

Consolidated Financial Results for the Second Quarter Ended September 30, 2008
Mitsubishi Materials Corporation

Tokyo, Japan

November 10, 2008

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

(1) Results of operations: (cumulative)

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income	
	Yen	%	Yen	%	Yen	%
Six months ended Sep. 30, 2008	¥784,402	—	¥36,349	—	¥48,224	—
Six months ended Sep. 30, 2007	¥792,410	14.2	¥51,299	36.4	¥69,707	18.7

	Net income		Net income per share		Diluted net income per share	
	Yen	%	Yen		Yen	
Six months ended Sep. 30, 2008	¥20,250	—	¥15.94		—	
Six months ended Sep. 30, 2007	¥39,632	3.4	¥31.74		—	

(2) Financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Yen	Yen	%	Yen
Six months ended Sep. 30, 2008	¥1,904,605	¥515,920	23.3	¥349.68
Year ended Mar. 31, 2008	¥1,856,276	¥520,289	25.0	¥362.45

(Reference) Shareholders' equity Six months ended Sep. 30, 2008: 443,556 million yen
 Year ended Mar. 31, 2008: 463,255 million yen

2. Dividend payments

(Record date)	Dividends per share				
	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	—	¥4.00	—	—	—
Year ending Mar. 31, 2009 (Forecast)	—	—	—	¥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.)

Full Year	Net sales		Operating profit	
	Yen	%	Yen	%
	¥1,520,000	-8.4	¥65,000	-35.1

Full Year	Ordinary income		Net income		Net income per share
	Yen	%	Yen	%	Yen
	¥80,000	-41.2	¥25,000	-66.3	¥19.70

Note: Revisions to forecast in the current quarter: Yes

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.

(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.

(4) Number of issued shares (common stock)

(i) Number of issued shares at end of year

Six months ended Sep. 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

Six months ended Sep. 30, 2008: 10,475,137 shares

Year ended Mar. 31, 2008: 816,428 shares

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

Six months ended Sep. 30, 2008: 1,270,149,749 shares

Six months ended Sep. 30, 2007: 1,248,825,067 shares

* Summaries for relevant use of forecasts and other specific affairs

1. The consolidated financial forecasts, announced on May 12, 2008, have been revised on figures for full year on this report.

2. 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.

3. 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."

1. Qualitative Information on the Consolidated Business Performance

(1) Overview of the period under review

In world economy in the second quarter of the consolidated fiscal year ending March 2009, the disturbances in the US financial market triggered by the subprime loan issues had an impact on global market affecting trend in stock market and foreign currency exchange rate which led to the deceleration of world economy.

In Japan the exports were affected by the slowdown of the world economy and sharp appreciation of the yen in addition to sluggish in the capital investment and consumer spending that increased concerns about a recession.

Under these circumstances, the Group made an effort to establish a stable earnings ground and put into motion its four-wheel management system centered on four core businesses which are made up of four different business models respectively –Cement, Metals, Advanced Materials and Tools and Electronic Materials and Components– under the Medium-Term Management Plan. In order to tackle material and fuel prices stuck at a high level, we have continuously taken various measures to improve the profitability by reducing the costs and maintaining proper sales prices.

However, the business environment surrounding the Group continued to be harsh as a whole, as yen appreciation develop and material and fuel prices hike, weakening demand for cement in Japan and the U.S., and deteriorating terms and conditions for buying ores. As a result, those had a great impact on the business performance of the Group.

As a result, in the second quarter of fiscal 2009, the Group recorded consolidated sales of ¥784.4 billion (down 1.0% from a year earlier), consolidated operating profit of ¥36.3 billion (down 29.1% from a year earlier), consolidated ordinary income of ¥48.2 billion (down 30.8% from a year earlier), and consolidated net income of ¥20.2 billion (down 48.9% from a year earlier).

(2) Review by Segment

(Cement)

	(Billions of yen)		
	FY 2008 Q1-Q2	FY 2009 Q1-Q2	Increase/decrease (%)
Net sales	¥91.3	¥94.6	¥3.3 3.7%
Operating profit	¥6.3	¥4.2	¥(2.0) -32.4%

In the Cement and aggregate, demand was sluggish following the reduction of public investment and private capital investment in the domestic market although our efforts to maintain a proper sales price in response to the fuel price hike successfully brought a positive effect. In overseas markets, the demand in the U.S. was down driven by the drop of residential construction that was due to the U.S. economic slowdown, which offset a favorable demand from Australia and Southeast-Asian countries. The Unit production volume of whole Cement was 6.4 million tons (down by 0.4 million tons from a year earlier).

From the first quarter, sales and profit increased due to the consolidation of Robertson's Ready Mix, Ltd., however those were affected heavily by decreasing demand in Japan and the U.S. and increase in depreciation cost due to the change of useful life following the revision of Corporation Tax Law. As a result, sales increased but profit decreased as a whole compared with a year earlier.

(Metals)

	(Billions of yen)		
	FY 2008 Q1-Q2	FY 2009 Q1-Q2	Increase/decrease (%)
Net sales	¥383.4	¥350.5	¥(32.8) -8.6%
Operating profit	¥23.7	¥12.8	¥(10.8) -45.9%

Sales and profit of copper business decreased as copper smelting margins deteriorated and yen appreciation developed, in addition to the effect of repair of furnace at PT Smelting in Indonesia. Manufactured volume of electrolytic copper of the whole business unit increased to 276 thousands tons, down 14 thousands tons from a year earlier.

Both sales and profit 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 in addition to the rise of depreciation cost due to the change of useful life following the revision of Corporation Tax Law. As a result, sales and profit of processed copper products decreased.

As a result, we recorded decrease of sales and profit of whole business unit compared with a year earlier.

(Advanced Materials & Tools)

(Billions of yen)

	FY 2008 Q1-Q2	FY 2009 Q1-Q2	Increase/decrease (%)	
Net sales	¥87.0	¥88.3	¥1.2	1.5%
Operating profit	¥9.6	¥9.4	¥(0.2)	-2.2%

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 sales was stable mainly from BRICs countries such as China and India, which contributed to the increase of sales and profits.

In high-performance alloy products, sales and profit decreased due to an unfavorable sales of products for the aircrafts market and higher raw material prices, although steady expansion in demand was seen for products for gas turbine and electronics market.

As a result, sales increased but profit decreased as a whole business unit compared with a year earlier.

(Electronic Materials & Components)

(Billions of yen)

	FY 2008 Q1-Q2	FY 2009 Q1-Q2	Increase/decrease (%)	
Net sales	¥49.5	¥39.3	¥(10.2)	-20.7%
Operating profit	¥6.9	¥6.4	¥(0.5)	-8.0%

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 for energy saving purpose was stable.

In electronics devices, sales and profits decreased due to the decrease of sales of products for mobile phone.

Sales and profits of silicon increased as sales of polycrystalline silicon and its related products to semiconductor market, centering on 300-mm silicon wafer, grew steadily and sales to solar battery were favorable.

As a result, we recorded decrease of net and profit of whole business unit compared with a year earlier.

(Aluminum)

(Billions of yen)

	FY 2008 Q1-Q2	FY 2009 Q1-Q2	Increase/decrease (%)	
Net sales	¥85.7	¥88.8	¥3.0	3.6%
Operating profit	¥3.9	¥1.9	¥(1.9)	-50.1%

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

Sales and profit of rolled aluminum and processed aluminum products decreased due to the lower demand for certain products in addition to the rise of depreciation cost due to the change of useful life following the revision of Corporation Tax Law.

As a result, sales increased but profit decreased as a whole business unit compared with a year earlier.

(Others)

(Billions of yen)

	FY 2008 Q1-Q2	FY 2009 Q1-Q2	Increase/decrease (%)	
Net sales	¥201.1	¥201.9	¥0.8	0.4%
Operating profit	¥2.4	¥3.9	¥1.4	60.4%

In energy-related products, although sales revenue of products for Rokkasho Village Reprocessing Plant decreased, sales was up but profit was down, as sales of coal and oil increased in the environment of the price hike of fuel price in addition to favorable sales of nuclear fuel products.

For precious metals, sales and profit decreased due to the sales decline of gold ingot and jewelries.

Amount of orders of nuclear and engineering related businesses, along with resources environmental operations and related businesses was ¥48.1 billion, up ¥10.3 billion from a year earlier, and backlog of the orders was ¥53.2 billion, up ¥14.5 billion.

As a result, we recorded increase of sales and profit of whole business unit compared with a year earlier.

2. Qualitative Information on the Consolidated Financial Position

Total assets at the end of the second quarter of the consolidated fiscal year ending March 2009 was ¥1,904.6 billion, up ¥48.3 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 consolidated fiscal 2009, and that the inventories rose due to the increase of copper inventory.

Liabilities amounted to ¥1,388.6 billion, up ¥52.6 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 second quarter of 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 second quarter of consolidated fiscal 2009 on an accumulated basis, net cash used in operating activities recorded the outflow of ¥6.4 billion due to the increase of inventories and reduction of account payable.

(Cash Flows from Investing Activities)

In the second quarter of consolidated fiscal 2009 on an accumulated basis, net cash used in investing activities was the outflow of ¥71.7 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 ¥78.1 billion that was financed by loans and issuance of commercial papers. Consequently, net cash provided by financing activities in the second quarter of consolidated fiscal 2009 on an accumulated basis was the inflow of ¥30.0 billion

As a result, the balance of cash and cash equivalents at the end of the second quarter of consolidated fiscal 2009 was ¥60.2 billion, down ¥49.0 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 current consolidated fiscal year, 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

The business environment surrounding the Group has been becoming harsher after September, 2008, as the drop of copper price, accelerating yen appreciation development, declining demand of the products for automobiles and semiconductors. We expect that deteriorating the business performance will be unavoidable under such situations.

Full year forecast announced on May 12, 2008, was revised as follows.

	(Billions of yen)		
	FY 2009 (Previously announced on May 12, 2008)	FY2009 (Currently revised on November 10, 2008)	Increase/decrease (%)
Net sales	¥1,527.0	¥1,520.0	-0.5%
Operating profit	84.0	65.0	-22.6%
Ordinary income	100.0	80.0	-20.0%
Net income	¥50.0	¥25.0	-50.5%

The Group has been making an effort to establish a stable earnings ground as an aggregation of entities under Medium-Term Management Plan and taking measures to construct further reinforced business structures, reviewing manufacturing, marketing and investment plan, in addition to overhaul cost reduction, to flexibly accommodate the rapid change of external environment.

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 current 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 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 in the second quarter of consolidated fiscal 2009 was down ¥353 million, and ordinary income and net income before income taxes and minority interests were up by ¥533 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 is stated in the relevant sections.
- (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 ¥2,660 million and ordinary income and net income before income taxes and minority interests were down ¥2,678 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 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 useful life 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 consolidated fiscal 2009.

As a result, compared with the traditional method, operating profit in the second quarter of consolidated fiscal 2009 was down ¥118 million and ordinary income and net income before income taxes and minority interests were down ¥188 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 second quarter of consolidated fiscal 2009 (As of September 30, 2008)	Summarized consolidated balance sheets in the previous consolidated fiscal year (As of March 31, 2008)
ASSETS		
Current Assets:		
Cash and time deposits	¥60,620	¥109,701
Notes and accounts receivable	233,439	245,609
Products and finished goods	79,385	73,974
Work in Process	119,610	102,504
Raw Materials and supplies	90,514	84,645
Other current assets	174,987	161,760
Allowance for doubtful accounts	(3,060)	(3,081)
Total Current Assets	755,496	775,115
Fixed Assets:		
Property, Plant and Equipment		
Machinery and equipment (net)	215,634	222,708
Land (net)	276,972	247,305
Others (net)	235,470	211,054
Property, Plant and Equipment (net)	728,078	681,068
Intangible Assets:		
Goodwill	56,774	8,448
Others	10,972	11,484
Total Intangible Assets	67,746	19,932
Investments and Long-Term Receivables:		
Investments in securities	311,524	317,345
Others	51,745	72,987
Valuation allowance for investments in unconsolidated subsidiaries and affiliates	(680)	(697)
Allowance for doubtful accounts	(9,305)	(9,475)
Total Investment and Long-Term Receivables	353,283	380,160
Total Fixed Assets	1,149,108	1,081,161
Total Assets	¥1,904,605	¥1,856,276

(Millions of yen)

	At the end of the second quarter of consolidated fiscal 2009 (As of September 30, 2008)	Summarized consolidated balance sheets in the previous consolidated fiscal year (As of March 31, 2008)
LIABILITIES		
Current Liabilities:		
Notes and accounts payable	¥144,242	¥176,009
Short-term bank loans	364,313	319,467
Current portion of bonds	—	15,000
Commercial paper	50,000	30,000
Income taxes payable	8,312	16,861
Reserves	11,104	13,307
Other current liabilities	301,386	279,622
Total Current Liabilities	879,359	850,269
Long-Term Liabilities:		
Bonds	95,000	95,000
Long-term loans	228,307	230,846
Employees' severance and pension benefits	49,231	48,361
Other reserves	18,983	21,158
Others	117,803	90,352
Total Long-Term Liabilities	509,325	485,718
Total Liabilities	1,388,684	1,335,987
NET ASSETS		
Shareholders' Equity:		
Common stock	119,457	119,457
Capital surplus	108,327	108,334
Retained earnings	172,295	173,669
Treasury stock, at cost	(5,386)	(309)
Total Shareholders' Equity	394,695	401,152
Valuation and Translation Adjustments:		
Net unrealized holding gains on securities	28,676	29,722
Unrealized gains on hedging derivatives, net of taxes	300	3,685
Revaluation reserve for land	30,545	30,312
Foreign currency translation adjustments	(10,661)	(1,617)
Total Valuation and Translation Adjustments	48,861	62,103
Minority Interests	72,363	57,033
Total Net Assets	515,920	520,289
Total Liabilities and Net Assets	¥1,904,605	¥1,856,276

(2) Consolidated Statements of Operations

[For the six months ended September 30, 2008]

(Millions of yen)

	Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)
Net Sales	¥784,402
Cost of Sales	682,217
Gross Profit	102,184
Selling, General and Administrative Expenses	65,835
Operating Profit	36,349
Non Operating Profit:	
Interest income	848
Dividend income	12,605
Equity in earnings of affiliates	8,273
Others	6,040
Total Non Operating Profit	27,767
Non Operating Expenses:	
Interest expenses	9,162
Others	6,730
Total Non Operating Expenses	15,892
Ordinary Income	48,224
Extraordinary Income:	
Gain on change in equity	1,290
Gain on sales of property, plant and equipment	801
Others	264
Total Extraordinary Income	2,357
Extraordinary Loss:	
Write-down of marketable securities and investments in securities	8,399
Others	1,207
Total Extraordinary Loss	9,607
Income before Income Taxes and Minority Interests	40,974
Income taxes	15,192
Minority interests in income of consolidated subsidiaries	5,530
Net Income	¥20,250

(3) Consolidated Statements of Cash Flows

(Millions of yen)

Six months ended September 30, 2008
(From April 1, 2008
to September 30, 2008)

Cash Flows from Operating Activities:	
Income before income taxes and minority interests	¥40,974
Depreciation	32,948
Decrease in allowance for doubtful accounts and reserves	(3,339)
Interest and dividend income	(13,454)
Interest expenses	9,162
Equity in earnings of affiliates	(8,273)
Gain on change in equity	(1,290)
Gain on sales of property, plant and equipment	(765)
Write-down of marketable securities and investments in securities	8,399
Decrease in notes and accounts receivable	20,140
Increase in inventories	(31,240)
Decrease in notes and accounts payable	(33,357)
Other, net	(8,456)
Subtotal	11,446
Interest and dividend received	15,569
Interest paid	(8,156)
Income taxes paid	(25,278)
Net Cash Used in Operating Activities	(6,419)
Cash Flows from Investing Activities:	
Payments for purchases of property, plant and equipment	(29,349)
Proceeds from sales of property, plant and equipment	3,496
Payments for purchases of investments in securities	(2,213)
Proceeds from sales of investments in securities	88
Payments for acquisition of consolidated subsidiaries' shares, net of cash owned by the subsidiaries	(43,914)
Other, net	165
Net Cash Used in Investing Activities	(71,726)
Cash Flows from Financing Activities:	
Increase in short-term bank loans, net	26,341
Proceeds from long-term debt	34,682
Repayments of long-term debt	(32,448)
Payments for redemption of bonds	(15,000)
Increase in commercial paper, net	20,000
Payments for purchases of treasury stock	(5,123)
Cash dividends paid	(5,112)
Cash dividends paid to minority shareholders	(6,027)
Proceeds from stock issuance to minority shareholders	13,867
Other, net	(1,116)
Net Cash Provided by Financing Activities	30,062
Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	(5,559)
Net Decrease in Cash and Cash Equivalents	(53,643)
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	¥60,298

In the current consolidated 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.” Quarterly Consolidated Financial Reporting are prepared in accordance with revised “Rules on Quarterly Consolidated Financial Reporting” based on “Cabinet Office Regulations No. 50,” issued on August 7, 2008, and its supplementary provision 7, section 1, Article 5.

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

(5) Segment Information

[Business segment information]

For the six months ended September 30, 2008 (from April 1, 2008 to September 30, 2008)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Net sales	¥94,696	¥350,552	¥88,314	¥39,320	¥88,814	¥201,986	¥863,685	¥(79,282)	¥784,402
Operating profit	¥4,269	¥12,848	¥9,481	¥6,438	¥1,985	¥3,976	¥38,999	¥(2,650)	¥36,349

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 Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating profit	¥(496)	¥(1,085)	¥(315)	¥(70)	¥(660)	¥(28)	¥(2,658)	¥(1)	¥(2,660)

3. Increase in assets in Cement business

Robertson’s (Robertson’s Ready Mix, Ltd.; RRM Properties; Robertson’s Transport, Ltd.) became the Company’s consolidated subsidiaries after Mitsubishi Cement Corp., the Company’s consolidated subsidiaries, completed the acquisition of additional equities of Robertson’s on its settlement date, March 31, 2008. Therefore, the Company started to include Robertson’s as its consolidated subsidiaries from the first quarter, ended June 30, 2008.

As a result, assets in Cement business increased ¥107,170 million compared with the previous year.

4. Application of Practical Solutions on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From the first quarter, ended June 30, 2008, Practical Solution of Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18, issued on May 17, 2006) is applied and the revision necessary for consolidated accounting settlement is made.

As a result, each business segment’s operating profit of the second quarter, ended September 30, 2008, in comparison with the traditional accounting method, are as follows.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating profit	¥(654)	¥331	¥(30)	—	—	—	¥(353)	—	¥(353)

[Geographical segment information]

For the six months ended September 30, 2008 (from April 1, 2008 to September 30, 2008)

(Millions of yen)

	Japan	United States	Europe	Asia	Others	Total	Elimination and Corporate Expenses	Consolidated
Net sales	¥668,153	¥52,994	¥13,175	¥136,332	¥1,437	¥872,092	¥(87,689)	¥784,402
Operating profit	¥26,565	¥6,380	¥1,456	¥4,405	¥308	¥39,116	¥(2,767)	¥36,349

Notes:

- Nations or regions have been classified in terms of their geographic proximity.
- Main countries or regions that belong to the geographic segments other than the United States.

- (1) Europe: Germany, Spain, United Kingdom, France, the Netherlands
- (2) Asia: Indonesia, Malaysia, Singapore, China, Hong Kong, Thailand
- (3) Other: Australia

- 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 for the second quarter of fiscal 2009 in “Japan” decreased ¥2,660 million.

- Application of Practical Solutions on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From the first quarter, ended June 30, 2008, Practical Solution of Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18, issued on May 17, 2006) is applied and the revision necessary for consolidated accounting settlement is made.

As a result, each business segment’s operating profit of the second quarter, ended September 30, 2008, in comparison with the traditional accounting method, are as follows.

(Millions of yen)

	Japan	United States	Europe	Asia	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating profit	—	¥(654)	¥(49)	¥350	—	¥(353)	—	¥(353)

[Overseas sales]

For the six months ended September 30, 2008 (from April 1, 2008 to September 30, 2008)

(Millions of yen)

	United States	Europe	Asia	Others	Total
Overseas sales	¥50,622	¥28,714	¥157,856	¥4,745	¥241,939
Consolidated net sales					¥784,402
Percentage of overseas sales to consolidated net sales	6.5%	3.7%	20.1%	0.6%	30.8%

Notes:

- Nations or regions have been classified in terms of their geographic proximity.
- Main countries or regions that belong to the geographic segments other than Japan and the United States.

- (1) Europe: Germany, Spain, United Kingdom, France
- (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
- (3) Other: Australia, Canada, Brazil

- 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 interim period ended September 30, 2007

(Millions of yen)

Item	Previous Corresponding Period (From April 1, 2007 to September 30, 2007)
	Amount
I Net Sales	¥792,410
II Cost of Sales	674,785
Gross Profit	117,625
III Selling, General and Administrative Expenses	66,326
Operating Profit	51,299
IV Non Operating Profit	[32,627]
Interest income	979
Dividend income	3,783
Rent earned in undertaking	2,842
Equity in earnings of affiliates	22,355
Others	2,666
V Non Operating Expenses	[14,219]
Interest expenses	7,628
Expense for rent in undertaking	2,068
Loss on disposal of property, plant and equipment	1,915
Others	2,606
Ordinary Income	69,707
VI Extraordinary Income	[2,548]
Gain on sales of marketable securities and investments in securities	1,420
Gain on sales of property, plant and equipment	575
Gain on reversal of allowance for doubtful accounts	394
Gain on change in equity	22
Others	134
VII Extraordinary Loss	[4,653]
Special depreciation of property, plant and equipment	1,372
Provision for loss on soil remediation	1,109
Provision of allowance for doubtful accounts	467
Loss on impairment of fixed assets	322
Write-down of marketable securities and investments in securities	306
Loss on sales of property, plant and equipment	206
Others	869
Income before income taxes and minority interests	67,602
Corporate income taxes and business tax	16,770
Income taxes for prior periods	(748)
Income taxes adjustments	6,099
Minority interests in income	5,847
Net Income	¥39,632

(2) Consolidated Statements of Cash Flows

For the interim period ended September 30, 2007

(Millions of yen)

	Previous Corresponding Period (From April 1, 2007 to September 30, 2007)
Category	Amount
I Cash Flows from Operating Activities	
1 Income before income taxes and minority interests	¥67,602
2 Depreciation	28,027
3 Decrease in allowance for doubtful accounts and reserves	(3,273)
4 Interest and dividend income	(4,763)
5 Interest expenses	7,628
6 Special depreciation of property, plant and equipment	1,372
7 Loss for sales or disposal of property, plant and equipment	1,484
8 Loss on impairment of fixed assets	322
9 Gain on sales or write-down of marketable securities and investments in securities	(1,098)
10 Gain on change in equity	(22)
11 Decrease in notes and accounts receivable	7,253
12 Increase in inventories	(73,538)
13 Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	31,432
14 Payment for purchases of gold bullion from market for customers under My Gold Plan	(18,804)
15 Increase in current assets	(6,556)
16 Increase in notes and accounts payable	11,903
17 Equity in earnings of affiliates	(22,355)
18 Other, net	(4,956)
Subtotal	21,657
19 Interest and dividend received	24,037
20 Interest paid	(7,462)
21 Income taxes paid	(17,033)
Net Cash Used in Operating Activities	(21,198)
II Cash Flows from Investing Activities	
1 Payments for purchases of marketable securities and investments in securities	(36,222)
2 Proceeds from sales of marketable securities and investments in securities	936
3 Payments for purchase of property, plant and equipment and intangible assets	(34,101)
4 Proceeds from sales of property, plant and equipment and intangible Assets	2,954
5 Payments for additional purchase of consolidated subsidiaries	(2,002)
6 Proceeds from sales of consolidated subsidiaries' shares, net of cash owned by the subsidiaries	432
7 Other, net	802
Net Cash Used in Investing Activities	(67,200)

(Millions of yen)

	Previous Corresponding Period (From April 1, 2007 to September 30, 2007)
Category	Amount
III Cash Flows from Financing Activities	
1 Decrease in short-term loans, net	(10,304)
2 Proceeds from long-term loans	35,978
3 Repayments of long-term loans	(35,145)
4 Increase in commercial paper, net	12,000
5 Proceeds from issuance of bonds	30,000
6 Cash dividend paid	(4,995)
7 Proceeds from sales and leaseback transaction	8,371
8 Other, net	(3,919)
Net Cash Provided by Financing Activities	31,984
IV Effect of Exchange Rate Fluctuation on Cash and Cash Equivalents	1,830
V Net Decrease in Cash and Cash Equivalents	(12,186)
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	¥54,870

(3) Segment Information

[Business segment information]

For the interim period ended September 30, 2007 (from April 1, 2007 to September 30, 2007)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Net sales									
(1) Unaffiliated customers	¥90,396	¥325,083	¥77,139	¥47,907	¥85,071	¥166,812	¥792,410		¥792,410
(2) Intersegment	946	58,358	9,909	1,657	681	34,318	105,871	(105,871)	—
Total	91,343	383,442	87,048	49,564	85,752	201,130	898,282	(105,871)	792,410
Operating expenses	85,030	359,696	77,356	42,567	81,777	198,651	845,078	(103,966)	741,111
Operating profit	¥6,313	¥23,746	¥9,692	¥6,997	¥3,975	¥2,479	¥53,204	¥(1,904)	¥51,299

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