Consolidated Financial Results for the First Quarter Ended June 30, 2008
Mitsubishi Materials Corporation

Tokyo, Japan

August 11, 2008

Stock code:	5711
Shares listed:	Tokyo Stock Exchange and Osaka Securities Exchange
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1. Results of the three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)

(1) Results of operations: (cumulative)

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income	
		%		%		%
Three months ended Jun. 30, 2008	¥371,553	—	¥19,364	—	¥23,841	—
Three months ended Jun. 30, 2007	¥347,245	4.6	¥21,387	-0.2	¥28,343	6.9

	Net income		Net income per share	Diluted net income per share
		%	Yen	Yen
Three months ended Jun. 30, 2008	¥15,934	—	¥12.53	—
Three months ended Jun. 30, 2007	¥15,452	-1.3	¥12.38	—

(2) Financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
			%	Yen
Three months ended Jun. 30, 2008	¥1,986,505	¥518,305	23.1	¥361.75
Year ended Mar. 31, 2008	¥1,856,276	¥520,289	25.0	¥362.45

(Reference) Shareholders' equity Three months ended Jun. 30, 2008: 458,919 million yen
Year ended Mar. 31, 2008: 463,255 million yen

2. Dividend payments

	Dividends per share				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2008	—	¥4.00	—	¥4.00	¥8.00
Year ending Mar. 31, 2009	—	—	—	—	—
Year ending Mar. 31, 2009 (Forecast)	—	¥4.00	—	¥4.00	¥8.00

Note: Revisions to dividend forecast in the current period: No

3. Forecast (From April 1, 2008 to March 31, 2009) (Millions of yen)

(Percentage changes relative to the previous corresponding period for full year, and for six months ending September 30, 2008 respectively.)

	Net sales		Operating profit	
		%		%
Six months ending Sep. 30, 2008	¥726,000	—	¥37,000	—
Full Year	¥1,527,000	-8.0	¥84,000	-16.1

	Ordinary income		Net income		Net income per share
		%		%	Yen
Six months ending Sep. 30, 2008	¥43,000	—	¥20,000	—	¥15.75
Full Year	¥100,000	-26.5	¥50,000	-32.7	¥39.40

Note: Revisions to forecast in the current quarter: No

4. Others

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

(2) Use of simple accounting methods and specific accounting methods to preparation of quarterly consolidated financial statements: Yes

Note: For details, please see “4. Other Information” described at Qualitative Information and Financial Statements on page 5.

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

(i) Changes pursuant to revision of accounting policies: Yes

(ii) Other changes: Yes

Note: For details, please see “4. Other Information” described at Qualitative Information and Financial Statements on page 5.

(4) Number of issued shares (common stock)

(i) Number of issued shares at end of year

Three months ended Jun. 30, 2008:	1,278,955,330 shares (including treasury stock)
Year ended Mar. 31, 2008:	1,278,955,330 shares (including treasury stock)

(ii) Number of treasury shares at end of year

Three months ended Jun. 30, 2008:	10,361,235 shares
Year ended Mar. 31, 2008:	816,428 shares

(iii) Averaged number of shares during the period (quarterly cumulative period)

Three months ended Jun. 30, 2008:	1,271,781,301 shares
Three months ended Jun. 30, 2007:	1,248,273,067 shares

* Summaries for relevant use of forecasts and other specific affairs

1. These forecast 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 forecasts of this report. To use assumptions for forecasts and to refer to specific revisions on consolidated financial forecasts, see “3. Qualitative Information on the Consolidated Performance Forecasts” described at Qualitative Information and Financial Statements on page 5.
2. Mitsubishi Materials Corporation (the “Company”) started applying the “Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12)” and “Guidance for Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14)” in the current consolidated fiscal year. The current our quarterly consolidated financial statements were prepared in accordance with the “Rules on Quarterly Consolidated Financial Reporting.”

[Qualitative Information and Financial Statements]

1. Qualitative Information on the Consolidated Business Performance

(1) Overview of the period under review

The world economy in the first quarter of fiscal year ending March 2009 (fiscal 2009) increased uncertainty on the future due to the slowdown of U.S. economy triggered by the subprime loan issue and the disturbances in the global financial market that drove the fear of inflation on the background of resource and energy price hike.

In Japan, the economic environment in the first quarter made us feel nervous about the future of the economy as the corporate earnings deteriorated due to the slowdown of U.S. economy and higher material and fuel prices.

The business environment surrounding the Mitsubishi Material Group (the Group) was very severe as a whole, as we have seen materials and fuel price hike, weakening demand for cement in Japan and the U.S., and deteriorating terms and conditions for buying ores, although the copper price continued to remain high and the silicon-related business continued to be favorable.

Under such circumstances, the Group made an effort to establish a stable earnings ground that enables us to record more than ¥100 billion of consolidated ordinary income regardless of the change of external environment under the "Medium-Term Management Plan (fiscal 2008-2010): Break-through 1000 - Aiming to Become a Company with more than ¥100 Billion in Ordinary Income" and to realize the effect of investment as soon as possible. In order to tackle rising material and fuel prices, we have taken various measures to improve the profitability by reducing the costs and maintaining proper sales prices.

As a result, in the first quarter of fiscal 2009, the Group recorded consolidated sales of ¥371.5 billion (up 7.0% from a year earlier), consolidated operating profit of ¥19.3 billion (down 9.5% from a year earlier), and consolidated ordinary income of ¥23.8 billion (down 15.9% from a year earlier). Consolidated net income in the first quarter reached ¥15.9 billion (up 3.1% from a year earlier) thanks to the improvement of extraordinary income/loss.

(2) Review by segment

(Cement)

(Billions of yen, %)

	FY 2008 Q1	FY 2009 Q1	Increase/decrease	
Net sales	¥44.1	¥37.6	¥(6.5)	-14.9%
Operating profit or Operating loss	¥2.3	¥(0)	¥(2.4)	–

Sales and profits in the Cement business decreased. In the domestic market, it was mainly due to the declining domestic demand following the reduction of public investment although our efforts to maintain a proper sales price in response to the fuel price hike successfully brought a positive effect. In the overseas markets, the demand in the U.S. was down triggered by the subprime loan issue and following drop of residential construction, which offset a favorable demand from Australia and Southeast-Asian countries. The unit production volume of whole Cement was 3 million tons (down by 0.2 million tons from a year earlier).

Aggregate sales and profit also decreased, as, like a case in Cement, the demand for mainline Portland cement was poor due to the declining domestic demand following the reduction of public investment.

(Metals)

(Billions of yen, %)

	FY 2008 Q1	FY 2009 Q1	Increase/decrease	
Net sales	¥160.4	¥179.1	¥18.7	11.7%
Operating profit	¥9.2	¥9.1	¥(0)	-1.0%

Sales and profit of copper ingots increased as our sales volume increased and the copper price remained in a higher level although the terms and conditions for buying ores deteriorated. Manufactured volume of electrolytic copper of the whole business unit increased to 142 thousands tons, up 8 thousands tons from a year earlier.

Both sales and profits of gold decreased due to the lower content of gold in the raw material mineral ore.

In this quarter, we changed the financial closing timing of Mitsubishi Shindoh Co., Ltd. from March to December, and the results of Mitsubishi Shindoh from January 2008 to March 2008 were not recorded in the first quarter of fiscal 2009 but recorded on the consolidated financial statements ended March 2008. As a result, sales and profit of processed copper products decreased.

(Advanced Materials & Tools)

(Billions of yen, %)

	FY 2008 Q1	FY 2009 Q1	Increase/decrease	
Net sales	¥41.3	¥43.7	¥2.3	5.8%
Operating profit	¥5.1	¥5.3	¥0.2	4.1%

While domestic demand for cemented carbide products was poor due to sluggish sales for die assembly products and reduced capital investment in the automotive industry, overseas demand continued to be strong mainly from BRICs countries such as China and India, which contributed to the increase of sales and profits.

In high-performance alloy products, sales increased due to a steady expansion in demand for products for major markets such as aircrafts, gas turbine, and automobile. However, profits were down affected by higher raw material prices.

(Electronic Materials & Components)

(Billions of yen, %)

	FY 2008 Q1	FY 2009 Q1	Increase/decrease	
Net sales	¥24.8	¥20.2	¥(4.5)	-18.5%
Operating profit	¥3.7	¥3.7	¥0	0.3%

Sales and profits were down in advanced materials as we transferred the Gold wire business to Tanaka Denshi Kogyo K.K. through the merger by absorption in October 2007, and sales to certain semiconductor-related products declined although a demand for automobile-related products was stable.

In electronics devices, sales and profits decreased due to the decrease of sales of products for digital terrestrial broadcasting equipment and car antenna.

Sales and profits of polycrystalline silicon increased as the expansion of semiconductor market such as 300-mm silicon wafers and active solar battery market led to the favorable sales.

(Aluminum)

(Billions of yen, %)

	FY 2008 Q1	FY 2009 Q1	Increase/decrease	
Net sales	¥42.1	¥44.8	¥2.6	6.4%
Operating profit	¥1.6	¥1.4	¥(0.2)	-13.9%

In aluminum cans, sales and profits were up thanks to a stable sales growth in general.

Although sales revenue of rolled aluminum and processed aluminum products slightly increased, profits decreased as the depreciation and amortization rose due to the change of useful life following the revision of Corporation Tax Law.

(Others)

(Billions of yen, %)

	FY 2008 Q1	FY 2009 Q1	Increase/decrease	
Net sales	¥79.0	¥85.9	¥6.8	8.7%
Operating profit	¥0.8	¥0.7	¥(0)	-4.3%

In energy-related products, sales revenue of coal and oil increased affected by the price hike of fuel price. However, sales of products for Rokkasho Village Reprocessing Plant decreased that resulted in the increase of sales and the decrease of profits.

For precious metals, although sales revenue was up thanks to the rising gold price, profits were down due to poor sales of jewelries that was caused by deteriorating consumer spending.

Amount of orders of nuclear and engineering related businesses, along with resources environmental operations and related businesses was ¥20.4 billion, up ¥5.8 billion from a year earlier, and backlog of the orders was ¥44.1 billion, up ¥6.2 billion.

2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the first quarter of the consolidated fiscal 2009 was ¥1,986.5 billion, up ¥130.2 billion compared with the end of the previous consolidated fiscal year. It was because that Robertson's (Robertson's Ready Mix, Ltd.; RRM Properties; Robertson's Transport, Ltd.) was newly consolidated from the end of the first quarter of the consolidated fiscal 2009, and that the inventories rose due to the increase of copper inventory.

Liabilities amounted to ¥1,468.1 billion, up ¥132.2 billion compared with the end of the previous consolidated fiscal year. It was due to the increase of short-term bank loans and effect from newly consolidated subsidiaries.

Cash flows for the first quarter of the consolidated fiscal 2009 on an accumulated basis and the causes and factors for those cash flows were as follows:

(Cash Flows from Operating Activities)

In the first quarter of the consolidated fiscal 2009 on an accumulated basis, net cash used in operating activities recorded the outflow of ¥50.0 billion due to the increase of inventories and reduction of account payable.

(Cash Flows from Investing Activities)

In the first quarter of consolidated fiscal 2009 on an accumulated basis, net cash used in investing activities was the outflow of ¥41.9 billion owing to the additional acquisition of interest of Robertson's and expenditures related to capital investments.

(Cash Flows from Financing Activities)

As a result of the operating activities and investment activities, net cash was the outflow of ¥91.9 billion that was financed by loans and issuance of commercial papers. Consequently, net cash used in financing activities in the first quarter of consolidated fiscal 2009 on an accumulated basis was the inflow of ¥76.7 billion

As a result, the balance of cash and cash equivalents at the end of the first quarter of consolidated fiscal 2009 was ¥88.7 billion, down ¥20.6 billion compared with the end of the previous consolidated fiscal year.

Note: As we started applying the "Accounting Standards for Quarterly Financial Reporting" from the first quarter, there are some areas where accounting standards applied that were different from those applied in the same quarter in the previous fiscal year. For the reference for the investors, we indicate the comparison with the figures in the same quarter of the previous fiscal year regarding "1. Qualitative Information on the Consolidated Business Performance," and the comparison with the figures at the end of the previous consolidated fiscal year regarding "2. Qualitative Information on the Consolidated Financial Position."

3. Qualitative Information on the Consolidated Performance Forecasts

We did not make any change on the performance forecasts of the second quarter of consolidated fiscal year on an accumulated basis and the fiscal year ending March 2009 that were announced on May 12, 2008.

4. Other Information

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

(2) Use of simple accounting method and application of accounting that is unique to the quarterly consolidated financial statements:

Accounting that is unique to the quarterly consolidated financial statements

We rationally assume an effective tax rate after applying the tax effect accounting to the net income before tax of the consolidated fiscal year that includes the first quarter of the consolidated fiscal year, and multiply such effective tax rate by quarterly net income before tax to have the tax expense.

Income taxes adjustment is included in income taxes.

(3) Changes in accounting principle, procedures, and method of indication related to the production of quarterly consolidated financial statements

(i) Application of accounting standards for quarterly consolidated financial statements

We started applying the “Accounting Standards for Quarterly Financial Reporting (ASBJ Statement No. 12)” and “Guidance on Accounting Standard for Quarterly Financial reporting (ASBJ Guidance No. 14)” in the current consolidated fiscal year. We prepare our quarterly consolidated financial statements in accordance with the “Rules on Quarterly Consolidated Financial Reporting.”

(ii) Application of accounting standards to leasing transactions

We applied the accounting standards that were similar to those for lease transactions to the finance lease transactions without transferring the right of ownership. However, in the consolidated fiscal year that starts on and after April 1, 2008, it is allowed to apply “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, (June 17, 1993, (1st Group of Business Accounting Council), revised on March 30, 2007)), and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 (January 18, 1994 (The Japanese Institute of Certified Public Accountants, Accounting Practice Committee), revised on March 30, 2007)) to the quarterly consolidated financial statements. Accordingly, we decided to apply these accounting standards from the first quarter of the consolidated fiscal 2009 and the finance lease transactions without transferring the right of ownership was processed under the accounting standards for general purchase and sale transactions. We adopted the straight-line method for the depreciation of lease assets under a finance lease transaction without transferring the right of ownership with the leasing period as a useful life and a residual value as zero.

For finance lease transactions without transferring the right of ownership of which starting date of lease transaction is before the start of application of the accounting standards, we continue applying the accounting standards for general lease transaction as before.

The affects on profits and losses from the above procedures are very minor.

(iii) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

In and after the first quarter of consolidated fiscal 2009, we started applying “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No. 18, May 17, 2006) and made necessary revisions on the consolidated accounting.

Because of this process, operating profit was down ¥26 million, and ordinary income and quarterly net income before income taxes were down by ¥3,445 million, respectively. Retained earnings at the start of the period were also down ¥16,310 million.

The affects from the above revisions on the segment information are very minor.

(iv) <Additional information> Changes of useful life of property, plant and equipment

The Company and its domestic consolidated subsidiaries apply the useful life of machines and equipment that was revised on the Corporation Tax Law revision of fiscal 2008.

As a result, compared with the traditional method, operating profit was down ¥1,153 million and ordinary income and quarterly net income before income taxes were down ¥1,157 million, respectively.

The affects from the above changes on the segment information are described in the sections concerned.

In addition to the above, we continued applying the useful life before the revision of the Law to structures held by the Company and certain domestic consolidated subsidiaries (excluding facilities annexed to the structures) after the revision of the Corporation Tax Law in fiscal 1998. However, at the timing of the Corporation Tax Law revision in fiscal 2008, we reviewed the useful life based on the recent actual data of age of service, and found that the useful life after the review were similar to the one after the revision of the Law. Thus, we changed the useful life to those after the revision of the Law from the first quarter of the consolidated fiscal 2009.

As a result, compared with the traditional method, operating profit was down ¥53 million and ordinary income and quarterly net income before income taxes were down ¥88 million, respectively.

The affects from the above changes on the segment information are very minor.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	At the end of the first quarter of consolidated fiscal 2009 (As of June 30, 2008)	Summarized consolidated balance sheets in the previous consolidated fiscal year (As of March 31, 2008)
ASSETS		
Current Assets:		
Cash and time deposits	¥89,092	¥109,701
Notes and accounts receivable	247,714	245,609
Products	10,082	9,276
Finished Goods	63,648	60,723
Semi Finished Goods	4,965	3,974
Raw Materials	71,355	66,276
Work in Process	123,251	102,504
Supplies	20,221	18,369
Other current assets	172,125	161,760
Allowance for doubtful accounts	(2,806)	(3,081)
Total Current Assets	799,651	775,115
Fixed Assets:		
Property, Plant and Equipment		
Machinery and equipment (net)	214,349	222,708
Land (net)	275,369	247,305
Others (net)	229,578	211,054
Property, Plant and Equipment (net)	719,297	681,068
Intangible Assets:		
Goodwill	55,352	8,448
Others	10,692	11,484
Total Intangible Assets	66,044	19,932
Investments and Long-Term Receivables:		
Investments in securities	359,785	317,345
Others	51,851	72,987
Valuation allowance for investments in unconsolidated subsidiaries and affiliates	(697)	(697)
Allowance for doubtful accounts	(9,428)	(9,475)
Total Investment and Long-Term Receivables	401,511	380,160
Total Fixed Assets	1,186,854	1,081,161
Total Assets	¥1,986,505	¥1,856,276

(Millions of yen)

	At the end of the first quarter of consolidated fiscal 2009 (As of June 30, 2008)	Summarized consolidated balance sheets in the previous consolidated fiscal year (As of March 31, 2008)
LIABILITIES		
Current Liabilities:		
Notes and accounts payable	¥159,630	¥176,009
Short-term bank loans	420,066	319,467
Current portion of bonds	15,000	15,000
Commercial paper	35,000	30,000
Income taxes payable	6,511	16,861
Reserves	6,320	13,307
Other current liabilities	275,569	279,622
Total Current Liabilities	918,098	850,269
Long-Term Liabilities:		
Bonds	95,000	95,000
Long-term loans	225,719	230,846
Employees' severance and pension benefits	49,175	48,361
Other reserves	20,592	21,158
Negative goodwill	3,426	3,526
Others	156,187	86,826
Total Long-Term Liabilities	550,101	485,718
Total Liabilities	1,468,199	1,335,987
NET ASSETS		
Shareholders' Equity:		
Common stock	119,457	119,457
Capital surplus	108,335	108,334
Retained earnings	168,310	173,669
Treasury stock, at cost	(5,348)	(309)
Total Shareholders' Equity	390,754	401,152
Valuation and Translation Adjustments:		
Net unrealized holding gains on securities	53,944	29,722
Unrealized gains/losses on hedging derivatives, net of taxes	3,791	3,685
Revaluation reserve for land	30,289	30,312
Foreign currency translation adjustments	(19,860)	(1,617)
Total Valuation and Translation Adjustments	68,164	62,103
Minority Interests	59,385	57,033
Total Net Assets	518,305	520,289
Total Liabilities and Net Assets	¥1,986,505	¥1,856,276

(2) Consolidated Statements of Operations

[For the three months ended June 30, 2008]

(Millions of yen)

	Three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)
Net Sales	¥371,553
Cost of Sales	320,074
Gross Profit	51,479
Selling, General and Administrative Expenses	32,115
Operating Profit	19,364
Non Operating Profit:	
Interest income	446
Dividend income	2,936
Equity in earnings of affiliates	4,680
Others	3,934
Total Non Operating Profit	11,997
Non Operating Expenses:	
Interest expenses	4,571
Others	2,949
Total Non Operating Expenses	7,520
Ordinary Income	23,841
Extraordinary Income:	
Gain on issuances of stock by subsidiaries and affiliates	1,290
Gain on sales of property, plant and equipment	639
Others	170
Total Extraordinary Income	2,100
Extraordinary Loss:	
Environmental expenses	459
Write-down of marketable securities and investments in securities	351
Others	22
Total Extraordinary Loss	833
Income before Income Taxes and Minority Interests	25,109
Income taxes	7,182
Minority interests in income of consolidated subsidiaries	1,992
Net Income	¥15,934

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008)
Cash Flows from Operating Activities:	
Income before income taxes and minority interests	¥25,109
Depreciation	15,407
Decrease in allowance for doubtful accounts and reserves	(6,865)
Interest and dividend income	(3,383)
Interest expenses	4,571
Equity in earnings of affiliates	(4,680)
Gain on issuances of stock by subsidiaries and affiliates	(1,290)
Gain on sales of property, plant and equipment	(640)
Decrease in notes and accounts receivable	3,279
Increase in inventories	(38,630)
Decrease in notes and accounts payable	(16,182)
Other, net	(10,909)
Subtotal	(34,214)
Interest and dividend received	5,502
Interest paid	(3,790)
Income taxes paid	(17,542)
Net Cash Used in Operating Activities	(50,045)
Cash Flows from Investing Activities:	
Payments for purchases of property, plant and equipment	(11,978)
Proceeds from sales of property, plant and equipment	3,201
Payments for purchases of investments in securities	(2,175)
Proceeds from sales of investments in securities	8
Payments for acquisition of consolidated subsidiaries' shares, net of cash owned by the subsidiaries	(31,144)
Other, net	138
Net Cash Used in Investing Activities	(41,949)
Cash Flows from Financing Activities:	
Increase in short-term bank loans, net	85,219
Proceeds from long-term debt	5,840
Repayments of long-term debt	(5,131)
Increase in commercial paper, net	5,000
Payments for purchases of treasury stock	(5,047)
Cash dividends paid	(5,112)
Cash dividends paid to minority shareholders	(3,445)
Other, net	(547)
Net Cash Provided by Financing Activities	76,775
Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	(9,972)
Net Decrease in Cash and Cash Equivalents	(25,191)
Cash and Cash Equivalents at Beginning of Period	109,360
Effect of Changes in Consolidated Subsidiaries	4,582
Cash and Cash Equivalents at End of Period	¥88,751

In the current consolidate fiscal year, the Company started applying the "Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan ("ASBJ") Statement No. 12)" and "Guidance on Accounting Standards for Quarterly Financial Reporting (ASBJ Guidance No. 14)." The current our quarterly consolidated financial statements were prepared in accordance with the "Rules on Quarterly Consolidated Financial Reporting."

(4) Notes on Assumptions for Going concern: N/A

(5) Segment Information

1) Business segment information

For the three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Net sales	¥37,609	¥179,127	¥43,733	¥20,268	¥44,883	¥85,916	¥411,538	¥(39,985)	¥371,553
Operating profit or operating loss	¥(51)	¥9,132	¥5,375	¥3,781	¥1,419	¥767	¥20,425	¥(1,060)	¥19,364

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: Copper smelting (copper ingots, gold, silver, sulfuric, etc) and copper related products

(3) Advanced Materials & Tools: Cemented carbide products, high-performance alloy products and diamond tools

(4) Electronic Materials & Components: Electronic materials, electronic components, polycrystalline silicon and chemical products

(5) Aluminum: Aluminum cans, aluminum rolled and fabricated products

(6) Others: Nuclear energy-related services, precious metals, environmental and recycle related businesses, real estate business and engineering related services

2. Changes of useful life of tangible fixed assets

The Company and its domestic consolidated subsidiaries apply the useful life of machinery and equipment that was revised on the Corporation Tax Law revision of fiscal 2008.

As a result, operating profits in each business decreased as follows compared with the figures under the traditional method.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating profit	¥(221)	¥(398)	¥(152)	¥(39)	¥(325)	¥(15)	¥(1,153)	¥(0)	¥(1,153)

3. Increase of assets in the Cement business

As Robertson's (Robertson's Ready Mix, Ltd.; RRM Properties; Robertson's Transport, Ltd.) became our subsidiary after completing the acquisition of additional interests by MCC Development Corporation, our consolidated subsidiary, after the closing date of its first half of fiscal 2008 on March 31, 2008, it is consolidated in and after the first quarter of consolidated fiscal 2009.

As a result, assets in the "Cement Business" increased ¥111,871 million compared with the end of the last consolidated fiscal year.

2) Geographical segment information

For the three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	Japan	United States	Europe	Asia	Others	Total	Elimination and Corporate Expenses	Consolidated
Net sales	¥317,520	¥18,713	¥6,366	¥73,879	¥659	¥417,138	¥(45,584)	¥371,553
Operating profit	¥13,880	¥1,783	¥708	¥4,044	¥142	¥20,558	¥(1,193)	¥19,364

Notes:

1. Nations or regions have been classified in terms of their geographic proximity.
2. Main countries or regions that belong to the geographic segments other than Japan and the United States.
   (1) Europe: Germany, Spain, United Kingdom, France, the Netherlands
   (2) Asia: Indonesia, Malaysia, Singapore, China, Hong Kong, Thailand
   (3) Other: Australia
3. Changes in useful life of property, plant and equipment in Japan
   The Company and its domestic consolidated subsidiaries apply the useful life of machinery and equipment that were revised on Corporation Tax Law revision of fiscal 2008.
   As a result, compared with the traditional method, operating profits in “Japan” decreased ¥1,153 million.

3) Overseas sales

For the three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	United States	Europe	Asia	Others	Total
Overseas sales	¥17,319	¥10,633	¥77,902	¥2,516	¥108,371
Consolidated net sales					¥371,553
Percentage of overseas sales to consolidated net sales	4.7%	2.9%	21.0%	0.7%	29.2%

Notes:

1. Nations or regions have been classified in terms of their geographic proximity.
2. Main countries or regions that belong to the geographic segments other than Japan and the United States.
   (1) Europe: Germany, Spain, United Kingdom, France, the Netherlands
   (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
   (3) Other: Australia, Canada, Brazil
3. Overseas sales represent sales of the Company and its consolidated subsidiaries recorded in countries and regions other than Japan.

(6) Notes in case a significant changes were made on the amount of shareholders’ equity

We paid dividends of ¥5,112 million in June 2008 from our retained earnings. In and after the first quarter of consolidated fiscal 2009, as we applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No. 18, May 17, 2006), the retained earnings as of the start of the period decreased by ¥16,310 million.

We acquired treasury stocks of ¥4,998 million in accordance with the resolution at the board of directors meeting held on May 12, 2008.

[Reference]

Financial Statements in the previous quarter

(1) Consolidated Statements of Operations

For the three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

Item	Previous Corresponding Period (Three months ended June 30, 2007)
	Amount
I Net Sales	¥347,245
II Cost of Sales	292,767
Gross Profit	54,477
III Selling, General and Administrative Expenses	33,090
Operating Profit	21,387
IV Non Operating Profit	**[13,999]**
Interest income	431
Dividend income	1,354
Rent earned in undertaking	1,420
Equity in earnings of affiliates	9,866
Others	927
V Non Operating Expenses	**[7,043]**
Interest expenses	3,785
Expense for rent in undertaking	1,004
Loss on disposal of property, plant and equipment	1,095
Others	1,157
Ordinary Income	28,343
VI Extraordinary Income	**[1,307]**
Gain on sales of marketable securities and investments in securities	1,122
Gain on sales of property, plant and equipment	86
Gain on issuances of stock by subsidiaries and affiliates	19
Others	79
VII Extraordinary Loss	**[1,970]**
Special depreciation of property, plant and equipment	1,372
Provision for loss on business of affiliates	467
Write-down of marketable securities and investments in securities	16
Loss on sales of investment in securities	16
Loss on impairment of fixed assets	3
Loss on sales of property, plant and equipment	2
Others	91
Income before income taxes and minority interests	27,680
Income taxes	10,204
Minority interests in income of consolidated subsidiaries	2,023
Net Income	¥15,452

(2) Consolidated Statements of Cash Flows

For the three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

Category	Previous Corresponding Period (Three months ended June 30, 2007) Amount
I Cash Flows from Operating Activities	
1 Income before income taxes and minority interests	¥27,680
2 Depreciation	14,042
3 Decrease in allowance for doubtful accounts and reserves	(8,617)
4 Interest and dividend income	(1,786)
5 Interest expenses	3,785
6 Special depreciation of property, plant and equipment	1,372
7 Loss for sales or disposal of property, plant and equipment	1,011
8 Loss on impairment of fixed assets	3
9 Gain on sales or write-down of marketable securities and investments in securities	(1,089)
10 Gain on issuances of stock by subsidiaries and affiliates	(19)
11 Decrease in notes and accounts receivable	2,750
12 Increase in inventories	(64,790)
13 Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	19,282
14 Payment for purchases of gold bullion from market for customers under My Gold Plan	(7,836)
15 Increase in current assets	(10,480)
16 Increase in notes and accounts payable	9,964
17 Equity in earnings of affiliates	(9,866)
18 Other, net	455
Subtotal	(24,137)
19 Interest and dividend received	6,443
20 Interest paid	(2,500)
21 Income taxes paid	(13,248)
Net Cash Used in Operating Activities	(33,442)
II Cash Flows from Investing Activities	
1 Payments for purchases of marketable securities and investments in securities	(24,974)
2 Proceeds from sales of marketable securities and investments in securities	620
3 Payments for purchase of property, plant and equipment and intangible assets	(16,495)
4 Proceeds from sales of property, plant and equipment and intangible Assets	419
5 Proceeds from sales of consolidated subsidiaries' shares, net of cash owned by the subsidiaries	432
6 Other, net	(1,484)
Net Cash Used in Investing Activities	(41,482)

(Millions of yen)

Category	Previous Corresponding Period (Three months ended June 30, 2007) Amount
III Cash Flows from Financing Activities	
1 Increase in short-term loans, net	40,665
2 Proceeds from long-term loans	2,801
3 Repayments of long-term loans	(4,971)
4 Increase in commercial paper, net	22,000
5 Cash dividend paid	(4,995)
6 Other, net	(3,082)
Net Cash Provided by Financing Activities	52,417
IV Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	(26)
V Net Decrease in Cash and Cash Equivalents	(22,534)
VI Cash and Cash Equivalents at Beginning of Period	67,262
VII Effect of Changes in Consolidated Subsidiaries	(205)
VIII Cash and Cash Equivalents at End of Period	¥44,522

(3) Segment Information

Business segment information

For the three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Net sales	¥44,169	¥160,403	¥41,352	¥24,862	¥42,194	¥79,052	¥392,034	¥(44,789)	¥347,245
Operating profit	¥2,355	¥9,222	¥5,162	¥3,771	¥1,648	¥802	¥22,961	¥(1,574)	¥21,387

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:	Copper smelting and copper related products
(3) Advanced Materials & Tools:	Cemented carbide products, powder metallurgy products, high-performance alloy products and diamond tools
(4) Electronic Materials & Components:	Advanced materials, electronic components, polycrystalline silicon and chemical products
(5) Aluminum:	Aluminum cans, aluminum rolled and fabricated products
(6) Others:	Nuclear energy-related services, precious metals, environmental and recycle related businesses, real estate business and engineering related services