

Consolidated Financial Results for the Year Ended March 31, 2009
Mitsubishi Materials Corporation

Tokyo, Japan

May 11, 2009

Stock code: 5711
 Shares listed: Tokyo Stock Exchange and Osaka Securities Exchange
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Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2009

Scheduled date of filing of financial statements: June 26, 2009

Scheduled date of start of dividend payment: —

1. Results of the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Results of operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income	
	Yen	%	Yen	%	Yen	%	Yen	%
Year ended Mar. 31, 2009	¥1,424,114	-14.2	¥35,134	-64.9	¥40,046	-70.6	6,106	-91.8
Year ended Mar. 31, 2008	¥1,659,286	14.3	¥100,146	27.2	¥135,984	26.9	74,268	4.0

	Net income per share	Diluted net income per share	Net income/Shareholders' equity	Ordinary income/Total assets	Operating profit/Net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2009	¥4.81	—	1.5	2.2	2.5
Year ended Mar. 31, 2008	¥59.14	—	17.0	7.5	6.0

(Reference) Profit (loss) on investment by the equity method of accounting

Year ended Mar. 31, 2009: (2,730) million yen

Year ended Mar. 31, 2008: 43,179 million yen

(2) Financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Yen	Yen	%	Yen
Year ended Mar. 31, 2009	¥1,732,003	¥421,934	21.0	¥287.44
Year ended Mar. 31, 2008	¥1,856,276	¥520,289	25.0	¥362.45

(Reference) Shareholders' equity

Year ended Mar. 31, 2009: 364,578 million yen

Year ended Mar. 31, 2008: 463,255 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
	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2009	115,272	(110,461)	(7,153)	97,780
Year ended Mar. 31, 2008	154,139	(110,943)	3,010	109,360

2. Dividend payments

(Record date)	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, 2008	—	4.00	—	4.00	8.00	10,114	13.5	2.3
Year ended Mar. 31, 2009	—	4.00	—	0.00	4.00	5,073	83.2	1.2
Year ending Mar. 31, 2010 (Forecast)	—	—	—	—	—	—	—	—

(Note) Currently the amount of dividends for the year ending March 31, 2010 is to be determined.

3. Forecast (From April 1, 2009 to March 31, 2010)

(Millions of yen)

(Percentage changes relative to the previous corresponding period)

	Net sales		Operating profit	
	(Millions of Yen)	%	(Millions of Yen)	%
Six months ending Sep. 30, 2009	515,000	-34.3	4,000	-89.0
Year ending Mar. 31, 2010	1,060,000	-25.6	11,000	-68.7

	Ordinary income		Net income		Net income per share
	(Millions of Yen)	%	(Millions of Yen)	%	Yen
Six months ending Sep. 30, 2009	(15,000)	—	(25,000)	—	(19.71)
Year ending Mar. 31, 2010	(21,000)	—	(50,000)	—	(39.42)

4. Others

(1) Significant changes of subsidiaries during the period (including changes in scope of consolidation): No

(2) Changes in accounting policies, procedures, and disclosures for consolidated financial statements

(which should be stated in Changes of Significant Items for Preparation of Consolidated Financial Statements)

(i) Changes pursuant to revision of accounting policies: Yes

(ii) Other changes: No

(3) Number of issued shares (common stock)

(i) Number of issued shares at end of year

Year ended Mar. 31, 2009: 1,278,955,330 shares (including treasury stock)

Year ended Mar. 31, 2008: 1,278,955,330 shares (including treasury stock)

(ii) Number of treasury shares at end of year

Year ended Mar. 31, 2009: 10,584,877 shares

Year ended Mar. 31, 2008: 816,428 shares

(Reference) Summary of nonconsolidated financial results

1. Nonconsolidated results of the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Nonconsolidated results of operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income	
	Yen	%	Yen	%	Yen	%	Yen	%
Year ended Mar. 31, 2009	¥712,758	-22.7	¥6,042	-82.4	¥35,657	-33.5	¥15,033	-43.9
Year ended Mar. 31, 2008	¥922,546	22.2	¥34,413	20.8	¥53,609	23.1	¥26,814	109.0

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 31, 2009	11.84	—
Year ended Mar. 31, 2008	21.35	—

(2) Nonconsolidated Financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Year ended Mar. 31, 2009	¥1,135,928	¥288,047	% 25.4	Yen ¥227.10
Year ended Mar. 31, 2008	¥1,227,138	¥320,390	26.1	¥250.67

(Reference) Shareholders' equity Year ended Mar. 31, 2009: 288,047 million yen
Year ended Mar. 31, 2008: 320,390 million yen

2. Nonconsolidated forecast (From April 1, 2009 to March 31, 2010)

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income		Net income per share
	Yen	%	Yen	%	Yen	%	Yen	Yen	
Six months ending Sep. 30, 2009	255,000	-40.6	(4,000)	—	(5,000)	—	(10,000)	—	(7.88)
Year ending Mar. 31, 2010	525,000	-26.3	0	-100.0	2,000	-94.4	(27,000)	—	(21.29)

* Explanations about the appropriate use of the performance forecasts and other noteworthy points

(Summaries of the relevant use of forecast)

1. These projected performance figures are based on information currently available to the Company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecast of this report. To use assumptions for forecast and to refer to specific revisions on consolidated financial forecasts, please see "1. Business Results (1) Analysis of Business Results."
2. Currently the amount of dividends for the year ending March 31, 2010 is to be determined because the future financial results and positions need to be carefully and further taken into consideration. The amount of dividends will be promptly disclosed when it is determined.

1. Business Results

(1) Analysis of Business Results

(i) Results for the Year Ended March 31, 2009

In fiscal 2009 ended March 31, 2009, although the global economy developed relatively stable in the first half of the year under the condition where concerns about the future economic growth increased. However, in the second half, the financial crisis expanded due to the turmoil of financial market in the U.S that significantly impacted on the stock market. It remarkably deteriorated the real economy, as capital investment by business corporations and personal consumption decreased that resulted in the global recession in the late second half.

Looking at the Japanese economy in the consolidated fiscal year under review, capital investment and personal consumption fell in the second half of FY affected by the trend of the global economy. Exports and production also sharply decreased and corporate earnings were significantly down that rapidly led to the economic downturn phase.

The business environment surrounding the Mitsubishi Materials Group sharply deteriorated affected by the recession both in Japan and on a global basis, including a sluggish demand from the automotive and semiconductor industries, decreasing demand for cement, appreciation of yen, and sharp decline of non-ferrous metal prices in the second half.

In these circumstances, the Group implemented the so-called four-wheel-drive management by diverse measures including the reinforcement and expansion of the four core businesses that have different business model - Cement, Metals, Advanced Materials & Tools, and Electronic Materials & Components - and concentrated its investment in the three growth fields- automotive, information and electronics, and environment and recycling - under the "New Medium-Term Management Plan (fiscal 2008-2010): Break-through 1000 - Aiming to Become a Company with ¥100 Billion in Ordinary Income" to establish a stable earnings ground that enables us to record more than ¥100 billion of consolidated ordinary profit regardless of the change of external environment. The Group also established "Comprehensive Management Measures" in December 2008 to address a sharp deterioration of business environment in and from the second half, and strongly promoted investment constraint, thorough review and improvement of production and sales systems, re-allocation of human resources, and cost reduction measures in various fields through the Group-wide activities.

However, as we were remarkably affected by shaper-than-expected deterioration of the business environment in the second half, consolidated sales were ¥1,424,114 million (down by 14.2% from a year earlier), and consolidated operation profit was ¥35,134 million (down by 64.9%), consolidated ordinary profit was ¥40,046 million (down by 70.6%), and consolidated net income was ¥6,106 million (down 91.8%) in consolidated fiscal year under the review.

(ii) Review by Segment of Each Business Unit

(Cement)

	(Billions of yen)		
	Fiscal 2008	Fiscal 2009	Increase/decrease (%)
Net sales	¥186.7	¥200.9	¥14.1 7.6%
Operating profit	¥13.9	¥11.5	¥(2.3) -17.1%

In cement and aggregate, although our efforts to maintain an optimal price level in response to a higher fuel price effectively worked, a decrease of public investment and private capital investment reduced the demand. In the overseas market, although the demand from Australia and South-East Asian countries continued stable, it also deteriorated due to a sluggish demand in the U.S. following a decline of housing construction in the recession. The cement production volume in the unit as a whole was 13 million tons, down 1 million tons from the previous FY.

In the Cement business as a whole, although the consolidation of Robertson's Ready Mix, Ltd. as a consolidated subsidiary at the end of the first quarter was a factor to lead to an increase of sales and profits, a sharp decline of demand both in Japan and the U.S. as well as an increase of depreciation cost due to the change of durable years following the tax reform affected the business performance. As a result, we recorded an increase of sales and a decrease of profit from a year earlier.

(Metals)

	(Billions of yen)		
	Fiscal 2008	Fiscal 2009	Increase/decrease (%)
Net sales	¥799.6	¥600.7	¥(198.9) -24.9%
Operating profit	¥46.0	¥10.0	¥(36.0) -78.2%

Sales and profit of copper ingots decreased due to a copper price decline in the second half, deteriorating purchasing conditions of ore, appreciation of yen, and the repair of furnace at PT Smelting in Indonesia. The total production volume of electrolytic copper in the unit as a whole was 557 thousand tons, down 45 thousand tons from a year earlier.

Sales and profit of gold were down due to the lower content of gold in the raw material mineral ore.

Sales and profit of processed copper products decreased due to the change of fiscal year ending of Mitsubishi Shindo Co., Ltd from March to December in the fiscal year under review. In addition, an increase of depreciation cost due to the change of durable years following the tax reform, sluggish demand for materials for automotives and electronics products, and an inventory valuation loss due to a price down of copper negatively affected.

(Advanced Materials & Tools)

	(Billions of yen)		
	Fiscal 2008	Fiscal 2009	Increase/decrease (%)
Net sales	¥170.8	¥146.0	¥(24.7) -14.5%
Operating profit	¥19.3	¥4.2	¥(15.0) -78.0%

Although overseas sales of cemented carbide products was stable mainly for BRICs countries such as China and Indian, etc. in the first half, sales and profits decreased in the second half, as orders significantly fell both domestically and overseas due to the rapid adjustment of production and inventory in a wide range of markets including the automotive sector which is one of our major customers following the rise of worldwide recession, and the record of inventory evaluation loss following the price down of raw material prices.

In high performance alloy-products, while sales for the gas turbine market was relatively favorable, sales and profits were down due to the delay of start of mass-production by an aircraft maker. In addition, a remarkable decrease of orders for the electronics and automobile-related products and inventory valuation loss negatively affected the results.

(Electronic Materials & Components)

	(Billions of yen)		
	Fiscal 2008	Fiscal 2009	Increase/decrease (%)
Net sales	¥95.7	¥69.7	¥(26.0) -27.2%
Operating profit	¥14.3	¥8.5	¥(5.8) -40.5%

Sales and profits of advanced materials decreased. Although a demand for energy-saving type automobile-related products was unchanged from the previous fiscal year, transfer of gold bonding wire business to Tanaka Denshi Kogyo K.K. following the split by absorption in October 2007 and a decrease of sales of semiconductor-related products adversely affected the results.

In electronic devices, sales and profits decreased as sales of products for PCs, mobile phones, and automobiles fell.

In polycrystalline silicon and its related products, although sales for solar battery market continued to be favorable, sales and profits were down due to a sluggish demand of products for the semiconductor market such as 300mm silicon wafers.

(Aluminum)

	(Billions of yen)		
	Fiscal 2008	Fiscal 2009	Increase/decrease (%)
Net sales	¥170.4	¥153.0	¥(17.4) -10.2%
Operating profit (loss)	¥5.3	¥(3.2)	¥(8.5) -%

In aluminum cans, sales and profits increased, as the demand was stable and maintained at the level in the previous fiscal year, and sales price revision was implemented although it was not enough.

Sales and profit of rolled aluminum and processed aluminum products decreased, as depreciation cost increased due to the change of durable years following the tax reform, and the demand mainly from automotive-related sectors sharply fell in the global recession although we had a positive effect from the cost reduction and a slight rise of the sales price.

(Others)

(Billions of yen)

	Fiscal 2008	Fiscal 2009	Increase/decrease (%)	
Net sales	¥448.3	¥402.4	¥(45.8)	-10.2%
Operating profit	¥9.5	¥10.2	¥0.6	6.4%

In energy-related products, sales and profits were up due to a higher coal price and increasing demand although sales for Rokkasho Village Reprocessing Plant decreased.

For precious metals, sales and profits decreased affected by sluggish sales of jewelry and gold ingots.

Amount of orders of nuclear and engineering-related businesses, along with resources environmental operations and related businesses is ¥76 billion, down ¥4.2 billion, and backlog of the orders is ¥33.4 billion, down ¥1.7 billion.

(iii) Outlook for the Next Fiscal Year, Ending March 31, 2010

When we forecast the global economic development in the future, although we expect that economic stimulus packages prepared by individual governments could lift the economy growth, we are concerned that the global economy would further deteriorate if the current sluggish economic development continues and gives pressures on the real economic activities, and stabilization of financial market delays.

For the Japanese economy, we believe that deteriorated corporate earnings cannot be recovered soon and the personal consumption continues to be weak for the time being. It is possible that the Japanese economy would take a further downturn depending on the trend of world economy.

In the business environment surrounding the Group, it is likely that the demand remains to be sluggish, as our major business areas such as automotive and semiconductor industries continue reducing the production. In addition, we are also concerned that the fluctuation of metal prices and foreign exchange rate would significantly affect our business results.

Accordingly, consolidated net sales, ordinary loss, and net loss for the next fiscal year are respectively expected to be ¥1,060 billion, ¥21 billion, and ¥50 billion..

(2) Analysis of Consolidated Financial Position

Total assets as of the end of the fiscal year under review were ¥1,732.0 billion, down ¥124.2 billion from the end of the previous consolidated fiscal year. The influential factors were the decrease of accounts receivable and investment securities that offset the positive contribution from the consolidation of Robertson, Ltd. (Robertson Ready Mix, Ltd., RRM Properties, Co., Ltd., and Robertson Transport, Ltd.) in the current fiscal year.

Liabilities amounted to ¥1,310 billion, down ¥25.9 billion over the previous year. Although interest-bearing liabilities increased and newly consolidated subsidiaries affected, these were offset by the decrease of accounts payable.

Cash flows for the fiscal year under review and the causes and factors for those cash flows were as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥115.2 billion, a decrease of ¥38.8 billion. Although there was an increase in cash outflow due to the decrease of accounts payable, it was offset by the decrease of inventories and accounts receivable.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥110.4 billion, a decrease of ¥0.4 billion due to the capital investment and the additional acquisition of shares of Robertson Co., Ltd.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥7.1 billion, an increase of ¥10.1 billion, owing to repayment of short- and long-term loans and the acquisition of treasury stocks although we had an inflow from a long-term loan.

As a result, after adding the increase/decrease from the translation difference, the balance of cash and cash equivalents at the end of the consolidated fiscal year under review was ¥97.7 billion, down ¥11.5 billion from a year earlier.

The following chart summarizes the Group cash flow related trends:

	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Equity ratio (%)	13.9	18.9	23.2	25.0	21.0
Equity ratio on a market-value basis (%)	20.4	44.7	39.3	29.8	19.6
Debt redemption	9.4	12.7	6.0	4.6	6.7
Interest coverage ratio	6.9	5.1	9.4	10.6	7.9

Equity ratio: Shareholders' equity/Total assets

Equity ratio on a market-value basis: Total value of shares at market price/Total assets

Debt redemption: Interest-bearing debt/Cash flow

Interest coverage ratio: Operating cash flow/Interest payments

(Notes)

1. All indicators are calculated on a consolidated basis.
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).
3. Operating cash flow is based on the net cash provided by operating activities in the Consolidated Statements of Cash Flows.
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 Policies concerning Profit Distribution and Dividend Payments for the Current/Next Fiscal Year

On the 81st Regular Shareholders meeting held on June 29, 2006, we changed our Articles of Incorporation to distribute the surplus following the resolution at the Board of Directors Meeting. We are well aware of the profit distribution to shareholders as among the most significant, therefore, we decided comprehensive factors over management, such as income for a specific period, retained earnings, and the financial positions, should be taken into account for dividend payments. After making a due consideration according to the policy above, along with the resolution at the Board of Directors Meeting on May 11, 2009, we decided not to pay the year-end dividend for fiscal 2009, as the earnings during the period sharply decreased at the end of the fiscal year and it is difficult for us to forecast the business development in the future under the condition where we have to improve the financial conditions. As a result, the current dividend payment was ¥4 per share that was made for the interim period, down ¥4 per share from a year earlier.

Currently the amount of next-term dividend is to be determined.

3. Management Policies

(1) Basic Group Management Policies

The Group's basic policies for management are to contribute to people, society, and the Earth. We are transforming ourselves into a comprehensive provider of total solutions in materials, parts, systems, and services for society oriented toward recycling and advanced information. We aim to become a diversified leader and a superior group of companies that are essential to the world.

(2) Management Policies, Medium-Term Management Strategy, and Challenges

Based on the following Medium-Term Management Plan, we consider it necessary to continually reinforce our four-wheel drive management system of the four core businesses.

[Basic Policies of Medium-Term Management Plan]

1. Expansion and reinforcement of our four core businesses underlying integrated management

While focusing on the growth drivers held by our four core businesses - Cement, Metals, Advanced Materials & Tools, and Electronic Materials & Components that are the basis of our integrated management, we pursue to establish a vertical value chain from raw materials to downstream products to cultivate and enhance high value-added "only one" or "number one" businesses and products as well as reinforce the business base.

2. Advancement and change by promoting growth strategies

The Group positions "automotive," "information and electronics," and "recycling" as three growth fields and concentrates its management resources including research and development capacity in these three fields.

3. Enrichment of intellectual capital to support growth

We strive to foster human resources with the spirit of the craftsman for steadily transferring technology and technique to the next generation, and promote the on-site working ability. For this purpose, we plan to restructure the educational system, thoroughly review the training courses, and enhance our training facilities to focus on "human resource development" for "Manufacturing."

4. Reinforcement of the financial structure

We strive to improve our financial condition by taking various measures such as reduction of assets through a review of our business portfolio.

5. Promotion of Corporate Social Responsibility (CSR) Activities

The Group addresses the CSR activities for the purpose of becoming the Mitsubishi Material Group that is trusted by the society as well as further improves its corporate value by realizing its corporate philosophy to, "Contribute to people, society, and the Earth," through the business activities by all the companies in the Group.

While maintaining the basic policies of Medium-Term Management Plan, the Group also strongly promotes the following "Comprehensive Management Measures" to transform its business structure to those which can achieve a stable profit growth under a serious demand-declining condition such as the current global recession as well as leap further under the economic recovery phase.

[Details of Comprehensive Management Measures]

1. Implementation of emergency measures

We take and continue taking various cost reduction measures such as reduction of overhead costs at the headquarters, etc., compensation and bonus to directors and corporate auditors, and salary and bonus to non-union workers as emergency measures.

2. Further concentration of management resources

We maintain our business base and competitive edge by further concentrating our management resources and also more strictly selecting the core businesses. For this purpose, also in three growth fields, we define areas we should further focus on in response to the change of market structure along with the change of business environment, and develop the business and research and development activities on a more concentrated basis. For both the business other than the core businesses and challenging business on a long-term basis, we take appropriate measures immediately to accelerate the development of the business in order not to consume our management resources. Although we face a very difficult and severe business environment now, our belief that the human resources are one of the most important management resources is unchanged.

Under this belief, we continue to enrich and enhance the education and training system.

3. Shift to a low-cost structure

We strive to change to a company with low-cost structure that can address the change of business environment from a mid- and long-term viewpoint. In this regard, we define the target of reduction of the break-even point, and thoroughly improve the cost structure in each business unit and each plant. To support this effort, we adopt an appropriate manufacturing system to cope with an output cut, reduce the fixed costs such as a personnel cost, cut down the variable costs such as a raw material cost, and realize a proper sales price. Additionally, we maintain a safe working environment to prevent accidents and disasters that may cause the loss of business opportunity.

4. Thorough review of capital investment

We strive to realize the positive effect from the investments we have already made as soon as possible and strictly select the investments for the future.

5. Enhancement of the financial structure

We strongly promote the structural reform of our business as well as further reduce assets for the purpose of improving the ROA, which represents a ratio of ordinary income divided by total assets.

[Challenges by Segment in Four Core Businesses]

- Cement

Although a decline of demand from the public sector is expected to cease supported by the increase of the local allocation tax, as the demand from the private sector is likely to be down due to the decrease of capital investment and housing investment under the economic slowdown and the deteriorating employment and income environment, we forecast a decrease in the domestic demand for cement compared with the previous fiscal year. In the domestic cement business, we strive to maintain a proper sales price of cement, to steadily procure coals on a cheaper price and to develop recycle-related business, and plan to improve our profitability in order to cope with the reduction of sales volume following the declining demand.

In the cement business in the United States, although we expect to be impacted by a declining demand, we strive to improve our profitability by cost reduction.

In the cement business in China, the demand is expected to be up although the economic growth is slower than before. Particularly, we expect that the demand for high-quality cement will grow. Therefore, we plan to disseminate the quality-advantage of our products in the market and actively receive orders from large-scaled and important projects to strengthen our sales base in Shandong Province and Jiangsu Province areas and to raise the sales price.

- Metals

Although the production capacity of copper ingots in the mining side was not enough to cover an increasing demand from China and India, etc., the demand-supply condition was eased due to a sharp decline of demand in the global recession, and we expect that this situation will continue for the time being. The copper price sharply fell in the collapse of commodity market due to the global recession. The future price trend is uncertain and we need to carefully watch the market movement in addition to the trend of foreign exchange rate and stock markets. For processed copper products, it is expected that the demand of electric wire for automobiles and electronic materials remain sluggish.

Under such circumstances, we strive to establish a solid business basis that cannot be affected by the market trend by reducing the break-even point through the reduction of energy cost and fixed costs in the metal business. For the smelting business, we make an effort to steadily operate both domestic and foreign smelting plants, increase our profitability by improving the copper mining purchase condition as well as reducing costs. In the processed copper products, we strive to increase our sales competitiveness by promote the development of alloys using our technical and development capabilities, and also realize the positive effect on profitability by the integration of Mitsubishi Shindo that was newly established following the restructuring of copper and brass business.

- Advanced Materials & Tools

For cemented carbide products, it is expected that a wide range of manufacturers continue production and inventory adjustment under the automobile-sales slowdown on a global basis due to the global recession. In addition, the demand for capital investment is also likely to fall down. Under such circumstances, we strive to strongly reduce a cost, to promote new products of etching processing tools, which might have sales potential, and to reinforce sales channel in BRICs, while running recycling business for effective use of tungsten. Also, we strive to accelerate the "selective concentration" of business and restructure our management base by reorganizing the business and reallocating the management resources for the purpose of responding to the sharp change of external economic environment.

In the advanced materials, although the world demand is expected to be down due to the global recession, we strive to enhance our business structure by thoroughly reducing the costs and accelerating the "Selective concentration".

- Electronic Materials & Components

We expect that orders of electronic materials would improve in the second half of FY2010. However, as it is likely that the inventory adjustment by our customers would adversely affect our business results and the demand level would remain low, we plan to strengthen our marketing and technical capabilities for the purpose of increasing the sales ratio of new products to the total sales.

In the electronics device business, although the underlying demand is recovering gradually, we estimate that the demand level itself would remain in a low level. Therefore, we reduce the costs by switching to cheaper materials and strengthen our profit-making structure.

In polycrystalline silicon and its related products, although it takes time to see the recovery of demand for semiconductors such as 300 mm silicon wafers, as the demand for solar battery-related products is strong, the supply-demand condition of high quality polycrystalline silicon that is the raw material is expected to be intensified. We strive to fully enjoy the supportive effect from the production increase of 1,000 tons of polycrystalline silicon that is underway as planned, and also promote the technical development for more efficient production.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31, 2009 and 2008

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current Assets:		
Cash and time deposits	¥109,701	¥98,497
Notes and accounts receivable	245,609	168,857
Products and finished goods	73,974	66,157
Work in process	102,504	72,349
Raw materials and supplies	84,645	64,026
Deferred income taxes	12,703	19,046
Other current assets	149,057	165,999
Allowance for doubtful accounts	(3,081)	(2,978)
Total Current Assets	775,115	651,956
Fixed Assets:		
Property, Plant and Equipment		
Buildings and structures (net)	169,719	165,484
Machinery and equipment (net)	227,871	223,255
Land (net)	247,305	272,294
Construction in progress	25,062	37,773
Others (net)	11,110	11,249
Property, Plant and Equipment (net)	681,068	710,058
Intangible Assets:		
Goodwill	8,448	49,495
Others	11,484	10,101
Total Intangible Assets	19,932	59,597
Investments and Long-Term Receivables:		
Investments in securities	317,345	253,127
Long-term loans receivable	5,949	6,001
Deferred income taxes	17,268	33,671
Others	49,769	27,141
Valuation allowance for investments in unconsolidated subsidiaries and affiliates	(697)	(640)
Allowance for doubtful accounts	(9,475)	(8,910)
Total Investments and Long-Term Receivables	380,160	310,391
Total Fixed Assets	1,081,161	1,080,046
Total Assets	¥1,856,276	¥1,732,003

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
LIABILITIES		
Current Liabilities:		
Notes and accounts payable	¥176,009	¥103,784
Short-term bank loans	319,467	283,932
Current portion of bonds	15,000	—
Commercial paper	30,000	26,000
Income taxes payable	16,861	4,708
Deferred income taxes	2,245	24
Accrued bonuses	13,307	9,980
Gold payable	149,601	147,980
Other current liabilities	127,775	159,138
Total Current Liabilities	850,269	735,549
Long-Term Liabilities:		
Bonds	95,000	95,000
Long-term loans	230,846	301,080
Employees' severance and pension benefits	48,361	50,376
Reserve for directors' retirement benefits	1,662	1,558
Reserve for loss on subsidiaries and affiliates	2,623	2,372
Reserve for environmental measures	16,872	12,564
Deferred income taxes	14,465	11,361
Deferred income taxes on revaluation reserve for land	40,584	40,373
Others	35,302	59,829
Total Long-Term Liabilities	485,718	574,518
Total Liabilities	1,335,987	1,310,068
NET ASSETS		
Shareholders' Equity:		
Common stock	119,457	119,457
Capital surplus	108,334	108,287
Retained earnings	173,669	158,542
Treasury stock, at cost	(309)	(5,371)
Total Shareholders' Equity	401,152	380,915
Valuation and Translation Adjustments:		
Net unrealized holding gains on securities	29,722	2,120
Unrealized gains on hedging derivatives, net of taxes	3,685	(9,256)
Revaluation reserve for land	30,312	30,459
Foreign currency translation adjustments	(1,617)	(39,660)
Total Valuation and Translation Adjustments	62,103	(16,337)
Minority Interests	57,033	57,356
Total Net Assets	520,289	421,934
Total Liabilities and Net Assets	¥1,856,276	¥1,732,003

(2) Consolidated Statements of Operations

For the year ended March 31, 2009 and 2008

(Millions of yen)

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Net Sales	¥1,659,286	¥1,424,114
Cost of Sales	1,425,526	1,251,102
Gross Profit	233,759	173,001
Selling, General and Administrative Expenses	133,612	137,876
Operating Profit	100,146	35,134
Non Operating Profit:		
Interest income	2,269	1,309
Dividend income	10,956	28,591
Rent earned in undertaking	5,564	5,591
Equity in earnings of affiliates	43,179	—
Others	3,979	6,311
Total Non Operating Profit	65,949	41,803
Non Operating Expenses:		
Interest expenses	14,757	17,058
Expense for rent in undertaking	4,060	4,226
Loss on disposal of property, plant and equipment	4,907	3,599
Equity in loss of affiliates	—	2,730
Others	6,386	9,275
Total Non Operating Expenses	30,111	36,891
Ordinary Income	135,984	40,046
Extraordinary Income:		
Gain on sales of property, plant and equipment	806	1,915
Gain on change in equity	29	1,290
Gain on sales of marketable securities and investments in securities	1,541	516
Reversal of allowance for doubtful accounts	376	459
Others	1,386	149
Total Extraordinary Income	4,140	4,332
Extraordinary Loss:		
Write-down of marketable securities and investments in securities	2,777	11,705
Loss on impairment	2,462	2,054
Loss on sales of property, plant and equipment	366	198
Loss on sales of investments in securities	78	26
Provision for reserve for environmental measures	4,785	6
Provision for loss on business of affiliates	2,430	—
Provision for loss on investments	247	—
Others	3,516	2,241
Total Extraordinary Loss	16,664	16,232
Income before Income Taxes and Minority Interests	123,460	28,146
Corporate income taxes and business tax	35,946	13,883
Income taxes for prior periods	(748)	663
Income taxes adjustments	4,627	(513)
Total Income taxes	39,825	14,033
Minority interests	9,366	8,006
Net Income	¥74,268	¥6,106

(3) Statement of Changes in Consolidated Shareholders' Equity

For the year ended March 31, 2009 and 2008

(Millions of yen)

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Shareholders' Equity		
Common stock		
Balance as of March 31, 2008	¥119,457	¥119,457
Balance as of March 31, 2009	119,457	119,457
Capital surplus		
Balance as of March 31, 2008	88,580	108,334
Change during the year		
Increase by share exchanges	18,766	—
Disposal of treasury stock	987	(46)
Total change during the year	19,753	(46)
Balance as of March 31 2009	108,334	108,287
Retained earnings		
Balance as of March 31, 2008	108,259	173,669
Change during the year		
Cash dividends from retained earnings	(9,997)	(10,186)
Net income	74,268	6,106
Decrease from writedowns of land revaluation excess	295	(153)
Decrease from the application of ASBJ PITF No. 18	—	(16,264)
Increase from rise in number of equity method affiliate	—	4,999
Increase from rise in number of non-consolidated subsidiaries	—	332
Increase from exclusion of subsidiaries from consolidation	—	113
Decrease from the application of ASBJ PITF No. 18 to equity method affiliate	—	(74)
Gain on change in equity	683	—
Increase from rise in number of consolidated subsidiaries	177	—
Adjustment of pension cost in overseas subsidiaries	(18)	—
Total change during the year	65,410	(15,127)
Balance as of March 31, 2009	173,669	158,542
Treasury stock		
Balance as of March 31, 2008	(1,036)	(309)
Change during the year		
Increase by share exchanges	(5)	—
Acquisition of treasury stock	(460)	(5,177)
Disposition of treasury stock	1,192	115
Increase from rise in equity ratios in affiliate	(0)	—
Total change during the year	726	(5,062)
Balance as of March 31, 2009	(309)	(5,371)
Total Shareholders' Equity		
Balance as of March 31, 2008	315,261	401,152
Change during the year		
Increase by share exchanges	18,761	—
Cash dividends from retained earnings	(9,997)	(10,186)
Net income	74,268	6,106

(Millions of yen)

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Decrease from write-downs of land revaluation excess	295	(153)
Decrease from the application of ASBJ PITF No. 18	—	(16,264)
Increase from rise in number of equity method affiliate	—	4,999
Increase from rise in number of non-consolidated subsidiaries	—	332
Increase from exclusion of subsidiaries from consolidation	—	113
Decrease from the application of ASBJ PITF No. 18 of equity method affiliate	—	(74)
Acquisition of treasury stock	(460)	(5,177)
Disposition of treasury stock	2,179	68
Gains on change inequity	683	—
Increase from rise in number of consolidated subsidiaries	177	—
Adjustment of pension cost in overseas subsidiaries	(18)	—
Increase from rise in equity ratios in affiliate	(0)	—
Total change during the year	85,890	(20,236)
Balance as of March 31, 2009	401,152	380,915
Valuation and Translation Adjustments		
Net unrealized holding gains on securities		
Balance as of March 31, 2008	54,655	29,722
Change during the year		
Net change in items other than shareholders' equity	(24,932)	(27,602)
Total change during the year	(24,932)	(27,602)
Balance as of March 31, 2009	29,722	2,120
Unrealized gains on hedging derivatives, net of taxes		
Balance as of March 31, 2008	(452)	3,685
Change during the year		
Net change in items other than shareholders' equity	4,138	(12,942)
Total change during the year	4,138	(12,942)
Balance as of March 31, 2009	3,685	(9,256)
Revaluation reserve for land		
Balance as of March 31, 2008	36,805	30,312
Change during the year		
Net change in items other than shareholders' equity	(6,492)	147
Total change during the year	(6,492)	147
Balance as of March 31, 2009	30,312	30,459
Foreign currency translation adjustments		
Balance as of March 31, 2008	4,894	(1,617)
Change during the year		
Net change in items other than shareholders' equity	(6,511)	(38,042)
Total change during the year	(6,511)	(38,042)
Balance as of March 31, 2009	(1,617)	(39,660)
Total Valuation and Translation		
Balance as of March 31, 2008	95,903	62,103

(Millions of yen)

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Change during the year		
Net change in items other than shareholders' equity	(33,799)	(78,440)
Total change during the year	(33,799)	(78,440)
Balance as of March 31, 2009	62,103	(16,337)
Minority Interests		
Balance as of March 31, 2008	70,805	57,033
Change during the year		
Net change in items other than shareholders' equity	(13,771)	322
Total change during the year	(13,771)	322
Balance as of March 31, 2009	57,033	57,356
Total Net Assets		
Balance as of March 31, 2008	481,970	520,289
Change during the year		
Increase by share exchanges	18,761	—
Cash dividend from retained earnings	(9,997)	(10,186)
Net income	74,268	6,106
Decrease from write-downs of land revaluation excess	295	(153)
Decrease from the application of ASBJ PITF No. 18	—	(16,264)
Increase from rise in number of equity method affiliate	—	4,999
Increase from rise in number of non-consolidated subsidiaries	—	332
Increase from exclusion of subsidiaries from consolidation	—	113
Decrease from the application of ASBJ PITF No. 18 of equity method affiliate	—	(74)
Acquisition of treasury stock	(460)	(5,177)
Disposition of treasury stock	2,179	68
Gains on change inequity	683	—
Increase from rise in number of consolidated subsidiaries	177	—
Adjustment of pension cost in overseas subsidiaries	(18)	—
Increase from rise in equity ratios in affiliate	(0)	—
Net change in items other than shareholders' equity	(47,571)	(78,117)
Total change during the year	38,318	(98,354)
Balance as of March 31, 2009	¥520,289	¥421,934

(4) Consolidated Statements of Cash Flows

For the year ended March 31, 2009 and 2008

(Millions of yen)

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Cash Flows from Operating Activities		
Income before income taxes and minority interests	¥123,460	¥28,146
Depreciation	57,999	69,261
Amortization of goodwill	204	3,133
Increase in allowance for doubtful accounts and reserves	299	1,100
Increase (decrease) in severance and pension benefit of employees and employers	(938)	1,980
(Decrease) increase in reserve for loss on investments of affairs	236	(57)
(Decrease) increase in reserve for loss on business of affiliates	2,669	(16)
(Decrease) increase in reserve for environmental measures	2,838	(4,307)
Interest and dividend income	(13,226)	(29,900)
Interest expenses	14,757	17,058
Non-recurring depreciation on fixed assets	1,400	—
(Gain) loss for sales or disposal of property, plant and equipment	(476)	(1,727)
Loss on disposal of property, plant and equipment	4,907	3,599
Loss on impairment	2,462	2,054
Gain on sales of marketable securities and investments in securities	(1,464)	(487)
Write-down of marketable securities and investments in securities	2,779	11,707
Gain on change in equity	(29)	(1,290)
Decrease in notes and accounts receivable	13,628	78,390
Decrease (increase) in inventories	(26,829)	48,557
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	48,267	54,991
Payment for purchases of gold bullion from market for customer under My Gold Plan	(46,913)	(56,561)
Increase in current assets	(4,973)	(11,962)
(Decrease) increase in notes and accounts payable	4,859	(68,614)
Increase in accrued expenses	2,377	1,307
(Decrease) increase in current liabilities	6,632	(13,030)
Decrease in other long-term liabilities	(3,424)	(2,027)
Equity losses (earnings) of affiliates	(43,179)	2,730
Other, net	1,258	(1,504)
Subtotal	149,584	132,532
Interest and dividend received	50,000	34,956
Interest paid	(14,549)	(14,609)
Income taxes paid	(30,895)	(37,607)
Net Cash Provided by Operating Activities	154,139	115,272

(Millions of yen)

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Cash Flows from Investing Activities		
Proceeds from sales of securities	5	—
Payments for purchases of investment securities	(40,745)	(1,962)
Proceeds from sales of investment securities	1,752	1,433
Payments for lending	(1,132)	(3,390)
Proceeds from repayment of lending	2,121	2,798
Purchase of property, plant and equipment	(74,370)	(65,010)
Proceeds from sales of property, plant and equipment	4,963	5,292
Purchase of intangible assets	(996)	(1,087)
Payments for purchase of consolidated subsidiaries' shares	(2,476)	(4,423)
Payments for purchases of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	—	(43,613)
Proceeds from sales of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	432	—
Proceeds from purchases of business	78	—
Other, net	(574)	(497)
Net Cash Used in Investing Activities	(110,943)	(110,461)
Cash Flows from Financing Activities		
Decrease in short-term bank loans, net	(20,195)	(28,409)
Proceeds from long-term debt	77,575	142,700
Repayments of long-term debt	(69,480)	(87,768)
(Decrease) increase in commercial paper, net	2,000	(4,000)
Payments for redemption of bonds	(10,000)	(15,000)
Proceeds from issuance of bonds	30,000	—
Cash dividend paid	(9,997)	(10,186)
Payment for purchase of treasury stock	(460)	(5,177)
Dividend paid to minority interests	(3,029)	(11,143)
Proceeds from stock issuance to minority interests	—	13,867
Proceeds from sales and leaseback transaction	8,371	—
Other, net	(1,772)	(2,035)
Net Cash (Used in) Provided by Financing Activities	3,010	(7,153)
Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	(3,903)	(14,231)
Net (Decrease) Increase in Cash and Cash Equivalents	42,303	(16,573)
Cash and Cash Equivalents at Beginning of Period	67,262	109,360
Effect of Changes in Consolidated Subsidiaries	(205)	4,582
Increase in Cash and Cash Equivalents from Mergers of Unconsolidated Subsidiaries	—	411
Cash and Cash Equivalents at End of Period	¥109,360	¥97,780

(5) Segment Information

a) Business segment information

(Millions of yen)

For the year ended March 31, 2008	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
I. Sales									
(1) Unaffiliated customers	¥185,074	¥684,497	¥150,040	¥91,759	¥169,143	¥378,771	¥1,659,286		¥1,659,286
(2) Intersegment	1,697	115,198	20,775	3,957	1,332	69,550	212,511	(¥212,511)	—
Total	186,772	799,695	170,816	95,716	170,475	448,321	1,871,797	(212,511)	1,659,286
Operating expenses	172,846	753,641	151,504	81,381	165,144	438,727	1,763,246	(204,107)	1,559,139
Operating profit	13,925	46,053	19,311	14,334	5,330	9,594	108,550	(8,403)	100,146
II. Other information:									
Identifiable assets	268,847	500,705	174,760	190,077	164,655	316,511	1,615,558	240,718	1,856,276
Depreciation	12,849	15,672	8,968	5,698	10,174	3,924	57,287	2,230	59,518
Capital expenditures	¥16,653	¥25,980	¥11,443	¥9,674	¥6,720	¥3,814	¥74,287	¥1,359	¥75,646

(Millions of yen)

For the year ended March 31, 2009	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
I. Sales									
(1) Unaffiliated customers	¥198,701	¥530,420	¥128,153	¥65,968	¥151,742	¥349,127	¥1,424,114		¥1,424,114
(2) Intersegment	2,243	70,320	17,877	3,734	1,290	53,371	148,838	(148,838)	—
Total	200,945	600,740	146,031	69,703	153,032	402,499	1,572,952	(148,838)	1,424,114
Operating expenses	189,401	590,717	141,785	61,177	156,286	392,293	1,531,661	(142,681)	1,388,979
Operating profit (loss)	11,543	10,023	4,246	8,525	(3,253)	10,205	41,291	(6,156)	35,134
II. Other information:									
Identifiable assets	338,906	367,561	152,164	194,472	153,831	312,395	1,519,333	212,669	1,732,003
Depreciation	15,825	19,665	10,269	6,659	9,596	4,174	66,190	3,071	69,261
Capital expenditures	¥12,750	¥16,906	¥10,031	¥17,544	¥8,617	¥4,953	¥70,803	¥3,448	¥74,252

(Millions of yen)

Change									
	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
Sales	¥14,172	¥(198,954)	¥(24,784)	¥(26,013)	¥(17,442)	¥(45,822)	¥(298,845)	¥63,673	¥(235,172)
Operating profit	¥(2,382)	¥(36,030)	¥(15,065)	¥(5,808)	¥(8,584)	¥611	¥(67,259)	¥2,246	¥(65,012)

(FY2008, ended March 31, 2008)

Notes:

- 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) Metals: Copper smelting and copper-related products
 - (3) Advanced Materials & Tools: Cemented carbide products, powder metallurgy products, high-performance alloy products and diamond tools
 - (4) Electronic Materials & Components: Advanced materials, electronic components, polycrystalline silicon and chemical products
 - (5) Aluminum: Aluminum cans, aluminum rolled and fabricated products
 - (6) Others: Nuclear energy-related services, precious metals, environmental and recycle-related businesses, real estate business and engineering-related services
- Unallocated operating expenses, such as basic research and fundamental development costs and managerial costs of the parent company, included in Eliminations and Corporate were ¥8,354 million for the year ended March 31, 2008.
- Corporate assets included in Eliminations and Corporate were ¥273,956 million for the year ended March 31, 2008, mainly for assets related to basic research and fundamental development, monies in the parent company (cash and marketable securities) and the managerial division.
- Changes in depreciation method for property, plant and equipment pursuant to the revision to the Corporation Tax Law
Pursuant to the revision to the Corporation Tax Law, effective from the fiscal year ended March 31, 2008, the Company and major

domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on and after April 1, 2007, to one that is with the revised Corporation Tax Law.

Consequently, increased or decreased amounts of operating expenses, operating profit, assets and depreciation of the respective segments for the fiscal year under review were as shown below compared with the respective amounts that would have been reported under the previous accounting method.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
Operating expenses	¥240	¥111	¥335	¥113	¥30	¥70	¥902	¥58	¥961
Operating profit	(240)	(111)	(335)	(113)	(30)	(70)	(902)	(58)	(961)
Identifiable assets	(245)	(111)	(335)	(113)	(30)	(72)	(909)	(58)	(967)
Depreciation	¥245	¥111	¥335	¥113	¥30	¥72	¥909	¥58	¥967

Meanwhile, with regard to property, plant and equipment acquired on and before March 31, 2007, the Company and the major domestic consolidated subsidiaries have included the value, which is depreciated evenly over five years of the difference between the amount corresponding to 5% of the acquisition price and the memorandum price, in depreciation, from the fiscal year following the year when 5% of the acquisition price is reached, in accordance with the former Corporation Tax Law.

Consequently, increased or decreased amounts of operating expenses, operating profit, assets and depreciation of the respective segments for the fiscal year under review were as shown below compared with the respective amounts that would have been reported under the previous accounting method.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
Operating expenses	¥1,242	¥1,257	¥604	¥294	¥413	¥382	¥4,195	¥55	¥4,250
Operating profit	(1,242)	(1,257)	(604)	(294)	(413)	(382)	(4,195)	(55)	(4,250)
Identifiable assets	(1,321)	(1,259)	(604)	(294)	(416)	(384)	(4,281)	(57)	(4,339)
Depreciation	¥1,321	¥1,259	¥604	¥294	¥416	¥384	¥4,281	¥57	¥4,339

5. Changes in durable years of equipment and depreciation method for Aluminum business

Durable years and residual value of property, plant and equipment of our consolidated subsidiary Universal Can Corp. has been reexamined based on the actual situation of usable number of years and disposable value at the removal of assets in recent years. Accompanying this reexamination, extraordinary depreciation has been carried out for the portion of the past years, and the amount is included in the depreciation cost in Segment Information.

Consequently, compared with the respective amounts that would have been reported under the previous accounting method, assets of the Aluminum business decreased by ¥1,400 million, and depreciation cost increased by the same amount.

(FY2009, ended March 31, 2009)

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) Metals: | Copper smelting (copper ingots, gold, silver, sulfuric, etc.) and copper-related products |
| (3) Advanced Materials & Tools: | Cemented carbide products, high-performance alloy products and diamond tools |
| (4) Electronic Materials & Components: | Advanced materials, electronic components, polycrystalline silicon and chemical products |
| (5) Aluminum: | Aluminum cans, aluminum rolled and fabricated products |
| (6) Others: | Nuclear energy-related services, precious metals, environmental and recycle-related businesses, real estate business and engineering-related services |

2. Unallocated operating expenses, such as basic research and fundamental development costs and managerial costs of the parent company, included in Eliminations and Corporate were ¥6,410 million for the year ended March 31, 2009.

3. Corporate assets included in Eliminations and Corporate were ¥238,358 million for the year ended March 31, 2009, mainly for assets related to basic research and fundamental development, monies in the parent company (cash and marketable securities) and the managerial division.

4. Change of durable years of property, plant and equipment

Pursuant to the revision to the Corporation Tax Law in FY 2008, the Company and its domestic consolidated subsidiaries have applied the revised durable years under the revised Corporation Tax Law mainly to machinery and equipment.

Consequently, increased or decreased amounts of operating expenses, operating profit, assets and depreciation of the respective segments for the fiscal year under review were as shown below compared with the respective amounts that would have been reported under the previous accounting method.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
Operating expenses	¥1,101	¥2,466	¥663	¥158	¥1,288	¥58	¥5,736	¥3	¥5,739
Operating profit	(1,101)	(2,466)	(663)	(158)	(1,288)	(58)	(5,736)	(3)	(5,739)
Identifiable assets	(1,121)	(2,487)	(663)	(158)	(1,288)	(58)	(5,778)	(4)	(5,783)
Depreciation	¥1,121	¥2,487	¥663	¥158	¥1,288	¥58	¥5,778	¥4	¥5,783

5. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From the consolidated fiscal year under review, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18; May 17, 2006), and made necessary adjustments on the consolidated accounting process.

Consequently, increased or decreased amounts of operating expenses, operating profit, assets and depreciation of the respective segments were as shown below compared with the respective amounts that would have been reported under the previous accounting method.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Eliminations and Corporate	Consolidated
Operating expenses	¥2,013	¥(1,009)	¥34	—	—	—	¥1,038	—	¥1,038
Operating profit	(2,013)	1,009	(34)	—	—	—	(1,038)	—	(1,038)
Identifiable assets	(4,342)	(4,043)	(280)	—	—	—	(8,666)	—	(8,666)
Depreciation	—	¥977	¥53	—	—	—	¥1,030	—	¥1,030

b) Geographical Segment Information

(Millions of yen)

For the year ended March 31, 2008	Japan	United States	Europe	Asia	Others	Total	Eliminations and Corporate	Consolidated
I. Sales								
(1) Unaffiliated customers	¥1,401,417	¥83,879	¥22,166	¥149,449	¥2,373	¥1,659,286		¥1,659,286
(2) Intersegment	31,716	10,100	275	216,361	—	258,454	¥(258,454)	—
Total	1,433,133	93,980	22,442	365,810	2,373	1,917,740	(258,454)	1,659,286
Operating expenses	1,358,120	79,376	20,265	349,648	2,087	1,809,497	(250,358)	1,559,139
Operating profit	75,013	14,603	2,177	16,162	285	108,242	(8,095)	100,146
II. Identifiable assets:	¥1,389,669	¥111,381	¥56,564	¥119,366	¥3,586	¥1,680,568	¥175,708	¥1,856,276

Notes:

- Nations or areas have been classified in terms of their geographical closeness.
- Main countries or areas that belong to segments other than Japan and the United States
 - Europe: Germany, Spain, England, France and the Netherlands
 - Asia: Indonesia, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
 - Others: Australia
- Unallocated operating expenses, such as basic research and fundamental development costs and managerial costs of the parent company, included in Eliminations and Corporate were ¥8,354 million for the year ended March 31, 2008.
- Corporate assets included in Eliminations and Corporate were ¥273,956 million for the year ended March 31, 2008, mainly for assets related to basic research and fundamental development, monies in the parent company (cash and marketable securities) and the managerial division.
- Changes in depreciation method for property, plant and equipment pursuant to the revision to the Corporation Tax Law

Pursuant to the revision to the Corporation Tax Law, effective from the fiscal year ended March 31, 2008, the Company and major domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on and after April 1, 2007, to one that is with the revised Corporation Tax Law.

Consequently, for "Japan" business, operating expenses increased and operating profit decreased, respectively, by ¥902 million, and assets decreased by ¥909 million, and for "Eliminations and Corporate," operating expenses increased by ¥58 million, and operating profit and assets decreased by the same amount, compared with the respective amounts that would have been reported under the previous accounting method.

Meanwhile, with regard to property, plant and equipment acquired on and before March 31, 2007, the Company and major domestic consolidated subsidiaries have included the value, which is depreciated evenly over five years of the difference between the amount corresponding to 5% of the acquisition price is reached, in accordance with the former Corporation Tax Law.

Consequently, for "Japan" business, operating expenses increased and operating profit decreased, respectively, by ¥4,195 million, and assets decreased by ¥4,281 million, and for "Eliminations and Corporate," operating expenses increased and operating profit decreased by ¥55 million, and assets decreased by ¥57 million, compared with the respective amounts that would have been reported under the previous accounting method.
- Changes in durable years of equipment and depreciation method in "Japan" business

Durable years and residual value of property, plant and equipment of our consolidated subsidiary Universal Can Corp. has been reexamined based on the actual situation of usable number of years and disposable value at the removal of assets in recent years.

Consequently, compared with the respective amounts that would have been reported under the previous accounting method, assets of "Japan" business decreased by ¥1,400 million, and depreciation cost increased by the same amount.

(Millions of yen)

For the year ended March 31, 2009	Japan	United States	Europe	Asia	Others	Total	Eliminations and Corporate	Consolidated
I. Sales								
(1) Unaffiliated customers	¥1,167,986	¥97,369	¥22,234	¥132,507	¥4,015	¥1,424,114		¥1,424,114
(2) Intersegment	26,715	8,248	268	121,596	—	156,829	¥(156,829)	—
Total	1,194,702	105,618	22,502	254,104	4,015	1,580,943	(156,829)	1,424,114
Operating expenses	1,178,513	93,262	20,230	245,443	2,300	1,539,751	(150,771)	1,388,979
Operating profit	16,188	12,355	2,272	8,661	1,714	41,192	(6,058)	35,134
II. Identifiable assets:	¥1,310,092	¥182,221	¥20,308	¥96,730	¥3,742	¥1,613,096	¥118,906	¥1,732,003

Notes:

- Nations or areas have been classified in terms of their geographical closeness.
- Main countries or areas that belong to segments other than Japan and the United States
 - Europe: Germany, Spain, England, France and the Netherlands
 - Asia: Indonesia, Malaysia, Singapore, China, Hong Kong and Thailand
 - Others: Australia
- Unallocated operating expenses, such as basic research and fundamental development costs and managerial costs of the parent company, included in Eliminations and Corporate were ¥6,410 million for the year ended March 31, 2009.
- Corporate assets included in Eliminations and Corporate Assets were ¥238,358 million for the year ended March 31, 2009, mainly for assets related to basic research and fundamental development, monies in the parent company (cash and marketable securities) and the managerial division.
- Change of durable years of property, plant and equipment

Pursuant to the revision to the Corporation Tax Law in FY 2008, the Company and its domestic consolidated subsidiaries have applied the revised durable years of the revised Corporation Tax Law mainly to machinery and equipment.

Consequently, for "Japan" business, operating expenses increased and operating profit decreased, respectively, by ¥5,736 million, and assets decreased by ¥5,778 million, and for "Eliminations and Corporate," operating expenses increased and operating profit decreased, respectively, by ¥3 million, and assets decreased by ¥4 million, compared with the respective amounts that would have been reported under the previous accounting method.
- Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From the consolidated fiscal year under review, the Company applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18; May 17, 2006), and made necessary adjustments on the consolidated accounting process.

Consequently, increased or decreased amounts of operating expenses, operating profit, assets and depreciation expenses of the respective segments were as shown below compared with the respective amounts that would have been reported under the previous accounting method.

(Millions of yen)

	Japan	United States	Europe	Asia	Others	Total	Eliminations and Corporate	Consolidated
Operating expenses	—	¥2,013	¥83	¥(1,058)	—	¥1,038	—	¥1,038
Operating profit	—	(2,013)	(83)	1,058	—	(1,038)	—	(1,038)
Identifiable assets	—	¥(4,342)	¥(8,938)	¥4,614	—	¥(8,666)	—	¥(8,666)

c) Overseas Sales

(Millions of yen)

For the year ended March 31, 2008	United States	Europe	Asia	Others	Total
Overseas sales	¥93,080	¥26,872	¥447,270	¥6,539	¥573,763
Consolidated net sales					¥1,659,286
Percentage of overseas sales to consolidated net sales	5.6%	1.6%	27.0%	0.4%	34.6%

Notes:

- Nations or areas have been classified in terms of their geographical closeness.
- Main countries or areas that belong to segments other than Japan and the United States
 - Europe: Germany, England, Spain and France
 - Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
 - Others: Australia, Canada and Brazil
- Overseas sales exclude domestic sales of the Company and consolidated subsidiaries.

(Millions of yen)

For the year ended March 31, 2009	United States	Europe	Asia	Others	Total
Overseas sales	¥99,597	¥44,960	¥269,104	¥7,688	¥421,351
Consolidated net sales					¥1,424,114
Percentage of overseas sales to consolidated net sales	7.0%	3.2%	18.9%	0.5%	29.6%

Notes:

- Nations or areas have been classified in terms of their geographical closeness.
- Main countries or areas that belong to segments other than Japan and the United States
 - Europe: Germany, England, Spain and France
 - Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
 - Others: Australia, Canada and Brazil
- Overseas sales exclude domestic sales of the Company and consolidated subsidiaries.