

**Consolidated Financial Results for the year ended March 31, 2004**  
**Mitsubishi Materials Corporation**  
Tokyo, Japan

Code : 5711  
Shares listed : Both Tokyo and Osaka stock exchanges  
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**1. Results of the year ended March 31, 2004****(1) Results of operations :**

	Net Sales		Operating Profit		Ordinary Income		Net Income	
		Change %		Change %		Change %		Change %
Year ended Mar.31,2004	¥948,237	(1.7)	¥43,422	26.1	¥36,124	247.6	(¥5,323)	-
Year ended Mar.31,2003	¥964,726	(7.8)	¥34,429	216.7	¥10,392	-	(¥26,853)	-

  

	Net income per share	Diluted net income per share	Net income /Shareholders' equity	Ordinary income /Total assets	Ordinary income /Net sales
	Yen	Yen	%	%	%
Year ended Mar.31,2004	(¥4.77)	-	(3.0)	2.5	3.8
Year ended Mar.31,2003	(¥23.88)	-	(14.1)	0.7	1.1

Note 1.Profit/(loss) on investment by the equity method of accounting  
Year ended March 31,2004 : (16,066)million yen  
Year ended March 31,2003 : (9,126)million yen  
2.Number of averaged shares in the fiscal period  
Year ended March 31,2004 : 1,130,720,877share  
Year ended March 31,2003 : 1,125,659,388share  
3.Changes in the accounting method Changing business segment classification  
4.Changes shown in net income, operatingprofit, ordinary income and net income are calculated against those figures in the previous period.

**(2) Financial position :**

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
			%	Yen
As of Mar.31,2004	¥1,435,114	¥183,885	12.8	¥162.57
As of Mar.31,2003	¥1,439,984	¥174,381	12.1	¥154.22

Note: Number of shares at the end of the fiscal period  
Year ended March 31,2004 : 1,130,730,196share  
Year ended March 31,2003 : 1,130,531,863share

**(3) Cash flows :**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
				Millions of yen
As of Mar.31,2004	¥40,819	(¥21,450)	(¥19,749)	¥17,753
As of Mar.31,2003	¥59,716	(¥31,109)	(¥61,343)	¥18,926

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

Number of consolidated subsidiaries : 110  
Number of non-consolidated subsidiaries to which the equity method accounting is applied : -  
Number of affiliates to which the equity method accounting is applied : 17

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

Number of consolidated companies ; New : 6 Excluded : 6  
Number of companies to which the equity method is applied ; New : - Excluded : 2

**2. Forecast (from April 1, 2004 to March 31, 2005 )**

	Net Sales	Ordinary Income	Net Income
			Millions of yen
Six months ending Sep.30,2004	¥450,000	¥14,000	¥4,000
Year ending Mar.31,2005	¥930,000	¥43,000	¥15,000

Anticipated net income per share for the year ending March 31, 2005: ¥13.21  
This forecast is made under consideration into economic surrounding and market trend of which we can estimate.  
In case of changing such conditions, the forecast may be changed.

### **3. Results and Financial Position**

#### **(1) Results for the Year Ended March 31, 2004**

In fiscal 2004, ended March 31, 2004, the Japanese economy showed signs of a recovery. This reflected better corporate revenues and earnings as a result of corporate restructuring and solid exports stemming from a turnaround in the global economy. On top of that, the second half of the fiscal year saw lower unemployment and higher personal consumption.

The Mitsubishi Materials Group's operating environment again faced generally adverse conditions. On the positive side, automotive- and information-related technology products remained buoyant. Copper prices rose in the second half of the term. We faced a downturn in engineering and construction, however, while demand for aluminum beverage cans was sluggish owing to a cool summer. In addition, prices declined for most product lines.

Anticipating such challenges, the Group responded by restructuring operations in April 2003 to allocate resources more efficiently. We classified operations into the four core businesses of cement, aluminum products, copper and fabricated metal products. We made further progress in initiatives to swiftly reform our cost structure by slashing fixed and variable costs while constraining capital investment. At headquarters, we streamlined operations and simplified the organization. We cut remuneration, liquidated or transferred unprofitable and noncore businesses while divesting assets to reduce consolidated interest-bearing debt.

As a result of these measures, consolidated operating profit increased ¥8.9 billion, to ¥43.4 billion, although net sales fell ¥16.4 billion, to ¥948.2 billion. At the non-operating level, net financial expenditure was ¥10.8 billion, a decrease in spending of ¥2.6 billion, compared with fiscal 2003. Income from businesses of affiliates totaled ¥3.1 billion, compared with losses of ¥9.1 billion a year earlier. Ordinary income thus surged ¥25.7 billion, to ¥36.1 billion.

We posted a net loss of ¥5.3 billion, an improvement of ¥21.5 billion on the previous fiscal year. Extraordinary gains were ¥19.8 billion, mainly from sales of fixed assets and investment securities. At the same time, extraordinary losses amounted to ¥44.8 billion. This reflected additional spending for employees' retirement benefits and a loss on disposal and sales of property, plant and equipment. In addition, equity in losses of affiliates increased due to losses at 50%-owned Sumitomo Mitsubishi Silicon Corporation (SUMCO).

#### **Review by Business Segment**

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

##### **Cement**

Exports were favorable, especially to China and Southeast Asia. Sales and volumes were down, however, owing to a domestic sales decrease from cuts in public sector expenditures.

Domestic consolidated subsidiaries posted lower revenues and earnings owing to the completion of the second stage of the New Kansai International Airport and dwindling

engineering and construction demand. Overseas subsidiaries continued to do well, especially in the United States, China and Southeast Asia.

As a result of these factors, segment sales dropped ¥14.2 billion, to ¥145.6 billion, while operating profit decreased ¥1.0 billion, to ¥13.6 billion.

### **Aluminum Products**

Higher taxes on low-malt beer and a cool summer greatly affected demand for aluminum beverage cans. Sales of cans for soft drinks and alcoholic beverages both declined, as did earnings from these operations.

Aluminum rolled and fabricated products benefited from higher demand for trucks in response to stricter emission controls; this was offset, however, by slow sales of surface treatment products.

Consolidated subsidiaries performed solidly. While subsidiaries suffered from a downturn in aluminum sheets for cans, they enjoyed surging demand for extruded aluminum products from truck manufacturers.

Consequently, segment sales rose ¥800 million, to ¥132.7 billion. Operating profit decreased ¥2.6 billion, to ¥6.6 billion.

### **Copper**

Demand for rolled copper was strong, reflecting higher demand for semiconductors, electronic materials and automotive terminal materials. At the same time, sales of copper wire remained stagnant, so volumes were down compared with the previous fiscal year. In the second half of fiscal 2004, however, copper prices advanced, causing full-term sales to soar. Gold prices remained high throughout the current fiscal year, leading to increased sales.

In fabricated copper products, both sales and volumes improved for copper castings and materials, mainly to automakers. Sales of copper tubes were sluggish, however, as air conditioner manufacturers shifted production offshore, lowering domestic demand.

In Indonesia, subsidiary PT. Smelting significantly increased sales and earnings on higher copper prices, following the implementation of repairs that had been scheduled in the previous term. The Group's domestic subsidiary for rolled copper increased its sales and income on the strength of favorable automotive demand.

Overall, segment sales climbed ¥39.1 billion, to ¥306.0 billion, although operating profit jumped ¥3.5 billion, to ¥9.2 billion.

### **Fabricated Metal Products**

In hard-metal products, we continued to benefit from solid domestic demand for cutting tools from makers of transportation equipment and machine tools, as well as from the information technology sector. Exports to China and elsewhere in Asia were strong, while demand was buoyant for ultrahard alloys. As a result, sales and earnings both improved.

In parts and motors, mainline powder metallurgy products benefited from a demand recovery among automakers supported by a spike in sales to truck manufacturers, owing to stricter emission standards. There were signs of recovery in some segments of the information technology sector, and both sales and earnings rose.

Sales and earnings also improved in diamond tools, as information technology and electronic device activity picked up in the second half of the term.

Segment sales totaled ¥112.8 billion, a decline of ¥3.0 billion. In April 2003, we transferred Nihon Mini Motor Co., Ltd., to another company, removing it from consolidation. This change lowered segment sales ¥8.8 billion. Operating profit increased ¥2.5 billion, to ¥10.6 billion (operating profit would have increased ¥400 million with the inclusion of Nihon Mini Motor Co.).

### **Advanced Materials**

Sales of advanced materials surged owing to a recovery in the semiconductor market. The prime gains were in gold bonding wire and silicon precision processing parts.

Sales of electronic parts were favorable, which was due to strong demand for liquid crystal compound electromagnetic interference filters.

In fine chemical products, sales were at a low ebb as a result of the stagnant market for germanium products. Nevertheless, the category saw an improvement in sales compared with the previous term, owing to the strength of performance coatings for automotive glass and liquid crystal display products.

Segment sales thus rose ¥2.9 billion, to ¥52.3 billion, while operating profit increased ¥900 million, to ¥2.6 billion.

### **Energy and Systems**

Sales from nuclear power and systems were down, with construction coming to a close at the Rokkasho nuclear fuel reprocessing plant in Aomori Prefecture.

In the geothermal power generation business, the supply of steam to a station in Sumikawa, Akita Prefecture, proved favorable. The hydroelectric power generation business benefited from ample rains throughout the year, and, as a result, sales remained at around the previous year's levels.

Fossil fuel sales increased. Higher capacity utilization at power stations boosted demand for coal, tempering a decline in demand for heating oil, owing to a warm winter.

The engineering business recorded dramatically lower sales as the previous term's results included a project with a substantial contract. Earnings rose, however, owing to more discriminating project selection and additional cost-cutting.

Segment sales decreased ¥11.3 billion, to ¥109.8 billion, while operating profit climbed ¥2.6 billion, to ¥3.4 billion.

### **Others**

Our trading house subsidiary increased sales of semiconductor products. At the same time, sales of precious metals to end-consumers were sluggish, while we withdrew from unprofitable lines of the high-performance materials business. Segment sales therefore declined ¥9.4 billion, to ¥222.2 billion. Groupwide cost-cutting and withdrawals from unprofitable products boosted operating profit ¥2.8 billion, to ¥4.7 billion.

## **(2) Outlook for Fiscal 2005, Ending March 31, 2005**

The Japanese economy appears on track for recovery, as seen in strong exports, rising private sector capital investment and a turnaround in personal consumption. That said, the yen's appreciation, rising prices for materials and fuels, and the unclear international situation are concerns. In light of such conditions, the outlook remains challenging.

The Group operating environment will remain difficult. We will continue to enjoy strong sales of automotive- and information technology-related products. At the same time, we expect demand for cement to remain sluggish. Terms for copper mining purchases are worsening and materials prices and overseas freight rates are increasing. On top of that, prices are falling across most product lines.

Against this backdrop, we will strengthen sales in the promising Chinese market while striving to boost sales from aluminum bottles and high-valued offerings for the information technology sector. We will also further reduce costs. In the cement and copper businesses, we will promote the use of recycled materials to lower production costs. We will also withdraw from unprofitable areas and pursue selective concentration initiatives to improve profitability. We expect a reorganization at SUMCO and a recovery in the semiconductor market to lead to dramatically improved results.

Consequently, we target net sales of ¥930 billion, ordinary income of ¥43 billion and net income of ¥15 billion for fiscal 2005.

(Millions of yen)

Fiscal 2005 outlook	Net sales	Operating profit	Ordinary income	Net income
Consolidated	¥930,000	¥47,000	¥43,000	¥15,000
Nonconsolidated	¥510,000	¥18,000	¥16,000	¥6,000

**CONSOLIDATED BALANCE SHEET ( 1 / 2 )**  
**AS OF MARCH 31 2004**

(Millions of yen)

	31/3/2003	31/3/2004	Difference
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & Cash equivalents	¥19,450	¥18,177	(¥1,272)
Notes received & Accounts receivable - Trade	183,931	189,155	5,223
Marketable securities	17	73	56
Inventories	146,807	153,563	6,756
Future income tax benefit	7,137	8,953	1,816
Other current assets	93,506	112,145	18,638
Allowance for doubtful accounts	(2,823)	(3,082)	(259)
<b>TOTAL CURRENT ASSETS</b>	<b>448,027</b>	<b>478,986</b>	<b>30,959</b>
<b>NON-CURRENT ASSETS</b>			
<b>TANGIBLE ASSETS</b>			
Buildings & Structures	184,696	174,807	(9,889)
Machinery & Equipment	234,457	211,998	(22,459)
Land	243,224	254,783	11,558
Construction in progress	16,190	19,558	3,367
Other tangible assets	13,136	12,077	(1,058)
<b>TOTAL TANGIBLE ASSETS</b>	<b>691,704</b>	<b>673,224</b>	<b>(18,480)</b>
<b>INTANGIBLE ASSETS</b>			
Intangible assets	19,358	16,280	(3,077)
<b>TOTAL INTANGIBLE ASSETS</b>	<b>19,358</b>	<b>16,280</b>	<b>(3,077)</b>
<b>INVESTMENT &amp; LONG-TERM RECEIVABLES</b>			
Investments securities	176,088	182,295	6,206
Long-term loans receivable	22,661	18,470	(4,190)
Advance payments	2,009	1,850	(159)
Future income tax benefit	56,046	37,983	(18,062)
Investment other	42,473	41,541	(931)
Reserve for loss on investments of affiliates	(1,393)	(1,472)	(79)
Allowance for doubtful accounts	(16,990)	(14,046)	2,944
<b>TOTAL INVESTMENT &amp; LONG-TERM RECEIVABLES</b>	<b>280,895</b>	<b>266,623</b>	<b>(14,271)</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>991,957</b>	<b>956,128</b>	<b>(35,829)</b>
<b>TOTAL ASSETS</b>	<b>¥1,439,984</b>	<b>¥1,435,114</b>	<b>(¥4,869)</b>

**CONSOLIDATED BALANCE SHEET( 2 / 2 )  
AS OF MARCH 31 2004**

(Millions of yen)

	31/3/2003	31/3/2004	Difference
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Notes payable & Accounts payable - Trade	¥113,250	¥120,074	¥6,823
Short-term bank loans	377,661	387,375	9,714
Bonds payable	20,349	15,000	(5,349)
Commercial paper	6,000	-	(6,000)
Income taxes payable	3,418	4,648	1,229
Provision for deferred income tax	68	68	0
Reserve for bonus	9,538	9,685	147
Other current liabilities	144,573	153,519	8,946
<b>TOTAL CURRENT LIABILITIES</b>	<b>674,859</b>	<b>690,373</b>	<b>15,513</b>
<b>LONG-TERM LIABILITIES</b>			
Bonds payable	104,449	99,449	(5,000)
Long-term loans payable	318,795	290,262	(28,533)
Severance and pension benefits of employees	38,295	46,021	7,726
Reserve for loss on business of affiliates	14,265	1,250	(13,014)
Other provisions	4,992	4,887	(105)
Provision for deferred income tax	14,872	14,462	(410)
Provision for deferred income tax in relation to revaluation	30,956	31,376	419
Consolidated control	3,129	3,465	336
Other long-term liabilities	25,708	28,418	2,709
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>555,466</b>	<b>519,593</b>	<b>(35,872)</b>
<b>TOTAL LIABILITIES</b>	<b>1,230,326</b>	<b>1,209,967</b>	<b>(20,359)</b>
<b>MINORITY INTERESTS</b>	<b>35,276</b>	<b>41,262</b>	<b>5,985</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid-in capital	99,396	99,396	-
Capital Surplus	69,090	68,413	(676)
Retained Surplus	(32,789)	(28,243)	4,546
Reserve for land revaluation	46,281	46,656	375
Net unrealized holding gains on securities	(2,935)	10,420	13,355
Foreign currency translation adjustments	(4,121)	(12,268)	(8,147)
Treasury stock, at cost	(540)	(488)	51
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>174,381</b>	<b>183,885</b>	<b>9,504</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>¥1,439,984</b>	<b>¥1,435,114</b>	<b>(¥4,869)</b>

**CONSOLIDATED PROFIT & LOSS STATEMENTS  
FOR THE YEAR ENDED MARCH 31 2004**

(Millions of yen)

	2002	2003	Difference
Net Sales	¥964,726	¥948,237	(¥16,488)
Cost of Goods Sold	807,307	783,970	(23,337)
Selling, General & Administrative Expenses	122,988	120,844	(2,144)
<b>Operating profit</b>	<b>34,429</b>	<b>43,422</b>	<b>8,993</b>
Non-operating income			
Interest income	662	404	(258)
Dividend income	1,366	1,544	178
Rent earned in undertaking	6,816	7,144	328
Gain on investment	-	3,101	3,101
Other non-operating income	2,679	3,396	716
Non-operating expenses			
Interest expenses	15,594	12,833	(2,761)
Loss on investment	9,126	-	(9,126)
Expense for rent in undertaking	5,142	5,318	175
Other non-operating expenses	5,698	4,739	(959)
<b>Ordinary income</b>	<b>10,392</b>	<b>36,124</b>	<b>25,731</b>
Extraordinary profit			
Profit on sales of fixed assets	3,145	2,037	(1,107)
Profit on sales of investment stocks	4,956	13,856	8,899
Other extraordinary profit	3,592	3,921	328
Extraordinary loss			
Loss on investment	-	19,168	19,168
Expenses for future employees' retirement	10,445	8,529	(1,916)
Loss on disposal of fixed assets	3,789	4,950	1,161
Provision for bad debt	1,573	2,509	935
Unrealized loss on evaluation of investment stocks	20,857	1,143	(19,714)
Provision for loss on business of affiliates	10,157	1,034	(9,123)
Loss on sale of investments securities	1,894	298	(1,595)
Provision for loss on investments	112	109	(3)
Other extraordinary loss	8,999	7,094	(1,904)
<b>Net income before tax</b>	<b>(35,742)</b>	<b>11,101</b>	<b>46,844</b>
Corporate income taxes & business tax	6,925	10,016	3,091
Repayment for corporate income taxes & business tax	478	-	(478)
Income taxes adjustments	(11,644)	2,386	14,030
Minority interest adjustment	(3,691)	4,022	7,714
<b>Net income for the current year</b>	<b>(¥26,853)</b>	<b>(¥5,323)</b>	<b>¥21,530</b>



**CONSOLIDATED RETAINED EARNINGS  
FOR THE YEAR ENDED MARCH 31 2004**

(Millions of yen)

	2002	2003	Difference
(Capital Surplus)			
<b>Balance at the beginning of year</b>	<b>¥68,573</b>	<b>¥69,090</b>	<b>¥516</b>
Increase from stock exchange	548	-	(548)
<b>Increase total</b>	<b>548</b>	<b>-</b>	<b>(548)</b>
Decrease due to change to Retained Earnings	-	662	662
Decrease from treasury stock dealing	31	14	(17)
<b>Decrease total</b>	<b>31</b>	<b>676</b>	<b>645</b>
<b>Balance at the end of year</b>	<b>¥69,090</b>	<b>¥68,413</b>	<b>(¥676)</b>
			0
(Retained Earnings)			
<b>Balance at the beginning of year</b>	<b>(¥4,266)</b>	<b>(¥32,789)</b>	<b>(¥28,523)</b>
Increase due to change from Capital Surplus	-	662	662
Increase resulting from increase of equity method affiliates	710	57	(653)
Increase due to reversal of reserve for land revaluation	321	4	(317)
Increase due to merger	259	-	(259)
Increase resulting from increase of consolidated subsidiaries	2	-	(2)
Increase due to realization of profit resulting from consolidation	-	9,784	9,784
<b>Increase total</b>	<b>1,295</b>	<b>10,508</b>	<b>9,213</b>
Bonus to directors and statutory auditors	107	59	(48)
Decrease resulting from decrease of equity method affiliates	469	-	(469)
Decrease due to reversal of reserve for land revaluation	2,198	517	(1,680)
Decrease due to merger	150	-	(150)
Decrease resulting from increase of consolidated subsidiaries	27	-	(27)
Decrease resulting from decrease of consolidated subsidiaries	-	26	26
Net loss for current year	26,853	5,323	(21,530)
Other decrease	10	34	24
<b>Decrease total</b>	<b>29,818</b>	<b>5,962</b>	<b>(23,855)</b>
<b>Balance at the end of year</b>	<b>(¥32,789)</b>	<b>(¥28,243)</b>	<b>¥4,546</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31 2004**

(Millions of yen)

	2002	2003	Difference
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) income	(¥35,742)	¥11,101	¥46,844
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	54,326	49,318	(5,008)
Increase(Decrease) in allowance for doubtful account	1,558	2,491	932
Increase(Decrease) in severance and pension benefit of employees and employers	5,049	7,636	2,587
Increase(Decrease) in reserve for loss on investments of affairs	91	109	17
Increase(Decrease) in reserve for loss on business of affiliates	11,253	(350)	(11,604)
Interest income & dividend income	(2,029)	(1,949)	80
Interest expenses	15,594	12,833	(2,761)
Loss for sales or disposal of property, plant and equipment	3,789	4,950	1,161
Gain for sales or disposal of property, plant and equipment	(3,145)	(2,037)	1,107
Gain for sales of marketable securities and investments in securities	(4,956)	(13,856)	(8,899)
Loss for sales or evaluation of marketable securities and investments in securities	22,751	1,442	(21,309)
(Increase)Decrease in accounts receivables	8,443	(9,302)	(17,745)
(Increase)Decrease in inventories	10,016	(10,554)	(20,570)
(Increase)Decrease in other current assets	588	(1,441)	(2,030)
Increase(Decrease) in accounts payable	(9,114)	8,679	17,793
Increase(Decrease) in accrued expenses	(6,557)	137	6,694
Increase(Decrease) in other current liabilities	(1,418)	(4,516)	(3,098)
Increase(Decrease) in other long-term liabilities	821	(1,230)	(2,051)
Loss on investment	9,126	16,066	6,940
Others	(2,405)	614	3,019
Sub-total	78,042	70,140	(7,901)
Receipts for interest & dividend	4,927	4,832	(95)
Payments for interest	(16,426)	(12,847)	3,578
Payments due to business withdrawal	-	(12,168)	(12,168)
Payments for income taxes	(6,827)	(9,137)	(2,310)
<b>Net cash provided by operating activities</b>	<b>59,716</b>	<b>40,819</b>	<b>(18,896)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of marketable securities and investments in securities	(21,469)	(22,207)	(737)
Proceeds from sales of marketable securities and investments in securities	10,293	27,722	17,429
Payment for lending	(9,453)	(2,730)	6,723
Proceeds from repayment for lending	33,535	2,876	(30,658)
Purchase of property, plant and equipment	(39,864)	(37,732)	2,132
Proceeds from sales of property, plant and equipment	8,551	6,046	(2,505)
Purchase of intangible assets	(2,339)	(873)	1,465
Proceeds from sales of consolidated subsidiaries securities	-	1,143	1,143
Others	(10,362)	4,304	14,666
<b>Net cash provided by investing activities</b>	<b>(31,109)</b>	<b>(21,450)</b>	<b>9,659</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase(Decrease) in short-term bank loans	(22,669)	(19,278)	3,390
Proceeds from long-term debt	108,230	95,048	(13,182)
Repayments of long-term debt	(81,508)	(82,671)	(1,163)
Increase(Decrease) in commercial paper	(25,000)	(6,000)	19,000
Redemption of bonds	(40,000)	(20,349)	19,651
Proceeds from issuance of bonds	-	10,000	10,000
Payment for purchase of treasury stock	(158)	(53)	104
Dividend paid to minority interests	(491)	(1,074)	(583)
Proceeds from minority interest for capital investment	264	-	(264)
Minority expense due to business withdrawal	-	5,518	5,518
Others	(12)	(888)	(876)
<b>Net cash provided by financing activities</b>	<b>(61,343)</b>	<b>(19,749)</b>	<b>41,594</b>
<b>Adjustment</b>	<b>(882)</b>	<b>(984)</b>	<b>(101)</b>
<b>Net Increase in cash</b>	<b>(33,619)</b>	<b>(1,363)</b>	<b>32,255</b>
<b>Cash at beginning of year</b>	<b>52,152</b>	<b>18,926</b>	<b>(33,226)</b>
<b>Increase(Decrease) due to the change of scope of consolidation</b>	<b>89</b>	<b>125</b>	<b>36</b>
<b>Increase(Decrease) due to merger</b>	<b>303</b>	<b>65</b>	<b>(238)</b>
<b>Cash at end of year</b>	<b>18,926</b>	<b>17,753</b>	<b>(1,172)</b>

## Segment Information

### (a) Business segment information

Millions of yen

Year ended March 31, 2004	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	145,072	131,874	242,097	103,865	51,038	82,679	191,609	948,237		948,237
Intersegment	579	899	63,907	8,972	1,358	27,210	30,623	133,550	(133,550)	0
Total	145,652	132,773	306,004	112,838	52,397	109,889	222,233	1,081,788	(133,550)	948,237
Operating expenses	131,992	126,119	296,781	102,185	49,778	106,400	217,575	1,030,832	(126,017)	904,815
Operating profit	13,659	6,654	9,223	10,653	2,618	3,488	4,657	50,955	(7,533)	43,422
Identifiable assets	251,316	167,680	310,629	118,522	42,663	86,041	300,697	1,277,551	157,563	1,435,114
Depreciation	9,137	9,424	11,655	5,927	2,381	2,784	5,122	46,432	2,885	49,318
Capital expenditures	7,447	11,533	7,246	5,981	1,435	1,511	3,287	38,443	498	38,941

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

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

2. An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses is 9,039 million yen for the the current period.

3. An amount of corporate assets included in Elimination and corporate assets is 183,905 million yen for the current period for the current period, main assets of which are those related to basic research & fundamental development, monies in the parent company (cash and marketable securities) and managerial division.

Millions of yen

Year ended March 31, 2003	Nonferrous metals	Cement	Fabricated metal products	Silicon and advanced materials	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	229,994	159,209	325,040	64,261	186,220	964,726		964,726
Intersegment	32,979	701	14,612	1,275	30,709	80,278	(80,278)	0
Total	262,973	159,911	339,652	65,536	216,929	1,045,004	(80,278)	964,726
Operating expenses	258,115	145,238	320,108	65,065	214,091	1,002,619	(72,322)	930,296
Operating profit	4,857	14,673	19,544	471	2,837	42,384	(7,955)	34,429
Identifiable assets	266,965	273,323	424,171	130,656	179,012	1,274,129	165,855	1,439,984
Depreciation	9,563	10,308	21,417	5,478	4,453	51,221	3,105	54,326
Capital expenditures	4,868	4,726	14,945	2,631	8,759	35,931	6,296	42,227

#### NOTES

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

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

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

3. An amount of corporate assets included in Elimination and corporate assets is 191,520 million yen for the previous period for the current period, main assets of which are those related to basic research & fundamental development, monies in the parent company (cash and marketable securities) and managerial division.

#### Changing business segment

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

Here we inform figures presented in the method of new business category for Year ended March 31 2003.

Millions of yen

Year ended March 31, 2003	Cement	Aluminium	Metals	Powder metallurgy products & tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	159,209	130,988	215,867	107,355	48,368	98,908	204,028	964,726		964,726
Intersegment	701	956	50,985	8,495	1,048	22,347	27,652	112,187	(112,187)	0
Total	159,911	131,944	266,852	115,851	49,416	121,256	231,680	1,076,913	(112,187)	964,726
Operating expenses	145,238	122,668	261,147	107,738	47,731	120,396	229,862	1,034,782	(104,485)	930,296
Operating profit	14,673	9,276	5,705	8,112	1,684	859	1,818	42,130	(7,701)	34,429
Identifiable assets	274,131	165,623	301,461	118,298	42,836	84,576	286,984	1,273,912	166,072	1,439,984
Depreciation	10,308	9,862	12,855	6,644	2,743	2,542	6,264	51,221	3,105	54,326
Capital expenditures	4,726	6,607	6,975	4,837	1,270	2,021	9,491	35,931	6,296	42,227

The figures with line are corrected from those of the previous present for segment information on November 13, 2003.

**(b) Segment information by geographic area**

Year ended March 31, 2004							Millions of yen	
	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	788,938	52,379	9,928	95,002	1,987	948,237		948,237
Intersegment	27,013	546	10	22,755	0	50,326	(50,326)	0
Total	815,952	52,925	9,939	117,758	1,987	998,564	(50,326)	948,237
Operating expenses	772,742	48,363	9,938	113,749	2,147	946,941	(42,126)	904,815
Operating profit	43,209	4,562	1	4,008	(159)	51,623	(8,200)	43,422
Identifiable assets	1,159,557	74,878	21,798	100,436	3,316	1,359,987	75,127	1,435,114

Year ended March 31, 2003							Millions of yen	
	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	822,763	54,185	10,405	75,098	2,272	964,726		964,726
Intersegment	50,202	712	(6)	20,959	0	71,867	(71,867)	0
Total	872,965	54,897	10,399	96,058	2,272	1,036,593	(71,867)	964,726
Operating expenses	829,180	52,358	10,325	96,040	1,939	989,843	(59,546)	930,296
Operating profit	43,785	2,539	74	17	333	46,750	(12,321)	34,429
Identifiable assets	1,129,312	85,239	21,970	111,970	3,181	1,351,674	88,309	1,439,984

## NOTES

- Nations or areas has been classified in terms of their geographic closeness.
- Main countries or regions that belong to classes other than Japan and the United States
  - Europe : Germany, Spain, UK, France, Holland
  - Asia : Indonesia, Malaysia, Singapore, Taiwan, Hong Kong, Thailand
  - Other : Australia
- An amount of unallocated operating expenses, such as basic research & fundamental development costs and managerial costs of the parent company, included in Elimination and corporate assets or expenses is 9,448 million yen for the previous period and 9,039 million yen for the current period.
- An amount of corporate assets included in Elimination and corporate assets is 191,520 million yen for the previous period and 183,905 million yen for the current period, main assets of which are those related to basic research & fundamental development, monies in the parent company (cash and marketable securities) and managerial division.

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

Year ended March 31, 2004	Millions of yen				
	U.S.A.	Europe	Asia	Other	Total
Overseas sales	57,609	15,510	90,607	2,350	166,078
Consolidated net sales					948,237
Percentage of overseas sales to consolidated net sales	6.1%	1.6%	9.6%	0.2%	17.5%
Year ended March 31, 2003					
Overseas sales	61,873	14,848	86,018	1,702	164,442
Consolidated net sales					964,726
Percentage of overseas sales to consolidated net sales	6.4%	1.5%	8.9%	0.2%	17.0%

## NOTES

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