

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2010

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

May 12, 2010 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the year ended March 31, 2010.

Consolidated Financial Highlights

(Millions of yen, except per share)

	Year ended March 31		<u>Change</u>
	<u>2010</u>	<u>2009</u>	
Net sales	365,047	345,048	5.8 %
Operating income (loss)	5,433	(7,612)	- %
Net loss	(5,013)	(28,950)	- %
Amounts per share (yen):			
Net loss:			
Basic	(8.77)	(50.59)	
Depreciation	30,031	27,063	
Capital expenditures	25,096	44,290	
R&D expenses ※1	13,711	13,409	

Consolidated Net Assets, Liabilities and Total Assets

(Millions of yen, except per share)

	Year ended March 31	
	<u>2010</u>	<u>2009</u>
Total assets	567,454	408,933
Net assets	169,406	160,995
Equity ratio (%)	26.4 %	36.1 %
Net assets per share (yen)	261.40	258.26

Consolidated Cash Flows

(Millions of yen)

	Year ended March 31	
	<u>2010</u>	<u>2009</u>
Net cash provided by operating activities	55,391	21,359
Net cash used in investing activities	(175,457)	(34,305)
Net cash provided by financing activities	105,187	44,350
Cash and cash equivalents at end of year	29,833	45,491

Number of Group Companies

	Year ended March 31	
	<u>2010</u>	<u>2009</u>
Consolidated subsidiaries	93	52
Equity method affiliates	18	18

Forecast for the year ending March 31, 2011

(Millions of yen)

	Six months ending	Year ending
	September 30	March 31
	<u>2010</u>	<u>2011</u>
Net sales	228,000	470,000
Operating income	9,100	18,300
Net income	800	3,700
Depreciation	15,000	31,000
Capital expenditures	13,000	28,000
R&D expenses ※1	7,850	15,700

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

Consolidated Statements of Income

(Millions of yen)

	Year ended	
	March 31 2010	March 31 2009
Net Sales	365,047	345,048
Cost of Sales	292,660	292,166
Gross profit	72,386	52,881
Selling, General and Administrative Expenses	66,953	60,494
Operating income (loss)	5,433	(7,612)
Other Income (Expenses):		
Interest income	162	251
Dividends income	560	809
Interest expense	(3,330)	(2,148)
Equity in earnings of affiliates	532	-
Equity in loss of affiliates	-	(463)
Foreign currency translation adjustments	(6,908)	5,145
Gain on sales of fixed assets	63	51
Loss on sales and disposal of fixed assets	(660)	(1,809)
Loss of impairment of fixed assets	(3,530)	(11,346)
Gain on sales of investment securities	859	1,327
Loss on sales of investment securities	(0)	(4)
Loss on revaluation of investment securities	(47)	(13,165)
Gain on sales of investments in capital of subsidiaries and affiliates	1,341	-
Loss on sales of investments in capital of subsidiaries and affiliates	(106)	-
Insurance income	-	280
Restructuring charges	(186)	(650)
Settlement package	(372)	-
Loss on business restructuring	(109)	(2,228)
Allowance for loss on business restructuring	(1,169)	(4,323)
Other, net	(2,586)	260
	(15,486)	(28,015)
Loss before income taxes and minority interests	(10,053)	(35,628)
Income Taxes:		
Current	2,832	3,345
Deferred	(10,632)	(7,205)
Prior	-	(3,479)
Deferred for prior periods	-	3,080
Loss before minority interests	(2,254)	(31,368)
Minority (Interests) Loss	(2,759)	2,418
Net loss	(5,013)	(28,950)

	Year ended	
	March 31 2010	March 31 2009
Amounts per share (yen):		
Net loss:		
Basic	(8.77)	(50.59)
Cash dividends	0.00	4.00

Consolidated Balance Sheets

(Millions of yen)

[Assets]	Year ended	
	March 31 2010	March 31 2009
Current Assets:		
Cash and time deposits	29,854	45,491
Notes and accounts receivable:		
Notes receivable	5,840	5,907
Accounts receivable	69,734	49,924
Less allowance for doubtful accounts	(817)	(670)
	74,757	55,161
Stocks of parent company	1,850	-
Finished goods	31,242	31,285
Work in process	3,173	3,311
Raw materials and supplies	21,032	13,293
Deferred tax assets	5,522	4,106
Other current assets	8,053	15,087
Total current assets	175,485	167,736
Property, Plant and Equipment, at Cost:		
Land	29,636	26,140
Buildings	126,588	115,734
Machinery and equipment	480,047	395,448
Construction-in-progress	32,745	29,217
Leased assets	509	78
	669,528	566,620
Less accumulated depreciation	(404,985)	(396,817)
Property, plant and equipment, net	264,543	169,802
Investments and Other Assets:		
Investment securities	52,039	45,587
Goodwill	30,828	1,325
Deferred tax assets	22,478	15,767
Less allowance for doubtful accounts	(114)	(80)
Other assets	22,192	8,795
Total investments and other assets	127,425	71,395
Total assets	567,454	408,933

Consolidated Balance Sheets (continued)

(Millions of yen)

	Year ended	
	March 31 2010	March 31 2009
[Liabilities]		
Current Liabilities:		
Short-term bank loans	36,623	71,511
Current portion of bonds	10,000	-
Notes and accounts payable:		
Notes payable	2,216	3,063
Accounts payable	52,169	28,280
	54,385	31,344
Accrued income taxes	1,868	1,063
Defferd tax liabilities	177	62
Allowance for bonuses	3,333	3,204
Allowance for repairs	1,045	-
Allowance for loss on business restructuring	1,152	4,323
Other allowances	413	-
Other current liabilities	25,042	23,984
Total current liabilities	134,043	135,492
Long-Term Liabilities:		
Long-term debt	214,288	81,517
Defferd tax liabilities	3,689	125
Allowance for retirement benefits	39,934	27,321
Allowance for directors' retirement benefits	115	120
Allowance for repairs	3	453
Other allowances	252	-
Other long-term liabilities	5,718	2,906
Total long-term liabilities	264,003	112,445
Total liabilities	398,047	247,937
[Net Assets]		
Shareholders' Equity:		
Common stock	53,229	53,229
Capital surplus	28,588	28,588
Retained earnings	81,957	87,553
Less treasury stock, at cost	(10,319)	(10,264)
Total shareholders' equity	153,455	159,106
Valuation and translation adjustments and other:		
Unrealized gain on other securities	6,394	1,510
Deferred losses on hedges	(38)	(160)
Foreign currency translation adjustments	(10,266)	(12,664)
Total valuation, translation adjustments and other	(3,911)	(11,315)
Minority Interests in Consolidated Subsidiaries	19,862	13,204
Total net assets	169,406	160,995
Total liabilities and net assets	567,454	408,933

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, 2009	53,229	28,588	87,553	(10,264)	159,106
Changes in interim of year 2009					
Net loss	-	-	(5,013)	-	(5,013)
Cash dividends paid	-	-	(572)	-	(572)
Purchase of treasury stock	-	-	-	(65)	(65)
Disposal of treasury stock	-	-	(5)	10	4
Other	-	-	(3)	-	(3)
Total changes in interim of year 2009	-	-	(5,595)	(54)	(5,650)
Balance at March 31, 2010	53,229	28,588	81,957	(10,319)	153,455

	Unrealized gain on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total Valuation and Translation Adjustments and Others	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2009	1,510	(160)	(12,664)	(11,315)	13,204	160,995
Changes in interim of year 2009						
Net income	-	-	-	-	-	(5,013)
Cash dividends paid	-	-	-	-	-	(572)
Purchase of treasury stock	-	-	-	-	-	(65)
Disposal of treasury stock	-	-	-	-	-	4
Other	-	-	-	-	-	(3)
Net changes in items other than those in shareholders' equity	4,883	121	2,398	7,404	6,657	14,061
Total changes in interim of year 2009	4,883	121	2,398	7,404	6,657	8,410
Balance at March 31, 2010	6,394	(38)	(10,266)	(3,911)	19,862	169,406

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, 2008	53,229	28,796	122,706	(10,488)	194,245
Effect of unification of accounting policies applied to foreign subsidiaries	-	-	(1,285)	-	(1,285)
Changes in interim of year 2008					
Net loss	-	-	(28,950)	-	(28,950)
Cash dividends paid	-	-	(4,865)	-	(4,865)
Purchase of treasury stock	-	-	-	(146)	(146)
Disposal of treasury stock	-	(208)	(51)	369	109
Other	-	-	(0)	-	(0)
Total changes in interim of year 2008	-	(208)	(33,868)	223	(33,853)
Balance at March 31, 2009	53,229	28,588	87,553	(10,264)	159,106

	Unrealized gain on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total Valuation and Translation Adjustments and Others	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2008	5,753	7	(476)	5,283	16,290	215,819
Effect of unification of accounting policies applied to foreign subsidiaries	-	-	-	-	-	(1,285)
Changes in interim of year 2008						
Net loss	-	-	-	-	-	(28,950)
Cash dividends paid	-	-	-	-	-	(4,865)
Purchase of treasury stock	-	-	-	-	-	(146)
Disposal of treasury stock	-	-	-	-	-	109
Other	-	-	-	-	-	(0)
Net changes in items other than those in shareholders' equity	(4,243)	(168)	(12,188)	(16,599)	(3,085)	(19,684)
Total changes in interim of year 2008	(4,243)	(168)	(12,188)	(16,599)	(3,085)	(53,538)
Balance at March 31, 2009	1,510	(160)	(12,664)	(11,315)	13,204	160,995

Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended	
	March 31 2010	March 31 2009
Operating Activities:		
Loss before income taxes and minority interests	(10,053)	(35,628)
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	30,226	27,159
Loss of impairment of fixed assets	3,530	11,346
Goodwill amortization	1,697	719
Loss on business restructuring	-	2,228
Increase in allowance for loss on business restructuring	1,083	4,323
Increase (decrease) in allowance for retirement benefits	2,519	(336)
Decrease in prepaid pension expense	1,135	6,774
(Decrease) increase in allowance for doubtful accounts	(313)	294
Interest expenses	3,330	2,148
Financing expenses	968	-
Foreign currency translation adjustments	5,928	(5,240)
Interest and dividends income	(723)	(1,060)
Dividends received from affiliates	-	186
Equity in (earnings) losses of affiliates	(532)	463
Loss on sales and disposal of fixed assets	453	938
Gain on sales of investment securities	(858)	(1,322)
Loss on revaluation of investment securities	47	13,165
Loss on revaluation of derivatives	1,375	-
Insurance income	-	(280)
Gain on sales of investments in capital of subsidiaries and affiliates	(1,235)	-
(Increase) decrease in notes and accounts receivable	(2,424)	22,771
Decrease in inventories	5,077	7,927
Increase (decrease) in notes and accounts payable	13,381	(27,747)
Decrease or increase in consumption taxes receivable or payable	2,208	(921)
Other, net	1,994	(2,105)
Subtotal	58,816	25,803
Interest and dividends income received	723	1,061
Interest expenses paid	(3,240)	(2,133)
Insurance income	-	280
Income taxes paid	(3,408)	(8,588)
Income taxes refund	2,500	4,937
Net cash provided by operating activities	55,391	21,359

Consolidated Statements of Cash Flows (continued)

(Millions of yen)

	Year ended	
	March 31 2010	March 31 2009
Investing Activities:		
Purchase of property, plant and equipment	(36,356)	(39,383)
Proceeds from sales of property, plant and equipment	140	129
Advanced proceeds from sales of property, plant and equipment	1,150	-
Purchase of investment securities	(1,019)	(218)
Proceeds from sales of investment securities	2,035	3,112
Decrease in short-term loans receivable	25	3,009
Collection of long-term loans receivable	-	570
Repayments of loans payable of subsidiaries resulting in business acquisition	(153,187)	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	11,189	-
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(89)	-
Payments for sales of investments in capital of subsidiaries resulting in change in scope of consolidation	1,007	-
Other, net	(352)	(1,525)
Net cash used in investing activities	(175,457)	(34,305)
Financing Activities:		
Net (decrease) increase in short-term bank loans	(39,141)	33,813
Proceeds from long-term loans payable	146,333	20,796
Repayments of long-term loans payable	(4,021)	(5,780)
Financing expenses paid	(968)	-
Proceeds from transaction of derivatives resulting in business acquisition	5,091	-
Purchase of treasury stock	(65)	(146)
Cash dividends paid	(594)	(4,858)
Cash dividends paid to minority shareholders	(1,346)	(804)
Proceeds from issuance of common stock to minority shareholders	-	1,227
Other, net	(99)	101
Net cash provided by financing activities	105,187	44,350
Effect of exchange rate changes on cash and cash equivalents	(779)	(3,274)
Net (decrease) increase in cash and cash equivalents	(15,657)	28,129
Cash and cash equivalents at beginning of year	45,491	17,361
Cash and cash equivalents at end of year	29,833	45,491

Business Segment Information

(Millions of yen)

Year ended March 31, 2010	Chemicals & Plastics	Acrylic Fibers & AN Monomer and Derivatives	Carbon Fibers & Composite Materials	Acetate Fibers, Membranes and Others	Total	Eliminations or Corporate	Consolidated
1.Sales and operating income							
Sales to third parties	216,265	35,609	23,707	89,463	365,047	-	365,047
Intergroup sales and transfers	16,223	1,967	39	26,341	44,571	(44,571)	-
Total Sales	232,489	37,577	23,747	115,804	409,618	(44,571)	365,047
Operating expenses	219,822	38,994	30,141	115,425	404,384	(44,770)	359,613
Operating income (loss)	12,666	(1,417)	(6,394)	379	5,234	198	5,433
(Without recognition of previous years' actuarial gain or losses as Operating expenses)	[16,007]	[(1,066)]	[(5,710)]	[925]	[10,155]	[198]	[10,354]
2.Assets, depreciation, loss of impairment and capital expenditures							
Total assets	352,914	34,046	46,343	83,668	516,973	50,480	567,454
Depreciation	19,159	2,269	5,070	3,531	30,031	-	30,031
Loss of impairment of fixed assets	2,617	14	94	804	3,530	-	3,530
Capital expenditures	16,656	1,303	4,719	2,417	25,096	-	25,096

Year ended March 31, 2009	Chemicals & Plastics	Acrylic Fibers & AN Monomer and Derivatives	Carbon Fibers & Composite Materials	Acetate Fibers, Membranes and Others	Total	Eliminations or Corporate	Consolidated
1.Sales and operating income							
Sales to third parties	156,835	47,275	37,887	103,050	345,048	-	345,048
Intergroup sales and transfers	11,075	3,393	31	50,206	64,707	(64,707)	-
Total Sales	167,910	50,668	37,919	153,256	409,756	(64,707)	345,048
Operating expenses	167,284	60,318	36,942	152,896	417,441	(64,780)	352,661
Operating income (loss)	626	(9,649)	976	359	(7,686)	73	(7,612)
(Without recognition of previous years' actuarial gain or losses as Operating expenses)	[4,377]	[(9,074)]	[1,875]	[1,034]	[(1,786)]	[73]	[(1,712)]
2.Assets, depreciation, loss of impairment and capital expenditures							
Total assets	152,369	39,402	49,113	110,448	351,334	57,598	408,933
Depreciation	14,209	3,461	5,906	3,487	27,063	-	27,063
Loss of impairment of fixed assets	32	10,714	-	600	11,346	-	11,346
Capital expenditures	22,343	3,090	14,505	4,351	44,290	-	44,290

Geographical Segment Information

(Millions of yen)

※1 Year ended March 31, 2010	Japan	Asia	North America	Europe	Total	Eliminations or Corporate	Consolidated
1.Sales and operating income							
Sales to third parties	229,782	67,550	40,740	26,973	365,047	-	365,047
Intergroup sales and transfers	21,049	10,702	732	155	32,639	(32,639)	-
Total Sales	250,831	78,253	41,472	27,128	397,686	(32,639)	365,047
Operating expenses	253,849	69,411	42,790	26,088	392,140	(32,527)	359,613
Operating (loss) income	(3,017)	8,841	(1,318)	1,039	5,545	(112)	5,433
2.Total assets	406,703	137,284	53,509	78,496	675,994	(108,540)	567,454

※1 The results of operations of the companies in Canada and Europe have been reflected because they are in scope of consolidation. As a result, the former geographical segment of "United States of America" has been changed to "North America", and the geographical segment of "Europe" has been added.

Year ended March 31, 2009	Japan	Asia	United States of America	Total	Eliminations or Corporate	Consolidated
1.Sales and operating income						
Sales to third parties	265,613	51,836	27,597	345,048	-	345,048
Intergroup sales and transfers	26,393	12,548	627	39,569	(39,569)	-
Total Sales	292,007	64,385	28,224	384,618	(39,569)	345,048
Operating expenses	304,363	63,101	24,898	392,362	(39,701)	352,661
Operating (loss) income	(12,355)	1,284	3,326	(7,744)	131	(7,612)
2.Total assets	285,947	62,150	13,844	361,942	46,991	408,933

Sales by Customer's Geographical Location

(Millions of yen)

	Year ended	
	March 31 2010	March 31 2009
Sales designated for:		
Japan	160,215	196,653
Asia	125,600	101,661
Others	79,231	46,733
Total	365,047	345,048