Consolidated Financial Results for the Year Ended March 31, 2011
Mitsubishi Materials Corporation

Tokyo, Japan

May 12, 2011

Stock code:	5711
Shares listed:	Tokyo Stock Exchange and Osaka Securities Exchange
URL:	http://www.mmc.co.jp/
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Scheduled date of Ordinary General Meeting of Shareholders:	June 29, 2011
Scheduled date of filing of financial statements:	June 29, 2011
Scheduled date of start of dividend payment:	June 2, 2011
Supplementary materials for the financial results:	Yes
Investor conference for the financial results:	Yes (For Corporate Investors)

1. Results of the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

(1) Results of Operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net Sales		Operating Profit		Ordinary Income		Net Income	
Year ended March 31, 2011	¥1,333,992	19.2(%)	¥57,290	351.8(%)	¥56,425	—	¥14,274	—
Year ended March 31, 2010	¥1,119,448	-21.4(%)	¥12,680	-63.9(%)	¥(9,541)	—	¥(66,555)	—

(Note) Comprehensive income Year ended March 31, 2011: 4,342 million yen (- %)
Year ended March 31, 2010: (26,776) million yen (- %)

	Net Income per Share	Diluted Net Income per Share	Net Income/ Shareholders' Equity	Ordinary Income/ Total Assets	Operating Profit/Net Sales
Year ended March 31, 2011	¥10.88	—	4.2(%)	3.1(%)	4.3(%)
Year ended March 31, 2010	¥(52.34)	—	-18.9(%)	-0.5(%)	1.1(%)

(Reference) Equity losses and earnings of affiliates
Year ended March 31, 2011: (16,378) million yen
Year ended March 31, 2010: (28,472) million yen

(2) Financial Position:

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of March 31, 2011	¥1,837,405	¥402,868	18.7(%)	¥262.38
As of March 31, 2010	¥1,826,420	¥399,095	18.7(%)	¥259.93

(Reference) Shareholders' equity As of March 31, 2011: 344,233 million yen
As of March 31, 2010: 341,067 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, 2011	¥115,111	¥(60,273)	¥(12,171)	¥112,226
Year ended Mar. 31, 2010	¥45,400	¥(88,398)	¥25,060	¥76,309

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 2010	—	0.00	—	0.00	0.00	0	—	0.0
Fiscal year ended March 2011	—	0.00	—	2.00	2.00	2,623	18.4	0.8
Fiscal year ending March 2012 (Forecast)	—	0.00	—	3.00	3.00		17.9	

3. Forecast (From April 1, 2011 to March 31, 2012)

(Millions of yen)

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

	Net Sales		Operating Profit		Ordinary Income		Net Income		Net Income per Share
Six months ending September 30, 2011	¥675,000	0.2(%)	¥16,000	-44.3(%)	¥20,000	-39.6(%)	¥5,000	-68.7(%)	¥3.81(yen)
Year ending March 31, 2012	¥1,380,000	3.4(%)	¥45,000	-21.5(%)	¥60,000	6.3(%)	¥22,000	54.1(%)	¥16.77(yen)

4. Other

(1) Significant changes of subsidiaries during the period (including changes in scope of consolidation): None

(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, 2011: 1,314,895,351 shares (including treasury stock)

Year ended March 31, 2010: 1,314,895,351 shares (including treasury stock)

(ii) Number of treasury shares at end of year

Year ended March 31, 2011: 2,933,251 shares

Year ended March 31, 2010: 2,759,589 shares

(iii) Average number of issued shares during the period

Year ended March 31, 2011: 1,312,058,947 shares

Year ended March 31, 2010: 1,271,657,174 shares

(Reference) Summary of nonconsolidated financial results

(1) Nonconsolidated Results of Operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net Sales		Operating Profit		Ordinary Income		Net Income	
Year ended March 31, 2011	¥723,413	9.9(%)	¥14,782	−	¥33,991	−	¥19,794	−
Year ended March 31, 2010	¥657,982	-7.7(%)	¥(9,942)	−	¥(1,344)	−	¥(45,883)	−

	Net Income per Share	Diluted Net Income per Share
Year ended March 31, 2011	¥15.09 (yen)	−
Year ended March 31, 2010	¥(36.08) (yen)	−

(2) Nonconsolidated Financial Position:

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
As of March 31, 2011	¥1,229,417	¥300,936	24.5(%)	¥229.37 (yen)
As of March 31, 2010	¥1,179,558	¥275,894	23.4(%)	¥210.26 (yen)

(Reference) Shareholders' equity As of March 31, 2011: 300,936 million yen

As of March 31, 2010: 275,894 million yen

*Implementation status of review processes

At the time of this document's release, review of the financial statements under the Financial Products and Exchange Law had not been completed.

* Explanations about the appropriate use of the performance forecasts and other points

(Summaries of the relevant use of forecast)

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 page 2, "1. Business Results (1) Analysis of Business Results.

(How to obtain supplementary material and information on a financial results briefing)

The Company held a financial results briefing for institutional investors on Friday, May 13, 2011. The presentation material at the briefing is posted on the website of the Company after the briefing.

1. Business Results

(1) Analysis of Business Results

1) Results for the Year Ended March 31, 2011

During the fiscal year under review, the world economy showed clear signs of recovery, driven by growth in demand in emerging economies, such as China and India, as well as economic stimulus measures taken by various governments. In the United States and Europe, however, unemployment rates continued at high levels, and in oil-producing countries in the Middle East and North Africa, political instability put downward pressure on the economic situation.

In Japan, signs of recovery appeared, thanks to improved corporate earnings owing to moderate increases in exports and production accompanying a recovery in capital expenditures, although the unemployment rate remained at a high level. It was against this backdrop that the Great East Japan Earthquake occurred in March 2011. The disaster has seriously affected both corporate activities and personal consumption due to the catastrophic damage that occurred over a wide area along the Pacific coast of northeastern Japan, as well as electricity shortages caused by the accident at a nuclear power plant.

In the year under review, the business environment in which the Group operates improved steadily on the back of a recovery in demand in the automobile and semiconductor sectors, coupled with high prices for copper and other major metals. However, the disaster has fuelled uncertainties due to its impact on production activities.

In this environment, the Group stepped up efforts to reform its business structure and transform itself into a low-cost operation. We based these efforts on the Comprehensive Management Measures formulated in December 2008, and the supplementary measures drawn up in August 2009 to reinforce and entrench the Comprehensive Management Measures.

The Great East Japan Earthquake affected the Group's operations in the Tohoku and Kanto regions. Not only did the disaster cause direct damage, but facilities were immediately affected by power and industrial water shortages along with difficulties in procuring raw materials and fuel. As a result, there was no choice but to suspend some production activities at affected sites. The Group posted an extraordinary loss of ¥5,846 million as a result of the disaster.

As a result, consolidated net sales for the fiscal year amounted to ¥1,333,992 million, up 19.2% from the previous fiscal year. Operating profit surged 351.8%, to ¥57,290 million, and ordinary income totaled ¥56,425 million, compared with an ordinary loss of ¥9,541 million in the previous fiscal year. Net income amounted to ¥14,274 million, due mainly to a loss on valuation of investments securities and an extraordinary loss stemming from the aforementioned earthquake. In the previous fiscal year, the Group reported a net loss of ¥66,555 million.

Since the earthquake, the Mitsubishi Materials Group has directed its entire efforts toward the swift restoration of its production system, with the aim of fulfilling its mission as a corporate group engaged in the manufacturing business. At the same time, we have sought to ensure the safety and life of the Group employees living in the affected regions. Committed to meeting our corporate social responsibilities, we have been providing material support and financial donations, which though modest we hope will help people in disaster-stricken areas.

We hereby express our heartfelt thanks to all who have offered their condolences and warm encouragement.

2) Review by Segment

(Cement)

(Billions of yen)

	FY 2010 (reference)	FY 2011	Increase/decrease (%)	
Net sales	¥166.1	¥153.2	¥(12.8)	-7.7
Operating profit	¥10.6	¥7.4	¥(3.1)	-30.0
Ordinary income	¥9.8	¥5.2	¥(4.5)	-46.4

Note: Contaminated soil created within the Group's operations is treated by the Cement Business Division. In this regard, effective from the fiscal year under review, the method of calculating net sales of that division has been changed. As a result, net sales of the Cement Business Division increased, but there was no effect on consolidated results. Figures in the above table in the previous fiscal year (announced on May 12, 2010) have been restated to reflect the new calculation method.

In the year under review, the Cement business continued to face declining demand in Japan due to falling public sector demand stemming from cuts in government spending. This was despite an upturn in housing construction investments and other aspects of private-sector demand. Overseas, meanwhile, conditions were mixed. Although demand in the United States declined due to unstable weather conditions during winter in southern California, demand in China rose on the back of brisk investments in construction of condominiums and other residential properties and infrastructure, including high-speed rail lines. Total cement production for the fiscal year was 11.6 million tons, mostly unchanged from the previous fiscal year.

Due to the decrease in sales, the Cement business posted year-on-year declines in net sales and operating profit. It also reported a decrease in ordinary income, due to the fall in operating profit, as well as a decline in equity in earnings of affiliates.

(Metals)

(Billions of yen)

	FY 2010 (reference)	FY 2011	Increase/decrease	(%)
Net sales	¥506.0	¥707.9	¥201.8	39.9
Operating profit	¥5.8	¥25.9	¥20.0	342.9
Ordinary income	¥10.7	¥43.2	¥32.4	302.2

The copper business reported year-on-year growth in revenue and earnings owing to rising copper prices and the smooth operation of smelters in Japan. This was despite the impact of furnace repairing at a smelter operated by PT Smelting in Indonesia and declining copper content in concentrates. Total production of electrolytic copper for the fiscal year was 585 thousand tons, down 10 thousand tons from the previous fiscal year.

In the gold business, revenue and earnings increased year-on-year thanks to prices remaining at high levels, although the content of gold in copper concentrates declined.

The processed copper products business generated higher revenue and earnings due to increases in sales for automobile products and electronic materials stemming from a recovery in demand. Another factor was the upgrading of Mitsubishi Cable Industries, Ltd. from an equity-method affiliate to a consolidated subsidiary on March 12, 2010.

Accordingly, the entire Metals business segment posted a year-on-year increase in net sales and operating profit. In the period under review, ordinary income also rose, reflecting the increase in operating profit together with an increase in dividend income.

(Advanced Materials & Tools)

(Billions of yen)

	FY 2010 (reference)	FY 2011	Increase/decrease	(%)
Net sales	¥101.0	¥143.0	¥42.0	41.6
Operating profit (loss)	¥(5.2)	¥16.0	¥21.2	–
Ordinary income (loss)	¥(7.2)	¥15.1	¥22.4	–

The cemented carbide products business reported year-on-year increases in revenue and earnings, owing to recovery in demand in automobile-related markets and flourishing demand in emerging nations, centering on China, as well as a recovery in demand in Japan, the United States, and Europe. Improved capacity utilization of manufacturing facilities and cost-cutting efforts provided a further boost to profits in this business.

In the high-performance alloy products business, both revenue and earnings increased year-on-year. In addition to cost-cutting efforts, this business benefited from a recovery in demand in automobile-related markets and healthy demand in aircraft-related markets. On December 1, 2009, three companies involved in the manufacture and sale of powder metallurgical products —DIAMET Corporation, DIAMET Klang (Malaysia) Sdn., Bhd., and PM Techno Corporation—were upgraded from equity-method affiliates to consolidated subsidiaries. This also helped boost revenue and earnings.

As a result, the entire Advanced Materials & Tools business segment posted a year-on-year increase in net sales and a return to operating profitability. It also posted positive ordinary income, reflecting the positive operating profit figure together with improved income from equity in earnings of affiliates.

(Electronic Materials & Components)

(Billions of yen)

	FY 2010(reference)	FY 2011	Increase/decrease (%)	
Net sales	¥62.7	¥64.7	¥1.9	3.1
Operating profit	¥2.6	¥4.7	¥2.1	83.9
Ordinary income (loss)	¥(25.3)	¥(11.5)	¥13.7	−

In the advanced materials business, both revenue and earnings owing to solid demand in semiconductor-related markets, as well as higher sales in Taiwan and elsewhere.

In the electronic devices business, growth in revenue and earnings were posted thanks to healthy demand, especially in emerging nations, together with a general recovery in worldwide demand.

In the polycrystalline silicon and related products business, revenue declined due to a fall in sales stemming from suspension of operations at the Yokkaichi Plant in Mie Prefecture. Higher sales of related products, however, led to an increase in revenue and earnings.

As a result, the entire Electronic Materials & Components business segment posted a year-on-year increase in net sales and operating profit. This segment reported a decline in ordinary loss, owing to the increase in operating profit and a decrease in loss on equity in earnings of affiliates.

(Aluminum)

(Billions of yen)

	FY 2010(reference)	FY 2011	Increase/decrease (%)	
Net sales	¥128.4	¥136.0	¥7.5	5.9
Operating profit	¥3.0	¥4.9	¥1.9	62.4
Ordinary income	¥1.9	¥3.8	¥1.8	98.9

The aluminum cans business posted a year-on-year decline in revenue due to the transfer of the steel beverage can ends business of consolidated subsidiary Universal Can Corporation during the previous fiscal year. It also posted a decrease in earnings due to high prices of aluminum material.

In the rolled aluminum and processed aluminum products business, revenue and earnings increased thanks to higher sales of products for the automobile and electric materials sectors and increased sales of solar battery back-sheets.

As a result, the entire Aluminum business segment posted a year-on-year increase in net sales and operating profit. Ordinary income also increased, thanks to the rise in operating profit.

(Others)

(Billions of yen)

	FY 2010(reference)	FY 2011	Increase/decrease (%)	
Net sales	¥314.6	¥338.0	¥23.3	7.4
Operating profit	¥4.8	¥5.6	¥0.7	15.9
Ordinary income	¥11.8	¥7.9	¥(3.9)	-32.9

In the energy-related products business, revenue declined due to the transfer of the oil and gas sales business of consolidated subsidiary Materials Energy Co., Ltd. in the previous fiscal year. However, earnings improved thanks to an increase in orders related to development in the field of nuclear energy.

In the precious metals business, both revenue and earnings increased. Here, our performance benefited from higher sales of gold bullion and silver bullion and cost-cutting efforts, which contrasted with a decrease in sales of jewelry-related items.

Orders for nuclear energy and engineering services amounted to ¥53.3 billion over the period, up ¥5.4 billion from the previous fiscal year. The order backlog at the end of the period was ¥15.6 billion, mostly unchanged from the previous fiscal year.

3) Outlook for the Year Ending March 31, 2012

With respect to the outlook for the global economy, there are concerns about soaring raw materials and crude oil prices, the high level of unemployment in the United States and both public and financial instability in Europe. Nevertheless, the global economy is expected to continue improving, driven by demand growth in emerging markets, such as China and India.

The Japanese economy, meanwhile, is expected to slow down temporarily due to the likelihood that it will take some time before the power shortage situation is solved and supply chains re-established, as well as a mood of voluntary restraint resulting from the Great East Japan Earthquake. Nonetheless, the longer-term outlook for Japan's economy is positive, thanks to an increase in exports sustained by a recovering global economy and demand generated by reconstruction efforts in the wake of the disaster.

The Group faces a business environment that will continue to belie optimism. Causes for concern that may affect the Group's performance include: production adjustments in automobile-related industries stemming from difficulties in procuring parts; the impact that electricity consumption restraints scheduled for the coming summer will have on production activities; soaring raw materials and crude oil prices; and fluctuations in major metals prices and exchange rates.

Under these circumstances, the Group's consolidated performance forecasts for the year ending March 31, 2012, are as follows: net sales of ¥1,380 billion, operating profit of ¥45.0 billion, ordinary income of ¥60.0 billion, and net income of ¥22.0 billion.

(2) Analysis of Financial Position

As of March 31, 2011, the Group's consolidated total assets stood at ¥1,837.4 billion, up ¥10.9 billion from a year earlier. This increase stemmed mainly from a rise on cash and deposits.

Total liabilities grew ¥7.2 billion, to ¥1,434.5 billion, due primarily to an increase in gold bullion deposits payable stemming from rising metals prices.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥115.1 billion, up ¥69.7 billion from the previous fiscal year. This was due to a significant improvement in the Group's business performance, which contrasted with factors pushing down cash flows, such as an increase in inventories.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥60.2 billion, down ¥28.1 billion from the previous fiscal year. Major factors included outlays related to capital investments.

(Cash Flows from Financing Activities)

Together, operating activities and investing activities produced a net inflow of ¥54.8 billion. During the period, the Group used these funds to redeem bonds payable and repay loans. Accordingly, net cash used in financing activities was ¥12.1 billion, compared with ¥25.0 billion in net cash provided by financing activities in the previous fiscal year.

As a result of the above, together with the net effect of changes in translation adjustments, cash and cash equivalents at March 31, 2011, stood at ¥112.2 billion, up ¥35.9 billion from March 31, 2010.

Below is a summary of major cash flow indicators.

	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
Equity ratio (%)	23.2	25.0	21.0	18.7	18.7
Equity ratio on a market-value basis (%)	39.3	29.8	19.6	19.3	20.1
Debt redemption	6.0	4.6	6.7	18.6	7.1
Interest coverage ratio	9.4	10.6	7.9	3.4	7.8

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 the 81st General Meeting of Shareholders held on June 29, 2006, the Company amended its Articles of Incorporation to stipulate that payment of dividends shall be decided by resolution of the Board of Directors. As the Company regards distribution of surplus to shareholders as one of its central management objectives, the Company has a policy to decide distribution of profits based on comprehensive consideration of various factors related to overall management, such as income over the relevant period, internal reserves and financial position. In accordance with this policy, the Company decided by resolution at a meeting of the Board of Directors held on May 12, 2011 to pay a year-end dividend of ¥2.00 per share. Because the Company did not pay an interim dividend, this brings total annual dividends to ¥2.00 per share. (The Company did not pay dividends for the previous fiscal year.)

In the year ending March 2012, the Company plans to pay annual dividends of ¥3.00 per share (consisting of a ¥0.00 interim dividend and a ¥3.00 year-end dividend).

2. 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

In light of this situation, the Group will continue establishing systems that will enable it to maintain production at pre-disaster levels. To this end, as well as completing repair work as soon as possible, we will devise various measures, including an operation plan based on the assumption of continuous power shortages. Furthermore, as a member of society, the Group will fulfill its corporate responsibilities by providing ongoing assistance for restoration efforts in regions where its facilities sustained damage.

Preparations for the next medium-term management plan, scheduled to commence in April 2011, were at an advanced stage when the Great East Japan Earthquake occurred. Due to the disaster, however, it has become necessary to scrutinize the preconditions and earnings forecasts contained in the plan. Consequently, we postponed the release of the plan originally scheduled for March. We will announce the plan as soon as possible once we have determined the impact of measures taken in response to the disaster and restraints on power consumption.

Despite the impact of the disaster, recognizing that the basic concepts of the next plan are management priorities, we will continue to implement the measures outlined below until the launch of the next medium-term management plan. These pertain to a “joint focus on growth strategies and improvement of financial position” (the basic concept of the next medium-term plan), “advancement into overseas markets, especially emerging nations” and “creation of distinctive synergies as an integrated business entity” (both stated as growth strategies in the plan).

1) Reinforcement of Financial Position

We will endeavor to implement measures to improve and reinforce our financial position as soon as possible. To this end, we will continue adopting strict investment criteria while reduce investment amounts and decreasing assets via reassessment of our business portfolio.

2) Advancement into Overseas Markets, Especially Emerging Nations

On April 1, 2011, the Group established an Overseas Business Strategy Department within the Corporate Strategy Division and a Corporate Marketing Department in the Corporate Marketing Division. With these two offices playing a key role, we will proactively and swiftly propose and implement growth strategies laterally across divisions in emerging Asian countries. We will strive to forge close links with Mitsubishi Materials (Shanghai) Corporation, responsible for coordinating the Group's operations in China, and the Southeast Asian Business Support Center in Bangkok.

3) Creation of Distinctive Synergies as an Integrated Business Entity

As an integrated business entity, we will aim to create distinctive synergies unique to the Mitsubishi Materials Group, by further strengthening collaboration between the Company's business divisions and between Group companies. On April 1, 2011 we took one step toward establishing this structure with the formation of the Mineral Resources & Recycling Business Unit. This new unit will consolidate internal resource businesses and their human resources and the environmental recycling business, which functions as an urban mining business.

Challenges by Segment in Four Core Businesses

Cement

In the domestic cement business, although we had forecast a further decline in public-sector demand, the disaster has altered the business environment significantly. In short term, we expect demand to slump due to the disaster, but the ensuing start of full-scale reconstruction work in affected regions will see an increase in demand. The Group will therefore make every effort to establish a production structure capable of fulfilling its obligation to supply cement, a key reconstruction material.

In the U.S. cement business, we are expecting a moderate increase in demand. Therefore, we will strengthen profitability by revising sales prices while focusing on further cost reductions.

In the Chinese cement business, we forecast strong demand for some time, centering on the development of infrastructure in Shandong Province, such as high-speed railway, airport, and port projects. Consequently, we expect to see an improvement in earnings owing to ongoing cost reductions and increases in sale prices.

Metals

The supply-demand situation of copper concentrates will remain tight for some time due to a shortfall in supply capacity on the mining side to meet growing demand in China and India. Market prices of copper have reached all-time highs, although the future outlook remains unclear as a result of wildly fluctuating prices. We will therefore keep a close watch on these price movements together with foreign exchange rates and stock prices.

Demand for processed copper products is expected to remain stable. However, we anticipate a short-term fall in demand for processed copper products due to delays in recovery of production in the automobile and electronic sectors.

Amid such circumstances, the Metals division will continue striving to establish a robust foundation immune to market conditions, by lowering the breakeven point through ongoing efforts to reduce energy and fixed costs. In copper smelting, we will make an all-out effort to repair the damage caused by the disaster to the Onahama Smelter & Refinery in Iwaki City, Fukushima Prefecture, owned by Onahama Smelting & Refining Co., Ltd. At the same time, we will work hard to stabilize operations at other domestic and overseas smelters & refineries. We expect the operation of Onahama Smelter & Refinery to partially resume in mid-July 2011, which is subject to restoration of public port facilities. We will improve earnings by increasing revenues from treating waste materials, which our competitors find difficult to treat, through expansion of the recycling business. In copper processing, we will continue strengthening profitability by enhancing sales competitiveness through accelerated development of alloys, drawing on our technological and development capabilities.

Advanced Materials & Tools

In cemented carbide products, demand in the United States and Europe is recovering and we forecast ongoing growth in demand in the emerging markets of China, India, and Brazil . In Japan, however, we will feel the impact of a decline in production in the automobile sector as a result of the disaster.

In high-performance alloy products, we expect sales to decline year-on-year due to a fall in production in the automobile sector.

Faced with these circumstances, in cemented carbide products, we will make every effort to see a return to full production as soon as possible at the Tsukuba Plant in Joso city, Ibaraki Prefecture, where the disaster damaged some buildings and facilities. In addition, we will build a structure to handle increased production to meet the anticipated growth in demand for these products. On the sales side, we will create a sales structure to meet demand and developments in emerging markets by utilizing subsidiaries established last year in China and Thailand. We will also continue proactive measures, centering on building earnings pillars to complement the automobile sector, by targeting initiatives in the aircraft, energy, infrastructure, and medical treatment markets. In high-performance alloy products, we will enhance profitability through further cost reductions, including investments to streamline.

Electronic Materials & Components

In the advanced materials, the outlook for demand in the semiconductor sector is unclear. However, we will further strengthen both marketing and technical capabilities by expanding sales of products used in solar batteries and introducing new offerings.

The outlook for demand for electronic devices is also uncertain due to the ongoing impact of inventory adjustments by customers, as well as the appreciation of the yen. Therefore, we will reinforce our earnings base by increasing sales of new products, boosting sales in growth markets in emerging nations and continuing cost-reduction efforts,.

In polycrystalline silicon and related products, we will reap the benefits of large-scale investment by stabilizing operations, including the new facility at the Yokkaichi Plant in Mie Prefecture.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheets

[March 31, 2011 and 2010]

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Current Assets:		
Cash and deposits	¥76,989	¥112,930
Notes and accounts receivable-trade	214,118	221,480
Securities	—	570
Merchandise and finished goods	61,599	70,193
Work in process	101,687	103,561
Raw materials and supplies	75,768	88,076
Deferred income taxes	10,995	9,688
Other	171,711	184,848
Allowance for doubtful accounts	(3,313)	(2,878)
Total Current Assets	**709,556**	**788,471**
Noncurrent Assets:		
Property, Plant and Equipment:		
Building and structures, net	167,415	166,585
Machinery and equipment, net	208,026	211,642
Land, net	285,565	280,062
Construction in progress	53,382	16,818
Other, net	11,925	12,493
Total Property, Plant and Equipment	**726,315**	**687,602**
Intangible Assets:		
Goodwill	52,749	44,570
Other	9,360	8,675
Total Intangible Assets	**62,110**	**53,246**
Investments and Other Assets:		
Investment securities	280,916	265,655
Long-term loans receivable	7,673	5,575
Deferred income taxes	17,277	16,706
Other	31,483	28,274
Allowance for investment loss	(2,820)	(2,236)
Allowance for doubtful accounts	(6,092)	(5,891)
Total Investments and Other Assets	**328,437**	**308,084**
Total Noncurrent Assets	**1,116,863**	**1,048,933**
Total Assets	**¥1,826,420**	**¥1,837,405**

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	¥128,986	¥136,749
Short-term loans payable	294,866	330,791
Current portion of bonds payable	20,000	20,000
Commercial papers	9,000	48,000
Income taxes payable	4,188	6,183
Deferred income taxes	18	1,759
Accrued bonuses	9,292	10,711
Gold payable	168,908	189,795
Allowance for loss on disaster	—	4,364
Allowance for loss on disposal of inventories	2,084	1,968
Other	127,548	111,890
Total Current Liabilities	**764,894**	**862,214**
Noncurrent Liabilities:		
Bonds payable	100,000	80,000
Long-term loans payable	372,183	305,974
Provision for retirement benefits	61,455	62,478
Reserve for directors' retirement benefits	1,402	1,450
Reserve for loss on subsidiaries and affiliates	2,652	2,632
Reserve for environmental measures	8,170	5,235
Deferred income taxes	36,336	37,630
Deferred income taxes on revaluation reserve for land	39,839	39,791
Other	40,389	37,128
Total Noncurrent Liabilities	**662,430**	**572,321**
Total Liabilities	**1,427,325**	**1,434,536**
NET ASSETS		
Shareholders' Equity:		
Capital stock	119,457	119,457
Capital surplus	113,408	113,570
Retained earnings	92,802	108,887
Treasury stock	(1,384)	(1,421)
Total Shareholders' Equity	**324,283**	**340,493**
Accumulated Other Comprehensive Income:		
Valuation difference on available for sale securities	23,313	28,157
Deferred gains or losses on hedges	339	95
Revaluation reserve for land	31,433	31,616
Foreign currency translation adjustment	(38,301)	(56,129)
Total Accumulated Other Comprehensive Income	**16,784**	**3,739**
Minority Interests	**58,027**	**58,635**
Total Net Assets	**399,095**	**402,868**
Total Liabilities and Net Assets	**¥1,826,420**	**¥1,837,405**

(2) Consolidated Statements of Operations

[For the year ended March 31, 2011 and 2010]

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Net Sales	**¥1,119,448**	**¥1,333,992**
Cost of sales	**982,082**	**1,141,094**
Gross Profit	**137,366**	**192,898**
Selling, General and Administrative Expenses	**124,686**	**135,607**
Operating Profit	**12,680**	**57,290**
Non-Operating Profit:		
Interest income	703	919
Dividends income	22,375	34,141
Rent income on noncurrent assets	5,529	5,399
Other	3,967	3,039
Total Non-Operating Profit	**32,576**	**43,499**
Non-Operating Expenses:		
Interest expenses	13,312	12,848
Equity in losses of affiliates	28,472	16,378
Expenses for rent in undertaking	4,194	4,145
Loss on disposal of property, plant and equipment	2,825	3,172
Other	5,994	7,819
Total Non-Operating Expenses	**54,798**	**44,364**
Ordinary Income (Loss)	**(9,541)**	**56,425**
Extraordinary Income:		
Effect of application of accounting standard for inventories	—	3,461
Gain on sales of marketable securities and investments in securities	457	816
Gain on sales of noncurrent assets	1,612	581
Reversal of allowance for doubtful accounts	316	313
Gain on change in equity	2,459	—
Other	858	1,558
Total Extraordinary Income	**5,703**	**6,731**
Extraordinary Losses:		
Loss on valuation of investment securities	403	10,280
Loss on disaster	—	5,846
Loss on impairment	6,600	2,909
Loss on liquidation of business	7,097	1,810
Loss on sales of property, plant and equipment	130	127
Head office moving expenses	2,610	—
Provision for reserve for environmental measures	654	—
Other	2,971	4,674
Total Extraordinary Loss	**20,467**	**25,649**
Income (Loss) before Income Taxes	**(24,305)**	**37,507**
Corporate Income Taxes and Business Tax	**8,670**	**12,673**
Income taxes adjustments	27,775	1,849
Total Income taxes	36,446	14,523
Income (Loss) before Minority Interests	**(60,751)**	**22,984**
Minority Interests in Income	**5,803**	**8,710**
Net Income (Loss)	**¥(66,555)**	**¥14,274**

Consolidated Statements of Comprehensive Income

[For the year ended March 31, 2011 and 2010]

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Income (Loss) before Minority interests	—	¥22,984
Other Comprehensive Income		
Valuation difference on securities available for sale	—	4,908
Deferred gains or losses on hedges	—	(29)
Foreign currency translation adjustment	—	(21,795)
Equity in earnings of affiliates	—	(1,724)
Total other comprehensive income	—	(18,641)
Comprehensive Income	—	4,342
(Breakdown)		
Comprehensive income attributable to owners of the parents	—	1,046
Comprehensive income attributable to minority interests	—	¥3,296

(3) Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2011 and 2010]

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Shareholders' Equity		
Capital stock		
Balance as of March 31, 2010	¥119,457	¥119,457
Balance as of March 31, 2011	119,457	119,457
Capital surplus		
Balance as of March 31, 2010	108,287	113,408
Change during the year		
Increase by share exchanges	7,489	—
Increase from sale of subsidiaries' shares	—	171
Disposal of treasury stock	(2,369)	(8)
Total change during the year	5,120	162
Balance as of March 31, 2011	113,408	113,570
Retained earnings		
Balance as of March 31, 2010	158,542	92,802
Change during the year		
Net income (loss)	(66,555)	14,274
Decrease from write-downs of land revaluation excess	(973)	(183)
Increase from rise in number of consolidated subsidiaries	—	587
Increase from rise in number of equity method affiliates	1,594	1,412
Decrease from exclusion of subsidiaries from consolidation	—	(5)
Increase from rise in number of non-consolidated subsidiaries	280	—
Decrease from decrease in number of consolidated subsidiaries	(87)	—
Total change during the year	(65,740)	16,085
Balance as of March 31, 2011	92,802	108,887
Treasury stock		
Balance as of March 31, 2010	(5,371)	(1,384)
Change during the year		
Increase by share exchanges	(3)	—
Acquisition of treasury stock	(51)	(55)
Disposition of treasury stock	4,042	18
Total change during the year	3,987	(37)
Balance as of March 31, 2011	(1,384)	(1,421)
Total Shareholders' Equity		
Balance as of March 31, 2010	380,915	324,283
Change during the year		
Increase by share exchanges	7,486	—
Net income (loss)	(66,555)	14,274
Decrease from write-downs of land revaluation excess	(973)	(183)
Increase from rise in number of consolidated subsidiaries	—	587
Increase from rise in number of equity method affiliate	1,594	1,412
Decrease from exclusion of subsidiaries from consolidation	—	(5)
Increase from sale of subsidiaries' shares	—	¥171

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Increase from rise in number of non-consolidated subsidiaries	¥280	—
Decrease from decrease in number of consolidated subsidiaries	(87)	—
Acquisition of treasury stock	(51)	(55)
Disposition of treasury stock	1,673	9
Total change during the year	(56,632)	16,210
Balance as of March 31, 2011	324,283	340,493
Accumulated Other Comprehensive Income		
Valuation difference on available for sale securities		
Balance as of March 31, 2010	2,120	23,313
Change during the year		
Net change in items other than shareholders' equity	21,193	4,843
Total change during the year	21,193	4,843
Balance as of March 31, 2011	23,313	28,157
Deferred gains or losses on hedge		
Balance as of March 31, 2010	(9,256)	339
Change during the year		
Net change in items other than shareholders' equity	9,596	(244)
Total change during the year	9,596	(244)
Balance as of March 31, 2011	339	95
Revaluation reserve for land		
Balance as of March 31, 2010	30,459	31,433
Change during the year		
Net change in items other than shareholders' equity	973	183
Total change during the year	973	183
Balance as of March 31, 2011	31,433	31,616
Foreign currency translation adjustments		
Balance as of March 31, 2010	(39,660)	(38,301)
Change during the year		
Net change in items other than shareholders' equity	1,358	(17,827)
Total change during the year	1,358	(17,827)
Balance as of March 31, 2011	(38,301)	(56,129)
Total Valuation and Translation Adjustments		
Balance as of March 31, 2010	(16,337)	16,784
Change during the year		
Net change in items other than shareholders' equity	33,121	(13,044)
Total change during the year	33,121	(13,044)
Balance as of March 31, 2011	¥16,784	¥3,739

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Minority Interests		
Balance as of march 31, 2010	¥57,356	¥58,027
Change during the year		
Net change in items other than shareholders' equity	670	608
Total change during the year	670	608
Balance as of March 31, 2011	58,027	58,635
Total Net Assets		
Balance as of March 31, 2010	421,934	399,095
Change during the year		
Increase by share exchanges	7,486	—
Net income (loss)	(66,555)	14,274
Decrease from write-downs of land revaluation excess	(973)	(183)
Increase from rise in number of consolidated subsidiaries	—	587
Increase from rise in number of equity method affiliates	1,594	1,412
Decrease from exclusion of subsidiaries from consolidation	—	(5)
Increase from sale of subsidiaries' shares	—	171
Increase from rise in number of non-consolidated subsidiaries	280	—
Decrease from decrease in number of consolidated subsidiaries	(87)	—
Acquisition of treasury stock	(51)	(55)
Disposition of treasury stock	1,673	9
Net change in items other than shareholders' equity	33,792	(12,436)
Total change during the year	(22,839)	3,773
Balance as of March 31, 2011	¥399,095	¥402,868

(4) Consolidated Statements of Cash Flows

[For the year ended March 31, 2011 and 2010]

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Cash Flows from Operating Activities:		
Income (loss) before income taxes	¥(24,305)	¥37,507
Depreciation and amortization	66,796	62,750
Amortization of goodwill	3,407	3,879
Increase in allowance for doubtful accounts and reserves	464	212
Increase (decrease) in severance and pension benefit of employees and employers	1,093	1,146
Increase (decrease) in reserve for loss on investments of affiliates	259	(556)
Increase (decrease) in allowance for loss on disaster	—	4,364
Increase (decrease) in reserve for loss on business of affiliate	398	151
Increase (decrease) for environmental measures	(4,394)	(2,934)
Interest and dividends income	(23,079)	(35,060)
Interest expenses	13,312	12,848
Loss (gain) on sales of property, plant and equipment	(1,679)	(410)
Loss on disposal of property, plant and equipment	2,825	3,172
Loss on impairment	6,600	2,909
Loss (gain) on sales of marketable securities and investments in securities	(464)	(817)
Loss (gain) on valuation of investment securities	403	10,280
Loss (gain) on change in equity	(2,459)	—
Decrease (increase) in notes and accounts receivables-trade	(24,284)	(13,066)
Decrease (increase) in inventories	(31,199)	(30,994)
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	53,956	64,409
Payment for purchases of gold bullion from market for customer under My Gold Plan	(47,408)	(54,161)
Decrease (increase) in current assets	16,926	(108)
Increase (decrease) in notes and accounts payable-trade	11,839	13,479
Increase (decrease) in accrued expenses	(9,470)	2,111
Increase (decrease) in other current liabilities	(6,641)	7,166
Increase (decrease) in other noncurrent liabilities	3,809	469
Equity losses (earnings) of affiliates	28,472	16,378
Other, net	3,562	713
Subtotal	**38,740**	**105,843**
Interest and dividends income received	24,805	35,580
Interest expenses paid	(13,463)	(14,681)
Income taxes refund (paid)	(4,681)	(11,630)
Net Cash Provided by (Used in) Operating Activities	**¥45,400**	**¥115,111**

(Millions of yen)

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Cash Flows from Investing Activities:		
Purchase of securities	—	¥(615)
Purchase of investment securities	(8,374)	(4,346)
Proceeds from sales of investment securities	3,695	1,367
Payments for lending	(5,166)	(2,218)
Proceeds from repayment of lending	5,219	2,629
Purchase of property, plant and equipment	(68,645)	(43,440)
Proceeds from sales of property, plant and equipment	4,529	1,955
Purchase of intangible assets	(539)	(1,146)
Payments for purchase of consolidated subsidiaries' shares	(1,584)	(731)
Proceeds from sale of subsidiaries' shares	15	2,107
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(24,958)	(17,216)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	7,544	—
Other, net	(132)	1,381
Net Cash Provided by (Used in) Investing Activities	**(88,398)**	**(60,273)**
Cash Flows from Financing Activities:		
Net increase (decreases) in short-term loans payable	(16,063)	(17,636)
Proceeds from long-term loans payable	146,538	42,818
Repayment of long-term loans payable	(103,530)	(49,132)
Increase (decrease) in commercial papers	(17,000)	39,000
Payments for redemption of bonds payable	—	(20,000)
Proceeds from issuance of bonds	25,000	—
Purchase of treasury stock	(51)	(55)
Cash dividends paid to minority shareholders	(6,736)	(4,566)
Proceeds from stock issuance to minority shareholders	—	277
Other, net	(3,096)	(2,876)
Net Cash Provided by (Used in) Financing Activities	**25,060**	**(12,171)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**(168)**	**(6,916)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(18,106)**	**35,750**
Cash and Cash Equivalents at Beginning of Period	**97,780**	**76,309**
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	**(3,654)**	**167**
Increase in Cash and Cash Equivalents Resulting from Merger	**288**	—
Cash and Cash Equivalents at End of Period	**¥76,309**	**¥112,226**

(5) Segment Information

a) Business segment information

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 profit (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 recycling-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)

b) Geographical segment information

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 profit	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.

c) Overseas sales

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.

d) Segment information

For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

1. Overview of reporting segment

(1) Method of deciding business segments for reporting purposes

The Company's reporting segments are composed of those individual business units for which separate information is available, about which the Board of Directors makes decisions regarding the allocation of management resources and for which operating performance can be evaluated, allowing them to be evaluated quantitatively.

The Company adopts a system of in-house companies. Each company and business department formulates comprehensive domestic and overseas strategies for its own products and services and advances its business accordingly. Consequently, the in-house companies are classified into segments along basic product and service lines. There are five segments: Cement, Metals, Advanced Materials & Tools, and Electronic Materials & Components, as well as Aluminum, which has high importance within the Company's business departments.

(2) Products and services belong to each reporting segments

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

2. Method of computing sales, income/loss, total assets, total liabilities, and other items for each segment

The accounting treatment method for business segments reported in this document is the same as that stated in "Major Items Fundamental to Preparation of Consolidated Financial Statements."

Figures for segment income are based on ordinary income.

Intersegment income or transfers are based on actual market prices.

3. Information related to sales, income/loss, total assets, total liabilities, and other items for reporting segment

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
Sales									
(1) Unaffiliated customers	¥163,084	¥421,938	¥84,351	¥57,826	¥127,037	¥265,209	¥1,119,448	-	¥1,119,448
(2) Intersegment	3,076	84,097	16,718	4,959	1,438	49,483	159,772	(159,772)	-
Total	166,160	506,035	101,070	62,786	128,475	314,692	1,279,221	(159,772)	1,119,448
Segment income (Loss)	9,843	10,749	(7,287)	(25,382)	1,911	11,873	1,708	(11,250)	(9,541)
Segment assets	338,365	516,672	153,099	179,223	150,292	329,302	1,666,955	159,464	1,826,420
Segment liabilities	200,056	447,540	106,614	159,114	127,230	282,306	1,322,864	104,461	1,427,325
Other items:									
Depreciation	15,213	19,958	9,156	6,680	9,271	3,097	63,377	3,418	66,796
Amortization of goodwill	2,455	897	-	-	-	25	3,379	28	3,407
Dividend income	185	318	62	65	10	441	1,084	(380)	703
Amortization of negative goodwill	-	58	44	-	219	44	368	(4)	363
Interest expense	4,134	5,011	1,220	3,174	1,238	1,387	16,166	(2,853)	13,312
Equity in net income (loss)	1,269	(1,992)	(879)	(28,130)	-	1,259	(28,472)	-	(28,472)
Investment for affiliates	15,931	6,179	244	78,950	-	22,063	123,369	(139)	123,230
Increase in tangible and intangible noncurrent assets	¥9,038	¥15,738	¥4,322	¥22,622	¥7,371	¥2,031	¥61,124	¥5,554	¥66,679

Notes:

1. “Others” includes nuclear energy-related services, precious metals, environmental and recycling-related business, real estate business, and engineering-related services.

2. Included in the segment income/loss adjustment amounted (–¥11,250 million) are segment eliminations (–¥1,538 million) and corporate expenses that cannot be allocated to specific segments (–¥9,711 million). Corporate expenses consist mainly of general and administrative costs (not belonging to business segments), basic experimental research costs, and financial income/expenses.

3. Segment assets adjustment, totaling ¥159,464 million, includes intersegment transaction eliminations of –¥35,180 million and companywide assets (not belonging to business segments) of ¥194,644 million. Companywide assets are mainly assets related to administrative departments (not belonging to business segments) and basic experimental research.

4. Segment liabilities adjustment, totaling ¥104,461 million, includes intersegment transaction eliminations of –¥36,777 million and companywide liabilities (not attributed to business segments) of ¥141,238 million. Companywide liabilities are mainly liabilities related to administrative departments (not belonging to business segments) and basic experimental research.

5. Increase in tangible and intangible noncurrent assets adjustment, totaling ¥5,554 million, mainly refers to capital expenditures related to the Omiya Environmental Management Center.

6. Figures for segment income/loss are adjustments of ordinary loss figures shown in the consolidated statements of income.

For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011) (Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Sales									
(1) Unaffiliated customers	¥150,976	¥582,883	¥116,989	¥57,011	¥133,972	¥292,158	¥1,333,992	—	¥1,333,992
(2) Intersegment	2,310	125,028	26,103	7,744	2,035	45,901	209,123	(209,123)	—
Total	153,287	707,911	143,092	64,756	136,007	338,060	1,543,115	(209,123)	1,333,992
Segment income (Loss)	5,278	43,234	15,139	(11,597)	3,802	7,972	63,830	(7,405)	56,425
Segment assets	318,174	538,041	155,774	161,642	147,506	337,267	1,658,406	178,998	1,837,405
Segment liabilities	187,425	461,698	103,520	162,483	123,093	285,115	1,323,337	111,199	1434,536
Other items:									
Depreciation and amortization	14,435	18,461	8,679	5,962	8,460	3,508	59,509	3,241	62,750
Amortization of goodwill	2,305	1,588	-	-	-	17	3,911	(32)	3,879
Dividend income	559	272	47	40	18	423	1,362	(442)	919
Amortization of negative goodwill	-	58	73	-	109	44	287	(1)	285
Interest expense	3,474	5,826	1,163	3,066	1,164	890	15,585	(2,737)	12,848
Equity in net income (loss)	701	266	12	(18,292)	-	936	(16,376)	(2)	(16,378)
Investment for affiliates	15,785	6,366	256	60,024	-	24,615	107,048	(131)	106,916
Increase in tangible and intangible noncurrent assets	¥7,625	¥11,608	¥5,789	¥7,484	¥5,798	¥2,530	¥40,836	¥2,582	¥43,418

Notes:

1. “Others” includes nuclear energy-related services, precious metals, environmental and recycling-related business, real estate business, and engineering-related services.

2. Included in the segment income/loss adjustment amounted (–¥7,405 million) are segment eliminations (–¥1,063 million) and corporate expenses that cannot be allocated to specific segments (–¥6,341 million). Corporate expenses consist mainly of general and administrative costs (not belonging to business segment), basic experimental research costs, and financial income/expenses.

3. Segment assets adjustment, totaling ¥178,998 million, includes intersegment transaction eliminations of –¥36,989 million and companywide assets (not belonging to business segments) of ¥215,988 million. Companywide assets are mainly assets related to administrative departments (not belonging to business segments) and basic experimental research.

4. Segment liabilities adjustment, totaling ¥111,199 million, includes intersegment transaction eliminations of –¥36,670 million and companywide liabilities (not attributed to business segments) of ¥147,869 million. Companywide liabilities are mainly liabilities related to administrative departments (not belonging to business segments) and basic experimental research.

5. Increase in tangible and intangible noncurrent assets adjustment, totaling ¥2,582 million, mainly refers to capital expenditures related to the Omiya Environmental Management Center.

6. Figures for segment income/loss are adjustments of ordinary income figures shown in the consolidated statements of income.

(Supplemental information)

1. Change in estimated useful lives and depreciation method of machinery and equipment

Effective the year under review, taking advantage of large-scale investments in some businesses, the Company has reassessed the estimated useful lives and changed the depreciation method for similar existing equipment.

The above changes led to an increase/decrease in income in each segment compared with previous method, as shown below.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Segment income	-	¥2,498	-	¥1,158	¥1,037	-	¥4,695	-	¥4,695
Segment assets	-	2,498	-	1,158	1,037	-	4,695	-	4,695
Depreciation and amortization	-	¥ (2,498)	-	¥ (1,158)	¥ (1,037)	-	¥ (4,695)	-	¥ (4,695)

2. Application of accounting standard for inventory valuation
   Effective the year under review, the Company applies "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, September 26, 2008). Accordingly, the inventory valuation method has been changed from the "last-in first-out" method (applied by some consolidated subsidiaries) to mainly the "first-in last-out" or "gross average" method. These changes led to an increase/decrease in income and assets in each segment compared with the previous method, as shown below.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Segment income	-	¥1,389	¥468	¥ (9)	¥ (689)	-	¥1,159	-	¥1,159
Segment assets	-	¥5,913	¥784	¥10	¥ (2,087)	-	¥4,621	-	¥4,621

(Related information)
For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

1. Information by product and service
   This information is omitted because the same information is disclosed in previous pages.

2. Information by geographic segment
   (1) Net sales

(Millions of yen)

Japan	Unites States	Europe	Asia	Others	Total
¥856,928	¥63,230	¥61,515	¥340,660	¥11,657	¥1,333,992

   (2) Property, plant and equipment

(Millions of yen)

Japan	Unites States	Europe	Asia	Others	Total
¥591,240	¥67,178	¥496	¥27,452	¥1,234	¥687,602

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, United Kingdom, Spain, France
   (2) Asia: Indonesia, Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
   (3) Others: Australia, Canada, Brazil

3. Information by major customer
   This information is omitted because the Company does not have any major customers that account for 10% or more of net sales as shown in the Consolidated Statements of Income.

(Impairment loss on noncurrent assets by reporting segment)
For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Impairment loss	¥172	¥153	-	¥556	¥22	¥407	¥1,311	¥1,597	¥2,909

(Amortization and balance of goodwill by reporting segment)
For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Amortization	¥2,305	¥1,588	-	-	-	¥17	¥3,911	¥ (32)	¥3,879
Balance at year-end	¥37,263	¥7,830	¥0	-	-	¥14	¥45,109	¥ (538)	¥44,570

Figures for amortization and year-end balance of negative goodwill incurred from business combinations, etc. prior to April 1, 2010 are as follows.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Elimination and Corporate Expenses	Consolidated
Amortization	-	¥58	¥73	-	¥109	¥44	¥287	¥ (1)	¥285
Balance at year-end	-	¥2,440	¥198	-	¥ -	¥67	¥2,706	¥ (2)	¥2,703

(Income from negative goodwill by reporting segment)
For the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Not applicable.

(Supplemental information)
Effective the year under review, we are applying "Accounting Standards Concerning Disclosure of Segment Information" (Corporate Accounting Standards, No.17, March 27, 2009) and "Application Guide for Accounting Standards Concerning Disclosure of Segment Information" (Corporate Accounting Standards Application Guide, No. 20, March 21, 2008).

(6) Per Share Information

Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Shareholders' equity per share: ¥259.93 Net loss per share: ¥52.34 Diluted net loss per share is not calculated because the company posted net loss per share for the previous fiscal year and the Company does not have potential shares issuable for the current fiscal year.	Shareholders' equity per share: ¥262.38 Net income per share: ¥10.88 Diluted net income per share is not calculated because the Company does not have potential shares issuable for the current fiscal year.

Note: The basis of the calculation of net income/loss per share is as follows:

	Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Net income (loss) per share		
Net income (loss) (millions of yen)	¥ (66,555)	¥14,274
Amount not attributable to common stock (million yen)	-	-
Net income (loss) for common stock (millions of yen)	¥ (66,555)	¥14,274
The average number of issued shares during the period (thousands of shares)	1,271,657	1,312,058

(7) Supplemental Information

Effect of the Great East Japan Earthquake
The buildings and facilities at Onahama Smelter & Refinery in Iwaki City, Fukushima Prefecture, owned by our consolidated subsidiary, Onahama Smelting and Refining Co., Ltd., were partly damaged by the earthquake on March 2011, and restoration work is underway. That company's operations may be affected by restoration of public facilities, including harbor equipment. It is striving to operate its facilities in sequence and to restart partial operation in the middle of July 2011.

That company's business results in the fiscal year under review is as follows:

Net sales: ¥22,634 million
Ordinary income: ¥1,972 million
Production of electrolytic copper: 233 thousand ton

(8) Important Subsequent Event

Not applicable.