

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

(Millions of yen, except per share)

	Year ended March 31		Change	Six months ended
	<u>2007</u>	<u>2008</u>		September 30 <u>2007</u>
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)

	Year ended March 31		Six months ended
	<u>2007</u>	<u>2008</u>	September 30 <u>2007</u>
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

(Millions of yen)

	Year ended March 31		Six months ended
	<u>2007</u>	<u>2008</u>	September 30 <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 ended March 31		Six months ended
	<u>2007</u>	<u>2008</u>	September 30 <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)

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

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

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

Consolidated Balance Sheets

(Millions of yen)

[Assets]	Year ended	
	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

Consolidated Balance Sheets

(Millions of yen)

	Year ended	
	March 31 2007	March 31 2008
[Liabilities]		
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

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	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

Consolidated Statements of Changes in Net Assets (continued)

(Millions of yen)

	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

(Millions of yen)

	Year ended	
	March 31 2007	March 31 2008
Operating Activities:		
Income before income taxes and minority interests	56,392	27,820
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,977	25,281
Loss of impairment assets	61	1,421
Goodwill amortization	758	744
Decrease in retirement allowances	(2,779)	(996)
Decrease (increase) in prepaid pension expense	(11,908)	3,998
Decrease in allowance for doubtful accounts	(534)	(44)
Equity in earnings of affiliates	(518)	(897)
Interest expense	1,411	2,043
Loss on valuation of securities and investments	179	129
Special retirement benefits	-	488
Legal settlement	-	679
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:		
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 in the scope of consolidation	(4,156)	-
Other, net	426	(703)
Net cash used in investing activities	(41,153)	(50,839)
Financing Activities:		
Proceeds from long-term loans	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
Effect of exchange rate changes on cash and cash equivalent	(275)	(818)
Net increase in cash and cash equivalents	588	6,660
Beginning balance of cash and cash equivalents	10,113	10,701
Cash and cash equivalents at end of year	10,701	17,361

Year ended March 31, 2007	Chemicals and Plastics	Acrylic fibers& Acrylonitrile and Derivatives	Carbon fibers& Composite materials	Acetate& Membranes and Others	Total	Eliminations 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 losses as Operating expenses)	[29,548]	[125]	[10,349]	[5,356]	[45,380]	[75]	[45,455]

2.Assets,depreciation and capital expenditures							
Total assets	173,065	67,811	42,327	116,895	400,100	49,478	449,578
Depreciation	9,246	3,281	2,320	2,178	17,027	-	17,027
Capital expenditures	16,605	5,192	11,663	3,598	37,059	-	37,059

Year ended March 31, 2008	Chemicals and Plastics	Acrylic fibers& Acrylonitrile and Derivatives	Carbon fibers& Composite materials	Acetate& Membranes and Others	Total	Eliminations or Corporate	Consolidated
1.Sales and operating income							
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]

2.Assets,depreciation and capital expenditures							
Total assets	185,609	61,732	45,519	107,624	400,485	51,054	451,540
Depreciation	12,830	3,965	4,793	3,119	24,709	-	24,709
Capital expenditures	17,005	2,758	6,723	2,720	29,208	-	29,208

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.

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

Year ended March 31, 2007	Chemicals and Plastics	Fibers	Carbon Fiber & Composite Materials, Membranes and Others	Total	Eliminations 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)	[32,196]	[(1,132)]	[14,290]	[45,355]	[100]	[45,455]
2. Assets, depreciation and capital 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

Geographical Segment Information

(Millions of yen)

Year ended March 31, 2007	Japan	Asia	United States of America	Total	Eliminations 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
Year ended March 31, 2008						
1.Sales and operating income						
Sales to third parties	325,199	62,276	31,053	418,529	-	418,529
Intergroup sales and transfers	27,232	15,384	446	43,063	(43,063)	-
Total Sales	352,432	77,660	31,500	461,592	(43,063)	418,529
Operating expenses	326,013	70,671	26,694	423,380	(42,358)	381,021
Operating income	26,418	6,988	4,805	38,212	(704)	37,508
2.Total assets	306,758	83,694	16,861	407,314	44,226	451,540

Sales by Customer's Geographical Location

(Millions of yen)

	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