

**FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2003**

(In accordance with Japanese Accounting Standard)

**FOR IMMEDIATE RELEASE**

May 12, 2003 -- Mitsubishi Rayon Company Limited Announced its financial results for the year ended March 31, 2003

**Consolidated Financial Highlights**

|                       | (Millions of yen, except per share amounts) |             |               | Six Months         |
|-----------------------|---|-------------|---------------|--------------------|
|                       | <b>Years ended March 31</b>                 |             |               | ended September 30 |
|                       | <u>2002</u>                                 | <u>2003</u> | <u>Change</u> | <u>2002</u>        |
| Net sales             | ¥ 306,455                                   | ¥ 300,641   | -1.9 %        | ¥ 146,416          |
| Operating income      | 19,207                                      | 19,754      | 2.8           | 9,193              |
| Net income (loss)     | (964)                                       | 6,002       | -             | 2,565              |
| Per share date        |   |             |               |                    |
| Net income            |   |             |               |                    |
| -- Basic              | ¥ (1.54)                                    | ¥ 9.61      |               | ¥ 4.10             |
| Depreciation expenses | ¥ 16,537                                    | ¥ 15,288    |               | ¥ 7,378            |
| Capital expenditures  | 16,722                                      | 21,156      |               | 11,753             |
| R&D expenses          | 10,795                                      | 10,777      |               | 5,189              |

**Consolidated Shareholders' Equity, Debts and Total Assets**

|                      | (Millions of yen, except per share and ratio amounts) |           |  | Six Months         |
|----------------------|---|-----------|--|--------------------|
|                      | <b>Years ended March 31</b>                           |           |  | ended September 30 |
| Shareholders' equity | ¥ 136,153   | ¥ 134,168 |  | ¥ 136,068          |
| Equity ratios        | 39.1 %  | 40.3 %    |  | 40.6 %             |
| Equity per share     | ¥ 217.34  | ¥ 218.45  |  | ¥ 218.29           |
| Debts                | 91,060  | 81,566    |  | 86,407             |
| Total assets         | 348,102   | 332,757   |  | 335,533            |

**Consolidated Cash Flows**

|   | (Millions of yen, except per share amounts) |          |  | Six Months         |
|---|---|----------|--|--------------------|
|   | <b>Years ended March 31</b>                 |          |  | ended September 30 |
| Net cash provided by operating activities       | ¥ 31,685                                    | ¥ 31,077 |  | ¥ 12,266           |
| Net cash used in investing activities           | (16,991)                                    | (21,940) |  | (10,954)           |
| Net cash used in financing activities           | (14,534)                                    | (12,517) |  | (3,518)            |
| Cash and cash equivalents<br>at the end of year | 10,948                                      | 7,400    |  | 8,592              |

**Number of Group Companies**

|  |    |    |    |
|--|----|----|----|
| Consolidated subsidiaries                          | 45 | 49 | 46 |
| Unconsolidated subsidiaries applying equity method | -  | -  | -  |
| Associated companies applying equity method        | 26 | 26 | 27 |

**Forecast of Consolidated Results**

|                       | (Millions of yen) |          | Six Months         |
|-----------------------|-------------------|----------|--------------------|
|                       | Year ended        | March 31 | ended September 30 |
|                       | <u>2004</u>       |          | <u>2003</u>        |
| Net sales             | ¥ 300,000         |          | 147,000            |
| Operating income      | 24,000            |          | 11,000             |
| Net income            | 10,000            |          | 4,500              |
| Depreciation expenses | ¥ 17,000          |          | 8,000              |
| Capital expenditures  | 23,000            |          | 105,000            |
| R&D expenses          | 11,000            |          | 5,500              |

**Consolidated Statements of Income and Retained Earnings**

|   | Millions of yen |          |
|---|-----------------|----------|
|   | 2003            | 2002     |
| <b>Net Sales</b>  | 300,641         | 306,455  |
| <b>Cost of Sales</b>  | 228,873         | 230,410  |
| Gross profit  | 71,768          | 76,044   |
| <b>Selling, General and Administrative Expenses</b>               | 52,014          | 56,837   |
| Operating income  | 19,754          | 19,207   |
| <b>Other Income(Expenses):</b>                                    |                 |          |
| Interest and dividend income                                      | 607             | 454      |
| Interest expense  | (1,546)         | (2,360)  |
| Equity in earnings(loss) of affiliates                            | 1,903           | (336)    |
| Restructuring charges   | (1,057)         | (1,168)  |
| Gain on sales of marketable securities                            | 57              | 521      |
| Loss on revaluation of marketable securities                      | (4,066)         | (2,726)  |
| Provision for doubtful accounts                                   | (424)           | (869)    |
| Other, net  | (3,137)         | (12,190) |
|   | (7,664)         | (18,678) |
| Income before income taxes and minority interest                  | 12,089          | 529      |
| <b>Income Taxes:</b>  |                 |          |
| Current   | 5,700           | 2,911    |
| Deferred  | (558)           | (2,505)  |
| Income before minority interest                                   | 6,388           | 124      |
| <b>Minority Interest</b>  | (944)           | (1,088)  |
| Net income (loss)   | 6,002           | (964)    |
| <b>Retained Earnings at Beginning of the Period</b>               | 48,363          | 53,087   |
| Adjustments for merger of consolidated subsidiaries               | -               | 1        |
| Net income (loss)   | 6,002           | (964)    |
| Revaluation amount of property, plant and equipment of affiliates | 107             |          |
| Cash dividends paid   | (3,749)         | (3,759)  |
| Bonuses to directors  | (1)             | (1)      |
| Adjustments for exclusion of affiliates                           | (112)           |          |
| Staff and workers bonus and welfare fund                          | (1)             | (1)      |
| <b>Retained Earnings at End of the Period</b>                     | 50,609          | 48,363   |

|                           | Millions of yen |        |
|---------------------------|-----------------|--------|
|                           | 2003            | 2002   |
| <b>Amounts Per Share:</b> |                 |        |
| Net income(loss) - Basic  | 9.61            | (1.54) |
| - Diluted                 | -               | -      |
| Cash dividends            | 6.00            | 6.00   |

**Consolidated Balance Sheets**

| <b>[Assets]</b>   | Millions of yen |                |
|---|-----------------|----------------|
|   | <b>2003</b>     | <b>2002</b>    |
| <b>Current Assets:</b>  |                 |                |
| Cash and time deposits  | 7,552           | 11,100         |
| Notes and accounts receivable:  |                 |                |
| Notes   | 12,575          | 12,228         |
| Accounts  | 56,579          | 61,912         |
| Less allowance for doubtful accounts                                      | (1,066)         | (1,020)        |
|   | <b>68,088</b>   | <b>73,120</b>  |
| Inventories   | 39,363          | 43,438         |
| Deferred tax assets   | 2,070           | 1,568          |
| Other current assets  | 11,964          | 14,694         |
| <b>Total current assets</b>   | <b>129,040</b>  | <b>143,923</b> |
| <b>Property, Plant And Equipment:</b>                                     | <b>474,457</b>  | <b>475,812</b> |
| Less accumulated depreciation   | (342,083)       | (345,367)      |
| <b>Property, plant and equipment, net</b>                                 | <b>132,374</b>  | <b>130,444</b> |
| <b>Investments And Other Assets:</b>                                      |                 |                |
| Investments in and advances to unconsolidated subsidiaries and affiliates | 16,514          | 12,922         |
| Other investment securities   | 26,261          | 32,554         |
| Deferred tax assets   | 16,884          | 16,398         |
| Other assets  | 11,683          | 11,858         |
| <b>Total investments and other assets</b>                                 | <b>71,343</b>   | <b>73,734</b>  |
| <b>Total assets</b>   | <b>332,757</b>  | <b>348,102</b> |

**Consolidated Balance Sheets**

| <b>[Liabilities and Shareholders'Equity]</b>           | Millions of yen |                |
|--|-----------------|----------------|
|  | <b>2003</b>     | <b>2002</b>    |
| <b>Current Liabilities:</b>                            |                 |                |
| Short-term bank loans                                  | 44,289          | 48,315         |
| Current portion of long term debt                      | 10,000          | 1,669          |
| Notes and accounts payable:                            |                 |                |
| Notes  | 10,465          | 10,197         |
| Accounts   | 38,509          | 40,184         |
|  | <b>48,975</b>   | <b>50,381</b>  |
| Accrued expenses                                       | 4,639           | 4,536          |
| Accrued income taxes                                   | 4,294           | 709            |
| Deferred tax liabilities                               | 24              | 40             |
| Other current liabilities                              | 19,722          | 26,232         |
| <b>Total current liabilities</b>                       | <b>131,945</b>  | <b>131,886</b> |
| <b>Long-Term Liabilities:</b>                          |                 |                |
| Long-term debt   | 27,277          | 41,075         |
| Retirement allowances                                  | 30,364          | 30,678         |
| Deferred tax liabilities                               | 89              | 66             |
| Other long-term liabilities                            | 2,605           | 2,635          |
| <b>Total long-term liabilities</b>                     | <b>60,336</b>   | <b>74,455</b>  |
| <b>Minority Interests In Consolidated Subsidiaries</b> | <b>6,307</b>    | <b>5,606</b>   |
| <b>Shareholders'Equity:</b>                            |                 |                |
| Common stock   | 53,229          | 53,229         |
| Capital surplus  | 34,522          | 38,088         |
| Revaluation difference                                 | 30              | 30             |
| Retained earnings                                      | 50,609          | 48,363         |
| Unrealized gain on marketable securities               | (902)           | (69)           |
| Translation adjustments                                | (3,319)         | (3,470)        |
| Less treasury common stock,at cost                     | (2)             | (18)           |
| <b>Total shareholders'equity</b>                       | <b>134,168</b>  | <b>136,153</b> |
| <b>Total liabilities and Shareholders'equity</b>       | <b>332,757</b>  | <b>348,102</b> |

**Consolidated Statements of Cash Flows**

|   | Millions of yen |                 |
|---|-----------------|-----------------|
|   | 2003            | 2002            |
| <b>Operating Activities:</b>  |                 |                 |
| Income before income taxes and minority interests                                 | 12,089          | 529             |
| Adjustments to reconcile net income to net cash provided by operating activities: |                 |                 |
| Depreciation and amortization   | 15,407          | 16,903          |
| (Decrease)increase in retirement allowances                                       | (447)           | 9,936           |
| Interest expense  | 1,546           | 2,360           |
| Loss on revaluation of marketable securities                                      | 4,066           | 2,726           |
| Decrease in trade receivables   | 2,885           | 18,241          |
| Decrease in inventories   | 1,920           | 1,459           |
| Decrease in trade payables  | (1,725)         | (10,182)        |
| Bonuses to directors  | (2)             | (2)             |
| Other, net  | (4,661)         | (10,286)        |
| <b>Net cash provided by operating activities</b>                                  | <b>31,077</b>   | <b>31,685</b>   |
| <b>Investing Activities:</b>  |                 |                 |
| Purchases of property, plant and equipment  | (20,816)        | (18,122)        |
| Proceeds from sales of property, plant, and equipment                             | 664             | 1,236           |
| Purchases of investment securities  | (1,410)         | (1,422)         |
| Proceeds from sales of investment securities                                      | 824             | 1,083           |
| Other, net  | (1,202)         | 233             |
| <b>Net cash used in investing activities</b>                                      | <b>(21,940)</b> | <b>(16,991)</b> |
| <b>Financing Activities:</b>  |                 |                 |
| Proceeds from long-term loans   | 2,329           | 1,342           |
| Increase in short-term bank loans   | (473)           | (6,207)         |
| Repayment of long-term loans  | (3,423)         | (5,413)         |
| Retirement of common stock  | (3,547)         | -               |
| Cash dividends paid   | (4,530)         | (4,490)         |
| Other, net  | (2,871)         | 233             |
| <b>Net cash used in financing activities</b>                                      | <b>(12,517)</b> | <b>(14,534)</b> |
| Effect of exchange rate changes on cash and cash equivalents                      | (167)           | 148             |
| <b>Net increase in cash and cash equivalents</b>                                  | <b>(3,547)</b>  | <b>309</b>      |
| <b>Beginning balance of cash and cash equivalents</b>                             | <b>10,948</b>   | <b>10,639</b>   |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>7,400</b>    | <b>10,948</b>   |
| <b>Supplemental Disclosures of Cash Flow Information:</b>                         |                 |                 |
| Cash paid during the period for:  |                 |                 |
| Interest  | 1,545           | 2,309           |
| Income taxes  | 153             | 10,202          |

**Business Segment Information**

(Millions of Yen)

|                                     | Chemicals<br>and Plastics | Fibers        | Special products,<br>Engineering<br>and Others | Total          | Eliminations<br>or corporate | Consolidated   |
|-------------------------------------|---------------------------|---------------|--|----------------|------------------------------|----------------|
| <b>Year ended March 31, 2003</b>    |                           |               |  |                |                              |                |
| <b>1.Sales and operating income</b> |                           |               |  |                |                              |                |
| Customers                           | 116,214                   | 94,364        | 90,062   | 300,641        | -                            | 300,641        |
| Intersegment                        | 8,381                     | 194           | 30,447   | 39,023         | (39,023)                     | -              |
| <b>Total Sales</b>                  | <b>124,595</b>            | <b>94,558</b> | <b>120,510</b>                                 | <b>339,665</b> | <b>(39,023)</b>              | <b>300,641</b> |
| Operating expenses                  | 109,189                   | 91,575        | 119,083  | 319,848        | (38,960)                     | 280,887        |
| <b>Operating income</b>             | <b>15,406</b>             | <b>2,983</b>  | <b>1,427</b>                                   | <b>19,816</b>  | <b>(62)</b>                  | <b>19,754</b>  |

|   |               |              |              |               |          |               |
|---|---------------|--------------|--------------|---------------|----------|---------------|
| <b>2.Assets,depreciation and capital expenditures</b> |               |              |              |               |          |               |
| Total assets  | 119,543       | 91,950       | 99,123       | 310,618       | 22,139   | 332,757       |
| Depreciation  | 6,682         | 4,728        | 3,877        | 15,288        | -        | 15,288        |
| <b>Capital expenditures</b>                           | <b>12,387</b> | <b>4,496</b> | <b>4,272</b> | <b>21,156</b> | <b>-</b> | <b>21,156</b> |

|                                     | Chemicals<br>and Plastics | Fibers        | Special products,<br>Engineering<br>and Others | Total          | Eliminations<br>or corporate | Consolidated   |
|-------------------------------------|---------------------------|---------------|--|----------------|------------------------------|----------------|
| <b>Year ended March 31, 2002</b>    |                           |               |  |                |                              |                |
| <b>1.Sales and operating income</b> |                           |               |  |                |                              |                |
| Customers                           | 123,272                   | 96,997        | 86,184   | 306,455        | -                            | 306,455        |
| Intersegment                        | 11,981                    | 189           | 25,207   | 37,377         | (37,377)                     | -              |
| <b>Total Sales</b>                  | <b>135,253</b>            | <b>97,186</b> | <b>111,392</b>                                 | <b>343,833</b> | <b>(37,377)</b>              | <b>306,455</b> |
| Operating expenses                  | 121,652                   | 94,394        | 108,741  | 324,788        | (37,541)                     | 287,247        |
| <b>Operating income</b>             | <b>13,600</b>             | <b>2,792</b>  | <b>2,650</b>                                   | <b>19,044</b>  | <b>163</b>                   | <b>19,207</b>  |

|   |              |              |              |               |          |               |
|---|--------------|--------------|--------------|---------------|----------|---------------|
| <b>2.Assets,depreciation and capital expenditures</b> |              |              |              |               |          |               |
| Total assets  | 120,241      | 98,213       | 99,335       | 317,790       | 30,311   | 348,102       |
| Depreciation  | 7,696        | 5,263        | 3,576        | 16,537        | -        | 16,537        |
| <b>Capital expenditures</b>                           | <b>7,958</b> | <b>4,230</b> | <b>4,533</b> | <b>16,722</b> | <b>-</b> | <b>16,722</b> |

**Geographic Segment Information**

(Millions of Yen)

|                                  | Japan   | Asia   | United States<br>of America | Total   | Eliminations<br>or corporate | Consolidated |
|----------------------------------|---------|--------|-----------------------------|---------|------------------------------|--------------|
| <b>Year ended March 31, 2003</b> |         |        |                             |         |                              |              |
| 1. Sales and operating income    |         |        |                             |         |                              |              |
| Customers                        | 271,701 | 14,078 | 14,861                      | 300,641 | -                            | 300,641      |
| Intersegment                     | 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       |
| 2. Total assets                  | 255,219 | 24,638 | 12,019                      | 291,878 | 40,879                       | 332,757      |
| <b>Year ended March 31, 2002</b> |         |        |                             |         |                              |              |
| 1. Sales and operating income    |         |        |                             |         |                              |              |
| Customers                        | 275,514 | 14,341 | 16,599                      | 306,455 | -                            | 306,455      |
| Intersegment                     | 8,066   | 6,050  | 319                         | 14,437  | (14,437)                     | -            |
| Total Sales                      | 283,580 | 20,392 | 16,918                      | 320,892 | (14,437)                     | 306,455      |
| Operating expenses               | 266,577 | 17,988 | 16,849                      | 301,415 | (14,168)                     | 287,247      |
| Operating income                 | 17,003  | 2,403  | 69                          | 19,476  | (268)                        | 19,207       |
| 2. Total assets                  | 265,688 | 21,994 | 12,063                      | 299,746 | 48,355                       | 348,102      |

**Net Overseas Sales by Customer's Geographic Location**

(millions of yen)

|                                  |   | Asia   | Others | Total   |
|----------------------------------|---|--------|--------|---------|
| <b>Year ended March 31, 2003</b> |   |        |        |         |
| Net sales                        |   | 67,296 | 36,928 | 104,224 |
| As % of consolidated net sales   | % | 22.3   | 12.2   | 34.6    |
| <b>Year ended March 31, 2002</b> |   |        |        |         |
| Net sales                        |   | 59,666 | 39,188 | 98,854  |
| As % of consolidated net sales   | % | 19.4   | 12.7   | 32.2    |