

MITSUBISHI RAYON

— GROUP —

**Presentation on Consolidated Business
Performance for Fiscal 2004**
(April 2004 to March 2005)

May 10, 2005

Mitsubishi Rayon Co., Ltd.

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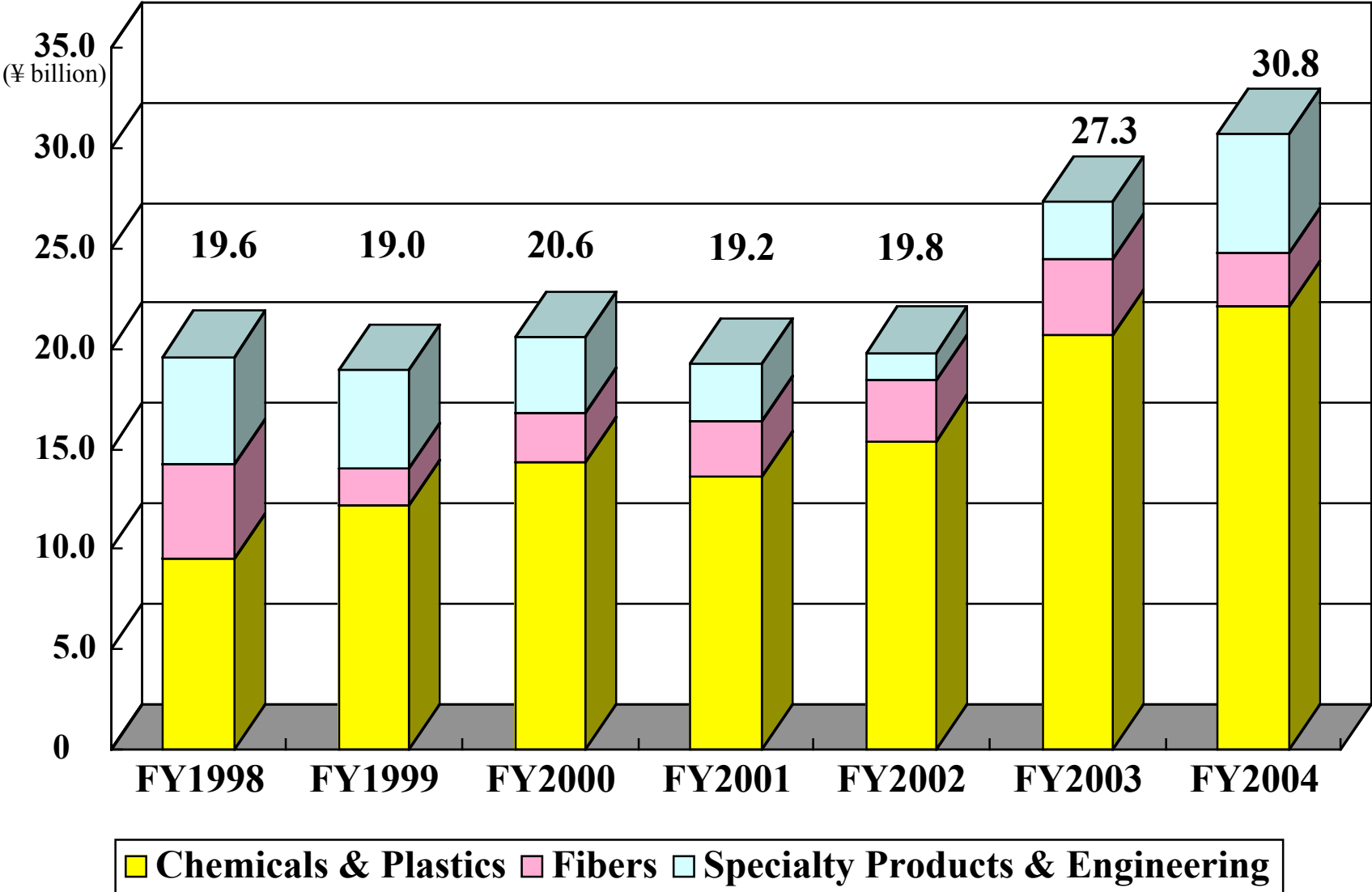
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(Amounts are rounded to the nearest first decimal place.)

Operating Income (consolidated basis)



Outline of Business Performance

(FY2004 results)

Item	Unit	FY2003	FY2004	YoY change		Remarks
				Amount	%	
Net sales	¥ billion	309.6	330.1	+20.5	(+6.6)	
Operating income	¥ billion	27.3	30.8	+3.5	(+12.8)	Record high
Net income	¥ billion	12.3	14.4	+2.1	(+17.4)	Record high
Dividend	¥ per share	6.0	7.0	+1.0		
Basic operating conditions						
Exchange rate	¥/US\$	112	107			
Price of domestically refined naphtha	¥/kl	25,600	32,150			

Breakdown of Factors in Operating Income (FY2004 results)

Comparison with FY2003

(¥ billion)

Item	Group
Cost of raw materials and fuel	-10.3
Sales cost	+10.2
Sales volume	+2.8
Other	+0.8
Total	+3.5
Operating income	27.3 → 30.8

foreign exchange translation (-3.2)

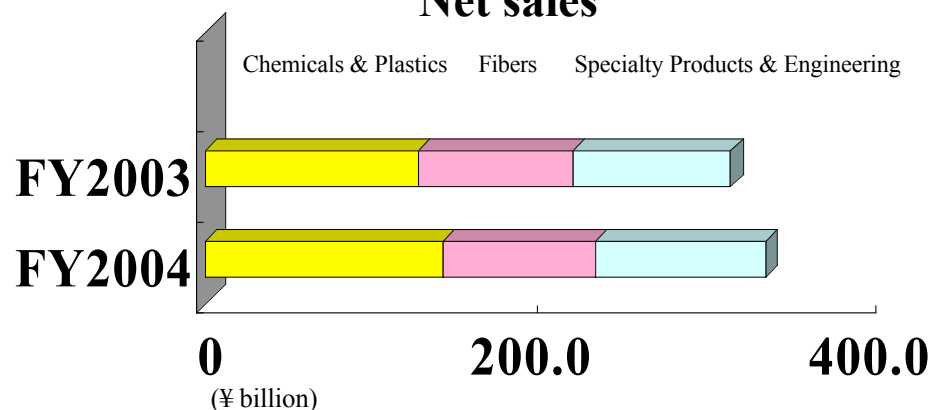
Sales/Operating Income by Business Segment (FY2004 results)

Overview

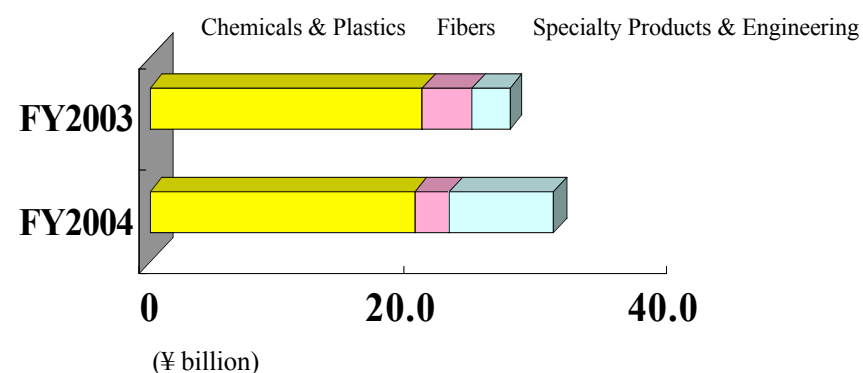
(¥ billion)

Segment \ Item	Net sales			Operating income		
	FY2003	FY2004	Change	FY2003	FY2004	Change
Chemicals & Plastics	125.2	140.0	+14.8	20.7	20.1	-0.6
Fibers & Textiles	90.8	89.3	-1.5	3.8	2.7	-1.1
Specialty Products & Engineering	93.6	100.8	+7.2	2.8	7.9	+5.1
Total	309.6	330.1	+20.5	27.3	30.8	+3.5

Net sales



Operating income



Sales/Operating Income by Business Segment (FY2004 results)

Chemicals & Plastics

(¥ billion)

Item	FY2003	FY2004	Change	Remarks
Net Sales	125.2	140.0	+14.8	
Chemicals	(57.9)	(64.4)	(+6.5)	Price raises; sales volume increase
Plastics	(41.0)	(45.6)	(+4.6)	Commencement of operations at Nantong Rayon
Coating resins & Modifiers	(26.3)	(30.0)	(+3.7)	Growth in sales of coating materials
Operating income	20.7	20.1	-0.6	Decline in production volumes of light-guiding plates and cell phones to adjust inventories Declines in production and sales by Thai MMA due to facility modernization

Sales/Operating Income by Business Segment (FY2004 results)

Fibers & Textiles

(¥ billion)

Item	FY2003	FY2004	Change	Remarks
Net Sales	90.8	89.3	-1.5	
Acrylic fibers	(36.5)	(38.7)	(+2.2)	Price raises; increased exports
Textiles	(29.6)	(23.6)	(-6.0)	Decline in sales by Mitsubishi Rayon Textile Co. (partly due to transfer of operations)
Others	(24.7)	(27.0)	(+2.3)	Operations transferred from Mitsubishi Rayon Textile Co.
Operating income	3.8	2.7	-1.1	Rise in costs (raw materials & fuel; forex rate) not sufficiently passed on

Sales/Operating Income by Business Segment (FY2004 results)

Specialty Products, Engineering and Others

(¥ billion)

Item	FY2003	FY2004	Change	Remarks
Net Sales	93.6	100.8	+7.2	
Carbon fibers & composite materials	(21.3)	(24.4)	(+3.1)	Return of prices to previous level; increased sales volume
Information materials	(10.5)	(14.4)	(+3.9)	Increased sales volume
Hollow fiber membrane & others	(61.7)	(62.1)	(+0.4)	
Operating income	2.8	7.9	5.1	Increased revenue of carbon fibers and composite materials; improved profitability of information materials

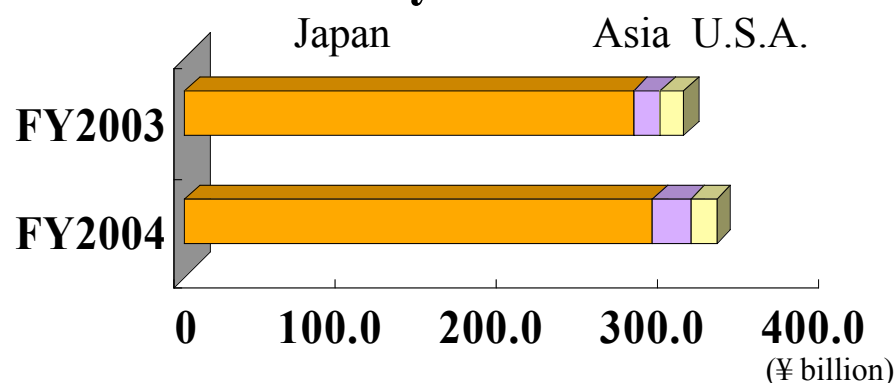
Sales/Operating Income by Location

(FY2004 results)

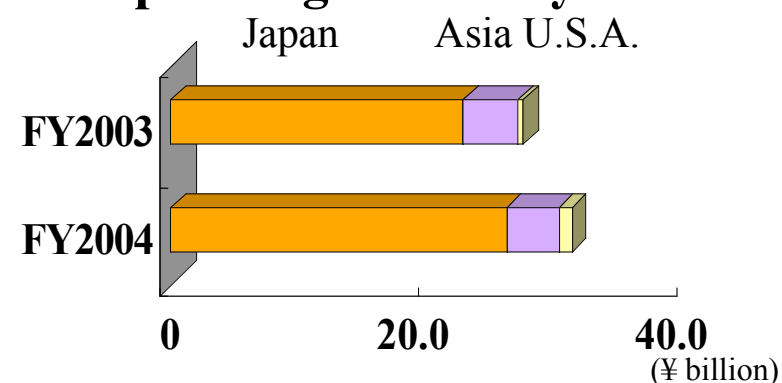
(¥ billion)

Location \ Item	Net sales			Operating income		
	FY2003	FY2004	Change	FY2003	FY2004	Change
Japan	278.2	290.0	+11.8	22.6	25.9	+3.3
Asia	16.9	23.1	+6.2	4.3	4.1	-0.2
U.S.A.	14.5	17.0	+2.5	0.4	1.0	+0.6
Consolidation adjustments				-0.1	-0.3	-0.2
Total	309.6	330.1	+20.5	27.3	30.8	+3.5

Sales by location



Operating income by location

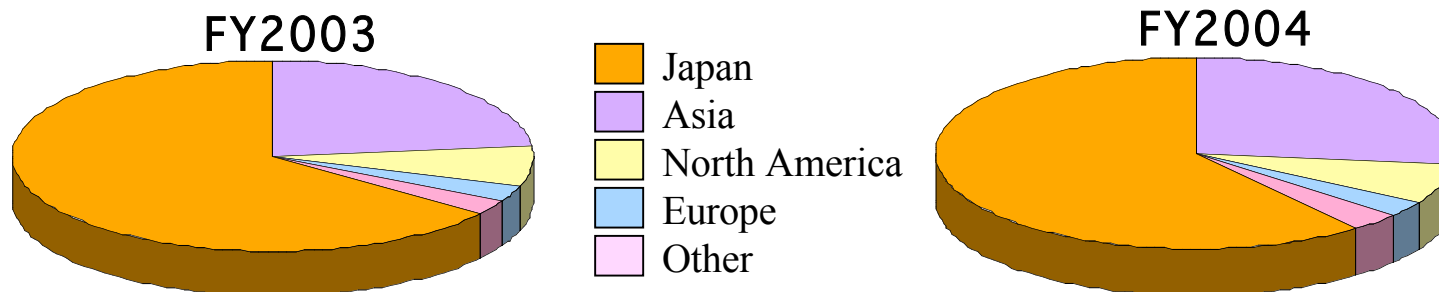


Overseas Sales

(FY2004 results)

(¥ billion)

Item	Net sales		
	FY2003	FY2004	Change
Net sales (consolidated)	309.6	330.1	+20.5
Overseas sales	108.8	130.3	+21.5
Asia	72.0	88.8	+16.8
North America	21.1	22.1	+1.0
Europe	8.8	9.7	+0.9
Other	6.9	9.7	+2.8
Overseas sales ratio (%)	35.1	39.4	+4.3



Non-Operating Income and Expenses

(FY2004 results)

(¥ billion)

Item	FY2003	FY2004	Change	Remarks
Non-operating income	2.7	2.9	+0.2	
Interest & dividend received	0.6	0.5	-0.1	
Return on investment in equity-method affiliates	1.5	1.7	+0.2	
Other	0.6	0.8	+0.2	
Non-operating expenses	8.1	5.9	+2.2	
Interest paid	1.2	1.1	+0.1	
Amortization expenses for actuarial loss on retirement benefit obligations	4.8	3.2	+1.6	
Other	2.1	1.6	+0.5	
Non-operating loss	-5.4	-3.0	+2.4	

Extraordinary Gains/Losses

(FY2004 results)

(¥ billion)

Item	FY2003	FY2004	Change	Remarks
Extraordinary gains	1.6	2.0	+0.4	
Gain on sale of fixed assets	0.6	0.3	-0.3	
Gain on sale of investment securities	0.9	0.6	-0.3	
Other	0.1	1.1	+1.0	
Extraordinary losses	2.5	5.4	-2.9	
Loss on sale and disposal of fixed assets	0.9	1.2	-0.3	
Loss on valuation of investment securities	0.3	0.4	-0.1	
Out-of-court settlements	—	1.8	-1.8	
Other	1.3	2.1	-0.8	
Net extraordinary loss	-0.9	-3.4	-2.5	

Major Balance Sheet Items

(FY2004 results)

(¥ billion)

Item	FY2003 (as of Mar. 31, 2004)	FY2004 (as of Mar. 31, 2005)	Change	Remarks
Total assets	342.3	346.0	+3.7	
Current assets	141.7	136.8	-4.9	declines in cash & deposits, and in inventory assets
Tangible fixed assets	128.0	135.1	+7.1	¥25.7 bn capital investment, ¥15.6 bn depreciation, ¥2.9 bn assets disposed of
Investment securities	48.1	49.6	+1.5	Rise in market prices
Other noncurrent assets	24.5	24.4	-0.1	
Total liabilities	186.3	179.0	-7.3	
(Interest-bearing liabilities)	(75.6)	(61.3)	(-14.3)	Redemption of corporate bonds (¥10.0 bn)
Minority interests	9.5	10.2	+0.7	
Total shareholders' equity	146.5	156.8	+10.3	Net income for reporting term pushed up retained earnings by ¥14.4 bn; dividend payments pushed down by ¥4.0 bn
Total liabilities, minority interests and shareholders' equity	342.3	346.0	+3.7	

Summary of Cash Flows

(FY2004 results)

(¥ billion)

Item	FY2003	FY2004	Remarks
Cash flows from operating activities	22.2	38.0	Income before income taxes: ¥24.4 Depreciation: ¥15.7
Cash flows from investing activities	-9.0	-23.1	Investment in China
Free cash flows	13.2	15.0	
Cash flows from financing activities	-7.5	-19.1	Interest-bearing liabilities decreased by ¥13.9
Increase (decrease) of cash and cash equivalents	5.4	-4.4	

Resources Mobilized

(FY2004 results)

Item	Unit	FY2003	FY2004	Change	Remarks
Capital expenditures	(¥ billion)	15.0	25.7	+10.7	
Chemicals & Plastics		7.8	14.7	+6.9	
Fibers & Textiles		4.0	6.9	+2.9	
Specialty Products & Engineering		3.2	4.2	+1.0	
Depreciation	(¥ billion)	15.8	15.6	-0.2	
Chemicals & Plastics		7.3	7.6	+0.3	
Fibers & Textiles		4.5	4.1	-0.4	
Specialty Products & Engineering		4.0	3.9	-0.1	
R&D expenses	(¥ billion)	11.1	10.4	-0.7	
Employees	(Person)	8,557	8,551	-0.6	
Chemicals & Plastics		1,939	1,999	+6.0	
Fibers & Textiles		2,845	2,790	-5.5	
Specialty Products & Engineering		3,773	3,762	-1.1	

Management Indicators

(FY2004 results)

Item		Unit	FY2003 As of March 2004	FY2004 As of March 2005
ROA	Operating income/average total assets	%	8.1	9.0
ROE	Net income/average shareholders' equity	%	8.8	9.5
Operating income ratio	Operating income/sales	%	8.8	9.3
D/E ratio	Term-end interest-bearing liabilities/term-end shareholders' equity		0.52	0.39
Equity ratio	Term-end shareholders' equity/Term-end total assets	%	42.8	45.3
Interest-bearing liabilities		(¥ billion)	75.6	61.3
Term-end total assets		(¥ billion)	342.3	346.0

Performance Estimates for FY2005

(FY2005 estimates)

Item	Unit	FY2004 results	FY2005 estimates		
			First half	Second half	Full term
Net sales	¥ billion	330.1	167.0	173.0	340.0
Operating income	¥ billion	30.8	16.0	17.0	33.0
Net income	¥ billion	14.4	10.0	9.0	19.0
Dividend	Yen/share	7.0	4.0	4.0	8.0
Conditions					
Capital expenditures	¥ billion	25.7	17.0	11.0	28.0
Depreciation	¥ billion	15.6	7.5	8.5	16.0
R&D expenses	¥ billion	10.4	5.5	5.5	11.0
Exchange rate	¥/US\$	107	105	105	105
Price of domestically refined naphtha	¥/kl	32,150	36,000	36,000	36,000

Performance Estimates by Segment

(FY2005 estimates)

(¥ billion)

Item Segment	Net sales				Operating income			
	FY2004 results	FY2005 estimates			FY2004 results	FY2005 estimates		
		First half	Second half	Full term		First half	Second half	Full term
Chemicals & Plastics	154.3	84.0	86.0	170.0	22.1	12.5	12.5	25.0
Fibers & Textiles	89.3	41.0	43.0	84.0	2.7	1.0	1.5	2.5
Specialty products & others	86.5	42.0	44.0	86.0	5.9	2.5	3.0	5.5
Total	330.1	167.0	173.0	340.0	30.8	16.0	17.0	33.0

With effect from fiscal 2005, products previously included in Information Materials have been reclassified under “Chemicals and Plastics” (figures in the above chart for fiscal 2004 reflect this change).

Business Structure

(Appendix)

Segment		MMA Business Complex	AN Business Complex	Non-Acrylic Business Group
Chemicals & Plastics	Chemicals	MMA monomers, higher esters	Hydrogencyanide derivatives (chelate compounds, others) [AN monomers, flocculants, etc.]	Methylamine
	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		
Fibers & Textiles			Acrylic fibers	Textiles, etc.
Specialty products and others			Carbon fibers and composite materials	Water purifiers, water treatment equipment and systems, plant engineering, etc.

Square brackets [] indicate operation by affiliate accounted for by the equity method

Major New Facilities

(Appendix)

Operation begun	Products	Company	Production capacity	Location	Investment (US\$ million)
Dec 2003	Acrylic resin pellets	Nantong Rayon Chemical	40,000 tons/year	Nandong, China	30
Dec 2004	Prism sheets		12 million sheets → 30 million sheets/year	Japan	
Dec 2004	MMA monomers	Thai MMA	70,000 → 90,000 tons/year	Thailand	
Jan 2005	BMA		10,000 tons/year		
2Q FY2005	DMF	Jiangusu Xinling Chemical	30,000 tons/year	Changzhou, China	20
2Q FY2005	Coating resin	Mitsubishi Rayon Polymer Nantong	3,500 tons/year	Nandong, China	30
3Q FY2005	Acrylic sheets		20,000 tons/year		
4Q FY2005	Acrylic fibers	Ningbo Rayon Acrylic Fibers	50,000 tons/year	Ningbo, China	100
4Q FY2005	Carbon fibers	Grafil	1,500 → 2,000 tons/year	U.S.A.	
1Q FY2006	Carbon fibers	SGL Technic	500 to 750 tons/year	U.K.	Production outsourced
2Q FY2006	MMA monomers	Huizhou MMA	90,000 tons/year	Huizhou, China	100

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.