

**1999 Financial Highlight**  
**(for 6 months ended September 30,1998)**

**Consolidated Interim Financial Statements (September 30 1998)**

**Summary**

**1. Results of Six Months ended September 30, 1998**

(1) Results of operations

[Fractions of less than ¥1 million have been discarded]

	Net sales [¥ millions]	Change [%]	Operating income [¥ millions]	Change [%]	Ordinary income [¥ millions]	Change [%]	Net income [¥ millions]	Change [%]	Net income per share[¥]
Six Months ended Sep. 30, 1998	516,361	-	7,438	-	(7,510)	-	(28,721)	-	(25.32)
Six Months ended Sep. 30, 1997	-	-	-	-	-	-	-	-	-
Year ended Mar. 31, 1998	1,196,008		54,086		23,922		10,071		8.88

Note

This is the first time interim consolidated financial statements have been prepared and therefore, there are no financial data with respect to the previous interim consolidated financial period.

Investment income based on the equity method of accounting (1,478) million yen.

(2) Financial Position

	Total assets [¥ millions]	Shareholders' equity [¥ millions]	Ratio of shareholders' equity to total assets [%]	Shareholders' equity per share[¥]
Six Months ended Sep. 30, 1998	1,668,945	273,856	16.4	242.88
Six Months ended Sep. 30, 1997	-	-	-	-
Year ended Mar. 31, 1998	1,679,206	312,385	18.6	275.29

(3) Scope of Consolidation and Adoption of the Equity Method of Accounting

Number of consolidated subsidiaries :	110
Number of non-consolidated subsidiaries :	151
[Number of companies to which the equity method is applied:	0]
Number of affiliates :	122
[Number of companies to which the equity method is applied :	26]

(4) Changes in the Accounting Method

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

Number of consolidated companies;

New:5 Excluded:0

Number of companies to which the equity method is applied;

New:1 Excluded:0

(ii) Changes in accounting method

No change was made in the accounting methods during the fiscal period under review

## 2. Forecast ( from April 1, 1998 to March 31, 1999 )

	Net sales [¥ millions]	Ordinary income [¥ millions]	Net income [¥ millions]
For the year ending Mar. 31, 1999	1,070,000	(15,000)	(20,000)

Note

1.: Anticipated net income per share for the year ending March 31, 1999 :

Consolidated basis (17.74 yen)

Non-consolidated basis 2.66 yen

2. : Non-consolidated financial results for six months ended September 30 1998

[Fractions of less than ¥1 million have been discarded]											
	Net sales [¥ millions]	Change [%]	Operating income [¥ millions]	Change [%]	Ordinary income [¥ millions]	Change [%]	Net income [¥ millions]	Change [%]	Net income per share[¥]	Total assets [¥ millions]	Shareholders' equity [¥ millions]
Six Months ended Sep. 30, 1998	334,903	(12.6)	6,392	(51.5)	3,174	(65.5)	(12,512)	-	(11.03)	978,539	273,156

## An Overview of Company Results

1. Results for six months period ended September 30, 1998

(1) Net sales were down to 516.3 billion yen due to reduced sales and decline in price of most products including advanced materials, cement and fabricated metal products. This is attributable to worldwide sluggishness of semiconductor sector and the weak domestic economy.

(2) Ordinary income was a loss of 7.5 billion yen due to the aforementioned decline in sales of products, decrease in price of silicon wafers and sharp decline of performance in the advanced materials sector caused by delayed start-up of overseas operations.

Net income for the six months period ended September 30, 1998 was a loss of 28.7 billion yen as a result of huge appraisal losses on marketable securities which were caused by a sharp decline in the stock market in addition to the above ordinary loss.

(3) Total assets as of September 30, 1998 were 1,668 billion yen down by 10.2 billion yen from the end of fiscal 1998. This change is attributable to a decrease in tangible assets resulting from sales of assets in spite of increase of consolidated subsidiaries mainly abroad, as well as a decrease in accounts receivable due to slow sales and securitization.

As of October 1, 1998 the Company transferred its cement marketing and distribution operations to Ube-Mitsubishi Cement Corporation, a joint venture established by the Company and Ube Industries.

2. Forecast for fiscal 1999

For the latter half of fiscal 1999, although the Company, including its subsidiaries and affiliates, intends to improve performance by executing measures such as the sale of assets and emergent measures for reduction of costs, the severe economic environment is predicted to continue. Therefore, the Company is expecting to post 1,070 billion yen for sales, 15 billion yen of ordinary loss and 20.0 billion yen of net loss respectively.

**CONSOLIDATED BALANCE SHEET ( 1 / 2 )  
AS OF SEPTEMBER 30 1998**

(Millions of yen)

	30/9/1998	31/3/1998
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Cash equivalent	55,636	58,010
Note received & Accounts receivable - Trade	242,564	297,609
Marketable securities	92,921	111,286
Inventories	185,705	167,835
Loans receivable	12,917	20,239
Other receivable	20,021	10,699
Other current assets	28,609	16,137
Allowance for doubtful accounts	(6,841)	(5,267)
<b>TOTAL CURRENT ASSETS</b>	<b>631,536</b>	<b>676,551</b>
<b>NON-CURRENT ASSETS</b>		
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
Buildings & Structures	284,748	288,222
Machinery & Equipment	269,215	260,129
Land	146,916	145,122
Construction in progress	121,473	90,226
Other tangible assets	19,633	19,274
<b>TOTAL TANGIBLE ASSETS</b>	<b>841,985</b>	<b>802,976</b>
<b>INTANGIBLE ASSETS</b>		
Consolidated control	326	-
Other intangible assets	9,970	9,543
<b>TOTAL INTANGIBLE ASSETS</b>	<b>10,296</b>	<b>9,543</b>
<b>INVESTMENT &amp; LONG-TERM RECEIVABLES</b>		
Investments securities	105,448	112,093
Long-term loans receivable	44,315	41,333
Investment other	60,468	61,496
Allowance for doubtful accounts	(25,106)	(24,833)
<b>TOTAL INVESTMENT &amp; LONG-TERM RECEIVABLES</b>	<b>185,126</b>	<b>190,090</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,037,408</b>	<b>1,002,609</b>
<b>CONSOLIDATED CONTROL</b>	<b>-</b>	<b>45</b>
<b>TOTAL ASSETS</b>	<b>1,668,945</b>	<b>1,679,206</b>

**CONSOLIDATED BALANCE SHEET( 2 / 2 )**  
**AS OF SEPTEMBER 30 1998**

(Millions of yen)

	30/9/1998	31/3/1998
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Notes payable & Accounts payable - Trade	126,864	138,143
Short-term bank loans	503,969	499,521
Bonds payable	-	10,000
Commercial paper	25,000	30,000
Accrued expenses	34,091	41,747
Accounts payable - other	9,870	15,300
Income taxes payable	3,053	6,061
Reserve for bonus	13,523	14,202
Employees' savings	16,477	16,810
Other current liabilities	38,527	29,471
<b>TOTAL CURRENT LIABILITIES</b>	<b>771,378</b>	<b>801,258</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term loans payable	286,416	257,489
Bonds payable	236,728	206,538
Reserve for retirement of employees	26,025	27,198
Reserve for loss on equity method affiliates	58	1,128
Other non-current liabilities	41,457	42,022
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>590,686</b>	<b>534,377</b>
<b>FOREIGN STATEMENTS TRANSLATION ADJUSTMENTS</b>	<b>3,114</b>	<b>1,366</b>
<b>MINOR SHARE</b>	<b>-</b>	<b>29,818</b>
<b>TOTAL LIABILITIES</b>	<b>1,365,179</b>	<b>1,366,820</b>
<b>MINOR SHARE</b>	<b>29,908</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>		
Paid-in capital	99,396	99,396
Capital reserve	70,705	72,465
Revenue reserve	-	15,900
Consolidation surplus	103,756	-
Other surplus	-	124,625
Self-stocks	(1)	(2)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>273,856</b>	<b>312,385</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>1,668,945</b>	<b>1,679,206</b>

NOTE :

Business tax payable is included in Income tax payable from this interim period.

**CONSOLIDATED PROFIT & LOSS STATEMENTS  
FOR SIX MONTHS ENDED SEPTEMBER 30 1998**

(Millions of yen)

	<b>6 months to 30/9/1998</b>	<b>12 months to 31/3/1998</b>
Net Sales	516,361	1,196,008
Cost of Goods Sold	429,433	981,916
Selling, General & Administrative Expenses	79,488	160,004
<b>Operating income</b>	<b>7,438</b>	<b>54,086</b>
Non-operating income		
Interest and dividend income	2,013	4,439
Other non-operating income	1,641	4,530
Non-operating expenses		
Interest expenses	13,374	24,343
Loss on investment (equity method)	1,478	-
Other non-operating expenses	3,751	14,790
<b>Ordinary income</b>	<b>(7,510)</b>	<b>23,922</b>
Extraordinary profit		
Profit on sales of fixed assets	785	2,557
Profit on sales of investment stocks	0	95
Other special profit	131	1,145
Extraordinary loss		
Loss on written off marketable securities	18,870	-
Loss on disposal of fixed assets	772	3,812
Allowance for bad debt	362	174
Loss on written off investment stocks	357	199
Loss on restructuring of affiliates	-	453
Other special loss	379	1,357
<b>Net income before tax</b>	<b>(27,335)</b>	<b>21,723</b>
Corporate income taxes	2,979	12,135
Income taxes adjustments deferred	1,568	(440)
Minority interest adjustment	(25)	1,311
Amortization of consolidation adjustments	-	(13)
Profit/(loss) on investment (equity method)	-	2,223
<b>Net income for the current year</b>	<b>(28,721)</b>	<b>10,071</b>

NOTE 1. Lease expense 2,551 5,092

2. Business tax is included in corporate income taxes from this interim period.

**CONSOLIDATED RETAINED EARNINGS  
FOR SIX MONTHS ENDED SEPTEMBER 30 1998**

(Millions of yen)

	<b>6 months to 30/9/1998</b>	<b>12 months to 31/3/1998</b>
<b>Balance of other surplus at beginning of year</b>	124,625	120,577
<b>Transfer from legal reserve in the previous period</b>	15,900	-
<b>Balance at the beginning of year</b>	140,525	120,577
Increase due to merger of unconsolidated subsidiaries	-	717
Increase due to revaluation of property, plant and equipment of a foreign subsidiary	-	100
<b>Increase total</b>	-	<b>817</b>
Transfer to legal reserve	-	773
Cash dividends paid	5,670	5,670
Bonus to directors and statutory auditors	349	396
Decrease resulting from increase of consolidated subsidiaries	2,027	-
<b>Decrease total</b>	<b>8,048</b>	<b>6,841</b>
<b>Net income for current year</b>	<b>(28,721)</b>	<b>10,071</b>
<b>Balance of other surplus at beginning of year</b>	-	124,625
<b>Balance at the end of year</b>	<b>103,756</b>	<b>124,625</b>

**Notes to the balance sheet**

(Millions of yen)

	<b>30/9/1998</b>	<b>31/3/1998</b>
1. Accumulated depreciation	857,067	838,882
2. Discounting notes & endorsing notes receivable	6,099	6,574
3. Balance of guarantee others	36,663	32,962
4. Self-stocks ( Including stocks of Mitsubishi Materials ( Corporation owned by its subsidiaries) [The number of shares]	1 [5,106]	2 [8,079]
5. Redemption of self-stocks [The number of shares redeemed]	1,760 [6,600,000]	- [ - ]

**Notes to lease transaction**

(Millions of yen)

	<b>30/9/1998</b>	<b>31/3/1998</b>
1. Finance leases, except which are recognized that the ownership of the leased item are effectively transferred to the lessees		
(1) Equivalent amount of acquisition cost, accumulated depreciation and book value at the end of the financial period of the leased item		
Acquisition cost	27,991	32,253
Accumulated depreciation	14,965	17,065
Book value at the end of the financial period	13,026	15,188
(2) Equivalent book value of unearned lease payments at the end of the financial period [ not later than one year ]	13,026 [4,422]	15,188 [4,676]
2. Operating leases		
Unearned lease payments [ not later than one year ]	3,032 [680]	2,777 [536]

## Segment Information

### (a) Business segment information

Millions of yen

Six months ended September 30, 1998	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	115,856	91,914	157,671	70,866	80,053	516,361		516,361
Intersegment	2,121	2,382	7,486	2,188	18,175	32,354	(32,354)	-
Total	117,977	94,296	165,157	73,055	98,229	548,715	(32,354)	516,361
Operating expenses	114,391	90,646	161,028	76,741	94,406	537,213	(28,291)	508,922
Operating profit	3,586	3,650	4,128	(3,686)	3,822	11,509	(4,063)	7,438
Identifiable assets	213,988	279,881	421,775	283,999	294,887	1,494,533	174,412	1,668,945
Depreciation	2,963	6,552	11,037	12,773	3,765	37,092	1,808	38,900
Capital expenditures	12,469	4,801	11,788	21,562	2,918	53,539	309	53,848

#### NOTES

- This is the first time interim consolidated financial statements have been prepared and therefore, there are no financial data for the previous interim consolidated financial statements.
- Business segments have been classified in terms of sales, main products of each business segment are as follows:
  - (1) Nonferrous metals : Gold, Silver, Copper, Zinc and Tin products
  - (2) Cement : Cement, Cement-related products, Ready-mixed concrete and Building materials
  - (3) Fabricated metal products : Powder metallurgy products, Special alloy products, Industrial machinery, Aluminum cans and Copper related products
  - (4) Silicon and advanced materials : Advanced products and Silicon wafers
  - (5) Others : Energy and environment-related products and Real estate
- The amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses is 4,628 million yen for the current period.
- The amount of corporate assets included in Elimination and corporate assets is 192,923 million yen for the current period, main assets of which are those related to basic research & fundamental development, moneys in the parent company ( cash and marketable securities ) and managerial division.

( For reference )

Millions of yen

year ended March 31, 1998	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	296,429	208,119	328,198	159,514	203,746	1,196,008		1,196,008
Intersegment	3,676	5,563	15,121	10,653	24,776	59,791	(59,791)	-
Total	300,106	213,682	343,320	170,167	228,523	1,255,799	(59,791)	1,196,008
Operating expenses	286,033	200,340	327,705	161,050	217,183	1,192,312	(50,391)	1,141,921
Operating profit	14,073	13,341	15,615	9,117	11,339	63,487	(9,400)	54,086
Identifiable assets	229,012	289,957	388,178	256,616	299,599	1,463,365	215,841	1,679,206
Depreciation	5,900	13,556	23,555	25,549	7,115	75,676	3,413	79,089
Capital expenditures	44,004	14,487	23,790	26,366	9,341	117,990	2,823	120,813

### (b) Segment information by geographic area

Millions of yen

Six months ended September 30, 1998	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	458,967	47,727	4,191	4,229	1,244	516,361		516,361
Intersegment	12,581	706	0	452	0	13,741	(13,741)	-
Total	471,549	48,433	4,192	4,682	1,245	530,102	(13,741)	516,361
Operating expenses	457,489	48,996	3,969	5,664	964	517,084	(8,161)	508,922
Operating profit	14,059	(562)	222	(982)	281	13,018	(5,580)	7,438
Identifiable assets	1,179,704	191,622	1,484	101,148	3,014	1,476,973	191,971	1,668,945

#### NOTES

- This is the first time interim consolidated financial statements have been prepared and therefore, there are no financial data for the previous interim consolidated financial statements.
- Nations or areas has been classified in terms of their geographic closeness.
- Main countries or regions that belong to classifications other than Japan and the United States
  - (1) Europe : Germany, Spain
  - (2) Asia : Malaysia, Singapore, Taiwan, Hongkong
  - (3) Other : Australia
- The amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses is 4,628 million yen for the current period.
- The amount of corporate assets included in Elimination and corporate assets is 192,923 million yen for the current period, main assets of which are those related to basic research & fundamental development, moneys in the parent company ( cash and marketable securities ) and managerial division.



( For reference )

Millions of yen

Year ended March 31, 1998	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	1,089,188	94,318	886	9,132	2,482	1,196,008		1,196,008
Intersegment	15,762	2,244	24	634	0	18,666	(18,666)	-
Total	1,104,951	96,562	910	9,767	2,482	1,214,675	(18,666)	1,196,008
Operating expenses	1,046,904	90,573	800	10,090	2,332	1,150,701	(8,779)	1,141,921
Operating profit	58,046	5,989	110	(322)	150	63,974	(9,887)	54,086
Identifiable assets	1,202,520	165,555	2,117	72,117	3,626	1,445,938	233,268	1,679,206

**(c) Overseas sales by geographic area**

Millions of yen

Six months ended September 30, 1998	U.S.A.	Europe	Asia	Other	Total
Overseas sales	43,458	7,029	39,489	1,556	91,535
Consolidated net sales					516,361
Percentage of overseas sales to consolidated net sales	8.4%	1.3%	7.6%	0.3%	17.7%

NOTES

1. This is the first time interim consolidated financial statements have been prepared and therefore, there are no financial data for the previous interim consolidated financial statements.
2. Nations or areas have been classified in terms of their geographic closeness.
3. Main countries or regions that belong to classifications other than the United States
  - (1) Europe : Germany, Spain
  - (2) Asia : Malaysia, Singapore, Taiwan, Hongkong
  - (3) Other : Australia
4. Overseas sales represents sales of Mitsubishi Materials Corporation and its subsidiaries made in countries and regions other than Japan.

( For reference )

Millions of yen

Year ended March 31, 1998	U.S.A.	Europe	Asia	Other	Total
Overseas sales	86,423	10,156	89,615	1,326	187,522
Consolidated net sales					1,196,008
Percentage of overseas sales to consolidated net sales	7.2%	0.8%	7.5%	0.1%	15.7%

## Non-consolidated Interim Financial Statements (September 30 1998)

### Summary

#### 1. Results of Six Months ended September 30, 1998 (Non-Consolidated)

(1) Results of operations:

(Fractions of less than ¥1 million have been discarded)

	Net sales (¥ millions)	Change (%)	Operating income (¥ millions)	Change (%)	Ordinary income (¥ millions)	Change (%)	Net income (¥ millions)	Change (%)	Net income per share(¥)	Financial Accounting Standard
Six Months ended Sep. 30, 1998	334,903	- 12.6	6,392	- 51.5	3,174	- 65.5	- 12,512	-	- 11.03	Financial Accounting Standards for Interim Financial Statements
Six Months ended Sep. 30, 1997	383,063	5.9	13,185	46.8	9,215	79.7	4,338	96.7	3.83	Financial Accounting Standards for Interim Financial Statements
Year ended Mar. 31, 1998	766,721		28,730		16,181		6,723		5.93	

Note:

1. Average number of shares

Six Months ended Sept. 30, 1998 : 1,134,116,791

(6,600,000 own shares were redeemed by capital reserve on September 30, 1998)

Six Months ended Sept. 30, 1997 : 1,134,152,857

Year ended March 31, 1998 : 1,134,152,857

2. Change in accounting method:

No change was made in the accounting methods during the fiscal period under review.

(2) Dividends:

	Interim dividends per share (¥)	Cash dividends per share (¥)
Six Months ended Sep. 30, 1998	0.00	-
Six Months ended Sep. 30, 1997	0.00	-
Mar. 31, 1998	-	5.00

(3) Financial Position

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets(%)	Shareholders' equity per share(¥)
Six Months ended Sep. 30, 1998	978,539	273,156	27.9	242.26
Six Months ended Sep. 30, 1997	1,024,711	290,834	28.4	256.43
Year ended Mar. 31, 1998	1,015,222	293,220	28.9	258.54

Note:

1. Number of shares outstanding

As of Sept. 30, 1998 : 1,127,552,857

(6,600,000 own shares were redeemed by capital reserve on September 30, 1998)

As of Sept. 30, 1997 : 1,134,152,857

As of March 31, 1998 : 1,134,152,857

2. Difference between current prices of marketable securities and their prices shown in the balance sheet as of September 30, 1998:

¥ 9,984 million

3. Difference between current prices of derivative transactions and contractual prices and the like as of September 30, 1998:

¥ 1,610 million

**2. Forecast (from April 1, 1998 to March 31, 1999)**

	Net sales (¥ millions)	Ordinary income (¥ millions)	Net income (¥ millions)	Annual dividends per share(¥)		
				Interim	Term-end	Total
For the year ending Mar. 31, 1999	667,000	6,500	3,000	-	3.00	3.00

Note: Anticipated net income per share for the year ending March 31, 1999 : ¥2.66

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### **An Overview of Company Results**

1. Results for six months period ended September 30, 1998

Net sales were down by 48.2 billion yen to 334.9 billion yen due to reduced sales and decline in price of most products including nonferrous metals, cement, construction materials and fabricated metal products. This is attributable to the weak domestic economy, sluggishness of related business sectors such as automobile, appliance, semiconductor and construction as well as the economic turmoil in Southeast Asia.

Ordinary income declined by 6.0 billion yen to 3.2 billion yen due to the losses caused by the aforementioned sharp decline in sales and decrease in price which were not compensated by the favorable effect of the yen's depreciation against the US dollar on metal smelting operations as well as the concerted efforts of each division to pare costs. Net income for the six months period ended September 30, 1998 was a loss of 12.5 billion yen down by 16.9 billion yen compared to the previous period as a result of huge appraisal losses of 18.0 billion yen on marketable securities which were caused by a sharp decline in the stock market.

Total assets as of September 30, 1998 were 978.5 billion yen down by 36.7 billion yen from the end of fiscal 1998. This change is attributable to a decrease in tangible assets resulting from constrained capital expenditure and sales of assets in spite of increased investment mainly abroad, as well as a decrease in accounts receivable due to slow sales and securitization. As of October 1, 1998 the Company has transferred its cement marketing and distribution operations to Ube-Mitsubishi Cement Corporation, a joint venture established by the Company and Ube Industries.

## 2. Forecast for fiscal 1999

For the latter half of fiscal 1999, although the severe economic environment is predicted to continue, the Company intends to secure net profits and improve the financial position by executing measures for improving performance such as the sale of assets and cancellation of new capital expenditure & investments in addition to increasing ordinary profits by reducing costs. By so doing, the Company plans to post 667 billion yen for sales, 6.5 billion yen for ordinary income and 3.0 billion yen for net income respectively.

## 3. Dividend Policy

The Company's policy on the distribution of profits is to survey such factors as earnings during the period, inner reserves and financial standing and make careful decisions based on these factors.

For the six months period ended September 30,1998, in spite of efforts of each division to improve profitability, decline in income following deterioration in business environment forced the Company to suspend the interim dividend. Management plans to make a period-end dividend of 3 yen per share.]

**NON-CONSOLIDATED BALANCE SHEET( 1 / 2 )**

**AS OF SEPTEMBER 30 1998**

**(Millions of yen)**

	<b>30/9/1998</b>	<b>31/3/1998</b>	<b>Difference</b>	<b>30/9/1997</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & Cash equivalent	15,375	22,425	(7,050)	15,129
Note received	33,739	57,822	(24,083)	65,517
Accounts receivable - Trade	113,837	120,926	(7,088)	118,353
Marketable securities	68,193	85,959	(17,766)	87,735
Inventories	78,995	73,357	5,638	81,030
Other receivable	19,564	10,073	9,490	10,679
Other current assets	11,150	13,657	(2,506)	17,057
Allowance for doubtful accounts	(2,738)	(2,302)	(436)	(2,931)
<b>TOTAL CURRENT ASSETS</b>	<b>338,118</b>	<b>381,920</b>	<b>(43,801)</b>	<b>392,573</b>
<b>NON-CURRENT ASSETS</b>				
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>				
Buildings	145,947	148,256	(2,309)	149,113
Structures	32,873	35,337	(2,464)	33,768
Machinery & Equipment	103,389	111,311	(7,921)	115,403
Transportation	1,557	1,707	(149)	1,795
Tools & Dies	4,731	5,055	(323)	4,592
Land	111,245	111,444	(198)	112,110
Construction in progress	7,153	9,321	(2,168)	6,949
Forestry	1,126	1,116	9	1,131
<b>TOTAL TANGIBLE ASSETS</b>	<b>408,026</b>	<b>423,551</b>	<b>(15,524)</b>	<b>424,865</b>
<b>INTANGIBLE ASSETS</b>				
Mining right	735	742	(6)	750
Patents etc.	795	839	(43)	815
<b>TOTAL INTANGIBLE ASSETS</b>	<b>1,531</b>	<b>1,581</b>	<b>(50)</b>	<b>1,565</b>
<b>INVESTMENT &amp; LONG-TERM RECEIVABLE</b>				
Investments securities	62,489	58,352	4,136	58,339
Subsidiaries stocks	115,831	102,199	13,631	103,298
Long-term loans receivable	57,925	53,090	4,835	58,882
Investment other	19,073	18,743	330	18,922
Allowance for doubtful accounts	(24,458)	(24,218)	(240)	(33,735)
<b>TOTAL INVESTMENT &amp; LONG-TERM RECEIVABLE</b>	<b>230,863</b>	<b>208,168</b>	<b>22,694</b>	<b>205,708</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>640,421</b>	<b>633,302</b>	<b>7,118</b>	<b>632,138</b>
<b>TOTAL ASSETS</b>	<b>978,539</b>	<b>1,015,222</b>	<b>(36,682)</b>	<b>1,024,711</b>

**NOTES**

	<b>30/9/1998</b>	<b>31/3/1998</b>	<b>Difference</b>	<b>30/9/1997</b>
1. Accumulated depreciation	510,857	509,708	1,149	497,194
2. Discounting notes & endorsing notes receivable	3,396	4,405	(1,009)	5,413
3. Balance of guarantee others	89,137	65,355	23,781	48,926
4. Self-stocks	1	2	0	3
(The number of shares)	[5,106]	[8,079]	[(2,973)]	[8,802]
5. Redemption of self-stocks	1,760	-	1,760	-
(The number of shares redeemed)	[6,600,000]	[ - ]	[6,600,000]	[ - ]

## NON-CONSOLIDATED BALANCE SHEET(2 / 2)

AS OF SEPTEMBER 30 1998

(Millions of yen)

	30/9/1998	31/3/1998	Difference	30/9/1997
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable	15,251	20,081	(4,830)	20,883
Accounts payable - Trade	56,061	56,346	(284)	56,284
Short-term bank loans	165,640	169,826	(4,186)	228,319
Bonds payable	-	10,000	(10,000)	10,400
Commercial paper	25,000	30,000	(5,000)	18,000
Accounts payable - other	5,679	11,365	(5,685)	6,269
Accrued expenses	18,888	20,033	(1,144)	19,925
Employees' savings	13,766	14,032	(265)	14,193
Other current liabilities	22,742	23,354	(611)	23,964
<b>TOTAL CURRENT LIABILITIES</b>	<b>323,031</b>	<b>355,040</b>	<b>(32,008)</b>	<b>398,240</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable	172,000	142,000	30,000	122,000
Convertible bonds payable	64,538	64,538	-	65,278
Long-term loans payable	104,950	118,632	(13,681)	105,804
Reserve for retirement of employees	14,856	15,413	(556)	15,080
Guarantee fee received	22,775	24,185	(1,410)	25,286
Other non-current liabilities	3,230	2,192	1,037	2,187
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>382,351</b>	<b>366,962</b>	<b>15,389</b>	<b>335,636</b>
<b>TOTAL LIABILITIES</b>	<b>705,383</b>	<b>722,002</b>	<b>(16,619)</b>	<b>733,876</b>
<b>SHAREHOLDERS' EQUITY</b>				
<b>Paid-in capital</b>	<b>99,396</b>	<b>99,396</b>	<b>-</b>	<b>99,396</b>
<b>Legal reserve</b>	<b>85,503</b>	<b>86,683</b>	<b>(1,180)</b>	<b>86,683</b>
Capital reserve	70,705	72,465	(1,760)	72,465
Revenue reserve	14,797	14,217	580	14,217
<b>Surplus</b>	<b>88,257</b>	<b>107,140</b>	<b>(18,882)</b>	<b>104,754</b>
<b>Reserves</b>	<b>95,952</b>	<b>97,421</b>	<b>(1,469)</b>	<b>97,421</b>
Reserve for deferred income tax	59,080	62,220	(3,139)	62,220
Reserve for special account of deferred income tax	437	483	(45)	483
Reserve for mine prospecting	1,985	1,901	84	1,901
Reserve for loss from overseas investment	3,786	2,144	1,641	2,144
Reserve for special depreciation	26	36	(9)	36
Other reserves	30,635	30,635	-	30,635
<b>Retained earnings at the end of the financial period</b>	<b>(7,694)</b>	<b>9,718</b>	<b>(17,413)</b>	<b>7,333</b>
<b>Net income for the current period</b>	<b>(12,512)</b>	<b>6,723</b>	<b>(19,235)</b>	<b>4,338</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>273,156</b>	<b>293,220</b>	<b>(20,063)</b>	<b>290,834</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>978,539</b>	<b>1,015,222</b>	<b>(36,682)</b>	<b>1,024,711</b>

**NON-CONSOLIDATED PROFIT & LOSS STATEMENTS**  
**FOR SIX MONTHS ENDED SEPTEMBER 30 1998**

(Millions of yen)

	1998	1997	Difference	12 months to 31/3/1998
Net Sales	334,903	383,063	(48,160)	766,721
Cost of Goods Sold	287,526	328,083	(40,556)	655,777
Selling, General & Administrative Expenses	40,984	41,795	(810)	82,213
<b>Operating income</b>	<b>6,392</b>	<b>13,185</b>	<b>(6,793)</b>	<b>28,730</b>
Non-operating income				
Interest income	655	665	(10)	1,342
Dividend income	3,590	3,781	(190)	5,829
Other non-operating income	854	968	(113)	4,954
Non-operating expenses				
Interest expenses	6,066	5,929	136	12,143
Other non-operating expenses	2,251	3,456	(1,205)	12,532
<b>Ordinary income</b>	<b>3,174</b>	<b>9,215</b>	<b>(6,040)</b>	<b>16,181</b>
Extraordinary profit				
Profit on sales of fixed assets	3,196	784	2,411	2,765
Profit on sales of investment stocks	532	439	93	486
Extraordinary loss				
Loss on written off marketable securities	18,027	-	18,027	-
Loss on disposal of fixed assets	587	1,185	(598)	2,607
Provision for bad debts	350	431	(81)	-
Loss on written off investment stocks	341	-	341	-
Loss on written off affiliates stocks	7	109	(102)	3,743
Loss on restructuring of affiliates	-	173	(173)	706
Other special loss	-	-	-	152
<b>Net income before tax</b>	<b>(12,412)</b>	<b>8,538</b>	<b>(20,950)</b>	<b>12,223</b>
Corporate income taxes	100	4,200	(4,100)	5,500
<b>Net income for the current period</b>	<b>(12,512)</b>	<b>4,338</b>	<b>(16,850)</b>	<b>6,723</b>
Retained earnings at the beginning of the financial period	4,817	2,995	1,822	2,995
	<b>(7,694)</b>	<b>7,333</b>	<b>(15,028)</b>	<b>9,718</b>
<b>Retained earnings at the end of the financial period</b>				
Lease payments	1,212	1,206	6	2,607

**NOTES**

**30/9/1998    31/3/1998    Difference    30/9/1997**

1. Finance leases, except which are recognized that the ownership of the leased item are effectively transferred to the lessees

(1) Equivalent amount of acquisition cost, accumulated depreciation and book value at the end of the financial period of the leased item

Acquisition cost	12,269	14,828	(2,559)	12,846
Accumulated depreciation	6,436	8,560	(2,123)	6,271
Book value at the end of the financial period	5,833	6,268	(435)	6,575

(2) Equivalent book value of unearned lease payments at the end of the financial period (not later than one year)

	5,833	6,268	(435)	6,575
	[2,268]	[2,270]	[(2)]	[2,194]

2. Operating leases

Unearned lease payments (not later than one year)	87	148	(60)	131
	[63]	[57]	[6]	[59]