

2. Qualitative Information Concerning Consolidated Financial Position

(1) Changes in Assets, Liabilities and Equity

Total assets at December 31, 2009 were 10,900.4 billion yen, down 17.6 billion yen from March 31, 2009. There was an increase in unrealized gains on listed shareholdings mainly at the parent company. However, the relatively slight change principally reflects a decline in inventories in line with softer demand.

Total liabilities were 7,813.1 billion yen, down 416.3 billion yen from March 31, 2009. The overall decline reflected a reduction in interest-bearing liabilities due to decreased demand for funds such as working capital.

Interest-bearing liabilities (net), which are interest-bearing liabilities (gross) minus cash and cash equivalents, decreased 426.0 billion yen to 3,125.2 billion yen. The net debt-to-equity ratio, which is net interest-bearing liabilities divided by total equity at the term-end, was 1.1.

Total shareholders' equity increased 406.7 billion yen from March 31, 2009, to 2,790.1 billion yen. In addition to the consolidated net income result, this mainly reflected an increase in net unrealized gains on securities available for sale resulting from an increase in unrealized gains on listed shareholdings, as well as a decrease in foreign currency translation adjustments because of the yen's depreciation against the Australian dollar.

(2) Cash Flows

Cash and cash equivalents at December 31, 2009 were 965.6 billion yen, down 249.5 billion yen from March 31, 2009.

(Operating activities)

Net cash provided by operating activities was 614.6 billion yen. Cash was chiefly provided by strong cash flows from operating transactions mainly at resource-related subsidiaries and firm growth in dividend income from business investments, mainly resource-related companies. Another factor was progress made in collecting funds due to a decrease in working capital requirements at the parent company and Metal One.

(Investing activities)

Net cash used in investing activities was 169.2 billion yen, the result mainly of outflows for capital expenditures at overseas resource-related subsidiaries.

As a result of the above, free cash flow, the sum of operating and investing cash flows, was 445.4 billion yen.

(Financing activities)

Net cash used in financing activities was 705.5 billion yen. In addition to the payment of dividends at the parent company, cash was used for the repayment of debt in line with a decrease in working capital requirements.

3. Qualitative Information Concerning Consolidated Forecasts for the Fiscal Year Ending March 31, 2010

There has been no change to consolidated earnings forecasts for the fiscal year ending March 31, 2010 announced on October 30, 2009.

Note:

Earnings forecasts and other forward-looking statements in this release are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

4. Other

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in a revised scope of consolidation)

Consolidated subsidiary MC GLOBAL VOYAGER FUND LIMITED was deconsolidated because its materiality has diminished within the scope of consolidation.