

Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2005

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

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Stock exchange listings: Tokyo (1st section), Osaka
(1st section), Nagoya

Code number: 4182

1. Preparation of Quarterly Financial Information

- (1) Adoption of simplified accounting methods: Yes
Tax accounting and others
- (2) Changes in accounting methods from previous fiscal year: No
- (3) Changes in scope of consolidation and equity method application: No

2. Results for First Quarter of the Fiscal Year Ending March 31, 2005 (April 1, 2004 - June 30, 2004)

(1) Sales and Income

(Rounded down to the nearest million yen)

	Net sales (¥ million)	Year-on- year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)	Net income (¥ million)	Year-on- year change (%)
Three months ended 6/30/04	91,907	16.2	5,773	236.9	8,127	129.3	5,713	—
Three months ended 6/30/03	79,113	—	1,713	—	3,545	—	—	—
(Ref.) Year ended 3/31/04	340,710		14,934		18,879		10,622	

	Earnings per share (¥)	Diluted earnings per share (¥)
Three months ended 6/30/04	12.35	—
Three months ended 6/30/03	—	—
(Ref.) Year ended 3/31/04	22.91	—

Notes:

- Year-on-year changes for net sales, operating income etc. are based on the same quarter in the previous fiscal year. The Company has begun disclosing quarterly net income and earnings per share from the first quarter of this fiscal year. Therefore, results from the same quarter in the previous fiscal year and year-on-year comparisons of net income are not stated.
- Profit on equity investment:
 - ¥2,758 million (Three months ended 6/30/04)
 - ¥2,030 million (Three months ended 6/30/03)
 - ¥9,156 million (Year ended 3/31/04)
- Average number of shares outstanding:
 - 462,551,768 shares (Three months ended 6/30/04)
 - 462,788,325 shares (Year ended 3/31/04)
- Residual securities including convertible bond are not outstanding. Therefore, diluted earnings per share are not stated.

Qualitative Information on Results

In the first quarter (April 1, 2004 to June 30, 2004), the MGC Group's performance improved. Despite high prices of methanol and petrochemical raw materials, sales were solid overall, supported by factors including economic recovery in Japan and increased exports.

[Chemical Products]

Sales of methanol products were favorable due to increased demand both in Japan and overseas, following the pick up in the market after the previous year-end's low, although costs rose. Sales of xylene products improved, despite the impact of higher raw material costs, as demand for paraxylene was vigorous and selling prices rose. Firm sales of specialty chemicals continued. In the industrial chemicals sector, sales of hydrogen peroxide for pulp production and new industrial applications increased.

[Advanced Materials]

Demand for engineering plastics remained solid in the electric and electronics, automobile and other markets. Sales volume of materials for printed circuit boards increased with the recovery in the market for semiconductors. In addition, concentration of production bases contributed to increased efficiency, which helped to increase profits.

Results of overseas methanol companies and other affiliates accounted for using the equity method were favorable overall.

Due to the above factors, net sales for the first quarter were ¥91,907 million, operating income was ¥5,773 million, ordinary income was ¥8,127 million and net income was ¥5,713 million.

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
June 30, 2004	487,664	185,222	38.0	400.44
June 30, 2003	—	—	—	—
(Ref.) March 31, 2004	475,116	180,523	38.0	390.23

Notes:

1. The Company has begun disclosing financial position from the first quarter of this fiscal year. Therefore, the position on the same quarter in the previous fiscal year is not stated.
2. Number of shares outstanding at the end of period: 462,542,864 shares (Ended 6/30/04)
462,561,149 shares (Ended 3/31/04)

Qualitative Information on Financial Position

At the end of the first quarter, total assets were ¥487,664 million, an increase of ¥12,547 million compared to the previous fiscal year-end, due to factors including an increase in accounts receivable and an increase in the fair value of investments in securities.

Total liabilities were ¥295,973 million, an increase of ¥7,709 million compared to the previous fiscal year-end, due to factors including an increase in accounts payable and short-term debt.

Stockholders' equity was ¥185,222 million, an increase of ¥4,699 million compared to the previous fiscal year-end, due to factors including net income for the quarter and an increase in net unrealized gain on other securities. Consequently, stockholders' equity per share rose from ¥390.23 to ¥400.44.

Supplementary Materials: (Summary) Consolidated Balance Sheets
(Summary) Consolidated Statements of Operations

Consolidated Projections

Projections for the interim period and the full fiscal year are currently being revised.

(Summary) Consolidated Balance Sheets

(¥ million)

	June 30, 2004	(Ref.) March 31, 2004		June 30, 2004	(Ref.) March 31, 2004
(Assets)			(Liabilities)		
Current Assets	201, 291	191, 775	Current Liabilities	207, 758	199, 885
Cash	28, 915	24, 625	Trade notes and accounts payable	71, 221	69, 025
Trade notes and accounts receivable	107, 415	97, 028	Short-term debt	105, 615	98, 536
Inventories	51, 190	49, 359	Current installments of long-term debt	10, 000	10, 000
Other current assets	14, 255	21, 212	Other current liabilities	20, 921	22, 323
Less allowance for doubtful receivables	(485)	(450)	Non-current Liabilities	88, 215	88, 379
Fixed Assets	286, 372	283, 341	Debentures	11, 000	11, 000
Tangible fixed assets	160, 640	161, 900	Long-term debt	63, 910	64, 762
Intangible fixed assets	3, 547	3, 590	Reserve for retirement allowance	10, 754	10, 624
Investments in securities	109, 704	105, 626	Other non-current liabilities	2, 550	1, 992
Other fixed assets	13, 227	12, 941	Total Liabilities	295, 973	288, 264
Less allowance for doubtful receivables	(747)	(717)	(Minority interests)		
			Minority interests	6, 468	6, 329
			(Stockholders' Equity)		
			Common stock	41, 970	41, 970
			Additional paid-in capital	35, 538	35, 538
			Retained earnings	108, 497	104, 649
			Surplus on revaluation of land	192	192
			Net unrealized gain on other securities	10, 245	9, 084
			Foreign currency translation adjustments	(7, 378)	(7, 077)
			Treasury stock	(3, 843)	(3, 835)
			Total Stockholders' Equity	185, 222	180, 523
Total Assets	487, 664	475, 116	Total Liabilities, minority interests and stockholders' equity	487, 664	475, 116

(Summary) Consolidated Statements of Operations

(¥ million)

	Three months ended 6/30/04	Year ended 3/31/04
Net sales	91, 907	340, 710
Cost of sales	74, 991	284, 999
Gross profit	16, 916	55, 710
Selling, general and administrative expenses	11, 143	40, 776
Operating income	5, 773	14, 934
Non-operating income	3, 515	11, 722
Non-operating expenses	1, 161	7, 777
Ordinary income	8, 127	18, 879
Extraordinary profit	—	1, 295
Extraordinary loss	145	5, 155
Income before taxes and minority interests	7, 981	15, 019
Income taxes	2, 019	3, 615
Minority interests	248	782
Net income for the period	5, 713	10, 622