Consolidated Financial Results for the Year Ended March 31, 2010
Mitsubishi Materials Corporation

Tokyo, Japan

May 12, 2010

Stock code:	5711
Shares listed:	Tokyo Stock Exchange and Osaka Securities Exchange
URL:	http://www.mmc.co.jp/
Representative:	Mr. Akihiko Ide, President
For further information please contact:	Mr. Nobuyuki Suzuki, Manager, Corporate Communications & IR Dept. Tel: +81-3-5252-5206
Scheduled date of Ordinary General Meeting of Shareholders	June 29, 2010
Scheduled date of filing of financial statements:	June 29, 2010
Scheduled date of start of dividend payment:	—

1. Results of the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Results of operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales	Operating Income	Ordinary Income	Net Income
Year ended Mar. 31, 2010	¥1,119,448 -21.4(%)	¥12,680 -63.9(%)	¥(9,541) —	¥(66,555) —
Year ended Mar. 31, 2009	¥1,424,114 -14.2(%)	¥35,134 -64.9(%)	¥40,046 -70.6(%)	¥6,106 -91.8(%)

	Net Income per Share	Diluted Net Income per Share	Net income/Shareholders' equity	Ordinary income/Total assets	Operating profit/Net sales
Year ended Mar. 31, 2010	¥(52.34) (yen)	—	-18.9(%)	-0.5(%)	1.1(%)
Year ended Mar. 31, 2009	¥4.81(yen)	—	1.5(%)	2.2	2.5(%)

(Reference) Equity losses and earnings of affiliates

Year ended Mar. 31, 2010: (28,472) million yen

Year ended Mar. 31, 2009: (2,730) million yen

(2) Financial Position:

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of Mar. 31, 2010	¥1,826,420	¥399,095	18.7(%)	¥259.93 (yen)
As of Mar. 31, 2009	¥1,732,003	¥421,934	21.0(%)	¥287.44 (yen)

(Reference) Shareholders' equity As of March 31, 2010: 341,067 million yen

As of March 31, 2009: 364,578 million yen

(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, 2010	¥45,400	¥(88,398)	¥25,060	¥76,309
Year ended Mar. 31, 2009	¥115,272	¥(110,461)	¥(7,153)	¥97,780

2. Dividend payments

	Dividends per Share					Total dividends (Annual)	Dividend ratio (Consolidated)	Dividends/ Net assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	(Millions of yen)	%	%
Fiscal year ended March 2009	—	4.00	—	0.00	4.00	5,073	83.2	1.2
Fiscal year ended March 2010	—	0.00	—	0.00	0.00	0	0.0	0.0
Fiscal year ending March 2011 (Forecast)	—	0.00	—	—	—		—	

(Note) Currently the amount of dividends for the year ending March 31, 2011 is to be determined.

3. Forecast (From April 1, 2010 to March 31, 2011)

(Millions of yen)

(Percentage changes relative to the previous corresponding period for full year)

	Net sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Six months ending Sep. 30, 2010	¥620,000 26.5(%)	¥12,000 —	¥8,000 —	¥1,000 —	¥0.76(yen)
Year ending Mar. 31, 2011	¥1,280,000 14.3(%)	¥33,000 160.2(%)	¥30,000 —	¥5,000 —	¥3.81(yen)

(Note) Revisions to forecast in the current period: No

4. Other

(1) Significant changes of subsidiaries during the period (including changes in scope of consolidation): Yes
New: 1 (Mitsubishi Cable Industries Co., Ltd.)

(2) Changes in accounting policies, procedures, and disclosures for consolidated financial statements, which should be stated in Changes of Significant Items for Basis of 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 March 31, 2010: 1,314,895,351 shares (including treasury stock)
Year ended March 31, 2009: 1,278,955,330 shares (including treasury stock)
(ii) Number of treasury shares at end of year
Year ended March 31, 2010: 2,759,589 shares
Year ended March 31, 2009: 10,584,877shares

(Reference) Summary of nonconsolidated financial results

(1) Nonconsolidated Results of Operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales	Operating Income	Ordinary Income	Net Income
Year ended Mar. 31, 2010	¥657,982 -7.7(%)	¥(9,942) —	¥(1,344) —	¥(45,883) —
Year ended Mar. 31, 2009	¥712,758 -22.7(%)	¥6,042 -82.4(%)	¥35,657 -33.5(%)	¥15,033 -43.9(%)

	Net Income per Share	Diluted Net Income per Share
Year ended Mar. 31, 2010	¥(36.08) (yen)	—
Year ended Mar. 31, 2009	¥11.84 (yen)	—

(2) Nonconsolidated Financial Position:

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
As of Mar. 31, 2010	¥1,179,558	¥275,894	23.4(%)	¥210.26 (yen)
As of March 31, 2009	¥1,135,928	¥288,047	25.4(%)	¥227.10 (yen)

(Reference) Shareholders' equity As of March 31, 2010: 275,894 million yen
As of March 31, 2009: 288,047 million yen

* Explanations about the appropriate use of the performance forecasts and other points
(Summaries of the relevant use of forecast)
1. The above earnings forecast is based on the information that was available as of the release date of this document. The actual business performance may differ from the forecast due to various factors. To use assumptions for forecast and to refer to specific revisions on consolidated financial forecasts, please see "1. Business Results (1) Analysis of Business Results.
2. Currently the amount of dividends for the year ending March 31, 2011 is to be determined because the future financial results and positions need to be carefully and further taken into consideration, The amount of dividends will be promptly disclosed when it is determined.

1. Business Results

(1) Analysis of Business Results

1)Results for the Year Ended March 31, 2010

In the first half of the fiscal year under review, the world economy trended towards recovery, benefiting partly from economic stimulus measures adopted by the Chinese government. In the United States, however, the economy remained in recession amid weakness in such areas as corporate capital spending and housing starts. In the second half of the year, consumption turned around and economic recovery became clear, thanks to economic stimulus measures taken by various national governments aimed at addressing global recession, as well as the impetus provided by new emerging markets.

Affected by the aforementioned factors, the Japanese economy in the first half showed signs of a turnaround owing to the completion of inventory adjustments and government economic stimulus measures. This was despite various challenges, including an unemployment rate at historical-high levels. In the second half, the domestic economy remained on a recovery trend amid ongoing improvements in corporate earnings driven by exports. However, the pace of recovery was slow due to lagging recovery in capital spending and personal consumption.

In the first half of the period, the business environment surrounding the Mitsubishi Materials Group was extremely serious due to various factors, such as declining demand for cement and other products and the appreciation of the yen. However, the second half of the year saw an improved situation, thanks to a recovery in orders, especially from the automobile and semiconductor-related sectors, as well as increase in copper prices beyond our initial assumptions.

Back in December 2008, we formulated our “Comprehensive Management Measures,” the aim of which is to swiftly transform the Mitsubishi Materials Group into an organization capable of generating stable earnings even during periods of severely depressed demand, like the current worldwide recession. Another objective is to build a business structure that will permit substantial progress when the economy recovers in the future. Since drafting the Comprehensive Management Measures, we have worked relentlessly to restrain capital spending, tailor production to demand, reassign personnel, and cut costs across the board, while stepping up concentration of managerial resources.

In August 2009, we devised additional measures that more deeply entrench the Comprehensive Management Measures. Under the new measures, we renewed our emphasis on implementing a low-cost structure by reducing labor costs and centralizing our purchasing processes.

However, we were unable to overcome the impact of external factors, which worsened beyond our expectations. For the year, consolidated net sales amounted to ¥1,119,448 million, down 21.4% from the previous year, and operating income totaled ¥12,680 million, down 63.9%. The Group posted an ordinary loss of ¥9,541 million (ordinary income of ¥40,046 million in the previous fiscal year). We also undertook a serious assessment of the recoverability of deferred tax assets in light of the current uncertain business climate, and subsequently reversed ¥26.5 billion of deferred tax assets held by the parent company. Accordingly, the Group posted a net loss of ¥66,555 million (net income of ¥6,106 million in the previous fiscal year).

2) Review by Segment

(Cement)

(Billions of yen)

	FY 2009	FY 2010	Increase/decrease (%)	
Net Sales	¥200.9	¥164.4	¥(36.5)	-18.2%
Operating income	¥11.5	¥8.9	¥(2.6)	-22.7%

Despite the benefits of cost-cutting measures, the Cement business posted year-on-year declines in both sales and operating income. This was due to a fall in sales.

During the year, domestic demand continued spiraling downward due to weakness in residential construction spending and private-sector capital spending, as well as a government policy of planned restraint in public sector spending over the medium term. Overseas, we enjoyed healthy demand in China thanks to economic stimulus measures adopted there. In the United States, however, demand fell significantly, especially in the housing sector, due to deepening economic recession sparked by the vicious cycle of the financial crisis and deterioration of the real economy. Total cement production for the year was 11.5 million tons (down 1.5 million tons from the previous year).

(Metals)

(Billions of yen)

	FY 2009	FY 2010	Increase/decrease (%)	
Net Sales	¥600.7	¥506.0	¥(94.7)	-15.8%
Operating income (loss)	¥10.0	¥5.8	¥(4.1)	-41.5%

The Metals business posted year-on-year declines in sales and operating income.

Despite increased production at PT Smelting in Indonesia and the benefits of cost-cutting efforts, the copper business reported year-on-year declines in revenue and earnings for several reasons. These included falling earnings from copper byproducts and the appreciation of the yen. Total production of electrolytic copper for the period was 596 thousand tons (up 39 thousand tons from the previous year).

In gold, revenue and earnings increased, buoyed by a rise in gold content in raw material mineral ore.

Despite moderate recovery in demand, sales and earnings from processed copper products declined due to a major drop in sales to the automobile and electronic materials and components markets.

(Advanced Materials & Tools)

(Billions of yen)

	FY 2009	FY 2010	Increase/decrease (%)	
Net Sales	¥146.0	¥101.0	¥(44.9)	-30.8%
Operating income (loss)	¥4.2	¥(5.2)	¥(9.4)	－%

The Advanced Materials & Tools business reported year-on-year declines in sales and operating income.

Despite the positive benefits of cost-cutting measures, as well as a recovery in orders in the second half of the year owing to healthy demand from emerging markets, especially China, the cemented carbide products business posted declines in revenue and earnings. This was due to a substantial drop in sales in the first half amid production and inventory adjustments in the automobile and other markets.

In high-performance alloy products, revenue declined due to a fall in sales in the wake of inventory adjustments in the gas turbine market. However, earnings increased thanks to a recovery in demand in automobile-related markets, as well as the absence of a large-scale inventory devaluation loss reported in the previous year and the benefits of cost-cutting measures.

(Electronic Materials & Components)

(Billions of yen)

	FY 2009	FY 2010	Increase/decrease (%)	
Net Sales	¥69.7	¥62.7	¥(6.9)	-9.9%
Operating income	¥8.5	¥2.6	¥(5.9)	-69.4%

The Electronic Materials & Components business posted decreases in sales and operating income compared with the previous fiscal year.

In advanced materials, the Group recorded increases in revenue and earnings owing to recovery in semiconductor-related markets in Taiwan, as well as healthy sales of precision mounting materials.

In electronic devices, we posted a decline in revenue due to weak sales of products for use in mobile phones. However, earnings increased thanks to a recovery in sales for home appliances and automobile-related products, as well as the benefits of cost-cutting measures.

In polycrystalline silicon and related products, revenue and earnings decreased due to falling demand as companies in the semiconductor market undertook inventory adjustments in the first half of the year, while sales of products for solar batteries also declined. This was despite a recovery trend in sales of products for semiconductor devices, centering on 300mm silicon wafers.

(Aluminum)

(Billions of yen)

	FY 2009	FY 2010	Increase/decrease (%)	
Net Sales	¥153.0	¥128.4	¥(24.5)	-16.0%
Operating income (loss)	¥(3.2)	¥3.0	¥6.3	－%

The Group's Aluminum business reported a decline in sales but an increase in operating income.

In aluminum cans, we posted a decline in revenue but an increase in earnings. This was attributable to cost-cutting benefits, which helped compensate for a decline in sales stemming from unstable weather conditions in the summer.

In rolled aluminum and processed aluminum products, revenue was down due to a significant decline in first-half sales, especially for products used in automobiles. However, earnings increased thanks to signs of recovery in the second half, together with the benefits of cost-cutting measures.

(Others)

(Billions of yen)

	FY 2009	FY 2010	Increase/decrease (%)	
Net Sales	¥402.4	¥314.6	¥(87.8)	-21.8%
Operating income	¥10.2	¥4.8	¥(5.3)	-52.4%

In energy-related products, consolidated subsidiary Mitsubishi Materials Energy Corp. sold off its oil and gas sales business, while consolidated subsidiary Mitsubishi Nuclear Fuel Co., Ltd. became an equity-method affiliate in connection with the reorganization of the Group's nuclear fuel operations. These factors, together with falling prices and sales of coal, caused year-on-year revenue and earnings to decline.

In precious metals, we reported a decline in revenue due to falling sales of ingots and jewelry. Thanks to cost-cutting measures, however, earnings in this category increased.

Combined orders for nuclear energy and engineering services, together with environment- and recycling-related services, amounted to ¥47.8 billion over the period, down ¥28.1 billion from the previous year. The order backlog at the end of the period was ¥15.6 billion, down ¥17.8 billion.

3) Outlook for the Year Ending March 31, 2011

Looking ahead, the world economy faces a number of challenges, such as waning impact of economic stimulus measures taken by various national governments, as well as concerns of economic downturn in Europe due to financial and fiscal instability. Nevertheless, we expect recovery in the world economy to take further hold, driven by growing internal demand in emerging nations, such as China and India.

In Japan, as well, there are several factors that could cause economic downturn, such as a worsening employment situation, depressed demand due to stronger deflationary grip, and trends in foreign exchange markets. As corporate earnings continue to improve, however, there are signs of a turnaround in personal consumption. Accordingly, we believe that concerns about a "double-dip recession" will dissipate and the economy will show moderate recovery.

With respect to future conditions surrounding the Mitsubishi Materials Group, there are feelings of uncertainty about factors that could impact earnings, such as changes in prices of nonferrous metals, rising prices of fuel and other raw materials, and prolonged appreciation of the yen. Nevertheless, demand in the automobile and semiconductor-related markets is in a recovery mode, and we anticipate expansion in demand from emerging nations enjoying continued growth.

On April 28, 2010, the Company was instructed by the Mie Prefectural Government to suspend utilization of part of its Yokkaichi Plant, which manufactures polycrystalline silicon and other products, on the allegation that the Company produced high-pressure gas without obtaining necessary approval under the High Pressure Gas Safety Act. Accordingly, the Company temporarily suspended operation of the plant. At the present time, the timing of recommencement of operations and the effect of the suspension on profits and losses is unclear. Assuming that operations are suspended until September 30, 2010, however, we expect the suspension to have the following negative impact on our results for the year ending March 31, 2011: net sales down by around ¥6 billion, ordinary income down by around ¥1 billion, and net income down by around ¥4 billion.

Our consolidated performance forecasts for the year ending March 31, 2011 are as follows: net sales of ¥1,280 billion, ordinary income of ¥30 billion, and net income of ¥5 billion.

(2) Analysis of Financial Position

At March 31, 2010, total assets amounted to ¥1,826.4 billion, up ¥94.4 billion from a year earlier. This was mainly due to the inclusion of two companies—Mitsubishi Cable Industries Co., Ltd., and Diamet Co., Ltd.— in the scope of consolidation in the year under review.

Total liabilities rose ¥117.2 billion, to ¥1,427.3 billion. This stemmed mainly from an increase in interest-bearing debt, as well as the inclusion of Mitsubishi Cable Industries and Daimet in the scope of consolidation.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥45.4 billion, down ¥69.8 billion from the previous fiscal year. Main factors included an increase in inventories and an increase in notes and accounts receivable.

(Cash Flows from Investing Activities)
Net cash used in investing activities totaled ¥88.3 billion, down ¥22.0 billion from the previous fiscal year. This was due mainly to outlays related to capital investments.

(Cash Flows from Financing Activities)
Together, operating activities and investing activities produced a net outflow of ¥42.9 billion, which was mainly financed through bank borrowings and the issuance of bonds. Accordingly, net cash provided by financing activities was ¥25.0 billion, compared with ¥7.1 billion in net cash used in financing activities in the previous fiscal year.

As a result of the above, as well as exchange rate changes and other factors, the balance of cash and cash equivalents at March 31, 2010, stood at ¥76.3 billion, down ¥21.4 billion from March 31, 2009.

	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Equity ratio (%)	18.9	23.2	25.0	21.0	18.7
Equity ration on a market-value basis (%)	44.7	39.3	29.8	19.6	19.3
Debt redemption	12.7	6.0	4.6	6.7	18.6
Interest coverage ratio	5.1	9.4	10.6	7.9	3.4

Equity ratio: Shareholders' equity/Total asset
Equity ratio on a market-value basis: Total value of shares at market price/Total assets
Debt redemption: Interest-bearing debt/Cash flow
Interest coverage ratio: Operating cash flow/Interest payments

(Note 1) All indicators are calculated on a consolidated basis.
(Note 2) Market capitalization is based on the year-end share price multiplied by the number of shares issued and outstanding at year-end (after deducting treasury stock).
(Note 3) Operating cash flow is based on the net cash provided by operating activities in the Consolidated Statements of Cash Flows.
(Note 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 Profit Distribution Policies and Dividend Payments

At its 81st General Meeting of Shareholders held on June 29, 2006, the Company changed its Articles of Incorporation to distribute the surplus following the resolution at the Board of Directors Meeting. We regard the distribution of profits to all shareholders as one of our most important priorities. Accordingly, our policy is to make decisions on profit appropriation based on comprehensive consideration of various factors related to overall management, such as income over the relevant period, retained earnings, and financial position. After serious consideration based on this policy, the Board of Directors, at its meeting on May 12, 2010, passed a resolution to forgo the year-end dividend for the period under review. This decision was based on the posting of a net loss, which stemmed from reversal of deferred tax assets and other factors, as well as the need to improve our financial position. As a result, there were no dividends declared for the year under review. (The Company paid dividends of ¥4.00 per share in the previous fiscal year.)

Dividend payments for the year ending March 31, 2011 are yet to be determined.

3. Management Policies

(1) Basic Group Management Policies

The Mitsubishi Materials Group's basic management policy is to contribute to people, society, and the Earth. As an integrated corporation with comprehensive strengths, we provide total solutions in the fields of materials, parts and components, systems, and services for society oriented toward recycling and advanced information. In this role, we aim to revolve and become a top-class corporate group that is essential to the world.

(2) Performance Indicators; Medium- and Long-Term Management Strategies; Issues to Address

The Group will step up business structural reforms and efforts to transform itself into a low-cost operation. These initiatives reflect our "Comprehensive Management Measures" and additional measures that we have followed continuously for some time. Placing particular emphasis on transformation into a low-cost structure, we will embrace medium- and long-term perspectives in our quest to generate income in any business environment. To this end, we will strive to tailor production to demand, restrain personnel and other fixed costs, while cutting various costs, such as raw materials and outsourced processing costs, and optimizing sales prices. To prevent loss of opportunities stemming from accidents and disasters, we also work to secure a safe working environment.

To achieve sustained future growth and expand earnings, meanwhile, we will endeavor to restore the Group to a growth trajectory swiftly after the current global recession ends. At the same time, we will expedite business advancement in China, India, and other emerging nations where future growth is expected. In China, we established a new company in March 2010, the aim of which is to unify administration and procurement activities currently handled by various Group companies in that nation. In the process, we hope to cut costs and market and sell our own products in China, with the aim of strengthening the Group's overall business.

The period under review was the final year of our medium-term management plan, covering the period from April 2007 to March 2010. We hope to start formulating our new plan from July 2010, while carefully scrutinizing changes in the external environment. In the meantime, we will continue implementing the basic strategies of the previous plan, as outlined below, while more meticulously selecting items to implement in consideration of the situation that we confront. While reviewing the priority order of such items, we will work to reinforce our integrated management system.

1. Expand and reinforce four core businesses underlying integrated management

Adopting a global perspective, our objective is to further strengthen profitability by broadening the scope of the four core businesses that form the bedrock of integrated management—Cement, Metals, Advanced Materials & Tools, and Electronic Materials & Components. To this end, we will strive to establish a vertical value chain, from raw materials to downstream products, while focusing on the growth drivers inherent in each business. In the process, we aim to nurture and enhance high-value-added businesses and products regarded as predominant or No. 1 in their fields and thus further solidify our business foundation.

2. Pursue growth strategies to achieve progress and change

The Group has identified three key growth fields—automotive, information and electronics, and recycling—and is concentrating its business resources accordingly. Within these fields, we will also hone and target sub-categories worthy of closer attention. By closely monitoring various regions and markets, we will seek to further concentrate our management resources and generate profits at an early stage.

3. Enrich intellectual capital to support growth

We will strive to foster human resources with a spirit of craftsmanship and hand down to them our technologies and techniques while raising their on-the-job capabilities. To this end, we will effectively deploy our education and training system—spearheaded by a Group facility completed in April 2010 and another facility that focuses on manufacturing and human resource development—in order to nurture people who will support the growth of the Group.

4. Reinforce financial position

We will strive to swiftly realize the benefits of investments already made. At the same time, we will adopt more meticulous investment criteria, suppress total investment amounts, and reassess our business portfolio. In these ways, we will work to implement various measures, including asset contraction, and thus improve and reinforce our financial position at an early stage.

5. Promote corporate social responsibility (CSR) activities

The Mitsubishi Materials Group will step up efforts to entrench and reinforce compliance with laws and other regulations. At the same time, we will seek to realize our corporate philosophy of "contributing to people, society, and the Earth" through our business activities. In these ways, we will embrace CSR activities aimed at becoming a group that is trusted by society and improving corporate value.

As described in “ 3) Outlook for Year Ending March 31, 2011” on page 5 of this report, we have decided to temporarily suspend operations of the Yokkaichi Plant. We sincerely regret any inconvenience and anxiety caused by our decision to those involved. We take this action very seriously and will step up the aforementioned CSR initiatives in order to prevent a reoccurrence of the problem and ensure optimal business operations.

Challenges by Segment in Four Core Businesses

Cement

In our domestic cement business, we expect public-sector demand to decline significantly due to cuts in public investment-related budgets. Due also lagging recovery in private-sector demand, we forecast a year-on-year decrease in domestic sales in this segment. To address the situation, from April 2010 we will drastically reorganize our sales and logistics systems by closing down sales offices of affiliated companies and reducing the size of our cement tanker fleet. At the same time, we will enhance our facilities to enable sustained plant operation even in times of reduced production, and we will establish an optimal production system, including by concentrating production at the Kyushu Plant. Meanwhile, we will continue efforts to optimize cement sales prices and expand our recycling business in order to improve earnings.

In our U.S. cement business, we look forward to an increase in demand from the latter half of 2010. Due to depressed demand in the first half, however, we will work to improve earnings by cutting costs.

In our Chinese cement business, we forecast an increase in demand, centering on the public sector, with particularly strong demand expected for high-quality cement. Accordingly, we will strive to broaden and reinforce our sales base by widely disseminating the quality advantages of our products, while also targeting improvements in sales prices.

Metals

Rising demand from China, India, and elsewhere has led to a shortfall in copper ore production capacity on the mining side. This has caused ongoing tightening of the supply-demand situation, which we expect to continue for some time. Copper prices have recovered to around the same levels seen before the sudden declines associated with the global recession. However, the outlook remains unclear with prices fluctuating sharply, so we will focus on foreign exchange and stock price trends.

For processed copper products, we expect construction-related demand to remain sluggish, although the automobile and electronic materials sectors is in a recovery mode.

Under such circumstances, we will continue striving to lower the break-even level of our metals business through ongoing reductions in energy costs and fixed costs, in order to create a robust foundation that is impervious to change market trends. In the copper smelting business, we will prioritize smooth operation of our domestic and overseas smelting facilities and build a framework enabling processing of waste materials that other companies find difficult to handle. Through these actions, we will work to expand our recycling business and boost revenue from waste processing and other services, and thus improve earnings. In copper processing, we will raise our sales competitiveness and increase earnings by expediting development of alloys using our technological and product development capabilities.

Advanced Materials & Tools

In cemented carbide products, we anticipate moderate increases in demand from Japan, the United States, and Europe, as well as renewed growth in demand from such emerging nations as China and India. Under these circumstances, we will shift production of some items to overseas manufacturing facilities, with the aim of cutting costs and optimizing our production system. On the sales side, we will mobilize our newly established processing technology center in Japan to upgrade our technical services for customers. At the same time, we will reinforce our sales activities in China, spearheaded by our new company there. In addition, will proactively target the energy, infrastructure, and medical treatment-related markets as potential business pillars following the automobile-related market.

In advanced materials, we will strengthen our competitiveness by spinning off our Okegawa manufacturing facility to permit more flexible business operations.

In addition, we will strive to establish a stable earnings foundation by reducing fixed costs and strengthening our sales system.

Electronic Materials & Components

In electronic materials, we look forward to full-scale growth of semiconductor-related markets, where inventory adjustment programs have been completed, with demand to firm as a result. Our strategy in this business is to further improve profitability by increasing the ratio of sales occupied by new products.

In electronic devices, although underlying demand is in recovery mode, we do not expect demand to reach previous peak levels. In response, we will launch new products and reduce costs through an ongoing shift to low-priced materials, in order to reinforce our earnings foundation.

In polycrystalline silicone and related products, under the guidance of the Mie Prefectural Government and other relevant authorities, we will implement necessary measures, including improvement of facilities, so that we can restart operations as the earliest possible time.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheets

March 31, 2010 and 2009

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current Assets:		
Cash and deposits	¥98,497	¥76,989
Notes and accounts receivable-trade	168,857	214,118
Merchandise and finished goods	66,157	61,599
Work in process	72,349	101,687
Raw materials and supplies	64,026	75,768
Deferred income taxes	19,046	10,995
Other	165,999	171,711
Allowance for doubtful accounts	(2,978)	(3,313)
Total Current Assets	**651,956**	**709,556**
Noncurrent Assets:		
Property, Plant and Equipment:		
Building and structures, net	165,484	167,415
Machinery and equipment, net	223,255	208,026
Land, net	272,294	285,565
Construction in progress	37,773	53,382
Other, net	11,249	11,925
Total Property, Plant and Equipment	**710,058**	**726,315**
Intangible Assets:		
Goodwill	49,495	52,749
Other	10,101	9,360
Total Intangible Assets	**59,597**	**62,110**
Investments and Other Assets:		
Investment securities	253,127	280,916
Long-term loans receivable	6,001	7,673
Deferred income taxes	33,671	17,277
Other	27,141	31,483
Allowance for investment loss	(640)	(2,820)
Allowance for doubtful accounts	(8,910)	(6,092)
Total Investments and Other Assets	**310,391**	**328,437**
Total Noncurrent Assets	**1,080,046**	**1,116,863**
Total Assets	**¥1,732,003**	**¥1,826,420**

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	¥103,784	¥128,986
Short-term loans payable	283,932	294,866
Current portion of bonds payable	—	20,000
Commercial papers	26,000	9,000
Income taxes payable	4,708	4,188
Deferred income taxes	24	18
Accrued bonuses	9,980	9,292
Gold payable	147,980	168,908
Allowance for loss on disposal of inventories	826	2,084
Other	158,312	127,548
Total Current Liabilities	**735,549**	**764,894**
Noncurrent Liabilities:		
Bonds payable	95,000	100,000
Long-term loans payable	301,080	372,183
Provision for retirement benefits	50,376	61,455
Reserve for directors' retirement benefits	1,558	1,402
Reserve for loss on subsidiaries and affiliates	2,372	2,652
Reserve for environmental measures	12,564	8,170
Deferred income taxes	11,361	36,336
Deferred income taxes on revaluation reserve for land	40,373	39,839
Other	59,829	40,389
Total Noncurrent Liabilities	**574,518**	**662,430**
Total Liabilities	**1,310,068**	**1,427,325**
NET ASSETS		
Shareholders' Equity:		
Capital stock	119,457	119,457
Capital surplus	108,287	113,408
Retained earnings	158,542	92,802
Treasury stock	(5,371)	(1,384)
Total Shareholders' Equity	**380,915**	**324,283**
Valuation and Translation Adjustments:		
Valuation difference on available for sale securities	2,120	23,313
Deferred gains or losses on hedges	(9,256)	339
Revaluation reserve for land	30,459	31,433
Foreign currency translation adjustment	(39,660)	(38,301)
Total Valuation and Translation Adjustments	**(16,337)**	**16,784**
Minority interests	**57,356**	**58,027**
Total Net Assets	**421,934**	**399,095**
Total Liabilities and Net Assets	**¥1,732,003**	**¥1,826,420**

(2) Consolidated Statements of Operations

For the year ended March 31, 2010 and 2009

(Millions of yen)

	Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Net Sales	**¥1,424,114**	**¥1,119,448**
Cost of sales	**1,251,102**	**982,082**
Gross Profit	**173,011**	**137,366**
Selling, General and Administrative Expenses	**137,876**	**124,686**
Operating Income	**35,134**	**12,680**
Non-Operating Income:		
Interest income	1,309	703
Dividends income	28,591	22,375
Rent income on noncurrent assets	5,591	5,529
Other	6,311	3,967
Total Non-Operating Income	**41,803**	**32,576**
Non-Operating Expenses:		
Interest expenses	17,058	13,312
Expenses for rent in undertaking	4,226	4,194
Loss on disposal of property, plant and equipment	3,599	2,825
Equity in losses of affiliates	2,730	28,472
Other	9,275	5,994
Total Non-Operating Expenses	**36,891**	**54,798**
Ordinary Income (Loss)	**40,046**	**(9,541)**
Extraordinary Income:		
Gain on change in equity	1,290	2,459
Gain on sales of noncurrent assets	1,915	1,612
Gain on sales of marketable securities and investments in securities	516	457
Reversal of allowance for doubtful accounts	459	316
Other	149	858
Total Extraordinary Income	**4,332**	**5,703**
Extraordinary Losses:		
Loss on liquidation of business	—	7,097
Loss on impairment	2,054	6,600
Head office moving expenses	—	2,610
Provision for reserve for environmental measures	6	654
Loss on valuation of investment securities	11,705	403
Loss on sales of property, plant and equipment	198	130
Loss on sales of investments in securities	26	—
Other	2,241	2,971
Total Extraordinary Loss	**16,232**	**20,467**
Income (Loss) before Income Taxes	**28,146**	**(24,305)**
Corporate income taxes and business tax	**13,883**	**8,670**
Income taxes for prior periods	663	—
Income taxes adjustments	(513)	27,775
Total Income taxes	**14,033**	**36,446**
Minority interests	**8,006**	**5,803**
Net Income (Loss)	**¥6,106**	**¥(66,555)**

(3) Statement of Changes in Consolidated Shareholders' Equity

For the year ended March 31, 2010 and 2009

(Millions of yen)

	Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Shareholders' Equity		
Capital stock		
Balance as of March 31, 2009	¥119,457	¥119,457
Balance as of March 31, 2010	119,457	119,457
Capital surplus		
Balance as of March 31, 2009	108,334	108,287
Change during the year		
Increase by share exchanges	—	7,489
Disposal of treasury stock	(46)	(2,369)
Total change during the year	(46)	5,120
Balance as of March 31, 2010	108,287	113,408
Retained earnings		
Balance as of March 31, 2009	173,669	158,542
Change during the year		
Cash dividends from retained earnings	(10,186)	—
Net income (loss)	6,106	(66,555)
Decrease from write-downs of land revaluation excess	(153)	(973)
Decrease from the application of ASBJ PITF No. 18	(16,264)	—
Increase from rise in number of equity method affiliate	4,999	1,594
Increase from rise in number of non-consolidated subsidiaries	332	280
Increase from exclusion of subsidiaries from consolidation	113	—
Decrease from the application of ASBJ PITF No. 18 to equity method affiliate	(74)	—
Decrease from decrease in number of consolidated subsidiaries	—	(87)
Total change during the year	(15,127)	(65,740)
Balance as of March 31, 2010	158,542	92,802
Treasury stock		
Balance as of March 31, 2009	(309)	(5,371)
Change during the year		
Increase by share exchanges	—	(3)
Acquisition of treasury stock	(5,177)	(51)
Disposition of treasury stock	115	4,042
Total change during the year	(5,062)	3,987
Balance as of March 31, 2010	(5,371)	(1,384)
Total Shareholders' Equity		
Balance as of March 31, 2009	401,152	380,915
Change during the year		
Increase by share exchanges	—	7,486
Cash dividends from retained earnings	(10,186)	—
Net income (loss)	6,106	(66,555)
Decrease from write-downs of land revaluation excess	(153)	(973)
Decrease from the application of ASBJ PITF No. 18	(16,264)	—
Increase from rise in number of equity method affiliate	4,999	1,594

(Millions of yen)

	Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Increase from rise in number of non-consolidated subsidiaries	332	280
Increase from exclusion of subsidiaries from consolidation	113	—
Decrease from the application of ASBJ PITF No. 18 to equity method affiliate	(74)	—
Acquisition of treasury stock	(5,177)	(51)
Disposition of treasury stock	68	1,673
Decrease from decrease in number of consolidated subsidiaries	—	(87)
Total change during the year	(20,236)	(56,632)
Balance as of March 31, 2010	380,915	324,283
Valuation and Translation Adjustments		
Valuation difference on available for sale securities		
Balance as of March 31, 2009	29,722	2,120
Change during the year		
Net change in items other than shareholders' equity	(27,602)	21,193
Total change during the year	(27,602)	21,193
Balance as of March 31, 2010	2,120	23,313
Deferred gains or losses on hedge		
Balance as of March 31, 2009	3,685	(9,256)
Change during the year		
Net change in items other than shareholders' equity	(12,942)	9,596
Total change during the year	(12,942)	9,596
Balance as of March 31, 2010	(9,256)	339
Revaluation reserve for land		
Balance as of March 31, 2009	30,312	30,459
Change during the year		
Net change in items other than shareholders' equity	147	973
Total change during the year	147	973
Balance as of March 31, 2010	30,459	31,433
Foreign currency translation adjustments		
Balance as of March 31, 2009	(1,617)	(39,660)
Change during the year		
Net change in items other than shareholders' equity	(38,042)	1,358
Total change during the year	(38,042)	1,358
Balance as of March 31, 2010	(39,660)	(38,301)
Total Valuation and Translation Adjustments		
Balance as of March 31, 2009	62,103	(16,337)
Change during the year		
Net change in items other than shareholders' equity	(78,440)	33,121
Total change during the year	(78,440)	33,121
Balance as of March 31, 2010	(16,337)	16,784

	Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Minority Interests		
Balance as of march 31, 2009	57,033	57,356
Change during the year		
Net change in items other than shareholders' equity	322	670
Total change during the year	322	670
Balance as of March 31, 2010	57,356	58,027
Total Net Assets		
Balance as of Mach 31, 2009	520,289	421,934
Change during the year		
Increase by share exchanges	—	7,486
Cash dividend from retained earrings	(10,186)	—
Net income (loss)	6,106	(66,555)
Decrease from write-downs of land revaluation excess	(153)	(973)
Decrease from the application of ASBJ PITF No. 18	(16,264)	—
Increase from rise in number of equity method affiliate	4,999	1,594
Increase from rise in number of non-consolidated subsidiaries	332	280
Increase from exclusion of subsidiaries from consolidation	113	—
Decrease from the application of ASBJ PITF No. 18 to equity method affiliate	(74)	—
Acquisition of treasury stock	(5,177)	(51)
Disposition of treasury stock	68	1,673
Decrease from decrease in number of consolidated subsidiaries	—	(87)
Net change in items other than shareholders' equity	(78,117)	33,792
Total change during the year	(98,354)	(22,839)
Balance as of March 31, 2010	¥421,934	¥399,095

(4) Consolidated Statements of Cash Flows

For the year ended March 31, 2010 and 2009

(Millions of yen)

	Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Cash Flows from Operating Activities:		
Income (loss) before income taxes	¥28,146	¥(24,305)
Depreciation and amortization	69,261	66,796
Amortization of goodwill	3,133	3,407
Increase in allowance for doubtful accounts and reserves	1,100	464
Increase (decrease) in severance and pension benefit of employees and employers	1,980	1,093
Increase (decrease) in reserve for loss on investments of affiliates	(57)	259
Increase (decrease) in reserve for loss on business of affiliate	(16)	398
Increase (decrease) for environmental measures	(4,307)	(4,394)
Interest and dividends income	(29,900)	(23,079)
Interest expenses	17,058	13,312
Loss (gain) on sales of property, plant and equipment	(1,727)	(1,679)
Loss on disposal of property, plant and equipment	3,599	2,825
Loss on impairment	2,054	6,600
Loss (gain) on sales of marketable securities and investments in securities	(487)	(464)
Loss (gain) on valuation of investment securities	11,707	403
Loss (gain) on change in equity	(1,290)	(2,459)
Decrease (increase) in notes and accounts receivables-trade	78,390	(24,284)
Decrease (increase) in inventories	48,557	(31,199)
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	54,991	53,956
Payment for purchases of gold bullion from market for customer under My Gold Plan	(56,561)	(47,408)
Decrease (increase) in current assets	(11,962)	16,926
Increase (decrease) in notes and accounts payable-trade	(68,614)	11,839
Increase (decrease) in accrued expenses	1,307	(9,470)
Increase (decrease) in other current liabilities	(13,030)	(6,641)
Increase (decrease) in other noncurrent liabilities	(2,027)	3,809
Equity losses (earnings) of affiliates	2,730	28,472
Other, net	(1,504)	3,562
Subtotal	**132,532**	**38,740**
Interest and dividends income received	34,956	24,805
Interest expenses paid	(14,609)	(13,463)
Income taxes refund (paid)	(37,607)	(4,681)
Net Cash Provided by (Used in) Operating Activities	**115,272**	**45,400**

(Millions of yen)

	Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Cash Flows from Investing Activities:		
Purchase of investment securities	(1,962)	(8,374)
Proceeds from sales of investment securities	1,433	3,711
Payments for lending	(3,390)	(5,166)
Proceeds from repayment of lending	2,798	5,219
Purchase of property, plant and equipment	(65,010)	(68,645)
Proceeds from sales of property, plant and equipment	5,292	4,529
Purchase of intangible assets	(1,087)	(539)
Payments for purchase of consolidated subsidiaries' shares	(4,423)	(1,584)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(43,613)	(24,958)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	7,544
Other, net	(497)	(132)
Net Cash Provided by (Used in) Investing Activities	**(110,461)**	**(88,398)**
Cash Flows from Financing Activities:		
Net increase (decreases) in short-term loans payable	(28,409)	(16,063)
Proceeds from long-term loans payable	142,700	146,538
Repayment of long-term loans payable	(87,768)	(103,530)
Increase (decrease) in commercial papers	(4,000)	(17,000)
Payments for redemption of bonds payable	(15,000)	—
Proceeds from issuance of bonds	—	25,000
Cash dividends paid	(10,186)	—
Purchase of treasury stock	(5,177)	(51)
Cash dividends paid to minority shareholders	(11,143)	(6,736)
Proceeds from stock issuance to minority shareholders	13,867	—
Other, net	(2,035)	(3,096)
Net Cash Provided by (Used in) Financing Activities	**(7,153)**	**25,060**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**(14,231)**	**(168)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(16,573)**	**(18,106)**
Cash and Cash Equivalents at Beginning of Period	**109,360**	**97,780**
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	**4,582**	**(3,654)**
Increase in Cash and Cash Equivalents Resulting from Merger	**411**	**288**
Cash and Cash Equivalents at End of Period	**¥97,780**	**¥76,309**

Segment Information

[Business segment information]

For the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009) (Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
I. Sales									
(1) Unaffiliated customers	¥198,701	¥530,420	¥128,153	¥65,968	¥151,742	¥349,127	¥1,424,114		¥1,424,114
(2) Intersegment	2,243	70,320	17,877	3,734	1,290	53,371	148,838	¥(148,838)	—
Total	200,945	600,740	146,031	69,703	153,032	402,499	1,572,952	(148,838)	1,424,114
Operating expenses	189,401	590,717	141,785	61,177	156,286	392,293	1,531,661	(142,681)	1,388,979
Operating income (loss)	11,543	10,023	4,246	8,525	(3,253)	10,205	41,291	(6,156)	35,134
II. Other information:									
Identifiable assets	338,906	367,561	152,164	194,472	153,831	312,395	1,519,333	212,669	1,732,003
Depreciation	15,825	19,665	10,269	6,659	9,596	4,174	66,190	3,071	69,261
Capital expenditures	¥12,750	¥16,906	¥10,031	¥17,544	¥8,617	¥4,953	¥70,803	¥3,448	¥74,252

Note:

1. Business segment has been classified in term 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: 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 business, real estate business and engineering related services, etc

2. Unallocated operating expenses included in Eliminations and Corporate, such as basic research and fundamental development costs and management-related costs of the parent company, amounted to ¥6,410 million.

3. Corporate assets included in Eliminations and Corporate totaled ¥238,358 million. This consisted mainly of assets related to basic research and fundamental development, surplus operating funds in the parent company (cash and marketable securities), and managerial division.

4. Change in estimated useful lives of property, plant and equipment
   Pursuant to a revision of the Corporation Tax Law in the year ended March 2009, the Company and its major domestic consolidated subsidiaries have changed the useful lives of tangible fixed assets, centering on machinery and equipment, to reflect the revision.
   Compared with the previous method, this change led to the following increases/decreases in operating expenses, operating income, assets, and depreciation in the respective business segments.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating expenses	¥1,101	¥2,466	¥663	¥158	¥1,288	¥58	¥5,736	¥3	¥5,739
Operating income	(1,101)	(2,466)	(663)	(158)	(1,288)	(58)	(5,736)	(3)	(5,739)
Assets	(1,121)	(2,487)	(663)	(158)	(1,288)	(58)	(5,778)	(4)	(5,783)
Depreciation	¥1,121	¥2,487	¥663	¥158	¥1,288	¥58	¥5,778	¥4	¥5,783

5. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Effective the consolidated fiscal year under review, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18; May 17, 2006), and made necessary adjustments to its consolidated accounting process.

Compared with the previous method, this change led to the following increases/decreases in operating expenses, operating income, assets, and depreciation in the respective business segments.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating expenses	¥2,013	¥(1,009)	¥34	—	—	—	¥1,038	—	¥1,038
Operating income	(2,013)	1,009	(34)	—	—	—	(1,038)	—	(1,038)
Assets	¥(4,342)	(4,043)	(280)	—	—	—	(8,666)	—	(8,666)
Depreciation	—	¥977	¥53	—	—	—	¥1,030	—	¥1,030

For the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010) (Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
I. Sales									
(1) Unaffiliated customers	¥163,084	¥421,938	¥84,351	¥57,826	¥127,037	¥265,209	¥1,119,448		¥1,119,448
(2) Intersegment	1,348	84,097	16,718	4,959	1,438	49,483	158,045	¥(158,045)	—
Total	164,432	506,035	101,070	62,786	128,475	314,692	1,277,493	(158,045)	1,119,448
Operating expenses	155,504	500,174	106,281	60,177	125,427	309,833	1,257,399	(150,631)	1,106,768
Operating income (loss)	8,928	5,860	(5,211)	2,608	3,048	4,859	20,094	(7,413)	12,680
II. Other information:									
Identifiable assets	338,365	516,672	153,099	182,530	150,292	329,302	1,670,262	156,157	1,826,420
Depreciation	15,213	19,958	9,156	6,680	9,271	3,097	63,377	3,418	66,796
Capital expenditures	¥9,038	¥15,738	¥4,322	¥22,622	¥7,371	¥2,031	¥61,124	¥5,554	¥66,679

Note:

1. Business segment has been classified in term 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:	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 business, real estate business and engineering related services, etc

2. Unallocated operating expenses included in Eliminations and Corporate, such as basic research and fundamental development costs and management-related costs of the parent company, amounted to ¥7,999 million.

3. Corporate assets included in Eliminations and Corporate totaled ¥194,644 million. This consisted mainly of assets related to basic research and fundamental development, surplus operating funds in the parent company (cash and marketable securities), and management-related assets.

4. Change in valuation of other marketable securities where market prices apply

"Other marketable securities" includes equities and investment trusts where market prices apply. Previously, valuation of such items was based on the market value method using closing prices at the end of the relevant consolidated fiscal year. Effective the fiscal year under review, however, the Company has applied market value method using average market prices over the final month of the relevant fiscal year.

The purpose of this change is to eliminate the impact of short-term market fluctuations on net assets and thus reflect the Company's financial position more appropriately.

Compared with the previous method, this change led to the following increases/decreases in assets in the respective business segments.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Assets	¥(39)	¥(84)	¥(7)	¥(0)	¥(33)	¥(1,789)	¥(1,954)	¥(2,225)	¥(4,180)

With respect to quarterly term-end impairment accounting for such equities and investment trusts that have suffered major declines in market prices, previously the Company applied the quarterly cost-or-market method. Effective the first quarter of the year under review, however, the Company has applied the quarterly reversal method. The purpose of this change is to eliminate the impact of quarterly market fluctuations and thus reflect the Company's business performance and financial position more appropriately.
Compared with the previous method, this change led to a ¥3 million increase in assets in the Metals business segment.

5. Impairment loss

In the fiscal year under review, the Company posted an extraordinary loss in the form of a ¥6,600 million impairment loss. This led to the following decreases in assets in the respective business segments.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Assets	¥(1,078)	¥(206)	¥(774)	¥(509)	¥(442)	¥(894)	¥(3,905)	¥(2,694)	¥(6,600)

[Geographical segment information]

For the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009) (Millions of yen)

	Japan	Unites States	Europe	Asia	Others	Total	Elimination and Corporate Expenses	Consolidated
I. Sales								
(1) Unaffiliated customers	¥1,167,986	¥97,369	¥22,234	¥132,507	¥4,015	¥1,424,114		¥1,424,114
(2) Intersegment	26,715	8,248	268	121,596	—	156,829	¥(156,829)	—
Total	1,194,702	105,618	22,502	254,104	4,015	1,580,943	(156,829)	1,424,114
Operating expenses	1,178,513	93,262	20,230	245,443	2,300	1,539,751	(150,771)	1,388,979
Operating income	16,188	12,355	2,272	8,661	1,714	41,192	(6,058)	35,134
II. Assets	¥1,310,092	¥182,221	¥20,308	¥96,730	¥3,742	¥1,613,096	¥118,906	¥1,732,003

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 and Netherlands
   (2) Asia: Indonesia, Malaysia, Singapore, China, Hong Kong and Thailand
   (3) Others: Australia

3. Unallocated operating expenses included in Eliminations and Corporate, such as basic research and fundamental development costs and management-related costs of the parent company, amounted to ¥6,410 million.

4. Corporate assets included in Eliminations and Corporate totaled ¥238,358 million. This consisted mainly of assets related to basic research and fundamental development, surplus operating funds in the parent company (cash and marketable securities), and management-related assets.

5. Change in estimated useful lives of property, plant and equipment
   Pursuant to a revision of the Corporation Tax Law in the year ended March 2009, the Company and its major domestic consolidated subsidiaries have changed the useful lives of tangible fixed assets, centering on machinery and equipment, to reflect the revision.
   Compared with the previous method, this change led to ¥5,736 million increases in operating expenses, ¥5,736 decrease in operating income, ¥5,778 decrease in assets in Japan, and ¥3 million increases in operating expense, ¥3 million decrease in operating income, ¥4 million decrease in assets in the Elimination and corporate Expenses.

6. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"
   Effective the consolidated fiscal year under review, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18; May 17, 2006), and made necessary adjustments to its consolidated accounting process.
   Compared with the previous method, this change led to the following increases/decreases in operating expenses, operating income, assets, and depreciation in the respective business segments.

(Millions of yen)

	Japan	Unites States	Europe	Asia	Others	Total	Elimination and Corporate Expenses	Consolidated
Operating expenses	—	¥2,013	¥83	¥(1,058)	—	¥1,038	—	¥1,038
Operating income	—	(2,013)	(83)	1,058	—	(1,038)	—	(1,038)
Assets	—	¥(4,342)	¥(8,938)	¥4,614	—	¥(8,666)	—	¥(8,666)

For the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010) (Millions of yen)

	Japan	Unites States	Europe	Asia	Others	Total	Elimination and Corporate Expenses	Consolidated
I. Sales								
(1) Unaffiliated customers	¥969,830	¥69,464	¥11,638	¥65,888	¥2,626	¥1,119,448		¥1,119,448
(2) Intersegment	17,245	4,324	26	189,315	—	210,911	¥(210,911)	—
Total	987,076	73,789	11,664	255,203	2,626	1,330,360	(210,911)	1,119,448
Operating expenses	979,819	68,893	11,602	248,977	1,942	1,311,236	(204,467)	1,106,768
Operating income	7,256	4,895	61	6,226	683	19,124	(6,444)	12,680
II. Assets	¥1,418,739	¥145,307	¥17,012	¥132,753	¥5,825	¥1,719,638	¥106,781	¥1,826,420

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 and Netherlands
   (2) Asia: Indonesia, Malaysia, Singapore, China, Hong Kong and Thailand
   (3) Others: Australia

3. Unallocated operating expenses included in Eliminations and Corporate, such as basic research and fundamental development costs and management-related costs of the parent company, amounted to ¥7,999 million.

4. Corporate assets included in Eliminations and Corporate totaled ¥194,644 million. This consisted mainly of assets related to basic research and fundamental development, surplus operating funds in the parent company (cash and marketable securities), and management-related assets.

5. Change in valuation of other marketable securities where market prices apply

"Other marketable securities" includes equities and investment trusts where market prices apply. Previously, valuation of such items was based on the market value method using closing prices at the end of the relevant consolidated fiscal year. Effective the fiscal year under review, however, the Company has applied market value method using average market prices over the final month of the relevant fiscal year.

The purpose of this change is to eliminate the impact of short-term market fluctuations on net assets and thus reflect the Company's financial position more appropriately.

Compared with the previous method, this change led to a ¥1,954 million decrease in assets in Japan and a ¥ 2,225 million decrease in assets in the Elimination and Corporate Expenses.

With respect to quarterly term-end impairment accounting for such equities and investment trusts that have suffered major declines in market prices, previously the Company applied the quarterly cost-or-market method. Effective the first quarter of the year under review, however, the Company has applied the quarterly reversal method. The purpose of this change is to eliminate the impact of quarterly market fluctuations and thus reflect the Company's business performance and financial position more appropriately.

Compared with the previous method, this change led to a ¥3 million increase in assets in Japan.

[Overseas Sales]

For the year ended March 31, 2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	United States	Europe	Asia	Others	Total
Overseas sales	¥99,597	¥44,960	¥269,104	¥7,688	¥421,351
Consolidated net sales					¥1,424,114
Percentage of overseas sales to consolidated net sales	7.0	3.2	18.9	0.5	29.6

Note:

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 the United States.
   (1) Europe: Germany, United Kingdom, Spain and France
   (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
   (3) Others Australia, Canada and Brazil
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.

For the year ended March 31, 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	United States	Europe	Asia	Others	Total
Overseas sales	¥68,768	¥54,012	¥263,141	¥7,867	¥393,790
Consolidated net sales					¥1,119,448
Percentage of overseas sales to consolidated net sales	6.1	4.8	23.5	0.7	35.2

Note:

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 the United States.
   (1) Europe: Germany, United Kingdom, Spain and France
   (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong and Thailand
   (3) Others Australia, Canada and Brazil
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.