

Consolidated Operating Results for the First Quarter ended June 30, 2004
Mitsubishi Materials Corporation
Tokyo, Japan

Code : 5711
Shares listed : Tokyo Stock Exchange and Osaka Securities Exchange
For further information please contact : Mr. Toru Suzuki, Manager, Corporate Communications & IR Dept., Tel: 03-5252-5206
(URL <http://www.mmc.co.jp/>)
Date of board of directors' meeting for approval of accounts: August 6, 2004

1. Notes on preparation of quarterly financial information

- (1) Use of simple accounting methods: Yes
(Details)
•Tax expenses calculated using projected annual tax rate
•Depreciation calculated monthly, based on annual depreciation projection
- (2) Changes in accounting policies since most recent consolidated fiscal year: No
- (3) Changes in scope of consolidation of equity-method accounting: Yes
(Details)
•One company added, two removed from consolidation
•Three companies newly accounted for under equity method, none removed

2. Results of the First Quarter ended June 30, 2004**(1) Results of operations:**

	Millions of yen							
	Net Sales	Change	Operating Profit	Change	Ordinary Income	Change	Net Income	Change
		%		%		%		%
First Quarter ended June 30, 2004	¥226,142	(1.4)	¥10,298	-	¥10,057	-	¥4,014	-
First Quarter ended June 30, 2003	¥229,379	2.9	-	-	-	-	-	-
Year ended March 31, 2004	¥948,237	(1.7)	¥43,422	26.1	¥36,124	247.6	(¥5,323)	-

	Net income per share	Diluted net income per share
	Yen	Yen
First Quarter ended June 30, 2004	3.55	3.33
First Quarter ended June 30, 2003	-	-
Year ended March 31, 2004	(4.77)	-

Notes 1: Information apart from sales for previous first quarter not presented, as disclosure began from this quarter.

Notes 2: Percentage changes for net sales, operating profit and other items relative to previous corresponding period.

Consolidated operating results

In the first quarter of fiscal 2005, ended June 30, 2004, the Japanese economy headed steadily toward a recovery as personal consumption improved and concerns about unemployment eased amid increased corporate revenues and earnings in response to growing private-sector capital investment and exports.

The Mitsubishi Materials Group again experienced sluggish demand from the engineering and construction industries amid slow public-sector spending, although demand from the automotive and information technology (IT) industries remained favorable.

Against this backdrop, sales were solid for powder metallurgy products & tools, advanced products, high-performance alloy products and other offerings for the automotive and IT sectors. The aluminum business boosted sales of aluminum beverage cans, particularly aluminum bottles, and products for the automotive sector enjoyed buoyant demand.

Sales declined in the cement business, however, with a downturn in domestic sales overshadowing favorable conditions overseas. Sales in metals declined despite higher copper prices and strong automotive- and IT-related revenues. This stemmed from the fact that at the start of fiscal 2005 the Company recorded sales of Copper electrolysis slime at PT. Smelting as an internal elimination.

As a consequence of these factors, net sales for the quarter declined ¥3.2 billion compared with the previous corresponding period, to ¥226.1 billion (although net sales would have risen ¥6.8 billion if not for the internal elimination mentioned above). Operating profit totaled ¥10.2 billion, ordinary income amounted to ¥10.0 billion, and net income totaled ¥4.0 billion.

(2) Financial position:

	Millions of yen			
	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
			%	Yen
First Quarter ended June 30, 2004	¥1,444,083	¥184,814	12.8	¥163.46
First Quarter ended June 30, 2003	-	-	-	-
Year ended March 31, 2004	¥1,435,114	¥183,885	12.8	¥162.57

Note: Information for previous first quarter not presented, as disclosure began from this quarter.

Changes in consolidated financial position

At the end of the term, total assets stood at ¥1,444.0 billion, up ¥8.9 billion from the end of fiscal 2004. This gain was mainly a result of higher expenditure on unfinished copper ore and engineering projects, which boosted inventories ¥9.6 billion.

Total liabilities amounted to ¥1,218.1 billion, up ¥8.2 billion from the end of fiscal 2004. The main factor attributed to this increase was a rise in commercial paper, which outstripped decreases in trade notes and accounts payable and loans.

3. Full-year forecasts

Management has not revised its forecasts.

**CONSOLIDATED BALANCE SHEET(1 / 2)
AS OF THE FIRST QUARTER ENDED JUNE 30, 2004**

(Millions of yen)

	Year ended March 31, 2004	First quarter ended June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash & Cash equivalents	¥18,177	¥23,168
Notes received & Accounts receivable - Trade	189,155	187,449
Marketable securities	73	24
Inventories	153,563	163,261
Future income tax benefit	8,953	9,195
Other current assets	112,145	114,434
Allowance for doubtful accounts	(3,082)	(3,124)
TOTAL CURRENT ASSETS	478,986	494,409
NON-CURRENT ASSETS		
TANGIBLE ASSETS		
Buildings & Structures	174,807	171,827
Machinery & Equipment	211,998	207,167
Land	254,783	254,519
Construction in progress	19,558	14,399
Other tangible assets	12,077	11,906
TOTAL TANGIBLE ASSETS	673,224	659,820
INTANGIBLE ASSETS		
Intangible assets	16,280	16,157
TOTAL INTANGIBLE ASSETS	16,280	16,157
INVESTMENT & LONG-TERM RECEIVABLES		
Investments securities	182,295	188,033
Long-term loans receivable	18,470	18,333
Advance payments	1,850	1,733
Future income tax benefit	37,983	39,062
Investment other	41,541	41,955
Reserve for loss on investments of affiliates	(1,472)	(1,472)
Allowance for doubtful accounts	(14,046)	(13,950)
TOTAL INVESTMENT & LONG-TERM RECEIVABLES	266,623	273,696
TOTAL NON-CURRENT ASSETS	956,128	949,673
TOTAL ASSETS	¥1,435,114	¥1,444,083

**CONSOLIDATED BALANCE SHEET(2 / 2)
AS OF THE FIRST QUARTER ENDED JUNE 30, 2004**

(Millions of yen)

	Year ended March 31, 2004	First quarter ended June 30, 2004
LIABILITIES		
CURRENT LIABILITIES		
Notes payable & Accounts payable - Trade	¥120,074	¥108,400
Short-term bank loans	387,375	390,500
Bonds payable	15,000	15,000
Commercial paper	-	40,000
Income taxes payable	4,648	2,979
Provision for deferred income tax	68	56
Reserve for bonus	9,685	6,909
Other current liabilities	153,519	147,811
TOTAL CURRENT LIABILITIES	690,373	711,657
LONG-TERM LIABILITIES		
Bonds payable	99,449	99,449
Long-term loans payable	290,262	275,802
Severance and pension benefits of employees	46,021	48,434
Reserve for loss on business of affiliates	1,250	1,154
Other provisions	4,887	4,249
Provision for deferred income tax	14,462	14,475
Provision for deferred income tax in relation to revaluation	31,376	31,380
Consolidated control	3,465	3,485
Other long-term liabilities	28,422	28,105
TOTAL LONG-TERM LIABILITIES	519,593	506,539
TOTAL LIABILITIES	1,209,967	1,218,197
MINORITY INTERESTS	41,262	41,072
SHAREHOLDERS' EQUITY		
Paid-in capital	99,396	99,396
Capital Surplus	68,413	68,413
Retained Surplus	(28,243)	(26,616)
Reserve for land revaluation	46,656	46,660
Net unrealized holding gains on securities	10,420	8,938
Foreign currency translation adjustments	(12,268)	(11,474)
Treasury stock, at cost	(488)	(503)
TOTAL SHAREHOLDERS' EQUITY	183,885	184,814
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	¥1,435,114	¥1,444,083

**CONSOLIDATED PROFIT & LOSS STATEMENTS
AS OF THE FIRST QUARTER ENDED MARCH 31 2005**

(Millions of yen)

	Year ended March 31, 2004	First quarter ended June 30, 2004
Net Sales	¥948,237	¥226,142
Cost of Goods Sold	783,970	186,030
Gross profit	164,267	40,112
Selling, General & Administrative Expenses	120,844	29,814
Operating profit	43,422	10,298
Non-operating income		
Interest income	404	62
Dividend income	1,544	830
Rent earned in undertaking	7,144	1,651
Gain on investment	3,101	2,296
Other non-operating income	3,396	435
Non-operating expenses		
Interest expenses	12,833	3,117
Expense for rent in undertaking	5,318	1,158
Other non-operating expenses	4,739	1,243
Ordinary income	36,124	10,057
Extraordinary profit		
Profit on sales of fixed assets	2,037	82
Profit on sales of investment stocks	13,856	103
Other extraordinary profit	3,921	886
Extraordinary loss		
Expenses for future employees' retirement	8,529	2,089
Loss on disposal of fixed assets	4,950	348
Loss on sale of investments securities	298	7
Provision for bad debt	2,509	-
Loss on investment	19,168	-
Unrealized loss on evaluation of investment stocks	1,143	-
Provision for loss on business of affiliates	1,034	-
Provision for loss on investments	109	-
Other extraordinary loss	7,094	992
Net income before tax	11,101	7,693
Tax expenses	12,402	3,522
Minority interest adjustment	4,022	156
Net income for the current year	(¥5,323)	¥4,014

Segment Information

Business segment information

First quarter ended June 30, 2004									Millions of yen	
	Cement	Aluminum	Metals	Powder metallurgy products & tools	Advanced products	Energy & systems	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥32,377	¥35,696	¥57,386	¥28,623	¥12,807	¥13,784	¥45,466	¥226,142		¥226,142
Intersegment	147	210	10,900	2,386	386	5,202	8,190	27,423	(27,423)	-
Total	32,525	35,907	68,286	31,009	13,194	18,987	53,656	253,566	(27,423)	226,142
Operating expenses	30,905	33,554	66,172	26,893	12,156	19,152	53,107	241,942	(26,097)	215,844
Operating profit (loss)	¥1,619	¥2,352	¥2,113	¥4,115	¥1,037	(¥164)	¥549	¥11,624	(¥1,326)	¥10,298

Year ended March 31, 2004									Millions of yen	
	Cement	Aluminum	Metals	Powder metallurgy products & tools	Advanced products	Energy & systems	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥145,072	¥131,874	¥242,097	¥103,865	¥51,038	¥82,679	¥191,609	¥948,237		¥948,237
Intersegment	579	899	63,907	8,972	1,358	27,210	30,623	133,550	(133,550)	-
Total	145,652	132,773	306,004	112,838	52,397	109,889	222,233	1,081,788	(133,550)	948,237
Operating expenses	131,992	126,119	296,781	102,185	49,778	106,400	217,575	1,030,832	(126,017)	904,815
Operating profit	¥13,659	¥6,654	¥9,223	¥10,653	¥2,618	¥3,488	¥4,657	¥50,955	(¥7,533)	¥43,422

Note: Business segment has been classified in terms of sales, main products of each business segment are as follows;

- | | |
|---|--|
| (1) Cement: | Cement, cement-related products, ready-mixed concrete and building materials |
| (2) Aluminium: | Aluminum cans, aluminum rolled and fabricated products and aluminum related products |
| (3) Metals: | Copper smelting and copper related products |
| (4) Powder Metallurgy Products and Tools: | Carbide and tools, powder metallurgy products and diamond tools |
| (5) Advanced Products: | Electronic components, electronic materials and chemical |
| (6) Energy & Systems: | Engineering and nuclear related business |
| (7) Others: | High performance alloy products, precious metals, polysilicon, resources and environment-related business and the real estate business |