

**CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2007**

(In accordance with Japanese accounting standards)

**FOR IMMEDIATE RELEASE**

May 9, 2007 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the year ended March 31, 2007

**Consolidated Financial Highlights**

	(Millions of yen, except per share)			Six months ended September 30
	Years ended March 31			
	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2006</u>
Net sales	¥ 417,027	¥ 348,967	19.5 %	¥ 198,483
Operating income	59,665	38,766	53.9 %	26,768
Net income	31,273	24,425	28.0 %	15,011
Amounts per share (yen):				
Net income				
-- Basic	¥ 52.15	¥ 40.47		¥ 25.03
Depreciation	¥ 17,027	¥ 15,256		¥ 7,893
Capital expenditures	37,059	28,892		18,872
R&D expenses ※	11,085	10,746		5,486

**Consolidated Financial Standing**

	(Millions of yen, except per share and ratio)			Six months ended September 30
	Years ended March 31			
Total assets	¥ 449,578	¥ 381,557		¥ 425,330
Net assets	225,713	185,841		206,239
Equity ratio (%)	47.2 %	48.7 %		45.8 %
Net Assets per share (yen)	¥ 354.32	¥ 309.75		¥ 324.87

**Consolidated Cash Flows**

	(Millions of yen)			Six months ended September 30
	Years ended March 31			
Net cash provided by operating activities	¥ 52,168	¥ 39,764		¥ 22,052
Net cash used in investing activities	(41,153)	(29,285)		(21,210)
Net cash used in financing activities	(10,150)	(9,292)		178
Cash and cash equivalents at end of year	10,701	10,113		11,076

**Number of Group Companies**

Consolidated subsidiaries	52	51	52
Unconsolidated subsidiaries applying equity method	-	1	1
Equity method affiliates	18	17	17

**Forecast of Consolidated Results**

	(Millions of yen)	
	Six months ending September 30	Year ending March 31
	<u>2007</u>	<u>2008</u>
Net sales	¥ 215,000	¥ 435,000
Operating income	24,000	48,000
Net income	11,500	23,500
Depreciation	¥ 11,000	¥ 23,000
Capital expenditures	24,000	39,000
R&D expenses ※	6,000	12,000

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



## Consolidated Statements of Income

	Millions of yen	
	2006	2007
<b>Net Sales</b>	348,967	417,027
<b>Cost of Sales</b>	258,244	307,808
Gross profit	90,722	109,219
<b>Selling, General and Administrative Expenses</b>	51,956	49,553
Operating income	38,766	59,665
<b>Other Income (Expenses):</b>		
Interest and dividend income	545	801
Interest expense	(957)	(1,411)
Equity in earnings of affiliates	1,566	518
Foreign currency translation adjustments	686	639
Reversal of retirement allowance	7,634	-
Loss on disposal of fixed assets	-	(2,564)
Loss of impairment assets	(1,234)	(61)
Restructuring charges	(1,910)	(1,121)
Gain on sale of investment securities	245	-
Loss on valuation of securities and investments	(205)	(179)
Legal settlement	(1,928)	-
Lump-sum recognition of prior years' unrecognized actuarial losses	(4,265)	-
Other, net	(286)	106
	(109)	(3,273)
Income before income taxes and minority interests	38,656	56,392
<b>Income Taxes:</b>		
Current	10,519	19,767
Deferred	668	2,481
Income before minority interests	27,468	34,143
<b>Minority Interests</b>	(3,042)	(2,869)
Net income	24,425	31,273

	yen	
	2006	2007
<b>Amounts per Share:</b>		
Net income—Basic	40.47	52.15
Cash dividends	9.00	10.00



## Consolidated Balance Sheets

[Assets]	Millions of yen	
	2006	2007
<b>Current Assets:</b>		
Cash and time deposits	10,123	10,711
Notes and accounts receivable:		
Notes receivable	8,360	8,920
Accounts receivable	68,047	87,161
Less allowance for doubtful accounts	(649)	(359)
	75,758	95,722
Inventories	43,990	52,678
Deferred tax assets	2,697	3,231
Other current assets	11,277	13,369
<b>Total current assets</b>	<b>143,847</b>	<b>175,713</b>
<b>Property, Plant and Equipment:</b>		
Land	22,303	25,952
Buildings	107,385	110,525
Machinery and equipment	355,171	393,170
Construction-in-progress	19,664	20,075
	504,524	549,723
Less accumulated depreciation	(356,637)	(379,649)
<b>Property, plant and equipment, net</b>	<b>147,886</b>	<b>170,074</b>
<b>Investments and Other Assets:</b>		
Investments in and advances to unconsolidated subsidiaries and affiliates	17,772	15,362
Investment securities	53,803	59,151
Deferred tax assets	6,450	3,737
Other assets	11,796	25,538
<b>Total investments and other assets</b>	<b>89,823</b>	<b>103,790</b>
<b>Total assets</b>	<b>381,557</b>	<b>449,578</b>

**Consolidated Balance Sheets**

	Millions of yen	
[Liabilities]	2006	2007
<b>Current Liabilities:</b>		
Short-term bank loans	42,640	37,966
Notes and accounts payable:		
Notes payable	5,456	8,174
Accounts payable	48,884	68,945
	54,341	77,119
Accrued expenses	4,726	5,817
Accrued income taxes	6,772	11,905
Deferred tax liabilities	350	311
Other current liabilities	17,913	30,988
Total current liabilities	126,745	164,109
<b>Long-Term Liabilities:</b>		
Long-term debt	22,571	27,320
Retirement allowances	32,129	29,404
Deferred tax liabilities	44	48
Other long-term liabilities	2,745	2,981
Total long-term liabilities	57,490	59,755
Total liabilities	184,236	223,865
<b>[Minority Interests in Consolidated Subsidiaries]</b>	11,479	-
<b>[Shareholders' Equity]</b>		
Common stock	53,229	-
Capital surplus	28,786	-
Retained earnings	89,471	-
Revaluation difference	30	-
Unrealized gain on other securities	16,205	-
Foreign currency translation adjustments	(1,711)	-
Less treasury stock, at cost	(170)	-
Total shareholders' equity	185,841	-
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity	381,557	-
<b>[Net Assets]</b>		
<b>Shareholders' Equity:</b>		
Common stock	-	53,229
Capital surplus	-	28,793
Retained earnings	-	114,700
Less treasury stock, at cost	-	(350)
Total shareholders' equity	-	196,372
<b>Valuation and translation adjustments and others:</b>		
Unrealized gain on other securities	-	16,150
Deferred losses on hedges	-	0
Revaluation difference	-	30
Foreign currency translation adjustments	-	(131)
Total valuation and translation adjustments and others	-	16,050
<b>Minority Interests in Consolidated Subsidiaries</b>	-	13,289
Total net assets	-	225,713
Total liabilities and net assets	-	449,578

**Consolidated Statements of Shareholders' Equity**

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	<b>Total Shareholders' Equity</b>
Balance at March 31, 2006	53,229	28,786	89,471	(170)	<b>171,316</b>
Changes in interim of year 2006					
Net income	-	-	31,273	-	<b>31,273</b>
Cash dividends paid	-	-	(5,996)	-	<b>(5,996)</b>
Purchases of treasury stock	-	-	-	(189)	<b>(189)</b>
Disposal of treasury stock	-	7	-	9	<b>16</b>
Bonuses to directors	-	-	(44)	-	<b>(44)</b>
Other	-	-	(2)	-	<b>(2)</b>
Total changes in interim of year 2006	-	7	25,229	(180)	<b>25,056</b>
Balance at March 31, 2007	53,229	28,793	114,700	(350)	<b>196,372</b>

	Unrealized gain on other securities	Deferred losses on hedges	Revaluation difference	Foreign currency translation adjustments	<b>Total Valuation and Translation Adjustments and Others</b>	<b>Minority Interests in Consolidated Subsidiaries</b>	<b>Total Net Assets</b>
Balance at March 31, 2006	16,205	-	30	(1,711)	<b>14,525</b>	<b>11,479</b>	<b>197,321</b>
Changes in interim of year 2006							
Net income	-	-	-	-	-	-	<b>31,273</b>
Cash dividends paid	-	-	-	-	-	-	<b>(5,996)</b>
Purchases of treasury stock	-	-	-	-	-	-	<b>(189)</b>
Disposal of treasury stock	-	-	-	-	-	-	<b>16</b>
Bonuses to directors	-	-	-	-	-	-	<b>(44)</b>
Other	-	-	-	-	-	-	<b>(2)</b>
Net changes in items other than those in shareholders' equity	(55)	0	-	1,579	<b>1,525</b>	<b>1,810</b>	<b>3,335</b>
Total changes in interim of year 2006	(55)	0	-	1,579	<b>1,525</b>	<b>1,810</b>	<b>28,392</b>
Balance at March 31, 2007	16,150	0	30	(131)	<b>16,050</b>	<b>13,289</b>	<b>225,713</b>

**Consolidated Statements of Cash Flows**

	Millions of yen	
	2006	2007
<b>Operating Activities:</b>		
Income before income taxes and minority interests	38,656	56,392
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,927	17,977
Loss of impairment assets	1,234	61
Goodwill amortization	66	758
Decrease in retirement allowances	(3,044)	(2,779)
Increase in prepaid pension expense	-	(11,908)
Decrease in allowance for doubtful accounts	(1,923)	(534)
Equity in earnings of affiliates	(1,566)	(518)
Interest expense	957	1,411
Loss on valuation of securities and investments	205	179
Legal settlement	1,928	-
Decrease (increase) in trade receivables	1,633	(12,809)
Increase in inventories	(5,839)	(4,613)
Increase in trade payables	933	20,024
Bonuses to directors	(30)	(49)
Other, net	2,431	3,873
Subtotal	51,572	67,465
Interest and dividend received	541	794
Interest paid	(1,002)	(1,391)
Legal settlement paid	(3,582)	-
Income taxes paid	(7,764)	(14,701)
Net cash provided by operating activities	39,764	52,168
<b>Investing Activities:</b>		
Proceeds from sale of property, plant and equipment	3,152	1,904
Purchases of property, plant and equipment	(26,491)	(32,448)
Purchases of investment securities	(3,803)	(6,179)
Proceeds from sale of investment securities	577	474
(Increase) decrease in short-term loans receivable	325	(1,173)
Long-term loans advanced	(9)	(1)
Purchases of subsidiaries' shares resulting in changes in the scope of consolidation	-	(4,156)
Other, net	(3,037)	426
Net cash used in investing activities	(29,285)	(41,153)
<b>Financing Activities:</b>		
Proceeds from long-term loans	10,971	7,126
Increase (decrease) in short-term bank loans	6,104	(5,726)
Repayment of long-term loans	(4,804)	(1,606)
Redemption of debentures	(10,000)	-
Acquisition of treasury stock	(5,066)	(189)
Cash dividends paid	(6,500)	(9,768)
Other, net	3	13
Net cash used in financing activities	(9,292)	(10,150)
Effect of exchange rate changes on cash and cash equivalents	499	(275)
Net increase decrease in cash and cash equivalents	1,686	588
Beginning balance of cash and cash equivalents	8,426	10,113
Cash and cash equivalents at end of year	10,113	10,701

Year ended March 31, 2006	Chemicals and Plastics	Fibers	Carbon Fiber & Composite Materials, Membranes and Others	Total	Eliminations or corporate	Consolidated
<b>1. Sales and operating income</b>						
Sales to third parties	171,030	84,811	93,125	348,967	-	348,967
Intergroup sales and transfers	9,653	54	32,285	41,992	(41,992)	-
<b>Total Sales</b>	<b>180,684</b>	<b>84,865</b>	<b>125,410</b>	<b>390,960</b>	<b>(41,992)</b>	<b>348,967</b>
<b>Operating expenses</b>	<b>153,213</b>	<b>83,470</b>	<b>115,652</b>	<b>352,336</b>	<b>(42,134)</b>	<b>310,201</b>
<b>Operating income</b>	<b>27,470</b>	<b>1,395</b>	<b>9,757</b>	<b>38,624</b>	<b>142</b>	<b>38,766</b>
( Without recognition of previous years' actuarial gain or losses as Operating expenses )	[ 28,034 ]	[ 1,629 ]	[ 9,893 ]	[ 39,557 ]	[ 142 ]	[ 39,699 ]
<b>2. Assets, depreciation and capital expenditures</b>						
Total assets	160,980	86,688	94,238	341,906	39,650	381,557
Depreciation	8,908	3,525	2,822	15,256	-	15,256
Capital expenditures	17,143	6,848	4,899	28,892	-	28,892

Year ended March 31, 2007	Chemicals and Plastics	Fibers	Carbon Fiber & Composite Materials, Membranes and Others	Total	Eliminations or corporate	Consolidated
<b>1. Sales and operating income</b>						
Sales to third parties	219,622	85,882	111,522	417,027	-	417,027
Intergroup sales and transfers	26,251	777	42,774	69,802	(69,802)	-
<b>Total Sales</b>	<b>245,873</b>	<b>86,659</b>	<b>154,296</b>	<b>486,830</b>	<b>(69,802)</b>	<b>417,027</b>
<b>Operating expenses</b>	<b>204,357</b>	<b>84,737</b>	<b>138,170</b>	<b>427,265</b>	<b>(69,903)</b>	<b>357,362</b>
<b>Operating income</b>	<b>41,516</b>	<b>1,922</b>	<b>16,126</b>	<b>59,564</b>	<b>100</b>	<b>59,665</b>
( Without recognition of previous years' actuarial gain or losses as Operating expenses )	[ 32,196 ]	[ (1,132) ]	[ 14,290 ]	[ 45,355 ]	[ 100 ]	[ 45,455 ]
<b>2. Assets, depreciation and capital expenditures</b>						
Total assets	204,935	83,820	112,047	400,804	48,773	449,578
Depreciation	9,943	4,008	3,076	17,027	-	17,027
Capital expenditures	18,487	5,487	13,084	37,059	-	37,059

**Geographical Segment Information**

(Millions of yen)

<b>Year ended March 31, 2006</b>	Japan	Asia	United States of America	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income						
Sales to third parties	295,747	31,469	21,751	348,967	-	348,967
Intergroup sales and transfers	11,829	9,090	1,109	22,028	(22,028)	-
Total Sales	307,576	40,559	22,860	370,996	(22,028)	348,967
Operating expenses	277,837	33,602	20,671	332,111	(21,909)	310,201
Operating income	29,738	6,956	2,189	38,885	(118)	38,766
2. Total assets	269,699	61,731	12,730	344,161	37,396	381,557

<b>Year ended March 31, 2007</b>	Japan	Asia	United States of America	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income						
Sales to third parties	338,405	47,911	30,711	417,027	-	417,027
Intergroup sales and transfers	18,929	10,066	809	29,805	(29,805)	-
Total Sales	357,334	57,978	31,520	446,833	(29,805)	417,027
Operating expenses	307,669	52,394	26,873	386,938	(29,576)	357,362
Operating income	49,664	5,583	4,646	59,894	(229)	59,665
2. Total assets	304,331	70,806	14,915	390,053	59,525	449,578

**Sales by Customer's Geographical Location**

(Millions of yen)

	Year ended	
	March 31 2006	March 31 2007
Sales designated for:		
Japan	197,968	229,712
Asia	105,498	128,130
Other	45,500	59,184
Total	348,967	417,027