November 8, 2005

Consolidated Financial Results for the six months ended September 30, 2005
Mitsubishi Materials Corporation
Tokyo, Japan

Code :	5711
Shares listed :	Tokyo and Osaka stock exchanges
For further information please contact :	Mr. Toru Suzuki, Manager, Corporate Communications & IR Dept., Tel: +81-3-5252-5206

Date of board of directors' meeting for approval of accounts: November 8, 2005

1. Results of the six months ended September 30, 2005

(1) Results of operations : (Millions of yen)

	Net sales	Change	Operating profit	Change	Ordinary income	Change	Net income	Change
		%		%		%		%
Six months ended Sep. 30, 2005	¥524,926	12.6	¥31,003	33.3	¥36,777	52.3	¥16,456	72.4
Six months ended Sep. 30, 2004	¥466,325	1.8	¥23,255	44.9	¥24,154	175.5	¥9,543	-
Year ended Mar. 31, 2005	¥984,776	3.9	¥54,084	24.6	¥50,505	39.8	¥16,374	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2005	¥14.55	¥13.18
Six months ended Sep. 30, 2004	¥8.44	¥7.90
Year ended Mar. 31, 2005	¥14.44	¥12.93

Note 1.Profit/(loss) on investment by the equity method of accounting
Six months ended Sep.30,2005 : 11,348million yen   Year ended Mar.31,2005 : 8,446million yen
Six months ended Sep.30,2004 : 6,247million yen
2.Number of averaged shares in the period
Six months ended Sep.30,2005 : 1,130,826,049share   Year ended Mar.31,2005 : 1,130,529,119share
Six months ended Sep.30,2004 : 1,130,614,542share
3.Changes in the accounting method
The Company altered its segment information categorization method and its method for allocating operating expenses.
The Company adopted the Accounting Standard on Impairment of Fixed Assets to cover all operations except those of some domestic consolidated subsidiaries and equity-method affiliates.
4.Changes shown in net sales, operating profit, ordinary income and net income are calculated against those figures in the previous period.

(2) Financial position : (Millions of yen)

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
			%	Yen
Six months ended Sep. 30, 2005	¥1,483,239	¥228,071	15.4	¥201.68
Six months ended Sep. 30, 2004	¥1,442,698	¥191,360	13.3	¥169.27
Year ended Mar. 31, 2005	¥1,420,824	¥196,901	13.9	¥174.18

Note: Number of shares at the end of the period
Six months ended Sep.30,2005 : 1,130,873,854share   Year ended Mar. 31, 2005 : 1,130,119,673share
Six months ended Sep.30,2004 : 1,130,498,844share

(3) Cash flows : (Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Six months ended Sep. 30, 2005	¥8,719	(¥18,315)	¥12,653	¥20,328
Six months ended Sep. 30, 2004	¥8,311	(¥21,011)	¥12,760	¥18,194
Year ended Mar. 31, 2005	¥80,505	(¥31,206)	(¥50,931)	¥16,352

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

Number of consolidated subsidiaries :	106
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 : 2	Excluded : 1
Number of companies to which the equity method of accounting is applied ;	New : -	Excluded : -

2. Forecast (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Year ending Mar. 31, 2006	¥1,065,000	¥67,000	¥50,000

Anticipated net income per share for the year ending March 31, 2006: ¥44.21

Results and Financial Position

(1) Results for Six Months Ended September 30, 2005

In the first half of fiscal 2006, ended September 30, 2005, the Japanese economy showed some signs of stable growth. Inventory adjustments ended in information technology (IT)and digital products, while private-sector capital investment rose. Personal consumption continued to expand as unemployment eased. These factors offset chronically high raw materials and fuel prices, which hampered corporate earnings.

The Mitsubishi Materials Group experienced a generally favorable operating environment, allowing it to overcome high fuel costs and an only partial recovery in volumes and prices for some IT offerings. The main contributors were increasing prices for copper and other key metals and continued strong demand for automotive products. On top of that, engineering and construction demand was favorable.

These considerations prompted the Group to pursue sales growth by taking advantage of buoyant demand for automotive products and steady demand for cement and aggregate. We also solidified our business foundations. We stepped up the use of recycled fuels at our copper smelters and cement plants to lower costs and reduce environmental impact. We cut fixed and variable expenditure across the board to enhance earnings and restructured operations by foreign business alliances and liquidating unprofitable operations. We continued to constrain consolidated interest-bearing debt by sourcing funds more selectively and divesting assets.

These endeavors allowed us to increase consolidated net sales ¥58.6 billion, to ¥524.9 billion, with operating profit gaining ¥7.7billion, to ¥31.0 billion.

At the non-operating level, net financial expenditure was ¥3.8billion, down ¥600 million. Income from businesses of affiliates was ¥11.3 billion, up ¥5.1 billion, reflecting a strong performance at SUMCO Corporation (renamed from Sumitomo Mitsubishi Silicon Corporation as of August 1, 2005). Ordinary income thus advanced ¥12.6 billion, to ¥36.7 billion.

Net income improved ¥6.9 billion, to ¥16.4 billion. This stemmed from ¥7.3 billion in extraordinary gains from the sale of investment securities and other assets, which offset ¥15.7 billion in extraordinary in line with the application of new accounting standards related to loss on impairment of fixed assets.

Review by Business Segment

The Company altered its business segmentation from the period under review, and has restated segments for the first half of fiscal 2005 to facilitate comparisons.

Cement

Sales and volumes rose from a year earlier despite increased manufacturing costs owing to high fuel prices. This reflected climbing public-sector demand, largely for disaster recovery and earthquake-proofing projects. Other factors were strong private-sector demand on the back of enhanced corporate earnings, which the U.S. market continued to strengthen. Our overall cement sales were 6.5 million metric tons, down 200,000 metric tons.

Sales and volumes of aggregate were up, reflecting a rise in demand for ready mixed concrete amid increased demand for cement.

Segment sales therefore gained ¥8.3 billion, to ¥77.0 billion, with operating profit improving ¥1.4, to ¥5.3 billion.

Metals

Sales of metals were up from the previous corresponding period. This was due to strong demand for automotive-related products and high copper prices. These factors offset low demand for electronic materials, as the semiconductor market was still in the process of recovering, as well as lower rolled copper sales and continued slow sales of copper wire. Our electrolytic copper production for the term rose 27,000 metric tons, to 279,000 metric tons. Sales of gold increased, as prices of the metal remained high and ore volumes and gold concentrations in ore both improved.

In processed copper products, volumes declined largely because of slow wire materials exports, which overshadowed strong demand for automotive copper castings.

As a result of these factors, segment sales were up ¥49.7 billion, to ¥183.1 billion, while operating profit gained ¥4.8 billion, to ¥9.0 billion.

Advanced Materials & Tools

Sales and earnings from cemented carbide products increased continuously from the previous period. This was mainly because demand remained solid from the automotive sector for cemented carbide cutting tools, while exports were also strong. We also benefited from price revisions that we implemented on some products in response to higher raw materials costs.

In functional parts, sales and earnings dropped owing to the impact of the transfer of the injection molding die-making business on December 1, 2004. Those overshadowed expanded sales of products for more environmentally friendly engines and solid sales of sintered parts to the automotive sector.

Sales and earnings in high performance alloy were down despite favorable demand from the aerospace sector and strong automotive demand, reflecting lower sales of precision castings and higher manufacturing costs owing to increased raw materials expenses.

In diamond cutting tools, sales and earnings decreased, as IT-related sales were still in a recovery phase.

Segment sales therefore advanced ¥7.3 billion, to ¥83.1 billion. Operating profit was up ¥1.1 billion, to ¥10.3 billion.

Aluminum

Sales and earnings from aluminum cans fell despite increased revenues for non-malt alcoholic beverage cans, reflecting slower sales from alcoholic beverage cans and aluminum bottles, increased manufacturing costs owing to hikes in raw materials expenses, and intensified competition, which depressed prices.

In rolled aluminum products, sales and earnings declines in most categories outweighed solid revenues from extruded and sheet aluminum for the automotive sector.

Segment sales consequently decreased ¥20.0 billion, to ¥69.6 billion, while operating profit was off ¥1.4 billion, at ¥3.5 billion.

Electronic Materials & Components

In this segment, intensified competition and lower prices of gold bonding wire depressed sales and earnings. This was despite solid sales of parts for 300mm silicon wafers and strong demand for chemical products used in semiconductors and liquid crystal and plasma displays.

Sales and earnings were down in electronic devices owing to drops in prices of chip thermistors and other mainline offerings for the key Chinese market, while sales of products for cell phones were slow.

Polycrystalline silicon sales and earnings increased because demand was again favorable for 300mm silicon wafer and solar battery applications.

As a result, segment sales rose ¥700 million, to ¥36.1 billion, although operating profit was down ¥100 million, to ¥1.5 billion.

Others

Energy sales and earnings increased amid solid sales of fuels for nuclear reactors and higher prices of such fossil fuels as coal and oil.

In precious metals, sales and earnings fell as a result of reduced gold sales to individuals because of high price, which offset higher sales of gold to businesses amid a recovery in electronic materials demand.

Sales for this segment thus dropped ¥4.3 billion, to ¥140.4 billion, although operating profit gained ¥200 million, to ¥2.5 billion.

Orders in nuclear power, engineering, resources, environmental and recycling operations rose ¥2.3 billion, to ¥33.0 billion. At the close of the term, backlog of orders were up ¥6.0 billion from a year earlier, at ¥25.0 billion.

(2) Consolidated Financial Position

Cash Flows from Operating Activities

Net cash provided by operating activities was up ¥400 million, at ¥8.7 billion. This reflected an improved operating performance, an increase in inventories owing to higher metals prices, an decrease in notes and accounts payable, and higher income taxes paid, which offset the impact of higher proceeds from sales of gold bullion and dividend income.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥18.3 billion, down ¥2.6 billion. The main factors were payments for purchases of property, plant and equipment and proceeds from sales of marketable securities and investments in securities.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥12.6 billion, compared with ¥12.7 provided by such activities in the previous term. This was because the Company used a total of ¥9.5 billion in operating and investing activities, prompting management to step up borrowings and other funding.

As a result of these factors, cash and cash equivalents at the end of the period under review were ¥20.3 billion, up ¥3.9 billion.

The following chart summarizes Group cash flow trends:

	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	September 30, 2006
Equity ratio	13.1 %	12.1 %	12.8 %	13.9 %	15.4 %
Equity ratio on market value basis	15.1 %	8.8 %	20.0 %	20.4 %	30.6 %
Years of debt redemption period	21.7	14.1	19.9	9.4	-
Interest coverage ratio (times)	1.8	3.6	3.2	6.9	1.6

Notes
1. Equity ratio = Shareholders' equity divided by total assets
2. Equity ratio on market value basis = Market capitalization divided by total assets
3. Years of debt redemption period = Interest-bearing debt divided by operating cash flow
4. Interest coverage ratio = Net cash provided by operating activities divided by interest expense

Supplementary Notes
1. All indicators are calculated on a consolidated basis.
2. Market capitalization is based on the year-end share price multiplied by the number of shares issued and outstanding at year-end.
3. Operating cash flow is based on the net cash provided by operating activities in the Consolidated Statements of Cash Flows.
4. Interest-bearing debt covers all interest-bearing debt in the Consolidated Balance Sheets. Interest payments are based on the amounts shown in the Consolidated Statements of Cash Flows.

(3) Outlook for Fiscal 2006

We expect Japan's recovery path to continue on the strength of domestic demand. Favorable private-sector capital investment, improved corporate earnings, and lower unemployment should steady personal consumption. These factors should outweigh concerns about trends in chronically high raw materials and fuels prices and economic slowdowns in the key U.S. and Chinese markets.

The Group's operating environment will remain challenging even though sales of automotive products and domestic and overseas demand for cement should remain strong. That is because we face higher raw materials and sea freight costs, as well as greater pricing pressures in all business segments.

As noted in section (3) of 2. Management Policies on page3, the Group will strive to bolster profitability, mainly by expanding sales of high-value-added products in growth fields. We will naturally endeavor to reduce costs, notably by using more recycled fuels in our cement and copper businesses. We will also revise pricing in line with increased fuel costs while reorganizing and liquidating unprofitable businesses. These steps should improve our financial position and stabilize our earnings structure as we continue to establish foundations for growth as a winner in our core operations.

For the full term, therefore, we forecast ¥106.5 billion in net sales, ¥67.0 billion in ordinary income and ¥50.0 billion in net income.

(Millions of yen)

	Net sales	Operating profit	Ordinary income	Net income
Fiscal 2006 forecast	¥1,065,000	¥58,000	¥67,000	¥50,000
Nonconsolidated fiscal 2006 forecast	¥555,000	¥18,500	¥21,000	¥7,000

(4) Business Risks

The Mitsubishi Materials Group engages in a wide range of businesses, so its results and financial position are subject to various external influences, including domestic and overseas political and economic developments, weather, markets, currency trends, and laws and ordinances. The following risks could have particularly strong material impact on operations.

Forward-looking statements are based on management's decisions as of the announcement of fiscal 2005 results on November 8, 2005.

1. Business Restructuring

The Group is pursuing selective concentration. Management is concentrating resources in highly profitable operations while reviewing, restructuring and liquidating other businesses with a view to alliances with other companies. These endeavors may materially affect the Group's performance and financial position.

2. Customer Trends

The Group provides products and services to various industries. Rapid changes in customer markets, business strategies or product development may affect sales of the Group's products. The automotive and IT sectors are particularly vulnerable to intensive competition in terms of prices and technological development. The Group strives to cut overall costs and cultivate new products and technologies. However, failure to match industry and customer market changes could hamper Group performance.

3. Nonferrous Metals and Currency Market Fluctuations

In the copper business, the main revenue sources are smelting and other operations, for which payment is in foreign currencies. These operations are subject to fluctuations in nonferrous metals and currency markets. Purchases of raw materials for inventory-from ore purchases to ingot production and sales—can be affected by fluctuation risks in the nonferrous metals and currency markets, as well as by shipping rates.

4. Semiconductor Market Trends

The Group provides such products for the semiconductor industry as electronic materials and polycrystalline silicon products. Equity-method affiliate SUMCO makes silicon wafers for semiconductors. Trends in the semiconductor industry could thus affect the Group's performance and financial position.

5. Interest-Bearing Debt

At September 30, 2005, interest-bearing debt (the total of short-term loans, bonds due within one year, commercial paper, bonds and long-term loans) represented 51.3% of consolidated total assets. Management strives to enhance the financial position by constraining inventories and divesting assets, but interest rate trends may nonetheless affect the Group's performance and financial position.

6. Debt Guarantees

The Group provided ¥31.1 billion in debt guarantees to nonconsolidated affiliates in September 30, 2005. Any execution of such guarantees could thus affect the Group's performance and financial position.

7. Fluctuations in Market Values of Assets

Fluctuations in the market values of the Group's holdings of securities, land and other assets could affect the Group's performance and financial position.

8. Pension Payment Costs and Liabilities

The costs and obligations of the Group's pension plans are based mainly on actuarial assumptions. These assumptions take into account the average number of years of service remaining, long-term yields on Japanese government bonds, stocks contributed to trust accounts and other factors in pension plan management. Nonetheless, losses stemming from lower discount rates and pension plan management could affect the Group's costs and calculations of obligations.

9. Environmental Regulations

Group operations in Japan and abroad strive to prevent air, wastewater, soil and groundwater pollution in keeping with environmental laws and ordinances. In line with the Mine Safety Law, the Group endeavors to prevent water pollution from mines that it has closed in Japan and maintain their safety. Any pollutant releases could harm the Group's operating performance and financial position owing to a loss of social trust and expenditure for compensation and cleanups. In addition, revisions to related laws and ordinances may cause the Group to incur new management and treatment costs.

10. Overseas Activities

The Group maintains production and sales bases in 24 countries and territories.
Overseas operations account for 22.8% of consolidated net sales. In addition to political, social, economic and currency market developments, unforeseen changes in laws and regulations or their interpretations related to trade rules and restrictions, mining sector policies, environmental regulations, and tax systems in these countries and territories could affect the Group's performance and financial position.

11. Intellectual Property

The Group recognizes the importance of safeguarding its intellectual property.
Nonetheless, inadequate protection and legal violations may affect the Group's results and financial position. The Group carefully respects the intellectual property of other companies, but any recognized infringements and compensation for damages may affect the Group's results and financial position.

12. Information Management

The Group endeavors to properly handle personal information. Any leaks or other problems with such information could harm the Group's social standing and affect its results and financial position.

13. Litigation

The Group is or could become a party to litigation, disputes, legal judgments, settlements or decisions related to current and past operations in Japan and abroad, which may affect the Group's results and financial position.

14. Osaka Amenity Park Business

An investigation is ongoing. The Company and business partners have implemented the proper steps to counter soil and groundwater problems at the complex, and are continuing to faithfully discuss the issues with condominium residents to quickly resolve them, including through a monetary settlement. Developments in this situation may affect the Group's results and financial position

15. Other Risks

Other risks that may affect the Group's results and financial position include changes in business practices, terrorism, war, epidemics, earthquakes and other natural disasters, and other unforeseen developments.

Consolidated Balance Sheets

September 30, 2005 and 2004 and March 31, 2005

(Millions of yen)

	March 31, 2005	September 30, 2005	Difference	September 30, 2004
ASSETS				
Current Assets:				
Cash and cash equivalents	¥16,686	¥20,839	¥4,153	¥18,566
Notes received and accounts receivable	191,448	189,915	(1,532)	187,132
Marketable securities	72	33	(39)	24
Inventories	154,220	186,320	32,100	163,428
Deferred income taxes	9,431	8,757	(674)	8,460
Other current assets	107,877	115,930	8,053	116,327
Allowance for doubtful accounts	(3,608)	(3,814)	(205)	(3,223)
Total Current Assets	**476,127**	**517,982**	**41,854**	**490,717**
Fixed Assets:				
Property, Plant and Equipment				
Buildings and structures	168,491	165,042	(3,449)	170,610
Machinery and equipment	203,689	204,219	530	208,338
Land	253,909	251,761	(2,148)	254,236
Construction in progress	13,864	17,610	3,745	16,871
Others	12,053	12,224	170	11,980
Net Property, Plant and Equipment	**652,008**	**650,858**	**(1,150)**	**662,037**
Intangible Assets				
Others	15,832	15,703	(129)	16,026
Total Intangible Assets	**15,832**	**15,703**	**(129)**	**16,026**
Investments and Long-Term Receivables				
Investments in securities	193,255	215,828	22,572	185,060
Long-term receivable	17,735	17,494	(241)	17,789
Long-term prepaid expenses	1,469	1,569	100	1,912
Deferred income taxes	34,352	30,203	(4,149)	40,210
Other	43,878	49,271	5,392	40,545
Reserve for loss on investments of affiliates	(1,438)	(1,506)	(68)	(1,472)
Allowance for doubtful accounts	(12,398)	(14,166)	(1,768)	(10,129)
Total Investment and long-term receivables	**276,855**	**298,695**	**21,839**	**273,916**
Total Fixed Assets	**944,696**	**965,256**	**20,559**	**951,980**
Total Assets	**¥1,420,824**	**¥1,483,239**	**62,414**	**¥1,442,698**

Consolidated Balance Sheets

September 30, 2005 and 2004 and March 31, 2005

(Millions of yen)

	March 31, 2005	September 30, 2005	Difference	September 30, 2004
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Notes payable and accounts payable	¥127,274	¥114,781	(¥12,492)	¥109,808
Short-term bank loans	354,326	325,959	(28,367)	390,911
Current portion of bonds	49,449	25,000	(24,449)	49,259
Commercial paper	-	39,500	39,500	40,000
Accrued income taxes	9,529	9,270	(259)	3,663
Deferred income taxes	71	44	(27)	60
Accrued bonuses	10,403	9,804	(598)	9,201
Gold payable	76,946	92,024	15,077	75,117
Other current liabilities	87,100	93,497	6,397	75,747
Total current liabilities	**715,102**	**709,881**	**(5,220)**	**753,769**
Long-Term Liabilities:				
Bonds	90,000	95,000	5,000	50,190
Long-term loans	243,941	273,042	29,100	271,521
Severance and pension benefits	47,443	46,184	(1,258)	48,560
Reserve for loss on subsidiaries and affiliates	1,430	1,340	(90)	1,770
Other reserves	4,436	4,564	127	4,018
Deferred income taxes	13,361	13,411	50	14,656
Deferred income taxes on revaluation reserve for land	37,147	36,921	(226)	31,503
Consolidation adjustments account	2,381	2,231	(149)	3,518
Others	26,627	26,490	(136)	29,533
Total long-term liabilities	**466,770**	**499,187**	**32,416**	**455,271**
Total Liabilities	**1,181,872**	**1,209,069**	**27,196**	**1,209,041**
Minority Interests	**42,050**	**46,098**	**4,048**	**42,296**
Shareholders' Equity:				
Common stock	99,396	99,398	1	99,396
Capital Surplus	68,440	68,520	80	68,414
Accumulated deficit	(14,328)	(738)	13,590	(20,934)
Revaluation reserve for land	39,480	39,373	(106)	46,514
Net unrealized holding gains on securities	16,988	29,302	12,314	8,218
Foreign currency translation adjustments	(12,381)	(7,121)	5,259	(9,705)
Treasury stock	(695)	(665)	30	(544)
Total shareholders' equity	**196,901**	**228,071**	**31,169**	**191,360**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥1,420,824**	**¥1,483,239**	**¥62,414**	**¥1,442,698**

Consolidated Statements of Operations

For the six months ended September 30, 2005 and 2004 and the year ended March 31, 2005

(Millions of yen)

	September 30, 2004	September 30, 2005	Difference	March 31, 2005
Net Sales	¥466,325	¥524,926	¥58,600	¥984,776
Cost of sales	383,558	433,191	49,632	812,543
Gross profit	82,766	91,734	8,967	172,233
Selling, general and administrative expenses	59,511	60,730	1,219	118,148
Operating profit	**23,255**	**31,003**	**7,748**	**54,084**
Non operating income:				
Interest income	197	273	75	493
Dividend income	1,325	1,621	296	2,124
Rent earned in undertaking	3,782	3,244	(537)	6,876
Equity in earnings of affiliates	6,247	11,348	5,101	8,446
Other	1,109	1,011	(98)	2,963
Non operating expenses:				
Interest expenses	6,034	5,792	(241)	11,758
Expense for rent in undertaking	2,888	2,421	(467)	5,065
Other	2,840	3,512	671	7,659
Ordinary income	**24,154**	**36,777**	**12,622**	**50,505**
Extraordinary income:				
Gain on sales of property, plant and equipment	230	615	385	2,768
Gain on sales of marketable securities and investments in securities	187	5,423	5,236	10,674
Reversal of bad debt reserve	380	298	(82)	347
Profit on business assignment	859	-	(859)	847
Gain on business assignment equity method affiliates	773	-	(773)	773
Gain on welfare pension dissolution	-	-	-	1,964
Other	122	1,042	919	783
Extraordinary loss:				
Loss on impairment	-	6,782	6,782	-
Remedial expenses	-	2,800	2,800	-
Provision for bad debt	332	2,065	1,732	4,106
Loss on disposal of fixed assets	1,474	1,497	23	5,783
Write-down of marketable securities and investments in securities	2,426	366	(2,059)	2,966
Provision for loss on business of affiliates	615	69	(545)	1,224
Severance and pension benefit expenses	4,199	-	(4,199)	8,325
Other, net	2,283	2,189	(93)	11,485
Income before income taxes and minority interests	**15,376**	**28,386**	**13,009**	**34,772**
Corporate income taxes and business tax	5,001	12,521	7,520	16,572
Income taxes adjustments	(81)	(3,575)	(3,494)	(1,334)
Minority interests in income of consolidated subsidiaries	912	2,983	2,071	3,159
Net income	**¥9,543**	**¥16,456**	**¥6,912**	**¥16,374**

Consolidated Retained Earnings

For the six months ended September 30, 2005 and 2004 and the year ended March 31, 2005

(Millions of yen)

	September 30, 2004	September 30, 2005	Difference	March 31, 2005
(Capital Surplus)				
Balance at the beginning of year	**¥68,413**	**¥68,440**	**¥27**	**¥68,413**
Conversion of convertible bonds	-	1	1	-
Profit from treasury stock	1	78	76	27
Increase total	**1**	**80**	**78**	**27**
Balance at the end of year	**¥68,414**	**¥68,520**	**¥105**	**¥68,440**
(Retained Earnings)				
Balance at the beginning of year	**(¥28,243)**	**(¥14,328)**	**¥13,915**	**(¥28,243)**
Increase due to reversal of reserve for land revaluation	351	305	(45)	351
Increase due to merger	5	-	(5)	66
Increase resulting from increase of consolidated subsidiaries	44	290	245	44
Net profit for half year end	9,543	16,456	6,912	16,374
Others	3	269	266	-
Increase total	**9,948**	**17,321**	**7,373**	**16,836**
Dividend	2,265	3,395	1,130	2,265
Bonus to directors and statutory auditors	65	52	(13)	65
Decrease resulting from increase of equity method affiliates	71	-	(71)	71
Decrease due to reversal of reserve for land revaluation	211	204	(7)	230
Decrease due to merger	25	-	(25)	142
Other decrease	0	79	78	146
Decrease total	**2,639**	**3,731**	**1,092**	**2,921**
Balance at the end of year	**(¥20,934)**	**(¥738)**	**¥20,196**	**(¥14,328)**

Consolidated Statements of Cash Flows

For the six month ended September 30, 2005 and the year ended March 31, 2005

(Millions of yen)

	September 30, 2004	September 30, 2005	March 31, 2005
Cash Flows from Operating Activities			
Income before income taxes and minority interest	¥15,376	¥28,386	¥34,772
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,471	23,151	47,919
Increase in allowance for doubtful account	1,870	430	5,963
Interest and dividend income	(1,523)	(1,895)	(2,617)
Interest expenses	6,034	5,792	11,758
Loss for sales or disposal of property, plant and equipment	1,244	881	3,014
Loss on impairment	-	6,782	-
Gain on sales or write-down of marketable securities and investments in securities	2,247	(5,040)	(7,671)
(Increase) Decrease in notes and accounts receivable	(1,781)	5,471	(10,532)
(Increase) Decrease in inventories	(11,534)	(30,353)	(3,609)
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	-	12,130	10,287
(Increase) Decrease in current assets	(3,930)	(456)	(1,759)
Increase (Decrease) in notes and accounts payable	(9,180)	(13,736)	8,708
Equity in (earnings) losses of affiliates	(6,247)	(11,348)	(8,446)
Other, net	25	(407)	9,403
Subtotal	16,073	19,787	97,188
Interest and dividend received	5,642	7,452	9,361
Interest paid	(6,052)	(5,341)	(11,650)
Payments for supporting of an affiliate	-	-	(2,150)
Income taxes paid	(7,351)	(13,179)	(12,244)
Net Cash Provided by Operating Activities	**8,311**	**8,719**	**80,505**
Cash Flows from Investing Activities			
Payments for purchases of marketable securities and investments in securities	(2,957)	(787)	(3,514)
Proceeds from sales of marketable securities and investments in securities	443	6,000	13,397
Payments for purchases of property, plant and equipment	(21,557)	(25,231)	(47,549)
Proceeds from sales of property, plant and equipment	972	865	4,521
Proceeds from sale of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	-	-	449
Proceeds from transfer of business	-	-	1,448
Other, net	2,088	837	41
Net Cash Used in Investing Activities	**(21,011)**	**(18,315)**	**(31,206)**
Cash Flows from Financing Activities			
Increase (decrease) in short-term bank loans, net	10,814	6,731	(12,198)
Proceeds from long-term debt	27,866	58,677	69,688
Repayments of long-term debt	(47,628)	(68,326)	(128,546)
Increase(Decrease) in commercial paper, net	40,000	39,500	-
Payments for redemption of bond	(15,000)	(49,445)	(15,000)
Proceeds from issuance of bonds	-	30,000	40,000
Cash dividend paid	(2,265)	(3,395)	(2,265)
Other, net	(1,026)	(1,087)	(2,609)
Net Cash Provided by (Used in) Financing Activities	**12,760**	**12,653**	**(50,931)**
Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	**314**	**645**	**27**
Net Increase (Decrease) in Cash and Cash Equivalents	**375**	**3,703**	**(1,604)**
Cash and Cash Equivalents at Beginning of Period	**17,753**	**16,352**	**17,753**
Effect of Changes in Consolidated Subsidiaries	**35**	**272**	**35**
Increase in Cash and Cash Equivalents from Mergers of Unconsolidated Subsidiaries	**29**	**-**	**167**
Cash and Cash Equivalents at End of Period	**18,194**	**20,328**	**16,352**

Segment Information

(a) Business segment information

(Millions of yen)

Six months ended September 30, 2004	Cement	Aluminium	Metals	Powder metallurgy products &tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥68,399	¥71,357	¥110,791	¥57,536	¥25,709	¥35,231	¥97,299	¥466,325		¥466,325
Intersegment	240	370	22,615	4,668	764	12,166	16,469	57,295	(57,295)	-
Total	68,639	71,728	133,406	62,205	26,473	47,398	113,768	523,621	(57,295)	466,325
Operating expenses	64,708	66,765	129,171	54,082	24,589	47,031	110,934	497,283	(54,212)	443,070
Operating profit	¥3,931	¥4,962	¥4,235	¥8,122	¥1,884	¥367	¥2,834	¥26,337	(¥3,082)	¥23,255

NOTES

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

(1) Cement:	Cement, secondary cement products, ready-mixed concrete, building materials
(2) Aluminium:	Aluminum cans, rolled aluminum products, processed aluminum products
(3) Metals:	Copper smelting, processed copper products
(4) Powder Metallurgy Products and Tools:	Cemented carbide products, sintered parts, diamond tools
(5) Advanced Products:	Electronic device products, electronic materials, chemical products
(6) Energy and System:	Engineering, nuclear energy
(7) Others:	Highly efficient materials, precious metals, polycrystalline silicon, resources-, environment- and recycle-related products, real estate, etc.

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 3,818 million yen.

3. As of offset trade for slime of PT Smelting
Due to the change of trade agreement content, the account for the trade is offset since this six months. According to this deal, both sales and operating expense to unaffliated customers in Metals reduce 14,341 million yen comparing to the method as before.

(Millions of yen)

Six months ended September 30, 2005	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :									
Unaffiliated customers	¥76,748	¥151,172	¥75,903	¥69,292	¥35,086	¥116,721	¥524,926		¥524,926
Intersegment	252	31,943	7,202	352	1,050	23,709	64,511	(64,511)	-
Total	77,001	183,115	83,106	69,645	36,136	140,431	589,437	(64,511)	524,926
Operating expenses	71,641	174,024	72,715	66,131	34,603	137,927	557,044	(63,121)	493,922
Operating profit	¥5,360	¥9,091	¥10,390	¥3,514	¥1,533	¥2,503	¥32,393	(¥1,389)	¥31,003

NOTES

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

(1) Cement:	Cement, secondary cement products, ready-mixed concrete, building materials
(2) Metals:	Copper smelting, processed copper products
(3) Advanced Materials & Tools:	Cemented carbide products, sintered parts, highly efficient materials, diamond tools
(4) Aluminium:	Aluminum cans, rolled aluminum products
(5) Electronic Materials & Components:	Electronic materials, chemical products, electronic device products, polycrystalline silicon
(6) Others:	Engineering, nuclear energy, precious metals, resources-, environment- and recycle-related products, real estate, etc.

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 1,739 million yen.

3. Change in inventory evaluation method for Metals segment

Sambo Copper Alloy Co., Ltd., is a consolidated subsidiary that maintains copper processing operations. From second half of the year under review, we changed accounting for that subsidiary's inventories from first-in, first-out, to last-in, first-out. We made this change because the prices of that company's mainline copper ingots are subject to significant fluctuations in the global operating environment, and management deemed that such a change would be appropriate to reflect sales and the cost of sales at the same pricing levels in the statements of income.
If this change in policy were applied to the first half of the year, operating expenses of the Metals segment would be ¥821 million lower, with operating profit commensurately higher.

4. Business Segment Changes

The Company's business segments through fiscal 2005 were cement, aluminum, metals, powder metallurgy products & tools, advanced products, energy & systems, and others. From fiscal 2006, our new segmentation became cement, metals, advanced materials & tools, aluminum, electronic materials & components, and others.

The Group overhauled operations as of April 1, 2005, to streamline allocations of management resources and bolster earnings while strengthening financial position. We thereby shifted to a business structure of five in-house companies (cement, metals, advanced materials & tools, aluminum, and electronic materials & components). Our reorganization reflected revisions to our business units and operating structure, which were earlier in terms of core and strategic businesses, the pursuit of synergies between areas with similar product lines and sales methods, and a new positioning of businesses within the Group.

The new segmentation from the year under review was designed to more properly reflect the fruits of our reorganization. Segment information from a year earlier would be as follows when restated according to the new setup.

(Millions of yen)

Six months ended September 30, 2004	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :									
Unaffiliated customers	¥68,399	¥110,791	¥68,042	¥71,357	¥34,173	¥113,561	¥466,325		¥466,325
Intersegment	240	22,615	7,730	370	1,172	22,481	54,610	(54,610)	-
Total	68,639	133,406	75,772	71,728	35,345	136,042	520,936	(54,610)	466,325
Operating expenses	64,708	129,171	66,520	66,765	33,626	133,751	494,544	(51,473)	443,070
Operating profit	¥3,931	¥4,235	¥9,252	¥4,962	¥1,719	¥2,291	¥26,392	(¥3,137)	¥23,255

(Millions of yen)

Year ended March 31, 2005	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :									
Unaffiliated customers	¥148,973	¥252,332	¥138,769	¥134,519	¥66,941	¥243,241	¥984,776		¥984,776
Intersegment	490	55,175	14,945	746	2,512	47,283	121,154	(121,154)	-
Total	149,463	307,508	153,714	135,266	69,453	290,524	1,105,931	(121,154)	984,776
Operating expenses	137,323	294,396	135,850	128,035	66,585	283,527	1,045,719	(115,027)	930,692
Operating profit	¥12,140	¥13,112	¥17,863	¥7,230	¥2,867	¥6,997	¥60,212	(¥6,127)	¥54,084

5. Altered Allocations to Operating Expenses

From the year under review, management revised the scope of unallocatable operating expenses, passing some expenses directly to segments and other expenses to each segment based on standards that reflect posting provisions by division.

Management made changes to the parent's internal administrative system to more appropriately disclose the performances of each operation by more clearly reflecting the use of the parent's shared services and costings for each development theme.

Operating profit and expenses for the six months based on the allocation method used before the change were as follows.

(Millions of yen)

Six months ended September 30, 2005	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Operating expenses	¥71,587	¥173,895	¥72,329	¥65,972	¥34,119	¥137,772	¥555,676	(¥61,754)	¥493,922
Operating profit	¥5,414	¥9,220	¥10,776	¥3,673	¥2,017	¥2,658	¥33,761	(¥2,757)	¥31,003

(Millions of yen)

Year ended March 31, 2005	Cement	Aluminium	Metals	Powder metallurgy products &tools	Advanced products	Energy & system	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :										
Unaffiliated customers	¥148,973	¥134,519	¥252,332	¥117,146	¥49,749	¥83,097	¥198,958	¥984,776		¥984,776
Intersegment	490	746	55,175	9,083	1,438	27,724	34,356	129,015	(129,015)	-
Total	149,463	135,266	307,508	126,230	51,187	110,821	233,314	1,113,792	(129,015)	984,776
Operating expenses	137,323	128,035	294,396	110,321	47,978	108,773	226,801	1,053,630	(122,937)	930,692
Operating profit	¥12,140	¥7,230	¥13,112	¥15,908	¥3,209	¥2,048	¥6,512	¥60,162	(¥6,078)	¥54,084

NOTES

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

(1) Cement:	Cement, secondary cement products, ready-mixed concrete, building materials
(2) Aluminium:	Aluminum cans, rolled aluminum products, processed aluminum products
(3) Metals:	Copper smelting, processed copper products
(4) Powder Metallurgy Products and Tools:	Cemented carbide products, sintered parts, diamond tools
(5) Advanced Products:	Electronic device products, electronic materials, chemical products
(6) Energy and System:	Engineering, nuclear energy
(7) Others:	Highly efficient materials, precious metals, polycrystalline silicon, resources-, environment- and recycle-related products, real estate, etc.

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 8,630 million yen.

3. As of offset trade for slime of PT Smelting
Due to the change of trade agreement content, the account for the trade is offset since this year. According to this deal, both sales and operating expense to unaffliated customers in Metals reduce 32,762 million yen comparing to the method as before.

4. Change in inventory evaluation method for Metals segment

Sambo Copper Alloy Co., Ltd., is a consolidated subsidiary that maintains copper processing operations. From the year under review, we changed accounting for that subsidiary’s inventories from first-in, first-out, to last-in, first-out. We made this change because the prices of that company’s mainline copper ingots are subject to significant fluctuations in the global operating environment, and management deemed that such a change would be appropriate to reflect sales and the cost of sales at the same pricing levels in the statements of income. As a result of the new policy, operating expenses in the Japan segment rose ¥841 million, while operating profit dropped by the same amount.

A backdrop to this change was that in the second half of the term, copper ingot prices have fluctuated dramatically, and we expect this trend to continue. We retained our traditional accounting method for the first half of the year. The impact on this change if applied for the first half of the year would have been to reduce operating expenses in the Japan segment by ¥821 million, with operating profit increasing by the same amount.

(b) Segment information by geographic area

(Millions of yen)

Six months ended September 30, 2004	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥408,979	¥30,744	¥6,432	¥19,085	¥1,083	¥466,325		¥466,325
Intersegment	12,808	325	8	27,739	-	40,882	(40,882)	-
Total	421,788	31,069	6,440	46,825	1,083	507,208	(40,882)	466,325
Operating expenses	398,371	28,597	6,197	46,207	1,158	480,532	(37,461)	443,070
Operating profit	¥23,416	¥2,472	¥242	¥618	(¥74)	¥26,676	(¥3,421)	¥23,255

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than Japan and the United States

(1) Europe : Germany, Spain, UK, France, Holland
(2) Asia : Indonesia, Malaysia, Singapore, Chaina, Taiwan, Hong Kong, Thailand
(3) Other : Australia

3. 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 3,818 million yen.

4. As of offset trade for slime of PT Smelting
In keeping with a change in contract terms, we applied offsetting eliminations for these transactions from the current fiscal year. This change decreased sales to external customers for the Asia segment by ¥14,341 million, with intrasegment sales and transfers rising by the same amount

(Millions of yen)

Six months ended September 30, 2005	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥445,845	¥36,950	¥7,130	¥33,388	¥1,610	¥524,926		¥524,926
Intersegment	13,084	482	111	46,928	-	60,607	(60,607)	-
Total	458,930	37,433	7,242	80,316	1,610	585,533	(60,607)	524,926
Operating expenses	435,197	32,799	6,878	76,850	1,230	552,956	(59,034)	493,922
Operating profit	¥23,732	¥4,633	¥363	¥3,466	¥380	¥32,576	(¥1,572)	¥31,003

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than Japan and the United States

(1) Europe : Germany, Spain, UK, France, Holland
(2) Asia : Indonesia, Malaysia, Singapore, Chaina, Taiwan, Hong Kong, Thailand
(3) Other : Australia

3. 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 1,739 million yen.

4. Change in inventory evaluation method for Japan segment

Sambo Copper Alloy Co., Ltd., is a consolidated subsidiary that maintains copper processing operations. From the year under review, we changed accounting for that subsidiary's inventories from first-in, first-out, to last-in, first-out. We made this change because the prices of that company's mainline copper ingots are subject to significant fluctuations in the global operating environment, and management deemed that such a change would be appropriate to reflect sales and the cost of sales at the same pricing levels in the statements of income.

The impact on this change if applied for the first half of the year would have been to reduce operating expenses in the Japan segment by ¥821 million, with operating profit increasing by the same amount.

5. Altered Allocations to Operating Expenses

To date, the Company has used an allocation standard that reflects benefits to allocate basic research and development and parent administrative department expenses to businesses in the Japan segment. In line with the revision in the scope of unallocatable expenses from the year under review, management passed some expenses directly to segments and other expenses to each segment based on standards that reflect posting provisions by division.

Management made changes to the parent's internal administrative system to more appropriately disclose the performances of each operation by more clearly reflecting the use of the parent's shared services and costings for each development theme.

Operating profit and expenses for the six months based on the allocation method used before the change were as follows.

(Millions of yen)

Six months ended September 30, 2005	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Operating expenses	¥433,829	¥32,799	¥6,878	¥76,850	¥1,230	¥551,589	(¥57,666)	¥493,922
Operating profit	¥25,100	¥4,633	¥363	¥3,466	¥380	¥33,944	(¥2,940)	¥31,003

(Millions of yen)

Year ended March 31, 2005	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥845,901	¥64,915	¥12,805	¥58,585	¥2,568	¥984,776		¥984,776
Intersegment	25,600	867	41	63,330	-	89,840	(89,840)	-
Total	871,502	65,782	12,847	121,916	2,568	1,074,617	(89,840)	984,776
Operating expenses	819,119	60,240	12,203	118,887	2,327	1,012,777	(82,084)	930,692
Operating profit	¥52,382	¥5,542	¥643	¥3,029	¥241	¥61,839	(¥7,755)	¥54,084

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than Japan and the United States

(1) Europe :	Germany, Spain, UK, France, Holland
(2) Asia :	Indonesia, Malaysia, Singapore, Chaina, Taiwan, Hong Kong, Thailand
(3) Other :	Australia

3. 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 8,630 million yen.

4. As of offset trade for slime of PT Smelting

In keeping with a change in contract terms, we applied offsetting eliminations for these transactions from the current fiscal year. This change decreased sales to external customers by ¥32,762 million for the Asia segment, with intrasegment sales rising by the same amount.

5. Change in inventory evaluation method for Metals segment

Sambo Copper Alloy Co., Ltd., is a consolidated subsidiary that maintains copper processing operations. From the year under review, we changed accounting for that subsidiary’s inventories from first-in, first-out, to last-in, first-out. We made this change because the prices of that company’s mainline copper ingots are subject to significant fluctuations in the global operating environment, and management deemed that such a change would be appropriate to reflect sales and the cost of sales at the same pricing levels in the statements of income. As a result of the new policy, operating expenses in the Japan segment rose ¥841 million, while operating profit dropped by the same amount.

A backdrop to this change was that in the second half of the term, copper ingot prices have fluctuated dramatically, and we expect this trend to continue. The impact on this change if applied for the first half of the year would have been to reduce operating expenses in the Japan segment by ¥821 million, with operating profit increasing by the same amount.

(c) Overseas sales by geographic area

(Millions of yen)

Six months ended September 30, 2004	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥33,624	¥7,459	¥54,908	¥1,002	¥96,994
Consolidated net sales					¥466,325
Percentage of overseas sales to consolidated net sales	7.2%	1.6%	11.8%	0.2%	20.8%

Six months ended September 30, 2005	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥40,751	¥15,025	¥61,669	¥2,223	¥119,670
Consolidated net sales					¥524,926
Percentage of overseas sales to consolidated net sales	7.8%	2.9%	11.7%	0.4%	22.8%

Year ended March 31, 2005	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥69,871	¥17,315	¥111,226	¥3,565	¥201,978
Consolidated net sales					¥984,776
Percentage of overseas sales to consolidated net sales	7.1%	1.8%	11.3%	0.4%	20.5%

NOTES

1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than the United States

(1) Europe : Germany, UK, Spain, France
(2) Asia : Indonesia, Korea, Malaysia, Singapore, Chaina, Taiwan, Hong Kong, Thailand
(3) Other : Australia, Canada, Brazil

3. Overseas sales represents sales of Mitsubishi Materials Corporation and its subsidiaries made in countries and regions other than Japan.