

Consolidated Financial Results for the Year Ended March 31, 2007
Mitsubishi Materials Corporation
Tokyo, Japan

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Stock code: 5711
Shares listed: Tokyo and Osaka stock exchanges
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Scheduled date of filing of financial statements: June 28, 2007
Scheduled date of start of dividend payment: June 4, 2007

1. Results of the year ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

(1) Results of operations:

(Millions of yen)

	(Percentage changes relative to previous corresponding period.)							
	Net sales	Change	Operating profit	Change	Ordinary income	Change	Net income	Change
		%		%		%		%
Year ended Mar. 31, 2007	¥1,452,108	27.0	¥78,758	14.2	¥107,188	32.7	¥71,382	21.4
Year ended Mar. 31, 2006	¥1,143,699	16.1	¥68,981	27.5	¥80,759	59.9	¥58,802	259.1

	Net income per share	Diluted net income per share	Net income/Shareholders' equity	Ordinary income /Total assets	Operating profit /Net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2007	¥60.33	¥57.18	20.0	6.3	5.4
Year ended Mar. 31, 2006	¥51.73	¥45.36	23.5	5.3	6.0

(Reference) Profit/(loss) on investment by the equity method of accounting

Year ended Mar. 31, 2007 39,245 million yen
Year ended Mar. 31, 2006 22,604 million yen

(2) Financial position:

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
Year ended Mar. 31, 2007	¥1,773,899	¥481,970	23.2	¥329.35
Year ended Mar. 31, 2006	¥1,609,445	¥303,560	18.9	¥265.15

(Reference) Shareholders' equity

Year ended Mar. 31, 2007 411,165 million yen
Year ended Mar. 31, 2006 -

(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
Year ended Mar. 31, 2007	¥117,671	(¥74,753)	(¥3,428)	¥67,262
Year ended Mar. 31, 2006	¥55,793	¥899	(¥51,241)	¥24,994

2. Dividend payments

	Dividends per share			Total dividends (Annual)	Dividend ratio (Consolidated)	Dividends /Net assets (Consolidated)
	Interim	Year-end	Annual			
	Yen	Yen	Yen (Millions of yen)	%	%	
Year ended Mar. 31, 2006	-	4.00	4.00	4,580	7.7	1.8
Year ended Mar. 31, 2007	2.00	4.00	6.00	7,285	9.9	2.0
Year ended Mar. 31, 2008 (Forecast)	4.00	4.00	8.00	-	18.2	-

3. Forecast (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	(Percentage changes relative to previous corresponding period.)					
	Net sales	Change	Operating profit	Change	Ordinary income	Change
		%		%		%
Six months ending Sep. 30, 2007	¥710,000	2.3	¥38,000	1.0	¥47,000	-20.0
Year ending Mar. 31, 2008	¥1,440,000	-0.8	¥81,000	2.8	¥103,000	-3.9

	Net income	Change	Net income per share
	Yen	%	Yen
Six months ending Sep. 30, 2007	¥25,000	-34.8	20.03
Year ending Mar. 31, 2008	¥55,000	-23.0	44.06

4. Others

(1) Significant changes of subsidiaries during the period (including changes in scope of consolidation): No

(2) Changes in accounting policies, procedures, and disclosures for consolidated financial statements
(which should be stated in Changes of Significant Items for Preparation of Consolidated Financial Statements)

- (i) Changes pursuant to revision of accounting policies: Yes
(ii) Other changes: Yes

(3) Number of issued shares (common stock)

- (i) Number of issued shares at end of year
Year ended Mar. 31, 2007: 1,252,092,486 shares (including treasury stock)
Year ended Mar. 31, 2006: 1,147,917,921 shares (including treasury stock)
(ii) Number of treasury shares at end of year
Year ended Mar. 31, 2007: 3,690,375 shares
Year ended Mar. 31, 2006: 3,530,426 shares

(Reference) Summary of nonconsolidated financial results

1. Nonconsolidated results of the year ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

(1) Nonconsolidated results of operations:

	Net sales		Change		Operating profit		Change		Ordinary income		Change		Net income		Change	
				%		%		%		%		%		%		%
Year ended Mar. 31, 2007	¥755,013		25.6		¥28,482	32.9			¥43,562	67.8			¥12,830	74.4		
Year ended Mar. 31, 2006	¥601,362		13.2		¥21,432	-0.4			¥25,960	28.5			¥7,355	19.9		

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 31, 2007	¥10.84	¥10.27
Year ended Mar. 31, 2006	¥6.39	¥5.70

(2) Nonconsolidated Financial position:

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
Year ended Mar. 31, 2007	¥1,124,059	¥308,130	27.4	¥246.74
Year ended Mar. 31, 2006	¥1,078,576	¥262,658	24.4	¥229.26

(Reference) Shareholders' equity

Year ended Mar. 31, 2007	308,130 million yen
Year ended Mar. 31, 2006	—

2. Nonconsolidated forecast (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Net sales		Change		Operating profit		Change		Ordinary income		Change	
				%		%		%		%		%
Six months ending Sep. 30, 2007	¥345,000		-8.8		¥12,000	-0.6			¥13,000	-24.3		
Year ending Mar. 31, 2008	¥700,000		-7.3		¥25,000	-12.2			¥37,000	-15.1		

	Net income	Change	Net income per share
		%	Yen
Six months ending Sep. 30, 2006	¥5,000	-44.6	¥4.00
Year ending Mar. 31, 2007	¥17,000	32.5	¥13.61

* These projected performance figures are based on information currently available to the Company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecast of this material. To use assumptions for forecast and forecast *per se*, please see page 3 "1. Business Results

(1) Analysis of Business Results."

1. Business Results

(1) Analysis of Business Results

(i) Results for the Year Ended March 31, 2007

In fiscal 2007, ended March 31, 2007, despite the continued high raw material and fuel prices persisting from the previous fiscal year, the Japanese economy attained a sustainable growth as rationalization efforts increased corporate earnings, which boosted capital investments and steadily improved the employment climate and earnings, in addition to strong demand overseas and stable domestic consumption.

Through the entire fiscal year under review, the Mitsubishi Materials Group continued to experience high raw material and fuel prices. Nevertheless, the Group performed generally well due to high prices for our main metals such as copper and brisk demand in the automotive, and information and electronics sectors, as well as sales growth in cement business in the United States.

The Group responded to such an operating environment by stabilizing its earnings structure as a final stage of the consolidated Medium-Term Management Plan, for which the fiscal year under review was the final year, and accelerating efforts to establish growth foundations to achieve success in our core businesses. Specifically, we concentrated management resources in our three growth fields— "automotive," "information and electronics," and "recycling" —while harnessing the strengths of integrated management; enhanced productivity by reinforcing facilities; and improved technologies by promoting collaborative development. In addition, the Group continued to direct concerted efforts to reinforce profitability and improve its financial structure. To reinforce profitability, we liquidated/transferred unprofitable businesses and enhanced operational efficiency in each sector. To improve the financial structure, with all our efforts, we dedicated to compress interest-bearing debt.

As a result of these factors, revenue increased in each business segment—Cement, Metals, Advanced Materials & Tools and Electronic Materials & Components—and strategic investments from the previous year contributed to the improvement in profitability. Consolidated net sales increased 27.0% from a year earlier to ¥1,452.1 billion, and consolidated operating profit rose 14.2% to ¥78.7 billion.

The consolidated ordinary income increased for the fifth consecutive term and continued to break the record for the third consecutive term, rising 32.7% to ¥107.1 billion, with equity in earnings of affiliates of SUMCO CORPORATION and MM Netherlands of ¥39.2 billion, up 73.6%, etc.

The consolidated net income increased 21.4% to ¥71.3 billion, resulting from reserve from soil remediation loss of Central Research Institute, in Saitama, and extraordinary losses from business restructuring, etc., while posting an extraordinary income from increased equities of newly-issued shares for SUMCO CORPORATION.

(ii) Review by Segment of Each Business Unit

(Cement)

(Billions of yen)

	Fiscal 2006	Fiscal 2007	Increase/decrease
Net sales	¥165.0	¥199.8	¥34.8 (21.1%)
Operating profit	¥15.6	¥18.3	¥2.6 (17.2%)

Sales volume and sales revenue in Cement increased from a year earlier. In Japan, although the number of public-sector projects decreased, the increase in corporations' capital investment sustained a steady demand in the private sector. Overseas, sales remained strong in the United States, and sales volume and sales revenue exceeded those of a year earlier.

Production volume of whole Cement remained 14 million tons as a year earlier.

Aggregate sales volume and sales revenue exceeded those of a year earlier largely owing to strong demand for main line Portland cement.

Operating profit increased mainly due to brisk sales in the United States.

(Metals)

(Billions of yen)

	Fiscal 2006	Fiscal 2007	Increase/decrease (%)
Net sales	¥427.4	¥680.4	¥252.9 (59.2%)
Operating profit	¥22.9	¥33.3	¥10.4 (45.4%)

In the Metals business, sales of rolled copper and copper wire progressed favorably, supported by strong domestic demand in the semiconductor and automotive sectors. However, PT. Smelting (Indonesia) suspended operations following trouble at the manufacturing facilities of its oxygen supplier from early October to mid-December 2006, which reduced the manufactured volume and decreased sales volume compared with a year earlier. However, sales revenue increased year over year due to a surge in copper prices. Manufactured volume of electrolytic copper of the whole business unit decreased to 545,000 tons, down 41,000 tons.

Sales volume of gold declined owing to the decreased purchased volume of raw material ores. However, sales revenue rose as a result of consistently high gold prices.

Sales volume and revenue of processed copper products increased year over year due to steady demand for electronic materials and ingot copper for automotive products, in addition to newly consolidated Mitsubishi Shindoh Co., Ltd.

Operating profit increased mainly due to sales increase in copper smelting, from price hike of copper materials.

(Advanced Materials & Tools)

(Billions of yen)			
	Fiscal 2006	Fiscal 2007	Increase/decrease (%)
Net sales	¥162.1	¥153.0	(¥9.1) (-5.6%)
Operating profit	¥19.9	¥16.1	(¥3.8) (-19.4%)

Domestic segment sales of cemented carbide products declined from a year earlier due to a decrease in demand for tools used in automotive facilities, however, overseas sales remained favorable and steady, mainly in Europe and the United State. As a result, overall sales increased. Operating profit decreased affected by the impact of a change in the valuation method for inventories.

In powder metallurgy products, sales and profits were down, largely due to the impact of the integration of the powder metallurgy products operations of the Company and Plansee Holding AG, an Austrian company that was transferred to a new equity method affiliate as of December 1, 2007.

In high-performance alloy products, sales and profits increased due to steady progress in demand for such products for aircraft and automotive products, etc.

Sales were up and profits were down in diamond tools, due to a decline in sales prices, although demand for automotive, IT and digital-related products was strong.

(Aluminum)

(Billions of yen)			
	Fiscal 2006	Fiscal 2007	Increase/decrease (%)
Net sales	¥143.7	¥164.0	¥20.2 (14.1%)
Operating profit	¥3.4	¥2.8	(¥0.5) (-17.2%)

Sales of regular aluminum cans were steady. As of October 1, 2005, the Company and Hokkan Holdings Ltd., integrated their respective businesses, which resulted in increased sales volume, whereas a surge in aluminum metal prices negatively influenced profits. Consequently, sales of aluminum cans were up but profits were down.

Sales and profits were up in rolled aluminum and processed aluminum products. Such increases were due to steady sales of rolled products such as sheet aluminum and extrusion for automotive products, as well as a revision of sales prices following a surge in raw material prices.

(Electronic Materials & Components)

(Billions of yen)			
	Fiscal 2006	Fiscal 2007	Increase/decrease (%)
Net sales	¥78.0	¥88.3	¥10.3 (13.3%)
Operating profit	¥4.8	¥10.3	¥5.5 (115.8%)

Sales and profits were up in advanced materials. In addition to favorable demand in silicon-related products such as 300-mm silicon wafer materials and semiconductor-related products, sales of gold bonding wire were high owing to the impact of high gold prices.

As of April 28, 2006, shares of Kamaya Electric Co., Ltd., the Company's subsidiary, were transferred to Walsin Technology Corporation in Taiwan, and Kamaya Electric Co., Ltd., was eliminated from the scope of consolidation of the Company. We also eliminated or withdrew from unprofitable products. Consequently, sales were down and profits were up in electronic components.

Sales and profits of polycrystalline silicon increased due to favorable sales for its use in 300-mm silicon wafers.

(Others)

(Billions of yen)			
	Fiscal 2006	Fiscal 2007	Increase/decrease (%)
Net sales	¥305.7	¥330.7	¥24.9 (8.2%)
Operating profit	¥7.8	¥4.7	(¥3.1) (-39.9%)

In energy-related products, despite an increase in sales revenue of petroleum and coal due to high fuel prices, we reviewed revenue and expenditures for engineering projects. Thus, sales increased and profits decreased in energy-related products.

Although sales of precious metals for gold and jewelry steadily progressed due to high gold prices, sales of gold ingots to individuals declined. Sales increased but profits decreased in precious metals.

Amount of orders of nuclear and engineering related businesses, along with resources environmental operations and related businesses, is ¥77.2 billion, up ¥8.3 billion, and backlog of the orders is ¥35.7 billion, up ¥13.1 billion.

(iii) Outlook for the Next Fiscal Year, Ending March 31, 2008

The Japanese economy is expected to continue to grow gradually. There are concerns such as a decline in exports with the adverse impacts of a rise in domestic interest rates and an economic slowdown in the United States, and the expected high prices of some raw materials and fuels. However, corporate earnings should further increase, resulting in expansion of demand for capital investments, and the recovery in employment and income will encourage personal consumption.

The business environment in which the Group operates will likely remain challenging, due to the trend for prices of the core metals that influence product prices is uncertain, and possible changes in raw materials-related strategies of countries that produce rare metals or other changes in the demand/supply environment could raise raw material prices, thereby increasing manufacturing costs.

To address these challenges, the Group formulated the New Medium-Term Management Plan (April 2007 through March 2010) "Breakthrough 1000—Aiming to become a ¥100 billion company," to continually reinforce the business base for achieving the goal.

Accordingly, consolidated net sales, ordinary income, and net income for the next fiscal year is respectively expected to be ¥1,440 billion, ¥103 billion, and ¥55 billion.

(2) Analysis of Consolidated Financial Position

Total assets were ¥1,773.8 billion, up ¥164.4 billion from the end of the previous consolidated fiscal year. The influential factors were increase in notes and accounts receivable due to a surge in the prices of main metals such as copper and the consolidation of Mitsubishi Shindoh Co., Ltd., which had been an equity method affiliate of the Company. Other factors were increase in tangible fixed assets for strategic investment and increase in investment securities.

Liabilities amounted to ¥1,291.9 billion, up ¥40.5 billion year over year. Although interest-bearing debt decreased thanks to the improvement of financial position, a rise in gold prices increased gold payable relative to gold purchases. Another influential factor was the impact of a newly consolidated subsidiary.

Cash flows for the fiscal year under review and the causes and factors for those cash flows were as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥117.6 billion, an increase of ¥61.8 billion. This reflected increased cash expenses due to rises in accounts receivable and inventories, which were offset by favorable business results, revenue from gold sales and an increase in dividends received.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥74.7 billion, an increase of ¥75.6 billion, mainly owing to payments of ¥65 billion for capital investments.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥3.4 billion, a decrease of ¥47.8 billion, owing to repayments for long-term loans payable despite cash procurements by issuing commercial paper and corporate bonds.

As a result, the balance of cash and cash equivalents at the end of the fiscal year was ¥67.2 billion, up ¥42.2 billion.

The following chart summarizes the Group cash flow trends:

	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007
Equity ratio	12.1%	12.8%	13.9%	18.9%	23.2%
Equity ratio on a market-value basis	8.8%	20.0%	20.4%	44.7%	39.3%
Debt redemption	14.1	19.9	9.4	12.7	6.0
Interest coverage ratio	3.6	3.2	6.9	5.1	9.4

(Notes)

Equity ratio: Shareholders' equity/Total assets

Equity ratio on a market-value basis: Total value of shares at a market price/Total assets

Debt redemption: Interest-bearing debt/Cash flow

Interest coverage ratio: Operating cash flow/Interest payments

(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) Basic Policies concerning Profit Distribution and Dividend Payments for the Current/Next Fiscal Year

We are well aware of the profit distribution to shareholders as among the most significant, therefore, we decided comprehensive factors over management, such as income for specific period, retained earnings, and financial positions, should be taken into account for dividend payments. According to the decision above, along with the resolve of the Board of Directors on May 10, 2007, current dividend payments is ¥6 per share, up ¥2 per share from a year earlier, comprised of ¥2 of interim dividend and ¥4 of year-end dividend.

Dividend payments for the next fiscal year will increase ¥2 to ¥8 per share, ¥4 for interim and year-end dividends respectively.

3. Management Policies

(1) Basic Group Management Policies

The Group's basic policies for management is to contribute to people, society, and the Earth. We are transforming ourselves into a comprehensive provider of total solutions in materials, parts, systems and services for a society oriented toward recycling and advanced information. We aim to become a diversified leader and a superior group of companies that are essential to the world.

Following the achievements of the past medium-term management plans, which ended in the last fiscal term, the Group formulated the New Medium-Term Management Plan (April 2007 through March 2010) "Breakthrough 1000

Aiming to become a ¥100 billion company in ordinary income." Under the New Medium-Term Management Plan, while maintaining the management policies of previous medium-term management plans, the Group's strengths will be further reinforced by realizing "Advancement and Change" throughout the Group's businesses to become a corporate group that can continue to annually record ¥100 billion in earnings, which we achieved during the fiscal year under review, regardless of changes in the external business environment.

The Group's business structure is gradually becoming capable of earning stable income in our four core businesses—Cement, Metals, Advanced Materials & Tools and Electronic Materials & Components. Under the New Medium-Term Management Plan, the business foundation of each of the four core businesses will be further reinforced. Taking advantage of the difference in the business cycle of each business, we will stabilize the overall earnings of the Group by pursuing the so-called four-wheel-drive management. The basic measures of the New Medium-Term Management Plan are as follows:

(i) Expansion and reinforcement of our four core businesses underlying integrated management

We will strive to further strengthen our business foundation by pursuing a vertical value chain from raw materials to downstream products while focusing on growth points in the four core businesses—Cement, Metals, Advanced Materials & Tools and Electronic Materials & Components—and through value-added "Only One" or "No. 1" businesses and products. To reinforce the value chain, we will promote strategic partnerships with other companies including capital tie-ups, if necessary.

(ii) Advancement and change by promoting growth strategies

The Group will continue to concentrate management resources in our three growth fields— "automotive," "information and electronics," and "recycling." Emphasizing these three fields not only in capital investments but also in R&D, we will continue to improve the Group's overall technologies including, for example, the development of electronic systems.

(iii) Reinforcement of the financial structure

Under the New Medium-Term Management Plan, we will promote increasingly aggressive capital investments within operating cash flow. We will improve the equity ratio by such investments and enhance profitability.

(iv) Reinforcement of corporate governance

We will improve corporate value by fulfilling our social responsibility. To do so, we will enhance corporate governance by steadily promoting CSR activities and completing the internal control system.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31, 2007 and 2006

(Millions of yen)

	March 31, 2006	March 31, 2007	Difference
ASSETS			
Current Assets:			
Cash and cash equivalents	¥25,454	¥67,556	¥42,101
Notes received and accounts receivable	228,308	263,548	35,240
Marketable securities	16	4	(11)
Inventories	206,029	234,919	28,889
Deferred income taxes	10,163	12,186	2,022
Other current assets	146,159	126,142	(20,016)
Allowance for doubtful accounts	(4,839)	(3,986)	853
Total Current Assets	611,291	700,371	89,079
Fixed Assets:			
Property, Plant and Equipment			
Buildings and structures	166,416	170,085	3,668
Machinery and equipment	210,793	219,973	9,180
Land	247,807	250,162	2,355
Construction in progress	15,594	28,195	12,600
Others	11,192	12,054	861
Net Property, Plant and Equipment	651,804	680,472	28,667
Intangible Assets			
Others	16,082	16,098	16
Total Intangible Assets	16,082	16,098	16
Investments and Long-Term Receivables			
Investments in securities	260,182	306,529	46,346
Long-term receivables	9,497	7,744	(1,753)
Long-term prepaid expenses	1,471	1,290	(180)
Deferred income taxes	18,099	12,367	(5,731)
Other	52,442	60,048	7,606
Reserve for loss on investments of affiliates	(96)	(460)	(363)
Allowance for doubtful accounts	(11,329)	(10,562)	767
Total Investment and Long-Term Receivables	330,266	376,957	46,691
Total Fixed Assets	998,154	1,073,528	75,374
Total Assets	¥1,609,445	¥1,773,899	¥164,453

(Millions of yen)

	March 31, 2006	March 31, 2007	Difference
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Notes payable and accounts payable	¥165,191	¥172,899	¥7,707
Short-term bank loans	324,064	322,118	(1,945)
Current portion of bonds	25,000	10,000	(15,000)
Commercial paper	7,000	28,000	21,000
Accrued income taxes	13,856	11,453	(2,403)
Deferred income taxes	46	2,496	2,450
Accrued bonuses	11,710	13,091	1,380
Gold payable	114,856	129,404	14,547
Other current liabilities	115,032	127,072	12,040
Total Current Liabilities	776,759	816,535	39,776
Long-Term Liabilities:			
Bonds	90,306	80,000	(10,306)
Long-term loans	244,885	245,068	183
Severance and pension benefits	46,660	48,853	2,192
Reserve for loss on subsidiaries and affiliates	362	367	5
Reserve for soil remediation losses	5,603	12,037	6,434
Other reserves	3,969	4,226	257
Deferred income taxes	16,750	18,265	1,514
Deferred income taxes on revaluation reserve for land	35,019	34,831	(188)
Consolidation adjustments account	3,832	-	(3,832)
Others	27,273	31,742	4,469
Total Long-Term Liabilities	474,663	475,393	730
Total Liabilities	1,251,422	1,291,929	¥40,506
Minority Interests	54,462	-	-
Shareholders' Equity:			
Common stock	101,752	-	-
Capital Surplus	70,882	-	-
Retained earnings	43,453	-	-
Revaluation reserve for land	37,318	-	-
Net unrealized holding gains on securities	50,571	-	-
Foreign currency translation adjustments	424	-	-
Treasury stock	(842)	-	-
Total Shareholders' Equity	303,560	-	-
Total Liabilities, Minority Interests and Shareholders' Equity	¥1,609,445	-	-
Net Assets:			
Shareholders' Equity			
Common stock	-	119,457	-
Capital surplus	-	88,580	-
Retained earnings	-	108,259	-
Treasury stock	-	(1,036)	-
Total Shareholders' Equity	-	315,261	-
Unrealized Gains/Losses and Exchange Rate Adjustments			
Net unrealized holding gains on securities	-	54,655	-
Deferred gains/losses on hedging instruments	-	(452)	-
Revaluation reserve for land	-	36,805	-
Foreign currency translation adjustments	-	4,894	-
Total Unrealized Gains/Losses and Exchange Rate Adjustments	-	95,903	-
Minority Interests	-	70,805	-
Total Net Assets	-	481,970	-
Total Liabilities and Net Assets	-	¥1,773,899	-

(2) Consolidated Statements of Operations

For the year ended March 31, 2007 and 2006

(Millions of yen)

	March 31, 2006	March 31, 2007	Difference
Net Sales	¥1,143,699	¥1,452,108	¥308,408
Cost of Sales	953,083	1,246,261	293,177
Gross Profit	190,615	205,847	15,231
Selling, General and Administrative Expenses	121,633	127,088	5,454
Operating Profit	68,981	78,758	9,776
Non Operating Income:			
Interest income	629	2,518	1,888
Dividend income	4,747	8,084	3,336
Rent earned in undertaking	6,119	5,763	(355)
Equity in earnings of affiliates	22,604	39,245	16,640
Other	2,524	3,313	788
Non Operating Expenses:			
Interest expenses	11,363	12,909	1,546
Expense for rent in undertaking	4,736	4,276	(460)
Loss on disposal of property, plant and equipment	266	5,723	5,457
Other	8,481	7,585	(896)
Ordinary Income	80,759	107,188	26,429
Extraordinary Income:			
Dilution gain	11,283	13,925	2,642
Gain on sales of marketable securities and investments in securities	34,403	1,755	(32,648)
Gain on sales of property, plant and equipment	1,806	748	(1,058)
Other	2,868	2,711	(156)
Extraordinary Loss:			
Provision for losses on soil remediation	5,603	8,703	3,100
Loss on impairment	9,366	2,486	(6,879)
Write-down of marketable securities and investments in securities	866	1,122	256
Loss on sales of investments in securities	78	679	600
Provision for loss on investments	86	445	358
Loss on disposal of fixed assets	3,972	265	(3,707)
Provision for loss on business of affiliates	177	193	15
Provision for bad debt	7,077	—	(7,077)
Other, net	18,740	4,368	(14,372)
Income before Income Taxes and Minority Interests	85,151	108,067	22,915
Corporate income taxes and business tax	27,422	28,087	665
Income taxes adjustments	(7,596)	1,298	8,894
Minority interests	6,523	7,298	775
Net Income	¥58,802	¥71,382	¥12,580

(3) Consolidated Retained Earnings

For the year ended March 31, 2006

(Millions of yen)

March 31,

2006

(Capital Surplus)	
Balance at the beginning of year	¥68,440
Exercise of stock purchase warrants	2,340
Conversion of convertible bonds	1
Profit from treasury stock	99
Increase in total	2,441
Balance at the end of year	¥70,882
(Retained Earnings)	
Balance at the beginning of year	(¥14,328)
Increase due to reversal of reserve for land revaluation	2,416
Increase due to merger	49
Increase resulting from increase of consolidated subsidiaries	290
Net income for current year	58,802
Others	251
Increase in total	61,810
Dividend	3,395
Bonus to directors and statutory auditors	52
Decrease due to reversal of reserve for land revaluation	259
Decrease due to merger	158
Other decrease	163
Decrease in total	4,028
Balance at the end of year	¥43,453

(4) Statement of Changes in Consolidated Shareholders' Equity
For the year ended March 31, 2007

(Millions of yen)

	Shareholders' Equity					Valuation, Currency Translation and Other Adjustments					Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity	Net Unrealized Holding Gains on Securities	Deferred Gains/Losses on Hedging Instruments	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Unrealized Gains/Losses and Exchange Rate Adjustments		
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 the year												
Exercise of stock purchase warrants	17,705	17,600			35,306							35,306
Cash dividends from retained earnings			(6,870)		(6,870)							(6,870)
Directors' and Statutory Auditors' Bonuses			(129)		(129)							(129)
Net income			71,382		71,382							71,382
Decrease from writedowns of land revaluation excess			(35)		(35)							(35)
Increase from merger			346		346							346
Decrease from merger			(105)		(105)							(105)
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				(299)	(299)							(299)
Disposal of treasury stock		97		153	250							250
Increase from rise in equity ratios in affiliates				(47)	(47)							(47)
Net change in items other than shareholders' equity						4,083	(¥452)	(512)	4,470	7,589	16,342	23,931
Total change during the year	17,705	17,698	64,806	(193)	100,015	4,083	(452)	(512)	4,470	7,589	16,342	123,947
Balance as of March 31, 2007	¥119,457	¥88,580	¥108,259	(¥1,036)	¥315,261	¥54,655	(¥452)	¥36,805	¥4,894	¥95,903	¥70,805	¥481,970

(5) Consolidated Statements of Cash Flows

For the year ended March 31, 2007 and 2006

(Millions of yen)

	March 31, 2006	March 31, 2007	Difference
Cash Flows from Operating Activities			
1 Income before income taxes and minority interests	¥85,151	¥108,067	¥22,915
2 Depreciation and amortization	47,684	49,416	1,732
3 Increase (decrease) in allowance for doubtful accounts	7,499	(603)	(8,103)
4 Increase (decrease) in severance and pension benefit of employees and employers	(518)	(704)	(186)
5 Increase (decrease) in reserve for loss on investments of affairs	86	411	325
6 Increase (decrease) in reserve for loss on business of affiliates	(496)	100	596
7 Increase in losses on soil remediation	5,603	6,434	831
8 Interest and dividend income	(5,377)	(10,602)	(5,225)
9 Interest expenses	11,363	12,909	1,546
10 Loss for sales or disposal of property, plant and equipment	3,972	5,989	2,016
11 Gain on sales of property, plant and equipment	(1,806)	(748)	1,058
12 Loss on impairment	9,366	2,486	(6,879)
13 Gain on sales marketable securities and investments in securities	(34,403)	(1,755)	32,648
14 Loss for sales or evaluation of marketable securities and investments in securities	945	1,801	856
15 Dilution gain	(11,283)	(13,925)	(2,642)
16 (Increase) decrease in notes and accounts receivable	(31,871)	(19,186)	12,684
17 (Increase) decrease in inventories	(47,169)	(12,854)	34,314
18 Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	26,689	46,605	19,916
19 Expenditure on gold ingot purchases	(10,295)	(26,740)	(16,444)
20 (Increase) decrease in current assets	(6,517)	3,300	9,818
21 Increase (decrease) in notes and accounts payable	28,114	(323)	(28,438)
22 Increase (decrease) in accrued expenses	14,738	8,047	(6,691)
23 Increase (decrease) in current liabilities	573	1,936	1,362
24 Increase (decrease) in other long-term liabilities	(705)	4,286	4,991
25 Equity (earnings) losses of affiliates	(22,604)	(39,245)	(16,640)
26 Other, net	2,574	1,840	(733)
Subtotal	71,312	126,943	55,631
27 Interest and dividend received	19,012	32,426	13,414
28 Interest paid	(10,964)	(12,554)	(1,590)
29 Proceeds from erection insurance	-	2,259	2,259
30 Income taxes paid	(23,566)	(31,403)	(7,836)
Net Cash Provided by Operating Activities	55,793	117,671	61,877
Cash Flows from Investing Activities			
1 Payments for purchases of marketable securities and investments in securities	(15,705)	(20,819)	(5,113)
2 Proceeds from sales of marketable securities and investments in securities	53,096	4,792	(48,303)
3 Payments for lending	(5,338)	(3,805)	1,532
4 Proceeds from repayment of lending	7,970	8,394	424
5 Purchase of property, plant and equipment	(48,541)	(63,731)	(15,189)
6 Proceeds from sales of property, plant and equipment	3,767	2,060	(1,706)
7 Purchase of intangible assets	(1,441)	(1,308)	133
8 Payments for purchases of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	-	(3,588)	(3,588)
9 Proceeds from purchases of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	-	1,593	1,593
10 Proceeds from sales of consolidated subsidiaries' shares, net of cash owned by those subsidiaries	8,843	849	(7,993)
11 Payments for purchases of business	(961)	(38)	922
12 Proceeds from transfer of business	-	249	249
13 Other, net	(790)	597	1,387
Net Cash Provided by (Used in) Investing Activities	899	(74,753)	(75,653)
Cash Flows from Financing Activities			
1 Increase (decrease) in short-term bank loans, net	(15,257)	4,022	19,280
2 Proceeds from long-term debt	81,786	52,938	(28,848)
3 Repayments of long-term debt	(98,654)	(83,119)	15,534
4 Increase (decrease) in commercial paper, net	7,000	21,000	14,000
5 Payments for redemption of bonds	(49,445)	(25,000)	24,445
6 Proceeds from issuance of bonds	30,000	35,000	5,000
7 Cash dividend paid	(3,395)	(6,870)	(3,474)
8 Payment for purchase of treasury stock	(258)	(299)	(41)
9 Dividend paid to minority interests	(1,775)	(1,606)	168
10 Other, net	(1,241)	507	1,749
Net Cash (Used in) Provided by Financing Activities	(51,241)	(3,428)	47,812
Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	2,243	1,715	(527)
Net Increase in Cash and Cash Equivalents	7,694	41,204	33,509
Cash and Cash Equivalents at Beginning of Period	16,352	24,994	8,641
Effect of Changes in Consolidated Subsidiaries	272	135	(137)
Increase in Cash and Cash Equivalents from Mergers of Unconsolidated Subsidiaries	674	928	254
Cash and Cash Equivalents at End of Period	¥24,994	¥67,262	¥42,268

5. Segment Information

a) Business Segment Information

(Millions of yen)

For the year ended March 31, 2006	Cement	Metals	Advanced Materials & Tools	Aluminum	Electronic Materials & Components	Others	Total	Elimination and Corporate Assets or Expenses	Consolidated
Sales:									
(1) Unaffiliated customers	¥164,500	¥358,764	¥147,907	¥143,093	¥75,524	¥253,908	¥1,143,699		¥1,143,699
(2) 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
II Other information:									
Identifiable assets	264,000	395,492	162,855	180,912	137,309	307,648	1,448,219	161,226	1,609,445
Depreciation	9,581	10,845	7,155	9,477	4,360	4,038	45,460	2,223	47,684
Capital expenditures	¥14,126	¥10,965	¥11,063	¥5,992	¥4,801	¥3,816	¥50,765	¥1,793	¥52,558

(Millions of yen)

For the year ended March 31, 2007	Cement	Metals	Advanced Materials & Tools	Aluminum	Electronic Materials & Components	Others	Total	Elimination and Corporate Assets or Expenses	Consolidated
Sales:									
(1) Unaffiliated customers	¥198,288	¥598,921	¥138,095	¥162,841	¥85,189	¥268,771	¥1,452,108		¥1,452,108
(2) Intersegment	1,581	81,516	14,925	1,234	3,185	61,966	164,439	(¥164,439)	-
Total	199,869	680,438	153,020	164,075	88,375	330,767	1,616,547	(164,439)	1,452,108
Operating expenses	181,533	647,043	136,906	161,225	77,986	326,033	1,530,729	(157,379)	1,373,349
Operating profit	18,335	33,395	16,114	2,849	10,388	4,733	85,818	(7,059)	78,758
II Other information:									
Identifiable assets	280,368	466,294	166,433	183,585	169,282	306,280	1,572,245	201,654	1,773,899
Depreciation	10,216	12,455	6,894	8,921	4,970	3,821	47,279	2,137	49,416
Capital expenditures	¥21,114	¥11,626	¥12,702	¥6,481	¥8,162	¥4,970	¥65,058	¥1,425	¥66,484

(Millions of yen)

Change									
	Cement	Metals	Advanced Materials & Tools	Aluminum	Electronic Materials & Components	Others	Total	Elimination and Corporate Assets or Expenses	Consolidated
Sales	¥34,815	¥252,977	(¥9,136)	¥20,283	¥10,370	¥24,977	¥334,288	(¥25,879)	¥308,408
Operating profit	¥2,697	¥10,433	(¥3,870)	(¥591)	¥5,574	(¥3,137)	¥11,104	(¥1,328)	¥9,776

b) Geographical Segment Informatio

(Millions of yen)

	Japan	United States	Europe	Asia	Other	Total	Elimination and Corporate Assets or Expenses	Consolidated
For the year ended March 31, 2006								
I Sales:								
(1) Unaffiliated customers	¥954,732	¥80,044	¥14,090	¥91,072	¥3,759	¥1,143,699		¥1,143,699
(2) 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
II Identifiable assets:	¥1,269,949	¥93,670	¥35,636	¥124,028	¥4,436	¥1,527,720	¥81,724	¥1,609,445

Notes:

- Nations or areas has been classified in terms of their geographical closeness.
- Main countries or areas that belong to segments other than Japan and the United States
 - Europe: Germany, Spain, England, France and the Netherlands
 - Asia: Indonesia, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
 - Other: Australia
- Unallocated operating expenses, such as basic research and fundamental development costs and managerial costs of the parent company, included in Eliminations and Corporate Assets or Expenses were ¥6,030 million for the year ended March 31, 2006.
- Corporate assets included in Eliminations and Corporate Assets were ¥184,375 million for the year ended March 31, 2006, mainly for assets related to basic research and fundamental development, monies in the parent company (cash and marketable securities) and the managerial division.

(Millions of yen)

	Japan	United States	Europe	Asia	Other	Total	Elimination and Corporate Assets or Expenses	Consolidated
For the year ended March 31, 2007								
I Sales:								
(1) Unaffiliated customers	¥1,216,099	¥85,866	¥17,065	¥129,823	¥3,253	¥1,452,108		¥1,452,108
(2) Intersegment	27,782	6,383	293	109,315	—	143,774	(¥143,774)	—
Total	1,243,882	92,249	17,358	239,139	3,253	1,595,883	(143,774)	1,452,108
Operating expenses	1,180,955	78,707	16,260	231,548	2,390	1,509,862	(136,512)	1,373,349
Operating profit	62,926	13,542	1,097	7,590	863	86,021	(7,262)	78,758
II Identifiable assets:	¥1,369,821	¥108,275	¥46,444	¥116,019	¥3,290	¥1,643,851	¥130,048	¥1,773,899

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 - Other: Australia
- Unallocated operating expenses, such as basic research and fundamental development costs and managerial costs of the parent company, included in Eliminations and Corporate Assets or Expenses were ¥7,621 million for the year ended March 31, 2007.
- Corporate assets included in Eliminations and Corporate Assets were ¥230,000 million for the year ended March 31, 2007, mainly for assets related to basic research and fundamental development, monies in the parent company (cash and marketable securities) and the managerial division.
- Change in the accounting method of revenue from the treatment of industrial waste in Japan
Though revenue from the treatment of industrial waste in the Cement business of the Company was previously deducted from the Cost of Sales, it is included in Net sales from the fiscal year under review. The reason for this change is to reflect the earnings structure of the Cement business more appropriately following an increase in revenue from the treatment of industrial waste, which has become a stable income source in this business.
As a result, in Japan, net sales, operating expenses, and operating profit increased ¥12,197 million, ¥11,917 million and ¥279 million, respectively, compared with the results by the conventional method.
- Adoption of Accounting Standards for the Valuation Method for Inventories in Japan
Effective from the year under review, the Company has adopted ASBJ Statement No. 9, "Accounting Standards for the Valuation Method for Inventories" (issued on July 5, 2006).
As a result, operating expenses increased ¥5,740 million and operating profit decreased the same amount in Japan, compared with the results by the conventional method.
- Estimated useful lives of machinery and equipment in Japan and the United States
With regard to the manufacturing facilities for products used for semiconductor equipment at the Mita plant in Mita-shi, Hyogo Prefecture, in Japan, the Company shortened the estimated useful life of machinery and equipment from 13 years to four years. A major reason for this change was recent stronger demand for such products, which remarkably increased manufactured volume, thereby raising the operating ratio of such manufacturing equipment. We also reviewed the estimated useful lives of such equipment, taking the product life cycle into consideration, which also contributed to the change. At Mitsubishi Polycrystalline Silicon America Corp., in Alabama (United States), demand for silicon wafers has been strong since last year and its manufacturing machinery and equipment are operating at a rate exceeding the originally designed capacity. Upon ensuring that this situation would continue, we reviewed the estimated useful lives of the machinery and equipment and shortened the estimate life from 5–30 years (21 years on average) to 3–20 years (17 years on average).
As a result, operating expenses in Japan increased ¥158 million and operating profit decreased the same amount. In the United States, operating expenses increased ¥532 million and operating profit decreased the same amount.
The impact of this change on assets of Japan and the United States is insignificant.

b) Geographical Segment Informatio

(Millions of yen)

	Japan	United States	Europe	Asia	Other	Total	Elimination and Corporate Assets or Expenses	Consolidated
For the year ended March 31, 2006								
I Sales:								
(1) Unaffiliated customers	¥954,732	¥80,044	¥14,090	¥91,072	¥3,759	¥1,143,699		¥1,143,699
(2) 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
II Identifiable assets:	¥1,269,949	¥93,670	¥35,636	¥124,028	¥4,436	¥1,527,720	¥81,724	¥1,609,445

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(Millions of yen)

	Japan	United States	Europe	Asia	Other	Total	Elimination and Corporate Assets or Expenses	Consolidated
For the year ended March 31, 2007								
I Sales:								
(1) Unaffiliated customers	¥1,216,099	¥85,866	¥17,065	¥129,823	¥3,253	¥1,452,108		¥1,452,108
(2) Intersegment	27,782	6,383	293	109,315	—	143,774	(¥143,774)	—
Total	1,243,882	92,249	17,358	239,139	3,253	1,595,883	(143,774)	1,452,108
Operating expenses	1,180,955	78,707	16,260	231,548	2,390	1,509,862	(136,512)	1,373,349
Operating profit	62,926	13,542	1,097	7,590	863	86,021	(7,262)	78,758
II Identifiable assets:	¥1,369,821	¥108,275	¥46,444	¥116,019	¥3,290	¥1,643,851	¥130,048	¥1,773,899

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As a result, operating expenses in Japan increased ¥158 million and operating profit decreased the same amount. In the United States, operating expenses increased ¥532 million and operating profit decreased the same amount.
The impact of this change on assets of Japan and the United States is insignificant.

c) Overseas Sales

(Millions of yen)

	United States	Europe	Asia	Other	Total
For the year ended March 31, 2006					
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%

(Millions of yen)

	United States	Europe	Asia	Other	Total
For the year ended March 31, 2007					
Overseas sales	¥100,393	¥38,979	¥213,219	¥6,506	¥359,099
Consolidated net sales					¥1,452,108
Percentage of overseas sales to consolidated net sales	6.9%	2.7%	14.7%	0.4%	24.7%

Notes:

1. Nations or areas has been classified in terms of their geographical closeness.
2. Main countries or areas that belong to segments other than Japan and the United States
 - (1) Europe: Germany, England, Spain and France
 - (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
 - (3) Other: Australia, Canada and Brazil
3. Overseas sales exclude domestic sales of the Company and consolidated subsidiaries.