



CONSOLIDATED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2003

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

Mitsubishi Rayon Company, Limited announces its consolidated financial results for the six-month period ended September 30, 2003

Consolidated Financial Highlights

(Millions of yen, except per share)

	Six months ended		Change	Year ended
	September 30 <u>2003</u>	September 30 <u>2002</u>		March 31 <u>2003</u>
Net sales	152,475	146,416	4.1 %	300,641
Operating income	13,424	9,193	46.0 %	19,754
Net income	6,813	2,565	165.6 %	6,002
Amounts per share (yen):				
Net income:				
Basic	11.13	4.10		9.61
Diluted	-	4.09		-
Depreciation	7,616	7,378		15,288
Capital expenditures	6,904	11,753		21,156
R&D expenses	5,504	5,189		10,777

Consolidated Shareholders' Equity, Debts and Total Assets

(Millions of yen, except per share and ratio)

	Six months ended		Year ended
	September 30 <u>2003</u>	September 30 <u>2002</u>	March 31 <u>2003</u>
Shareholders' equity	141,741	136,068	134,168
Equity ratio	42.0 %	40.6 %	40.3 %
Equity per share (yen)	231.75	218.29	218.41
Total debts	82,502	86,407	81,566
Total assets	337,390	335,533	332,757

Consolidated Cash Flows

(Millions of yen)

	Six months ended		Year ended
	September 30 <u>2003</u>	September 30 <u>2002</u>	March 31 <u>2003</u>
Net cash provided by operating activities	12,467	12,266	31,077
Net cash used in investing activities	(5,915)	(10,954)	(21,940)
Net cash used in financing activities	(1,215)	(3,518)	(12,517)
Cash and cash equivalents at end of year	12,749	8,592	7,400

Number of Group Companies

Consolidated subsidiaries	51	46	49
Unconsolidated subsidiaries applying equity method	-	-	-
Equity method affiliates	25	27	26

Forecast for the year ending March 31, 2004

(Millions of yen)

	Year ending March 31 <u>2004</u>
Net sales	313,000
Operating income	26,000
Net income	12,000
Depreciation	16,000
Capital expenditures	21,000
R&D expenses	10,800

Consolidated Statements of Operations

(Millions of yen)

	Six months ended		Year ended
	September 30 2003	September 30 2002	March 31 2003
Net Sales	152,475	146,416	300,641
Cost of Sales	113,030	111,296	228,873
Gross profit	39,445	35,120	71,768
Selling, General and Administrative Expenses	26,020	25,926	52,014
Operating income	13,424	9,193	19,754
Other Income (Expenses):			
Interest and dividend income	347	313	607
Interest expense	(667)	(811)	(1,546)
Equity in earnings of affiliates	1,155	1,020	1,903
Restructuring charges	(33)	(83)	(1,057)
Gain on sale of investment securities	542	45	57
Loss on revaluation of securities and investments	(222)	(3,541)	(4,066)
Provision for doubtful accounts	-	-	(424)
Other, net	(3,054)	(934)	(3,137)
	(1,931)	(3,990)	(7,664)
Income before income taxes and minority interest	11,492	5,203	12,089
Income Taxes:			
Current	3,484	2,217	5,700
Deferred	-	-	(558)
Income before minority interests	8,008	2,986	6,947
Minority Interests	(1,194)	(420)	(944)
Net income	6,813	2,565	6,002

(Yen)

	Six months ended		Year ended
	September 30 2003	September 30 2002	March 31 2003
Amounts per Share:			
Net income:			
Basic	11.13	4.10	9.61
Diluted	-	4.09	-
Cash dividends	3.00	3.00	6.00

Consolidated Balance Sheets

(Millions of yen)

	Six months ended September 30 2003	Year ended March 31 2003	Six months ended September 30 2002
[Assets]			
Current Assets:			
Cash and time deposits	12,912	7,552	8,707
Notes and accounts receivable:			
Notes receivable	10,183	12,575	12,419
Accounts receivable	56,072	56,579	57,602
Less allowance for doubtful accounts	(947)	(1,066)	(921)
	65,308	68,088	69,100
Inventories	41,743	39,363	38,988
Deferred tax assets	2,054	2,070	1,613
Other current assets	11,940	11,964	12,767
Total current assets	133,958	129,040	131,178
Property, Plant and Equipment:			
Land	24,218	24,298	24,144
Buildings	105,700	105,210	104,200
Machinery and equipment	338,430	335,444	325,794
Construction-in-progress	8,535	9,505	15,316
	476,884	474,457	469,456
Less accumulated depreciation	(346,681)	(342,083)	(337,347)
Property, plant and equipment, net	130,203	132,374	132,108
Investments and Other Assets:			
Investments in and advances to unconsolidated subsidiaries and affiliates	16,692	16,514	16,203
Investment securities	31,165	26,261	28,050
Deferred tax assets	14,324	16,884	16,338
Other assets	11,046	11,683	11,654
Total investments and other assets	73,228	71,343	72,246
Total assets	337,390	332,757	335,533

Consolidated Balance Sheets

(Millions of yen)

	Six months ended September 30 2003	Year ended March 31 2003	Six months ended September 30 2002
[Liabilities and Shareholders' Equity]			
Current Liabilities:			
Short-term bank loans	44,984	44,289	44,152
Current portion of long term debt	-	10,000	11,669
Notes and accounts payable:			
Notes payable	8,708	10,465	10,867
Accounts payable	36,851	38,509	38,420
	45,560	48,975	49,288
Accrued expenses	4,326	4,639	3,738
Accrued income taxes	2,784	4,294	2,157
Deferred tax liabilities	18	24	32
Other current liabilities	17,237	19,722	18,968
Total current liabilities	114,911	131,945	130,006
Long-Term Liabilities:			
Long-term debt	37,518	27,277	30,586
Retirement allowances	32,313	30,364	30,239
Deferred tax liabilities	163	89	179
Other long-term liabilities	2,657	2,605	2,692
Total long-term liabilities	72,653	60,336	63,697
Minority Interests in Consolidated Subsidiaries	8,084	6,307	5,759
Shareholders' Equity:			
Common stock	53,229	53,229	53,229
Capital surplus	34,522	34,522	38,088
Retained earnings	55,583	50,609	49,032
Revaluation difference	30	30	30
Unrealized gain (loss) on other securities	2,381	(902)	(24)
Foreign currency translation adjustments	(3,253)	(3,319)	(3,259)
Less treasury stock, at cost	(752)	(2)	(1,027)
Total shareholders' equity	141,741	134,168	136,068
Total liabilities and Shareholders' equity	337,390	332,757	335,533

Consolidated Statements of Shareholders' Equity

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Revaluation difference	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2002	53,229	38,088	48,363	30	(69)	(3,470)	(18)
Revaluation increment in property of affiliates	-	-	107	-	-	-	-
Effect of application of equity method toward the previously consolidated affiliate	-	-	(112)	-	-	-	-
Bonuses to directors	-	-	(1)	-	-	-	-
Staff and workers bonus and welfare fund	-	-	(1)	-	-	-	-
Cash dividends paid	-	-	(3,749)	-	-	-	-
Liquidation of treasury stock	-	(3,565)	-	-	-	-	-
Net income for the year ended March 31, 2003	-	-	6,002	-	-	-	-
Unrealized holding loss on securities	-	-	-	-	(833)	-	-
Foreign currency translation adjustments	-	-	-	-	-	151	-
Net change in treasury stock	-	-	-	-	-	-	16
Balance at March 31, 2003	53,229	34,522	50,609	30	(902)	(3,319)	(2)
Decrease in equity method affiliates	-	-	3	-	-	-	-
Bonuses to directors	-	-	(1)	-	-	-	-
Staff and workers bonus and welfare fund	-	-	(0)	-	-	-	-
Cash dividends paid	-	-	(1,842)	-	-	-	-
Net income for six months ended September 30, 2003	-	-	6,813	-	-	-	-
Unrealized holding gain on securities	-	-	-	-	3,283	-	-
Foreign currency translation adjustments	-	-	-	-	-	66	-
Net change in treasury stock	-	-	-	-	-	-	(750)
Balance at September 30, 2003	53,229	34,522	55,583	30	2,381	(3,253)	(752)
Balance at March 31, 2002	53,229	38,088	48,363	30	(69)	(3,470)	(18)
Effect of application of equity method toward the previously consolidated affiliate	-	-	(15)	-	-	-	-
Bonuses to directors	-	-	(1)	-	-	-	-
Staff and workers bonus and welfare fund	-	-	(1)	-	-	-	-
Cash dividends paid	-	-	(1,879)	-	-	-	-
Net income for six month ended September 30, 2002	-	-	2,565	-	-	-	-
Unrealized holding gain on securities	-	-	-	-	44	-	-
Foreign currency translation adjustments	-	-	-	-	-	210	-
Net change in treasury stock	-	-	-	-	-	-	(1,009)
Balance at September 30, 2002	53,229	38,088	49,032	30	(24)	(3,259)	(1,027)

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended		Year ended
	September 30 2003	September 30 2002	March 31 2003
Operating Activities:			
Income before income taxes and minority interests	11,492	5,203	12,089
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,670	7,431	15,407
Goodwill amortization	71	69	179
Increase (decrease) in retirement allowances	1,934	(503)	(447)
(Decrease) increase in allowance for doubtful accounts	(119)	12	219
Equity in earnings of affiliates	(1,155)	(1,020)	(1,903)
Interest expense	667	811	1,546
Loss on valuation of securities and investments	222	3,541	4,066
Decrease in trade receivables	2,934	62	2,885
(Increase) decrease in inventories	(2,339)	2,343	1,920
Decrease in trade payables	(3,448)	(1,446)	(1,725)
Bonuses to directors	(2)	(2)	(2)
Other, net	(5,460)	(4,235)	(3,157)
Net cash provided by operating activities	12,467	12,266	31,077
Investing Activities:			
Proceeds from sale of property, plant and equipment	577	326	664
Purchases of property, plant and equipment	(7,048)	(9,854)	(20,816)
Purchases of investment securities	(39)	(1,095)	(1,410)
Proceeds from sale of investment securities	1,025	91	824
Decrease (increase) in short-term loans receivable	15	(84)	58
Long-term loans advanced	(2)	(3)	(6)
Other, net	(444)	(334)	(1,254)
Net cash used in investing activities	(5,915)	(10,954)	(21,940)
Financing Activities:			
Proceeds from long-term loans	-	1,500	2,329
Increase (decrease) in short-term bank loans	1,364	2,265	(473)
Repayment of long-term loans	(487)	(2,308)	(3,423)
Redemption of debentures	(10,000)	-	(1,669)
Issuance of debentures	10,000	-	-
Acquisition of treasury stock	(750)	(1,007)	(3,547)
Cash dividends paid	(2,746)	(2,646)	(4,530)
Proceeds from issue of shares to minority shareholders	1,406	183	307
Payments of finance lease obligations	(0)	(1,502)	(1,508)
Other, net	(0)	(1)	(1)
Net cash used in financing activities	(1,215)	(3,518)	(12,517)
Effect of exchange rate changes on cash and cash equivalents	11	(149)	(167)
Net increase in cash and cash equivalents	5,349	(2,355)	(3,547)
Beginning balance of cash and cash equivalents	7,400	10,948	10,948
Cash and cash equivalents at end of year	12,749	8,592	7,400
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for:			
Interest paid	666	810	1,545
Income taxes paid (refunded)	4,576	(1,151)	153

Business Segment Information

(Millions of yen)

Six months ended			Specialty			
September 30, 2003	Chemicals and	Fibers	Products,	Engineering	Eliminations	Consolidated
	Plastics		and Others	Total	or corporate	
Sales and operating income						
Sales to third parties	63,668	46,009	42,797	152,475	-	152,475
Intergroup sales and transfers	4,100	67	13,395	17,563	(17,563)	-
Total Sales	67,769	46,076	56,193	170,039	(17,563)	152,475
Operating expenses	57,280	43,757	55,512	156,550	(17,499)	139,051
Operating income	10,488	2,319	681	13,489	(64)	13,424

Six months ended			Specialty			
September 30, 2002	Chemicals and	Fibers	Products,	Engineering	Eliminations	Consolidated
	Plastics		and Others	Total	or corporate	
Sales and operating income						
Sales to third parties	57,783	45,261	43,372	146,416	-	146,416
Intergroup sales and transfers	4,219	57	16,328	20,605	(20,605)	-
Total Sales	62,002	45,318	59,701	167,022	(20,605)	146,416
Operating expenses	54,573	44,185	59,062	157,821	(20,598)	137,222
Operating income	7,429	1,133	638	9,201	(7)	9,193

Year ended March 31, 2003			Specialty			
	Chemicals and	Fibers	Products,	Engineering	Eliminations	Consolidated
	Plastics		and Others	Total	or corporate	
Sales and operating income						
Sales to third parties	116,214	94,364	90,062	300,641	-	300,641
Intergroup sales and transfers	8,381	194	30,447	39,023	(39,023)	-
Total Sales	124,595	94,558	120,510	339,665	(39,023)	300,641
Operating expenses	109,189	91,575	119,083	319,848	(38,960)	280,887
Operating income	15,406	2,983	1,427	19,816	(62)	19,754

Geographical Segment Information

(Millions of yen)

Six months ended						
September 30, 2003	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales to third parties	136,079	8,673	7,722	152,475	-	152,475
Intergroup sales and transfers	3,968	3,999	383	8,351	(8,351)	-
Total Sales	140,047	12,673	8,106	160,827	(8,351)	152,475
Operating expenses	129,104	10,376	7,849	147,329	(8,278)	139,051
Operating income	10,943	2,297	257	13,497	(72)	13,424

Six months ended						
September 30, 2002	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales to third parties	131,852	6,623	7,940	146,416	-	146,416
Intergroup sales and transfers	3,694	2,994	457	7,147	(7,147)	-
Total Sales	135,547	9,618	8,397	153,564	(7,147)	146,416
Operating expenses	127,266	8,817	8,283	144,366	(7,143)	137,222
Operating income	8,281	801	114	9,197	(3)	9,193

Year ended March 31, 2003	Japan	Asia	United States of America	Total	Eliminations or corporate	Consolidated
Sales and operating income						
Sales to third parties	271,701	14,078	14,861	300,641	-	300,641
Intergroup sales and transfers	6,843	6,457	821	14,123	(14,123)	-
Total Sales	278,545	20,536	15,683	314,765	(14,123)	300,641
Operating expenses	260,798	18,386	15,778	294,963	(14,075)	280,887
Operating income	17,747	2,149	(94)	19,802	(48)	19,754

Sales by Customer's Geographical Location

(Millions of yen)

	Six months ended		Year ended
	September 30 2003	September 30 2002	March 31 2003
Sales designated for:			
Japan	98,824	96,572	196,417
Asia	34,650	31,805	67,296
Other	19,000	18,038	36,928
Total	152,475	146,416	300,641