

CONSOLIDATED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2009

(In accordance with Japanese accounting standards)

FOR IMMEDIATE RELEASE

November 6, 2009 -- Mitsubishi Rayon Company, Limited announces its consolidated financial results for the six months ended September 30, 2009, the second quarter of the year ending March 31, 2010.

Consolidated Financial Highlights

(Millions of yen, except per share)

	Six months ended		<u>Change</u>
	September 30	September 30	
	2009	2008	
Net sales	149,789	198,292	(24.5) %
Operating (loss) income	(2,501)	2,942	- %
Net (loss) income	(9,776)	126	- %
Amounts per share (yen):			
Net (loss) income:			
Basic	(17.09)	0.22	
Depreciation	12,933	12,729	
Capital expenditures	17,659	20,673	
R&D expenses ※1	6,538	6,466	

Consolidated Net Assets, Liabilities and Total Assets

(Millions of yen, except per share)

	Second Quarter ended	Year ended
	September 30	March 31
	2009	2009
Total assets	586,490	408,933
Net assets	171,031	160,995
Equity ratio (%)	26.1 %	36.1 %
Net assets per share (yen)	267.76	258.26

Forecast for the year ending March 31, 2010

(Millions of yen)

	Year ending
	March 31
	2010
Net sales	370,000
Operating income	4,600
Net loss	(8,500)

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

Consolidated Statements of Income

(Millions of yen)

	Six months ended	
	September 30 2009	September 30 2008
Net Sales	149,789	198,292
Cost of Sales	123,444	164,023
Gross profit	26,344	34,269
Selling, General and Administrative Expenses	28,846	31,326
Operating (loss) income	(2,501)	2,942
Other Income (Expenses):		
Interest income	111	135
Dividends income	313	442
Interest expense	(1,621)	(1,082)
Foreign currency translation adjustments	(4,603)	809
Gain on sales of fixed assets	5	31
Loss on sales and disposal of fixed assets	(432)	(833)
Loss of impairment of fixed assets	(3,166)	(572)
Gain on sales of securities and investments	842	1,327
Loss on sales of securities and investments	(0)	-
Loss on revaluation of securities and investments	(15)	(346)
Insurance income	-	259
Restructuring charges	(56)	(114)
Allowance for loss on business restructuring	(234)	(4,352)
Other, net	(883)	397
	(9,741)	(3,898)
Loss before income taxes and minority interests	(12,243)	(955)
Income Taxes:		
Current	(3,445)	(985)
Prior	-	(3,479)
Deferred for prior periods	-	3,080
(Loss) income before minority interests	(8,797)	429
Minority (Interests)	(978)	(302)
Net (loss) income	(9,776)	126

	Second Quarter ended		Year ended
	September 30 2009	September 30 2008	March 31 2010
Amounts per Share:			
Net (loss) income:			
Basic	(17.09)	0.22	(14.85)
Cash dividends	0.00	3.00	0.00

Consolidated Balance Sheets

(Millions of yen)

[Assets]	Second Quarter ended	Year ended
	September 30 2009	March 31 2009
Current Assets:		
Cash and time deposits	34,540	45,491
Notes and accounts receivable:		
Notes receivable	5,019	5,907
Accounts receivable	73,999	49,924
Less allowance for doubtful accounts	(1,180)	(670)
	77,838	55,161
Finished goods	31,415	31,285
Work in process	3,392	3,311
Raw materials and supplies	17,752	13,293
Other current assets	20,689	19,193
Total current assets	185,628	167,736
Property, Plant and Equipment, at Cost:		
Land	29,804	26,140
Buildings	124,314	115,734
Machinery and equipment	491,015	395,448
Construction-in-progress	40,268	29,217
Leased assets	513	78
	685,916	566,620
Less accumulated depreciation	(404,805)	(396,817)
Property, plant and equipment, net	281,110	169,802
Investments and Other Assets:		
Investment securities	49,856	45,587
Less allowance for doubtful accounts	(87)	(80)
Goodwill	32,578	1,325
Other assets	37,404	24,562
Total investments and other assets	119,751	71,395
Total assets	586,490	408,933

Consolidated Balance Sheets (continued)

(Millions of yen)

	Second Quarter ended	
	September 30	Year ended March 31
[Liabilities]	2009	2009
Current Liabilities:		
Short-term bank loans	166,496	71,511
Current portion of long-term debt	10,000	-
Notes and accounts payable:		
Notes payable	2,022	3,063
Accounts payable	46,776	28,280
	48,799	31,344
Allowance for loss on business restructuring	236	4,323
Other allowances	3,242	3,204
Other current liabilities	28,207	25,109
Total current liabilities	256,982	135,492
Long-Term Liabilities:		
Long-term debt	106,410	81,517
Retirement allowances	39,265	27,321
Other allowances	2,194	574
Other long-term liabilities	10,605	3,031
Total long-term liabilities	158,475	112,445
Total liabilities	415,458	247,937
[Net Assets]		
Shareholders' Equity:		
Common stock	53,229	53,229
Capital surplus	28,588	28,588
Retained earnings	77,199	87,553
Less treasury stock, at cost	(10,268)	(10,264)
Total shareholders' equity	148,748	159,106
Valuation and translation adjustments and other:		
Unrealized gain on other securities	4,519	1,510
Deferred loss on hedges	(203)	(160)
Foreign currency translation adjustments	153	(12,664)
Total valuation, translation adjustments and other	4,469	(11,315)
Minority Interests in Consolidated Subsidiaries	17,813	13,204
Total net assets	171,031	160,995
Total liabilities and net assets	586,490	408,933

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended	
	September 30 2009	September 30 2008
Operating Activities:		
Loss before income taxes and minority interests	(12,243)	(955)
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	12,966	12,765
Loss of impairment of fixed assets	3,166	572
Goodwill amortization	505	352
Increase in allowance for loss on business restructuring	151	4,352
Increase (decrease) in retirement allowances	1,700	(152)
Decrease in prepaid pension expense	1,135	3,387
(Decrease) increase in allowance for doubtful accounts	(2)	67
Interest and dividends income	(424)	(577)
Interest expenses	1,621	1,082
Financing expenses	751	-
Foreign currency translation adjustments	4,549	(310)
Equity in losses (earnings) of affiliates	185	(212)
Gain on sales of investment securities	(842)	(1,327)
Loss on revaluation of securities and investments	15	346
Loss on sales and disposal of property, plant and equipment	319	532
Insurance income	-	(259)
(Increase) decrease in notes and accounts receivable	(3,127)	1,218
Decrease (increase) in inventories	8,957	(2,722)
Increase in notes and accounts payable	7,088	6,188
Increase in accrued consumption taxes	1,790	-
Other, net	(1,105)	1,996
Subtotal	27,160	26,343
Interest and dividends income received	424	577
Interest expenses paid	(1,586)	(1,106)
Income taxes paid	(1,592)	(5,135)
Income taxes refund	2,051	3,734
Net cash provided by operating activities	26,457	24,414
Investing Activities:		
Purchases of property, plant and equipment	(25,702)	(19,335)
Proceeds from sales of property, plant and equipment	25	88
Advanced proceeds from sales of property, plant and equipment	1,150	-
Purchases of investment securities	(1,009)	(110)
Proceeds from sales of investment securities	1,964	3,112
Increase in short-term loans receivable	(5)	(282)
Collection of long-term loans receivable	-	567
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	(846)	(792)
Net cash used in investing activities	(166,512)	(16,754)
Financing Activities:		
Net increase (decrease) in short-term bank loans	95,155	(5,173)
Proceeds from long-term loans payable	32,865	5,000
Repayment of long-term loans payable	(1,562)	(2,833)
Financing expenses paid	(751)	-
Proceeds from transaction of derivatives resulting in business acquisition	5,091	-
Cash dividends paid	(585)	(3,144)
Cash dividends paid to minority shareholders	(1,241)	(783)
Proceeds from issuance of common stock to minority shareholders	-	1,227
Other, net	(37)	(0)
Net cash used in financing activities	128,934	(5,708)
Effect of exchange rate changes on cash and cash equivalents	152	(486)
Net (decrease) increase in cash and cash equivalents	(10,967)	1,465
Cash and cash equivalents at beginning of year	45,491	17,361
Cash and cash equivalents at end of second quarter	34,523	18,826

Business Segment Information

(Millions of yen)

Six months ended September 30, 2009	Chemicals & Plastics	Acrylic Fibers	Carbon Fibers	Acetate Fibers, Membranes and Others	Total	Eliminations or Corporate	Consolidated
		& AN Monomer and Derivatives	& Composite Materials				
1. Sales and operating income							
Sales to third parties	79,399	17,317	11,552	41,520	149,789	-	149,789
Intergroup sales and transfers	6,540	841	18	15,028	22,429	(22,429)	-
Total Sales	85,939	18,158	11,570	56,549	172,218	(22,429)	149,789
Operating income (loss)	3,625	(1,436)	(4,436)	(359)	(2,606)	104	(2,501)
(Without recognition of previous years' actuarial gain or losses as Operating expenses)	[5,322]	[(1,236)]	[(4,057)]	[(52)]	[(24)]	[104]	[80]

Six months ended September 30, 2008	Chemicals & Plastics	Acrylic Fibers	Carbon Fibers	Acetate Fibers, Membranes and Others	Total	Eliminations or Corporate	Consolidated
		& AN Monomer and Derivatives	& Composite Materials				
1. Sales and operating income							
Sales to third parties	91,916	29,951	21,138	55,286	198,292	-	198,292
Intergroup sales and transfers	6,674	2,425	9	22,813	31,922	(31,922)	-
Total Sales	98,590	32,376	21,147	78,099	230,214	(31,922)	198,292
Operating income (loss)	3,289	(3,237)	2,043	724	2,820	122	2,942
(Without recognition of previous years' actuarial gain or losses as Operating expenses)	[5,231]	[(2,914)]	[2,470]	[1,047]	[5,834]	[122]	[5,956]

Geographical Segment Information

(Millions of yen)

Six months ended September 30, 2009	※1					Total	Eliminations or Corporate Consolidated	
	Japan	Asia	North America	Europe				
1.Sales and operating income								
Sales to third parties	110,596	22,651	11,856	4,683	149,789	-	149,789	
Intergroup sales and transfers	8,856	3,859	218	32	12,968	(12,968)	-	
Total Sales	119,453	26,510	12,075	4,716	162,757	(12,968)	149,789	
Operating (loss) income	(4,655)	2,188	(318)	274	(2,509)	7	(2,501)	

※1 The results of operations of the companies in Canada and Europe have been reflected because they are in scope of consolidation from the current six-month period. 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.

Six months ended September 30, 2008	Japan	Asia	United States		Total	Eliminations or Corporate Consolidated	
			of America				
1.Sales and operating income							
Sales to third parties	154,798	28,602	14,891	198,292	-	198,292	
Intergroup sales and transfers	15,664	5,298	274	21,238	(21,238)	-	
Total Sales	170,462	33,901	15,166	219,530	(21,238)	198,292	
Operating (loss) income	(75)	682	2,212	2,819	123	2,942	

Sales by Customer's Geographical Location

(Millions of yen)

	Six months ended	
	September 30 2009	September 30 2008
Sales designated for:		
Japan	75,702	108,427
Asia	49,967	62,544
Other	24,118	27,319
Total	149,789	198,292