

Consolidated Financial Results for the six months ended September 30, 2003**Mitsubishi Materials Corporation**

Tokyo, Japan

Code : 5711

Shares listed : Tokyo, Osaka and 3 other Japanese stock exchanges

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1. Results of the six months ended September 30, 2003**(1) Results of operations :**

	Millions of yen							
	Net Sales	Change	Operating Profit	Change	Ordinary Income	Change	Net Income	Change
Six months ended Sep.30,2003	¥458,126	(1.0)%	¥16,050	13.8%	¥8,768	313.2%	¥573	-
Six months ended Sep.30,2002	¥462,573	(12.8)	¥14,098	48.9	¥2,121	-	(¥6,516)	-
Year ended Mar.31,2003	¥964,726	(7.8)	¥34,429	216.7	¥10,392	-	(¥26,853)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep.30,2003	¥0.51	-
Six months ended Sep.30,2002	(¥5.82)	-
Year ended Mar.31,2003	(¥23.88)	-

Note 1.Profit/(loss) on investment by the equity method of accounting

Six months ended Sep.30,2003 : (2,071)million yen Year ended Mar.31,2003 : (9,126)million yen

Six months ended Sep.30,2002 : (4,068)million yen

2.Number of averaged shares in the period

Six months ended Sep.30,2003 : 1,130,625,678share Year ended Mar.31,2003 : 1,125,659,388share

Six months ended Sep.30,2002 : 1,120,408,511share

3.Changes in the accounting method Changing business segment classification

4.Changes shown in net sales, operating profit, ordinary income and net income are calculated against those figures in the previous period.

(2) Financial position :

	Millions of yen			
	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
Six months ended Sep.30,2003	¥1,421,954	¥177,139	12.5%	¥156.66
Six months ended Sep.30,2002	¥1,502,031	¥191,536	12.8	¥169.30
Year ended Mar.31,2003	¥1,439,984	¥174,381	12.1	¥154.22

Note: Number of averaged shares at the end of the period

Six months ended Sep.30,2003 : 1,130,691,945share Year ended Mar.31,2003 : 1,130,531,863share

Six months ended Sep.30,2002 : 1,131,364,912share

(3) Cash flows :

	Millions of yen			
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
Six months ended Sep.30,2003	¥8,403	¥1,902	(¥8,744)	¥19,896
Six months ended Sep.30,2002	¥18,263	(¥25,955)	(¥14,888)	¥28,973
Year ended Mar.31,2003	¥59,716	(¥31,109)	(¥61,343)	¥18,926

(4) Scope of consolidation and adoption of the equity method of accounting :

Number of consolidated subsidiaries : 113

Number of non-consolidated subsidiaries to which the equity method accounting is applied :

Number of affiliates to which the equity method accounting is applied : 18

(5) Changes in scope of consolidation and adoption of the equity method of accounting

Number of consolidated companies ; New : 5 Excluded : 2

Number of companies to which the equity method of accounting is applied ; New : - Excluded : 1

2. Forecast (from April 1, 2003 to March 31, 2004)

	Millions of yen		
	Net Sales	Ordinary Income	Net Income
Year ending Mar.31,2004	¥940,000	¥30,000	(¥6,000)
Anticipated net income per share for the year ending March 31, 2004:		(¥5.31)	

(1) Results for the Six Months Ended September 30, 2003

In the first half of fiscal 2004, ended September 30, 2003, the Japanese economy failed to fully recover. Corporate revenues and earnings rose on the back of rationalization and solid exports. Slight recoveries in capital expenditure and share prices also contributed to this increase. Overshadowing these improvements, the unemployment rate remained high while personal consumption was lackluster.

The operating environment remained challenging. Demand for Mitsubishi Materials' automotive-related products continued to remain strong. Information technology (IT)-related products were on a recovery path. In contrast, demand in engineering and construction was at a low ebb, while demand for beverage cans suffered from a cool summer. On top of all this, prices fell owing to strong discounting pressures from customers.

The Mitsubishi Materials Group aimed from the start of the term to overcome these challenges by restructuring operations. The goal was to allocate resources more efficiently by categorizing Group operations into core or strategic businesses. We made further progress with initiatives we launched in 2001 to swiftly overhaul our cost structure, slashing fixed and variable costs and constraining capital investment. We also streamlined our headquarters' operations and organization, and cut interest-bearing debt by liquidating or transferring unprofitable businesses and divesting assets.

These efforts helped us boost consolidated operating profit ¥1.9 billion from a year earlier, to ¥16.0 billion. Net sales, however, decreased ¥4.4 billion, to ¥458.1 billion.

At the non-operating level, net financial expenditure totaled ¥5.5 billion, a ¥0.9 billion improvement. The Company posted ¥2.0 billion in losses on businesses of affiliates, a ¥1.9 billion decline. As a result, ordinary income rose ¥6.6 billion, to ¥8.7 billion. Extraordinary gains were ¥5.3 billion, reflecting earnings from sales of fixed assets and investment securities. Extraordinary losses totaled ¥9.1 billion, however, stemming from additional spending for employees' retirement benefits. Nevertheless, the Company registered net income of ¥0.5 billion, compared with a net loss of ¥6.5 billion a year earlier.

Review by Segment

The Company altered its business segments in the period under review.

Cement

Exports were strong, particularly to China. Sales and volumes declined, however, owing to poor economic conditions in Japan, notably cuts in public sector expenditure and stagnant housing investment.

Consolidated subsidiaries revenues and earnings plunged amid slumping demand for engineering and construction work. Overseas, our U.S. and Chinese operations continued to perform well.

As a result of these factors, cement segment sales fell ¥5.4 billion, to ¥71.7 billion. Operating profit declined ¥1.1 billion, to ¥4.9 billion.

Aluminum Products

Revenues and earnings from aluminum cans were down dramatically during the period under review. This was due to higher taxes on low-malt beers and the cool summer. These factors combined to depress sales of cans for soft drinks and alcoholic beverages. Sales of aluminum rolled and fabricated products improved owing to higher demand for trucks in response to more stringent emission controls.

Consolidated subsidiaries did well overall, as soaring sales of extruded aluminum products for truck manufacturers offset a downturn in aluminum sheets for cans.

Segment sales thus decreased ¥3.9 billion, to ¥66.1 billion, while operating profit fell ¥1.8 billion, to ¥3.4 billion.

Copper

A temporary shutdown for planned repairs at the Naoshima smelter and refinery lowered output of copper products, overshadowing improved demand in international markets and subsequent higher copper prices. Demand for rolled copper products, electric cable and wire, and domestic demand for copper tubes were weak. Sales and volumes of copper thus fell. Gold revenues surged owing to higher prices.

In fabricated copper products, sales of copper castings were down slightly for electronics applications, but demand from automakers was solid, sustaining overall

sales in this area. In contrast, sales of copper wire fell, mainly owing to poor demand from the telecommunications sector. Sales of copper tubes were sluggish, reflecting the shift of air conditioner production to offshore facilities, which lowered domestic demand.

In Indonesia, subsidiary PT. Smelting greatly increased revenues and profits. This followed the completion of the planned repairs in the previous year, which allowed the subsidiary to take advantage of higher copper prices. The domestic rolled copper subsidiary also improved its sales and earnings, reflecting favorable demand for automotive applications.

Segment sales therefore advanced ¥22.0 billion, to ¥145.2 billion. Operating profit soared ¥2.6 billion, to ¥3.7 billion.

Fabricated Metal Products

Sales and profits from hard-metal products improved during the period. This was partly a result of domestic operations benefiting from the integration of sales channels in April of this year. Another factor contributing to this improvement was the strong demand from automakers in response to stricter emission controls on trucks. Exports were buoyant, particularly to Asia.

In parts and motors, sales and earnings improved. Mainline powder metallurgy products benefited from a recovery in overall automotive demand, complemented by a spike in sales for truck usage. In addition, there were signs of a demand turnaround in some parts of the IT sector.

Similarly, revenues and earnings rose for diamond tools, a consequence of the recovery in the IT equipment market.

Segment sales totaled ¥55.2 billion, a decrease of ¥1.8 billion. This decline stemmed from the transfer of Nihon Mini Motor Co., Ltd. to another company in April of this year and its subsequent removal from consolidation. The move lowered segment sales ¥4.6 billion. Operating profit totaled ¥4.8 billion, advanced ¥0.8 billion.

Advanced Materials

Sales of electronic materials were strong, owing to a recovery in the semiconductor market and expansion in the DVD market. The main sales drivers were gold bonding wire, sputtering targets and silicon precision processing parts.

Sales of electronic parts rose slightly. Revenues improved significantly for battery pack modules used in personal computers and liquid crystal compound electromagnetic interference filters. At the same time, exports were sluggish for surge absorbers owing to the impact of SARS in China, while prices declined for chip thermistors.

Sales were slow for fine chemical products. Lower demand for germanium products used in PET bottle production offset gains in heat-reflective coatings for vehicle windows.

Sales in this segment increased ¥0.1 billion, to ¥25.7 billion, with operating profit gaining ¥80.0 million, to ¥0.9 billion.

Energy and Systems

In nuclear power and systems, sales were down, as construction neared completion at the Rokkasho nuclear fuel reprocessing plant in Aomori Prefecture.

Sales improved in the geothermal power generation business, reflecting the start of operations at a new steam source.

Fossil fuel sales were up. This was due partly to strong demand for coal from electric power companies, which increased capacity utilization rates at thermal power stations. Furthermore, the Company's petroleum products operations benefited from higher oil prices.

Segment sales thus advanced ¥2.9 billion, to ¥47.9 billion. Operating profit gained ¥0.5 billion, to ¥0.8 billion.

Others

In high-performance materials, revenues suffered from the termination of unprofitable product lines and slow demand for some offerings, as well as decreased prices for silicon products. On the positive side, the Company benefited from higher precious metals prices and successes from intensified marketing at a trading house subsidiary.

As a result, segment sales grew ¥1.3 billion, to ¥109.0 billion. Operating profit rocketed ¥1.1 billion, to ¥1.2 billion. This was due to groupwide cost-cutting and withdrawals from unprofitable products and businesses.

(2) Outlook for Fiscal 2004, Ending March 31, 2004

The outlook for the Japanese economy remains cloudy, as there are no signs of a strong turnaround, while the yen is continuing to rise.

The operating environment remains very difficult. We expect demand to expand in IT-related products, principally for audiovisual equipment and mobile telephones. On the downside, domestic demand for cement is slack, while terms for copper mining purchases are worsening. In addition, demand is falling in automotive products, as the spike in sales related to stronger truck emission standards has run its course. We also expect to experience intensified discounting pressures.

We will strive groupwide to overcome these difficulties by strengthening sales of cement to China and expanding sales of aluminum bottles for hot beverages. We will endeavor to cut production costs in cement and copper operations by stepping up our efforts to use more recycled materials. We will continue to withdraw from unprofitable product areas and businesses. We aim to further reduce expenses by pushing ahead with our emergency cost structure reforms and initiatives to streamline our headquarters and decrease our labor expenditure. We therefore anticipate solid turnarounds in Group revenues and earnings.

We target net sales of ¥940.0 billion and ordinary income of ¥30.0 billion. Mitsubishi Sumitomo Silicon Corporation, in which we own a 50% stake, will post ¥35.0 billion in extraordinary losses to cover a restructuring program in January 2004. As a result, our extraordinary losses should total ¥19.0 billion. We expect to register a net loss of ¥6.0 billion owing to this factor, as well as a result of our efforts to further divest investment securities.

				(Millions of yen)
Fiscal 2004 outlook	Net sales	Operating profit	Ordinary income	Net income (loss)
Consolidated	¥940,000	¥40,000	¥30,000	(¥6,000)
Nonconsolidated	¥480,000	¥15,000	¥13,000	¥4,000

CONSOLIDATED BALANCE SHEET (1 / 2)
AS OF SEPTEMBER 30 2003

(Millions of yen)

	31/3/2003	30/9/2003	Difference	30/9/2002
ASSETS				
CURRENT ASSETS				
Cash & Cash equivalent	¥19,450	¥20,390	¥939	¥29,629
Notes received & Accounts receivable - Trade	183,931	174,745	(9,186)	179,028
Marketable securities	17	54	37	8
Inventories	146,807	156,028	9,220	157,283
Future income tax benefit	7,137	8,039	902	7,413
Other current assets	93,506	108,403	14,896	95,461
Allowance for doubtful accounts	(2,823)	(3,453)	(629)	(3,469)
TOTAL CURRENT ASSETS	448,027	464,208	16,180	465,354
NON-CURRENT ASSETS				
TANGIBLE ASSETS				
Buildings & Structures	184,696	178,402	(6,294)	186,497
Machinery & Equipment	234,457	219,929	(14,528)	242,286
Land	243,224	239,804	(3,419)	245,026
Construction in progress	16,190	17,455	1,265	16,831
Other tangible assets	13,136	12,353	(782)	13,454
TOTAL TANGIBLE ASSETS	691,704	667,944	(23,760)	704,097
INTANGIBLE ASSETS				
Other intangible assets	19,358	17,959	(1,398)	20,059
TOTAL INTANGIBLE ASSETS	19,358	17,959	(1,398)	20,059
INVESTMENT & LONG-TERM RECEIVABLES				
Investments securities	176,088	174,204	(1,884)	206,026
Long-term loans receivable	22,661	22,367	(293)	25,634
Advance payments	2,009	1,831	(178)	1,622
Future income tax benefit	56,046	50,564	(5,481)	51,839
Investment other	42,473	41,548	(925)	52,846
Reserve for loss on consolidated subsidiaries	(1,393)	(1,393)	0	(9,086)
Allowance for doubtful accounts	(16,990)	(17,279)	(288)	(16,363)
TOTAL INVESTMENT & LONG-TERM RECEIVABLES	280,895	271,842	(9,052)	312,520
TOTAL NON-CURRENT ASSETS	991,957	957,746	(34,210)	1,036,677
TOTAL ASSETS	¥1,439,984	¥1,421,954	(18,029)	¥1,502,031

CONSOLIDATED BALANCE SHEET(2 / 2)
AS OF SEPTEMBER 30 2003

(Millions of yen)

	31/3/2003	30/9/2003	Difference	30/9/2002
LIABILITIES				
CURRENT LIABILITIES				
Notes payable & Accounts payable - Trade	¥113,250	¥103,253	(¥9,997)	¥99,018
Short-term bank loans	377,661	366,022	(11,638)	399,314
Bonds payable	20,349	25,349	5,000	40,000
Commercial paper	6,000	25,000	19,000	33,000
Income taxes payable	3,418	2,595	(822)	2,815
Provision for deferred income tax	68	60	(8)	832
Reserve for bonus	9,538	9,549	11	10,328
Other current liabilities	144,573	141,823	(2,749)	152,370
TOTAL CURRENT LIABILITIES	674,859	673,654	(1,205)	737,679
LONG-TERM LIABILITIES				
Bonds payable	104,449	99,449	(5,000)	114,798
Long-term loans payable	318,795	295,315	(23,479)	286,144
Severance and pension benefits of employees	38,295	41,495	3,200	36,307
Reserve for loss on business of affiliates	14,265	14,598	332	15,572
Other provisions	4,992	4,540	(451)	4,530
Provision for deferred income tax	14,872	14,548	(324)	15,533
Provision for deferred income tax in relation to revaluation	30,956	30,932	(23)	32,234
Consolidated control	3,129	3,458	328	3,143
Other non-current liabilities	25,708	32,655	6,946	25,385
TOTAL LONG-TERM LIABILITIES	555,466	536,994	(18,471)	533,649
TOTAL LIABILITIES	1,230,326	1,210,649	(19,677)	1,271,329
MINORITY INTERESTS	35,276	34,166	(1,110)	39,165
SHAREHOLDERS' EQUITY				
Paid-in capital	99,396	99,396	0	99,396
Capital Surplus	69,090	68,416	(673)	69,123
Retained Surplus	(32,789)	(31,544)	1,245	(12,696)
Reserve for land revaluation	46,281	46,289	8	45,822
Net unrealized holding gains on securities	(2,935)	3,879	6,815	(6,678)
Foreign currency translation adjustments	(4,121)	-8,799	(4,678)	(2,769)
Treasury stock, at cost	(540)	-498	41	(662)
TOTAL SHAREHOLDERS' EQUITY	174,381	177,139	2,758	191,536
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	¥1,439,984	¥1,421,954	(¥18,029)	¥1,502,031

**CONSOLIDATED PROFIT & LOSS STATEMENTS
FOR SIX MONTHS ENDED SEPTEMBER 30 2003**

(Millions of yen)

	6 months to 30/9/2002	6 months to 30/9/2003	Difference	12 months to 31/3/2003
Net Sales	¥462,573	¥458,126	(¥4,447)	¥964,726
Cost of Goods Sold	386,471	381,639	(4,832)	807,307
Selling, General & Administrative Expenses	62,003	60,435	(1,567)	122,988
Operating profit	14,098	16,050	1,952	34,429
Non-operating income				
Interest income	397	190	(207)	662
Dividend income	1,064	1,007	(57)	1,366
Rent earned in undertaking	3,378	3,410	31	6,816
Other non-operating income	769	2,013	1,244	2,679
Non-operating expenses				
Interest expenses	7,893	6,725	(1,167)	15,594
Loss on investment	4,068	2,071	(1,997)	9,126
Expense for rent in undertaking	2,708	2,688	(20)	5,142
Other non-operating expenses	2,917	2,418	(498)	5,698
Ordinary income	2,121	8,768	6,646	10,392
Extraordinary profit				
Profit on sales of fixed assets	588	1,735	1,146	3,145
Profit on sales of investment stocks	971	3,165	2,193	4,956
Other extraordinary profit	918	429	(489)	3,592
Extraordinary loss				
Expenses for future employees' retirement	4,690	4,287	(402)	10,445
Loss on disposal of fixed assets	1,424	1,623	199	3,789
Allowance for bad debt	332	712	380	1,573
Loss on sales of investments securities	12	278	266	1,894
Provision for loss on investments	-	30	30	112
Provision for loss on business of affiliates	1,380	-	(1,380)	10,157
Unrealized loss on evaluation of investment stocks	300	-	(300)	20,857
Other extraordinary loss	2,553	2,195	(357)	8,999
Net income before tax	(6,093)	4,968	11,062	(35,742)
Corporate income taxes & business tax	3,608	3,373	(235)	6,925
Paid back income taxes for previous period	439	-	(439)	478
Income taxes adjustments	(2,418)	(239)	2,178	(11,644)
Minority interest adjustment	(326)	1,261	1,588	(3,691)
Net income for the current year	(¥6,516)	¥573	¥7,090	(¥26,853)

**CONSOLIDATED RETAINED EARNINGS
FOR SIX MONTHS ENDED SEPTEMBER 30 2003**

(Millions of yen)

	6 months to 30/9/2002	6 months to 30/9/2003	Difference	12 months to 31/3/2003
(Capital Surplus)				
Balance at the beginning of year	¥68,573	¥69,090	¥516	¥68,573
Increase from stock exchange	548	-	(548)	548
Profit from treasury stock	2	-	(2)	-
Increase total	550	-	(550)	548
Decrease due to changing to Retained earining	-	662	662	-
Decrease from treasury stock dealing	-	11	11	31
Decrease total	-	673	673	31
Balance at the end of year	¥69,123	¥68,416	(¥707)	¥69,090
(Retained Earnings)				
Balance at the beginning of year	(¥4,266)	(¥32,789)	(¥28,523)	(¥4,266)
Increase due to changing from Capital surplus	-	662	662	-
Increase resulting from increase of equity method affiliates	710	57	(653)	710
Increase due to reversal of reserve for land revaluation	41	36	(4)	321
Increase due to merger	-	-	-	259
Increase resulting from increase of consolidated subsidiaries	2	-	(2)	2
Net profit for half year end	-	573	573	-
Others	-	1	1	-
Increase total	754	1,331	577	1,295
Bonus to directors and statutory auditors	107	59	(48)	107
Decrease resulting from decrease of equity method affiliates	-	-	-	469
Decrease due to reversal of reserve for land revaluation	2,376	-	(2,376)	2,198
Decrease due to merger	139	-	(139)	150
Decrease resulting from increase of consolidated subsidiaries	27	-	(27)	27
Decrease resulting due to decrease of consolidated subsidiaries	-	26	26	-
Net loss for current year	6,516	-	(6,516)	26,853
Other decrease	16	-	(16)	10
Decrease total	9,184	86	(9,098)	29,818
Balance at the end of year	(¥12,696)	(¥31,544)	(¥18,848)	(¥32,789)

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR SIX MONTHS ENDED SEPTEMBER 30 2003**

(Millions of yen)

	6 months to 30/9/2002	6 months to 30/9/2003	12 months to 31/3/2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income before tax	(¥6,093)	¥4,968	(¥35,742)
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,063	24,521	54,326
Provisions	3,031	3,771	15,713
Interest income & dividend income	(1,462)	(1,197)	(2,029)
Interest expenses	7,893	6,725	15,594
Sales or disposal of property, plant and equipment	836	(111)	644
Sales or evaluation of marketable securities and investments in securities	(661)	(2,886)	17,795
Increase(Decrease) in accounts receivables	13,224	8,171	8,443
(Increase)Decrease in inventories	(255)	(11,853)	10,016
(Increase)Decrease in other current assets	(3,279)	(5,433)	588
(Increase)Decrease in accounts payable	(22,894)	(8,536)	(9,114)
Equity earnings of unconsolidated subsidiaries and affiliates	4,068	2,071	9,126
Others	4,330	(3,958)	(7,320)
Sub-total	25,800	16,251	78,042
Receipts for interest & dividend	3,124	2,741	4,927
Payments for interest	(7,868)	(6,485)	(16,426)
Payments for income taxes	(2,793)	(4,104)	(6,827)
Net cash provided by operating activities	18,263	8,403	59,716
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of marketable securities and investments in securities	(17,524)	(454)	(21,469)
Proceeds from sales of marketable securities and investments in securities	2,855	9,683	10,293
Proceeds from sales of consolidated subsidiaries	-	-	-
Proceeds from sales of property, plant and equipment	1,526	5,483	8,653
Purchase of property, plant and equipment	(26,055)	(15,787)	(42,204)
Proceeds from sales of consolidated subsidiaries securities	-	1,143	-
Others	13,242	1,834	13,617
Net cash provided by investing activities	(25,955)	1,902	(31,109)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase(Decrease) in short-term bank loans	5,192	(3,601)	(22,669)
Proceeds from long-term debt	21,992	23,402	108,230
Repayments of long-term debt	(34,101)	(47,035)	(81,508)
Increase(Decrease) in commercial paper	2,000	19,000	(25,000)
Proceeds from issuance of bonds	-	10,000	-
Redemption of bonds	(10,000)	(10,000)	(40,000)
Others	28	(509)	(396)
Net cash provided by financing activities	(14,888)	(8,744)	(61,343)
Adjustment	(797)	(591)	(882)
Net Increase(Decrease) in cash	(23,378)	969	(33,619)
Cash at beginning of year	52,152	18,926	52,152
Increase(Decrease) due to the change of scope of consolidation	89	-	89
Increase due to the mergering the non-consolidation company	109	-	303
Cash at end of year	28,973	19,896	18,926

Segment Information

(a) Business segment information

Millions of yen

Six months ended September 30, 2002	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥103,559	¥76,831	¥171,759	¥32,770	¥77,653	¥462,573		¥462,573
Intersegment	15,801	337	7,039	634	12,298	36,111	(36,111)	-
Total	119,360	77,168	178,798	33,405	89,952	498,684	(36,111)	462,573
Operating expenses	118,506	71,065	168,627	33,095	89,194	480,489	(32,015)	448,474
Operating profit	¥853	¥6,102	¥10,170	¥309	¥757	¥18,194	(¥4,096)	¥14,098

NOTES

1. Business segment has been classified in terms of sales, main products of each business segment are as follows;

- (1) Nonferrous metals : Gold, Silver, Copper, Zinc and Tin products
- (2) Cement : Cement, Cement-related products, Ready-mixed concrete and Building materials
- (3) Fabricated metal products : Powder metallurgy products, Special alloy products, Industrial machinery, Aluminum cans and Copper related products
- (4) Silicon and advanced materia Advanced products and Silicon wafers
- (5) Others : Energy and environmental-related products and Real estate

2. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses, were ¥4,565 million.

Six months ended September 30, 2002	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥71,554	¥65,691	¥113,965	¥51,117	¥25,101	¥35,458	¥95,237	¥458,126		¥458,126
Intersegment	211	458	31,245	4,116	629	12,518	13,816	62,995	(62,995)	-
Total	71,765	66,149	145,211	55,233	25,730	47,976	109,053	521,121	(62,995)	458,126
Operating expenses	66,861	62,670	141,476	50,393	24,752	47,122	107,774	501,050	(58,975)	442,075
Operating profit	¥4,904	¥3,478	¥3,735	¥4,840	¥978	¥854	¥1,279	¥20,071	(¥4,020)	¥16,050

NOTES

1. Business segment has been classified in terms of sales, main products of each business segment are as follows;

- (1) Cement: Cement, Cement-related products, Ready-mixed concrete and Building materials
- (2) Aluminium: Aluminum cans, Aluminium rolled and fabricated products and Aluminium related products
- (3) Metals: Copper smelting and Copper related products
- (4) Powder Metallurgy Products and Tools: Carvide and tools, Powder metallurgy products and Diamond tools
- (5) Advanced Products: Electronic Components, Electronic materials and Chemical
- (6) Energy and System: Engineering and Nuclear related
- (7) Others: High performance alloy products, Precious metals, Polysilicon, Resources and environmental related and Real estate

2. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses, were ¥4,838 million.

Year ended March 31, 2003	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥229,994	¥159,209	¥325,040	¥64,261	¥186,220	¥964,726		¥964,726
Intersegment	32,979	701	14,612	1,275	30,709	80,278	(80,278)	-
Total	262,973	159,911	339,652	65,536	216,929	1,045,004	(80,278)	964,726
Operating expenses	258,115	145,238	320,108	65,065	214,091	1,002,619	(72,322)	930,296
Operating profit	¥4,857	¥14,673	¥19,544	¥471	¥2,837	¥42,384	(¥7,955)	¥34,429

NOTES

1. Business segment has been classified in terms of sales, main products of each business segment are as follows;

- (1) Nonferrous metals : Gold, Silver, Copper, Zinc and Tin products
- (2) Cement : Cement, Cement-related products, Ready-mixed concrete and Building materials
- (3) Fabricated metal products : Powder metallurgy products, Special alloy products, Industrial machinery, Aluminum cans and Copper related products
- (4) Silicon and advanced materia Advanced products and Silicon wafers
- (5) Others : Energy and environmental-related products and Real estate

2. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses, were ¥9,448 million.

Changing business segment

Due to restructured the companies on 1st April, the classification for segment is changed as; "Cement", "Aluminium", "Metals", "Powder metallurgy products and tools", "Advanced products" and "Others"; which presented before as "Nonferrous metals", "Cement", "Fabricated metal products", "Silicon and advanced materials" and "Others".

Here we inform figures presented in the method of new business category for both six months ended September 30, 2002 and Year ended March 31 2003.

Six months ended September 30, 2002	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥76,831	¥69,564	¥101,787	¥52,958	¥25,090	¥34,987	¥101,354	¥462,573		¥462,573
Intersegment	337	488	21,349	4,163	501	10,087	6,379	43,307	(43,307)	-
Total	77,168	70,052	123,136	57,121	25,591	45,075	107,734	505,880	(43,307)	462,573
Operating expenses	71,065	64,675	122,092	53,145	24,693	44,797	107,604	488,075	(39,600)	448,474
Operating profit	¥6,102	¥5,377	¥1,044	¥3,975	¥898	¥277	¥129	¥17,805	(¥3,706)	¥14,098

Six months ended September 30, 2002	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥159,209	¥130,988	¥199,477	¥107,355	¥48,368	¥98,908	¥220,418	¥964,726		¥964,726
Intersegment	701	956	67,375	8,495	1,048	22,347	27,652	128,577	(128,577)	-
Total	159,911	131,944	266,852	115,851	49,416	121,256	248,070	1,093,303	(128,577)	964,726
Operating expenses	145,238	122,668	261,147	107,738	47,731	120,396	246,252	1,051,172	(120,875)	930,296
Operating profit	¥14,673	¥9,276	¥5,705	¥8,112	¥1,684	¥859	¥1,818	¥42,130	(¥7,701)	¥34,429

(b) Segment information by geographic area

Millions of yen

Six months ended September 30, 2002	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥397,930	¥27,945	¥4,963	¥30,730	¥1,003	¥462,573		¥462,573
Intersegment	20,296	420	1	9,631	-	30,349	(30,349)	-
Total	418,227	28,365	4,964	40,361	1,003	492,923	(30,349)	462,573
Operating expenses	400,820	26,652	4,989	41,847	879	475,189	(26,715)	448,474
Operating profit	¥17,406	¥1,713	(¥25)	(¥1,485)	¥124	¥17,733	(¥3,634)	¥14,098

Six months ended September 30, 2003	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥382,042	¥27,478	¥5,399	¥42,207	¥998	¥458,126		¥458,126
Intersegment	20,171	201	10	15,121	-	35,504	(35,504)	-
Total	402,213	27,679	5,409	57,328	998	493,630	(35,504)	458,126
Operating expenses	386,376	25,866	5,336	55,289	984	473,853	(31,778)	442,075
Operating profit	¥15,837	¥1,813	¥72	¥2,038	¥14	¥19,777	(¥3,726)	¥16,050

Year ended March 31, 2003	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥822,763	¥54,185	¥10,405	¥75,098	¥2,272	¥964,726		¥964,726
Intersegment	50,202	712	(6)	20,959	-	71,867	(71,867)	-
Total	872,965	54,897	10,399	96,058	2,272	1,036,593	(71,867)	964,726
Operating expenses	829,180	52,358	10,325	96,040	1,939	989,843	(59,546)	930,296
Operating profit	¥43,785	¥2,539	¥74	¥17	¥333	¥46,750	(¥12,321)	¥34,429

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than Japan and the United States

- (1) Europe : Germany, Spain, UK, France, Holland
(2) Asia : Indonesia, Malaysia, Singapore, Taiwan, Hong Kong, Thailand
(3) Other : Australia

3. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses, were as follows:

Six months ended September 30, 200	¥4,565 million
Six months ended September 30, 200	¥4,838 million
Year ended March 31, 2003	¥9,448 million

(c) Overseas sales by geographic area

						Millions of yen
Six months ended September 30, 2002	U.S.A.	Europe	Asia	Other	Total	
Overseas sales	¥32,188	¥7,992	¥43,344	¥889	¥84,415	
Consolidated net sales					¥462,573	
Percentage of overseas sales to consolidated net sales	7.0%	1.7%	9.4%	0.2%	18.2%	
<hr/>						
Six months ended September 30, 2003	U.S.A.	Europe	Asia	Other	Total	
Overseas sales	¥30,143	¥9,278	¥44,972	¥846	¥85,240	
Consolidated net sales					¥458,126	
Percentage of overseas sales to consolidated net sales	6.6%	2.0%	9.8%	0.2%	18.6%	
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Year ended March 31, 2003	U.S.A.	Europe	Asia	Other	Total	
Overseas sales	¥61,873	¥14,848	¥86,018	¥1,702	¥164,442	
Consolidated net sales					¥964,726	
Percentage of overseas sales to consolidated net sales	6.4%	1.5%	8.9%	0.2%	17.0%	

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.
2. Main countries or regions that belong to classes other than the United States
 - (1) Europe : Germany, UK, Spain, France
 - (2) Asia : Indonesia, Korea, Malaysia, Singapore, Taiwan, Thailand, Hong Kong
 - (3) Other : Australia, Canada, Brazil
3. Overseas sales represents sales of Mitsubishi Materials Corporation and its subsidiaries made in countries and regions other than Japan.