



Consolidated Financial Results for the Year Ended March 31, 2013

Mitsubishi Materials Corporation

Tokyo, Japan

May 10, 2013

Stock code: 5711
 Shares listed: Tokyo Stock Exchange and Osaka Securities Exchange
 URL: <http://www.mmc.co.jp/>
 Representative: Mr. Hiroshi Yao, President
 For further information please contact: Mr. Hisato Matsubara, Manager, Corporate Communications & IR Dept.
 Tel: +81-3-5252-5206
 Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2013
 Scheduled date of start of dividend payment: June 3, 2013
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 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (For Corporate Investors)

1. Results of the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(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, 2013	1,287,251 -10.7 (%)	52,500 0.4 (%)	74,414 75.1 (%)	36,948 286.3 (%)
Year ended Mar. 31, 2012	1,440,847 8.0 (%)	52,293 -8.7 (%)	42,495 -24.7 (%)	9,565 -33.0 (%)

(Note) Comprehensive income Year ended Mar. 31, 2013: 90,252 million yen (543.2%)
 Year ended Mar. 31, 2012: 14,030 million yen (223.0%)

	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, 2013	28.19 (yen)	—	9.8 (%)	4.2 (%)	4.1 (%)
Year ended Mar. 31, 2012	7.29 (yen)	—	2.8 (%)	2.4 (%)	3.6 (%)

(Reference) Equity losses and earnings of affiliates Year ended Mar. 31, 2013: 5,193 million yen
 Year ended Mar. 31, 2012: (21,071) million yen

(2) Financial Position:

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of Mar. 31, 2013	1,811,767	466,231	22.4 (%)	309.17 (yen)
As of Mar. 31, 2012	1,751,870	409,074	20.0 (%)	267.62 (yen)

(Reference) Shareholders' equity As of Mar. 31, 2013: 405,230 million yen
 As of Mar. 31, 2012: 351,083 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, 2013	101,616	(88,514)	(36,316)	63,299
Year ended Mar. 31, 2012	91,549	(48,335)	(84,159)	69,499

2. Dividend payments

	Dividends per Share					Total Dividends (Annual)	Dividend Ratio (Consolidated)	Dividends/ Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual			
Year Ended Mar. 31, 2012	Yen —	Yen 0.00	Yen —	Yen 2.00	Yen 2.00	(Millions of yen) 2,623	% 27.4	% 0.8
Year Ended Mar. 31, 2013	—	0.00	—	4.00	4.00	5,242	14.2	1.4
Year Ending Mar. 31, 2014 (Forecast)	—	2.00	—	4.00	6.00		17.5	

3. Forecast (From April 1, 2013 to March 31, 2014)

(Millions of yen)

(Percentage changes relative to the previous corresponding period)

	Net Sales		Operating Profit		Ordinary Income		Net Income		Net Income per Share
Six months ending September 30, 2013	710,000	11.7 (%)	31,000	17.1 (%)	31,000	-11.3 (%)	25,000	53.6 (%)	19.07 (yen)
Year Ending March 31, 2014	1,480,000	15.0 (%)	72,000	37.1 (%)	80,000	7.5 (%)	45,000	21.8 (%)	34.33 (yen)

*Note

(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, 2013: 1,314,895,351 shares

Year ended March 31, 2012: 1,314,895,351 shares

(ii) Number of treasury shares at end of year

Year ended March 31, 2013: 4,193,557 shares

Year ended March 31, 2012: 3,039,965 shares

(iii) Average number of shares during the period

Year ended March 31, 2013: 1,310,926,644 shares

Year ended March 31, 2012: 1,311,908,715 shares

(Reference) Summary of nonconsolidated financial results

Nonconsolidated results of operations of the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(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, 2013	673,632	-12.4 (%)	18,281	27.7 (%)	54,332	102.6 (%)	44,738	145.9 (%)
Year ended Mar. 31, 2012	769,337	6.3 (%)	14,319	-3.1 (%)	26,822	-21.1 (%)	18,194	-8.1 (%)

	Net Income per Share	Diluted Net Income per Share
Year ended Mar. 31, 2013	34.13 (yen)	—
Year ended Mar. 31, 2012	13.87 (yen)	—

(2) Nonconsolidated financial position:

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of Mar. 31, 2013	1,256,038	373,683	29.8 (%)	285.10 (yen)
As of Mar. 31, 2012	1,200,368	323,245	26.9 (%)	246.40 (yen)

(Reference) Shareholders' equity As of Mar. 31, 2013: 373,683 million yen
As of Mar. 31, 2012: 323,245 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 earning forecasts and other forward-looking statements, etc.)

1. Earning 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 make any warranties with respect to the accuracy, etc. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. To use assumptions for forecasts and to refer to specific revisions on consolidated financial forecasts, see "(3) Outlook for the Year Ending March 31, 2014 (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, 2013 (Tuesday). 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, 2013.

Contents

1. Analysis of Business Results and Financial Position	P2
(1) Analysis of Business Results	P2
(2) Analysis of Financial Position	P4
(3) Basic Profit Distribution Policies and Dividend Payments	P5
(4) Business and Other Risks	P6
2. Management Policies.....	P8
(1) Basic Group Management Policies	P8
(2) Target Management Indicator, Medium- and Long-term Management Strategies and Issues to Be Addressed	P8
3. Consolidated Financial Statement.....	P11
(1) Consolidated Balance Sheets	P11
(2) Consolidated Statement of Operations and Consolidated Statement of Comprehensive Income	
Consolidated Statement of Operations	P13
Consolidated Statement of Comprehensive Income.....	P14
(3) Statement of Changes in Consolidated Shareholders' Equity	P15
(4) Consolidated Statements of Cash Flows.....	P18
(5) Segment Information	P20
(6) Per-share Information	P26
(7) Important Subsequent Event	P26

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

1) Results for the Year Ended March 31, 2013

During the fiscal year under review, the global economy as a whole slowed down due to slower economic expansion in emerging economies such as China and India, as well as the impact of the debt crisis in Europe.

In Japan, despite demand generated by reconstruction efforts in the wake of the earthquake, economic recovery appeared to be pausing against a backdrop of the global economic slowdown. Since the end of 2012, however, with the expectation of economic recovery backed by the government's economic measures taken into consideration in advance, the level of exchange rates and the stock market have been rapidly improving.

In the fiscal year under review, despite full-scale demand generated by reconstruction efforts in the wake of the earthquake, the business environment in which the Group operates remained unpredictable because the level of exchange rates continued unfavorable until the end of 2012, copper prices were downward trend compared with the previous fiscal year, and orders for core products for automobiles and the electronic industry were sluggish.

Amid such circumstances, we have pursued the sophistication of the business management system in order to appropriately respond to an ever-changing business environment and secure stable profit. We have also implemented various measures based on "Simultaneously implementing growth strategies and financial improvements," which is a basic concept of the medium-term management plan (FY 2012-2014), entitled "Materials Premium 2013 – Aiming for New Value Creation," as well as two initiatives stated as growth strategies: "Advancement into overseas markets, especially emerging markets" and "Generation of distinctive synergies as an integrated business entity."

As a result, consolidated net sales for the fiscal year amounted to ¥1,287,251 million, down 10.7% from the previous fiscal year. Operating profit increased year-on-year 0.4% to ¥52,500 million. Ordinary income increased 75.1% to ¥74,414 million because, while equity in losses of affiliates was recorded in the previous fiscal year in relation to SUMCO Corporation, equity in earnings of affiliates was recorded in this fiscal year. Net income surged 286.3% to ¥36,948 million.

2) Overview of Segment (Cement)

(Billions of yen)

	FY 2012	FY 2013	Increase/decrease (%)	
Net sales	158.8	164.7	5.8	3.7%
Operating profit	9.2	14.2	4.9	54.0%
Ordinary income	7.7	14.0	6.2	81.4%

In the Cement business, sales volume in Japan increased thanks to demand generated by reconstruction efforts in the wake of the earthquake, and solid demand particularly in redevelopment projects and road-related projects in the Tokyo metropolitan area. Overseas, while the recovery trend in demand continued in United States mainly for private-sector capital spending, demand decreased in China firstly due to a decrease of investment in housing construction such as condominium buildings, and secondly due to the influence of delay with resumption of high-speed rail construction and with progress with the new airport being constructed in Shandong, as a result, the sales volume decreased. In the entire Cement business, cement production amounted to 11.7 million tons, mostly unchanged from the previous fiscal year.

In the entire Cement business, both net sales and operating profit rose year-on-year thanks to an increase in sales.

Ordinary income also rose due to an increase in operating profit.

(Metals)

(Billions of yen)

	FY 2012	FY 2013	Increase/decrease (%)	
Net sales	761.1	622.7	(138.3)	-18.2%
Operating profit	20.1	17.7	(2.3)	-11.7%
Ordinary income	37.8	39.1	1.2	3.4%

In the copper business, despite the steady operations throughout the fiscal year at the Onahama Smelter & Refinery (operated by Onahama Smelting and Refining Co., Ltd., based in Fukushima Pref.), where operations were suspended until the end of June 2011 affected by the earthquake, both net sales and operating profit declined year-on-year. This is due to the impact of furnace repairing in Naoshima Smelter & Refinery (Kagawa)

and PT Smelting in Indonesia, and production cutbacks resulting from the lower quality level of copper contained in the raw material ore. In the entire Metals business, electrolytic copper production amounted to 508 thousand tons, down 49 thousand tons from the previous fiscal year.

In the gold and other valuable metals business, despite production cutbacks resulting from a decrease in the amount of gold contained in the raw material ore, net sales declined but operating profit rose partly thanks to a cost reduction effect.

In the processed copper products business, both net sales and operating profit declined due mainly to weak sales of products for electronic materials and construction.

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

Ordinary income rose due to an increase in dividend income and an increase in equity in earnings of affiliates.

(Advanced Materials & Tools)

(Billions of yen)

	FY 2012	FY 2013	Increase/decrease (%)	
Net sales	144.2	136.6	(7.5)	-5.2%
Operating profit	13.4	10.7	(2.6)	-20.0%
Ordinary income	12.3	10.6	(1.7)	-13.8%

In the cemented carbide products business, both net sales and operating profit declined partly because of a decrease in sales due to the reason that the impact of the floods in Thailand continued until the first half of the year, and also due to the deterioration of market conditions.

In the high-performance alloy products business, net sales declined but operating profit rose partly due to strong demand in the aircraft-related market although sales decreased owing to weakening demand in the automobile-related market and a boycott of Japanese cars in China, and sales of motor products decreased owing to decreased sales of motorcycles in Southeast Asia and South America.

As a result, the entire Advanced Materials & Tools business posted a year-on-year decrease in both net sales and operating profit.

Ordinary income also declined due to a decrease in operating profit.

(Electronic Materials & Components)

(Billions of yen)

	FY 2012	FY 2013	Increase/decrease (%)	
Net sales	74.4	68.6	(5.8)	-7.8%
Operating profit	4.1	4.8	0.6	14.6%
Ordinary income (loss)	(20.6)	3.4	24.1	—%

In the advanced materials business, despite decreased sales of products for solar batteries, net sales declined but operating profit rose thanks to solid demand for smartphone-related products and products for automobiles.

In the electronic devices business, despite sluggish demand in the related market of electronic devices such as flat-screen TVs and PCs, both net sales and operating profit rose thanks to increased sales of products for household appliances.

In the polycrystalline silicon and related products business, despite decreased sales resulting from sluggish demand in the semiconductor-related and solar battery-related markets, net sales declined but operating profit rose because we sought efficiency by stopping some production lines of the Yokkaichi Plant. An amount equivalent to fixed costs associated with the stopped production lines was transferred to extraordinary loss.

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

Ordinary income turned into the black thanks to increased operating profit and improved equity in earnings/losses of affiliates in relation to SUMCO Corporation.

(Aluminum)

(Billions of yen)

	FY 2012	FY 2013	Increase/decrease (%)	
Net sales	149.8	146.6	(3.2)	-2.1%
Operating profit	5.6	6.1	0.5	9.9%
Ordinary income	4.4	5.5	1.0	24.6%

In the aluminum cans business, despite decreased demand for regular cans because of the slump in shipping

volume of beer or beer-like beverages, demand for bottle cans increased for black coffee and tea-based beverages.

In the rolled aluminum and processed aluminum products business, despite increased demand for aluminum can materials, demand for products for electronic materials including products for solar batteries decreased.

As a result, the entire Aluminum business reported year-on-year decreases in net sales, but increases in operating profit.

Ordinary income rose due to an increase in operating profit.

(Others)

(Billions of yen)

	FY 2012	FY 2013	Increase/decrease (%)	
Net sales	408.9	348.9	(59.9)	-14.7%
Operating profit	7.0	6.9	(0.0)	-0.8%
Ordinary income	10.1	10.8	0.7	7.5%

In the energy-related products business, both net sales and operating profit rose year-on-year thanks to the increased sales amount of coal and increased orders related to development in the field of nuclear energy such as decontamination.

In the "e-waste" (used electronics and electrical products) recycling business, both net sales and operating profit declined due to the termination of the eco-point system for household appliances and the completion of the transition to digital terrestrial transmission.

In the precious metals business, both net sales and operating profit declined due to the decreased trading volume of gold bullion owing to less volatile gold prices and decreased sales of jewelry-related items.

Orders for nuclear energy and engineering services amounted to ¥58.7 billion, up ¥2.1 billion from the previous fiscal year. The order backlog at the end of the period was ¥17.8 billion, up ¥2.9 billion from a year earlier.

3) Outlook for the Year Ending March 31, 2014

As for the global economy, while the US economy is on a recovery trend, and the economy is expected to pick up in Asia, especially in Southeast Asia, there are still downside risks, such as the debt problem in Europe and the fiscal problem in the US.

The Japanese economy is expected to start to recover thanks to an anticipated recovery of domestic demand on the back of the government's economic measures, and an improved export environment.

As for the business environment in which the Group operates, despite demand generated by reconstruction efforts in the wake of the earthquake and an anticipated recovery of demand from the automobile-related industry, there are concerns about the current downward trend of copper prices and the higher costs resulting from a hike in electricity rates.

Amid such situation, the Group will implement the measures as described in "2. Management Policies" for our growth.

In this environment, our consolidated performance forecasts for the year ending March 31, 2014 are as follows: net sales of ¥1,480 billion, operating profit of ¥72 billion, ordinary income of ¥80 billion, and net income of ¥45 billion.

(2) Analysis of Financial Position

At March 31, 2013, total assets amounted to ¥1,811.7 billion, up ¥59.8 billion from a year earlier. This was mainly due to the increase of investment securities.

Total liabilities increased ¥2.7 billion, to ¥1,345.5 billion. This stemmed mainly from an increase in gold payable.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥101.6 billion, up ¥10.0 billion from the previous fiscal year. This was due mainly to a stable performance.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥88.5 billion, up ¥40.1 billion from the previous fiscal year. This was due mainly to outlays related to capital investments and purchase of consolidated subsidiaries' share.

(Cash Flows from Financing Activities)

Together, operating activities and investing activities produced a net inflow of ¥13.1 billion, which was mainly applied to the repayment of bank borrowings. Accordingly, net cash used in financing activities was ¥36.3 billion, down ¥47.8 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, 2013, stood at ¥63.2 billion, down ¥6.1 billion from March 31, 2012.

Below is a summary of major cash flow indicators.

	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Equity ratio (%)	21.0	18.7	18.7	20.0	22.4
Equity ratio on a market-value basis (%)	19.6	19.3	20.1	19.6	19.4
Ratio of interest-bearing debt to cash flow	6.7	18.6	7.1	8.0	7.1
Interest coverage ratio	7.9	3.4	7.8	8.3	9.0

Equity ratio:	Shareholders' equity/Total asset
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) Operating cash flow is based on the net cash provided by operating activities in the Consolidated Statements of Cash Flows.

(Note 4) Interest-bearing debt covers all interest-bearing debt in the Consolidated Balance Sheets. Interest payments are based on the amounts shown in the Consolidated Statements of Cash Flows.

(3) Basic Profit Distribution Policies and Dividend Payments

At its 81st General Meeting of Shareholders held on June 29, 2006, the Company changed its Articles of Incorporation to distribute the surplus following the resolution at the Board of Directors Meeting. 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 10, 2013, passed a resolution to pay the year-end dividend for the period under review of ¥4.00. As a result, as the Company did not distribute an interim dividend, the full-year dividend for the fiscal year under review was ¥4.00 per share (¥2.00 per share higher than the previous fiscal year).

Dividend payments for the year ending March 31, 2014 expected to amount to ¥6 per share (¥2 interim dividend plus ¥4 year-end dividend).

(4) Business and Other Risks

Because the Group, as stated in "3. Consolidated Financial Statement (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 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 10, 2013.

1) Corporate reorganization

The Group is always engaged in selection and concentration of its various businesses, actively throwing in 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. 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 of the clients' markets, changes of the clients' market share, and changes of 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 of the industries and the clients' markets, 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, 2013, the interest-bearing debt of the Group was ¥692.9 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 38.2% 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 some 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, etc.

In the term ended March 31, 2013, the Group has undertaken a ¥33.9 billion yen guaranty of liabilities, etc. 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

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

9) Retirement benefit expenses and obligations

The employees' retirement benefit expenses and obligations are calculated based on the assumptions and conditions mainly derived from mathematical calculations. In setting these assumptions and conditions we take into consideration the employees' average remaining length of service, long-term interests of the Japanese government bonds, as well as the status of pension assets including the shares contributed to trust funds, but losses caused by decline 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 such as the air pollution, wastewater pollution, soil pollution, and ground water 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. We also determine targets and endeavor to reduce emission of greenhouse gas. However, in cases where related laws are revised or the volume of permissible emission of greenhouse gas is changed, the Group may need to bear new expenses.

11) Overseas operations, etc.

The Group has production bases, sales bases, and other bases in 26 countries and regions abroad, and foreign sales amount to 34.7% 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 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 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 business results and financial standing of the Group.

14) Accidents at facilities, etc.

The Group has many production facilities and equipment and strives to conduct all possible measures to avoid all accidents, such as accidents at work and accidents to production equipment, from both the side of operation/maintenance control, and the side of ensuring safety of equipment, but in cases where 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 of management of information including handling of personal information, but in cases, where a leak of information or some other accident to information occurs, due to damage to our reputation in the society or other factors this may affect business results and financial standing of the Group.

16) Lawsuits, etc.

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

Business results and financial standing of the Group may be influenced by increases of prices for electricity resulting from such factors as instabilities in supply of electricity due to suspension of operation of nuclear power stations, cost increases of imported fossil fuels, and increases in charges for renewable energy

18) Other matters

In addition to the above, 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

The Mitsubishi Materials Group's basic management policy is to contribute to people, society, and the Earth. As an integrated corporation with comprehensive strengths, we provide total solutions in the fields of materials, parts and components, systems, and services for society oriented toward recycling and advanced information. In this role, we aim to revolve and become a top-class corporate group that is essential to the world.

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

In line with its medium-term management plan, the Group will continuously seek to become the strongest integrated business entity in this resource-recycling society by advancing into overseas markets, especially emerging markets, and generating distinctive synergies as an integrated business entity ("Materials Premium") while simultaneously implementing growth strategies and financial improvements.

We will continue to implement the measures outlined below as growth strategies.

1) Advancement in overseas markets, especially newly emerging nations

Under circumstances where the domestic market is not expected to expand substantially, advancement into overseas markets, especially emerging markets is key to the Group's growth. In line with our medium-term management plan, we will seek advancement into overseas markets, especially fast-growing Asian emerging markets, where the Group has many existing bases, implement measures such as carrying out regional strategies and marketing across divisions, establishing common sales companies utilizing the existing bases and business expansion to non-Japanese clients.

2) Realization of Materials Premium

The Group has a wide range of materials, products and technologies including nonferrous metals and cement and is operating globally particularly in Asian emerging economies. In line with our medium-term management plan, we will pursue "Generation of distinctive synergies as an integrated business entity (Realization of Materials Premium)" by bringing together the capabilities of the Group and further strengthening collaboration among our businesses to expand and enhance our existing integrated areas and to create new business areas.

In order to expand and enhance our existing integrated areas, we will seek to enhance the resources and environmental recycling businesses among others. We will further strengthen these businesses to achieve their medium- and long-term growth since these businesses have grown in value followed by the growing importance of resources security with a changing business environment and worldwide demand for establishing a resource-recycling society.

3) Group strategies supporting growth

In line with our medium-term management plan, we aim to be an integrated business entity group where employees can be active globally across divisions. For this purpose, we will develop diverse human resources by employing and using global staff and promoting deployment and use of staff across businesses and companies, and foster a corporate culture to respond to and challenge a changing business environment.

We will also continue to enhance efforts to pursue a switch to a low-cost structure. We will further reduce sourcing and process costs by establishing a global sourcing system, improving our supply chain

management (SCM) and developing quality engineering.

Moreover, we will contribute to sustainable development of society as a whole by further promoting corporate social responsibility (CSR) activities and making continued efforts in business activities focusing on factors that have a material effect on corporate value (materiality).

<Priorities in each business>

● Cement

In the domestic cement business, sales are expected to continuously increase thanks to demand generated by reconstruction efforts in the wake of the earthquake. We will fulfill our social responsibility toward reconstruction in affected regions by stably supplying cement, a key reconstruction material, and by receiving disaster waste in the plant with an understanding of local residents.

In the US cement business, demand is expected to continue to recover. We will work on increasing sales volume and revising sales price. We will also strive to increase profitability by making the maximum use of the businesses and assets of Robertson's Ready Mix, Ltd., which became our wholly owned subsidiary in December 2012, and by further enhancing the efficiency of the US cement and ready-mixed concrete businesses.

In the Chinese cement business, with the development of infrastructure such as high-speed railway, airport and subway in Shandong Province well underway, demand is expected to recover. In this environment, we will continue to seek cost reduction and profitability enhancement.

● Metals

The supply-demand situation of copper concentrates is expected to become easy due to the enhanced supply capacity of mines. Copper market price is currently on a downward trend, and the future price trends are still uncertain. We will therefore keep a close watch on the price movements together with exchange rates and stock market trends.

In the processed copper products business, demand for products for automobiles and electronic materials is expected to recover gradually.

Amid such circumstances, in the Metals business, we will strive to establish a robust foundation less susceptible to market environment through ongoing efforts to lower the break-even point by reducing energy and fixed costs. In copper smelting, we will seek the steady operations at domestic and overseas smelting facilities. In addition, we will improve profitability through expansion of the recycling business and increasing revenues from treating waste by establishing the system to treat waste which is difficult to treat. In copper processing, 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, although demand currently remains gradual recovery, demand is expected to expand particularly in the automobile-related market in the medium- and long-term.

In the high-performance alloy products business, demand is expected to recover gradually in the automobile-related market, and demand is expected to remain strong in the aircraft-related market.

Amid such circumstances, on the production side in the cemented carbide products business, we will scale up the production capacity in manufacturing bases and build the most suitable production system for each market. On the sales side in the cemented carbide products business, we will strive to enhance sales activities by establishing new sales bases and expanding sales network especially in emerging economies, and deepening marketing in the automobile-related, aircraft-related and medical-related markets. In addition, we will promote the diversification of suppliers and raise the recycling ratio through scrap recovery in order to stably procure tungsten, which is a main raw material of cemented carbide products. In the high-performance alloy products business, we will strive to increase profitability by further enhancing quality and productivity using manufacturing technology capabilities that we have strengthened so far. We will also try to obtain demand in emerging economies by quickly enhancing the capabilities of new manufacturing bases in China.

● Electronic Materials & Components

In the advanced materials business, demand for smartphone-related products is expected to remain strong, and demand for products for solar batteries is expected to increase by a feed-in tariff. As for products for automobiles, it is expected that the number of car models which adopt the products and new car sales in the US will increase although the impact of the expiration of government subsidies for eco-friendly cars is concerned. In the relevant markets, we will continue to increase profitability by using core technological capabilities, and enhancing sales competitiveness and proposal capabilities to clients.

In the electronic devices business, future demand for products for flat-screen TVs and other household appliances is still uncertain. We will reinforce our business foundation by promptly launching new products, strengthening our sales system in emerging economies including China, and further reducing costs.

In the polycrystalline silicon and related products business, demand in the semiconductor-related market is still uncertain. Amid such circumstances, except for some processes, we resumed operations in April 2013 at the Yokkaichi Plant (Mie Pref.), where some production lines were stopped from April 2012. We will strengthen our revenue base by revising the operational framework and implementing thorough cost reduction.

● Aluminum

In the aluminum cans business, we will actively expand sales of aluminum bottle cans, which are subject to steadily increasing demand for black coffee and tea-based beverages and we position as strategic products. We will also actively promote stable orders of regular cans, favorable procurement of raw materials, stable product quality and cost reduction.

In the rolled aluminum and processed aluminum products business, we forecast that demand for aluminum can materials will remain unchanged from this fiscal year, that demand for products for automobiles will decrease due to the expiration of government subsidies for eco-friendly cars, and that demand for products for electronic materials, especially for products for solar batteries will increase driven by the feed-in tariff program. We will keep a close watch on the overall demand trends, seek stable orders of aluminum can materials, and strive to increase orders of products for the automobile sector both domestically and abroad.

We will also contribute to establish a resource-recycling society by actively promoting the recycling business of used aluminum cans, which the Group has long worked on.

3. Consolidated Financial Statement

(1) Consolidated Balance Sheets

[March 31, 2013 and 2012]

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
ASSETS		
Current Assets:		
Cash and deposits	70,923	64,416
Notes and accounts receivable-trade	223,977	211,748
Merchandise and finished goods	71,793	79,941
Work in process	99,114	98,948
Raw materials and supplies	86,710	103,463
Deferred income taxes	9,983	15,622
Gold bullion on loan	85,503	99,548
Other	115,912	107,171
Allowance for doubtful accounts	(2,584)	(1,929)
Total Current Assets	761,333	778,931
Noncurrent Assets:		
Property, Plant and Equipment:		
Building and structures, net	158,764	156,929
Machinery and equipment, net	197,337	198,220
Land, net	272,409	271,517
Construction in progress	21,819	18,968
Other, net	12,502	13,337
Total Property, Plant and Equipment	662,834	658,974
Intangible Assets:		
Goodwill	39,285	38,760
Other	8,507	9,520
Total Intangible Assets	47,792	48,281
Investments and Other Assets:		
Investment securities	239,926	271,754
Deferred income taxes	16,186	29,183
Other	31,778	32,061
Allowance for investment loss	(2,221)	(1,748)
Allowance for doubtful accounts	(5,760)	(5,672)
Total Investments and Other Assets	279,910	325,579
Total Noncurrent Assets	990,537	1,032,835
Total Assets	1,751,870	1,811,767

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	115,582	105,889
Short-term loans payable	275,248	287,942
Current portion of bonds payable	40,000	—
Commercial papers	2,000	26,000
Income taxes payable	5,864	6,653
Deferred income taxes	1,776	734
Accrued bonuses	10,660	12,097
Gold payable	210,308	232,002
Allowance for loss on disposal of inventories	1,702	1,557
Other	114,110	123,460
Total Current Liabilities	777,253	796,337
Noncurrent Liabilities:		
Bonds payable	75,000	110,040
Long-term loans payable	316,629	268,998
Provision for retirement benefits	61,809	59,601
Reserve for directors' retirement benefits	1,404	1,470
Reserve for loss on subsidiaries and affiliates	2,367	2,035
Reserve for environmental measures	4,412	4,238
Deferred income taxes	33,712	32,771
Deferred income taxes on revaluation reserve for land	34,405	33,683
Other	35,800	36,358
Total Noncurrent Liabilities	565,542	549,198
Total Liabilities	1,342,795	1,345,535
NET ASSETS		
Shareholders' Equity:		
Capital stock	119,457	119,457
Capital surplus	113,566	92,272
Retained earnings	116,890	158,456
Treasury stock	(1,443)	(1,692)
Total Shareholders' Equity	348,471	368,495
Accumulated Other Comprehensive Income:		
Valuation difference on securities available for sale	31,316	40,516
Deferred gains or losses on hedges	(768)	(1,189)
Revaluation reserve for land	36,008	34,830
Foreign currency translation adjustment	(63,945)	(37,422)
Total Accumulated Other Comprehensive Income	2,611	36,735
Minority interests	57,991	61,001
Total Net Assets	409,074	466,231
Total Liabilities and Net Assets	1,751,870	1,811,767

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

Consolidated Statement of Operations

[For the year ended March 31, 2012 and 2013]

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Net Sales	1,440,847	1,287,251
Cost of sales	1,249,744	1,094,588
Gross Profit	191,102	192,663
Selling, General and Administrative Expenses	138,809	140,163
Operating Profit	52,293	52,500
Non-Operating Profit:		
Interest income	625	597
Dividends income	28,510	29,399
Equity in earnings of affiliates	—	5,193
Rent income on noncurrent assets	5,070	4,705
Other	2,637	3,408
Total Non-Operating Profit	36,844	43,304
Non-Operating Expenses:		
Interest expenses	11,507	10,453
Equity in losses of affiliates	21,071	—
Expenses for rent in undertaking	4,237	3,300
Loss on disposal of property, plant and equipment	2,495	2,941
Expenses for settlement of remaining business in mine	1,875	2,370
Other	5,455	2,323
Total Non-Operating Expenses	46,641	21,389
Ordinary Income	42,495	74,414
Extraordinary Income:		
Insurance income	—	3,305
Gain on sales of noncurrent assets	396	3,061
Gain on sales of marketable securities and investments in securities	155	2,457
Other	736	599
Total Extraordinary Income	1,287	9,423
Extraordinary Losses:		
Loss on impairment	5,179	10,551
Loss on valuation of investment securities	1,480	4,524
Loss on termination of operations	—	3,246
Expenses for construction of disaster prevention measure	—	3,189
Loss on sales of property, plant and equipment	2,115	361
Loss on disaster	5,278	224
Other	1,388	3,965
Total Extraordinary Loss	15,442	26,063
Income before Income Taxes	28,341	57,774
Corporate income taxes and business tax	14,208	16,481
Income taxes adjustments	(1,714)	(5,690)
Total Income taxes	12,493	10,790
Income before minority interests	15,847	46,983
Minority interests in income	6,281	10,035
Net Income	9,565	36,948

Consolidated Statement of Comprehensive Income

[For the Year Ended March 31, 2012 and 2013]

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Income before minority interests	15,847	46,983
Other comprehensive income		
Valuation difference on securities available for sale	3,434	9,256
Deferred gains or losses on hedges	(812)	595
Revaluation reserve for land	4,938	—
Foreign currency translation adjustment	(7,869)	31,097
Equity in earnings of affiliates	(1,507)	2,318
Total other comprehensive income	(1,816)	43,268
Comprehensive income	14,030	90,252
(Breakdown)		
Comprehensive income attributable to owners of the parent company	9,532	73,282
Comprehensive income attributable to minority interests	4,498	16,970

(3) Statement of Changes in Consolidated Shareholders' Equity

[For the year ended March 31, 2012 and 2013]

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Shareholders' Equity		
Capital stock		
Balance at beginning of period	119,457	119,457
Balance at end of period	119,457	119,457
Capital surplus		
Balance at beginning of period	113,570	113,566
Change during the year		
Disposal of treasury stock	(4)	(0)
Decrease in capital surplus resulting from acquisition of non-controlling interest	—	(21,292)
Total change during the year	(4)	(21,293)
Balance at end of period	113,566	92,272
Retained earnings		
Balance at beginning of period	108,887	116,890
Change during the year		
Cash dividends from retained earnings	(2,623)	(2,623)
Net income	9,565	36,948
Decrease from write-downs of land revaluation excess	696	1,177
Increase due to change of fiscal term of consolidated subsidiaries	—	122
Increase due to change of fiscal term of equity method affiliate	—	44
Increase from rise in number of consolidated subsidiaries	57	1,070
Increase from rise in number of equity method affiliate	203	4,698
Increase from exclusion of affiliates from consolidation	3	—
Increase resulting from merger of non-consolidated subsidiaries	101	135
Disposition of treasury stock	—	(0)
Retirement of treasury stock	—	(8)
Total change during the year	8,003	41,565
Balance at end of period	116,890	158,456
Treasury stock		
Balance at beginning of period	(1,421)	(1,443)
Change during the year		
Acquisition of treasury stock	(29)	(251)
Disposition of treasury stock	8	2
Total change during the year	(21)	(248)
Balance at end of period	(1,443)	(1,692)
Total Shareholders' Equity		
Balance at beginning of period	340,493	348,471
Change during the year		
Cash dividends from retained earnings	(2,623)	(2,623)
Net income	9,565	36,948
Decrease from write-downs of land revaluation excess	696	1,177
Increase due to change of fiscal term of consolidated subsidiaries	—	122
Increase due to change of fiscal term of equity method affiliate	—	44

Statement of Changes in Consolidated Shareholders' Equity (Continue)

[For the year ended March 31, 2012 and 2013]

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Increase from rise in number of consolidated subsidiaries	57	1,070
Increase from rise in number of equity method affiliate	203	4,698
Increase from exclusion of subsidiaries from consolidation	3	—
Increase resulting from merger of non-consolidated subsidiaries	101	135
Acquisition of treasury stock	(29)	(251)
Disposition of treasury stock	4	1
Retirement of treasury stock	—	(8)
Decrease in capital surplus resulting from acquisition of non-controlling interest	—	(21,292)
Total change during the year	7,977	20,023
Balance at end of period	348,471	368,495
Other Accumulated Comprehensive Income		
Valuation difference on available for sale securities		
Balance at beginning of period	28,157	31,316
Change during the year		
Net change in items other than shareholders' equity	3,159	9,199
Total change during the year	3,159	9,199
Balance at end of period	31,316	40,516
Deferred gains or losses on hedge		
Balance at beginning of period	95	(768)
Change during the year		
Net change in items other than shareholders' equity	(863)	(421)
Total change during the year	(863)	(421)
Balance at end of period	(768)	(1,189)
Revaluation reserve for land		
Balance at beginning of period	31,616	36,008
Change during the year		
Net change in items other than shareholders' equity	4,392	(1,177)
Total change during the year	4,392	(1,177)
Balance at end of period	36,008	34,830
Foreign currency translation adjustments		
Balance at beginning of period	(56,129)	(63,945)
Change during the year		
Net change in items other than shareholders' equity	(7,816)	26,523
Total change during the year	(7,816)	26,523
Balance at end of period	(63,945)	(37,422)
Total of other accumulated comprehensive income		
Balance at beginning of period	3,739	2,611
Change during the year		
Net change in items other than shareholders' equity	(1,127)	34,123
Total change during the year	(1,127)	34,123
Balance at end of period	2,611	36,735

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Minority Interests		
Balance at beginning of period	58,635	57,991
Change during the year		
Net change in items other than shareholders' equity	(643)	3,009
Total change during the year	(643)	3,009
Balance at end of period	57,991	61,001
Total Net Assets		
Balance at beginning of period	402,868	409,074
Change during the year		
Increase by share exchanges	(2,623)	(2,623)
Net income	9,565	36,948
Decrease from write-downs of land revaluation excess	696	1,177
Increase due to change of fiscal term of consolidated subsidiaries	—	122
Increase due to change of fiscal term of equity method affiliate	—	44
Increase from rise in number of consolidated subsidiaries	57	1,070
Increase from rise in number of equity method affiliate	203	4,698
Increase from exclusion of subsidiaries from consolidation	3	—
Increase resulting from merger of non-consolidated subsidiaries	101	135
Acquisition of treasury stock	(29)	(251)
Disposition of treasury stock	4	1
Retirement of treasury stock	—	(8)
Decrease in capital surplus resulting from acquisition of non-controlling interest	—	(21,292)
Net change in items other than shareholders' equity	(1,771)	37,133
Total change during the year	6,206	57,157
Balance at end of period	409,074	466,231

(4) Consolidated Statements of Cash Flows

[For the year ended March 31, 2012 and 2013]

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Cash Flows from Operating Activities:		
Income before income taxes	28,341	57,774
Depreciation and amortization	62,493	56,442
Amortization of goodwill	4,005	3,928
Increase in allowance for doubtful accounts and reserves	(495)	(228)
Increase (decrease) in severance and pension benefit of employees and employers	(666)	(2,423)
Increase (decrease) in reserve for loss on investments of affiliates	(15)	(472)
Increase (decrease) in allowance for loss on disaster	(4,357)	—
Increase (decrease) in reserve for loss on business of affiliate	(118)	(182)
Increase (decrease) for environmental measures	(823)	(173)
Interest and dividends income	(29,136)	(29,997)
Interest expenses	11,507	10,453
Loss (gain) on sales of property, plant and equipment	1,772	(2,793)
Loss on disposal of property, plant and equipment	2,495	2,941
Loss on impairment	5,179	10,551
Loss (gain) on sales of marketable securities and investments in securities	(147)	(2,457)
Loss (gain) on valuation of investment securities	1,480	4,524
Decrease (increase) in notes and accounts receivables-trade	(1,538)	28,402
Decrease (increase) in inventories	1,778	(11,318)
Proceeds from sales of gold bullion deposited from customers under consuming bailment My Gold Plan	73,727	138,627
Payment for purchases of gold bullion from market for customer under My Gold Plan	(64,528)	(129,801)
Decrease (increase) in current assets	(5,746)	(423)
Increase (decrease) in notes and accounts payable-trade	(20,960)	(23,075)
Increase (decrease) in accrued expenses	7,255	(16,870)
Increase (decrease) in other current liabilities	(3,511)	2,178
Increase (decrease) in other noncurrent liabilities	1,040	(1,054)
Equity losses (earnings) of affiliates	21,071	(5,193)
Other, net	(2,922)	8,041
Subtotal	87,180	97,401
Interest and dividends income received	30,499	30,621
Interest expenses paid	(11,054)	(11,239)
Income taxes refund (paid)	(15,075)	(15,166)
Net Cash Provided by (Used in) Operating Activities	91,549	101,616

(Millions of yen)

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Cash Flows from Investing Activities:		
Purchase of investment securities	(2,565)	(15,225)
Proceeds from sales of investment securities	293	4,681
Payments for lending	(2,417)	(2,576)
Proceeds from repayment of lending	5,744	4,074
Purchase of property, plant and equipment	(50,548)	(51,432)
Proceeds from sales of property, plant and equipment	2,725	3,674
Purchase of intangible assets	(1,069)	(1,545)
Payments for purchase of consolidated subsidiaries' shares	(646)	(30,509)
Proceeds from sales of investments in subsidiaries	255	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	420
Other, net	(106)	(75)
Net Cash Provided by (Used in) Investing Activities	(48,335)	(88,514)
Cash Flows from Financing Activities:		
Net increase (decreases) in short-term loans payable	(30,115)	(16,240)
Proceeds from long-term loans payable	91,003	49,499
Repayment of long-term loans payable	(104,199)	(83,463)
Increase (decrease) in commercial papers	(46,000)	24,000
Payments for redemption of bonds payable	(20,000)	(40,000)
Proceeds from issuance of bonds	35,000	35,040
Cash dividends paid	(2,623)	(2,623)
Purchase of treasury stock	(29)	(251)
Cash dividends paid to minority shareholders	(7,911)	(7,067)
Proceeds from stock issuance to minority shareholders	3,100	7,494
Other, net	(2,382)	(2,703)
Net Cash Provided by (Used in) Financing Activities	(84,159)	(36,316)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(2,374)	6,988
Net Increase (Decrease) in Cash and Cash Equivalents	(43,319)	(16,225)
Cash and Cash Equivalents at Beginning of Period	112,226	69,499
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	504	1,434
Increase in Cash and Cash Equivalents Resulting from Merger	88	106
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Fiscal Term of Subsidiaries	—	8,484
Cash and Cash Equivalents at End of Period	69,499	63,299

(5) Segment Information

(Segment Information)

I. For the year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

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, department and office 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 latter being particularly important among the operations of each division and office.

(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, building materials |
| ② Metals | Copper smelting (copper ingots, gold, silver, sulfuric acid, etc.), processed-copper products |
| ③ Advanced Materials & Tools | Cemented carbide products, high-performance alloy products, diamond tools |
| ④ Electronic Materials & Components | Advanced materials, electronic-device products, 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

(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)Unaffiliated customers	155,907	599,192	115,054	67,471	148,583	354,637	1,440,847	—	1,440,847
(2)Intersegment	2,967	161,918	29,149	6,950	1,293	54,274	256,553	(256,553)	—
Total	158,874	761,111	144,203	74,421	149,876	408,912	1,697,400	(256,553)	1,440,847
Segment income	7,729	37,840	12,329	(20,660)	4,439	10,110	51,788	(9,293)	42,495
Segment assets	306,661	488,400	164,671	136,563	150,828	361,741	1,608,867	143,003	1,751,870
Segment liabilities	175,354	403,785	108,365	161,726	123,435	300,239	1,272,905	69,890	1,342,795
Other items									
Depreciation and amortization	13,085	18,261	8,542	7,314	8,699	3,216	59,119	3,373	62,493
Amortization of goodwill	2,149	1,700	—	—	173	13	4,037	(32)	4,005
Dividend income	159	378	54	52	16	418	1,079	(454)	625
Amortization of negative goodwill	—	219	73	—	—	44	337	(1)	336
Interest expenses	2,677	5,064	946	2,799	1,080	762	13,330	(1,823)	11,507
Equity in earnings of affiliates	662	535	10	(23,540)	119	1,139	(21,072)	0	(21,071)
Investment to equity method affiliate	15,964	7,054	263	34,938	302	25,610	84,133	(132)	84,001
Increase in tangible and intangible noncurrent assets	9,801	12,835	11,493	3,851	7,112	3,820	48,914	3,264	52,179

Notes:

1. “Others” includes nuclear energy-related services, precious metals, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income (loss) adjustment amounted (-¥9,293 million) are segment eliminations (¥342 million) and corporate expenses that cannot be allocated to specific segments (-¥9,635 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 (¥143,003 million) are segment eliminations (-¥37,719 million) and corporate expenses that cannot be allocated to specific segments (¥180,722 million). Corporate expenses consist mainly of management-related assets and basic experimental research assets.
4. Included in the segment liabilities adjustment amounted (¥69,890 million) are segment eliminations (-¥37,681 million) and corporate expenses that cannot be allocated to specific segments (¥107,571 million). Corporate expenses consist mainly of management-related liabilities and basic experimental research liabilities.
5. Adjustment of increase of property, plant and equipment and intangible assets (¥3,264 million) consist mainly of investment in Central Research Institute.
6. Segment income (loss) has been adjusted together with ordinary income on the consolidated quarterly statements of income.

II. For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

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, department and office 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 latter being particularly important among the operations of each division and office.

(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, building materials |
| ② Metals | Copper smelting (copper ingots, gold, silver, sulfuric acid, etc.), processed-copper products |
| ③ Advanced Materials & Tools | Cemented carbide products, high-performance alloy products, diamond tools |
| ④ Electronic Materials & Components | Advanced materials, electronic-device products, 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.

(Change of depreciation method and period of depreciation of property, plant and equipment)

Starting from this consolidated fiscal year, in conjunction with the formulation of the medium-term management plan (FY 2012-2014) in the Cement business, the Company decided to revise the period of depreciation and change the depreciation method regarding plant and equipment of the Cement-related business.

As a result of this change, the segment income of the Cement business for this consolidated fiscal year is higher by ¥1,859 million than what it would have been if calculated according to the former method.

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

(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)Unaffiliated customers	161,908	507,198	108,769	62,094	145,641	301,639	1,287,251	—	1,287,251
(2)Intersegment	2,856	115,543	27,883	6,508	1,034	47,307	201,134	(201,134)	—
Total	164,764	622,742	136,653	68,602	146,675	348,947	1,488,385	(201,134)	1,287,251
Segment income	14,023	39,134	10,622	3,465	5,530	10,864	83,640	(9,226)	74,414
Segment assets	322,005	505,627	180,572	144,308	145,459	361,372	1,659,346	152,421	1,811,767
Segment liabilities	204,657	392,672	117,752	169,564	116,385	299,177	1,300,210	45,324	1,345,535
Other items									
Depreciation and amortization	9,409	17,242	8,792	6,940	8,245	3,017	53,647	2,794	56,442
Amortization of goodwill	2,180	1,551	46	—	173	7	3,960	(32)	3,928
Dividend income	204	297	51	58	12	414	1,040	(442)	597
Amortization of negative goodwill	2	—	56	—	—	22	81	(0)	80
Interest expenses	2,362	4,232	1,031	2,654	941	518	11,742	(1,289)	10,453
Equity in earnings of affiliates	1,514	1,606	39	921	206	908	5,197	(4)	5,193
Investment to equity method affiliate	15,866	13,465	299	50,354	621	26,257	106,865	(192)	106,673
Increase in tangible and intangible noncurrent assets	8,888	13,458	14,520	3,409	6,332	4,212	50,822	2,153	52,975

Notes:

1. “Others” includes nuclear energy-related services, precious metals, environmental and recycling-related business, real estate business, and engineering-related services.
2. Included in the segment income adjustment amounted (-¥9,226 million) are segment eliminations (¥168 million) and corporate expenses that cannot be allocated to specific segments (-¥9,394 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 (¥152,421 million) are segment eliminations (-¥35,384 million) and corporate expenses that cannot be allocated to specific segments (¥187,805 million). Corporate expenses consist mainly of management-related assets and basic experimental research assets.
4. Included in the segment liabilities adjustment amounted (¥45,324 million) are segment eliminations (-¥35,213 million) and corporate expenses that cannot be allocated to specific segments (¥80,538 million). Corporate expenses consist mainly of management-related liabilities and basic experimental research liabilities.
5. Adjustment of increase of property, plant and equipment and intangible assets (¥2,153 million) consist mainly of investment in Central Research Institute.
6. Segment income has been adjusted together with ordinary income on the consolidated quarterly statements of income.

(Reference information)

I. For the year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

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
910,625	64,146	105,948	347,962	12,164	1,440,847

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
573,452	62,279	600	24,700	1,802	662,834

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, 2013 (From April 1, 2012 to March 31, 2013)

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
840,094	66,883	36,538	331,715	12,019	1,287,251

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Europe	Asia	Other	Total
555,062	66,366	893	34,331	2,321	658,974

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, 2012 (From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Loss on impairment	450	2,561	1,205	309	31	583	5,140	38	5,179

(Note) Adjustment of loss on impairment (¥38 million) consist mainly of that of idle assets (land).

For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Cement	Metals	Advanced Materials & Tools	Electronic Materials & Components	Aluminum	Others	Total	Corporate or elimination	Grand total
Loss on impairment	413	98	—	5,368	7	1,381	7,270	3,281	10,551

(Note) Adjustment of loss on impairment (¥3,281 million) consist mainly of that of assets for lease.

(Information related to Amortization of Goodwill and Unamortized Balance by Reported Segments)
For the year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(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, 2012	2,149	1,700	—	—	173	13	4,037	(32)	4,005
Balance on Mar. 31, 2012	33,473	6,130	0	—	173	2	39,780	(495)	39,285

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, 2012	—	219	73	—	—	44	337	(1)	336
Balance on Mar. 31, 2012	—	2,221	124	—	—	22	2,368	(0)	2,367

For the year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(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, 2013	2,180	1,551	46	—	173	7	3,960	(32)	3,928
Balance on Mar. 31, 2013	34,547	4,578	63	—	—	23	39,212	(451)	38,760

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, 2013	2	—	56	—	—	22	81	(0)	80
Balance on Mar. 31, 2013	—	2,221	68	—	—	—	2,289	—	2,289

(Information on goodwill in liabilities for each reporting segment)
For the year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
None
For the year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
None

(6) Per-Share Information

Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Net assets per share: ¥267.62	Net assets per share: ¥309.17
Net income per share: ¥7.29	Net income per share: ¥28.19
Net income per share after dilution is not indicated, as no undiluted shares exist.	Net income per share after dilution is not indicated, as no undiluted shares exist.

Note: The standards used to calculate net income per share are as follows.

	Year Ended Mar. 31, 2012 (Apr. 1, 2011—Mar. 31, 2012)	Year Ended Mar. 31, 2013 (Apr. 1, 2012—Mar. 31, 2013)
Net income per share		
Net income per share (Millions of yen)	9,565	36,948
Amounts not belonging to ordinary shareholders (millions of yen)	—	—
Net income per share belonging to ordinary shareholders (Millions of yen)	9,565	36,948
Average number of shares outstanding during the period (thousands of shares)	1,311,908	1,310,926

(7) Important Subsequent Event: N/A