

CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2006

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

August 4, 2006 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the three months ended June 30, 2006, the first quarter of the year ending March 31, 2007.

Consolidated Financial Highlights

(Millions of yen, except per share)

	First Quarter ended		Change	Year ended
	June 30	June 30		March 31
	<u>2006</u>	<u>2005</u>		<u>2006</u>
Net sales	94,097	78,720	19.5 %	348,967
Operating income	13,696	8,698	57.5 %	38,766
Net income	7,498	5,434	38.0 %	24,425
Amounts per share (yen):				
Net income:				
Basic	12.50	8.95		40.47

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>2006</u>	<u>2005</u>	<u>2006</u>
Net assets	198,629	156,224	185,841
Equity ratio	46.8 %	44.7 %	48.7 %
Equity per share (yen)	312.72	260.40	309.75
Total assets	401,115	349,226	381,557

Consolidated Cash Flows

(Millions of yen)

	First Quarter ended		Year ended
	June 30	June 30	March 31
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Net cash provided by operating activities	5,779	10,651	39,764
Net cash used in investing activities	(10,428)	(5,481)	(29,285)
Net cash used in financing activities	4,429	(4,349)	(9,292)
Cash and cash equivalents at end of year	10,047	9,350	10,113

Forecast of Consolidated Results

(Millions of yen)

	Year ending	Six months ending
	March 31	September 30
	<u>2007</u>	<u>2006</u>
Net sales	400,000	197,000
Operating income	57,000	27,000
Net income	33,000	15,500



Consolidated Statements of Income

(Millions of yen)

	First Quarter ended		Year ended
	June 30 2006	June 30 2005	March 31 2006
Net Sales	94,097	78,720	348,967
Cost of Sales	68,186	57,059	258,244
Gross profit	25,910	21,661	90,722
Selling, General and Administrative Expenses	12,214	12,963	51,956
Operating income	13,696	8,698	38,766
Other Income	968	9,096	14,364
Other Expenses	(853)	(7,602)	(14,473)
Income before income taxes and minority interests	13,811	10,192	38,656
Income Taxes:			
Current	5,644	3,788	10,519
Deferred	-	-	668
Income before minority interests	8,166	6,403	27,468
Minority Interests	(668)	(969)	(3,042)
Net income	7,498	5,434	24,425

(Yen)

	First Quarter ended		Year ended
	June 30 2006	June 30 2005	March 31 2006
Amounts per Share:			
Net income:			
Basic	12.50	8.95	40.47

Consolidated Balance Sheets

(Millions of yen)

	First Quarter ended		Year ended
	June 30 2006	June 30 2005	March 31 2006
[Assets]			
Current Assets:			
Cash and time deposits	10,057	9,370	10,123
Notes and accounts receivable	78,961	71,548	76,408
Inventories	55,694	42,804	43,990
Other current assets	12,258	14,338	13,325
Total current assets	156,971	138,061	143,847
Property, Plant and Equipment	153,023	136,454	147,886
Investments and Other Assets	91,120	74,711	89,823
Total assets	401,115	349,226	381,557
[Liabilities and Shareholders' Equity]			
Current Liabilities:			
Short-term bank loans	50,848	36,893	42,640
Current portion of long term debt	-	10,000	-
Notes and accounts payable	59,412	52,626	54,341
Other current liabilities	34,803	29,999	29,763
Total current liabilities	145,064	129,518	126,745
Long-Term Liabilities:			
Long-term debt	23,678	19,430	22,571
Retirement allowances	30,547	31,665	32,129
Other long-term liabilities	3,194	2,940	2,789
Total long-term liabilities	57,420	54,037	57,490
Total liabilities	202,485	183,556	184,236
Net Assets			
Shareholders' Equity:			
Common stock	53,229	-	-
Capital surplus	28,786	-	-
Retained earnings	93,925	-	-
Less treasury stock, at cost	(216)	-	-
Total shareholders' equity	175,725	-	-
Valuation and translation adjustments and others:			
Unrealized gain on other securities	13,290	-	-
Deferred losses on hedges	(73)	-	-
Revaluation difference	30	-	-
Foreign currency translation adjustments	(1,443)	-	-
Total valuation and translation adjustments and others	11,803	-	-
Minority Interests in Consolidated Subsidiaries	11,100	-	-
Total net assets	198,629	-	-
Total liabilities and net assets	401,115	-	-
Minority Interests in Consolidated Subsidiaries		9,445	11,479
Shareholders' Equity:			
Common stock	-	53,229	53,229
Capital surplus	-	28,784	28,786
Retained earnings	-	72,973	89,471
Revaluation difference	-	30	30
Unrealized gain on other securities	-	5,817	16,205
Foreign currency translation adjustments	-	(4,585)	(1,711)
Less treasury stock, at cost	-	(25)	(170)
Total shareholders' equity	-	156,224	185,841
Total liabilities and shareholders' equity	-	349,226	381,557

Business Segment Information

(Millions of yen)

First Quarter ended June 30, 2006	Chemicals and Plastics	Fibers	Carbon Fiber& Composite Materials,		Eliminations or corporate	Consolidated
			Membranes and Others	Total		
Sales and operating income						
Sales to third parties	52,683	18,932	22,481	94,097	-	94,097
Intergroup sales and transfers	7,205	117	7,514	14,837	(14,837)	-
Total Sales	59,888	19,050	29,996	108,935	(14,837)	94,097
Operating expenses	49,721	18,556	27,040	95,318	(14,918)	80,400
Operating income	10,167	493	2,955	13,616	80	13,696

First Quarter ended June 30, 2005	Chemicals and Plastics	Fibers	Carbon Fiber& Composite Materials,		Eliminations or corporate	Consolidated
			Membranes and Others	Total		
Sales and operating income						
Sales to third parties	39,965	19,057	19,697	78,720	-	78,720
Intergroup sales and transfers	2,095	10	6,210	8,315	(8,315)	-
Total Sales	42,060	19,068	25,907	87,036	(8,315)	78,720
Operating expenses	35,428	18,526	24,413	78,368	(8,345)	70,022
Operating income	6,632	541	1,494	8,668	29	8,698

Year ended March 31, 2006	Chemicals and Plastics	Fibers	Carbon Fiber& Composite Materials,		Eliminations or corporate	Consolidated
			Membranes and Others	Total		
Sales and operating income						
Sales to third parties	171,030	84,811	93,125	348,967	-	348,967
Intergroup sales and transfers	9,653	54	32,285	41,992	(41,992)	-
Total Sales	180,684	84,865	125,410	390,960	(41,992)	348,967
Operating expenses	153,213	83,470	115,652	352,336	(42,134)	310,201
Operating income	27,470	1,395	9,757	38,624	142	38,766