Annual Report 2013

For the year ended March 31, 2013

SUMITOMO METAL MINING CO., LTD.

CONTENTS

Specialized industry terms:
Specialized terms are covered in the Glossary on pages 78 to 79.
Note regarding forward-looking statements:
The forward-looking statements in this annual report, including business result forecasts, are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this report. Actual business results may differ substantially due to a number of factors. Unless specifically stated otherwise, information in this annual report is as of July 1, 2013.

Hishikari Mine (Kagoshima Prefecture)

The Sumitomo Business Spirit

Article 1

Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2

Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

("Business Principles" forming the Rules Governing the House of Sumitomo (version formulated in 1928))

SMM Group Corporate Philosophy

- Sumitomo Metal Mining Co., Ltd. (SMM), in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of sustainable co-existence with the global environment, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust.
- SMM shall, based on respect for all individuals and recognizing each person's dignity and value, seek to be a forward-minded and vibrant company.

SMM Group Management Vision

- By developing and employing innovative technology, we shall fulfill our social responsibilities as a manufacturing enterprise.
- Based on the principles of compliance, environmental protection and operational safety, the Sumitomo Metal Mining Group shall pursue maximum corporate value through the provision, via its global network, of high-quality materials such as non-ferrous metals and electronics and advanced materials.

Financial Summary

Results for the year (Millions of yen)

Fiscal year	2012	2011	2010	2009	2008	2007	2006	2005
Net sales	**808,540**	847,897	864,077	725,827	793,797	1,132,372	966,764	625,579
Operating income	**95,785**	88,577	96,038	66,265	10,534	155,394	162,632	82,756
Recurring profit	**115,034**	108,829	123,701	87,791	32,572	217,866	205,285	99,716
Income (loss) before taxes and minority interests	**122,455**	87,962	123,394	82,776	22,942	216,504	205,617	92,974
Net income (loss)	**86,640**	65,286	83,962	53,952	21,974	137,808	126,054	62,800

Financial position at year-end (Millions of yen)

Fiscal year	2012	2011	2010	2009	2008	2007	2006	2005
Total assets	**1,351,153**	1,146,759	1,052,353	981,458	880,001	1,091,716	929,208	772,562
Net assets	**844,547**	726,039	684,103	629,684	547,251	640,345	528,921	394,899
Long-term debt due after one year	**212,323**	157,119	135,128	132,311	141,716	169,394	93,800	114,405
Interest-bearing debt	**330,073**	265,951	210,969	200,939	218,534	258,054	189,910	190,891

Amounts per share (Yen)

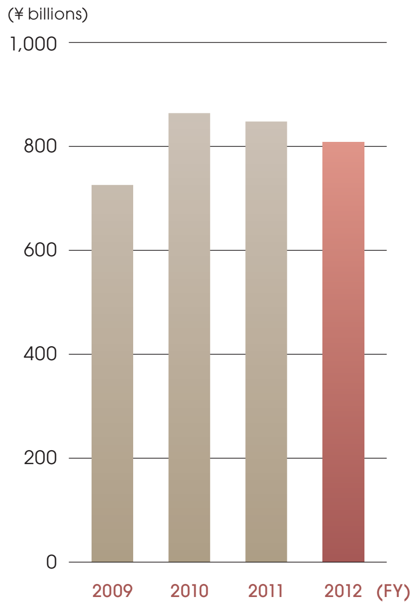
Fiscal year	2012	2011	2010	2009	2008	2007	2006	2005
Net income	**155.58**	116.17	149.38	96.26	38.87	238.13	220.49	109.96
Net assets	**1,393.02**	1,173.97	1,121.19	1,043.50	913.92	1,017.96	859.82	654.15
Cash dividends	**34.0**	28.0	32.0	20.0	13.0	30.0	27.0	14.0

Key ratios (%)

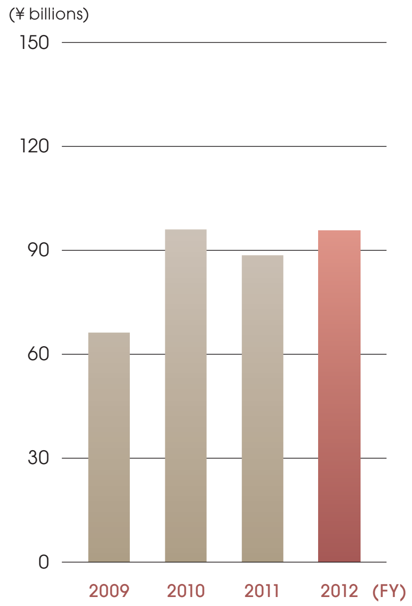
Fiscal year	2012	2011	2010	2009	2008	2007	2006	2005
ROA	**6.94**	5.94	8.26	5.80	2.23	13.64	14.81	9.33
ROE*	**12.13**	10.12	13.80	9.89	4.02	25.39	28.99	19.10
Equity ratio*	**56.9**	57.5	59.9	59.8	57.3	54.0	53.4	48.4
Interest-bearing debt to total assets ratio	**24.4**	23.2	20.0	20.5	24.8	23.6	20.4	24.7
Debt-to-equity ratio (times)*	**0.43**	0.40	0.33	0.34	0.43	0.44	0.38	0.51

* Shareholders' equity is defined as follows: Shareholders' equity = Total shareholders' equity + Accumulated other comprehensive income

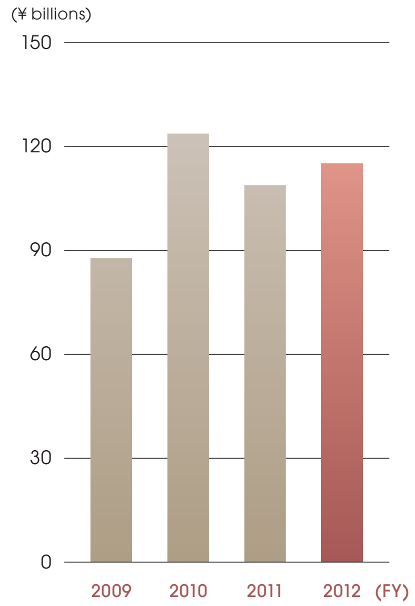
Net Sales



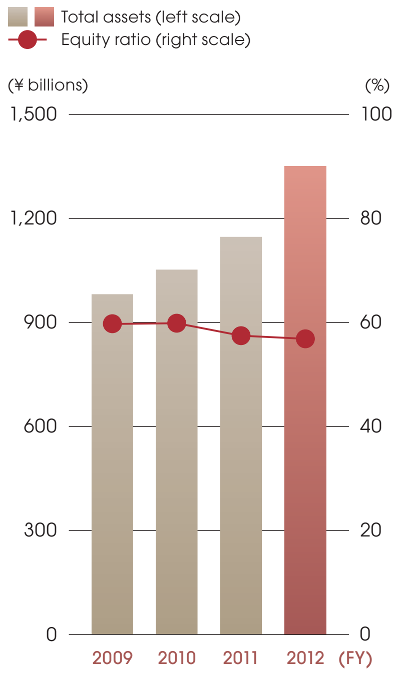
Operating Income



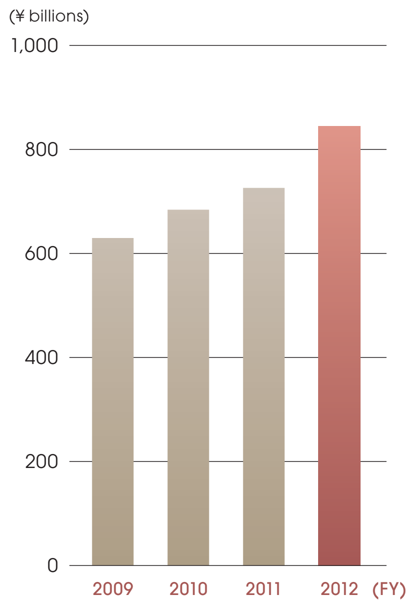
Recurring Profit



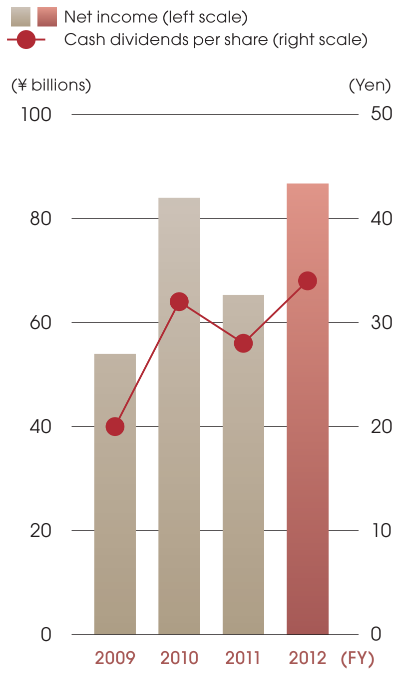
Total Assets / Equity Ratio



Net Assets



Net Income / Cash Dividends per Share



A World Leader in the Non-Ferrous Metals Industry & an Excellent Company of Japan

Sumitomo Metal Mining Co., Ltd. (SMM) aims to become a World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan by deploying advanced technical capabilities cultivated over a history of more than 400 years.

Core Advantages

SMM will undertake to grow its business and enhance its enterprise value with technology and R&D expertise, deployed with the capacity to expand business globally and underpinned by a sound financial position.

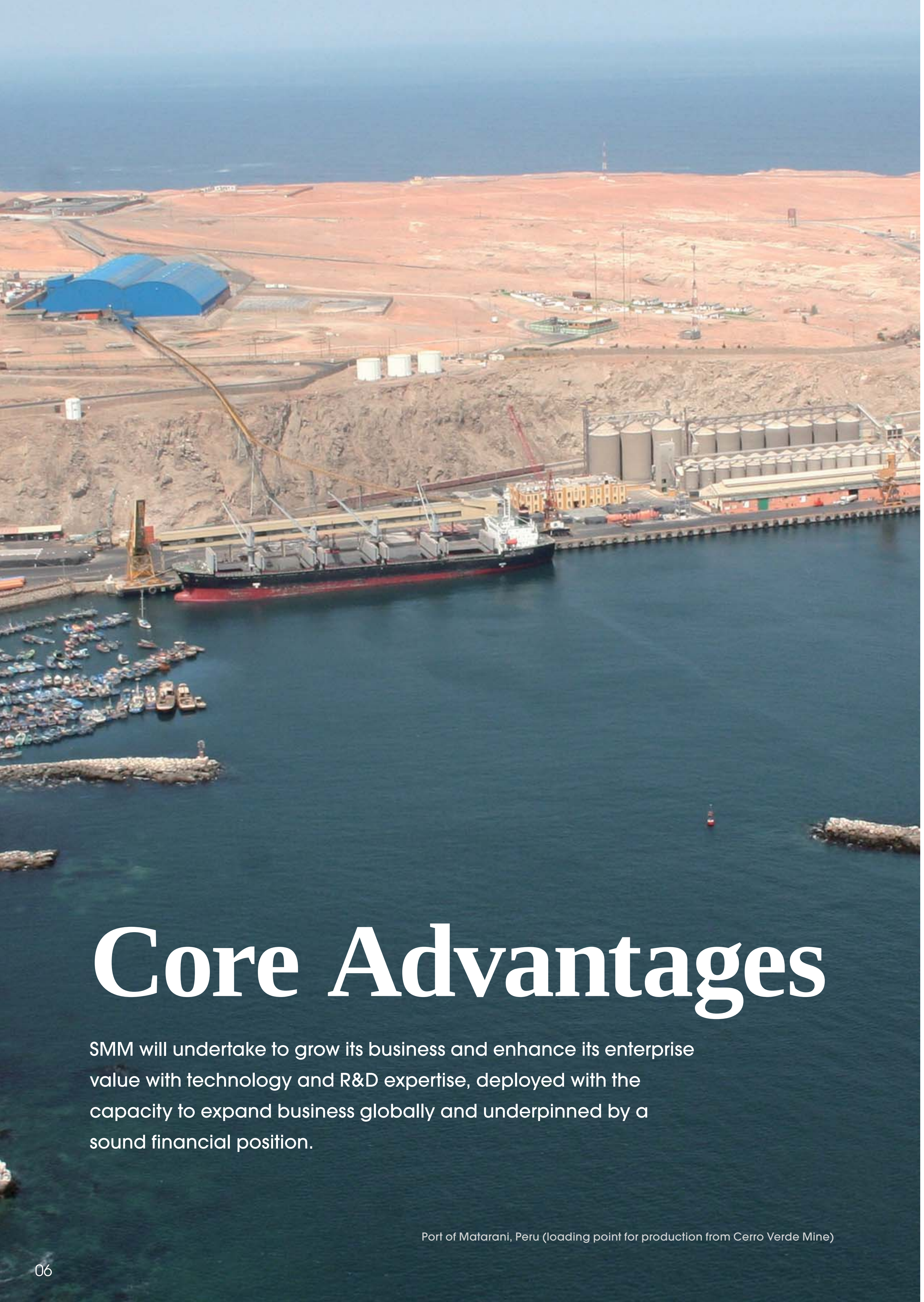
Core Businesses

SMM focuses its management resources in three core business areas: Mineral Resources, Smelting & Refining, and Materials, and is reinforcing its competitive capabilities.

Long-Term Vision

SMM will pursue its continuous growth strategy, which has been formulated to leverage our strengths. With this strategy, we aim to become a World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan.

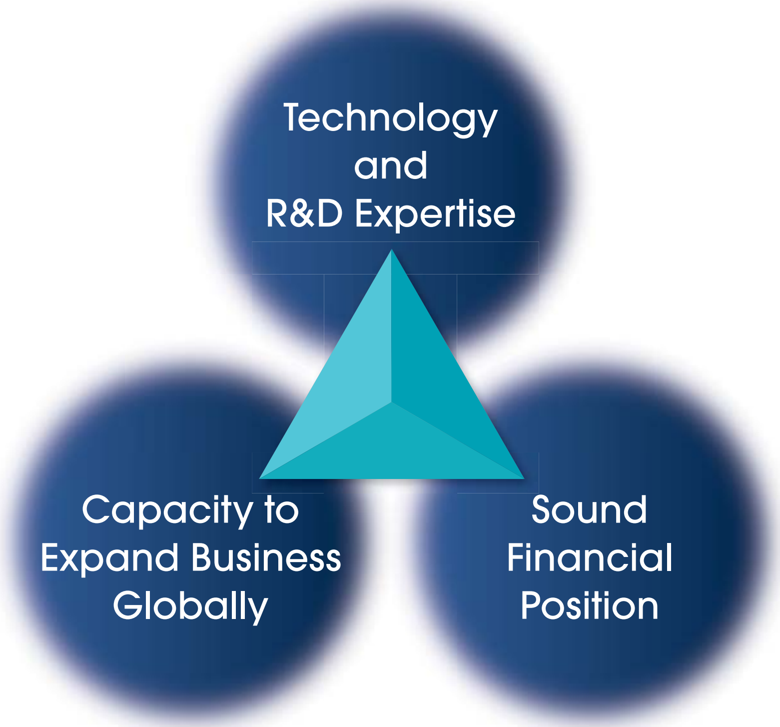
Sierra Gorda Project (Chile)



Core Advantages

SMM will undertake to grow its business and enhance its enterprise value with technology and R&D expertise, deployed with the capacity to expand business globally and underpinned by a sound financial position.

Port of Matarani, Peru (loading point for production from Cerro Verde Mine)



Technology and R&D Expertise

The DNA of 400 Years

The Sumitomo Group's copper business began in Kyoto in 1590. Using the nanban-buki technology the founder of the group developed, Sumitomo was the first in Japan to separate silver from copper. Manufacturing with cutting-edge technology is a principle we have adhered to ever since. Our most recent achievement was our world-first commercialization of HPAL technology for extracting nickel from low-grade oxide ore. Cost-efficient resource utilization through superior technical capabilities—this is an SMM strength.

Capacity to Expand Business Globally

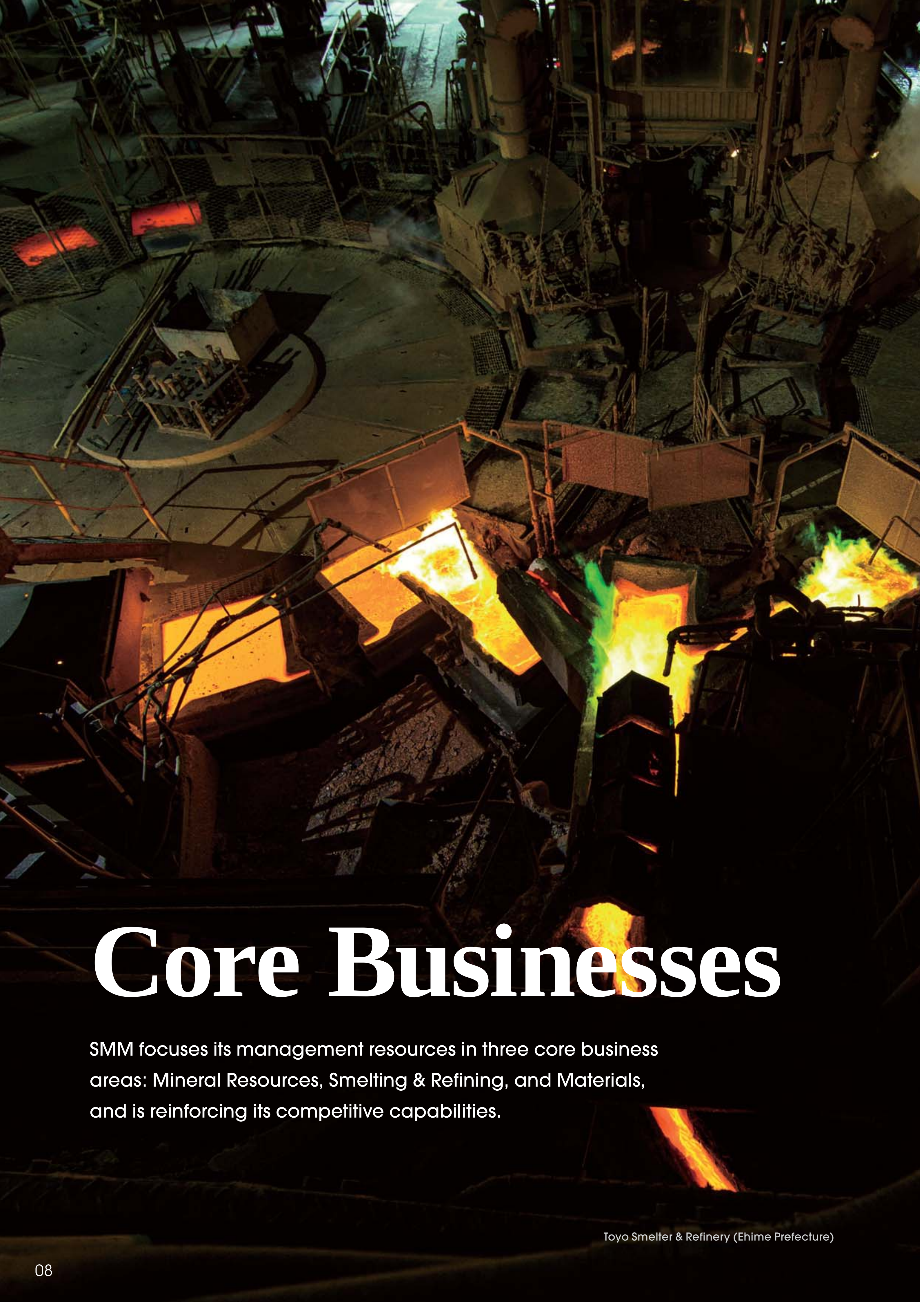
A Globally Expanding Business

Sumitomo's full-scale entry into the mining business dates to our development of the Besshi Copper Mine in 1691. More than three centuries later, we are carrying out operations at the Hishikari Mine in Japan and the Pogo Gold Mine in Alaska. Since 2011, we have also been participating in Chile's Sierra Gorda Copper Mine development project. Sumitomo's tradition of technical strength is playing an active role in today's world.

Sound Financial Position

A Sound Financial Foundation to Support Large-Scale Project Investment

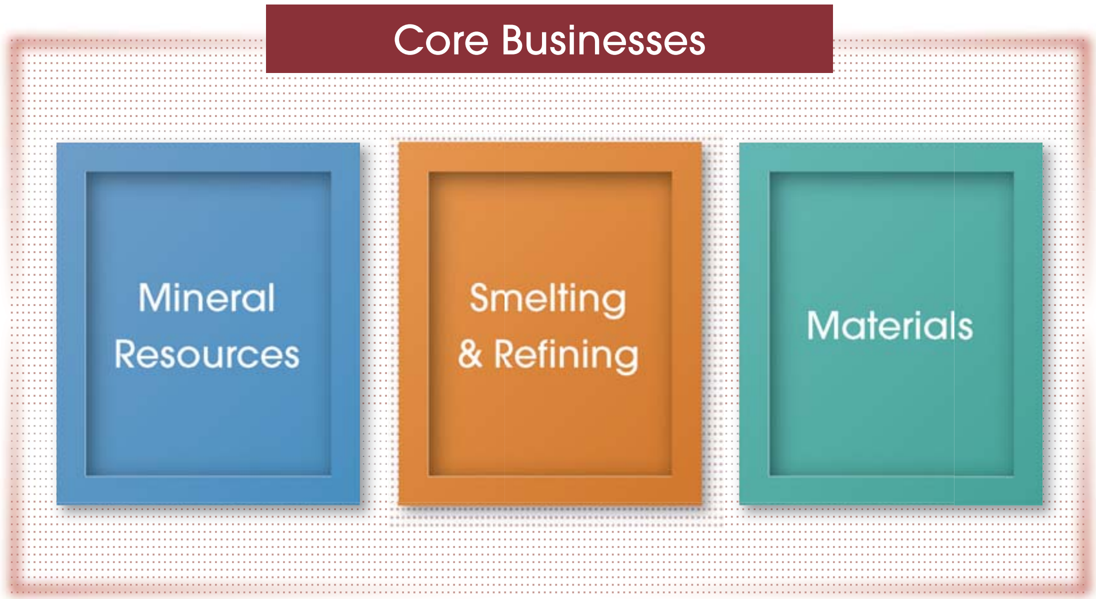
Our Mineral Resources business and Smelting & Refining business require the capacity to make extremely large investments in individual projects, and recovering the invested capital can take many years. If project finance is to be carried out with the right timing, and the project is to be progressed on a stable basis, a sound financial foundation is essential. SMM utilizes its sound financial position to carry out optimal investment strategies accompanied by firm risk control.



Core Businesses

SMM focuses its management resources in three core business areas: Mineral Resources, Smelting & Refining, and Materials, and is reinforcing its competitive capabilities.

Toyo Smelter & Refinery (Ehime Prefecture)



Mineral Resources Business

Promoting Expanded Profitability: From Raw Material Procurement to Resources Development and Mine Management

Since the start of the 2009 3-Year Business Plan, we have been pursuing stable raw material procurement for our smelting and refining business and own profitability for our mining business. Going forward, we will promote stable operations at our mines, and will make efforts to secure mineral resources interests.

Smelting & Refining Business

Cost-Efficient Operations with World-Leading Refining Technology

For nickel, we are using HPAL technology to produce intermediates from low-grade ore in the Philippines. We then refine these intermediates into electrolytic nickel in Japan. SMM is Japan's sole producer of electrolytic nickel. We are also producing electrolytic copper at the Toyo Smelter & Refinery, which has world-class production capacity and cost competitiveness. Using its advanced technology, SMM is generating further initiatives for cost-efficient operations with reduced environmental footprints.

Materials Business

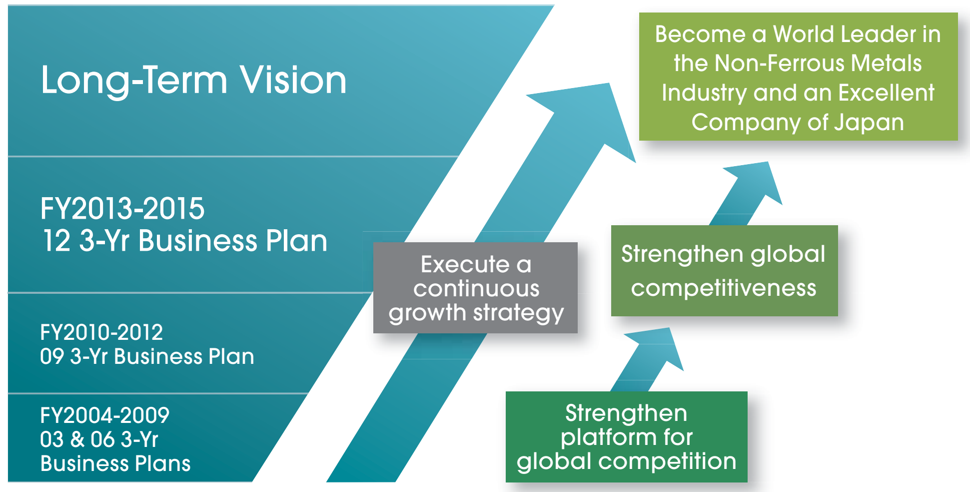
Together with Our Supply Chain toward Environmental Preservation and Energy Conservation

In the 1960s, SMM leveraged its accumulated metals technology to enter the electronics materials business. Now we are promoting advanced material development in the field of environmental preservation and energy conservation, particularly for the hybrid vehicle battery material market, where we hold a significant share.

Long-Term Vision

SMM will pursue its continuous growth strategy, which has been formulated to leverage our strengths. With this strategy, we aim to become a World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan.

Taganito Project (Philippines)



World Leader in the Non-Ferrous Metals Industry

- Cu production **300 ktpa**
- Ni production **150 ktpa**
- Au production **30 tpa**
- New materials **¥5 billion** recurring profit

Excellent Company of Japan

Net sales **¥1 trillion** Net income **¥100 billion**

Copper: Annual Production Interest — 300 kt

SMM is pursuing investment in overseas mining projects. In 2011, we acquired an interest in Chile's Sierra Gorda Project. We currently maintain interests in copper mines located in the US, Chile, Peru, Australia, and Indonesia. Going forward, we will seek to participate in new development initiatives, expand production at existing mines, and take other steps to raise our annual copper production interest to 300,000 tonnes.

Nickel: Annual Production Capacity — 150-kt capacity

Once operation at the Taganito Project starts in 2013, and production capacity at the Niihama Nickel Refinery is expanded, we will have achieved our intermediate goal of 100,000 tonnes of annual production capacity. Our goal will then be to further expand our capacity to 150,000 tonnes, with a focus on development initiatives suitable for application of our HPAL technology.

Gold: Annual Production Interest — 30 t

SMM owns the Hishikari Mine, the only commercially operated metal mine in Japan. We also operate and manage the Pogo Gold Mine in Alaska, US. Using our accumulated expertise in mine management, we are seeking to raise our annual gold production interest to 30 tonnes, principally through new mine development.

New Materials — ¥5 billion recurring profit

Through collaboration between the Materials Division and the Research & Development Division, we aim to accelerate new materials development and raise profitability.

2012 3-Year Business Plan Summary

SMM's long-term vision is to become a World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan by pursuing its continuous growth strategy.

Pogo Gold Mine (Alaska, U.S.A.)

Principal Strategies

Mineral Resources Business

Pursue long-term vision strategy for annual production interest of 300,000 tonnes of copper, 30 tonnes of gold

- Complete construction of Sierra Gorda Project and start production on schedule and within budget
- Promote expansion projects for copper mines where we maintain an interest
- Pursue new development project participation
- Promote exploration activities, expand areas

Smelting & Refining Business

Increase nickel production capacity to 150,000 tonnes, strengthen cost competitiveness in copper smelting

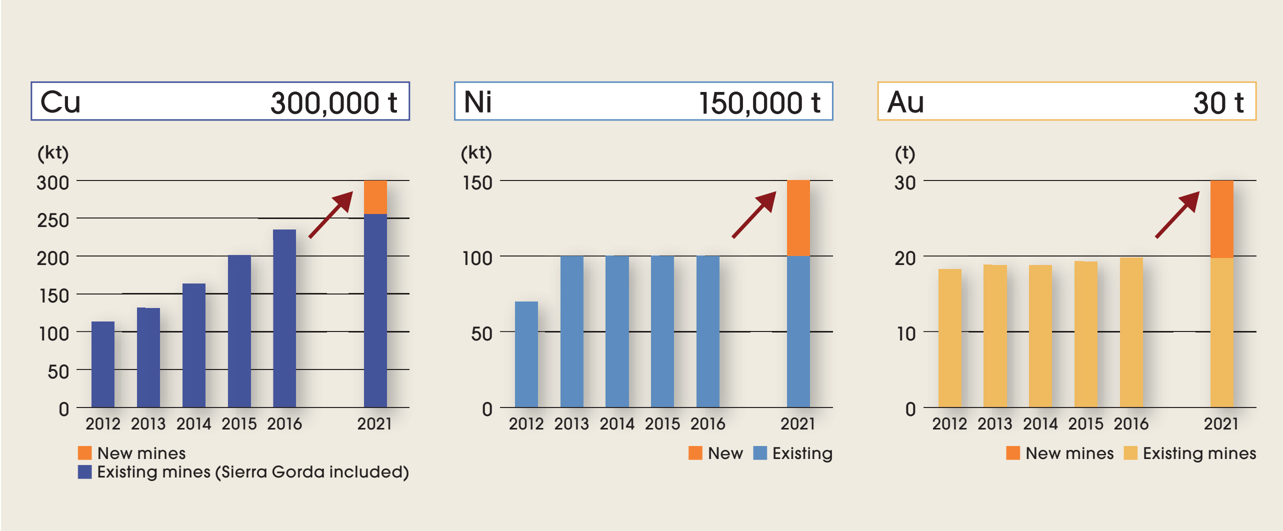
- Complete Taganito Project construction, launch operations smoothly
- Pursue strengthening competiveness of HPAL, particularly by expanding types of recoverable metals
- Promote search for new nickel resources

Materials Business

Select and focus, complete structural reform shift

- Concentrate management resources in environmental and energy fields, particularly battery materials
- Market new materials based on closer collaboration with R&D and on market needs

Cu/Ni/Au Roadmap



Research and Development

- Accelerate development of new products in material business
- Technical innovation in mineral resources, smelting & refining
- Promote process development

Financial Strategy

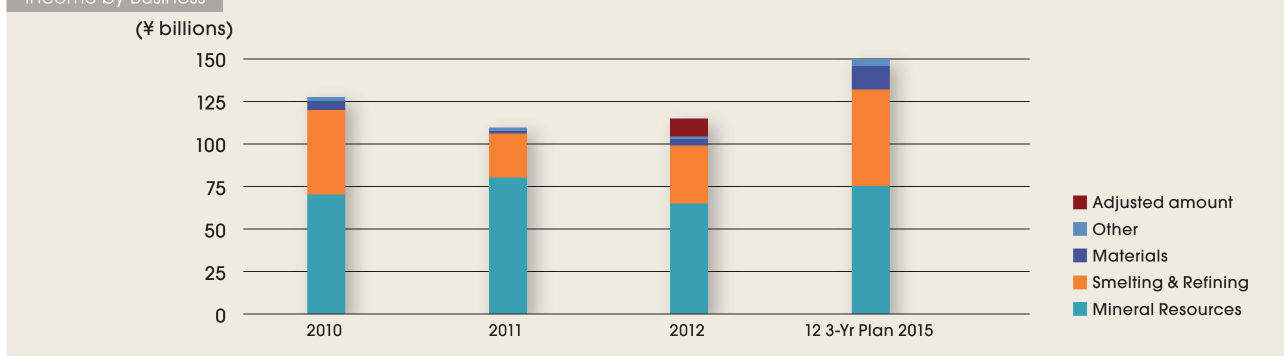
Maintain sound financial constitution

- Maintain ample liquidity to support large projects
- Maintain minimum consolidated equity ratio of 50%

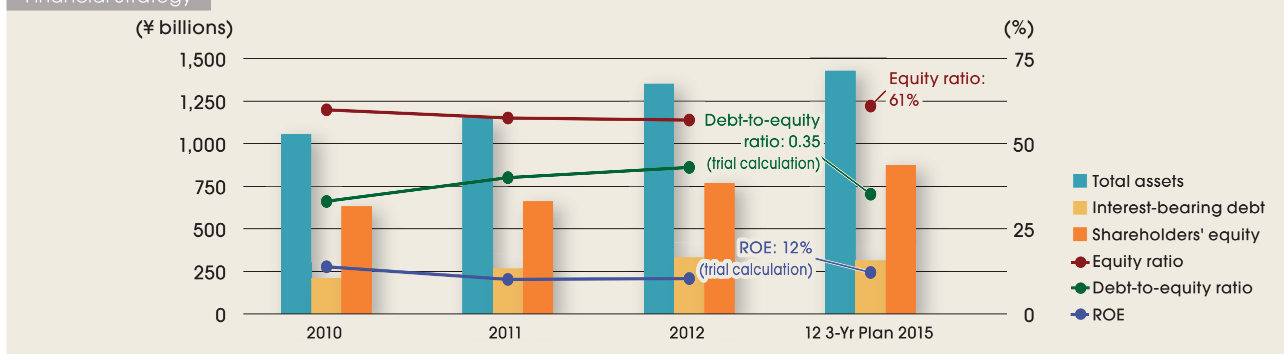
Dividend Policy

- Continue in line with business results
- Investor return: Raise consolidated dividend ratio from minimum 20% to minimum 25%

Income by Business



Financial Strategy



Management Policy

It gives me great pleasure to issue my first message to Sumitomo Metal Mining’s stakeholders as the company’s new president.

Since assuming my post, I have occasionally been asked whether, and how, the company's management strategy might now change. The operations undertaken by SMM, however – especially our Mineral Resources and Smelting & Refining businesses – involve long time spans between the initial investment decision and the commencement of production. Moreover, considerable time is then needed before profits are realized from one investment to the extent that allows them to be applied to a subsequent investment. Consequently, our business operations are not of a nature that readily invites sudden changes in management policy.

In addition, during my tenure as representative director I participated in the company’s management and frequently engaged in discussions of management policy with other management members. So although I may now have assumed the leading management position, I will keep the company's management policy without significant change. What I believe to be important is to continue implementing the 2012 3-Year Business Plan drawn up in February 2013 in our quest to enhance the company’s enterprise value.

In my new position I pledge to demonstrate strong leadership and perform my management duties in ways that will ensure that Sumitomo Metal Mining will continue to be a company in which all stakeholders place their trust and hopes, and whose operations will continue to be needed – and welcomed – by society.

Business Environment

In fiscal 2012 the global economic picture was mixed, with recovery under way in the US but stagnation entrenched in Europe. The emerging economies, in particular China, suffered modest slowdowns in their growth rates. Non-ferrous metal prices halted their declines midway through the term but were generally weak throughout the year due to contraction in actual demand. The yen depreciated sharply during the second half of the term.

Because SMM is presently expanding its business operations overseas, metal market prices and foreign exchange rates have a major impact on the company’s management. Although the company cannot control these external environmental factors, my aim is to stay the course in implementing the growth strategies hoisted in our 2012 3-Year Business Plan while paying close attention to keeping volatility risk in check.

Fiscal 2012 Results and Summary of 2009 3-Year Business Plan

In fiscal 2012 consolidated recurring profit reached ¥115 billion. As this outcome surpassed the company's ¥110 billion target for the final year of its 2009 3-Year Business Plan, I believe we achieved a certain degree of success. It signifies that our growth strategies are beginning to yield clear results, and I am confident that, as a consequence, it contributed to enhancing our stakeholders' trust in the company.

That said, the foregoing results were partially attributable to wide divergences in the year's exchange rates and non-ferrous metal prices from the assumptions that had been made at the time the 2009 3-Year Business Plan was put together. Nevertheless, what is important, I believe, is to implement the measures necessary to the expansion of our business operations over the long term: i.e. to elevate our enterprise value by pursuing quantitative expansion, according to plan, through the development of large-scale projects.

Mineral Resources

Concerning copper operations, during the time frame of the 2009 3-Year Business Plan we made significant strides in expanding our interests in mines, thanks to our successful participation in the Sierra Gorda Project. Other projects to boost production at the copper mines in which we have interests are also progressing smoothly.

Development costs relating to the Sierra Gorda Project, however, are now projected to reach approximately US$3.9 billion, which is US$1 billion over the US$2.9 billion originally anticipated. Principal factors behind the upwardly revised figure include changes in the economic environment – higher material costs, foreign exchange rate movements and sharply higher labor costs – and costs incurred due to changes in construction specifications. This increased investment outlay aside, we are holding ongoing deliberations with our project partners and working assiduously toward achieving the target launch of operations in 2014, with SMM committed to aggressively investing its human resources into this project.

With respect to our gold operations, the Hishikari and Pogo mines, both of which are under SMM operation, are proceeding smoothly and making significant contributions to our bottom line.

Smelting & Refining

In our smelting and refining segment, our biggest undertaking is the Taganito Project, under which high-pressure acid leach (HPAL) technology is to be used to produce intermediate nickel products. Smooth progress continues to be made toward launching commercial production this autumn. Operations remain stable also at Coral Bay Nickel Corporation, another HPAL technology user that began operations in 2005, and we expect the experience gained there to be applied to the Taganito Project. Meanwhile at the Niihama Nickel Refinery, where electrolytic nickel is produced from intermediates, a system has now been completed that enables production of up to 65,000 tonnes per year, thereby expanding the company's nickel production capacity close to schedule.

In the area of copper smelting, operations at the Toyo Smelter & Refinery are stabilizing after the complete overhaul of its furnace carried out in 2011. Going forward, we will now strive to achieve efficient cost reductions.

Materials

Earnings from our Materials business finished significantly below target, an outcome that was extremely disappointing. Compared to operations in Mineral Resources or Smelting & Refining, the Materials business is characterized by short product cycles and dramatic changes. In line with our policy of focusing management resources into the environment and energy fields, going forward we aim to forge stronger relationships with our major customers, for example by supplying battery materials to the leading automakers. We will also strive to enhance and strengthen our business structure through such efforts as new product development.

In the semiconductor materials arena, two new companies have recently been inaugurated: one integrating our leadframe business with the leadframe operations of Hitachi Cable, Ltd. (now Hitachi Metals, Ltd.); and one representing a large investment by SMM into Hitachi Cable's copper alloy businesses. We anticipate that this pooling of management resources – SMM and Hitachi Cable's leadframe operations, and our investment into Hitachi Cable's copper alloy business, which encompasses upstream copper strip operations – will enable even greater synergy merits going forward.

2012 3-Year Business Plan and Long-Term Vision: Aiming to be "A World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan"

In each of its earlier 3-Year Business Plans Sumitomo Metal Mining has not only hoisted quantitative goals but also made a point of setting forth qualitative goals designed to enable stakeholders to understand what the company is envisioning for the future beyond the specific plan at hand. The new "Long-Term Vision" incorporated into the 2012 3-Year Business Plan looks for SMM to strive to become "a World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan."

At SMM we define "a World Leader in the Non-Ferrous Metals Industry" as a company that independently operates its own mines, smelters and refineries both domestically and overseas and that ranks within the top five globally in terms of production volume. We also characterize "a World Leader in the Non-Ferrous Metals Industry" as a company that contributes to society by securing outstanding mineral resources, smelting and refining those resources into base metals, and supplying them to end users, and that pursues added value in materials operations utilizing non-ferrous metals.

Our long-term annual production targets for our Mineral Resources and Smelting & Refining businesses now stand as follows: copper, interest-based production 300,000 tonnes; gold, interest-based production 30 tonnes; and nickel, production capacity 150,000 tonnes.

Interest-based copper production presently is on track to rise from the current 120,000 tonnes per year to 250,000 tonnes, assuming stable progress in the Sierra Gorda Project and in the expansion projects under way at existing mines. Although today we do not own a majority-share interest in any copper mines, going forward we will seek, from a long-range perspective, to acquire new interests through participation in new mine development projects and exploration activities as a way toward achieving our long-term copper production goal of 300,000 tonnes per year.

Concerning gold, we currently operate our own mines at Hishikari and Pogo. In the future, we will continue exploration activities in a quest to acquire further mine interests.

Regarding nickel, once operations get under way at Taganito this autumn, we will achieve a 100,000-tonnes-per-year production capacity, advancing us significantly toward our goal of 150,000 tonnes. Going forward we will take a variety of projects under consideration for securing the remaining 50,000 tonnes.

In our Materials business, we will focus on the development of new products as we seek to generate ¥5 billion in recurring profit from new materials.

The other element of our Long-Term Vision is to become an "Excellent Company of Japan." We define this as a company that a) embraces a solid corporate philosophy and management vision and b) practices corporate governance and undertakes CSR activities as the core of its management stance, these attributes collectively providing a strong foundation for continuous achievement of growth strategies enabling scale and profitability levels of 1 trillion yen in net sales and 100 billion yen in net income per annum.

By hoisting the foregoing numerical targets, all employees involved in our three core businesses – Mineral Resources, Smelting & Refining, and Materials – will, by having shared goals, work in unison and contribute to the achievement of our growth strategies. I firmly believe that through this cycle of target attainment we will be able to advance, step by step, toward our vision of becoming "a World Leader in the Non-Ferrous Metals Industry and an Excellent Company of Japan."

Fiscal 2013 Business Strategies

What we must do is clear. First, we must get production under way at the Taganito Project as planned. Second, we must move forward toward the launch of the Sierra Gorda Project in 2014. A third key point will be to enhance earnings in our Materials business, and to achieve that we will need to gather information and build, or strengthen, relationships of trust with valued customers.

Meanwhile to promote these various growth strategies I hope to see the organization of our Enterprise Value Enhancement Committee revamped and improved, to implement our PDCA (plan, do, check, act) cycle more effectively, and to steadily make ongoing improvements to our management system.

Our Hishikari Mine, which plays an indispensable role in the company's business operations, boasts one of the world's highest grades of gold ore, and it constitutes an important and stable source of income. At the same time, we strive for stable operation of the Hishikari Mine over the long term for another reason: namely, because it is the only place in Japan where mining engineers can undergo the practical training essential for SMM to pursue its goal of acquiring overseas mineral resources.

Sumitomo Metal Mining seeks to acquire majority ownership interests in overseas copper mines, and to develop such mines the company must be able to independently train and dispatch the personnel needed. Key to achieving that ability will be to extend the operating life of the Hishikari Mine for as long as possible. In line with that objective, whereas until now we have maintained the mine's production output at a uniform annual level, going forward we will implement output plans according to the grade of ore.

Future Priority Measures

Development of Human Resources

Ultimately, the underlying basis of corporate management is human resources. The company's human resources constitute a critical factor for executing our growth strategies, and going forward I hope to see improvements made to our human resources development structure by aligning it with the strategic directions indicated by management. In particular, as we move forward as a global enterprise pursuing overseas business expansion, we need to strengthen the development of human resources to handle Head Office functions that set in place the infrastructure to support our business operations. For example, within each division we need to have personnel who know how to cope with overseas tax and legal requirements and who can decide how to address matters such as diversity issues. As a company policy, I believe we need to accelerate the hiring and use to best effect of non-Japanese and female employees.

Research & Development

At SMM we believe that research and development is crucial to achieving further growth of our three core businesses and enhancing our enterprise value, based on full awareness of the company's strengths, knowing how those strengths can be applied, and understanding how further strengths can be created.

In this connection, in 2012 we established a new Materials Research & Development Center, and in 2014 we will be opening a new Resource & Hydrometallurgy Process Center. Together these new facilities will focus on further enhancing our technical strengths, which form the basis of our ability to compete.

As an example, our HPAL technology currently leads the industry, but eventually our competitors will surely catch up. However, by enhancing our technical capabilities further and moving further into the lead, we hope to maintain our sole position at the front of the pack, allowing no other companies to match us. One example where we have achieved this is the technology developed at our Niihama Research Laboratory for efficiently recovering such rare metals as scandium and chromium during the mixed nickel-cobalt sulfide production process.

Initiatives such as these are based on our growth strategies and on the concept for enhancing our enterprise value, and we believe it is necessary to have a corresponding concept for our Materials business as well.

CSR Stance

I believe that contributing to society through our business activities is the essence of SMM's corporate social responsibility. There is no denying the fact that development of mineral resources has an impact on both the global and local environments. At the same time, it is also a fact that the resources we extract serve as the basic materials for everyday life and thereby contribute to society. Against this backdrop, I think it is important for us to apply our technologies for society's benefit and, through our business activities, to respond to the expectations of our stakeholders.

Financial Policies, Message to Shareholders and Investors

As we confirmed in our 2012 3-Year Business Plan, SMM will continue its financial policy of maintaining an equity ratio above 50%. In addition, the company will raise its dividend payout ratio to above 25% during the term of the plan. In order to respond to the expectations of our shareholders and investors, we will steadily implement measures toward achieving our net income target of 100 billion yen for 2015, the final year of the 3-Year Business Plan.

I believe that enhancing our enterprise value is the best return we can offer to our investors. Based on the Sumitomo Business Spirit – the foundation of our business philosophy for four centuries – we will continue the steady promotion of our growth strategies and respond to the trust and expectations of our shareholders and investors.

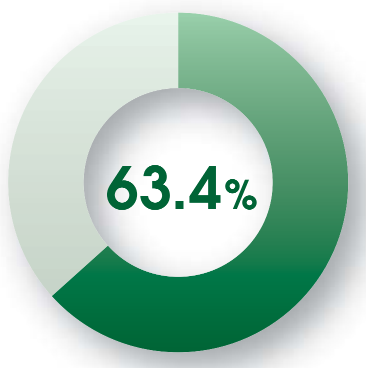
August 2013

Yoshiaki Nakazato
President & Representative Director

Mineral Resources Business

Sumitomo's Mineral Resources business got under way in the mid-17th century. In 1691, operations began at the Besshi Copper Mine, one of the richest in the world at that time. The expertise cultivated through those operations was applied to the Hishikari Mine, which opened in 1985. Today, SMM is engaged in exploration and development activities around the globe.

Segment Profit



Gold ore (Hishikari Mine)

Fiscal 2012 Review

In fiscal 2012, the volume of gold sold from the Hishikari Mine totaled 7.5 tonnes, equal to the year before. A drop in ore quality at the Pogo Gold Mine resulted in 9.7 tonnes of sales volume, a reduction from fiscal 2011.

Production of copper concentrates and electrolytic copper continued on a stable basis at the Morenci Copper Mine (USA). However, production of copper concentrates and electrolytic copper at the Candelaria Mine (Chile), the Cerro Verde Mine (Peru) and other copper mines fell relative to the previous year.

Outlook

With respect to copper, we will continue to promote preparations for the launch of Sierra Gorda Project operation in 2014. We will also promote operational expansion at overseas copper mines where we have an interest. With respect to gold, we are projecting production of 7.0 tonnes of gold at the Hishikari Mine and 10.8 tonnes at the Pogo Gold Mine in fiscal 2013.

We will also continue to actively explore the vicinity of mines that are currently in operation, as well as evaluate possible participation in development projects.

Copper Mine Project

Sierra Gorda Project

Location	Region 2 of the Republic of Chile
Start of Production	2014 (Planned)
Minable Ore	Approx. 1.3 billion tonnes (sulfide ore only)
Mining and Milling Methods	Open-pit mining and conventional flotation methods
Metal Volume Content	Copper: 5 million tonnes Molybdenum: 300,000 tonnes
Average Annual Production	Copper: 220,000 tonnes Molybdenum: 11,000 tonnes
Mine Life	20 years
Equity Interests	SMM: 31.5% KGHM International Ltd.: 55% Sumitomo Corporation: 13.5%

The Sierra Gorda Project is a copper mine development project in the Republic of Chile, owned by KGHM International Ltd. of Canada.

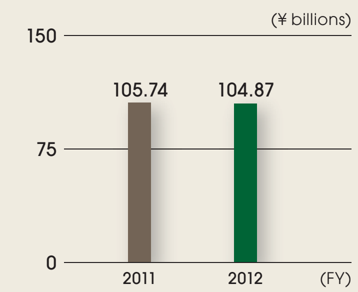
In May 2011, SMM concluded an investment participation agreement with the then-owner of the project, Quadra FNX Mining Ltd. SMM has dispatched engineers to the project, and pre-stripping work and mine facility construction is proceeding.

In addition to its interest, SMM has a 50% copper concentrates off-take right. Copper concentrates will be supplied to the Toyo Smelter & Refinery, facilitating stable raw materials procurement for the smelting and refining business.

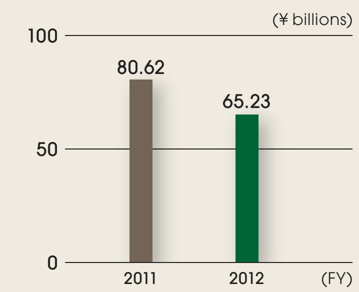
Due to the impact of such factors as increased higher labor costs, materials costs and exchange rate fluctuations, the investment amount for this project was revised to US$3.9 billion as of March 2013. However, our commitment to promote the launch of the project in 2014 remains unchanged.

SMM will continue to work closely with KGHM International Ltd. and its parent company, KGHM Polska Miedź S.A., to promote the project.

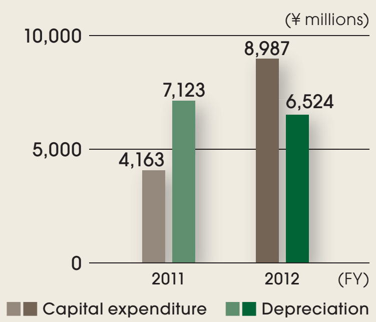
Net Sales



Segment Profit

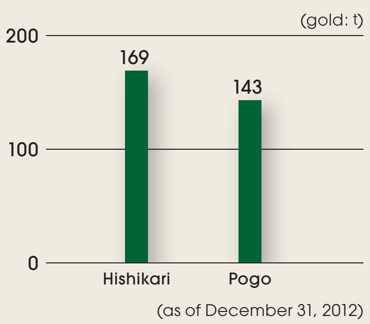


Capital Expenditure / Depreciation



Exploration Costs

SMM's Metal Interests by Mine

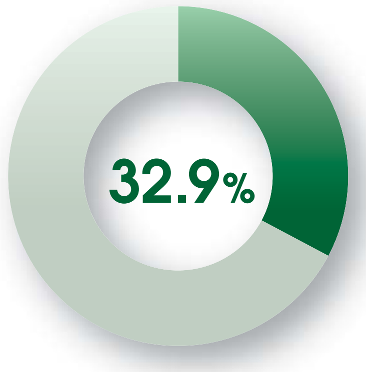


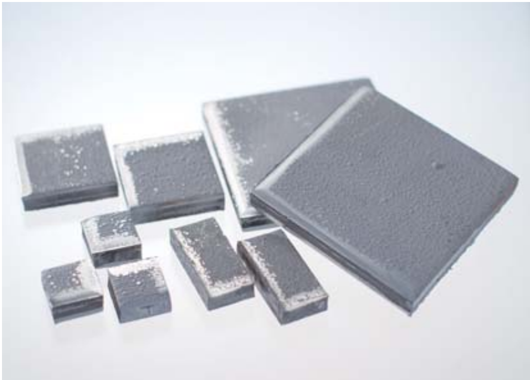
Note:
•Hishikari Mine
Recoverable metal, JIS standard: 169 t
•Pogo Gold Mine
Reserve: 69 t
Resource: 74 t
(Canadian standard)

Smelting & Refining Business

SMM smelts and refines raw materials procured from a variety of sources into such metals as copper, nickel, and gold. SMM possesses world-class smelting and refining technologies and has forged a solid position within its industry. As an example, SMM became the first in the world to successfully commercialize HPAL technology for the recovery of nickel from low-grade ore, which had been difficult with conventional technologies.

Segment Profit





Electrolytic nickel

Fiscal 2012 Review

Operation at the Toyo Smelter & Refinery is proceeding smoothly following a complete overhaul of its flash furnace, and production rose compared to the previous term. Electrolytic copper production increased 102,000 tonnes to 435,000 tonnes. Electrolytic nickel production amounted to 42,000 tonnes and ferronickel production was 22,000 tonnes, both substantially the same as the previous year.

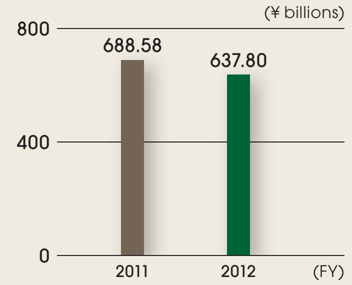
Production of nickel intermediates at Coral Bay Nickel Corporation proceeded on a stable basis, totaling higher than the previous year.

Outlook

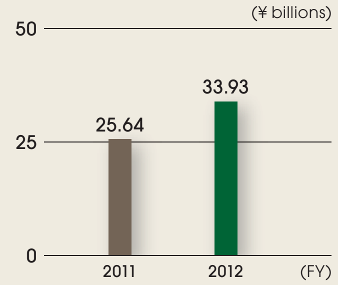
SMM will make continuous efforts to increase its cost competitiveness in copper smelting and refining.

With regard to nickel refining, capacity expansion at the Niihama Nickel Refinery to receive mixed sulfide from the Taganito Project has been completed, and operations are scheduled to begin in 2013. This step will achieve our intermediate goal of a nickel production capacity of 100,000 tonnes annually.

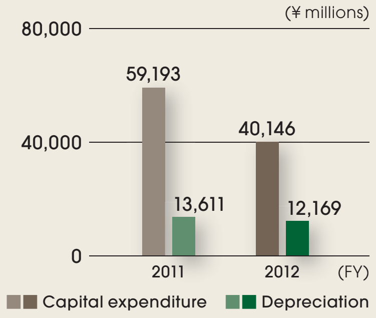
Net Sales



Segment Profit



Capital Expenditure / Depreciation



Nickel Smelter

Taganito Project

Location	Mindanao Island, the Philippines
Start of Production	2013
Raw Materials	Low-grade nickel oxide ore
Products	Nickel/Cobalt mixed sulfide (MS)
Annual Production Capacity	Nickel: 30,000 tonnes
Equity Interests	SMM: 62.5% Nickel Asia Corporation: 22.5% Mitsui & Co.: 15%

SMM has been promoting the Taganito Project on Mindanao Island in the Philippines. Scheduled to commence operation this autumn to produce mixed sulfide containing 30,000 tonnes of nickel per annum.

The Taganito Project uses HPAL technology, which SMM has successfully commercialized through CBNC. To promote the project launch, we have confirmed that our HPAL technology is capable of processing the ore for the Taganito Project through a trial process at the Coral Bay Plant. In addition, process improvements were incorporated in the design of the new plant.

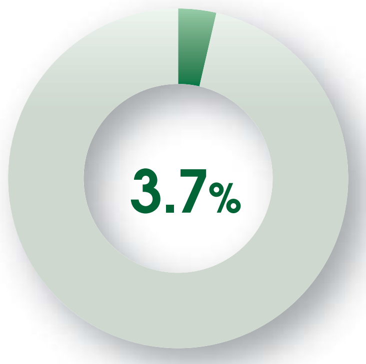
With the completion of production complete at the Niihama Nickel Refinery in Japan, which is slated to process the mixed sulfide produced by the project, the launch of the project will bring SMM's annual nickel production capacity to 100,000 tonnes.

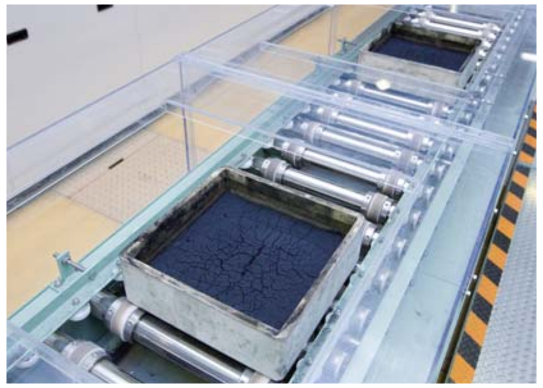
By launching the project, SMM will be positioned to build a leading presence in the global nickel industry.

Materials Business

A wide range of metals are used in the manufacture of electronic equipment. Copper, for example, is a critical input for electric circuitry manufacture, while nickel is used in the production of battery materials and capacitors. SMM has been engaged in the Materials business since the 1960s and will continue to process and supply advanced metal products by leveraging its accumulated technologies.

Segment Profit





Battery materials (Isoura Plant)

Fiscal 2012 Review

Supported by sales to hybrid vehicle manufacturers, sales from battery materials rose. Demand for leadframes continued firm. Total sales for the Materials business fell significantly, but this was largely due to our withdrawal from the bonding wire business.

On July 1, 2012, the Semiconductor Materials, Advanced Materials, and Energy, Catalysts & Construction Materials Divisions were merged into a newly-launched Materials Division. With the organization restructure, the Energy, Catalysts & Construction Materials Division moved from the "Other Businesses" segment to the Materials business.

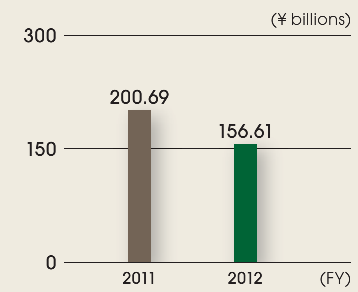
Past fiscal year results on this page have been restated to reflect the current organizational structure.

Outlook

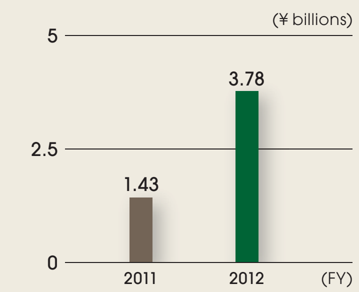
SMM will undertake to expand battery materials sales in the secondary battery market, principally for automotive use. We will also promote battery materials R&D for next-generation vehicles.

On July 1, 2013, we merged our leadframe business with that of Hitachi Cable Co., Ltd. (currently Hitachi Metals, Ltd.) into a new enterprise, SH Materials Co., Ltd. Going forward, the new company will combine the strengths of its partners to bolster its business.

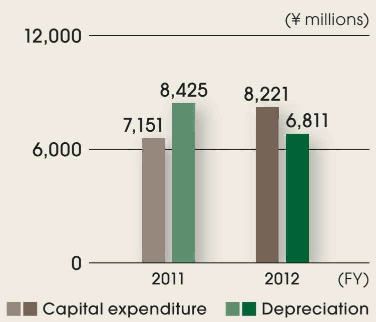
Net Sales



Segment Profit



Capital Expenditure / Depreciation



Battery Materials

Nickel hydroxide is used as a cathode material in nickel metal hydride batteries, which are used in leading hybrid vehicles. SMM products boast a commanding share of the market for this material.

Lithium nickel oxide serves as a secondary battery cathode material for compact batteries that power such devices as personal computers. This material enables the production of batteries with high recharging efficiency.

Going forward, in-vehicle batteries are expected to see a shift from nickel metal hydride to next-generation batteries such as lithium-ion batteries. Consequently, SMM is focusing on development of next-generation ternary and other nickel battery materials.

Nickel hydroxide

Catalyst Business

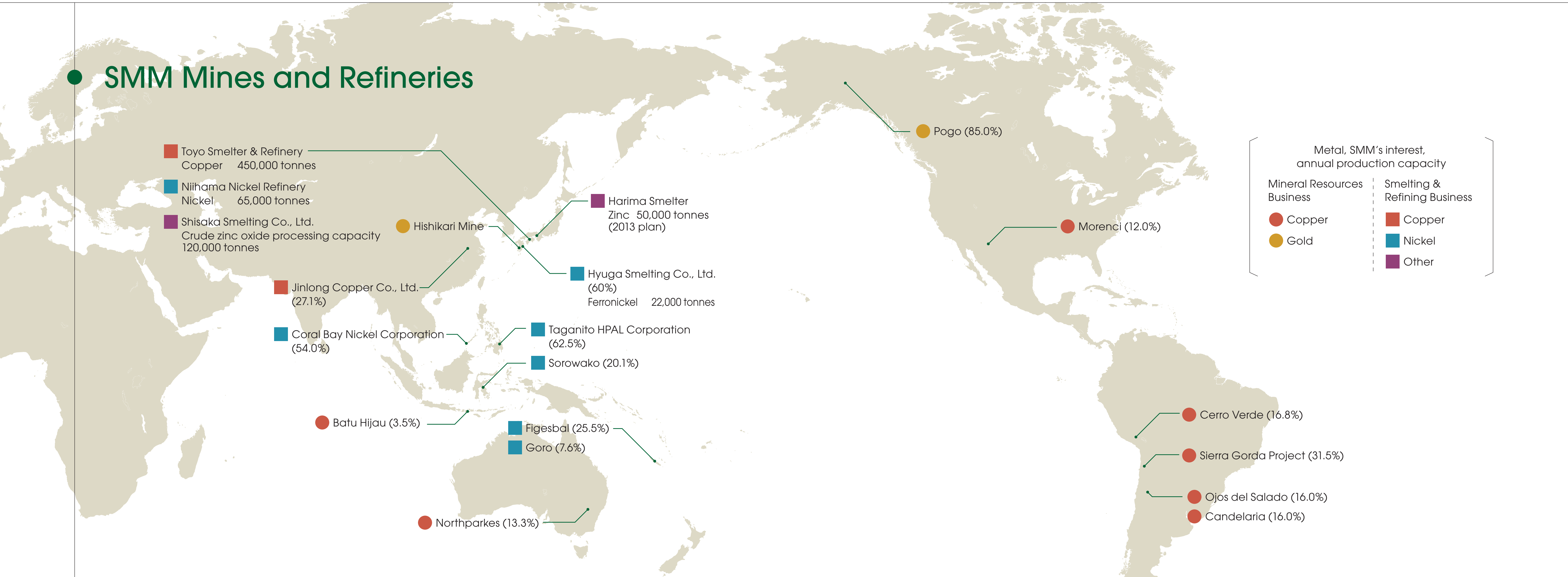
N.E. Chemcat Corporation is a joint venture of SMM and BASF SE of Germany, one of the world's leading chemical companies. As an SMM affiliate, N.E. Chemcat is one of Japan's largest developer-manufacturers of precious metal catalysts, for purifying hazardous substances in automobile exhaust gases, and chemical catalysts for petrochemicals, pharmaceuticals, aromatic chemicals and other purposes. N.E. Chemcat will continue to utilize its accumulated catalyst technology to develop new catalysts.

Nippon Ketjen Co., Ltd., is a joint venture between SMM and Albemarle Corporation of the United States, a leader in high polymer chemistry, catalysts, and related fields. Nippon Ketjen develops and manufactures petroleum hydrogenation and hydroprocessing catalysts, offers off-site catalyst regeneration, provides other technical services, and is engaged in related process licensing. By deploying technically advanced and economical solutions for the oil refining industry, Nippon Ketjen is working to protect the global environment.

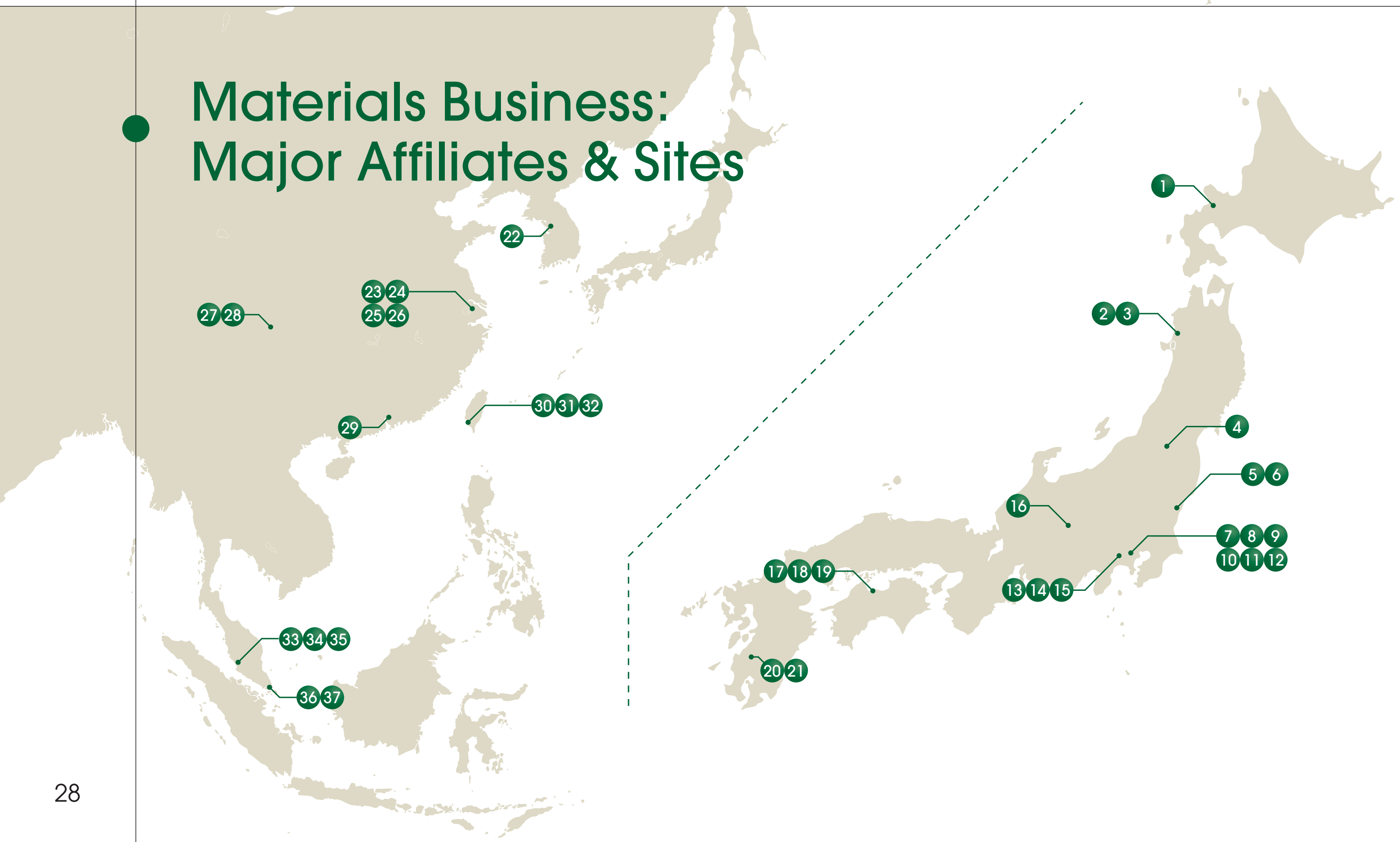
The two catalyst manufacturers continue to post steady business results, and SMM will continue working with BASF SE and Albemarle Corporation to develop growth strategies.

Catalytic converter for automobile use

SMM Mines and Refineries



Materials Business: Major Affiliates & Sites



1. Sumiko Kunitomi Denshi Co., Ltd.
2. SMM Precision Co., Ltd.
3. GRANOPT Ltd.
4. SH Precision Co., Ltd.
5. SH Copper Products Co., Ltd.
6. Japan Irradiation Service Co., Ltd.
7. Ome District Div.
8. SH Materials Co., Ltd.
9. N. E. Chemcat Corporation
10. Nippon Ketjen Co., Ltd.
11. Sumitomo Metal Mining Siporex Co., Ltd.
12. Sumico Lubricant Co., Ltd.
13. Sagami Plant
14. Nittosha Co., Ltd.
15. SumikoTec Co., Ltd.
16. Shinko Co., Ltd.
17. Isoura Plant
18. Niihama Electronics Co., Ltd.
19. Niihama Materials Co., Ltd.
20. Okuchi Electronics Co., Ltd.
21. Ohkuchi Materials Co., Ltd.
22. SMM KOREA Co., Ltd.
23. Shanghai Sumiko Electronic Paste Co., Ltd.
24. SH Electronics Suzhou Co., Ltd.
25. Suzhou SH Precision Co., Ltd.
26. Sumiko Advanced Materials (Suzhou) Co., Ltd.
27. SH Electronics Chengdu Co., Ltd.
28. SH Precision Chengdu Co., Ltd.
29. Dongguan Sumiko Electronic Paste Co., Ltd.
30. Sumiko Electronics Taiwan Co., Ltd.
31. SH Electronics Taiwan Co., Ltd.
32. Taiwan Sumiko Materials Co., Ltd.
33. Malaysian SH Electronics Sdn. Bhd.
34. Malaysian SH Precision Sdn. Bhd.
35. Malaysian Electronics Materials Sdn. Bhd.
36. SH Asia Pacific Pte. Ltd.
37. Sumiko Tape Materials Singapore Pte. Ltd.

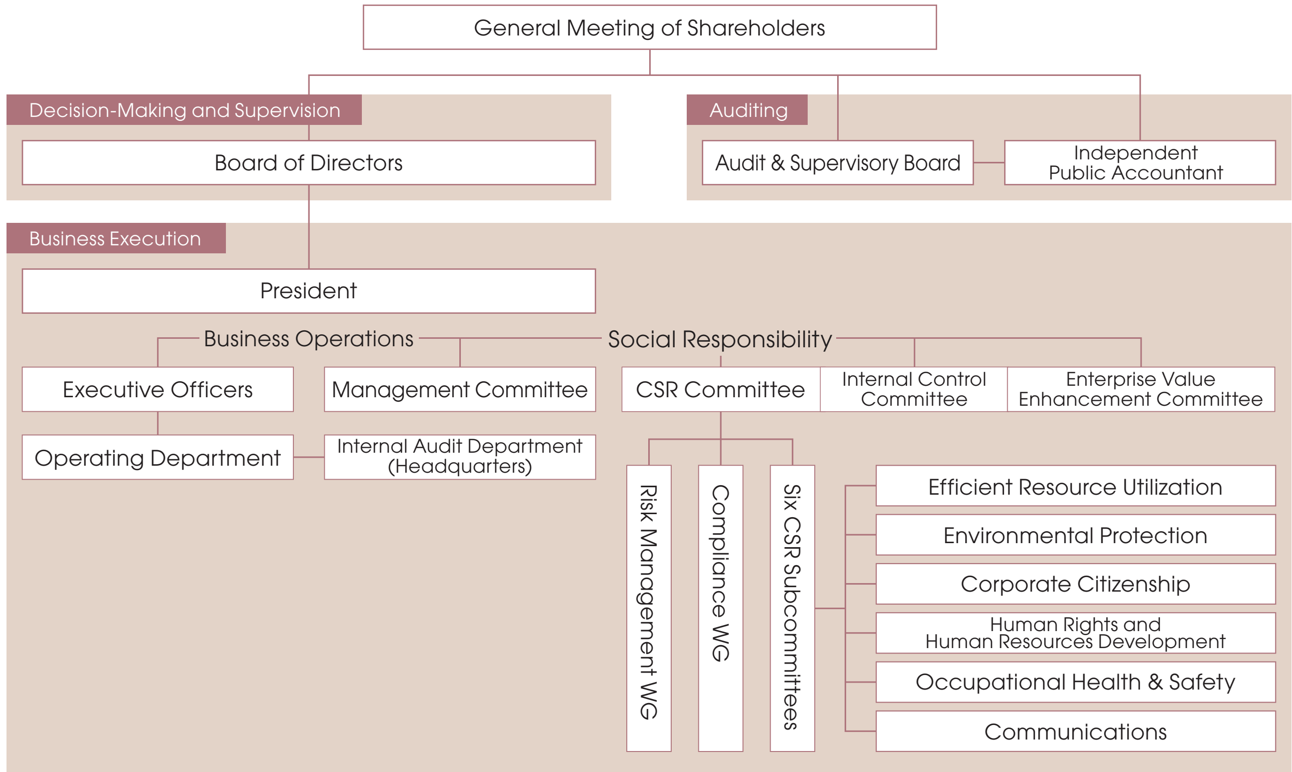
Corporate Governance

SMM is committed to building and developing an outstanding corporate governance structure and systems that balance the requirements of maximizing enterprise value and securing a sound financial position as a part of efforts to garner the trust and fulfill the expectations of all stakeholders including shareholders.

Basic Policy Stance, Structure and Systems

- The SMM Group views corporate governance as a disciplinary framework both for maximizing the enterprise value of the SMM Group and for ensuring sound management practices. As such, it is an important management issue.
- SMM has instituted the SMM Group Corporate Philosophy based on the Sumitomo Business Spirit, and has formulated the SMM Group Code of Conduct as a set of behavioral standards to guide executives and employees.
- SMM is committed to striving to achieve the goals contained in the business philosophy, to conducting efficient and sound business activities, to making a valuable social contribution, and to fulfilling responsibilities to stakeholders.
- SMM has a Board of Directors and has also adopted executive officer and Audit & Supervisory Board systems to ensure that decision-making, supervision and execution of business management each function effectively within governance systems.

Corporate Governance Framework



Management Decision-Making and Business Execution Structures and Systems

SMM delegates substantial authority to executive officers. This in turn has clarified the authority and responsibilities of directors and executive officers, allowing the Board of Directors to channel its energies toward fulfilling timely decision-making and supervisory functions.

Directors and the Board of Directors

SMM's Articles of Incorporation provides for a Board of Directors of up to ten members. This number is considered appropriate to ensure agility together with lively discussion during Board of Directors' meetings.

The Board of Directors meets on a regular basis once a month, with extraordinary meetings held as and when required, to ensure that decisions are made expeditiously. Any resolutions taken by, and any matters reported to the Board of Directors are in turn reported at meetings of executive officers to ensure that information is properly shared among officers.

Management Committee

SMM has established the Management Committee as a forum to engage in preliminary deliberations with respect to matters that require a decision by management. The Management Committee accordingly deliberates on matters requiring careful consideration from a wider point of view prior to their submission for resolution by the Board of Directors or sanction by the president. In this regard, the Management Committee plays an important role in ensuring rational decision-making, increasing the efficiency of the decision-making process and promoting appropriate internal control.

Executive Officer System

Executive officers are appointed by the Board of Directors. As previously mentioned, substantial authority has been delegated to executive officers whose authority and responsibilities have been clearly defined to reinforce their executive function. Executive officers are entrusted with important positions (such as heading an operational division, a department or an office at the Company's headquarters) and expected to perform their duties with the specific authority assigned to each position. In addition, executive officers report on the status of business execution once a month at executive officer meetings.

Auditing System

Audit & Supervisory Board

SMM is a company with an Audit & Supervisory Board. Audit & Supervisory Board Members remain independent of the Board of Directors and audit the status of management decision- making, business execution and accounting. SMM's Articles of Incorporation provide for up to five Audit & Supervisory Board Members. The Audit & Supervisory Board meets on a regular basis once a month, with extraordinary meetings held as and when required in conjunction with meetings of the Board of Directors.

Audit & Supervisory Board Members attend meetings of the Board of Directors, Management Committee and all other meetings considered of importance. Audits are conducted on the basis of reports received from directors, consideration of financial reports and materials, and onsite visits to business offices and plants as well as subsidiaries. Audit & Supervisory Board Members belonging to the Company present their opinions at important meetings including meetings of the Board of Directors based on the audits they have conducted as Audit & Supervisory Board Members (Standing) independently from the Company while outside Audit & Supervisory Board Members present their opinions based on their respective experiences and expertise in specialist fields. Audit & Supervisory Board Members (Standing) shall report the details of onsite audits that have been conducted solely by Audit & Supervisory Board Members (Standing) as well as meetings that were not attended by outside Audit & Supervisory Board Members at meetings of the Audit & Supervisory Board.

Collaboration between the Internal Audit Department, Independent Public Accountant and Audit & Supervisory Board Members

The Internal Audit Department undertakes internal audits on a regular basis on the status of business execution across the SMM Group. At the same time, the Internal Audit Department provides an explanation of its audit plans to Audit & Supervisory Board Members while passing on all relevant information. Audit & Supervisory Board Members provide details of audit plans determined during meetings of the Audit & Supervisory Board to the Internal Audit Department, accompany officers of the Internal Audit Department when conducting internal audits as required, and attend meetings when reports on the results of internal audits are delivered to executive officers and the heads of operational divisions.

KPMG AZSA & Co. is currently the Company's independent public accountant and conducts accounting as well as internal control audits in its capacity as an independent public accounting firm. Audit & Supervisory Board Members provide details of audit plans to the independent public accountant. Audit & Supervisory Board Members in turn receive explanations regarding audit plans and reports on audit results from the independent public accountant. In this manner, close collaboration is maintained between the independent public accountant and Audit & Supervisory Board Members.

Remuneration System for Directors and Audit & Supervisory Board Members

Limits on the total amounts of remuneration paid to directors and Audit & Supervisory Board Members are ratified at shareholders meetings. In addition, the total amount of bonuses to be paid to directors (with the exception of outside directors), if applicable, is also ratified at shareholders meetings.

While the amount of remuneration paid to each director is determined by the representative director under the authority of the Board of Directors, the basic remuneration (excluding bonus payments) takes into consideration predetermined criteria based on the Company's performance as well as other factors including an evaluation of the performance of each division and the status of business execution together with the performance of each individual based on specific office assessment criteria. Bonuses (with the exception of outside directors) are determined based on the same remuneration criteria together with an assessment of each individual's performance. Taking into consideration the independent status of outside directors and the focus placed on outside directors' oversight function, an assessment of individual performance is not reflected in the payment of remuneration to outside directors. Accordingly, the payment of remuneration to outside directors is limited to basic remuneration and does not include any bonus payment.

While the payment of remuneration to individual Audit & Supervisory Board Members is determined through deliberations between Audit & Supervisory Board Members, taking into consideration the independent status of Audit & Supervisory Board Members in the execution of their duties and the focus placed on the audit function, an assessment of individual performance is not reflected in the payment of remuneration to Audit & Supervisory Board Members. Accordingly, the payment of remuneration to Audit & Supervisory Board Members is limited to basic remuneration and does not include any bonus payment.

SMM does not provide for such long-term incentive remuneration as stock options. Moreover, the Company abolished its system of retirement and severance benefits for directors and Audit & Supervisory Board Members in 2005.

The total amounts of remuneration by officer classification and type as well as the number of officers to whom remuneration was paid (including officers who retired during the period) for the fiscal year under review are presented as follows.

(¥ millions)

Officer Classification	Number of Officers	Total Remuneration	Total Remuneration by Type	
			Basic Remuneration	Bonus
Directors	12	359	269	90
		(excluding one outside director)		
Audit & Supervisory Board Members	5	56	56	—
		(excluding three outside Audit & Supervisory Board Members)		
Outside Directors and Outside Audit & Supervisory Board Members	4	35	35	—

Note: In addition to the aforementioned, an employee salary portion totaling ¥28 million was paid to employees who hold the concurrent position of director.

Information Disclosure and IR Activities

In order to ensure the integrity and transparency of management and to garner the trust of stakeholders, SMM recognizes the importance of accountability and information disclosure. As a result, the Company aggressively engages in investor relations (IR) activities as a part of efforts to provide all stakeholders, particularly shareholders and investors, with a deeper understanding of the Group. In specific terms, SMM posts information on its homepage and issues shareholder and annual reports. Furthermore, the president provides explanations of the Group's business strategies and other important details to analysts and institutional investors several times each year.

Complementing these activities, and in order to continuously upgrade and expand the Company's IR activities, management and the IR Department conduct individual meetings with analysts and institutional investors in Japan and overseas as well as plant inspection tours. Looking ahead, the Company will endeavor to upgrade and expand its IR activities for the benefit of individual investors.

Takeover Defense Measures

SMM introduced takeover defense measures in 2007 and updated these in 2010. Revisions to and renewal of these measures were ratified at the Company's 88th Ordinary General Meeting of Shareholders, held in June 2013. The Company will maintain these measures with an effective period of three years, to expire at the conclusion of the Company's 91st Ordinary General Meeting of Shareholders in June 2016. In the event of a large-scale acquisition by a third party of the Company's shares, an independent committee shall consider any takeover proposal and make an appropriate recommendation regarding an application of takeover defense measures to preserve the Company's enterprise value and preserve and enhance shareholder profits.

Outside Director and Outside Audit & Supervisory Board Members

Outside Director	Tsutomu Ushijima
Relationship with SMM	He has signed a contract for Limitation of Liability with SMM and has no relationship with SMM Group companies.
Reason for Appointment	Based on his specialist knowledge and wealth of experience as a lawyer and a licensed tax accountant, he was appointed an outside director to provide advice to SMM on business matters, particularly from a compliance perspective.
Independence	He is appointed as an independent director (an individual with no conflict of interest with general shareholders) based on the regulations of the Tokyo Stock Exchange.
Attendance at Meetings	In the year ended March 31, 2013, the Board of Directors convened 25 times (12 regular meetings and 13 extraordinary sessions). He attended 24 of these meetings (12 regular meetings and 12 extraordinary sessions).

Outside Audit & Supervisory Board Member	Hikoyuki Miwa
Relationship with SMM	He has signed a contract for Limitation of Liability with SMM and has no relationship with SMM Group companies.
Reason for Appointment	Based on his auditing experience accumulated over many years at audit firms as well as his extensive knowledge in corporate management, he was appointed an outside Audit & Supervisory Board Member.
Independence	He is appointed as an independent auditor (an individual with no conflict of interest with general shareholders) based on the regulations of the Tokyo Stock Exchange.
Attendance at Meetings	In the year ended March 31, 2013, he attended 24 of 25 Board of Directors meetings (12 regular meetings and 12 extraordinary sessions) and all 17 meetings of the Audit & Supervisory Board.

Outside Audit & Supervisory Board Member	Shigeru Nozaki
Relationship with SMM	He has signed a contract for Limitation of Liability with SMM and has no relationship with SMM Group companies.
Reason for Appointment	Based on his wealth of financial institution experience he was appointed an outside Audit & Supervisory Board Member to provide his knowledge on business matters, particularly from an international perspective.
Independence	He is appointed as an independent auditor (an individual with no conflict of interest with general shareholders) based on the regulations of the Tokyo Stock Exchange.
Attendance at Meetings	After his appointment, he attended all 20 subsequent Board of Directors meetings (9 regular meetings and 11 extraordinary sessions) in the year ended March 31, 2013, and all 11 subsequent meetings of the Audit & Supervisory Board.

Corporate Social Responsibility

The Sumitomo Group has been developing its business for around four centuries through continuous adherence to the Sumitomo Business Spirit.
Acknowledging the importance of the values and ethics our forerunners built into the Sumitomo Business Spirit, we will make every effort to strengthen SMM Group business and consolidate society's trust in us.

CSR Objectives

Sustainable Co-Existence with Society and the Global Environment

SMM's Philosophy

The SMM Group upholds the Sumitomo Business Spirit in its Corporate Philosophy and Management Vision. The very activities we pursue to substantiate the visions expressed in those lines constitute SMM's CSR activity and their implementation will take us closer toward our goal of "sustainable co-existence with society and the global environment."

CSR Policy

1. SMM shall work to combat global warming by promoting recycling and effective resource utilization while also targeting technological innovation and continuous improvements in energy efficiency.
2. SMM shall promote sustainable co-existence with society by respecting the needs of local communities in which we operate around the world.
3. To continue sound business activities, SMM shall respect human rights and shall try to be a company in which diverse human resources take active parts.
4. According safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate occupational accidents.
5. SMM shall strengthen communications with all stakeholders to build healthy, trust-based relationships.

Six Key CSR Areas and CSR Vision for 2020

In 2008, SMM determined six key areas of CSR activity for the Group and a CSR Vision for 2020 based on the impact of those areas on the Group and the extent of related social needs.

We will actively pursue initiatives in those areas in line with the CSR Policy, toward our goal of "sustainable co-existence with society and the global environment."

Directors and Audit & Supervisory Board Members

Hajime Sato	Naoyuki Tsuchida	Yukio Kawaguchi	Takeshi Kubota	Mikinobu Ogata	Tsutomu Ushijima
Director	Director	Representative Director	Director	Director	Outside Director

Nobumasa Kemori	Yoshiaki Nakazato
Chairman, Representative Director	President, Representative Director

Standing Senior Audit & Supervisory Board Member	Naoki Tajiri	Outside Audit & Supervisory Board Member	Hikoyuki Miwa
Standing Audit & Supervisory Board Member	Kazuo Nakashige	Outside Audit & Supervisory Board Member	Shigeru Nozaki

Financial Section

Eleven-Year Financial Summary

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Millions of yen (Except per share amounts and key ratios)

Years ended March 31	2013	2012 *2	2011	2010	2009	2008	2007	2006	2005	2004	2003
Results for the year:											
Net sales	¥ 808,540	¥ 847,897	¥ 864,077	¥ 725,827	¥ 793,797	¥ 1,132,372	¥ 966,764	¥ 625,579	¥ 484,585	¥ 402,131	¥ 355,242
Gross profit	140,650	132,421	138,810	105,956	56,887	198,147	203,180	120,137	82,878	53,714	51,764
Operating income	95,785	88,577	96,038	66,265	10,534	155,394	162,632	82,756	47,893	22,778	16,593
Other income (expenses)	26,670	(615)	27,356	16,511	12,408	61,110	42,985	10,218	6,024	8,416	(24,098)
Income (loss) before income taxes and minority interest	122,455	87,962	123,394	82,776	22,942	216,504	205,617	92,974	53,917	31,194	(7,505)
Net income (loss)	86,640	65,286	83,962	53,952	21,974	137,808	126,054	62,800	37,017	19,882	(1,172)
Equity in earnings of affiliated companies	17,100	23,217	34,832	26,090	31,536	73,956	46,708	21,915	13,513	7,112	3,400
Capital expenditures	59,291	73,143	53,105	26,414	47,723	65,145	51,567	50,568	36,488	46,540	18,927
Depreciation	27,578	31,132	34,625	34,746	34,268	30,505	25,693	22,951	20,578	17,824	18,283
Net interest expenses	(144)	663	257	(654)	(271)	(2,209)	(2,606)	(1,281)	(893)	(1,098)	(1,459)
Net cash flows from operating activities	114,665	144,999	102,458	44,153	128,000	157,383	95,985	70,772	40,150	32,324	26,105
Net cash flows from investing activities	(88,745)	(135,932)	(75,735)	(75,443)	(28,386)	(126,413)	(77,429)	(102,384)	(31,725)	(17,448)	(21,246)
Net cash flows from financing activities	21,549	50,314	7,379	(19,322)	(74,086)	55,727	(10,073)	28,723	6,097	(9,293)	(14,163)
Free cash flows	25,920	9,067	26,723	(31,290)	99,614	30,970	18,556	(31,612)	8,425	14,876	4,859
Financial position at Year-end:											
Total assets	1,351,153	1,146,759	1,052,353	981,458	880,001	1,091,716	929,208	772,562	573,925	517,930	470,774
Net assets	844,547	726,039	684,103	629,684	547,251	640,345	528,921	394,899	—	—	—
Shareholders' equity *1	—	—	—	—	—	—	—	—	283,897	253,071	223,341
Long-term debt due after one year	212,323	157,119	135,128	132,311	141,716	169,394	93,800	114,405	109,777	86,437	76,470
Interest-bearing debt	330,073	265,951	210,969	200,939	218,534	258,054	189,910	190,891	160,533	148,351	154,799
Working capital	338,866	312,542	267,072	229,259	206,123	266,250	103,791	72,228	86,382	52,795	35,945
Amounts per share (Yen):											
Net income (loss)											
— Basic	155.58	116.17	149.38	96.26	38.87	238.13	220.49	109.96	64.77	34.76	(2.05)
— Diluted	142.40	106.84	136.98	88.75	36.18	231.50	213.67	108.87	—	—	—
Shareholders' equity	1,393.02	1,173.97	1,121.19	1,043.50	913.92	1,017.96	859.82	654.15	497.57	443.29	391.14
Cash dividends	34.0	28.0	32.0	20.0	13.0	30.0	27.0	14.0	8.0	6.0	5.0
Key ratios:											
ROA (%)	6.94	5.94	8.26	5.80	2.23	13.64	14.81	9.33	6.78	4.02	—
ROE (%) *1	12.13	10.12	13.80	9.89	4.02	25.39	28.99	19.10	13.79	8.35	—
Equity ratio (%) *1	56.9	57.5	59.9	59.8	57.3	54.0	53.4	48.4	49.5	48.9	47.4
Interest-bearing debt to total asset ratio (%)	24.4	23.2	20.0	20.5	24.8	23.6	20.4	24.7	28.0	28.6	32.9
Debt-to-equity ratio (times) *1	0.43	0.40	0.33	0.34	0.43	0.44	0.38	0.51	0.57	0.59	0.69
Current ratio (times)	2.60	2.67	2.30	2.19	2.17	2.04	1.39	1.33	1.61	1.38	1.26

*1 Shareholders' equity are defined as following equation.
Shareholders' equity = Total shareholders' equity + Accumulated other comprehensive income

*2 As described in Note 2 "Change in accounting policies", the Company applied the new accounting method retroactively and restated the consolidated financial statements for the year ended March 31, 2012.

Management's Discussion & Analysis of Financial Position and Operating Results

Medium- to Long-Term Business Strategy and Financial Policies

The short-term performance of SMM's three core businesses—Mineral Resources, Smelting & Refining, and Materials—is significantly affected by fluctuations in non-ferrous metals prices, demand for electronic and other related materials, and movements in foreign currency exchange rates. In addition, considerable time is required to generate returns from investments in development of non-ferrous metal resources. In view of these unique business factors, SMM recognizes the vital importance of adopting business strategies that focus on the medium to long term, opportune investment timing, and securing sustainable growth.

SMM consistently maintains a sound financial position to ensure that the Company is well positioned to undertake medium- to long-term investments and address any and all risks. In particular, SMM has maintained a consolidated equity ratio in excess of 50% since fiscal 2006. Under the Company's 2012 3-Year Business Plan, which covers the period from fiscal 2013 to fiscal 2015, SMM plans to selectively channel management resources into priority fields, acquire and expand its interests in overseas mines, and invest aggressively in construction of cutting-edge smelting and refinery facilities. Moving forward, SMM will continue to emphasize a strong financial position based on financial policies of maintaining a consolidated equity ratio of at least 50% and a low level of gearing as measured by the debt-to-equity (D/E) ratio.

Scope of Consolidation: For fiscal 2012, the year ended March 31, 2013, the SMM Group comprised the parent company (Sumitomo Metal Mining Co., Ltd.), 58 subsidiaries (three subsidiaries fewer than in the previous fiscal year), and 15 equity-method affiliates (one fewer equity-method affiliate) on a global basis.

Operating Results

Overview of Operations and Consolidated Operating Results

Non-ferrous metal prices ceased their decline during the second quarter, but soft demand continued due to such developments as summer and subsequent inventory adjustments of such items as components for high-end mobile phones, which had been selling well, on the part of electronics-related companies, which are major customers of the Materials Division.

Under these circumstances, and based on the 2009 3-Year Business Plan, SMM is promoting a new growth strategy based on its long-term vision as the underlying platform for bolstering the competitiveness of its three core businesses—Mineral Resources, Smelting & Refining, and Materials—while channeling business resources into growth sectors by revamping its business structure.

Net Sales

In fiscal 2012, consolidated net sales decreased ¥39,357 million, or 4.6% compared with the previous term, to ¥808,540 million. This decrease was largely attributable to a drop in income for our Smelting & Refining segment, owing mainly to falling nickel prices, and a sales decline in the Materials segment due to our withdrawal from the bonding wire business.

Operating Income

Consolidated operating income increased ¥7,208 million, or 8.1%, to ¥95,785 million, mainly due to favorable acceleration of the depreciation of the yen toward the end of the term as well as an increase in sales of electrolytic copper.

Other Income / Income before Income Taxes and Minority Interests

Turning to other income (expenses), appraised loss on investment securities shrank, and a declining yen led to gains on foreign exchange, while equity in earnings of affiliated companies increased. Due to these and other factors, income before taxes and minority interests increased ¥34,493 million, or 39.2%, to ¥122,455 million.

Net Income

After accounting for taxes and minority interests, net income increased ¥21,354 million, or 32.7% to ¥86,640 million. As a result, basic net income per share rose from ¥116.17 to ¥155.58.

Operating Results by Business Segment

For details regarding results and the status of business progress by business segment, please refer to the Review of Operations section on pages 22 to 27.

Capital Expenditures

Total capital expenditures in fiscal 2012 were ¥59,291 million, a decline of ¥13,852 million, or 19.0%. By segment, capital expenditures were ¥8,987 million in the Mineral Resources segment; ¥40,146 million in the Smelting & Refining segment, principally for the Taganito Project; and ¥8,221 million in the Materials segment.

Research and Development (R&D) Expenses

Total fiscal 2012 R&D expenses amounted to ¥4,999 million, a decrease of ¥104 million, or 2.1% compared with the previous term.

In the Mineral Resources segment, we are carrying out R&D relating to non-ferrous ore processing, including dressing technology development to improve refined ore quality and yield, as well as processing of effluent from the Hishikari Mine and inactive mines in Japan.

In the Smelting & Refining segment, the major R&D themes included the development of refining technologies that will foster the ability to handle a wide range of raw materials and ore grades and improved cost competitiveness, as well as the development of new metal-refining processes. In addition, the segment moved ahead with the development of recycling processes with respect to rare and other metals, including nickel from used hybrid-vehicle secondary batteries.

In the Materials segment, R&D initiatives were mainly directed toward functional and wiring materials related to secondary batteries, solar cells, fuel cells, energy-efficient lighting, and other energy-efficient products, which are currently drawing attention in the energy- and environment-related field. In particular, we are working to enhance the cost competitiveness, capacity, safety, and other functions of lithium nickelite, a cathode material for lithium secondary batteries to aggressively extend the use of this material into next-generation hybrid vehicles and PC power supplies.

Financial Position

Assets

As of March 31, 2013, total assets amounted to ¥1,351,153 million, up ¥204,394 million from ¥1,146,759 million as of the end of the previous fiscal year.

Of this total, current assets climbed ¥50,757 million to ¥550,252 million. This increase largely reflected an increase in marketable securities included in negotiable deposits. Total fixed assets rose ¥153,637 million to ¥800,901 million, mainly as the result of an increase in investment securities due to such factors as a rise in equity earnings of affiliated companies and the influence of the yen's depreciation; an expansion in property, plant and equipment due to capital expenditures in the Taganito Project; and long-term loans to the Sierra Gorda Project.

Liabilities

Total liabilities amounted to ¥506,606 million as of the end of fiscal 2012, an increase of ¥85,886 million compared with the balance of ¥420,720 million a year earlier. Of this total, current liabilities increased ¥24,433 million to ¥211,386 million, due to such factors as an increase in corporate tax payable. Meanwhile, long-term liabilities climbed ¥61,453 million to ¥295,220 million. This largely reflected the increase in long-term debt to fund aggressive investment in large-scale projects.

Net Assets

Net assets as of March 31, 2013 stood at ¥844,547 million, up ¥118,508 million from the balance of ¥726,039 million as of the end of the previous fiscal year. Net income for the period was ¥86,640 million, and positive foreign currency translation adjustments were substantial as a result of depreciation in the value of the yen. In line with the increase in net assets, net assets per share improved from ¥1,173.97 to ¥1,393.02 as of March 31, 2013.

Major Financial Indicators

Accounting for each of the aforementioned factors, the D/E ratio slightly improved year on year from 0.40 to 0.43. While the equity ratio experienced a minor deterioration from 57.5% to 56.9%, this level remains generally sound.

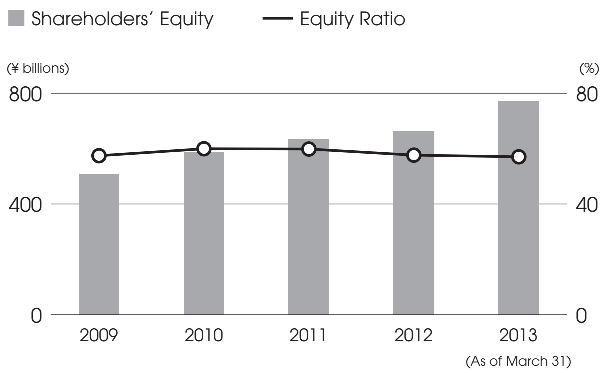
Cash Flows

Net cash provided by operating activities came to ¥114,665 million, down from ¥144,999 million in the previous fiscal year, while net income increased before adjustments for taxes and other expenses, trade accounts payable, interest income, and dividend income declined.

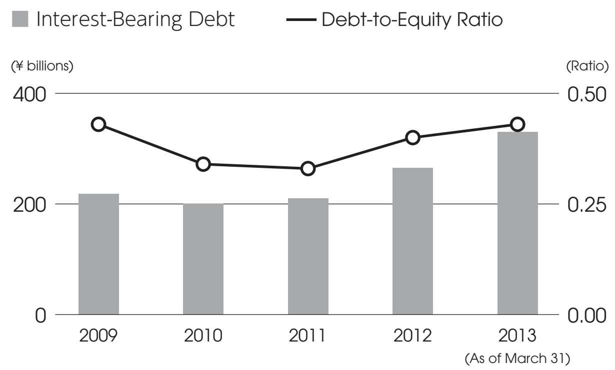
Net cash used in investing activities was ¥88,745 million compared with ¥135,932 million in fiscal 2011. During the previous term, we provided financing to the Sierra Gorda Project and other overseas resource development projects, but during the term under review, such financing did not take place, leading to a drop in financing expenditures.

Net cash provided by financing activities amounted to ¥21,549 million, down from ¥50,314 million in the previous fiscal year. Income from long-term liabilities increased, but the net cash decreased overall due to such factors as a lack of income

Shareholders' Equity and Equity Ratio



Debt-to-Equity Ratio and Interest-Bearing Debt



from bond issuance, as conducted in the previous term, and an increase in expenditures for share buybacks. Taking into account each of the previously mentioned activities and after deducting the effect of exchange rate change, cash and cash equivalents as of March 31, 2013 stood at ¥239,691 million, an increase of ¥53,983 million compared with the end of the previous fiscal year.

Risk Information

The following section provides an overview of the risk factors that could exert a significant effect on the business performance and financial position of the SMM Group. All forward-looking statements in the text refer to management decisions based on the best information available at the end of fiscal 2012.

(1) Fluctuations in non-ferrous metals prices and exchange rates

1. Sustained downturn in non-ferrous metals prices

The prices of nickel, copper, gold and other non-ferrous metals are essentially determined by the London Metal Exchange (LME) and other international markets (hereinafter referred to as "LME and other market prices"). LME and other market prices are influenced by a number of factors, including international supply and demand, political and economic circumstances, speculative trading, and competition from alternative materials. A sharp and sustained downturn in non-ferrous metals prices could have a significant negative impact on the Group's business performance and financial position.

2. Appreciation of the yen

Not only imported raw materials, including copper concentrates and nickel matte but also the domestic prices of non-ferrous metals, are determined under U.S. dollar-denominated LME and other market standards. Accordingly, the refining margins earned by SMM from its Smelting & Refining business are effectively denominated in U.S. dollars. In addition, returns on investments in overseas mining developments, income earned from investments in the Materials business, and revenues from exports of products in each of the aforementioned businesses are also denominated in foreign currencies.

A substantial appreciation of the yen against these currencies over a sustained period could exert a significant negative impact on the Group's business performance and financial position.

To mitigate these external risks, the SMM Group continues to make progress in implementing a variety of measures aimed at boosting competitiveness, both in materials procurement and manufacturing.

(2) Deterioration in terms of non-ferrous metal ore purchasing contracts and supply disruptions

Currently, the SMM Group procures the majority of copper ores, nickel matte and other raw materials for non-ferrous metal refining operations based on long-term ore-purchasing contracts that are not backed by investment.

Each year, the raw materials purchasing terms and conditions of long-term ore-purchasing contracts are subject to negotiation. In each case, there are instances in which required volumes cannot be purchased at an appropriate price due to a variety of market factors. Furthermore, as product prices are generally determined by such factors as supply and demand—particularly factors relating specifically to non-ferrous metals—there are instances where the transfer of any deterioration in the purchasing terms and conditions of raw materials to product prices is difficult.

Supplies of ore can also be delayed or suspended due to unpredictable disruptive events beyond the control of the Group, such as extreme weather conditions, large-scale earthquakes, supplier operational accidents and industrial disputes. Such factors could impose various constraints on Group production volumes, which as a result could exert a negative impact on the Group's business performance and financial position.

To mitigate such risks, the Group continues to seek to develop overseas mines and invest in high-grade overseas mines to secure reliable within-Group supplies of ore.

(3) Uncertainty inherent in mining investments

As described above, the raw materials procurement policy of the SMM Group is to develop within-Group mining resources to boost the proprietary ore ratio. Amounts of extractable ore and extraction costs can only be estimated based on the results of exploratory surveys.

With respect to mining development, the development costs of a mining project can rise due to a variety of factors, such as compliance with environmental or regulatory actions. Any additional investment or increase in the burden of extraction costs arising from the inherent uncertainty associated with mining developments could have a negative impact on the Group's business performance and financial position.

To mitigate such risks, the SMM Group employs a selective investment policy and undertakes strict assessments of the potential profitability of individual mining developments, based on extensive experience in mining extraction and mine valuation accumulated over many years.

(4) Environmental protection and regulatory compliance risks

SMM Group businesses, notably its mining and non-ferrous metal smelting and refining operations, are subject to a broad range of laws and regulations in such areas as occupational safety and health, environmental protection, pollution prevention, industrial waste disposal and management of potentially toxic substances.

In accordance with these statutory and regulatory requirements, operators may be charged with compensation for loss or damages, irrespective of the existence of negligence or otherwise, or demands for the maintenance and management of abandoned mines. Moreover, operators may incur the burden of additional expenses due to requirements imposed under new environmental standards and regulations. At the same time, both the mining and non-ferrous metals refining industries incur the risks and associated responsibilities for environmental pollution as well as the disposal of mining and industrial waste. Ongoing regulatory compliance costs are substantial and subject to unexpected increases as the result of the sudden emergence of previously unknown risks. The costs of ensuring regulatory compliance could therefore exert a negative impact on the Group's business performance and financial position.

To mitigate such risks, the Group seeks to ensure that operations are in full compliance with environmental protection and other laws and regulations through the operation of environmental and risk management systems based on strict standards. The Group also endeavors to manage operations so that related compliance costs are kept within reasonable limits.

(5) Risks associated with market shifts, new product development and intellectual property rights

In those markets related to the Group's Materials business, increasingly longer periods are required for the development of new products due largely to rapid changes in applied technologies, customer requirements and product life. This is even as product development programs in these areas require the investment of increasingly large amounts of time and resources.

Expected returns on investment from related new product development programs may not materialize due to obsolescence caused by technological progress, delays caused by responding to customer requests, or the launch of competitor products among other factors. Customer demand for products may also decline in the future. All these various factors could have a negative impact on the Group's business performance and financial position.

In addition, sales volumes of the Group's mainstay Materials business products are dependent upon customer production levels of such items as mobile handsets, PCs, and electric household appliances. Accordingly, performance is subject to a variety of factors including cyclical demand for the products manufactured by customers, advances in technological innovation, and general economic trends.

As a result of such factors, the development of new products and sales of existing products in the Group's Materials business may not progress in accordance with plans. This in turn could exert a negative impact on the Group's business performance and financial position.

The SMM Group recognizes the importance and value of acquiring intellectual property rights and managing such rights properly in accordance with related laws and regulations. However, it is not always possible to secure such rights even if the necessary procedures are followed. As such, our use of the fruits of our R&D activities could be threatened by disputes with third parties or unlawful third-party use of intellectual property.

To reduce the impact of such risk, the SMM Group has established an R&D structure aimed at rapid utilization of its end products. We have also established a specialized department to manage our intellectual property rights, and are working to reliably obtain and preserve such rights.

(6) Overseas investments

The Group strives to develop its overseas business, both in terms of the location of production bases as well as the sale of its products. In the conduct of overseas business, however, SMM is subject to a wide range of political and economic risks that vary by country. These include, but are not limited to, political instability; changes in statutory and regulatory requirements with respect to the environment, labor, taxes, currency management and controls as well as trade; limited protection under the law or inadequate enforceability in connection with intellectual and other property rights; fluctuations in foreign currency exchange rates; and the confiscation or nationalization of assets. The emergence of various developments could prevent the Group from earning a suitable return on overseas investments. Such risks include the development of mineral resource projects by organizations funded by national or regional governments against the backdrop of high non-ferrous metals prices, or the levying of higher taxes on such operations. Increased environmental demands from various quarters constitute a further risk.

To mitigate such risks, the SMM Group makes overseas investment decisions based on careful consideration of all relevant country risks.

(7) Disaster-related risks

The SMM Group locates production operations based on considerations such as customer relationships, raw material procurement, linkage to other Group operations, and effective use of management resources. Unexpected large-scale natural disasters such as earthquakes or typhoons that affect the regions where such facilities are located could result in major financial losses arising from such factors as onsite damage and loss of production.

To mitigate such risks, the Group insures such facilities where this is possible at reasonable cost and has made plans containing suitable countermeasures to minimize any secondary effects due to such disasters.

Consolidated Balance Sheets

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

ASSETS

As of March 31, 2013 and 2012	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
Current assets:			
Cash and cash equivalents	¥ 239,691	¥ 185,708	$ 2,549,633
Time deposits	1,100	37	11,701
Notes and accounts receivable:			
Trade	88,530	96,591	941,708
Unconsolidated subsidiaries and affiliated companies	3,597	2,908	38,263
Allowance for doubtful accounts	(252)	(242)	(2,681)
Inventories (Note 6)	142,962	151,068	1,520,711
Deferred tax assets (Note 9)	1,774	2,165	18,870
Other current assets	72,850	61,260	774,917
Total current assets	550,252	499,495	5,853,122
Investments and long-term receivables:			
Investment securities (Note 4):			
Unconsolidated subsidiaries and affiliated companies	259,581	255,763	2,761,206
Other	143,807	76,813	1,529,699
Allowance for loss on investments	(6)	(6)	(64)
Long-term loans receivable			
Unconsolidated subsidiaries and affiliated companies	22,629	3,180	240,708
Other	12,932	3,991	137,560
Other long-term receivables	8,200	4,730	87,226
Allowance for doubtful accounts	(210)	(224)	(2,234)
Total investments and long-term receivables	446,933	344,247	4,754,101
Property, plant and equipment (Notes 7 and 8):			
Land	28,266	28,070	300,670
Buildings and structures	186,906	171,959	1,988,150
Machinery and equipment	381,917	361,025	4,062,515
Construction in progress	131,733	90,269	1,401,266
	728,822	651,323	7,752,601
Accumulated depreciation	(386,755)	(360,101)	(4,113,977)
Net property, plant and equipment	342,067	291,222	3,638,624
Deferred tax assets (Note 9)	1,520	1,384	16,168
Other assets	10,381	10,411	110,424
Total assets	¥ 1,351,153	¥ 1,146,759	$ 14,372,439

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

As of March 31, 2013 and 2012	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
Current liabilities:			
Bank loans (Note 8)	¥ 56,288	¥ 56,253	$ 598,745
Long-term debt due within one year (Note 8)	11,462	2,579	121,923
Notes and accounts payable:			
Trade	28,600	35,908	304,223
Unconsolidated subsidiaries and affiliated companies	6,612	7,608	70,333
Other	18,923	17,167	201,287
Accrued income taxes (Note 9)	20,279	4,132	215,711
Accrued expenses	4,304	3,784	45,782
Advances received	909	1,007	9,669
Accrued restructuring charges	8	1,764	85
Accrued environmental measures	66	109	702
Deferred tax liabilities (Note 9)	426	—	4,531
Other current liabilities	63,509	56,642	675,557
Total current liabilities	211,386	186,953	2,248,548
Long-term liabilities:			
Long-term debt (Note 8)	262,323	207,119	2,790,373
Deferred tax liabilities (Note 9)	16,346	6,667	173,875
Accrued retirement benefits (Note 10)	5,728	7,027	60,930
Accrued restructuring charges	37	21	394
Accrued environmental measures	52	39	553
Other accruals	238	214	2,532
Asset retirement obligations (Note 16)	5,337	4,317	56,771
Other long-term liabilities	5,159	8,363	54,876
Total long-term liabilities	295,220	233,767	3,140,304
Contingent liabilities (Note 13)			
Net assets (Note 12):			
Shareholders' equity:			
Common stock			
Authorized - 1,000,000,000 shares			
Issued - 581,628,031 shares	93,242	93,242	991,831
Capital surplus	86,062	86,063	915,455
Retained earnings	644,642	572,576	6,857,164
Treasury stock, at cost	(31,895)	(21,845)	(339,272)
Total shareholders' equity	792,051	730,036	8,425,178
Accumulated other comprehensive income:			
Net unrealized holding gains (losses) on securities	24,645	10,986	262,153
Deferred gains (losses) on hedges	(1,856)	(4,854)	(19,743)
Foreign currency translation adjustments	(45,590)	(76,448)	(484,948)
Total accumulated other comprehensive income:	(22,801)	(70,316)	(242,538)
Minority interests	75,297	66,319	800,947
Total net assets	844,547	726,039	8,983,587
Total liabilities and net assets	¥ 1,351,153	¥ 1,146,759	$ 14,372,439

Consolidated Statements of Income

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

		Millions of yen	Thousands of U.S. dollars (Note 1)
For the years ended March 31, 2013, 2012	2013	2012	2013
Net sales (Note 15)	¥ 808,540	¥ 847,897	$ 8,600,574
Costs and expenses:			
Cost of sales	667,890	715,476	7,104,457
Selling, general and administrative expenses (Note 11)	44,865	43,844	477,236
	712,755	759,320	7,581,693
Operating income	95,785	88,577	1,018,881
Other income (expenses):			
Interest and dividend income	3,157	4,073	33,582
Interest expense	(3,301)	(3,410)	(35,113)
Write-down of investment securities	(908)	(6,167)	(9,659)
Gain (loss) on sale and disposal of property, plant and equipment	232	(264)	2,468
Loss on impairment of fixed assets (Note 7)	(198)	(11,102)	(2,106)
Loss from valuation of gold loans	—	(548)	—
Exchange gain (loss)	5,618	(934)	59,760
Provision for restructuring charges	—	(1,743)	—
Maintenance cost for ceased projects	(527)	(573)	(5,606)
Casualty loss	(15)	(1,608)	(160)
Equity in earnings of affiliated companies	17,100	23,217	181,896
Gain (loss) from valuation of derivative instruments	(1,311)	(1,588)	(13,945)
Gain on change in equity	8,435	—	89,724
Other, net	(1,612)	32	(17,148)
	26,670	(615)	283,693
Income before income taxes and minority interests	122,455	87,962	1,302,574
Income taxes (Note 9):			
Current	27,247	15,091	289,831
Deferred	1,658	4,391	17,636
	28,905	19,482	307,467
Income before minority interests	93,550	68,480	995,107
Minority interests in net income of consolidated subsidiaries	(6,910)	(3,194)	(73,503)
Net income	¥ 86,640	¥ 65,286	$ 921,604

		Yen	U.S. dollars (Note 1)
	2013	2012	2013
Amounts per share of common stock:			
Net income (Note 19)			
— Basic	¥ 155.58	¥ 116.17	$ 1.65
— Diluted	142.40	106.84	1.51
Cash dividends applicable to the year	34.00	28.00	0.36

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

		Millions of yen	Thousands of U.S. dollars (Note 1)
For the years ended March 31, 2013, 2012	2013	2012	2013
Income before minority interests	¥ 93,550	¥ 68,480	$ 995,107
Other comprehensive income			
Net unrealized holding gains (losses) on securities	13,631	(6,740)	144,995
Deferred gains (losses) on hedges	3,012	(250)	32,039
Foreign currency translation adjustments	18,153	(4,634)	193,097
Share of other comprehensive income of affiliated companies accounted for using equity method	17,121	(9,595)	182,119
Total other comprehensive Income	51,917	(21,219)	552,250
Comprehensive Income (Note 14)	145,467	47,261	1,547,357
Comprehensive income attribute to:			
Owners of the parent	134,155	47,349	1,427,029
Minority interests	11,312	(88)	120,328

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

						Shareholders' Equity
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
For the years ended March 31, 2013, 2012	thousands					Millions of yen
Balance at April 1, 2011	581,628	¥ 93,242	¥ 86,063	¥ 524,978	¥ (21,788)	¥ 682,495
Cumulative effect of change in accounting policy (Note 2)				407		407
Net income				65,286		65,286
Foreign currency translation adjustments						
Adjustments for unrealized gains on securities						
Acquisition of treasury stock					(66)	(66)
Sale of treasury stock			0		9	9
Deferred gains (losses) on hedges						
Increase resulting from change in accounting policy of affiliated companies				2,137		2,137
Minority interest						
Cash dividends paid				(20,232)		(20,232)
Balance at April 1, 2012	581,628	¥ 93,242	¥ 86,063	¥ 572,576	¥ (21,845)	¥ 730,036
Net income				86,640		86,640
Foreign currency translation adjustments						
Adjustments for unrealized gains on securities						
Acquisition of treasury stock					(10,053)	(10,053)
Sale of treasury stock			(1)		3	2
Deferred gains (losses) on hedges						
Minority interest						
Cash dividends paid				(14,574)		(14,574)
Balance at March 31, 2013	581,628	¥ 93,242	¥ 86,062	¥ 644,642	¥ (31,895)	¥ 792,051

					Shareholders' Equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
For the year ended March 31, 2013					Thousands of U.S. dollars (Note 1)
Balance at April 1, 2012	$ 991,831	$ 915,466	$ 6,090,586	$ (232,369)	$ 7,765,514
Net income			921,604		921,604
Foreign currency translation adjustments					
Adjustments for unrealized gains on securities					
Acquisition of treasury stock				(106,935)	(106,935)
Sale of treasury stock		(11)		32	21
Deferred gains (losses) on hedges					
Minority interest					
Cash dividends paid			(155,026)		(155,026)
Balance at March 31, 2013	$ 991,831	$ 915,455	$ 6,857,164	$ (339,272)	$ 8,425,178

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets (continued)

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
For the years ended March 31, 2013, 2012						Millions of yen
Balance at April 1, 2011	¥ 17,738	¥ (4,636)	¥ (65,481)	¥ (52,379)	¥ 53,987	¥ 684,103
Cumulative effect of change in accounting policy (Note 2)						407
Net income						65,286
Foreign currency translation adjustments			(10,967)	(10,967)		(10,967)
Adjustments for unrealized gains on securities	(6,752)			(6,752)		(6,752)
Acquisition of treasury stock						(66)
Sale of treasury stock						9
Deferred gains (losses) on hedges		(218)		(218)		(218)
Increase resulting from change in accounting policy of affiliated companies					534	2,671
Minority interest					11,798	11,798
Cash dividends paid						(20,232)
Balance at April 1, 2012	¥ 10,986	¥ (4,854)	¥ (76,448)	¥ (70,316)	¥ 66,319	¥ 726,039
Net income						86,640
Foreign currency translation adjustments			30,858	30,858		30,858
Adjustments for unrealized gains on securities	13,659			13,659		13,659
Acquisition of treasury stock						(10,053)
Sale of treasury stock						2
Deferred gains (losses) on hedges		2,998		2,998		2,998
Minority interest					8,978	8,978
Cash dividends paid						(14,574)
Balance at March 31, 2013	¥ 24,645	¥ (1,856)	¥ (45,590)	¥ (22,801)	¥ 75,297	¥ 844,547

	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
For the year ended March 31, 2013				Thousands of U.S. dollars (Note 1)		
Balance at April 1, 2012	$ 116,860	$ (51,633)	$ (813,190)	$ (747,963)	$ 705,446	$ 7,722,998
Net income						921,604
Foreign currency translation adjustments			328,242	328,242		328,242
Adjustments for unrealized gains on securities	145,293			145,293		145,293
Acquisition of treasury stock						(106,935)
Sale of treasury stock						21
Deferred gains (losses) on hedges		31,890		31,890		31,890
Minority interest					95,500	95,500
Cash dividends paid						(155,026)
Balance at March 31, 2013	$ 262,153	$ (19,743)	$ (484,948)	$ (242,538)	$ 800,947	$ 8,983,587

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

SUMITOMO METAL MINING CO., LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the years ended March 31, 2013, 2012	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 122,455	¥ 87,962	$ 1,302,574
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	27,578	31,132	293,352
Loss on impairment of fixed assets	198	11,102	2,106
Loss (Gain) on sale and disposal of property, plant and equipment	(232)	264	(2,468)
Write-down of investment securities	908	6,167	9,659
Loss (Gain) from valuation of derivative instruments	1,311	1,588	13,945
Interest and dividend income	(3,157)	(4,073)	(33,582)
Interest expense	3,301	3,410	35,113
Equity in earnings of affiliated companies	(17,100)	(23,217)	(181,896)
Restructuring charges	—	480	—
Casualty loss	15	1,608	160
Decrease (Increase) in trade receivables	6,372	4,523	67,780
Decrease (Increase) in inventories	9,952	18,566	105,861
Increase (Decrease) in trade payables	(13,046)	7,791	(138,772)
Others	(19,754)	4,792	(210,126)
Sub total	118,801	152,095	1,263,706
Interest and dividend received	10,472	23,252	111,392
Interest paid	(3,421)	(3,390)	(36,390)
Payments for maintenance costs for ceased projects	(527)	(573)	(5,606)
Payments for recovery costs	(15)	(488)	(160)
Payments for/Refund of income taxes	(10,645)	(25,897)	(113,231)
Net cash provided by operating activities	114,665	144,999	1,219,711
Cash flows from investing activities:			
Payments for acquisition of property, plant and equipment	(52,649)	(75,013)	(560,036)
Payments for acquisition of intangible assets	(286)	(498)	(3,042)
Proceeds from sale of property, plant and equipment	1,005	1,125	10,690
Payments for purchases of investment securities	(10,562)	(3,009)	(112,350)
Payments for purchases of securities of subsidiaries and affiliated companies	(139)	(58,902)	(1,479)
Payments for loans lended	(25,672)	(725)	(273,077)
Collection of loans repaid	276	292	2,936
Other	(718)	798	(7,637)
Net cash used in investing activities	(88,745)	(135,932)	(943,995)
Cash flows from financing activities:			
Proceeds from long-term debt	151,205	26,620	1,608,393
Repayments of long-term debt	(102,527)	(10,305)	(1,090,597)
Net increase (decrease) in bank loans	(187)	2,668	(1,989)
Payments for redemption of bonds	—	(10,000)	—
Proceeds from issuance of bonds	—	49,736	—
Contribution from minority in consolidated subsidiaries	25	17,687	266
Increase in treasury stocks	(10,051)	(59)	(106,914)
Cash dividends paid	(14,574)	(20,232)	(155,026)
Cash dividends paid to minority in consolidated subsidiaries	(2,342)	(5,801)	(24,913)
Net cash provided by (used in) financing activities	21,549	50,314	229,220
Effect of changes in exchange rate on cash and cash equivalents	6,514	(1,984)	69,290
Net increase (decrease) in cash and cash equivalents	53,983	57,397	574,226
Cash and cash equivalents at beginning of year	185,708	128,311	1,975,407
Cash and cash equivalents at end of year	¥ 239,691	¥ 185,708	$ 2,549,633

The accompanying notes are an integral part of these financial statements.

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRSs").

The accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions from the consolidated financial statements of Sumitomo Metal Mining Co., Ltd. ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2013, which was ¥94.01 to US$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of significant accounting policies

Consolidation — The consolidated financial statements include the accounts of the Company and its significant subsidiaries (58 subsidiaries in 2013, 61 in 2012). All significant inter-company balances and transactions have been eliminated. Investments in affiliated companies of which the Company has the ability to exercise significant influence over financial and operating policies, are accounted for by the equity method (15 affiliated companies in 2013, 16 in 2012). Investments in the remaining unconsolidated subsidiaries and affiliated companies are carried at cost because of their immaterial effect on the consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill (consolidation difference between the investment cost and the underlying equity in its net assets at the date of acquisition) is amortized over five years on a straight-line basis. With respect to subsidiaries in the United States, goodwill is amortized over twenty years on a straight-line basis.

Cash and cash equivalents and cash flow statements — Cash on hand, readily available bank deposits, negotiable certificates of deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Allowance for doubtful accounts — The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary accounts, plus an estimate of uncollectible amount determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

Investment securities — Securities are classified into two categories based on the intent of holding: available-for-sale securities; and securities issued by unconsolidated subsidiaries and affiliated companies.

Available-for-sale securities with available fair values (marketable securities) are stated at the fair value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. The cost of securities sold is determined by the moving-average method. Other available-for-sale securities with no available fair values (non-marketable securities) are stated at moving-average method. Securities issued by unconsolidated subsidiaries and affiliated companies are carried at cost.

Derivatives and hedge accounting — Derivative instruments are stated at fair value. Changes in the fair values are recognized as gains and losses unless derivative transactions are used for hedging purposes.

If derivative transactions are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative transactions until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company evaluates hedge effectiveness monthly by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

Foreign currency translation — Receivables and payables denominated in foreign currencies are translated into Japanese yen at the fiscal year-end rates.

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the fiscal year-end rates except for account components of net assets, which are translated at historical rates. Income statements of consolidated overseas subsidiaries are translated at average rates except for transactions with the Company, which are translated at the rates used by the Company.

Inventories — Inventories are mainly stated at the lower of cost determined by the first-in first-out (FIFO) method or net selling value of inventories regarded as the decreased profitability of assets, whose write-downs are included in cost of sales.

Property, plant and equipment — Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is computed by the straight-line method, based on the estimated useful lives of respective assets. The depreciation period generally ranges from 2 years to 60 years for buildings and structures and 2 years to 22 years for machinery and equipment.

Accrued retirement benefits — Under the terms of the Company's retirement plan, substantially all employees are entitled to a lump-sum payment at the time of retirement. The amount of retirement benefits is, in general, determined by reference to their current basic rate of pay, the length of service and the cause thereof.

The Company and certain consolidated domestic subsidiaries also have a non-contributory funded pension plan, which covers substantially all employees.

The Company and its consolidated domestic subsidiaries provided accrued retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the fiscal year-end.

Actuarial gains and losses are recognized in expenses using the straight-line method over ten years, which within the average of the estimated remaining service lives, commencing with the following period. Prior service costs are recognized in expenses using the straight-line method over ten years, which within the average of the estimated remaining service lives.

Accrued retirement benefits in the consolidated balance sheets also include estimated liabilities for the unfunded lump-sum benefit plan covering directors and corporate auditors.

Accrued restructuring charges — Accrued restructuring charges are provided by the Company and its consolidated subsidiaries to cover the costs of business reconstruction.

Accrued environmental measures — Accrued environmental measures is estimated and recorded to provide for future potential costs, such as costs related to the disposal of polychlorinated biphenyl (PCB).

Research and development — Research and development expense is charged to income as incurred.

Bond issue expense — Bond issue expense is charged to income as incurred.

Accounting for certain lease transactions — Finance leases, except for certain immaterial leases, are capitalized and depreciated over the lease term. Finance leases commencing prior to April 1, 2008, which do not transfer ownership of the leased property to lessees are accounted for in the same manner as operating leases.

Income taxes — Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of assets and liabilities, and measured using the statutory tax rates which will be in effect when the differences are expected to be realized.

Sales — Sales of merchandise and finished products are recognized when the products are shipped to customers.

Accounting Standards for Accounting Changes and Error Corrections — Effective for April 1, 2011, the Company and its consolidated domestic subsidiaries adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) that have been applied retrospectively to prior periods.

(Change in accounting policy)
The Company has changed its accounting policy with respect to certain expenditures of digging tunnels for underground mines from the year ended March 31, 2013. The Company now capitalizes the expenditures of digging tunnels that serve as the transportation of ore and reports as "Structures" in the consolidated balance sheets. Prior to this change, the Company expensed the expenditure as incurred and reported as "Cost of sales" or "Selling, general and administrative expenses" in the consolidated statements of income.

The digging of the new tunnels in the Hishikari Mine was intended mainly for exploration since beginning operations. However, in recent years, on the basis of information related to deposits or veins obtained by exploration activities, such tunnels have been also used for transportation purpose in a view of efficient mining. Based on the situation, the Company has changed its accounting policy in order to match costs and expenses with mining revenues more appropriately.

Full retrospective application of this accounting change on prior year's consolidated financial statements is impracticable since the Company makes it a rule to retain its accounting proof documents for seven years. Therefore the expenditures of digging tunnels that serve as the transportation of ore incurred on or after April 1, 2005 was retrospectively adjusted and capitalized as "Structures" in the consolidated balance sheets.

As a result of the retrospective application of the accounting policy, operating income, income before income taxes and minority interests in the consolidated statements of income for the year ended March 31, 2012 increased by ¥79 million. Income before income taxes and minority interests for the year ended March 31, 2012 in the consolidated statements of cash flows increased by ¥79 million compared to the amounts previously reported, but there was no effect on cash and cash equivalents as at March 31, 2012 and 2013, respectively. In addition, due to the cumulative effect of the change to past periods reflected in net assets as at April 1, 2011, retained earnings as at April 1, 2011 increased by ¥407 million.

The effect of the change in the accounting policy on per share information is explained in Note 19 "Earning per share".

Accounting Standards issued but not yet effective —

Accounting Standard for Retirement Benefits
(ASBJ Statement No. 26, May 17, 2012)
Guidance on Accounting Standard for Retirement Benefits
(ASBJ Guidance No. 25, May 17, 2012)

(1) Summary
Under the amended rule, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss would be recognized within the net asset section, after adjusting for tax effects, and the deficit or surplus would be recognized as a liability or asset without any adjustments. For determining method of attributing expected benefit to periods, the Standard now allows to choose benefit formula basis, as well as straight-line basis. Method for determination of discount rate has also been amended.

(2) Effective dates
Effective for the end of annual periods ending on or after March 31, 2014. Amendments relating to determination of retirement benefit obligations and current service costs are effective from the beginning of annual periods ending on or after March 31, 2015.

(3) Effect of application of the standard
The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Amount per share of common stock — Basic net income per share is computed based on the weighted-average number of shares of common stock issued during each year.

Diluted net income per share assumes that outstanding convertible bonds were converted into common stock at the beginning of the period at the current conversion price.

Cash dividends per share represent the actual amount applicable to the respective year.

Reclassifications — Certain reclassifications have been made in the 2012 financial statements to conform to the presentation of 2013.

3. Notes to financial instruments

1. Status of financial instruments

(1) Policies on the handling of financial instruments
The Sumitomo Metal Mining Group ("the Group") procures the funds necessary for its capital expenditure, investment and loan plans mainly through bank loans and the issuance of bonds. Short-term operating funds are funded through bank loans as required. In the event of a need for new funds, the Group, in principle, looks to the issuance of short-term bonds (commercial paper). This is supplemented by bank loans and the use of liquidation schemes applicable to notes and accounts receivable. The Group takes great care to monitor the status of its funding needs and financial position. This is to ensure that the Group does not overly rely on specific procurement methods and financial instruments. Accordingly, steps are taken to ensure a balanced funding portfolio from both the short and long term as well as direct and indirect financing perspectives. Temporary surplus funds are utilized only for highly safe financial assets for which there is a low probability of a loss of principal.

Derivative transactions are only used to avoid the risks attributable to fluctuations in the prices of non-ferrous metals as well as foreign currency exchange and interest rates. The Group does not engage in derivative translations for speculative purposes.

(2) Details of and risks associated with financial instruments
Notes and accounts receivable, which are trade receivables, are exposed to the credit risk of customers. In addition, foreign currency-denominated trade receivables, which are generated by global business operations, are also exposed to fluctuations in foreign currency exchange rates. Turning to the metals business, trade receivables are also exposed to the risk of movements in the prices of non-ferrous metals. Investment securities, which largely represent shares of companies with whom the Group trades or has formed an equity alliance, are exposed to the risk of changes in their market prices.

Notes and accounts payable, which are trade obligations, generally have maturity dates of one year or less. In similar fashion to trade receivables, trade obligations in the metals business are subject to the risk of movements in the prices of non-ferrous metals. A certain portion of trade obligations are related to the import of raw and other materials and as such are denominated in foreign currencies. On this basis, they too are open to the risk of fluctuations in the foreign currency exchange rates. Within loans and bonds payable, bank loans payable primarily represent funding applicable to operating transactions while long-term debt (with a maximum maturity up to March 21, 2025) and bonds mainly concern funding relating to capital expenditures. A certain portion of loans and bonds payable is provided on a floating rate of interest basis. Accordingly, this portion is exposed to the risk of fluctuation in interest rates.

Derivative transactions employed in an effort to offset the aforementioned risks include forward foreign currency exchange rate contracts; forward and option transaction agreements; interest rate swap transaction agreements; and interest rate cap transaction agreements, which seek to provide hedges for the risks of fluctuations in the foreign currency exchange rates of trade receivables and trade obligations; the prices of non-ferrous metals applicable to non-ferrous metal trade receivables and trade obligations; and interest rates applicable to loans and bonds payable, respectively. For hedging instruments and hedged items, hedging policy, the method of assessing the effectiveness of hedges and other details in connection with hedge accounting, refer to the "Derivative and hedge accounting" described in the note 2 Summary of significant accounting policies.

(3) Risk management systems relating to financial instruments

(i) Management of credit risk (risk relating to nonperformance of a contract obligation by a counterparty, etc.)

With respect to trade receivables, each operating department and division within the Sumitomo Metal Mining Group is guided by its own set of management rules and regulations. Sales and marketing departments and divisions regularly monitor the status of customers, managing due dates and balances on an individual customer basis. In this manner, every effort is made to ensure early detection and the mitigation of concerns regarding collection due to deterioration in financial standing or other factors. With respect to the use of derivative transactions, steps are taken to engage in transactions with highly rated financial institutions only. These steps are taken with the aim of mitigating counterparty risk.

The maximum amount of the credit risk is shown in the value of financial assets on the balance sheet which are subject to credit risk.

(ii) Management of market risks (risks associated with fluctuations in the price of non-ferrous metals, foreign currency exchange as well as interest rates, etc.)

The Group employs commodity forward transaction and commodity option transaction agreements, which seek to provide hedges for the risks of fluctuations in the prices of imported raw materials with respect to non-ferrous metals as well as the sales prices of commodity metals and copper concentrate on international commodities markets. At the same time, the Group utilizes forward foreign currency exchange rate contracts in an effort to offset the risks of movements in foreign currency exchange rates in connection with trade receivables and obligations denominated in foreign currencies, interest rate swap transaction agreements, and interest rate cap transaction agreements aimed at hedging the risks of fluctuations in interest rate.

With respect to investment securities, the Group regularly monitors fair values as well as the financial status of issuers (counterparties), and reviews it holdings on a continuous basis taking into consideration its relationships with counterparties.

As for derivative transactions, in accordance with derivative transaction management rules and regulations that outline the purpose and objectives of derivative transactions while providing authority and setting limits and scope, individual departments and divisions are responsible for formulating operating rules with respect to the implementation of derivative transactions, executing and booking transactions and reconciling balances with counterparties on a regular basis. Consolidated subsidiaries also adhere to the Company's derivative transaction management rules and regulations while working to build the aforementioned management structure under which derivative transactions are managed.

(iii) Management of liquidity risks associated with the procurement of funds (the risk of being unable to make payments on due dates)

The Group manages liquidity risk by preparing and updating a cash management plan six months in advance based on reports from each department and division. Certain domestic consolidated subsidiaries have adopted a cash management system and are efficiently maintaining appropriate levels of liquidity and cash on hand.

(4) Supplementary explanation for fair values, etc. of financial instruments

Fair values of financial instruments are determined by market prices. If no market price is available, the fair value is based on the value that is calculated in a reasonable manner. The determination of such values contains variable factors and as such the adoption of wide ranging and differing assumptions may cause values to change. In addition, with respect to contract and other amounts applicable to derivative transactions outlined as follows in "2. Fair values, etc. of financial instruments" such amounts themselves do not indicate the size of market risks associated with derivative transactions.

2. Fair values, etc. of financial instruments

Amounts on the consolidated balance sheets, fair values and the differences between the two as of March 31, 2013 and 2012 are shown as follows. Certain financial instruments were excluded from the following table as the fair values were not available (Refer to the table shown in *2 below).

	Millions of yen			Thousands of U.S. dollars		
2013	Book values of Consolidated Balance Sheets	Fair Values	Difference	Book values of Consolidated Balance Sheets	Fair Values	Difference
Cash and cash equivalents	¥ 239,691	¥ 239,691	¥ —	$ 2,549,633	$ 2,549,633	$ —
Time deposits	1,100	1,100	—	11,701	11,701	—
Notes and accounts receivable	92,127	92,127	—	979,970	979,970	—
Investment securities	179,901	337,589	157,688	1,913,637	3,590,990	1,677,353
Total Assets	¥ 512,819	¥ 670,507	¥ 157,688	$ 5,454,941	$ 7,132,294	$ 1,677,353
Notes and accounts payable	35,212	35,212	—	374,556	374,556	—
Bank loans	67,750	67,750	—	720,668	720,668	—
Long-term debt due after one year	262,323	263,916	1,593	2,790,373	2,807,318	16,945
Total Liabilities	365,285	366,878	1,593	3,885,597	3,902,542	16,945
Derivative transactions	¥ (2,581)*	¥ (3,914)*	¥ (1,333)	$ (27,455)*	$ (41,634)*	$ (14,179)

	Millions of yen		
2012	Book values of Consolidated Balance Sheets	Fair Values	Difference
Cash and cash equivalents	¥ 185,708	¥ 185,708	¥ —
Time deposits	37	37	—
Notes and accounts receivable	99,499	99,499	—
Investment securities	127,786	343,474	215,688
Total Assets	¥ 413,030	¥ 628,718	¥ 215,688
Notes and accounts payable	43,516	43,516	—
Bank loans	58,832	58,832	—
Long-term debt due after one year	207,119	207,579	460
Total Liabilities	309,467	309,927	460
Derivative transactions	¥ (8,780)*	¥ (10,045)*	¥ (1,265)

* Net receivables and obligations arising from derivative transactions are shown as a net amount and items for which aggregated results lead to net obligations are shown in asterisk.

* 1

Fair values of financial instruments, and matters pertaining to securities and derivative transactions.

Assets

1. Cash and cash equivalents, 2. Time deposits
   The book values approximate to the fair values due to their high liquidity.
3. Notes and accounts receivable
   The book values approximate to the fair values due to short-term maturities of these instruments.
4. Investment securities
   The fair values of investment securities are based on the market prices of securities exchanges on which shares are listed.
   For details regarding securities on an individual holding purpose basis refer to the Note 4. Securities.

Liabilities

1. Notes and accounts payable, 2. Bank loans
   The book values approximate to the fair values due to short-term settlement of these instruments.
3. Bonds
   The fair values are based on market prices.
4. Long-term debt
   The discounted cash flow method was used to estimate the fair values, based on marginal borrowing rates as discount rate.

Derivative transactions

Refer to the Note 5. Derivative transactions.

* 2

The financial instruments excluded from the above table as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
	Book values of Consolidated Balance Sheets	Book values of Consolidated Balance Sheets	Book values of Consolidated Balance Sheets
Unlisted equity securities	¥ 216,322	¥ 198,161	$ 2,301,053

These instruments are not included in "Investment securities" (refer to above table) as the fair values are not available.

* 3

The aggregate maturities subsequent to March 31, 2013 and 2012 for financial assets are as follows:

	Millions of yen				Thousands of U.S. dollars			
2013	Due within one year	Due after one year and within 5 years	Due after 5 years and within 10 years	Due over 10 years	Due within one year	Due after one year and within 5 years	Due after 5 years and within 10 years	Due over 10 years
Cash and cash equivalents	¥ 239,691	¥ —	¥ —	¥ —	$ 2,549,633	$ —	$ —	$ —
Time deposits	1,100	—	—	—	11,701	—	—	—
Notes and accounts receivable	92,127	—	—	—	979,970	—	—	—
Total	¥ 332,918	¥ —	¥ —	¥ —	$ 3,541,304	$ —	$ —	$ —

	Millions of yen			
2012	Due within one year	Due after one year and within 5 years	Due after 5 years and within 10 years	Due over 10 years
Cash and cash equivalents	¥ 185,708	¥ —	¥ —	¥ —
Time deposits	37	—	—	—
Notes and accounts receivable	99,499	—	—	—
Total	¥ 285,244	¥ —	¥ —	¥ —

*4

The amount scheduled to be repaid after the consolidated account settlement date of bonds, long-term debt, lease obligations and other interest-bearing liabilities.

Refer to the Note 8 Bank loans and long-term debt.

4. Securities

(1) The following tables summarize acquisition costs and book values (available fair values) as of March 31, 2013 and 2012:

Available-for-sale securities

Securities with book values (available fair values) exceeding acquisition costs

	Millions of yen					
	2013			2012		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 52,658	¥ 90,727	¥ 38,069	¥ 29,855	¥ 49,780	¥ 19,925

	Thousands of U.S. dollars		
	2013		
	Acquisition cost	Book value	Difference
Equity securities	$ 560,132	$ 965,078	$ 404,946

Securities with book values (available fair values) not exceeding acquisition costs

	Millions of yen					
	2013			2012		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 10,901	¥ 7,756	¥ (3,145)	¥ 23,657	¥ 18,064	¥ (5,593)

	Thousands of U.S. dollars		
	2013		
	Acquisition cost	Book value	Difference
Equity securities	$ 115,956	$ 82,502	$ (33,454)

(2) The following table summarizes book values of the securities with no available fair values as of March 31, 2013 and 2012:

Available-for-sale securities

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unlisted equity securities	¥ 45,132	¥ 8,786	$ 480,077

(3) Total sales of available-for-sale securities sold during the year ended March 31, 2013 amounted to ¥203 million (US$2,159 thousand) and the related gains amounted to ¥154 million (US$1,638 thousand). No losses on sales of available-for-sale securities were recognized for the period.

Total sales of available-for-sale securities sold during the year ended March 31, 2012 amounted to ¥628 million and the related gains amounted to ¥240 million.

No losses on sales of available-for-sale securities were recognized for the period.

5. Derivative transactions

Status of derivative transactions — The Company and its consolidated subsidiaries utilize derivative transactions in order to hedge various risks, such as fluctuations in the price of metals, exchange rates and interest rates, in the normal course of business. Derivative instruments include futures contracts for hedging against fluctuations in the international price of metals, forward foreign exchange contracts for hedging against fluctuations in exchange rates, interest rate swaps and interest rate caps for hedging against fluctuations in the interest rates of floating-rate bonds and term loans payable.

Derivative transactions of the Company and its consolidated subsidiaries are subject to market and credit risks. Market risk is the potential loss the Company and its consolidated subsidiaries may incur as a result of changes in market values. The Company's and its consolidated subsidiaries' exposure to market risk are determined by a number of factors, including fluctuations in market prices, exchange rates and interest rates. Credit risk is the potential loss the Company and its consolidated subsidiaries could incur if counterparties default on their obligations. Derivative transactions are entered into solely with highly rated financial institutions, their subsidiaries or London Metal Exchange (LME) brokers guaranteed by banks, so that the Company and its consolidated subsidiaries might reduce the risk of default on an obligation.

Each department of the Company and its consolidated subsidiaries involving derivative transactions have their own rules for derivative transactions which stipulate the purposes and scope of using derivatives, standards for choosing transaction counterparties and procedures with respect to reporting and administration.

Derivative transactions are subject to approval by the General Manager of the department in charge after consulting with related departments. Based on these rules, the person in charge sets up a position. Then, the results are reported to directors monthly.

Derivative positions are confirmed semi-annually with the transaction counterparties. Also, the internal audit department of the Company regularly examines derivative transactions.

The Company and its consolidated subsidiaries are not exposed to market risks arising from commodity derivative transactions, because the risk of a fluctuation in market prices that is caused by the time lag between the purchase and sale of materials and products is hedged by corresponding future contracts. The Company and its consolidated subsidiaries also utilize currency derivative transactions to hedge against the market risk of exchange rate or interest rate fluctuation. Taking receivables and payables denominated in foreign currencies into account, the Company and its consolidated subsidiaries are not exposed to market risk.

The following tables summarize the market value information as of March 31, 2013 and 2012 of derivative transactions for which hedge accounting has not been applied:

	Millions of yen							
	2013				2012			
	Contracted amount				Contracted amount			
	Total	Over one year	Market value	Recognized gains (losses)	Total	Over one year	Market value	Recognized gains (losses)
Currency:								
Forward contracts:								
Sell position — U.S. dollars	¥ —	¥ —	¥ —	¥ —	¥ 10,613	¥ —	¥ (637)	¥ (637)
Buy position — U.S. dollars	11,380	—	(100)	(100)	8,232	—	(22)	(22)
	¥ 11,380	¥ —	¥ (100)	¥ (100)	¥ 18,845	¥ —	¥ (659)	¥ (659)
Interest:								
Interest rate cap contracts:								
Buy position	¥ 1,350	¥ —	¥ 800	¥ (550)	¥ —	¥ —	¥ —	¥ —
	¥ 1,350	¥ —	¥ 800	¥ (550)	¥ —	¥ —	¥ —	¥ —
Commodity:								
Forward contracts:								
Sell position — Metal	¥ 515	¥ —	¥ 38	¥ 38	¥ 1,409	¥ —	¥ 89	¥ 89
Buy position — Metal	8,367	—	(106)	(106)	8,468	—	—	—
Option contracts:								
Sell position								
Call option — Metal	10,686	—	(101)	(101)	—	—	—	—
Buy position								
Put option — Metal	—	—	—	—	514	—	(144)	(144)
	¥ 19,568	¥ —	¥ (169)	¥ (169)	¥ 10,391	¥ —	¥ (55)	¥ (55)

	Thousands of U.S. dollars			
	2013			
	Contracted amount			
	Total	Over one year	Market value	Recognized gains (losses)
Currency:				
Forward contracts:				
Sell position — U.S. dollars	$ —	$ —	$ —	$ —
Buy position — U.S. dollars	121,051	—	(1,064)	(1,064)
	$ 121,051	$ —	$ (1,064)	$ (1,064)
Interest:				
Interest rate cap contracts:				
Buy position	$ 14,360	$ —	$ 8,510	$ (5,850)
	$ 14,360	$ —	$ 8,510	$ (5,850)
Commodity:				
Forward contracts:				
Sell position — Metal	$ 5,478	$ —	$ 404	$ 404
Buy position — Metal	89,001	—	(1,128)	(1,128)
Option contracts:				
Sell position				
Call option — Metal	113,669	—	(1,074)	(1,074)
	$ 208,148	$ —	$ (1,798)	$ (1,798)

Derivative transactions for which hedge accounting has been applied for the year ended March 31, 2013 and 2012 consist of the following:

2013			Millions of yen		
			Contracted amount and other	Contracted amount and over one year	Fair Value
Type of transaction	Type of derivative transaction	Major hedged items			
Interest	Interest rate swap contracts:				
	Paid fixed/received floating	Long-term loans	¥ 8,649	¥ 8,649	¥ (67)
	Total		¥ 8,649	¥ 8,649	¥ (67)
Commodity	Forward contracts:				
	Sell position — Metal	Accounts receivable	¥ 17,675	¥ —	¥ 810
	Buy position — Metal	Accounts payable	20,163	609	226
	Option contracts*:				
	Sell position				
	Call position — Metal	Accounts receivable	77,730	72,739	(4,082)
	Total		¥ 115,568	¥ 73,348	¥ (3,046)
Interest	Interest rate swap contracts**:				
	Paid fixed/received floating	Long-term loans	¥ 25,693	¥ 25,693	¥ (1,334)
	Total		¥ 25,693	¥ 25,693	¥ (1,334)

* All commodity option contracts are based on zero cost option contracts. There is no transfer of option fees.
**The interest rate swap contracts are used as hedges and meet certain hedging criteria. The net amount to be paid or received under these interest rate swap contracts is added to or deducted from the interests on the assets or liabilities for which these interest rate swap contracts were executed. Main items hedged are long-term loans.

2012			Millions of yen		
			Contracted amount and other	Contracted amount and over one year	Fair Value
Type of transaction	Type of derivative transaction	Major hedged items			
Currency	Forward contracts:				
	Buy position	Foreign currency expected transaction			
	EUR		¥ 137	¥ —	¥ 5
	Total		¥ 137	¥ —	¥ 5
Interest	Interest rate swap contracts:				
	Paid fixed/received floating	Long-term loans	¥ 100,000	¥ —	¥ (748)
	Total		¥ 100,000	¥ —	¥ (748)
Commodity	Forward contracts:				
	Sell position — Metal	Accounts receivable	¥ 8,986	¥ —	¥ (75)
	Buy position — Metal	Accounts payable	19,832	435	420
	Option contracts*:				
	Sell position				
	Call position — Metal	Accounts receivable	105,673	88,550	(7,668)
	Total		¥ 134,491	¥ 88,985	¥ (7,323)
Interest	Interest rate swap contracts**:				
	Paid fixed/received floating	Long-term loans	¥ 22,446	¥ 22,446	¥ (1,265)
	Total		¥ 22,446	¥ 22,446	¥ (1,265)

* All commodity option contracts are based on zero cost option contracts. There is no transfer of option fees.
**The interest rate swap contracts are used as hedges and meet certain hedging criteria. The net amount to be paid or received under these interest rate swap contracts is added to or deducted from the interests on the assets or liabilities for which these interest rate swap contracts were executed. Main items hedged are long-term loans.

2013			Thousands of U.S. dollars		
			Contracted amount and other	Contracted amount and over one year	Fair Value
Type of transaction	Type of derivative transaction	Major hedged items			
Interest	Interest rate swap contracts:				
	Paid fixed/received floating	Long-term loans	$ 92,001	$ 92,001	$ (713)
	Total		$ 92,001	$ 92,001	$ (713)
Commodity	Forward contracts:				
	Sell position — Metal	Accounts receivable	$ 188,012	$ —	$ 8,615
	Buy position — Metal	Accounts payable	214,477	6,478	2,404
	Option contracts*:				
	Sell position				
	Call position — Metal	Accounts receivable	826,827	773,737	(43,421)
	Total		$1,229,316	$ 780,215	$ (32,402)
Interest	Interest rate swap contracts**:				
	Paid fixed/received floating	Long-term loans	$ 273,301	$ 273,301	$ (14,190)
	Total		$ 273,301	$ 273,301	$ (14,190)

* All commodity option contracts are based on zero cost option contracts. There is no transfer of option fees.
**The interest rate swap contracts are used as hedges and meet certain hedging criteria. The net amount to be paid or received under these interest rate swap contracts is added to or deducted from the interests on the assets or liabilities for which these interest rate swap contracts were executed. Main items hedged are long-term loans.

6. Inventories

Inventories as of March 31, 2013 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Merchandise	¥ 2,050	¥ 1,845	$ 21,806
Finished products	31,334	37,879	333,305
Semi-finished products and work in process	69,384	76,200	738,050
Raw materials and supplies	40,194	35,144	427,550
	¥ 142,962	¥ 151,068	$1,520,711

7. Loss on impairment of fixed assets

Loss on impairment of fixed assets for the year ended March 31, 2013 consists of the following:

2013			Millions of yen	Thousands of U.S. dollars
Location	Major use	Asset category	Loss	Loss
Choiseul, Solomon Islands	Building for camping	Building	¥ 52	$ 553
Niihama City, Ehime Prefecture, Japan	Manufacturing facilities for certain copper-clad polyimide film substrates	Machinery and vehicles	146	1,553
Total			¥ 198	$ 2,106

The Company categorized operating assets by such business units as plants and manufacturing processes based on the division of managerial accounting.

Losses on impairment are recognized for the following reasons:

(1) The book value of building for camping was reduced to its recoverable amount due to expectation that it would cease to use due to close of exploration activities.

(2) The book value of manufacturing facilities for certain copper-clad polyimide film substrates were reduced to their recoverable amounts due to expectations that these facilities would cease to operate.

The net sales prices (fair value less cost to sell) of assets are used as their recoverable amounts for the measurement of impairment losses.

Loss on impairment of fixed assets for the year ended March 31, 2012 consists of the following:

2012			Millions of yen
Location	Major use	Asset category	Loss
Kako-gun, Hyogo Prefecture, Japan	Manufacturing facilities for prime western grade zinc	Building and structures and machinery and other assets	¥ 5,477
Niihama City, Ehime Prefecture, Japan	Manufacturing facilities for powder materials	Building and structures and machinery and other assets	442
Kaohsiung City, Taiwan	Manufacturing facilities for certain chip on film (COF)	Building and machinery and equipment	2,439
Ayutthaya Province, Thailand	Manufacturing facilities for lead frames	Building and equipment	562
Niihama City, Ehime Prefecture, Japan	Manufacturing facilities for certain copper-clad polyimide film substrates	Machinery and equipment	50
Isa City, Kagoshima Prefecture, Japan	Manufacturing facilities for bonding wire	Building and machinery and other assets	203
Shanghai, China	Manufacturing facilities for bonding wire	Building and machinery and other assets	426
Kaohsiung City, Taiwan	Manufacturing facilities for bonding wire	Building and machinery and equipment	372
Selangor, Malaysia	Manufacturing facilities for bonding wire	Building and machinery and equipment	97
Naka-gun, Ibaraki Prefecture, Japan	Electron beam irradiation facilities	Building and structures and machinery and other assets	1,034
Total			¥ 11,102

The Company categorized operating assets by such business units as plants and manufacturing processes based on the division of managerial accounting.

Losses on impairment are recognized for the following reasons:

(1) The book values of manufacturing facilities for prime western grade zinc were reduced to their recoverable amounts due to the deterioration of business environment.

(2) The book values of manufacturing facilities for powder materials were reduced to their recoverable amounts due to a decline in sales volume of nickel powder.

(3) The book value of manufacturing facilities for certain chip on film (COF) were reduced to their recoverable amounts due to withdrawal from the business in production of subtractive COF.

(4) The book value of manufacturing facilities for lead frames were reduced to their recoverable amounts due to withdrawal from the business in production of lead frame in Thailand.

(5) The book value of manufacturing facilities for certain copper-clad polyimide film substrates were reduced to their recoverable amounts due to expectations that these facilities would cease to operate due to their aging.

(6) The book value of manufacturing facilities for bonding wire were reduced to their recoverable amounts due to withdrawal from the business in production of bonding wire.

(7) The book value of electron beam irradiation facilities were reduced to their recoverable amounts due to a significant decline in orders from main customers.

The net sales prices (fair value less cost to sell) of assets are used as their recoverable amounts for the measurement of impairment losses.

8. Bank loans and long-term debt

Bank loans are generally represented by short-term notes (most of which are unsecured) and bank overdrafts, and bore interest at annual rates of 0.55% to 5.60% and 0.40% to 6.10% as of March 31, 2013 and 2012 respectively.

On February 25, 2013, the Company passed a resolution to issue stock acquisition rights by way of third-party allotment and to execute a loan agreement for the purpose of procuring funds through a loan with stock acquisition rights. By executing this loan agreement, the Company procures ¥100 billion from March 15, 2013 to March 13, 2020. The exercise price of the stock acquisition rights will be revised in accordance with market prices. The stock acquisition rights have a structure that prevents dilution of the share price to a price lower than ¥1,436 (US$15) as of March 31, 2013.

Long-term debt as of March 31, 2013 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Long-term loans from:			
Banks, insurance companies and other financial institutions, maturing through 2022 at interest rates of 0.66% to 3.50%:			
Secured	¥ 10,892	¥ —	$ 115,860
Unsecured	136,858	133,023	1,455,781
Government owned banks and government agencies, maturing through 2025 at interest rates of 0.20% to 2.10%:			
Secured	3,000	3,000	31,911
Unsecured	68,592	23,675	729,625
0.48% domestic bonds due in 2016	10,000	10,000	106,372
0.77% domestic bonds due in 2018	30,000	30,000	319,115
1.26% domestic bonds due in 2021	10,000	10,000	106,372
	269,342	209,698	2,865,036
Amount due within one year	(7,019)	(2,579)	(74,663)
	¥ 262,323	¥ 207,119	$ 2,790,373

The aggregate annual maturities of long-term debt as of March 31, 2013 are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 7,019	$ 74,662
2015	12,582	133,837
2016	11,383	121,083
2017	28,803	274,471
2018	6,858	72,950
Thereafter	202,697	2,156,122
	¥ 269,342	$ 2,833,125

Assets pledged as collateral for bank loans and long-term debt as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash and cash equivalents	¥ 272	¥ —	$ 2,893
Property, plant and equipment, at net book value	38,875	40,551	413,521
Investment securities	62,683	56,573	666,769
Other long term receivables	16,911	—	179,885
	¥ 118,741	¥ 97,124	$ 1,263,068

9. Income taxes

Income taxes in the accompanying consolidated statements of income comprise corporation taxes, inhabitants' taxes and enterprise taxes. Consolidated overseas subsidiaries are subject to income taxes of the countries in which they are domiciled.

The following table summarizes the significant differences between the statutory tax rate and the Company's and its consolidated subsidiaries' effective tax rate for financial statement purposes for the years ended March 31, 2013 and 2012:

	2013	2012
Statutory tax rate	38.0%	40.7%
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(4.5)	(8.8)
Effect of eliminating intercompany dividends received	14.2	24.0
Permanently nontaxable dividends received	(14.9)	(26.1)
Tax credit	(0.5)	(0.8)
Effect of Mining Tax	(2.2)	(2.0)
Undistributed earnings of foreign subsidiaries	0.6	(1.2)
Difference in local tax system	(3.0)	(3.1)
Increase (decrease) in valuation allowance	(0.8)	(0.1)
Transfer of net operating loss carried forward resulting from liquidation of consolidated subsidiaries	(0.9)	—
Loss (gain) on change in equity	(1.8)	—
Others	(0.6)	(0.5)
Effective tax rate	23.6%	22.1%

Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Net operating loss carry forwards	¥ 5,598	¥ 6,417	$ 59,547
Retirement benefits	4,827	5,021	51,346
Loss on impairment of fixed assets	2,649	3,361	28,178
Unrealized profits	1,717	1,560	18,264
Deferred losses on hedges	1,586	3,650	16,870
Overseas exploration cost	1,496	978	15,913
Allowance for bonus payable	1,308	1,352	13,913
Accrued business taxes	1,095	412	11,648
Contribution gains on securities to employee retirement benefits trust	1,078	955	11,467
Depreciation	670	915	7,127
Others	4,804	3,398	51,101
Gross deferred tax assets	26,828	28,019	285,374
Less valuation allowance	(8,800)	(11,447)	(93,607)
Deferred tax assets-less valuation allowance	18,028	16,572	191,767
Deferred tax liabilities:			
Net unrealized holding gain on available-for-sale securities	(10,425)	(2,525)	(110,893)
Depreciation	(6,646)	(4,723)	(70,695)
Reserve for losses on overseas investment	(4,205)	(4,216)	(44,729)
Accumulated earnings of overseas subsidiaries	(4,091)	(2,905)	(43,517)
Deferred gains on properties for tax purpose	(2,203)	(2,163)	(23,434)
Reserve for explorations	(1,424)	(1,446)	(15,147)
Gain on securities contributed to employee retirement benefits trust	(520)	(520)	(5,531)
Others	(1,992)	(1,192)	(21,189)
Deferred tax liabilities	(31,506)	(19,690)	(335,135)
Net deferred tax assets (liabilities)	¥ (13,478)	¥ (3,118)	$ (143,368)

10. Retirement benefits and pension costs

Accrued retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2013 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Projected benefit obligation	¥ (57,150)	¥ (53,241)	$ (607,914)
Fair value of pension assets	45,854	41,861	487,757
Excess of projected benefit obligation over pension assets	¥ (11,296)	¥ (11,380)	$ (120,157)
Unrecognized actuarial differences	5,735	5,359	61,004
Unrecognized prior services costs	15	(303)	160
Net retirement benefits	¥ (5,546)	¥ (6,324)	$ (58,993)
Prepaid pension costs	(155)	(649)	(1,649)
Accrued retirement benefits	¥ (5,701)	¥ (6,973)	$ (60,642)

The Company contributed securities to the employee retirement benefit trust, which are included in pension assets.

Accrued retirement benefits in the consolidated balance sheets as of March 31, 2013 and 2012 also include estimated liabilities for the unfunded lump-sum benefit plan covering directors and corporate auditors of ¥27 million (US$287 thousand) and ¥54 million, respectively.

Included in the consolidated statements of income for the years ended March 31, 2013 and 2012 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Service cost-benefits earned during the year	¥ 1,838	¥ 2,234	$ 19,551
Interest cost on projected benefit obligation	966	941	10,275
Expected return on plan assets	(809)	(862)	(8,605)
Amortization of actuarial differences	473	761	5,031
Amortization of prior services costs	(319)	(318)	(3,393)
Severance and retirement benefit expense	¥ 2,149	¥ 2,756	$ 22,859

The discount rates used by the Company are primarily 1.4% and 2.0% for the years ended March 31, 2013 and 2012, respectively. The rates of expected return on plan assets used by the Company are primarily 3.5% for the years ended March 31, 2013 and 2012.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses are recognized in the income statement using the straight-line method over ten years, which within the average of the estimated remaining service lives, commencing with the following period. Prior service costs are recognized in expenses using the straight-line method over ten years, which within the average of the estimated remaining service lives.

11. Research and development expense

Research and development expense included in selling, general and administrative expenses for the years ended March 31, 2013 and 2012 are ¥4,999 million (US$53,175 thousand), ¥5,103 million, respectively.

12. Net assets

Net assets comprise three subsections, which are shareholders' equity, accumulated other comprehensive income, and minority interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law"), in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of dividend or excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit, or could capitalize by a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, however, all additional paid-in-capital and all of the legal earning reserve may be transferred to other capital surplus and retained earnings, respectively, however which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

13. Contingent liabilities

Contingent liabilities as of March 31, 2013 are as follows:

	Millions of yen	Thousands of U.S. dollars
Notes and accounts receivable sold to factoring companies with recourse	¥ 370	$ 3,936
As guarantor for loans of:		
Non-consolidated subsidiaries and affiliated companies	61,549	654,707
	¥ 61,919	$ 658,643

Besides the above, as to providing electric power to Pogo Gold Mine, there are ¥751 million (US$7,989 thousand) to guarantee construction costs of electric facilities.

14. Comprehensive Income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income are as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2013	2012	2013
Net unrealized holding gains (losses) on securities			
Increase (Decrease) during the year	¥ 19,814	¥ (12,039)	$ 210,765
Reclassification adjustments	766	5,927	8,148
Sub-total, before tax	20,580	(6,112)	218,913
Tax effect	(6,949)	(628)	(73,918)
Sub-total, net of tax	¥ 13,631	¥ (6,740)	$ 144,995
Deferred gains (losses) on hedges			
Increase (Decrease) during the year	4,696	(2,967)	49,952
Reclassification adjustments	328	2,599	3,489
Cost adjustments of assets	—	(9)	—
Sub-total, before tax	5,024	(377)	53,441
Tax effect	(2,012)	127	(21,402)
Sub-total, net of tax	¥ 3,012	¥ (250)	$ 32,039
Foreign currency translation adjustments			
Increase (Decrease) during the year	17,918	(4,937)	190,597
Reclassification adjustments	235	303	2,500
Sub-total, before tax	18,153	(4,634)	193,097
Tax effect	—	—	—
Sub-total, net of tax	¥ 18,153	¥ (4,634)	$ 193,097
Share of other comprehensive income of affiliated companies accounted for using equity method			
Increase (Decrease) during the year	11,208	(9,595)	119,221
Reclassification adjustments	5,913	—	62,898
Sub-total	¥ 17,121	¥ (9,595)	$ 182,119
Total other comprehensive income	¥ 51,917	¥ (21,219)	$ 552,250

15. Segment information

(1) General information about reported segments

(a) Basis of decision about reported segments

The reported segments of the Group refer to business units, for which separate financial information is available and that are subject to periodic reviews by the Board of Directors as the supreme, managerial decision-making body to determine the allocation of management resources and assess their respective operating results.

The Company currently has three business divisions—Mineral Resources Div., Non-Ferrous Metals Div., Materials Div.—in the pursuit of effective business operations by products and services. Each of these business divisions plans its own comprehensive strategies to be carried out in Japan and overseas for its own product and service lines and engages in diverse business activities.

The three aforementioned business divisions and the Taganito Project—the purpose of which is to construct a second High Pressure Acid Leach (HPAL) plant in the Taganito area of Mindanao Island in the Philippines—and the Sierra Gorda Project—the purpose of which is to participate in a copper mine development project in the Republic of Chile are classified as "business segments" of the Group.

The Group integrated these five business segments into three reported segments: "Mineral Resources" "Smelting & Refining", "Materials" and "Others." In determining these reported segments, the Sierra Gorda Project are into Mineral Resources and the Taganito Project are into Smelting & Refining, in accordance with the integration criteria and quantitative standards set forth in the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008).

As described above, the Group consists of three segments identified by products and services based on the business divisions.

(b) Types of products and services of each reported segment

In the Mineral Resources segment, the Group mainly engages in the exploration, development and production of non-ferrous metal resources in Japan and overseas, as well as sales of ores and other products.

In the Smelting & Refining segment, the Group mainly engages in smelting and sales of copper, nickel, ferro-nickel, zinc and lead, as well as smelting and sales of precious metals such as gold, silver and platinum.

In the Materials segment, the Group mainly engages in manufacturing, processing and sales of semiconductor materials such as lead frames, tape materials (copper-clad polyimide film, chip-on-film (COF) substrates (electronic packaging materials used to make LCD panel integrated circuits) and bonding wires, as well as of advanced materials such as pastes, powder materials (e.g., nickel powder), battery materials (e.g., nickel hydroxide) and crystalline materials, manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts, as well as autoclaved lightweight concrete (ALC) products.

(Change in classification of reported segments by reorganization)

On July 1, 2012, The Company launched a new "Materials Division", an integration of the Semiconductor Materials Division, Advanced Materials Division and Energy, Catalysts & Construction Materials Division with the aim of strengthening its materials business. Prior to this change, Semiconductor Materials Division and Advanced Materials Division were integrated into "Materials" and Energy, Catalysts & Construction Materials Division were included in "Others". From the year ending March 31, 2013, those businesses are integrated into "Materials".

Segment information for the year ended March 31, 2012 was retrospectively restated to represent the information by the new segment classification.

(2) Basis of measurement about reported segment income (loss), segment assets and other material items

The accounting methods for each reported segment are almost the same as those set forth in the Note 2 "Summary of significant accounting policies", excluding the allocation of "cost of capital" to each segment.

Cost of capital refers to an interest rate burden to be borne by each business segment of the parent company, which does not financially assume interest expenses, in proportion to its holding assets in calculating segment income for internal administration purposes. The cost of capital is obtained by multiplying total assets held by each segment of the parent company by an "internal interest rate." An amount that corresponds to the weighted average of the parent company's cost of capital and cost of liability is used as the internal interest rate. The same amount as a total of the cost of capital allocated to each segment is reported as a negative value in "Adjustments." The cost of capital is offset in the total for all segments Companywide. The cost of capital therefore has no effect on the consolidated financial statements.

Inter-segment net sales are calculated based on arm's length transaction prices.

(The effect of change in accounting policy)

As described in Note 2 "Change in accounting policy", the Company changed the accounting policy retrospectively and restated the consolidated financial statements for the year ended March 31,2012.

As a result of this change, "Mineral Resources" segment income in the Mineral Resources segment for the year ended March 31, 2012 increased by ¥79 million compared to those before restatement.

(3) Information about reported segment income (loss), segment assets and other material items

Segment information as of and for the years ended March 31, 2013 and 2012 are as follows.

Millions of yen

2013	Mineral Resources	Smelting & Refining	Materials	Total of reported segment	Others*	Adjustment**	Consolidated
Net sales:							
Outside customers	¥ 63,318	¥ 602,395	¥ 139,618	¥ 805,331	¥ 3,209	¥ —	¥ 808,540
Inter segment	41,555	35,408	16,995	93,958	12,734	(106,692)	—
Total	104,873	637,803	156,613	899,289	15,943	(106,692)	808,540
Segment income	¥ 65,234	¥ 33,928	¥ 3,776	¥ 102,938	¥ 1,559	¥ 10,537	¥ 115,034
Segment assets	¥ 293,373	¥ 621,299	¥ 138,284	¥ 1,052,956	¥ 16,595	¥ 281,602	¥ 1,351,153
Depreciation	6,524	12,169	6,811	25,504	317	1,757	27,578
Amortization of goodwill	89	—	1	90	—	—	90
Interest income	256	175	61	492	—	1,043	1,535
Interest expense	10	559	259	828	19	2,454	3,301
Equity in earnings of affiliated companies	18,519	(3,424)	2,071	17,166	—	(66)	17,100
Investment in equity-method affiliated companies	166,323	74,755	22,324	263,402	—	(3,663)	259,739
Capital expenditures	8,987	40,146	8,221	57,354	522	1,415	59,291

2012	Mineral resources	Smelting & Refining	Materials	Total of reported segment	Others*	Adjustment**	Consolidated
							Millions of yen
Net sales:							
Outside customers	¥ 63,208	¥ 601,459	¥ 179,257	¥ 843,924	¥ 3,973	¥ —	¥ 847,897
Inter segment	42,535	87,121	21,434	151,090	11,072	(162,162)	—
Total	105,743	688,580	200,691	995,014	15,045	(162,162)	847,897
Segment income	¥ 80,619	¥ 25,644	¥ 1,433	¥ 107,696	¥ 1,878	¥ (745)	¥ 108,829
Segment assets	¥ 249,116	¥ 564,171	¥ 145,839	¥ 959,126	¥ 16,674	¥ 170,959	¥ 1,146,759
Depreciation	7,123	13,611	8,425	29,159	348	1,625	31,132
Amortization of goodwill	89	—	4	93	—	—	93
Interest income	367	129	23	519	—	508	1,027
Interest expense	47	466	361	874	11	2,525	3,410
Equity in earnings of affiliated companies	28,311	(9,377)	2,863	21,797	—	1,420	23,217
Investment in equity-method affiliated companies	152,104	143,136	21,963	317,203	—	(61,516)	255,687
Capital expenditures	4,163	59,193	7,151	70,507	806	1,928	73,241

2013	Mineral resources	Smelting & Refining	Materials	Total of reported segment	Others*	Adjustment**	Consolidated
							Thousands of U.S. dollars
Net sales:							
Outside customers	$ 673,524	$ 6,407,776	$ 1,485,140	$ 8,566,440	$ 34,134	$ —	$ 8,600,574
Inter segment	442,027	376,641	180,779	999,447	135,454	(1,134,901)	—
Total	1,115,551	6,784,417	1,665,919	9,565,887	169,588	(1,134,901)	8,600,574
Segment income	$ 693,905	$ 360,898	$ 40,166	$ 1,094,969	$ 16,583	$ 112,084	$ 1,223,636
Segment assets	$ 3,120,657	$ 6,608,861	$ 1,470,950	$ 11,200,468	$ 176,524	$ 2,995,446	$ 14,372,439
Depreciation	69,397	129,444	72,450	271,291	3,372	18,689	293,352
Amortization of goodwill	947	—	10	957	—	—	957
Interest income	2,723	1,862	649	5,234	—	11,094	16,328
Interest expense	106	5,946	2,755	8,807	202	26,104	35,113
Equity in earnings of affiliated companies	196,990	(36,422)	22,030	182,598	—	(702)	181,896
Investment in equity-method affiliated companies	1,769,205	795,181	237,464	2,801,850	—	(38,963)	2,762,887
Capital expenditures	95,596	427,040	87,448	610,084	5,553	15,051	630,688

* The "Others" segment refers to businesses other than those included in the reported segments and other profitseeking business directly operated by Head Office divisions/departments. Other businesses include technical engineering and real estate businesses.

** "Adjustments" are as follows:

1. Adjustments for segment income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Head Office expenses not allocated to each reported segment*a	¥ (11,608)	¥ (10,261)	$ (123,476)
Cost of capital to be borne by each reported segment	14,356	15,731	152,707
Eliminations of inter-segmental transactions among the reported segments	4,566	(2,928)	48,569
Non-operating income/expenses not allocated to each reported segment*b	3,223	(3,287)	34,284
Total	¥ 10,537	¥ (745)	$ 112,084

*a Head Office expenses not allocated to each reported segment mainly consist of general administrative expenses and R&D expenses (hereinafter "Head Office expenses"), which are not attributable to the reported segments.

*b Non-operating income/expenses not allocated to each reported segment mainly consist of foreign exchange gains/losses and interest expenses, which are not attributable to the reported segments.

2. Adjustments for segment assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Corporate assets not allocated to each reported segment*	¥ 330,804	¥ 266,726	$ 3,518,817
Offset and eliminations of inter-segmental receivables among the reported segments, including those toward Head Office divisions/departments	(49,202)	(95,767)	(523,370)
Total	¥ 281,602	¥ 170,959	$ 2,995,447

* Corporate assets not allocated to each reported segment mainly refer to the assets under the control of the Administration Dept. at the Head Office, which are not allocated to the reported segments.

3. Adjustments on depreciation refer to depreciation at the Head Office divisions/departments, which are not allocated to the reported business segments.

4. Adjustments on interest income consist of interest income at the Head Office divisions/departments, which is not allocated to the reported segments, and eliminations of transactions among the reported segments.

5. Adjustments on interest expenses consist of interest expenses at the Head Office divisions/departments, which are not allocated to the reported segments, and eliminations of transactions among the reported segments.

6. Adjustments on equity in earnings (losses) of affiliated companies refer to the deduction of unrealized income relating to the inter-segmental transactions among the reported segments.

7. Adjustments on investment in equity method affiliated companies represent the amount corresponding to "Foreign currency translation adjustments."

8. Adjustments on increase in property, plant and equipment and intangible assets refer to increases thereof at the Head Office divisions/departments, which are not allocated to the reported segments.

Related information

(1) Information about geographic areas

(a) Sales

2013						Millions of yen
Japan	China	East Asia	Southeast Asia	North America	Others	Total
¥ 474,408	¥ 102,322	¥ 88,450	¥ 73,952	¥ 60,138	¥ 9,270	¥ 808,540

2012						Millions of yen
Japan	China	East Asia	Southeast Asia	North America	Others	Total
¥ 514,539	¥ 88,316	¥ 99,862	¥ 74,850	¥ 60,549	¥ 9,781	¥ 847,897

2013						Thousands of U.S. dollars
Japan	China	East Asia	Southeast Asia	North America	Others	Total
$ 5,046,357	$ 1,088,416	$ 940,857	$ 786,640	$ 639,698	$ 98,606	$ 8,600,574

*1
Net sales are segmented by country or region according to customers' location data.
*2
Regions are segmented based on their geographical proximity, and only those countries for which the net sales amount accounts for more than 10% of the net sales stated in the Consolidated Statements of Income are separately listed.

*3
Major countries or regions that belong to the segments are as follows:
1. East Asia: South Korea, Hong Kong and Taiwan
2. Southeast Asia: Thailand, Indonesia, Malaysia, etc.
3. North America: United States, Canada and Mexico
4. Others: Australia, India, Bangladesh, Greece, etc.

(b) Property, plant and equipment

2013						Millions of yen
Japan	East Asia	Philippines	Southeast Asia	North America	Others	Total
¥ 136,036	¥ 8,366	¥ 161,365	¥ 1,053	¥ 28,950	¥ 6,297	¥ 342,067

2012						Millions of yen
Japan	East Asia	Philippines	Southeast Asia	North America	Others	Total
¥ 132,841	¥ 8,074	¥ 120,975	¥ 1,022	¥ 22,852	¥ 5,458	¥ 291,222

2013						Thousands of U.S. dollars
Japan	East Asia	Philippines	Southeast Asia	North America	Others	Total
$ 1,447,038	$ 88,991	$ 1,716,466	$ 11,201	$ 307,946	$ 66,982	$ 3,638,624

*1
Regions are segmented based on their geographical proximity, and only those countries for which the property, plant and equipment amount accounts for more than 10% of the property, plant and equipment stated in the Consolidated Balance Sheets are separately listed.

*2
Major countries or regions that belong to the segments are as follows:
1. East Asia: China and Taiwan
2. Southeast Asia: Malaysia, Thailand and Singapore
3. North America: United States
4. Others: Australia, Solomon Islands, Peru, Chile, Brazil

(2) Information about major customers

	Millions of yen		Thousands of U.S. dollars	
	2013	2012	2013	
Customer's designation or name	Sales	Sales	Sales	Related reported segments
Sumitomo Corporation	¥ 125,184	¥ 138,685	$ 1,331,603	Smelting & Refining, Materials
MITSUI&CO.,LTD.	¥ 58,841	¥ 79,333	$ 625,901	Smelting & Refining

(3) Information about impairment loss of fixed assets by reported segment

2013	Mineral Resources	Smelting & Refining	Materials	Others	Adjustment	Consolidated (Millions of yen)
Loss on impairment of fixed assets	¥ 52	—	146	—	—	¥ 198

2012	Mineral Resources	Smelting & Refining	Materials	Others	Adjustment	Consolidated (Millions of yen)
Loss on impairment of fixed assets	¥ —	5,477	5,625	—	—	¥ 11,102

2013	Mineral Resources	Smelting & Refining	Materials	Others	Adjustment	Consolidated (Thousands of U.S. dollars)
Loss on impairment of fixed assets	$ 553	—	1,553	—	—	$ 2,106

(4) Information about unamortized balance of goodwill by reported segment

2013	Mineral Resources	Smelting & Refining	Materials	Others	Adjustment	Consolidated (Millions of yen)
Balance at end of fiscal year	¥ 482	—	—	—	—	¥ 482

2012	Mineral Resources	Smelting & Refining	Materials	Others	Adjustment	Consolidated (Millions of yen)
Balance at end of fiscal year	¥ 519	—	1	—	—	¥ 520

2013	Mineral Resources	Smelting & Refining	Materials	Others	Adjustment	Consolidated (Thousands of U.S. dollars)
Balance at end of fiscal year	$ 5,127	—	—	—	—	$ 5,127

16. Asset retirement obligations

(1) Asset retirement obligations that are recorded in the consolidated balance sheets

With regard to mines and quarries in operation in Japan, the Company is required by the Mining Safety Act, the Law on Special Measures for Mine Damages Caused by the Metal Mining Industry, etc., the Quarrying Act and leasing agreements to undertake mine pollution prevention activities for post-use specified facilities and to restore such facilities to their original condition. Based on these requirements, the Company records as asset retirement obligations a rational estimate of the expenses required for mine pollution prevention activities and any removal expenses.

For the domestic facilities of the Group in Japan, the Company makes rational estimates of the costs of demolishing and conducting surveys in accordance with requirements regarding special removal methods and obligations to conduct environmental surveys under asbestos damage prevention regulations of asbestos-related regulations and occupational health and safety regulations of dioxin-related regulations, and posts these amounts as asset retirement obligations.

Sumitomo Metal Mining Pogo LLC, Sumitomo Metal Mining Arizona Inc., Sumitomo Metal Mining Oceania Pty. Ltd. and Coral Bay Nickel Corporation are subject to the U.S. GAAP or International Financial Reporting Standards, as well as the mining laws and regulations of the United States, Australia and the Republic of the Philippines, respectively. Based on its business plans, the Company determines asset retirement obligations by making rational estimates of its obligations under such regulations of restoring operating mines and smelters to their original condition and the expenses of fulfilling these obligations. Asset retirement obligations are calculated based on determining the estimated period until expenditure, the remaining useful life of facilities and the mine life (6 to 30) and discounted by the rates of 1.5% to 11.0%.

The asset retirement obligations as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Balance at the beginning of the fiscal year	¥ 4,317	¥ 4,268	$ 45,921
Newly recorded obligations	260	2	2,766
Adjustment due to passage of time	233	205	2,478
Decrease due to fulfillment of obligations	—	(1)	—
Increase due to change in estimates	70	20	745
Other	5	—	53
Foreign exchange adjustment	452	(177)	4,808
Year-end balance	¥ 5,337	¥ 4,317	$ 56,771

(2) Asset retirement obligations other than those recorded in the balance sheets

The Group is required under leasing agreements to restore certain facilities on borrowed buildings and sites to their original condition at the time of removal. In cases where the period of use for lease assets is unclear or for which no relocation plans are in existence, asset retirement obligations cannot be rationally estimated. Furthermore, certain sites at our facilities employ hazardous substances specified under the Water Pollution Control Act, and at the time of removing its facilities the Company is required to conduct soil remediation surveys in accordance with the Soil Contamination Countermeasures Law. However, as the responsibility for fulfilling this obligation is estimated to be deferred, the timing for performing such surveys is unclear. Therefore, asset retirement obligations cannot be rationally estimated. Consequently, no corresponding asset retirement obligations are included in these obligations.

17. Information for certain leases

(1) Finance leases

Lease assets

For lease assets related to non-ownership transfer finance leases, depreciation of leased assets is computed over the lease period using the straight-line method with no residual value. For finance lease transactions other than those involving a transfer of title that began prior to the application of the new accounting standards, the previous operating lease method has been applied.

As a lessee

A summary of assumed amounts inclusive of interest of acquisition cost, accumulated depreciation and net book value of finance leases accounted for in the same manner as operating leases as of March 31, 2013 and 2012 are as follows:

	Millions of yen					
	2013			2012		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	¥ 2	¥ 2	¥ 0	¥ 53	¥ 49	¥ 4

	Thousands of U.S. dollars		
	2013		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	$ 21	$ 21	$ 0

Future lease payment, inclusive of interest as of March 31, 2013 and 2012 under such leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 1	¥ 3	$ 11
Due after one year	—	1	—
Total	¥ 1	¥ 4	$ 11

Total lease expenses and assumed depreciation charges for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Total lease expenses	¥ 3	¥ 8	$ 32
Assumed depreciation charge	3	8	32

(2) Operating leases

Future minimum lease payments as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥ 139	¥ 139	$ 1,479
Due after one year	757	896	8,052
Total	¥ 896	¥ 1,035	$ 9,531

18. Related party transaction

(1) Related party transaction

Related party transaction for the years ended March 31, 2013 and 2012 are as follows:

2013

Name of related party	Location	Capital investment	Segment	Voting interest	Description of the business relationship	Transaction detail	Amounts	
		Thousands of U.S. dollars					Millions of yen	Thousands of U.S. dollars
Sierra Gorda S.C.M.	Santiago, Chile	$ 934,302	Mineral resources	Indirectly 45.0%	Debt guarantee and pledge as security for the loan etc. from the financial institution	Debt guarantee*	¥ 60,049	$ 638,751
						Pledge as security**	52,646	560,004
					Loans	Loans receivable***	22,628	240,698

* The Company guarantees the loan etc. from the financial institution

** The Company pledges its owned shares in Sierra Gorda S.C.M. as security for the loan from the financial institution to finance developments of the Sierra Gorda copper project. The Amounts of security is the debt balance as of March 31, 2013.

***The Company determined terms and conditions of loan based on market interest rates, etc.

2012

Name of related party	Location	Capital investment	Segment	Voting interest	Description of the business relationship	Transaction detail	Amounts
		Thousands of U.S. dollars					Millions of yen
Sierra Gorda S.C.M.	Santiago, Chile	$ 800,142	Mineral resources	Indirectly 45.0%	Pledge as security for the loan from the financial institution	Pledge as security*	¥ 11,498

* The Company pledges its owned shares in Sierra Gorda S.C.M. as security for the loan from the financial institution to finance developments of the Sierra Gorda copper project. The Amounts of security is the debt balance as of March 31, 2012.

(2) Condensed financial information of a major affiliated companies

Pursuant to the relevant accounting standards, condensed financial information of major affiliated companies which are disclosed for the year ended December 31, 2012 and 2011 are as follows:

Sociedad Minera Cerro Verde S.A.A.

2012	Millions of yen
Total current assets	¥ 188,184
Total long-term assets	161,759
Total current liabilities	23,584
Total long-term liabilities	27,750
Total net assets	298,609
Net sales	169,758
Net income before tax	96,998
Net income	61,619

2011	Millions of yen
Total current assets	¥ 153,107
Total long-term assets	95,396
Total current liabilities	26,115
Total long-term liabilities	14,229
Total net assets	208,159
Net sales	201,100
Net income before tax	124,657
Net income	86,056

2012	Thousands of U.S. dollars
Total current assets	$ 2,001,744
Total long-term assets	1,720,657
Total current liabilities	250,867
Total long-term liabilities	295,181
Total net assets	3,176,354
Net sales	1,805,744
Net income before tax	1,031,784
Net income	655,452

Compania Contractual Minera Candelaria

2011	Millions of yen
Total current assets	¥ 52,043
Total long-term assets	78,687
Total current liabilities	18,974
Total long-term liabilities	9,955
Total net assets	101,801
Net sales	122,489
Net income before tax	66,404
Net income	49,713

Vale New Caledonia S.A.S.

2011	Millions of yen
Total current assets	¥ 21,860
Total long-term assets	281,318
Total current liabilities	42,958
Total long-term liabilities	137,565
Total net assets	122,655
Net sales	8,358
Net income (loss) before tax	(76,582)
Net income (loss)	(76,582)

19. Earnings per share

Reconciliation of the difference between basic and diluted net income per share ("EPS") for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Basic net income per share calculation			
Numerator:			
Net income	¥ 86,640	¥ 65,286	$ 921,604
Denominator (thousands of shares):			
Weighted average number of shares	556,883	561,981	—
Basic EPS (yen and U.S. dollars)	¥ 155.58	¥ 116.17	$ 1.65
Diluted net income per share calculation			
Numerator:			
Net income	¥ 86,640	¥ 65,286	$ 921,604
Adjusted net income	87,520	66,153	930,965
Denominator (thousands of shares):			
Weighted average number of shares	556,883	561,981	—
Assumed conversion of convertible bonds	57,742	57,176	—
Adjusted weighted average number of shares	614,625	619,157	—
Diluted EPS (yen and U.S. dollars)	¥ 142.40	¥ 106.84	$ 1.51

As described in Note 2 "Change in accounting policy", the Company changed the accounting policy retrospectively and restated the consolidated financial statements for the year ended March 31, 2012.

As a result of this change, basic net income per share and diluted net income per share for the year ended March 31, 2012 increased by ¥0.12, ¥0.10, respectively, compared to those before restatement.

20. Subsequent event

(1) Company split and change in scope of consolidation

Effective from July 1, 2013, lead frame business in the Company and Hitachi Cable, Ltd. ("Hitachi Cable") were integrated, and a joint venture for Hitachi Cable's copper products business with the Company was established.

Company split

(i) The name of the subject business and the content of its business
Type of business: Lead frame business
Business scope: Manufacture and sales of lead frames and related products

(ii) Effective date of company split
July 1, 2013

(iii) The legal structure of company split
Absorption-type company split method with the Company as the splitting company and SH Materials Co., Ltd. ("SH Materials") wholly owned by the Company, as the successor company

(iv) The name of the company after company split
SH Materials Co., Ltd.

Change in scope of consolidation

The Company transferred parts of its shareholdings in SH Materials's common stock to Hitachi Cable as of July 1, 2013 (stock transfer date). As a result, the shareholding ratio of the Company and Hitachi Cable against the total number of SH Materials's outstanding shares became 51% and 49%, respectively. SH Materials is included in consolidated subsidiaries from July 1, 2013.
Hitachi Cable transferred parts of its shareholdings in common stock of SH Copper Products Ltd. (SH Copper Products) to the Company as of July 1, 2013 (stock transfer date). As a result, the shareholding ratio of Hitachi Cable and the Company against the total number of SH Copper Products's outstanding shares became 50% each. SH Copper Products is included in affiliated companies accounted for using equity method from July 1, 2013.

Integrated lead frame business

Corporate name:	SH Materials Co., Ltd.
Capitalization:	1 billion yen
Ownership:	Sumitomo Metal Mining Co., Ltd. ("SMM") 51%, Hitachi Cable* 49%
Business scope:	Manufacture and sales of lead frames and related products
Annual sales:	35 billion yen (estimated)
Employees:	Approx. 2,600

Integrated copper products business

Corporate name:	SH Copper Products, Ltd.
Capitalization:	1 billion yen
Ownership:	Hitachi Cable* 50%, SMM 50%
Business scope:	Manufacture and sales of copper products (copper strips, copper products for electric applications)
Annual sales:	50 billion yen (estimated)
Employees:	Approx. 550

* Hitachi Cable, Ltd. merged with Hitachi Metals, Ltd. on July 1, 2013. The present company name is Hitachi Metals, Ltd.

(2) Appropriation of retained earnings

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2013, was approved at a shareholders' meeting held on June 24, 2013:

	Millions of yen	Thousands of U.S. dollars
Year-end dividends of ¥20.00 per share	¥ 11,044	$ 117,477

Independent Auditors' Report

Independent Auditor's Report

To the Board of Directors of Sumitomo Metal Mining Co., Ltd.:

We have audited the accompanying consolidated financial statements of Sumitomo Metal Mining Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Metal Mining Co., Ltd. and its consolidated subsidiaries as at March 31, 2013 and 2012, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

August 8, 2013 KPMG AZSA LLC
Tokyo, Japan

Glossary

Mineral Resources Business and Smelting & Refining Business

Metal trading

London Metal Exchange (LME)
The LME specializes in trading of non-ferrous metals such as copper, nickel, aluminum, lead and zinc. The LME trading prices for metals are used as the international pricing benchmarks for sales of refined metal and purchases of refining ores.

Treatment Charge (TC) and Refining Charge (RC)
These are commonly used in the terms of purchase for copper concentrate or nickel ore for refining.
They are amounts designed to cover refining costs. For example, copper concentrate contracts may define a purchase price based on the LME price at a certain date, minus the TC or RC being used at the time.

London fixing
Gold is not traded on the LME. Its price is determined for each transaction between market participants. The financial institutions in the London Bullion Market Association (LBMA) agree on a standard price for gold based on these transactions and publish it on the morning and afternoon of each trading day. This "London fixing" price is the benchmark for trading in gold.

Pound (lb)
Part of the imperial system of measures, the pound is the standard unit of weight used in measuring and pricing base metals such as copper and nickel, and in TC/RC calculations. One pound equals approximately 453.59 g; a metric ton equals approximately 2,204.62 lb.

Troy ounce (toz)
The troy ounce is the standard unit of weight for precious metals such as gold and silver. It equals approximately 31.1 g. It is named after Troyes, a city in the Champagne region of central France that was the site of a major market in Europe in medieval times. Originally used as a unit of exchange for valuing goods in terms of gold or silver weights, the troy ounce is still used today in gold trading.

Metal refining

Smelting and refining
Refining processes extract valuable metals from ores or other raw materials. They fall into two basic types: pyrometallurgical (dry) and hydrometallurgical (wet). At SMM's Toyo site (Saijo, Ehime Prefecture) copper concentrate preprocessing (treatment processes) are pyrometallurgical, while the nickel plant (Niihama, Ehime Prefecture) makes use of hydrometallurgical processes throughout. The term 'smelting' is used for the extraction of metal from ores using melting and heating (pyrometallurgy). The term 'refining' refers to any process that increases the grade or purity of a metal.

Pyrometallurgical refining
The precursor ore is melted at high temperature in a furnace, and refining techniques are applied to separate the metal in a molten state. While this technique allows large-volume ore processing, it also requires periodic furnace maintenance.

Hydrometallurgical refining
The ore and impurities are dissolved in a solution, and chemical reactions are used to separate out the metal. This refining method is stable and allows for continuous refining, but the solutions required are costly.

Metal ores

Sulfide ores
These ores contain copper, nickel or other metals chemically bonded to sulfur. Since the application of heat breaks these bonds, releasing the sulfur, such ores are generally refined using pyrometallurgical techniques.

Oxide ores
These ores contain metals in oxidized forms. Unlike sulfide ores, oxides need much more energy to achieve melting. For this reason, the hydrometallurgical approach is generally used to refine these ores.

Copper concentrates
Used as raw materials in copper smelting, copper concentrates have a copper content of about 30% by weight. The remainder consists mostly of sulfur and iron. Copper concentrates are made mostly from sulfide ores. Ores extracted from overseas mines have a typical grade of about 1%. The ores are then "dressed" at the mine to increase the purity and produce concentrate. Most of the copper ores imported by SMM for smelting in Japan are concentrates.

Nickel oxide ores
Whilst the higher-grade sulfide ores are used predominantly in nickel refining, nickel oxide ores are more prevalent than nickel sulfides. The sulfide-oxide ratio in current nickel reserves is believed to be about 3:7. High refining costs and technical issues have limited use of oxide ores in nickel refining to date, but SMM has succeeded in refining nickel from low-grade oxide ores based on HPAL technology.

Mixed sulfide (MS) ores
CBNC and Taganito produce a mixed nickel-cobalt sulfide intermediate containing about from 55% to 60% nickel by weight. This is used as a raw material in electrolytic nickel production.

Matte
A matte is another term for metal sulfides. For raw material, electrolytic nickel production at SMM also uses a nickel matte (of about 75% to 80% purity) sourced from PT Vale Indonesia.

Resource reserves

Gold
Canadian standard
•Reserve
Amount of ore evaluated to have purity at or above the level indicated in the prefeasibility study that is judged to be economically recoverable.

•Resource
Ore of purity or quality that is estimated to be economically extractable.

Japanese standard (JIS)
•Recoverable ore
Amount of ore expected to be recovered, consisting of actually recoverable ore plus slag.

•Identified resources
Total ore identified at the site.

Nickel production process

Coral Bay Nickel Corporation (CBNC)
Based in the Philippines, this SMM subsidiary produces mixed nickel-cobalt sulfides using HPAL technology and exports the raw materials to the SMM Group's nickel refining facilities in Niihama, Ehime Prefecture.

High Pressure Acid Leach (HPAL)
HPAL technology enables the recovery of nickel from low-grade nickel oxide ores that traditionally were difficult to process. SMM was the first company in the world to apply it successfully on a commercial scale. The oxide ores are subjected to high temperature and pressure and reacted under stable conditions with sulfuric acid to produce a nickel-rich refining intermediate.

Matte Chlorine Leach Electrowinning (MCLE)
Matte Chlorine Leach Electrowinning (MCLE) is the technology used in the manufacturing process at SMM's nickel refinery. The matte and mixed sulfide ores are dissolved in chlorine at high pressure to produce high-grade nickel using electrolysis. MCLE is competitive in cost terms, but poses significant operational challenges, and only two other producers besides SMM have commercialized it, using similar technology.

Main applications for metals

Copper
Copper is fabricated into wires, pipes and other forms. Besides power cables, copper is used widely in consumer applications such as wiring in vehicles or houses, and in air conditioning systems.

Electrolytic nickel
This form of nickel, which has a purity of at least 99.99%, is used in specialty steels, electronics materials and electroplating, among other applications. SMM is the only producer of electrolytic nickel in Japan.

Ferronickel
Ferronickel is an alloy containing nickel (about 20%) and iron. Its main use is in the manufacture of stainless steel, which is about 10% nickel by weight. Based in Hyuga, Miyazaki Prefecture, SMM Group firm Hyuga Smelting Co., Ltd. produces ferronickel.

Gold
Gold is in demand worldwide for investment and decorative purposes. Gold is widely used in Japanese industry within the electronics sector because of its high malleability and ductility.

Materials Business

Copper-clad polyimide film (CCPF)
CCPF is a polyimide film that is coated using a copper base. It is used as a material for making COF substrates.

Chip-on-film (COF) substrates
COF substrates are electronic packaging materials used to make integrated circuits for use with LCD drivers. They connect these circuits to the LCD panel.

Leadframes
Leadframes are electronic packaging materials used to form connections in semiconductor chips and printed circuit boards. They contain thin strips of a metal alloy containing mostly nickel or copper.

Secondary batteries
Secondary batteries are ones that can be recharged and used again. SMM supplies battery materials that are used in the anodes of nickel metal hydride batteries and lithium-ion rechargeable batteries, which supply power for hybrid vehicles or notebook computers, among other consumer applications.

Consolidated Subsidiaries and Equity-Method Affiliates

As of July 1, 2013

Mineral Resources	Percentage of Voting Shares (%)	Location	Principal Operations
Consolidated Companies			
Sumiko Resources Exploration & Development Co., Ltd.	100	Japan	Geological survey of resources, test boring
Sumitomo Metal Mining America Inc.	100	USA	Exploration, management of mining subsidiaries in North America
Sumitomo Metal Mining Arizona Inc.	80	USA	Mining and related operations
SMMA Candelaria Inc.	100	USA	Investments in local companies in Chile operating the Candelaria Mine
Sumitomo Metal Mining Canada Ltd.	100	Canada	Exploration, consulting
Sumitomo Metal Mining Oceania Pty. Ltd.	100	Australia	Resource surveys, mine development and related operations in Oceania
Sumitomo Metal Mining Pogo LLC	100	USA	Investment in the Pogo Mine
SMM Resources Inc.	100	Canada	Mineral resources business
SMM Cerro Verde Netherlands B.V.	80	Netherlands	Investments in local companies in Peru operating the Cerro Verde Mine
SMM Exploration Corporation	100	USA	Mineral resources business
SMM Solomon Ltd.	100	Solomon Islands	Exploration in the Solomon Islands
Sumitomo Metal Mining Peru S.A.	100	Peru	Exploration in South America
Sumitomo Metal Mining Chile Ltda.	100	Chile	Exploration in South America
Sumiko Solomon Exploration Co., Ltd.	70	Japan	Exploration in the Solomon Islands
Sumac Mines Ltd.	100	Canada	Exploration
Stone Boy Inc.	80	USA	Exploration
SMM Sierra Gorda Inversiones Ltda.	70	Chile	Investment in the Sierra Gorda Project
Sumitomo Metal Mining do Brasil Ltda.	100	Brazil	Exploration
Equity-Method Affiliates			
Sociedad Minera Cerro Verde S.A.A.	21	Peru	Cerro Verde Mine
Compania Contractual Minera Candelaria	20	Chile	Candelaria Mine
Compania Contractual Minera Ojos Del Salado	20	Chile	Ojos Del Salado Mine
Sierra Gorda S.C.M.	45	Chile	Sierra Gorda Project
Cordillera Exploration Co., Inc.	25	Philippines	Exploration

Smelting & Refining	Percentage of Voting Shares (%)	Location	Principal Operations
Consolidated Companies			
Hyuga Smelting Co., Ltd.	60	Japan	Ferronickel smelting
Shisaka Smelting Co., Ltd.	100	Japan	Manufacture of crude zinc oxide
Sumiko Logistics Co., Ltd.	100	Japan	Maritime trading, harbor transportation and services, land transportation
Sumic Nickel Netherlands B.V.	52	Netherlands	Investment in nickel and cobalt development businesses, sale of nickel and cobalt
Coral Bay Nickel Corporation	54	Philippines	Manufacture of nickel and cobalt intermediates
Taganito HPAL Nickel Corporation	62.5	Philippines	Taganito Project
Sumitomo Metal Mining Philippine Holdings Corporation	100	Philippines	Regional headquarters for the nickel business
Sumiko Metal Mining Management (Shanghai) Co., Ltd.	100	China	Sale of Group products, operations management support for Group companies in the China region, consulting business
Taihei Metal Industry Co., Ltd.	97	Japan	Manufacture of heat-, corrosion- and friction-resistant steel castings
Equity-Method Affiliates			
Jinlong Copper Co., Ltd.	27	China	Manufacture and sale of electrolytic copper and sulfuric acid
Acids Co., Ltd.	50	Japan	Manufacture and sale of sulfuric acid and related products
PT Vale Indonesia Tbk.	20	Indonesia	Nickel ore mining, nickel smelting
Nickel Asia Corporation	25	Philippines	Nickel ore mining
Figesbal	26	New Caledonia	Nickel ore mining, harbor transportation
MS Zinc Co., Ltd.	50	Japan	Manufacture and sale of zinc and related operations
Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.	50	Japan	Manufacture and sale of copper and brass products and processed copper and brass products

Materials	Percentage of Voting Shares (%)	Location	Principal Operations
Consolidated Companies			
SH Materials Co., Ltd.	51	Japan	Manufacture and sale of leadframes
Okuchi Electronics Co., Ltd.	100	Japan	Recovery and recycling of non-ferrous metals, manufacture of functional ink
Ohkuchi Materials Co., Ltd.	100	Japan	Manufacture of leadframes
Niihama Electronics Co., Ltd.	100	Japan	Manufacture of substrate material (two-layer plated boards)
Niihama Materials Co., Ltd.	100	Japan	Manufacture of leadframes
SH Precision Co., Ltd.	100	Japan	Manufacture of leadframes
Shinko Co., Ltd.	97	Japan	Design, manufacture and sale of printed circuit boards
SH Asia Pacific Pte. Ltd.	100	Singapore	Regional headquarters for overseas leadframe operations
Sumiko Tape Materials Singapore Pte. Ltd.	100	Singapore	Regional headquarters for tape material operations
Malaysian SH Electronics Sdn. Bhd.	100	Malaysia	Manufacture and sale of leadframes
Malaysian SH Precision Sdn. Bhd.	100	Malaysia	Manufacture and sale of leadframes
Malaysian Electronics Materials Sdn. Bhd.	100	Malaysia	Manufacture and sale of thick-film paste
Sumiko Electronics Taiwan Co., Ltd.	70	Taiwan	Manufacture and sale of tape materials
SH Electronics Taiwan Co., Ltd.	70	Taiwan	Manufacture and sale of leadframes
Taiwan Sumiko Materials Co., Ltd.	100	Taiwan	Manufacture of target materials
SH Electronics Chengdu Co., Ltd.	70	China	Manufacture and sale of leadframes
SH Precision Chengdu Co., Ltd.	70	China	Manufacture of leadframes
SH Electronics Suzhou Co., Ltd.	100	China	Manufacture and sale of leadframes
Suzhou SH Precision Co., Ltd.	100	China	Manufacture of leadframes
Sumiko Advanced Materials (Suzhou) Co., Ltd.	100	China	Manufacture and sale of alloy products
Sumiko Tec Co., Ltd.	100	Japan	Terminals and connectors for electronic and electric equipment; related components, electric wire, power cords and pressure bonding machines and their maintenance; manufacture and sale of formed products for optical equipment
Nittosha Co., Ltd.	100	Japan	Plating of metal products, surface treatment processing and distribution
Sumiko Kunitomi Denshi Co., Ltd.	100	Japan	Manufacture of crystal products and magnetic materials
Shanghai Sumiko Electronic Paste Co., Ltd.	69	China	Manufacture and sale of thick-film paste
Dongguan Sumiko Electronic Paste Co., Ltd.	85	China	Manufacture and sale of thick-film paste
SMM Korea Co., Ltd.	100	South Korea	Sales support for advanced materials and business operations
SMM Precision Co., Ltd.	100	Japan	Manufacture and sale of optical communications components

Consolidated Companies (continued)			
Sumico Lubricant Co., Ltd.	100	Japan	Manufacture and sale of lubricants, in particular molybdenum-containing special lubricants
Sumico Lubricant Trading (Shanghai) Co., Ltd.	100	China	Sale of lubricants
Sumitomo Metal Mining Siporex Co., Ltd.	100	Japan	Manufacture and sale of ALC (autoclaved lightweight aerated concrete), base-isolating dampers, and other construction materials
JCO Co., Ltd.	100	Japan	Management of facilities using uranium and related wastes
Igeta Heim Co., Ltd.	100	Japan	Construction of steel frame and reinforced concrete apartments and condominiums
Japan Irradiation Service Co., Ltd.	100	Japan	Irradiation sterilization service for pharmaceutical products, medical instruments and pharmaceutical containers; modification of various industrial materials
Equity-Method Affiliates			
N.E. Chemcat Corporation	50	Japan	Manufacture of catalysts, recovery and refining of precious metals
Nippon Ketjen Co., Ltd.	50	Japan	Manufacture and sale of desulfurization catalysts for petroleum processing
SH Copper Products Co.,Ltd.	50	Japan	Manufacture and sale of copper strip, copper alloy fabricated products, and processed copper products
Granopt Ltd.	50	Japan	Manufacture and sale of rare earth iron garnet (RIG)

Other	Percentage of Voting Shares (%)	Location	Principal Operations
Consolidated Companies			
Sumiko Techno-Research Co., Ltd.	100	Japan	Environmental measurement verification operations such as water quality, air, soil, noise and vibration; data collection, adjustment and product evolution as well as technological development
Sumiko Technical Service Co., Ltd.	100	Japan	Commission-based work in area of non-ferrous smelting, personnel agency business
Sumitomo Metal Mining Engineering Co., Ltd.	100	Japan	Survey, design, manufacturing, repair and maintenance of various types of machinery, equipment and plants in wide-ranging fields including non-ferrous metal smelting, chemicals, and the environment
Sumiko Plantech Co., Ltd.	100	Japan	Manufacture of machinery and equipment and repair work for non-ferrous metal smelting and chemical plants; installation of machinery and equipment and piping work; steel structure work
SMM Holland B.V.	100	Netherlands	Investment in nickel and cobalt development businesses

Corporate Data and Investor Information

As of March 31, 2013

Corporate Data

Founded	1590
Incorporated	1950
Paid-In Capital	¥93.2 billion
Number of Employees	8,370 (Consolidated)
Head Office	11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan

Investor Information

Closing Date

March 31

Ordinary General Meeting

June

Common Stock

Number of authorized shares: 1,000,000,000

Number of issued and outstanding shares: 581,628,031

Number of shareholders: 55,453

Listing of Shares: Tokyo, Osaka

Stock Transaction Unit: 1,000 shares

Contact Information

Public Relations & Investor Relations Department

11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan

Phone: +81-3-3436-7705

Facsimile: +81-3-3434-2215

Website: http://www.smm.co.jp/E/

Registrar of Shareholders

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Stock Transfer Agency Department:

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Method of Public Notice

Electronic notification (However, if electronic notification is not available due to unavoidable circumstances, notice will be published in the Nihon Keizai Shimbun newspaper.)

Independent Public Accountant

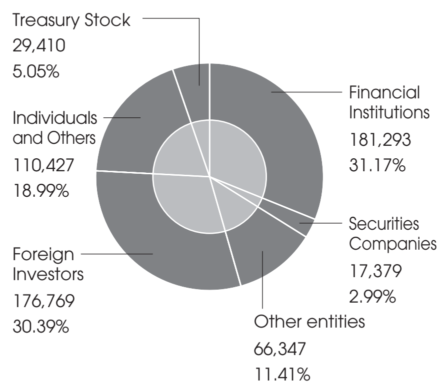
KPMG AZSA LLC

1-2, Tsukudo-cho, Shinjuku-ku, Tokyo 162-8551, Japan

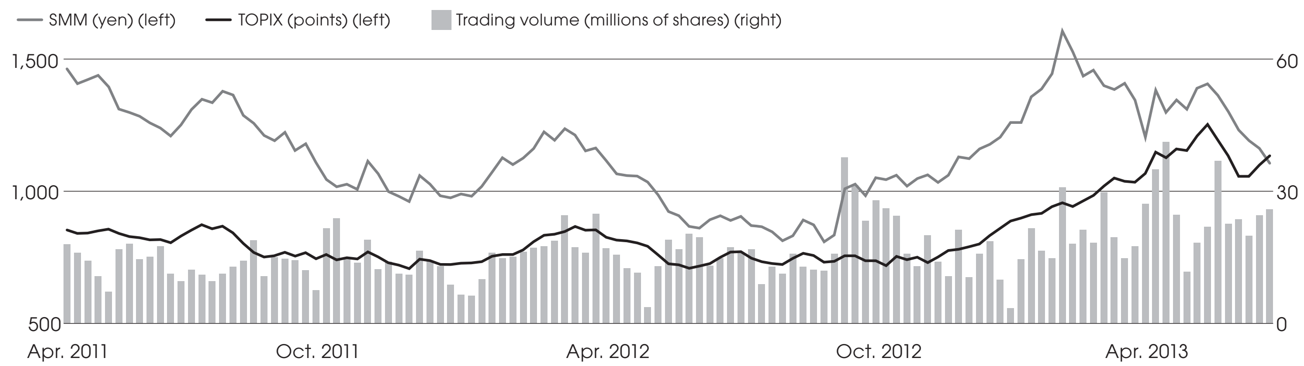
Major Shareholders	Number of shares held (thousands)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	34,435	6.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,627	5.4
SSBT OD05 OMNIBUS ACCOUNT—TREATY CLIENTS	12,767	2.3
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	9,778	1.8
Nippon Steel & Sumitomo Metal Corporation	8,715	1.6
NT RE GOVT OF SPORE INVT CORP P.LTD	8,309	1.5
Sumitomo Mitsui Banking Corporation	7,650	1.4
Sumitomo Life Insurance Company	7,474	1.4
Japan Trustee Services Bank, Ltd. (Trust Account 9)	7,410	1.3
Sumitomo Corporation	7,000	1.3
Toyota Motor Corporation	7,000	1.3

Note: Shareholding ratio is calculated excluding treasury stock.

Breakdown of Shareholders
(thousands of shares)



Stock Price and Trading Volume



Note: TOPIX began on 4 January 1968 with a base level of 100.

SUMITOMO METAL MINING CO., LTD.

11-3, Shimbashi 5-chome, Minato-ku, Tokyo 105-8716, Japan

http://www.smm.co.jp/E/

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