

MITSUBISHI RAYON

GROUP

Supplementary Financial Information
for the First Quarter (3-month period) of Fiscal 2007
(April 2007 to June 2007)

July 31, 2007
Mitsubishi Rayon Co., Ltd.

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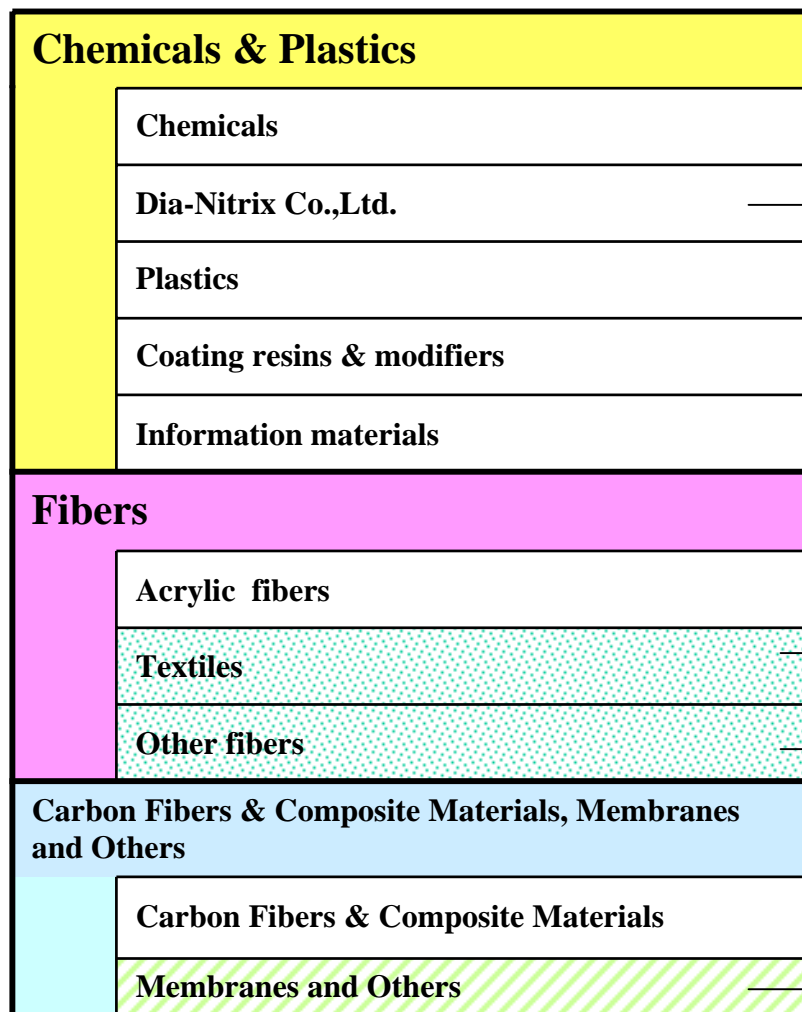
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(Amounts are rounded to the nearest first decimal place.)

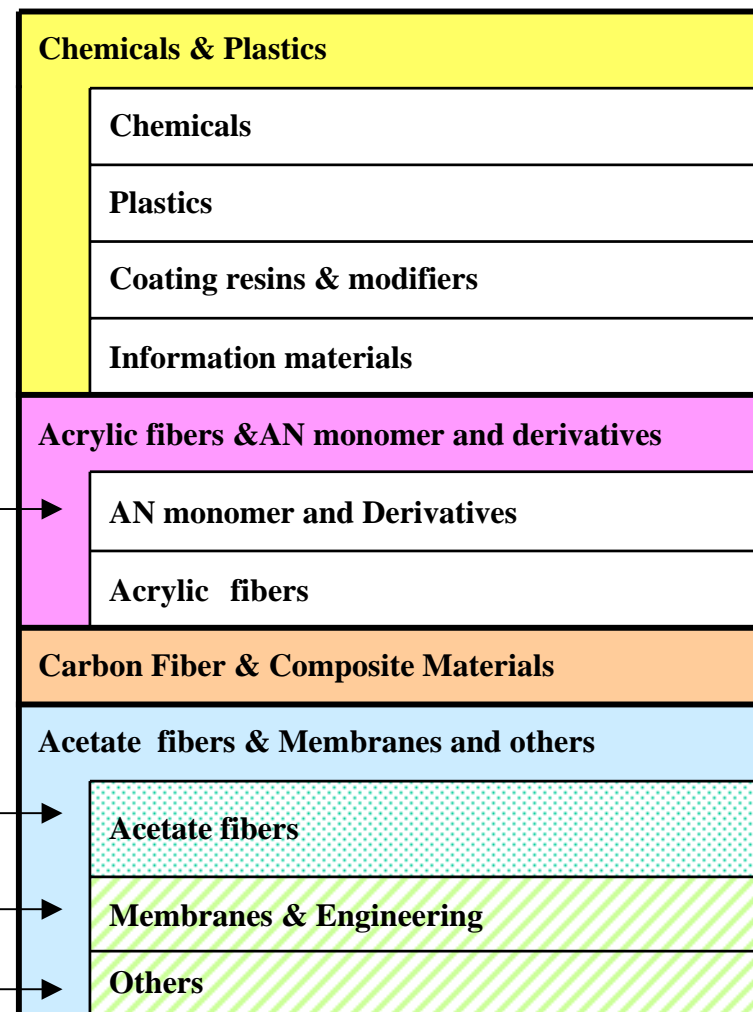
Reclassification of Segments

We had changed our segmentaiton in line with the reorganization of April 2007.

Before



After

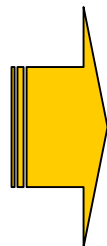


Impact on the Company's Earnings Performance of Changes in Pension Accounting Procedures

1. Changes in Accounting Procedures

In accordance with changes in regulations affecting pension plans, the Company changed the amortization period for difference in actuarial value and reclassified related expenses as of March 31, 2005.

		FY2004	FY2005
Type of pension plan		Qualified retirement pension plan	Cash balance pension plan
Difference in actuarial value	Amortization period	5 years	1 year
	Amortization method	Charged to income in an accumulated amount assuming that the Company would amortize difference in actuarial value recognized in fiscal 2000 through fiscal 2003 over the five years from the year following that in which the difference is recognized.	Lump-sum amortization of difference in actuarial value in an amount recognized in fiscal 2004
	Classification	Non-operating expenses	Cost of sales Selling, general and administrative expenses



Impact on the Company's Earnings Performance of Changes in Pension Accounting Procedures (FY2006 result)

2. Recognition and Amortization of Actuarial Gain

For the term ended March 2006, the Company has recognized actuarial gains on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥15 billion (a ¥1.4 billion decrease in retirement benefit obligations, a ¥5.7 billion increase in plan assets at fair value, and a ¥7.9 billion increase in employees' retirement trust), which the Company amortized in lump-sum in the current term ending March 2007.

Initial forecast

Estimated retirement benefit obligations as of March 31, 2006: ¥67 billion		
Retirement allowances: ¥31.5 billion	Plan assets: ¥27.2 billion	Employees' retirement benefit trust: ¥8.3 billion

Actual result (recognition of actuarial gains)

Retirement benefit obligations as of March 31, 2006: ¥65.6 billion		actuarial gains: ¥15 billion
Retirement allowances: ¥31.5 billion	Plan assets: ¥32.9 billion	Employees' retirement benefit trust: ¥16.2 billion

3. Impact on Earnings Performance of the Company for Fiscal 2006

In line with the recognition of actuarial gains described above, operating income and recurring profit increased by ¥14.2 billion and net income by approximately ¥8.5 billion.

Effects of Differences Arising from Changes in Actuarial Assumptions

(FY2007 estimates)

1. Recognition and Amortization of Actuarial Gain in Pension Accounting

For the reporting term ended March 2007, the Company has recognized actuarial losses on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥2.8 billion (a ¥0.7 billion decrease in retirement benefit obligations, a ¥1.0 billion decrease in plan assets at fair value, and a ¥2.5 billion decrease in employees' retirement trust fund), which the Company will amortize in lump-sum for the term ending March 2008.

Initial forecast

Estimated retirement benefit obligations as of March 31, 2007: ¥64.5 billion		Pripaid pension cost : ¥11.9 billion
Retirement allowances: ¥28.7 billion	Plan assets: ¥36.5 billion	Employees' retirement benefit Trust fund: ¥11.2 billion

Actual result (recognition of actuarial losses)

Retirement benefit obligations as of March 31, 2007: ¥ 63.8 billion		Pripaid pension cost : ¥11.9 billion
Retirement allowances: ¥28.7 billion	Plan assets: ¥35.5 billion	Employees' retirement benefit trust fund: ¥8.7 billion

Actuarial losses:
¥-2.8 billion

2. Impact on Earnings Performance of the Company for Fiscal 2007

In line with the recognition of actuarial losses described above, operating income and recurring profit will decrease by ¥2.0 billion and net income by approximately ¥1.2 billion for this year. For the 1st (April - June) quarter, however, the effect of amortization was immaterial, thanks to the posting of unrecognized actuarial gains.

Outline of Business Performance

For the First Quarter (3-month period) of Fiscal 2007

Item		Unit	Previous Q1	Reporting Q1	Change	
					Amount	%
Net sales		¥ billion	94.1	100.0	+5.9	+6.3
Operating income	After amortization of difference in actuarial value	¥ billion	13.7	12.2	(1.5)	(11.0)
	Prior to amortization of difference in actuarial value		10.2	12.2	+2.0	+20.1
Net income	After amortization of difference in actuarial value	¥ billion	7.5	6.5	(1.0)	(12.9)
	Prior to amortization of difference in actuarial value		5.4	6.5	+1.1	+21.0
Basic operating conditions						
Exchange rate		¥/US\$	113	120		
Price of domestically refined naphtha		¥/kl	49,000	58,000		

Note: With effect from FY2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

Sales/Operating Income by Business Segment

For the First Quarter (3-month period) of Fiscal 2007

(¥ billion)

Item Segment	Net sales			Operating income (Upper line: After amortization) (Lower line: Prior to amortization)		
	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change
Chemicals & Plastics	44.5	44.1	(0.4)	9.8	7.2	(2.6)
				7.5	7.2	(0.3)
Acrylic fibers & AN monomer	15.8	19.8	+4.0	0.2	0.9	+0.7
				(0.3)	0.9	+1.2
Carbon Fiber & Composite Materials	9.0	11.8	+2.8	2.5	3.2	+0.7
				2.1	3.2	+1.1
Acetate fibers & Membranes and others	24.8	24.3	(0.5)	1.3	1.0	(0.3)
				0.9	1.0	+0.1
Total	94.1	100.0	+5.9	13.7	12.2	(1.5)
				10.2	12.2	+2.0

Note: With effect from FY 2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

Sales/Operating Income by Business Segment

For the First Quarter (3-month period) of Fiscal 2007

Chemicals & Plastics

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Remarks
Net Sales	44.5	44.1	(0.4)	
Chemicals	17.5	19.1	+1.6	
Plastics	12.3	11.3	(1.0)	
Coating resins & Modifiers	10.0	10.0	+0	
Information materials	4.7	3.7	(1.0)	
Operating income (Excluding effect of amortization in question)	7.5	7.2	(0.3)	

Sales/Operating Income by Business Segment

For the First Quarter (3-month period) of Fiscal 2007

Acrylic fibers & AN monomer and derivatives

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Remarks
Net Sales	15.8	19.8	+4.0	
AN monomer and derivatives	7.6	9.8	+2.2	
Acrylic fibers	8.2	10.1	+1.9	
Operating income (Excluding effect of amortization in question)	(0.3)	0.9	+1.2	

Carbon Fiber & Composite Materials

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Remarks
Net Sales	9.0	11.8	+2.8	
Operating income (Excluding effect of amortization in question)	2.1	3.2	+1.1	

Sales/Operating Income by Business Segment

For the First Quarter (3-month period) of Fiscal 2007

Acetate fibers & Membranes and others

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Remarks
Net Sales	24.8	24.3	(0.5)	
Acetate fibers and Textiles,etc	10.8	10.3	(0.5)	
Membranes & Engineering	4.0	3.2	(0.8)	
Others	10.1	10.8	+0.7	
Operating income (Excluding effect of amortization in question)	0.9	0.1	+0.1	

Non-Operating Income and Expenses

For the First Quarter (3-month period) of Fiscal 2007

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Remarks
Non-operating income	1.0	1.7	+0.7	
Interest & dividend received	0.3	0.3	+0.0	
Return on investment in equity-method affiliates	0.4	0.5	+0.1	
Foreign exchange gain or loss	—	0.6	+0.6	
Other	0.3	0.2	(0.1)	
Non-operating expenses	0.6	0.8	(0.2)	
Interest paid	0.3	0.4	(0.1)	
Other	0.3	0.4	(0.1)	
Non-operating loss	0.4	0.9	+0.5	

(Financial account balance)

(0.0)

(0.1)

Extraordinary Gains/Losses

For the First Quarter (3-month period) of Fiscal 2007

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Change	Remarks
Extraordinary gains	0.0	0.0	+0.0	
Gain on sale of fixed assets	0.0	0.0	+0.0	
Other	0.0	0.0	+0.0	
Extraordinary losses	0.2	0.3	(0.1)	
Loss on sale and disposal of fixed assets	0.2	0.2	+0.0	
Impairment loss	0.0	—	+0.0	
Other	0.0	0.1	(0.1)	
Net extraordinary gain (loss)	(0.2)	(0.3)	(0.1)	

Major Balance Sheet Items

For the First Quarter (3-month period) of Fiscal 2007

(¥ billion)

Item	FY2006 (as of Mar. 31, 2007)	FY2007 (as of Jun. 30, 2007)	Change	Remarks
Total assets	449.6	459.9	+10.3	
Current assets	175.7	178.3	+2.6	
Tangible fixed assets	170.1	169.9	(0.2)	
Investment securities	74.5	85.6	+11.1	
Other noncurrent assets	29.3	26.1	(3.2)	
Total liabilities	223.9	230.6	+6.7	
(Interest-bearing liabilities)	65.3	83.1	+17.8	
Total net assets	225.7	229.3	+3.6	
Shareholders' equity	196.4	199.9	+3.5	
Gains/losses on valuation & exchange translation	16.1	18.1	+2.0	
Minority interests	13.3	11.3	(2.0)	
Total liabilities and net assets	449.6	459.9	+10.3	

Summary of Cash Flows

For the First Quarter (3-month period) of Fiscal 2007

(¥ billion)

Item	Previous Q1 (FY2006)	Reporting Q1 (FY2007)	Remarks
Cash flows from operating activities	+5.8	+1.3	
Cash flows from investing activities	(10.4)	(17.1)	
Free cash flows	(4.6)	(15.8)	
Cash flows from financing activities	+4.4	+13.1	
Increase (decrease) of cash and cash equivalents	(0.1)	(2.6)	
Cash and cash equivalents , End of Q1	+10.0	+8.1	

Performance Estimates for FY2007

(FY2007 estimates)

Item		Unit	FY2006	FY2007 estimates		
			Previous First half	Reporting Q1	First half	Full term
Net sales		¥ billion	198.5	100.0	215.0	435.0
Operating income	After amortization of difference in actuarial value	¥ billion	26.8	12.2	24.0	48.0
	Prior to amortization of difference in actuarial value		19.7	12.2	24.5	50.0
Net income	After amortization of difference in actuarial value	¥ billion	15.0	6.5	11.5	23.5
	Prior to amortization of difference in actuarial value		10.8	6.5	11.8	24.7
Dividend		¥ per share	5.0	—	5.5	11.0
Capital expenditures		¥ billion	18.9	—	24.0	39.0
Depreciation		¥ billion	7.9	—	11.0	23.0
R&D expenses		¥ billion	5.5	—	6.0	12.0
Conditions						
Exchange rate		¥/US\$	114	120		
Price of domestically refined naphtha		¥/kl	51,400	58,000		

Includes an increase in operating income of FY2007 estimates 2.0 billion yen (-1.0 billion yen in 1st and 2nd half each) due to partial revisions to depreciation methods.

Performance Estimates by Segment

(FY2007 estimates)

(¥ billion)

Item Segment	Net sales				Operating income (Upper line: After amortization) (Lower line: Prior to amortization)			
	FY2006 Previous First half	FY2007 estimates			FY2006 Previous First half	FY2007 estimates		
		Reporting Q1	First half	Full term		Reporting Q1	First half	Full term
Chemicals & Plastics	88.8	44.1	95.0	196.0	18.0	7.2	14.0	29.5
					13.5	7.2	14.5	31.0
Acrylic fibers & AN monomer	35.7	19.8	41.0	79.0	0.4	0.9	1.5	1.8
					(0.7)	0.9	1.5	2.0
Carbon Fiber & Composite Materials	18.5	11.8	24.0	47.0	5.4	3.2	6.5	12.3
					4.5	3.2	6.5	12.5
Acetate fibers & Membranes and others	55.4	24.3	55.0	113.0	3.0	1.0	2.0	4.4
					2.4	1.0	2.0	4.5
Total	198.5	100.0	215.0	435.0	26.8	12.2	24.0	48.0
					19.7	12.2	24.5	50.0

Note: With effect from FY2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

Business Structure

(Appendix)

Segment		MMA Business Complex	AN(Acrylonitrile) Business Complex	Non-Acrylic Business Group
Chemicals & Plastics	Chemicals	MMA monomers, Functional monomers		Dimethylformamide
	Plastics	Acrylic sheets, acrylic resin pellets		Polyester resins
	Coating resins & modifiers	Coating resins, plastic modifiers		
	Information materials	Prism sheets, plastic optical fibers, plastic rod lenses		
Acrylic fibers & AN monomer and Derivatives	AN monomer		AN (Acrylonitrile) monomer, Flocculants, etc	
	Acrylic fibers		Acrylic fibers	
Carbon Fiber & Composite Materials			Carbon Fiber, Prepreg, Processed products	
Acetate fibers & Membranes and others	Acetate fibers			Textiles
	Membranes & Engineering			Water purifiers, Water treatment equipment and systems, Plant Engineering
	Others			Ryoko Co., Ltd. Others

Investment Projects

(Appendix)

Situation	Startup	Products	Capacity	Company	Location	Investment (US\$ million)
Operation started	Jun 2005	Coating resin	3,500 tons/year	Mitsubishi Rayon Polymer Nantong	Nandong, China	30
	Jul 2005	Acrylic sheets	20,000 tons/year			
	Dec 2005	Acrylic fibers	50,000 tons/year	Ningbo Rayon Acrylic Fibers	Ningbo, China	100
	Jan 2006	Carbon fibers	1,500 → 2,000 tons/year	Grafil	U.S.A.	
	Jun 2006	Prism sheets	30 million sheets→45 million sheets/year	Mitsubishi Rayon	Japan	
	Dec 2006	MMA monomers	90,000 tons/year	Huizhou MMA	Huizhou, China	100
	Jan 2007	Carbon fibers	500 to 750 tons/year	SGL Technic	U.K.	Production outsourced
	May 2007	Carbon fibers	3,200 → 5,400 tons/year	Mitsubishi Rayon	Japan	¥ 7billion
Under construction	Sep 2007	Prism sheets	45 million sheets→60 million sheets/year	Mitsubishi Rayon	Japan	
	2Q 2008	Acrylic resin pellets	40,000 tons/year	Daesan MMA (joint venture Honan Petrochem.)	Korea	50:50 equity stakes
	4Q 2008	MMA monomers	90,000 tons/year			
	【2008	MMA monomers	(production sharing with Mitsubishi) 120,000 tons/year	Lucite	Singapore	】
Investment Planned For next term	4Q 2009	Acrylic sheets	20,000 tons/year	Thai MMA	Thailand	250
	2Q 2010	MMA monomers	90,000→180,000 tons/year			
	2010~2011	MMA monomers	(production sharing with Lucite) 140,000 tons/year	Mitsubishi Rayon	U.S.A.	200

New Equipment Projected to Contribute to FY2007 Business Performance

(Appendix)

Impact	Startup	Products	Location	Company	Capacity
Full-term Contribution in FY2007	Jun 2006	Prism sheets	Japan	Mitsubishi Rayon	30 million sheets → 45 million sheets/year
	Dec 2006	MMA monomers	Huizhou MMA	Huizhou, China	(May'07~) 90,000 tons/year (at first 70,000tons/yesr)
Start of operations in FY2007	Jan 2007	Carbon fibers	U.K.	SGL Technic	【Production outsourced】 500 to 750 tons/year
	May 2007	Carbon fibers	Japan	Mitsubishi Rayon	3,200 → 5,400 tons/year
	Sep 2007	Prism sheets	Japan	Mitsubishi Rayon	45 million sheets → 60 million sheets/year

Note: Q = calendar year quarters

Please Note

The business performance forecasts and targets included in business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of such forward-looking statements may differ significantly from actual results, owing to a number of unforeseeable factors.