

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2004

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

May 10, 2004 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the year ended March 31, 2004

Consolidated Financial Highlights

	(Millions of yen, except per share)			Six months ended September 30 2003
	Years ended March 31			
	2004	2003	Change	
Net sales	¥ 309,593	¥ 300,641	3.0 %	¥ 152,475
Operating income	27,302	19,754	38.2 %	13,424
Net income	12,293	6,002	104.8 %	6,813
Amounts per share (yen):				
Net income				
-- Basic	¥ 20.01	¥ 9.61		¥ 11.13
Depreciation	¥ 15,782	¥ 15,288		¥ 7,616
Capital expenditures	15,020	21,156		6,904
R&D expenses	11,066	10,777		5,504

Consolidated Shareholders' Equity, Debts and Total Assets

	(Millions of yen, except per share and ratio)			Six months ended September 30
	Years ended March 31			
Shareholders' equity	¥ 146,476	¥ 134,168		¥ 141,741
Equity ratio	42.8 %	40.3 %		42.0 %
Equity per share (yen)	¥ 239.44	¥ 218.41		¥ 231.75
Total debts	75,623	81,566		82,502
Total assets	342,300	332,757		337,390

Consolidated Cash Flows

	(Millions of yen)			Six months ended September 30
	Years ended March 31			
Net cash provided by operating activities	¥ 22,189	¥ 31,077		¥ 12,467
Net cash used in investing activities	(8,953)	(21,940)		(5,915)
Net cash used in financing activities	(7,516)	(12,517)		(1,215)
Cash and cash equivalents at end of year	12,783	7,400		12,749

Number of Group Companies

Consolidated subsidiaries	52	49	51
Unconsolidated subsidiaries applying equity method	-	-	-
Equity method affiliates	24	26	25

Forecast of Consolidated Results

	(Millions of yen)		Six months ended September 30 2004
	Year ended March 31 2005		
Net sales	¥ 320,000		¥ 157,000
Operating income	30,000		14,500
Net income	14,000		7,000
Depreciation	¥ 16,000		¥ 7,500
Capital expenditures	32,000		17,000
R&D expenses	11,000		5,500

Consolidated Statements of Operations

	Millions of yen	
	2004	2003
Net Sales	309,593	300,641
Cost of Sales	230,235	228,873
Gross profit	79,358	71,768
Selling, General and Administrative Expenses	52,055	52,014
Operating income	27,302	19,754
Other Income (Expenses):		
Interest and dividend income	574	607
Interest expense	(1,249)	(1,546)
Equity in earnings of affiliates	1,546	1,903
Restructuring charges	(186)	(1,057)
Gain on sale of investment securities	937	57
Loss on revaluation of securities and investments	(341)	(4,066)
Provision for doubtful accounts	(630)	(424)
Other, net	(6,881)	(3,137)
	(6,230)	(7,664)
Income before income taxes and minority interest	21,071	12,089
Income Taxes:		
Current	7,908	5,700
Deferred	(1,412)	(558)
Income before minority interests	14,576	6,947
Minority Interests	(2,283)	(944)
Net income	12,293	6,002
yen		
Amounts per Share:		
Net income - Basic	20.01	9.61
- Diluted	-	-
Cash dividends	6.00	6.00

Consolidated Balance Sheets

[Assets]	Millions of yen	
	2004	2003
Current Assets:		
Cash and time deposits	12,849	7,552
Notes and accounts receivable:		
Notes receivable	10,673	12,575
Accounts receivable	66,619	56,579
Less allowance for doubtful accounts	(450)	(1,066)
	76,842	68,088
Inventories	38,719	39,363
Deferred tax assets	2,591	2,070
Other current assets	10,730	11,964
Total current assets	141,733	129,040
Property, Plant and Equipment:		
Land	23,975	24,298
Buildings	105,686	105,210
Machinery and equipment	339,058	335,444
Construction-in-progress	10,051	9,505
	478,771	474,457
Less accumulated depreciation	(350,793)	(342,083)
Property, plant and equipment, net	127,978	132,374
Investments and Other Assets:		
Investments in and advances to unconsolidated subsidiaries and affiliates	16,486	16,514
Investment securities	31,633	26,261
Deferred tax assets	14,381	16,884
Other assets	10,086	11,683
Total investments and other assets	72,588	71,343
Total assets	342,300	332,757

Consolidated Balance Sheets

[Liabilities and Shareholders' Equity]	Millions of yen	
	2004	2003
Current Liabilities:		
Short-term bank loans	37,965	44,289
Current portion of long term debt	10,000	10,000
Notes and accounts payable:		
Notes payable	7,193	10,465
Accounts payable	41,356	38,509
	48,550	48,975
Accrued expenses	4,443	4,639
Accrued income taxes	4,622	4,294
Deferred tax liabilities	313	24
Other current liabilities	15,429	19,722
Total current liabilities	121,325	131,945
Long-Term Liabilities:		
Long-term debt	27,658	27,277
Retirement allowances	34,392	30,364
Deferred tax liabilities	305	89
Other long-term liabilities	2,622	2,605
Total long-term liabilities	64,978	60,336
Minority Interests in Consolidated Subsidiaries	9,520	6,307
Shareholders' Equity:		
Common stock	53,229	53,229
Capital surplus	33,952	34,522
Retained earnings	59,227	50,609
Revaluation difference	30	30
Unrealized gain (loss) on other securities	4,893	(902)
Foreign currency translation adjustments	(4,648)	(3,319)
Less treasury stock, at cost	(209)	(2)
Total shareholders' equity	146,476	134,168
Total liabilities and Shareholders' equity	342,300	332,757

Consolidated Statements of Shareholders' Equity

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Revaluation difference	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2002	53,229	38,088	48,363	30	(69)	(3,470)	(18)
Revaluation increment in property of affiliates	-	-	107	-	-	-	-
Effect of application of equity method toward the previously consolidated affiliate	-	-	(112)	-	-	-	-
Bonuses to directors	-	-	(1)	-	-	-	-
Staff and workers bonus and welfare fund	-	-	(1)	-	-	-	-
Cash dividends paid	-	-	(3,749)	-	-	-	-
Liquidation of treasury stock	-	(3,565)	-	-	-	-	-
Net income for the year ended March 31, 2003	-	-	6,002	-	-	-	-
Unrealized holding loss on securities	-	-	-	-	(833)	-	-
Foreign currency translation adjustments	-	-	-	-	-	151	-
Net change in treasury stock	-	-	-	-	-	-	16
Balance at March 31, 2003	53,229	34,522	50,609	30	(902)	(3,319)	(2)
Decrease in equity method affiliates	-	-	3	-	-	-	-
Bonuses to directors	-	-	(1)	-	-	-	-
Staff and workers bonus and welfare fund	-	-	(0)	-	-	-	-
Cash dividends paid	-	-	(3,677)	-	-	-	-
Liquidation of treasury stock	-	(569)	-	-	-	-	-
Net income for six months ended March 31, 2004	-	-	12,293	-	-	-	-
Unrealized holding gain on securities	-	-	-	-	5,795	-	-
Foreign currency translation adjustments	-	-	-	-	-	(1,329)	-
Net change in treasury stock	-	-	-	-	-	-	(207)
Balance at March 31, 2004	53,229	33,952	59,227	30	4,893	(4,648)	(209)

Consolidated Statements of Cash Flows

	Millions of yen	
	2004	2003
Operating Activities:		
Income before income taxes and minority interests	21,071	12,089
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,048	15,407
Goodwill amortization	143	179
Increase (decrease) in retirement allowances	3,942	(447)
Increase in allowance for doubtful accounts	321	219
Equity in earnings of affiliates	(1,546)	(1,903)
Interest expense	1,249	1,546
Loss on valuation of securities and investments	341	4,066
(Increase) decrease in trade receivables	(8,709)	2,885
Decrease in inventories	154	1,920
Decrease in trade payables	(0)	(1,725)
Bonuses to directors	(2)	(2)
Other, net	(2,651)	(2,059)
Subtotal	30,363	32,174
Interest and dividend received	576	600
Interest paid	(1,248)	(1,545)
Income taxes paid	(7,501)	(153)
Net cash provided by operating activities	22,189	31,077
Investing Activities:		
Proceeds from sale of property, plant and equipment	1,478	664
Purchases of property, plant and equipment	(14,608)	(20,816)
Purchases of investment securities	(50)	(1,410)
Proceeds from sale of investment securities	4,944	824
Decrease (increase) in short-term loans receivable	(175)	58
Long-term loans advanced	(2)	(6)
Other, net	(539)	(1,254)
Net cash used in investing activities	(8,953)	(21,940)
Financing Activities:		
Proceeds from long-term loans	2,899	2,329
Decrease in short-term bank loans	(2,292)	(473)
Repayment of long-term loans	(4,952)	(3,423)
Redemption of debentures	(10,000)	(1,669)
Issuance of debentures	10,000	-
Acquisition of treasury stock	(777)	(3,547)
Cash dividends paid	(4,609)	(4,530)
Proceeds from issue of shares to minority shareholders	2,216	307
Payments of finance lease obligations	-	(1,508)
Other, net	(1)	(1)
Net cash used in financing activities	(7,516)	(12,517)
Effect of exchange rate changes on cash and cash equivalents	(335)	(167)
Net increase in cash and cash equivalents	5,383	(3,547)
Beginning balance of cash and cash equivalents	7,400	10,948
Cash and cash equivalents at end of year	12,783	7,400

Business Segment Information

(Millions of Yen)

Year ended March 31,2004	Chemicals and Plastics	Fibers	Specialty Products, Engineering and Others	Total	Eliminations or corporate	Consolidated
1. Sales and operating income						
Sales to third parties	125,196	90,816	93,580	309,593	-	309,593
Intergroup sales and transfers	8,511	131	27,380	36,024	(36,024)	-
Total Sales	133,708	90,948	120,961	345,617	(36,024)	309,593
Operating expenses	113,039	87,117	118,119	318,276	(35,985)	282,290
Operating income	20,668	3,830	2,841	27,341	(38)	27,302
2. Assets,depreciation and capital expenditures						
Total assets	123,324	90,142	101,515	314,982	27,317	342,300
Depreciation	7,266	4,524	3,991	15,782	-	15,782
Capital expenditures	7,798	4,000	3,220	15,020	-	15,020

Year ended March 31,2003	Chemicals and Plastics	Fibers	Specialty Products, Engineering and Others	Total	Eliminations or corporate	Consolidated
1. Sales and operating income						
Sales to third parties	116,214	94,364	90,062	300,641	-	300,641
Intergroup sales and transfers	8,381	194	30,447	39,023	(39,023)	-
Total Sales	124,595	94,558	120,510	339,665	(39,023)	300,641
Operating expenses	109,189	91,575	119,083	319,848	(38,960)	280,887
Operating income	15,406	2,983	1,427	19,816	(62)	19,754
2. Assets,depreciation and capital expenditures						
Total assets	119,543	91,950	99,123	310,618	22,139	332,757
Depreciation	6,682	4,728	3,877	15,288	-	15,288
Capital expenditures	12,387	4,496	4,272	21,156	-	21,156

Geographical Segment Information

(Millions of yen)

Year ended March 31, 2004	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
1. Sales and operating income						
Sales to third parties	278,196	16,855	14,541	309,593	-	309,593
Intergroup sales and transfers	8,230	7,061	1,562	16,854	(16,854)	-
Total Sales	286,427	23,916	16,103	326,447	(16,854)	309,593
Operating expenses	263,802	19,572	15,675	299,050	(16,759)	282,290
Operating income	22,624	4,343	428	27,396	(94)	27,302
2. Total assets	259,286	31,834	11,223	302,345	39,955	342,300

Year ended March 31, 2003	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
1. Sales and operating income						
Sales to third parties	271,701	14,078	14,861	300,641	-	300,641
Intergroup sales and transfers	6,843	6,457	821	14,123	(14,123)	-
Total Sales	278,545	20,536	15,683	314,765	(14,123)	300,641
Operating expenses	260,798	18,386	15,778	294,963	(14,075)	280,887
Operating income	17,747	2,149	(94)	19,802	(48)	19,754
2. Total assets	255,219	24,638	12,019	291,878	40,879	332,757

Sales by Customer's Geographical Location

(Millions of yen)

	Year ended	
	March 31 2004	March 31 2003
Sales designated for:		
Japan	200,798	196,417
Asia	72,022	67,296
Other	36,772	36,928
Total	309,593	300,641