

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

Mitsubishi Rayon Company, Limited announces its consolidated financial results for the year ended March 31, 2008

Consolidated Financial Highlights

Consolidated Financial Highlights	(Millions of yen, except per share)				
	Year en March			x months ended September 30	
	2007	<u>2008</u>	<u>Change</u>	2007	
Net sales	417,027	418,529	0.4 %	213,588	
Operating income	59,665	37,508	(37.1) %	22,829	
Net income	31,273	14,274	(54.4) %	10,905	
Amounts per share (yen): Net income:					
Basic	52.15	23.92		18.19	
Depreciation	17,027	24,709		11,554	
Capital expenditures	37,059	29,208		13,465	
R&D expenses ※	11,085	11,872		5,674	

Consolidated Net Assets, Liabilities and Total Assets

(Millions of yen, except per share and ratio)

(Millions of yen)

	Year en March	Six months ended September 30		
	<u>2007</u>	<u>2008</u>	2007	
Total assets	449,578	451,540	457,424	
Net assets	225,713	215,819	233,522	
Equity ratio (%)	47.2 %	44.2 %	48.4 %	
Net Assets per share (yen)	354.32	348.59	369.37	

Consolidated Cash Flows

	Year en	Six months ended	
	March	31	September 30
	2007	<u>2008</u>	<u>2007</u>
Net cash provided by operating activities	52,168	31,823	23,468
Net cash used in investing activities	(41,153)	(50, 839)	(30,240)
Net cash used in financing activities	(10, 150)	26,494	6,003
Cash and cash equivalents at end of year	10,701	17,361	9,798

Number of Group Companies

	Year en March		Six months ended September 30	
	2007	<u>2008</u>	<u>2007</u>	
Consolidated subsidiaries	52	51	51	
Unconsolidated subsidiaries applying equity method	-	-	-	
Equity method affiliates	18	19	19	

Forecast for the year ending March 31, 2008

(Millions	of	yen)	

Net sales Operating income Net income	Six months ending September 30 <u>2008</u> 213,000 11,000 3,500	Year ending March 31 <u>2009</u> 430,000 24,000 9,500
Depreciation Capital expenditures R&D expenses X	13,000 15,000 6,500	$27,000 \\ 40,000 \\ 13,500$

X Without recognition of previous years' actuarial gain or losses as Operating expenses



🙏 MITSUBISHI RAYON CO.,LTD.

Consolidated Statements of Income

(Millions of yen)

	Year ended		
	March 31 2007	March 31 2008	
Net Sales	417,027	418,529	
Cost of Sales	307,808	320,815	
Gross profit	109,219	97,713	
Selling, General and Administrative Expenses	49,553	60,205	
Operating income	59,665	37,508	
Other Income (Expenses):			
Interest and dividend income	801	972	
Interest expense	(1,411)	(2,043)	
Equity in earnings of affiliates	518	897	
Foreign currency translation adjustments	639	(993)	
Loss on disposal of fixed assets	(2,564)	(1,735)	
Loss of impairment of fixed assets	(61)	(1,421)	
Loss on sale of securities and investments	(15)	(646)	
Loss on valuation of securities and investments	(179)	(129)	
Restructuring charges	(1, 121)	(1,462)	
Legal settlement	-	(679)	
Other, net	120	(2,445)	
	(3,273)	(9,687)	
Income before income taxes and minority interests	56,392	27,820	
Income Taxes:			
Current	19,767	9,234	
Deferred	2,481	1,155	
Income before minority interests	34,143	17,429	
Minority Interests	(2, 869)	(3,155)	
Net income	31,273	14,274	

(Yen)

	Year	Year ended		
	March 31 2007	March 31 2008		
Amounts per Share:				
Net income:				
Basic	52.15	23.92		
Cash dividends	10.00	11.00		

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Consolidated Balance Sheets

	Year ended		
[Assets]	March 31 2007	March 31 2008	
Current Assets:			
Cash and time deposits	10,711	17,361	
Notes and accounts receivable:			
Notes receivable	8,920	7,397	
Accounts receivable	87,161	74,058	
Less allowance for doubtful accounts	(359)	(345)	
	95,722	81,110	
Inventories	52,678	58,864	
Deferred tax assets	3,231	2,939	
Other current assets	13,369	16,983	
Total current assets	175,713	177,259	
Property, Plant and Equipment:			
Land	25,952	25,752	
Buildings	110,043	112,864	
Machinery and equipment	392,889	402,539	
Construction-in-progress	20,075	18,422	
	548,961	559,580	
Less accumulated depreciation	(378, 887)	(386,099)	
Property, plant and equipment, net	170,074	173,481	
Investments and Other Assets:			
Investments in and advances to unconsolidated			
subsidiaries and affiliates	15,362	22,330	
Investment securities	59,151	48,665	
Deferred tax assets	3,737	10,173	
Other assets	25,538	$19,\!629$	
Total investments and other assets	103,790	100,799	
Total assets	449,578	451,540	

A MITSUBISHI RAYON CO., LTD.

Consolidated Balance Sheets

	Year ended		
	March 31	March 31	
[Liabilities]	2007	2008	
Current Liabilities:			
Short-term bank loans	37,966	42,953	
Notes and accounts payable:	,	,	
Notes payable	8,174	4,489	
Accounts payable	68,945	57,433	
	77,119	61,923	
Accrued expenses	5,817	5,339	
Accrued income taxes	11,905	3,305	
Deferred tax liabilities	311	111	
Other current liabilities	30,988	24,280	
Total current liabilities	164,109	137,914	
	,	,	
Long-Term Liabilities:			
Long-term debt	27,320	65,711	
Retirement allowances	29,404	27,785	
Deferred tax liabilities	48	82	
Other long-term liabilities	2,981	4,228	
Total long-term liabilities	59,755	97,806	
Total liabilities	223,865	235,721	
[Net Assets]			
Shareholders' Equity:			
Common stock	53,229	53,229	
Capital surplus	28,793	28,796	
Retained earnings	114,700	122,706	
Less treasury stock, at cost	(350)	(10, 488)	
Total shareholders' equity	196,372	$194,\!245$	
Valuation and translation adjustments and others:			
Unrealized gain on other securities	16,150	5,753	
Deferred gains on hedges	0	7	
Revaluation difference	30	-	
Foreign currency translation adjustments	(131)	(476)	
Total valuation and translation adjustments and others	16,050	5,283	
Minority Interests in Consolidated Subsidiaries	13,289	16,290	
Total net assets	225,713	215,819	
Total liabilities and net assets	449,578	451,540	

A MITSUBISHI RAYON CO.,LTD.

Consolidated Statements of Changes in Net Assets

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance at March 31, 2006	53,229	28,786	89,471	(170)	171,316
Changes in interim of year 2006					
Net income	_	_	31,273	_	31,273
Cash dividends paid	-	_	(5,996)	-	(5,996)
Purchases of treasury stock	-	-	-	(189)	(189)
Disposal of treasury stock	-	7	_	9	16
Bonuses to directors	-	-	(44)	-	(44)
Other	-	-	(2)	-	(2)
Total changes in interim of year 2006	-	7	25,229	(180)	25,056
Balance at March 31, 2007	53,229	28,793	114,700	(350)	196,372

	Unrealized gain on other securities	Deferred losses on hedges	Revaluation difference	Foreign currency translation adjustments	Total Valuation and Translation Adjustments and Others	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2006	16,205	-	30	(1,711)	14,525	11,479	197,321
Changes in interim of year 2006							
Net income	_	_	_	_	-	-	31,273
Cash dividends paid	-	-	-	-	-	-	(5,996)
Purchases of treasury stock	-	-	-	-	-	-	(189)
Disposal of treasury stock	-	-	-	-	-	-	16
Bonuses to directors	-	-	-	-	-	-	(44)
Other	-	-	-	-	-	-	(2)
Net changes in items other than those in shareholders' equity	(55)	0	_	1,579	1,525	1,810	3,335
Total changes in interim of year 2006	(55)	0	-	1,579	1,525	1,810	28,392
Balance at March 31, 2007	16,150	0	30	(131)	16,050	13,289	225,713

A MITSUBISHI RAYON CO.,LTD.

Consolidated Statements of Changes in Net Assets (continued)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance at March 31, 2007	53,229	28,793	114,700	(350)	196,372
Changes in interim of year 2007					
Net income	-	_	14,274	-	14,274
Cash dividends paid	_	_	(6,294)	-	(6,294)
Purchases of treasury stock	-	-	-	(10,154)	(10,154)
Disposal of treasury stock	-	3	_	17	20
Asset revaluation reserve	-	-	30	-	30
Other	-	-	(4)	-	(4)
Total changes in interim of year 2007	-	3	8,005	(10,137)	(2,127)
Balance at March 31, 2008	53,229	28,796	122,706	(10,488)	194,245

	Unrealized gain on other securities	Deferred losses on hedges	Revaluation difference	Foreign currency translation adjustments	Total Valuation and Translation Adjustments and Others	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2007	16,150	0	30	(131)	16,050	13,289	225,713
Changes in interim of year 2007							
Net income	_	_	_	-	-	-	14,274
Cash dividends paid	-	-	-	-	-	-	(6,294)
Purchases of treasury stock	-	-	-	_	-	-	(10,154)
Disposal of treasury stock	-	-	-	_	-	-	20
Asset revaluation reserve	-	-	-	-	-	-	30
Other	-	-	-	-	-	-	(4)
Net changes in items other than those in shareholders' equity	(10,396)	6	(30)	(345)	(10,766)	3,000	(7,766)
Total changes in interim of year 2007	(10,396)	6	(30)	(345)	(10,766)	3,000	(9,894)
Balance at March 31, 2008	5,753	7	-	(476)	5,283	16,290	215,819



Consolidated Statements of Cash Flows

March 31 2007March 31 2008Operating Activities: Income before income taxes and minority interests56,392 27,820Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization17,977 25,281 25,281Loss of inpairment assets61 1,421 Goodwill amortization758 744 0600000000000000000000000000000000000		Year ended		
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Adjustments to reconcile net income to net cash provided by operating activities:Depreciation and amortization17,97725,281Loss of impairment assets611,421Goodwill amortization758744Decrease in retirement allowances(2,779)(996Decrease (increase) in prepaid pension expense(11,008)3,998Decrease (increase) in prepaid pension expense(11,1008)3,998Decrease (increase) in prepaid pension expense(11,11)2,043Loss on valuation of securities and investments179119Special retirement benefits-488Legal settlement-679Decrease (increase) in trade receivables(12,809)14,746Increase in inventories(12,809)14,746Other, net3,823(2,142Subtotal67,46551,801Interest and dividend received7941,010Interest paid-(488Legal settlement paid-(679Income taxes paid(14,701)(17,879Net cash provided by operating activities52,16831,823Investing Activities:(1,170)(16,000)Proceeds from sale of investment securities(4,156)-Income taxes paid(14,701)(10,000)Proceeds from sale of investment securities(4,156)-Income taxes paid(14,713)(3,066)Legal settlement paid-(488Legal settlement pains(7,126(25,000)P	Operating Activities:			
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Interest expense1,4112,043Loss on valuation of securities and investments179129Special retirement benefits-488Legal settlement-679Decrease (increase) in trade receivables(12,809)14,746Increase in inventories(4,613)(5,993)Other, net3,823(2,142)Subtotal67,46551,801Interest paid(1,391)(1,942)Special retirement benefits paid-(488)Legal settlement paid-(479)Income taxes paid(14,701)(17,879)Net cash provided by operating activities52,16831,823Investing Activities!-(6,179)Proceeds from sale of property, plant and equipment1,904491Purchases of investment securities4741,124Decrease in short term loans receivable(1,173)(3,066)Long term loans advanced(1)(0)Purchases of subsidiaries' shares resulting in changes(4,156)-in the scope of consolidation-25,000Other, net426(703)Net cash used in investing activities(14,153)(50,839)Financing Activities:-20,000Acquisition of treasury stock(189)(10,133)Cash dividends paid(9,768)(12,275)Proceeds from long-term loans(1,606)(3,621)Repayment of long-term loans(1,606)(3,621)Repayment of long-term loans(1,606)<			(44)	
Loss on valuation of securities and investments179129Special retirement benefits-488Legal settlement-679Decrease (increase) in trade receivables(12,809)14,746Increase in inventories(4,613)(5,993)Obcrease) increase in trade payables20,024(15,476Other, net3,823(2,142Subtotal67,46551,801Interest and dividend received7941,010Interest paid-(488Legal settlement paid-(679Income taxes paid(14,701)(17,879Net cash provided by operating activities52,16831,823Proceeds from sale of property, plant and equipment1,904491Purchases of investment securities(6,179)(16,090)Proceeds from sale of investment securities4741,124Decrease in short-term loans receivable(1,173)(3,066)Long-term loans advanced(1)(0)Purchases of subsidiaries' shares resulting in changes(4,156)-in the scope of consolidation-25,000Increase (decrease) in short-term bank loans(5,726)1,903Repayment of long-term loans7,12625,000Increase (decrease) in short-term bank loans(1,606)(3,621Repayment of long-term loans-20,000Acquisition of treasury stock(189)(10,133)Cash dividends paid(9,768)(12,275)Proceeds from insuance of common stock	Equity in earnings of affiliates	(518)	(897)	
Special retirement benefits-488Legal settlement-679Decrease (increase) in trade receivables $(12,809)$ $14,746$ Increase in inventories $(4,613)$ $(5,993)$ (Decrease) increase in trade payables $20,024$ $(15,476)$ Other, net $3,823$ $(2,142)$ Subtotal $67,465$ $51,801$ Interest and dividend received 794 $1,010$ Interest paid($1,391$) $(1,942)$ Special retirement benefits paid- (488) Legal settlement paid- (479) Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities:Proceeds from sale of property, plant and equipment $1,904$ 491 Purchases of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of investment securities $(1,173)$ $(3,066)$ Long term loans advanced(11 (00 Purchases of subsidiaries' shares resulting in changes $(4,156)$ -in the scope of consolidation- 426 (703) Other, net 426 (703) Net cash used in investing activities $5,726$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ $(32,364)$ $(10,133)$ Cash dividends paid $(9,768)$ $(12,275)$ (818) Cher, net13 (130) Net cash used in financing activities $(10,150)$ $26,494$ <td>-</td> <td>1,411</td> <td>2,043</td>	-	1,411	2,043	
Legal settlement-679Decrease (increase) in trade receivables $(12,809)$ $14,746$ Increase in inventories $(4,613)$ $(5,993)$ (Decrease) increase in trade payables $20,024$ $(15,476)$ Other, net $3,823$ $(2,142)$ Subtotal $67,465$ $51,801$ Interest and dividend received 794 $1,010$ Interest paid $(1,391)$ $(1,942)$ Special retirement benefits paid- (679) Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities:Proceeds from sale of property, plant and equipment $1,904$ 491 Purchases of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of property, plant and equipment $(1,173)$ $(3,066)$ Long-term loans advanced(1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ -in the scope of consolidation $(41,153)$ $(50,839)$ Financing Activities: $7,126$ $25,000$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures- $20,000$ Acquisition of treasury stock (189) $(10,133)$ Cash dividends paid $(9,768)$ $(12,275)$ Proceeds from issuance of common stock to minority shareh- $5,752$ Other, net13 (130) <tr< td=""><td></td><td>179</td><td>129</td></tr<>		179	129	
Decrease (increase) in trade receivables $(12,809)$ $14,746$ Increase in inventories $(4,613)$ $(5,993)$ (Decrease) increase in trade payables $20,024$ $(15,476)$ Other, net $3,823$ $(2,142)$ Subtotal $67,465$ $51,801$ Interest and dividend received 794 $1,010$ Interest paid $(1,391)$ $(1,942)$ Special retirement benefits paid- (488) Legal settlement paid- (679) Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities:- $(6,179)$ $(16,000)$ Purchases of property, plant and equipment $1,904$ 491 Purchases of property, plant and equipment $(1,173)$ $(3,066)$ Long term loans advanced(1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ -in the scope of consolidation- 426 (703) Other, net 426 (703) Net cash used in investing activities $(41,153)$ $(50,839)$ Financing Activities:- $20,000$ $(16,066)$ $(3,621)$ Repayment of long term loans $(1,606)$ $(3,621)$ $(9,768)$ $(12,275)$ Redemption of debentures- $20,000$ $(13,20)$ $(13,20)$ Repayment of long term loans $(1,606)$ $(3,621)$ Repayment of long term loans $(1,606)$ $(3,621)$ Redemption of debentures	Special retirement benefits	-	488	
Increase in inventories $(4,613)$ $(5,993)$ (Decrease) increase in trade payables $20,024$ $(15,476)$ Other, net $3,823$ $(2,142)$ Subtotal $67,465$ $51,801$ Interest and dividend received 794 $1,010$ Interest paid $(1,391)$ $(1,942)$ Special retirement benefits paid $ (488)$ Legal settlement paid $ (679)$ Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities: $ (679)$ Proceeds from sale of property, plant and equipment $1,904$ 491 Purchases of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of investment securities 474 $1,124$ Decrease in short term loans receivable $(1,173)$ $(3,066)$ Long-term loans advanced (1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ $-$ in the scope of consolidation 0 0 0 Other, net 426 (703) $16,066)$ $(3,621)$ Redemption of debentures $ 20,000$ 0 Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures $ 20,000$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ <td>Legal settlement</td> <td>-</td> <td>679</td>	Legal settlement	-	679	
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Other, net3,823 $(2,142)$ Subtotal67,46551,801Interest and dividend received7941,010Interest paid $(1,391)$ $(1,942)$ Special retirement benefits paid- (488) Legal settlement paid- (679) Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities:- (679) Proceeds from sale of property, plant and equipment $1,904$ 491 Purchases of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of investment securities 474 $1,124$ Decrease in short-term loans receivable $(1,173)$ $(3,066)$ Long-term loans advanced (1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ -in the scope of consolidation- $225,000$ Other, net426 (703) $(1,50)$ Proceeds from long-term loans $(1,606)$ $(3,621)$ Redemption of debentures- $20,000$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures- $20,000$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures- $20,000$ Increase from issuance of common stock to minority sharehc<	Increase in inventories	(4,613)	(5,993)	
Subtotal $67,465$ $51,801$ Interest and dividend received 794 $1,010$ Interest paid $(1,391)$ $(1,942)$ Special retirement benefits paid $ (488)$ Legal settlement paid $ (679)$ Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities: $22,448$ $(32,594)$ Proceeds from sale of property, plant and equipment $1,904$ 491 Purchases of investment securities $(6,179)$ $(16,090)$ Proceeds from sale of investment securities 474 $1,124$ Decrease in short-term loans receivable $(1,173)$ $(3,066)$ Long-term loans advanced (1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ $-$ in the scope of consolidation 0 0 $-$ Other, net 426 (703) $(50,839)$ Financing Activities: $ 20,000$ $-$ Repayment of long-term loans $(1,606)$ $(3,621)$ Repayment of long-term loans $ 20,000$ Acquisition of treasury stock (189) $(10,133)$ Cash dividends paid $(9,768)$ $(12,275)$ Proceeds from issuance of common stock to minority sharehc $ 5,752$ Other, net 13 (130) Net cash used in financing activities $(10,150)$ $26,494$	(Decrease) increase in trade payables	20,024	(15, 476)	
Interest and dividend received 794 $1,010$ Interest paid $(1,391)$ $(1,942)$ Special retirement benefits paid- (488) Legal settlement paid- (679) Income taxes paid $(14,701)$ $(17,879)$ Net cash provided by operating activities $52,168$ $31,823$ Investing Activities:- (679) Proceeds from sale of property, plant and equipment $1,904$ 491 Purchases of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of investment securities $(6,179)$ $(16,090)$ Proceeds from sale of investment securities 474 $1,124$ Decrease in short-term loans receivable $(1,173)$ $(3,066)$ Long-term loans advanced (1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ $-$ in the scope of consolidation $(11,606)$ $(5,726)$ $1,903$ Other, net 426 (703) $(16,060)$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures $ 20,000$ Acquisition of treasury stock (189) $(10,133)$ Cash dividends paid $(9,768)$ $(12,275)$ Proceeds from issuance of common stock to minority sharehc $ 5,752$ Other, net13 (130) Net cash used in financing activities $(10,150)$ $26,494$		3,823	(2,142)	
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Special retirement benefits paid-(488 (679)Legal settlement paid-(679)Income taxes paid(14,701)(17,879)Net cash provided by operating activities $52,168$ $31,823$ Investing Activities:-(32,448)(32,594)Purchases of property, plant and equipment(32,448)(32,594)Purchases of investment securities(6,179)(16,090)Proceeds from sale of investment securities 474 1,124Decrease in short-term loans receivable(1,173)(3,066)Long-term loans advanced(1)(0)Purchases of subsidiaries' shares resulting in changes(4,156)-in the scope of consolidation-426(703)Other, net426(703)(50,839)Financing Activities:-20,000Increase (decrease) in short-term bank loans(5,726)1,903Repayment of long-term loans(1,606)(3,621)Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133)Cash dividends paid(9,768)(12,275)Proceeds from issuance of common stock to minority shareht-5,752Other, net13(130)Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818)	Interest and dividend received	794	1,010	
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Net cash provided by operating activities $52,168$ $31,823$ Investing Activities: $1,904$ 491 Proceeds from sale of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of property, plant and equipment $(32,448)$ $(32,594)$ Purchases of investment securities $(6,179)$ $(16,090)$ Proceeds from sale of investment securities 474 $1,124$ Decrease in short-term loans receivable $(1,173)$ $(3,066)$ Long-term loans advanced (1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ $-$ in the scope of consolidation 426 (703) Other, net 426 (703) Net cash used in investing activities $(41,153)$ $(50,839)$ Financing Activities: $7,126$ $25,000$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures $ 20,000$ Acquisition of treasury stock (189) $(10,133)$ Cash dividends paid $(9,768)$ $(12,275)$ Proceeds from issuance of common stock to minority shareht $ 5,752$ Other, net 13 (130) Net cash used in financing activities $(10,150)$ $26,494$ Effect of exchange rate changes on cash and cash equivalent (275) (818)	Legal settlement paid	-	(679)	
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Purchases of investment securities $(6,179)$ $(16,090)$ Proceeds from sale of investment securities 474 $1,124$ Decrease in short-term loans receivable $(1,173)$ $(3,066)$ Long-term loans advanced (1) (0) Purchases of subsidiaries' shares resulting in changes $(4,156)$ $-$ in the scope of consolidation $(41,153)$ $(50,839)$ Other, net 426 (703) Net cash used in investing activities $(41,153)$ $(50,839)$ Financing Activities: $7,126$ $25,000$ Increase (decrease) in short-term bank loans $(5,726)$ $1,903$ Repayment of long-term loans $(1,606)$ $(3,621)$ Redemption of debentures $ 20,000$ Acquisition of treasury stock (189) $(10,133)$ Cash dividends paid $(9,768)$ $(12,275)$ Proceeds from issuance of common stock to minority sharehc $ 5,752$ Other, net 13 (130) Net cash used in financing activities $(10,150)$ $26,494$				
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Net cash used in investing activities(41,153)(50,839)Financing Activities:Proceeds from long-term loans7,12625,000Increase (decrease) in short-term bank loans(5,726)1,903Repayment of long-term loans(1,606)(3,621Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133)Cash dividends paid(9,768)(12,275)Proceeds from issuance of common stock to minority sharehc-5,752Other, net13(130)Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818)		426	(703)	
Financing Activities:Proceeds from long-term loans7,12625,000Increase (decrease) in short-term bank loans(5,726)1,903Repayment of long-term loans(1,606)(3,621Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority sharehc-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818				
Proceeds from long-term loans7,12625,000Increase (decrease) in short-term bank loans(5,726)1,903Repayment of long-term loans(1,606)(3,621Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority sharehc-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818	Net cash used in investing activities	(41,100)	(00,000)	
Increase (decrease) in short-term bank loans(5,726)1,903Repayment of long-term loans(1,606)(3,621Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority sharehc-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818	Financing Activities:			
Repayment of long-term loans(1,606)(3,621Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority sharehc-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818			25,000	
Redemption of debentures-20,000Acquisition of treasury stock(189)(10,133Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority shareh-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818			1,903	
Acquisition of treasury stock(189)(10,133Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority shareh-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818		(1,606)		
Cash dividends paid(9,768)(12,275Proceeds from issuance of common stock to minority sharehc-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818	-	-		
Proceeds from issuance of common stock to minority shareh-5,752Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818			(10, 133)	
Other, net13(130Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818		(9,768)	(12,275)	
Net cash used in financing activities(10,150)26,494Effect of exchange rate changes on cash and cash equivalent(275)(818)	Proceeds from issuance of common stock to minority shareho	-	5,752	
Effect of exchange rate changes on cash and cash equivalent (275) (818	Other, net		(130)	
	Net cash used in financing activities	$(10, \overline{150})$	26,494	
	Effect of exchange rate changes on cash and cash equivalent	(275)	(818)	
	Beginning balance of cash and cash equivalents		10,701	
	Cash and cash equivalents at end of year		17,361	

🙏 MITSUBISHI RAYON CO.,LTD.

Business Segment Information

(Millions of yen)

		Acrylic fibers&	Carbon fibers&	Acetate&			
	Chemicals and		Composite	Membranes		Eliminations	
Year ended March 31, 2007		and Derivatives	1	and Others	Total	or Corporate	Consolidated
1.Sales and operating income						· · · · · ·	
Sales to third parties	185,606	73,751	39,982	117,686	417,027	-	417,027
Intergroup sales and transfers	11,154	4,415	8	43,683	59,260	(59, 260)	-
Total Sales	196,760	78,166	39,990	161,370	476,288	(59,260)	417,027
Operating expenses	158,108	75,966	27,872	154,750	416,698	(59, 336)	357,362
Operating income	38,652	2,199	12,117	6,620	59,590	75	59,665
Without recognition of previous years' actuarial gain or	[29,548]	[125]	[10,349]	[5, 356]	[45, 380]	[75]	[45, 455]
losses as Operating expenses)		2	2-)3	2 - / 3		,
2.Assets,depreciation and capital ex Total assets Depreciation Capital expenditures	xpenditures 173,065 9,246 16,605	67,811 3,281 5,192	42,327 2,320 11,663	$116,895 \\ 2,178 \\ 3,598$	400,100 17,027 37,059	49,478 - -	$\begin{array}{c} 449,578 \\ 17,027 \\ 37,059 \end{array}$
Year ended March 31, 2008	Chemicals and Plastics		Carbon fibers& Composite materials	Acetate& Membranes and Others	Total	Eliminations or Corporate	Consolidated
1.Sales and operating income	1 1400100	und Dorradrood	materials	una otnoro	rotar	or corporate	comondatoa
Sales to third parties	186,968	73,737	46,790	111,032	418,529	_	418,529
Intergroup sales and transfers	12,156	5.243	27	38,393	55,820	(55.820)	
Total Sales	199,125	78,980	46,818	149,426	474,350	(55,820)	418,529
Operating expenses	176,811	78,241	35,783	146,027	436,863	(55, 842)	381,021
Operating income	22,313	738	11,034	3,399	37,486	21	37,508
Without recognition of previous years' actuarial gain or losses as Operating expenses] [23,595]	[980]	[11,340]	[3,620]	[39,537]	[21]	[39,558]

l expenditures						
185,609	61,732	45,519	107,624	400,485	51,054	451,540
12,830	3,965	4,793	3,119	24,709	-	24,709
17,005	2,758	6,723	2,720	29,208	-	29,208
	expenditures 185,609 12,830	expenditures 185,609 61,732 12,830 3,965	expenditures 185,609 61,732 45,519 12,830 3,965 4,793	expenditures 185,609 61,732 45,519 107,624 12,830 3,965 4,793 3,119	expenditures 185,609 61,732 45,519 107,624 400,485 12,830 3,965 4,793 3,119 24,709	expenditures 185,609 61,732 45,519 107,624 400,485 51,054 12,830 3,965 4,793 3,119 24,709 -

Note:

From the interim of year 2007, the classification of segments, which previously included "Chemicals and Plastics", "Fibers" and "Carbon Fiber&Composite Materials, Membranes and Others", has been changed as "Chemicals and Plastics","Acrylic fibers&Acrylonitrile and Derivatives","Carbon fibers&Composite materials"and "Acetate&Membranes and Others".

The data by the segments of the prior periods listed above reflects the changes have been made.

MITSUBISHI RAYON CO., LTD. Business Segment Information (continued)

(Millions of yen)

			Carbon Fiber&					
	Composite Materials,							
	Chemicals and		Membranes		Eliminations			
Year ended March 31,2007	Plastics	Fibers	and Others	Total	or corporate	Consolidated		
1.Sales and operating income								
Sales to third parties	$219,\!622$	85,882	111,522	417,027	-	417,027		
Intergroup sales and transfers	26,251	777	42,774	69,802	(69,802)	-		
Total Sales	$245,\!873$	86,659	154,296	486,830	(69,802)	417,027		
Operating expenses	204,357	84,737	138,170	427,265	(69,903)	357,362		
Operating income	41,516	1,922	16,126	59,564	100	59,665		
Without recognition of previous years' actuarial gain or losses as Operating expenses		[(1,132)]	[14,290]	[45,355]	[100]	[45,455]		
2.Assets,depreciation and capita	l expenditures							
Total assets	204,935	83,820	112,047	400,804	48,773	449,578		
Depreciation	9,943	4,008	3,076	17,027	-	17,027		
Capital expenditures	18,487	5,487	13,084	37,059	-	37,059		

The following data is based on the segments used up to the last annual report.

A MITSUBISHI RAYON CO., LTD.

Geographical Segment Information

(Millions of yen)

			United States		Eliminations	
Year ended March 31, 2007	Japan	Asia	of America	Total	or Corporate	Consolidated
1.Sales and operating income						
Sales to third parties	338,405	47,911	30,711	417,027	-	417,027
Intergroup sales and transfers	18,929	10,066	809	29,805	(29,805)	-
Total Sales	357,334	57,978	31,520	446,833	(29,805)	417,027
Operating expenses	$307,\!669$	52,394	26,873	386,938	(29,576)	357,362
Operating income	49,664	5,583	4,646	59,894	(229)	59,665
2.Total assets	304,331	70,806	14,915	390,053	59,525	449,578
			United States		Eliminations	
Year ended March 31, 2008	Japan	Asia	United States of America	Total		Consolidated
Year ended March 31, 2008 1.Sales and operating income	Japan	Asia		Total		Consolidated
	Japan 325,199	Asia 62,276		Total 418,529		Consolidated 418,529
1.Sales and operating income	*		of America			418,529
1.Sales and operating income Sales to third parties	325,199	62,276	of America 31,053	418,529	or Corporate	418,529
1.Sales and operating income Sales to third parties Intergroup sales and transfers	325,199 27,232	62,276 15,384	of America 31,053 446	418,529 43,063	or Corporate (43,063)	418,529
1.Sales and operating income Sales to third parties Intergroup sales and transfers Total Sales	325,19927,232352,432	62,276 15,384 77,660	of America 31,053 446 31,500	418,529 43,063 461,592	or Corporate (43,063) (43,063)	418,529 - 418,529

Sales by Customer's Geographical Location

	Year	ended
	March 31 2007	March 31 2008
Sales designated for:		
Japan	229,712	220,559
Asia	128,130	139,974
Other	59,184	57,994
Total	417,027	$418,\!529$