Consolidated Financial Results for the Six Months Ended September 30, 2016 (Japanese Accounting Standards)

November 9, 2016

Name of Listed Company: Mitsubishi Materials Corporation   Listing: Tokyo Stock Exchange
Stock Code: 5711   URL: http://www.mmc.co.jp/
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Scheduled filing date of Quarterly Report: November 10, 2016
Scheduled date of start of dividend payment: December 5, 2016
Supplementary materials for the quarterly financial results: Yes
Investor conference for the quarterly financial results: Yes (For Institutional Investors)

(Amounts of less than million yen are omitted.)

1. Results of the first six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)

(1) Results of Operations (cumulative)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months ended September 30, 2016	603,137	-15.0	27,320	-24.5	26,026	-33.2	29,555	-35.4
First six months ended September 30, 2015	709,564	-5.5	36,195	6.3	38,976	-2.7	45,766	96.9

(Note) Comprehensive income: Six months ended September 30, 2016: -1,715 million yen (–%)
Six months ended September 30, 2015: 36,407 million yen (19.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
First six months ended September 30, 2016	225.62	–
First six months ended September 30, 2015	349.32	–

* The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the previous consolidated fiscal year.

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2016	1,732,046	632,805	31.9
As of March 31, 2016	1,793,375	645,017	31.0

(Reference) Shareholders' Equity: As of September 30, 2016: 552,716 million yen As of March 31, 2016: 555,227 million yen

2. Dividend Payments

	Dividends per share				
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	5.00	–	5.00	10.00
Year ending March 31, 2017	–	2.00			
Year ending March 31, 2017 (Forecast)			–	40.00	–

(Note) Revision of dividend forecast published most recently: Yes

* The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. For the amount of dividends at the end of the second quarter of the fiscal year ended March 31, 2016, the amount prior to the consolidation of shares is stated because the dividends were paid based on the number of shares before the consolidation of shares.

For the year-end dividend per share in the fiscal year ending March 31, 2017 (forecast), the amount after the consolidation of shares is stated and a hyphen is written for the annual dividend because it cannot be simply combined.

3. Forecast (From April 1, 2016 to March 31, 2017)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2017	1,280,000	-9.7	61,000	-13.4	61,000	-15.8	22,000	-64.1	167.97

(Note) Revision to forecast published most recently: Yes

* The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016. Accordingly, net income per share is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the current consolidated fiscal year.

* Notes

(1) Significant changes of subsidiaries during the term under review (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

(2) Application of specific accounting treatment: Yes

(Note) For details, please see "(1) Application of special accounting treatment in the preparation of the quarterly consolidated financial statements" under "2. Matters Related to Summary Information (Notes)" on page 7.

(3) Changes in accounting policies, changes of accounting estimates and restatement
- (i) Changes in accounting policies due to amendments to 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 of accounting estimates and restatement" under "2. Matters Related to Summary Information (Notes)" on page 7.

(4) Numbers of issued shares (common stock)
- (i) Numbers of issued shares at end of terms (including treasury shares):
  - Six months ended September 30, 2016: 131,489,535 shares
  - Year ended March 31, 2016: 131,489,535 shares
- (ii) Numbers of treasury shares at end of terms:
  - Six months ended September 30, 2016: 494,207 shares
  - Year ended March 31, 2016: 488,618 shares
- (iii) Average number of shares issued during terms (quarterly cumulative period):
  - Six months ended September 30, 2016: 130,998,123 shares
  - Six months ended September 30, 2015: 130,015,358 shares

* The Company consolidated its shares at a rate of one share for every 10 shares of its common stock, with October 1, 2016 as the effective date. Subsequently, the number of issued shares at the end of the term, the number of treasury shares at the end of the term, and the average number of shares issued during the term are calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous consolidated fiscal year.

* Indication regarding the status of a quarterly review

This financial summary for the six months ended September 30, 2016 is not subject to a quarterly review under the Financial Instruments and Exchange Law. The review of the quarterly consolidated financial statements under the aforementioned act is in progress at the time of the announcement of this financial summary.

* Explanation about the proper use of financial forecasts and other special notes

(Notes concerning forward-looking statements, etc.)

The operating results forecasts and other forward-looking statements contained in this report are based on information currently available to the Company, as well as certain assumptions that the Company has judged to be reasonable. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Therefore, readers are advised to note that the actual results may vary materially from the forecasts due to a variety of factors.

Please see "(3) Information on the consolidated earnings forecasts and other future forecasts" of "1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2016" on page 5 for the assumptions about consolidated earnings forecasts.

(Operating Results Forecast after the Consolidation of Shares)

The consolidation of shares and the revisions in the number of shares constituting one share unit of the Company were passed and approved at the 91st Ordinary General Meeting of Shareholders held on June 29, 2016, and the Company consolidated the shares at a 10:1 ratio of its common stock and changed the number of shares constituting one share unit from 1,000 to 100 shares with effective date of October 1, 2016. Accordingly, net income per share is calculated on the assumption that the consolidation of its shares was conducted at the beginning of the current consolidated fiscal year.

(Procedure for obtaining supplementary information on quarterly financial results and quarterly financial briefing)

Mitsubishi Materials Corporation plans to hold a quarterly financial briefing for institutional investors on Friday, November 11, 2016. The materials used at this briefing are disclosed on the TDnet and the Company's web page at the time that the quarterly financial results are announced.

Contents

1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2016

(1) Details of operating results

1) Overview of operating results

During the first half of the consolidated fiscal year under review, there was an economic slowdown in China, but the economies of Thailand and Indonesia in Asia improved. In the United States, the economic growth showed signs of recovery.

In the Japanese economy, the employment and income conditions were on the road to recovery. However, consumer spending and public investments grew at a sluggish pace, and the improvement in capital expenditures and corporate earnings came to a temporary standstill.

Regarding the business environment for the Mitsubishi Materials Group, foreign exchange markets were characterized by year-on-year yen appreciation, and the Group was affected by such factors as a decrease in copper prices, as well as a fall in the overall demand for cement in Japan.

Under these circumstances, consolidated net sales for the first half of the year under review totaled ¥603,137 million, down 15.0% year on year. Operating profit declined 24.5% year on year, to ¥27,320 million, and ordinary income decreased 33.2%, to ¥26,026 million. Net income attributable to owners of parent was ¥29,555 million, down 35.4% year on year.

2) Overview by segments

(Cement)

(Billion yen)

	FY 2016 Q1-Q2	FY 2017 Q1-Q2	Increase / Decrease (%)
Net sales	96.9	83.8	-13.0 (-13.5%)
Operating profit	9.4	8.1	-1.2 (-13.8%)
Ordinary income	8.9	7.5	-1.3 (-14.9%)

In the Cement business, the sales volume decreased in Japan because of a decline in demand throughout the market, chiefly reflecting a delay in construction work mainly due to labor shortages and sluggish growth in demand from public sector. In the United States, the sales volume of cement increased, thanks to strengthen in sales to companies outside of the Group in Southern California. The sales volume of ready-mix concrete increased, reflecting strong sales related to housing and commercial properties in Nevada. In China, the sales volume declined due to a fall in demand related to real estate investment in the Shandong Province. In the overall Cement business, cement production amounted to 5.5 million tons, down 0.2 million tons from the first half of the previous fiscal year.

As a result, net sales and operating profit declined year on year for the entire Cement business. Ordinary income also decreased because of the decline in operating profit.

(Metals)

(Billion yen)

	FY 2016 Q1-Q2	FY 2017 Q1-Q2	Increase / Decrease (%)
Net sales	345.3	278.8	-66.4 (-19.2%)
Operating profit	12.2	7.9	-4.2 (-34.9%)
Ordinary income	14.1	9.3	-4.8 (-33.9%)

In the copper business, net sales and operating profit declined, primarily reflecting a fall in copper prices, despite the return to ordinary operations at PT. Smelting in Indonesia were temporarily suspended in the first half of the previous fiscal year due to equipment issues. Copper cathode production for the entire Metals

business amounted to 272 thousand tons, up 37 thousand tons from the previous corresponding period.
In the gold and other valuable metals business, net sales decreased while operating profit increased, mainly thanks to a rise in gold prices, despite the production cutback due to a fall in the contained amount in ore.
In the copper and copper alloy products business, both net sales and operating profit were down, due largely to falling copper prices, despite an increase in the sales of products for automobiles, semiconductors, and other use.
As a result, the entire Metals business posted year-on-year decreases in net sales and operating profit. Ordinary income for the segment also declined because of the decrease in operating profit.

(Advanced Materials & Tools)

(Billion yen)

	FY 2016 Q1-Q2	FY 2017 Q1-Q2	Increase / Decrease (%)
Net sales	77.7	71.1	-6.6 (-8.5%)
Operating profit	9.0	6.5	-2.4 (-27.6%)
Ordinary income	8.7	4.9	-3.7 (-43.4%)

In the cemented carbide products business, net sales and operating profit declined due to the deteriorating market conditions primarily attributable to the slowdown in the Chinese economy. Another contributing factor was the effect of the yen appreciation compared with the exchange rate in the second quarter of the previous fiscal year.
In the high-performance alloy products business, sales of products for automobiles remained firm in North America, but lower sales in Japan caused net sales and operating profit to decline.
As a result, the overall Advanced Materials & Tools business recorded year-on-year decreases in net sales and operating profit. Ordinary income declined due to the decrease in operating profit and recorded exchange losses.

(Electronic Materials & Components)

(Billion yen)

	FY 2016 Q1-Q2	FY 2017 Q1-Q2	Increase / Decrease (%)
Net sales	35.3	29.8	-5.5 (-15.7%)
Operating profit	1.5	0.9	-0.6 (-41.2%)
Ordinary income	3.7	0.9	-2.8 (-75.9%)

In the advanced materials and chemical products business, net sales decreased, while operating profit increased because sales of chemical products for mobile devices remained solid, although sales of products for LSIs for smartphones and for power modules were down.
In the electronic components business, net sales and operating profit declined, reflecting a lower volume of sales of products for home appliances and the effect of the yen appreciation compared with the exchange rate in the second quarter of the previous fiscal year..
The polycrystalline silicon business recorded a decline in net sales and operating profit.
As a result, the entire Electronic Materials & Components business registered year-on-year declines in net sales and operating profit. Ordinary income dropped as a result of decreases in operating profit and equity in earnings of affiliates.

(Aluminum)

(Billion yen)

	FY 2016 Q1-Q2	FY 2017 Q1-Q2	Increase / Decrease (%)
Net sales	82.5	80.6	-1.8 (-2.3%)
Operating profit	2.9	5.0	2.1 (74.8%)
Ordinary income	2.6	5.1	2.5 (95.6%)

In the aluminum cans business, demand for both of bottles cans and regular cans increased, and raw material costs declined.

In the rolled aluminum and processed aluminum products business, demand of products for solar cells declined, while demand of products for automobiles increased. While sales price declined due to falling market metal prices.

As a result, the entire Aluminum business posted a decrease in net sales and an increase in operating profit year on year. Ordinary income increased due to the rise in operating profit.

(Others)

(Billion yen)

	FY 2016 Q1-Q2	FY 2017 Q1-Q2	Increase / Decrease (%)
Net sales	115.4	95.6	-19.8 (-17.2%)
Operating profit	3.3	2.7	-0.6 (-18.7%)
Ordinary income	3.9	2.5	-1.4 (-36.2%)

In the energy-related business, net sales declined, but operating profit increased thanks to a rise in electricity sales volume because hydroelectric power plants, which was being renewed during the previous corresponding period, returned to ordinary operation, while sales of coal declined due to the weak market conditions.

In the “E-waste” (used electronics and electrical products) recycling business, net sales and operating profit declined, reflecting lower sales due to the falling unit price of valuables.

Orders received for nuclear energy and engineering-related services amounted to ¥37.4 billion, up ¥8.0 billion year on year. The order backlog at the end of the period was ¥34.6 billion, up ¥1.6 billion from a year earlier.

(2) Details of financial position

Total assets at the end of the second quarter of the consolidated fiscal year under review stood at ¥1,732.0 billion, down ¥61.3 billion from the end of the previous consolidated fiscal year. This result was mainly due to a decline in notes and accounts receivable - trade.

Total liabilities were ¥1,099.2 billion, a decrease of ¥49.1 billion from the end of the previous consolidated fiscal year.. This was mainly due to a decrease in short-term loans payable.

The status of cash flow and factors contributing to these amounts in each category for the first half under review are as follows:

(Cash Flow from Operating Activities)

Net cash provided by operating activities totaled ¥42.9 billion (an increase of ¥17.6 billion from the first half of the previous fiscal year) mainly due to a decrease in notes and accounts receivable – trade, in addition to income before income taxes.

(Cash Flow from Investing Activities)

Net cash used in investing activities totaled ¥14.8 billion (net cash provided of ¥21.5 billion in the first half of the previous fiscal year) chiefly attributable to cash used for capital expenditures.

(Cash Flow from Financing Activities)

Net cash used in financing activities totaled ¥20.8 billion (a decrease in cash used by ¥49.6 billion from the first half of the previous fiscal year) as a result of appropriating ¥28.0 billion cash provided by operating activities and investing activities for the repayment of loans payable.

As a result of adding net increase (decrease) in cash and cash equivalents mainly due to the effect of the exchange rate changes to the above, cash and cash equivalents at the end of the second quarter under review stood at ¥61.6 billion, up ¥3.1 billion from the end of the previous fiscal year.

(3) Information on the consolidated earnings forecasts and other future forecasts

1) Revised Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017
(April 1, 2016 to March 31, 2017)

Taking into account that the sales of cemented carbide products in the Advanced Materials & Tools business have been below the planned amount, among other factors, we have revised the consolidated financial forecasts for the fiscal year ending March 31, 2017, announced on August 8, 2016, as presented below.

Revised Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017
(April 1, 2016 to March 31, 2017)

(Billion yen)

	Previous forecast	Current forecast	Increase / Decrease (%)
Net sales	1,330.0	1,280.0	-3.8%
Operating profit	65.0	61.0	-6.2%
Ordinary income	64.0	61.0	-4.7%
Net income attributable to owners of parent	25.0	22.0	-12.0%

2) Revised Dividend Payments

At the 91st Ordinary General Meeting of Shareholders held on June 29, 2016, a proposal for amendment to the Articles of Incorporation to change the number of shares constituting one unit share and the total number of issuable shares, etc. and a proposal for the consolidation of shares were passed and approved. Accordingly, the Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016.

The year-end dividend per share for the fiscal year ending March 31, 2017, is forecast to increase from 4.00 yen in the previous forecast to 40.00 yen; however, the expected dividend per share will not change substantially.

	Dividends per share				
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Previous forecast	–	2.00	–	4.00	6.00
Current forecast	–	–	–	40.00	–
Year ending March 31, 2017 (Result)	–	2.00	–	–	–
Year ending March 31, 2016 (Result)	–	5.00	–	5.00	10.00

* For the amount of dividends at the end of the second quarter of the fiscal year ended March 31, 2016, the amount prior to the consolidation of shares is stated because the dividends were paid based on the number of shares before the consolidation of shares.
For the year-end dividend per share in the fiscal year ending March 31, 2017 (forecast), the amount after the consolidation of shares is stated and a hyphen is written for the annual dividend because it cannot be simply combined.

(Note) The above forecast has been prepared on assumed economic conditions, market trends, and other factors foreseeable as of the date of this announcement, and the results may differ from the forecasts due to various factors arising in the future.

2. Matters Related to Summary Information (Notes)

(1) Application of special accounting treatment in the preparation of the quarterly consolidated financial statements

The Company calculates tax expenses by rationally assuming an effective tax rate after applying the tax effect accounting to income before income taxes for the consolidated fiscal year, including the second quarter under review, and multiplying income before income taxes for the second quarter by the estimated effective tax rate.

(2) Changes in accounting policies, changes of accounting estimates and restatement

Changes in accounting policies

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In association with the revision of the Corporation Tax Act, the Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No. 32 dated June 17, 2016) from the second quarter of the consolidated fiscal year under review. It also changed the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016, switching from the declining-balance method to the straight-line method.

The impact of this change on profits and losses for the first half of the consolidated fiscal year under review is minor.

(3) Additional information

(Provision for environmental measures)

In regards to expenses for specific countermeasure work to prevent mining-induced pollution and expenses for countermeasure work to stabilize collection sites in abandoned and suspended mines managed by the Group, we have recorded a provision for the expenses whose estimated amount has been fixed because the details of the construction work have been determined, and have included it in the "provision" under "non-current liabilities". However, there are some forms of countermeasure work for which the amount cannot be calculated reasonably because the details of construction work are undecided due to the fact that the most appropriate construction method for the landscape and existing equipment have yet to be selected, even though specific countermeasure work is necessary.

(Application of implementation guidance on recoverability of deferred tax assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 dated March 28, 2016) from the first quarter of the consolidated fiscal year under review.

(Business Combination by Acquisition Method)

The Company signed a share transfer agreement dated September 28, 2016, with Luvata Espoo Oy and its two subsidiaries, for the acquisition of the Special Products Division ("Luvata SP") of the Luvata Group through equity acquisition and business transfer.

Overview of the business combination

(i) The acquired company and the description and size of its business
Acquired company: 14 companies belonging to Luvata SP
Business: Manufacture and sale of copper processed products
Net Sales: Approximately 78.0 billion yen (approximate amount of consolidated net sales recorded by Luvata SP in the fiscal year ended December 31, 2015)

(ii) Main reason for the business combination
The purpose of the business combination is to accelerate the global expansion of the Copper & Copper

Alloy Products business of the Company by pursuing various synergies though the business and customer bases of the Special Products Division of Luvata and to lead it to the establishment of a high-profitable business structure

(iii) Date of the business combination

This transaction will be implemented without delay upon the completion of acquisition, etc. of approval and authorization pursuant to the laws and regulations required for its implementation, which is scheduled for the period between the fourth quarter of fiscal year 2017 and the first quarter of fiscal year 2018.

(iv) Legal form of the business combination

Acquisition of shares and business transfer in exchange for cash and deposits.

(v) Name of the companies after the business combination

No change

(vi) Percentage of voting rights to acquire

100%

(4) Contingent liabilities

Previous consolidated fiscal year (As of March 31, 2016)

On December 30, 2014, PT. Smelting in Indonesia, a consolidated subsidiary of the Company (hereinafter the "Consolidated Subsidiary"), received a notice of reassessment in an amount of US$47 million (¥5,393 million based on the exchange rate at the end of the previous consolidated fiscal year) from the Indonesian National Tax Authority regarding the sales transaction pricing of the Consolidated Subsidiary for the year ended December 2009. On January 28, 2015, the Consolidated Subsidiary made a provisional deposit of US$14 million (¥1,577 million) as a part of the additional collection.

However, the Consolidated Subsidiary submitted a written objection to the Indonesian National Tax Authority on March 25, 2015, because this assessment, which claimed there was a sales shortage on the part of the Consolidated Subsidiary based on a comparison of the profit margin ratio with other companies selected by the Indonesian National Tax Authority, was highly unreasonable and found to be unacceptable by the Company and the Consolidated Subsidiary.

The written objection submitted by the Consolidated Subsidiary on March 25, 2015 was dismissed by the Indonesian National Tax Authority on March 16, 2016. Therefore, the Consolidated Subsidiary filed a complaint to the Tax Court in Indonesia on June 6, 2016 to present the fairness of the view of the Company and the Consolidated Subsidiary.

Second quarter of the consolidated fiscal year under review (As of September 30, 2016)

On December 30, 2014, PT. Smelting in Indonesia, a consolidated subsidiary of the Company (hereinafter the "Consolidated Subsidiary"), received a notice of reassessment in an amount of US$47 million (¥4,840 million based on the exchange rate at the end of the second quarter of the consolidated fiscal year under review) from the Indonesian National Tax Authority the regarding sales transaction pricing of the Consolidated Subsidiary for the year ended December 2009. On January 28, 2015, the Consolidated Subsidiary made a provisional deposit of US$14 million (¥1,415 million) as a part of the additional collection.

However, the Consolidated Subsidiary submitted a written objection to Indonesian National Tax Authority on March 25, 2015, because this assessment, which claimed there was a sales shortage on the part of the Consolidated Subsidiary based on a comparison of the profit margin ratio with other companies selected by the Indonesian National Tax Authority, was highly unreasonable and found to be unacceptable by the Company and the Consolidated Subsidiary.

The written objection submitted by the Consolidated Subsidiary on March 25, 2015 was dismissed by the Indonesian National Tax Authority on March 16, 2016. Therefore, the Consolidated Subsidiary filed a complaint to the Tax Court in Indonesia on June 6, 2016 to present the fairness of the view of the Company and the Consolidated Subsidiary.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

(Million yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	60,123	64,168
Notes and accounts receivable-trade	233,093	192,923
Merchandise and finished goods	85,082	81,455
Work in process	83,694	99,489
Raw materials and supplies	89,875	98,439
Others	232,817	225,342
Allowance for doubtful accounts	(2,155)	(2,272)
Total current assets	782,530	759,546
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	196,085	192,110
Land, net	268,634	255,479
Other, net	205,517	202,517
Total property, plant and equipment	670,237	650,107
Intangible assets		
Goodwill	48,986	41,390
Other	17,032	15,611
Total intangible assets	66,019	57,001
Investments and other assets		
Investment securities	212,606	208,868
Others	68,052	62,608
Allowance for doubtful accounts	(6,070)	(6,086)
Total investments and other assets	274,588	265,390
Total non-current assets	1,010,845	972,499
Total assets	1,793,375	1,732,046

(Million yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	110,596	110,420
Short-term loans payable	200,527	181,174
Current portion of bonds payable	25,100	25,000
Commercial papers	–	16,000
Income taxes payable	7,037	11,461
Provision	13,740	12,382
Gold payable	231,667	229,085
Other	107,649	85,779
Total current liabilities	696,319	671,303
Non-current liabilities		
Bonds payable	40,000	25,000
Long-term loans payable	260,681	261,356
Provision	16,746	13,536
Net defined benefit liability	63,544	60,716
Other	71,066	67,327
Total non-current liabilities	452,038	427,936
Total liabilities	1,148,358	1,099,240
Net assets		
Shareholders' equity		
Capital stock	119,457	119,457
Capital surplus	92,266	92,423
Retained earnings	303,026	328,271
Treasury stock	(1,953)	(1,969)
Total shareholders' equity	512,797	538,183
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,645	21,943
Deferred gains or losses on hedges	(199)	352
Revaluation reserve for land	34,282	32,184
Foreign currency translation adjustment	3,647	(24,985)
Remeasurements of defined benefit plans	(16,946)	(14,960)
Total accumulated other comprehensive income	42,430	14,533
Non-controlling interests	89,789	80,089
Total net assets	645,017	632,805
Total liabilities and net assets	1,793,375	1,732,046

(2) Consolidated statement of income and consolidated statements of comprehensive income

Consolidated statement of income

Consolidated first six months (Million yen)

	Six Months Ended September 30, 2015 (Apr. 1, 2015–Sep. 30, 2015)	Six Months Ended September 30, 2016 (Apr. 1, 2016–Sep. 30, 2016)
Net sales	709,564	603,137
Cost of sales	601,691	505,708
Gross profit	107,872	97,428
Selling, general and administrative expenses	71,677	70,108
Operating profit	36,195	27,320
Non-operating profit		
Interest income	273	255
Dividend income	5,791	2,966
Equity in earnings of affiliates	3,477	1,213
Rent income on non-current assets	2,533	2,499
Other	2,885	1,117
Total non-operating profit	14,961	8,051
Non-operating expenses		
Interest expenses	3,575	2,655
Other	8,604	6,689
Total non-operating expenses	12,179	9,345
Ordinary income	38,976	26,026
Extraordinary income		
Gain on sales of non-current assets	5,861	16,026
Gain on sales of investment securities	19,182	602
Gain on change in equity	10,464	–
Gain on redemption of investment securities	1,234	–
Other	1,768	459
Total extraordinary income	38,511	17,088
Extraordinary losses		
Loss on valuation of investment securities	2	589
Provision for environmental measures	10,841	–
Loss on suspension of operations	2,587	–
Other	2,268	288
Total extraordinary losses	15,700	878
Income before income taxes	61,787	42,236
Income taxes	14,398	10,191
Net income	47,389	32,045
Net income attributable to non-controlling interests	1,623	2,490
Net income attributable to owners of parent	45,766	29,555

Consolidated statements of comprehensive income

Consolidated first six months (Million yen)

	Six Months Ended September 30, 2015 (Apr. 1, 2015–Sep. 30, 2015)	Six Months Ended September 30, 2016 (Apr. 1, 2016–Sep. 30, 2016)
Net income	47,389	32,045
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,408)	332
Deferred gains or losses on hedges	2,595	505
Revaluation reserve for land	59	–
Foreign currency translation adjustment	(527)	(32,921)
Remeasurements of defined benefit plans	1,007	2,012
Equity in earnings of affiliates	(708)	(3,690)
Total other comprehensive income	(10,982)	(33,760)
Comprehensive income	36,407	(1,715)
(Breakdown)		
Comprehensive income attributable to owners of parent	34,175	3,899
Comprehensive income attributable to non-controlling interests	2,231	(5,614)

(3) Consolidated statement of cash flows

(Million yen)

	Six Months Ended September 30, 2015 (Apr. 1, 2015–Sep. 30, 2015)	Six Months Ended September 30, 2016 (Apr. 1, 2016–Sep. 30, 2016)
Cash flows from operating activities		
Income before income taxes	61,787	42,236
Depreciation	28,007	27,776
Increase (decrease) in provision	9,876	(4,639)
Increase (decrease) in net defined benefit liability	(677)	318
Interest and dividend income	(6,065)	(3,222)
Interest expenses	3,575	2,655
Share of (profit) loss of entities accounted for using equity method	(3,477)	(1,213)
Loss (gain) on sales of property, plant and equipment	(5,444)	(16,038)
Loss (gain) on sales of investment securities	(19,182)	(602)
Loss (gain) on valuation of investment securities	2	589
Loss (gain) on change in equity	(10,464)	–
Loss (gain) on redemption of investment securities	(1,234)	–
Decrease (increase) in notes and accounts receivable-trade	4,295	30,397
Decrease (increase) in inventories	534	(29,957)
Increase (decrease) in notes and accounts payable-trade	(31,133)	8,366
Other	1,761	(7,473)
Subtotal	32,162	49,192
Interest and dividend income received	7,478	3,975
Interest expenses paid	(4,027)	(2,694)
Income taxes (paid) refund	(10,346)	(7,543)
Net cash provided by operating activities	25,267	42,929
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,526)	(37,232)
Proceeds from sales of property, plant and equipment	18,217	22,991
Purchase of investment securities	(522)	(401)
Proceeds from sales of investment securities	32,843	264
Proceeds from redemption of investment securities	18,000	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,572)	–
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	2,035
Proceeds from transfer of business	–	2,176
Other	(1,910)	(4,705)
Net cash provided by investing activities	21,528	(14,871)

	Six Months Ended September 30, 2015 (Apr. 1, 2015–Sep. 30, 2015)	Six Months Ended September 30, 2016 (Apr. 1, 2016–Sep. 30, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(7,521)	6,676
Proceeds from long-term loans payable	13,166	23,302
Repayments of long-term loans payable	(40,868)	(40,115)
Redemption of bonds	(20,000)	(15,100)
Increase (decrease) in commercial papers	(5,000)	16,000
Purchase of treasury shares	(90)	(16)
Cash dividends paid	(6,551)	(6,550)
Dividends paid to non-controlling interests	(1,847)	(2,905)
Other	(1,793)	(2,157)
Net cash provided by financing activities	(70,506)	(20,866)
Effect of exchange rate change on cash and cash equivalents	(439)	(4,931)
Net increase (decrease) in cash and cash equivalents	(24,150)	2,260
Cash and cash equivalents at the beginning of period	92,079	58,482
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	980	896
Cash and cash equivalents at the end of period	68,910	61,639

(4) Notes to consolidated quarterly financial statements

Notes on assumptions for a going concern

N/A

Segment information

[Segment Information]

I. For the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

1. Sales and income of reporting segments

(Million yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the consolidated quarterly statements of income
Net sales									
(1) Outside customers	95,296	340,884	68,307	28,549	81,902	94,622	709,564	–	709,564
(2) Within consolidated group	1,653	4,437	9,456	6,833	647	20,873	43,901	(43,901)	–
Total	96,950	345,322	77,763	35,382	82,550	115,495	753,465	(43,901)	709,564
Segment income	8,915	14,193	8,710	3,742	2,640	3,931	42,134	(3,157)	38,976

Notes: 1. "Others" includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.

2. "Adjustment amount" of segment income of -¥3,157 million includes the elimination of intersegment transactions of -¥12 million and corporate expenses of -¥3,144 million which are not distributed to the reporting segments. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial revenue and expenses.

3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

II. For the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

1. Sales and income of reporting segments

(Million yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Adjustment amount	Amount indicated in the consolidated quarterly statements of income
Net sales									
(1) Outside customers	82,424	275,367	63,324	27,113	79,575	75,331	603,137	–	603,137
(2) Within consolidated group	1,425	3,530	7,822	2,697	1,094	20,321	36,891	(36,891)	–
Total	83,850	278,897	71,146	29,810	80,669	95,653	640,028	(36,891)	603,137
Segment income	7,588	9,378	4,932	901	5,163	2,508	30,473	(4,447)	26,026

Notes: 1. "Others" includes nuclear energy-related services, environmental and recycling-related business, real estate business, and engineering-related services.

2. "Adjustment amount" of segment income of -¥4,447 million includes the elimination of intersegment transactions of -¥85 million and corporate expenses of -¥4,361 million which are not distributed to the reporting segments. Corporate expenses consist mainly of general and administrative expenses that do not belong to the reporting segments, basic experiment and research expenses, and financial revenue and expenses.

3. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

2. Matters relating to the change in the reporting segments, etc.
(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)
As stated in "Changes in accounting policies," the Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" from the first quarter of this consolidated fiscal year. It also changed the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016, switching from the declining-balance method to the straight-line method.
The impact of this change on segment income for the first half of the consolidated fiscal year under review is minor.

Notes on significant changes in the amount of Shareholders' equity, if any

N/A

Significant subsequent events

(Change in the number of unit shares and the consolidation of shares, etc.)

(1) Details

At the 91st Ordinary General Meeting of Shareholders held on June 29, 2016, a proposal for amendment to the Articles of Incorporation to change the number of shares constituting one unit share and the total number of issuable shares, etc. and a proposal for the consolidation of shares were passed and approved. Accordingly, on October 1, 2016, the number of shares constituting one unit share was changed from 1,000 shares to 100 shares, 10 shares of the common stock was consolidated to one share, and the total number of authorized shares was changed from 3.4 billion shares to 340 million shares.

(2) Impact on per-share information

The impact is calculated on the assumption that the consolidation of shares was conducted at the beginning of the previous consolidated fiscal year.