



FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30,2002

(In accordance with Japanese Accounting Standard)

FOR IMMEDIATE RELEASE

Mitsubishi Rayon Company Limited announces its financial results for the six-month period ended September 30,2002

Consolidated Financial Highlights

(Millions of yen,except per share amounts)

	Six months ended September 30		Change	Twelve Months
	<u>2002</u>	<u>2001</u>		ended March 31
Net sales	146,416	156,895	-6.7 %	<u>2002</u> 306,455
Operating income	9,193	11,299	-18.6 %	19,207
Net income (loss)	2,565	1,084	136.5 %	(964)
Per share				
Net income				
Basic	4.10	1.73		(1.54)
Diluted	4.09	-		-
Depreciation expenses	7,378	7,971		16,537
Capital expenditures	11,753	8,184		16,722
R&D expenses	5,189	5,261		10,795

Consolidated Shareholders' Equity, Debts and Total Assets

(Millions of yen,except per share and ratio amounts)

	Six months ended September 30			Twelve Months
	<u>2002</u>	<u>2001</u>		ended March 31
Shareholders'equity	136,068	137,850		<u>2002</u> 136,153
Equity ratio	40.6 %	39.1 %		39.1 %
Equity per share	218.29	220.03		217.34
Debts	86,407	95,953		91,060
Total assets	335,533	352,776		348,102

Consolidated Cash Flows

(Millions of yen)

	Six months ended September 30		Twelve Month
	<u>2002</u>	<u>2001</u>	ended March 31
Net cash provided by operating activities	12,266	11,489	<u>2002</u> 31,685
Net cash used in investing activities	(10,954)	(8,199)	(16,991)
Net cash used in financing activities	(3,518)	(7,588)	(14,534)
Cash and cash equivalents at the end of year	8,592	6,387	10,948

Number of Group Companies

	<u>2002</u>	<u>2001</u>	<u>2002</u>
Consolidated subsidiaries	46	45	45
Unconsolidated subsidiaries applying equity method	-	-	-
Associated companies applying equity method	27	28	26

Forecast of Consolidated Results

(Millions of yen)

	Year ended March 31
	<u>2003</u>
Net sales	300,000
Operating income	20,000
Net income	8,000
Depreciation expenses	15,500
Capital expenditures	23,000
R&D expenses	10,800

**Consolidated Statements of Income and Retained Earnings**

(Millions of yen)

	Six Months ended September 30		Year ended March 31
	2002	2001	2002
Net Sales	146,416	156,895	306,455
Cost of Sales	111,296	116,638	230,410
Gross profit	35,120	40,256	76,044
Selling, General and Administrative Expenses	25,926	28,956	56,837
Operating income	9,193	11,299	19,207
Other Income(Expenses):			
Interest and dividend income	313	255	454
Interest expense	(811)	(1,264)	(2,360)
Equity in earnings(loss) of affiliates	1,020	28	(336)
Restructuring charges	(83)	(324)	(1,168)
Gain on sales of marketable securities	45	49	521
Loss on revaluation of marketable securities	(3,541)	(2,931)	(2,726)
Provision for doubtful accounts	-	(403)	(869)
Other, net	(934)	(3,682)	(12,190)
	(3,990)	(8,272)	(18,678)
Income before income taxes and minority interest	5,203	3,027	529
Income Taxes:			
Current	2,217	1,428	2,911
Deferred	-	-	(2,505)
Income before minority interest	2,986	1,598	124
Minority Interest	(420)	(513)	(1,088)
Net income (loss)	2,565	1,084	(964)
Retained Earnings at Beginning of the Period	48,363	53,087	53,087
Adjustments for merger of consolidated subsidiaries	-	1	1
Adjustments for exclusion of certain subsidiaries and affiliates	(15)	-	-
Cash dividends paid	(1,879)	(1,879)	(3,759)
Bonuses to directors	(1)	(1)	(1)
Staff and workers bonus and welfare fund	(1)	(1)	(1)
Net income (loss)	2,565	1,084	(964)
Retained Earnings at End of the Period	49,032	52,292	48,363

Amounts Per Share:	Six Months ended September 30		(Yen) Year ended March 31
	2002	2001	2002
Net income(loss) —Basic	4.10	1.73	(1.54)
—Diluted	4.09	-	-
Cash dividends	3.00	3.00	6.00

**Consolidated Balance Sheets**

(Millions of yen)

	Six Months ended September 30	Year ended March 31	Six Months ended September 30
[Assets]	2002	2002	2001
Current Assets:			
Cash and time deposits	8,707	11,100	6,834
Marketable securities	-	-	159
Notes and accounts receivable:			
Notes	12,419	12,228	14,217
Accounts	57,602	61,912	67,702
Less allowance for doubtful accounts	(921)	(1,020)	(955)
	69,100	73,120	80,964
Inventories	38,988	43,438	45,525
Deferred tax assets	1,613	1,568	2,268
Other current assets	12,767	14,694	15,673
Total current assets	131,178	143,923	151,427
Property, Plant And Equipment:	469,456	475,812	474,572
Less accumulated depreciation	(337,347)	(345,367)	(344,160)
Property, plant and equipment, net	132,108	130,444	130,412
Investments And Other Assets:			
Investments in and advances to unconsolidated subsidiaries and affiliates	16,203	12,922	14,514
Other investment securities	28,050	32,554	30,147
Deferred tax assets	16,338	16,398	13,930
Other assets	11,654	11,858	12,343
Total investments and other assets	72,246	73,734	70,935
Total assets	335,533	348,102	352,776

Consolidated Balance Sheets

	Six Months ended September 30	Year ended March 31	Six Months ended September 30
[Liabilities and Shareholders'E equity]	2002	2002	2001
Current Liabilities:			
Short-term bank loans	44,152	48,315	53,699
Current portion of long term debt	11,669	1,669	-
Notes and accounts payable:			
Notes	10,867	10,197	11,042
Accounts	38,420	40,184	43,241
	49,288	50,381	54,283
Accrued expenses	3,738	4,536	4,409
Accrued income taxes	2,157	709	1,183
Deferred tax liabilities	32	40	68
Other current liabilities	18,968	26,232	24,607
Total current liabilities	130,006	131,886	138,252
Long-Term Liabilities;			
Long-term debt	30,586	41,075	42,253
Retirement allowances	30,239	30,678	25,241
Deferred tax liabilities	179	66	103
Other long-term liabilities	2,692	2,635	4,549
Total long-term liabilities	63,697	74,455	72,148
Minority Interests In Consolidated Subsidiaries	5,759	5,606	4,525
Shareholders'E equity;			
Common stock	53,229	53,229	53,229
Capital surplus	38,088	38,088	38,088
Revaluation difference	30	30	30
Retained earnings	49,032	48,363	52,292
Unrealized gain on marketable securities	(24)	(69)	(945)
Translation adjustments	(3,259)	(3,470)	(4,844)
Less treasury common stock,at cost	(1,027)	(18)	(0)
Total shareholders'equity	136,068	136,153	137,850
Total liabilities and Shareholders'equity	335,533	348,102	352,776

**Consolidated Statements of Cash Flows**

(Millions of yen)

	Six Months	Six Months	Year ended
	ended September 30	ended September 30	March 31
	2002	2001	2002
<b>Operating Activities:</b>			
Income before income taxes and minority interests	5,203	3,027	529
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,431	7,971	16,903
Increase(decrease) in retirement allowances	(503)	4,569	9,936
Interest expense	811	1,264	2,360
Decrease(increase) in trade receivables	62	10,082	18,241
Decrease(increase) in inventories	2,343	(1,030)	1,459
Decrease in trade payables	(1,446)	(6,013)	(10,182)
Bonuses to directors	(2)	(2)	(2)
Other, net	(1,632)	(8,380)	(7,559)
<b>Net cash provided by operating activities</b>	<b>12,266</b>	<b>11,489</b>	<b>31,685</b>
<b>Investing Activities:</b>			
Purchases of property, plant and equipment	(9,854)	(8,215)	(18,122)
Proceeds from sales of property, plant, and equipment	326	433	1,236
Purchases of investment securities	(1,095)	(522)	(1,422)
Proceeds from sales of investment securities	91	180	1,083
Other, net	(422)	(76)	233
<b>Net cash used in investing activities</b>	<b>(10,954)</b>	<b>(8,199)</b>	<b>(16,991)</b>
<b>Financing Activities:</b>			
Proceeds from long-term loans	1,500	307	1,342
Increase (decrease) in short-term bank loans	2,265	(2,143)	(6,207)
Repayment of long-term loans	(2,308)	(2,958)	(5,413)
Retirement of common stock	(1,007)	-	-
Cash dividends paid	(2,646)	(2,566)	(4,490)
Other, net	(1,320)	(227)	233
<b>Net cash used in financing activities</b>	<b>(3,518)</b>	<b>(7,588)</b>	<b>(14,534)</b>
Effect of exchange rate changes on cash and cash equivalents	(149)	46	148
<b>Net increase in cash and cash equivalents</b>	<b>(2,355)</b>	<b>(4,251)</b>	<b>309</b>
Beginning balance of cash and cash equivalents	10,948	10,639	10,639
<b>Cash and cash equivalents at end of period</b>	<b>8,592</b>	<b>6,387</b>	<b>10,948</b>
<b>Supplemental Disclosures of Cash Flow Information:</b>			
Cash paid during the period for:			
Interest	810	1,245	2,309
Income taxes	(1,151)	6,383	10,202

**Business Segment Information**

(Millions of Yen)

Six months ended September 30,2002	Chemicals and Plastics	Fibers	Special products, Engineering and Others	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>						
Customers	57,783	45,261	43,372	146,416	-	146,416
Intersegment	4,219	57	16,328	20,605	(20,605)	-
<b>Total Sales</b>	<b>62,002</b>	<b>45,318</b>	<b>59,701</b>	<b>167,022</b>	<b>(20,605)</b>	<b>146,416</b>
Operating expenses	54,573	44,185	59,062	157,821	(20,598)	137,222
<b>Operating income</b>	<b>7,429</b>	<b>1,133</b>	<b>638</b>	<b>9,201</b>	<b>(7)</b>	<b>9,193</b>

Six months ended September 30,2001	Chemicals and Plastics	Fibers	Special products, Engineering and Others	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>						
Customers	65,282	50,546	41,065	156,895	-	156,895
Intersegment	7,526	79	11,922	19,527	(19,527)	-
<b>Total Sales</b>	<b>72,809</b>	<b>50,626</b>	<b>52,988</b>	<b>176,423</b>	<b>(19,527)</b>	<b>156,895</b>
Operating expenses	65,113	48,848	51,250	165,212	(19,617)	145,595
<b>Operating income</b>	<b>7,695</b>	<b>1,777</b>	<b>1,737</b>	<b>11,210</b>	<b>89</b>	<b>11,299</b>

Year ended March 31,2002	Chemicals and Plastics	Fibers	Special products, Engineering and Others	Total	Eliminations or corporate	Consolidated
<b>Sales and operating income</b>						
Customers	123,272	96,997	86,184	306,455	-	306,455
Intersegment	11,981	189	25,207	37,377	(37,377)	-
<b>Total Sales</b>	<b>135,253</b>	<b>97,186</b>	<b>111,392</b>	<b>343,833</b>	<b>(37,377)</b>	<b>306,455</b>
Operating expenses	121,652	94,394	108,741	324,788	(37,541)	287,247
<b>Operating income</b>	<b>13,600</b>	<b>2,792</b>	<b>2,650</b>	<b>19,044</b>	<b>163</b>	<b>19,207</b>

**Geographic Segment Information**

(Millions of Yen)

Six months ended September 30,2002	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Customers	131,852	6,623	7,940	146,416	-	146,416
Intersegment	3,694	2,994	457	7,147	(7,147)	
Total Sales	135,547	9,618	8,397	153,564	(7,147)	146,416
Operating expenses	127,266	8,817	8,283	144,366	(7,143)	137,222
Operating income	8,281	801	114	9,197	(3)	9,193

Six months ended September 30,2001	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Customers	142,648	6,317	7,929	156,895	-	156,895
Intersegment	4,296	2,937	178	7,412	(7,412)	
Total Sales	146,944	9,254	8,108	164,307	(7,412)	156,895
Operating expenses	137,021	7,896	7,936	152,855	(7,259)	145,595
Operating income	9,922	1,358	171	11,452	(152)	11,299

Year ended March 31,2002	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Customers	275,514	14,341	16,599	306,455	-	306,455
Intersegment	8,066	6,050	319	14,437	(14,437)	
Total Sales	283,580	20,392	16,918	320,892	(14,437)	306,455
Operating expenses	266,577	17,988	16,849	301,415	(14,168)	287,247
Operating income	17,003	2,403	69	19,476	(268)	19,207

**Net Overseas Sales by Customer's Geographic Location**

(millions of yen)

Six months ended September 30,2002	Asia	Others	Total
Net sales	31,805	18,038	49,844
As % of consolidated net sales	% 21.7	12.3	34.0

Six months ended September 30,2001	Asia	Others	Total
Net sales	30,517	19,443	49,961
As % of consolidated net sales	% 19.4	12.3	31.8

Year ended March 31,2002	Asia	Others	Total
Net sales	59,666	39,188	98,854
As % of consolidated net sales	% 19.4	12.7	32.2