# Consolidated Financial Results for the Three Months Ended June 30, 2015
# Mitsubishi Materials Corporation

Tokyo, Japan

August 6, 2015

| | |
|---|---|
| Stock code: | 5711 |
| Shares listed: | Tokyo Stock Exchange |
| URL: | http://www.mmc.co.jp/ |
| Representative: | Mr. Akira Takeuchi, President |
| For further information please contact: | Mr. Naoya Sasaki, Manager, Corporate Communications & IR Dept.<br>Tel: +81-3-5252-5206 |
| Filing date of Quarterly Report: | August 7, 2015 |
| Scheduled date of start of dividend payment: | ― |
| Supplementary materials for the quarterly financial results: | Yes |
| Investor conference for the quarterly financial results: | Yes (For Corporate Investors) |

## 1. Results of the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

### (1) Results of operations (cumulative):

(Millions of yen)

(Percentage changes relative to previous corresponding period)

| | Net sales | | Operating profit | | Ordinary income | | Net income attributable to owners of the parent | |
|---|---|---|---|---|---|---|---|---|
| Three months ended June 30, 2015 | ¥360,773 | -1.7 (%) | ¥16,387 | 16.9 (%) | ¥17,102 | -1.9 (%) | ¥29,604 | 211.3 (%) |
| Three months ended June 30, 2014 | ¥366,932 | 2.2 (%) | ¥14,013 | -17.6 (%) | ¥17,439 | 3.9 (%) | ¥9,509 | -46.4 (%) |

(Note) Comprehensive income Three months ended Jun 30, 2015: 36,434 million yen (677.1%)
Three months ended Jun 30, 2014: 4,688 million yen (-84.4%)

(Yen)

| | Net income per share | Diluted net income per share |
|---|---|---|
| Three months ended June 30, 2015 | ¥22.60 | - |
| Three months ended June 30, 2014 | ¥7.26 | - |

### (2) Financial Position:

(Millions of yen)

| | Total assets | Net assets | Shareholders' equity ratio |
|---|---|---|---|
| As of June 30, 2015 | ¥1,927,020 | ¥668,993 | 30.1(%) |
| As of March 31, 2015 | ¥1,898,157 | ¥629,514 | 29.0(%) |

(Reference) Shareholders' equity As of June 30, 2015: 579,801 million yen As of March 31, 2015: 550,762 million yen

## 2. Dividend payments

(Yen)

| | Dividends per share | | | | |
|---|---|---|---|---|---|
| (Record date) | First quarter | Second quarter | Third quarter | Year-end | Annual |
| Year ended March 31, 2015 | - | ¥3.00 | - | ¥5.00 | ¥8.00 |
| Year ending March 31, 2016 | - | | | | |
| Year ending March 31, 2016 (Forecast) | | ¥5.00 | - | ¥5.00 | ¥10.00 |

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

## 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 | ¥740,000 | -1.5 (%) | ¥34,000 | -0.1 (%) | ¥37,500 | -6.4 (%) | ¥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) |

(Note) Revisions to forecast in the current period: Yes

* 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 see “(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: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, please see “(2) Changes in Accounting Policies; Changes in Accounting Estimates; Restatements” under “2. Summary Information (Notes)” on page 5.

(4) Number of issued shares (common stock)

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

Three months ended June 30, 2015: 1,314,895,351 shares

Year ended March 31, 2015: 1,314,895,351 shares

(ii) Number of treasury shares at end of year

Three months ended June 30, 2015: 4,743,681 shares

Year ended March 31, 2015: 4,677,305 shares

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

Three months ended June 30, 2015: 1,310,187,321 shares

Three months ended June 30, 2014: 1,310,427,052 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, see (3) Explanation of Forecast and Other Future Predictions under “1. Qualitative Information Regarding the Consolidated Performance” on page 5.

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

Mitsubishi Materials Corporation is scheduled to hold a first quarter financial results briefing for institutional investors on August 6, 2015 (Thursday). Supplementary information to the quarterly financial results to be used in this briefing is being released on TDnet and the Company’s website with the announcement of the consolidated financial results for the three months ended June 30, 2015.

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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 cumulative first quarter under review, the overall global economy headed toward modest recovery thanks to signs showing that the U.S. and some other economies continue to recover, while there was a continuing slowdown in the economies of China and other countries in Asia.

The Japanese economy also continued to improve gradually, thanks to increased corporate earnings and improved employment and income conditions.

Regarding the operating environment for the Mitsubishi Materials Group, public-sector investment activity showed signs of weakness, but overall operations continued to benefit from foreign exchange adjustments stemming from yen depreciation.

Under these circumstances, consolidated net sales for the period totaled ¥360,773 million, down 1.7% from the previous corresponding period. Operating profit increased 16.9% to ¥16,387 million, while ordinary income decreased 1.9%, to ¥17,102 million. Net income attributable to owners of the parent increased 211.3%, to ¥29,604 million.

#### 2) Overview of Segment

**(Cement)**

(Billions of yen)

| | FY 2015 Q1 | FY 2016 Q1 | Increase/Decrease (%) | |
|---|---|---|---|---|
| Net sales | ¥43.6 | ¥46.8 | ¥3.2 | (7.5%) |
| Operating profit | 2.3 | 3.8 | 1.5 | (67.6%) |
| Ordinary income | ¥1.9 | ¥3.4 | ¥1.5 | (79.3%) |

In Japan, the Cement segment was significantly affected by sluggish growth in public-sector demand. Regional demand was down except in the Tohoku and Hokuriku regions, leading to a decline in overall demand, lower domestic sales volume and reduced net sales. However, we secured export sales volume on a par with the same period of the preceding fiscal year. This factor, plus the impact of yen depreciation, resulted in a year-on-year increase in entire domestic sales. In the United States, with cement demand on a recovery trend in Southern California, sales volumes increased. In China, while demand continued to grow, thanks to the highway construction in Shandong and the new airport construction, sales volumes decreased substantially due to falling demand for real estate investment. In the overall Cement business, cement production amounted to 2.8 million tons, equivalent to the first quarter of the preceding fiscal year.

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

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

**(Metals)**

(Billions of yen)

| | FY 2015 Q1 | FY 2016 Q1 | Increase/Decrease (%) | |
|---|---|---|---|---|
| Net sales | ¥200.4 | ¥183.6 | ¥(16.8) | (-8.4%) |
| Operating profit | 4.6 | 6.4 | 1.7 | (37.5%) |
| Ordinary income | ¥6.1 | ¥5.4 | ¥(0.6) | (-10.1%) |

In the copper business, sales of purchased items fell, and operations have been temporarily suspended due to equipment trouble since mid-June at PT. Smelting in Indonesia, but the impacts of yen depreciation, lower operating costs and increased domestic production has led to a decrease in net sales but higher operating profit. In the entire Metals business, copper cathode production amounted to 141 thousand tons, down 2 thousand tons from the previous corresponding period.

In the gold and other valuable metals business, both net sales and operating profit increased due to increased production volume, stemming from higher ore grades.

In the copper and copper alloy products business, both net sales and operating profit decreased, because sales of products for automobiles and others fell.

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

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

**(Advanced Materials & Tools)**

(Billions of yen)

| | FY 2015 Q1 | FY 2016 Q1 | Increase/Decrease (%) | |
|---|---|---|---|---|
| Net sales | ¥36.4 | ¥39.1 | ¥2.7 | (7.4%) |
| Operating profit | 4.4 | 4.4 | 0 | (1.8%) |
| Ordinary income | ¥4.3 | ¥4.4 | ¥0.1 | (2.6%) |

In the cemented carbide products business, demand was robust in Japan and overseas, particularly in Europe and the United States. Against this backdrop, we conducted proactive sales promotions. These factors, plus the addition of Mitsubishi Hitachi Tool Engineering, Ltd. (formerly Hitachi Tool Engineering, Ltd.) as a consolidated subsidiary in April 2015, led to increases in net sales and operating profit.

In the high-performance alloy products business, although sales of products for the automobile sector hovered at a steady level overseas, both net sales and operating profit decreased as sales volumes in Japan declined. Among other factors, Hitachi Metals MMC Superalloy, Ltd. (formerly MMC Superalloy Corporation) transitioned to an equity-method affiliate of the Group from a consolidated subsidiary in July 2014.

As a result, the overall Advanced Materials & Tools business recorded a year-on-year increase in both net sales and operating profit.

Ordinary income increased due to an increase in operating profit.

**(Electronic Materials & Components)**

(Billions of yen)

| | FY 2015 Q1 | FY 2016 Q1 | Increase/Decrease (%) | |
|---|---|---|---|---|
| Net sales | ¥13.6 | ¥18.4 | ¥4.8 | (35.6%) |
| Operating profit | 0.7 | 0.8 | 0.1 | (16.9%) |
| Ordinary income | ¥1.1 | ¥2.0 | ¥0.9 | (88.0%) |

In the advanced materials and chemical products business, despite the steady progress in sales of semiconductor manufacturing equipment-related products, sales of LSI products for smartphones and products for hybrid automobiles decreased, causing net sales to increase but operating profit to fall.

In the electronic components business, sales of products for household appliances were solid, and sales of products for telecommunications equipment expanded. However, costs rose due to investments in new products. As a result, net sales were up but operating profit fell.

In the polycrystalline silicon business, operations were temporarily suspended at the Yokkaichi Plant from early January to late-June of 2014. In the first quarter under review, however, the plant resumed activity and continued with normal operations, leading to an increase in sales. As a result, both net sales and operating profit rose.

As a result, the entire Electronic Materials & Components business reported year-on-year increases in both net sales and operating profit.

Ordinary income increased due to an increase in equity in earnings of affiliates.

**(Aluminum)**

(Billions of yen)

| | FY 2015 Q1 | FY 2016 Q1 | Increase/Decrease (%) | |
|---|---|---|---|---|
| Net sales | ¥39.8 | ¥41.6 | ¥1.8 | (4.5%) |
| Operating profit | 1.8 | 1.0 | (0.8) | (-43.3%) |
| Ordinary income | ¥1.7 | ¥0.9 | ¥(0.7) | (-46.2%) |

In the aluminum cans business, demand for both regular cans and bottle cans hovered at the same level with the corresponding period of the previous year.

In the rolled aluminum and processed aluminum products business, demand was down for products for automobiles and products used in solar cells. However, net sales were up as a result of higher prices on aluminum ingots.

The aluminum segment saw an overall upturn in material cost.

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

Ordinary income decreased due to a decrease in operating profit.

**(Others)**

(Billions of yen)

| | FY 2015 Q1 | FY 2016 Q1 | Increase/Decrease (%) | |
|---|---|---|---|---|
| Net sales | ¥53.6 | ¥52.8 | ¥(0.8) | (-1.6%) |
| Operating profit | 0.9 | 0.6 | (0.3) | (-37.1%) |
| Ordinary income | ¥2.9 | ¥1.5 | ¥(1.4) | (-47.7%) |

In the energy-related business, both net sales and operating profit decreased as stagnant market conditions caused coal sales to fall, and sales of the electric power department declined as a result of ongoing construction projects to upgrade power plants.

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

Orders for nuclear energy and engineering services amounted to ¥15.1 billion, down ¥6.1 billion from the previous corresponding period. The order backlog at the end of the period was ¥34.7 billion, down ¥3.0 billion from a year earlier.

### (2) Explanation of Financial Position

As of June 30, 2015, the Group's consolidated total assets stood at ¥1,927.0 billion, up ¥28.8 billion from March 31, 2015. This was mainly due to an increase in inventories during the period.

Total liabilities decreased ¥10.6 billion, to ¥1,258.0 billion, due primarily to a decline in the current portion of bonds payable during the period.

### (3) Explanation of Forecast and Other Future Predictions

In our consolidated earnings forecast, we have revised the net sales, operating profit and ordinary income figures for the six months ending September 30, 2015, , from the forecast announced on May 12, 2015, due to such considerations as the temporary suspension of operations at PT. Smelting in Indonesia. Revisions to previously announced figures are as follows.

As tax expense is expected to decrease, net income attributable to owners of the parent has not been revised from the previously announced figure.

Also, our consolidated earnings forecast for the full fiscal year ending March 31, 2016, remains unchanged, based on our considerations of operating performance trends outside the Metals segment.

Revised Consolidated Earnings Forecast for the First Six Months of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to September 30, 2015)

(Billions of yen)

| | Previous forecast | Current forecast | Increase/Decrease (%) |
|---|---|---|---|
| Net sales | 770.0 | 740.0 | -3.9% |
| Operating profit | 36.0 | 34.0 | -5.6% |
| Ordinary income | 38.5 | 37.5 | -2.6% |
| Net income attributable to owners of the parent | 41.0 | 41.0 | - |

## 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 period 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 the Accounting Standard for Business Combinations)

The Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013) and the “Accounting Standard for Business Divestures” (ASBJ Statement No. 7, September 13, 2013) from the first quarter under review, causing differences resulting from changes in the Company’s ownership of subsidiaries of which ownership continues to be recorded in capital surplus and changing the method of recording acquisition-related expenses in the fiscal year in which such expenses are incurred. Also, for corporate combinations occurring after the beginning of the first quarter under review, the allocation of acquisition costs as determined after review of provisional accounting treatment is reflected in the consolidated quarterly financial statements for the consolidated quarterly financial period to which the business combination date belongs. Furthermore, the presentation of quarterly net income has been changed, and the presentation of minority interests has been changed to non-controlling interests. The consolidated quarterly financial statements for the first quarter of the preceding fiscal year and the consolidated financial statements for the previous fiscal year have been revised to reflect these changes in presentation.

With regard to application of the Accounting Standard for Business Combinations, etc., as Clause 58-2 (4) of the Accounting Standard for Business Combinations, Clause 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Clause 57-4 (4) of the Accounting Standard for Business Divestures stipulate transitional treatment, these standards will be applied going forward from the beginning of the first quarter under review.

As a result, operating profit, ordinary income and income before income taxes each decreased ¥303 million during the three months under review.

### (3) Additional Information

(Reserve for Environmental Measures)

The Company has recorded estimated amounts for losses related to waste processing and losses due to treatment of contaminated soil in the Kazuno region of Akita Prefecture. In addition, with regard to abandoned mines managed by the Company, the Company has recorded estimated expenses related to a specific countermeasure work for preventing mining-induced pollution and expenses for the countermeasure work to stabilize a collection site.

Construction expenses for these specific measures related to abandoned mines are for executing countermeasures to stabilize a large-scale collection site as well as to avoid hazards at such sites accompanying the revised technical guidelines of the Mining Safety Act. In response to recent changes in the natural environment, these also include drastic measures to control mine-induced pollution, mainly increasing water treatment capacity to prevent runoff of untreated water. During the first quarter under review, the content of construction and estimates were determined. Accordingly, the Company recorded extraordinary losses of ¥10,841 million as a provision for environmental measures.

This reserve is included within “reserves” under “noncurrent liabilities.

### (4) Contingent Liabilities

Current Consolidated First Quarter (As of June 30, 2015)

Our consolidated subsidiary, PT. Smelting in Indonesia (hereafter “the Consolidated Subsidiary”) received a notice of correction dated December 30, 2014, from the Indonesian taxation authorities concerning sales transaction amounts, etc., of the Consolidated Subsidiary for the fiscal term ended December 31, 2009, assessing an additional US$47 million (¥5,861 million at the exchange rate as of June 30, 2015). On January 28, 2015, the Consolidated Subsidiary made a provisional payment of US$14 million (¥1,714 million at the same exchange rate) as part of the tax penalty.

However, the matter pointed out by the Indonesian taxation authorities, that the amount of reported sales has been underestimated based on a comparison of profit margins with a company identified by the said authorities, is deemed extremely irrational. As the subsequent order for a correction is considered totally unacceptable, on March 25, 2015, the Company and its Consolidated Subsidiary submitted a written opposition to the Indonesian taxation authorities.

## 3. Consolidated Financial Statement

### (1) Consolidated Balance Sheets

[June 30, 2015 and March 31, 2015]

(Millions of yen)

| | As of March 31, 2015 | As of June 30, 2015 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and deposits | 93,152 | 73,554 |
| Notes and accounts receivable-trade | 230,874 | 239,566 |
| Merchandise and finished goods | 85,100 | 96,701 |
| Work in process | 107,093 | 111,452 |
| Raw materials and supplies | 104,539 | 117,418 |
| Other | 249,772 | 247,817 |
| Allowance for doubtful accounts | (2,129) | (2,129) |
| **Total Current Assets** | **868,403** | **884,381** |
| **Noncurrent Assets:** | | |
| **Property, Plant and Equipment:** | | |
| Machinery and equipment, net | 185,119 | 187,705 |
| Land, net | 273,589 | 274,376 |
| Other, net | 196,326 | 200,424 |
| **Total Property, Plant and Equipment** | **655,034** | **662,506** |
| **Intangible Assets:** | | |
| Goodwill | 41,249 | 52,096 |
| Other | 11,686 | 18,322 |
| **Total Intangible Assets** | **52,936** | **70,419** |
| **Investments and Other Assets:** | | |
| Investment securities | 265,052 | 249,041 |
| Other | 63,706 | 67,814 |
| Allowance for investment loss | (1,168) | (1,168) |
| Allowance for doubtful accounts | (5,807) | (5,974) |
| **Total Investments and Other Assets** | **321,783** | **309,713** |
| **Total Noncurrent Assets** | **1,029,753** | **1,042,639** |
| **Total Assets** | **1,898,157** | **1,927,020** |

(Millions of yen)

| | As of March 31, 2015 | As of June 30, 2015 |
|---|---|---|
| **LIABILITIES** | | |
| **Current Liabilities:** | | |
| Notes and accounts payable-trade | 128,375 | 116,710 |
| Short-term loans payable | 252,197 | 269,021 |
| Current portion of bonds payable | 20,040 | 40 |
| Commercial papers | 5,000 | - |
| Income taxes payable | 9,545 | 4,977 |
| Provision | 13,206 | 7,309 |
| Gold payable | 227,505 | 232,181 |
| Other | 121,946 | 126,324 |
| **Total Current Liabilities** | **777,817** | **756,564** |
| **Noncurrent Liabilities:** | | |
| Bonds payable | 65,100 | 65,100 |
| Long-term loans payable | 288,534 | 282,597 |
| Other provision | 7,763 | 18,174 |
| Net defined benefit liability | 39,662 | 42,306 |
| Other | 89,764 | 93,283 |
| **Total Noncurrent Liabilities** | **490,825** | **501,462** |
| **Total Liabilities** | **1,268,643** | **1,258,027** |
| **NET ASSETS** | | |
| **Shareholders' Equity:** | | |
| Capital stock | 119,457 | 119,457 |
| Capital surplus | 92,272 | 92,271 |
| Retained earnings | 252,858 | 277,023 |
| Treasury stock | (1,865) | (1,895) |
| **Total Shareholders' Equity** | **462,723** | **486,857** |
| **Accumulated Other Comprehensive Income:** | | |
| Valuation difference on securities available for sale | 42,717 | 44,930 |
| Deferred gains or losses on hedges | (1,025) | 61 |
| Revaluation reserve for land | 33,856 | 33,895 |
| Foreign currency translation adjustment | 15,746 | 16,504 |
| Remeasurements of defined benefit plans | (3,256) | (2,448) |
| **Total Accumulated Other Comprehensive Income** | **88,039** | **92,944** |
| **Non-controlling interests** | **78,751** | **89,191** |
| **Total Net Assets** | **629,514** | **668,993** |
| **Total Liabilities and Net Assets** | **1,898,157** | **1,927,020** |

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

### Consolidated Statement of Operations

[For the Three Months Ended June 30, 2014 and 2015]

(Millions of yen)

| | Three Months Ended Jun. 30, 2014 (Apr. 1, 2014—Jun. 30, 2014) | Three Months Ended Jun. 30, 2015 (Apr. 1, 2015—Jun. 30, 2015) |
|---|---|---|
| **Net Sales** | **366,932** | **360,773** |
| **Cost of sales** | **320,000** | **308,319** |
| **Gross Profit** | **46,931** | **52,453** |
| **Selling, General and Administrative Expenses** | **32,918** | **36,066** |
| **Operating Profit** | **14,013** | **16,387** |
| **Non-Operating Profit:** | | |
| Interest income | 152 | 132 |
| Dividends income | 3,820 | 1,782 |
| Equity in earnings of affiliates | 2,567 | 1,496 |
| Rent income on noncurrent assets | 1,142 | 1,236 |
| Other | 564 | 603 |
| **Total Non-Operating Profit** | **8,248** | **5,249** |
| **Non-Operating Expenses:** | | |
| Interest expenses | 2,255 | 1,834 |
| Other | 2,566 | 2,700 |
| **Total Non-Operating Expenses** | **4,822** | **4,534** |
| **Ordinary Income** | **17,439** | **17,102** |
| **Extraordinary Income:** | | |
| Gain on sales of investment securities | 115 | 19,182 |
| Gain on change in equity | - | 10,464 |
| Gain on redemption of investment securities | - | 1,234 |
| Other | 94 | 435 |
| **Total Extraordinary Income** | **209** | **31,316** |
| **Extraordinary Losses:** | | |
| Provision for environmental measures | 1,300 | 10,841 |
| Loss on suspension of operations | 1,043 | - |
| Other | 339 | 348 |
| **Total Extraordinary Loss** | **2,682** | **11,190** |
| **Income before Income Taxes** | **14,966** | **37,229** |
| Income taxes | **4,531** | **6,724** |
| **Net Income** | **10,434** | **30,504** |
| **Net Income Attributable to Non-Controlling Interests** | **925** | **900** |
| **Net Income Attributable to Owners of the Parent** | **9,509** | **29,604** |

**Consolidated Statement of Comprehensive Income**

[For the Three Months Ended June 30, 2014 and 2015]

(Millions of yen)

| | Three Months Ended Jun. 30, 2014 (Apr. 1, 2014—Jun. 30, 2014) | Three Months Ended Jun. 30, 2015 (Apr. 1, 2015—Jun. 30, 2015) |
|---|---|---|
| **Net Income** | **10,434** | **30,504** |
| **Other comprehensive income** | | |
| Valuation difference on available-for-sale securities | (401) | 2,460 |
| Deferred gains or losses on hedges | (321) | 1,265 |
| Foreign currency translation adjustment | (4,298) | 2,346 |
| Remeasurements of defined benefit plans | 545 | 994 |
| Equity in earnings of affiliates | (1,270) | (1,138) |
| Total other comprehensive income | (5,746) | 5,929 |
| **Comprehensive income** | **4,688** | 36,434 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent company | 4,785 | 34,551 |
| Comprehensive income attributable to non-controlling interests | (97) | 1,883 |

**(3) Notes on Consolidated Financial Statement**
**Notes on Assumptions for Going Concern:** N/A

## Segment Information

[Segment Information]
I. For the three months ended June 30, 2014 (From April 1, 2014 to June 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)Outside Customers | 42,795 | 198,328 | 29,478 | 12,590 | 39,297 | 44,442 | 366,932 | — | 366,932 |
| (2)Within Consolidated Group | 825 | 2,130 | 6,941 | 1,047 | 533 | 9,230 | 20,709 | (20,709) | — |
| Total | 43,620 | 200,459 | 36,420 | 13,638 | 39,831 | 53,672 | 387,642 | (20,709) | 366,932 |
| Segment income | 1,942 | 6,103 | 4,362 | 1,100 | 1,703 | 2,980 | 18,193 | (753) | 17,439 |

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 (-¥753 million) are segment eliminations (¥100 million) and corporate expenses that cannot be allocated to specific segments (-¥853 million). Corporate expenses consist mainly of management-related costs, basic and experimental research costs, and financial income/expenses.
3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

II. For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
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)Outside Customers | 46,116 | 181,222 | 34,249 | 14,405 | 41,253 | 43,526 | 360,773 | — | 360,773 |
| (2)Within Consolidated Group | 767 | 2,400 | 4,879 | 4,093 | 387 | 9,309 | 21,837 | (21,837) | — |
| Total | 46,884 | 183,622 | 39,128 | 18,499 | 41,640 | 52,835 | 382,610 | (21,837) | 360,773 |
| Segment income | 3,483 | 5,484 | 4,476 | 2,069 | 916 | 1,559 | 17,988 | (885) | 17,102 |

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 (-¥885 million) are segment eliminations (¥12 million) and corporate expenses that cannot be allocated to specific segments (-¥898 million). Corporate expenses consist mainly of management-related costs, basic and experimental research costs, and financial income/expenses.
3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

2. Information Related to Loss on Impairment of Noncurrent Assets and Goodwill by Reporting Segment
(Significant changes in Goodwill Amounts)
In the Advanced Materials & Tools segment, in accordance with the April 1, 2015, acquisition of shares in Mitsubishi Hitachi Tool Engineering, Ltd. (formerly Hitachi Tool Engineering, Ltd.) and conversion of the company to a consolidated subsidiary, goodwill was recorded during the three months ended June 30, 2015. The amount of goodwill consequently increased by ¥11,752 million.

**Notes in Event of Significant Changes in Shareholders' Equity:** N/A

(Business Combinations)
Business Combination through Acquisition
1. Overview of the Business Combination
(1) 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.
(2) 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.
(3) Date of the business combination
April 1, 2015
(4) Legal form of the business combination
Acquisition of shares for consideration of cash and deposits
(5) Name following the business combination
Mitsubishi Hitachi Tool Engineering, Ltd.
(6) Ratio of voting rights acquired
51%
(7) 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. Period during which Performance of the Acquired Company is Included in the Quarterly Consolidated Fiscal Statements
From April 1, 2015 to June 30, 2015
3. Acquisition Cost and Consideration of Acquired Company by Item
Cash and deposits: ¥22,016 million
Acquisition cost: ¥22,016 million

4. Items Related to the Allocation of the Acquisition Cost
(1) Breakdown of principal amounts of assets acquired and liabilities assumed on the date of the combination
Assets
Current assets: ¥14,710 million
Noncurrent assets: ¥18,436 million
Total: ¥33,147 million
Liabilities
Current liabilities: ¥7,704 million
Noncurrent liabilities: ¥5,317 million
Total: ¥13,022 million
(2) Amounts of intangible assets other than goodwill, their content, and their weighted-average amortization period
Amount of intangible assets allocated: ¥6,077 million
Content: Patent rights
Weighted-average amortization period: 8 years
(3) Amount of goodwill generated, grounds for generation, amortization method and amortization period
Amount of goodwill: ¥11,752 million
Grounds for generation: The investment amount reflecting expected future earnings at the time of the acquisition was assessed exceeded the fair value of net assets as of the business combination date. That difference is recognized as goodwill.
Amortization method and amortization period: 10 years, using the straight-line method