



### 3. Consolidated earnings forecast (From April 1, 2017 to March 31, 2018)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2017	720,000	19.4	33,000	20.8	36,000	38.3	18,000	-39.1	137.45
Year ending March 31, 2018	1,540,000	18.1	70,000	17.1	75,000	17.3	31,000	9.3	236.72

(Note) Revision to forecast published most recently: Yes

For the revisions to the consolidated earnings forecasts, please see the "Notice of Revisions to the Performance Forecast" published today (August 8, 2017).

\* Notes

(1) Significant changes of subsidiaries during the term under review (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

(2) Application of specific accounting treatment: Yes

(Note) For details, please see “(3) Notes to consolidated quarterly financial statements (Application of special accounting treatment in the preparation of the quarterly consolidated financial statements)” under “2. Consolidated Financial Statements and Keynotes” on page 12.

(3) Changes in accounting policies, changes of accounting estimates and restatement

(i) Changes in accounting policies due to amendments to accounting standards: None

(ii) Other changes in accounting policies: Yes

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, please see “(3) Notes to consolidated quarterly financial statements (Changes in accounting policies)” under “2. Consolidated Financial Statements and Keynotes” on page 12.

(4) Numbers of issued shares (common stock)

(i) Numbers of issued shares at end of terms (including treasury shares):

Three months ended June 30, 2017: 131,489,535 shares

Year ended March 31, 2017: 131,489,535 shares

(ii) Numbers of treasury shares at end of terms:

Three months ended June 30, 2017: 511,609 shares

Year ended March 31, 2017: 507,863 shares

(iii) Average number of shares issued during terms (quarterly cumulative period):

Three months ended June 30, 2017: 130,979,953 shares

Three months ended June 30, 2016: 130,999,672 shares

\* The Company consolidated its shares at a rate of one share for every 10 shares of its common stock, with October 1, 2016 as the effective date. Subsequently, the numbers of issued shares at end of terms, the numbers of treasury shares at end of terms, and the average number of shares issued during terms are calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous consolidated fiscal year

\* This quarterly financial summaries is not subject to a quarterly review.

\* Explanation about the proper use of financial forecasts and other special notes

(Notes concerning forward-looking statements, etc.)

The operating results forecasts and other forward-looking statements contained in this report are based on information currently available to the Company, as well as certain assumptions that the Company has judged to be reasonable. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Therefore, readers are advised to note that the actual results may vary materially from the forecasts due to a variety of factors. Please see “(3) Information on the consolidated earnings forecasts and other future forecasts” of “1. Qualitative Information on Financial Results for the First Quarter Ended June 30, 2017” on page 5 for the assumptions about consolidated earnings forecasts.

(Procedure for obtaining supplementary information on quarterly financial results and quarterly financial briefing)

Mitsubishi Materials Corporation plans to hold a quarterly financial briefing for institutional investors on Tuesday, August 8, 2017. The materials used at this briefing are disclosed on the TDnet and the Company’s web page at the time that the quarterly financial results are announced.

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## 1. Qualitative Information on Financial Results for the First Quarter Ended June 30, 2017

### (1) Details of operating results

#### 1) Overview of operating results

During the first quarter of 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 Japan, corporate earnings and employment and income conditions were on the road to recovery, and consumer spending and capital expenditure showed signs of improvement.

Regarding the business environment for the Mitsubishi Materials Group, demand for cement, particularly demand from the public sector remained firm, and the foreign exchange markets were characterized by year-on-year yen depreciation.

Under these circumstances, consolidated net sales for the first quarter under review totaled ¥333,316 million, up 11.5% year on year. Operating profit increased 31.2% year on year, to ¥17,307 million, and ordinary income rose 79.4%, to ¥21,640 million. Net income attributable to owners of parent was ¥11,630 million, up 8.0% year on year.

#### 2) Overview by segments

##### (Cement)

(Billion yen)

	FY 2017 Q1	FY 2018 Q1	Increase / Decrease (%)
Net sales	40.1	47.5	7.4 (18.5%)
Operating profit	2.8	5.2	2.4 (88.1%)
Ordinary income	2.5	5.3	2.7 (107.0%)

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, which also remained solid. However, rising thermal energy costs resulted in a decline in operating profit, even as net sales increased.

In the United States, sales volumes of ready-mixed concrete increased, thanks to firm demand related to housing and commercial facilities in Southern California. Sales volumes of cement also increased year on year, due to the rise in the sales volume of ready-mixed concrete. Following a price review, the selling price of cement rose year on year. As a result, both net sales and operating profit increased.

In the overall Cement business, cement production amounted to 2.5 million tons, down 0.1 million tons from the first quarter of the previous fiscal year.

As a result, net sales and operating profit increased year on year for the entire Cement business. Ordinary income also rose with the increase in operating profit.

The Company has excluded Yantai Mitsubishi Cement Co., Ltd. from the scope of consolidation in the first quarter of the consolidated fiscal year under review, because the Company transferred all of the equity interests in Yantai Mitsubishi Cement Co., Ltd., which engaged in the manufacturing and sales business of cement in China.

**(Metals)**

(Billion yen)

	FY 2017 Q1	FY 2018 Q1	Increase / Decrease (%)
Net sales	139.5	158.5	19.0 (13.6%)
Operating profit	4.5	3.7	-0.7 (-16.0%)
Ordinary income	4.3	7.8	3.4 (79.8%)

In the copper business, net sales increased but operating profit declined, reflecting periodic furnace repairs conducted at Noshima Smelter & Refinery, despite an increase in production linked to a rise in the amount contracted by Onahama Smelting and Refining Co., Ltd. Copper cathode production for the entire Metals business amounted to 144 thousand tons, up 6.9 thousand tons year on year.

In the gold and other valuable metals business, net sales and operating profit increased mainly due to a rise in palladium prices.

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 other use.

As a result, the entire Metals business posted a year-on-year increase in net sales, but operating profit declined primarily due to the impact of periodic furnace repairs at Noshima Smelter & Refinery. Ordinary income increased year on year due to a rise in dividend income.

**(Advanced Materials & Tools)**

(Billion yen)

	FY 2017 Q1	FY 2018 Q1	Increase / Decrease (%)
Net sales	36.4	39.0	2.5 (7.1%)
Operating profit	3.6	4.2	0.5 (16.4%)
Ordinary income	2.9	3.9	1.0 (37.1%)

In the cemented carbide products business, net sales and operating profits increased as a result of aggressive efforts for sales promotion, in addition to higher demand in overseas market particularly in Europe, United States and Southeast Asia.

In the high-performance alloy products business, sales of our mainstay sintering parts increased in Japan, Europe and the United States following the launch of new products, but operating profit declined due to a rise in selling and administrative expenses, although net sales increased.

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

**(Electronic Materials & Components)**

(Billion yen)

	FY 2017 Q1	FY 2018 Q1	Increase / Decrease (%)
Net sales	15.0	17.4	2.4 (16.1%)
Operating profit	0.2	1.4	1.2 (464.4%)
Ordinary income	0.2	1.4	1.2 (434.0%)

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 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 optical communication related equipment.

The polycrystalline silicon business recorded an increase in net sales and operating profit, chiefly due to the positive effect of changes in the schedule of periodic repairs, in addition to higher sales.

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.

**(Aluminum)**

(Billion yen)

	FY 2017 Q1	FY 2018 Q1	Increase / Decrease (%)
Net sales	40.2	39.5	-0.7 (-1.8%)
Operating profit	2.3	2.3	-0.0 (-0.2%)
Ordinary income	2.2	2.2	-0.0 (-0.2%)

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 energy costs.

In the rolled aluminum and processed aluminum products business, net sales and operating profit increased thanks to higher sales of can materials and products for automobiles, despite the rise in energy costs.

As a result, the entire Aluminum business posted a decrease in net sales, but operating profit and ordinary income remained unchanged from the level a year ago.

**(Others)**

(Billion yen)

	FY 2017 Q1	FY 2018 Q1	Increase / Decrease (%)
Net sales	45.4	50.7	5.3 (11.9%)
Operating profit	1.0	1.6	0.6 (61.9%)
Ordinary income	0.9	1.9	1.0 (110.2%)

In the energy-related business, net sales and operating profit increased due to a rise in sales prices of coal.

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

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

In the overall Others business, net sales and operating profit increased from a year earlier. Ordinary income rose due to the rise in operating profit, in addition to an increase in dividend income.

Orders received for nuclear energy and engineering-related services amounted to ¥16.4 billion, down ¥4.2 billion year on year. The order backlog at the end of the period was ¥48.6 billion, up ¥18.4 billion from a year earlier.

## (2) Details of financial position

Total assets at the end of the first quarter of the consolidated fiscal year under review stood at ¥1,929.0 billion, up ¥32.1 billion from the end of the previous consolidated fiscal year. This result was mainly due to an increase in inventories during the first quarter under review.

Total liabilities were ¥1,217.5 billion, an increase of ¥30.8 billion from the end of the previous consolidated fiscal year. This increase was chiefly attributable to a rise in long-term loans payable during the first quarter under review.

## (3) Information on the consolidated earnings forecasts and other future forecasts

In our consolidated earnings forecasts for the six months and the full year of the fiscal year ending March 31, 2018, we have revised the previous forecasts (announced on May 11, 2017) for net sales, operating profit, ordinary income and net income attributable to owners of parent as follows. Due to the demand for cement particularly for housing and commercial facilities remained firm in Southern California, the United States and that some of the dividends from copper mines, which we expected to be paid in the second half, have been paid in the first quarter under review.

Revisions to Consolidated Earnings Forecasts for the First Six Months of the Fiscal Year Ending March 31, 2018  
(from April 1, 2017 to September 30, 2017)

(Billion yen)

	Previous forecast	Current forecast	Increase / Decrease (%)
Net sales	750.0	720.0	-4.0%
Operating profit	28.0	33.0	17.9%
Ordinary income	25.0	36.0	44.0%
Net income attributable to owners of parent	13.0	18.0	38.5%

Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018  
(from April 1, 2017 to March 31, 2018)

(Billion yen)

	Previous forecast	Current forecast	Increase / Decrease (%)
Net sales	1,570.0	1,540.0	-1.9%
Operating profit	65.0	70.0	7.7%
Ordinary income	68.0	75.0	10.3%
Net income attributable to owners of parent	28.0	31.0	10.7%



## 2. Consolidated Financial Statements and Keynotes

### (1) Consolidated balance sheet

	(Million yen)	
	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	141,264	82,752
Notes and accounts receivable-trade	213,343	226,147
Merchandise and finished goods	85,878	94,888
Work in process	101,643	138,020
Raw materials and supplies	100,757	117,781
Others	227,119	221,446
Allowance for doubtful accounts	(2,537)	(2,657)
<b>Total current assets</b>	867,469	878,379
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Machinery and equipment, net	199,758	200,652
Land, net	260,805	259,042
Other, net	205,661	210,523
<b>Total property, plant and equipment</b>	666,226	670,218
<b>Intangible assets</b>		
Goodwill	43,436	55,062
Other	15,138	14,846
<b>Total intangible assets</b>	58,574	69,908
<b>Investments and other assets</b>		
Investment securities	252,067	252,600
Others	58,151	63,551
Allowance for doubtful accounts	(5,549)	(5,578)
<b>Total investments and other assets</b>	304,669	310,573
<b>Total non-current assets</b>	1,029,470	1,050,700
<b>Total assets</b>	1,896,939	1,929,080

(Million yen)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	114,502	134,671
Short-term loans payable	203,819	214,574
Current portion of bonds payable	15,000	15,000
Commercial papers	–	10,000
Income taxes payable	16,154	7,323
Provision	13,518	6,831
Gold payable	241,406	242,897
Other	102,262	100,558
<b>Total current liabilities</b>	<b>706,665</b>	<b>731,857</b>
<b>Non-current liabilities</b>		
Bonds payable	55,000	40,000
Long-term loans payable	254,411	276,564
Provision for environmental measures	32,568	32,326
Other provision	5,502	2,373
Net defined benefit liability	56,037	57,940
Other	76,560	76,499
<b>Total non-current liabilities</b>	<b>480,079</b>	<b>485,704</b>
<b>Total liabilities</b>	<b>1,186,744</b>	<b>1,217,561</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	119,457	119,457
Capital surplus	92,422	92,422
Retained earnings	333,526	340,206
Treasury stock	(2,017)	(2,029)
<b>Total shareholders' equity</b>	<b>543,390</b>	<b>550,058</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	55,226	55,102
Deferred gains or losses on hedges	888	(593)
Revaluation reserve for land	34,930	34,943
Foreign currency translation adjustment	(1,418)	(4,888)
Remeasurements of defined benefit plans	(11,735)	(10,938)
<b>Total accumulated other comprehensive income</b>	<b>77,891</b>	<b>73,625</b>
<b>Non-controlling interests</b>	<b>88,913</b>	<b>87,834</b>
<b>Total net assets</b>	<b>710,195</b>	<b>711,518</b>
<b>Total liabilities and net assets</b>	<b>1,896,939</b>	<b>1,929,080</b>

**(2) Consolidated statement of income and consolidated statements of comprehensive income****Consolidated statement of income**

Consolidated first three quarters

(Million yen)

	Three Months Ended June 30, 2016 (Apr. 1, 2016–Jun. 30, 2016)	Three Months Ended June 30, 2017 (Apr. 1, 2017–Jun. 30, 2017)
<b>Net sales</b>	298,828	333,316
<b>Cost of sales</b>	249,788	279,944
<b>Gross profit</b>	49,040	53,372
<b>Selling, general and administrative expenses</b>	35,849	36,064
<b>Operating profit</b>	13,190	17,307
<b>Non-operating profit</b>		
Interest income	117	187
Dividend income	1,182	5,937
Equity in earnings of affiliates	714	600
Rent income on non-current assets	1,227	1,156
Other	531	1,274
<b>Total non-operating profit</b>	3,773	9,155
<b>Non-operating expenses</b>		
Interest expenses	1,335	1,247
Other	3,562	3,575
<b>Total non-operating expenses</b>	4,898	4,822
<b>Ordinary income</b>	12,066	21,640
<b>Extraordinary income</b>		
Gain on sales of investment securities	600	126
Gain on sales of non-current assets	3,209	17
Other	2	0
<b>Total extraordinary income</b>	3,812	143
<b>Extraordinary losses</b>		
Settlement related expenses	–	15
Loss on valuation of investment securities	132	–
Other	17	14
<b>Total extraordinary losses</b>	150	30
<b>Income before income taxes</b>	15,728	21,754
Income taxes	4,033	7,122
<b>Net income</b>	11,695	14,632
<b>Net income attributable to non-controlling interests</b>	929	3,001
<b>Net income attributable to owners of parent</b>	10,766	11,630

## Consolidated statements of comprehensive income

Consolidated first three quarters

(Million yen)

	Three Months Ended June 30, 2016 (Apr. 1, 2016–Jun. 30, 2016)	Three Months Ended June 30, 2017 (Apr. 1, 2017–Jun. 30, 2017)
<b>Net income</b>	11,695	14,632
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(5,380)	(179)
Deferred gains or losses on hedges	1,479	(1,432)
Foreign currency translation adjustment	(21,404)	(103)
Remeasurements of defined benefit plans	1,290	815
Equity in earnings of affiliates	(1,218)	76
<b>Total other comprehensive income</b>	<b>(25,233)</b>	<b>(823)</b>
<b>Comprehensive income</b>	<b>(13,538)</b>	<b>13,808</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	(9,633)	10,729
Comprehensive income attributable to non-controlling interests	(3,905)	3,078

### (3) Notes to consolidated quarterly financial statements

#### Notes on assumptions for a going concern

N/A

#### Segment information

[Segment Information]

I. For the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

Sales and income of reporting segments

(Million yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the consolidated quarterly statements of income
Net sales									
(1) Outside customers	39,492	137,794	32,349	13,785	39,737	35,668	298,828	–	298,828
(2) Within consolidated group	681	1,776	4,084	1,282	532	9,736	18,093	(18,093)	–
Total	40,174	139,570	36,433	15,067	40,270	45,405	316,922	(18,093)	298,828
Segment income	2,566	4,369	2,900	278	2,235	921	13,272	(1,206)	12,066

Notes: 1. “Others” includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.

2. “Adjustment amount” of segment income of -¥1,206 million includes the elimination of intersegment transactions of -¥37 million and corporate expenses of -¥1,168 million which are not distributed to the reporting segments. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial revenue and expenses.

3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

II. For the three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

1. Sales and income of reporting segments

(Million yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the consolidated quarterly statements of income
Net sales									
(1) Outside customers	46,798	156,377	36,157	15,291	39,293	39,398	333,316	–	333,316
(2) Within consolidated group	799	2,209	2,874	2,202	241	11,396	19,723	(19,723)	–
Total	47,598	158,587	39,032	17,493	39,535	50,794	353,040	(19,723)	333,316
Segment income	5,314	7,858	3,976	1,489	2,231	1,936	22,806	(1,165)	21,640

Notes: 1. “Others” includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.

2. “Adjustment amount” of segment income of -¥1,165 million includes the elimination of intersegment transactions of -¥54 million and corporate expenses of -¥1,111 million which are not distributed to the reporting segments. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial revenue and expenses.

3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

2. Matters relating to the change in the reporting segments, etc.

(Changes in the depreciation method of property, plant and equipment)

As stated in “Changes in accounting policies”, as the deprecation method applied to production facilities for electronic materials and components of the Company and its consolidated subsidiaries in Japan, the declining-balance method was mainly used, but the method has been changed to the straight-line method from the first quarter of the current consolidated fiscal year.

As a result of changing the depreciation method, segment income has increased ¥61 million in the first quarter of the current consolidated fiscal year, compared with the case in which the past method is used.

## **Notes on significant changes in the amount of shareholders' equity, if any**

N/A

## **Application of special accounting treatment in the preparation of the quarterly consolidated financial statements**

The Company calculates tax expenses by rationally assuming an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year, including the first quarter under review, and multiplying income before income taxes for the first quarter by the estimated effective tax rate.

## **Changes in accounting policies**

(Changes in the depreciation method of property, plant and equipment)

As the depreciation method applied to production facilities for electronic materials and components of the Company and its consolidated subsidiaries in Japan, the declining-balance method was mainly used, but the method has been changed to the straight-line method from the first quarter of the current consolidated fiscal year. This change has been made based on our judgment that the straight-line method is more reasonable, given that production facilities are expected to operate stably over a long period of time and that the investment effect is expected to emerge evenly, as a result of examining the depreciation method in the wake of the formulation of the Medium-Term Management Strategy (FY2018 to FY2020).

As a result of changing the depreciation method, operating profit, ordinary income and income before income taxes have increased ¥61 million, respectively, in the first quarter of the current consolidated fiscal year, compared with the case in which the past method is used.

## **Additional information**

(Provision for environmental measures)

In regards to expenses for specific countermeasure work to prevent mining-induced pollution and expenses for countermeasure work to stabilize collection sites in abandoned mines managed by the Group, we have recorded a provision for expenses whose estimated amount has been fixed because the details of the construction work have been determined. However, there are some forms of countermeasure work for which the amount cannot be calculated reasonably because the details of construction work are undecided due to the fact that the most appropriate construction method for the landscape and existing equipment have yet to be selected, even though specific countermeasure work is necessary.

## **Contingent liabilities**

Previous consolidated fiscal year (As of March 31, 2017)

On December 30, 2014, PT Smelting in Indonesia, a consolidated subsidiary of the Company (hereinafter the "Consolidated Subsidiary") received a notice of reassessment in an amount of US\$47 million (¥5,370 million based on the exchange rate at the end of the previous consolidated fiscal year) from the Indonesian National Tax Authority regarding the sales transaction pricing of the Consolidated Subsidiary for the year ended December 2009. On January 28, 2015, the Consolidated Subsidiary made a provisional deposit of US\$14 million (¥1,570 million) as a part of the additional collection.

However, the Consolidated Subsidiary submitted a written objection to the Indonesian National Tax Authority on March 25, 2015, because this assessment, which claimed there was a sales shortage on the part of the Consolidated Subsidiary based on a comparison of the profit margin ratio with other companies selected by the Indonesian National Tax Authority, was highly unreasonable and found to be unacceptable by the Company and the Consolidated Subsidiary.

The written objection submitted by the Consolidated Subsidiary on March 25, 2015 was dismissed by the

Indonesian National Tax Authority on March 16, 2016. Therefore, the Consolidated Subsidiary filed a complaint to the Tax Court in Indonesia on June 6, 2016 to present the fairness of the view of the Company and the Consolidated Subsidiary.

On December 22, 2016, the Consolidated Subsidiary received a notice of reassessment in an amount of US\$34 million (¥3,841 million) from the Indonesian National Tax Authority, regarding its posting of raw material costs for the fiscal year ended December 31, 2011.

However, the Consolidated Subsidiary submitted a written objection to the Indonesian National Tax Authority on March 20, 2017, because this assessment was a view that unilaterally negated the basis for recording raw materials costs, etc. of the Consolidated Subsidiary and found to be unacceptable by the Company and the Consolidated Subsidiary.

First quarter of the consolidated fiscal year under review (As of June 30, 2017)

On December 30, 2014, PT Smelting in Indonesia, a consolidated subsidiary of the Company (hereinafter the “Consolidated Subsidiary”) received a notice of reassessment in an amount of US\$47 million (¥5,361 million based on the exchange rate at the end of the first quarter of the consolidated fiscal year under review) from the Indonesian National Tax Authority, regarding the sales transaction pricing of the Consolidated Subsidiary for the year ended December 2009. On January 28, 2015, the Consolidated Subsidiary made a provisional deposit of US\$14 million (¥1,568 million) as a part of the additional collection.

However, the Consolidated Subsidiary submitted a written objection to the Indonesian National Tax Authority on March 25, 2015, because this assessment, which claimed there was a sales shortage on the part of the Consolidated Subsidiary based on a comparison of the profit margin ratio with other companies selected by the Indonesian National Tax Authority, was highly unreasonable and found to be unacceptable by the Company and the Consolidated Subsidiary.

The written objection submitted by the Consolidated Subsidiary on March 25, 2015 was dismissed by the Indonesian National Tax Authority on March 16, 2016. Therefore, the Consolidated Subsidiary filed a complaint to the Tax Court in Indonesia on June 6, 2016 to present the fairness of the view of the Company and the Consolidated Subsidiary.

On December 22, 2016, the Consolidated Subsidiary received a notice of reassessment in an amount of US\$34 million (¥3,834 million) from the Indonesian National Tax Authority, regarding its posting of raw material costs for the fiscal year ended December 31, 2011.

However, the Consolidated Subsidiary submitted a written objection to the Indonesian National Tax Authority on March 20, 2017, because this assessment was a view that unilaterally negated the basis for recording raw materials costs, etc. of the Consolidated Subsidiary and found to be unacceptable by the Company and the Consolidated Subsidiary.