

October 26, 2009
Mitsubishi Rayon Co., Ltd.

Notification of posting of forex expenses and impairment loss, and revised estimates of business performance for the first-half period of fiscal 2009

On the basis of the Company's recent business performance, we herewith release updated estimates of business performance for the first-half period (April 1 to September 30, 2009) of the fiscal 2009 business term. These estimates constitute revisions of the forecasts released on August 7, 2009. Simultaneously, we herewith include notifications of non-operating expenses for the reporting period and of extraordinary losses that are scheduled to be registered.

1. Revisions of business performance forecast on a consolidated basis for the first-half period of fiscal 2009 (April 1 to September 30, 2009)

(millions of yen)

	Sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Earnings (net loss) per share
Forecast released August 7, 2009 (A)	148,000	(4,600)	(7,600)	(7,000)	(¥12.23)
Current estimates (B)	149,000	(2,500)	(9,200)	(9,800)	(¥17.13)
Increase/decrease (B-A)	1,000	2,100	(1,600)	(2,800)	(¥4.90)
Percentage change	0.7	-	-	-	-
Figure for first half of previous term (to Sept. 30, 2008)	198,292	2,942	3,644	126	¥0.22

2. Reasons for revisions

Demand for the Company's products during the first half of fiscal 2009 recovered at a faster pace than we had anticipated, centered on chemicals and plastics. This is attributable to economic stimulus measures implemented by Asian nations, particularly China. In addition, our strict approach to the reduction of manufacturing costs and SG&A expenses has yielded results, with sales and operating income/loss figures expected to register improvements over the forecasts made in August.

An additional factor affecting the Company's business results is the sudden sharp rise in the yen's exchange rate against the dollar in the second quarter of this term, due to which we recorded foreign currency translation losses (non-operating expenses). At the same time, one of the Company's overseas subsidiaries posted losses (as extraordinary losses) on impairment of long-lived assets. Figures for both the ordinary income/loss and net income/loss accounts are now estimated to fall short of the latest forecasts, made in August.

Forecasts of business performance for the fiscal 2009 full term are still under examination, and will be released with the announcement of the first-half settlement of accounts.

3. Recognition of forex expenses

As a result of the rapid appreciation of the yen against the dollar in the second quarter of the current term, the Company recorded losses on currency translation relating to assets denominated in foreign currencies for the second quarter, on both a consolidated and non-consolidated basis. These losses are estimated to have amounted to approximately ¥5.3 billion on a consolidated basis and

¥4.4 billion on a non-consolidated basis, and will be registered as non-operating losses.

Foreign currency translation gains recorded for the first quarter of fiscal 2009 (April 1 to June 30) are estimated to have been offset by foreign currency translation losses recorded for the second quarter (on both a consolidated and non-consolidated basis). As a result, foreign currency translation expenses for the first-half period (April 1 to Sept. 30) were recognized in the amount of ¥4.6 billion on a consolidated basis and ¥3.7 billion on a non-consolidated basis under non-operating expenses.

4. Posting of impairment losses

Jiangsu Xinling Chemical Co., Ltd., of Jiangsu Province, China, is a consolidated subsidiary of Mitsubishi Rayon that has been experiencing continued low capacity utilization rates owing to a deterioration in its operating environment. As a result, the company has applied impairment accounting to its long-lived assets, which has led to a reduction in the valuation of the Company's equity in the subsidiary. As a consequence, the Company is estimated to record a loss on valuation of investments, to be registered as an extraordinary loss, of ¥4.5 billion for the second quarter (July 1 to Sept. 30) of fiscal 2009, on a non-consolidated basis.

On a consolidated basis, the Company is expected to record an extraordinary loss of approximately ¥2.3 billion for the second quarter, in the same amount as the impairment losses posted by Jiangsu Xinling Chemical Co., Ltd. The aforesaid loss on equity in affiliates will be fully eliminated through the provision of allowances for possible losses on investments.

Note: The above forecasts of business performance are based on information available to the Company's management as of the date of this announcement. Actual performances may differ from these forecasts by reason of a wide range of factors.