November 8, 2006

Consolidated Financial Results for the six months ended September 30, 2006
Mitsubishi Materials Corporation
Tokyo, Japan

Code : 5711
Shares listed : Tokyo and Osaka stock exchanges
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Date of board of directors' meeting for approval of accounts: November 8, 2006

1. Results of the six months ended September 30, 2006
(1) Results of operations : (Millions of yen)

	Net sales	Change	Operating profit	Change	Ordinary income	Change	Net income	Change
		%		%		%		%
Six months ended Sep. 30, 2006	¥694,170	32.2	¥37,619	21.3	¥58,728	59.7	¥38,336	133.0
Six months ended Sep. 30, 2005	¥524,926	12.6	¥31,003	33.3	¥36,777	52.3	¥16,456	72.4
Year ended Mar. 31, 2006	¥1,143,699		¥68,981		¥80,759		¥58,802	

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2006	¥33.50	¥30.71
Six months ended Sep. 30, 2005	¥14.55	¥13.18
Year ended Mar. 31, 2006	¥51.73	¥45.36

Note 1.Profit/(loss) on investment by the equity method of accounting
Six months ended Sep.30,2006 : 25,791 million yen Year ended Mar.31,2006 : 22,604 million yen
Six months ended Sep.30,2005 : 11,348 million yen
2.Number of averaged shares in the period
Six months ended Sep.30,2006 : 1,144,247,121share Year ended Mar.31,2006 : 1,134,223,750share
Six months ended Sep.30,2005 : 1,130,826,049share
3.Changes in the accounting method:Yes
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, 2006	¥1,727,495	¥396,267	19.0	¥287.38
Six months ended Sep. 30, 2005	¥1,487,479	¥232,311	15.6	¥205.43
Year ended Mar. 31, 2006	¥1,609,445	¥303,560	18.9	¥265.15

Note 1. Number of shares at the end of the period
Six months ended Sep.30,2006 : 1,143,932,487share Year ended Mar. 31, 2006 : 1,144,387,495share
Six months ended Sep.30,2005 : 1,130,873,854share
Note 2. With figures for the first half of fiscal 2006 and fiscal 2006 year-end results, shareholders' equity is now part of net assets, while shareholders' equity ratio is now part of equity ratio. Also, shareholders' equity per share is now part of net assets per share.

(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, 2006	¥6,742	(¥30,517)	¥42,650	¥43,971
Six months ended Sep. 30, 2005	¥8,719	(¥18,315)	¥12,653	¥20,328
Year ended Mar. 31, 2006	¥55,793	¥899	(¥51,241)	¥24,994

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

Number of consolidated subsidiaries : 99
Number of non-consolidated subsidiaries to which the equity method accounting is applied : -
Number of affiliates to which the equity method accounting is applied 26

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

Number of consolidated companies ; New : 5 Excluded : 8
Number of companies to which the equity method of accounting is applied ; New : - Excluded : 2

2. Forecast (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Year ending Mar. 31, 2007	¥1,400,000	¥96,000	¥51,000

Anticipated net income per share for the year ending March 31, 2007: ¥44.58

The above projections are based on assumptions about the economic situation, market trends and other information as of the announcement date for these materials. Changes in various factors may cause results to differ from projections.
Please see the appended page 7 for information on the results forecasts above.

Results and Financial Position

(1) Results for Six Months Ended September 30, 2006

In the first half of fiscal 2007, ended September 30, 2006, amid chronically high raw materials and fuel prices, the Japanese economy continued to recover on increased capital investment on the strength of improved corporate earnings and a better employment environment, which propelled personal consumption.

Despite consistently high raw materials costs and a downturn in demand in the engineering and construction sectors owing to a drop in disaster recovery projects, the Mitsubishi Materials Group continued to do well on high prices for key metals and strong demand from customers in the automotive sector.

The Group expanded sales as a result of high prices for copper and other core metals. It also benefited from buoyant demand overseas for cement products and endeavored to boost sales of silicon related products, a consequence of solid semiconductor demand. In the automotive information and electronics sectors, positioned as growth areas, the Group reinforced capital and business ties with Mitsubishi Cable Industries Co., Ltd., and Mitsubishi Shindoh Co., Ltd. The Group also strove to more effectively harness internal resources and bolster its development capabilities while strengthening the profitability of its mainline metals business. At the same time, the Group continued to liquidate and transfer unprofitable businesses to solidify its operational foundations.

As a result of these efforts, consolidated net sales for the term increased ¥169.2 billion from the previous corresponding period, to ¥694.1 billion. Operating profit was up ¥6.6 billion, to ¥37.6 billion.

The Group posted ¥25.7 billion in equity in earnings of affiliates, up ¥14.4 billion, reflecting higher dividends from overseas copper mining operations and the favorable performances of SUMCO Corp. and other affiliates. Consolidated ordinary income thus climbed ¥21.9 billion, to ¥58.7 billion.

Consolidated net income gained ¥21.8 billion, to ¥38.3 billion after deducted corporate tax and minority interests in subsidiary.

Review by Business Segment

Cement

Although demand was down for disaster recovery and other public projects, private sector demand remained brisk, while demand continued to expand in the United States and China. As a result, volumes and sales rose. Segment cement production was 6.7 million metric tons, up 200,000 metric tons.

Volumes and sales of aggregate also increased, reflecting strong demand for mainline Portland cement.

Segment sales therefore advanced ¥13.9 billion, to ¥90.9 billion. Operating profit was up ¥1.2 billion, to ¥6.6 billion.

Metals

Sales of rolled copper were favorable, reflecting positive conditions in the semiconductor market and higher demand for automotive products. Domestic sales of electrical wire to electric power and construction companies were also strong. At the same time, sales of copper were far greater than a year earlier because of high prices for that metal. Segment electroytic copper production during the period under review was 288,000 metric tons, up 9,000 metric tons. Gold volumes were down owing to lower concentrations in ore, although sales of gold increased amid high prices.

In processed copper products, volumes and sales improved because demand remained favorable for electronic materials, automotive copper castings and wire materials.

These factors caused segment sales to rise ¥138.3 billion, to ¥321.4 billion. Operating profit gained ¥7.8 billion, to ¥16.8 billion.

Advanced Materials & Tools

Despite solid demand in Europe and the United States, sales from cemented carbide products were increased but its earnings were down owing to a change in inventory accounting policies.

Sales and profits from functional parts declined resulting from the merger of our powder metallurgy operations with those of Plansee Holding AG of Austria on December 1, 2005, to create Plansee Mitsubishi Materials Global Sinter Holding S.A., an equity method affiliate.

In high-performance alloy products, sales were solid for aerospace and automotive products, although overall revenues and earnings declined because high metals prices drove up production costs.

Sales and profits from diamond cutting tools increased, as demand remained solid for IT and digital products.

As a result of these factors, segment sales fell ¥7.4 billion, to ¥75.6 billion. Operating profit declined ¥2.9 billion, to ¥7.4 billion.

Aluminum

Sales of aluminum cans were favorable. This reflected contributions from the fruit of a merger on October 1, 2005, of our aluminum can operations with that of Hokkai Can

Co., Ltd., (now Hokkan Holdings Ltd.,) and from solid sales of third-category beer cans. In contrast, demand remained lackluster for aluminum bottles, with high aluminum ingot costs raising production expenses and causing sales and earnings to decline.

Sales and earnings from rolled and treated aluminum increased. This was largely due to steady sales of sheet metal and extruded aluminum for automotive applications. Another contributing factor was a revised product price to offset high raw materials costs.

Segment sales climbed ¥15.0 billion, to ¥84.7 billion. Operating profit was down ¥500 million, however, to ¥2.9 billion.

Note: Third-category beer is an alcoholic beverage similar in taste to beer made from ingredients other than malt and wheat, making it subject to lower liquor taxes.

Electronic Materials & Components

In functional materials, demand remained solid for silicon related products for 300mm silicon wafers and for semiconductor offerings. Gold bonding wire prices recovered because of high gold prices, which led to increased sales and profits.

In electronic devices, we removed Kamaya Electric Co., Ltd., from consolidation following the transfer of shares to Walsin Technology Corporation of Taiwan on April 28, 2006. We also liquidated or withdrew from unprofitable product areas. As a consequence, sales increased but earnings declined.

Polycrystalline silicon sales and earnings rose on favorable demand for 300mm silicon wafers and solar battery applications. Revised product pricing also contributed to these gains.

Segment sales thus advanced ¥7.6 billion, to ¥43.7 billion, while operating profit was up ¥3.3 billion, to ¥4.9 billion.

Others

Energy sales increased but earnings were down. The main factors were high coal and oil prices, a revision in the breakeven point for engineering projects, and sluggish sales of nuclear fuels.

Similarly, sales rose while earnings fell in precious metals, as high gold prices slowed sales to individuals, offsetting solid revenues from jewelry.

As a result of these factors, segment sales rose ¥14.9 billion, to ¥155.3 billion. Operating profit declined ¥2.3 billion, to ¥100 million.

Orders from our nuclear power, engineering, resources, environmental and recycling businesses were up ¥1.4 billion, to ¥34.5 billion. Orders at the end of the term stood at ¥31.8 billion, up ¥6.7 billion.

(2) Consolidated Financial Position

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥6.7 billion, down ¥1.9 billion from the end of the previous corresponding term. This was despite contributions from favorable results and higher dividends, and reflected expanded inventories because of higher metals prices and increases in taxes and other expenditures.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥30.5 billion, up ¥12.2 billion. This was largely a result of 29.3 billion of capital expenditures.

Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥42.6 billion, up ¥29.9 billion, reflecting ¥23.7 billion in borrowings for capital spending.

As a result of these factors, cash and cash equivalents at the end of the period under review were ¥43.9 billion, up ¥18.9 billion.

The following table summarizes Group cash flow trends:

	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	September 30, 2006
Equity ratio	12.1 %	12.8 %	13.9 %	18.9 %	19.0 %
Equity ratio on market value basis	8.8 %	20.0 %	20.4 %	44.7 %	32.2 %
Years of debt redemption period	14.1	19.9	9.4	12.7	—
Interest coverage ratio (times)	3.6	3.2	6.9	5.1	1.2

Notes:

Equity ratio = (Net assets – Minority interests – New share warrants) ÷ Total assets

Equity ratio on market value basis = Market capitalization ÷ Total assets

Years of debt redemption period = Interest-bearing debt ÷ Operating cash flow

Interest coverage ratio = Net cash provided by operating activities ÷ 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 2007

Management expects Japan's economic recovery to continue, as lower unemployment and improved income drives personal consumption and higher corporate earnings fuel capital investment demand. These factors should offset the impact of high raw materials and fuel costs, a downturn in exports owing to economic slowdowns in the United States and China as key importers and rising interest rates.

The operating climate should remain challenging even though prospects remain solid for automotive products and for cement demand in Japan and abroad. This will most likely be the result of sluggish demand for domestic public works and construction projects. Also, higher raw materials and fuel prices will drive up manufacturing, distribution and selling costs, while prices of certain offerings may decline depending on trends in metals prices.

The Group will thus endeavor to enhance profitability by expanding sales of high-value-added products. It will also accelerate efforts to reinforce core and new businesses by drawing on key technologies and infrastructures from main operations. We will stabilize our profit structure and continue to strengthen our foundations for growth in core businesses. We will enhance our financial position by reviewing prices in light of higher fuel prices and will restructure and liquidate unprofitable operations while continuing to trim costs.

For the full year, management anticipates ¥1.4 trillion in net sales, ¥96 billion in ordinary income, and ¥51 billion in net income.

We estimate that production problems at PT. Smelting's Gresik Copper Smelter and Refinery will cut around ¥5 billion from ordinary income. Management believes, however, that it should be able to absorb this impact on the strength of high copper prices and a solid performance in Electronic materials & Components.

(Millions of yen)

	Net sales	Operating profit	Ordinary income	Net income
Fiscal 2007 forecast	¥1,400,000	¥70,000	¥96,000	¥51,000
Nonconsolidated fiscal 2007 forecast	¥(723,000)	¥ (22,000)	¥ (33,000)	¥ (12,000)

(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 conditions, 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 2006 results on November 8, 2006.

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. The same is true for purchases of nonferrous metals for the aluminum and processed products businesses and coal and other materials for the cement business.

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, 2006, an interest-bearing debt of ¥759.9 billion (unless stated otherwise, representing the total of short-term bank loans, commercial paper, bonds and long-term debt) represented 44.0% of consolidated total assets. Management strives to enhance the Company's 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 ¥34.2 billion in debt guarantees to nonconsolidated affiliates on September 30, 2006. 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, soil, wastewater 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 25 countries and territories. Overseas operations account for 26.0% 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. 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, 2006 and 2005 and March 31, 2006

(Millions of yen)

	March 31, 2006	September 30, 2006	Difference	September 30, 2005
ASSETS				
Current Assets:				
Cash and cash equivalents	¥25,454	¥44,269	¥18,814	¥20,839
Notes received and accounts receivable	228,308	254,242	25,934	189,915
Marketable securities	16	10	(5)	33
Inventories	206,029	256,031	50,002	186,320
Deferred income taxes	10,163	8,018	(2,144)	8,757
Other current assets	146,159	138,991	(7,167)	115,930
Allowance for doubtful accounts	(4,839)	(4,224)	615	(3,814)
Total Current Assets	**611,291**	**697,341**	**86,050**	**517,982**
Fixed Assets:				
Property, Plant and Equipment				
Buildings and structures	166,416	168,826	2,409	165,042
Machinery and equipment	210,793	209,366	(1,426)	204,219
Land	247,807	250,406	2,598	251,761
Construction in progress	15,594	30,553	14,958	17,610
Others	11,192	11,893	700	12,224
Net Property, Plant and Equipment	**651,804**	**671,045**	**19,241**	**650,858**
Intangible Assets				
Others	16,082	15,695	(387)	15,703
Total Intangible Assets	**16,082**	**15,695**	**(387)**	**15,703**
Investments and Long-Term Receivables				
Investments in securities	260,182	263,130	2,947	222,977
Long-term receivable	9,497	8,515	(982)	17,494
Long-term prepaid expenses	1,471	1,356	(114)	1,569
Deferred income taxes	18,099	23,461	5,362	27,295
Other	52,442	58,147	5,704	49,271
Reserve for loss on investments of affiliates	(96)	(25)	71	(1,506)
Allowance for doubtful accounts	(11,329)	(11,173)	156	(14,166)
Total Investment and long-term receivables	**330,266**	**343,412**	**13,145**	**302,935**
Total Fixed Assets	**998,154**	**1,030,153**	**31,999**	**969,496**
Total Assets	**¥1,609,445**	**¥1,727,495**	**118,049**	**¥1,487,479**

Consolidated Balance Sheets

September 30, 2006 and 2005 and March 31, 2006

(Millions of yen)

	March 31, 2006	September 30, 2006	Difference	September 30, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Notes payable and accounts payable	165,191	¥170,685	¥5,493	¥114,781
Short-term bank loans	324,064	357,782	33,718	325,959
Current portion of bonds	25,000	—	(25,000)	25,000
Commercial paper	7,000	35,000	28,000	39,500
Accrued income taxes	13,856	8,099	(5,757)	9,270
Deferred income taxes	46	1,648	1,601	44
Accrued bonuses	11,710	9,965	(1,745)	9,804
Gold payable	114,856	118,044	3,187	92,024
Other current liabilities	115,032	116,074	1,042	93,497
Total current liabilities	**776,759**	**817,301**	**40,541**	**709,881**
Long-Term Liabilities:				
Bonds	90,306	110,306	20,000	95,000
Long-term loans	244,885	256,840	11,954	273,042
Severance and pension benefits	46,660	49,019	2,358	46,184
Reserve for soil remediation losses	5,603	5,112	(490)	—
Reserve for loss on subsidiaries and affiliates	362	215	(146)	1,340
Other reserves	3,969	4,045	76	4,564
Deferred income taxes	16,750	21,646	4,896	13,411
Deferred income taxes on revaluation reserve for land	35,019	34,868	(150)	36,921
Consolidation adjustments account	3,832	—	(3,832)	2,231
Others	27,273	31,871	4,597	26,490
Total long-term liabilities	**474,663**	**513,926**	**39,262**	**499,187**
Total Liabilities	**1,251,422**	**1,331,227**	**79,804**	**1,209,069**
Minority Interests	**54,462**	—	—	**46,098**
Shareholders' Equity				
Common stock	101,752	—	—	99,398
Capital Surplus	70,882	—	—	68,520
Retained earnings (Accumulated deficit)	43,453	—	—	(738)
Revaluation reserve for land	37,318	—	—	39,373
Net unrealized holding gains on securities	50,571	—	—	33,542
Foreign currency translation adjustments	424	—	—	(7,121)
Treasury stock	(842)	—	—	(665)
Total shareholders' equity	**303,560**	—	—	**232,311**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥1,609,445**	—	—	**¥1,487,479**
Net Assets	—	396,267	—	—
Shareholders' equity	—	249,161	—	—
Common stock	—	101,752	—	—
Capital surplus	—	70,885	—	—
Retained earnings (Accumulated deficit)	—	77,548	—	—
Treasury stock	—	(1,026)	—	—
Unrealized gains/losses and exchange rate adjustments	—	79,587	—	—
Net unrealized holding gains on securities	—	42,919	—	—
Deferred gains/losses on hedging instruments	—	1,302	—	—
Revaluation reserve for land	—	36,553	—	—
Exchange rate adjustment allowance	—	(1,187)	—	—
Minority interests	—	67,519	—	—
Total liabilities and net assets	—	**1,727,495**	—	—

Consolidated Statements of Operations

For the six months ended September 30, 2006 and 2005 and the year ended March 31, 2006

(Millions of yen)

	September 30, 2005	September 30, 2006	Difference	March 31, 2006
Net Sales	¥524,926	¥694,170	¥169,244	¥1,143,699
Cost of sales	433,191	594,476	161,284	953,083
Gross profit	91,734	99,693	7,959	190,615
Selling, general and administrative expenses	60,730	62,073	1,343	121,633
Operating profit	31,003	37,619	6,616	68,981
Non operating income:	17,500	35,359	17,859	36,625
Interest income	273	1,416	1,143	629
Dividend income	1,621	3,317	1,695	4,747
Rent earned in undertaking	3,244	2,884	(360)	6,119
Equity in earnings of affiliates	11,348	25,791	14,443	22,604
Other	1,011	1,948	936	2,524
Non operating expenses:	11,726	14,250	2,523	24,848
Interest expenses	5,792	6,085	293	11,363
Expense for rent in undertaking	2,421	2,217	(203)	4,736
Loss on disposal of property, plant and equipment	133	2,377	2,243	266
Other	3,378	3,569	190	8,481
Ordinary income	36,777	58,728	21,951	80,759
Extraordinary income:	7,379	1,438	(5,941)	50,362
Gain on sales of marketable securities and investments in securities	5,423	691	(4,732)	34,403
Reversal of bad debt reserve	298	389	90	432
Gain on sales of property, plant and equipment	615	151	(464)	1,806
Dilution gain	—	42	42	11,283
Other	1,042	164	(877)	2,436
Extraordinary loss:	15,770	1,346	(14,424)	45,969
Write-down of marketable securities and investments in securities	366	587	220	866
Loss on impairment	6,782	334	(6,447)	9,366
Loss on disposal of fixed assets	1,497	54	(1,442)	3,972
Remedial expenses	2,800	—	(2,800)	2,800
Provision for bad debt	2,065	—	(2,065)	7,077
Provision for loss on business of affiliates	69	—	(69)	177
Provision for losses on soil remediation	—	—	—	5,603
Other, net	2,189	370	(1,819)	16,106
Income before income taxes and minority interests	28,386	58,821	30,434	85,151
Corporate income taxes and business tax	12,521	13,044	522	27,422
Income taxes adjustments	(3,575)	3,277	6,852	(7,596)
Minority interests in income of consolidated subsidiaries	2,983	4,163	1,179	6,523
Net income	¥16,456	¥38,336	¥21,879	¥58,802

Consolidated Retained Earnings

For the six months ended September 30, 2005 and 2004 the year ended March 31, 2006

(Millions of yen)

	September 30, 2005	March 31, 2006
(Capital Surplus)		
Balance at the beginning of year	**¥68,440**	**¥68,440**
Exercise of stock purchase warrants	—	**2,340**
Conversion of convertible bonds	1	1
Profit from treasury stock	78	99
Increase total	**80**	**2,441**
Balance at the end of year	**¥68,520**	**¥70,882**
(Retained Earnings)		
Balance at the beginning of year	**(¥14,328)**	**(¥14,328)**
Increase due to reversal of reserve for land revaluation	305	2,416
Increase due to merger	—	49
Increase resulting from increase of consolidated subsidiaries	290	290
Net profit for half year end	16,456	58,802
Others	269	251
Increase total	**17,321**	**61,810**
Dividend	3,395	3,395
Bonus to directors and statutory auditors	52	52
Decrease resulting from increase of equity method affiliates	204	259
Decrease due to merger	—	158
Other decrease	79	163
Decrease total	**3,731**	**4,028**
Balance at the end of year	**(¥738)**	**¥43,453**

Interim Statement of Changes in Consolidated Shareholders' Equity
For the current interium (April 1, 2006 through September 30, 2006)

(Millions of yen)

	Shareholders' Equity					Valuation, Currency Translation and Other Adjustments						
	Common Stock	Capital Surplus	Retained Earnings (Accumulated Deficit)	Treasury Stock	Shareholders' Equity	Net Unrealized Holding Gains on Securities	Deferred Gains/Losses on Hedging Instruments	Revaluation Reserve for Land	Exchange Rate Adjustment Allowance	Unrealized Gains/Losses and Exchange Rate Adjustments	Minority Interests	Total Net Assets
Balance as of March 31, 2006	101,752	70,882	43,453	(842)	215,245	50,571	—	37,318	424	88,314	54,462	358,023
Changes During Interim Period												
Cash Dividends from Retained Earnings			(4,580)		(4,580)							(4,580)
Directors' and Statutory Auditors' Bonuses			(129)		(129)							(129)
Net Income			38,336		38,336							38,336
Increase from writedowns of land reevaluation excess			216		216							216
Increase from merger			35		35							35
Increase from rise in number of consolidated subsidiaries			191		191							191
Translation of unrealized losses and earnings from the derivatives of overseas subsidiaries			26		26							26
Acquisition of Treasury Stock				(140)	(140)							(140)
Disposal of treasury stock		3		3	6							6
Increase from rise in equity ratios in affiliates				(47)	(47)							(47)
Net change in items other than shareholders' equity						(7,652)	1,302	(765)	(1,611)	(8,726)	13,056	4,329
Total Change during interim period	—	3	34,095	(183)	33,915	(7,652)	1,302	(765)	(1,611)	(8,726)	13,056	38,244
Balance as of September 30, 2006	101,752	70,885	77,548	(1,026)	249,161	42,919	1,302	36,553	(1,187)	79,587	67,519	396,267

Consolidated Statements of Cash Flows

For the six month ended June 30, 2006 and the year ended March 31, 2006

(Millions of yen)

	September 30, 2005	September 30, 2006	March 31, 2006
Ⅰ Cash Flows from Operating Activities			
1 Income before income taxes and minority interestsAdjustment to reconcile income net to net cash provided by operating activities:	28,386	58,821	85,151
2 Depreciation and amortization	23,151	23,305	47,684
3 Increase (Decrease) in allowance for doubtful account	430	(2,375)	13,825
4 Interest and dividend income	(1,895)	(4,734)	(5,377)
5 Interest expenses	5,792	6,085	11,363
6 Loss for sales or disposal of property, plant and equipment	881	2,280	2,166
7 Loss on impairment	6,782	334	9,366
8 Gain on sales or write-down of marketable securities and investments in securities	(5,040)	(104)	(33,458)
9 Dilution gain	－	(42)	(11,283)
10 (Increase)Decrease in notes and accounts receivable	5,471	(11,979)	(31,871)
11 (Increase) Decrease in inventories	(30,353)	(34,755)	(47,169)
12 Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	12,130	18,679	26,689
13 Expenditure on gold ingot purchases	－	(12,138)	(10,295)
14 (Increase)Decrease in current assets	(456)	1,761	(6,517)
15 Increase(Decrease) in notes and accounts payable	(13,736)	614	28,114
16 Equity (earnings) losses of affiliates	(11,348)	(25,791)	(22,604)
17 Other, net	(407)	(1,934)	15,530
Subtotal	19,787	18,025	71,312
18 Interest and dividend received	7,452	12,174	19,012
19 Interest paid	(5,341)	(5,745)	(10,964)
20 Proceeds from erection insurance	－	2,258	－
21 Income taxes paid	(13,179)	(19,970)	(23,566)
Ⅱ Net Cash Provided by Operating Activities	**8,719**	**6,742**	**55,793**
Cash Flows from Investing Activities			
1 Payments for purchases of marketable securities and investments in securities	(787)	(4,920)	(15,705)
2 Proceeds from sales of marketable securities and investments in securities	6,000	852	53,096
3 Payments for purchases of property, plant and equipment	(25,231)	(29,396)	(49,982)
4 Proceeds from sales of property, plant and equipment	865	909	3,767
5 Payments for purchases of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	－	(3,588)	－
6 Proceeds from purchases of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	－	1,593	－
7 Proceeds from sale of consolidated subsidiaries’ shares, net of cash owned by those subsidiaries	－	849	8,843
8 Payments for business transfers	－	(38)	(961)
9 Proceeds from transfer of business	－	247	－
10 Other, net	837	2,973	1,841
Ⅲ Net Cash Used in Investing Activities	**(18,315)**	**(30,517)**	**899**
Cash Flows from Financing Activities			
1 Increase (decrease) in short-term bank loans, net	6,731	22,225	(15,257)
2 Proceeds from long-term debt	58,677	30,040	81,786
3 Repayments of long-term debt	(68,326)	(27,931)	(98,654)
4 Increase(Decrease) in commercial paper, net	39,500	28,000	7,000
5 Payments for redemption of bond	(49,445)	(25,000)	(49,445)
6 Proceeds from issuance of bonds	30,000	20,000	30,000
7 Cash dividend paid	(3,395)	(4,580)	(3,395)
8 Other, net	(1,087)	(103)	(3,274)
Net Cash Provided by (Used in) Financing Activities	**12,653**	**42,650**	**(51,241)**
Ⅳ Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	**645**	**(125)**	**2,243**
Ⅴ Net Increase in Cash and Cash Equivalents	**3,703**	**18,750**	**7,694**
Ⅵ Cash and Cash Equivalents at Beginning of Period	**16,352**	**24,994**	**16,352**
Ⅶ Effect of Changes in Consolidated Subsidiaries	**272**	**135**	**272**
Ⅷ Increase in Cash and Cash Equivalents from Mergers of Unconsolidated Subsidiaries	－	**91**	**674**
Ⅸ Cash and Cash Equivalents at End of Period	**20,328**	**43,971**	**24,994**

Segment Information

(a) Business segment information

(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, Cement-related products, Ready-mixed concrete and Building materials

(2) Metals: Cupper smelting and Copper related products

(3) Advanced Materials & Tools: cutting tools and cemented carbide products, Powder metallurgy products,

High-performance alloy products and Diamond tools

(4) Aluminium: Aluminum beverage cans, Aluminium rolled and fabricated products and Aluminium related products

(5) Electronic Materials & Components: Electtronic Components, Electronic materials, Chemical products and polycrystalline silicon

(6) Others: Nuclear energy-related services, Precious metals, Resources environmental operations and related businesses, Engineering related services

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.

(Millions of yen)

Six months ended September 30, 2006	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :									
Unaffiliated customers	¥90,325	¥282,512	¥69,376	¥84,287	¥42,305	¥125,361	¥694,170		¥694,170
Intersegment	655	38,936	6,230	448	1,485	30,033	77,790	(77,790)	—
Total	90,981	321,449	75,607	84,736	43,791	155,394	771,960	(77,790)	694,170
Operating expenses	84,355	304,557	68,123	81,820	38,865	155,287	733,008	(76,458)	656,550
Operating profit	¥6,626	¥16,892	¥7,483	¥2,916	¥4,925	¥107	¥38,952	(¥1,332)	¥37,619

NOTES

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) Metals: Cupper smelting and Copper related products

(3) Advanced Materials & Tools: cutting tools and cemented carbide products, Powder metallurgy products,

High-performance alloy products and Diamond tools

(4) Aluminium: Aluminum beverage cans, Aluminium rolled and fabricated products and Aluminium related products

(5) Electronic Materials & Components: Electtronic Components, Electronic materials, Chemical products and polycrystalline silicon

(6) Others: Nuclear energy-related services, Precious metals, Resources environmental operations and related businesses, Engineering related services

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 1,724 million yen.

3. Change in Accounting for Industrial Waste Treatment Income in Cement Business

The Company traditionally deducted industrial waste treatment income in the cement business from the cost of sales. As of the period under review, the Company now posts this income to consolidated net sales. Management made this decision to more appropriately reflect the profit structure of the cement business, as income from treating industrial waste has expanded to become a significant and stable source of earnings.
This change raised the sales and operating costs of the cement business by ¥5,718 million and ¥5,461 million, respectively. Operating profit increased ¥257 million.

4. Application of Accounting Standard for Measurement of Inventories
In the period under review, the Company applied the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9, July 5, 2006). As a result, increases and decreases in each business's operating costs and operating profit compared with the previous policy, are as follows.

	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Operating expenses	¥178	¥50	¥1,385	¥501	¥158	¥403	¥2,677	—	¥2,677
Operating profit	(¥178)	(¥50)	(¥1,385)	(¥501)	(¥158)	(¥403)	(¥2,677)	—	(¥2,677)

5. Change in Estimated Useful Lives for Facilities in Electronic Materials & Components Business
Management has revised the estimated useful lives of facilities used to manufacture semiconductor devices at the Mita Plant in Hyogo Prefecture, factoring in increased production volume and operating rates in light of rising demand in recent years and product life cycles. The Company has shortened the estimated useful lives of machinery and equipment from 13 years to four years. Management has also revised estimated useful lives for machinery and equipment at Mitsubishi Polycrystalline Silicon America Corp., a consolidated subsidiary in Alabama—as operating rates have exceeded the designed capacity of the machinery and equipment since the previous fiscal year. This development is the result of strong demand for silicon wafers, which is expected to continue. The estimated useful lives are now down from the previous 5–30 years (averaging 21 years), to 3–20 years (averaging 17 years). As a result, while operating costs of the Electronic Materials & Components business have risen ¥340 million, operating profit has declined by the same amount compared with the previous policy.

(Millions of yen)

Year ended March 31, 2006	Cement	Metals	Advanced materials & tools	Aluminium	Electronic materials & components	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales :									
Unaffiliated customers	¥164,500	¥358,764	¥147,907	¥143,093	¥75,524	¥253,908	¥1,143,699		¥1,143,699
Intersegment	553	68,696	14,250	699	2,480	51,880	138,559	(138,559)	—
Total	165,053	427,461	162,157	143,792	78,005	305,789	1,282,259	(138,559)	1,143,699
Operating expenses	149,415	404,498	142,172	140,351	73,190	297,918	1,207,546	(132,828)	1,074,717
Operating profit	¥15,638	¥22,962	¥19,985	¥3,441	¥4,814	¥7,871	¥74,713	(¥5,731)	¥68,981

NOTES

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) Metals: Cupper smelting and Copper related products

(3) Advanced Materials & Tools: cutting tools and cemented carbide products, Powder metallurgy products,
High-performance alloy products and Diamond tools

(4) Aluminium: Aluminum beverage cans, Aluminium rolled and fabricated products and Aluminium related products

(5) Electronic Materials & Components: Electtronic Components, Electronic materials, Chemical products and polycrystalline silicon

(6) Others: Nuclear energy-related services, Precious metals, Resources environmental operations and related businesses, Engineering related services

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 6,030 million yen.

(b) Segment information by geographic area

(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 expensesis 1,739 million yen.

(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	¥576,015	¥45,085	¥8,508	¥62,422	¥2,137	¥694,170		¥694,170
Intersegment	13,689	2,653	148	67,587	―	84,079	(84,079)	―
Total	589,704	47,739	8,657	130,010	2,137	778,250	(84,079)	694,170
Operating expenses	563,358	40,026	8,079	126,187	1,526	739,178	(82,628)	656,550
Operating profit	¥26,346	¥7,713	¥577	¥3,822	¥611	¥39,071	(¥1,451)	¥37,619

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 expensesis 1,724 million yen.

4. Change in Accounting for Industrial Waste Treatment Income inJapan

The Company traditionally deducted industrial waste treatment income in the cement business from the cost of sales. As of the period under review, the Company now posts this income to consolidated net sales. Management made this decision to more appropriately reflect the profit structure of the cement business, as income from treating industrial waste has expanded to become a significant and stable source of earnings.
This change raised the sales and operating costs ofJapan by ¥5,718 million and ¥5,461 million, respectively. Operating profit increased ¥257 million.

5. Application of Accounting Standard for Measurement of Inventories in Japan
In the period under review, management applied Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9, July 5, 2006). As a result, operating costs in Japan increased ¥2,677 million, while operating profit has declined by the same amount compared with the previous policy.

6. Change in Estimated Useful Lives for Facilities inJapan and United States
Management has revised the estimated useful lives of facilities used to manufacture semiconductor devices at the Mita Plant in Hyogo Prefecture, factoring in increased production volume and operating rates in light of rising demand in recent years and product life cycles. The Company has shortened the estimated useful lives of machinery and equipment from 13 years to four years. Management has also revised estimated useful lives for machinery and equipment at Mitsubishi Polycrystalline Silicon America Corp., a consolidated subsidiary in Alabama—as operating rates have exceeded the designed capacity of the machinery and equipment since the previous fiscal year. This development is the result of strong demand for silicon wafers, which is expected to continue. The estimated useful lives are now down from the previous 5–30 years (averaging 21 years), to 3–20 years (averaging 17 years). As a result, operating costs ofJapans have risen ¥72 million, operating profit has declined by the same amount, ope

(Millions of yen)

Year ended March 31, 2006	Japan	U.S.A.	Europe	Asia	Other	Total	Elimination and corporate assets or expenses	Consolidated
Sales :								
Unaffiliated customers	¥954,732	¥80,044	¥14,090	¥91,072	¥3,759	¥1,143,699		¥1,143,699
Intersegment	27,784	1,984	306	93,755	―	123,830	(123,830)	―
Total	982,517	82,028	14,396	184,827	3,759	1,267,530	(123,830)	1,143,699
Operating expenses	928,338	71,032	13,752	176,744	2,724	1,192,592	(117,875)	1,074,717
Operating profit	¥54,179	¥10,996	¥643	¥8,083	¥1,034	¥74,937	(¥5,955)	¥68,981

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 expensesis 6,030 million yen.

(c) Overseas sales by geographic area

(Millions of yen)

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%

Six months ended September 30, 2006	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥53,223	¥28,959	¥94,799	¥3,517	¥180,500
Consolidated net sales					¥694,170
Percentage of overseas sales to consolidated net sales	7.7%	4.2%	13.7%	0.5%	26.0%

Year ended March 31, 2005	U.S.A.	Europe	Asia	Other	Total
Overseas sales	¥88,987	¥36,186	¥138,528	¥5,018	¥268,720
Consolidated net sales					¥1,143,699
Percentage of overseas sales to consolidated net sales	7.8%	3.2%	12.1%	0.4%	23.5%

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.