

Supplementary Financial Information
for the First-Half Period of Fiscal 2007
(April to September 2007)

October 31, 2007

Mitsubishi Rayon Co., Ltd.

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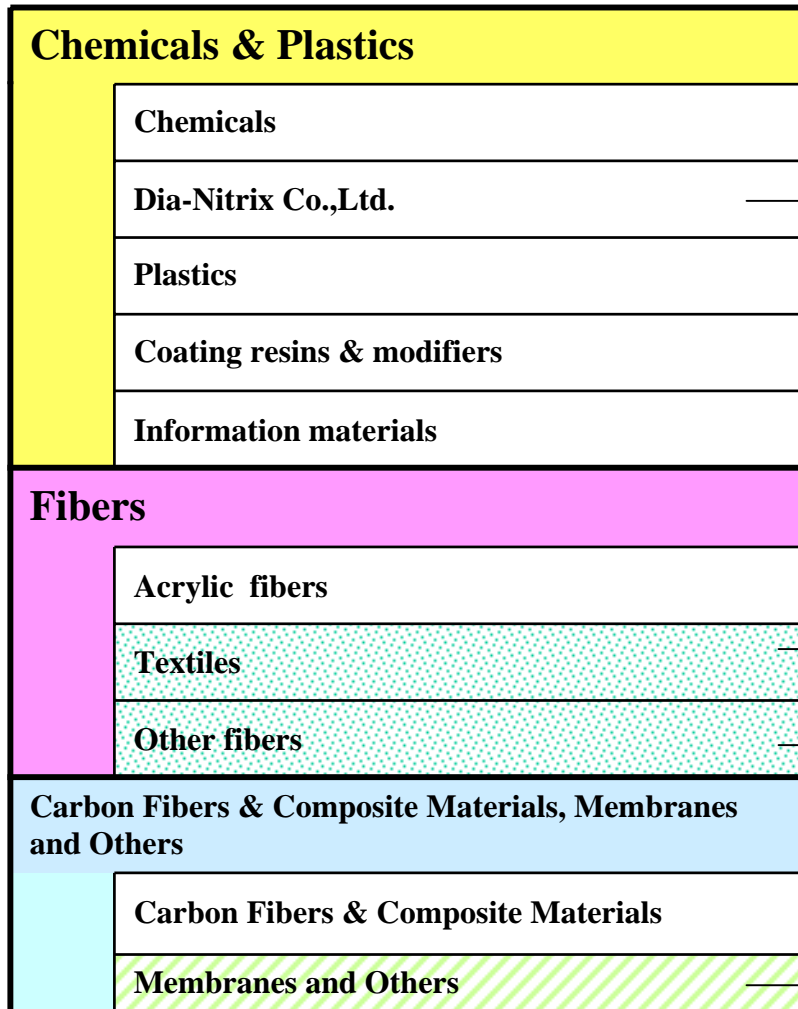
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(Amounts are rounded to the nearest first decimal place.)

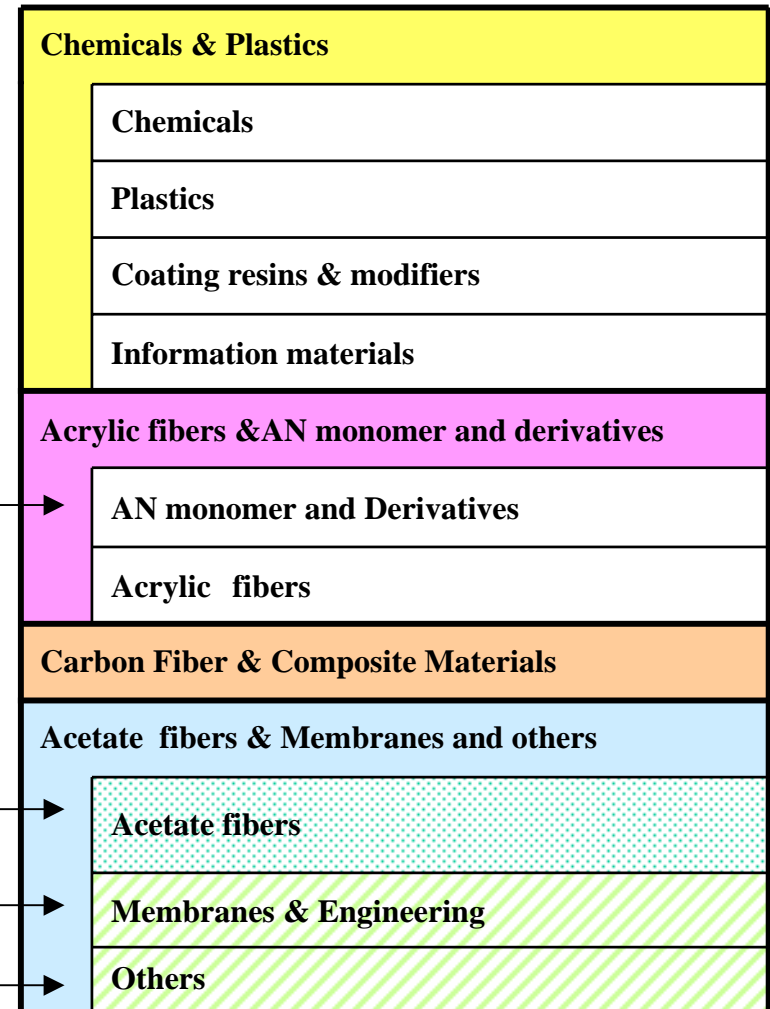
Reclassification of Segments

We had changed our segmentaiton in line with the reorganization of April 2007.

Before



After

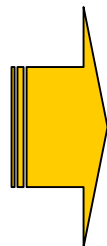


Impact on the Company's Earnings Performance of Changes in Pension Accounting Procedures

1. Changes in Accounting Procedures

In accordance with changes in regulations affecting pension plans, the Company changed the amortization period for difference in actuarial value and reclassified related expenses as of March 31, 2005.

		FY2004	FY2005
Type of pension plan		Qualified retirement pension plan	Cash balance pension plan
Difference in actuarial value	Amortization period	5 years	1 year
	Amortization method	Charged to income in an accumulated amount assuming that the Company would amortize difference in actuarial value recognized in fiscal 2000 through fiscal 2003 over the five years from the year following that in which the difference is recognized.	Lump-sum amortization of difference in actuarial value in an amount recognized in fiscal 2004
	Classification	Non-operating expenses	Cost of sales Selling, general and administrative expenses



Impact on the Company's Earnings Performance of Changes in Pension Accounting Procedures (FY2006 result)

2. Recognition and Amortization of Actuarial Gain

For the term ended March 2006, the Company has recognized actuarial gains on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥15 billion (a ¥1.4 billion decrease in retirement benefit obligations, a ¥5.7 billion increase in plan assets at fair value, and a ¥7.9 billion increase in employees' retirement trust), which the Company amortized in lump-sum in the current term ending March 2007.

Initial forecast

Estimated retirement benefit obligations as of March 31, 2006: ¥67 billion		
Retirement allowances: ¥31.5 billion	Plan assets: ¥27.2 billion	Employees' retirement benefit trust: ¥8.3 billion

Actual result (recognition of actuarial gains)

Retirement benefit obligations as of March 31, 2006: ¥65.6 billion		actuarial gains: ¥15 billion
Retirement allowances: ¥31.5 billion	Plan assets: ¥32.9 billion	Employees' retirement benefit trust: ¥16.2 billion

3. Impact on Earnings Performance of the Company for Fiscal 2006

In line with the recognition of actuarial gains described above, operating income and recurring profit increased by ¥14.2 billion and net income by approximately ¥8.5 billion.

Effects of Differences Arising from Changes in Actuarial Assumptions

(FY2007 estimates)

1. Recognition and Amortization of Actuarial Gain in Pension Accounting

For the reporting term ended March 2007, the Company has recognized actuarial losses on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥2.8 billion (a ¥0.7 billion decrease in retirement benefit obligations, a ¥1.0 billion decrease in plan assets at fair value, and a ¥2.5 billion decrease in employees' retirement trust fund), which the Company will amortize in lump-sum for the term ending March 2008.

Initial forecast

Estimated retirement benefit obligations as of March 31, 2007: ¥64.5 billion		Pripaid pension cost : ¥11.9 billion
Retirement allowances: ¥28.7 billion	Plan assets: ¥36.5 billion	Employees' retirement benefit Trust fund: ¥11.2 billion

Actual result (recognition of actuarial losses)

Retirement benefit obligations as of March 31, 2007: ¥ 63.8 billion		Pripaid pension cost : ¥11.9 billion
Retirement allowances: ¥28.7 billion	Plan assets: ¥35.5 billion	Employees' retirement benefit trust fund: ¥8.7 billion

Actuarial losses:
¥-2.8 billion

2. Impact on Earnings Performance of the Company for Fiscal 2007

In line with the recognition of actuarial losses described above, operating income and recurring profit will decrease by ¥2.0 billion and net income by approximately ¥1.2 billion for this year. For the 1st (April - June) quarter, however, the effect of amortization was immaterial, thanks to the posting of unrecognized actuarial gains.

Outline of Business Performance

(First Half of FY2007)

Item		Unit	Previous First Half	Reporting First Half	YoY change	
					Amount	%
Net sales		¥ billion	198.5	213.6	+15.1	+7.6
Operating income	After amortization of difference in actuarial value	¥ billion	26.8	22.8	(4.0)	(14.7)
	Prior amortization of difference in actuarial value		19.7	23.5	+3.8	+19.3
Net income	After amortization of difference in actuarial value	¥ billion	15.0	10.9	(4.1)	(27.3)
	Prior amortization of difference in actuarial value		10.8	11.3	+0.5	+4.6
Dividend		¥ per share	5.0	5.5	+0.5	
Basic operating conditions						
Exchange rate		¥/US\$	114	118		
Price of domestically refined naphtha		¥/kl	51,400	58,700		

Note: With effect from the reporting term, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

Breakdown of Factors in Operating Income (First Half of FY2007)

Year-on-year change (from fiscal 2006 first half)

(¥ billion)

Item	Group	Remarks
Cost of raw materials and fuel	(6.2)	
Sales cost (*)	+6.3	
foreign exchange translation	+1.3	
Sales volume	+1.3	
Other	+1.1	Changing the way of amortization of pension plan (¥1.0bil)
Total	+3.8	
Operating income (Excluding effect of amortization in question)	19.7 → 23.5	

(*)This refers to passing on cost increases to the customer by raising the selling price, and to the rising proportion of high-profit-margin products.

Sales/Operating Income by Business Segment

(First Half of FY2007)

(¥ billion)

Item Segment	Net sales			Operating income (Upper line: After amortization) (Lower line: Prior to amortization)		
	Previous first half	Reporting first half	Change	Previous first half	Reporting first half	Change
Chemicals & Plastics	88.8	93.2	+4.4	18.0	13.1	(4.9)
				13.5	13.6	+0.1
Acrylic fibers & AN monomer	35.7	41.0	+5.3	0.4	1.5	+1.1
				(0.7)	1.5	+2.2
Carbon Fiber & Composite Materials	18.5	24.7	+6.2	5.3	6.7	+1.4
				4.5	6.9	+2.4
Acetate fibers & Membranes and others	55.4	54.6	(0.8)	3.0	1.5	(1.5)
				2.4	1.6	(0.8)
Total	198.5	213.6	+15.1	26.8	22.8	(4.0)
				19.7	23.5	+3.8

Note: With effect from FY 2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

Sales/Operating Income by Business Segment

(First Half of FY2007)

Chemicals & Plastics

(¥ billion)

Item	Previous first half	Reporting first half	Change	Remarks
Net Sales	88.8	93.2	+4.4	
Chemicals	35.3	40.9	+5.6	Sold well MMA monomer, Huizhou MMA Co.,ltd makes first full-term contribution
Plastics	24.6	23.9	(0.7)	
Coating resins & Modifiers	20.0	20.5	+0.5	
Information materials	8.9	7.9	(1.0)	
Operating income (Excluding effect of amortization in question)	13.5	13.6	+0.1	Sluggish sales of specialty resins & plastics Huizhou MMA Co.,ltd makes first full-term contribution

Sales/Operating Income by Business Segment

(First Half of FY2007)

Acrylic fibers & AN monomer and derivatives

(¥ billion)

Item	Previous first half	Reporting first half	Change	Remarks
Net Sales	35.7	41.0	+5.3	
AN monomer and derivatives	15.6	18.3	+2.7	Strong sales of acrylonitrile (AN)
Acrylic fibers	20.1	22.7	+2.6	Ningbo Rayon Acrylic Fibers Co.,Ltd makes first full-term contribution
Operating income (Excluding effect of amortization in question)	(0.7)	1.5	+2.2	Strong sales of acrylonitrile (AN) Price revisions for acrylic fiber products

Carbon Fiber & Composite Materials

(¥ billion)

Item	Previous first half	Reporting first half	Change	Remarks
Net Sales	18.5	24.7	+6.2	Expansion in Toyohashi Production Center, and commencement of operation
Operating income (Excluding effect of amortization in question)	4.5	6.9	+2.4	

Sales/Operating Income by Business Segment

(First Half of FY2007)

Acetate fibers & Membranes and others

(¥ billion)

Item	Previous first half	Reporting first half	Change	Remarks
Net Sales	55.4	54.6	(0.8)	
Acetate fibers and Textiles,etc	22.0	21.7	(0.3)	Transfer of carpet business
Membranes & Engineering	12.2	9.5	(2.7)	
Others	21.3	23.4	+2.1	
Operating income (Excluding effect of amortization in question)	2.4	1.6	(0.8)	

Sales/Operating Income by Location

(First Half of FY2007)

(¥ billion)

Location \ Item	Net sales			Operating income (Upper Line: After amortization) (Lower Line: Prior to amortization)		
	Previous first half	Reporting first half	YoY change	Previous first half	Reporting first half	YoY change
Japan	163.3	164.8	+1.5	22.3	15.8	(6.5)
				15.1	16.5	+1.4
Asia	20.8	31.7	+10.9	2.4	4.5	+2.1
U.S.A.	14.4	17.0	+2.6	2.2	2.9	+0.7
Consolidation adjustments				(0.1)	(0.3)	(0.2)
Total	198.5	213.6	+15.1	26.8	22.8	(4.0)
				19.7	23.5	+3.8

Overseas Sales

(First Half of FY2007)

(¥ billion)

Item		Previous first half	Reporting first half	YoY change
Net sales (consolidated)		198.5	213.6	+15.1
Overseas sales		89.8	104.6	+14.8
Overseas sales ratio (%)		45.2	48.9	+3.7
SEGMENT	Chemicals & Plastics	41.5	45.3	+3.8
	Acrylic fibers & AN monomer	18.9	23.1	+4.2
	Carbon Fiber & Composite Materials	12.6	17.1	+4.5
	Acetate fibers & Membranes and others	16.9	19.1	+2.2
LOCATION	Asia	61.7	73.2	+11.5
	North America	14.5	13.5	(1.0)
	Europe	7.6	10.8	+3.2
	Other	6.0	7.1	+1.1

Non-Operating Income and Expenses

(First Half of FY2007)

(¥ billion)

Item	Previous first half	Reporting first half	Change	Remarks
Non-operating income	1.5	1.9	+0.4	
Interest & dividend received	0.4	0.5	+0.1	
Return on investment in equity-method affiliates	0.3	0.7	+0.4	
Foreign exchange gain or loss	0.3	0.3	±0.0	
Other	0.6	0.4	(0.2)	
Non-operating expenses	1.5	2.9	(1.4)	
Interest paid	0.6	1.0	(0.4)	
Other	0.9	1.9	(1.0)	Costs for commencing operation of overseas subsidiaries(¥0.7bil)
Non-operating loss	0.0	(1.0)	(1.0)	
(Financial account balance)	(0.2)	(0.5)	(0.3)	

Extraordinary Gains/Losses

(First Half of FY2007)

(¥ billion)

Item	Previous first half	Reporting first half	Change	Remarks
Extraordinary gains	1.2	0.1	(1.1)	
Gain on sale of fixed assets	0.7	0.1	(0.6)	
Other	0.5	0.0	(0.5)	
Extraordinary losses	1.5	2.1	(0.6)	
Loss on sale and disposal of fixed assets	1.1	0.8	+0.3	
Impairment loss	0.0	0.8	(0.8)	
Loss on valuation of investment securities	0.0	—	±0.0	
Other	0.4	0.4	±0.0	
Net extraordinary gain (loss)	(0.3)	(2.0)	(1.7)	

Major Balance Sheet Items

(First Half of FY2007)

(¥ billion)

Item	FY2006 (as of Mar. 31, 2007)	FY2007 (as of Sep. 30, 2007)	Change	Remarks
Total assets	449.6	457.4	+7.8	
Current assets	175.7	175.0	(0.7)	
Tangible fixed assets	170.1	173.5	+3.4	Capital investment: ¥13.5bil Depreciation: (¥11.6bil)
Investment securities	74.5	82.6	+8.1	
Other noncurrent assets	29.3	26.3	(3.0)	
Total liabilities	223.9	223.9	±0.0	
(Interest-bearing liabilities)	65.3	77.3	+12.0	The issuance of debentures ¥10.0bil
Total net assets	225.7	233.5	+7.8	
Shareholders' equity	196.4	204.2	+7.8	
Gains/losses on valuation & exchange translation	16.1	17.2	+1.1	
Minority interests	13.3	12.1	(1.2)	
Total liabilities and net assets	449.6	457.4	+7.8	

Summary of Cash Flows

(First Half of FY2007)

(¥ billion)

Item	Previous first half	Reporting first half	Remarks
Cash flows from operating activities	22.1	23.5	Income before income taxes ¥19.8 bil. Depreciation and amortization ¥12.3 bil. Decrease in trade receivables ¥4.8 bil. Income taxes paid (¥11.9 bil.)
Cash flows from investing activities	(21.2)	(30.2)	Purchases of property, plant and equipment (¥18.6 bil.) Purchases of investment securities (¥9.5 bil.)
Free cash flows	0.8	(6.8)	
Cash flows from financing activities	0.2	6.0	Cash dividends paid (¥3.0 bil.) Proceeds from the issuance of debentures ¥10.0 bil.
Increase (decrease) of cash and cash equivalents	1.0	(0.9)	
Cash and cash equivalents , End of Q1	11.1	9.8	

Resources Mobilized

(First Half of FY2007)

Item	Unit	Previous first half	Reporting first half	YoY change	Remarks
Capital expenditures	(¥ billion)	18.9	13.5	(5.4)	
Chemicals & Plastics		8.9	7.2	(1.7)	
Acrylic fibers & AN monomer		2.8	1.4	(1.4)	
Carbon Fiber & Composite Materials		4.9	3.4	(1.5)	
Acetate fibers & Membranes and others		2.3	1.4	(0.9)	
Depreciation	(¥ billion)	7.9	11.6	+3.7	Changing the way of amortization of pension plan (¥1.1bil)
Chemicals & Plastics		4.3	6.0	+1.7	
Acrylic fibers & AN monomer		1.5	2.0	+0.5	
Carbon Fiber & Composite Materials		1.0	2.1	+1.1	
Acetate fibers & Membranes and others		1.0	1.5	+0.5	
R&D expenses	(¥ billion)	5.5	5.7	+0.2	
Employees		7,983	7,615	(368)	
Chemicals & Plastics		2,250	2,346	+96	
Acrylic fibers & AN monomer		1,730	1,333	(397)	
Carbon Fiber & Composite Materials		599	611	+12	
Acetate fibers & Membranes and others		3,404	3,325	(7.9)	

Management Indicators

(First Half of FY2007)

Item		Unit	Previous first half As of Sept. 2006	Reporting first half As of Sept. 2007
ROA	Operating income*/average total assets	%	9.7	10.4
ROE	Net income/average shareholders' equity	%	11.3	10.4
Operating income ratio	Operating income*/sales	%	9.9	11.0
D/E ratio	Term-end interest-bearing liabilities/term-end shareholders' equity		0.36	0.35
Equity ratio	Term-end shareholders' equity/Term-end total assets	%	45.8	48.4
Interest-bearing liabilities		(¥ billion)	70.1	77.3
Term-end total assets		(¥ billion)	425.3	457.4

*Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

Performance Estimates for FY2007

(FY2007 estimates)

Item		Unit	FY2006 results	FY2007 estimates		
				First half results	Second half estimates	Full term estimates
Net sales		¥ billion	417.0	213.6	226.4	440.0
Operating income	After amortization of difference in actuarial value	¥ billion	59.7	22.8	23.2	46.0
	Prior to amortization of difference in actuarial value		45.5	23.5	24.5	48.0
Net income	After amortization of difference in actuarial value	¥ billion	31.3	10.9	11.1	22.0
	Prior to amortization of difference in actuarial value		22.8	11.3	11.9	23.2
Dividend		¥ per share	10.0	5.5	5.5	11.0
Capital expenditures		¥ billion	37.1	13.5	14.5	28.0
Depreciation		¥ billion	17.0	11.6	13.4	25.0
R&D expenses		¥ billion	11.1	5.7	6.8	12.5
Conditions						
Exchange rate		¥/US\$	116	118	115	
Price of domestically refined naphtha		¥/kl	50,000	58,700	60,000	

Performance Estimates by Segment

(FY2007 estimates)

(¥ billion)

Item Segment	Net sales				Operating income			
	FY2006 results	FY2007			FY2006 results	FY2007		
		First half results	Second half estimates	Full term estimates		First half results	Second half estimates	Full term estimates
Chemicals & Plastics	185.6	93.2	104.8	198.0	38.7	13.1	14.7	27.8
					29.5	13.6	15.4	29.0
Acrylic fibers & AN monomer	73.8	41.0	38.0	79.0	2.2	1.5	0.2	1.7
					0.1	1.5	0.5	2.0
Carbon Fiber & Composite Materials	40.0	24.7	25.3	50.0	12.1	6.7	6.5	13.2
					10.4	6.9	6.6	13.5
Acetate fibers & Membranes and others	117.7	54.6	58.4	113.0	6.7	1.5	1.8	3.3
					5.4	1.6	1.9	3.5
Total	417.0	213.6	226.4	440.0	59.7	22.8	23.2	46.0
					45.5	23.5	24.5	48.0

Note: With effect from FY2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

Business Structure

(Appendix)

Segment		Acrylic Business Group		Non-Acrylic Business Group
		MMA Business Complex	AN(Acrylonitrile) Business Complex	
Chemicals & Plastics	Chemicals	MMA monomers, Functional monomers		Dimethylformamide
	Plastics	Acrylic sheets, acrylic resin pellets		Polyester resins
	Coating resins & modifiers	Coating resins, plastic modifiers		
	Information materials	Prism sheets, plastic optical fibers, plastic rod lenses		
Acrylic fibers & AN monomer and Derivatives	AN monomer		AN (Acrylonitrile) monomer, Flocculants, etc	
	Acrylic fibers		Acrylic fibers	
Carbon Fiber & Composite Materials			Carbon Fiber, Prepreg, Processed products	
Acetate fibers & Membranes and others	Acetate fibers			Textiles
	Membranes & Engineering			Water purifiers, Water treatment equipment and systems, Plant Engineering
	Others			Ryoko Co., Ltd. Others

Investment Projects

(Appendix)

Situation	Startup	Products	Capacity	Company	Location	Investment (US\$ million)
Operation started	Jun 2005	Coating resin	3,500 tons/year	Mitsubishi Rayon Polymer Nantong	Nandong, China	30
	Jul 2005	Acrylic sheets	20,000 tons/year			
	Dec 2005	Acrylic fibers	50,000 tons/year	Ningbo Rayon Acrylic Fibers	Ningbo, China	100
	Jan 2006	Carbon fibers	1,500 → 2,000 tons/year	Grafil	U.S.A.	
	Jun 2006	Prism sheets	30 million sheets→45 million sheets/year	Mitsubishi Rayon	Japan	
	Dec 2006	MMA monomers	90,000 tons/year	Huizhou MMA	Huizhou, China	100
	Jan 2007	Carbon fibers	500 to 750 tons/year	SGL Technic	U.K.	Production outsourced
	May 2007	Carbon fibers	3,200 → 5,400 tons/year	Mitsubishi Rayon	Japan	¥ 7billion
	Sep 2007	Prism sheets	45 million sheets→60 million sheets/year	Mitsubishi Rayon	Japan	¥ 2billion
Under construction	2Q 2008	Acrylic resin pellets	40,000 tons/year	Daesan MMA (joint venture Honan Petrochem.)	Korea	50:50 equity stakes
	4Q 2008	MMA monomers	90,000 tons/year			
	【2008	MMA monomers	(production sharing with Mitsubishi) 120,000 tons/year	Lucite	Singapore]	
Investment Planned For next term	4Q 2009	Carbon fibers	5,400 →8,100 tons/year	Mitsubishi Rayon	Japan	¥ 12billion
	4Q 2009	Acrylic sheets	20,000 tons/year	Thai MMA	Thailand	250
	2Q 2010	MMA monomers	90,000→180,000 tons/year			
	2010~2011	MMA monomers	(production sharing with Lucite) 140,000 tons/year	Mitsubishi Rayon	U.S.A.	200

New Equipment Projected to Contribute to FY2008 Business Performance

(Appendix)

Impact	Startup	Products	Location	Company	Capacity
Full-term Contribution in FY2008	May 2007	Carbon fibers	Japan	Mitsubishi Rayon	3,200 → 5,400 tons/year
	Sep 2007	Prism sheets	Japan	Mitsubishi Rayon	45 million sheets → 60 million sheets/year
Start of operations in FY2008	2Q 2008	Acrylic resin pellets	Korea	Daesan MMA (joint venture Honan Petro-chem.)	40,000 tons/year
	4Q 2008	MMA monomers			90,000 tons/year
	【2008	MMA monomers	Singapore	Lucite	(production sharing with Mitsubishi) 120,000 tons/year]

Note: Q = calendar year quarters

Please Note

The business performance forecasts and targets included in business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of such forward-looking statements may differ significantly from actual results, owing to a number of unforeseeable factors.