Consolidated Financial Results for the Year Ended March 31, 2011 [J-GAAP]

May 12, 2011

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
Code: 5713
Listings: Tokyo Stock Exchange and Osaka Securities Exchange
URL: http://www.smm.co.jp/
Representative: Nobumasa Kemori, President and Representative Director
Contact: Masashi Takahashi, General Manager, PR & IR Dept. TEL: +81-3-3436-7705
Scheduled Ordinary General Meeting of Shareholders: June 27, 2011
Scheduled Date to Start Dividend Payment: June 28, 2011
Scheduled Date to Submit Securities Report: June 27, 2011
Preparation of Supplementary Explanation Materials for Financial Results: Yes
Account Settlement Briefing: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (from April 1, 2010, to March 31, 2011)

(1) Consolidated operating results

(Millions of yen unless otherwise stated except for % figures, which show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Year ended March 31, 2011	864,077	19.0	96,038	44.9	123,701	40.9	83,962	55.6
Year ended March 31, 2010	725,827	–8.6	66,265	529.1	87,791	169.5	53,952	145.5

Note: Comprehensive income Year ended March 31, 2011: ¥60,866 million (–26.4%) Year ended March 31, 2010: ¥82,713 million (—%)

	Net income per share (Basic)	Net income per share (Diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2011	149.38	136.98	13.8	12.2	11.1
Year ended March 31, 2010	96.26	88.75	9.9	9.4	9.1

(Reference) Equity in earnings (loss) of affiliates Year ended March 31, 2011: ¥34,832 million Year ended March 31, 2010: ¥26,090 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	1,052,353	684,103	59.9	1,121.19
As of March 31, 2010	981,458	629,684	59.8	1,043.50

(Reference) Shareholders' equity Year ended March 31, 2011: ¥630,116 million Year ended March 31, 2010: ¥586,576 million

(3) Consolidated cash flows

(Millions of yen)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Year ended March 31, 2011	102,458	(75,735)	7,379	128,311
Year ended March 31, 2010	44,153	(75,443)	(19,322)	100,452

2. Dividends

	Dividend per share					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2010	—	7.00	—	13.00	20.00	11,243	20.8	2.0
Year ended March 31, 2011	—	12.00	—	20.00	32.00	17,985	21.4	3.0
Year ending March 31, 2012 (Forecast)	—	16.00	—	16.00	32.00		21.2	

3. Forecast of consolidated operating results for the year ending March 31, 2012 (from April 1, 2011, to March 31, 2012)

(Percentages indicate changes from the previous fiscal year for full year and from the corresponding period of the previous year for second quarter)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	402,000	–6.4	44,000	–2.5	59,000	24.5	40,000	12.5	71.17
Full year	809,000	–6.4	94,000	–2.1	124,000	0.2	85,000	1.2	151.24

4. Others

(1) Change in important subsidiaries during the period under review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None

(2) Change in accounting principles and procedures, presentation methods, etc., in preparing the consolidated financial statements

1) Changes in accordance with revisions to accounting standards Yes
2) Changes other than 1) above None

Note: For details, please refer to "Basis of Presenting the Consolidated Financial Statements" on page 22 and "Changes in the Basis of Presenting the Consolidated Financial Statements" on page 32.)

(3) Number of outstanding shares (Common stock)

1) Number of shares issued at fiscal year-end (including treasury stock)
581,628,031 shares at March 31, 2011 581,628,031 shares at March 31, 2010
2) Number of shares of treasury stock at fiscal year-end
19,621,490 shares at March 31, 2011 19,504,973 shares at March 31, 2010
3) Average number of shares during the fiscal year
562,067,468 shares for the year ended March 31, 2011 560,484,831 shares for the year ended March 31, 2010

Note: Refer to "Earnings per Share" for the number of shares used as the basis for calculating "Net income per share (consolidated)" on page 50.

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Financial Results (from April 1, 2010, to March 31, 2011)

(1) Non-consolidated operating results

(Millions of yen unless otherwise stated except for % figures, which show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Year ended March 31, 2011	728,260	20.9	54,910	32.1	76,712	58.9	56,697	85.5
Year ended March 31, 2010	602,200	–6.4	41,557	—	48,281	431.9	30,568	858.2

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Year ended March 31, 2011	100.87	92.95
Year ended March 31, 2010	54.54	50.89

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	757,860	458,379	60.5	815.61
As of March 31, 2010	693,370	420,830	60.7	748.64

(Reference) Shareholders' equity Year ended March 31, 2011: ¥458,379 million Year ended March 31, 2010: ¥420,830 million

Auditing procedure

At the time of disclosing this Consolidated Financial Summary, an audit of the consolidated financial statements as outlined in the Financial Instruments and Exchange Act was under way.

Explanation regarding appropriate use of operating results forecast and other special notes

The forward-looking statements, including business results forecast, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document. Actual business results may differ substantially due to a number of factors. For the prerequisites and precautions in using the business results projections, refer to "1. Business Performance" in the attached on pages 2–4.

Contents of the Attachment

1. Business Performance

(1) Analysis of Business Performance

1) Business performance in fiscal 2010 (Year ended March 31, 2011)

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2011	864,077	96,038	123,701	83,962
Year ended March 31, 2010	725,827	66,265	87,791	53,952
Increase/decrease (Rate of change: %)	138,250 (19.0)	29,773 (44.9)	35,910 (40.9)	30,010 (55.6)

During fiscal 2010, the global economy continued to follow an unstable but gradual recovery trend principally due to the positive effects of stimulus policies taken by governments despite several concerns such as the downturn of the employment situation in several countries. The Japanese economy gradually rallied, supported by favorable factors such as the recovery of exports, although it remained difficult on the whole.

Demand recovered gradually in the non-ferrous metals industry, primarily due to an economic rebound in Japan and overseas. Toward the end of the fiscal year under review, non-ferrous metals prices rose and exceeded the levels prevailing prior to the Lehman Brothers collapse in 2008 partly owing to the influx of funds in the commodities market. In foreign exchange markets, the yen appreciated against many currencies due to the uncertainty surrounding economic prospects in Europe and the United States.

In the electronics sector, demand gradually recovered principally due to the economic expansion of the emerging nations although demand fluctuated from time to time in fear of a stock buildup at some customers.

In these circumstances, the SMM Group carried out the 2009 3-Year Business Plan (hereinafter the “09 3-Yr Business Plan”) covering the three years from fiscal 2010 to fiscal 2012. Based on the basic strategy of “Promotion of New Growth Strategy Based on Long-Term Vision,” the 09 3-Yr Business Plan aims to promote strategic targets for the three core businesses of Mineral Resources, Smelting & Refining and Materials, that is, to become globally competitive and channel business resources into growth sectors via a change in the business structure.

Consolidated net sales in fiscal 2010 increased ¥138,250 million year over year to ¥864,077 million mainly due to the rise in non-ferrous metals prices despite the appreciation of the yen.

Consolidated operating income increased ¥29,773 million year over year to ¥96,038 million. This was the result of the rise in non-ferrous metals prices and recovering demand for electronics sector. Ordinary income amounted to ¥123,701 million, a year over year increase of ¥35,910 million, and net income surged ¥30,010 million to ¥83,962 million on a consolidated basis.

(b) Reported segments (Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Amounts Reported in the Consolidated Financial Statements
Net sales:							
Year ended March 31, 2011	87,988	685,045	207,158	980,191	30,428	-146,542	864,077
Year ended March 31, 2010	74,585	572,184	184,484	831,253	31,810	-137,236	725,827
Increase/decrease	13,403	112,861	22,674	148,938	-1,382	-9,306	138,250
(Change: %)	(18.0)	(19.7)	(12.3)	(17.9)	(-4.3)	—	(19.0)
Segmental income:							
Year ended March 31, 2011	70,410	49,518	5,386	125,314	2,336	-3,949	123,701
Year ended March 31, 2010	49,759	34,514	2,213	86,486	1,597	-292	87,791
Increase/decrease	20,651	15,004	3,173	38,828	739	-3,657	35,910
(Change: %)	(41.5)	(43.5)	(143.4)	(44.9)	(46.3)	—	(40.9)

a) Mineral Resources segment

The mining operations at the Hishikari mine (Kagoshima Prefecture, Japan) performed well. The output of gold and silver ores from the Hishikari mine amounted to 135,629t, and the gold content was 7,738kg.

Although operation was temporarily suspended due to forest fires in an adjacent area, total output recovered with efforts to increase production at the Pogo gold mine (United States), in which the equity interest level was increased to 85% and its operating system was shifted to SMM's sole operatorship a year earlier. The production of copper ore and electrolytic copper at the principal copper mining operations in which SMM is a management participant—namely, Morenci (United States), Candelaria (Chile) and Cerro Verde (Peru)—rose steadily.

Segmental net sales increased ¥13,403 million year over year to ¥87,988 million, whereas operating income rose ¥20,651 million to ¥70,410 million.

b) Smelting & Refining segment

The nickel sector saw a clear recovery in demand for nickel used in specialty steels and alloys for energy- and plant-related applications. In addition, demand for nickel used for stainless steel remained firm. Consequently, favorable sales of nickel for these types of applications resulted in positive growth in nickel sales compared with fiscal 2009.

Although Coral Bay Nickel Corporation, in which high-pressure acid leach (HPAL) technology is used to facilitate the efficient processing of low-grade nickel oxide ores, was obliged to reduce production because of an abnormal drought, its overall production increased from a year earlier with the two-processing-line system throughout the year. Meanwhile, plant construction is successfully under way for the Taganito Project on the island of Mindanao in the Philippines, our second HPAL project for which construction work began to enter commercial production in 2013.

Copper production and sales were flat year over year as a result of profitability-focused operations to cope with the deteriorated purchase conditions of copper ore. Along with a gradual recovery in demand for copper used in the domestic manufacturing of electric wires and rolled copper products, sales were steady to these industries in Japan. Consequently, the export ratio declined and the domestic sales ratio increased in terms of sales composition.

Sales of gold increased year over year due to the rise in gold prices in overseas markets.

Segmental net sales increased ¥112,861 million year over year to ¥685,045 million, whereas operating income rose 15,004 million to ¥49,518 million.

c) Materials segment

Although orders for lead frames recovered due to expanded demand from the emerging nations, the growth momentum declined in the second half of fiscal 2010 due to the effect of stock adjustments. Orders for chip-on-film (COF) substrates (electronic packaging materials used to make LCD panel integrated circuits) and related tape bonding materials such as copper clad polyimide film were also sluggish in the second half. Orders for bonding wire were affected by the stock adjustments, and the sales environment tended to be tougher due to the rise in gold prices. In thick-film pastes, which include nickel pastes for MLCC (multi-layer ceramic capacitor) applications, the recovery trend lost momentum in the second half. Sales volumes for battery materials remained flat, reflecting the completion of the governmental consumption stimulus policy for low-environmental-load products, such as eco-point system and government subsidies for eco-friendly car purchases, and sluggish sales of PCs equipped with high-capacity batteries.

Results for the fiscal 2010 outperformed fiscal 2009 owing to the favorable results in the first half.

Segmental net sales increased ¥22,674 million year over year to ¥207,158 million, whereas operating income increased ¥3,173 million year over year to ¥5,386 million.

2) Prospects for fiscal 2011

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Year ending March 31, 2012 (Projections)	809,000	94,000	124,000	85,000
Year ended March 31, 2011 (Actual)	864,077	96,038	123,701	83,962
Increase/decrease (Rate of change: %)	-55,077 (-6.4)	-2,038 (-2.1)	299 (0.2)	1,038 (1.2)

Although the global economy is continuing to follow a basic trend of recovery on the whole, supported by expanding domestic demand in the emerging nations, uncertain conditions that require cautious prospects for the future are also expected to continue, affected by unclear factors such as resource prices in the global markets, the trends of international financial circumstances and the uncertainty in recovery of Japanese supply chain after the Great East Japan Earthquake that occurred in March 2011.

Although the business environment surrounding the SMM Group may need to be monitored for uncertain elements, demand for products in the non-ferrous metals industry is expected to remain steady from Asian countries. However, harsh conditions in raw material procurement will continue globally against a backdrop of intensifying competition to acquire mineral resources. The electronics-related industries are expected to get back on a recovery track with expanding demand centered on the emerging nations after the completion of stock adjustments.

Given the aforementioned circumstances, the Group intends to pursue the 09 3-Yr Business Plan toward further improving its corporate value.

In fiscal 2011, net sales for Smelting & Refining segments is forecasted to decrease due to the production decline of copper and gold because of the Toyo Smelter & Refinery’s furnace operation halt for repair (Ehime Prefecture, Japan). With regard to earnings, they are forecasted to remain at approximately the same level as those of fiscal 2010 due to the high levels of non-ferrous metal prices, although a strong yen trend will remain for the time being.

As a result, net sales are expected to reach ¥809.0 billion with operating income of ¥94.0 billion, ordinary income of ¥124.0 billion and net income of ¥85.0 billion on a consolidated basis.

(b) Reported segments (Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustment of differences	Amounts Reported in the Consolidated Financial Statements
Net sales:	98,000	619,000	204,000	921,000	35,000	-147,000	809,000
Segmental income:	73,000	39,000	7,000	119,000	1,000	4,000	124,000

In Mineral Resources, increases in earnings are anticipated mainly due to the high levels of non-ferrous metal prices, although a strong yen will have some impact. In Smelting & Refining segments, decreases in earnings are expected, since there will be no positive earning effects either from the strong yen or from inventory valuation. Increases in earnings are expected in the Materials segment, because demand of emerging countries is expected to grow.

(2) Analysis of Financial Position

1) Overview for fiscal 2010

Consolidated Balance Sheets (Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase/decrease
Assets	981,458	1,052,353	70,895
Liabilities	351,774	368,250	16,476
Net assets	629,684	684,103	54,419

Consolidated Statements of Cash Flows (Millions of yen)

	From April 1, 2009, to March 31, 2010	From April 1, 2010, to March 31, 2011	Increase/decrease
Net cash provided by operating activities	44,153	102,458	58,305
Net cash used in investing activities	(75,443)	(75,735)	(292)
Net cash provided by (used in) financing activities	(19,322)	7,379	26,701
Effect of exchange rate change on cash and cash equivalents	746	(3,183)	(3,929)
Cash and cash equivalents at beginning of period	150,287	100,452	(49,835)
Increase (decrease) in cash and cash equivalents	31	(3,060)	(3,091)
Cash and cash equivalents at end of period	100,452	128,311	27,859

In assets as of March 31, 2011, cash and deposits increased from March 31, 2010, primarily due to the pickup of net cash provided by operating activities. Inventories also increased due to the increase in stock to prepare for the furnace repair works in addition to the rise in non-ferrous metals prices. Purchase of investment securities and proactive capital investments increased noncurrent assets, compared with a year earlier. In liabilities, long-term loans payable to allocate for active capital investment demand increased. In liabilities, long-term loans payable to prepare for active capital investment demand increased.

Net cash provided by operating activities for the year ended March 31, 2011, increased ¥58,305 million from the previous fiscal year to ¥102,458 million primarily due to a considerable increase in income before income taxes despite an increase in inventories. Net cash used in investing activities amounted to ¥75,735 million, resulting from aggressive capital investments such as the Taganito Project and the purchase of investment securities. Net cash provided by financing activities amounted to ¥7,379 million, mainly due to borrowing of long-term loans payable.

As a result, the balance of cash and cash equivalents amounted to ¥128,311 million at March 31, 2011, an increase of ¥27,859 compared with at the previous fiscal year-end.

Cash flow indicators:

Year ended	Mar. 31, 2007	Mar. 31, 2008	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2011
Equity ratio (%)	53.4	54.0	57.3	59.8	59.9
Equity ratio based on market capitalization (%)	141.2	98.4	59.0	79.7	76.4
Cash flows/Interest-bearing debt ratio (year)	2.0	1.6	1.7	4.6	2.1
Interest coverage ratio (times)	18.9	24.9	28.3	14.5	40.4

Notes:

1. Equity ratio: Shareholders' equity/Total assets
   Equity ratio based on market capitalization: Market capitalization/Total assets
   Cash flows/Interest-bearing debt ratio: Interest-bearing debt/Cash flows
   Interest coverage ratio: Cash flows/Interest payment
2. All of the above indicators are calculated for their respective values on a consolidated basis.
3. Market capitalization is calculated based on the number of shares issued at the end of the year after deducting shares of treasury stock.
4. Cash flows employs "Net cash provided by operating activities" in the Consolidated Statements of Cash Flows.
5. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in

the Consolidated Balance Sheets. Interest payment corresponds to the amount of "Interest expenses paid" in the Consolidated Statements of Cash Flows.

2) Forecasts for the next fiscal year

Net cash provided by operating activities is expected to be maintained, based on a forecast for income before income taxes for the year ending March 31, 2012. Net cash used in investing activities at a high level is expected to be recorded for the next fiscal year principally due to the large-scale investment plan for the nickel business based on the New Plan. For net cash provided by (used in) financing activities, a redemption of bonds is scheduled.

(3) Basic Policy concerning the Distribution of Earnings and Current and Future Period Dividends

The Company works to determine the balance between dividends from surplus and the internal reserve while comprehensively taking into consideration such factors as future business development, ensuring financial strength, operating performance for the year and the payout ratio. As a financial strategy in the New Plan, we expect to continue to maintain financial strength so that we can maintain a consolidated equity ratio above 50% and our dividend policy, which targets a consolidated payout ratio of at least 20%, with due consideration to operating performance.

Based on this policy, the Company plans to distribute a year-end dividend of ¥20 per share for the fiscal year under review. As a result, the annual dividend per share is expected to be ¥32, an increase of ¥12 per share from the previous fiscal year.

In view of these performance projections, the Company plans to distribute an annual dividend of ¥32 per share according to the aforementioned policy concerning the distribution of earnings.

(4) Business and Other Risks

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 of the Group based on the best information available at the end of the fiscal year ended March 31, 2011.

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

(a) Price slump of non-ferrous metals

The prices of copper, nickel, gold and other non-ferrous metals are influenced by a number of factors, including international supply and demand, political and economic circumstances, speculative trading and competition from alternative materials. A considerable slump in non-ferrous metals prices could have a significant negative impact on the Group's business performance and financial position.

(b) Foreign exchange rates (Appreciation of the yen)

The refining margins earned by the Company from its refining business are effectively denominated in U.S. dollars. In addition, returns on investments in overseas mining developments, income earned from investments in the semiconductor materials and advanced materials businesses and revenues from exports of products in each of the aforementioned businesses are also denominated in foreign currencies. 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. In each case of such long-term ore-purchasing contracts, there are instances in which required volumes cannot be purchased at an appropriate price due to a variety of market factors. Supplies of ore can also be affected due to unpredictable disruptive events beyond the control of the Company such as natural disasters, 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 invest in high-grade overseas mines to secure reliable (in-house) supplies of ore.

3) Uncertainty inherent in mining investments

As described above, the raw materials procurement policy of the SMM Group is to develop in-house mining resources to boost the proprietary ore ratio. With respect to mining development, amounts of extractable ore and extraction costs may differ from those estimated based on the results of exploratory surveys. In addition, the development costs of a mining project can rise as the result of a variety of situations 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 the mining and non-ferrous metal smelting and refining operations, are subject to a broad range of laws and regulations in areas such as occupational safety and health, environmental protection, pollution prevention, industrial waste disposal and management of potentially toxic substances. Ongoing regulatory compliance costs are substantial and subject to considerable 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 targeted by the Semiconductor Materials Div. and the Advanced Materials Div., increasingly longer periods for the development of new products and the investment of increasingly large amounts of management resources are required to address rapid changes in market requirements. 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 untimely launch of competitor products, among other factors. Customer demand for products could also decline in the future. All these various factors could have 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. Although the Group strives to observe such laws, it remains exposed to risks such as failure to acquire certain rights or damage done to the results of the Group's R&D activities due to illegal actions by third parties.

To mitigate such risks, the Group strives to minimize related problems by structuring R&D activities to realize commercial opportunities as quickly as possible. The Group has also created dedicated in-house teams to manage issues related to intellectual property rights to ensure that such rights are acquired and protected properly.

6) Overseas investments

In the conduct of its business overseas, the Group is subject to a wide range of political and economic risks that vary by country. 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, the levying of higher taxes on such operations or increased environmental demands from various quarters.

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

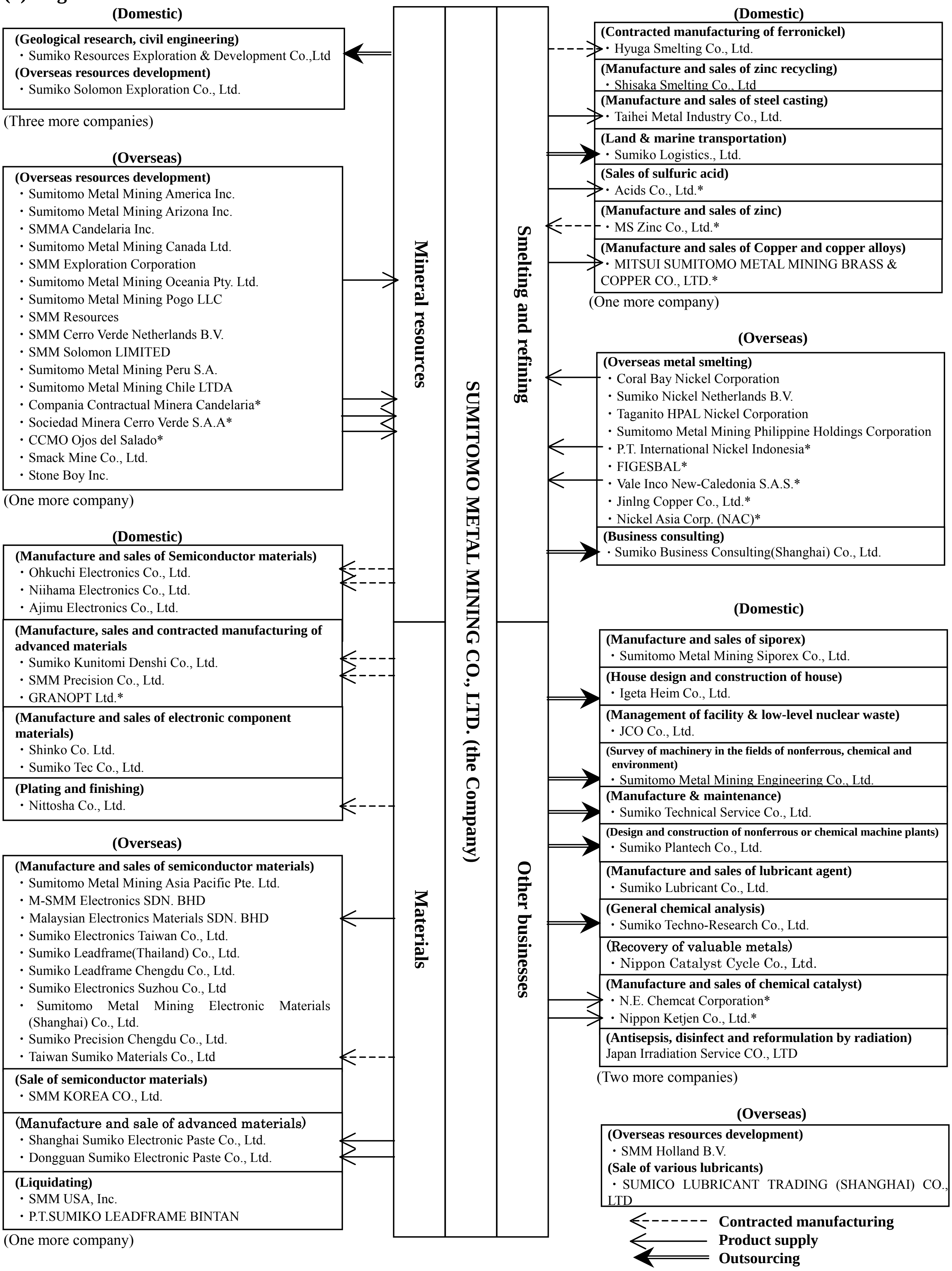
7) Disaster-related risks

The SMM Group locates manufacturing operations based on considerations such as customer relationships, raw material procurement, the links to other Group operations and the 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 factors such 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.

2. Corporate Group

(1) Organization Chart



Consolidated subsidiaries have no mark (60)
Equity-method affiliates are marked with*(14)

3. Management Guidelines

(1) Basic Management Guidelines of the SMM Group

The SMM Group has formulated the basic management guidelines below.

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.

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. SMM shall respect human rights and safeguard diversity in the workplace.
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.

(2) Targeted Management Indicators

In its New 3-Year Business Plan, the SMM Group has determined to maintain an equity ratio above 50% and a consolidated payout ratio of at least 20% as financial indicators to prove its sound financial strength.

(3) Medium-and Long-Term Management Strategies and Our Tasks Ahead

Our core strategy stated in the New 3-Year Business Plan is "Promotion of New Growth Strategy Based on Long-Term Vision."

We intend to channel our business resources into growth sectors where we can continue to build international competitiveness in the three core businesses—"mineral resources," "smelting & refining" and "materials." Although there are several concerns, especially in the copper smelting business such as deteriorating purchase terms for metal ores and rising energy costs amid intensifying competition to acquire mineral resources, we plan to reinforce our basic operating platform based on a range of comprehensive measures to boost efficiency and reduce costs. This will enable SMM to target increased earnings growth. On the other hand, we will exit business sectors where we cannot pursue a growth strategy through divestments.

1) Mineral resources

In the mineral resources segment, we are focusing our efforts on the supply of raw materials for our smelting & refining operations and plan to expand earnings as a mining business. Non-ferrous metals prices have reached high levels due to the growth in demand from industrializing economies. In addition, the degree of control exerted by major resources players over global mining has strengthened. To respond to these shifts in business conditions, we intend to promote exploration activities, enter new resource development projects, support expansion of existing mines and move to acquire majority interests in certain projects while seeking to gain control of first-class resource assets, obtain operatorships and invest in human resources and technical development.

In copper, our long-term vision is to expand our total production interest to 300 ktpa of copper equivalents. Hence, we will attempt to establish copper mines in which we own a majority interest and to look at participating in copper resource development projects. In nickel, in addition to our current goal of establishing a 100-ktpa setup for nickel, we have set a new goal of expanding supply to 150 ktpa. To reach this goal, as for the nickel deposits in the Solomon Islands, we intend to undertake an aggressive exploration program, including the expansion of the mining area, while receiving support from Japan Oil Gas and Metals National Corporation (JOGMEC). We also plan to establish mines in which we own a majority interest and to look at participating in gold resource development projects with the aim of boosting our interest in gold production to 30 tpa over time.

2) Smelting & refining
We intend to expand and reinforce our nickel refining business to solidify the top-ranked position. We are active in constructing SMM's second overseas refining facility located in the northeastern part of the island of Mindanao in the Philippines (Taganito Project), a large-scale project to process low-grade nickel ore using high-pressure acid leach (HPAL), to enter commercial production in 2013. Meanwhile, we have already started reinforcement work at our nickel refining facility in Ehime Prefecture (to increase the electrolytic nickel production capacity from the current 41 ktpa to 65 ktpa). As a medium- and long-term strategy, over the course of the New Plan, we expect to increase our overall nickel refining capacity to 100 ktpa, then150 ktpa, in the years ahead by concentrating management resources on the nickel business.

Although domestic demand has shown a rallying trend, the business conditions for copper smelting in the Japanese market are expected to remain difficult with such negative factors as the highly pegged energy costs and the slump in the smelting margin. We will endeavor to improve profitability by focusing efforts on increasing cost competitiveness with measures such as a complete repair of furnaces at the Toyo Smelter & Refinery (in Ehime Prefecture).

3) Materials
Under the New Plan, we have designated our semiconductor and advanced materials operations as our core materials businesses. Above all, we intend to strengthen the foundations for the semiconductor and thick-film businesses, and we see the field of battery materials and sapphire substrates as a growth area mainly because of the expanding range of energy and environmental (E&E) applications.

In COF substrates, we will continue to increase shares in the Chinese and Taiwanese markets. In copper-clad polyimide film (CCPF), we are working to maintain a high market share and bolster our earnings structure based on quality improvements and higher productivity. In nickel pastes for multi-layer ceramic capacitor (MLCC) applications, we plan to leverage our existing Ni supply chain to expand sales by developing fresh demand in China. With regard to bonding wires, we plan to ensure earnings with more efforts for improved quality and cost competitiveness. As for lead frames, we are endeavoring o strengthen the earnings foundations by entering new application markets and addressing tasks to achieve the target costs.

Battery materials is one area where we see demand growing in the future, especially for anode materials used in battery packs for electric vehicles or various secondary batteries for consumer applications. In line with the market's growth potential, we are endeavoring to expand and strengthen these businesses to make them pillars for higher earnings. Another field where demand is expected to grow is that of sapphire substrates for use in white LEDs. By exploiting our integrated production capabilities in crystal growth and fabrication, we aim to capture the leading share of the market for large substrates of this type.

4) New product development
In R&D, as is conventionally done, we will continue to follow the policy of priority-based resource allocation and our priority development targets are E&E-related materials in accordance with the New Plan. We will also focus on so-called inter-core research to link different core businesses and take initiatives with an eye to becoming a major player in the global Ni market.

(4) Other Important Management Related Matters
JCO Co., Ltd., has been continuously devoted to the maintenance and management of its facilities, as well as the storage and control of low-level radioactive waste. The Company continues to fully support JCO so that it can take appropriate measures to address these challenging tasks.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
Assets		
Current assets		
Cash and deposits	57,486	92,024
Notes and accounts receivable—trade	101,003	104,324
Short-term investment securities	43,000	36,500
Merchandise and finished goods	60,496	80,271
Work in process	51,912	50,526
Raw materials and supplies	37,167	39,449
Deferred tax assets	2,889	2,658
Other	68,430	67,048
Allowance for doubtful accounts	(262)	(242)
Total current assets	422,121	472,558
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	83,063	81,053
Machinery, equipment and vehicles, net	127,906	107,762
Tools, furniture and fixtures, net	5,394	4,823
Land	26,581	26,509
Construction in progress	15,060	44,942
Total property, plant and equipment	*1,3 258,004	*1,3 265,089
Intangible assets		
Mining right	11,248	8,824
Software	1,511	1,296
Other	2,349	2,160
Total intangible assets	*3 15,108	*3 12,280
Investments and other assets		
Investment securities	*2 268,951	*2 282,317
Deferred tax assets	1,380	2,528
Other	*2 16,203	*2 17,809
Allowance for doubtful accounts	(245)	(222)
Allowance for investment loss	(64)	(6)
Total investments and other assets	286,225	302,426
Total noncurrent assets	559,337	579,795
Total assets	981,458	1,052,353

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	44,863	42,593
Short-term loans payable	*3 68,628	*3 65,841
Current portion of bonds	-	10,000
Income taxes payable	13,919	15,520
Deferred tax liabilities	119	765
Provision for bonuses	2,936	3,254
Provision for directors' bonuses	65	70
Provision for furnace repair works	854	970
Provision for loss on business restructuring	106	189
Provision for loss on liquidation of subsidiaries and affiliates	5	5
Provision for environmental measures	506	106
Provision for loss on disaster	-	387
Other provision	115	121
Other	60,746	65,665
Total current liabilities	192,862	205,486
Noncurrent liabilities		
Bonds payable	10,000	-
Long-term loans payable	*3 122,311	*3 135,128
Deferred tax liabilities	7,334	4,200
Provision for retirement benefits	7,852	7,158
Provision for directors' retirement benefits	198	58
Provision for loss on business restructuring	1,781	1,032
Accrued indemnification loss on damages	2	0
Provision for environmental measures	164	26
Other provision	3,202	204
Asset retirement obligations	-	4,268
Other	6,068	10,690
Total noncurrent liabilities	158,912	162,764
Total liabilities	351,774	368,250
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,062	86,063
Retained earnings	454,896	524,978
Treasury stock	(21,633)	(21,788)
Total shareholders' equity	612,567	682,495
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16,043	17,738
Deferred gains or losses on hedges	(2,439)	(4,636)
Foreign currency translation adjustment	(39,595)	(65,481)
Total valuation and translation adjustments	(25,991)	(52,379)
Minority interests	43,108	53,987
Total net assets	629,684	684,103
Total liabilities and net assets	981,458	1,052,353

(2) Consolidated Statements of Income and Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Net sales	725,827	864,077
Cost of sales	*1 619,871	*1 725,267
Gross profit	105,956	138,810
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	8,929	8,575
Salaries and allowances	9,080	9,700
Provision for bonuses	325	419
Retirement benefit expenses	1,263	966
Provision for directors' retirement benefits	8	11
Research and development expenses	*2 4,746	*2 5,271
Other	15,340	17,830
Total selling, general and administrative expenses	39,691	42,772
Operating income	66,265	96,038
Non-operating income		
Interest income	817	738
Dividends income	1,517	2,003
Equity in earnings of affiliates	26,090	34,832
Other	2,527	1,312
Total non-operating income	30,951	38,885
Non-operating expenses		
Interest expenses	2,988	2,484
Suspended business management expense	476	519
Provision of allowance for doubtful accounts	16	3
Provision of allowance for investment loss	58	-
Loss on valuation of derivatives	1,286	862
Foreign exchange losses	2,004	4,863
Loss on valuation of borrowed gold bullion	1,384	1,049
Other	1,213	1,442
Total non-operating expenses	9,425	11,222
Ordinary income	87,791	123,701
Extraordinary income		
Gain on sales of noncurrent assets	*3 266	*3 224
Gain on sales of investment securities	-	96
Gain on sales of subsidiaries and affiliates' stocks	36	-
Reversal of allowance for doubtful accounts	3	22
Reversal of provision for loss on business restructuring	17	134
Reversal of accrued indemnification loss on damages	-	1
Gain on change in equity	-	2,452
Total extraordinary income	322	2,929

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Extraordinary loss		
Loss on sales of noncurrent assets	*4 72	*4 74
Loss on retirement of noncurrent assets	*5 751	*5 528
Impairment loss	*6 2,087	*6 63
Loss on sales of investment securities	2	96
Loss on valuation of investment securities	-	1,500
Loss on business restructuring	*7 519	*7 151
Provision for loss on business restructuring	*8 1,801	*8 44
Provision for environmental measures	*9 38	-
Loss on disaster	67	456
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	324
Total extraordinary losses	5,337	3,236
Income before income taxes	82,776	123,394
Income taxes—current	16,754	29,630
Refund of income taxes	(47)	-
Penalty collection of income taxes	333	41
Income taxes—deferred	6,127	987
Total income taxes	23,167	30,658
Income before minority interests	-	92,736
Minority interests in income	5,657	8,774
Net income	53,952	83,962

Statements of Comprehensive Income

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Income before minority interests	-	92,736
Other comprehensive income		
Valuation difference on available-for-sale securities	-	1,676
Deferred gains or losses on hedges	-	(2,244)
Foreign currency translation adjustment	-	(10,884)
Share of other comprehensive income of associates accounted for using equity method	-	(20,418)
Total other comprehensive income	-	*2 (31,870)
Comprehensive income	-	*1 60,866
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	-	57,574
Comprehensive income attributable to minority interests	-	3,292

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	93,242	93,242
Balance at the end of current period	93,242	93,242
Capital surplus		
Balance at the end of previous period	86,091	86,062
Changes of items during the period		
Disposal of treasury stock	(29)	1
Total changes of items during the period	(29)	1
Balance at the end of current period	86,062	86,063
Retained earnings		
Balance at the end of previous period	405,946	454,896
Effect of changes in accounting policies applied to associates accounted for using equity method	-	106
Changes of items during the period		
Dividends from surplus	(3,935)	(14,053)
Net income	53,952	83,962
Disposal of treasury stock	(1,049)	-
Change of scope of consolidation	(18)	67
Total changes of items during the period	48,950	69,976
Balance at the end of current period	454,896	524,978
Treasury stock		
Balance at the end of previous period	(32,678)	(21,633)
Changes of items during the period		
Purchase of treasury stock	(175)	(160)
Disposal of treasury stock	11,220	5
Total changes of items during the period	11,045	(155)
Balance at the end of current period	(21,633)	(21,788)
Total shareholders' equity		
Balance at the end of previous period	552,601	612,567
Effect of changes in accounting policies applied to associates accounted for using equity method	-	106
Changes of items during the period		
Dividends from surplus	(3,935)	(14,053)
Net income	53,952	83,962
Purchase of treasury stock	(175)	(160)
Disposal of treasury stock	10,142	6
Change of scope of consolidation	(18)	67
Total changes of items during the period	59,966	69,822
Balance at the end of current period	612,567	682,495

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(752)	16,043
Changes of items during the period		
Net changes of items other than shareholders' equity	16,795	1,695
Total changes of items during the period	16,795	1,695
Balance at the end of current period	16,043	17,738
Deferred gains or losses on hedges		
Balance at the end of previous period	(2,432)	(2,439)
Changes of items during the period		
Net changes of items other than shareholders' equity	(7)	(2,197)
Total changes of items during the period	(7)	(2,197)
Balance at the end of current period	(2,439)	(4,636)
Foreign currency translation adjustment		
Balance at the end of previous period	(44,821)	(39,595)
Changes of items during the period		
Net changes of items other than shareholders' equity	5,226	(25,886)
Total changes of items during the period	5,226	(25,886)
Balance at the end of current period	(39,595)	(65,481)
Total valuation and translation adjustments		
Balance at the end of previous period	(48,005)	(25,991)
Changes of items during the period		
Net changes of items other than shareholders' equity	22,014	(26,388)
Total changes of items during the period	22,014	(26,388)
Balance at the end of current period	(25,991)	(52,379)
Minority interests		
Balance at the end of previous period	42,655	43,108
Changes of items during the period		
Net changes of items other than shareholders' equity	453	10,879
Total changes of items during the period	453	10,879
Balance at the end of current period	43,108	53,987
Total net assets		
Balance at the end of previous period	547,251	629,684
Effect of changes in accounting policies applied to associates accounted for using equity method	-	106
Changes of items during the period		
Dividends from surplus	(3,935)	(14,053)
Net income	53,952	83,962
Purchase of treasury stock	(175)	(160)
Disposal of treasury stock	10,142	6
Change of scope of consolidation	(18)	67
Net changes of items other than shareholders' equity	22,467	(15,509)
Total changes of items during the period	82,433	54,313
Balance at the end of current period	629,684	684,103

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	82,776	123,394
Depreciation and amortization	34,746	34,625
Impairment loss	2,087	63
Loss (gain) on sales of noncurrent assets	(194)	(150)
Loss on retirement of noncurrent assets	751	528
Loss (gain) on sales of investment securities	2	(0)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(36)	-
Loss (gain) on valuation of investment securities	-	1,500
Loss (gain) on valuation of derivatives	1,286	862
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	324
Increase (decrease) in allowance for doubtful accounts	9	(43)
Increase (decrease) in allowance for investment loss	48	(58)
Increase (decrease) in provision for bonuses	(1,086)	318
Increase (decrease) in provision for directors' bonuses	35	5
Increase (decrease) in provision for furnace repair works	(336)	116
Increase (decrease) in provision for retirement benefits	104	(284)
Increase (decrease) in provision for directors' retirement benefits	3	(140)
Increase (decrease) in provision for loss on business restructuring	1,468	(666)
Increase (decrease) in accrued indemnification loss on damages	-	(2)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(1)	-
Increase (decrease) in provision for environmental measures	27	(538)
Increase (decrease) in provision for loss on disaster	-	387
Increase (decrease) in other provision	860	(2,992)
Interest and dividends income	(2,334)	(2,741)
Interest expenses	2,988	2,484
Foreign exchange losses (gains)	975	2,038
Equity in (earnings) losses of affiliates	(26,090)	(34,832)
Suspended business management expense	476	519
Loss (gain) on change in equity	-	(2,452)
Loss on business restructuring	519	151
Loss on disaster	67	456
Decrease (increase) in notes and accounts receivable—trade	(54,706)	(8,967)
Decrease (increase) in inventories	(43,113)	(25,892)
Increase (decrease) in notes and accounts payable—trade	6,899	2,336
Increase (decrease) in accrued consumption taxes	(2,049)	2,221
Other, net	8,658	3,827
Subtotal	14,839	96,397
Interest and dividends income received	21,569	36,724
Interest expenses paid	(3,038)	(2,538)
Suspended business management expense paid	(476)	(519)
Disaster recovery expense paid	(67)	(66)
Income taxes paid	(3,573)	(27,540)
Income taxes refund	14,899	-
Net cash provided by operating activities	44,153	102,458

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(40,416)	(53,966)
Proceeds from sales of property, plant and equipment	1,182	550
Purchase of intangible assets	(12,071)	(614)
Proceeds from sales of intangible assets	27	2
Purchase of investment securities	(5,886)	(11,480)
Proceeds from sales of investment securities	27	215
Purchase of stocks of subsidiaries and affiliates	(18,285)	(9,361)
Proceeds from sales of stocks of subsidiaries and affiliates	308	-
Payments into time deposits	(10)	(206)
Proceeds from withdrawal of time deposits	187	46
Payments of short-term loans receivable	(5,119)	(26)
Collection of short-term loans receivable	4,952	2,105
Payments of long-term loans receivable	(357)	(2,861)
Collection of long-term loans receivable	112	101
Other, net	(94)	(240)
Net cash used in investing activities	(75,443)	(75,735)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	4,100	(3,773)
Proceeds from long-term loans payable	3,916	23,140
Repayment of long-term loans payable	(16,836)	(5,422)
Redemption of bonds	(105)	-
Proceeds from stock issuance to minority shareholders	120	14,196
Decrease (increase) in treasury stock	(163)	(154)
Cash dividends paid	(3,935)	(14,053)
Cash dividends paid to minority shareholders	(6,419)	(6,555)
Net cash provided by (used in) financing activities	(19,322)	7,379
Effect of exchange rate change on cash and cash equivalents	746	(3,183)
Net increase (decrease) in cash and cash equivalents	(49,866)	30,919
Cash and cash equivalents at beginning of period	150,287	100,452
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	31	(3,060)
Cash and cash equivalents at end of period	*1 100,452	*1 128,311

(5) Note Relating to the "Going Concern" Assumption

There are no pertinent items.

(6) Basis of Presenting the Consolidated Financial Statements

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
1. Scope of Consolidation (1) Number of consolidated subsidiaries: 54 As significant consolidated subsidiaries are stated in "(1) Organization Chart" of "2. Corporate Group," their names are omitted. Of the consolidated subsidiaries, Sumiko Solomon Exploration Co., Ltd., Sumiko Kunitomi Denshi Co., Ltd., and Sumiko Lubricants and Trading (Shanghai) Co., Ltd have been included in the scope of consolidation, due to new incorporation effective from the fiscal year ended March 31, 2010. Taganito HPAL Nickel Corporation has been included in the scope of consolidation due to its increased importance effective from the fiscal year under review.	1. Scope of Consolidation (1) Number of consolidated subsidiaries: 60 As significant consolidated subsidiaries are stated in "(1) Organization Chart" of "2. Corporate Group," their names are omitted. Of the consolidated subsidiaries, Smack Mine Co., Ltd., Stone Boy Inc., SMM KOREA Co., Ltd. Taiwan Sumiko Materials Co., Ltd., SMM Precision Co., Ltd., and Japan Irradiation Service CO., LTD., which were unconsolidated subsidiaries for account closing purposes, have been included in the scope of consolidation effective from the fiscal year ended March 31, 2011, based on the reviewed scope of consolidation to ensure agreement of the consolidated subsidiaries between the administrative closing and the financial closing of accounts by implementing a new management approach to apply the "Accounting Standard for Disclosure of Segments of an Enterprise and Related Information." Sumitomo Metal Mining Philippine Holdings Corporation and Shisaka Smelting Co., Ltd. have been included in the scope of consolidation due to new incorporation effective from the fiscal year under review. Sumiko Leadframe Singapore Pte. Ltd. was excluded from the category of consolidated subsidiaries due to the completion of its liquidation procedure. As of July 1, 2010, an absorption-type company split was conducted between Sumitomo Metal Mining Brass & Copper Co., Ltd., the Company's subsidiary, as the successor company and MITSUI MINING & SMELTING CO., LTD., as the absorbed company through the succession of the latter's rolling business by the former. The combined company has been renamed MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD. MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD. (formerly Sumitomo Metal Mining Brass & Copper Co., Ltd.), has been excluded from the scope of consolidation effective from the fiscal year ended March 31, 2011 because it became a jointly controlled enterprise through this business combination.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(2) Names of principal unconsolidated subsidiaries: Japan Irradiation Service CO., LTD. (Reason for exclusion from consolidation) The unconsolidated subsidiaries are small in corporate size, and the impact of their respective total assets, net sales, net income (loss) (corresponding to the equity held by Sumitomo Metal Mining Co., Ltd.) and retained earnings (corresponding to the equity held by Sumitomo Metal Mining Co., Ltd.) on the consolidated total assets, consolidated net sales, consolidated net income and consolidated retained earnings is insignificant. For these reasons, the unconsolidated subsidiaries are excluded from the scope of consolidation.	(2) Names of principal unconsolidated subsidiaries: Mie Siporex Service Co., Ltd. (Reason for exclusion from consolidation) The unconsolidated subsidiaries are small in corporate size, and the impact of their respective total assets, net sales, net income (loss) (corresponding to the equity held by Sumitomo Metal Mining Co., Ltd.) and retained earnings (corresponding to the equity held by Sumitomo Metal Mining Co., Ltd.) on the consolidated total assets, consolidated net sales, consolidated net income and consolidated retained earnings is insignificant. For these reasons, the unconsolidated subsidiaries are excluded from the scope of consolidation.
2. Application of the Equity Method	2. Application of the Equity Method
(1) Number of equity-method affiliates: 13 Compania Contractual Minera Candelaria, Sociedad Minera Cerro Verde S.A.A., CCMO Ojos del Salado, Acids Co., Ltd., MS Zinc Co., Ltd., P.T. International Nickel Indonesia, FIGESBAL, Vale Inco New-Caledonia S.A.S., Jinlong Copper Co., Ltd., Nickel Asia Corp. (NAC), GRANOPT Ltd., N.E. Chemcat Corporation and Nippon Ketjen Co., Ltd. Effective from the fiscal year ended March 31, 2010, Nickel Asia Corp. has been included in this category of equity-method affiliates due to the Company's investment in the capital thereof.	(1) Number of equity-method affiliates: 14 Compania Contractual Minera Candelaria, Sociedad Minera Cerro Verde S.A.A., CCMO Ojos del Salado, Acids Co., Ltd., MS Zinc Co., Ltd., P.T. International Nickel Indonesia, FIGESBAL, Vale Inco New-Caledonia S.A.S., Jinlong Copper Co., Ltd., Nickel Asia Corp. (NAC), GRANOPT Ltd., N.E. Chemcat Corporation, Nippon Ketjen Co., Ltd., and MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD. As of July 1, 2010, an absorption-type company split was conducted between Sumitomo Metal Mining Brass & Copper Co., Ltd., the Company's subsidiary, as the successor company and MITSUI MINING & SMELTING CO., LTD. as the absorbed company through the succession of the latter's rolling business by the former. The combined company has been renamed MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD. MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD., has been included in this category of equity-method affiliates effective from the fiscal year ended March 31, 2011, because it became a jointly controlled enterprise through this business combination.
(2) Names of principal, nonconsolidated subsidiaries and affiliates not accounted for by the equity method Japan Irradiation Service CO., LTD., and Hishikari Spa Heat Corporation (Reason for not applying the equity method) The unconsolidated subsidiaries and affiliates, which are not accounted for by the equity method, are excluded from the application of the equity method because their respective income (loss) and retained earnings have no significant impact on the consolidated income (loss) and retained earnings in the consolidated financial statements, and they are immaterial on the whole.	(2) Names of principal, nonconsolidated subsidiaries and affiliates not accounted for by the equity method Mie Siporex Service Co., Ltd., and Hishikari Spa Heat Corporation (Reason for not applying the equity method) The unconsolidated subsidiaries and affiliates, which are not accounted for by the equity method, are excluded from the application of the equity method because their respective income (loss) and retained earnings have no significant impact on the consolidated income (loss) and retained earnings in the consolidated financial statements, and they are immaterial on the whole.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(3) Matters deemed necessary to especially mention regarding the procedure of applying the equity method Of the companies accounted for by the equity method, the financial statements for the respective fiscal years are used for those that have a closing date that differs from the consolidated closing date (March 31) for the fiscal year under review.	(3) Matters deemed necessary to especially mention regarding the procedure of applying the equity method Of the companies accounted for by the equity method, the financial statements for the respective fiscal years are used for those that have a closing date that differs from the consolidated closing date (March 31) for the fiscal year under review. (Change in accounting policy) Effective from the fiscal year ended March 31, 2011, the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, for the part released on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24; issued on March 10, 2008) have been applied, and necessary adjustments were made for consolidated accounting purposes. As a result·of this change, operating income, ordinary income and income before income taxes were reduced by ¥161 million, respectively.
3. Fiscal Year, etc., of Consolidated Subsidiaries	3. Fiscal Year, etc., of Consolidated Subsidiaries
The closing date is December 31 for the 24 consolidated subsidiaries below: Sumitomo Metal Mining America Inc., Sumitomo Metal Mining Arizona Inc., SMMA Candelaria Inc., Sumitomo Metal Mining Canada Ltd., SMM Exploration Corporation, Sumitomo Metal Mining Oceania Pty. Ltd., Sumitomo Metal Mining Pogo LLC (formerly SMM Pogo LLC), SMM Resources, SMM Cerro Verde Netherlands B.V., SMM Solomon LIMITED, Sumitomo Metal Mining Peru S.A., Sumitomo Metal Mining Chile LTDA, Coral Bay Nickel Corporation, SUMIC Nickel Netherlands B.V., Sumiko Business Consulting (Shanghai) Co., Ltd., Taganito HPAL Nickel Corporation, Sumiko Leadframe Chengdu Co., Ltd., Sumiko Electronics Suzhou Co., Ltd., Sumitomo Metal Mining Electronics Materials (Shanghai) Co., Ltd., Sumiko Precision Chengdu Co., Ltd., Shanghai Sumiko Electronic Paste Co., Ltd., Dongguan Sumiko Electronic Paste Co., Ltd., SMM Holland B.V. and SUMICO LUBRICANT TRADING (SHANGHAI) CO., LTD. As the difference in the closing date for the consolidated subsidiaries above and the consolidated closing date is only three months, consolidation was determined based on the financial statements for the relevant companies pertaining to their respective fiscal years. In preparing the consolidated financial statements, however, the financial statements of these consolidated subsidiaries are provided with necessary adjustments for consolidation purposes with regard to material transactions between their closing date (December 31) and the consolidated closing date (March 31).	The closing date is December 31 for the 27 consolidated subsidiaries below: Sumitomo Metal Mining America Inc., Sumitomo Metal Mining Arizona Inc., SMMA Candelaria Inc., Sumitomo Metal Mining Canada Ltd., SMM Exploration Corporation, Sumitomo Metal Mining Oceania Pty. Ltd., Sumitomo Metal Mining Pogo LLC (formerly SMM Pogo LLC), SMM Resources, SMM Cerro Verde Netherlands B.V., SMM Solomon LIMITED, Sumitomo Metal Mining Peru S.A., Sumitomo Metal Mining Chile LTDA, Smack Mine Co., Ltd., Stone Boy Inc., Coral Bay Nickel Corporation, SUMIC Nickel Netherlands B.V., Sumiko Business Consulting (Shanghai) Co., Ltd., Taganito HPAL Nickel Corporation, Sumiko Leadframe Chengdu Co., Ltd., Sumiko Electronics Suzhou Co., Ltd., Sumitomo Metal Mining Electronics Materials (Shanghai) Co., Ltd., Sumiko Precision Chengdu Co., Ltd., SMM KOREA Co., Ltd., Shanghai Sumiko Electronic Paste Co., Ltd., Dongguan Sumiko Electronic Paste Co., Ltd., SMM Holland B.V. and SUMICO LUBRICANT TRADING (SHANGHAI) CO., LTD. As the difference in the closing date for the consolidated subsidiaries above and the consolidated closing date is only three months, consolidation was determined based on the financial statements for the relevant companies pertaining to their respective fiscal years. In preparing the consolidated financial statements, however, the financial statements of these consolidated subsidiaries are provided with necessary adjustments for consolidation purposes with regard to material transactions between their closing date (December 31) and the consolidated closing date (March 31).

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
4. Summary of Significant Accounting Policies	4. Summary of Significant Accounting Policies
(1) Valuation basis and method for important assets	(1) Valuation basis and method for important assets
(i) Marketable securities and investment securities	(i) Marketable securities and investment securities
Available-for-sale securities: 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, presented as a separate component of net assets.	Available-for-sale securities: 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, presented as a separate component of net assets.
Other available-for-sale securities with no available fair values (non-marketable securities) are stated at cost determined by the moving-average method.	Other available-for-sale securities with no available fair values (non-marketable securities) are stated at cost determined by the moving-average method.
(ii) Derivatives: Derivative instruments are stated at fair value.	(ii) Derivatives: Derivative instruments are stated at fair value.
(iii) Inventories Metal-lined inventories: Mainly stated at cost determined by the first-in first-out (FIFO) method. (For figures shown on the balance sheet, values are written down to their book values based on their decreased profitability.)	(iii) Inventories Smelting and refining-lined inventories: Mainly stated at cost determined by the first-in first-out (FIFO) method. (For figures shown on the balance sheet, values are written down to their book values based on their decreased profitability.)
Electronic material-lined inventories: Mainly stated at cost determined by the FIFO method. (For figures shown on the balance sheet, values are written down to their book values based on their decreased profitability.)	Material-lined inventories: Mainly stated at cost determined by the FIFO method. (For figures shown on the balance sheet, values are written down to their book values based on their decreased profitability.)
Other inventories: Mainly stated at cost determined by the FIFO method. (For figures shown on the balance sheet, values are written down to their book values based on their decreased profitability.) At several overseas subsidiaries, other inventories are stated at the lower of cost or market determined by the gross average method.	Other inventories: Mainly stated at cost determined by the FIFO method. (For figures shown on the balance sheet, values are written down to their book values based on their decreased profitability.) At several overseas subsidiaries, other inventories are stated at the lower of cost or market determined by the gross average method.
	(Change in accounting policy) Effective from the fiscal year ended March 31, 2011, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9; issued on September 26, 2008) has been applied and, accordingly, the valuation method for inventories at several consolidated subsidiaries has been changed from the previous last-in, first out (LIFO) method to the FIFO method. As a result.of this change, operating income, ordinary income and income before income taxes were increased by ¥444 million, respectively.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(2) Depreciation method of major depreciable assets (i) Property, plant and equipment (excluding lease assets) The depreciation of property, plant and equipment (excluding mining sites, tunnels and lease assets) at the Company and its consolidated subsidiaries is computed by the straight-line method, based on the estimated useful lives of the respective assets (whereas the declining-balance method is adopted for the seven consolidated subsidiaries). Mining sites and tunnels are stated by the unit-of-production method. The depreciation period generally ranges from 3 years to 50 years for buildings and structures and 5 years to 17 years for machinery, equipment and vehicles. (ii) Intangible assets (excluding lease assets) The amortization of mining rights (mineral rights) is computed by the unit-of-production method, mining rights (exploration rights) by the straight-line method and other intangible assets (excluding software) by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life (5 years). (iii) Lease assets Lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value. (3) Accounting for important reserves (i) 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 such as nonperforming loans from customers who are experiencing financial difficulties. (ii) Allowance for investment loss The allowance for investment loss is provided at an amount deemed necessary to cover the loss on investments in view of the financial condition of the relevant subsidiaries and/or affiliates in which the Company invests. (iii) Provision for bonuses The provision for bonuses to employees and executive officers is provided at an estimated amount accounted for as an expense in the accounting period in which such bonuses were incurred. (iv) Provision for directors' bonuses The provision for directors' bonuses is provided at an estimated amount accounted for as an expense in the accounting period in which such bonuses were incurred.	(2) Depreciation method of major depreciable assets (i) Property, plant and equipment (excluding lease assets) The depreciation of property, plant and equipment (excluding mining sites, tunnels and lease assets) at the Company and its consolidated subsidiaries is computed by the straight-line method, based on the estimated useful lives of the respective assets (whereas the declining-balance method is adopted for the five consolidated subsidiaries). Mining sites and tunnels are stated by the unit-of-production method. The depreciation period generally ranges from 3 years to 50 years for buildings and structures and 5 years to 17 years for machinery, equipment and vehicles. (ii) Intangible assets (excluding lease assets) The amortization of mining rights (mineral rights) is computed by the unit-of-production method, mining rights (exploration rights) by the straight-line method and other intangible assets (excluding software) by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life (5 years). (iii) Lease assets Lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value. (3) Accounting for important reserves (i) 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 such as nonperforming loans from customers who are experiencing financial difficulties. (ii) Allowance for investment loss The allowance for investment loss is provided at an amount deemed necessary to cover the loss on investments in view of the financial condition of the relevant subsidiaries and/or affiliates in which the Company invests. (iii) Provision for bonuses The provision for bonuses to employees and executive officers is provided at an estimated amount accounted for as an expense in the accounting period in which such bonuses were incurred. (iv) Provision for directors' bonuses The provision for directors' bonuses is provided at an estimated amount accounted for as an expense in the accounting period in which such bonuses were incurred.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(v) Provision for furnace repair works The provision for furnace repair works is provided at an amount that corresponds to the works' amount projected for the fiscal year under review to cover the expense for regular repair works of the furnaces at the Toyo Smelter & Refinery and other plants. (vi) Provision for retirement benefits The provision for retirement benefits is provided for by the Company and the consolidated domestic subsidiaries to cover the retirement benefits to employees and executive officers thereof. For the employees' portion, the Company and its consolidated domestic subsidiaries provide the Provision for retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. Actuarial gains and losses are recognized in expenses using the straight-line method over the average of the estimated remaining service lives of 10 years commencing with the following period. Prior service costs are recognized in expenses using the straight-line method over the average of the estimated remaining service lives of 10 years. As for the executive officers of the Company, the Company provides the provision for retirement benefits at an amount deemed necessary to cover the total amount to be paid pursuant to the internal regulations thereof at the balance sheet date of the fiscal year under review. As the Company abolished the system of retirement and severance benefits for executive directors in June 2005, any new provision for the executive officers has been suspended since July 2005. Accordingly, the balance of the executive officers' benefits at the end of the fiscal year under review corresponded to the amount accounted for as a provision depending on the period during which the incumbent executive officers served at their positions in and before June 2005. (Change in accounting policy) Application of the Partial Amendments to Accounting Standard for Retirement Benefits (Part 3). Effective from the fiscal year ended March 2010, the Company and the consolidated domestic subsidiaries have adopted Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (ASBJ Statement No. 19 issued on July 31, 2008). There was no effect on operating income, ordinary income and income before income taxes and minority interests as a result of adopting the new standard.	(v) Provision for furnace repair works The provision for furnace repair works is provided at an amount that corresponds to the works' amount projected for the fiscal year under review to cover the expense for regular repair works of the furnaces at the Toyo Smelter & Refinery and other plants. (vi) Provision for retirement benefits The provision for retirement benefits is provided for by the Company and the consolidated domestic subsidiaries to cover the retirement benefits to employees and executive officers thereof. For the employees' portion, the Company and its consolidated domestic subsidiaries provide the Provision for retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. Actuarial gains and losses are recognized in expenses using the straight-line method over the average of the estimated remaining service lives of 10 years commencing with the following period. Prior service costs are recognized in expenses using the straight-line method over the average of the estimated remaining service lives of 10 years. As for the executive officers of the Company, the Company provides the provision for retirement benefits at an amount deemed necessary to cover the total amount to be paid pursuant to the internal regulations thereof at the balance sheet date of the fiscal year under review. As the Company abolished the system of retirement and severance benefits for executive directors in June 2005, any new provision for the executive officers has been suspended since July 2005. Accordingly, the balance of the executive officers' benefits at the end of the fiscal year under review corresponded to the amount accounted for as a provision depending on the period during which the incumbent executive officers served at their positions in and before June 2005.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(vii) Provision for directors' retirement benefits The Company provides the provision for directors' retirement benefits at an amount deemed necessary to cover the total amount to be paid pursuant to the internal regulations thereof at the balance sheet date of the fiscal year under review. As the Company abolished the system of retirement and severance benefits for directors and auditors in June 2005, any new provision for the directors and auditors has been suspended since July 2005. Accordingly, the balance thereof regarding the Company at the end of the fiscal year under review corresponded to the amount accounted for as a provision depending on the period during which the incumbent directors and auditors served at their positions in and before June 2005. (viii) Provision for loss on business restructuring The provision for loss on business restructuring is provided at an amount to cover the estimated loss of business reconstruction that might be experienced by the Company and any subsidiaries and/or affiliates. (ix) Provision for loss on liquidation of subsidiaries and affiliates The provision for loss on liquidation of subsidiaries and affiliates is provided at an amount to cover the estimated loss as a result of the business liquidation of any subsidiaries and/or affiliates. (x) Accrued indemnification loss on damages The accrued indemnification loss on damages caused by a consolidated subsidiary (JCO Co., Ltd.) is provided to cover the estimated indemnification loss of the JCO criticality accident. (xi) Provision for environmental measures The provision for environmental measures is provided at an estimated amount to provide for future potential costs, such as costs related to the disposal of polychlorinated biphenyl (PCB).	(vii) Provision for directors' retirement benefits The Company provides the provision for directors' retirement benefits at an amount deemed necessary to cover the total amount to be paid pursuant to the internal regulations thereof at the balance sheet date of the fiscal year under review. As the Company abolished the system of retirement and severance benefits for directors and auditors in June 2005, any new provision for the directors and auditors has been suspended since July 2005. Accordingly, the balance thereof regarding the Company at the end of the fiscal year under review corresponded to the amount accounted for as a provision depending on the period during which the incumbent directors and auditors served at their positions in and before June 2005. (viii) Provision for loss on business restructuring The provision for loss on business restructuring is provided at an amount to cover the estimated loss of business reconstruction that might be experienced by the Company and any subsidiaries and/or affiliates. (ix) Provision for loss on liquidation of subsidiaries and affiliates The provision for loss on liquidation of subsidiaries and affiliates is provided at an amount to cover the estimated loss as a result of the business liquidation of any subsidiaries and/or affiliates. (x) Accrued indemnification loss on damages The accrued indemnification loss on damages caused by a consolidated subsidiary (JCO Co., Ltd.) is provided to cover the estimated indemnification loss of the JCO criticality accident. (xi) Provision for environmental measures The provision for environmental measures is provided at an estimated amount to provide for future potential costs, such as costs related to the disposal of polychlorinated biphenyl (PCB). (xii) Provision for loss on disaster Provision for loss on disaster is estimated restoration expense to be used to restore the Company and the domestic consolidated subsidiaries, in case they are damaged by disaster.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(4) Accounting standards for significant revenues and costs	(4) Accounting standards for significant revenues and costs
Accounting standard for recognizing revenues and costs of construction contracts (Change in accounting policy) Previously, revenues and costs of construction work had been recognized under the percentage-of-completion method for contract amounts of ¥5,000 million or more with construction periods of more than two years. For other construction work, the completed contract method was applied. Effective from the fiscal year ended March 31, 2010, the Company and its consolidated domestic subsidiaries have applied the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, released on December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, released on December 27, 2007). Accordingly, with respect to construction contracts under which construction work commenced during the fiscal year ended March 31, 2010, when the outcome of an individual contract can be estimated reliably, the percentage-of-completion method (the percentage of completion at the end of the fiscal year is measured based on the percentage of the cost incurred to the estimated total cost) has been applied for that portion in progress through to the end of the fiscal year ended March 31, 2010. For other construction work, the completed-contract method has been applied. As a result of this change, net sales increased by ¥678 million, operating income, ordinary income and income before income taxes and minority interests increased by ¥154 million, respectively, for the fiscal year ended March 31, 2010. The effects on segment information are described in the relevant notes.	Accounting standard for recognizing revenues and costs of construction contracts When the outcome of an individual contract can be estimated reliably, the percentage-of-completion method (the percentage of completion at the end of the fiscal year is measured based on the percentage of the cost incurred to the estimated total cost) has been applied for that portion in progress through to the end of the fiscal year ended March 31, 2011. For other construction work, the completed-contract method has been applied.
(5) Translation of important assets and liabilities denominated in foreign currencies into yen	(5) Translation of important assets and liabilities denominated in foreign currencies into yen
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates of the consolidated closing date, and differences arising from such translation are charged to income. The asset and liability accounts of the overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the closing date of the respective companies. The revenue and expense accounts of the overseas subsidiaries are translated into Japanese yen at the annual average exchange rate during the period as of the closing date of the respective companies. Differences arising from such translation are included in “Foreign currency translation adjustment” and “Minority interests” as separate components of “Net Assets.”	Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates of the consolidated closing date, and differences arising from such translation are charged to income. The asset and liability accounts of the overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the closing date of the respective companies. The revenue and expense accounts of the overseas subsidiaries are translated into Japanese yen at the annual average exchange rate during the period as of the closing date of the respective companies. Differences arising from such translation are included in “Foreign currency translation adjustment” and “Minority interests” as separate components of “Net Assets.”

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(6) Significant hedge accounting (i) Hedge accounting method Deferred gains or losses on hedges are reported at the Company and its consolidated subsidiaries. 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. (ii) Hedge instruments and hedged objects Trade receivables and payables relating to production/marketing activities based on real demand are mainly used as hedged objects. Derivative transactions (primarily forward foreign exchange contracts and forward agreements) associated with currencies and merchandise are used as hedge instruments. (iii) Hedging policy As derivative transactions employed by the Company seek to provide hedges for certain types of risk exposure, their use is limited to within the scope of real demand and the value of receivables and payables with the aim of ensuring the previously projected gains or losses or cash flows. (iv) Method of assessing the effectiveness of hedges The derivative transactions as hedge instruments to be employed by the Company and its consolidated subsidiaries are selected after having obtained internal approval of the Company on the effectiveness via prior simulation-based calculations. While the transactions are being executed, the volume of the hedged objects and hedge instruments is appropriately managed to match each other. After the derivative transactions are completed, to evaluate hedge effectiveness monthly, the Company verifies whether the initially projected gains or losses and/or cash flows are obtained for each transaction by comparing cumulative changes in cash flows from or the changes in fair value of hedged objects and the corresponding changes in the hedging derivative instruments. (v) Others In cases where forward foreign exchange contracts are made to provide hedges for the risks of fluctuations in the foreign currency exchange rates of monetary receivables and payables denominated in foreign currencies, which are translated into Japanese yen at the spot exchange rates of the consolidated closing date, unrealized gains or losses on the foreign exchange contracts at the balance sheet date are recorded in accordance with the Accounting Standard for Financial Instruments.	(6) Significant hedge accounting (i) Hedge accounting method Deferred gains or losses on hedges are reported at the Company and its consolidated subsidiaries. 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. (ii) Hedge instruments and hedged objects Trade receivables and payables relating to production/marketing activities based on real demand are mainly used as hedged objects. Derivative transactions (primarily forward foreign exchange contracts and forward agreements) associated with currencies and merchandise are used as hedge instruments. (iii) Hedging policy As derivative transactions employed by the Company seek to provide hedges for certain types of risk exposure, their use is limited to within the scope of real demand and the value of receivables and payables with the aim of ensuring the previously projected gains or losses or cash flows. (iv) Method of assessing the effectiveness of hedges The derivative transactions as hedge instruments to be employed by the Company and its consolidated subsidiaries are selected after having obtained internal approval of the Company on the effectiveness via prior simulation-based calculations. While the transactions are being executed, the volume of the hedged objects and hedge instruments is appropriately managed to match each other. After the derivative transactions are completed, to evaluate hedge effectiveness monthly, the Company verifies whether the initially projected gains or losses and/or cash flows are obtained for each transaction by comparing cumulative changes in cash flows from or the changes in fair value of hedged objects and the corresponding changes in the hedging derivative instruments. (v) Others In cases where forward foreign exchange contracts are made to provide hedges for the risks of fluctuations in the foreign currency exchange rates of monetary receivables and payables denominated in foreign currencies, which are translated into Japanese yen at the spot exchange rates of the consolidated closing date, unrealized gains or losses on the foreign exchange contracts at the balance sheet date are recorded in accordance with the Accounting Standard for Financial Instruments.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
	(7) Amortization of goodwill The amount of goodwill is equally amortized over five years on a straight-line basis. However, at the consolidated subsidiaries in the United States, it is equally amortized over 20 years on a straight-line basis.
	(8) Scope of cash and cash equivalents in the Consolidated Statements of Cash Flows Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, readily available bank deposits and short-term, highly liquid investments with maturities not exceeding three months at the time of purchase, which are easily convertible into cash with little or no risk from fluctuation in value.
(7) Accounting for consumption taxes Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.	(9) Accounting for consumption taxes Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries The assets and liabilities of consolidated subsidiaries are fully valued at the market value at the respective dates when the subsidiaries were initially consolidated.	
6. Amortization of Goodwill and Negative Goodwill The amounts of goodwill and negative goodwill are equally amortized over five years on a straight-line basis. However, at the consolidated subsidiaries in the United States, they are equally amortized over 20 years on a straight-line basis. Negative goodwill generated at the consolidated U.S. subsidiaries has been amortized as a lump sum in the fiscal year in which it occurred in accordance with the provisions outlined under the U.S. accounting standard for business combinations.	
7. Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, readily available bank deposits, and short-term, highly liquid investments with maturities not exceeding three months at the time of purchase, which are easily convertible into cash with little or no risk from fluctuation in value.	

(7) Changes in the Basis of Presenting the Consolidated Financial Statements

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
―――――――――	(1) Application of the "Accounting Standard for Asset Retirement Obligations" Effective from the fiscal year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18; issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21; issued on March 31 2008) have been applied. As a result of this change, operating loss and ordinary loss decreased by ¥20 million, respectively, and income before income taxes decreased by ¥344 million.
―――――――――	(2) Application of the "Accounting Standard for Business Combinations" Effective from the fiscal year ended March 31, 2011, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; issued on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; issued on December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23; issued on December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; issued on December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, for the part released on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; issued on December 26, 2008) have been applied.

(8) Change in Presentation Method

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
―――――――――	(Consolidated Statements of Income) Due to the adoption of the Cabinet Office Ordinance for Partial Revision of the Regulations for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5; issued on March 24, 2009), in accordance with the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; issued on December 26, 2008), the account title "Income before minority interests" has been separately presented for the fiscal year ended March 31, 2011.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
(Consolidated Balance Sheets) 1. Effective from the fiscal year ended March 31, 2010, “Short-term loans receivable” and “Long-term loans receivable,” which were separately presented for the previous fiscal year, are included in “Other” under current assets and “Other” under investments and other assets, respectively, due to the lack of monetary importance. The short-term loans receivable included in Other under current assets were ¥3,104 million and the long-term loans receivable included in Other under investments and other assets were ¥4,599 million for the fiscal year under review. 2. Effective from the fiscal year ended March 31, 2010, “Negative goodwill,” which was separately presented for the previous fiscal year, is included in “Other” under noncurrent liabilities. The negative goodwill included in Other under noncurrent liabilities was ¥2 million for the fiscal year under review.	(Consolidated Balance Sheets) For the previous fiscal year, asset retirement obligations for overseas mines, etc., were included in “Other provision” under noncurrent liabilities. Due to the application of the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18; issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21; issued on March 31 2008), effective from the fiscal year ended March 31, 2011, they have been transferred to “Asset retirement obligations” effective from the fiscal year under review, The asset retirement obligations included in Other provision under noncurrent liabilities for the previous fiscal year was ¥3,009 million.

(9) Additional Information

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
―――――――――	Effective from the fiscal year ended March 31, 2011, the Accounting Standard for Presentation of Comprehensive Income (ASBJ No. 25; issued on June 30, 2010) has been applied. Provided, however, that the values in “Valuation and translation adjustments (*Hyoka-kanzan-sagaku-tou*)” and “Total valuation and translation adjustments (*Hyoka-kanzan-sagaku-tou Goukei*)” are those in “Valuation and translation adjustments (*Sonota-no Houkatsu-rieki-ruikeigaku*)” and “Total valuation and translation adjustments (*Sonota-no Houkatsu-rieki-ruikeigaku Goukei*),” respectively, for the previous fiscal year.

(10) Notes
(Consolidated Balance Sheets)

Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
*1. Accumulated depreciation of property, plant and equipment ¥338,898 million *2. Those for nonconsolidated subsidiaries and affiliates are as follows: Investment securities ¥192,078 million Investments and other assets ¥5,839	*1. Accumulated depreciation of property, plant and equipment ¥351,170 million *2. Those for nonconsolidated subsidiaries and affiliates are as follows: Investment securities ¥195,823 million Investments and other assets ¥5,917 Investment securities includes amount of ¥10,766 million invested to jointly controlled enterprises.

Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
*3. Assets pledged as collateral Collateral is pledged for these assets in conjunction with liabilities below.	*3. Assets pledged as collateral Collateral is pledged for these assets in conjunction with liabilities below.
<Assets> (Millions of yen)	<Assets> (Millions of yen)
Buildings and structures ¥19,410 (¥19,265)	Buildings and structures ¥17,273 (¥17,132)
Machinery, equipment and vehicles ¥32,891 (¥32,891)	Machinery, equipment and vehicles ¥24,821 (¥24,821)
Tools, furniture and fixtures ¥235 (¥235)	Tools, furniture and fixtures ¥193 (¥193)
Land ¥1,121 (¥1,121)	Land ¥1,114 (¥1,114)
Mining rights ¥322 (¥322)	Mining rights ¥312 (¥312)
Total collateral ¥53,979 (¥53,834)	Total collateral ¥43,713 (¥43,572)
Of the figures above, those in parentheses indicate the assets held by mining foundations and/or factory foundations.	Of the figures above, those in parentheses indicate the assets held by mining foundations and/or factory foundations.
<Liabilities>	<Liabilities>
Long-term loans payable ¥3,370 (including current portion redeemable within one year)	Long-term loans payable ¥3,110 (including current portion redeemable within one year)
Total ¥3,370	Total ¥3,110
The above liabilities pledged by the collateral include those signed up with joint mortgage contracts. The relevant liabilities are not stated above because such liabilities are difficult to distinguish from those associated with any mining foundations and factory foundations.	The above liabilities pledged by the collateral include those signed up with joint mortgage contracts. The relevant liabilities are not stated above because such liabilities are difficult to distinguish from those associated with any mining foundations and factory foundations.
4. Commitments and contingent liabilities The Company granted guarantees for the loans payable as guarantor from financial institutions signed up by the following counterparties.	4. Commitments and contingent liabilities The Company granted guarantees for the loans payable as guarantor from financial institutions signed up by the following counterparties.
MS Zinc Co., Ltd. ¥1,900 million Other (2 companies) ¥60 Total ¥1,960	MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD. ¥4,000 million MS Zinc Co., Ltd. ¥1,500 Total ¥5,500
Besides the above, as to providing electric power to Pogo gold mine, there is ¥1,301 million to guarantee construction costs of electric facilities.	Besides the above, as to providing electric power to Pogo gold mine, there is ¥997 million to guarantee construction costs of electric facilities.
5. Notes and accounts receivable sold to factoring companies with recourse ¥512 million Discount on export notes receivable ¥443	5. Notes and accounts receivable sold to factoring companies with recourse ¥404 million Discount on export notes receivable ¥105

(Consolidated Statements of Income)

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
*1. Ending merchandise and finished goods indicate the amounts after values are written down to their book values based on their decreased profitability, and the following loss on valuation of inventories is included in the cost of sales. (¥6,888 million) *2. Research and development expenses included in "General and administrative expenses" ¥4,746 million *3. Gains due to sales of noncurrent assets and the breakdown by account title are as follows: Land ¥213 million Machinery, equipment and vehicles ¥24 Tools, furniture and fixtures ¥8 Buildings and structures ¥1 Other ¥20 Total ¥266 *4. Losses due to sales of noncurrent assets and the breakdown by account title are as follows: Buildings and structures ¥34 million Machinery, equipment and vehicles ¥33 Tools, furniture and fixtures ¥5 Total ¥72 *5. Losses due to the retirement of noncurrent assets and the breakdown by account title are as follows: Buildings and structures ¥358 million Machinery, equipment and vehicles ¥356 Tools, furniture and fixtures ¥28 Other ¥9 Total ¥751	*1. Ending merchandise and finished goods indicate the amounts after values are written down to their book values based on their decreased profitability, and the following loss on valuation of inventories is included in the cost of sales. (¥75 million) *2. Research and development expenses included in "General and administrative expenses" ¥5,271 million *3. Gains due to sales of noncurrent assets and the breakdown by account title are as follows: Land ¥146 million Machinery, equipment and vehicles ¥63 Tools, furniture and fixtures ¥15 Total ¥224 *4. Losses due to sales of noncurrent assets and the breakdown by account title are as follows: Machinery, equipment and vehicles ¥49 million Buildings and structures ¥15 Tools, furniture and fixtures ¥4 Land ¥6 Total ¥74 *5. Losses due to the retirement of noncurrent assets and the breakdown by account title are as follows: Machinery, equipment and vehicles ¥365 million Buildings and structures ¥143 Tools, furniture and fixtures ¥19 Other ¥1 Total ¥528

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)

*6. Impairment loss

The SMM Group's impairment loss of noncurrent assets for the fiscal year ended March 31, 2010, consists of the following:

Major use	Location	Asset category	Loss (Millions of yen)
Manufacturing facilities for the recovery and recycling of non-ferrous metals	Niihama City, Ehime Prefecture, Japan	Buildings Structures Machinery and equipment Vehicles Tools, furniture and fixtures	420 259 1,227 6 6
Facilities for milling	Niihama City, Ehime Prefecture, Japan	Machinery and equipment	75
Manufacturing facilities for chemical products	Niihama City, Ehime Prefecture, Japan	Machinery and equipment	25
Facilities for IC package plating	Usa City, Oita Prefecture, Japan	Buildings Machinery and equipment	12 2 10
Manufacturing facilities for printed circuit boards	Kamiina District, Nagano Prefecture, Japan	Buildings	21
Facilities for soil contamination surveys and asbestos analysis	Matsudo City, Chiba Prefecture, Japan	Buildings Structures Machinery and Equipment Tools, furniture and fixtures	3 2 4 4
Manufacturing facilities for certain chips on film (COF)	Kaohsiung, Taiwan	Machinery and Equipment	11
Total			2,087

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

A breakdown of "Major use" is as follows.

Current Fiscal Year (from April 1, 2010, to March 31, 2011)

*6. Impairment loss

The SMM Group's impairment loss of noncurrent assets for the fiscal year ended March 31, 2011, consists of the following:

Major use	Location	Asset category	Loss (Millions of yen)
Idle land	Isa City, Kagoshima Prefecture, Japan	Land	63
Total			63

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

A breakdown of "Major use" is as follows.

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
The book values of manufacturing facilities for the recovery and recycling of non-ferrous metals were reduced to their recoverable amounts because of the Company's decision to withdraw from these operations. This decision was based on the forecast of the shrinkage in the domestic petroleum market leading to a decrease in the waste and raw material catalysts produced by the petroleum refining process; as well as the existing levels of excess processing capacity in Japan. The book values of existing facilities for milling were reduced to their recoverable amounts because of expectations that these facilities would cease to operate following the installation of new facilities. The book values of manufacturing facilities for chemical products were reduced to their recoverable amounts because of expectations that these facilities would cease to operate following the termination of production of certain products during the fiscal year ended March 31, 2010. The book values of facilities for IC package plating were reduced to their recoverable amounts because of the Company's decision to withdraw from these operations. This decision was based on the ongoing shift of production by domestic semiconductor assembly manufacturers to overseas locations and the changeover to semiconductor packages that no longer require solder plating. The book values of manufacturing facilities for printed circuit boards were reduced to their recoverable amounts because of expectations that these facilities would cease to operate following withdrawal from the chip scale package (CSP) business. The book values of facilities for soil contamination surveys and asbestos analysis were reduced to their recoverable amounts because of expectations that these facilities would cease to operate following the decision to withdraw from these operations. This decision was based on the sharp increase in competition in line with the growing number of survey institutions and generalization of know-how. The book values of manufacturing facilities for certain chips on film (COF) were reduced to their recoverable amounts because of expectations that these facilities would cease to operate due to their aging. The net sales prices (fair value less cost to sell) of assets are used as their recoverable amounts for the measurement of impairment losses.	Of the land lots acquired as commercial land of the Hishikari Mine, the book values of several idle land lots for which market prices have considerably declined along with the drop in land prices were reduced to their recoverable amounts. The net sales prices (fair value less cost to sell) of assets are used as their recoverable amounts for the calculation of impairment losses in extraordinary loss.
*7. Refers to the loss on business restructuring that the Company and a consolidated subsidiary experienced in association with the business reconstruction.	*7. Refers to the loss on business restructuring that a consolidated subsidiary experienced in association with the business reconstruction.
*8. Refers to the provision to cover the potential loss on business restructuring, which the Company and its consolidated subsidiaries are projected to experience in association with the business reconstruction.	*8. Refers to the provision to cover the potential loss on business restructuring, which some consolidated subsidiaries are projected to experience in association with the business reconstruction.
*9. Refers to the provision to cover future potential costs, which several consolidated domestic subsidiaries are projected to experience in association with the disposal of polychlorinated biphenyl (PCB).	*9. ―――――――

(Statements of Comprehensive Income)

Current Fiscal Year (from April 1, 2010, to March 31, 2011)

*1. Comprehensive income for the fiscal year just before the current fiscal year

Comprehensive income attributable to owners of the parent	¥75,966 million
Comprehensive income attributable to minority interests	6,747
Total	82,713

*2. Other comprehensive income for the fiscal year just before the current fiscal year

Valuation difference on available-for-sale securities	16,836 million
Deferred gains or losses on hedges	12
Foreign currency translation adjustment	4,376
Share of other comprehensive income of associates accounted for using equity method	1,880
Total	23,104

(Consolidated Statements of Changes in Net Assets)

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)

1. Matters Related to Shares Issued

Class of shares	Number of shares at previous fiscal year-end	Increase	Decrease	Number of shares at current fiscal year-end
Common stock (shares)	581,628,031	-	-	581,628,031

2. Matters Related to Treasury Stock

Class of shares	Number of shares at previous fiscal year-end	Increase	Decrease	Number of shares at current fiscal year-end
Common stock (shares)	29,504,519	129,867	10,129,413	19,504,973

A major cause of the increase in the number of treasury stock is as follows:

Increase due to the purchase of less-than-one-unit shares by the Company: 129,867 shares

Major causes of the decrease in the number of treasury stock are as follows:

Decrease due to the issuance of treasury stock in relation to the exercise of holders' rights on bonds with subscription rights to shares 10,119,877 shares

Decrease due to the disposal of unit shares in the equity market 9,536 shares

3. Matters Related to Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
Board of Directors meeting held on October 29, 2009	Common stock	3,935	7	September 30, 2009	December 4, 2009

(2) Dividends for which the date of record is during the current fiscal year but the proposed effective date is in the following fiscal year

Resolution	Class of shares	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Date of record	Proposed effective date
Ordinary General Meeting of Shareholders to be held on June 25, 2010	Common stock	7,308	Retained earnings	13	March 31, 2010	June 28, 2010

Current Fiscal Year (from April 1, 2010, to March 31, 2011)

1. Matters Related to Shares Issued

Class of shares	Number of shares at previous fiscal year-end	Increase	Decrease	Number of shares at current fiscal year-end
Common stock (shares)	581,628,031	-	-	581,628,031

2. Matters Related to Treasury Stock

Class of shares	Number of shares at previous fiscal year-end	Increase	Decrease	Number of shares at current fiscal year-end
Common stock (shares)	19,504,973	121,482	4,965	19,621,490

A major cause of the increase in the number of treasury stock is as follows:
Increase due to the purchase of less-than-one-unit shares by the Company: 121,482 shares
A major cause of the decrease in the number of treasury stock is as follows:
Decrease due to the sale of less-than-one-unit shares by the Company: 4,965 shares

3. Matters Related to Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Date of record	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2010	Common stock	7,308	13	March 31, 2010	June 28, 2010
Board of Directors meeting held on November 8, 2010	Common stock	6,745	12	September 30, 2010	December 7, 2010

(2) Dividends for which the date of record is during the current fiscal year but the proposed effective date is in the following fiscal year

Resolution	Class of shares	Total dividend amount (Millions of yen)	Source of dividends	Dividend per share (Yen)	Date of record	Proposed effective date
Ordinary General Meeting of Shareholders to be held on June 27, 2011	Common stock	11,240	Retained earnings	20	March 31, 2011	June 28, 2011

(Consolidated Statements of Cash Flows)

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)		Current Fiscal Year (from April 1, 2010, to March 31, 2011)	
*1. Relationship between cash and cash equivalents at end of period and the line item amounts stated on the consolidated balance sheet (as of March 31, 2010)		*1. Relationship between cash and cash equivalents at end of period and the line item amounts stated on the consolidated balance sheet (as of March 31, 2011)	
Cash and deposits	¥57,486 million	Cash and deposits	¥92,024 million
Short-term investment securities	43,000	Short-term investment securities	36,500
Time deposits with a maturity longer than three months and negotiable certificates of deposit	(34)	Time deposits with a maturity longer than three months	(213)
Cash and cash equivalents	100,452	Cash and cash equivalents	128,311
2. Significant non-fund transactions			
Decrease in treasury stock due to the exercise of subscription rights to shares	¥11,209 million		
Loss on disposal of treasury stock due to the exercise of subscription rights to shares	(1,079)		
Decrease in bonds with subscription rights to shares due to the exercise of subscription rights to shares	10,130		
The transactions above were made via conversion of convertible bonds, which were issued in accordance with the former Commercial Code.			

(Segment Information and Others)
[Business Segment Information]

Previous fiscal year (from April 1, 2009, to March 31, 2010)

(Millions of yen)

	Mineral Resources	Metals	Electronics and Advanced Materials	Other Businesses	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	47,327	486,362	170,170	21,968	725,827	-	725,827
Inter-segment	27,093	86,690	14,151	7,636	135,570	(135,570)	-
Total	74,420	573,052	184,321	29,604	861,397	(135,570)	725,827
Operating expenses	43,839	538,561	181,446	29,733	793,579	(134,017)	659,562
Operating income (loss)	30,581	34,491	2,875	(129)	67,818	(1,553)	66,265
Identifiable assets	168,655	526,936	119,288	74,715	889,594	91,864	981,458
Depreciation	7,225	14,722	9,785	2,665	34,397	349	34,746
Impairment loss	-	100	56	1,931	2,087	-	2,087
Capital expenditures	2,110	18,427	4,206	1,092	25,835	579	26,414

Notes:

1. Major products or businesses categorized by business segment
   Business segments are determined based on the profit center categories adopted by the SMM Group by taking into account similarities of the type, nature, manufacturing methods or the like of their products.

Business segment	Main products
Mineral Resources	Gold and silver ores; Gold; Copper concentrates and electrolytic copper; and Geological research, etc.
Metals	Electrolytic copper; Gold; Nickel; and Rolled copper products, etc.
Electronics and Advanced Materials	Semiconductor materials; Advanced materials; and Electronic component materials, etc.
Other Businesses	Autoclaved lightweight concrete (ALC) products (Siporex); Design and surveillance of houses; Recovery, recycling and sales of nonferrous metals from catalysts used in oil refining; and Nuclear engineering, etc.

2. Of the "Identifiable assets" above, corporate assets included in "Eliminations or corporate" was ¥185,852 million for the previous year and ¥144,604 million for the current year. They mainly consisted of surplus funds for management (cash and deposits), long-term investment funds (investment securities) and assets pertaining to the administrative divisions of the Company.
3. As described in Item 4 (4) of the "Basis of Presenting the Consolidated Financial Statements," effective from the fiscal year ended March 31, 2010, the Company and its consolidated domestic subsidiaries have applied the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, released on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, released on December 27, 2007). As a result of this change, compared with the previous method, net sales in the Mineral Resources segment increased by ¥539 million and those in the Other Businesses segment by ¥139 million, whereas operating income in the Mineral Resources segment increased by ¥131 million and that in the Other Businesses segment by ¥23 million.

[Geographical Segment Information]

Previous fiscal year (from April 1, 2009, to March 31, 2010)

(Millions of yen)

	Domestic	North America	Southeast Asia	Others	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	613,778	40,713	40,378	30,958	725,827	-	725,827
Inter-segment	41,417	4,146	22,169	5,089	72,821	(72,821)	-
Total	655,195	44,859	62,547	36,047	798,648	(72,821)	725,827
Operating expenses	611,359	29,759	56,183	33,554	730,855	(71,293)	659,562
Operating income	43,836	15,100	6,364	2,493	67,793	(1,528)	66,265
Identifiable assets	652,336	99,183	79,146	166,630	997,295	(15,837)	981,458

Notes:
1. Geographical segments are determined based on their geographical proximity.
2. Major countries or regions that belong to the segments other than Domestic (Japan) are as follows:
   (1) North America: United States and Canada
   (2) Southeast Asia: Malaysia, the Philippines, etc.
   (3) Others: China, Taiwan, etc.
3. Of the “Identifiable assets” above, corporate assets included in “Eliminations or corporate” are as described in Note 2. above of the Business Segment Information.
4. As described in Item 4 (4) of the “Basis of Presenting the Consolidated Financial Statements,” effective from the fiscal year ended March 31, 2010, the Company and its consolidated domestic subsidiaries have applied the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, released on December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, released on December 27, 2007). As a result of this change, net sales increased by ¥678 million and operating income increased by ¥154 million in the Domestic segment.

[Information for Overseas Sales]

Previous fiscal year (from April 1, 2009, to March 31, 2010)

(Millions of yen)

	North America	Southeast Asia	East Asia	Others	Total
Overseas net sales	46,869	76,878	197,541	6,814	328,102
Consolidated net sales	-	-	-	-	725,827
Share of overseas net sales (%)	6.5	10.6	27.2	0.9	45.2

Notes:
1. Geographical segments are determined based on their geographical proximity.
2. Major countries or regions that belong to the segments other than “Domestic” (Japan) are as follows:
   (1) North America: The United States and Canada
   (2) Southeast Asia: Thailand, Indonesia, Malaysia, etc.
   (3) East Asia: Taiwan, China and South Korea
   (4) Others: Switzerland, Germany, Sweden, etc.
3. Overseas net sales include export sales of the Company and its consolidated domestic subsidiaries in countries or regions other than Japan.

[Segment Information]

1. Summary of Reported Segments

(1) Decision method of the reported segments

The reported segments of the Company refer to constitutional 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 organ to determine the allocation of management resources and assess their respective operating results.

The Company currently has five business divisions—Mineral Resources Div., Non-Ferrous Metals Div., Semiconductor Materials Div., Advanced Materials Div. and Energy, Catalysts & Construction 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 within the Company and through the consolidated subsidiaries and equity-method affiliates over which it holds jurisdiction.

The five aforementioned business divisions and the Taganito Project Div., of which the purpose is to construct a second high-pressure acid leaching (HPAL) plant in the Taganito area on the Mindanao Island in the Philippines, are classified as "Business Segments" of the Company.

The Group has integrated these six business segments into three core reported segments: Mineral Resources, Smelting & Refining and Materials. In determining these reported segments, the metal businesses and the Taganito Project Div. were integrated into Smelting & Refining, whereas the semiconductor materials and advanced materials businesses were integrated into Materials, in accordance with the integration criteria and quantitative standards set forth in the "Accounting Standard for Disclosure of Segments of an Enterprise and Related Information" (ASBJ statement No. 17; issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosure of Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20; issued on March 21, 2008).

As described above, the Company consists of segments organized on the basis of business division–based products and services.

(2) Types of products and services that belong to each reported segment

In the Mineral Resources segment, the SMM 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 products.

In the Smelting & Refining segment, the Group mainly engages in smelting and sales of copper, nickel, ferronickel, 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.

2. Calculation Methods of Net Sales, Income (Loss), Assets and Other Items

The accounting methods employed for the reported business segments are almost the same as those set forth in the Basis of Presenting the Consolidated Financial Statements, excluding the reporting of "cost of capital" to each business 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 segmental income for internal administration purposes. The cost of capital is obtained by multiplying total assets held by each segment of the parent company by "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 reported by each business 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.

Income by Reported Segment is posted based on ordinary income.

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

3. Information on Net Sales, Income (Loss), Assets and Other Items by Reported Segment

Previous fiscal year (from April 1, 2009, to March 31, 2010)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses 1	Adjustments 2	Amounts Reported in the Consolidated Financial Statements 3
Net sales: Outside customers	47,492	485,494	170,142	703,128	23,506	(807)	725,827
Inter-segment	27,093	86,690	14,342	128,125	8,304	(136,429)	—
Total	74,585	572,184	184,484	831,253	31,810	(137,236)	725,827
Segmental income	49,759	34,514	2,213	86,486	1,597	(292)	87,791
Segmental assets	168,612	509,171	120,202	797,985	56,449	127,024	981,458
Other items Depreciation	7,225	14,207	9,867	31,299	2,038	1,409	34,746
Amortization of goodwill	104	—	12	116	—	—	116
Interest income	209	89	15	313	10	494	817
Interest expenses	412	401	431	1,244	91	1,653	2,988
Equity in earnings (losses) of affiliates	21,316	3,689	66	25,071	1,742	(723)	26,090
Investment in equity-method affiliates	64,997	141,085	335	206,417	24,904	(34,421)	196,900
Increase in property, plant and equipment and intangible assets	2,110	17,589	4,224	28,923	780	1,711	26,414

Current fiscal year (from April 1, 2010, to March 31, 2011)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses [1]	Adjustments [2]	Amounts Reported in the Consolidated Financial Statements[3]
Net sales:							
Outside customers	61,474	590,646	188,630	840,750	23,327	—	864,077
Inter-segment	26,514	94,399	18,528	139,441	7,101	(146,542)	—
Total	87,988	685,045	207,158	980,191	30,428	(146,542)	864,077
Segmental income	70,410	49,518	5,386	125,314	2,336	(3,949)	123,701
Segmental assets	176,250	583,193	113,879	873,322	53,485	125,546	1,052,353
Other items							
Depreciation	8,337	14,296	8,897	31,530	1,483	1,612	34,625
Amortization of goodwill	99	—	11	110	—	—	110
Interest income	115	52	16	183	7	548	738
Interest expenses	79	216	332	627	67	1,790	2,484
Equity in earnings (losses) of affiliates	29,849	4,180	104	34,133	2,372	(1,673)	34,832
Investment in equity-method affiliates	72,816	158,175	414	231,405	24,802	(54,554)	201,653
Increase in property, plant and equipment and intangible assets	3,816	41,373	5,829	51,018	624	1,463	53,105

Notes:

1. The "Other Businesses" segment refers to other profit-seeking business activities that are under the control of the Head Office divisions/departments and are engaged in by business segments other than those included in the reported segments. Other Businesses include manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts, and ALC products, as well as technical engineering and real estate businesses.

2. The "Adjustments" are as follows:

(1) The "Adjustments" for Segmental income are as follows: (Millions of yen)

	Previous fiscal year	Current fiscal year
Head Office expenses not allocated to each reported segment [a]	(8,944)	(10,281)
Cost of capital to be borne by each reported segment	13,159	15,084
Eliminations of inter-segmental transactions among the reported segments	(1,737)	(3,816)
Non-operating income/expenses not allocated to each reported segment [b]	(2,493)	(5,422)
Difference in scope of consolidation [c]	(700)	—
Other adjustments	423	486
Total	(292)	(3,949)

a. The Head Office expenses not allocated to each reported segment mainly consist of general administrative expenses and research and development expenses (hereinafter "Head Office expenses"), which are not attributable to the reported segments.

b. The 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.

c. The difference in scope of consolidation reflects the different scope of consolidated subsidiaries for the previous fiscal year between the administrative closing and the financial closing of accounts. For the current fiscal year ended March 31, 2011, as described in “1. Scope of Consolidation” of the Basis of Presenting the Consolidated Financial Statements, there is no effect of different scope of consolidation because the scope of consolidated subsidiaries agreed with each other between the administrative closing and the financial closing of accounts.

(2) The Adjustments on Segmental assets are as follows: (Millions of yen)

	Previous fiscal year	Current fiscal year
Corporate assets not allocated to each reported segment*	183,311	205,301
Offsets and eliminations of inter-segmental receivables among the reported segments, including those toward Head Office divisions/departments	(56,269)	(79,755)
Difference in scope of consolidation	(18)	—
Total	127,024	125,546

*The 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) The Adjustments on Depreciation refer to depreciation at the Head Office divisions/departments, which are not allocated to the reported segments. For the previous fiscal year, the effect of different scope of consolidation of (¥220 million) is included.

(4) The 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) The 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. For the previous fiscal year, the effect of different scope of consolidation of (¥32 million) is included.

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

(7) The Adjustments on Investment in equity-method affiliates represent the amount corresponding to the “Foreign currency translation adjustment,” which is included in the stocks of subsidiaries and affiliates.

(8) The 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. For the previous fiscal year, the effect of different scope of consolidation of (¥145 million) is included.

3. The segmental income is adjusted with ordinary income in the Consolidated Statements of Income.

[Related Information]
Current fiscal year (from April 1, 2010, to March 31, 2011)

1. Information by product/service
As for net sales to outside customers by product/service, relevant information disclosure is omitted as similar information is disclosed in the Segment Information.

2. Information by region
(1) Net sales

(Millions of yen)

Domestic	China	Taiwan	East Asia	Southeast Asia	North America	Others	Total
502,614	95,375	91,496	13,295	90,911	60,374	10,012	864,077

Notes:
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 Statement of Income are separately listed.
3. Major countries or regions that belong to the segments are as follows:
   (1) East Asia: South Korea and Hong Kong
   (2) Southeast Asia: Thailand, Indonesia, Malaysia, etc.
   (3) North America: United States, Canada and Mexico
   (4) Others: Bangladesh, Australia, United Kingdom, etc.

(2) Property, plant and equipment

(Millions of yen)

Domestic	East Asia	The Philippines	Southeast Asia	United States	Others	Total
158,849	11,286	61,252	1,824	26,486	5,392	265,089

Notes:
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 Sheet 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: Thailand, Malaysia and Singapore
   (3) Others: Bangladesh, Australia, Solomon Islands, Peru and Chile

3. Information by major customer

(Millions of yen)

Customer's designation or name	Net sales	Related reported segments
Sumitomo Corporation	113,063	Smelting & Refining and Materials
Mitsui & Co., Ltd.	80,619	Smelting & Refining

[Information on Impairment Loss of Noncurrent Assets by Reported Segment]
Current fiscal year (from April 1, 2010, to March 31, 2011)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Amounts Reported in the Consolidated Financial Statements
Impairment loss	63	—	—	63	—	—	63

[Information on Amortization of Goodwill and Unamortized Balance by Reported Segment]
Current fiscal year (from April 1, 2010, to March 31, 2011)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Amounts Reported in the Consolidated Financial Statements
Balance at current fiscal year-end	635	—	5	640	—	—	640

[Information on Gain on Negative Goodwill by Reported Segment]
Current fiscal year (from April 1, 2010, to March 31, 2011)
There are no pertinent items.

(Additional Information)
Effective from the fiscal year under review, the “Accounting Standard for Disclosure of Segments of an Enterprise and Related Information” (ASBJ statement No. 17; issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosure of Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20; issued on March 21, 2008) have been applied.

(Earnings per Share)

(Yen)

Previous Fiscal Year (from April 1, 2009, to March 31, 2010)		Current Fiscal Year (from April 1, 2010, to March 31, 2011)	
Net assets per share	¥1,043.50	Net assets per share	¥1,121.19
Basic net income per share	¥96.26	Basic net loss per share	¥149.38
Diluted net income per share	¥88.75	Diluted net income per share	¥136.98

Notes:

1. The basis for the calculation of net assets per share is as follows.

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Total net assets (Millions of yen)	629,684	684,103
Amounts deducted from total net assets (Millions of yen)	43,108	53,987
(Including minority interests)	(43,108)	(53,987)
Net assets attributable to shares of common stock at fiscal year-end (Millions of yen)	586,576	630,116
Number of common shares issued (Thousands)	581,628	581,628
Number of common shares of treasury stock (Thousands)	19,505	19,621
Year-end number of common shares used for the calculation of net assets per share (Thousands)	562,123	562,007

2. The basis for the calculation of basic net income per share and diluted net income per share is as follows.

	Previous Fiscal Year (from Apr. 1, 2009, to Mar. 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Basic net income per share:		
Net income (Millions of yen)	53,952	83,962
Net income not available to common shareholders (Millions of yen)	—	—
Net income attributable to shares of common stock (Millions of yen)	53,952	83,962
Weighted average number of shares of common stock during the fiscal year (Thousands)	560,485	562,067
Diluted net income per share:		
Adjustment of net income (Millions of yen)	864	864
(Including interest expenses after deducting the amount corresponding to tax) (Millions of yen)	(864)	(864)
Increase in shares of common stock (Thousands)	57,176	57,176
(Including subscription rights to shares) (Thousands)	(57,176)	(57,176)
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects	—	—

(Significant Subsequent Event)
None

5. Financial Statements

(1) Balance Sheets

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
Assets		
Current assets		
Cash and deposits	31,013	46,274
Notes receivable—trade	1,707	1,889
Accounts receivable—trade	77,549	83,949
Short-term investment securities	43,000	36,500
Merchandise and finished goods	55,112	78,217
Work in process	45,109	45,689
Raw materials and supplies	25,635	26,965
Advance payments—trade	12,172	13,098
Prepaid expenses	38	39
Deferred tax assets	1,254	2,121
Short-term loans receivable	104	94
Gold bullion in storage	10,109	16,529
Gold bullion on loan	19,933	20,789
Short-term loans receivable from subsidiaries and affiliates	50,474	44,200
Accounts receivable—other	20,187	26,074
Other	10,341	5,443
Allowance for doubtful accounts	(2,959)	(3,065)
Total current assets	400,778	444,805
Noncurrent assets		
Property, plant and equipment		
Buildings, net	30,688	29,473
Structures, net	19,249	17,799
Machinery and equipment, net	48,938	39,183
Vessels, net	26	0
Vehicles, net	280	157
Tools, furniture and fixtures, net	1,413	1,313
Mining land	29	28
General-purpose land	18,630	18,538
Construction in progress	2,268	1,582
Total property, plant and equipment	121,521	108,073
Intangible assets		
Leasehold right	84	84
Mining right	385	483
Software	1,059	906
Other	78	84
Total intangible assets	1,606	1,557

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
Investments and other assets		
Investment securities	60,489	63,476
Stocks of subsidiaries and affiliates	94,097	124,683
Investments in capital	6	6
Investments in capital of subsidiaries and affiliates	3,277	3,277
Long-term loans receivable	1,293	1,134
Long-term loans receivable from employees	128	128
Long-term loans receivable from subsidiaries and affiliates	5,640	4,102
Claims provable in bankruptcy, claims provable in rehabilitation and other	11	10
Long-term prepaid expenses	1,229	1,373
Deferred tax assets	-	2,545
Other	3,541	2,975
Allowance for doubtful accounts	(188)	(187)
Allowance for investment loss	(58)	(97)
Total investments and other assets	169,465	203,425
Total noncurrent assets	292,592	313,055
Total assets	693,370	757,860

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
Liabilities		
Current liabilities		
Accounts payable—trade	37,916	39,436
Short-term loans payable	26,160	26,060
Current portion of long-term loans payable	3,448	8,785
Current portion of bonds	-	10,000
Borrowed gold bullion	30,042	37,318
Lease obligations	2	2
Accounts payable—other	12,422	12,956
Accrued expenses	5,952	6,066
Income taxes payable	12,948	12,838
Advances received	2,133	696
Deposits received	995	613
Provision for bonuses	1,304	1,562
Provision for directors' bonuses	65	70
Provision for furnace repair works	854	970
Provision for loss on business restructuring	-	189
Provision for environmental measures	152	104
Provision for loss on disaster	-	284
Other	2,154	2,269
Total current liabilities	136,547	160,218
Noncurrent liabilities		
Bonds payable	10,000	-
Long-term loans payable	117,397	132,332
Lease obligations	3	5
Deferred tax liabilities	1,314	-
Provision for retirement benefits	3,080	2,694
Provision for directors' retirement benefits	155	20
Provision for metal mining pollution control	52	42
Provision for loss on business restructuring	914	492
Provision for loss on support to subsidiaries and affiliates	372	400
Provision for environmental measures	3	17
Asset retirement obligations	-	402
Other	2,703	2,859
Total noncurrent liabilities	135,993	139,263
Total liabilities	272,540	299,481

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2010)	Current Fiscal Year (as of March 31, 2011)
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus		
Legal capital surplus	86,062	86,062
Other capital surplus	-	1
Total capital surplus	86,062	86,063
Retained earnings		
Legal retained earnings	7,455	7,455
Other retained earnings		
Reserve for overseas investment loss	732	52
Reserve for special depreciation	2	1
Reserve for reduction entry	4,129	3,789
Reserve for exploration for minerals	2,675	2,537
General reserve	208,000	223,000
Retained earnings brought forward	35,165	63,968
Total retained earnings	258,158	300,802
Treasury stock	(21,633)	(21,788)
Total shareholders' equity	415,829	458,319
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,201	471
Deferred gains or losses on hedges	(200)	(411)
Total valuation and translation adjustments	5,001	60
Total net assets	420,830	458,379
Total liabilities and net assets	693,370	757,860

(2) Statements of Income

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Net sales		
Net sales of finished goods	553,975	670,911
Net sales of goods	48,225	57,349
Total net sales	602,200	728,260
Cost of sales		
Cost of finished goods sold		
Beginning finished goods	21,206	31,886
Cost of products manufactured	563,731	682,756
Total	584,937	714,642
Finished goods transfer to other account	78,570	93,151
Ending finished goods	31,886	47,754
Cost of finished goods sold	474,481	573,737
Cost of goods sold		
Beginning goods	1,193	605
Cost of purchased goods	82,102	86,849
Total	83,295	87,454
Goods transfer to other account	24,708	16,518
Ending goods	605	1,932
Cost of goods sold	57,982	69,004
Total cost of sales	532,463	642,741
Gross profit	69,737	85,519
Selling, general and administrative expenses		
Transportation and warehousing expenses	8,631	8,732
Salaries and allowances	5,535	6,245
Provision for bonuses	242	237
Provision for directors' bonuses	65	70
Retirement benefit expenses	1,071	794
Depreciation	593	596
Subcontract expenses	932	971
Research and development expenses	4,860	5,389
Survey costs for mines	-	2,058
Other	6,251	5,517
Total selling, general and administrative expenses	28,180	30,609
Operating income	41,557	54,910
Non-operating income		
Interest income	1,120	972
Dividends income	11,360	28,552
Gain on valuation of derivatives	120	-
Other	1,114	858
Total non-operating income	13,714	30,382

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Non-operating expenses		
Interest expenses	2,048	1,989
Interest on bonds	142	142
Loss on valuation of derivatives	-	28
Foreign exchange losses	1,960	4,589
Out-of-cost amortization	33	10
Provision of allowance for doubtful accounts	1,406	-
Provision of allowance for investment loss	-	97
Maintenance expense of suspended or abandoned mines	235	462
Dismantlement cost	364	336
Other	802	927
Total non-operating expenses	6,990	8,580
Ordinary income	48,281	76,712
Extraordinary income		
Gain on sales of noncurrent assets	252	153
Gain on sales of investment securities	-	92
Gain on sales of subsidiaries and affiliates' stocks	230	-
Reversal of allowance for investment loss	92	-
Reversal of provision for loss on business restructuring	17	-
Liquidation dividend of subsidiaries and affiliates	-	288
Total extraordinary income	591	533
Extraordinary loss		
Loss on sales of noncurrent assets	42	24
Loss on retirement of noncurrent assets	430	369
Impairment loss	114	63
Loss on valuation of investment securities	-	1,500
Loss on valuation of stocks of subsidiaries and affiliates	604	-
Provision for loss on business restructuring	858	-
Loss on support to subsidiaries and affiliates	480	500
Provision for loss on support to subsidiaries and affiliates	-	28
Loss on disaster	67	338
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	295
Total extraordinary losses	2,595	3,117
Income before income taxes	46,277	74,128
Penalty collection of income taxes	320	-
Income taxes—deferred	2,156	(2,240)
Total income taxes	15,709	17,431
Net income	30,568	56,697

(3) Statements of Changes in Net Assets

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	93,242	93,242
Balance at the end of current period	93,242	93,242
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	86,062	86,062
Balance at the end of current period	86,062	86,062
Other capital surplus		
Balance at the end of previous period	29	-
Changes of items during the period		
Disposal of treasury stock	(29)	1
Total changes of items during the period	(29)	1
Balance at the end of current period	-	1
Total capital surplus		
Balance at the end of previous period	86,091	86,062
Changes of items during the period		
Disposal of treasury stock	(29)	1
Total changes of items during the period	(29)	1
Balance at the end of current period	86,062	86,063
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	7,455	7,455
Balance at the end of current period	7,455	7,455
Other retained earnings		
Various reserves		
Balance at the end of previous period	215,248	215,538
Changes of items during the period		
Provision of various reserves	2,252	16,832
Reversal of various reserves	(1,962)	(2,991)
Total changes of items during the period	290	13,841
Balance at the end of current period	215,538	229,379
Retained earnings brought forward		
Balance at the end of previous period	9,871	35,165
Changes of items during the period		
Provision of various reserves	(2,252)	(16,832)
Reversal of various reserves	1,962	2,991
Dividends from surplus	(3,935)	(14,053)
Net income	30,568	56,697
Disposal of treasury stock	(1,049)	-
Total changes of items during the period	25,294	28,803
Balance at the end of current period	35,165	63,968

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Total other retained earnings		
Balance at the end of previous period	225,119	250,703
Changes of items during the period		
Provision of various reserves	-	-
Reversal of various reserves	-	-
Dividends from surplus	(3,935)	(14,053)
Net income	30,568	56,697
Disposal of treasury stock	(1,049)	-
Total changes of items during the period	25,584	42,644
Balance at the end of current period	250,703	293,347
Total retained earnings		
Balance at the end of previous period	232,574	258,158
Changes of items during the period		
Provision of various reserves	-	-
Reversal of various reserves	-	-
Dividends from surplus	(3,935)	(14,053)
Net income	30,568	56,697
Disposal of treasury stock	(1,049)	-
Total changes of items during the period	25,584	42,644
Balance at the end of current period	258,158	300,802
Treasury stock		
Balance at the end of previous period	(32,678)	(21,633)
Changes of items during the period		
Purchase of treasury stock	(175)	(160)
Disposal of treasury stock	11,220	5
Total changes of items during the period	11,045	(155)
Balance at the end of current period	(21,633)	(21,788)
Total shareholders' equity		
Balance at the end of previous period	379,229	415,829
Changes of items during the period		
Provision of various reserves	-	-
Reversal of various reserves	-	-
Dividends from surplus	(3,935)	(14,053)
Net income	30,568	56,697
Purchase of treasury stock	(175)	(160)
Disposal of treasury stock	10,142	6
Total changes of items during the period	36,600	42,490
Balance at the end of current period	415,829	458,319

(Millions of yen)

	Previous Fiscal Year (from April 1, 2009, to March 31, 2010)	Current Fiscal Year (from April 1, 2010, to March 31, 2011)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(389)	5,201
Changes of items during the period		
Net changes of items other than shareholders' equity	5,590	(4,730)
Total changes of items during the period	5,590	(4,730)
Balance at the end of current period	5,201	471
Deferred gains or losses on hedges		
Balance at the end of previous period	(2,340)	(200)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,140	(211)
Total changes of items during the period	2,140	(211)
Balance at the end of current period	(200)	(411)
Total valuation and translation adjustments		
Balance at the end of previous period	(2,729)	5,001
Changes of items during the period		
Net changes of items other than shareholders' equity	7,730	(4,941)
Total changes of items during the period	7,730	(4,941)
Balance at the end of current period	5,001	60
Total net assets		
Balance at the end of previous period	376,500	420,830
Changes of items during the period		
Provision of various reserves	-	-
Reversal of various reserves	-	-
Dividends from surplus	(3,935)	(14,053)
Net income	30,568	56,697
Purchase of treasury stock	(175)	(160)
Disposal of treasury stock	10,142	6
Net changes of items other than shareholders' equity	7,730	(4,941)
Total changes of items during the period	44,330	37,549
Balance at the end of current period	420,830	458,379

[Note in the Margin of the Statements of Changes in Net Assets]

Note: The breakdown of “Various reserves” is as follows:

	Balance at March 31, 2009	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2010
Reserve for overseas investment loss	105	662	(35)	627	732
Reserve for special depreciation	21	-	(19)	(19)	2
Reserve for reduction entry	4,416	99	(386)	(287)	4,129
Reserve for exploration for minerals	2,706	1,491	(1,522)	(31)	2,675
General reserve	208,000	-	-	-	208,000
Total various reserves (Millions of yen)	215,248	2,252	(1,962)	290	215,538

	Balance at March 31, 2010	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2011
Reserve for overseas investment loss	732	-	(680)	(680)	52
Reserve for special depreciation	2	-	(1)	(1)	1
Reserve for reduction entry	4,129	72	(412)	(340)	3,789
Reserve for exploration for minerals	2,675	1,760	(1,898)	(138)	2,537
General reserve	208,000	15,000	-	15,000	223,000
Total various reserves (Millions of yen)	215,538	16,832	(2,991)	13,841	229,379

(4) Note Relating to the “Going Concern” Assumption

There are no pertinent items.

6. Others

(1) Overseas Market Prices, Foreign Exchange Rates, Sales and Production

(i) Overseas market prices and foreign exchange rates

	Unit	A Previous Fiscal Year (Fiscal 2009)	B Current Fiscal Year (Fiscal 2010)	B-A Increase (Decrease)	C Projections for the Next Fiscal Year (Fiscal 2011)	C-B Increase/Decrease
Copper	$/t	6,101	8,140	2,039	8,500	360
Gold	$/T OZ	1,023.3	1,293.8	270.5	1,400.0	106.2
Nickel	$/lb	7.72	10.68	2.96	11.00	0.32
Zinc	$/t	1,934	2,187	253	2,200	13
Exchange rate (TTM)	¥/$	92.86	85.73	-7.13	80.00	-5.73

(ii) Sales volume, unit price and net sales for major products (the Company)

Segment	Product	Unit	A Previous Fiscal Year (Fiscal 2009)	B Current Fiscal Year (Fiscal 2010)	B – A Increase/Decrease
Mineral Resources	Gold and silver ores	t	133,995	135,030	1,035
		¥1,000/DMT	156	183	27
		¥Million	20,955	24,720	3,765
	(Gold content)	(kg)	(7,500)	(7,500)	(0)
Smelting & Refining	Copper	t	410,674	411,009	335
		¥1,000/t	568	699	131
		¥Million	233,351	287,249	53,898
	Gold	kg	46,774	45,863	-911
		¥/g	3,062	3,559	497
		¥Million	143,200	163,245	20,045
	Silver	kg	262,835	258,917	-3,918
		¥1,000/kg	47	66	19
		¥Million	12,300	16,972	4,672
	Nickel	t	56,437	63,293	6,856
		¥1,000/t	1,540	2,033	493
		¥Million	86,899	128,702	41,803
	Zinc	t	20,552	22,013	1,461
		¥1,000/t	186	198	12
		¥Million	3,822	4,360	538
	(Including commissioned zinc)	(t)	(89,537)	(94,281)	(4,744)
Materials	Semiconductor materials and advanced materials	¥Million	121,729	135,978	14,249

Notes:

1. The Company mainly engages in project production for these major products because the ratio of build-to-order production is low.
2. Nickel above includes ferronickel.

(iii) Output by product (the Company)

Product	Unit	Previous Fiscal Year (Fiscal 2009)	Current Fiscal Year (Fiscal 2010)	Increase/Decrease
Copper	t	395,788	404,124	8,336
Gold	kg	36,818	39,252	2,434
Electrolytic nickel	t	33,933	41,322	7,389
Ferronickel	t	20,684	18,701	-1,983
Zinc	t	68,985	72,268	3,283
Gold and silver ore	t	133,542	135,629	2,087
(Gold content)	(kg)	(6,756)	(7,738)	(982)
Zinc (Commissioning portion)	t	18,354	19,842	1,488

Notes:

1. Output includes the portions of commissioning and/or commissioned production.
2. The Commissioning portion of zinc is separately presented from “Zinc” as shown in the above table.

Transfer of Corporate Officers

1. New Representative Director
   Ichiro Abe (current positions: Director, Senior Managing Executive Officer, General Manager of Mineral Resources Div.

2. Nominees for new Corporate Auditors
   Outside Corporate Auditor: Hikoyuki Miwa (current position: Certified Public Accountant)

3. Retiring Directors
   Katsumi Maeda (current position: Outside Corporate Auditor)

4. New Executive Officers
   Executive Officer: Norifumi Ushirone (current position: Senior Deputy General Manager, President of Sumitomo Metal Mining Pogo LLC)
   Executive Officer: Kazuo Ikeda (current position: General Manager of Planning & Administration Dept., Technology Div.)
   Executive Officer: Harumasa Kurokawa (current position: General Manager of Administration Dept., Non-Ferrous Metals Div.)

5. Retiring Executive Officer
   Adviser: Etsu Senda (current position: Managing Executive Officer)

6. Executive Officers to be promoted
   Executive Vice President: Ichiro Abe (current position: Senior Managing Executive Officer)
   Senior Managing Executive Officer : Kozou Baba (current position: Managing Executive Officer)

7. Senior Deputy General Managers to be designated
   Kazuo Ikeda
   Harumasa Kurokawa

8. Senior Deputy General Managers to be retired
   Etsu Senda

   Note: The Senior Deputy General Manager is the Company’s internal position that will be designated as Executive Officer or President of the Company or significant subsidiaries.

To be determined as of June 27, 2011 (scheduled)