



Presentation on Consolidated Business Performance
for the First-Half Period of Fiscal 2005
(April to September 2005)

November 10, 2005
Mitsubishi Rayon Co., Ltd.

Index

I. Outline of Business Performance for the First Half of Fiscal 2005 (consolidated basis)

- 1. Outline of Business Performance**
- 2. Breakdown of Factors in Operating Income**
- 3. Sales/Operating Income by Business Segment**
- 4. Sales/Operating Income by Location**
- 5. Overseas Sales**
- 6. Non-Operating Income and Expenses**
- 7. Extraordinary Gains/Losses**
- 8. Major Balance Sheet Items**
- 9. Summary of Cash Flows**
- 10. Resources Mobilized**
- 11. Management Indicators**

II. Business Performance Estimates for Fiscal 2005 (consolidated basis)

- 1. Performance Estimates for FY2005**
- 2. Performance Estimates by Segment**

. Appendix

- 1. Business Structure**
- 2. Major New Facilities**

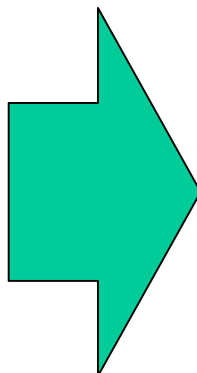
(Amounts are rounded to the nearest first decimal place.)

Segment Reclassification

With effect from fiscal 2005, products previously included in Information Materials have been reclassified under “Chemicals and Plastics” and “Specialty Products, Engineering, and Others” has been changed to “Carbon Fiber & Composite Materials, Membranes and Others .” Figures for the first half of fiscal 2004 have been recalculated using the current classification.

Before Reclassification

| | |
|---|-------------------------------------|
| Chemicals & Plastics | |
| | Chemicals |
| | Plastics |
| | Coating resins & modifiers |
| Fibers | |
| | Acrylic fibers |
| | Textiles |
| | Others |
| Specialty Products, Engineering and Others | |
| | Carbon fibers & composite materials |
| | Information materials |
| | Hollow fiber membrane & others |



After Reclassification

| | |
|---|-------------------------------------|
| Chemicals & Plastics | |
| | Chemicals |
| | Plastics |
| | Coating resins & modifiers |
| | Information materials |
| Fibers | |
| | Acrylic fibers |
| | Textiles |
| | Others |
| Carbon Fiber & Composite Materials, Membranes and Others | |
| | Carbon fibers & composite materials |
| | Hollow fiber membrane & others |

Outline of Business Performance

(First Half of FY2005)

| Item | Unit | Previous First Half | Reporting First Half | YoY change | | Remarks |
|---------------------------------------|-------------|---------------------|----------------------|------------|---------|---------|
| | | | | Amount | % | |
| Net sales | ¥ billion | 167.7 | 166.7 | +5.0 | (+3.1) | |
| Operating income | ¥ billion | 15.3 | 18.7 | +3.4 | (+21.9) | |
| Net income | ¥ billion | 7.6 | 11.3 | +3.7 | (+49.6) | |
| Dividend | ¥ per share | 3.5 | 4.0 | +0.5 | | |
| Basic operating conditions | | | | | | |
| Exchange rate | ¥/US\$ | 109 | 108 | | | |
| Price of domestically refined naphtha | ¥/kl | 30,200 | 38,000 | | | |

Breakdown of Factors in Operating Income (First Half of FY2005)

Year-on-year change (from fiscal 2004 first half)

(¥ billion)

| Item | Group |
|--------------------------------|--------------|
| Cost of raw materials and fuel | -6.8 |
| Sales cost | +7.1 |
| Sales volume | +1.0 |
| Other | +2.1 |
| Total | +3.4 |
| Operating income | 15.3 18.7 |

foreign exchange translation (-0.2)

Sales/Operating Income by Business Segment (First Half of FY2005)

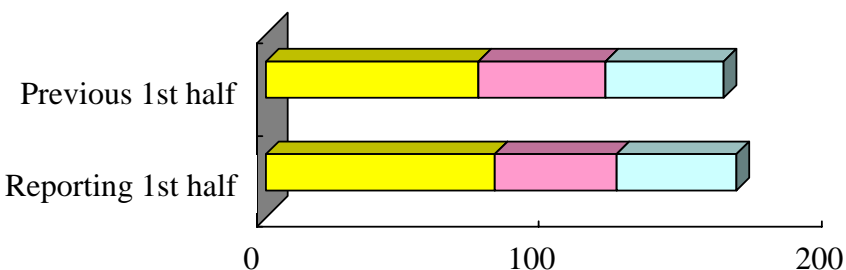
Overview

(¥ billion)

| Item Segment | Net sales | | | Operating income | | |
|--|---------------------|----------------------|-------------|---------------------|----------------------|-------------|
| | Previous first half | Reporting first half | YoY change | Previous first half | Reporting first half | YoY change |
| Chemicals & Plastics | 75.5 | 81.2 | +5.7 | 10.8 | 13.6 | +2.8 |
| Fibers | 44.9 | 42.7 | -2.2 | 1.8 | 1.1 | -0.7 |
| Carbon Fiber & Composite Materials, Membranes and Others | 41.3 | 42.7 | +1.4 | 2.7 | 3.9 | +1.2 |
| Total | 161.7 | 166.7 | +5.0 | 15.3 | 18.7 | +3.4 |

Net sales

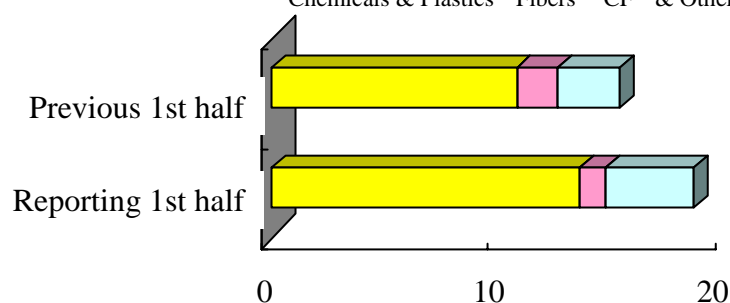
Chemicals & Plastics Fibers CF & Others



(¥ billion)

Operating income

Chemicals & Plastics Fibers CF & Others



(¥ billion)

Sales/Operating Income by Business Segment (First Half of FY2005)

Chemicals & Plastics

(¥ billion)

| Item | Previous first half | Reporting first half | YoY change | Remarks |
|---------------------------------------|---------------------|----------------------|---------------|--|
| Net Sales | 75.5 | 81.2 | +5.7 | |
| Chemicals | (30.8) | (33.2) | (+2.4) | Strong demand in East Asian markets |
| Plastics | (23.2) | (23.8) | (+0.6) | Steady demand for use in light guide panels, IT applications |
| Coating resins & modifiers | (14.8) | (16.6) | (+1.8) | Strong demand for paints from the automotive industry |
| Information materials | (6.6) | (7.5) | (+0.9) | Increasing sales of prism sheets for use in notebook PCs |
| Operating income | 10.8 | 13.8 | +2.8 | Growth in profits, due primarily to strong sales of chemicals and information materials |

Sales/Operating Income by Business Segment (First Half of FY2005)

Fibers

(¥ billion)

| Item | Previous first half | Reporting first half | YoY change | Remarks |
|-------------------------|---------------------|----------------------|---------------|---|
| Net Sales | 44.9 | 42.7 | -2.2 | |
| Acrylic fibers | (19.6) | (19.4) | (-0.2) | Decline in domestic demand |
| Textiles | (11.6) | (10.7) | (-0.9) | Sluggish domestic demand |
| Others | (13.7) | (12.6) | (-1.1) | Decline in revenue from operations of Mitsubishi Rayon Carpet Co., Ltd. (decrease in transactions) |
| Operating income | 1.8 | 1.1 | -0.7 | Unable to fully pass raw material cost increases on to users |

Sales/Operating Income by Business Segment (First Half of FY2005)

Carbon Fiber & Composite Materials, Membranes and Others

(¥ billion)

| Item | Previous first half | Reporting first half | YoY change | Remarks |
|--|---------------------|----------------------|---------------|--|
| Net Sales | 41.3 | 42.7 | +1.4 | |
| Carbon fibers & composite materials | (12.3) | (13.8) | (+1.5) | Strong demand for industrial and sports use |
| Hollow fiber membrane & others | (29.0) | (28.9) | (-0.1) | Sluggish engineering operations |
| Operating income | 2.7 | 3.9 | +1.2 | Tight supply/demand conditions for carbon fibers and composite materials; effective cost-cutting measures |

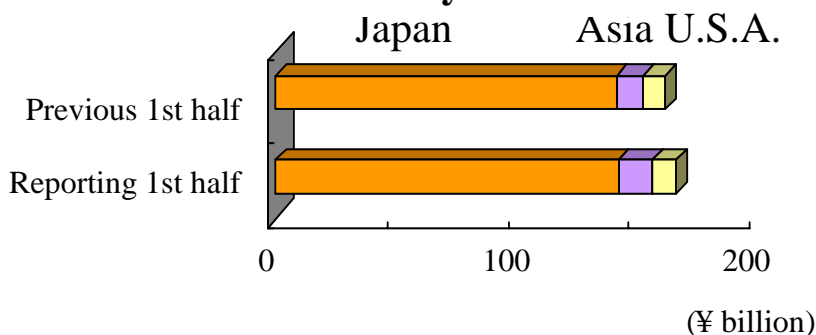
Sales/Operating Income by Location

(First Half of FY2005)

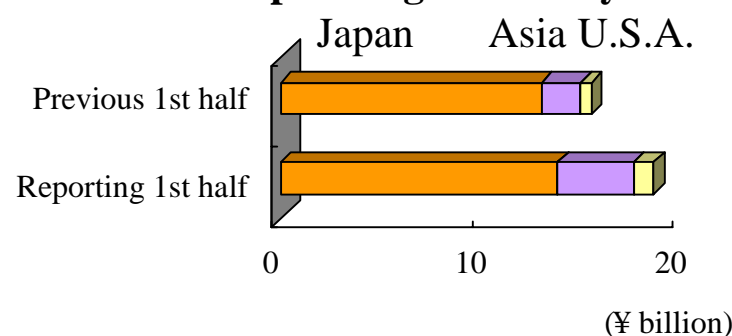
(¥ billion)

| Location \ Item | Net sales | | | Operating income | | |
|---------------------------|---------------------|----------------------|-------------|---------------------|----------------------|-------------|
| | Previous first half | Reporting first half | YoY change | Previous first half | Reporting first half | YoY change |
| Japan | 141.6 | 142.4 | +0.8 | 13.0 | 13.8 | +0.8 |
| Asia | 11.2 | 14.2 | +3.0 | 2.0 | 3.8 | +1.8 |
| U.S.A. | 8.9 | 10.1 | +1.2 | 0.5 | 1.0 | +0.5 |
| Consolidation adjustments | | | | -0.2 | 0 | +0.2 |
| Total | 161.7 | 166.7 | +5.0 | 15.3 | 18.7 | +3.4 |

Sales by location



Operating income by location



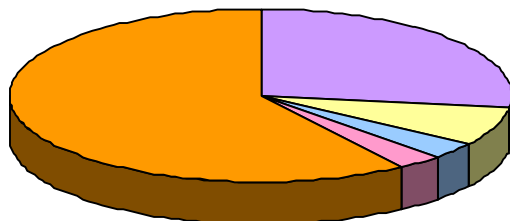
Overseas Sales

(First Half of FY2005)

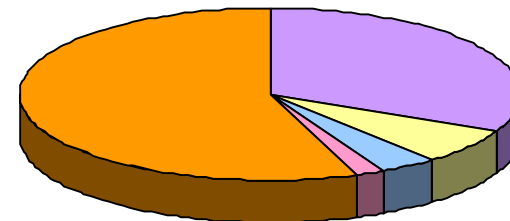
(¥ billion)

| Item | Net sales | | |
|---------------------------------|---------------------|----------------------|-------------|
| | Previous first half | Reporting first half | YoY change |
| Net sales (consolidated) | 161.7 | 166.7 | +5.0 |
| Overseas sales | 65.5 | 74.0 | +8.5 |
| Asia | 44.1 | 53.1 | +9.0 |
| North America | 11.6 | 11.7 | +0.1 |
| Europe | 4.9 | 6.0 | +1.1 |
| Other | 4.8 | 3.2 | -1.6 |
| Overseas sales ratio (%) | 40.5 | 44.3 | +3.8 |

Previous 1st half



Reporting 1st half



Non-Operating Income and Expenses

(First Half of FY2005)

(¥ billion)

| Item | Previous first half | Reporting first half | YoY change | Remarks |
|--|---------------------|----------------------|-------------|---|
| Non-operating income | 1.7 | 2.1 | +0.4 | |
| Interest & dividend received | 0.2 | 0.3 | +0.1 | |
| Return on investment in equity-method affiliates | 0.9 | 1.0 | +0.1 | |
| Other | 0.6 | 0.7 | +0.1 | |
| Non-operating expenses | 2.9 | 1.3 | +1.6 | |
| Interest paid | 0.6 | 0.5 | +0.1 | |
| Amortization expenses for actuarial loss on retirement benefit obligations | 1.6 | - | +1.6 | Change in accounting standards: Amortization over five years changed to lump-sum amortization |
| Other | 0.7 | 0.9 | -0.2 | |
| Non-operating income | -1.2 | +0.7 | +1.9 | |

(Financial account balance)

(-0.4)

(-0.2)

(+0.2)

Extraordinary Gains/Losses

(First Half of FY2005)

(¥ billion)

| Item | Previous first half | Reporting first half | YoY change | Remarks |
|---|---------------------|----------------------|-------------|---|
| Extraordinary gains | 0.3 | 9.6 | +9.3 | |
| Gain on sale of fixed assets | 0.2 | 1.7 | +1.5 | |
| Gain on reversal of reserve for retirement benefits | - | 7.6 | +7.6 | Resulting from revisions in the retirement allowance payment system |
| Other | 0.1 | 0.3 | +0.2 | |
| Extraordinary losses | 1.6 | 8.3 | -6.7 | |
| Loss on sale and disposal of fixed assets | 0.6 | 0.5 | +0.1 | |
| Impairment loss | - | 1.0 | -1.0 | Principally idle assets |
| Loss on valuation of investment securities | 0.4 | 0.2 | +0.2 | |
| Out-of-court settlements | - | 1.9 | -1.9 | Lawsuit over alleged carbon fiber cartel in U.S. |
| Lump-sum amortization of unrecognized actuarial loss for the prior term | - | 4.3 | -4.3 | Change in accounting standards: Amortization over five years changed to lump-sum amortization |
| Other | 0.7 | 0.5 | +0.2 | |
| Net extraordinary loss | -1.3 | -1.3 | +2.6 | |

Major Balance Sheet Items (As of the End of First Half of FY 2005)

(¥ billion)

| Item | As of March 2005 | As of Sept. 2005 | Change | Remarks |
|---|------------------|------------------|---------------|--|
| Total assets | 346.0 | 354.4 | +8.4 | |
| Current assets | 136.8 | 134.0 | -2.8 | Decrease in trade receivable |
| Tangible fixed assets | 135.1 | 141.7 | +6.6 | Capital investment: ¥14.8 ; Depreciation: (¥7.0); Impairment and disposal losses: (¥1.2) |
| Investment securities | 49.6 | 57.0 | +7.4 | Rise in market value of stockholdings |
| Other noncurrent assets | 24.4 | 21.7 | -2.7 | Decline in deferred tax assets (rise in share prices) |
| Total liabilities | 179.0 | 177.4 | -1.6 | |
| (Interest-bearing liabilities) | (61.3) | (62.2) | (+0.9) | |
| Minority interests | 10.2 | 10.5 | +0.3 | |
| Total shareholders' equity | 156.8 | 166.6 | +9.8 | Retained earnings: ¥11.3; Treasury share cancellation: (¥5.2); Stock valuation gains: ¥4.1 |
| Total liabilities, minority interests and shareholders' equity | 346.0 | 354.4 | +8.4 | |

Summary of Cash Flows

(First Half of FY2005)

(¥ billion)

| Item | Previous first half | Reporting first half | Remarks |
|---|---------------------|----------------------|---|
| Cash flows from operating activities | 17.7 | 18.3 | Income before income taxes: ¥20.7; Depreciation: ¥7.4; Tax payment: (¥3.5); Decline in the retirement benefits allowance: (¥3.2) |
| Cash flows from investing activities | -9.0 | -11.0 | Investment in China |
| Free cash flows | 8.7 | 7.3 | |
| Cash flows from financing activities | -6.0 | -8.8 | Acquisition on own shares: ¥5.0; Payment of dividends: ¥4.0 |
| Increase (decrease) of cash and cash equivalents | 2.8 | -1.3 | |

Resources Mobilized

(First Half of FY2005)

| Item | Unit | Previous first half | Reporting first half | YoY change | Remarks |
|--|-------------|---------------------|----------------------|-------------|---------|
| Capital expenditures | (¥ billion) | 11.3 | 14.8 | +3.5 | |
| Chemicals & Plastics | | 7.8 | 9.1 | +1.3 | |
| Fibers | | 2.5 | 4.1 | +1.6 | |
| Carbon Fiber & Composite Materials, Membranes and Others | | 1.1 | 1.6 | +0.5 | |
| Depreciation | (¥ billion) | 7.5 | 7.2 | -0.3 | |
| Chemicals & Plastics | | 4.0 | 4.1 | +0.1 | |
| Fibers | | 2.0 | 1.7 | -0.3 | |
| Carbon Fiber & Composite Materials, Membranes and Others | | 1.4 | 1.3 | -0.1 | |
| R&D expenses | (¥ billion) | 5.0 | 5.4 | +0.4 | |
| Employees | (Person) | 8,596 | 8,610 | +14 | |
| Chemicals & Plastics | | 2,235 | 2,232 | -3 | |
| Fibers | | 2,817 | 2,901 | +84 | |
| Carbon Fiber & Composite Materials, Membranes and Others | | 3,544 | 3,477 | -67 | |

Management Indicators

(First Half of FY2005)

| Item | | Unit | Previous first half As of Sept. 2004 | Reporting first half As of Sept. 2005 |
|-------------------------------------|---|-------------|---|--|
| ROA | Operating income/average total assets | % | 8.9 | 10.7 |
| ROE | Net income/average shareholders' equity | % | 10.1 | 14.0 |
| Operating income ratio | Operating income/sales | % | 9.5 | 11.2 |
| D/E ratio | Term-end interest-bearing liabilities/term-end shareholders' equity | | 0.48 | 0.37 |
| Equity ratio | Term-end shareholders' equity/Term-end total assets | % | 44.0 | 47.0 |
| Interest-bearing liabilities | | (¥ billion) | 72.9 | 62.2 |
| Term-end total assets | | (¥ billion) | 344.3 | 354.4 |

Performance Estimates for FY2005

(FY2005 estimates)

| Item | Unit | FY2004 results | FY2005 estimates | | |
|---------------------------------------|-----------|----------------|----------------------|-------------|-----------|
| | | | First half (results) | Second half | Full term |
| Net sales | ¥ billion | 330.1 | 166.7 | 173.3 | 340.0 |
| Operating income | ¥ billion | 30.8 | 18.7 | 16.3 | 35.0 |
| Net income | ¥ billion | 14.4 | 11.3 | 9.7 | 21.0 |
| Dividend | Yen/share | 7.0 | 4.0 | 4.0 | 8.0 |
| Capital expenditures | | | | | |
| Capital expenditures | ¥ billion | 25.7 | 14.8 | 13.2 | 28.0 |
| Depreciation | ¥ billion | 15.6 | 7.2 | 8.3 | 15.5 |
| R&D expenses | ¥ billion | 10.4 | 5.4 | 5.6 | 11.0 |
| Conditions | | | | | |
| Exchange rate | ¥/US\$ | 107 | 108 | 116 | - |
| Price of domestically refined naphtha | ¥/kl | 32,150 | 38,000 | 46,000 | - |

Performance Estimates by Segment

(FY2005 estimates)

(¥ billion)

| Item Segment | Net sales | | | | Operating income | | | |
|--|-------------------|-------------------------|----------------|-----------|-------------------|-------------------------|----------------|-----------|
| | FY2004 results | FY2005 estimates | | | FY2004 results | FY2005 estimates | | |
| | | First half (results) | Second half | Full term | | First half (results) | Second half | Full term |
| Chemicals & Plastics | 154.3 | 81.2 | 84.8 | 166.0 | 22.1 | 13.6 | 12.4 | 26.0 |
| Fibers | 89.3 | 42.7 | 43.3 | 86.0 | 2.7 | 1.1 | 0.9 | 2.0 |
| Carbon Fiber & Composite Materials, Membranes and Others | 86.5 | 42.7 | 45.3 | 88.0 | 5.9 | 4.0 | 3.0 | 7.0 |
| Total | 330.1 | 166.7 | 173.3 | 340.0 | 30.8 | 18.7 | 16.7 | 35.0 |

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 | | | Acrylic fibers | Textiles, etc. |
| Carbon Fiber & Composite Materials, Membranes 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 | Nantong, 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 | | |
| Jun 2005 | Coating resin | Mitsubishi Rayon Polymer Nantong | 3,500 tons/year | Nantong, China | 30 |
| Jul 2005 | 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.