

February 7, 2005

Consolidated Operating Results for the Third Quarter ended December 31, 2004
Mitsubishi Materials Corporation
Tokyo, Japan

Code : 5711
Shares listed : Tokyo and Osaka stock exchanges
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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, three removed from consolidation
•Three companies newly accounted for under equity method, none removed

2. Results of the Nine Months ended December 31, 2004

(1) Results of operations:

	Millions of yen							
	Net Sales	Change	Operating Profit	Change	Ordinary Income	Change	Net Income	Change
		%		%		%		%
Nine months ended December 31, 2004	¥719,550	3.9	¥37,646	-	¥39,075	-	¥14,891	-
Nine months ended December 31, 2003	¥692,802	(1.0)	-	-	-	-	-	-
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	Yen	Yen
	Nine months ended December 31, 2004	13.17	-	11.95
Nine months ended December 31, 2003	-	-	-	-
Year ended March 31, 2004	(4.77)	-	-	-

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

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

Consolidated operating results

In the third quarter of fiscal 2005, ended December 31, 2004, the pace of Japan's economic recovery slowed. This reflected weaker exports to the United States and China, signs of inventory adjustments in information technology (IT) products, and a string of natural disasters that dampened domestic personal consumption.

The Mitsubishi Materials Group's operating environment was again generally favorable. Although engineering and construction demand remained poor amid consistently low public spending and demand for IT products was down slightly, demand for automotive products stayed solid.

Sales were strong for fabricated metal products and high-performance alloy products for the automotive sector and for IT offerings. Sales were up slightly from the previous corresponding period for aluminum

products, reflecting buoyant demand for aluminum cans, particularly for strategically important aluminum bottles. Demand was also high for extruded aluminum rolled products for automakers.

Cement business sales declined, with sluggish domestic demand for cement and construction materials overshadowing a strong showing overseas. The copper business generally performed well, with copper prices continuing a rise that started in the second half of the previous fiscal year and demand remaining solid for automotive and information technology offerings. Sales were down in the copper business, however, although this stemmed from the adoption of internal eliminations from the year under review for sales of slime at PT. Smelting, an Indonesian subsidiary.

As a result of these factors, consolidated net sales were ¥719.5 billion, up ¥26.7 billion (although after factoring out the impact of accounting changes for the copper business, they would have gained ¥57.1 billion, to ¥749.9 billion). Operating profit was ¥37.6 billion. Ordinary income was ¥39.0 billion, while net income was ¥14.8 billion.

(2) Financial position:

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Millions of yen	
				Shareholders' equity per share	
			%		Yen
Nine months ended December 31, 2004	¥1,484,848	¥210,906	14.2		¥186.56
Nine months ended December 31, 2003	-	-	-		-
Year ended March 31, 2004	¥1,435,114	¥183,885	12.8		¥162.57

Note: Information for previous nine months not presented, as disclosure began from this nine months.

(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
	Yen	Yen	Yen	Yen
Nine months ended December 31, 2004	¥19,967	(¥32,034)	¥15,179	¥21,469
Nine months ended December 31, 2003	-	-	-	-
Year ended March 31, 2004	¥40,819	(¥21,450)	(¥19,749)	¥17,753

Note: Information for previous nine months not presented, as disclosure began from this nine months.

Changes in consolidated financial position

(1) Financial Position

At the end of the third quarter, total assets were up ¥49.7 billion from the end of fiscal 2004, at ¥1,484.8 billion. One factor was a ¥17.7 billion increase in inventories owing to higher prices for copper and additional spending for uncompleted engineering projects. Also, investments in securities were up ¥24.1 billion in line with the higher market capitalizations of several listed companies in which the Group has stakes.

Total liabilities increased ¥20.1 billion from the close of fiscal 2004, to ¥1,230.1 billion. This was due mainly to additional issues of commercial paper and convertible bonds, which offset a decline in loans.

(2) Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities was up ¥19.9 billion, reflecting rises of ¥25.6 billion to net income before tax and ¥35.9 billion to depreciation and amortization. Accounts receivable and inventories increased ¥31.8 billion on the strength of higher net sales, while payments for income taxes were down ¥10.7 billion.

Cash Flows from Investing Activities

Net cash provided by investing activities was down ¥32.0 billion, mainly because of purchases of property, plant and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was up ¥15.1 billion, reflecting increases in short-term bank loans and commercial paper and higher proceeds from the issuance of bonds, which outweighed redemptions of capital investments, bonds and long-term debt.

As a result of these factors, conversion differences, and fluctuations from changes in the scope of consolidation, cash at the end of the period was ¥21.4 billion.

3. Full-year forecasts

Management has not revised its forecasts.

CONSOLIDATED BALANCE SHEET (1 / 2)
AS OF December 31 2004

(Millions of yen)

	March 31, 2004	December 31 2004
ASSETS		
CURRENT ASSETS		
Cash & Cash equivalent	¥18,177	¥21,811
Notes received & Accounts receivable - Trade	189,155	196,171
Marketable securities	73	27
Inventories	153,563	171,316
Future income tax benefit	8,953	8,600
Other current assets	112,145	121,336
Allowance for doubtful accounts	(3,082)	(2,777)
TOTAL CURRENT ASSETS	478,986	516,484
NON-CURRENT ASSETS		
TANGIBLE ASSETS		
Buildings & Structures	174,807	169,516
Machinery & Equipment	211,998	205,608
Land	254,783	254,431
Construction in progress	19,558	19,152
Other tangible assets	12,077	11,953
TOTAL TANGIBLE ASSETS	673,224	660,661
INTANGIBLE ASSETS		
Other intangible assets	16,280	16,560
TOTAL INTANGIBLE ASSETS	16,280	16,560
INVESTMENT & LONG-TERM RECEIVABLES		
Investments securities	182,295	206,457
Long-term loans receivable	18,470	17,601
Advance payments	1,850	1,772
Future income tax benefit	37,983	32,378
Investment other	41,541	44,405
Reserve for loss on consolidated subsidiaries	(1,472)	(1,472)
Allowance for doubtful accounts	(14,046)	(10,001)
TOTAL INVESTMENT & LONG-TERM RECEIVABLES	266,623	291,142
TOTAL NON-CURRENT ASSETS	956,128	968,364
TOTAL ASSETS	¥1,435,114	¥1,484,848

CONSOLIDATED BALANCE SHEET(2 / 2)
AS OF December 31 2004

(Millions of yen)

	March 31, 2004	December 31 2004
LIABILITIES		
CURRENT LIABILITIES		
Notes payable & Accounts payable - Trade	¥120,074	¥120,098
Short-term bank loans	387,375	380,525
Bonds payable	15,000	49,259
Commercial paper	-	30,000
Income taxes payable	4,648	3,960
Provision for deferred income tax	68	52
Reserve for bonus	9,685	5,923
Gold payable	70,733	74,706
Other current liabilities	82,786	84,470
TOTAL CURRENT LIABILITIES	690,373	748,996
LONG-TERM LIABILITIES		
Bonds payable	99,449	90,190
Long-term loans payable	290,262	256,539
Severance and pension benefits of employees	46,021	51,544
Reserve for loss on business of affiliates	1,250	1,148
Other provisions	4,887	4,481
Provision for deferred income tax	14,462	14,695
Provision for deferred income tax in relation to revaluation	31,376	31,532
Consolidated control	3,465	3,329
Other non-current liabilities	28,418	27,699
TOTAL LONG-TERM LIABILITIES	519,593	481,160
TOTAL LIABILITIES	1,209,967	1,230,156
MINORITY INTERESTS	41,262	43,786
SHAREHOLDERS' EQUITY		
Paid-in capital	99,396	99,396
Capital Surplus	68,413	68,430
Retained Surplus	(28,243)	(15,583)
Reserve for land revaluation	46,656	46,556
Net unrealized holding gains on securities	10,420	19,839
Foreign currency translation adjustments	(12,268)	(7,165)
Treasury stock, at cost	(488)	(568)
TOTAL SHAREHOLDERS' EQUITY	183,885	210,906
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	¥1,435,114	¥1,484,848

**CONSOLIDATED PROFIT & LOSS STATEMENTS
AS OF THE THIRD QUARTER ENDED December 31 2004**

(Millions of yen)

	Year ended March 31, 2004	Nine months ended December 31,2004
Net Sales	¥948,237	¥719,550
Cost of Goods Sold	783,970	592,685
Gross profit	164,267	126,864
Selling, General & Administrative Expenses	120,844	89,217
Operating profit	43,422	37,646
Non-operating income		
Interest income	404	282
Dividend income	1,544	1,662
Rent earned in undertaking	7,144	5,461
Gain on investment	3,101	10,414
Other non-operating income	3,396	1,477
Non-operating expenses		
Interest expenses	12,833	8,995
Expense for rent in undertaking	5,318	4,086
Other non-operating expenses	4,739	4,787
Ordinary income	36,124	39,075
Extraordinary profit		
Profit on sales of fixed assets	2,037	276
Profit on sales of investment stocks	13,856	498
Profit on business assignment	-	859
Profit on business assignment for equity method affiliates	-	773
Drawback of allowance for bad debt	141	414
Other extraordinary profit	3,779	196
Extraordinary loss		
Expenses for future employees' retirement	8,529	6,311
Unrealized loss on evaluation of investment stocks	1,143	2,408
Loss on disposal of fixed assets	4,950	2,136
Provision for loss on business of affiliates	1,034	615
Allowance for bad debt	2,509	332
Loss on sales of investments securities	298	12
Provision for loss on investments	109	-
Loss on investment	19,168	-
Other extraordinary loss	7,094	4,675
Net income before tax	11,101	25,602
Tax expenses	12,402	8,681
Minority interest adjustment	4,022	2,029
Net income for the current year	(¥5,323)	¥14,891

**CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF THE THIRD QUARTER ENDED December 31 2004**

(Millions of yen)

	Year ended March 31, 2004	Nine months ended December 31,2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income before tax	¥11,101	¥25,602
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,318	35,963
Provisions	9,886	2,017
Interest income & dividend income	(1,949)	(1,944)
Interest expenses	12,833	8,995
Sales or disposal of property, plant and equipment	2,913	1,859
Sales or evaluation of marketable securities and investments in securities	(12,413)	1,922
Increase(Decrease) in accounts receivables	(9,302)	(12,270)
(Increase)Decrease in inventories	(10,554)	(19,552)
(Increase)Decrease in other current assets	(1,441)	(8,436)
(Increase)Decrease in accounts payable	8,679	1,755
Equity earnings of unconsolidated subsidiaries and affiliates	16,066	(10,414)
Others	(4,995)	6,546
Sub-total	70,140	32,043
Receipts for interest & dividend	4,832	7,202
Payments for interest	(12,847)	(8,574)
Payments due to business withdrawal	(12,168)	-
Payments for income taxes	(9,137)	(10,703)
Net cash provided by operating activities	40,819	19,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities and investments in securities	(22,207)	(3,093)
Proceeds from sales of marketable securities and investments in securities	27,722	1,117
Proceeds from sales of property, plant and equipment	6,046	1,196
Purchase of property, plant and equipment	(38,606)	(32,736)
Proceeds from sales of consolidated subsidiaries securities	1,143	-
Others	4,450	1,481
Net cash provided by investing activities	(21,450)	(32,034)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase(Decrease) in short-term bank loans	(19,278)	(3,763)
Proceeds from long-term debt	95,048	31,782
Repayments of long-term debt	(82,671)	(63,901)
Increase(Decrease) in commercial paper	(6,000)	30,000
Proceeds from issuance of bonds	10,000	40,000
Redemption of bonds	(20,349)	(15,000)
Dividend	-	(2,265)
Others	3,501	(1,672)
Net cash provided by financing activities	(19,749)	15,179
Adjustment	(984)	538
Net Increase(Decrease) in cash	(1,363)	3,650
Cash at beginning of year	18,926	17,753
Increase(Decrease) due to the change of scope of consolidation	125	35
Increase due to the merging the non-consolidation company	65	29
Cash at end of year	17,753	21,469

Segment Information

Business segment information

Millions of yen

Nine months ended December 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	¥110,025	¥103,934	¥180,942	¥87,211	¥37,948	¥53,226	¥146,261	¥719,550		¥719,550
Intersegment	387	559	35,445	6,922	1,097	18,796	25,787	88,996	(88,996)	-
Total	110,412	104,493	216,387	94,134	39,046	72,022	172,049	808,547	(88,996)	719,550
Operating expenses	101,252	98,247	208,408	82,118	36,567	71,337	168,320	766,253	(84,350)	681,903
Operating profit	¥9,160	¥6,246	¥7,978	¥12,016	¥2,478	¥684	¥3,729	¥42,293	(¥4,646)	¥37,646

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: | Aluminum cans, Aluminium rolled and fabricated products and Aluminium 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 and System: | Engineering and Nuclear related |
| (7) Others: | High performance alloy products, Precious metals, Polysilicon, Resources and environmental related and Real estate |