Consolidated Financial Results for the Year Ended March 31, 2014
Mitsubishi Materials Corporation

Tokyo, Japan

May 12, 2014

Stock code:	5711
Shares listed:	Tokyo Stock Exchange
URL:	http://www.mmc.co.jp/
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Scheduled date of Ordinary General Meeting of Shareholders:	June 27, 2014
Scheduled date of start of dividend payment:	June 2, 2014
Scheduled date of filing of financial statements:	June 27, 2014
Supplementary materials for the financial results:	Yes
Investor conference for the financial results:	Yes (For Corporate Investors)

1. Results of the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(1) Results of operations:

(Millions of yen)
(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income	
Year ended Mar. 31, 2014	¥1,414,796	9.9 (%)	¥66,281	26.3 (%)	¥76,902	3.3 (%)	¥52,551	42.2 (%)
Year ended Mar. 31, 2013	¥1,287,251	-10.7 (%)	¥52,500	0.4 (%)	¥74,414	75.1 (%)	¥36,948	286.3 (%)

(Note) Comprehensive income Year ended Mar. 31, 2014: 84,565 million yen (-6.3%)
Year ended Mar. 31, 2013: 90,252 million yen (543.2%)

(Yen)

	Net income per share	Diluted net income per share	Net income/ shareholders' equity	Ordinary income /total assets	Operating profit/net sales
Year ended Mar. 31, 2014	¥40.10	―	12.2 (%)	4.3 (%)	4.7 (%)
Year ended Mar. 31, 2013	¥28.19	―	9.8 (%)	4.2 (%)	4.1 (%)

(Reference) Equity losses and earnings of affiliates Year ended Mar. 31, 2014: 4,377 million yen
Year ended Mar. 31, 2013: 5,193 million yen

(2) Financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
As of Mar. 31, 2014	¥1,778,505	¥525,707	25.7 (%)	¥348.54(yen)
As of Mar. 31, 2013	¥1,811,767	¥466,231	22.4 (%)	¥309.17(yen)

(Reference) Shareholders' equity As of Mar. 31, 2014: 456,749 million yen
As of Mar. 31, 2013: 405,230 million yen

(3) Cash flows:

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of Year
Year ended Mar. 31, 2014	¥102,932	¥(44,863)	¥(69,329)	¥62,078
Year ended Mar. 31, 2013	¥101,616	¥(88,514)	¥(36,316)	¥63,299

2. Dividend payments

(Yen)

	Dividends per share					Total dividends (Annual)	Dividend ratio (Consolidated)	Dividends/ net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended Mar. 31, 2013	―	¥0.00	―	¥4.00	¥4.00	¥5,242 million	14.2 (%)	1.4 (%)
Year ended Mar. 31, 2014	―	¥2.00	―	¥4.00	¥6.00	¥7,863 million	15.0 (%)	1.8 (%)
Year ending Mar. 31, 2015 (Forecast)	―	¥3.00	―	¥5.00	¥8.00		21.0 (%)	

3. Forecast (From April 1, 2014 to March 31, 2015)

(Millions of yen)
(Percentage changes relative to previous corresponding period)

	Net sales	Operating profit	Ordinary income	Net income	Net income per Share
Six months ending September 30, 2014	¥760,000 8.0 (%)	¥33,000 -1.0 (%)	¥34,000 -4.2 (%)	¥17,000 -41.9 (%)	¥12.97 (yen)
Year ending March 31, 2015	¥1,500,000 6.0 (%)	¥74,000 11.6 (%)	¥84,000 9.2(%)	¥50,000 -4.9 (%)	¥38.15 (yen)

*Notes

(1) Significant changes of subsidiaries during the period (including changes in scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates; restatements
(i) Changes in accounting policies due to amendment of accounting standards: Yes
(ii) Other changes in accounting policies: None
(iii) Changes in accounting estimates: None
(iv) Restatements: None

(3) Number of issued shares (common stock)
(i) Number of issued shares at end of year (including treasury shares)
Year ended March 31, 2014: 1,314,895,351 shares
Year ended March 31, 2013: 1,314,895,351 shares
(ii) Number of treasury shares at end of year
Year ended March 31, 2014: 4,449,074 shares
Year ended March 31, 2013: 4,193,557 shares
(iii) Average number of shares during the period
Year ended March 31, 2014: 1,310,573,898 shares
Year ended March 31, 2013: 1,310,926,644 shares

(Reference) Summary of nonconsolidated financial results
Nonconsolidated results of operations of the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
(1) Nonconsolidated results of operations:

(Millions of yen)
(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income	
Year ended Mar. 31, 2014	735,558	9.2 (%)	23,180	26.8 (%)	42,134	-22.5 (%)	42,377	-5.3 (%)
Year ended Mar. 31, 2013	673,632	-12.4 (%)	18,281	27.7 (%)	54,332	102.6 (%)	44,738	145.9 (%)

	Net Income per share	Diluted net income per share
Year ended Mar. 31, 2014	32.33 (yen)	―
Year ended Mar. 31, 2013	34.13 (yen)	―

(2) Nonconsolidated financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
As of Mar. 31, 2014	1,177,558	398,674	33.9 (%)	304.22 (yen)
As of Mar. 31, 2013	1,256,038	373,683	29.8 (%)	285.10 (yen)

(Reference) Shareholders' equity As of Mar. 31, 2014: 398,674 million yen
As of Mar. 31, 2013: 373,683 million yen

*Indication regarding the situation of audit procedures
As of the disclosure of these financial results, audit procedures of the financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

*Appropriate use of business forecasts and other special items

(Notes regarding descriptions of earnings forecasts and other forward-looking statements, etc.)

Earnings forecasts and other forward-looking statements in this document are based on information currently available to the Company's management and certain assumptions judged rational, and we do not promise that the forecasts in this report will be achieved. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. To use assumptions for forecasts, see (3) Outlook for the Year Ending March 31, 2015 (page 4) under "1.Analysis of Business Results and Financial Position (1) Analysis of Business Results".

(Method of obtaining supplementary information to and contents of the financial results briefing)

Mitsubishi Materials Corporation is scheduled to hold financial results briefing for institutional investors on May 14, 2014 (Wednesday). Supplementary information to the financial results to be used in this briefing is being released on TDnet and on the Company's website with the announcement of the consolidated financial results for the year ended March 31, 2014.

Contents

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

1) Results for the Year Ended March 31, 2014

During the fiscal year under review, the world economy on the whole headed toward recovery, as although there was a continuing slowdown in the economies of China, India, and other emerging nations, there were also signs of improvement such as a gradual change for the better in business conditions in the U.S.

Conditions of the Japanese economy have gradually improved driven by an increase in public investment, there was also an increase in personal consumption driven by such factors as an improvement of the employment/income environment, and a rush of demand before a raise implemented in the consumption tax rate.

Regarding the operating environment for the Mitsubishi Materials Group, although overseas market prices fell for key metals, notably copper, operations were affected overall by a correction in the exchange rate of the Japanese yen. Furthermore, earthquake disaster recovery projects reached a strong tempo and housing construction increased, leading firm demand for cement.

In this environment, we embarked on the medium-term management plan (FY2012-2014), entitled "Materials Premium 2013—Aiming for New Value Creation". The plan embraces the basic concept of "Simultaneously implementing growth strategies and financial improvements," with two initiatives states as growth strategies: "Business advancement in overseas markets, especially emerging markets" and "Generation of distinctive synergies as an integrated business entity." Based on this recognition, we have continued to implement various measures, expanded its network of production and sales sites, principally in Asia ex-Japan, and selected and focused on projects.

As a result, consolidated net sales for the fiscal year amounted to ¥1,414,796 million, up 9.9% from the previous fiscal year. Operating profit increased 26.3% to ¥66,281 million, and ordinary income increased 3.3% to ¥76,902 million. Net income increased 42.4% to ¥52,551 million.

2) Overview of Segment

(Cement)

(Billions of yen)

	FY 2013	FY 2014	Increase/decrease (%)	
Net sales	¥164.7	¥190.1	¥25.4	(15.4%)
Operating profit	14.2	19.1	4.8	(34.3%)
Ordinary income	¥14.0	¥18.8	¥4.7	(34.2%)

In the domestic Cement business, a stable, nation-wide increase in demand caused by the full-scale reconstruction efforts from the earthquake, as well as an increase in other disaster relief work, redevelopment construction, and housing construction for condominiums and the like, increased sales volumes. Overseas, sales volume increased due to strong United States demand for private-sector capital spending and housing-related, as well as increased China demand due to the high-speed rail construction in Shandong and the construction of the new airport. In the entire Cement business, cement production amounted to 12.4 million tons, up 0.6 million tons from the previous fiscal year.

As a result, in the entire Cement business, both net sales and operating profit rose year-on-year.

Ordinary income also rose due to an increase in operating profit.

(Metals)

(Billions of yen)

	FY 2013	FY 2014	Increase/decrease (%)	
Net sales	¥622.7	¥696.3	¥73.5	(11.8%)
Operating profit	17.7	23.2	5.5	(31.0%)
Ordinary income	¥39.1	¥36.5	¥(2.5)	(-6.6%)

In the copper business, the overseas copper market prices decreased, but there was also impact from correction of yen appreciation. At PT Smelting in Indonesia, operational trouble at the mines from which the company sources its ore and operation shutdown associated with periodic furnace repairs affected results. At Naoshima Smelter & Refinery, however, there were no periodic furnace repairs during the period. This resulted in increased production, which in turn led to an increase in net sales and operating profit. In the entire Metals business, copper cathode production amounted to 513 thousand tons, down 4 thousand tons from the previous fiscal year.

In the gold and other valuable metals business, despite the impact from correction of yen appreciation, both net sales and operating profit decreased as a result of reduced production partly due to a decrease in the amount of metals contained in the raw material ore.

In the processed copper products business, sales of products for the automobile sector increased, and there was an increase in net sales and operating profit.

As a result, in the entire Metals business, both net sales and operating profit increased year-on-year.

Ordinary income decreased due to a decrease in dividend income.

(Advanced Materials & Tools)

(Billions of yen)

	FY 2013	FY 2014	Increase/decrease (%)	
Net sales	¥136.6	¥145.8	¥9.2	(6.8%)
Operating profit	10.7	14.0	3.3	(30.7%)
Ordinary income	¥10.6	¥13.9	¥3.3	(31.8%)

In cemented carbide products business, sales increased because of sales promotion measures implemented by our overseas subsidiaries and correction of yen appreciation. Furthermore, costs were reduced because of improved productivity. As a result, there was an increase in net sales and operating profits.

In the high-performance alloy products business, although there was an increase in demand for the aircraft-related market and in sales of products for automobile sector, purchase costs increased as a result of correction of yen appreciation. Also, as the Group continued to select and focus its operations, Tamadai Corporation ceased to be subsidiary in December 2013, and Mitsubishi Materials C.M.I. Corporation ceased to be subsidiary in January 2014, resulting in a decrease both in net sales and operating profit.

As a result, in the entire Advanced Materials & Tools business, both net sales and operating profit increased year-on-year.

Ordinary income also increased due to an increase in operating profit.

(Electronic Materials & Components)

(Billions of yen)

	FY 2013	FY 2014	Increase/decrease (%)	
Net sales	¥68.6	¥67.7	¥(0.8)	(-1.3%)
Operating profit	4.8	4.0	(0.8)	(-16.8%)
Ordinary income	¥3.4	¥2.1	¥(1.2)	(-36.6%)

Although sales of products for smartphone displays were steady, as demand in the semiconductor-related markets was low, the advanced materials business recorded a decrease in both net sales and operating profit.

The electronic devices business posted an increase in both net sales and operating profit due to increased sales of products for household appliances, results of cost reductions, and impact from correction of yen appreciation.

The polycrystalline silicon and functional materials business posted a decrease in both net sales and operating profit, as sales of polycrystalline silicon decreased as a result of suspension of operation at the Yokkaichi Plant after an explosion and fire, which occurred there on January 9, 2014.

As a result, in the entire Electronic Materials & Components business, both net sales and operating profit decreased year-on-year.

Ordinary income also fell due to a decline in operating profit and a decrease in equity in earnings of affiliates.

(Aluminum)

(Billions of yen)

	FY 2013	FY 2014	Increase/decrease (%)	
Net sales	¥146.6	¥151.5	¥4.8	(3.3%)
Operating profit	6.1	5.5	(0.6)	(-9.9%)
Ordinary income	¥5.5	¥4.7	¥(0.7)	(-14.3%)

In the aluminum cans business, demand increased for regular cans mainly for beer or beer-like beverages, but demand for bottle cans decreased for black coffee and tea-based beverages.

In rolled aluminum and processed aluminum products, demand for aluminum can materials and products for solar battery sector lifted. After a decrease in demand in the first half of the period under review, prompted by the end of an Eco-car subsidy, product demand for automobile sector rose again, influenced by the last-minute rush before the increase in the consumption tax.

Overall the aluminum segment saw an upturn in energy cost and material cost, due to the correction of yen appreciation.

As a result, in the entire Aluminum business, net sales increased year-on-year but operating profit decreased.

Ordinary income decreased due to a decrease in operating profit.

(Others)

(Billions of yen)

	FY 2013	FY 2014	Increase/decrease (%)	
Net sales	¥348.9	¥380.1	¥31.1	(8.9%)
Operating profit	6.9	8.0	1.0	(15.6%)
Ordinary income	¥10.8	¥9.5	¥(1.3)	(-12.0%)

In the energy-related business, although coal sales were up, costs increased in the field of nuclear energy which experienced an increase in sales for decontamination business. In addition to that, survey costs for new geothermal power development proposals increased. As a result, there was an increase in net sales but a decrease in operating profit.

In the "e-waste" (used electronics and electrical products) recycling business posted increases in both net sales and operating profit due to an increase in the amount of throughput influenced by the last-minute rush before the increase in the consumption tax, the increase in the amount of collection of valuable resources and the effects of cost reduction.

In the precious metal business, although sales decreased for jewelry-related items, sales volumes of gold bullion increased because of a major drop in the price of gold in overseas markets in the first quarter, leading to increases in both net sales and operating profit.

Orders for nuclear energy and engineering services amounted to ¥65.4 billion, up ¥6.4 billion from the previous fiscal year. The order backlog at the end of the period was ¥28.7 billion, up ¥10.7 billion from a year earlier.

3) Outlook for the Year Ending March 31, 2015

As for the global economy, while the future is uncertain for the economies of China and other emerging countries, economies are expected to recover in leading industrial countries.

With regard to the Japanese economy, although a rebound is forecasted because of the last-minute rush before the increase in consumption tax, a sustained, gradual recovery of the Japanese economy is anticipated because of firm trends in domestic demand thanks to improvements in corporate profits, and employment and income environments.

As for the business environment in which the Group operates, while the domestic economy has showed a trend toward recovery, demand for cement is anticipated to continue because of demand in the full-scale reconstruction efforts. On the other hand, with the pace of prices in overseas markets for major metals, including copper, there is some concern for a downward trend.

Amid such situation, the Group will implement the measures as described in “2. Management Policies” for our growth.

In this environment, our consolidated performance forecasts for the year ending March 31, 2015 are as follows: net sales of ¥1,500.0 billion, operating profit of ¥74.0 billion, ordinary income of ¥84.0 billion, and net income of ¥50.0 billion.

(2) Analysis of Financial Position

At March 31, 2014, total assets amounted to ¥1,778.5 billion, down ¥33.2 billion from a year earlier. This was mainly due to the decrease of investment securities.

Total liabilities decreased ¥92.7 billion, to ¥1,252.7 billion. This stemmed mainly from a decrease in short-term loans payable.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥102.9 billion, up ¥1.3 billion from the previous fiscal year. This was due mainly to a stable performance.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥44.8 billion, down ¥43.6 billion from the previous fiscal year. This was due mainly to outlays related to capital investments.

(Cash Flows from Financing Activities)

Together, operating activities and investing activities produced a net inflow of ¥58.0 billion, which was mainly applied to the repayment of bank borrowings. Accordingly, net cash used in financing activities was ¥69.3 billion, up ¥33.0 billion from the previous fiscal year.

As a result of the above, as well as exchange rate changes and other factors, the balance of cash and cash equivalents at March 31, 2014, stood at ¥62.0 billion, down ¥1.2 billion from March 31, 2013.

Below is a summary of major cash flow indicators.

	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Equity ratio (%)	18.7	18.7	20.0	22.4	25.7
Equity ratio on a market-value basis (%)	19.3	20.1	19.6	19.4	21.6
Ratio of interest-bearing debt to cash flow	18.6	7.1	8.0	7.1	6.5
Interest coverage ratio	3.4	7.8	8.3	9.0	10.2

Equity ratio:	Shareholders' equity/Total asset
Equity ratio on a market-value basis:	Total value of shares at market price/Total assets
Ratio of interest-bearing debt to cash flow:	Interest-bearing debt/Cash flow
Interest coverage ratio:	Operating cash flow/Interest payments

(Note 1) All indicators are calculated on a consolidated basis.

(Note 2) Market capitalization is based on the year-end share price multiplied by the number of shares issued and outstanding at year-end (after deducting treasury stock).

(Note 3) Cash flow is based on the net cash provided by operating activities in the Consolidated Statements of Cash Flows.

(Note 4) Interest-bearing debt covers all interest-bearing debt in the Consolidated Balance Sheets. Interest payments are based on the amounts shown in the Consolidated Statements of Cash Flows.

(3) Basic Profit Distribution Policies and Dividend Payments

At its 81st General Meeting of Shareholders held on June 29, 2006, the Company changed its Articles of Incorporation to distribute the surplus following the resolution at the Board of Directors Meeting. We regard the distribution of profits to all shareholders as one of our most important priorities. Accordingly, our policy is to make decisions on profit appropriation based on comprehensive consideration of various factors related to overall management, such as income over the relevant period, retained earnings, and financial position. Based on this policy, the Board of Directors, at its meeting on May 12, 2014, it was decided to distribute the year-end dividend of 4 yen and the interim dividend of 2 yen, thus making the full-year dividend for the fiscal year under review of 6 yen per share (with an increase by 2 yen from the last fiscal year).

Dividend payments for the year ending March 31, 2015 expected to amount to ¥8 per share (¥3 interim dividend plus ¥5 year-end dividend).

(4) Business and Other Risks

Because the Group, as stated in "3. Consolidated Financial Statement a. Segment Information", is engaged in a broad variety of business activities, its business results and financial standing are influenced by all kinds of factors, such as political affairs, economy, weather, market conditions, currency movements, and laws and ordinances both in and outside the country. Listed below are the factors that may have particularly substantial impact on the Group.

Please note that although the matters listed in this section contain items related to the future, these items have been chosen as of May 12, 2014.

1) Corporate reorganization
The Group is always engaged in selection and concentration of its various businesses, actively throwing in management resources in businesses with high profitability, at the same time actively conducting revisions, reorganizations, and restructuring of its businesses always ready to consider possibilities regarding collaboration with other companies. Business results and financial standing of the Group may be influenced by this process.

2) Market and customer trends
The Group offers products and services to all kinds of industries, and due to such factors as changes of the conditions of the world economy, rapid changes of the clients' markets, changes of the clients' market share, and changes of clients' business strategies or product development trends may influence the sales of the products of the Group. Especially the automobile industry and the IT-related industry are exposed to intense competition in the area of prices and technical development, and while the Group takes every precaution endeavoring to reduce the costs and develop new products and technologies, in cases where we cannot appropriately respond to the changes of the industries and the clients' markets, business results of the Group may be affected.

3) Rates for nonferrous metals, exchange fluctuation, etc.
In the Metals business, dividends from mines the Group made capital subscriptions into that are denominated in foreign currency, which are the main sources of profits, as well as smelting expenses, etc., are influenced by rates for nonferrous metals, exchange fluctuations, and conditions of ore purchasing. Furthermore, in the area of inventories, there is a risk of rates for nonferrous metals and exchange fluctuation influencing the material costs in the period from the procurement of the ore to the production and sales of the metals.

Also, such items as nonferrous metals used as raw materials in the Aluminum business and the Advanced Materials & Tools business as well as coal in the Cement business are international merchandise, and the acquisition cost of these raw materials and mineral fuel can be influenced by fluctuation of market prices, exchange rates, ocean freight, etc. for nonferrous metals and coal.

4) Trends in the conditions of the semiconductor market
The Group supplies electronic materials, polycrystalline silicon, etc. for the semiconductor industry, and is also engaged in the silicon wafer business for semiconductors in the SUMCO Corporation, which is an equity-method affiliate, and business results and financial standing of the Group may be influenced by conditions of the semiconductor market.

5) Interest-bearing debt
In the term ended March 31, 2014, the interest-bearing debt of the Group was ¥649.8 billion yen (which is the sum total of short-term loans payable, current portion of bonds payable, commercial papers, bonds payable, and long-term loans payable; same below if there are no explanatory notes) amounting to 36.5% of the total assets. And although we are making efforts to improve the financial standing by reducing inventories, asset sales, etc., the future financial situation may affect business results and financial standing of the Group.

6) Important matters related to fund procurement
Among the loans payable of the Group such as syndicated loans there are some loans, for which we contractually promised the maintenance of shareholders' equity above a certain level. In cases where the Company or the Group cannot keep these assurances due to changes for the worse of our financial situation or some other factors, there is a risk of a duty to repay such loans before the term of payment being generated, and depending on the subsequent steps these situations may impact the fund procurement of the Group.

7) Guaranty of liabilities, etc.
In the term ended March 31, 2014, the Group has undertaken a ¥33.0 billion yen guaranty of liabilities, etc. against monetary liabilities of affiliated companies, which are not included in the scope of consolidation. In cases, where a situation arises in the future, in which we are requested to fulfill these guaranties of liabilities, this may

affect business results and financial standing of the Group.

8) Fluctuations of the market value of assets
Business results and financial standing of the Group may be influenced by fluctuations of the market value of the securities, land, and other assets possessed.

9) Retirement benefit expenses and obligations
The employees' retirement benefit expenses and obligations are calculated based on the assumptions and conditions mainly derived from mathematical calculations. In setting these assumptions and conditions we take into consideration the employees' average remaining length of service, long-term interests of the Japanese government bonds, as well as the status of pension assets including the shares contributed to trust funds, but losses caused by decline in the discount rate or operations with pension assets may affect the future expenses and obligations posted by the Group.

10) Environmental regulations, etc.
In each business establishment in and outside the country, the Group makes efforts to control pollution such as the air pollution, wastewater pollution, soil pollution, and ground water pollution, in accordance with environmental laws and ordinances, and in dealing with abandoned mines within the country is endeavoring to control mine pollution by for example preventing water pollution from mine water or conducting security management of the dumps in accordance with the Mine Safety Law. However, in cases where related laws are revised or the volume of permissible emission of greenhouse gas is changed, the Group may need to bear new expenses.

11) Overseas operations, etc.
The Group has production bases, sales bases, and other bases in 26 countries and regions abroad, and foreign sales amount to 34.8% of its consolidated sales. Business results and financial standing of the Group may be influenced by political/economic conditions, exchange rates at each country as well as changes of trading/commercial regulations, mining policies, environmental regulations, systems of taxation, other unforeseen changes of laws or regulations as well as differences of interpretation thereof, and changes of management policies of local cooperators and partners.

12) Intellectual property rights
The Group fully recognizes the importance of intellectual property rights and makes efforts to protect them, but in cases, where the measures to protect the same are insufficient, or in cases where our rights are illegally infringed on, this may affect business results and financial standing of the Group. At the same time, although the Group handles the intellectual property rights held by other companies with the greatest possible care, in cases where it is established that we have infringed on the intellectual property rights held by other companies and have to pay liabilities, such as compensation for damages, this also may affect business results and financial standing of the Group.

13) Quality of the products
The Group takes all possible measures regarding the quality control, striving to offer our clients products of high quality. However, in cases where due to some unforeseen circumstances we need to conduct a large-scale recall, this may affect business results and financial standing of the Group.

14) Occupational health and safety, equipment accidents, etc.
The Group takes thoroughgoing measures to prevent occupational accidents and accidents to production machinery. Our efforts span both “software” aspects such as management frameworks for occupational health, safety, security and accident prevention, and “hardware” approaches such as operational and maintenance management and improving the safety of equipment. In the event of a major accident at work or an accident to the equipment occurs, this may affect business results and financial standing of the Group.

15) Management of information
The Group strives to ensure thoroughness of management of information including handling of personal information, but in cases, where a leak of information or some other accident to information occurs, due to damage to our reputation in the society or other factors this may affect business results and financial standing of the Group.

16) Lawsuits, etc.
Business results and financial standing of the Group may be influenced by rulings, amicable settlements, verdicts, etc. related to lawsuits, disputes, and other legal procedures, in which the Group is one of the parties concerned at

present, or will be one of the parties concerned in the future in relation to the business conducted by the Group presently or in the past within the country and in foreign countries.

17) Procurement of electricity
Business results and financial standing of the Group may be influenced by increases of prices for electricity resulting from such factors as instabilities in supply of electricity due to suspension of operation of nuclear power stations, cost increases of imported fossil fuels, and increases in charges for renewable energy

18) Other matters
In addition to the above, business results and financial standing of the Group may be influenced by changes of trade practices, terrorist attacks, wars, epidemics, earthquakes and other natural disasters, and other unexpected circumstances.

2. Management Policies

(1) Basic Group Management Policies
In order to accelerate our corporate philosophy "For people, society and the Earth" in a stable way, the Group sets out the objective "to become the number one corporate group that creates the new earth-friendly materials with the unique technologies and contributes to a recycling-oriented society by the early 2020s."

(2) Target Management Indicator, Medium- and Long-Term Management Strategies and Issues to be Addressed
Each operation of the Group commits to create valuable products and services with our unique technologies and to take an important position in the industry and market, so that we can become the "the No. 1 Corporate Group" defined in the above "(1) Basic Group Management Policies." In addition, for the purpose of focusing on foundation strengthening to accomplish the above objective, we have set the followings as the growth strategies for the overall Group in the "Materials Premium 2016– Taking up the Challenge of Becoming the No. 1 Corporate Group"

1) Strengthening the base for growth
Setting the motto "Safety and Health is the First" as our first priority, we will strengthen our security management system and cultivate corporate philosophy and culture to value safety and will structure stable operational frameworks that contribute to the growth of the Group business.

2) Strengthening global competitiveness
By focusing on strengthening our existing production and sale facilities in the overseas countries and developing the new production and sales bases mainly in the emerging countries, we will acquire the new growth markets on a global basis.

In particular, the Mitsubishi Materials Group will conduct strategic marketing in the automotive and electronics industries, to boost its competitive position by gaining access to new customers and markets.

3) Pursuing a recycling-based business model
The Group operates business widely across the upstream (sources), midstream (materials) and downstream (processed products) markets. In addition, we will pursue the business model to circulate wastes to the upstream market for utilization.

We will also facilitate recycling of the wastes that have so far been hard to process through our "Material Premium," the policy characteristic for a complex corporation like use, in order to contribute to sustainable growth of the society.

<Priorities in each business>
● Cement
In the domestic cement business, demand in the public and private sectors was strong. This is evidenced by some recovery signs represented by public investments for economic policies including the reconstruction efforts in the wake of the earthquake, and private equipment investments with improved corporate profits. Nevertheless, manpower constraints at construction sites, and the like, are forecasted to continue. For that reason, domestic (Japanese) cement demand in FY2015is forecasted to only be slightly above the previous fiscal year at 48,000 thousand tons. Under such circumstances, we will strive to ensure sales volumes by

certainly supporting increases in cement demand beyond what was envisioned by organizing our sales and supply system.

In the US cement business, demand is anticipated to recover around the private sector, continuing from the gradual recovery in the US economy. For that reason, we will strive to increase sales volumes and reform prices through sales centering on the Robertson’s Ready Mix, Ltd. that provides the ready-mix cement business, in the Mitsubishi Cement Corp., and will also strive to increase profitability by efficient work management of the US cement and ready-mixed concrete businesses by maximizing the use of the businesses and assets at Robertson’s Ready Mix, Ltd.

In the Chinese cement business, while firm public and private sector demands are forecasted to continue in Shandong Province, we will strive to implement stable supplies, and incorporate sales price revisions, and strength earning power.

● Metals

The supply-demand situation of copper concentrates is expected to become easy due to the enhanced supply capacity of mines. Copper market price is currently on a downward trend. However, we will watch this trend closely in the future together with currency exchange rates and stock market trends.

In the processed copper products business, demand for products for automobiles and electronic materials is forecasted temporarily to decrease because of the rise in consumption tax, but later, a gradual recovery is expected.

The Group will respond actively to these conditions. In copper operations overall, we will continue to raise the efficiency of energy use and squeeze fixed costs, to lower our break-even point, thereby building a robust constitution that is not vulnerable to fluctuations in the price environment. In copper smelting, we will work to deliver stable operations at smelters both in Japan and overseas while expanding recycling operations by constructing a treatment framework that can manage difficult-to-handle waste. By boosting revenues from waste treatment, the Group will bolster its profitability. In the processed copper products business, we will continue to increase profitability by enhancing sales competitiveness through accelerated development of alloys, drawing on our technological and development capabilities.

Also, as of April 1, 2014, sales of precious metals bullion that had been classified in the precious metals business were integrated into the Metals business. The Metals business changed its name to the Metals business in line with that change. In the future, production and sales of the precious metals bullion will be managed in an integrated fashion to make work more efficient and to strengthen profitability.

● Advanced Materials & Tools

In the cemented carbide products business, in addition to an overall continuing sense of a slowdown in economic growth in emerging countries, the pace of the recovery of demand in the US and Europe was uneven throughout the country. Nevertheless, there was a trend toward overall recovery for the ordering environment. Demand is expected to expand particularly in the automobile-related and aircraft-related markets, where our main customers are, in the medium- and long-term.

Amid such circumstances, we will further strengthen high-performance, high-precision product development and scale up our engineering service organization, to support the needs of our customers as a general tool manufacturer. On the sales side, we will build out our array of sales bases, focusing on emerging economies, thereby extending our sales network and invigorating sales activities. In addition, we will continue to promote the diversification of raw material procurement sources, such as by improving the recycling ratio in order to stably procure tungsten, which is a main raw material of cemented carbide products.

Turning to high-performance alloy products business, Tamadai Corporation and Mitsubishi Materials C.M.I. Corporation ceased to be subsidiaries, while MMC Superalloy Corporation will change from being a consolidated subsidiary to being an equity-method affiliate because of becoming a joint venture company, targeting July, 2014. While these moves are forecast to reduce revenues and earnings over the short term, demand for sintered products is forecast to expand due to growth in automobile-related industries. Against this background, the Group will start smooth operations at sintered-products plants overseas, launch fresh products at existing plants, and strengthen production technology in Japan. This latter initiative will improve quality and pare costs by raising productivity. In this way the Group will strive to expand earnings.

● Electronic Materials & Components

In the advanced materials business, sales of products for smartphone displays and for solar battery are expected to be firm, but demand for semiconductor-related products is opaque. Also, in addition to a positive trend in demand for products for hybrid automobiles, demand is expected to increase for products in industries other than for automobiles. In the markets, we will continue to increase profitability by using core technological capabilities, and enhancing sales competitiveness and proposal capabilities to clients.

In the electronic devices business, although sales of products for household appliances have a firm trend, there is some concern for decelerated growth in the future for the Chinese economy; demand is opaque. In the future, we will strength our sales organizations in emerging countries, implement early introductions of new products and further reduce costs in our efforts to strengthen the business structure.

In polycrystalline silicon and chemical products, the Group will draft measures to prevent recurrence of the explosion and fire at Yokkaichi Plant, in consideration of the recommendations of the committee investigating the accident. The Group is also working to restart safe operations, soliciting guidance from related governmental authorities.

● Aluminum

In the aluminum cans business, although we cannot expect a major increase in demand for the overall domestic drink market, we are working more stably to take orders for regular cans, and actively making efforts to expand sales of aluminum bottle cans, which is our strategic product, for black coffee and tea-based beverages. We will also actively promote advantageous procurement of raw materials, stable product quality and cost reductions.

In the rolled aluminum and processed aluminum products business, although no dramatic increase in domestic demand is expected, we will work toward securing orders for can materials, and products for automobiles and electronic materials. We will also undertake efforts to expand sales for the automobile market which is forecasted to have increased demand overseas.

We will also contribute to establish a resource-recycling society by actively promoting the recycling business of used aluminum cans, which the Group has long worked on.

3. Consolidated Financial Statement
(1) Consolidated Balance Sheets
[March 31, 2014 and 2013]

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
ASSETS		
Current Assets:		
Cash and deposits	64,416	63,486
Notes and accounts receivable-trade	211,748	219,016
Merchandise and finished goods	79,941	81,516
Work in process	98,948	100,280
Raw materials and supplies	103,463	103,155
Deferred income taxes	15,622	10,924
Gold bullion on loan	99,548	93,635
Other	107,171	104,293
Allowance for doubtful accounts	(1,929)	(1,843)
Total Current Assets	**778,931**	**774,465**
Noncurrent Assets:		
Property, Plant and Equipment:		
Building and structures, net	156,929	153,369
Machinery and equipment, net	198,220	187,634
Land, net	271,517	273,048
Construction in progress	18,968	22,510
Other, net	13,337	14,009
Total Property, Plant and Equipment	**658,974**	**650,571**
Intangible Assets:		
Goodwill	38,760	38,816
Other	9,520	9,410
Total Intangible Assets	**48,281**	**48,226**
Investments and Other Assets:		
Investment securities	271,754	250,576
Deferred income taxes	29,183	31,255
Other	32,061	30,375
Allowance for investment loss	(1,748)	(1,168)
Allowance for doubtful accounts	(5,672)	(5,797)
Total Investments and Other Assets	**325,579**	**305,241**
Total Noncurrent Assets	**1,032,835**	**1,004,039**
Total Assets	**1,811,767**	**1,778,505**

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	105,889	106,656
Short-term loans payable	287,942	256,098
Current portion of bonds payable	—	40,000
Commercial papers	26,000	—
Income taxes payable	6,653	9,576
Deferred tax liabilities	734	648
Accrued bonuses	12,097	11,975
Gold payable	232,002	212,760
Allowance for loss on disposal of inventories	1,557	923
Other	123,460	99,878
Total Current Liabilities	**796,337**	**738,518**
Noncurrent Liabilities:		
Bonds payable	110,040	85,140
Long-term loans payable	268,998	268,605
Provision for retirement benefits	59,601	—
Reserve for directors' retirement benefits	1,470	1,740
Reserve for loss on subsidiaries and affiliates	2,035	1,698
Reserve for environmental measures	4,238	4,117
Deferred tax liabilities	32,771	31,650
Deferred tax liabilities for land revaluation	33,683	32,532
Net defined benefit liability	—	52,787
Other	36,358	36,007
Total Noncurrent Liabilities	**549,198**	**514,279**
Total Liabilities	**1,345,535**	**1,252,797**
NET ASSETS		
Shareholders' Equity:		
Capital stock	119,457	119,457
Capital surplus	92,272	92,272
Retained earnings	158,456	207,354
Treasury stock	(1,692)	(1,782)
Total Shareholders' Equity	**368,495**	**417,302**
Accumulated Other Comprehensive Income:		
Valuation difference on securities available for sale	40,516	31,972
Deferred gains or losses on hedges	(1,189)	218
Revaluation reserve for land	34,830	32,907
Foreign currency translation adjustment	(37,422)	(12,348)
Remeasurements of defined benefit plans	—	(13,302)
Total Accumulated Other Comprehensive Income	**36,735**	**39,447**
Minority interests	**61,001**	**68,957**
Total Net Assets	**466,231**	**525,707**
Total Liabilities and Net Assets	**1,811,767**	**1,778,505**

(2) Consolidated Statement of Operations and Consolidated Statement of Comprehensive Income

Consolidated Statement of Operations

[For the year ended March 31, 2013 and 2014]

(Millions of yen)

	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)	Year Ended Mar. 31, 2014 (Apr. 1, 2013—Mar. 31, 2014)
Net Sales	**1,287,251**	**1414,796**
Cost of sales	**1,094,588**	**1,199,192**
Gross Profit	**192,663**	**215,604**
Selling, General and Administrative Expenses	**140,163**	**149,322**
Operating Profit	**52,500**	**66,281**
Non-Operating Profit:		
Interest income	597	916
Dividends income	29,399	18,964
Equity in earnings of affiliates	5,193	4,377
Rent income on noncurrent assets	4,705	4,559
Other	3,408	3,221
Total Non-Operating Profit	**43,304**	**32,038**
Non-Operating Expenses:		
Interest expenses	10,453	9,686
Expenses for rent in undertaking	3,300	3,399
Loss on disposal of property, plant and equipment	2,941	2,755
Expenses for settlement of remaining business in mine	2,370	2,704
Other	2,323	2,873
Total Non-Operating Expenses	**21,389**	**21,418**
Ordinary Income	**74,414**	**76,902**
Extraordinary Income:		
Gain on sales of marketable securities and investments in securities	2,457	32,078
Gain on contribution of securities to retirement benefit trust	—	10,949
Gain on sales of noncurrent assets	3,061	4,334
Other	3,904	3,796
Total Extraordinary Income	**9,423**	**51,158**
Extraordinary Losses:		
Loss on impairment	10,551	32,308
Loss on valuation of investment securities	4,524	850
Other	10,987	9,555
Total Extraordinary Loss	**26,063**	**42,714**
Income before Income Taxes	**57,774**	**85,346**
Corporate income taxes and business tax	**16,481**	**16,509**
Income taxes adjustments	**(5,690)**	**9,956**
Total Income taxes	**10,790**	**26,465**
Income before minority interests	**46,983**	**58,880**
Minority interests in income	**10,035**	**6,328**
Net Income	**36,948**	**52,551**

Consolidated Statement of Comprehensive Income

[For the Year Ended March 31, 2013 and 2014]

(Millions of yen)

	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)	Year Ended Mar. 31, 2014 (Apr. 1, 2013—Mar. 31, 2014)
Income before minority interests	**46,983**	**58,880**
Other comprehensive income		
Valuation difference on securities available for sale	9,256	(8,513)
Deferred gains or losses on hedges	595	572
Foreign currency translation adjustment	31,097	28,032
Equity in earnings of affiliates	2,318	5,594
Total other comprehensive income	43,268	25,685
Comprehensive income	**90,252**	**84,565**
(Breakdown)		
Comprehensive income attributable to owners of the parent company	73,282	70,864
Comprehensive income attributable to minority interests	16,970	13,701

(3) Statement of Changes in Consolidated Shareholders' Equity

Year Ended Mar. 31, 2013 (Apr. 1, 2012―Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	119,457	113,566	116,890	(1,443)	348,471
Change during the year					
Cash dividends from retained earnings			(2,623)		(2,623)
Net income			36,948		36,948
Decrease from write-downs of land revaluation excess			1,177		1,177
Increase due to change of fiscal term of consolidated subsidiaries			122		122
Increase due to change of fiscal term of equity method affiliate			44		44
Increase from rise in number of consolidated subsidiaries			1,070		1,070
Increase from rise in number of equity method affiliate			4,698		4,698
Increase resulting from merger of non-consolidated subsidiaries			135		135
Acquisition of treasury stock				(251)	(251)
Disposition of treasury stock		(0)	(0)	2	1
Retirement of treasury stock			(8)		(8)
Decrease in capital surplus resulting from acquisition of non-controlling interest		(21,292)			(21,292)
Net change in items other than shareholders' equity					
Total change during the year	―	(21,293)	41,565	(248)	20,023
Balance at end of period	119,457	92,272	158,456	(1,692)	368,495

	Accumulated other comprehensive income							
	Valuation difference on securities available for sale	Deferred gains or losses on hedges	Revaluation on reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of period	31,316	(768)	36,008	(63,945)	—	2,611	57,991	409,074
Change during the year								
Cash dividends from retained earnings								(2,623)
Net income								36,948
Decrease from write-downs of land revaluation excess								1,177
Increase due to change of fiscal term of consolidated subsidiaries								122
Increase due to change of fiscal term of equity method affiliate								44
Increase from rise in number of consolidated subsidiaries								1,070
Increase from rise in number of equity method affiliate								4,698
Increase resulting from merger of non-consolidated subsidiaries								135
Acquisition of treasury stock								(251)
Disposition of treasury stock								1
Retirement of treasury stock								(8)
Decrease in capital surplus resulting from acquisition of non-controlling interest								(21,292)
Net change in items other than shareholders' equity	9,199	(421)	(1,117)	26,523	—	34,123	3,009	37,133
Total change during the year	9,199	(421)	(1,117)	26,523	—	34,123	3,009	57,157
Balance at end of period	40,516	(1,189)	34,830	(37,422)	—	36,735	61,001	466,231

Year Ended Mar. 31, 2014 (Apr. 1, 2013―Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	119,457	92,272	158,456	(1,692)	368,495
Change during the year					
Cash dividends from retained earnings			(7,864)		(7,864)
Net income			52,551		52,551
Decrease from write-downs of land revaluation excess			1,923		1,923
Increase due to change of fiscal term of consolidated subsidiaries			281		281
Increase from rise in number of consolidated subsidiaries			2,005		2,005
Acquisition of treasury stock				(92)	(92)
Disposition of treasury stock		(0)	(0)	2	1
Net change in items other than shareholders' equity					
Total change during the year	―	(0)	48,897	(90)	48,806
Balance at end of period	119,457	92,272	207,354	(1,782)	417,302

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on securities available for sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of period	40,516	(1,189)	34,830	(37,422)	―	36,735	61,001	466,231
Change during the year								
Cash dividends from retained earnings								(7,864)
Net income								52,551
Decrease from write-downs of land revaluation excess								1,923
Increase due to change of fiscal term of consolidated subsidiaries								281
Increase from rise in number of consolidated subsidiaries								2,005
Acquisition of treasury stock								(92)
Disposition of treasury stock								1
Net change in items other than shareholders' equity	(8,543)	1,407	(1,923)	25,073	(13,302)	2,711	7,956	10,668
Total change during the year	(8,543)	1,407	(1,923)	25,073	(13,302)	2,711	7,956	59,475
Balance at end of period	31,972	218	32,907	(12,348)	(13,302)	39,447	68,957	525,707

(4) Consolidated Statements of Cash Flows

[For the year ended March 31, 2013 and 2014]

(Millions of yen)

	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)	Year Ended Mar. 31, 2014 (Apr. 1, 2013—Mar. 31, 2014)
Cash Flows from Operating Activities:		
Income before income taxes	57,774	85,346
Depreciation and amortization	56,442	57,428
Amortization of goodwill	3,928	3,070
Increase (decrease) in allowance for doubtful accounts and reserves	(228)	(402)
Increase (decrease) in severance and pension benefit of employees and employers	(2,423)	—
Increase (decrease) in allowance for investment loss	(472)	(580)
Increase (decrease) in reserve for loss on business of affiliate	(182)	(27)
Increase (decrease) for environmental measures	(173)	(139)
Increase (decrease) in net defined benefit liability and reserve for directors' retirement benefits	—	(1,837)
Interest and dividends income	(29,997)	(19,880)
Interest expenses	10,453	9,686
Loss (gain) on sales of property, plant and equipment	(2,793)	(4,254)
Loss on disposal of property, plant and equipment	2,941	2,755
Loss on impairment	10,551	32,308
Loss (gain) on sales of marketable securities and investments in securities	(2,457)	(31,553)
Loss (gain) on valuation of investment securities	4,524	850
Gain on contribution of securities to retirement benefit trust	—	(10,949)
Decrease (increase) in notes and accounts receivables-trade	28,402	751
Decrease (increase) in inventories	(11,318)	3,296
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	138,627	76,961
Payment for purchases of gold bullion from market for customer under My Gold Plan	(129,801)	(82,771)
Decrease (increase) in other current assets	(423)	(10,486)
Increase (decrease) in notes and accounts payable-trade	(23,075)	(3,290)
Increase (decrease) in accrued expenses	(16,870)	(6,439)
Increase (decrease) in other current liabilities	2,178	3,247
Increase (decrease) in other noncurrent liabilities	(1,054)	(341)
Equity losses (earnings) of affiliates	(5,193)	(4,377)
Other, net	8,041	7,277
Subtotal	**97,401**	**105,597**
Interest and dividends income received	30,621	21,438
Interest expenses paid	(11,239)	(10,046)
Income taxes refund (paid)	(15,166)	(14,056)
Net Cash Provided by Operating Activities	**101,616**	**102,932**

(Millions of yen)

	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)	Year Ended Mar. 31, 2014 (Apr. 1, 2013—Mar. 31, 2014)
Cash Flows from Investing Activities:		
Purchase of investment securities	(15,225)	(3,678)
Proceeds from sales of investment securities	4,681	40,213
Payments for lending	(2,576)	(1,433)
Proceeds from repayment of lending	4,074	1,152
Purchase of property, plant and equipment	(51,432)	(63,816)
Proceeds from sales of property, plant and equipment	3,674	11,400
Purchase of intangible assets	(1,545)	(1,303)
Payments for purchase of consolidated subsidiaries' shares	(30,509)	(31,289)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	4,335
Purchase of investments in subsidiaries resulting in change in scope of consolidation	420	—
Other, net	(75)	(442)
Net Cash Used in Investing Activities	**(88,514)**	**(44,863)**
Cash Flows from Financing Activities:		
Net increase (decreases) in short-term loans payable	(16,240)	(30,544)
Proceeds from long-term loans payable	49,499	100,057
Repayment of long-term loans payable	(83,463)	(111,075)
Increase (decrease) in commercial papers	24,000	(26,000)
Payments for redemption of bonds payable	(40,000)	—
Proceeds from issuance of bonds	35,040	15,100
Cash dividends paid	(2,623)	(7,864)
Purchase of treasury stock	(251)	(106)
Cash dividends paid to minority shareholders	(7,067)	(5,652)
Proceeds from stock issuance to minority shareholders	7,494	—
Other, net	(2,703)	(3,242)
Net Cash Used in Financing Activities	**(36,316)**	**(69,329)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**6,988**	**8,094**
Net Increase (Decrease) in Cash and Cash Equivalents	**(16,225)**	**(3,165)**
Cash and Cash Equivalents at Beginning of Period	**69,499**	**63,299**
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	**1,434**	**2,007**
Increase in Cash and Cash Equivalents Resulting from Merger	**106**	**—**
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Fiscal Term of Subsidiaries	**8,484**	**(62)**
Cash and Cash Equivalents at End of Period	**63,299**	**62,078**

(5) Segment Information

a. Segment Information

1. Overview of reporting segments

(1) Method of determining reporting segments

The reporting segments of Mitsubishi Materials Corporation are those units of the Company for which separate financial statements are available and which are subject to regular inspection for the use of the Board of Directors in determining the allocation of resources and evaluating business results.

The Company has adopted an internal-company structure. As such, each internal company, department and office proposes comprehensive strategy for operations both in Japan and overseas with respect to the products and services it handles, and carries out operations on that basis.

Therefore, the Company divides its reporting segments according to individual products and services, based on the internal-company structure. These reporting segments are Cement, Metals, Advanced Materials & Tools, Electronic Materials & Components, and Aluminum, the latter being particularly important among the operations of each division and office.

(2) Types of product and service belonging to each reporting segment

The main products in each business are as follows.

① Cement	Cement, cement-related-products, ready-mixed concrete, aggregates
② Metals	Copper smelting (copper, gold, silver, sulfuric acid, etc.), processed-copper products
③ Advanced Materials & Tools	Cemented carbide products, high-performance alloy products
④ Electronic Materials & Components	Advanced materials, electronic devices, polycrystalline silicon, chemical products
⑤ Aluminum	Aluminum cans, rolled-aluminum products, processed aluminum products

2. Method of calculation of amounts in net sales, income/loss, assets, liabilities and other items for each reporting segment

The accounting methods used in reporting business segments are the same as applied in “Basic important items for preparation of the consolidated financial statements.”

Figures for income from reporting segments are based on ordinary income.

Internal income and transfers between segments are based on actual market prices.

3. Information related to sales, income/loss, total assets, total liabilities, and other items for reporting segment
For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the statements of income
Net sales									
(1)Outside Customers	161,908	507,198	108,769	62,094	145,641	301,639	1,287,251	—	1,287,251
(2)Within Consolidated Group	2,856	115,543	27,883	6,508	1,034	47,307	201,134	(201,134)	—
Total	164,764	622,742	136,653	68,602	146,675	348,947	1,488,385	(201,134)	1,287,251
Segment income	14,023	39,134	10,622	3,465	5,530	10,864	83,640	(9,226)	74,414
Segment assets	322,005	505,627	180,572	144,308	145,459	361,372	1,659,346	152,421	1,811,767
Segment liabilities	204,657	392,672	117,752	169,564	116,385	299,177	1,300,210	45,324	1,345,535
Other items									
Depreciation and amortization	9,409	17,242	8,792	6,940	8,245	3,017	53,647	2,794	56,442
Amortization of goodwill	2,180	1,551	46	—	173	7	3,960	(32)	3,928
Dividend income	204	297	51	58	12	414	1,040	(442)	597
Amortization of negative goodwill	2	—	56	—	—	22	81	(0)	80
Interest expenses	2,362	4,232	1,031	2,654	941	518	11,742	(1,289)	10,453
Equity in earnings of affiliates	1,514	1,606	39	921	206	908	5,197	(4)	5,193
Investment to equity method affiliate	15,886	13,465	299	50,354	621	26,257	106,865	(192)	106,673
Increase in tangible and intangible noncurrent assets	8,888	13,458	14,520	3,409	6,332	4,212	50,822	2,153	52,975

Notes:

1. "Others" includes nuclear energy-related services, precious metals, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amounted (-¥9,226 million) are segment eliminations (¥168 million) and corporate expenses that cannot be allocated to specific segments (-¥9,394 million). Corporate expenses consist mainly of management-related costs, basic experimental research costs, and financial income/expenses.
3. Included in the segment assets adjustment amounted (¥152,421 million) are segment eliminations (-¥35,384 million) and corporate assets that cannot be allocated to specific segments (¥187,805 million). Corporate assets consist mainly of management-related assets and basic experimental research assets.
4. Included in the segment liabilities adjustment amounted (¥45,324 million) are segment eliminations (-¥35,213 million) and corporate liabilities that cannot be allocated to specific segments (¥80,538 million). Corporate liabilities consist mainly of management-related liabilities and basic experimental research liabilities.
5. Adjustment of increase of property, plant and equipment and intangible assets (¥2,153 million) consist mainly of investment in Central Research Institute.
6. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the statements of income
Net sales									
(1)Outside Customers	186,545	582,733	116,516	49,882	150,296	328,821	1,414,796	—	1,414,796
(2)Within Consolidated Group	3,653	113,577	29,381	17,842	1,267	51,288	217,012	(217,012)	—
Total	190,199	696,311	145,898	67,724	151,564	380,110	1,631,808	(217,012)	1,414,796
Segment income	18,813	36,549	13,999	2,195	4,739	9,556	85,854	(8,951)	76,902
Segment assets	353,263	520,459	184,998	118,325	146,698	339,478	1,663,223	115,281	1,778,505
Segment liabilities	209,216	392,712	116,088	142,896	114,466	279,311	1,254,690	(1,893)	1,252,797
Other items									
Depreciation and amortization	10,458	18,401	9,316	5,827	8,015	3,170	55,189	2,238	57,428
Amortization of goodwill	2,431	654	24	—	—	20	3,131	(60)	3,070
Dividend income	208	602	53	66	10	295	1,237	(321)	916
Amortization of negative goodwill	—	—	38	—	—	—	38	—	38
Interest expenses	2,705	4,002	1,153	2,178	876	267	11,184	(1,498)	9,686
Equity in earnings of affiliates	1,663	2,561	28	159	212	(250)	4,375	2	4,377
Investment to equity method affiliate	17,668	18,028	312	52,498	656	25,973	115,137	(224)	114,912
Increase in tangible and intangible noncurrent assets	13,144	19,435	16,775	3,189	7,374	3,681	63,600	2,344	65,944

Notes:

1. "Others" includes nuclear energy-related services, precious metals, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amounted (-¥8,951 million) are segment eliminations (¥859 million) and corporate expenses that cannot be allocated to specific segments (-¥9,810 million). Corporate expenses consist mainly of management-related costs, basic experimental research costs, and financial income/expenses.
3. Included in the segment assets adjustment amounted (¥115,281 million) are segment eliminations (-¥39,799 million) and corporate assets that cannot be allocated to specific segments (¥155,080 million). Corporate assets consist mainly of management-related assets and basic experimental research assets.
4. Included in the segment liabilities adjustment amounted (-¥1,893 million) are segment eliminations (-¥34,130 million) and corporate liabilities that cannot be allocated to specific segments (¥32,237 million). Corporate liabilities consist mainly of management-related liabilities and basic experimental research liabilities.
5. Adjustment of increase of property, plant and equipment and intangible assets (¥2,344 million) consist mainly of investment in Central Research Institute.
6. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

b. Reference information

I. For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

1. Information by Product/Service
Omits because the same information is written in the Segment Information.

2. Information by Region
(1) Net sales

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
840,094	66,883	36,538	331,715	12,019	1,287,251

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
555,062	66,366	893	34,331	2,321	658,974

1. Categories for the countries and regions are geographically proximity-based.
2. Main countries and regions belong to the categories other than U.S.
    (1) Europe: Germany, United Kingdom, Spain, France
    (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
    (3) Other: Australia, Canada, Brazil

3. Information by Customer
Omits because no customers account for 10% or more of net sales in the Consolidated Statement of Operations.

II. For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

1. Information by Product/Service
Omits because the same information is written in the Segment Information.

2. Information by Region
(1) Net sales

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
922,214	86,519	25,352	368,404	12,305	1,414,796

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
530,631	79,206	1,272	37,111	2,349	650,571

1. Categories for the countries and regions are geographically proximity-based.
2. Main countries and regions belong to the categories other than U.S.
    (1) Europe: Germany, United Kingdom, Spain, France
    (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
    (3) Other: Australia, Canada, Brazil

3. Information by Customer
Omits because no customers account for 10% or more of net sales in the Consolidated Statement of Operations.

c. Information related to Impairment Loss of Noncurrent Assets by Reported Segment
For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Loss on impairment	413	98	—	5,368	7	1,381	7,270	3,281	10,551

(Note) Adjustments of loss on impairment (¥3,281 million) consist mainly of that of assets for lease.

For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Loss on impairment	203	4,077	—	27,261	21	833	32,398	(90)	32,308

(Note) Adjustment of loss on impairment (-¥90 million) consist mainly of that of goodwill.

d. Information related to Amortization of Goodwill and Unamortized Balance by Reported Segments
For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2013	2,180	1,551	46	—	173	7	3,960	(32)	3,928
Balance on Mar. 31, 2013	34,547	4,578	63	—	—	23	39,212	(451)	38,760

Amortization of negative goodwill and unamortized balance incurred from a business combination before April 1, 2010 are as below.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2013	2	—	56	—	—	22	81	(0)	80
Balance on Mar. 31, 2013	—	2,221	68	—	—	—	2,289	—	2,289

For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2014	2,431	654	24	—	—	20	3,131	(60)	3,070
Balance on Mar. 31, 2014	38,727	—	67	—	—	38	38,833	(16)	38,816

Amortization of negative goodwill and unamortized balance incurred from a business combination before April 1, 2010 are as below.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2014	—	—	38	—	—	—	38	—	38
Balance on Mar. 31, 2014	—	2,221	29	—	—	—	2,250	—	2,250

e. Information on goodwill in liabilities for each reporting segment
For the year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
None
For the year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
None

(6) Per-Share Information

Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)	Year Ended Mar. 31, 2014 (Apr. 1, 2013—Mar. 31, 2014)
Net assets per share: ¥309.17 Net income per share: ¥28.19 Net income per share after dilution is not indicated, as no undiluted shares exist.	Net assets per share: ¥348.54 Net income per share: ¥40.10 Net income per share after dilution is not indicated, as no undiluted shares exist.

Note: The standards used to calculate net income per share are as follows.

	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)	Year Ended Mar. 31, 2014 (Apr. 1, 2013—Mar. 31, 2014)
Net income per share		
Net income per share (Millions of yen)	36,948	52,551
Amounts not belonging to ordinary shareholders (millions of yen)	—	—
Net income per share belonging to ordinary shareholders (Millions of yen)	36,948	52,551
Average number of shares outstanding during the period (thousands of shares)	1,310,926	1,310,573

(7) Important Subsequent Events: N/A