseas market, and capacity expansion of the phenol plant.
Performance Products	233.5	218.8	14.7	Increase in sales due to price correction of coke according to the hiking price of raw material coal and increase in sales volume of DVD.
Functional Products	174.7	165.0	9.7	Increase in sales volume of both polyester film for LCD-related demands and functional plastics.
Health Care	138.3	139.2	(0.9)	Increase in sales for pharmaceutical products offset Japanese government's price revision.
Services	64.6	46.2	18.4	Increase in sales for both engineering and logistics businesses.

Note:

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 the Services Segment by 6,124 million

Consolidated Operating Income by Business Segments

(Billions of Yen)

	1st half of FY 2004	1st half of FY 2003	Differences	Analysis (roughly estimated)			
				Price	Volume	Costs	Others
Total	68.0	40.1	27.9	(12.3)	20.4	10.3	9.5
Petrochemicals	23.4	4.2	19.2	3.4	2.7	3.4	9.7
Performance Products	21.6	20.2	1.4	(9.6)	9.7	(0.5)	1.8
Functional Products	11.0	6.9	4.1	(2.5)	4.0	2.9	(0.3)
Health Care	13.0	12.8	0.2	(3.4)	2.2	2.3	(0.9)
Services	4.8	2.4	2.4	(0.2)	1.3	1.0	0.3
Corporate	(5.8)	(6.4)	0.6	0.0	0.5	1.2	(1.1)

Note:

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. The impact on the operating income of both segments is immaterial.

Consolidated Other Non-Operating Income (Expenses)








(Billions of Yen)

	1st half of FY 2004	1st half of FY 2003	Differences
Total	(0.3)	(3.8)	3.5
Other non-operating income	6.7	6.6	0.1
Other non-operating income	6.7	6.6	0.1
Exchange gain	2.5	0.0	2.5
Rent income for property, plant and equipment	1.9	2.0	(0.1)
Amortization of excess cost over net assets acquired	0.0	1.6	(1.6)
Others	2.3	3.0	(0.7)
Other non-operating expenses	(7.0)	(10.4)	3.4
Personnel expenses of employees on secondment charged by affiliated and unaffiliated companies	(2.1)	(5.1)	3.0
Other non-operating expenses	(4.9)	(5.3)	0.4
Exchange loss	0.0	(1.3)	1.3
Loss on sale, disposal and write-down/off of property, plant and equipment	(1.0)	(0.9)	(0.1)
Loss on sale, disposal and write-down/off of inventories, net	(0.6)	0.0	(0.6)
Others	(3.3)	(3.1)	(0.2)

Major Subsidiaries (Domestic) Sales Results for the First Half of the Current Fiscal Year

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous 1st half)	Comments
Petrochemicals	V-Tech Corporation	Jun.	16.0	↗	Increase in profit to turn black due to price correction and progress in streamlining.
	Japan Polypropylene Corporation	Jun.	66.4	↗	Increase in both sales and profit due to business restructuring in the previous fiscal year.
Performance Products	The Kansai Coke and Chemicals Co., Ltd.	Sep.	24.8	→	Maintain profit as the previous year.
	Mitsubishi Chemical Agri Inc.	Sep.	9.6	→	Streamlining offset high raw material costs and drop in sales volume.
	Mitsubishi Kagaku Media Co., Ltd.	Sep.	9.9	↘	Decrease in profit due to price fall despite sales expansion of DVD.
	Nippon Kasei Chemical Co., Ltd.	Sep.	8.5	→	Maintain profit as the previous year.
	API Corporation	Sep.	17.4	↘	Decrease in profit due to price fall and high raw material costs.
Functional Products	Mitsubishi Plastics, Inc.	Sep.	64.3	↗	Increase in profit due to increase in sales and cost reduction despite rise in raw materials.
	Mitsubishi Polyester Film Corporation	Jun.	17.0	↗	Increase in profit due to good sales in LCD-related products.
	Mitsubishi Chemical Functional Products, Inc.	Sep.	20.2	→	Maintain profit as increase in sales volume offset price fall.
Health Care	Mitsubishi Pharma Corporation	Sep.	99.0	↗	Increase in profit due to offsetting Japanese government's price revision by strong sales of major products and cost reduction offset .
	Mitsubishi Kagaku Bio-Clinical Laboratories, Inc.	Sep.	23.1	↗	Increase in profit due to strong sales.
Services	Mitsubishi Chemical Logistics Corporation	Sep.	39.9	↗	Increase in profit due to expansion of sales outside the Group companies and reduction of fixed costs.
	Mitsubishi Chemical Engineering Corporation	Sep.	48.0	↗	Increase in orders.

Major Subsidiaries (Overseas) Sales Results for the First Half of the Current Fiscal Year

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous 1st half)	Comments
Petrochemicals	PT. Mitsubishi Chemical Indonesia	Jun.	23.8		Increase in profit due to higher margin and reduction of fixed costs.
	MCC PTA India Corp. Private Limited	Jun.	17.4		Increase in profit due to higher margin.
	Yuka Seraya Private Limited	Jun.	30.0		Decrease of losses due to improved margins.
Performance Products	Verbatim Corporation	Jun.	27.1		Strong sales offset price fall.
	Mitsubishi Chemical America, Inc. (toners and organic photoconductors)	Jun.	9.7		Maintain profits due to bullish sales.
Functional Products	Mitsubishi Polyester Film, LLC	Jun.	12.1		Increase in both sales and profit due to full impact of a new production line.
	Mitsubishi Polyester Film GmbH	Jun.	10.1		Maintain profits due to bullish sales.

Consolidated Balance Sheet

(Billions of Yen)

	Sep. 30 2004	March 31 2004	Differences	Net differences
Cash and cash equivalents	54.0	57.6	(3.6)	(3.7)
Inventories	273.5	251.8	21.7	20.6
Trade receivables and others	546.2	583.7	(37.5)	(38.3)
Property, plant and equipment	724.9	753.1	(28.2)	(29.5)
Investments and other assets	351.1	355.4	(4.3)	(4.6)
Total assets	1,949.7	2,001.6	(51.9)	(55.5)
Short-term and long-term debt	470.2	508.2	(38.0)	(40.6)
Commercial paper	60.0	85.0	(25.0)	(25.0)
Bonds	268.1	268.3	(0.2)	(0.2)
Other liabilities	603.0	607.2	(4.2)	(5.0)
(Total liabilities)	1,401.3	1,468.7	(67.4)	(70.8)
Minority interests	137.7	135.8	1.9	1.9
Common stock	145.1	145.1	0.0	0.0
Additional paid-in capital	117.0	117.0	0.0	0.0
Retained earnings	143.6	127.7	15.9	15.9
Foreign currency translation adjustments etc.	5.0	7.3	(2.3)	(2.5)
(Total shareholders' equity)	410.7	397.1	13.6	13.4
Total liabilities and shareholders' equity	1,949.7	2,001.6	(51.9)	(55.5)

	Sep. 30 2004	March 31 2004	Differences	Net differences
Short-term and long-term debt, CP and Bonds	798.3	861.5	(63.2)	(65.8)
Discounted notes payable	9.2	8.2	1.0	1.0
Total interest-bearing debts	807.5	869.7	(62.2)	(64.8)

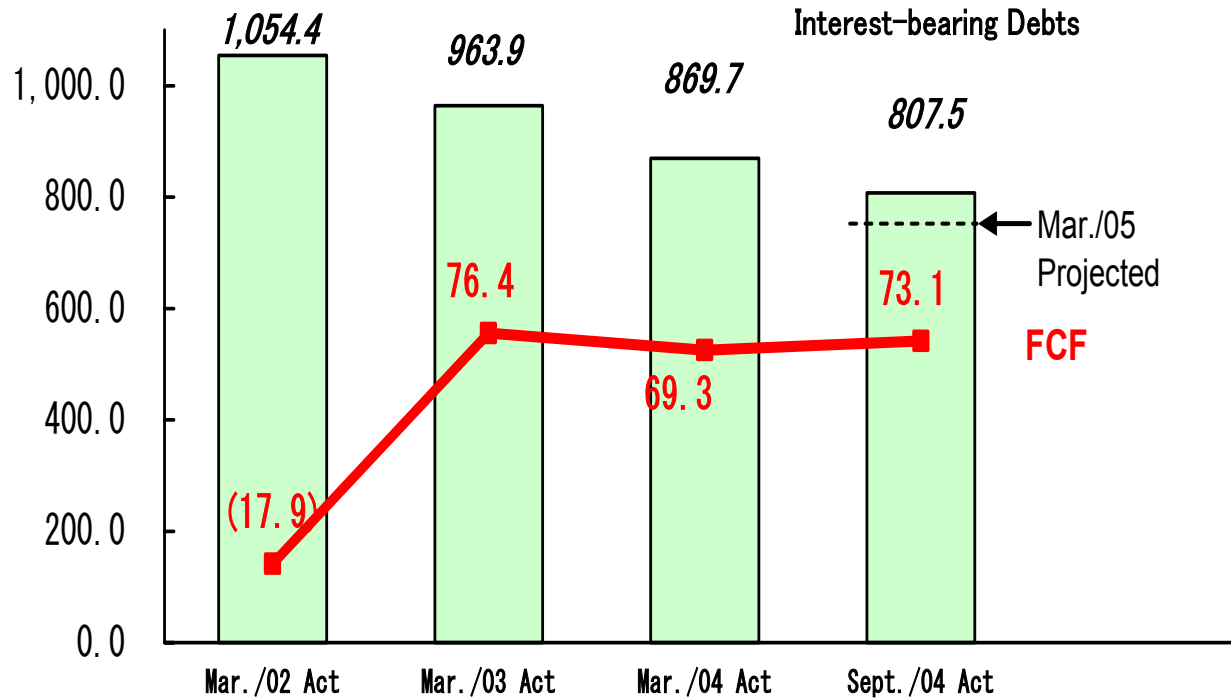
Equity ratio	21.1%	19.8%	1.3%
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Consolidated Statement of Cash Flows

	Sep.30 2004	(Billions of Yen)	
		Sep.30 2003	March 31 2004
Income(Loss) before income taxes	51.4	32.6	70.8
Depreciation and amortization	42.3	46.3	95.6
Decrease(Increase) in trade receivables and increase(decrease) in trade payables	22.7	(5.9)	1.1
Increase in inventories	(20.3)	(13.3)	(8.6)
Others	(2.8)	(7.8)	(13.9)
Net cash provided by operating activities	93.3	51.9	145.0
Payments for purchases of property, plant and equipment	(37.6)	(35.3)	(66.9)
Payments for purchases of investment securities	(2.9)	(20.7)	(79.1)
Proceeds from sale of fixed assets and investment securities etc.	9.2	28.4	55.2
Others	11.1	24.4	15.1
Net cash used in investing activities	(20.2)	(3.2)	(75.7)
Free cash flows	73.1	48.7	69.3
Decrease in debts	(65.8)	(41.6)	(59.5)
Cash dividends paid and others	(11.0)	(8.7)	(10.8)
Net cash used in financing activities	(76.8)	(50.3)	(70.3)
Newly consolidated etc.	0.1	0.0	(0.8)
Decrease in cash and cash equivalents	(3.6)	(1.6)	(1.8)
Cash and cash equivalents at beginning of the period	57.5	59.3	59.3
Cash and cash equivalents at end of the period	53.9	57.7	57.5
Differences	(3.6)	(1.6)	(1.8)

Consolidated Interest-bearing Debts/FCF

Billions of Yen



Consolidated Statements of Operations (FY 2004 Forecast)

(Billions of Yen)

	FY 2004 forecast			FY 2003 Actual	Differences
	Full year	1st half	2nd half		
Net sales	2,140.0	1,039.0	1,101.0	1,925.3	214.7
Operating income	128.0	68.0	60.0	98.2	29.8
Income (Expenses) on financing activities	(8.0)	(3.1)	(4.9)	(9.1)	1.1
[Dividend income included in above]	[3.0]	[2.0]	[1.0]	[2.6]	[0.4]
Other non-operating income (expenses)	(4.0)	(0.3)	(3.7)	(11.2)	7.2
Equity in earnings of non-consolidated subsidiaries and affiliates	8.0	4.6	3.4	4.7	3.3
Ordinary income	124.0	69.2	54.8	82.6	41.4
Extraordinary gain (loss)	(35.0)	(17.8)	(17.2)	(11.8)	(23.2)
Income before income taxes	89.0	51.4	37.6	70.8	18.2
Income taxes	(39.0)	(22.2)	(16.8)	(27.5)	(11.5)
Minority interests in consolidated subsidiaries	(10.0)	(4.6)	(5.4)	(8.8)	(1.2)
Net income	40.0	24.6	15.4	34.5	5.5

Consolidated Net Sales by Business Segments (FY 2004 Forecast)

(Billions of Yen)

	FY 2004 forecast			FY 2003 Actual	Differences
	Full year	1st half	2nd half		
Total	2,140.0	1,039.0	1,101.0	1,925.3	214.7
Petrochemicals	902.0	427.9	474.1	741.4	160.6
Performance Products	465.0	233.5	231.5	441.3	23.7
Functional Products	344.0	174.7	169.3	338.2	5.8
Health Care	275.0	138.3	136.7	277.2	(2.2)
Services	154.0	64.6	89.4	127.2	26.8

Note:

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 the Services Segment by 6,124 million yen and decreased the sales of the Performance Products Segment by 6,124 million yen from those calculated under the previous segmentation.

Consolidated Operating Income by Business Segments (FY 2004 Forecast)

(Billions of Yen)

	FY 2004 forecast			FY 2003 Actual	Differences
	Full year	1st half	2nd half		
Total	128.0	68.0	60.0	98.2	29.8
Petrochemicals	45.0	23.4	21.6	20.5	24.5
Performance Products	37.0	21.6	15.4	39.1	(2.1)
Functional Products	21.0	11.0	10.0	15.5	5.5
Health Care	27.0	13.0	14.0	29.2	(2.2)
Services	11.0	4.8	6.2	9.9	1.1
Corporate	(13.0)	(5.8)	(7.2)	(16.0)	3.0

Note:

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. The impact on the operating income of both segments is immaterial.

Consolidated Extraordinary Gain (Loss) (FY 2004 Forecast)








(Billions of Yen)

	FY 2004 forecast			FY 2003	Differences
	Full year	1st half	2nd half	Actual	
Total	(35.0)	(17.8)	(17.2)	(11.8)	(23.2)
Extraordinary gain	9.0	5.0	4.0	19.0	(10.0)
Gain on sale of property, plant and equipment	4.0	0.8	3.2	8.8	(4.8)
Decrease of post-employment benefits obligation	2.4	2.4	0.0	4.9	(2.5)
Gain on sale of investment securities	1.3	1.3	0.0	4.0	(2.7)
Others	1.3	0.5	0.8	1.3	0.0
Extraordinary loss	(44.0)	(22.8)	(21.2)	(30.8)	(13.2)
Impairment loss on fixed assets	(13.9)	(13.9)	0.0	-	(13.9)
Loss on sale and disposal of property, plant and equipment	(10.0)	(1.4)	(8.6)	(5.7)	(4.3)
Amortization of transition amount under Post-employment benefits accounting	(8.0)	(4.0)	(4.0)	(8.3)	0.3
Additional benefits for employees' early retirement	(2.5)	(0.2)	(2.3)	(3.1)	0.6
(Loss on discontinued businesses of subsidiaries)	0.0	0.0	0.0	(4.9)	4.9
Others	(9.6)	(3.3)	(6.3)	(8.8)	(0.8)

Major Subsidiaries (Domestic) Sales Results for FY2004 (Forecast)

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous year)	Comments
Petrochemicals	V-Tech Corporation	Dec.	32.6	↗	Increase in profit to turn black due to price correction and progress in streamlining.
	Japan Polypropylene Corporation	Dec.	133.9	↗	Increase in both sales and profit due to business restructuring in the previous fiscal year.
Performance Products	The Kansai Coke and Chemicals Co., Ltd.	Mar.	50.8	→	Maintain profit as the previous year.
	Mitsubishi Chemical Agri Inc.	Mar.	20.6	↗	Increase in profit due to price correction and streamlining.
	Mitsubishi Kagaku Media Co., Ltd.	Mar.	17.3	↘	Decrease in profit due to price fall despite sales expansion.
	Nippon Kasei Chemical Co., Ltd.	Mar.	19.7	↗	Increase in profit due to strong sales and cost reduction.
	API Corporation	Mar.	37.1	↗	Increase in profit due to completion of capacity increase.
Functional Products	Mitsubishi Plastics, Inc.	Mar.	128.0	↗	Increase in profit due to increase in sales and cost reduction despite rise in raw materials.
	Mitsubishi Polyester Film Corporation	Dec.	33.4	↗	Increase in profit due to good sales in LCD-related products.
	Mitsubishi Chemical Functional Products, Inc.	Mar.	39.8	→	Increase in sales volume offset price fall.
Health Care	Mitsubishi Pharma Corporation	Mar.	197.0	→	Increase in sales and cost reduction offset Japanese government's price revision.
	Mitsubishi Kagaku Bio-Clinical Laboratories, Inc.	Mar.	46.4	↗	Increase in profit due to strong sales.
Services	Mitsubishi Chemical Logistics Corporation	Mar.	78.1	↗	Increase in sales outside the Group companies and from new customers.
	Mitsubishi Chemical Engineering Corporation	Mar.	117.4	↗	Increase in orders outside of the Group companies.

Major Subsidiaries (Overseas) Sales Results for FY2004 (Forecast)

Segment	Company	Fiscal period	Net sales (Billions of Yen)	Operating income (vs. the previous year)	Comments
Petrochemicals	PT. Mitsubishi Chemical Indonesia	Jun.	50.3		Increase in profit due to higher margin and reduction of fixed costs.
	MCC PTA India Corp. Private Limited	Jun.	38.5		Increase in profit due to higher margin and expansion of sales.
	Yuka Seraya Private Limited	Jun.	75.4		Increase in loss due to higher hiking raw materials.
Performance Products	Verbatim Corporation	Jun.	52.2		Decrease in profit due to price fall despite sales expansion.
	Mitsubishi Chemical America, Inc. (toners and organic photoconductors)	Jun.	18.9		Maintain profit due to bullish demand.
Functional Products	Mitsubishi Polyester Film, LLC	Jun.	24.7		Increase both in sales and profit due to a full impact of the new production line.
	Mitsubishi Polyester Film GmbH	Jun.	19.2		Increase in profit due to improved product mix and cost reduction.

Non-Consolidated Statement of Operations

(Billions of Yen)

	1st half of FY 2004	1st half of FY 2003	Differences
Net Sales	407.4	340.1	67.3
Operating Income	22.8	6.4	16.4
Income (Expenses) on financing activities	6.8	2.0	4.8
[Dividend income included in above]	[10.4]	[5.8]	[4.6]
Other non-operating income	3.9	2.3	1.6
Other non-operating expenses	(3.2)	(6.2)	3.0
Ordinary income	30.3	4.5	25.8
Extraordinary gain	1.6	4.2	(2.6)
Extraordinary loss	(11.5)	(4.4)	(7.1)
Income before income taxes	20.4	4.3	16.1
Current income taxes	1.0	2.9	(1.9)
Deferred income taxes	(6.2)	(4.0)	(2.2)
Net income	15.1	3.2	11.9

Non-Consolidated Statements of Operations (FY 2004 Forecast)

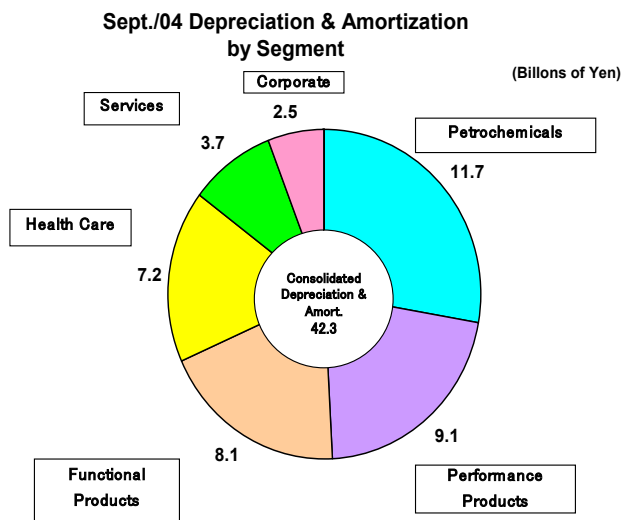
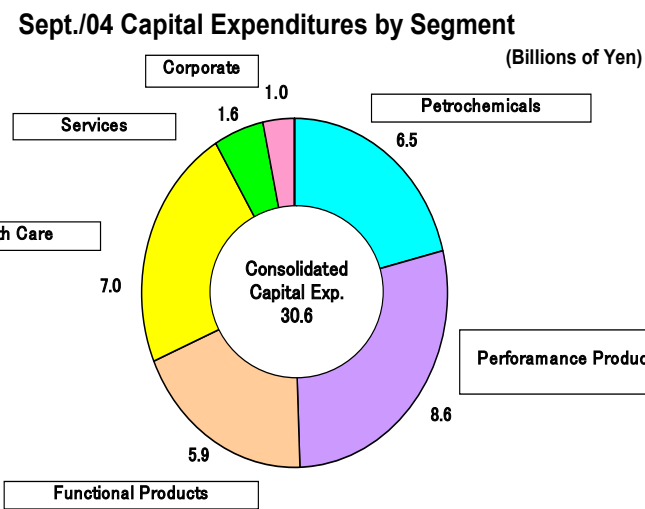
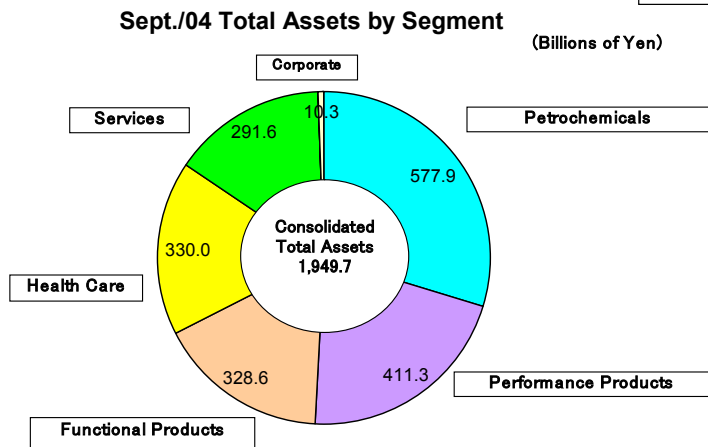
(Billions of Yen)

	FY 2004 forecast			FY 2003 Actual	Differences
	Full year	1st half	2nd half		
Net Sales	820.0	407.4	412.6	715.7	104.3
Operating Income	39.0	22.8	16.2	21.1	17.9
Income (Expenses) on financing activities	11.5	6.8	4.7	3.5	8.0
[Dividend income included in above]	[18.5]	[10.4]	[8.1]	[11.2]	[7.3]
Other non-operating income (expenses)	(1.5)	0.7	(2.2)	(7.7)	6.2
Ordinary income (loss)	49.0	30.3	18.7	16.9	32.1
Extraordinary gain (loss)	4.0	1.6	2.4	8.3	(4.3)
Extraordinary loss	(26.0)	(11.5)	(14.5)	(14.7)	(11.3)
Income (Loss) before income taxes	27.0	20.4	6.6	10.5	16.5
Current / Deferred income taxes	(7.0)	(5.2)	(1.8)	(3.6)	(3.4)
Net income (loss)	20.0	15.1	4.8	6.9	13.1

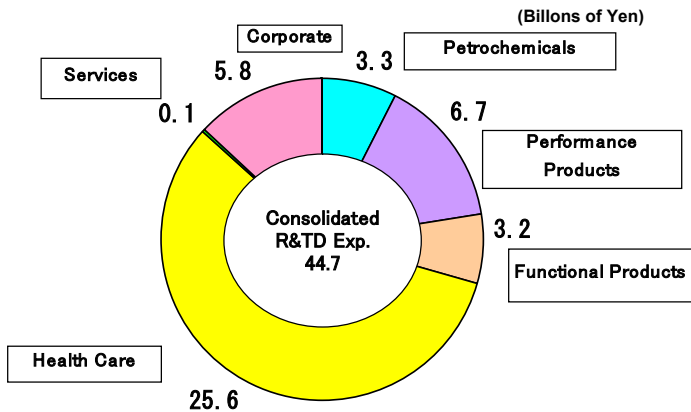
(Premised)

Exchange rate [Yen/\$]	110	110	110	113	(3)
Price of Naphtha (Domestic) [Yen/KL]	32,500	30,500	35,000	25,800	6,700

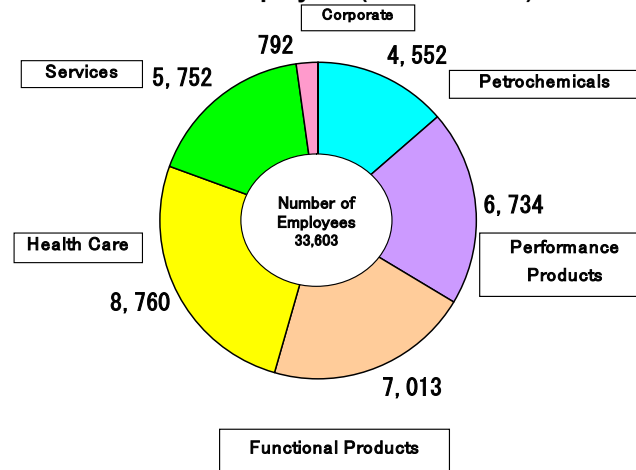
Reference Materials



Sept./04 R&TD Expenses by Segment



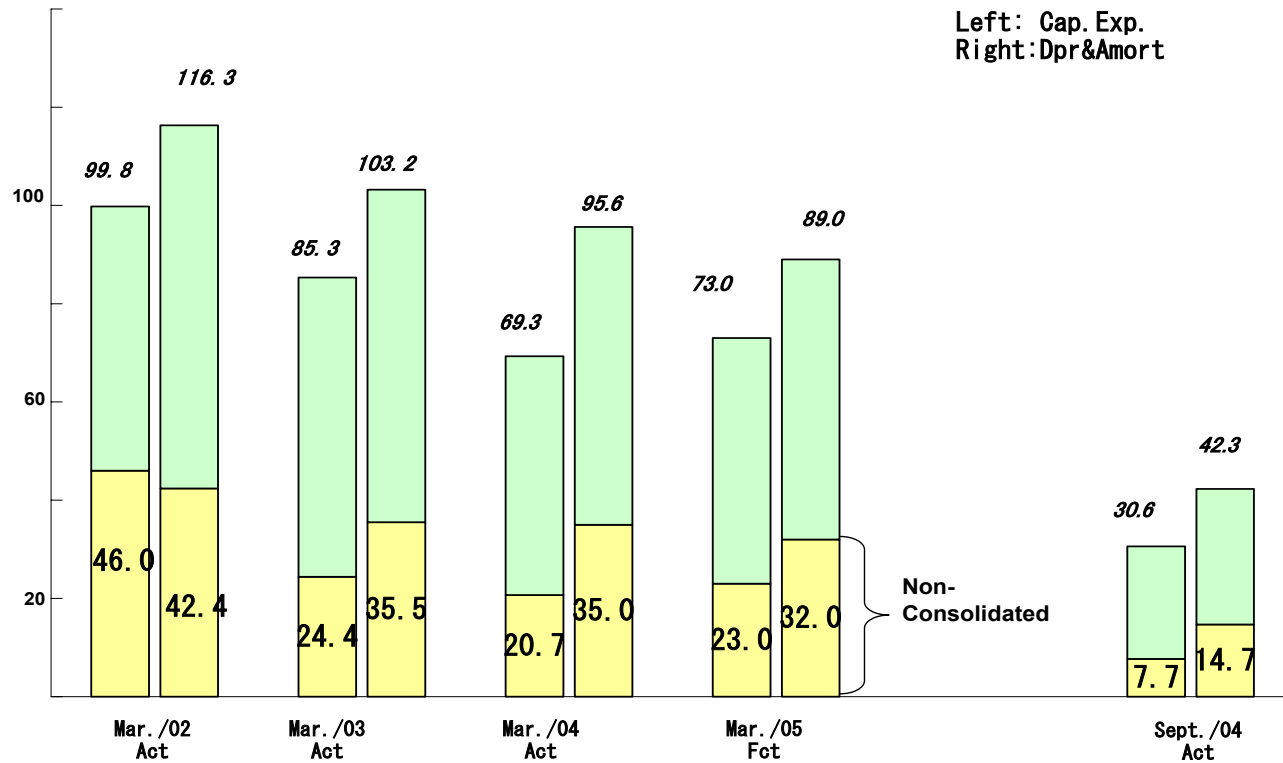
**Sept./04
Number of Employees (Consolidated)**



Consolidated Capital Exp. and Depreciation & Amortization

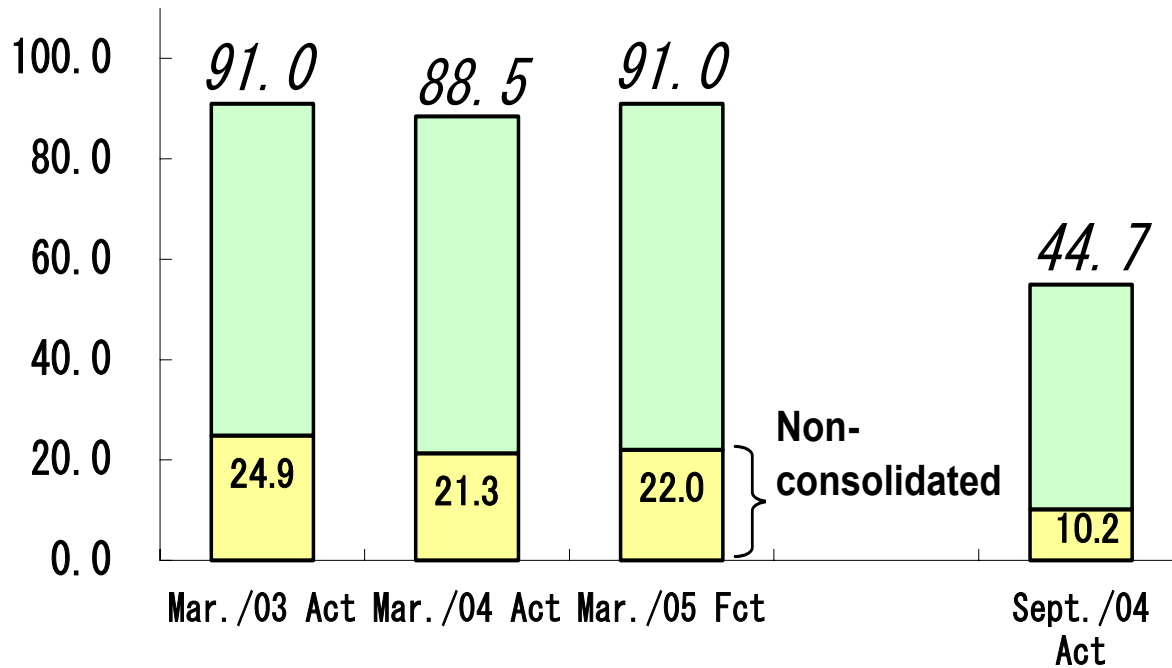
Billions of Yen

Left: Cap. Exp.
Right: Dpr&Amort



Consolidated R&TD Expenses

Billions of Yen



Number of Employees (Consolidated)

