

Consolidated Financial Results for the six months ended September 30, 2004**Mitsubishi Materials Corporation**

Tokyo, Japan

Code : 5711

Shares listed : Tokyo and Osaka stock exchanges

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1. Results of the six months ended September 30, 2004**(1) Results of operations :**

	Millions of yen							
	Net Sales	Change	Operating Profit	Change	Ordinary Income	Change	Net Income	Change
		%		%		%		%
Six months ended Sep.30,2004	¥466,325	1.8	¥23,255	44.9	¥24,154	175.5	¥9,543	-
Six months ended Sep.30,2003	¥458,126	(1.0)	¥16,050	13.8	¥8,768	313.2	¥573	-
Year ended Mar.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
Six months ended Sep.30,2004	¥8.44	¥7.90
Six months ended Sep.30,2003	¥0.51	-
Year ended Mar.31,2004	(¥4.77)	-

Note 1.Profit/(loss) on investment by the equity method of accounting

Six months ended Sep.30,2004 : 6,247million yen Year ended Mar.31,2004 : (16,066)million yen

Six months ended Sep.30,2003 : (2,071)million yen

2.Number of averaged shares in the period

Six months ended Sep.30,2004 : 1,130,614,542share Year ended Mar.31,2004 : 1,130,720,877share

Six months ended Sep.30,2003 : 1,130,625,678share

3.Changes in the accounting method nothing

4.Changes shown in net sales, operating profit, ordinary income and net income are calculated against those figures in the previous period.

(2) Financial position :

	Millions of yen			
	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
			%	Yen
Six months ended Sep.30,2004	¥1,442,698	¥191,360	13.3	¥169.27
Six months ended Sep.30,2003	¥1,421,954	¥177,139	12.5	¥155.66
Year ended Mar.31,2004	¥1,435,114	¥183,885	12.8	¥162.57

Note: Number of shares at the end of the period

Six months ended Sep.30,2004 : 1,130,498,844share Year ended Mar.31,2004 : 1,130,730,196share

Six months ended Sep.30,2003 : 1,130,691,945share

(3) Cash flows :

	Millions of yen			
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
Six months ended Sep.30,2004	¥8,311	(¥21,011)	¥12,760	¥18,194
Six months ended Sep.30,2003	¥8,403	¥1,902	(¥8,744)	¥19,896
Year ended Mar.31,2004	¥40,819	(¥21,450)	(¥19,749)	¥17,753

(4) Scope of consolidation and adoption of the equity method of accounting :

Number of consolidated subsidiaries : 108

Number of non-consolidated subsidiaries to which the equity method accounting is applied :

Number of affiliates to which the equity method accounting is applied 20

(5) Changes in scope of consolidation and adoption of the equity method of accounting

Number of consolidated companies ; New : 1 Excluded : 3

Number of companies to which the equity method of accounting is applied ; New : 3 Excluded : -

2. Forecast (from April 1, 2004 to March 31, 2005)

	Millions of yen		
	Net Sales	Ordinary Income	Net Income
Year ending Mar.31,2005	¥940,000	¥47,000	¥15,000
Anticipated net income per share for the year ending March 31, 2005:		¥13.27	

(1) Results for Six months ended September 30, 2004

In the first half of fiscal 2005, ended September 30, 2004, the Japanese economy continued to grow steadily. This reflected corporate rationalization efforts, solid exports, particularly to China and Southeast Asia, and a surge in business earnings. Other key factors were a more stable financial sector and lower unemployment, which caused a mild upturn in personal consumption.

The Mitsubishi Materials Group's operating environment improved steadily. While engineering and construction demand remained chronically lackluster, demand for automotive products was again solid, as was demand for information technology offerings owing to the popularity of digital appliances. On top of that, demand grew for beverage cans as a result of a hot summer, while metals prices advanced.

Against this backdrop, the Group increased sales of automotive and IT products while aggressively marketing aluminum bottles, a strategic area. We reduced fixed and variable costs, notably by reducing employee remuneration, while constraining investment spending. We also pushed ahead with business reforms, such as by streamlining operations at headquarters and simplifying our organization. And we strengthened our structure by liquidating or transferring unprofitable and noncore businesses and forming alliances with other companies.

These factors translated into a ¥8.1 billion gain in consolidated net sales from the previous corresponding period, to ¥466.3 billion, and a ¥7.2 billion rise in operating profit, to ¥23.2 billion.

At the non-operating level, net financial expenditure was ¥4.5 billion, down ¥1.0 billion. Income from businesses of affiliates was ¥6.2 billion, up ¥8.3 billion, partly because of a strong showing at Sumitomo Mitsubishi Silicon Corporation (SUMCO)—in which we have a 50% stake—generating a ¥15.3 billion improvement in ordinary income, to ¥24.1 billion.

Net income was ¥9.5 billion, up ¥8.9 billion. This reflected extraordinary gains from sales, principally from the transfer of our biomedical materials operations, which offset extraordinary losses from additional spending on employee retirement benefits and writedowns of investment securities holdings.

Review by Segment

Cement

Sales and volumes declined amid cuts in public sector expenditures, which overshadowed signs of a demand recovery in the private sector.

Domestic consolidated subsidiaries posted lower revenues and earnings because of sluggish demand for engineering and construction. In contrast, overseas subsidiaries continued to do well, especially in the United States and China.

Segment sales therefore dropped ¥3.1 billion, to ¥68.6 billion, with operating profit falling ¥900 million, to ¥3.9 billion.

Aluminum Products

Revenues and earnings both improved in this segment. Sales were buoyant for aluminum bottles, a key strategic offering, while one of the hottest summers on record created strong demand for soft drinks and alcoholic beverages. Sales of aluminum fabricated products were down from a year earlier. This was due to the June 2004 halt in production, as key customers internalized their production.

Consolidated subsidiaries did well amid higher demand for extruded aluminum products for automakers.

Segment sales thus advanced ¥5.5 billion, to ¥71.7 billion, while operating profit rose ¥1.4 billion, to ¥4.9 billion.

Copper

Sales and volumes improved in this segment. Sales of copper wire continued to dwindle, although revenues from rolled copper grew on increased demand for semiconductors, electronic materials and automotive terminal materials. Gold prices stayed high, but revenues dropped as volumes declined and the proportion of gold used in raw materials decreased.

Both volumes and sales were up in fabricated metal products. This stemmed from favorable demand for copper castings, mainly for automakers, and higher prices from the second half of the previous year. On April 1, 2004, we transferred our copper tube operations to jointly form an equity method affiliate called Kobelco & Materials Copper Tube Ltd. with Kobe Steel, Ltd.

At the end of March this year, Indonesian subsidiary PT. Smelting started a planned repair program, causing its sales and earnings to drop.

Segment sales were off ¥11.8 billion, at ¥133.4 billion. From this fiscal year,

we started accounting for tailing sales of PT. Smelting as an internal elimination, for a negative impact on sales of ¥14.3 billion, while the transfer of operations to Kobelco & Materials Copper Tube had a ¥4.5 billion impact. After excluding these special factors, sales would have gained ¥7.1 billion. Operating profit was up ¥500 million, to ¥4.2 billion.

Fabricated Metal Products

Sales and earnings from hard-metal products improved on favorable demand domestically from machine tools makers and from buoyant conditions overseas, especially in China and Eastern Europe.

In functional products, sales of mainline powder metallurgy offerings soared on solid demand from automakers, while sales of IT related products improved on steady demand. Earnings were down, however, owing to increased spending to handle additional production.

Sales and earnings also rose in diamond tools, with IT and electronic device sales remaining favorable.

Segment sales thus increased ¥6.9 billion, to ¥62.2 billion, with operating profit increased ¥3.2 billion, to ¥8.1 billion.

Advanced Materials

Revenues and earnings of advanced materials were up on brisk activity in the semiconductor market, which caused sales of silicon precision processing parts to soar, while demand was solid for gold bonding wire and precision extruded parts.

Sales and profits also improved in electronic devices. This was due to successful efforts to expand sales of thermistor parts, which offset lower prices for liquid crystal compound electromagnetic interference filters used in cell phones.

Similarly, sales and profits grew for fine chemical products, owing to higher sales of electrolytic fluoride products for semiconductors.

Segment sales were thus up ¥700 million, to ¥26.4 billion. Operating profit rocketed ¥900 million, to ¥1.8 billion.

Energy and Systems

Sales from nuclear power and systems decreased as a result of the end of construction at the Rokkasho nuclear fuel reprocessing plant in Aomori Prefecture.

In the geothermal power generation business, sales were down slightly. This was because of regular repairs and improvements in our steam supply business, which

serves a geothermal power station in Akita Prefecture, which overshadowed the favorable performance of our hydroelectric power business in that prefecture.

Sales of our fossil fuels business increased in line with globally high prices for coal and oil, but commissions were down owing to lower volumes. And earnings were down.

Segment sales were off ¥500 million, to ¥47.3 billion, while operating profit plunged ¥400 million, to ¥300 million.

Others

Sales of our high-performance alloy products surged on greater demand from the IT and automotive sectors and high metals prices. Sales of precious metals and jewelry to consumers were strong, but sales of gold to business users were down. Our trading house subsidiary enjoyed solid sales of IT related products.

Segment sales therefore advanced ¥4.7 billion, to ¥113.7 billion, with operating profit rocketing ¥1.5 billion, to ¥2.8 billion.

(2) Outlook for Fiscal 2005, Ending March 31, 2005

The prospects for the Japanese economy in fiscal 2005 are increasingly unclear. Several factors indicate that the economy will continue to expand. Exports are brisk, private sector capital investment is growing, and personal consumption is recovering. At the same time, growth is slowing in IT markets, we are seeing further hikes in raw materials and fuels prices, and the international situation is unstable.

We expect the Group operating environment to be generally difficult. On the positive side, automotive sales should remain buoyant. But we also face sluggish domestic demand for cement, inventory adjustments in IT offerings, increased fuels and shipping prices, and chronic discounting pressures.

We will tackle these challenges by reinforcing our cement business in the promising Chinese market and working to expand sales of aluminum bottles and new high-value-added products. At the same time, we will further streamline headquarters operations and promote materials recycling in our cement and copper businesses while reducing overall costs. At the same time, we will review our pricing in light of higher fuels costs and pursue selective concentration policies to bolster revenues and earnings. We anticipate that SUMCO will continue to generate strong results in keeping with favorable conditions in the semiconductor market.

Consequently, we target net sales of ¥940.0 billion, ordinary income of ¥47.0 billion, and net income of ¥15.0 billion for fiscal 2005.

(Millions of yen)				
Fiscal 2005 outlook	Net sales	Operating profit	Ordinary income	Net income
Consolidated	¥940,000	¥47,000	¥47,000	¥15,000
Nonconsolidated	¥510,000	¥18,000	¥18,000	¥6,000

CONSOLIDATED BALANCE SHEET (1 / 2)
AS OF SEPTEMBER 30 2004

(Millions of yen)

	31/3/2004	30/9/2004	Difference	30/9/2003
ASSETS				
CURRENT ASSETS				
Cash & Cash equivalent	¥18,177	¥18,566	¥389	¥20,390
Notes received & Accounts receivable - Trade	189,155	187,132	(2,022)	174,745
Marketable securities	73	24	(48)	54
Inventories	153,563	163,428	9,864	156,028
Future income tax benefit	8,953	8,460	(492)	8,039
Other current assets	112,145	116,327	4,181	108,403
Allowance for doubtful accounts	(3,082)	(3,223)	(140)	(3,453)
TOTAL CURRENT ASSETS	478,986	490,717	11,731	464,208
NON-CURRENT ASSETS				
TANGIBLE ASSETS				
Buildings & Structures	174,807	170,610	(4,197)	178,402
Machinery & Equipment	211,998	208,338	(3,659)	219,929
Land	254,783	254,236	(547)	239,804
Construction in progress	19,558	16,871	(2,686)	17,455
Other tangible assets	12,077	11,980	(97)	12,353
TOTAL TANGIBLE ASSETS	673,224	662,037	(11,186)	667,944
INTANGIBLE ASSETS				
Other intangible assets	16,280	16,026	(254)	17,959
TOTAL INTANGIBLE ASSETS	16,280	16,026	(254)	17,959
INVESTMENT & LONG-TERM RECEIVABLES				
Investments securities	182,295	185,060	2,764	174,204
Long-term loans receivable	18,470	17,789	(680)	22,367
Advance payments	1,850	1,912	62	1,831
Future income tax benefit	37,983	40,210	2,226	50,564
Investment other	41,541	40,545	(995)	41,548
Reserve for loss on consolidated subsidiaries	(1,472)	(1,472)	-	(1,393)
Allowance for doubtful accounts	(14,046)	(10,129)	3,916	(17,279)
TOTAL INVESTMENT & LONG-TERM RECEIVABLES	266,623	273,916	7,293	271,842
TOTAL NON-CURRENT ASSETS	956,128	951,980	(4,148)	957,746
TOTAL ASSETS	¥1,435,114	¥1,442,698	7,583	¥1,421,954

CONSOLIDATED BALANCE SHEET(2 / 2)
AS OF SEPTEMBER 30 2004

(Millions of yen)

	31/3/2004	30/9/2004	Difference	30/9/2003
LIABILITIES				
CURRENT LIABILITIES				
Notes payable & Accounts payable - Trade	¥120,074	¥109,808	(¥10,266)	¥103,253
Short-term bank loans	387,375	390,911	3,535	366,022
Bonds payable	15,000	49,259	34,259	25,349
Commercial paper	-	40,000	40,000	25,000
Income taxes payable	4,648	3,663	(985)	2,595
Provision for deferred income tax	68	60	(7)	60
Reserve for bonus	9,685	9,201	(484)	9,549
Gold payable	70,733	75,117	4,384	66,722
Other current liabilities	82,786	75,747	(7,038)	75,101
TOTAL CURRENT LIABILITIES	690,373	753,769	63,396	673,654
LONG-TERM LIABILITIES				
Bonds payable	99,449	50,190	(49,259)	99,449
Long-term loans payable	290,262	271,521	(18,740)	295,315
Severance and pension benefits of employees	46,021	48,560	2,538	41,495
Reserve for loss on business of affiliates	1,250	1,770	519	14,598
Other provisions	4,887	4,018	(868)	4,540
Provision for deferred income tax	14,462	14,656	194	14,548
Provision for deferred income tax in relation to revaluation	31,376	31,503	127	30,932
Consolidated control	3,465	3,518	52	3,458
Other non-current liabilities	28,418	29,533	1,114	32,655
TOTAL LONG-TERM LIABILITIES	519,593	455,271	(64,321)	536,994
TOTAL LIABILITIES	1,209,967	1,209,041	(925)	1,210,649
MINORITY INTERESTS	41,262	42,296	1,034	34,166
SHAREHOLDERS' EQUITY				
Paid-in capital	99,396	99,396	-	99,396
Capital Surplus	68,413	68,414	1	68,416
Retained Surplus	(28,243)	(20,934)	7,309	(31,544)
Reserve for land revaluation	46,656	46,514	(142)	46,289
Net unrealized holding gains on securities	10,420	8,218	(2,201)	3,879
Foreign currency translation adjustments	(12,268)	(9,705)	2,563	(8,799)
Treasury stock, at cost	(488)	(544)	(55)	(498)
TOTAL SHAREHOLDERS' EQUITY	183,885	191,360	7,474	177,139
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	¥1,435,114	¥1,442,698	¥7,583	¥1,421,954

**CONSOLIDATED PROFIT & LOSS STATEMENTS
FOR SIX MONTHS ENDED SEPTEMBER 30 2004**

(Millions of yen)

	6 months to 30/9/2003	6 months to 30/9/2004	Difference	12 months to 31/3/2004
Net Sales	¥458,126	¥466,325	¥8,199	¥948,237
Cost of Goods Sold	381,639	383,558	1,919	783,970
Selling, General & Administrative Expenses	60,435	59,511	(924)	120,844
Operating profit	16,050	23,255	7,204	43,422
Non-operating income				
Interest income	190	197	7	404
Dividend income	1,007	1,325	318	1,544
Rent earned in undertaking	3,410	3,782	372	7,144
Gain on investment	-	6,247	6,247	3,101
Other non-operating income	2,013	1,109	(903)	3,396
Non-operating expenses				
Interest expenses	6,725	6,034	(690)	12,833
Loss on investment	2,071	-	(2,071)	-
Expense for rent in undertaking	2,688	2,888	200	5,318
Other non-operating expenses	2,418	2,840	421	4,739
Ordinary income	8,768	24,154	15,386	36,124
Extraordinary profit				
Profit on sales of fixed assets	1,735	230	(1,504)	2,037
Profit on sales of investment stocks	3,165	187	(2,977)	13,856
Profit on business assignment	-	859	859	-
Profit on business assignment for equity method affiliates	-	773	773	-
Drawback of allowance for bad debt	10	380	370	141
Other extraordinary profit	418	122	(295)	3,779
Extraordinary loss				
Expenses for future employees' retirement	4,287	4,199	(87)	8,529
Unrealized loss on evaluation of investment stocks	-	2,426	2,426	1,143
Loss on disposal of fixed assets	1,623	1,474	(149)	4,950
Provision for loss on business of affiliates	-	615	615	1,034
Allowance for bad debt	712	332	(380)	2,509
Loss on sales of investments securities	278	9	(269)	298
Provision for loss on investments	30	-	(30)	109
Loss on investment	-	-	-	19,168
Other extraordinary loss	2,195	2,274	78	7,094
Net income before tax	4,968	15,376	10,408	11,101
Corporate income taxes & business tax	3,373	5,001	1,628	10,016
Income taxes adjustments	(239)	(81)	158	2,386
Minority interest adjustment	1,261	912	(349)	4,022
Net income for the current year	¥573	¥9,543	¥8,970	(¥5,323)

**CONSOLIDATED RETAINED EARNINGS
FOR SIX MONTHS ENDED SEPTEMBER 30 2004**

(Millions of yen)

	6 months to 30/9/2003	6 months to 30/9/2004	Difference	12 months to 31/3/2004
(Capital Surplus)				
Balance at the beginning of year	¥69,090	¥68,413	(¥676)	¥69,090
Profit from treasury stock	-	1	1	-
Increase total	-	1	1	-
Decrease due to changing to Retained earning	662	-	(662)	662
Decrease from treasury stock dealing	11	-	(11)	14
Decrease total	673	-	(673)	676
Balance at the end of year	¥68,416	¥68,414	(¥1)	¥68,413
(Retained Earnings)				
Balance at the beginning of year	(¥32,789)	(¥28,243)	¥4,546	(¥32,789)
Increase due to changing from Capital surplus	662	-	(662)	662
Increase resulting from increase of equity method affiliates	57	-	(57)	57
Increase due to reversal of reserve for land revaluation	36	351	314	4
Increase due to merger	-	5	5	-
Increase resulting from increase of consolidated subsidiaries	-	44	44	-
Increase due to realization of profit resulting from consolidation	-	-	-	9,784
Net profit for half year end	573	9,543	8,970	-
Others	1	3	2	-
Increase total	1,331	9,948	8,616	10,508
Dividend	-	2,265	2,265	-
Bonus to directors and statutory auditors	59	65	5	59
Decrease resulting from decrease of equity method affiliates	-	71	71	-
Decrease due to reversal of reserve for land revaluation	-	211	211	517
Decrease due to merger	-	25	25	-
Decrease resulting due to decrease of consolidated subsidiaries	26	-	(26)	26
Net loss for current year	-	-	-	5,323
Other decrease	-	0	0	34
Decrease total	86	2,639	2,552	5,962
Balance at the end of year	(¥31,544)	(¥20,934)	¥10,610	(¥28,243)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR SIX MONTHS ENDED SEPTEMBER 30 2004**

(Millions of yen)

	6 months to 30/9/2003	6 months to 30/9/2004	12 months to 31/3/2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income before tax	¥4,968	¥15,376	¥11,101
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	24,521	23,471	49,318
Provisions	3,771	1,870	9,886
Interest income & dividend income	(1,197)	(1,523)	(1,949)
Interest expenses	6,725	6,034	12,833
Sales or disposal of property, plant and equipment	(111)	1,244	2,913
Sales or evaluation of marketable securities and investments in securities	(2,886)	2,247	(12,413)
Increase(Decrease) in accounts receivables	8,171	(1,781)	(9,302)
(Increase)Decrease in inventories	(11,853)	(11,534)	(10,554)
(Increase)Decrease in other current assets	(5,433)	(3,930)	(1,441)
(Increase)Decrease in accounts payable	(8,536)	(9,180)	8,679
Equity earnings of unconsolidated subsidiaries and affiliates	2,071	(6,247)	16,066
Others	(3,958)	25	(4,995)
Sub-total	16,251	16,073	70,140
Receipts for interest & dividend	2,741	5,642	4,832
Payments for interest	(6,485)	(6,052)	(12,847)
Payments due to business withdrawal	-	-	(12,168)
Payments for income taxes	(4,104)	(7,351)	(9,137)
Net cash provided by operating activities	8,403	8,311	40,819
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of marketable securities and investments in securities	(454)	(2,957)	(22,207)
Proceeds from sales of marketable securities and investments in securities	9,683	443	27,722
Proceeds from sales of property, plant and equipment	5,483	972	6,046
Purchase of property, plant and equipment	(15,787)	(21,557)	(38,606)
Proceeds from sales of consolidated subsidiaries securities	1,143	-	1,143
Others	1,834	2,088	4,450
Net cash provided by investing activities	1,902	(21,011)	(21,450)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase(Decrease) in short-term bank loans	(3,601)	10,814	(19,278)
Proceeds from long-term debt	23,402	27,866	95,048
Repayments of long-term debt	(47,035)	(47,628)	(82,671)
Increase(Decrease) in commercial paper	19,000	40,000	(6,000)
Proceeds from issuance of bonds	10,000	-	10,000
Redemption of bonds	(10,000)	(15,000)	(20,349)
Dividend	-	(2,265)	-
Others	(509)	(1,026)	3,501
Net cash provided by financing activities	(8,744)	12,760	(19,749)
Adjustment	(591)	314	(984)
Net Increase(Decrease) in cash	969	375	(1,363)
Cash at beginning of year	18,926	17,753	18,926
Increase(Decrease) due to the change of scope of consolidation	-	35	125
Increase due to the merging the non-consolidation company	-	29	65
Cash at end of year	19,896	18,194	17,753

Segment Information

(a) Business segment information

Millions of yen

Six months ended September 30, 2003	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥71,554	¥65,691	¥113,965	¥51,117	¥25,101	¥35,458	¥95,237	¥458,126		¥458,126
Intersegment	211	458	31,245	4,116	629	12,518	13,816	62,995	(62,995)	-
Total	71,765	66,149	145,211	55,233	25,730	47,976	109,053	521,121	(62,995)	458,126
Operating expenses	66,861	62,670	141,476	50,393	24,752	47,122	107,774	501,050	(58,975)	442,075
Operating profit	¥4,904	¥3,478	¥3,735	¥4,840	¥978	¥854	¥1,279	¥20,071	(¥4,020)	¥16,050

Six months ended September 30, 2004	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥68,399	¥71,357	¥110,791	¥57,536	¥25,709	¥35,231	¥97,299	¥466,325		¥466,325
Intersegment	240	370	22,615	4,668	764	12,166	16,469	57,295	(57,295)	-
Total	68,639	71,728	133,406	62,205	26,473	47,398	113,768	523,621	(57,295)	466,325
Operating expenses	64,708	66,765	129,171	54,082	24,589	47,031	110,934	497,283	(54,212)	443,070
Operating profit	¥3,931	¥4,962	¥4,235	¥8,122	¥1,884	¥367	¥2,834	¥26,337	(¥3,082)	¥23,255

Year ended March 31, 2004	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	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

NOTES

1. 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: Aluminium cans, Aluminium rolled and fabricated products and Aluminium related products
- (3) Metals: Copper smelting and Copper related products
- (4) Powder Metallurgy Products and Tools: Carvide and tools, Powder metallurgy products and Diamond tools
- (5) Advanced Products: Electronic Components, Electronic materials and Chemical
- (6) Energy and System: Engineering and Nuclear related
- (7) Others: High performance alloy products, Precious metals, Polysilicon, Resources and environmental related and Real estate

2. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses, were as follows:

Six months ended September 30, 2003	¥4,838 million
Six months ended September 30, 2004	¥3,818 million
Year ended March 31, 2004	¥9,039 million

3. As of offset trade for slime of PT Smelting

Due to the change of trade agreement content, the account for the trade is offset since this six months. According to this deal, both sales and operating expense to unaffiliated customers in Metals reduce 14,341 million yen comparing to the method as before.

(b) Segment information by geographic area

Millions of yen

Six months ended September 30, 2003	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥382,042	¥27,478	¥5,399	¥42,207	¥998	¥458,126		¥458,126
Intersegment	20,171	201	10	15,121	-	35,504	(35,504)	-
Total	402,213	27,679	5,409	57,328	998	493,630	(35,504)	458,126
Operating expenses	386,376	25,866	5,336	55,289	984	473,853	(31,778)	442,075
Operating profit	¥15,837	¥1,813	¥72	¥2,038	¥14	¥19,777	(¥3,726)	¥16,050

Six months ended September 30, 2004	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥408,979	¥30,744	¥6,432	¥19,085	¥1,083	¥466,325		¥466,325
Intersegment	12,808	325	8	27,739	-	40,882	(40,882)	-
Total	421,788	31,069	6,440	46,825	1,083	507,208	(40,882)	466,325
Operating expenses	398,371	28,597	6,197	46,207	1,158	480,532	(37,461)	443,070
Operating profit	¥23,416	¥2,472	¥242	¥618	(¥74)	¥26,676	(¥3,421)	¥23,255

Year ended March 31, 2004	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥788,938	¥52,379	¥9,928	¥95,002	¥1,987	¥948,237		¥948,237
Intersegment	27,013	546	10	22,755	-	50,326	(50,326)	-
Total	815,952	52,925	9,939	117,758	1,987	998,564	(50,326)	948,237
Operating expenses	772,742	48,363	9,938	113,749	2,147	946,941	(42,126)	904,815
Operating profit	¥43,209	¥4,562	¥1	¥4,008	(¥159)	¥51,623	(¥8,200)	¥43,422

NOTES

- Nations or areas has been classified in terms of their geographic closeness.
- Main countries or regions that belong to classes other than Japan and the United States
 - Europe : Germany, Spain, UK, France, Holland
 - Asia : Indonesia, Malaysia, Singapore, Taiwan, Hong Kong, Thailand
 - Other : Australia
- An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses, were as follows:

Six months ended September 30, 2003	¥4,838 million
Six months ended September 30, 2004	¥3,818 million
Year ended March 31, 2004	¥9,039 million

3. As of offset trade for slime of PT Smelting

Due to the change of trade agreement content, the account for the trade is offset since this six months. According to this deal, comparing to the method as before, both sales and operating expense to unaffiliated customers in Asia reduce 14,341 million yen and those to intersegment increase the same amount.

(c) Overseas sales by geographic area

Millions of yen

Six months ended September 30, 2003	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥30,143	¥9,278	¥44,972	¥846	¥85,240
Consolidated net sales					¥458,126
Percentage of overseas sales to consolidated net sales	6.6%	2.0%	9.8%	0.2%	18.6%

Six months ended September 30, 2004	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥33,624	¥7,459	¥54,908	¥1,002	¥96,994
Consolidated net sales					¥466,325
Percentage of overseas sales to consolidated net sales	7.2%	1.6%	11.8%	0.2%	20.8%

Year ended March 31, 2004	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥57,609	¥15,510	¥90,607	¥2,350	¥166,078
Consolidated net sales					¥948,237
Percentage of overseas sales to consolidated net sales	6.1%	1.6%	9.6%	0.2%	17.5%

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than the United States

- (1) Europe : Germany, UK, Spain, France
- (2) Asia : Indonesia, Korea, Malaysia, Singapore, Taiwan, Thailand, Hong Kong
- (3) Other : Australia, Canada, Brazil

3. Overseas sales represents sales of Mitsubishi Materials Corporation and its subsidiaries made in countries and regions other than Japan.