Consolidated Financial Results for the Six Months Ended September 30, 2014
Mitsubishi Materials Corporation

Tokyo, Japan

November 11, 2014

Stock code:	5711
Shares listed:	Tokyo Stock Exchange
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Filing date of Quarterly Report:	November 13, 2014
Scheduled date of start of dividend payment:	December 5, 2014
Supplementary materials for the quarterly financial results:	Yes
Investor conference for the quarterly financial results:	Yes (For Corporate Investors)

1. Results of the six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(1) Results of operations (cumulative):

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income	
Six Months ended Sept. 30, 2014	¥751,194	6.8(%)	¥34,034	2.1(%)	¥40,079	12.9(%)	¥23,238	-20.5(%)
Six Months ended Sept. 30, 2013	¥703,688	10.7(%)	¥33,336	26.0 (%)	¥35,485	1.5(%)	¥29,239	79.6(%)

(Note) Comprehensive income Six Months ended Sept. 30, 2014: 30,604 million yen (-46.2%)
Six Months ended Sept. 30, 2013: 56,924 million yen (409.6%)

(Yen)

	Net income per share	Diluted net income per share
Six Months ended Sept. 30, 2014	¥17.73	—
Six Months ended Sept. 30, 2013	¥22.31	—

(2) Financial Position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2014	¥1,838,975	¥545,590	25.9 (%)
As of March 31, 2014	¥1,778,505	¥525,707	25.7 (%)

(Reference) Shareholders' equity As of Sept. 30, 2014: 475,405 million yen
As of Mar. 31, 2014: 456,749 million yen

2. Dividend payments

(Yen)

	Dividends per Share				
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Annual
Year ended March 31, 2014	—	¥2.00	—	¥4.00	¥6.00
Year ending March 31, 2015	—	¥3.00			
Year ending March 31, 2015 (Forecast)			—	¥5.00	¥8.00

(Note) Revisions to dividend forecast in the current period: None

3. Forecast (From April 1, 2014 to March 31, 2015)

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating profit		Ordinary income		Net income		Net income per share
Year ending March 31, 2015	¥1,500,000	6.0%	¥74,000	11.6%	¥84,000	9.2%	¥50,000	-4.9%	¥38.15 (yen)

(Note) Revisions to forecast in the current period: None

* Notes

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

(2) Application of specific accounting treatment: Yes

(Note) For details, please refer to "(1) Application of Specific Accounting Treatment" under "2. Summary Information (Notes)" on page 5.

(3) Changes in accounting policies; changes in accounting estimates; restatements

(i) Changes in accounting policies due to amendment of accounting standards: Yes

(ii) Other changes in accounting policies: Yes

(iii) Changes in accounting estimates: Yes

(iv) Restatements: None

(Note) For details, please refer to "(2) Changes in Accounting Policies; Changes in Accounting Estimates; Restatements" under "2. Summary Information (Notes)"on page 6.

(4) Number of issued shares (common stock)

(i) Number of issued shares at end of year (including treasury stock)

Six months ended September 30, 2014:	1,314,895,351 shares
Year ended March 31, 2014:	1,314,895,351 shares

(ii) Number of treasury stock at end of year

Six months ended September 30, 2014:	4,554,835 shares
Year ended March 31, 2014:	4,449,074 shares

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

Six months ended September 30, 2014:	1,310,397,480 shares
Six months ended September 30, 2013:	1,310,639,746 shares

*Indication regarding the situation of quarterly review procedures

These financial results are not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. As of the disclosure of these financial results, the procedures for reviewing quarterly financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

* Appropriate use of business forecasts and other special items

(Notes regarding descriptions of earnings forecasts and other forward-looking statements, etc.)

Earnings forecasts and other forward-looking statements in this document are based on information currently available to the Company's management and certain assumptions judged rational, and we do not promise that the forecasts in this report will be achieved. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. To use assumptions for forecasts and to refer to specific revisions on consolidated financial forecasts, please refer to (3) Explanation of Forecast and Other Future Predictions (page 5) under "1. Qualitative Information Regarding the Consolidated Performance."

(Method of obtaining supplementary information to and contents of the first two quarters financial results briefing)

Mitsubishi Materials Corporation is scheduled to hold a first two quarters financial results briefing for institutional investors on November 13, 2014 (Thursday). Materials to be used in this briefing will be posted on the Company's website on the same day.

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1. Qualitative Information Regarding the Consolidated Performance

(1) Explanation of Business Performance

1) Overview of period under review

During the consolidated six months ended September 30, 2014, the overall global economy headed toward modest recovery thanks to signs showing that the U.S. and European economies were on the course of recovery, while there was a continuing slowdown in the economies of China, India, and other Asian countries.

In spite of negative impact of the last minute demand after the increase in the consumption tax rate, the Japanese economy continued to recover gradually thanks to an improvement in employment and income conditions, etc.

Regarding the operating environment for the Mitsubishi Materials Group, although overall business was impacted by the depreciation of the yen, on the other hand, it faced several negative factors, such as delays in construction works and energy cost over-runs.

Amid such circumstances, consolidated net sales for the period under review totaled ¥751,194 million, up 6.8% from the previous corresponding period. Operating profit increased 2.1% to ¥34,034 million, as well as ordinary income, up 12.9%, to ¥40,079 million. However, the quarterly net income decreased 20.5%, to ¥23,238 million.

2) Overview of Segment

The Mitsubishi Materials Group has revised the reporting segments since the consolidated first quarter. Detailed information about this revision is described in "(4) Notes on Consolidated Financial Statement (Segment Information)." Please take note that the comparison with the corresponding period of the previous year in the following segments was made based on the figures after the said revision of the segments was made.

(Cement)

(Billions of yen)

	FY2014 Q1-Q2	FY2015 Q1-Q2	Increase/decrease (%)	
Net sales	¥87.2	¥90.6	¥3.4	(3.9%)
Operating profit	7.0	6.4	-0.6	(-8.7%)
Ordinary income	¥6.7	¥6.0	-¥0.7	(-10.7%)

In the Cement segment, although there were unsuccessful bids for and delays of public works in the Tohoku region and the Tokyo metropolitan area, Japanese gross domestic demand hovered at the same level with the corresponding period of the last year and sales volumes also remained almost in line with the corresponding period of the previous year, thanks to steady progress of redevelopment construction in the areas surrounding railway stations and housing construction for condominiums in the Kinki and Tokai regions. In the United States, sales volumes slightly decreased as a result of implementation of business policies emphasizing selling prices and delays in construction works due to negative impact of bad weather in Southern California at the beginning of this year. In China, while demand continued to shift favorably thanks to the high-speed rail construction in Shandong and the new airport construction, sales volumes decreased due to a decline in demand for real-estate investment. Total cement production for the entire business during the period under review was 5.9 million tons, in line with the previous corresponding period.

We saw a sales increase in the United States as the price of cement and ready-mixed concrete was revised. On the other hand, operating cost increased.

As a result, the entire business posted a year-on-year increase in net sales but a decrease in operating profit.

Ordinary income fell from the previous corresponding period due to a decrease in operating profit.

(Metals)

(Billions of yen)

	FY2014 Q1-Q2	FY2015 Q1-Q2	Increase/decrease (%)	
Net sales	¥366.9	¥410.0	¥43.0	(11.7%)
Operating profit	12.3	12.4	0.1	(1.0%)
Ordinary income	¥16.8	¥16.8	-¥0.0	(-0.4%)

In the copper business, progress in operations at PT Smelting in Indonesia remained stable. This resulted in increased production, which in turn led to an increase in both net sales and operating profit. Total production of copper cathode for the period was 295 thousand tons, up 33 thousand tons from the previous corresponding period.

In the gold and other valuable metals business, both net sales and operating profit decreased due to smaller sales volume of gold bullions caused by price fluctuations within a narrow range.

In the processed copper products business, despite an increase in sales of products for automobiles, the products for nuclear power stations recorded a sales decrease that resulted in increased net sales but decreased operating profit.

As a result, the entire business posted year-on-year increases in both net sales and operating profit.

Despite an increase in dividends income, ordinary income for the entire business fell from the previous corresponding period due to a decrease in equity in earnings of affiliates.

(Advanced Materials & Tools)

(Billions of yen)

	FY2014 Q1-Q2	FY2015 Q1-Q2	Increase/decrease (%)	
Net sales	¥72.5	¥68.0	-¥4.4	(-6.1%)
Operating profit	7.5	8.3	0.8	(11.8%)
Ordinary income	¥7.0	¥8.1	¥1.1	(16.0%)

In cemented carbide products business, both net sales and operating profit increased thanks to demand increase in Japan and other overseas countries, especially in the countries in Europe and Southeast Asia, as well as aggressive sales promotion efforts.

In the high-performance alloy products business, although sales of products for the automobile sector hovered at a steady level, both net sales and operating profit decreased. Some of the factors were the increased cost for the expansion of our production capacity, and the fact that Mitsubishi Materials C.M.I. Corporation was excluded from Mitsubishi Materials Group’s subsidiaries in January 2014, while MMC Superalloy Corporation became an equity-method affiliate of the Group in July 2014.

As a result, the entire business posted a year-on-year increase in operating profit, but a decrease in net sales.

Ordinary income increased from the previous corresponding period due to an increase in operating profit.

(Electronic Materials & Components)

(Billions of yen)

	FY2014 Q1-Q2	FY2015 Q1-Q2	Increase/decrease (%)	
Net sales	¥34.5	¥30.5	-¥3.9	(-11.5%)
Operating profit	2.0	2.0	0.0	(1.9%)
Ordinary income	¥0.9	¥3.3	¥2.3	(242.1%)

In the advanced materials business, despite a decrease in sales of LSI products for smartphones, both net sales and operating profit increased thanks to a steady progress of sales in semiconductor manufacturing equipment-related products.

The electronic components business posted an increase in both net sales and operating profit due to increased sales of products for household appliances.

The polycrystalline silicon and chemical products business posted a decrease in both net sales and operating profit, as sales of polycrystalline silicon decreased as a result of suspension of operations at the Yokkaichi Plant until June 29, 2014, after an explosion and fire.

As a result, the entire business posted a year-on-year increase in operating profit, but a decrease in net sales.

Ordinary income increased from the previous corresponding period due to an increase in equity in earnings of affiliates.

(Aluminum)

(Billions of yen)

	FY2014 Q1-Q2	FY2015 Q1-Q2	Increase/decrease (%)	
Net sales	¥77.5	¥80.9	¥3.3	(4.3%)
Operating profit	4.3	3.9	-0.3	(-8.2%)
Ordinary income	¥3.9	¥3.6	-¥0.2	(-7.5%)

In the aluminum cans business, demand for both regular cans and bottle cans increased.

Demand for rolled aluminum and processed aluminum products increased, driven by demand from the automobile sector.

The aluminum segment saw an overall upturn in energy cost and material cost.

As a result, the entire business posted a year-on-year increase in net sales but a decrease in operating profit.

Ordinary income fell from the previous corresponding period due to a decrease in operating profit.

(Others)

(Billions of yen)

	FY2014 Q1-Q2	FY2015 Q1-Q2	Increase/decrease (%)	
Net sales	¥118.1	¥114.7	-¥3.4	(-2.9%)
Operating profit	2.5	3.0	0.5	(20.5%)
Ordinary income	¥2.5	¥4.9	¥2.3	(91.7%)

In the energy-related business, both net sales and operating profit decreased due to a decrease of coal sales and sales for nuclear-related decontamination business in Fukushima.

Both net sales and operating profit of "E-waste" (used electronics and electrical products) recycling business hovered at the same level with the corresponding period of the previous year.

Orders for nuclear energy and engineering services recorded ¥39.3 billion, up ¥8.6 billion from the previous corresponding period. The order backlog at the end of the period was ¥40.1 billion, up ¥14.7 billion from a year earlier.

(2) Explanation of Financial Position

As of September 30, 2014, the Group's consolidated total assets stood at ¥1,838.9 billion, up ¥60.4 billion from March 31, 2014. This was mainly due to an increase in notes and accounts receivable-trade.

Total liabilities stood at ¥1,293.3 billion, up ¥40.5 billion from March 31, 2014. This was mainly due to an increase in notes and accounts payable-trade.

For the consolidated six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014), status and variable factors of each cash flow are as follows:

(Cash Flows from Operating Activities)
Net cash provided by operating activities totaled ¥12.5 billion (a decrease of ¥21.7 billion from the same period of previous year), due mainly to the stable performance, despite an increase in inventories, and notes and accounts receivable-trade.

(Cash Flows from Investing Activities)
Net cash used in investing activities totaled ¥21.4 billion (a decrease of ¥25.6 billion from the same period of previous year), due mainly to expenses related to capital investments.

(Cash Flows from Financing Activities)
Net cash used in both operating and investing activities totaled ¥8.9 billion, while net cash provided by financing activities was ¥3.4 billion as of September 30, 2014 (a decrease of ¥11.2 billion from the same period of previous year), due mainly to financing by means of borrowing of such funds.

As a result of the above, cash and cash equivalents at September 30, 2014, stood at ¥59.1 billion, down ¥2.8 billion from March 31, 2014.

(3) Explanation of Forecast and Other Future Predictions

Although business performance of the Group may be largely affected by some variable factors such as currency exchange rates and electricity cost, we do not change our consolidated earnings forecasts for the full-year period ending March 31, 2015 announced in the earnings summary released on May 12, 2014, considering the performance during the consolidated six months ended September 30, 2014, and our projection for the future business environment.

2. Summary Information (Notes)

(1) Application of Specific Accounting Treatment

The Group rationally assumes an effective tax rate after applying tax-effect accounting to income before income taxes for the consolidated fiscal year, including the current second quarter under review, and multiplies such effective tax rate by quarterly income before income taxes to arrive at the tax expense.

(2) Changes in Accounting Policies; Changes in Accounting Estimates; Restatements

Changes in Accounting Policies

(Adoption of Accounting Standard for Retirement Benefits)

We have adopted "Accounting Standard for Retirement Benefits" (Corporate Accounting Standards No. 26 of May 17, 2012, hereinafter referred to as "Retirement Benefits Accounting Standards") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Corporate Accounting Standards No. 25 of May 17, 2012, hereinafter referred to as "Implementation Guidance on Retirement Benefits") starting from the first quarter of fiscal year under the provisions stipulated in the texts of the Section 35 of the Retirement Benefits Accounting Standards and of the Section 67 of the Implementation Guidance on Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service cost, and have changed our method of attributing projected retirement benefits from a straight-line basis to a benefit formula basis along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting the estimated timing and amounts, either than the discount rate based on the average remaining years of service.

To apply the Retirement Benefits Accounting Standards, we comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of the revision of the method for calculation of retirement benefit obligations and service cost, financial effects are added to or subtracted from retained earnings at the beginning of the second quarter consolidated cumulative period under review.

As the result, net defined benefit liability increased by ¥4,617 million while retained earnings decreased by ¥3,611 million at the beginning of the second quarter consolidated cumulative period under review. Please take note that the expected effect this change has on our operating profit, ordinary income and income before income taxes during the consolidated six months ended September 30, 2014, is negligible.

(Change in Method for Calculation of Depreciation of Property, Plant and Equipment)

The Company and its Japanese domestic consolidated subsidiaries have adopted the straight-line method for depreciation of manufacturing facilities of cemented carbide products starting from the consolidated first quarter of fiscal year, instead of the declining-balance method that had been mainly used. This change of the depreciation method was decided when we increased productive capacity of the Tsukuba Plant by introducing the manufacturing facilities for increased production of cemented carbide products and developed the medium-term management plan (for FY 2015 through 2017); we estimated that, according to the forecast for the global demand of cemented carbide products in the future, the facilities would be used consistently and that the investment would be returned more steadily than before, without being exposed to the risk of technological obsolescence. For the above reason, we decided that to employ the straight-line method was more rational.

As a result, compared with the method used before, during the consolidated six months ended September 30, 2014, operating profit, ordinary income and income before income taxes respectively increased by ¥894 million.

In addition, the Group has adopted the straight-line method for depreciation of manufacturing facilities of aluminum cans in domestic consolidated subsidiaries starting from the consolidated first quarter of fiscal year, instead of the declining-balance method that had been mainly used. This change of the depreciation method was decided when we developed the medium-term management plan (for FY 2015 through 2017); we estimated that, according to the expected demand of aluminum cans in the future, the facilities would be used consistently and that the investment would be returned more steadily than before, without being exposed to the risk of technological obsolescence. For the above reason, we decided that adopting the straight-line method was more rational.

As a result, compared with the method used before, during the consolidated six months ended September 30, 2014, operating profit, ordinary income and income before income taxes increased by ¥440 million, respectively.

(3) Changes in Representation

(Consolidated Income Statement)

Although some U.S. consolidated subsidiaries in the Cement business have been using the representation titled "selling, general and administrative expenses" to show the cost associated with transportation of ready-mixed concrete, we have replaced such representation with "cost of sales" starting from the first consolidated quarter of fiscal year.

We made this change to properly represent cost of sales and selling, general and administrative expenses respectively, alongside with reexamining the correspondence between earnings and behavior of costs generated over transportation of ready-mixed concrete. Said reexamination was due to forecast that earnings of the ready-mixed concrete business in the U.S. would increase in the medium-term management plan (for FY 2015 through 2017) having the current fiscal year as the base point.

In order to reflect this change in representation, we have reclassified the quarterly consolidated income statements of the consolidated six months ended September 30, 2013.

Please take note that ¥6,829 million represented as “selling, general and administrative expenses” in the quarterly consolidated income statements of the consolidated six months ended September 30, 2013, was reclassified as “cost of sales.”

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
ASSETS		
Current Assets:		
Cash and deposits	¥63,486	¥61,235
Notes and accounts receivable-trade	219,016	242,414
Merchandise and finished goods	81,516	92,195
Work in process	100,280	108,841
Raw materials and supplies	103,155	115,676
Other	208,853	213,244
Allowance for doubtful accounts	(1,843)	(1,966)
Total Current Assets	**774,465**	**831,642**
Noncurrent Assets:		
Property, Plant and Equipment:		
Machinery and equipment, net	178,296	178,651
Land, net	273,048	271,957
Other, net	199,226	191,524
Total Property, Plant and Equipment	**650,571**	**642,134**
Intangible Assets:		
Goodwill	38,816	36,066
Other	9,410	10,091
Total Intangible Assets	**48,226**	**46,158**
Investments and Other Assets:		
Investment securities	250,576	264,124
Other	61,630	61,899
Allowance for investment loss	(1,168)	(1,168)
Allowance for doubtful accounts	(5,797)	(5,815)
Total Investments and Other Assets	**305,241**	**319,039**
Total Noncurrent Assets	**1,004,039**	**1,007,332**
Total Assets	**¥1,778,505**	**¥1,838,975**

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	¥106,656	¥137,366
Short-term loans payable	256,098	265,656
Current portion of bonds payable	40,000	30,000
Commercial papers	—	40,000
Income taxes payable	9,576	7,925
Provision	12,899	12,038
Gold payable	212,760	214,736
Other	100,526	101,271
Total Current Liabilities	**738,518**	**808,994**
Noncurrent Liabilities:		
Bonds payable	85,140	65,140
Long-term loans payable	268,605	256,905
Provision	7,556	8,488
Net defined benefit liability	52,787	54,876
Other	100,190	98,980
Total Noncurrent Liabilities	**514,279**	**484,390**
Total Liabilities	**1,252,797**	**1,293,384**
NET ASSETS		
Shareholder's Equity:		
Capital stock	119,457	119,457
Capital surplus	92,272	92,272
Retained earnings	207,354	222,133
Treasury stock	(1,782)	(1,818)
Total Shareholder's Equity	**417,302**	**432,044**
Accumulated Other Comprehensive Income:		
Valuation difference on securities available for sale	31,972	36,256
Deferred gains (losses) on hedges	218	(2,796)
Revaluation reserve for land	32,907	32,794
Foreign currency translation adjustment	(12,348)	(10,108)
Remeasurements of defined benefit plans	(13,302)	(12,786)
Total Accumulated Other Comprehensive Income	**39,447**	**43,360**
Minority interests	**68,957**	**70,185**
Total Net Assets	**525,707**	**545,590**
Total Liabilities and Net Assets	**¥1,778,505**	**¥1,838,975**

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

[For the Six Months Ended September 30, 2013 and 2014]

(Millions of yen)

	Six Months Ended Sept. 30, 2013 (Apr. 1, 2013 - Sept. 30, 2013)	Six Months Ended Sept. 30, 2014 (Apr. 1, 2014 - Sept. 30, 2014)
Net sales	**¥703,688**	**¥751,194**
Cost of sales	**606,801**	**651,914**
Gross Profit	**96,887**	**99,279**
Selling, General and Administrative Expenses	**63,550**	**65,245**
Operating Profit	**33,336**	**34,034**
Non-operating Profit:		
Interest income	243	283
Dividends income	7,172	7,631
Equity in earnings of affiliates	2,201	4,893
Rent income on noncurrent assets	2,343	2,455
Other	979	1,027
Total Non-operating Profit	**12,940**	**16,291**
Non-operating Expenses:		
Interest expenses	5,005	4,334
Other	5,786	5,912
Total Non-operating Expenses	**10,791**	**10,246**
Ordinary income	**35,485**	**40,079**
Extraordinary Income:		
Gain on sales of investment securities	1,412	296
Gain on sales of noncurrent assets	4,075	130
Other	1,328	283
Total Extraordinary Income	**6,815**	**710**
Extraordinary Losses:		
Provision for environmental measures	—	1,300
Loss on suspension of operations	—	1,101
Loss on valuation of investment securities	114	799
Other	2,580	1,196
Total Extraordinary Loss	**2,694**	**4,398**
Income before Income Taxes	**39,606**	**36,391**
Income taxes	7,932	10,497
Income before minority interest	31,673	25,893
Minority interests in income	2,433	2,654
Net Income	**¥29,239**	**¥23,238**

Consolidated Statement of Comprehensive Income

[For the Six Months Ended September 30, 2013 and 2014]

(Millions of yen)

	Six Months Ended Sept. 30, 2013 (Apr. 1, 2013 - Sept. 30, 2013)	Six Months Ended Sept. 30, 2014 (Apr. 1, 2014 - Sept. 30, 2014)
Income before minority interest	**¥31,673**	**¥25,893**
Other comprehensive income		
Valuation difference on securities available for sale	5,916	4,230
Deferred gains (losses) on hedges	395	(3,039)
Foreign currency translation adjustment	15,100	4,117
Remeasurements of defined benefit plans	―	883
Equity in earning of affiliates	3,838	(1,481)
Total other comprehensive income	25,250	4,710
Comprehensive income	**56,924**	**30,604**
(Breakdown)		
Comprehensive income attributable to owners of the parent company	50,273	27,264
Comprehensive income for attributable to minority interests	¥6,651	¥3,339

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months Ended Sept. 30, 2013 (Apr. 1, 2013 - Sept. 30, 2013)	Six Months Ended Sept. 30, 2014 (Apr. 1, 2014 - Sept. 30, 2014)
Net Cash Provided by (Used in) Operating Activities:		
Income before income taxes	¥39,606	¥36,391
Depreciation and amortization	28,294	26,426
Increase (decrease) in provision	(423)	(1,847)
Increase (decrease) in net defined benefit liability	—	(580)
Interest and dividends income	(7,415)	(7,914)
Interest expenses	5,005	4,334
Equity in (earnings) losses of affiliates	(2,201)	(4,893)
Loss (gain) on sales of property, plant and equipment	(4,162)	(102)
Loss (gain) on valuation of investment securities	114	799
Decrease (increase) in notes and accounts receivables-trade	5,819	(27,305)
Decrease (increase) in inventories	(5,621)	(34,995)
Increase (decrease) in notes and accounts payable-trade	(7,038)	27,609
Other, net	(13,545)	(1,259)
Subtotal	**38,431**	**16,662**
Interest and dividends income received	8,409	8,385
Interest expenses paid	(5,237)	(4,383)
Income taxes refund (paid)	(7,273)	(8,114)
Net Cash Provided by (Used in) Operating Activities:	**34,329**	**12,549**
Net Cash Provided by (Used in) Investing Activities		
Purchase of property, plant and equipment	(29,473)	(25,168)
Proceeds from sales of property, plant and equipment	10,267	591
Purchase of investment securities	(2,800)	(1,117)
Proceeds from sales of investment securities	4,354	272
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,506
Purchase of investments in subsidiaries	(28,780)	(312)
Other, net	(687)	2,769
Net Cash Provided by (Used in) Investing Activities	**(47,119)**	**(21,458)**
Net Cash Provided by (Used in) Financing Activities		
Net increase (decrease) in short-term loans payable	(460)	39,122
Proceeds from long-term loans payable	60,410	34,765
Repayment of long-term loans payable	(46,910)	(71,655)
Proceeds from issuance of bond	15,100	—
Redemption of bonds	—	(30,000)
Increase (decrease) in commercial papers	(26,000)	40,000
Purchase of treasury stock	(45)	(37)
Payment of cash dividends	(5,242)	(5,241)
Cash dividends paid to minority shareholders	(2,998)	(1,873)
Other, net	(1,632)	(1,581)
Net Cash Provided by (Used in) Financing Activities	**(7,779)**	**3,497**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**4,380**	**1,797**
Net Increase (Decrease) in Cash and Cash Equivalents	**(16,188)**	**(3,614)**
Cash and Cash Equivalents at Beginning of Period	**63,299**	**62,078**
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	**2,007**	**732**
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Fiscal Term of Subsidiaries	**(62)**	**—**
Cash and Cash Equivalents at End of Period	**¥49,055**	**¥59,196**

(4) Notes on Consolidated Financial Statements
Notes on Assumptions for Going Concern: N/A.

Segment Information

[Segment Information]
I. For the Six Months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Sales and Income of Reporting Segments

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the statements of income
Net sales									
(1)External Customers	¥85,582	¥361,248	¥57,954	¥23,847	¥77,098	¥97,956	¥703,688	¥ —	¥703,688
(2)Inter-segment sales or transfer	1,619	5,730	14,560	10,667	476	20,206	53,261	(53,261)	—
Total	87,202	366,978	72,515	34,514	77,575	118,163	756,949	(53,261)	703,688
Segment income	¥6,766	¥16,865	¥7,026	¥973	¥3,904	¥2,577	¥38,114	¥(2,628)	¥35,485

(Notes)

1. "Others" segment includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amount (-¥2,628 million) are segment eliminations (¥561 million) and corporate expenses (-¥3,190 million) that cannot be allocated to any specific segment. Corporate expenses consist mainly of management-related costs, basic experimental research costs, and financial income/expenses.
3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statement of income.

II. For the Six Months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
1. Sales and Income of Reporting Segments

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the statements of income
Net sales									
(1)External Customers	¥88,913	¥405,578	¥56,394	¥26,480	¥79,945	¥93,881	¥751,194	¥ —	¥751,194
(2)Inter-segment sales or transfer	1,693	4,459	11,701	4,048	972	20,871	43,747	(43,747)	—
Total	90,606	410,038	68,095	30,529	80,918	114,752	794,941	(43,747)	751,194
Segment income	¥6,046	¥16,805	¥8,150	¥3,330	¥3,613	¥4,942	¥42,888	¥(2,809)	¥40,079

(Notes)

1. "Others" segment includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amount (-¥2,809 million) are segment eliminations (¥152 million) and corporate expenses (-¥2,962 million) that cannot be allocated to any specific segment. Corporate expenses consist mainly of management-related costs, basic experimental research costs, and financial income/expenses.
3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statement of income.

2. Notes on Changes in Reporting Segment

Starting from the consolidated first quarter of fiscal year, following the reorganization we had conducted on April 1, 2014, we reclassified the business handling precious metals bullions into the “Metals” segment, instead of the “Others” segment into which the business has been classified before.

Please take note that we disclose the segments reported in the consolidated six months ended September 30, 2013, on the basis of the reporting segments after the modification.

Notes in Event of Significant Changes in Shareholders’ Equity: N/A.

Additional Information

On September 26, 2014, Mitsubishi Materials has consummated a share purchase agreement with Hitachi Metals, Ltd., in which Mitsubishi Materials will acquire shares equivalent to 51% of the issued shares in Hitachi Tool Engineering, Ltd., a wholly-owned subsidiary of Hitachi Metals, Ltd. This transaction is scheduled for April 1, 2015.

1. Purpose of acquisition of shares

   The purpose of this transaction is to strengthen the base of the Company's cemented carbide products business through expansion of Hitachi Tool’s lineup of cemented carbide products which enable high-precision, high-efficiency and high-speed processing, as well as its proposal ability for processing complicated shapes for a variety of materials.

2. Name of company of shares acquired

   Hitachi Tool Engineering, Ltd.

3. Business fields

   Manufacturing and sales of tips, cutting tools, wear-resistant products, tools for urban development, and various machine tools made of specialty steels, carbide alloys etc.

4. Business performance (Results for FY2014, including subsidiaries, etc.)

Net sales	¥18.9 billion
Ordinary income	¥3.4 billion
Capital stock	¥1.4 billion