

CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2010

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

August 3, 2010 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the three months ended June 30, 2010, the first quarter of the year ending March 31, 2011.

Consolidated Financial Highlights

(Millions of yen, except per share)

	First Quarter ended		<u>Change</u>
	June 30 2010	June 30 2009	
Net sales	112,011	62,180	80.1 %
Operating income (loss)	4,830	(5,683)	- %
Net income (loss)	388	(5,257)	- %
Amounts per share (yen):			
Net income (loss):			
Basic	0.68	(9.19)	

Consolidated Net Assets, Liabilities and Total Assets

(Millions of yen, except per share)

	First Quarter ended	Year ending
	June 30 2010	March 31 2010
Total assets	566,695	567,454
Net assets	171,456	169,406
Equity ratio (%)	26.8 %	26.4 %
Net assets per share (yen)	265.75	261.40

Forecast for the year ending March 31, 2011

(Millions of yen)

	Six months ending	Year ending
	September 30 2010	March 31 2011
Net sales	240,000	470,000
Operating income	12,000	18,300
Net income	2,500	3,700

Note:

The forecast of consolidated results announced on May 12, 2010 is revised by this report.

Consolidated Statements of Income

(Millions of yen)

	First Quarter ended	
	June 30 2010	June 30 2009
Net Sales	112,011	62,180
Cost of Sales	88,574	54,363
Gross profit	23,437	7,816
Selling, General and Administrative Expenses	18,606	13,499
Operating income (loss)	4,830	(5,683)
Other Income (Expenses):		
Interest income	36	39
Dividends income	235	251
Interest expense	(776)	(693)
Financing expenses	(1)	(738)
Equity in earnings of affiliates	860	-
Foreign currency translation adjustments	(2,213)	688
Gain on valuation of derivatives	1,021	-
Gain on sales of fixed assets	1	0
Loss on sales and disposal of fixed assets	(65)	(186)
Loss of impairment of fixed assets	(107)	(201)
Gain on sales of investment securities	144	1
Loss on sales of investment securities	-	(0)
Loss on revaluation of investment securities	(2)	(3)
Gain on sales of investments in capital of subsidiaries and affiliates	2	-
Environmental expenses	(1,073)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	(653)	-
Other, net	200	(168)
	(2,388)	(1,010)
Income (loss) before income taxes and minority interests	2,441	(6,693)
Income Taxes:		
Current	1,054	(1,681)
Deferred	(122)	-
Income (loss) before minority interests	1,509	(5,011)
Minority interests in (income) loss	(1,121)	(245)
Net income (loss)	388	(5,257)

	First Quarter ended	
	June 30 2010	June 30 2009
Amounts per share (yen):		
Net income (loss):		
Basic	0.68	(9.19)

Consolidated Balance Sheets

(Millions of yen)

	First Quarter ended	Year ended
	June 30 2010	March 31 2010
[Assets]		
Current Assets:		
Cash and time deposits	28,238	29,854
Notes and accounts receivable:		
Notes receivable	5,394	5,840
Accounts receivable	75,015	69,734
Less allowance for doubtful accounts	(680)	(817)
	79,729	74,757
Stocks of parent company	1,583	1,850
Finished goods	34,535	31,242
Work in process	3,022	3,173
Raw materials and supplies	21,683	21,032
Other current assets	12,720	13,575
Total current assets	181,513	175,485
Property, Plant and Equipment, at Cost:		
Land	29,624	29,636
Buildings	127,972	126,588
Machinery and equipment	477,342	480,047
Construction-in-progress	33,884	32,745
Leased assets	541	509
	669,366	669,528
Less accumulated depreciation	(407,899)	(404,985)
Property, plant and equipment, net	261,466	264,543
Investments and Other Assets:		
Investment securities	47,697	52,039
Goodwill	29,364	30,828
Less allowance for doubtful accounts	(44)	(114)
Other assets	46,697	44,670
Total investments and other assets	123,715	127,425
Total assets	566,695	567,454

	First Quarter ended June 30	Year ended March 31
[Liabilities]	2010	2010
Current Liabilities:		
Short-term bank loans	32,243	36,623
Current portion of bonds	10,000	10,000
Notes and accounts payable:		
Notes payable	1,946	2,216
Accounts payable	57,082	52,169
	59,028	54,385
Allowances	3,263	5,945
Other current liabilities	27,108	27,088
Total current liabilities	131,643	134,043
Long-Term Liabilities:		
Long-term debt	209,502	214,288
Allowance for retirement benefits	40,544	39,934
Other allowances	414	371
Other long-term liabilities	13,133	9,408
Total long-term liabilities	263,595	264,003
Total liabilities	395,238	398,047
[Net Assets]		
Shareholders' Equity:		
Common stock	53,229	53,229
Capital surplus	28,588	28,588
Retained earnings	82,345	81,957
Less treasury stock, at cost	(10,327)	(10,319)
Total shareholders' equity	153,836	153,455
Valuation and translation adjustments and other:		
Unrealized gain on other securities	2,907	6,394
Deferred losses on hedges	(46)	(38)
Foreign currency translation adjustments	(4,673)	(10,266)
Total valuation, translation adjustments and other	(1,812)	(3,911)
Minority Interests in Consolidated Subsidiaries	19,432	19,862
Total net assets	171,456	169,406
Total liabilities and net assets	566,695	567,454

	First Quarter ended	
	June 30 2010	June 30 2009
Operating Activities:		
Income (loss) before income taxes and minority interests	2,441	(6,693)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	7,226	6,295
Loss of impairment of fixed assets	107	201
Goodwill amortization	562	187
Environmental expenses	1,073	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	653	-
Increase (decrease) in allowance for retirement benefits	502	12
(Increase) decrease in prepaid pension expense	-	1,135
(Increase) decrease in allowance for doubtful accounts	(210)	(29)
Advance receipt from sales of production capacity	3,156	-
Interest expenses	776	693
Financing expenses	1	738
Foreign currency translation adjustments	1,010	(665)
Interest and dividends income	(272)	(290)
Equity in (earnings) losses of affiliates	(860)	142
Loss on sales and disposal of property, plant and equipment	-	140
(Gain) loss on valuation of derivatives	(1,021)	-
(Gain) loss on revaluation of securities and investments	-	3
(Increase) decrease in notes and accounts receivable	(4,353)	4,813
(Increase) decrease in inventories	(3,105)	1,746
Increase (decrease) in notes and accounts payable	4,315	7,357
Increase (decrease) in accrued consumption taxes	(751)	1,220
Other, net	(1,589)	1,135
Subtotal	9,661	18,145
Interest and dividends income received	271	290
Interest expenses paid	(608)	(629)
Income taxes paid	(924)	(1,013)
Net cash provided by operating activities	8,400	16,792
Investing Activities:		
Purchases of property, plant and equipment	(3,931)	(11,302)
Proceeds from sales of property, plant and equipment	20	11
Advanced proceeds from sales of property, plant and equipment	-	1,150
Purchases of investment securities	(5)	(1,005)
Proceeds from sales of investment securities	791	4
Purchase of investments in subsidiaries	(201)	(740)
Increase (decrease) in short-term loans receivable	(0)	(34)
Repayment 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)
Other, net	(534)	(72)
Net cash used in investing activities	(3,862)	(154,077)
Financing Activities:		
Net increase (decrease) in short-term bank loans	(145)	144,766
Proceeds from long-term loans payable	18,710	7,500
Repayment of long-term loans payable	(23,624)	(828)
Financing expenses paid	(1)	(738)
Proceeds from transaction of derivatives resulting in business acquisition	-	5,091
Cash dividends paid	(11)	(585)
Cash dividends paid to minority shareholders	(1,872)	(1,237)
Other, net	(37)	(15)
Net cash used in financing activities	(6,981)	153,953
Effect of exchange rate changes on cash and cash equivalents	827	735
Net increase (decrease) in cash and cash equivalents	(1,615)	17,403
Cash and cash equivalents at beginning of year	29,833	45,491
Cash and cash equivalents at end of first quarter	28,217	62,894

Business Segment Information

(Millions of yen)

Effective from the first quarter of fiscal year ending March 31, 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008) have been applied.

The four new reportable segments are "Chemicals & Plastics Segment", "AN Monomer and Derivatives Segment", "Carbon Fibers & Composite Materials Segment" and "Fibers Segment".

First Quarter ended June 30, 2010	Reportable segments					Subtotal	(*1) Others	Total	(*2) Adjustments	(*3) Figures in consolidated statement of income
	Chemicals & Plastics	AN Monomer and Derivatives	Carbon Fibers & Composite Materials	Fibers						
1.Sales and operating income										
Sales to third parties	73,784	8,209	6,333	10,202	98,529	13,481	112,011	-	112,011	
Intergroup sales and transfers	4,756	3,745	9	196	8,707	4,862	13,569	(13,569)	-	
Total Sales	78,541	11,954	6,342	10,399	107,237	18,344	125,581	(13,569)	112,011	
Segment income (loss)	5,752	1,486	(621)	160	6,778	(286)	6,491	(1,660)	4,830	
(Operating income (loss))										

*1) Others include business segments which are not included in reportable segments such as "Aqua business", "Engineering business", "Construction materials business" and "Corporate services".

*2) Segment income (loss) from "Adjustments" includes (87) million yen of eliminations of intersegment transactions and (1,573) million yen of previous years' actuarial loss.

*3) Segment income (loss) is adjusted to the operating income (loss) figure in consolidated statement of income.

Main products of each segment

Segment	Main products
Chemicals & Plastics	Chemicals, Molding materials, Acrylic sheets, Coating materials, Functional copolymer, UV curing paints, Copolymer for plastic modifiers, Acrylic films, Prism sheet for LCD backlights, Plastic optical fibers, and Rod lens
AN Monomer and Derivatives	Acrylonitrile and derivatives
Carbon Fibers & Composite Materials	Carbon fibers, Fabricated composite materials, and Materials for aircraft
Fibers	Acrylic fibers, Acetate fibers, Polyester fibers, Polypropylene fibers

First Quarter ended June 30, 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	30,130	8,758	5,607	17,684	62,180	-	62,180
Intergroup sales and transfers	2,370	484	8	8,099	10,962	(10,962)	-
Total Sales	32,501	9,243	5,615	25,783	73,143	(10,962)	62,180
Operating loss	(1,502)	(705)	(2,985)	(713)	(5,905)	222	(5,683)
(Without recognition of previous years' actuarial gain or losses as Operating expenses)	[(560)]	[(592)]	[(2,787)]	[(531)]	[(4,471)]	[222]	[(4,248)]

Main products of each segment

Segment	Main products
Chemicals & Plastics	Chemicals, Molding materials, Acrylic sheets, Coating materials, Functional copolymer, UV curing paints, Copolymer for plastic modifiers, Acrylic films, Prism sheet for LCD backlights, Plastic optical fibers, and Rod lens
Acrylic Fibers & AN Monomer and Derivatives	Acrylic Fibers, Acrylonitrile and derivatives
Carbon Fibers & Composite Materials	Carbon fibers, Fabricated composite materials, and Materials for aircraft
Acetate Fibers, Membranes and Others	Acetate fibers, Polyester fibers, Polypropylene fibers, Water purifiers, Hollow-fiber membrane filters, Artificial carbonated spring manufacturing equipment, Water treatment systems, Plant engineering, and Construction materials.