[Translation: Please note that the following purports to be an excerpt translation from the Japanese original Business Report and Financial Statements prepared for the convenience of shareholders outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

BUSINESS REPORT

(For the Period from April 1, 2017 through March 31, 2018)

1. Particulars Concerning the State of the Group

(1) Business Developments

[The Mitsubishi Materials Group's operating results improved compared with the previous fiscal year. In addition to an increase in cement-related business sales in the United States, this year-on-year improvement largely reflected an upswing in copper prices and firm demand for products used in the automotive and electronics industries.]

During the consolidated fiscal year under review, signs of recovery were seen in the Asian economies of China, Thailand and Indonesia. In the United States, the economy remained on a moderate recovery track.

In the Japanese economy, corporate earnings, employment, and income conditions were on the road to recovery and capital expenditure and industrial production also increased modestly during the consolidated fiscal year under review.

Regarding the business environment for the Mitsubishi Materials Group, although energy prices rose, copper prices increased and demand in cement-related business in the United States and demand for products used in the automotive and electronics industries remained strong.

Under these circumstances, the Company formulated a Long-Term Management Policy for the next 10 years and a Medium-Term Management Strategy (FY2018-2020) that focuses on the planning and implementation of growth strategies, and we implemented various measures as a theme of "Transformation for Growth" to achieve group-wide policies for the enhancement of corporate value, namely "optimization of business portfolio," "comprehensive efforts to increase business competitiveness," and "creation of new products and businesses."

As a result, consolidated net sales for the fiscal year under review totaled ¥1,599,533 million, up 22.7% year on year. Operating profit increased 21.9% year on year, to

¥72,819 million, and ordinary income increased 24.6%, to ¥79,621 million. Net income attributable to owners of parent was ¥34,595 million, up 22.0% year on year.

On a non-consolidated basis, net sales amounted to ¥869,677 million, up 28.9% year on year. Operating profit increased 13.3% to ¥13,732 million, ordinary income increased 15.3% to ¥31,370 million, and net income increased 29.6% to ¥25,530 million.

Based on its Articles of Incorporation, the Company is to distribute surpluses following resolutions at Board of Directors meetings. We regard the distribution of profits to all shareholders as one of our most important priorities. Accordingly, during the period of the Medium-Term Management Strategy (FY2018-2020), the Company will pay annual dividends of ¥80 per share. If the consolidated dividend payout ratio is lower than 25%, the Company will temporarily increase the dividend to the point where the consolidated dividend payout ratio becomes 25% or purchase treasury stock. Based on this policy, the Board of Directors, at its meeting on May 10, 2018, decided to distribute a fiscal year-end dividend of ¥50 per share, which, combined with the interim dividend of ¥30 per share, brings the annual dividend for the fiscal year under review to ¥80 per share. Taking the share consolidation conducted on October 1, 2016 into consideration, the dividend for the previous fiscal year is equivalent to ¥60 per share, which means that the dividend for the fiscal year under review of ¥80 per share represents an increase of ¥20 per share compared with the previous fiscal year.

The Company has made prior announcements about the matter in which the Company's consolidated subsidiaries Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal Manufacturing Co., Ltd., and Diamet Corporation had delivered products, etc. that deviated from customer standards or internal company specifications ("Non-Conforming Products") due to misconduct, including the rewriting of inspection records data, concerning some of the products manufactured and sold in the past (the "Incident").

The Company sincerely apologizes to its shareholders, customers and all other parties affected by the Incident for all and any inconvenience and difficulties it has caused. The Company understands the gravity and seriousness of the situation and will implement measures quickly and properly to strengthen the group governance framework, including quality control. In order to prevent such a situation again in the future, we will endeavor to further improve the group governance. In addition, the Company has decided partial relinquishment of the six Representative Directors' remuneration.

The Incident had the effect of reducing ordinary income by around ¥1.4 billion in the consolidated fiscal year under review, causing the Company to record an extraordinary loss of ¥3,202 million.

A report of the Group's performance by business segment is presented as follows.

● Cement

[Despite an increase in sales volumes, operating profit in Japan decreased due mainly to the increase in energy costs. Operating profit in the United States improved largely on the back of higher sales volumes.]

Sales volumes rose in Japan due to the firm performance of construction work of facilities related to the Tokyo Olympic and Paralympic Games in the Tokyo metropolitan area, as well as disaster restoration work and road-related work in Kyushu. However, mainly rising energy costs resulted in a decline in operating profit, even as net sales increased.

In the United States, the sales volumes of ready-mixed concrete increased thanks to strong private-sector demand related to housing and commercial facilities in Southern California. In addition, the selling price of cement grew year on year. As a result, both net sales and operating profit increased.

As a result, net sales for the entire Cement business increased year on year, but operating profit decreased. Ordinary income increased mainly through an increase in equity in earnings of affiliates.

Consolidated net sales in the Cement business amounted to ¥192,378 million, up 8.3% from the previous fiscal year. Operating profit fell 7.1% to ¥19,428 million and ordinary income increased 2.6% to ¥21,044 million.

● Metals

[In the copper business, operating profit improved mainly as a result of an increase in production and upswing in copper prices. Operating profit in the gold and other valuable metals business also grew due largely to increased production. In the copper and copper alloy products business, operating profit expanded, due in part to higher sales of products for the automobile sector.]

In the copper business, both net sales and operating profit rose, reflecting an increase in the amount contracted by Onahama Smelting and Refining Co., Ltd., higher production volume and higher copper prices despite periodic furnace repairs conducted at Naoshima Smelter & Refinery.

In the gold and other valuable metals business, both net sales and operating profit grew, mainly due to increased production as a result of a rise in the amount of gold and other valuable metals contained in the raw material ore.

In the copper and copper alloy products business, net sales and operating profit were up, chiefly due to an increase in sales of products for automobiles and the inclusion of the business results of MMC Copper Products OY in the consolidated statements of income since the second quarter of the fiscal year.

As a result, overall the Metals business posted year-on-year increases in net sales and operating profit. Ordinary income increased due to a rise in operating profit and dividend income.

Consolidated net sales in the Metals business amounted to ¥862,759 million, up 37.1% from the previous fiscal year. Operating profit rose 38.5% to ¥24,059 million while ordinary income increased 31.8% to ¥36,263 million.

* MMC Copper Products Oy is a holding company for the Special Products Division of the Luvata Group, which the company acquired from Luvata Espoo Oy and its two subsidiaries effective May 2, 2017.

● **Advanced Materials & Tools**

[Operating profit in the cemented carbide products business increased, owing to the upswing in demand in Japan and overseas and vigorous sales promotion. In the high-performance alloy products business, the operating loss narrowed due to higher sales of sintering parts, a mainstay product.]

In the cemented carbide products business, net sales and operating profit increased as a result of aggressive efforts for sales promotion, in addition to higher demand in the automotive and aerospace industries, which are the main customers for cemented carbide products, mainly in Japan, Europe, United States and Southeast Asia.

In the high-performance alloy products business, net sales increased and the operating loss narrowed due to increased sales in Japan, Europe and the United States as a result of growth in demand for mainstay sintering parts and the launch of new products, despite costs, etc. associated with shipments of non-conforming products.

As a result, overall the Advanced Materials & Tools business recorded year-on-year increases in net sales and operating profit. Ordinary income also rose due to higher operating profit.

Consolidated net sales in the Advanced Materials & Tools business amounted to ¥161,177 million, up 12.4% from the previous fiscal year. Operating profit rose 57.7% to ¥18,566 million and ordinary income increased 69.6% to ¥16,808 million.

● Electronic Materials & Components

[Operating profit in the advanced materials and chemical products business increased as a result of an upswing in sales of semiconductor manufacturing equipment-related and other products. In the electronic components business, operating profit also increased due largely to higher sales of products for household appliances. In the polycrystalline silicon business, operating profit decreased owing to the drop in sales prices.]

In the advanced materials and chemical products business, net sales and operating profit increased, reflecting a rise in sales of products related to semiconductor manufacturing equipment, products for displays and other products.

In the electronic components business, both net sales and operating profit also increased thanks to a higher volume of sales of products for home appliances and other products.

The polycrystalline silicon business recorded an increase in net sales and a decrease in operating profit, due to a fall in selling prices, despite an increase in sales volume based primarily on higher demand backed by the strong semiconductor market.

As a result, the entire Electronics Materials & Components business registered year-on-year increases in net sales and operating profit. Ordinary income rose as a result of higher operating profit and dividend income.

Consolidated net sales in the Electronic Materials & Components business amounted to ¥73,462 million, up 16.4% from the previous fiscal year. Operating profit increased 38.6% to ¥3,401 million and ordinary income rose 64.0% to ¥4,595 million.

● Aluminum

[In the aluminum cans business, operating profit decreased owing to lower sales of regular and bottle cans. In the rolled aluminum and processed aluminum products business, operating profit also decreased. This largely reflected the downturn in sales of such products as beverage cans and plate products for Litho sheets, etc.]

In the aluminum can business, net sales and operating profit declined due to a fall in sales of both regular cans and bottle cans and rising costs of raw materials.

In the rolled aluminum and processed aluminum products business, net sales and operating profit fell as a result of lower sales, principally of can materials and plate products for litho sheets, despite higher sales volume of heat exchanger materials for automobiles.

In the business as a whole, energy costs rose.

As a result, the entire Aluminum business posted year-on-year decreases in net sales and operating profit. Ordinary income also declined due to a fall in operating profit.

Consolidated net sales in the Aluminum business amounted to ¥148,588 million, down 4.7% from the previous fiscal year. Operating profit fell 52.1% to ¥3,777 million and ordinary income declined 59.6% to ¥3,025 million.

● **Others**

[Operating profit in the energy-related business increased as a result of higher sales of coal and nuclear energy-related services. In the home appliance recycling businesses, operating profit increased. This was mainly due to the upswing in the recycling unit cost of valuables. In areas outside the energy-related and home appliance recycling businesses, operating profit increased.]

In the energy-related business, net sales and operating profit increased due to expansion in sales increase of coal and nuclear energy-related products.

In the “E-waste” (used electronics and electric products) recycling business, both net sales and operating profit increased with a rise in the recycling unit cost of valuable, in addition to continued firmness in recycling volumes.

Total net sales and operating profit in the Others business excluding the energy-related business and the “E-waste” (used electronics and electric products) recycling business increased.

As a result, overall the Others business posted year-on-year increases in net sales and operating profit. Ordinary income increased due to the rise in operating profit despite increase in equity in losses of affiliates.

Consolidated net sales in the Others business amounted to ¥249,503 million, up 14.3% from the previous fiscal year. Operating profit increased 30.2% to ¥13,187 million and ordinary income increased 15.8% to ¥8,312 million.

Sales, operating profit and ordinary income for each business segment of the Group were as follows:

Business Segment	Item	92nd Period (April 2016– March 2017)		93rd Period (April 2017– March 2018)		YOY Change (%)
		Amount (¥ Millions)	% of Total	Amount (¥ Millions)	% of Total	
Cement	Net Sales	177,566	13.6	192,378	12.0	8.3
	Operating Profit	20,923	35.0	19,428	26.7	(7.1)
	Ordinary Income	20,520	32.1	21,044	26.4	2.6
Metals	Net Sales	629,470	48.3	862,759	53.9	37.1
	Operating Profit	17,372	29.1	24,059	33.0	38.5
	Ordinary Income	27,513	43.0	36,263	45.5	31.8
Advanced Materials & Tools	Net Sales	143,415	11.0	161,177	10.1	12.4
	Operating Profit	11,774	19.7	18,566	25.5	57.7
	Ordinary Income	9,913	15.5	16,808	21.1	69.6
Electronic Materials & Components	Net Sales	63,087	4.8	73,462	4.6	16.4
	Operating Profit	2,454	4.1	3,401	4.7	38.6
	Ordinary Income	2,802	4.4	4,595	5.8	64.0
Aluminum	Net Sales	155,962	12.0	148,588	9.3	(4.7)
	Operating Profit	7,886	13.2	3,777	5.2	(52.1)
	Ordinary Income	7,480	11.7	3,025	3.8	(59.6)
Others	Net Sales	218,246	16.7	249,503	15.6	14.3
	Operating Profit	10,127	16.9	13,187	18.1	30.2
	Ordinary Income	7,177	11.2	8,312	10.4	15.8
Elimination and Corporate Assets or Expenses (Note)	Net Sales	(83,680)	(6.4)	(88,337)	(5.5)	5.6
	Operating Profit	(10,778)	(18.0)	(9,601)	(13.2)	(10.9)
	Ordinary Income	(11,481)	(18.0)	(10,428)	(13.1)	(9.2)
Total	Net Sales	1,304,068	100.0	1,599,533	100.0	22.7
	Operating Profit	59,761	100.0	72,819	100.0	21.9
	Ordinary Income	63,925	100.0	79,621	100.0	24.6

Note: Net sales, operating profit and ordinary income resulting from transactions among the Business divisions have been deducted in the “Elimination and Corporate Assets or Expenses” items.

(2) Status of Group Financing

During the fiscal year under review, the Group raised funds primarily through the issuance of straight bonds totaling ¥20 billion as well as commercial paper and borrowings from banks. Debts (including corporate bonds) as of the end of the fiscal year under review amounted to ¥521,434 million, down ¥6,795 million from the end of the previous fiscal year.

(3) Status of Group Capital Expenditures

The Group determines its capital expenditures by carefully selecting investment cases in the fields where future profit and growth are expected while working to reduce interest-bearing debt.

In the fiscal year under review, total capital expenditures amounted to ¥76,231 million, which consisted mainly of maintenance and repairs of existing facilities in each business, as well as the reinforcement and streamlining of production facilities.

Capital expenditures by business segment in the fiscal year under review were as follows:

• **Cement**

In addition to the reinforcement of domestic industrial waste treatment facilities, the Group carried out maintenance and repair work mainly on existing facilities in Japan and the United States.

Capital expenditures in this business amounted to ¥16,818 million.

• **Metals**

The Group carried out maintenance and repair work at copper smelting and processing facilities in Japan.

Capital expenditures in this business amounted to ¥22,037 million.

• **Advanced Materials & Tools**

The Group carried out reinforcement and streamlining work in order to meet the increasing demand in this business as a whole, as well as maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥16,516 million.

• **Electronic Materials & Components**

In addition to carrying out maintenance and repair work at existing facilities in this business as a whole, the Group undertook reinforcement work on production facilities focusing mainly on semiconductor manufacturing equipment-related products.

Capital expenditures in this business amounted to ¥4,125 million.

• **Aluminum**

The Group carried out maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥7,343 million.

• **Others**

The Group carried out maintenance and repair work at existing facilities.

Capital expenditures in this business amounted to ¥9,389 million.

(4) Trends of Assets and Profit and Loss Accounts
1. The Group's Trends of Assets and Profit and Loss Accounts (Consolidated)

(¥ millions, except per share data)	90th Period (April 2014 – March 2015)	91st Period (April 2015 – March 2016)	92nd Period (April 2016 – March 2017)	93rd Period (April 2017 – March 2018)
Net Sales	1,517,265	1,417,895	1,304,068	1,599,533
Operating Profit	71,871	70,420	59,761	72,819
Ordinary Income	81,093	72,442	63,925	79,621
Net Income Attributable to Owners of the Parent	56,147	61,316	28,352	34,595
Net Income per Share	42.85	46.80	216.44(Note)	264.15
Net Assets	629,514	645,017	710,195	768,495
Net Assets per Share	420.36	423.83	4,743.27(Note)	5,211.20
Total Assets	1,898,157	1,793,375	1,896,939	2,015,084

Note: The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share and net assets per share data is calculated on the assumption that the consolidation of the Company's shares was conducted at the beginning of the previous consolidated fiscal year.

2. The Company's Trends of Assets and Profit and Loss Accounts (Non-consolidated)

(¥ millions, except per share data)	90th Period (April 2014 – March 2015)	91st Period (April 2015 – March 2016)	92nd Period (April 2016 – March 2017)	93rd Period (April 2017 – March 2018)
Net Sales	810,505	735,501	674,515	869,677
Operating Profit	23,708	26,478	12,120	13,732
Ordinary Income	35,699	35,409	27,202	31,370
Net Income	33,193	33,001	19,701	25,530
Net Income per Share	25.33	25.19	150.40(Note)	194.93
Net Assets	432,265	435,094	477,706	533,103
Net Assets per Share	329.91	332.13	3,647.06(Note)	4,070.58
Total Assets	1,252,174	1,158,968	1,265,120	1,358,233

Note: The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share and net assets per share data is calculated on the assumption that the consolidation of the Company's shares was conducted at the beginning of the previous consolidated fiscal year.

(5) Priorities for the Group

①Measures to Enhance the Group Governance Framework Including Quality Control

In November 2017, the Company announced that the Company's consolidated subsidiaries Mitsubishi Cable Industries, Ltd. and Mitsubishi Shindoh Co., Ltd. had delivered products, etc. that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of data, concerning some of the products manufactured and sold in the past, and in February 2018, the Company announced that the Company's consolidated subsidiaries Mitsubishi Aluminum Co., Ltd., Tachibana Metal Manufacturing Co., Ltd., and Diamet Corporation were likewise involved in a similar incident (collectively, the "Incident"). The Company has been taking action, including explanations to customers by each company and confirmation of safety, and the Company has also been conducting extraordinary quality audits of all of the Group's manufacturing locations and checking that there are no quality issues at other locations.

The Company established a Special Investigation Committee, the majority of which consists of external directors and outside experts, on December 1, 2017. The Committee investigated the facts and root causes of the Incident and issued its final report to the Company's Board of Directors on March 28, 2018.

Extraordinary quality audits were completed on May 8, 2018. In cases where matters with quality control methods, etc. were identified in the audits, corrective action has been taken. No cases in which there were matters with product quality were identified.

The Company is providing direction and supervision to each company in order to achieve early completion of the task of confirming the safety of products that have already delivered and, with the cooperation of its customers, it will continue to make every effort to resolve quality issues.

In light of the facts and issues uncovered, the Company formulated and began to implement the measures (the "Measures") sequentially, to enhance the Group governance framework including quality control. The Special Investigation Committee has expressed the opinion that these measures are appropriate as measures in response to the Incident.

In addition, the "Committee for Monitoring of Measures to Enhance Governance" consisting of external directors and outside experts was established on May 10, 2018, for the purpose of supervising the progress, results and operations of the Measures, etc. from a position that is independent from the business execution of the Company, and providing necessary advice and proposals to the Board of Directors with respect to issues and others.

Moreover, the Company decided to establish the "Committee for Nomination and Compensation," the majority of whose members are external directors on June 22, 2018, to guarantee the transparency and objectivity of judgment on the election and removal of directors and executive officers of the Company and judgement of remuneration by the Board of Directors.

(i) Restructuring Measures of the Group Governance Framework for Quality Control

The Group is implementing the following measures sequentially in regards to the governance framework for quality control announced on December, 2017.

A) Implementation of a Front Loading System for Order Receiving

Currently, we are planning to implement a system (a Front Loading System) for making decisions on specifications and receiving orders after considering whether the order can be accepted taking into account manufacturing capability at various department within the business division including development and design, manufacturing, inspections and sales.

Currently, according to the new guidelines for the front loading system, each business is installing the front loading system. Some businesses have begun considering of products in new orders at receiving orders, based on the guidelines.

B) Enhancement of the Framework and Authority of the Quality Control Department

Under the leadership of the Quality Management Dept. which was established in December 2017, the quality management system of each business is being investigated. By the end of July 2018, a draft policy for the improvements required of each business will be formulated to enable those improvements.

C) Expansion of Quality Training

We will expand quality training aiming to have our group employees at all levels and in all areas understand the importance of quality and what should be done to maintain and improve quality. We will use the Incident in this training.

After April 2018, training of quality management personnel of the Group (about 300 persons) will be provided by inviting outside experts, and a meeting will be held for personnel responsible for quality in the Group. In addition, a new handbook for quality management will be developed and used for training and other purposes.

D) Promoting Automated Inspection Equipment

For all product inspection data, from when it is obtained during the manufacturing process though the final inspections, by promoting initiatives such as automating acquisition of inspection data, we will aim to establish a system that will prevent misconduct, including the rewriting of data, and will establish a system that allows for more accurate and prompt confirmation that inspection data is consistent with customer specifications.

Currently, the locations where the Incident occurred are installing equipment for automated processing as soon as it is ready and some locations have already started operating the equipment. In addition, the details of the process to install the equipment for automated processing for the entire Group are being discussed. We will formulate a three-year plan to be prepared for this installation.

E) Enhancement of Quality Audits

With the Quality Management Department and Internal Audit Department in the Governance Division taking the lead, we will implement the following measures, etc.:

a. Improving the independence of our group's internal audit departments and strengthening their authority;
b. Increasing internal audit staff and increasing the frequency of audits;
c. Training human resources to become experts in quality audits;
d. Applying audit methods for the prevention of misconduct;
e. Enhancing coordination among the Company's Internal Audit Department and the internal audit departments of our subsidiaries and associates; and
f. Improving internal audit operations with the use of IT

During FY 2019, quality audits will be conducted, covering about 70 locations in Japan and overseas.

F) Utilization of Outside Consultant

In order to introduce third party perspective in quality control, we will utilize outside consultants on an ongoing basis specializing in quality control matters. Since January 2018, outside consultants have visited locations where the Incident occurred and provided guidance and advice on quality management and assurance. The number of locations these consultants visit will be increased in the future to prevent complacency in the Group's quality management activities and to firmly establish effective quality management activities.

(ii) Group Governance Framework Enhancement Measures

The Company considers further enhancement of the Group governance framework is necessary after it became clear that the background and root causes of the Incident include that recognition of quality and issues of corporate culture and risk information was not grasped and reported in a timely and appropriate manner and that issues were not discovered in the internal audit. Therefore, the Company is implementing the following measures sequentially.

A) Enhancement of Framework for Discussion, Reporting and Follow-up of Governance-Related Matters

The Governance Deliberative Council, which was newly established in April 2018, have been held and the policy for addressing matters relating to the governance of the entire Group, the annual plan and the status of the actions taken were discussed and shared. The measures decided at the meeting will be carried out on a group-wide basis.

In addition, the reporting system of the Company and its subsidiaries will be restructured and the Group's safety and health, CSR, environment, compliance, quality and other matters relating to governance will be monitored regularly by the Board of Directors and the Corporate Strategy Committee of the Company.

B) Improvement of Functions of Management Divisions and its Collaboration with Operating Divisions

In order to improve administrative divisions' control and support functions for governance-related matters, the Company reorganized its structure as of April 1, 2018 and launched the Governance Division (comprising the CSR Department, Safety & Environment Dept., Quality Management Dept. and Internal Audit Dept.)

In addition, the Company will specify departments and persons responsible for the promotion of governance-related matters in each department within operating divisions, each business establishment, and each subsidiary, with the aim of facilitating communication of information and to enhance the promotion framework.

C) Improvement of Human Resources Training and Encouragement of Active Interaction

The Company will expand training regarding governance-related matters provided to the Group's management and other employees. In addition to promoting human resources interactions in the Group and endeavoring to deepen communication, the Company plans to provide human resources training throughout the Group.

Since January, 2018, there were total of four education sessions for Executive Officers of the Company, Presidents of its subsidiaries and other management executives of the Group in matters to strengthen the governance framework, legal liability of directors and other related matters, resulting in 290 persons in total attending the sessions.

D) Internal Audit Strengthening

With respect to the Company's internal audits of business establishments and subsidiaries, the frequency and content of audits will be enhanced through cooperation with each department within the Governance Division. The Company will also strengthen cooperation with the Corporate Auditor such as joint audits, etc.

E) Studies with a Business Optimization Focus

When considering the Group's business optimization, whether the governance framework can sufficiently function is also one of the important decision-making criteria. On that basis, we will seek to achieve an appropriate business portfolio and management framework that match the Group's governance capabilities

The Company's Audit & Supervisory Board has reported that it will implement the following measures for improving the effectiveness of audits by Audit &Supervisory Board members, and the Company will make a necessary response to such efforts.

a. For subsidiaries having Standing Corporate Auditor, the members of the Audit & Supervisory Board Member Assistance Dept. will concurrently serve as part-time Corporate Auditor of those subsidiaries and cooperation between the Company's Corporate Auditor and the Standing Corporate Auditor of the subsidiaries will be enhanced.
b. For the subsidiaries having only part-time Corporate Auditor, information will be made known at an early stage through the monthly report from those part-time Corporate Auditor to enable a response.
c. A new consultation contact method liaising directly with the Company's Standing Audit & Supervisory Board members will be established.
d. Enhancement cooperation by joint audits and other activities with the Internal Audit Dept., Governance Div.

2. Group Priorities

[In addition to becoming a leading company in each of the major markets in Japan and overseas, the Group is targeting high levels of profitability and efficiency while working diligently to expand at a pace that exceeds the rate of market growth by optimizing its business portfolio, pursuing thoroughgoing competitive advantage and creating new products and businesses.]

Although the U.S. economy is expected to grow steadily, the future of the global economy is uncertain, reflecting concern over the political situation in the Korean Peninsula, a downturn in the Chinese economy, and the political trends in Europe and the United States.

We believe the Japanese economy will continue its modest recovery, buoyed by improvements in the employment and income conditions, but recognize that there may be a downside risk due to overseas political and economic trends.

Turning to the Group's operating environment, the Japanese economy appears to be recovering on the back of growth in exports, etc. However, the recent yen appreciation, rising energy prices and worsening labor shortages give cause for concern.

Under these circumstances, the Group will pursue a number of measures to enhance its corporate value under the theme "Transformation for Growth" by developing the Long-Term Management Policy, which looks ahead 10 years, and the Medium-Term Management Strategy for FY2018-FY2020, described as follows.

(i) Long-Term Management Policy

The vision of the Group is to "We will become the leading business group committed to creating a sustainable world through materials innovation, with the use of our unique and distinctive technologies, for People, Society and the Earth." based on a corporate philosophy of "for People, Society and the Earth."

In an effort to realize this vision, the Group has put in place Medium- to Long-Term Targets (the Company in the future) and the Group-wide Policy as the Long-Term Management Policy described as follows.

<Medium- to Long-term Targets (the company in the future)>
- Leading company in domestic and overseas key markets
- Achieving high profitability and efficiency
- Achieving growth that exceeds the market growth rate

<Group-wide Policy>
- Optimization of business portfolio
- Comprehensive efforts to increase business competitiveness
- Creation of new products and businesses

(ii)Management Policies in the Medium-Term Management Strategy (for FY2018-FY2020)

In the Medium-Term Management Strategy, we will pursue the Group-Wide Policy set in the Long-term Management Policy. To achieve a “accommodation to changes in the external environment” and the “Build a structure focusing on strategy,” which were the issues in the previous Medium-Term Management Plan, we have made the shift from the “Medium-Term Management Plan” centering on financial plans in the past to the “Medium-Term Management Strategy” focusing on the planning and implementation of growth strategies.

A) Optimization of business portfolio

The Company will classify its business into three categories: stable growth business, growth promotion business and profitability restructuring business, and will promote selection and concentration and improve capital efficiency after determining a direction geared to the characteristics of each business and clarifying any issues. Stable growth business consists of the cement, metals (smelting), recycling and renewable energy businesses, and in this category, the Company will aim to strengthen its business foundations by maintaining and improving cost competitiveness. Growth promotion business consists of the metals (copper and copper alloy) and advanced materials & tools businesses, and here the Company will seek business development in adjacent fields and global markets to outperform market growth. Profitability restructuring business consists of the electronic materials & components and aluminum businesses. In this category, the Company will work promptly to solve issues and define the future direction of growth.

B) Comprehensive efforts to increase business competitiveness

We will improve and innovate “manufacturing” in the business divisions through the optimal use of technology management resources by enhancing the support system by the corporate divisions. With this, we will make comprehensive efforts to increase our business competitiveness by promoting “Differentiation” and “New development,” such as the development of new products and new manufacturing technologies, to become an entity that is one step ahead of other companies through early responses to changes in the business environment.

C) Creation of new products and businesses

To foster businesses that will become a future revenue foundation and create new businesses, we will create and foster new products and new businesses that will become the core for sustainable growth by positioning important social needs the Company should meet are identified as next-generation vehicles, internet of things (IoT) and artificial intelligence (AI), and building a rich, sustainable society. The Company plans to create and develop new products and new businesses that are vital for sustainable development.

In addition, we will promote specific measures, with the following items as key strategies.

- Achieve growth through innovation
- Create value by building a recycling-oriented society
- Increase the company’s market presence through investment for growth
- Increase efficiency through continuous improvement

3. Issues in each business

●Cement Business

In Japan, domestic demand for cement in FY2019 is expected to slightly exceed the year-earlier level and stand at approximately 42.5 million tons, as while the construction of large projects including those related to the Tokyo Olympic and Paralympic Games in 2020 and the linear Chuo Shinkansen (in some sections) are expected to gain momentum, there is also concern over delays owing to labor shortages. In these circumstances, we will strive to secure sales volumes by steadily taking in demand for cement for the large projects.

In the United States, the economy is expected to grow at a modest pace, buoyed by an improvement in the employment situation. Demand for cement and ready-mixed concrete is also expected to remain firm, driven by rising demand in the private sector. While rising labor costs and energy costs will be a factor affecting profitability, we will pass cost increases on to customers as appropriate. We will also realize stable and efficient operations at cement plants through renovations, reduce the cost of ready-mixed concrete production by expanding production capacity and increasing the ratio of our own aggregates, and aim for further improvement in profitability.

●Metals Business

The supply capacity of mines is not expected to be able to keep pace with rising demand for copper ore in countries such as China and India and purchasing conditions copper ore are also expected to deteriorate.

While copper prices currently remain high, the existing supply-demand condition may change as a result of the construction of new smelters in China and India, and we will keep a close watch on the market trends going forward, along with the foreign exchange and the stock market conditions.

In copper & copper alloy products, demand of products for automobiles and other products is expected to remain stable.

In this environment, we will continue to seek a shift toward a more solid structure less susceptible to price fluctuations by lowering the breakeven point through a reduction in energy costs and fixed cost.

In copper smelting and refining, we will ensure earnings through measures such as endeavoring to achieve stable operations at smelters in Japan and overseas and increasing the treating volume of E-Scrap. In copper & copper alloy products, we will continue to increase profitability by creating business synergy with MMC Copper Products Oy, which was included in the scope of consolidation from the current fiscal year, and by enhancing sales competitiveness through the accelerated development of alloys, drawing on our technological and development capabilities.

●Advanced Materials & Tools Business

As in FY2018, market conditions for cemented carbide products are expected to be favorable in FY2019. Under these conditions, we will conduct effective sales operations, focusing on industries and regions with high growth potential. In particular, we will prioritize the investment of our management resources in the aerospace industry, which is in the growth stages, and seek to strengthen manufacturing, R&D and sales functions. In the area of cutting tools, we have launched and begun marketing two brands DIAEDGE (Mitsubishi Materials Corporation) and MOLDINO (Mitsubishi Hitachi Tool Engineering, Ltd.). Under these brands, we will work on providing customer-oriented solutions that will build customer trust as a true partner. Regarding the sourcing of key materials, tungsten and cobalt, we will continue working to reduce sourcing risks by improving the recycling ratio and diversifying procurement sources.

Turning to the high-performance alloy products, we expect demand for our mainstay sintering parts to remain firm in the automobile industry, as in FY2018. The Group will continue working to increase earnings by enhancing quality and productivity.

● Electronic Materials & Components Business

In the advanced materials and chemical products, sales of products related to semiconductor manufacturing equipment are expected to remain firm. In addition, demand of products for power modules for next-generation vehicles and chemical products used in glass is also expected to increase. We will strive to enhance profitability by using our core technological capabilities and strengthening our sales competitiveness and our ability to make proposals to customers, always remaining a step ahead of customers' needs in each market.

In the electronic components, sales of products for home appliances, especially air conditioning and refrigerators, are strong. We will work to strengthen our production system to meet growing demand and will also accelerate the development of temperature sensors for automotive for which the market is expected to expand in the future and aim for their early introduction to the market. Meanwhile, we will continue working to strengthen our business structure by introducing new products quickly and continuing to reduce costs.

In the polycrystalline silicon business, business environment is expected to face difficult conditions. However, we will make efforts for further improvement quality and reducing costs to establish the stable business foundation, while top priority will be placed on safety and stable operation to supply high quality products in a timely manner in response to the changing environment.

●Aluminum Business

In the aluminum beverage cans, we will endeavor to maintain and increase competitiveness with seeking to achieve stable orders for regular cans and expand sales of aluminum bottle cans, our strategic products, and develop and launch cans with new shapes. In addition, we will promote to consider overseas business expansion, while further promote the advantageous procurement of raw materials, stable product quality and cost reduction.

In the rolled and processed aluminum products, sales of heat exchange sheet materials for automobiles and products for electronic materials are expected to remain strong. Under these circumstances, we will make efforts to strengthen quality management, develop high value-added products and increase customer satisfaction. In addition, the establishment of new manufacturing locations for products for automobiles, demand for which is expected to increase overseas, will be considered for sales expansion.

We ask for the ongoing support and cooperation of shareholders as we implement these measures with the aim of consolidating the collective potential of the Group and creating value as an integrated business entity.

(6) Major Business Activities of the Group (as of March 31, 2018)

The major business activities of the Group are production and sales of cement and ready-mixed concrete and other products; refining, processing and sales of copper, gold, silver and other metals; production and sales of cemented carbide products and high-performance metal products; production and sales of advanced materials, chemical products, electronic components and polycrystalline silicon; and production and sales of aluminum beverage cans, rolled aluminum and processed aluminum products, etc. The major products and services of each business are as follows:

Business Division	Major Products
Cement	Ordinary Portland cement and various other types of cements, cement-based solidification materials, aggregate, ready-mixed concrete
Metals	Copper, gold, silver, lead, tin, sulfuric acid, processed copper products (copper cakes, billets, copper alloy products, wire rods, etc.)
Advanced Materials & Tools	Cemented carbide products (cemented carbide tools, cement carbide alloy, etc.), high-performance metal products (sintered products, etc.)
Electronic Materials & Components	Advanced materials (fine materials for assembly, sputtering targets, precision silicon products, columnar crystal silicon, insulated substrates with high thermal conductivity, etc.), chemical products (fluorine chemical products, high-performance paints, etc.), electronic components (surge absorbers, thermistor sensors, chip antennas, etc.), polycrystalline silicon, silane gas, etc.
Aluminum	Bodies, ends and caps of aluminum beverage cans, rolled aluminum products, processed aluminum products, etc.
Others	Energy related (coal, geothermal and hydro-power generation, nuclear fuel cycling business (consignment of surveys, research, design and operations, etc.), precious metals (precious metals products, jewelry, etc.), environmental and recycling related (recycling of home appliances, etc.), real estate (real estate leasing, forestry), others (engineering, geological surveys, resource exploration, and consulting, etc.)

(7) The Group's Major Plants and Business Offices (as of March 31, 2018)

1. The Company

Head office		1-3-2, Otemachi, Chiyoda-ku, Tokyo
Plants and others	Cement	Aomori Plant, Iwate Plant, Yokoze Plant (Saitama), Higashitani Mine (Fukuoka), Kyushu Plant (Fukuoka)
	Metals	Akita Refinery, Naoshima Smelter & Refinery (Kagawa), Ikuno Plant (Hyogo), Sakai Plant (Osaka)
	Advanced Materi-als & Tools	Tsukuba Plant (Ibaraki), Gifu Plant, Akashi Plant (Hyogo),
	Electronic Materi-als & Components	Sanda Plant (Hyogo), Ceramics Plant (Saitama), Yokkaichi Plant (Mie)
	Others	Saitama Property Management Office, Production Engineering Center (Saitama) Energy Project & Technology Center (Saitama)
Branch (office)		Sapporo Branch, Tohoku Branch (Miyagi), Nagoya Branch, Osaka Regional Head Office, Kyushu Branch (Fukuoka)
R&D centers		Central Research Institute (Ibaraki)
Overseas offices		Vancouver Office (Canada), Chile Office, London Office (United Kingdom)

Note: The Human Resources Development Center (Saitama Prefecture) was closed permanently on December 31. 2017.

2. Major Subsidiaries

Business Division	Names of Subsidiaries *
Cement	MCC Development Corp. (U.S.), Robertson's Ready Mix, Ltd. (U.S.), Mitsubishi Cement Corp. (U.S.)
Metals	PT Smelting (Indonesia), Mitsubishi Shindoh Co., Ltd., (Tokyo), MMC Copper Products Oy (Finland), Mitsubishi Cable Industries, Ltd. (Tokyo), Materials Eco-Refining Co., Ltd. (Tokyo), Onahama Smelting & Refining Co., Ltd. (Tokyo), Sambo Metals Corp. (Osaka)
Advanced Materials & Tools	Diamet Corp. (Niigata), Mitsubishi Hitachi Tool Engineering, Ltd. (Tokyo), MMC Hartmetall GmbH (Germany)
Electronic Materials & Components	Mitsubishi Polycrystalline Silicon America Corp. (U.S.), Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita), MMC Electronics (Thailand) Ltd. (Thailand)
Aluminum	Universal Can Corp. (Tokyo), Mitsubishi Aluminum Co., Ltd. (Tokyo), MA Packaging Co., Ltd. (Tokyo)
Others	Mitsubishi Materials Trading Corp. (Tokyo), Mitsubishi Materials Techno Corp. (Tokyo), Dia Consultants Co., Ltd. (Tokyo), Materials' Finance Co., Ltd. (Tokyo)

Note: Words within parentheses in the table denote the regions (for domestic subsidiaries) or countries (for overseas subsidiaries) where each subsidiary's head office is located.

(8) The Status of Employees (as of March 31, 2018)

1. Status of Employees of the Group (Consolidated)

Business Division	Number of Employees [*1]
Cement	4,011 (decreased by 170)
Metals[*2]	6,875 (increased by 1,467)
Advanced Materials & Tools	7,307 (increased by 476)
Electronic Materials & Components[*3]	1,917 (increased by 263)
Aluminum	2,823 (increased by 54)
Others	3,321 (decreased by 20)
All Companies (for the whole Group) [*4]	705 (increased by 30)
Total	26,959 (increased by 2,100)

Note 1: Employee numbers within parentheses denote the change from the previous fiscal year-end.

Note 2: Employee numbers were up in the Metals business due partly to the impact of converting MMC Copper Products Oy and 14 Group companies to consolidated subsidiaries.

Note 3: Employee numbers were up in the Electronic Materials & Components business due partly to the impact of efforts aimed at address the increase in production at MMC Electronics Lao Co., Ltd.

Note 4: Employees stated for all companies (for the whole Group) are attached to administrative divisions that cannot be demarcated within a specific business division.

2. Status of Employees of the Company (Non-consolidated)

Number of Employees (persons)	YOY Change (persons)	Average Age (years)	Average Years of Employment (years)
4,664	Increased by 84	41.7	17.5

(9) The State of Major Subsidiaries and Affiliates (as of March 31, 2018)
1. The State of Major Subsidiaries

Name of the Company	Paid-in Capital	Percentage of Ownership (including indirect ownership) (%)	Line of Business
PT Smelting	326 million U.S. dollars [1)]	60.5	Production and sales of electrolytic copper in Indonesia
MMC Copper Products Oy	160 million euro [1), 2)]	100.0	Business administration of subsidiaries that produce and sell processed copper products
MCC Development Corp.	811 million U.S. dollars [1), 3)]	70.0	Investment in ready-mixed concrete businesses in the U.S.
Onahama Smelting & Refining Co., Ltd.	6,999 million yen	55.7	Smelting on consignment of copper concentrate
Sambo Metals Corp.	80 million yen	100.0	Sales of rolled copper products and electric wires
Diamet Corp.	4,750 million yen [4)]	100.0	Production and sales of sintered products
Mitsubishi Cement Corp.	70 million U.S. dollars [1), 3)]	67.0	Production and sales of cement in the south-west area of the U.S.
Mitsubishi Polycrystalline Silicon America Corp.	328 million U.S. dollars [1)]	100.0	Production and sales of polycrystalline silicon for semiconductors in the U.S.
Materials Eco-Refining Co., Ltd.	400 million yen	100.0	Smelting, processing and recycling of non-ferrous metals
Materials' Finance Co., Ltd.	30 million yen	100.0	Financing the Company and its affiliates
Mitsubishi Aluminum Co., Ltd.	8,196 million yen	90.4	Production and sales of rolled and processed aluminum products
Mitsubishi Shindoh Co., Ltd.	8,713 million yen	100.0	Production and sales of processed copper products and processed copper alloy products
Mitsubishi Cable Industries, Ltd.	8,000 million yen	100.0	Production and sales of sealing products
Mitsubishi Hitachi Tool Engineering, Ltd.	1,455 million yen	51.0	Production and sales of cemented carbide tools
Mitsubishi Materials Techno Corp.	1,042 million yen	100.0	Technical construction and civil engineering; production and sales of industrial machinery
Mitsubishi Materials Trading Corp.	393 million yen	100.0	Sales of the Company's products and other non-ferrous metal products
Universal Can Corp.	8,000 million yen	80.0	Production and sales of aluminum beverage cans

Robertson's Ready Mix, Ltd.	32 million U.S. dollars 1), 3)	100.0	Production and sales of ready-mixed concrete and aggregate in the southwest area of the U.S.

Note 1: Paid-in capital is shown.

Note 2: This company closes its accounts in December. For that reason, paid-in capital as of December 31, 2017 is listed, but there is no change in the paid-in capital as of March 31, 2018.

Note 3: MMC Development Corp., Mitsubishi Cement Corp., and Robertson's Ready-Mix, Ltd. changed their account settlement date from December 31 to March 31 effective from the fiscal year under review.

Note 4: Diamet Corp. increased its capital on July 31, 2017. As a result, the company's capital climbed from ¥1,500 million to ¥4,750 million.

2) The State of Major Affiliates

Name of the Company	Paid-in Capital (Million Yen)	Percentage of Ownership (including indirect ownership) (%)	Line of Business
Ube-Mitsubishi Cement Corp.	8,000	50.0	Sales of cement and cement related products
NM Cement Co., Ltd	7,001	30.0	Investment in Nghi Son Cement Corp. (Vietnam)
LM Sun Power Co., Ltd.	495	50.0	Operation of solar power generation
Kobelco & Materials Copper Tube Co., Ltd.	6,000	45.0	Production and sales of copper tubes and fabricated copper tubes
Japan Drilling Co., Ltd.	7,572	20.05	Offshore drilling for oil and gas exploration and development, construction and other work
P.S. Mitsubishi Construction Co., Ltd	4,218	33.9	Pre-stressed concrete works, civil engineering and sales of concrete products

(10) Business Transfers, Absorption-Type Company Splits or Incorporation-Type Company Splits

Based on a Board of Directors resolution passed at a meeting on November 29, 2017, the Company undertook the transfer of all of the shares of Mitsubishi Material Real Estate Corporation (MMRE), a consolidated subsidiary, to Fortress Value Properties Holdings GK, a group company of Fortress Investment Group LLC. In addition, and ahead of this share transfer, the Company passed a resolution at a meeting of its Board of Directors held on November 29, 2017 to have MMRE take over part of the Company's real estate business by way of a split off and absorption-type company split on February 1, 2018.

(11) Acquisition or Disposal of Shares, Equity Interests or Share Options in Other Companies

Based on a resolution of the Board of Directors at a meeting held on September 28, 2016, the Company decided to acquire the Special Products Division of the Luvata Group through the purchase of an equity interest and business transfer from Luvata Espoo Oy and its two subsidiaries effective May 2, 2017.

(12) The Group's Major Lenders (as of March 31, 2018)

Major Lenders	Borrowed Amount (Million Yen)	Company Shares held by the Lender	
		Number of Shares Held (Thousand)	Percentage of Shareholding (%)*1
The Bank of Tokyo-Mitsubishi UFJ, Ltd. *2	115,031	2,465	1.9
Mitsubishi UFJ Trust and Banking Corporation *3	88,302	1,159	0.9
Mizuho Bank, Ltd.	42,511	157	0.1
The Norinchukin Bank	18,713	500	0.4
The Hachijuni Bank, Ltd.	16,761	223	0.2

Note 1: Percentages of shareholding were calculated after deducting treasury shares (524,766 shares).

Note 2: The Bank of Tokyo-Mitsubishi UFJ, Ltd., has changed its name to MUFG Bank, Ltd. as of April 1, 2018.

Note 3: Mitsubishi UFJ Trust and Banking Co., Ltd. (MUTB) transferred its corporate loan-related business to MUFG Bank, Ltd. on April 16, 2018. Accordingly, there are no loans from MUTB at present.

2. Articles Concerning Stock (as of March 31, 2018)

(1) Total number of authorized shares: 340,000,000 (no change from the previous fiscal year-end)

(2) Total number of issued shares: 131,489,535 (no change from the previous fiscal year-end)

(3) Number of shareholders: 98,732 (decreased by 1,738 from the previous fiscal year-end)

This includes 73,514 shareholders with voting rights (decreased by 670 from the previous fiscal year-end).

(4) Major Shareholders

Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Shareholding (%)*1
Japan Trustee Services Bank, Ltd. (Trust account)	8,042	6.1
The Master Trust Bank of Japan, Ltd. (Trust account)	6,948	5.3
Meiji Yasuda Life Insurance Company	3,101	2.4
National Mutual Insurance Federation of Agricultural Cooperatives	2,546	1.9
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,496	1.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd. *2	2,465	1.9
STATE STREET BANK WEST CLIENT-TREATY 505234	2,197	1.7
GOVERNMENT OF NORWAY	1,966	1.5
Mitsubishi Heavy Industries, Ltd.	1,900	1.5
Japan Trustee Services Bank, Ltd. (Trust account 1)	1,848	1.4

Note 1: Percentages of shareholding were calculated after deducting treasury shares (524,766 shares)

Note 2: The Bank of Tokyo-Mitsubishi UFJ, Ltd., has changed its name to MUFG Bank, Ltd. as of April 1, 2018.

3. Articles Concerning the Company's Executives

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2018)

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Representative Director Chairman	Hiroshi Yao		
Representative Director President	Akira Takeuchi	General Operation of the Company	
Representative Director (Executive Vice President)	Osamu Iida	Assistant to the President General Manager, Technology Div.	
Representative Director (Executive Vice President)	Naoki Ono	Assistant to the President General Manager, Corporate Strategy Div.	President, Materials' Finance Co., Ltd.
Representative Director (Senior Managing Executive Officer)	Nobuo Shibano	Responsible for: Business optimization, Environment & Energy Business, Aluminum Business, Affiliated Corporations Business	
Representative Director (Senior Managing Executive Officer)	Yasunobu Suzuki	President, Metals Company	
Director	Yukio Okamoto [1) 15)]		Representative Director, Okamoto Associates, Inc.[2)]; Outside Director, Nippon Yusen Kabushiki Kaisha (NYK Line)[3)]; Outside Director, NTT DATA Corporation[4)]
Director	Mariko Tokuno [1) 15)]		Outside Director, Happinet Corporation[5)] Outside Director, Yamato Holdings Co., Ltd. [6) 7)]
Director	Hiroshi Watanabe[1) 15)]		President, Institute for International Monetary Affairs[8)]
Audit & Supervi-	Hiroshi Kubota [9)]		

sory Board Member (Standing)			
Audit & Supervisory Board Member (Standing)	Soichi Fukui		
Audit & Supervisory Board Member (Standing)	Hiroshi Sato 10) 11) 15)		
Audit & Supervisory Board Member	Akio Utsumi 10) 12) 15)		Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation 13)
Audit & Supervisory Board Member	Naoto Kasai 10) 15)		Representative Lawyer, Kasai Sogo Law Office 14)

Note 1: Mr. Yukio Okamoto, Ms. Mariko Tokuno and Mr. Hiroshi Watanabe are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act.
Note 2: There is no business relationship between the Company and Okamoto Associates, Inc.
Note 3: There is a business relationship for the consigned transportation of coal between the Company and NYK Line. However, the value of the transactions amounts to less than 1% of the Company's consolidated net sales.
Note 4: There is a business relationship for the use of IT services between the Company and NTT DATA Corporation. However, the value of the transactions amounts to less than 1% of the Company's consolidated net sales.
Note 5: There is no business relationship between the Company and Happinet Corporation.
Note 6: Ms. Mariko Tokuno was appointed Outside Director of Yamato Holdings Co., Ltd. on June 23, 2017.
Note 7: There is no business relationship between the Company and Yamato Holdings Co., Ltd. The Company has a business relationship with Yamato Transport Co., Ltd., a specified subsidiary of Yamato Holdings Co., Ltd., regarding the consigned transportation of products. However, the value of the transactions amounts to less than 1% of the Company's consolidated net sales.
Note 8: There is no business relationship between the Company and the Institute for International Monetary Affairs.
Note 9: Mr. Hiroshi Kubota has to date mainly been assigned to areas that relate to accounting and finance. As such, he has extensive knowledge in each of these fields.
Note 10: Mr. Hiroshi Sato, Mr. Akio Utsumi and Mr. Naoto Kasai are Outside Audit & Supervisory Board Members as defined in Article 2, Paragraph 16 of the Companies Act.
Note 11: Mr. Hiroshi Sato has experience as a financial institution corporate auditor and has extensive knowledge of finance and accounting.
Note 12: Mr. Akio Utsumi has experience in management at financial institutions and has extensive knowledge of finance and accounting.
Note 13: The Company has a business relationship with Mitsubishi UFJ Trust and Banking Co., Ltd. (MUTB), regarding entrustment of the Company's pension funds. The Company had a business relationship with MUTB relating to the borrowing of funds, and providing debt guarantees. However, since MUTB transferred its corporate loan-related business to MUFG Bank, Ltd. on April 16, 2018, there is no longer such a business relationship with MUTB.
Note 14: There is no business relationship between the Company and Kasai Sogo Law Office.
Note 15: The Company has notified the Tokyo Stock Exchange, Inc. that Mr. Yukio Okamoto, Ms. Mariko Tokuno and Mr. Hiroshi Watanabe are Independent Directors, and that Mr. Hiroshi Sato, Mr. Akio Utsumi and

Mr. Naoto Kasai are Independent Auditors in accordance with the regulations, respectively. (An Independent Director/Auditor is an Outside Director/Audit & Supervisory Board Member who is unlikely to have conflicts of interest with general shareholders.)

The following Directors have been given new titles or posted to new positions shown below on April 1, 2018.

Title	Name	Position and Responsibilities	Important Positions of Other Organizations
Representative Director (Senior Managing Executive Officer)	Yasunobu Suzuki	President, Metals Company responsible for: Aluminum Business; New Business Development and Promotion	
Director, Executive Advisor	Hiroshi Yao		
Director	Nobuo Shibano		Chairman, Mitsubishi Cement Corp. Chairman, MCC Development Corp.

(Reference) The following Executive Officers had assumed office as of April 1, 2018:

Title	Name	Position and Responsibilities
Executive Vice President	Osamu Iida*	Assistant to the President General Manager, Technology Div.
Executive Vice President	Naoki Ono*	Assistant to the President General Manager, Corporate Strategy Div.
Senior Managing Executive Officer	Yasunobu Suzuki*	President, Metals Company responsible for: Aluminum Business; New Business Development and Promotion
Managing Executive Officer	Kimball McCloud	President, Mitsubishi Cement Corp. President, MCC Development Corp. Chairman, Robertson's Ready Mix, Ltd. Vice President, Cement Company
Managing Executive Officer	Yoshihiko Kimura	President, Electronic Materials & Components Company President, Mitsubishi Materials Electronic Chemicals Co., Ltd.
Managing Executive Officer	Kazuhiro Kishi	President, Cement Company
Managing Executive Officer	Makoto Shibata	General Manager, Governance Division responsible for: Environment & Energy Business
Managing Executive Officer	Shinichi Nakamura	President, Advanced Materials & Tools Company
Managing Executive Officer	Yoshikazu Yasui	General Manager, Human Resources & General Affairs Div. responsible for: Affiliated Corporations Business
Executive Officer	Naotoshi Kumano	General Manager, Corporate Culture Innovation Dept., Human Resources & General Affairs Div.
Executive Officer	Shigemitsu Fukushima	General Manager, Safety & Environment Dept., Governance Div.
Executive Officer	Tetsuro Sakai	Vice President, Metals Company
Executive Officer	Susumu Sasaki	Deputy General Manager, Corporate Strategy Div.
Executive Officer	Nobuhiro Takayanagi	President, Mitsubishi Cable Industries, Ltd.
Executive Officer	Masaaki Kanda	Deputy General Manager, Technology Div.
Executive Officer	Takahiro Yamada	Vice President, Cement Company
Executive Officer	Masuhiro Ishitobi	Deputy General Manager, Technology Div.

Executive Officer	Yasunori Murakami	Vice President, Advanced Materials & Tools Company
Executive Officer	Toru Suzuki	General Manager, General Affairs Dept., Human Resources & General Affairs Div.
Executive Officer	Shogo Yamaguchi	General Manager, Environment & Energy Business Unit
Executive Officer	Toshiyuki Shimamura	Vice President, Advanced Materials & Tools Company
Executive Officer	Ryuichi Hasegawa	General Manager, Corporate Production Engineering Dept., Technology Div.
Executive Officer	Jun Nagano	General Manager, Legal Dept., Corporate Strategy Div.
Executive Officer	Hitoshi Kikuchi	Vice President, Advanced Materials & Tools Company
Executive Officer	Kazuto Hirano	Vice President, Cement Company
Executive Officer	Toshinori Ishii	Vice President, Electronic Materials & Components Company
Executive Officer	Hideki Kato	General Manager, Corporate Strategy Dept., Corporate Strategy Div.

Note: Executive Officers marked with an asterisk hold the concurrent position of Director.

(2) Outline of the Content of Limited Liability Agreement

Provisions of the Articles of Incorporation allow the Company to execute with Directors (excluding those who are Executive Directors, etc.) and Audit & Supervisory Board Members' agreements limiting liability for damages in accordance with Article 427, Paragraph 1, of the Companies Act. In accordance with the provisions, the Company has concluded Limited Liability Agreements with all Outside Directors and all Audit & Supervisory Board Members. The outline of the agreements is as follows.

1. Limited Liability Agreement with Directors (excluding those who are Executive Directors, etc.)
   With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if Directors (excluding those who are Executive Directors, etc.) performs their duties in good faith and without gross negligence, the Directors shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Directors for damages in excess of the amount of the liability.

2. Limited Liability Agreement with Audit & Supervisory Board Members
   With respect to liability as described in Article 423, Paragraph 1 of the Companies Act, if the Audit & Supervisory Board Members perform their duty in good faith and without gross negligence, the Audit & Supervisory Board Members shall be liable to the Company for damages only to the extent of minimum liability as set out in Article 425, Paragraph 1 of the Companies Act. The Company shall indemnify the Audit & Supervisory Board Members for damages in excess of the amount of the liability.

(3) Directors and Audit & Supervisory Board Members' Remuneration

Position	Total Amount of Remuneration (Millions of yen)	Remuneration by Type (Millions of yen)		Number of Executives (persons) [1]
		Basic [4]	Bonus [5]	
Directors (of which Outside Directors)	455 [2] (56)	374 (56)	80	10 (4)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	124 [3] (52)	124 (52)	—	6 (3)

Note 1: The number of Directors/Audit & Supervisory Board Members includes one Director and one Audit & Supervisory Board Member whose terms ended during the fiscal year under review. There are nine Directors and five Audit & Supervisory Board Members as of the end of the fiscal year under review.

Note 2: It was resolved at the 91st Ordinary General Meeting of Shareholders held on June 29, 2016 that the amount of remuneration to Directors should not exceed ¥49 million per month (excluding salaries as employees for Directors who also serve as employees), including remuneration not exceeding ¥6 million for Outside Directors.

Note 3: It was resolved at the 82nd Ordinary General Meeting of Shareholders held on June 28, 2007 that the amount of remuneration to Audit & Supervisory Board Members should not exceed ¥17 million per month.

Note 4: Of the basic remuneration for Directors, stock-based remuneration is ¥28 million.

Note 5: It was resolved at the 81st Ordinary General Meeting of Shareholders held on June 29, 2006 that the amount of bonuses for Directors other than Outside Directors should not exceed ¥170 million per annum.

(4) Policy regarding the determination of remuneration

1. Directors and titled Executive Officers
   We make it a basic policy to appropriately link the remuneration for Directors and titled Executive Officers to corporate performance as well as individual performance. Drawing on the advice of external experts, steps have been taken to design a system that is highly objective. Remuneration is paid in accordance with internal rules and regulations approved by the Board of Directors and is comprised of basic fixed component as well as a bonus that is linked to performance.

   Firstly, the amount of basic remuneration paid to Directors and titled Executive Officers is determined in accordance with the title and performance of each individual. The portion of basic remuneration is paid as stock-based remuneration (not paid to Outside Directors) and a fixed monthly amount is used for purchasing the Company's shares through the Company's Director shareholding association. The Company's shares acquired based on this remuneration cannot be sold at least during each individual's term of office. This aims to link the remuneration to medium- and long-term corporate performance.

Secondly, the amount of each bonus, as remuneration linked to short-term corporate performance, is determined as of the end of the fiscal year by taking into consideration the performance of each individual. In the case of Directors, who are responsible for certain executive duties, net income attributable to owners of parent and consolidated ordinary income for the fiscal year under review are used as indicators when assessing performance. In the case of titled Executive Officers (excluding individuals who concurrently hold the positions of Directors responsible for certain executive duties), net income attributable to owners of parent, consolidated ordinary income and the results of the department for which the individual is responsible for the fiscal year under review are used as indicators when assessing performance. Meanwhile, bonuses can be reduced or removed entirely depending on business conditions and the amount of dividends for the fiscal year when bonuses are paid.

Recognizing that the role of Outside Directors is to objectively oversee and verify the activities of Directors as they carry out their executive duties from a position that independent of the Company, remuneration is limited to a fixed amount that is determined in accordance with internal rules and regulations approved by the Board of Directors and after taking into consideration the circumstances of each individual.

2. Audit & Supervisory Board Members

The remuneration for Audit & Supervisory Board Members is set at an appropriate level based on discussions among them and is not linked to corporate performance in light of the fact that they assume the responsibility for auditing the execution of duties by Directors as an independent body entrusted by shareholders.

(5) Major Activities of Outside Directors and Auditors

Status Classification	Name	Major Activities
Outside Director	Yukio Okamoto	Mr. Yukio Okamoto participated in all 19 meetings of the Board of Directors held during the fiscal year under review. Mr. Okamoto provides well-informed opinions concerning general management as a Director and well-informed opinions on international affairs as an informed specialist on such fields, when necessary.
Outside Director	Mariko Tokuno	Ms. Mariko Tokuno participated in all 19 meetings of the Board of Directors held during the fiscal year under review. Ms. Tokuno provides well-informed opinions concerning general management as a Director and well-informed opinions on international corporate strategy as an informed specialist on such fields, when necessary.
Outside Director	Hiroshi Watanabe	Mr. Hiroshi Watanabe participated in all 16 meetings of the Board of Directors held following his appointment on June 28, 2017. Mr. Watanabe provides well-informed opinions concerning general management as a Director and well-informed opinions on domestic and international finance as well as economics,when necessary.
Outside Audit & Supervisory Board Member	Hiroshi Sato	Mr. Hiroshi Sato participated in all 16 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held following his appointment on June 28, 2017. Mr. Sato provides well-informed opinions as an Audit & Supervisory Board Member based on his abundant experience as a manager overseeing finance and accounting, when necessary.
Outside Audit & Supervisory Board Member	Akio Utsumi	Mr. Akio Utsumi participated in all 19 meetings of the Board of Directors and all 17 meetings of the Audit & Supervisory Board held during the fiscal year under review. Mr. Utsumi provides well-informed opinions as an Audit & Supervisory Board Member, based on his abundant experience as a manager in a financial institution and extensive knowledge concerning business management, when necessary.
Outside Audit & Supervisory Board Member	Naoto Kasai	Mr. Naoto Kasai participated in all 19 meetings of the Board of Directors and 16 of the 17 meetings of the Audit & Supervisory Board held during the fiscal year under review. Mr. Kasai provides well-informed opinions as an Audit & Supervisory Board Member, based on his abundant experience as a lawyer and extensive knowledge concerning business management, when necessary.

Note 1: As far as the number of times Board of Directors' meeting were held, and in addition to the aforementioned, there was one written resolution for which that resolution was considered as having been resolved by a decision of the Board of Directors pursuant to Article 370 of the Companies Act and the provisions of Article 27, Paragraph 3, of the Articles of Incorporation, and there were three notices made to Directors and Audit & Supervisory Board Members pursuant to Article 372, Paragraph 1, of the Companies Act.

Note 2: During the fiscal year under review, Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal Mfg Co., Ltd. and Diamet Corporation, which are all consolidated subsidiaries of the Company, were found to have delivered products, etc. that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of inspection records data, concerning some of the products manufactured and sold in the past.
While Outside Directors and Outside Audit & Supervisory Board Members were not cognizant of these cases until they came to light, all Outside Directors and Outside Audit & Supervisory Board Members made regular remarks at Company Board of Directors' meetings, from the viewpoint of enhancing the governance structure. These cases having been discovered, they have been working to further enhance the governance system, such as by investigating the facts and causes, and making proposals with regard to measures to prevent any recurrence. Meanwhile, Outside Director, Mariko Tokuno, has assumed the position of chairperson of the Special Investigation Committee, established by the Board of Directors to look into among other things each incident. Outside Director, Hiroshi Watanabe, is also a member of the committee.

4. Articles Concerning Accounting Auditor

(1) Name of the Accounting Auditor: KPMG AZSA LLC

(2) Remuneration of Accounting Auditor for the Year Ended March 31, 2018

Content of the Remuneration	Amount
(a) Remuneration paid by the Company to Accounting Auditors	153 million yen[1)]
(b) Total amount of monetary and other property benefits paid by the Company and its subsidiaries (including the above-mentioned)	389 million yen

Note 1: The Company has not subdivided the amount of remuneration for auditing based on the Financial Instruments and Exchange Act and the amount of remuneration for auditing based on the Companies Act. In the Auditing Agreement entered with the Accounting Auditor it is not possible to substantially subdivide the two. This amount thus includes auditing remuneration based on the Financial Instruments and Exchange Law. The Audit & Supervisory Board has agreed upon this amount taking into consideration the basis for calculating compensation, the status of execution of duties of the accounting auditor in the previous business year and the opinions of Directors and other related internal departments.

Note 2: Among the major subsidiaries of the Company, PT Smelting, MMC Copper Products, MCC Development Corp., Mitsubishi Cement Corp., Mitsubishi Polycrystalline Silicon America Corp., and Robertson's Ready Mix, Ltd. use the services of auditing corporations (including auditors who have the appropriate auditing qualifications abroad) other than the services of KPMG AZSA LLC., to audit accounting related documents (in accordance with the Companies Act and the Financial Instruments and Exchange Act and the applicable laws of the concerned foreign countries' own legislations).

(3) Content of Non-Auditing Duties

The Company subcontracts "Operations Supporting the Publication of the Integrated Report" and other duties (non-auditing duties) to the Accounting Auditor that are other than the duties of Article 2, Paragraph 1 of Certified Public Accountants Act.

(4) Policy on Dismissal or Non-reappointment of the Accounting Auditor

Except in cases of dismissal of the Accounting Auditor by the Audit & Supervisory Board as stipulated in Article 340 of the Companies Act, the Company's Audit & Supervisory Board shall as a general rule decide on an agenda item regarding the decision not to reappoint or to dismiss the Accounting Auditor in the event it is recognized that it is difficult for the Accounting Auditor to execute its duties appropriately. Based on this decision, the Board of Directors shall propose this at the General Meeting of Shareholders.

5. Systems to Ensure Appropriate Business Operations and the Status of Operation of Those Systems

● Fundamental Policy

The Board of Directors has resolved the following fundamental policy regarding the establishment of systems to ensure appropriate business operations.

(1) Systems to Ensure Execution of Duties by Directors and Employees in Conformity with Laws and Articles of Incorporation

1. The Company shall determine the Corporate Philosophy, Values, Code of Conduct, and Vision (collectively referred to as the “Corporate Philosophy, etc.” as well as internal regulations that should be observed by the Directors and employees and establish corporate ethics and a compliance system.
2. The Company shall determine execution of duties through the Board of Directors, Corporate Strategy Committee and other committees in accordance with laws, Articles of Incorporation, and internal regulations and others. In addition, the legal department and the relative department shall carry out the preliminary review of specific significant matters.
3. The Company shall determine the general policies and plans, etc., concerning compliance at the meetings of the Board of Directors. In addition, the Company shall appoint a Director from among its Directors or titled Executive Officers to oversee matters relating to compliance and establish a committee related to CSR (corporate social responsibility) and a division responsible for compliance. The Company shall also enforce cross-divisional compliance promotion activities (including internal education) for the whole Company.
4. The Company shall establish a reporting desk to deal with particulars related to problems that may arise over compliance.
5. The Company shall enforce periodical auditing concerning the state of compliance in each division by the division in charge of internal audits.
6. In accordance with its Code of Conduct, the Company shall establish internal structures to ensure appropriate actions under its policy of resolutely rejecting any involvement whatsoever with anti-social forces.

(2) Systems for Preservation and Management of Information Related to the Execution of Duties of Directors

The Company shall properly preserve and manage the minutes of the meetings of Board of Directors, meetings of Corporate Strategy Committee and other significant information, based on legislation, Articles of Incorporation and internal regulations and policies.

(3) Regulations and Other Systems Concerning Risk Management

1. The Company shall deliberate carefully on significant matters through the Board of Directors, Corporate Strategy Committee, and other decision-making bodies based on legislations, Articles of Incorporation, internal regulations and others. In addition, the Company shall carry out preliminary review of significant matters by legal and other related departments based on the internal regulations and others in order to identify risks and prevent risk elicitation and manifestation.
2. The Company shall determine the internal regulations, policies, and plans related to general risk management at the meetings of the Board of Directors. In addition, the Company shall appoint a Director from among its Directors or titled Executive Officers to oversee matters relating to risk management and establish a committee related to CSR and a division responsible for risk management and shall enforce cross-divisional risk management promotion activities for the whole Company.
3. The Company shall determine the various internal regulations and others and enforce suitable management concerning individual risks, including financial transaction risk, credit transaction risk and information leakage risk.
4. The Company shall enforce suitable management based on the legislation and ordinances concerning work-related accidents.
5. The Company shall build a communication system with the aim of preventing damage from accidents on a massive scale, natural disasters or terrorism, and establish an organization to respond to such events.
6. The Company shall enforce periodical auditing concerning the state of risk management in each division by the division in charge of internal audits.

(4) Systems to Ensure Efficient Execution of Duties by Directors

1. The Company shall determine rationally the areas of responsibility of each of the Directors and let the Executive Officers assist the Directors in their execution of duties in accordance with the Executive Officers' system. In addition, the Company shall determine the areas of responsibility and authority of each body and division in accordance with the internal regulations and others.
2. The Company shall determine the management plan, allocate suitable management resources and authority among the various divisions to achieve the plan, and require those divisions to formulate their own specific plans. In addition, the Directors shall suitably verify the progress state of the plan of each division and take appropriate

measures when necessary.

3. The Company shall enforce periodic auditing concerning the efficiency of the execution of duties of each division by the division in charge of internal audit.

(5) Systems to Ensure Appropriate Operations by the Corporate Group Comprising the Company and its Subsidiaries

1. The Company shall aim to establish corporate ethics and build a Group compliance and risk management system (including an internal education system) to promote compliance and risk management activities by the Group, including subsidiaries, based on the Corporate Philosophy etc. and internal regulations that are applied consistently throughout the Group.
2. Concerning each subsidiary, the Company shall aim to improve the soundness and efficiency of management of the subsidiary, and by extension the whole Group, by determining a response liaison division within the Company. The concerned division shall consult and exchange information with the subsidiary concerning specific significant matters.
3. The Company shall establish various regulations related to internal controls concerning financial reporting. The Company shall also establish assessment mechanisms for those internal controls and build a system to ensure the accuracy of the Group's financial reports.
4. In addition to the above-mentioned 1, 2 and 3, the Company shall enforce periodic auditing concerning compliance, risk management and the efficiency of management of subsidiaries by the division in charge of internal audit of the Company.

(6) Particulars Concerning Employees Assigned to Assist Audit & Supervisory Board Members, Such Employees' Independence from Directors, and Particulars Concerning Ensuring the Effectiveness of Instructions by Audit & Supervisory Board Members to Such Employees

The Company shall establish a division and assign dedicated members to support the operations of the Audit & Supervisory Board Members. In addition, the Company shall obtain the consent of the Audit & Supervisory Board concerning transfer of such employees and consult with the Audit & Supervisory Board concerning assessment and evaluation of them.

(7) Systems for Reporting to Audit & Supervisory Board Members and for Ensuring That People Making Reports Shall Not Experience Disadvantageous Treatment as

a Result of This Reporting

1. The Directors and employees shall swiftly report appropriate information to the Audit & Supervisory Board Members or to the Audit & Supervisory Board in accordance with the method stipulated in legislations and the internal regulations of the Company, in the case where there is considerable damage to the Company's operations in areas for which they are responsible or the possibility of significant impact on the Company. In addition, the same shall apply in the event that Audit & Supervisory Board Members request a report about business operations.
2. In the event of a report by a Director or employee of the Company or its subsidiary to the reporting desk on a compliance-related problem, the department in charge of the reporting desk shall in principle report the content of such report to the Audit & Supervisory Board Members.
3. The division in charge of internal auditing of the Company shall report to the Audit & Supervisory Board Members important items heard from Directors and employees of the Company and its subsidiaries, as well as important items from audit results.
4. The disadvantageous treatment of people reporting to the Audit & Supervisory Board Members and the Audit & Supervisory Board (including people reporting indirectly through others) because of such reporting shall be prohibited, and such prohibition shall be made known throughout the Company and its subsidiaries.

(8) Particulars on Policies Related to the Handling of Expenses or Obligations Incurred during the Execution of Duties by Audit & Supervisory Board Members

The Company shall provide budgetary provisions for expenses necessary for audits by Audit & Supervisory Board Members. In addition, in the event of requests for the payment of such expenses by Audit & Supervisory Board Members, prescribed procedures shall be followed and payment made promptly.

(9) Other Systems to Ensure Effective Auditing by Audit & Supervisory Board Members

1. Audit & Supervisory Board Members and Representative Directors shall exchange their opinions periodically and when deemed necessary.
2. Audit & Supervisory Board Members shall be provided with the opportunity to attend Board of Directors Meetings and other significant meetings of the Company.

● **Overview of Operational Status**

Principal initiatives to secure the operation of systems to ensure appropriate business operations are indicated as follows. Furthermore, the Company has established and commenced the progressive implementation of measures (which are indicated as follows) aimed at strengthening the Group's governance system including quality control as outlined on pages 10 to 13.

(1) Initiatives Related to Compliance

1. The Company and its subsidiaries share a Corporate Philosophy etc. aimed at ensuring sound corporate activities that comply with laws and regulations and are in accordance with social mores. Awareness of the Company's Corporate Philosophy etc. is instilled throughout the Group.
2. Based on regulations related to CSR, the CSR Committee—whose secretariat is the CSR Department—meets regularly. In addition to deliberating annual policies and plans related to overall compliance activities, the committee shares and evaluates the status of compliance within the Group and reports that have been submitted to the internal reporting desk. The Company and its subsidiaries work together to ensure consistent CSR training throughout the Group and address compliance-related issues.
3. The Company has established certain regulations and guidelines in order to ensure optimal quality. These regulations and guidelines are applied across the Group as a whole. Every effort is made to ensure the proper management of quality. This includes putting in place a quality management structure and systems.

(2) Initiatives Related to Risk Management

1. The above-mentioned CSR Committee deliberates annual policies and plans related to overall risk management. In addition, each fiscal year the committee specifies risk-related initiatives to be undertaken by individual company departments and individual subsidiaries in an effort to enact risk management activities with regard to measures to reduce these risks.
2. Regarding work-related accidents, meetings of the Zero Accident Committee and Group Safety meetings are convened to decide on management priorities and share information about legal updates, thereby endeavoring to ensure an appropriate response.
3. The Company formulates business continuity plans (BCPs) prescribing action guidelines in the event of large-scale accidents, natural disasters or terrorism. In addition, the Crisis Management Committee(Note) meets during normal times and times of crisis alike to prevent damage from spreading.

Note: Reporting to the CSR Committee, reorganized as the Crisis Management Committee as of April 1, 2018.

(3) Initiatives Related to Enhancing Management Soundness and Efficiency

1. The Company formulates Medium-Term Management Strategy and annual budgets and strives to appropriately allocate management resources and responsibilities among its various departments. The status of significant business execution is reported to the Board of Directors.
2. By clearly indicating the scope of responsibility of Executives with ranks of Managing Executive Officer or above, as well as the operational responsibilities and authority of individual departments, the Company strives to ensure the appropriateness of an accelerated decision-making and business execution.
3. For each subsidiary, the Company identifies a responsible liaison division within the Company. That division receives reports on significant investment projects and compliance-related problems and consults and exchanges information with the subsidiary on such matters.

(4) Initiatives Related to Internal Audits

Based on an annual audit plan, the Internal Audit Department conducts periodic audits of the compliance, risk management and management efficiency of internal divisions and subsidiaries and reports the results of these audits to the Board of Directors.

(5) Initiatives Related to Audits by Audit & Supervisory Board Members

1. Audit & Supervisory Board Members attend meetings of the Board of Directors, Corporate Strategy Committee and other important meetings, visit Company offices and exchange opinions with Representative Directors.
2. Audit & Supervisory Board Members periodically receive reports of internal audit results and reports submitted to the internal reporting desk.
3. Dedicated members are allocated to the Audit & Supervisory Board Member Assistance Dept. Audit & Supervisory Board Members' opinions are taken into account with regard to the assignment and evaluation of personnel assigned to this department, in the aim of enhancing the effectiveness of audits by the Audit & Supervisory Board Members.

(Reference) Status of Corporate Governance

<Fundamental Policy>

In accordance with its Corporate Philosophy “For People, Society and the Earth,”,etc. Mitsubishi Materials works to maximize its sustainable development and corporate value by engaging in fair business activities. To this end, the Company undertakes various measures to enhance its corporate governance, recognizing the importance of en-gaging in efficient and transparent management..

<**Framework for Promoting Corporate Governance Enhancemen**t>

To prevent the reoccurrence of deliveries of products,etc that deviated from customer standards or internal company specifications as a result of the Company’s consolidated subsidiaries improperly rewriting inspection data, the formulation, disclosure, and sequentially implementation of preventive measures (“relevant subsidiary measures”) and group governance framework enhancement measures (“main enhancement measures”), which includes quality control, are being undertaken by the relevant subsidiaries where data falsification took place and by the Company, respectively (refer to pages 10-14 for more details).

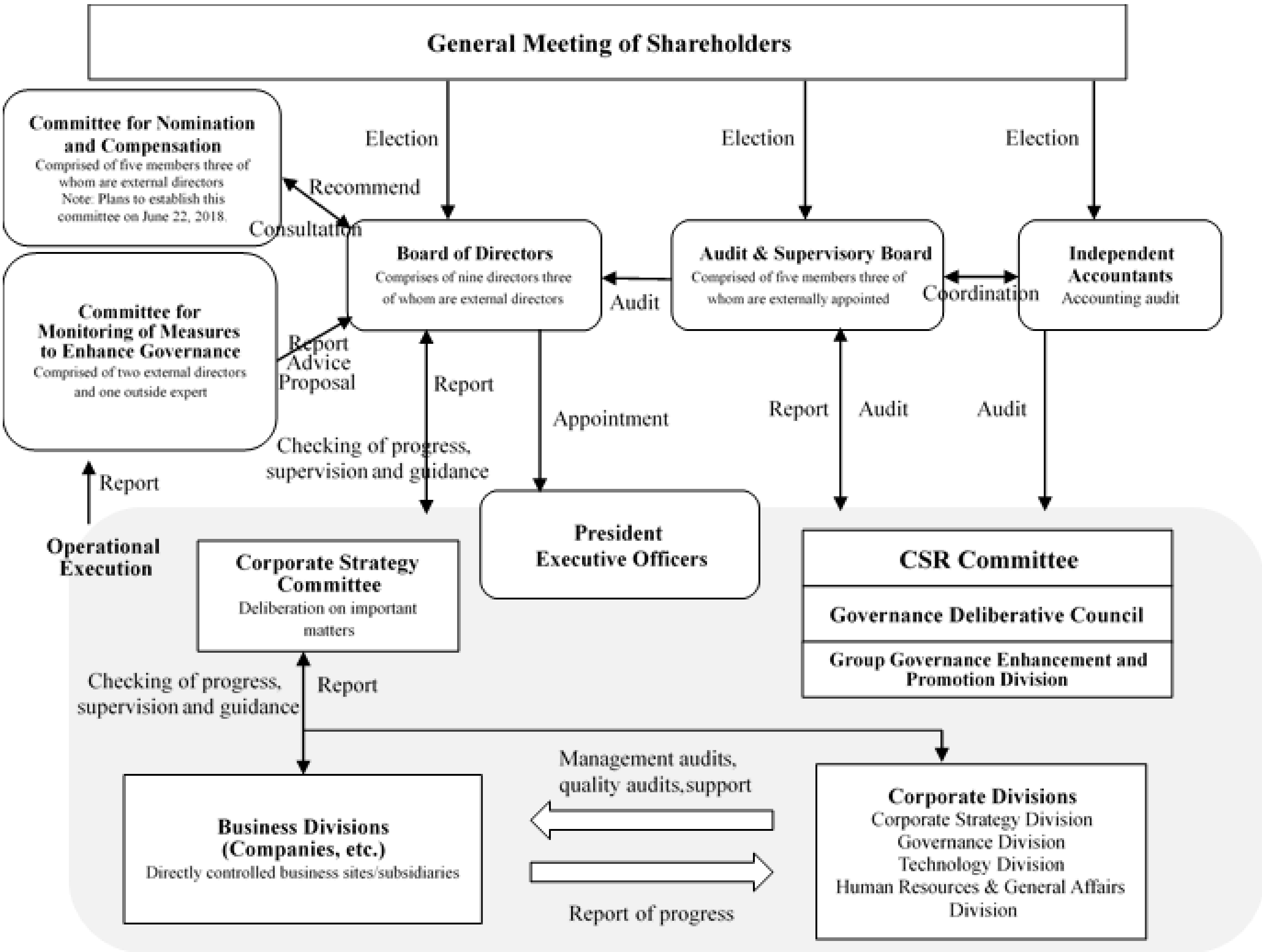
On April 1, 2018, the Company newly established the “Group Governance Enhancement and Promotion Division” as a cross-sectional organization to steadily implement and confirm the status of the main prevention measures and main enhancement and other measures; “Governance Deliberative Council” as a body that deliberates on business divisions’ governance-related policies and plans (including main enhancement measures) for the fiscal year; and the “Governance Division (which oversees the Safety & Environment Dept., CSR Dept., Quality Management Dept., and Internal Audit Dept.)”, which is tasked with governance-related administrative and support functions.

In addition, on May 10, 2018 the Company established the “Committee for Monitoring of Measures to Enhance Governance” comprised of outside directors of MMC and outside experts with the objectives of monitoring the status of main enhancement and other measures progress, achievements, and administration from a more independent position than management as well as providing necessary advice and proposals on related issues to the Board of Directors.

Furthermore, on June 22, 2018, the Company decided to establish the “Committee for Nomination and Compensation” for which the majority of members being outside directors in order to ensure the transparency and objectivity of the Board of Director’s decisions regarding the appointment and dismissal of directors and officers as well as their compensation.

Of note, the Corporate Governance Framework related to the Company’s management decision making/supervision, business execution, and auditing is outlined in the following chart, Overview of the Corporate Governance System.

Overview of the Corporate Governance System



6. Fundamental Policy Concerning the Control of the Company

(1) Fundamental Policy on Parties in Control of Decisions Concerning the Company's Finance and Operating Policies

As a general rule, the control of the Company should be determined through free market transactions in the Company's shares on the Stock Exchanges. As a matter of course, the Company believes that the decision to accept or decline a proposal for a Large-Scale Acquisition of shares (Defined in (3) 2. (i) below. The same applies below.) should be ultimately left to the individual shareholders of the Company.

However, there are some Large-Scale Acquisitions of shares that do not contribute to the corporate value and the common interests of the shareholders, and by extension the medium- and long-term shareholder value (hereinafter referred to as "medium- and long-term shareholder value") of the Company, such as those that obviously harm the medium- and long-term shareholder value, and those that essentially force shareholders to sell their shares, etc. In addition, unless the party carrying out a Large-Scale Acquisition of the Company's shares is properly aware of the Company's management environment, understands the sources of its corporate value, and aims to ensure and improve these factors in the medium and long terms, the Company's medium- and long-term shareholder value may possibly be harmed.

Furthermore, while it can go without saying that the freedom of all shareholders' investment behavior should be respected to the degree that is possible, the Company believes that there is not always adequate time or procedures to obtain and to study the information necessary for its shareholders to assess whether a fixed Large-Scale Acquisition is appropriate under today's domestic takeover bid system, and that there is a possibility of that conflicting with the Company's medium- and long-term shareholder value.

Therefore, the Company believes that it is not appropriate for a party conducting a Large-Scale Acquisition of shares that could possibly harm the Company's medium- and long-term shareholder value as described above, to be one that dominates Company's finance and operating policies decisions. Therefore, the Company believes that it is necessary to maintain a framework to secure the necessary time and information for its shareholders to assess whether the acquisition is appropriate, in order to deter acquisitions that conflict with the Company's medium- and long-term shareholder value, and to negotiate with potential Acquirers on behalf of the shareholders.

(2) Overview of Special Measures to Ensure the Implementation of the Fundamental Policy

The Company has been developing its various businesses by utilizing technologies accumulated through its origin, metal and coal mining operations, to form an integrated business entity involved in Cement, Metals, Advanced Materials & Tools, Electronic Materials & Components and Aluminum businesses. The Company has a fundamental corporate philosophy of contribution to society through its various business activities and has supplied basic materials indispensable to people's lives as a comprehensive basic materials manufacturer. Moreover, the Company has made consistent efforts to create an affluent society toward helping reduce environmental impact and establishing a resource-recycling social system. The Company will continue striving to underpin and enhance the medium-and long-term shareholder value. In addition to advancing its business activities, the Company will achieve this by earning the further trust of all stakeholders—including shareholders, employees, customers, local communities, suppliers and many other related parties—while maintaining a harmonious coexistence with society.

In this environment, and looking 10 years into the future, the Group has also positioned efforts to become the "leading company in domestic and overseas key markets," "achieving high profitability and efficiency," and "achieving growth that exceeds the market growth rate" as its medium- and long-term targets (the Company in the future) under its long-term management policy. In order to meet these targets, the Company has also put in place a Group-wide policy. This policy entails "optimization of the business portfolio," "comprehensive efforts to increase business competitiveness," and the "creation of new product and businesses." Moving forward, energies will be directed toward implementing various measures aimed at enhancing corporate value and promoting the Group-wide policy based on the Medium-Term Management Strategy for FY2018-FY2020. At the same time, the Group will implement various specific measures under the key strategies of "achieving growth through innovation," "creating value by building a recycling-oriented society," "increasing the Company's market presence through investment for growth," and "increasing efficiency through continuous improvement."

(3) Overview of Efforts to Prevent Inappropriate Parties from Assuming Control of Decisions Relating to the Company's Financial and Operating Policies

The Company, in conformity with its corporate philosophy and various policies outlined in (2) above, shall continue pursuing maximization of the medium- and long-term shareholder value in the future. At the same time, however, it may not be possible to ignore the potential of Large-Scale Acquisitions by third parties that may harm the medium- and long-term shareholder value, as described in (1) above. Therefore, at its meeting held on May 12, 2016, the Board of Directors passed a resolution entitled "Renewal of the Countermeasures to Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures)," (hereinafter referred to as the "New Countermeasures"), which is a modified version of a plan previously in place. The New Countermeasures received approval at the 91st Ordinary General Meeting of Shareholders held on June 29, 2016.

An outline of the New Countermeasures is given below. For more details, please refer to the May 12, 2016 press release entitled "Renewal of the Countermeasures to Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures)" posted on the Company's website (Japanese language only):
http://www.mmc.co.jp/corporate/ja/news/press/2016/16-0512b.pdf

1. Fundamental Policy of the New Countermeasures

For the purpose of preserving and enhancing the medium- and long-term shareholder value, the Company has set out Countermeasures to Large-Scale Acquisition of the Company's Shares (Takeover Defense Measures) incorporating procedures to be observed by a party carrying out or who plans to carry out a Large-Scale Acquisition of the Company's shares. The Company shall warn such parties in advance that there are procedures with which they will be required to comply, that the Company may, in certain circumstances, take protective measures against the acquisition, and the Company shall, in certain circumstances, actually take protective measures against the acquisition.

2. New Countermeasures Details

(i) Targeted Large-Scale Acquisitions

The New Countermeasures shall apply in cases where there is an acquisition of share certificates, or the like of the Company that falls under a. or b. below or any similar action (hereinafter referred to as a "Large-Scale Acquisition"). Any party carrying out or proposing a Large-Scale Acquisition (hereinafter referred to as "Acquirer") must comply with procedures predetermined in the New Countermeasures.

a. An acquisition that would result in the holding ratio of share certificates, etc., of a holder amounting to 20% of more of the share certificates, etc., issued by the Company
b. A takeover bid that would result in the ownership ratio of share certificates, etc., of the share certificate relating to the takeover bid, and the owning ratio of share certificates, etc., of a person having a special relationship totaling at least 20% of the share certificates, etc., issued by the Company.

(ii) Prior Submission of Letter of Intent to the Company

The Acquirer will submit a statement in Japanese (hereinafter referred to as a "Letter of Intent") to the Board of Directors such as a promise to observe the procedures prescribed in the New Countermeasures, before executing the Large-Scale Acquisition.

(iii) Provision of Information

When the Acquirer submits the Letter of Intent, the Company will send to the Acquirer an Information List that details all the information necessary to be initially submitted. The Acquirer will submit to the Company adequate information pursuant to the Information List.

The Board of Directors shall require the Acquirer to submit the information within the period set by the Board (hereinafter referred to as "Information Provision Requirement Period"), which is 60 days following the sending of the above-mentioned Information List, and the Board of Directors' Evaluation Period (Defined in (v) below. This also applies below.) shall commence immediately upon the expiration of the Information Provision Requirement Period. However, if a request for an extension based on a plausible reason is received from the Acquirer, the Information Provision Requirement Period may be extended as needed up to a maximum of 30 days. Alternatively, if the Board of Directors determines that the information submitted by the Acquirer is sufficient, then a Notice of Completion of Providing Information (Defined in (iv) below. This also applies below.) shall be issued immediately to the Acquirer even if it is before the expiration of the Information Provision Requirement Period and the Board of Directors' Evaluation period will commence.

(iv) Disclosure of Information

The Company will disclose the fact that there has been a proposal by an Acquirer to obtain Large-Scale Acquisition and describe the background. Furthermore, if there is information deemed to be required by judgment of the shareholders, that information will be disclosed at a time that is deemed to be appropriate.

Also, in the event that the Board of Directors judges that the information provided by the Acquirer is adequate, the Acquirer will be notified (hereinafter referred to as "Notice of Completion of Providing Information") of that quickly and that will be disclosed.

(v) Establishment of the Board of Directors' Evaluation Period

The Board of Directors will begin evaluating and considering the Large-Scale Acquisition after Notice of Completion of Providing Information or when the Information Provision Requirement Period has ended. The period for the Board of Directors to evaluate, consider, negotiate, form opinions or to offer an alternative proposal (hereinafter referred to as "the Board of Directors' Evaluation Period") will be a maximum of 60 days or a maximum of 90 days depending on the status of the Large-Scale Acquisition.

However, the Board of Directors' Evaluation Period may be extended by a maximum of 30 days when deemed necessary by the Board of Directors, or when recommended by the Independent Committee.

(vi) Consulting with the Independent Committee
When countermeasures are invoked in the New Countermeasures, in order to eliminate arbitrary decisions by the Board of Directors, the Independent Committee will be setup composed of only people who are independent of Executive personnel that conduct business operations for the Company.

In the event that the Acquirer has not observed the procedures defined in the New Countermeasures, or when it is found that the Large-Scale Acquisition of shares by the Acquirer will cause notable damage to the medium- and long-term shareholder value of the Company, the Board of Directors can consult with the Independent Committee about whether to invoke countermeasures when it is judged appropriate to invoke countermeasures.

(vii) Recommendation by the Independent Committee Concerning the Invocation of Countermeasures
When there has been consultation by the Board of Directors regarding whether to invoke countermeasures, the Independent Committee will make recommendations for the Board of Directors regarding whether to invoke countermeasures.

(viii) Resolution by the Board of Directors
The Board of Directors will comply to the greatest degree possible with the recommendation of the Independent Committee outlined in (vii) above and will implement a resolution to invoke countermeasures.

(ix) Holding a Shareholders Meeting to Confirm Their Intent
Excluding instances when it is notably difficult to convene a general meeting of shareholders, for the following reasons, the Board of Directors can debate bills for invoking countermeasures by convening a general meeting of shareholders (hereinafter the shareholders' meeting is referred to as the "Shareholders Meeting to

Confirm Their Intent”).

a. When the Independent Committee makes a recommendation concerning the invocation of countermeasures that is conditional upon receiving prior approval at a general meeting of shareholders; and
b. The Board of Directors deems that it is appropriate to confirm the intent of all shareholders.

The Board of Directors shall pass a resolution to invoke countermeasures in compliance with the resolution passed at the Shareholders Meeting to Confirm Their Intent.

(x) Period to Start Large-Scale Acquisition

When it has been determined by the Board of Directors to convene the Shareholders Meeting to Confirm Their Intent, the Acquirer may not start Large-Scale Acquisition until the Board of Directors has implemented a resolution to invoke the countermeasures based on the resolution of the Shareholders Meeting to Confirm Their Intent. Also, when the Shareholders Meeting to Confirm Their Intent has not been convened, it is possible to start the Large-Scale Acquisition only after the Board of Directors’ Evaluation Period has passed.

(xi) Termination or Withdrawal of Countermeasures

In the event that invoking the countermeasures was decided, the Board of Directors can consult with the Independent Committee regarding whether to terminate or withdraw the countermeasures for the following reasons.

a. When the Acquirer has terminated or withdrawn the Large-Scale Acquisition; and
b. Changes occurred in the facts that presumed judgment of whether to invoke the countermeasures, and the circumstances are considered not to be appropriate for maintaining the invoked countermeasures in view of ensuring and enhancing the Company's medium- and long-term shareholder value.

The Board of Directors will resolve to terminate or withdraw the countermeasures when it is judged inappropriate to maintain the countermeasures, complying to the greatest degree possible with the recommendation of the Independent Committee.

(xii) Specific Content of the Countermeasures in the New Countermeasures

As a countermeasure invoked in accordance with the New Countermeasures, the Company shall, in principle, exercise the gratis allotment of stock acquisition rights.

Such stock acquisition rights shall be allotted to shareholders as of the allotment date. One right will be allotted per common stock of the Company. Under the New Countermeasures, the Company intends to attach conditions that the Acquirer or other ineligible parties that meet criteria specified separately may not exercise the stock acquisition rights. Further, the Company plans to attach conditions that enable the Company to acquire the stock acquisition rights allotted to persons other than ineligible parties and, in exchange, issue one common stock of the Company per such stock acquisition right.

(xiii) Effective Period, Abolition, or Amendment of the New Countermeasures
The New Countermeasures shall be effective until the closing of the 94th Ordinary General Meeting of Shareholders of the Company, to be held in June 2019.

Also, even before expiration of the effective period, the New Countermeasures will be abolished immediately, for the following reasons.

a. When a general meeting of shareholders of the Company passes a resolution to abolish the New Countermeasures; and
b. When the Board of Directors passes a resolution to abolish the New Countermeasures.

Also, the Company can change the New Countermeasures within a scope that does not violate the basic policy for formalities in line with revisions to laws and ordinances and the like.

(4) Determination by the Board of Directors, and the Reasons thereof, that the Measures in (2) above are in Accordance with the Basic Policy in (1) above and as such do not Harm the Common Interests of Shareholders or Aim to Maintain the Status of the Company's Officers

The Board of Directors has determined that the measures in (2) above are in accordance with the basic policy in (1) above. Such reason is that, by securing and enhancing the Company's medium- and long-term shareholder value through the measures in (2) above, and appropriately reflecting it in the value of the Company's shares, it will become difficult to conduct a Large-Scale Acquisition that adversely affects the Company's medium- and long-term shareholder value.

Accordingly, the Board of Directors has determined that the measures in (2) above do not harm the common interests of the Company's shareholders and are not aimed to maintain the status of the Company's Officers.

(5) Determination by the Board of Directors, and the Reasons thereof, that the Measures in (3) above are in Accordance with the Basic Policy in (1) above and as

such do not Harm the Common Interests of Shareholders or Aim to Maintain the Status of the Company's Officers

The measures in (3) above prevent inappropriate parties, in the context of the basic policy in (1) above, from controlling decisions on policies relating to the Company's finances and operations. Such reason is that, by enabling the Company to invoke countermeasures against an Acquirer who does not provide sufficient information or does not accede to a request for securing a sufficient period for their examination etc., the Company may prevent a Large-Scale Acquisition that will significantly harm the Company's medium- and long-term shareholder value. Additionally, the measures in (3) above are implemented with the objective of securing and enhancing the Company's medium- and long-term shareholder value, and in line with such objective, to have the Acquirer provide the necessary information beforehand concerning the Large-Scale Acquisition that said Acquirer intends to make so that the required period of time is secured for evaluating and examining, etc., the details thereof. Furthermore, a variety of systems and procedures are in place to ensure the reasonableness and fairness of the measures in (3) above for the reason that these measures contain a procedure for confirming the intent of all shareholders, establish the Independent Committee comprising highly independent members, give utmost respect to the Committee's recommendation, establish reasonable and objective criteria for the invocation of countermeasures, and eliminate arbitrary judgments by the Board of Directors by basing the invocation of countermeasures on a resolution passed at a Shareholders Meeting to Confirm Their Intent.

Accordingly, the Board of Directors determines that the measures in (3) above are in accordance with the basic policy in (1) above, and do not harm the common interests of the Company's shareholders and are not aimed at maintaining the status of the Company's Officers.

In this Business Report, the figures for financial amounts and number of shares are rounded down to the nearest stated unit. Figures for ratios have been rounded up or down to the nearest stated decimal place.

Consolidated Balance Sheets
[As of March 31, 2018]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		**[LIABILITIES]**	
Current Assets:	**954,146**	**Current Liabilities:**	**777,080**
Cash and deposits	93,389	Notes and accounts payable-trade	158,369
Notes and accounts receivable-trade	260,427	Short-term loans payable	206,142
Merchandise and finished goods	91,772	Current portion of bonds payable	25,000
Work in process	132,043	Income taxes payable	9,151
Raw materials and supplies	142,275	Deferred tax liabilities	79
Deferred tax assets	9,068	Accrued for bonuses	13,228
Gold bullion on loan	88,862	Gold payable	246,227
Other	138,824	Allowance for loss on disposal of inventories	783
Allowance for doubtful accounts	(2,518)	Other	118,097
Non-current Assets:	**1,060,938**	**Non-current Liabilities:**	**469,508**
Property, Plant and Equipment:	**645,559**	Bonds payable	50,000
Building and structures, net	153,490	Long-term loans payable	240,292
Machinery and equipment, net	217,620	Reserve for directors' retirement benefits	1,384
Land, net	236,709	Reserve for loss on subsidiaries and affiliates	986
Construction in progress	23,105	Reserve for environmental measures	37,833
Other, net	14,632	Deferred tax liabilities	40,039
		Deferred tax liabilities for land revaluation	24,162
Intangible Assets:	**64,574**	Net defined benefit liability	51,647
Goodwill	44,636	Other	23,162
Other	19,938	**Total Liabilities**	**1,246,589**
		[NET ASSETS]	
		Shareholders' Equity:	**571,222**
Investment and Other Assets:	**350,804**	**Capital stock**	**119,457**
Investment securities	303,924	**Capita surplus**	**92,422**
Retirement benefit asset	449	**Retained earnings**	**361,430**
Deferred income taxes	17,914	**Treasury stock**	**(2,089)**
Other	32,813	**Accumulated Other Comprehensive Income:**	**111,249**
Allowance for doubtful accounts	(4,297)	**Valuation difference on available for sale securities**	**95,487**
		Deferred gains or losses on hedges	**1,068**
		Revaluation reserve for land	**33,071**
		Foreign currency translation adjustment	**(10,312)**
		Remeasurements of defined benefit plans	**(8,066)**
		Non-controlling interests	**86,023**
		Total Net Assets	**768,495**
Total Assets	**2,015,084**	**Total Liabilities and Net Assets**	**2,015,084**

Note: All amounts less than one million yen are rounded down.

Consolidated Statements of Operations
[For the year ended March 31, 2018]

(Millions of yen)

Item	Amount
Net Sales	**1,599,533**
Cost of Sales	**1,379,877**
Gross Profit	**219,655**
Selling, general and administrative expenses	146,835
Operating Profit	**72,819**
Non-Operating Profit:	**27,784**
Interest income	812
Dividends income	19,447
Rent income on non-current assets	4,866
Other	2,657
Non-Operating Expenses:	**20,982**
Interest expenses	5,058
Equity in loss of affiliates	1,336
Loss on retirement of non-current assets	4,494
Expenses for rent in undertaking	2,867
Expenses for settlement of remaining business in mine	4,098
Other	3,127
Ordinary Income	**79,621**
Extraordinary Income:	**14,179**
Gain on sales of non-current assets	6,760
Gain on sales of marketable securities and investments in securities	5,667
Other	1,752
Extraordinary Losses:	**26,023**
Loss on impairment	11,035
Corporate income taxes, resident taxes and business tax	9,092
Loss on non-conforming products	3,202
Loss on valuation of investment securities	400
Other	2,291
Income before Income Taxes	**67,777**
Corporate income taxes, resident taxes and business tax	18,941
Income taxes adjustments	4,698
Net Income	44,137
Net Income attributable to non-controlling interests	9,542
Net Income attributable to owners of the parent	**34,595**

Note: All amounts less than one million yen are rounded down.

Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2018]

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2017	119,457	92,422	333,526	(2,017)	543,390
Changes of items during the year					
Cash dividends from retained earnings			(9,168)		(9,168)
Net income attributable to owners of the parent			34,595		34,595
Reversal of revaluation reserve for land			1,711		1,711
Increase from change of fiscal year end of consolidated subsidiaries			83		83
Increase associated with the increase number of consolidated subsidiaries			681		681
Acquisition of treasury stock				(72)	(72)
Disposition of treasury stock		(0)		0	0
Changes in equity of parent company related to transactions with non-controlling interests		(0)			(0)
Net change in items other than shareholders' equity					
Total change during the year	—	(0)	27,903	(71)	27,831
Balance as of March 31, 2018	119,457	92,422	361,430	(2,089)	571,222

	Accumulated Other Comprehensive Income						Non-controlling Interests	Total Net Assets
	Valuation difference on securities available-for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance as of April 1, 2017	55,226	888	34,930	(1,418)	(11,735)	77,891	88,913	710,195
Changes of items during the year								
Cash dividends from retained earnings								(9,168)
Net income attributable to owners of the parent								34,595
Reversal of revaluation reserve for land								1,711
Increase from change of fiscal year end of consolidated								83

subsidiaries								
Increase associated with the increase number of consoli-dated subsidiaries								681
Acquisition of treasury stock								(72)
Disposition of treasury stock								0
Changes in equity of parent company related to transac-tions with non-controlling interests								(0)
Net change in items other than shareholders' equity	40,260	180	(1,858)	(8,894)	3,669	33,358	(2,889)	30,468
Total change during the year	40,260	180	(1,858)	(8,894)	3,669	33,358	(2,889)	58,300
Balance as of March 31, 2018	95,487	1,068	33,071	(10,312)	(8,066)	111,249	86,023	768,495

Note: All amounts less than one million yen are rounded down.

Balance Sheets
[As of March 31, 2018]

(Millions of yen)

Item	Amount	Item	Amount
[ASSETS]		**[LIABILITIES]**	
Current Assets:	**490,707**	**Current Liabilities:**	**497,078**
Cash and deposits	22,571	Notes payable	1,353
Notes receivable	3,235	Accounts payable	39,881
Accounts receivable	85,015	Short-term loans payable	102,820
Merchandise and finished goods	37,879	Current portion of bonds payable	25,000
Work in process	54,388	Lease obligation	270
Raw materials and supplies	71,566	Other payables	6,730
Advanced payment	33,808	Accrued expenses	27,061
Prepaid expenses	931	Income taxes payable	1,485
Short-term loans receivables	11,582	Advance received	3,163
Other receivables	13,363	Progress payment received	13,447
Gold receivable	88,862	Unearned revenue	99
Gold bullion on loan	58,302	Accrued bonuses	5,264
Deferred income taxes	2,886	Reserve for loss on guarantees	92
Other	8,430	Employee deposits	8,491
Allowance for doubtful accounts	(2,117)	Facilities related notes payable	527
Non-current Assets:	**867,525**	Other facilities related payables	11,761
Property, Plant and Equipment:	**310,315**	Gold payable	246,227
Buildings	57,235	Other	3,399
Structures	33,015	**Non-current Liabilities:**	**328,051**
Machinery and equipment	78,266	Bonds payable	50,000
Vessels	0	Long-term loans payable	174,271
Vehicles and delivery equipment	114	Lease obligation	405
Tools, furniture and fixtures	2,699	Deferred tax liabilities	25,600
Land	128,657	Deferred tax liabilities for land revaluation	21,269
Lease assets	545	Provision for retirement benefits	10,298
Construction in progress	8,705	Reserve for loss on business of subsidiaries and associates	924
Timber	1,076	Provision for environmental measures	37,833
Intangible Assets:	**3,380**	Assets removal liabilities	1,057
Mining rights	424	Guarantee deposits received	4,599
Software	2,653	Other	1,791
Lease assets	31	**Total Liabilities**	**825,129**
Other	270	**[NET ASSETS]**	
Investments and Other Assets:	**553,829**	**Shareholders' Equity:**	**413,921**
Investment securities	228,583	**Capital stock**	**119,457**
Securities of affiliates	307,889	**Capital surplus**	**113,000**
Bonds of affiliates	4	Capital reserve	85,654
Investments	66	Other capital surplus	27,346

Investments in affiliates	2,081	**Retained earnings**	**183,545**
Long-term loans receivable	8	Other retained earnings	183,545
Long-term loans to affiliates	15,499	Reserve for advanced depreciation of noncurrent assets	6,761
Other	3,739	Reserve for special account for advanced depreciation of noncurrent assets	526
Allowance for investment loss	(365)	Deposit for mining search	13
Allowance for doubtful accounts	(3,678)	Earned surplus carried forward	176,243
		Treasury stock	**(2,082)**
		Valuation and Translation Adjustments:	**119,181**
		Valuation difference on securities available for sale	**90,186**
		Deferred gains or losses on hedges	**761**
		Revaluation reserve for land	**28,233**
		Total Net Assets	**533,103**
Total Assets	**1,358,233**	**Total Liabilities and Net Assets**	**1,358,233**

Note: All amounts less than one million yen are rounded down.

Statements of Operations

[For the year ended March 31, 2018]

(Millions of yen)

Item	Amount
Net Sales	**869,677**
Cost of Sales	**806,684**
Gross Profit	**62,992**
Selling, general and administrative expenses	49,260
Operating Profit	**13,732**
Non-Operating Profit:	**30,974**
Interest income	537
Dividends income	24,275
Rent income on non-current assets	4,615
Miscellaneous revenue	1,545
Non-Operating Expenses:	**13,335**
Interest expenses	2,141
Expenses for rent in undertaking	2,946
Settlement expenses of remaining business in mine	3,839
Loss on retirement of non-current assets	2,534
Miscellaneous losses	1,873
Ordinary Income	**31,370**
Extraordinary Income:	**14,246**
Gain on sales of subsidiaries and affiliates' stocks	7,860
Gain on sales of non-current assets	4,409
Reversal of provision for loss on business of subsidiaries and affiliates	1,669
Other	308
Extraordinary Losses:	**19,804**
Provision for environmental measures	9,092
Loss on valuation of stocks of subsidiaries and affiliates	6,500
Impairment loss	36
Other	4,175
Income before Income Taxes	**25,812**
Corporate income taxes, resident taxes and business tax	2,277
Income taxes adjustments	(1,994)
Net Income	**25,530**

Note: All amounts less than one million yen are rounded down.

Statement of Changes in Shareholders' Equity

[For the year ended March 31, 2018]

(Millions of yen)

	Shareholders' Equity											
		Capital surplus			Retained earnings							
					Other retained earnings							
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Reserve for advanced depreciation of non current assets	Reserve for special account for advanced depreciation of noncurrent assets	Deposit for mining search	Reserve for loss on specified business restructuring investment	Earned surplus carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2017	119,457	85,654	27,346	113,000	5,593	–	0	2,704	158,305	166,604	(2,010)	397,053
Change during the year												
Provision of voluntary retained earnings					1,612	526	13		(2,152)	–		–
Reversal of voluntary retained earnings					(444)		(0)	(2,704)	3,149	–		–
Cash dividends from retained earnings									(9,168)	(9,168)		(9,168)
Net income									25,530	25,530		25,530
Reversal of revaluation reserve for land									578	578		578
Acquisition of treasury stock											(72)	(72)
Disposition of treasury stock			(0)	(0)							0	0
Net change in items other than shareholders' equity												
Total change during the year	–	–	(0)	(0)	1,167	526	12	(2,704)	17,937	16,940	(71)	16,868
Balance as of March 31, 2018	119,457	85,654	27,346	113,000	6,761	526	13	–	176,243	183,545	(2,082)	413,921

	Valuation and Translation Adjustments				Total Net Assets
	Valuation difference on securities available -for-sale	Deferred gains or losses on hedges	Revaluation reserve for land	Total Valuation and translation adjustments	
Balance as of April 1, 2017	51,256	584	28,812	80,653	477,706
Changes of items during the year					
Provision of voluntary retained earnings					–
Reversal of voluntary retained earnings					–
Cash dividends from retained earnings					(9,168)
Net income					25,530
Reversal of revaluation reserve for land					578
Acquisition of treasury stock					(72)
Disposition of treasury stock					0
Net change in items other than shareholders' equity	38,929	176	(578)	38,527	38,527
Total change during the year	38,929	176	(578)	38,527	55,396
Balance as of March 31, 2018	90,186	761	28,233	119,181	533,103

Note: All amounts less than one million yen are rounded down.