

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2005

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

May 10, 2005 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the year ended March 31, 2005

Consolidated Financial Highlights

	(Millions of yen, except per share)			
	Years ended March 31			Six months ended September 30
	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>2004</u>
Net sales	¥ 330,106	¥ 309,593	6.6 %	¥ 161,738
Operating income	30,802	27,302	12.8 %	15,327
Net income	14,438	12,293	17.4 %	7,558
Amounts per share (yen):				
Net income				
-- Basic	¥ 23.52	¥ 20.01		¥ 12.36
Depreciation	¥ 15,625	¥ 15,782		¥ 7,454
Capital expenditures	25,691	15,020		11,338
R&D expenses	10,390	11,066		5,016

Consolidated Shareholders' Equity, Debts and Total Assets

	(Millions of yen, except per share and ratio)			
	Years ended March 31			Six months ended September 30
Shareholders' equity	¥ 156,842	¥ 146,476		¥ 151,481
Equity ratio	45.3 %	42.8 %		44.0 %
Equity per share (yen)	¥ 256.46	¥ 239.44		¥ 247.72
Total debts	61,317	75,623		72,857
Total assets	345,989	342,300		344,308

Consolidated Cash Flows

	(Millions of yen)			
	Years ended March 31			Six months ended September 30
Net cash provided by operating activities	¥ 38,046	¥ 22,189		¥ 17,717
Net cash used in investing activities	(23,081)	(8,953)		(8,988)
Net cash used in financing activities	(19,115)	(7,516)		(5,953)
Cash and cash equivalents at end of year	8,426	12,783		15,621

Number of Group Companies

Consolidated subsidiaries	51	52	51
Unconsolidated subsidiaries applying equity method	-	-	-
Equity method affiliates	21	24	23

Forecast of Consolidated Results

	(Millions of yen)		
	Year ending March 31		Six months ending September 30
	<u>2006</u>		<u>2005</u>
Net sales	¥ 340,000		¥ 167,000
Operating income	33,000		16,000
Net income	19,000		10,000
Depreciation	¥ 16,000		¥ 7,500
Capital expenditures	28,000		17,000
R&D expenses	11,000		5,500

Consolidated Statements of Operations

	Millions of yen	
	2005	2004
Net Sales	330,106	309,593
Cost of Sales	247,633	230,235
Gross profit	82,472	79,358
Selling, General and Administrative Expenses	51,670	52,055
Operating income	30,802	27,302
Other Income (Expenses):		
Interest and dividend income	483	574
Interest expense	(1,106)	(1,249)
Equity in earnings of affiliates	1,653	1,546
Restructuring charges	(377)	(186)
Gain on sale of investment securities	646	937
Loss on revaluation of securities and investments	(411)	(341)
Provision for doubtful accounts	(852)	(630)
Other, net	(6,445)	(6,881)
	(6,408)	(6,230)
Income before income taxes and minority interest	24,393	21,071
Income Taxes:		
Current	8,301	7,908
Deferred	(435)	(1,412)
Income before minority interests	16,527	14,576
Minority Interests	(2,088)	(2,283)
Net income	14,438	12,293

	yen	
	2005	2004
Amounts per Share:		
Net income - Basic	23.52	20.01
- Diluted	-	-
Cash dividends	7.00	6.00

Consolidated Balance Sheets

[Assets]	Millions of yen	
	2005	2004
Current Assets:		
Cash and time deposits	8,446	12,849
Notes and accounts receivable:		
Notes receivable	9,954	10,673
Accounts receivable	67,698	66,619
Less allowance for doubtful accounts	(993)	(450)
	76,660	76,842
Inventories	37,685	38,719
Deferred tax assets	2,383	2,591
Other current assets	11,591	10,730
Total current assets	136,767	141,733
Property, Plant and Equipment:		
Land	22,548	23,975
Buildings	106,480	105,686
Machinery and equipment	341,707	339,058
Construction-in-progress	17,918	10,051
	488,654	478,771
Less accumulated depreciation	(353,516)	(350,793)
Property, plant and equipment, net	135,137	127,978
Investments and Other Assets:		
Investments in and advances to unconsolidated subsidiaries and affiliates	16,914	16,486
Investment securities	32,727	31,633
Deferred tax assets	14,490	14,381
Other assets	9,952	10,086
Total investments and other assets	74,084	72,588
Total assets	345,989	342,300

Consolidated Balance Sheets

[Liabilities and Shareholders' Equity]	Millions of yen	
	2005	2004
Current Liabilities:		
Short-term bank loans	35,634	37,965
Current portion of long term debt	10,000	10,000
Notes and accounts payable:		
Notes payable	6,462	7,193
Accounts payable	46,324	41,356
	52,786	48,550
Accrued expenses	6,406	4,443
Accrued income taxes	3,882	4,622
Deferred tax liabilities	227	313
Other current liabilities	16,350	15,429
Total current liabilities	125,287	121,325
Long-Term Liabilities:		
Long-term debt	15,683	27,658
Retirement allowances	35,102	34,392
Deferred tax liabilities	283	305
Other long-term liabilities	2,607	2,622
Total long-term liabilities	53,677	64,978
Minority Interests in Consolidated Subsidiaries	10,183	9,520
Shareholders' Equity:		
Common stock	53,229	53,229
Capital surplus	33,956	33,952
Retained earnings	69,709	59,227
Revaluation difference	30	30
Unrealized gain (loss) on other securities	5,496	4,893
Foreign currency translation adjustments	(5,298)	(4,648)
Less treasury stock, at cost	(281)	(209)
Total shareholders' equity	156,842	146,476
Total liabilities and shareholders' equity	345,989	342,300

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, 2003	53,229	34,522	50,609	30	(902)	(3,319)	(2)
Effect of 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 the year 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)
Effect of decrease in equity method affiliates	-	-	74	-	-	-	-
Bonuses to directors	-	-	(20)	-	-	-	-
Effect of decrease in equity method affiliates	-	-	(34)	-	-	-	-
Staff and workers bonus and welfare fund	-	-	(1)	-	-	-	-
Cash dividends paid	-	-	(3,974)	-	-	-	-
Profit on sale of treasury stock	-	4	-	-	-	-	-
Net income for the year ended March 31, 2005	-	-	14,438	-	-	-	-
Unrealized holding gain on securities	-	-	-	-	602	-	-
Foreign currency translation adjustments	-	-	-	-	-	(650)	-
Net change in treasury stock	-	-	-	-	-	-	(72)
Balance at March 31, 2005	53,229	33,956	69,709	30	5,496	(5,298)	(281)

Consolidated Statements of Cash Flows

	Millions of yen	
	2005	2004
Operating Activities:		
Income before income taxes and minority interests	24,393	21,071
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,762	16,048
Goodwill amortization	140	143
Increase (decrease) in retirement allowances	1,189	3,942
(Decrease) increase in allowance for doubtful accounts	(760)	321
Equity in earnings of affiliates	(1,653)	(1,546)
Interest expense	1,106	1,249
Loss on valuation of securities and investments	411	341
(Increase) decrease in trade receivables	(570)	(8,709)
Decrease (increase) in inventories	834	154
Increase (decrease) in trade payables	4,389	(0)
Bonuses to directors	(21)	(2)
Other, net	3,009	(2,651)
Subtotal	48,230	30,363
Interest and dividend received	479	576
Interest paid	(1,105)	(1,248)
Income taxes paid	(9,557)	(7,501)
Net cash provided by operating activities	38,046	22,189
Investing Activities:		
Proceeds from sale of property, plant and equipment	2,232	1,478
Purchases of property, plant and equipment	(25,831)	(14,608)
Purchases of investment securities	(653)	(50)
Proceeds from sale of investment securities	1,029	4,944
Increase in short-term loans receivable	(123)	(175)
Long-term loans advanced	(2)	(2)
Other, net	269	(539)
Net cash used in investing activities	(23,081)	(8,953)
Financing Activities:		
Proceeds from long-term loans	2,912	2,899
Decrease in short-term bank loans	(4,696)	(2,292)
Repayment of long-term loans	(2,068)	(4,952)
Redemption of debentures	(10,000)	(10,000)
Issuance of debentures	-	10,000
Acquisition of treasury stock	(90)	(777)
Cash dividends paid	(6,129)	(4,609)
Proceeds from issue of shares to minority shareholders	938	2,216
Other, net	18	(1)
Net cash used in financing activities	(19,115)	(7,516)
Effect of exchange rate changes on cash and cash equivalents	(207)	(335)
Net increase in cash and cash equivalents	(4,356)	5,383
Beginning balance of cash and cash equivalents	12,783	7,400
Cash and cash equivalents at end of year	8,426	12,783

Business Segment Information

(Millions of Yen)

Year ended March 31, 2005	Chemicals and Plastics	Fibers	Specialty Products, Engineering and Others	Total	Eliminations or corporate	Consolidated
1. Sales and operating income						
Sales to third parties	139,972	89,295	100,839	330,106	-	330,106
Intergroup sales and transfers	8,479	95	31,726	40,301	(40,301)	-
Total Sales	148,451	89,390	132,565	370,408	(40,301)	330,106
Operating expenses	128,341	86,648	124,721	339,711	(40,407)	299,303
Operating income	20,110	2,742	7,843	30,696	105	30,802
2. Assets, depreciation and capital expenditures						
Total assets	130,939	85,333	99,969	316,243	29,745	345,989
Depreciation	7,583	4,101	3,940	15,625	-	15,625
Capital expenditures	14,651	6,887	4,152	25,691	-	25,691

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

Geographical Segment Information

(Millions of yen)

Year ended March 31, 2005	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
1. Sales and operating income						
Sales to third parties	290,039	23,073	16,992	330,106	-	330,106
Intergroup sales and transfers	9,387	5,270	1,270	15,929	(15,929)	-
Total Sales	299,427	28,344	18,263	346,035	(15,929)	330,106
Operating expenses	273,488	24,250	17,213	314,952	(15,648)	299,303
Operating income	25,938	4,094	1,049	31,082	(280)	30,802
2. Total assets	263,988	41,604	9,845	315,438	30,551	345,989

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

Sales by Customer's Geographical Location

(Millions of yen)

	Year ended	
	March 31 2005	March 31 2004
Sales designated for:		
Japan	199,852	200,798
Asia	88,780	72,022
Other	41,473	36,772
Total	330,106	309,593