

CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2004

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

August 10, 2004 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the three months ended June 30, 2004, the first quarter of the year ending March 31, 2005.

Consolidated Financial Highlights

(Millions of yen, except per share)

	First Quarter ended		<u>Change</u>	Year ended
	June 30	June 30		March 31
	<u>2004</u>	<u>2003</u>		<u>2004</u>
Net sales	75,348	71,836	4.9 %	309,593
Operating income	7,583	6,426	18.0 %	27,302
Net income	3,769	3,226	16.8 %	12,293
Amounts per share (yen):				
Net income:				
Basic	6.16	5.26		20.01
Diluted	-	-		-

Consolidated Shareholders' Equity, Debts and Total Assets

(Millions of yen, except per share and ratio)

	First Quarter ended		Year ended
	June 30	June 30	March 31
	<u>2004</u>	<u>2003</u>	<u>2004</u>
Shareholders' equity	148,054	137,789	146,476
Equity ratio	43.0 %	41.0 %	42.8 %
Equity per share (yen)	242	225	239
Total assets	344,134	335,783	342,300

Consolidated Cash Flows

(Millions of yen)

	First Quarter ended		Year ended
	June 30	June 30	March 31
	<u>2004</u>	<u>2003</u>	<u>2004</u>
Net cash provided by operating activities	13,379	4,960	22,189
Net cash used in investing activities	(1,938)	(3,398)	(8,953)
Net cash used in financing activities	(6,286)	634	(7,516)
Cash and cash equivalents at end of year	17,828	9,610	12,783

Forecast of Consolidated Results

(Millions of yen)

	Year ending	Six months ending
	March 31	September 30
	<u>2005</u>	<u>2004</u>
Net sales	320,000	157,000
Operating income	30,000	14,500
Net income	14,000	7,000

Consolidated Statements of Operations

(Millions of yen)

	First Quarter ended		Year ended
	June 30 2004	June 30 2003	March 31 2004
Net Sales	75,348	71,836	309,593
Cost of Sales	54,911	52,632	230,235
Gross profit	20,437	19,203	79,358
Selling, General and Administrative Expenses	12,853	12,776	52,055
Operating income	7,583	6,426	27,302
Other Income	1,461	1,270	4,334
Other Expenses	(2,057)	(1,924)	(10,565)
Income before income taxes and minority interest	6,987	5,772	21,071
Income Taxes:			
Current	2,712	1,994	7,908
Deferred	-	-	(1,412)
Income before minority interests	4,275	3,777	14,576
Minority Interests	(506)	(550)	(2,283)
Net income	3,769	3,226	12,293

(Yen)

	First Quarter ended		Year ended
	June 30 2004	June 30 2003	March 31 2004
Amounts per Share:			
Net income:			
Basic	6.16	5.26	20.01
Diluted	-	-	-

Consolidated Balance Sheets

(Millions of yen)

	First Quarter ended		Year ended
	June 30 2004	June 30 2003	March 31 2004
[Assets]			
Current Assets:			
Cash and time deposits	17,848	9,754	12,849
Notes and accounts receivable	69,469	62,899	76,842
Inventories	42,885	43,625	38,719
Other current assets	14,737	15,009	13,321
Total current assets	144,940	131,288	141,733
Property, Plant and Equipment:	127,103	131,744	127,978
Investments and Other Assets:	72,091	72,750	72,588
Total assets	344,134	335,783	342,300
[Liabilities and Shareholders' Equity]			
Current Liabilities:			
Short-term bank loans	35,674	47,647	37,965
Notes and accounts payable	50,043	47,696	48,550
Other current liabilities	38,301	34,729	34,809
Total current liabilities	124,019	130,072	121,325
Long-Term Liabilities:			
Long-term debt	27,325	27,141	27,658
Retirement allowances	33,996	30,963	34,392
Other long-term liabilities	2,861	2,853	2,927
Total long-term liabilities	64,183	60,958	64,978
Minority Interests in Consolidated Subsidiaries	7,876	6,963	9,520
Shareholders' Equity:			
Common stock	53,229	53,229	53,229
Capital surplus	33,952	34,522	33,952
Retained earnings	61,215	51,992	59,227
Revaluation difference	30	30	30
Unrealized gain on other securities	4,719	2,006	4,893
Foreign currency translation adjustments	(4,874)	(3,258)	(4,648)
Less treasury stock, at cost	(219)	(734)	(209)
Total shareholders' equity	148,054	137,789	146,476
Total liabilities and Shareholders' equity	344,134	335,783	342,300

Business Segment Information

(Millions of yen)

First Quarter ended June 30, 2004	Chemicals and Plastics	Fibers	Specialty Products, Engineering and Others	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales to third parties	34,104	20,498	20,745	75,348	-	75,348
Intergroup sales and transfers	1,888	25	7,325	9,239	(9,239)	-
Total Sales	35,992	20,524	28,070	84,587	(9,239)	75,348
Operating expenses	31,027	19,512	26,483	77,023	(9,258)	67,764
Operating income	4,965	1,011	1,587	7,564	19	7,583

First Quarter ended June 30, 2003	Chemicals and Plastics	Fibers	Specialty Products, Engineering and Others	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales to third parties	31,107	21,559	19,169	71,836	-	71,836
Intergroup sales and transfers	2,032	21	5,478	7,532	(7,532)	-
Total Sales	33,139	21,581	24,648	79,368	(7,532)	71,836
Operating expenses	27,727	20,633	24,569	72,930	(7,521)	65,409
Operating income	5,412	947	78	6,438	(11)	6,426

Year ended March 31, 2004	Chemicals and Plastics	Fibers	Specialty Products, Engineering and Others	Total	Eliminations or corporate	Consolidated
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