

**CONSOLIDATED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2008**

(In accordance with Japanese accounting standards)

**FOR IMMEDIATE RELEASE**

November 6, 2008 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the six months ended September 30, 2008, the second quarter of the year ending March 31, 2009.

**Consolidated Financial Highlights**

(Millions of yen, except per share)

	Six months ended	
	September 30 <u>2007</u>	<b>September 30</b> <b><u>2008</u></b>
Net sales	213,588	198,292
Operating income	22,829	2,942
Net income	10,905	126
Amounts per share (yen):		
Net income:		
Basic	18.19	0.22
Depreciation	11,554	12,729
Capital expenditures	13,465	20,673
R&D expenses ※	5,674	6,466

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

**Consolidated Shareholders' Equity, Debts and Total Assets**

(Millions of yen, except per share and ratio)

	Year ended	Second Quarter ended
	March 31 <u>2008</u>	<b>September 30</b> <b><u>2008</u></b>
Total assets	451,540	444,337
Net assets	215,819	204,381
Equity ratio (%)	44.2 %	42.3 %
Net Assets per share (yen)	348.59	328.32

**Forecast of Consolidated Results**

(Millions of yen)

	Year ending
	March 31 <u>2009</u>
Net sales	405,000
Operating income	6,000
Net income	0

**Consolidated Statements of Income**

(Millions of yen)

	Six months ended	
	September 30 2007	September 30 2008
<b>Net Sales</b>	213,588	198,292
<b>Cost of Sales</b>	160,795	164,023
Gross profit	52,792	34,269
<b>Selling, General and Administrative Expenses</b>	29,962	31,326
Operating income	22,829	2,942
<b>Other Income (Expenses):</b>		
Interest and dividend income	476	577
Interest expense	(987)	(1,082)
Foreign currency translation adjustments	301	809
Gain on sales of fixed assets	58	31
Loss on sales and disposal of fixed assets	(818)	(833)
Loss of impairment of fixed assets	(842)	(572)
Gain on sales of securities and investments	19	1,327
Loss on revaluation of securities and investments	-	(346)
Insurance income	-	259
Restructuring charges	(283)	(114)
Allowance for loss on business liquidation	-	(4,352)
Other, net	(922)	397
	(2,999)	(3,898)
Expenses (income) before income taxes and minority interest	19,830	(955)
<b>Income Taxes:</b>		
Current	7,106	(985)
Prior	-	(3,479)
Deferred for prior periods	-	3,080
Income before minority interests	12,724	429
<b>Minority Interests</b>	(1,818)	(302)
Net income	10,905	126

(Yen)

	Second Quarter ended		Year ended
	September 30 2007	September 30 2008	March 31 2008
<b>Amounts per Share:</b>			
Net income:			
Basic	18.19	0.22	23.92
Cash dividends	5.50	3.00	11.00

**Consolidated Balance Sheets**

(Millions of yen)

	Year ended	Second Quarter ended
	March 31 2008	September 30 2008
<b>[Assets]</b>		
<b>Current Assets:</b>		
Cash and time deposits	17,361	18,829
Notes and accounts receivable:		
Notes receivable	7,397	7,116
Accounts receivable	74,058	72,039
Less allowance for doubtful accounts	(345)	(445)
	81,110	78,710
Finished goods	34,435	36,049
Raw materials	15,105	16,709
Work in process	5,993	4,547
Other current assets	23,253	25,969
<b>Total current assets</b>	<b>177,259</b>	<b>180,815</b>
<b>Property, Plant and Equipment, at Cost:</b>		
Land	25,752	25,694
Buildings	112,864	113,770
Machinery and equipment	402,539	401,957
Construction in progress	18,422	27,380
Lease	-	20
	559,580	568,822
Less accumulated depreciation	(386,099)	(391,396)
<b>Property, plant and equipment, net</b>	<b>173,481</b>	<b>177,426</b>
<b>Investments and Other Assets:</b>		
Investments in and advances to unconsolidated subsidiaries and affiliates	22,330	21,298
Investment securities	48,665	40,169
Other assets	29,802	24,627
<b>Total investments and other assets</b>	<b>100,799</b>	<b>86,096</b>
<b>Total assets</b>	<b>451,540</b>	<b>444,337</b>

**Consolidated Balance Sheets**

(Millions of yen)

	Year ended March 31 2008	Second Quarter ended September 30 2008
<b>[Liabilities]</b>		
<b>Current Liabilities:</b>		
Short-term bank loans	42,953	35,732
Notes and accounts payable:		
Notes payable	4,489	4,162
Accounts payable	57,433	62,751
Allowance for loss on business liquidation	61,923	66,914
Other allowance	-	4,352
Other current liabilities	4,177	4,006
Total current liabilities	28,859	28,805
	137,914	139,810
<b>Long-Term Liabilities:</b>		
Long-term debt	65,711	68,924
Retirement allowances	27,659	27,506
Other allowance	1,084	824
Other long-term liabilities	3,352	2,890
Total long-term liabilities	97,806	100,145
Total liabilities	235,721	239,956
<b>[Net Assets]</b>		
<b>Shareholders' Equity:</b>		
Common stock	53,229	53,229
Capital surplus	28,796	28,787
Retained earnings	122,706	118,399
Less treasury stock, at cost	(10,488)	(10,490)
Total shareholders' equity	194,245	189,925
<b>Valuation and translation adjustments and other:</b>		
Unrealized gain on other securities	5,753	1,836
Deferred gains on hedges	7	53
Foreign currency translation adjustments	(476)	(3,907)
Total valuation, translation adjustments and other	5,283	(2,017)
<b>Minority Interests in Consolidated Subsidiaries</b>		
Total net assets	16,290	16,472
Total net assets	215,819	204,381
Total liabilities and net assets	451,540	444,337

**Consolidated Statements of Cash Flows**

(Millions of yen)

	Six months ended	
	September 30 2007	September 30 2008
<b>Operating Activities:</b>		
Income before income taxes and minority interests	19,830	(955)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	12,302	12,765
Loss of impairment of fixed assets	842	572
Goodwill amortization	352	352
Increase in allowance for loss on business liquidation	-	4,352
Decrease in retirement allowances	(556)	(152)
Decrease in prepaid pension expense	1,999	3,387
Increase in allowance for doubtful accounts	55	67
Interest expense	987	1,082
Equity in earnings of affiliates	(657)	(212)
Gain on sales of investment securities	(19)	(1,327)
Loss on revaluation of securities and investments	-	346
Insurance income	-	(259)
Decrease in notes and accounts receivable	4,848	1,218
Increase in inventories	(1,200)	(2,722)
Increase (decrease) in notes and accounts payable	(1,178)	6,188
Other, net	(1,751)	1,641
Subtotal	35,856	26,343
Interest and dividends received	473	577
Interest paid	(934)	(1,106)
Income taxes paid	(11,926)	(5,135)
Income taxes refunded	-	3,734
Net cash provided by operating activities	23,468	24,414
<b>Investing Activities:</b>		
Purchases of property, plant and equipment	(18,632)	(19,335)
Proceeds from sales of property, plant and equipment	387	88
Purchases of investment securities	(9,540)	(110)
Proceeds from sales of investment securities	45	3,112
Increase in short-term loans receivable	(2,012)	(282)
Long-term loans advanced	(1)	-
Proceeds from collection of long-term loans	4	567
Other, net	(490)	(792)
Net cash used in investing activities	(30,240)	(16,754)
<b>Financing Activities:</b>		
(Decrease) increase in short-term bank loans	3,056	(5,173)
Proceeds from long-term loans	-	5,000
Repayment of long-term loans	(1,977)	(2,833)
Proceeds from issuance of bonds	10,000	-
Cash dividends paid	(4,896)	(3,927)
Proceeds from issuance of common stock to minority shareholders	-	1,227
Other, net	(179)	(0)
Net cash used in financing activities	6,003	(5,708)
Effect of exchange rate changes on cash and cash equivalents	(134)	(486)
Net increase in cash and cash equivalents	(903)	1,465
Beginning balance of cash and cash equivalents	10,701	17,361
Cash and cash equivalents at end of second quarter	9,798	18,826

**Business Segment Information**

(Millions of yen)

Six months ended September 30, 2007	Chemicals & Plastics	Acrylic Fibers & AN Monomer and Derivatives	Carbon Fibers & Composite Materials	Acetate Fibers, Membranes and Others	Total	Eliminations or Corporate	Consolidated
Sales and operating income:							
Sales to third parties	93,200	40,993	24,747	54,646	213,588	-	213,588
Intergroup sales and transfers	5,952	2,827	5	20,295	29,080	(29,080)	-
<b>Total Sales</b>	<b>99,152</b>	<b>43,821</b>	<b>24,753</b>	<b>74,941</b>	<b>242,668</b>	<b>(29,080)</b>	<b>213,588</b>
Operating income	13,146	1,450	6,745	1,593	22,936	(106)	22,829
( Without recognition of previous years' actuarial gain or losses as Operating expenses )	[13,567]	[1,540]	[6,855]	[1,668]	[23,631]	[(106)]	[23,525]

Six months ended September 30, 2008	Chemicals & Plastics	Acrylic Fibers & AN Monomer and Derivatives	Carbon Fibers & Composite Materials	Acetate Fibers, Membranes and Others	Total	Eliminations or Corporate	Consolidated
Sales and operating income:							
Sales to third parties	91,916	29,951	21,138	55,286	198,292	-	198,292
Intergroup sales and transfers	6,674	2,425	9	22,813	31,922	(31,922)	-
<b>Total Sales</b>	<b>98,590</b>	<b>32,376</b>	<b>21,147</b>	<b>78,099</b>	<b>230,214</b>	<b>(31,922)</b>	<b>198,292</b>
Operating income	3,289	(3,237)	2,043	724	2,820	122	2,942
( Without recognition of previous years' actuarial gain or losses as Operating expenses )	[5,231]	[(2,914)]	[2,470]	[1,047]	[5,834]	[122]	[5,956]

Geographical Segment Information

(Millions of yen)

<b>Six months ended</b>						
<b>September 30, 2008</b>	Japan	Asia	United States of America	Total	Eliminations or Corporate	Consolidated
Sales and operating income:						
Sales to third parties	154,798	28,602	14,891	198,292	-	198,292
Intergroup sales and transfers	15,664	5,298	274	21,238	(21,238)	-
<b>Total Sales</b>	<b>170,462</b>	<b>33,901</b>	<b>15,166</b>	<b>219,530</b>	<b>(21,238)</b>	<b>198,292</b>
Operating income	(75)	682	2,212	2,819	123	2,942

Sales by Customer's Geographical Location

(Millions of yen)

	<u>Six months ended</u>
	<b>September 30</b>
	<b>2008</b>
Sales designated for:	
Japan	108,427
Asia	62,544
Other	27,319
<b>Total</b>	<b>198,292</b>