

CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED DECEMBER 31, 2006

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

February 6, 2007 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the nine months Dec 31, 2006, the third quarter of the year ending March 31, 2007.

Consolidated Financial Highlights

(Millions of yen, except per share)

| | Third Quarter ended | | Change | Year ended |
|--------------------------|---------------------|-------------|--------|-------------|
| | December 31 | December 31 | | March 31 |
| | <u>2006</u> | <u>2005</u> | | <u>2006</u> |
| Net sales | 300,418 | 252,174 | 19.1 % | 348,967 |
| Operating income | 41,695 | 29,106 | 43.3 % | 38,766 |
| Net income | 23,886 | 19,083 | 25.2 % | 24,425 |
| Amounts per share (yen): | | | | |
| Net income: | | | | |
| Basic | 39.83 | 31.68 | | 40.47 |

Consolidated Shareholders' Equity, Debts and Total Assets

(Millions of yen, except per share and ratio)

| | Third Quarter ended | | Year ended |
|------------------------|---------------------|-------------|-------------|
| | December 31 | December 31 | March 31 |
| | <u>2006</u> | <u>2005</u> | <u>2006</u> |
| Net assets | 215,172 | 177,363 | 185,841 |
| Equity ratio | 46.1 % | 46.0 % | 48.7 % |
| Equity per share (yen) | 338.39 | 295.71 | 309.75 |
| Total assets | 440,344 | 385,190 | 381,557 |

Consolidated Cash Flows

(Millions of yen)

| | Third Quarter ended | | Year ended |
|---|---------------------|-------------|-------------|
| | December 31 | December 31 | March 31 |
| | <u>2006</u> | <u>2005</u> | <u>2006</u> |
| Net cash provided by operating activities | 26,685 | 27,974 | 39,764 |
| Net cash used in investing activities | (29,049) | (17,533) | (29,285) |
| Net cash used in financing activities | 2,162 | (9,426) | (9,292) |
| Cash and cash equivalents at end of year | 9,844 | 9,764 | 10,113 |

Forecast of Consolidated Results

(Millions of yen)

| | Year ending |
|------------------|-------------|
| | March 31 |
| | <u>2007</u> |
| Net sales | 410,000 |
| Operating income | 57,000 |
| Net income | 33,000 |



Consolidated Statements of Operations

(Millions of yen)

| | Third Quarter ended | | Year ended |
|---|---------------------|---------------------|------------------|
| | December 31 2006 | December 31 2005 | March 31 2006 |
| Net Sales | 300,418 | 252,174 | 348,967 |
| Cost of Sales | 222,067 | 184,212 | 258,244 |
| Gross profit | 78,351 | 67,962 | 90,722 |
| Selling, General and Administrative Expenses | 36,655 | 38,856 | 51,956 |
| Operating income | 41,695 | 29,106 | 38,766 |
| Other Income | 4,611 | 13,390 | 14,364 |
| Other Expenses | (4,686) | (10,402) | (14,473) |
| Income before income taxes and minority interest | 41,619 | 32,094 | 38,656 |
| Income Taxes: | | | |
| Current | 15,800 | 10,108 | 10,519 |
| Deferred | - | - | 668 |
| Income before minority interests | 25,819 | 21,985 | 27,468 |
| Minority Interests | (1,933) | (2,902) | (3,042) |
| Net income | 23,886 | 19,083 | 24,425 |

(Yen)

| | Third Quarter ended | | Year ended |
|---------------------------|---------------------|---------------------|------------------|
| | December 31 2006 | December 31 2005 | March 31 2006 |
| Amounts per Share: | | | |
| Net income: | | | |
| Basic | 39.83 | 31.68 | 40.47 |

Consolidated Balance Sheets

(Millions of yen)

| | Third Quarter ended | | Year ended |
|---|---------------------|---------------------|------------------|
| | December 31 2006 | December 31 2005 | March 31 2006 |
| [Assets] | | | |
| Current Assets: | | | |
| Cash and time deposits | 9,854 | 9,774 | 10,123 |
| Notes and accounts receivable | 89,689 | 76,261 | 75,758 |
| Inventories | 55,382 | 50,020 | 43,990 |
| Other current assets | 16,088 | 18,953 | 13,975 |
| Total current assets | 171,014 | 155,009 | 143,847 |
| Property, Plant and Equipment: | 167,446 | 145,154 | 147,886 |
| Investments and Other Assets: | 101,883 | 85,025 | 89,823 |
| Total assets | 440,344 | 385,190 | 381,557 |
| [Liabilities] | | | |
| Current Liabilities: | | | |
| Short-term bank loans | 46,529 | 42,573 | 42,640 |
| Notes and accounts payable | 70,928 | 64,833 | 54,341 |
| Other current liabilities | 46,341 | 32,214 | 29,763 |
| Total current liabilities | 163,800 | 139,620 | 126,745 |
| Long-Term Liabilities: | | | |
| Long-term debt | 28,851 | 21,883 | 22,571 |
| Retirement allowances | 29,770 | 31,721 | 32,129 |
| Other long-term liabilities | 2,750 | 3,102 | 2,789 |
| Total long-term liabilities | 61,372 | 56,707 | 57,490 |
| Total liabilities | 225,172 | 196,328 | 184,236 |
| [Net Assets] | | | |
| Shareholders' Equity: | | | |
| Common stock | 53,229 | - | - |
| Capital surplus | 28,792 | - | - |
| Retained earnings | 107,314 | - | - |
| Less treasury stock, at cost | (312) | - | - |
| Total shareholders' equity | 189,024 | - | - |
| Valuation and translation adjustments and others: | | | |
| Unrealized gain on other securities | 14,864 | - | - |
| Deferred losses on hedges | (28) | - | - |
| Revaluation difference | 30 | - | - |
| Foreign currency translation adjustments | (1,005) | - | - |
| Total valuation and translation adjustments and others | 13,860 | - | - |
| Minority Interests in Consolidated Subsidiaries | 12,286 | - | - |
| Total net assets | 215,172 | - | - |
| Total liabilities and net assets | 440,344 | - | - |
| [Minority Interests in Consolidated Subsidiaries] | | 11,498 | 11,479 |
| [Shareholders' Equity] | | | |
| Common stock | - | 53,229 | 53,229 |
| Capital surplus | - | 28,785 | 28,786 |
| Retained earnings | - | 84,128 | 89,471 |
| Revaluation difference | - | 30 | 30 |
| Unrealized gain on other securities | - | 14,168 | 16,205 |
| Foreign currency translation adjustments | - | (2,867) | (1,711) |
| Less treasury stock, at cost | - | (112) | (170) |
| Total shareholders' equity | - | 177,363 | 185,841 |
| Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity | - | 385,190 | 381,557 |

Business Segment Information

(Millions of yen)

| Third Quarter ended December 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 | 160,522 | 62,531 | 77,364 | 300,418 | - | 300,418 |
| Intergroup sales and transfers | 19,937 | 536 | 32,181 | 52,655 | (52,655) | - |
| Total Sales | 180,459 | 63,067 | 109,545 | 353,073 | (52,655) | 300,418 |
| Operating expenses | 151,529 | 61,748 | 98,208 | 311,486 | (52,763) | 258,723 |
| Operating income | 28,930 | 1,319 | 11,337 | 41,587 | 108 | 41,695 |
| Without recognition of previous years' actuarial gain or losses as Operating expenses | [21,917] | [(989)] | [9,974] | [30,901] | [108] | [31,010] |

| Third Quarter ended December 31, 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 | 125,395 | 61,844 | 64,935 | 252,174 | - | 252,174 |
| Intergroup sales and transfers | 6,926 | 45 | 22,457 | 29,429 | (29,429) | - |
| Total Sales | 132,321 | 61,889 | 87,393 | 281,604 | (29,429) | 252,174 |
| Operating expenses | 111,448 | 60,515 | 80,627 | 252,590 | (29,522) | 223,068 |
| Operating income | 20,873 | 1,374 | 6,765 | 29,013 | 93 | 29,106 |
| Without recognition of previous years' actuarial gain or losses as Operating expenses | [21,292] | [1,551] | [6,867] | [29,711] | [93] | [29,804] |

| 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 |
| Without recognition of previous years' actuarial gain or losses as Operating expenses | [28,034] | [1,629] | [9,893] | [39,557] | [142] | [39,699] |