Consolidated Financial Results for the Year Ended March 31, 2015
Mitsubishi Materials Corporation

Tokyo, Japan

May 12, 2015

Stock code:	5711
Shares listed:	Tokyo Stock Exchange
URL:	http://www.mmc.co.jp/
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Scheduled date of Ordinary General Meeting of Shareholders:	June 26, 2015
Scheduled date of start of dividend payment:	June 1, 2015
Scheduled date of filing of financial statements:	June 26, 2015
Supplementary materials for financial results:	Yes
Investor conference for financial results:	Yes (For Corporate Investors)

1. Results of the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(1) Results of operations:

(Millions of yen)

(Percentage changes relative to previous corresponding period)

	Net sales	Operating profit	Ordinary income	Net income
Year ended Mar. 31, 2015	¥1,517,265 7.2 (%)	¥71,871 8.4 (%)	¥81,093 5.5 (%)	¥56,147 6.8 (%)
Year ended Mar. 31, 2014	¥1,414,796 9.9 (%)	¥66,281 26.3 (%)	¥76,902 3.3 (%)	¥52,551 42.2 (%)

(Note) Comprehensive income Year ended Mar. 31, 2015: 120,954 million yen (43.0%)
Year ended Mar. 31, 2014: 84,565 million yen (-6.3%)

(Yen)

	Net income per share	Diluted net income per share	Net income/ shareholders' equity	Ordinary income /total assets	Operating profit/net sales
Year ended Mar. 31, 2015	¥42.85	-	11.1 (%)	4.4 (%)	4.7 (%)
Year ended Mar. 31, 2014	¥40.10	-	12.2 (%)	4.3 (%)	4.7 (%)

(Reference) Equity losses and earnings of affiliates Year ended Mar. 31, 2015: 6,557 million yen
Year ended Mar. 31, 2014: 4,377 million yen

(2) Financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
As of Mar. 31, 2015	¥1,898,157	¥629,514	29.0 (%)	¥420.36
As of Mar. 31, 2014	¥1,778,505	¥525,707	25.7 (%)	¥348.54

(Reference) Shareholders' equity As of Mar. 31, 2015: 550,762million yen
As of Mar. 31, 2014: 456,749 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, 2015	¥108,070	¥(42,366)	¥(42,273)	¥92,079
Year ended Mar. 31, 2014	¥102,932	¥(44,863)	¥(69,329)	¥62,078

2. Dividend payments

(Yen)

	Dividends per share					Total dividends (Annual)	Dividend ratio (Consolidated)	Dividends/ net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended Mar. 31, 2014	-	¥2.00	-	¥4.00	¥6.00	¥7,863 million	15.0 (%)	1.8 (%)
Year ended Mar. 31, 2015	-	¥3.00	-	¥5.00	¥8.00	¥10,482million	18.7 (%)	2.1 (%)
Year ending Mar. 31, 2016 (Forecast)	-	¥5.00	-	¥5.00	¥10.00		20.2 (%)	

3. Forecast (From April 1, 2015 to March 31, 2016)

(Millions of yen)
(Percentage changes relative to previous corresponding period)

	Net sales	Operating profit	Ordinary income	Net income attributable to owners of the parent	Net income per Share
Six months ending September 30, 2015	¥770,000 2.5 (%)	¥36,000 5.8 (%)	¥38,500 -3.9 (%)	¥41,000 76.4 (%)	¥31.29 (yen)
Year ending March 31, 2016	¥1,580,000 4.1 (%)	¥85,000 18.3 (%)	¥92,000 13.4 (%)	¥65,000 15.8 (%)	¥49.61 (yen)

Notes:

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

(2) 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

(3) Number of issued shares (common stock)
(i) Number of issued shares at end of year (including treasury shares)
Year ended March 31, 2015: 1,314,895,351 shares
Year ended March 31, 2014: 1,314,895,351 shares
(ii) Number of treasury shares at end of year
Year ended March 31, 2015: 4,677,305shares
Year ended March 31, 2014: 4,449,074 shares
(iii) Average number of shares during the period
Year ended March 31, 2015: 1,310,342,256 shares
Year ended March 31, 2014: 1,310,573,898 shares

(Reference) Summary of nonconsolidated financial results
Nonconsolidated results of operations of the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)
(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 Mar. 31, 2015	810,505	10.2 (%)	23,708	2.3 (%)	35,699	-15.3 (%)	33,193	-21.7 (%)
Year ended Mar. 31, 2014	735,558	9.2 (%)	23,180	26.8 (%)	42,134	-22.5 (%)	42,377	-5.3 (%)

	Net Income per share	Diluted net income per share
Year ended Mar. 31, 2015	25.33 (yen)	-
Year ended Mar. 31, 2014	32.33 (yen)	-

(2) Nonconsolidated financial position:

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
As of Mar. 31, 2015	1,252,174	432,265	34.5 (%)	329.91 (yen)
As of Mar. 31, 2014	1,177,558	398,674	33.9 (%)	304.22 (yen)

(Reference) Shareholders' equity As of Mar. 31, 2015: 432,265million yen
As of Mar. 31, 2014: 398,674 million yen

Indication regarding the situation of audit procedures

As of the disclosure of these financial results, audit procedures of the 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, see (3) Outlook for the Year Ending March 31, 2016 (page 4) under "1. Analysis of Business Results and Financial Position (1) Analysis of Business Results".

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

Mitsubishi Materials Corporation is scheduled to hold financial results briefing for institutional investors on May 14, 2015 (Thursday). Supplementary information to the financial results to be used in this briefing is being released on TDnet and on the Company's website with the announcement of the consolidated financial results for the year ended March 31, 2015.

Contents

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

1) Results for the Year Ended March 31, 2015

During the fiscal year ended March 31, 2015, overall the global economy headed toward modest recovery thanks to a steady ongoing U.S. economic rebound. In Asia, however, economic growth continued to slow in China and other countries.

In spite of the negative impact of last-minute demand after the increase in the consumption tax rate, overall the Japanese economy sustained a gradual recovery, thanks to improvement in such areas as employment and income.

Looking at the Mitsubishi Materials Group's operating environment, ongoing yen depreciation affected business overall. Meanwhile, the Group faced such negative factors as construction delays and falling prices of copper and other key metals in overseas markets.

Against this backdrop, the Group embarked on the medium-term management plan (FY2015–2017), "Materials Premium 2016—Challenge to become the world's leading business group." This plan defines the groupwide growth strategies of "Fortifying the foundation for growth," "Strengthening global competitiveness" and "Pursuing a recycling-based business model." The Group continued to implement a variety of measures based on these strategies, established new overseas bases—particularly in Asia, and underwent a process of business selection and focus, among other activities.

As a result, consolidated net sales for the fiscal year amounted to ¥1,517,265 million, up 7.2% from the previous fiscal year. Operating profit increased 8.4% to ¥71,871 million, and ordinary income increased 5.5% to ¥81,093 million. Net income increased 6.8% to ¥56,147 million.

2) Overview of Segments

The Company revised its reporting segments during the year ended March 31, 2015. Details are provided in "4. (5) Segment Information." Figures below for the preceding fiscal year have been retroactively adjusted to accord with the post-revision segments.

(Cement)

(Billions of yen)

	FY 2014	FY 2015	Increase/decrease (%)	
Net sales	¥190.1	¥193.3	¥3.1	(1.6%)
Operating profit	19.1	17.3	(1.7)	(-9.0%)
Ordinary income	¥18.8	¥16.7	¥(2.0)	(-11.1%)

In the domestic cement business, overall demand declined and sales volumes decreased, except for export sales. Contributing factors included labor shortages in the construction industry, which led to unsuccessful bids for public works and delays on private-sector works projects, as well as a downturn in housing construction. In the United States, bad weather at the beginning and end of the year in Southern California led to construction delays and business policies emphasizing selling prices, both contributed to driving down sales volumes. In China, demand remained robust thanks to a high-speed rail construction project in Shandong Province and new airport construction. However, sales volumes declined as a result of a falloff in demand related to real-estate investment. In the entire cement business, production amounted to 12.0 million tons, down 0.3 million ton from the previous fiscal year.

Revised selling prices on cement and ready-mixed concrete boosted sales in the United States, although operating costs increased.

As a result, sales increased for the segment as a whole, while operating profit fell.

Overall, ordinary income fell year on year, due to the decline in operating profit, among other factors.

(Metals)

(Billions of yen)

	FY 2014	FY 2015	Increase/decrease (%)	
Net sales	¥728.1	¥811.6	¥83.4	(11.5%)
Operating profit	23.9	24.8	0.8	(3.7%)
Ordinary income	¥38.0	¥32.8	¥(5.1)	(-13.6%)

In the copper business, domestic smelters and refineries experienced higher electricity and other operating costs. In addition, the Naoshima Smelter and Refinery underwent regularly scheduled furnace repairs. However, substantial production increases at PT Smelting in Indonesia helped drive up sales and profits. For the segment as a whole, copper cathode production amounted to 555 thousand tons, up 41 thousand tons from the previous fiscal year.

In gold and other valuable metals, sales and profit both increased as a result of higher production volumes, stemming from higher ore grades.

In processed copper products, sales of products for automobiles increased, but sales of products for nuclear power stations fell. Consequently, sales rose but profit fell.

Consequently, the overall business recorded year-on-year increases in net sales and operating profit.

Ordinary income for the overall segment was down from the preceding fiscal year, due to lower dividend income and equity in earnings of affiliates.

(Advanced Materials & Tools)

(Billions of yen)

	FY 2014	FY 2015	Increase/decrease (%)	
Net sales	¥145.8	¥134.6	¥(11.2)	(-7.7%)
Operating profit	14.0	16.7	2.6	(18.7%)
Ordinary income	¥13.9	¥16.5	¥2.5	(18.4%)

In cemented carbide products, net sales and operating profit both increased thanks to higher demand in Japan and overseas, particularly the United States, Europe and Southeast Asia, as well as proactive sales promotion efforts.

In high-performance alloy products, sales and profits were down. Sales of products for automobiles remained favorable, notably for North America. However, costs rose in tandem with increases in production capacity. Other contributing factors were the fact that Mitsubishi Materials C.M.I. Corporation (now NIDEC SANKYO CMI CORPORATION) was excluded from the Mitsubishi Materials Group's subsidiaries in January 2014, while MMC Superalloy Corporation (now Hitachi Metals MMC Superalloy, Ltd.) became an equity-method affiliate of the Group in July 2014.

Consequently, this segment recorded lower sales overall, while operating profit increased. Ordinary income rose year on year, owing to higher operating profit.

(Electronic Materials & Components)

(Billions of yen)

	FY 2014	FY 2015	Increase/decrease (%)	
Net sales	¥67.7	¥67.0	¥(0.7)	(-1.1%)
Operating profit	4.0	4.4	0.4	(11.7%)
Ordinary income	¥2.1	¥7.2	¥5.0	(231.3%)

In the advanced materials business, sales of products related to semiconductor manufacturing equipment were solid, but sales of products used in smartphone LSIs and displays decreased. Sales of products for hybrid automobiles also declined. This situation led to higher sales but lower profits.

The electronic components business saw increases in both net sales and operating profit, benefiting from increased sales of products for household appliances.

In polycrystalline silicon and chemical products, sales of polycrystalline silicon decreased. However, depreciation and amortization expenses for the Yokkaichi Plant diminished, as impairment losses were recorded on assets at the Yokkaichi Plant in the preceding fiscal year, and sales of automotive chemical products increased. Sales in this area consequently fell, while profit increased.

Owing to the abovementioned factors, net sales fell for the segment as a whole, but operating profit grew.

For the segment overall, ordinary income rose year on year, buoyed by the increase in operating profit and higher equity in earnings of affiliates.

(Aluminum)

(Billions of yen)

	FY 2014	FY 2015	Increase/decrease (%)	
Net sales	¥151.5	¥159.4	¥7.8	(5.2%)
Operating profit	5.5	5.6	0.1	(2.4%)
Ordinary income	¥4.7	¥5.1	¥0.3	(8.4%)

In the aluminum cans business, demand increased for regular cans—mainly for beer-like beverages. Demand for bottle cans for black coffee and tea-based beverages also expanded.

In rolled aluminum and processed aluminum products, demand for products used in solar cells declined, but demand for automotive products expanded.

Overall, the aluminum segment saw an uptick in energy and material costs.

As a result, net sales and operating profit were up year on year for the overall aluminum business.

Ordinary income for the overall business increased year on year, bolstered by the rise in operating profit.

(Others)

(Billions of yen)

	FY 2014	FY 2015	Increase/decrease (%)	
Net sales	¥238.7	¥241.2	¥2.4	(1.0%)
Operating profit	7.3	9.3	1.9	(26.6%)
Ordinary income	¥8.0	¥9.8	¥1.8	(22.5%)

In the energy-related business, coal sales were down but sales related to nuclear power increased, resulting in lower sales but increased profits.

In the "E-waste" (used electronics and electrical products) recycling business, sales and profits were down, due to a reduction in the handling volume owing to a reduced impact from last-minute demand after the increase in the consumption tax rate.

Orders for nuclear energy and engineering services amounted to ¥68.6 billion, up ¥3.1 billion from the previous fiscal year. The order backlog at the end of the period was ¥29.6 billion, up ¥4.7 billion from a year earlier.

3) Outlook for the Year Ending March 31, 2016

Overall, the global economy is expected to see a continued modest recovery, led by advanced countries, although economic growth is expected to slow in China and other emerging markets.

The Japanese economy is expected to continue enjoying a gradual recovery, with lower crude oil prices and the impact of yen depreciation contributing to improvements in corporate earnings and the employment and income environment.

The Group expects its operating environment be characterized by firm private-sector housing investment and capital investment centering on large corporations supported by domestic economic recovery. At the same time, uncertainty persists with regard to current price decreases on copper and other key metals.

Against this backdrop, the Group strive to grow by implementing the measures outlined in "2. Management Policies."

In this environment, for the fiscal year ending March 31, 2016, our consolidated operating performance forecasts call for net sales of ¥1,580 billion, operating profit of ¥85 billion, ordinary income of ¥92 billion and net income attributable to owners of the parent of ¥65 billion.

(2) Analysis of Financial Position

At March 31, 2015, total assets amounted to ¥1,898.1 billion, up ¥119.6 billion from a year earlier, mainly due to an increase in cash and deposits.

Total liabilities increased ¥15.8 billion, to ¥1,268.6 billion, primarily because of an increase in notes and accounts payable–trade.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥108.0 billion, up ¥5.1 billion from the previous fiscal year. This rise was due mainly to robust performance.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥42.3 billion, down ¥2.4 billion from the previous fiscal year. This cash was primarily used for outlays related to capital investments.

(Cash Flows from Financing Activities)

Together, operating activities and investing activities produced a net inflow of ¥65.7 billion, which was mainly applied to the redemption of bonds. Accordingly, net cash used in financing activities was ¥42.2 billion, down ¥27.0 billion from the previous fiscal year.

As a result of the above, as well as exchange rate changes and other factors, the balance of cash and cash equivalents at March 31, 2015, stood at ¥92.0 billion, up ¥30.0 billion from March 31, 2014.

Below is a summary of major cash flow indicators.

	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Equity ratio (%)	18.7	20.0	22.4	25.7	29.0
Equity ratio on a market-value basis (%)	20.1	19.6	19.4	21.6	27.9
Ratio of interest-bearing debt to cash flow	7.1	8.0	7.1	6.5	6.0
Interest coverage ratio	7.8	8.3	9.0	10.2	12.9

Equity ratio: Shareholders' equity/Total assets
Equity ratio on a market-value basis: Total value of shares at market price/Total assets
Ratio of interest-bearing debt to cash flow: 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) 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

Based on its Articles of Incorporation, the Company is to distribute surpluses following resolutions at Board of Directors meetings. We regard the distribution of profits to all shareholders as one of our most important priorities. Accordingly, our policy is to make decisions on profit appropriation based on comprehensive consideration of various factors related to overall management, such as income over the relevant period, retained earnings, and financial position. Based on this policy, the Board of Directors, at its meeting on May 12, 2015, decided to distribute a year-end dividend of ¥5 and an interim dividend of ¥3, resulting in a full-year dividend for the year ended March 31, 2015, of ¥8 per share (up ¥2 from the preceding fiscal year).

Dividend payments for the year ending March 31, 2016 are expected to amount to ¥10 per share (¥5 interim dividend plus ¥5year-end dividend).

(4) Business and Other Risks

Because the Group, as stated in “4. Consolidated Financial Statements (5). (Segment Information),” is engaged in a broad variety of business activities, its business results and financial standing are influenced by all kinds of factors, such as political affairs, economy, weather, market conditions, currency movements, and laws and ordinances both in and outside the country. Listed below are the factors that may have a particularly substantial impact on the Group.

Please note that although the matters listed in this section contain items related to the future, these items have been chosen as of May 12, 2015.

1) Corporate reorganization
The Group is always engaged in selection and concentration of its various businesses, actively investing management resources in businesses with high profitability, at the same time actively conducting revisions, reorganizations, and restructuring of its businesses always ready to consider possibilities regarding collaboration with other companies. The business results and financial standing of the Group may be influenced by this process.

2) Market and customer trends
The Group offers products and services to all kinds of industries, and due to such factors as changes of the conditions of the world economy, rapid changes in clients’ markets, changes in clients’ market share, and changes in clients’ business strategies or product development trends may influence the sales of the products of the Group. Especially the automobile industry and the IT-related industry are exposed to intense competition in the area of prices and technical development, and while the Group takes every precaution endeavoring to reduce the costs and develop new products and technologies, in cases where we cannot appropriately respond to the changes in industries and clients’ markets, the business results of the Group may be affected.

3) Rates for nonferrous metals, exchange fluctuation, etc.
In the Metals business, dividends from mines the Group made capital subscriptions into that are denominated in foreign currency, which are the main sources of profits, as well as smelting expenses, etc., are influenced by rates for nonferrous metals, exchange fluctuations, and conditions of ore purchasing. Furthermore, in the area of inventories, there is a risk of rates for nonferrous metals and exchange fluctuation influencing the material costs in the period from the procurement of the ore to the production and sales of the metals.

Also, such items as nonferrous metals used as raw materials in the Aluminum business and the Advanced Materials & Tools business as well as coal in the Cement business are international merchandise, and the acquisition cost of these raw materials and mineral fuel can be influenced by fluctuation of market prices, exchange rates, ocean freight, etc. for nonferrous metals and coal.

4) Trends in the conditions of the semiconductor market
The Group supplies electronic materials, polycrystalline silicon, etc. for the semiconductor industry, and is also engaged in the silicon wafer business for semiconductors in the SUMCO Corporation, which is an equity-method affiliate, and business results and financial standing of the Group may be influenced by conditions of the semiconductor market.

5) Interest-bearing debt
In the term ended March 31, 2015, the interest-bearing debt of the Group was ¥630.8 billion yen (which is the sum total of short-term loans payable, current portion of bonds payable, commercial papers, bonds payable, and long-term loans payable; same below if there are no explanatory notes) amounting to 33.2% of the total assets. And although we are making efforts to improve the financial standing by reducing inventories, asset sales, etc., the future financial situation may affect business results and financial standing of the Group.

6) Important matters related to fund procurement
Among the loans payable of the Group such as syndicated loans there are some loans, for which we contractually promised the maintenance of shareholders’ equity above a certain level. In cases where the Company or the Group cannot keep these assurances due to changes for the worse of our financial situation or certain other factors, there is a risk of a duty to repay such loans before the term of payment being generated, and depending on the subsequent steps these situations may impact the fund procurement of the Group.

7) Guaranty of liabilities
In the term ended March 31, 2015, the Group has undertaken a ¥35.4 billion yen guaranty of liabilities against monetary liabilities of affiliated companies, which are not included in the scope of consolidation. In cases, where a situation arises in the future, in which we are requested to fulfill these guaranties of liabilities, this may affect business results and financial standing of the Group.

8) Fluctuations of the market value of assets

The business results and financial standing of the Group may be influenced by fluctuations in the market value of securities, land, and other assets possessed.

9) Retirement benefit expenses and obligations

Employees' retirement benefit expenses and obligations are calculated based on assumptions and conditions mainly derived from mathematical calculations. In setting these assumptions and conditions, we take into consideration employees' average remaining length of service, long-term interest on the Japanese government bonds, as well as the status of pension assets including shares contributed to trust funds, but losses caused by declines in the discount rate or operations with pension assets may affect the future expenses and obligations posted by the Group.

10) Environmental regulations, etc.

In each business establishment in and outside the country, the Group makes efforts to control pollution, including air pollution, wastewater pollution, soil pollution, and groundwater pollution, in accordance with environmental laws and ordinances, and in dealing with abandoned mines within the country is endeavoring to control mine pollution by, for example, preventing water pollution from mine water or conducting security management of the dumps in accordance with the Mine Safety Law. However, in cases where related laws are revised or permissible greenhouse gas emission volume are limited, the Group may need to bear new expenses.

11) Overseas operations, etc.

The Group has production bases, sales bases, and other bases in 29 countries and regions abroad, and foreign sales amount to 39.5% of its consolidated sales. Business results and financial standing of the Group may be influenced by political/economic conditions, exchange rates at each country as well as changes of trading/commercial regulations, mining policies, environmental regulations, systems of taxation, other unforeseen changes of laws or regulations as well as differences of interpretation thereof, and changes of management policies of local cooperators and partners.

12) Intellectual property rights

The Group fully recognizes the importance of intellectual property rights and makes efforts to protect them, but in cases where the measures to protect the same are insufficient, or in cases where our rights are illegally infringed on, this may affect the business results and financial standing of the Group. At the same time, although the Group handles the intellectual property rights held by other companies with the greatest possible care, in cases where it is established that we have infringed on the intellectual property rights held by other companies and have to pay liabilities, such as compensation for damages, this also may affect the business results and financial standing of the Group.

13) Quality of the products

The Group takes all possible measures regarding the quality control, striving to offer our clients products of high quality. However, in cases where due to some unforeseen circumstances we need to conduct a large-scale recall, this may affect the business results and financial standing of the Group.

14) Occupational health and safety, equipment accidents, etc.

The Group takes thoroughgoing measures to prevent occupational accidents and accidents to production machinery. Our efforts span both intangible aspects such as management frameworks for occupational health, safety, security and accident prevention, and tangible approaches such as operational and maintenance management and improving the safety of equipment. In the event of a major accident at work or an accident to the equipment occurs, this may affect business results and financial standing of the Group.

15) Management of information

The Group strives to ensure thoroughness in the management of information, including the handling of personal information, but in cases where a leak of information or some other accident to information occurs, damage to our reputation in society or other factors may affect the business results and financial standing of the Group.

16) Lawsuits, etc.

The business results and financial standing of the Group may be influenced by rulings, amicable settlements, verdicts, etc. related to lawsuits, disputes, and other legal procedures, in which the Group is one of the parties concerned at present, or will be one of the parties concerned in the future in relation to the business conducted by the Group presently or in the past within the country and in foreign countries.

17) Procurement of electricity
The business results and financial standing of the Group may be influenced by increases in prices for electricity resulting from such factors as cost increases of imported fossil fuels due to the suspension of operation of nuclear power stations and increases in charges for renewable energy.

18) Other matters
In addition to the above, the business results and financial standing of the Group may be influenced by changes of trade practices, terrorist attacks, wars, epidemics, earthquakes and other natural disasters, and other unexpected circumstances.

2. Management Policies

(1) Basic Group Management Policies

In order to accelerate its corporate philosophy, "For People, Society and the Earth," in a stable way, the Group sets out the objective "to become the world's leading business group committed to supporting recycling-oriented society through materials innovation, with use of our unique and distinctive technologies, by the early 2020s."

(2) Target Management Indicator, Medium- and Long-Term Management Strategies and Issues to Be Addressed

Each operation of the Group commits to create valuable products and services with our distinctive technologies and to occupy an important position in each industry and market, so that we can "Challenge to become the world's leading business group" defined in the above "(1) Basic Group Management Policies." In addition, for the purpose of focusing on fortifying the foundation to accomplish the above objective, we have set the followings as the growth strategies for the overall Group in the "Materials Premium 2016–Challenge to become the world's leading business group."

Further, we will continue to work to improve our financial position by raising profitability through business selection and focus, while accelerating growth by executing strategic investments worth ¥100 billion over the three-year period focusing on M&A and expansion in production and sales locations in overseas countries.

1) Fortifying the foundation for growth
Setting the motto "Safety and Health are First" as our first priority, we will enhance our safety management systems and foster our corporate philosophy and culture to value safety so that we will secure stable operational frameworks which contribute to the growth of the Group business.

2) Strengthening global competitiveness
By focusing on expanding our current production and sales locations in the overseas countries and developing the new production and sales locations mainly in emerging countries, we will acquire new business in growing global markets.

Furthermore, by conducting strategic marketing in the automotive and electronics industries, we will gain access to new customers and markets so that we can boost our competitiveness.

3) Pursuing a recycling-based business model
The Group operates its business widely across the upstream (sources), midstream (materials) and downstream (processed products) markets. In addition, we will pursue the business model to circulate wastes to the upstream market for utilization.

Through the "Material Premium" plan, which derives from our unique strength as a conglomerate, we will facilitate the recycling of waste that that has so far been hard to process so that we can contribute to the sustainable growth of society.

The medium-term management plan mentioned above sets the following targets for the fiscal year ending March 31, 2017: consolidated operating profit of ¥100 billion, consolidated ordinary income of ¥110 billion, ROA of 6% and a net D/E ratio of 1.0 time or lower (assumed conditions: exchange rates of ¥100/USD and ¥130/EUR and an LME copper price of 300¢/lb.)

<Priorities in each business>
● Cement

In the domestic cement business, public-sector demand is forecast to fall as the Japanese government reduces spending on public works. On the other hand, in the Tokyo metropolitan area we anticipate construction related to the upcoming Olympic Games, and favorable corporate earnings should fuel private-sector capital investment. Consequently, we expect domestic demand to remain largely unchanged from its level in the fiscal year ended March 31, 2015. Under these circumstances, we will work to secure sales volumes by steadily implementing initiatives to benefit from demand related to earthquake disaster reconstruction and large-scale projects leading up to the Olympics.

In the U.S. cement business, we will endeavor to boost sales volume and revise prices upward in response to an expected demand recovery centered on the private sector as the U.S. economy steadily rebounds. We will also endeavor to reduce manufacturing costs through stable operations, leading to increased profitability.

In the Chinese cement business, demand related to real estate investment is unlikely to recover. This situation is causing market competition to grow more pronounced. Amid these conditions, we will endeavor to adjust prices, mainly on high-quality products. We will simultaneously work to curtail manufacturing and selling costs in an aim to shore up profitability.

● Metals

We see the demand outlook for copper ore as unclear, as economic growth is leveling off in China and other emerging markets, while the U.S. economy is recovering steadily.

Copper prices are relatively low at present. We will continue to monitor market trends, along with price trends in the foreign exchange and stock markets.

In processed copper products, we anticipate continued firm demand for automotive products.

Under these conditions, we will continue working to lower our breakeven point in the metals business by reducing energy costs and suppressing fixed expenses. Through these efforts, we aim to build a solid constitution that is impervious to price fluctuations. In copper smelting, we will work toward stable operations at smelters in Japan and overseas while expanding recycling operations by building a processing structure that can manage difficult-to-handle waste. By boosting revenues from waste treatment, the Group expects to improve segment profits. In the processed copper products business, we will continue to increase profitability by enhancing sales competitiveness through accelerated development of alloys, drawing on our technological and development capabilities.

● Advanced Materials & Tools

In the cemented carbide products business, a certain sense of stagnation is evident due to falling levels of economic growth in China and other emerging markets. That said, overall orders are trending upward, and over the medium to long term we expect demand to expand, particularly among our customer base in the automotive and aircraft industries.

Under these circumstances, we will strengthen our high-performance, high-precision product development for cemented carbide products, and scale up our engineering service organization. We will also endeavor to step up our sales activities by augmenting our sales locations and extending our sales network, notably in emerging markets. Furthermore, we will continue working to stabilize our sourcing of tungsten—a key constituent of cemented carbide products—by improving the recycling ratio and through other efforts to diversify procurement sources.

Turning to the high-performance alloy products business, in July 2014 MMC Superalloy Corporation's status changed from a consolidated subsidiary to being an equity-method affiliate, which is expected to reduce revenues and earnings in the short term. However, the Group will work to increase earnings by augmenting its overseas production locations in response to anticipated growth in demand for sintered products in tandem with expansion in the automotive industry.

● Electronic Materials & Components

In the advanced materials business, we expect sales of products for solar cells to remain strong for the foreseeable future. The demand outlook for semiconductor-related products, however, is opaque. Product demand for hybrid automobiles is expected to decrease, due in Japan to the consumption tax hike and in the United States to sluggish sales of hybrid automobiles. However, product demand in non-automotive industries is expected to grow. Going forward, we aim to remain a step ahead of customers' needs in each of the markets in which we participate. We will strive to augment revenues and profits by making full use of our core technological capabilities, and strengthening our sales competitiveness and our ability to make client proposals.

In the electronic components business, sales of products for household appliances are falling as Chinese economic growth levels off, but we are working to increase sales of products for industrial equipment and vehicles. We will continue working to strengthen our business structure by enhancing our sales structure in emerging markets, introducing new products early and further reducing costs.

In polycrystalline silicon and chemical products, operations were suspended at the Yokkaichi Plant following an explosion and fire on January 9, 2014. The plant went back on line on June 30, 2014, operating with a safety control system in place and with redoubled efforts to ensure operational stability.

● Aluminum

In the aluminum cans business, although we do not expect demand in the overall domestic drinks market to increase substantially, we are working to increase our stability of orders for regular cans, and working proactively to expand sales of aluminum bottle cans—a strategic product—for black coffee and tea-based beverages. We will also continue making an active effort to promote advantageous procurement of raw materials, stable product quality and cost reductions.

In the rolled aluminum and processed aluminum products business, we will work to stabilize orders of can materials and products for automobiles and electronic materials. We will also endeavor to expand sales of automotive products overseas.

We will contribute to the establishment of a recycling-oriented society by actively promoting the Group's ongoing initiatives in the business of recycling used aluminum cans.

3. Basic Perspective on Selection of Accounting Standards

We are currently researching and considering the International Financial Reporting Standards (IFRS), working to understand their content and judge what impact their adoption would have on the Group. At this stage, no date has been set for their adoption.

4. Consolidated Financial Statement

(1) Consolidated Balance Sheets

[March 31, 2015 and 2014]

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
ASSETS		
Current Assets:		
Cash and deposits	63,486	93,152
Notes and accounts receivable-trade	219,016	230,874
Merchandise and finished goods	81,516	85,100
Work in process	100,280	107,093
Raw materials and supplies	103,155	104,539
Deferred income taxes	10,924	11,747
Gold bullion on loan	93,635	100,169
Other	104,293	137,855
Allowance for doubtful accounts	(1,843)	(2,129)
Total Current Assets	**774,465**	**868,403**
Noncurrent Assets:		
Property, Plant and Equipment:		
Building and structures, net	153,369	151,794
Machinery and equipment, net	187,634	197,114
Land, net	273,048	273,589
Construction in progress	22,510	17,476
Other, net	14,009	15,060
Total Property, Plant and Equipment	**650,571**	**655,034**
Intangible Assets:		
Goodwill	38,816	41,249
Other	9,410	11,686
Total Intangible Assets	**48,226**	**52,936**
Investments and Other Assets:		
Investment securities	250,576	265,052
Retirement benefit assets	19	242
Deferred income taxes	31,255	30,111
Other	30,356	33,352
Allowance for investment loss	(1,168)	(1,168)
Allowance for doubtful accounts	(5,797)	(5,807)
Total Investments and Other Assets	**305,241**	**321,783**
Total Noncurrent Assets	**1,004,039**	**1,029,753**
Total Assets	**1,778,505**	**1,898,157**

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	106,656	128,375
Short-term loans payable	256,098	252,197
Current portion of bonds payable	40,000	20,040
Commercial papers	-	5,000
Income taxes payable	9,576	9,545
Deferred tax liabilities	648	275
Accrued bonuses	11,975	12,362
Gold payable	212,760	227,505
Allowance for loss on disposal of inventories	923	844
Other	99,878	121,670
Total Current Liabilities	**738,518**	**777,817**
Noncurrent Liabilities:		
Bonds payable	85,140	65,100
Long-term loans payable	268,605	288,534
Reserve for directors' retirement benefits	1,740	1,758
Reserve for loss on subsidiaries and affiliates	1,698	1,458
Reserve for environmental measures	4,117	4,547
Deferred tax liabilities	31,650	26,659
Deferred tax liabilities for land revaluation	32,532	28,449
Net defined benefit liability	52,787	39,662
Other	36,007	34,655
Total Noncurrent Liabilities	**514,279**	**490,825**
Total Liabilities	**1,252,797**	**1,268,643**
NET ASSETS		
Shareholders' Equity:		
Capital stock	119,457	119,457
Capital surplus	92,272	92,272
Retained earnings	207,354	252,858
Treasury stock	(1,782)	(1,865)
Total Shareholders' Equity	**417,302**	**462,723**
Accumulated Other Comprehensive Income:		
Valuation difference on securities available for sale	31,972	42,717
Deferred gains or losses on hedges	218	(1,025)
Revaluation reserve for land	32,907	33,856
Foreign currency translation adjustment	(12,348)	15,746
Remeasurements of defined benefit plans	(13,302)	(3,256)
Total Accumulated Other Comprehensive Income	**39,447**	**88,039**
Minority interests	**68,957**	**78,751**
Total Net Assets	**525,707**	**629,514**
Total Liabilities and Net Assets	**1,778,505**	**1,898,157**

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

Consolidated Statement of Operations

[For the year ended March 31, 2014 and 2015]

(Millions of yen)

	Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)	Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)
Net Sales	**1,414,796**	**1,517,265**
Cost of Sales	**1,220,333**	**1,313,259**
Gross Profit	**194,463**	**204,006**
Selling, General and Administrative Expenses	**128,181**	**132,135**
Operating Profit	**66,281**	**71,871**
Non-Operating Profit:		
Interest income	916	607
Dividends income	18,964	15,293
Equity in earnings of affiliates	4,377	6,557
Rent income on noncurrent assets	4,559	4,966
Other	3,221	3,884
Total Non-Operating Profit	**32,038**	**31,309**
Non-Operating Expenses:		
Interest expenses	9,686	8,233
Expenses for rent in undertaking	3,399	3,234
Loss on disposal of property, plant and equipment	2,755	3,183
Expenses for settlement of remaining business in mine	2,704	3,589
Other	2,873	3,845
Total Non-Operating Expenses	**21,418**	**22,086**
Ordinary Income	**76,902**	**81,093**
Extraordinary Income:		
Gain on sales of noncurrent assets	4,334	8,749
Gain on sales of marketable securities and investments in securities	32,078	1,694
Gain on contribution of securities to retirement benefit trust	10,949	-
Other	3,796	2,308
Total Extraordinary Income	**51,158**	**12,752**
Extraordinary Losses:		
Loss on valuation of investment securities	850	9,278
Loss on impairment	32,308	499
Other	9,555	8,439
Total Extraordinary Loss	**42,714**	**18,217**
Income before Income Taxes	**85,346**	**75,628**
Corporate Income Taxes and Business Tax	**16,509**	**19,649**
Income Tax Adjustments	**9,956**	**(5,574)**
Total Income Taxes	**26,465**	**14,074**
Income before Minority Interests	**58,880**	**61,553**
Minority Interests in Income	**6,328**	**5,406**
Net Income	**52,551**	**56,147**

Consolidated Statement of Comprehensive Income

[For the Year Ended March 31, 2014 and 2015]

(Millions of yen)

	Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)	Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)
Income before Minority Interests	**58,880**	**61,553**
Other Comprehensive Income		
Valuation difference on securities available for sale	(8,513)	10,691
Deferred gains or losses on hedges	572	(1,434)
Revaluation reserve for land	-	2,801
Foreign currency translation adjustment	28,032	33,215
Adjustments for retirement benefits	-	11,714
Equity in earnings of affiliates	5,594	2,411
Total other comprehensive income	25,685	59,401
Comprehensive Income	**84,565**	**120,954**
(Breakdown)		
Comprehensive income attributable to owners of the parent company	70,864	106,600
Comprehensive income attributable to minority interests	13,701	14,354

(3) Statement of Changes in Consolidated Shareholders' Equity

Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	119,457	92,272	158,456	(1,692)	368,495
Cumulative impact of changes in accounting policies					
Balance at beginning of period, reflecting changes in accounting policies	119,457	92,272	158,456	(1,692)	368,495
Change during the year					
Cash dividends from retained earnings			(7,864)		(7,864)
Net income			52,551		52,551
Decrease from write-downs of land revaluation excess			1,923		1,923
Increase due to change of fiscal term of consolidated subsidiaries			281		281
Increase from rise in number of consolidated subsidiaries			2,005		2,005
Acquisition of treasury stock				(92)	(92)
Disposition of treasury stock		(0)	(0)	2	1
Net change in items other than shareholders' equity					
Total change during the year	-	(0)	48,897	(90)	48,806
Balance at end of period	119,457	92,272	207,354	(1,782)	417,302

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on securities available for sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of period	40,516	(1,189)	34,830	(37,422)	-	36,735	61,001	466,231
Cumulative impact of changes in accounting policies								
Balance at beginning of period, reflecting changes in accounting policies	40,516	(1,189)	34,830	(37,422)	-	36,735	61,001	466,231
Change during the year								
Cash dividends from retained earnings								(7,864)
Net income								52,551
Decrease from write-downs of land revaluation excess								1,923
Increase due to change of fiscal term of consolidated subsidiaries								281
Increase from rise in number of consolidated subsidiaries								2,005
Acquisition of treasury stock								(92)
Disposition of treasury stock								1
Net change in items other than shareholders' equity	(8,543)	1,407	(1,923)	25,073	(13,302)	2,711	7,956	10,668
Total change during the year	(8,543)	1,407	(1,923)	25,073	(13,302)	2,711	7,956	59,475
Balance at end of period	31,972	218	32,907	(12,348)	(13,302)	39,447	68,957	525,707

Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	119,457	92,272	207,354	(1,782)	417,302
Cumulative impact of changes in accounting policies			(3,611)		(3,611)
Balance at beginning of period, reflecting changes in accounting policies	119,457	92,272	203,742	(1,782)	413,690
Change during the year					
Cash dividends from retained earnings			(9,172)		(9,172)
Net income			56,147		56,147
Decrease from write-downs of land revaluation excess			1,861		1,861
Increase from rise in number of consolidated subsidiaries			327		327
Decrease due to addition of equity-method affiliates			(46)		(46)
Acquisition of treasury stock				(84)	(84)
Disposition of treasury stock		(0)		1	1
Net change in items other than shareholders' equity					
Total change during the year	-	(0)	49,116	(83)	49,033
Balance at end of period	119,457	92,272	252,858	(1,865)	462,723

	Accumulated other comprehensive income							
	Valuation difference on securities available for sale	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of period	31,972	218	32,907	(12,348)	(13,302)	39,447	68,957	525,707
Cumulative impact of changes in accounting policies								(3,611)
Balance at beginning of period, reflecting changes in accounting policies	31,972	218	32,907	(12,348)	(13,302)	39,447	68,957	522,095
Change during the year								
Cash dividends from retained earnings								(9,172)
Net income								56,147
Decrease from write-downs of land revaluation excess								1,861
Increase from rise in number of consolidated subsidiaries								327
Decrease due to addition of equity-method affiliates								(46)
Acquisition of treasury stock								(84)
Disposition of treasury stock								1
Net change in items other than shareholders' equity	10,745	(1,244)	949	28,095	10,046	48,591	9,793	58,385
Total change during the year	10,745	(1,244)	949	28,095	10,046	48,591	9,793	107,418
Balance at end of period	42,717	(1,025)	33,856	15,746	(3,256)	88,039	78,751	629,514

(4) Consolidated Statements of Cash Flows

[For the year ended March 31, 2014 and 2015]

(Millions of yen)

	Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)	Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)
Cash Flows from Operating Activities:		
Income before income taxes	85,346	75,628
Depreciation and amortization	57,428	53,911
Amortization of goodwill	3,070	2,835
Increase (decrease) in allowance for doubtful accounts and reserves	(402)	(54)
Increase (decrease) in allowance for investment loss	(580)	-
Increase (decrease) in reserve for loss on business of affiliate	(27)	-
Increase (decrease) for environmental measures	(139)	395
Increase (decrease) in net defined benefit liability and reserve for directors' retirement benefits	(1,837)	(4,187)
Interest and dividends income	(19,880)	(15,900)
Interest expenses	9,686	8,233
Loss (gain) on sales of property, plant and equipment	(4,254)	(8,208)
Loss on disposal of property, plant and equipment	2,755	3,183
Loss on impairment	32,308	499
Loss (gain) on sales of marketable securities and investments in securities	(31,553)	(1,696)
Loss (gain) on valuation of investment securities	850	9,278
Gain on contribution of securities to retirement benefit trust	(10,949)	-
Decrease (increase) in notes and accounts receivables-trade	751	(12,246)
Decrease (increase) in inventories	3,296	(8,613)
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	76,961	77,188
Payment for purchases of gold bullion from market for customer under My Gold Partner	(82,771)	(76,957)
Decrease (increase) in other current assets	(10,486)	(13,741)
Increase (decrease) in notes and accounts payable-trade	(3,290)	16,767
Increase (decrease) in accrued expenses	(6,439)	8,616
Increase (decrease) in other current liabilities	3,247	10,904
Increase (decrease) in other noncurrent liabilities	(341)	(369)
Equity losses (earnings) of affiliates	(4,377)	(6,557)
Other, net	7,227	(5,561)
Subtotal	**105,597**	**113,347**
Interest and dividends income received	21,438	17,399
Interest expenses paid	(10,046)	(8,392)
Income taxes refund (paid)	(14,056)	(14,283)
Net Cash Provided by Operating Activities	**102,932**	**108,070**

(Millions of yen)

	Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)	Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)
Cash Flows from Investing Activities:		
Purchase of investment securities	(3,678)	(2,116)
Proceeds from sales of investment securities	40,213	5,490
Payments for lending	(1,433)	(1,775)
Proceeds from repayment of lending	1,152	5,781
Purchase of property, plant and equipment	(63,816)	(54,821)
Proceeds from sales of property, plant and equipment	11,400	7,448
Purchase of intangible assets	(1,303)	(3,237)
Payments for purchase of consolidated subsidiaries' shares	(31,289)	(471)
Proceeds from sales of shares of subsidiaries	-	229
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	4,335	1,506
Other, net	(442)	(399)
Net Cash Used in Investing Activities	**(44,863)**	**(42,366)**
Cash Flows from Financing Activities:		
Net increase (decreases) in short-term loans payable	(30,544)	14,862
Proceeds from long-term loans payable	100,057	100,361
Repayment of long-term loans payable	(111,075)	(105,638)
Increase (decrease) in commercial papers	(26,000)	5,000
Payments for redemption of bonds payable	-	(40,000)
Proceeds from issuance of bonds	15,100	-
Cash dividends paid	(7,864)	(9,172)
Purchase of treasury stock	(106)	(88)
Cash dividends paid to minority shareholders	(5,652)	(4,317)
Other, net	(3,242)	(3,279)
Net Cash Used in Financing Activities	**(69,329)**	**(42,273)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**8,094**	**5,837**
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,165)**	**29,268**
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	**62,078**	**92,079**

(5) Segment Information

[Segment Information]

1. Overview of reporting segments

(1) Method of determining reporting segments

The reporting segments of Mitsubishi Materials Corporation are those units of the Company for which separate financial statements are available and which are subject to regular inspection for the use of the Board of Directors in determining the allocation of resources and evaluating business results.

The Company has adopted an internal-company structure. As such, each internal company, business unit and division proposes comprehensive strategy for operations both in Japan and overseas with respect to the products and services it handles, and carries out operations on that basis.

Therefore, the Company divides its reporting segments according to individual products and services, based on the internal-company structure. These reporting segments are Cement, Metals, Advanced Materials & Tools, Electronic Materials & Components, and Aluminum, the last of these being particularly important among the operations of each business unit and division.

In line with a reorganization conducted on April 1, 2014, we reclassified the business handling precious metal bullion from the "Others" segment to the "Metals" segment.

Segment information for the preceding fiscal year has been modified to reflect this change.

(2) Types of product and service belonging to each reporting segment

The main products in each business are as follows.

1) Cement	Cement, cement-related-products, ready-mixed concrete, aggregates
2) Metals	Copper smelting (copper, gold, silver, sulfuric acid, etc.), processed-copper products
3) Advanced Materials & Tools	Cemented carbide products, high-performance alloy products
4) Electronic Materials & Components	Advanced materials, electronic components, polycrystalline silicon, chemical products
5) Aluminum	Aluminum cans, rolled-aluminum products, processed aluminum products

2. Method of calculation of amounts in net sales, income/loss, assets, liabilities and other items for each reporting segment

The accounting methods used in reporting business segments are the same as applied in "Basic important items for preparation of the consolidated financial statements."

Figures for income from reporting segments are based on ordinary income.

Internal income and transfers between segments 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, 2014 (From April 1, 2013 to March 31, 2014)

(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)Outside Customers	¥186,545	¥718,082	¥116,516	¥49,882	¥150,296	¥193,472	¥1,414,796	-	¥1,414,796
(2)Within Consolidated Group	3,653	10,092	29,381	17,842	1,267	45,289	107,527	(107,527)	-
Total	190,199	728,175	145,898	67,724	151,564	238,761	1,522,324	(107,527)	1,414,796
Segment income	18,813	38,024	13,999	2,195	4,739	8,081	85,854	(8,951)	76,902
Segment assets	353,263	659,302	184,998	118,325	146,698	200,496	1,663,085	115,419	1,778,505
Segment liabilities	209,216	528,457	116,088	142,896	114,466	143,704	1,254,829	(2,031)	1,252,797
Other items									
Depreciation and amortization	10,458	18,441	9,316	5,827	8,015	3,131	55,189	2,238	57,428
Amortization of goodwill	2,431	654	24	-	-	20	3,131	(60)	3,070
Dividend income	208	602	53	66	10	295	1,237	(321)	916
Amortization of negative goodwill	-	-	38	-	-	-	38	-	38
Interest expenses	2,705	3,154	1,153	2,178	876	1,115	11,184	(1,498)	9,686
Equity in earnings of affiliates	1,663	2,561	28	159	212	(250)	4,375	2	4,377
Investment to equity method affiliate	17,668	18,028	312	52,498	656	25,973	115,137	(224)	114,912
Increase in tangible and intangible noncurrent assets	¥13,144	¥19,544	¥16,775	¥3,189	¥7,374	¥3,572	¥63,600	¥2,344	¥65,944

Notes:

1. “Others” includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amounted (-¥8,951 million) are segment eliminations (¥859 million) and corporate expenses that cannot be allocated to specific segments (-¥9,810 million). Corporate expenses consist mainly of management-related costs, basic experimental research costs, and financial income/expenses.
3. Included in the segment assets adjustment amounted (¥115,419 million) are segment eliminations (-¥39,661 million) and corporate assets that cannot be allocated to specific segments (¥155,080 million). Corporate assets consist mainly of management-related assets and basic experimental research assets.
4. Included in the segment liabilities adjustment amounted (-¥2,031 million) are segment eliminations (-¥34,268 million) and corporate liabilities that cannot be allocated to specific segments (¥32,237 million). Corporate liabilities consist mainly of management-related liabilities and basic experimental research liabilities.
5. Adjustment of increase of property, plant and equipment and intangible assets (¥2,344 million) consist mainly of investment in Central Research Institute.
6. Segment income has been adjusted together with ordinary income on the consolidated statements of income.

For the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(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)Outside Customers	189,674	803,394	113,534	56,009	157,271	197,380	1,517,265	-	1,517,265
(2)Within Consolidated Group	3,625	8,239	21,112	10,995	2,156	43,843	89,972	(89,972)	-
Total	193,300	811,633	134,647	67,005	159,427	241,224	1,607,238	(89,972)	1,517,265
Segment income	16,729	32,851	16,579	7,273	5,139	9,899	88,472	(7,378)	81,093
Segment assets	365,120	713,346	179,009	126,124	154,021	195,517	1,733,139	165,017	1,898,157
Segment liabilities	194,371	557,872	98,426	140,132	118,556	142,949	1,252,309	16,333	1,268,643
Other items									
Depreciation and amortization	10,999	18,851	8,083	3,398	7,044	3,134	51,510	2,400	53,911
Amortization of goodwill	2,789	-	35	-	-	10	2,835	-	2,835
Dividend income	98	369	64	88	12	328	963	(355)	607
Amortization of negative goodwill	-	-	29	-	-	-	29	-	29
Interest expenses	2,290	2,627	1,164	1,698	812	1,008	9,601	(1,367)	8,233
Equity in earnings of affiliates	1,210	300	378	4,348	174	152	6,566	(8)	6,557
Investment to equity method affiliate	19,859	19,236	5,591	56,151	881	15,284	117,003	(199)	116,804
Increase in tangible and intangible noncurrent assets	16,748	15,278	9,424	2,904	6,789	3,443	54,587	3,048	57,636

Notes:

1. "Others" includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amounted (-¥7,378 million) are segment eliminations (¥404 million) and corporate expenses that cannot be allocated to specific segments (-¥7,783 million). Corporate expenses consist mainly of management-related costs, basic experimental research costs, and financial income/expenses.
3. Included in the segment assets adjustment amount (¥165,017 million) are segment eliminations (-¥40,257 million) and corporate assets that cannot be allocated to specific segments (¥205,275 million). Corporate assets consist mainly of management-related assets and basic experimental research assets.
4. Included in the segment liabilities adjustment amount (¥16,333 million) are segment eliminations (-¥40,620 million) and corporate liabilities that cannot be allocated to specific segments (¥56,954 million). Corporate liabilities consist mainly of management-related liabilities and basic experimental research liabilities.
5. Adjustment of increase of property, plant and equipment and intangible assets (¥3,048 million) consist mainly of investment in Central Research Institute.
6. Segment income has been adjusted together with ordinary income on the consolidated statements of income.

[Reference information]

I. For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

1. Information by Product/Service
Omitted because the same information is written in the Segment Information.

2. Information by Region
(1) Net sales

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
922,214	86,519	25,352	368,404	12,305	1,414,796

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
530,631	79,206	1,272	37,111	2,349	650,571

1. Categories for the countries and regions are geographically proximity-based.
2. Main countries and regions belong to the categories other than U.S.
   (1) Europe: Germany, United Kingdom, Spain, France
   (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
   (3) Other: Australia, Canada, Brazil

3. Information by Customer
Omits because no customers account for 10% or more of net sales in the Consolidated Statement of Operations.

II. For the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

1. Information by Product/Service
Omits because the same information is written in the Segment Information.

2. Information by Region
(1) Net sales

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
917,811	96,701	25,812	462,596	14,343	1,517,265

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
522,297	92,047	1,509	37,076	2,104	655,034

1. Categories for the countries and regions are geographically proximity-based.
2. Main countries and regions belong to the categories other than U.S.
   (1) Europe: Germany, United Kingdom, Spain, France
   (2) Asia: Indonesia, South Korea, Malaysia, Singapore, China, Taiwan, Hong Kong, Thailand
   (3) Other: Australia, Canada, Brazil

3. Information by Customer
Omits because no customers account for 10% or more of net sales in the Consolidated Statement of Operations.

[Information related to Impairment Loss of Noncurrent Assets by Reported Segment]
For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Loss on impairment	203	4,077	-	27,261	21	833	32,398	(90)	32,308

(Note) Adjustments of loss on impairment (-¥90 million) consist mainly of that of goodwill.

For the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Loss on impairment	120	155	-	25	22	144	467	31	499

(Note) Adjustment of loss on impairment (¥31 million) consist mainly of that of idle assets.

[Information related to Amortization of Goodwill and Unamortized Balance by Reported Segments]
For the year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2014	2,431	654	24	-	-	20	3,131	(60)	3,070
Balance on Mar. 31, 2014	38,727	-	67	-	-	38	38,833	(16)	38,816

Amortization of negative goodwill and unamortized balance incurred from a business combination before April 1, 2010 are as below.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2014	-	-	38	-	-	-	38	-	38
Balance on Mar. 31, 2014	-	2,221	29	-	-	-	2,250	-	2,250

For the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2015	2,789	-	35	-	-	10	2,835	-	2,835
Balance on Mar. 31, 2015	41,127	-	107	-	-	20	41,255	(5)	41,249

Amortization of negative goodwill and unamortized balance incurred from a business combination before April 1, 2010 are as below.

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Amortization for the year ended Mar. 31, 2015	-	-	29	-	-	-	29	-	29
Balance on Mar. 31, 2015	-	2,221	-	-	-	-	2,221	-	2,221

[Information on negative goodwill generated for each reporting segment]
For the year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
None
For the year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
None

(6) Per-Share Information

	Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)	Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)
Net assets per share	¥348.54	¥420.36
Net income per share	¥40.10	¥42.85

Note:
- Net income per share after dilution is not indicated, as no diluted shares exist.
- The standards used to calculate net income per share are as follows.

	Year Ended Mar. 31, 2014 (Apr. 1, 2013–Mar. 31, 2014)	Year Ended Mar. 31, 2015 (Apr. 1, 2014–Mar. 31, 2015)
Net income per share		
Net income (Millions of yen)	52,551	56,147
Amounts not attributable to ordinary shareholders (millions of yen)	-	-
Net income for common stock (Millions of yen)	52,551	56,147
Average number of shares outstanding during the period (thousands of shares)	1,310,573	1,310,342

(7) Important Subsequent Events:
1. Business Combination through Acquisition
(1) Overview of the Business Combination
(i) Name and business of the acquired company
Name of the acquired company: Hitachi Tool Engineering, Ltd.
Business: 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.
(ii) Principal purpose of the business combination
The purpose of this combination is to strengthen the base of the Company's cemented carbide products business through expansion of Hitachi Tool’s leading-edge 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.
(iii) Date of the business combination
April 1, 2015
(iv) Legal form of the business combination
Acquisition of shares for cash consideration
(v) Name following the business combination
Mitsubishi Hitachi Tool Engineering, Ltd.
(vi) Ratio of voting rights acquired
51%
(vii) Grounds for deciding on the company to be acquired
By acquiring shares in Hitachi Tool Engineering, Ltd., the Company holds 51% of voting rights.

(2) Items Related to Calculation of the Acquisition Cost
Acquisition cost of the company to be acquired
Consideration for acquisition (share purchase consideration): ¥22,083 million
(Note) The above-mentioned amount is an estimate at the time of acquisition. The actual amount may vary according to future price adjustments.
(3) Items Related to Allocation of the Acquisition Cost
(i) Breakdown of principal amounts of assets acquired and liabilities assumed on the date of the combination
Assets
Current assets: ¥16,153 million

Noncurrent assets: ¥13,899 million
Total: ¥30,052 million
Liabilities
Current liabilities: ¥8,787 million
Noncurrent liabilities: ¥2,581 million
Total: ¥11,368 million
(Note) The above-stated amounts are simple totals, including those of subsidiaries, and are at present estimates.
(ii) Amount of goodwill generated, reason for generation, method of amortization and amortization period
At present, amounts are undetermined, as the allocation of the acquisition cost is not yet complete. Furthermore, the method of amortization and amortization period have not yet been determined.

2. Significant Sales of Shares in Affiliated Companies

At a Board of Directors Meeting on March 3, 2015, a resolution was passed by the Company based on the publicly announced "Capital Increase and Restructuring Plan" (the "Plan") and "New Medium-Term Management Strategy," resolved by the Board of Directors of SUMCO Corporation ("SUMCO"), an equity-method affiliate of the Company, at a meeting on the same date. The resolutions involved the conclusion of a "Memorandum of Understanding Concerning the Treatment of Class Stock" (the "MOU") defining items necessary to the treatment of SUMCO's class stock and the policy for disposing of a portion of the common stock of SUMCO that the Company holds in the event of a public equity offering taking place as part of the Plan. Thereafter, based on a resolution passed at a Board of Directors meeting of SUMCO on April 2, 2015, issuance of common stock of SUMCO through a public equity offering with a payment date of April 27 was conducted and a portion of the Company's common stock of SUMCO was sold through the offering, with a delivery date of April 28. In addition, based on the MOU, through the exercise of a put option by the Company, the Company received a cash payment in consideration of Class A stock held by the Company and Class B stock on May 11, 2015. On the same day, the Company received a cash payment in consideration for Class B stock. The purpose for conducting this transaction and the impact on the Company's operating performance are described below.

(1) Reason
The Company reached the decision that SUMCO's accomplishment of the "Plan" as well as support for its management policy promoting the New Medium-Term Management Strategy, will contribute to the maintenance and improvement of SUMCO's corporate value. In addition, the Company decided that disposing of a portion of the common stock of SUMCO that the Company holds in concurrence with the public equity offering would also accord with the group strategy and financial strategy of the Company.

(2) Name and Business of the Affiliated Company and the Content of Its Transactions with the Company
Name: SUMCO Corporation
Business: Business: Manufacture and sale of silicon wafers for semiconductors
Content of transactions: Sale of polycrystalline silicon to the affiliated company

(3) Gain or Loss on Change in Equity Associated with the Public Equity Offering
Gain on change in equity: ¥10,300 million (estimate)

(4) Number of Shares Sold, Sale Price and Gain or Loss on Sale
Number of shares sold (Note 1): 16,951,900 shares
Sale price: ¥30,639 million
Gain or loss on sale
Gain on sales of investment securities: ¥18,438 million (estimate)

(Note 1)
The number of shares sold that is mentioned above does not include the number of shares which the Company has granted to SMBC Nikko Securities Inc. in relation to the secondary offering through overallotment to additionally receive the common stock of SUMCO through the Green Shoe option (ceiling: 1,310,100 shares, exercise deadline: May 20, 2015).

(5) Gain or Loss on Redemption of Class Shares
Gain on redemption of investment securities: ¥1,311 million (estimate)

(6) Percentage of Ownership Before and After the Above-Mentioned Public Equity Offering and Sale of Shares
Before the public equity offering and sale of shares: 27.8%
After the public equity offering and sale of shares (Note 2): 18.8%

(Note 2) SUMCO remains an equity-method affiliate of the Company both immediately before and immediately after the public equity offering and sale of shares.