



## Consolidated Financial Results for the Second Quarter Ended September 30, 2012 [J-GAAP]

November 6, 2012

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: Kunihiro Miyamoto, Manager, PR & IR Dept. TEL: +81-3-3436-7705  
 Scheduled Date to Submit Quarterly Report: November 14, 2012  
 Scheduled Date to Start Dividend Payment: December 6, 2012  
 Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes  
 Briefing on Quarterly Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results (From April 1, 2012, to September 30, 2012)

#### (1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2012	398,452	-8.2	39,742	-11.9	39,208	-36.3	27,200	-27.6
Six months ended September 30, 2011	434,261	1.1	45,120	—	61,554	—	37,548	—

(Note) Comprehensive income

Six months ended September 30, 2012: ¥30,723 million (-15.9%); Six months ended September 30, 2011: ¥36,535 million (—%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Six months ended September 30, 2012	48.44	44.70
Six months ended September 30, 2011	66.81	61.34

(Note) Percentage figures of year-on-year change for the six months ended September 30, 2011 are not presented due to the retrospective adjustment for the change in accounting policy.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2012	1,178,345	745,111	57.7
As of March 31, 2012	1,146,759	726,039	57.5

(Reference) Shareholders' equity

As of September 30, 2012: ¥680,305 million; As of March 31, 2012: ¥659,720 million

### 2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	—	16.00	—	12.00	28.00
Year ending March 31, 2013	—	14.00			
Year ending March 31, 2013 (Forecast)			—	14.00	28.00

(Note) Revision of dividend projection that has been disclosed lastly: No

**3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2013  
(From April 1, 2012, to March 31, 2013)**

(% figures show year-on-year change)

	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
Full year	764,000	-9.9	73,000	-17.6	82,000	-24.7	58,000	-11.2	103.50

(Note) Revision of operating results projection that has been disclosed lastly: Yes

Notes

- (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) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements: Yes  
(Note) For further details, please refer to “2. Summary Information (Notes)” on page 4.
- (3) Change in Accounting Policies or Estimates and Retrospective Restatements
- |  |      |
|--|------|
| 1) Changes in accounting policies in accordance with revision of accounting standards: | None |
| 2) Changes in accounting policies other than item 1) above:                            | Yes  |
| 3) Change in accounting estimates:   | None |
| 4) Retrospective restatements:   | None |
- (Note) For further details, please refer to “2. Summary Information (Notes)” on page 4.
- (4) Number of Outstanding Shares (Common stock)
- |   |  |
|---|--|
| 1) Number of shares issued as of end of period (including treasury stock) |  |
| 581,628,031 shares at September 30, 2012                                  |  |
| 581,628,031 shares at March 31, 2012                                      |  |
| 2) Number of shares of treasury stock as of end of period                 |  |
| 22,331,167 shares at September 30, 2012                                   |  |
| 19,671,522 shares at March 31, 2012                                       |  |
| 3) Average number of shares during the period                             |  |
| 561,513,428 shares for six months ended September 30, 2012                |  |
| 561,993,710 shares for six months ended September 30, 2011                |  |

Presentation regarding status of quarterly review procedure

The consolidated financial results presented herein are not subject to the quarterly review procedure specified by the Financial Instruments and Exchange Act. The review procedure for quarterly consolidated financial statements specified by the Financial Instruments and Exchange Act has not been completed at the time of the disclosure of these financial results.

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

Forecast of consolidated operating results for the full year ending March 31, 2013, disclosed on May 11, 2012, is revised in this report. 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 and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials)

The Supplementary Explanation Materials will be posted on the Company’s website on Tuesday, November 6, 2012.

## Contents of the Attachment

<b>1. Qualitative Information on Quarterly Financial Results</b> .....	<b>2</b>
(1) Qualitative Information on Consolidated Operating Results .....	2
(2) Qualitative Information on the Consolidated Financial Position .....	2
(3) Qualitative Information on the Forecast of Consolidated Operating Results .....	3
<b>2. Summary Information (Notes)</b> .....	<b>4</b>
(1) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements .....	4
(2) Changes in Accounting Policies or Estimates and Retrospective Restatements .....	4
<b>3. Consolidated Financial Statements</b> .....	<b>5</b>
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	7
Consolidated Statements of Income	
(For 2nd Quarter of Cumulative Consolidated Fiscal Period) .....	7
Consolidated Statements of Comprehensive Income	
(For 2nd Quarter of Cumulative Consolidated Fiscal Period) .....	9
(3) Consolidated Statements of Cash Flows .....	10
(4) Note Relating to the Going Concern Assumption .....	12
(5) Significant Changes in Shareholders' Equity .....	12
(6) Segment Information and Others .....	12
(7) Significant Subsequent Event .....	14
<b>4. Supplementary Information</b> .....	<b>15</b>
(1) Overseas Market Prices and Foreign Exchange Rate .....	15
(2) Sales Volume, Unit Price and Net Sales for Major Products (the Company) .....	15
(3) Output by Product (the Company) .....	16

## 1. Qualitative Information on Quarterly Financial Results

### (1) Qualitative Information on Consolidated Operating Results

The overall global economy during the first six months of fiscal 2012, the year ending March 31, 2013, witnessed the growing tendency of slowdown in emerging economies, in addition to the sluggish European economy and delays in the recovery of the U.S. economy. Meanwhile, Japan's economy slowed the movement of recovery on the whole, due to the conspicuous drop in exporting industries, despite the support provided by domestic demand against the backdrop of demand for reconstruction from the Great East Japan Earthquake and other factors.

In the nonferrous metals industry, nonferrous metal prices had been on the decline since the first half of last year but reversed to rise at the end of the second quarter of fiscal 2012. In the electronics sector, sales of electronics components and the like for high-performance mobile phones—which had been favorable—entered into the inventory adjustment phase since the summer, while demand for flat-screen televisions remained sluggish.

Under these circumstances, net sales in the first six months of fiscal 2012 decreased ¥35,809 million from the same period in the previous fiscal year to ¥398,452 million, reflecting the decreased sales in the Smelting & Refining segment mainly due to the fallen prices of metals as well as decreased sales in the Materials segment due to the exit from the bonding wire business. Operating income amounted to ¥39,742 million, a year-over-year decrease of ¥5,378 million, owing to the decreased income in the Mineral Resources and Smelting & Refining segments due to the fall in metal prices, while the impact of inventory valuation was similar to that in the same period of the previous fiscal year. Ordinary income decreased ¥22,346 million from the same period of the previous fiscal year to ¥39,208 million, reflecting a decline in equity in the earnings of affiliates. Net income for the period under review fell ¥10,348 million to ¥27,200 million.

Operating results by segment are as follows.

#### 1) Mineral Resources segment

Production continued stably at the Hishikari mine. The gold output at the Pogo gold mine was almost unchanged from the same period of the previous fiscal year. Production at the Morenci copper mine exceeded the production level of the same period a year earlier. Nonetheless, segment income decreased year over year, reflecting the decreased equity in earnings of affiliates affected by fallen copper prices.

Net sales fell ¥482 million year over year to ¥52,068 million, and segment income decreased ¥13,116 million to ¥34,204 million.

#### 2) Smelting & Refining segment

As for nickel, its sales volume was at the same level of the same period of the previous fiscal year, whereas its price was lower compared with the same period a year earlier. Regarding copper, its sales volume increased from the level of the same period of the previous fiscal year, while its price was lower compared with the same period a year earlier. Segment income decreased year over year, due to the decreased sales affected by the fallen metal prices and the deteriorated equity in the earnings of affiliates.

Net sales decreased ¥38,276 million year over year to ¥313,061 million, and segment income declined ¥14,888 million to ¥2,574 million.

#### 3) Materials segment

Although the sales volume of battery materials increased year over year supported by the increased sales of hybrid cars, demand for LCD panels, a major application of the products in this segment, was sluggish. Moreover, net sales declined substantially because of the exit from the bonding wire business.

Net sales fell ¥19,491 million year over year to ¥87,553 million, and segment income declined ¥185 million to ¥592 million.

### (2) Qualitative Information on the Consolidated Financial Position

#### 1) Status of financial position

Total assets at the end of the period under review increased ¥31.6 billion from the previous consolidated fiscal year-end to ¥1,178.3 billion, reflecting an increase in construction in progress regarding the Taganito Project, as well as an increase in short-term investment securities (negotiable certificates of deposit), etc.

Total liabilities increased ¥12.5 billion year over year to ¥433.2 billion mainly due to an increase in loans payable for the Taganito Project despite a decrease in notes and accounts payable-trade.

Total net assets increased ¥19,100 million from the previous consolidated fiscal year-end to ¥745,100 million, and the equity ratio improved from 57.5% to 57.7%.

#### 2) Status of cash flows

The cash and cash equivalents at the end of the period under review amounted to ¥218,288 million, or an increase of ¥32,580 million from the previous consolidated fiscal year-end.

Status of cash flows and their major factors during the period under review are as follows.

#### Cash flows from operating activities

Income before income taxes decreased ¥15,629 million from a year earlier to ¥33,847 million, whereas a decrease in inventories as well as income taxes paid contributed to increasing the inflow of cash by ¥30,095 million from a year earlier. As a result, net cash provided by operating activities amounted to ¥64,040 million.

#### Cash flows from investing activities

In the period under review, there were no investments similar to those made in the same period of the previous year in overseas resource development projects, such as a project by Sierra Gorda S.C.M. With the resultant decrease in the outflow of cash by ¥25,685 million from a year earlier, net cash used in investing activities was ¥40,542 million.

#### Cash flows from financing activities

The income increased because of the long-term loans payable for the Taganito Project, while the inflow of cash decreased as there was no issuance of bonds conducted in the same period of the previous fiscal year, and the outflow of cash increased as we established the monetary trust for the purpose of acquiring treasury stock. As a result, the inflow of cash decreased by ¥37,525 million from a year earlier, and net cash provided by financing activities was ¥8,738 million.

### (3) Qualitative Information on the Forecast of Consolidated Operating Results

Although the global economy is expected to maintain a positive growth undertone throughout the year, the sense of sluggishness has been further strengthened due to the lingering debt crisis in Europe and the slowing growth rates in the emerging nations. The forecast of the Japanese economy remains unclear due to such factors as the after-effects of the completed government Eco-Car subsidies and production adjustments in the electronics related sectors.

In the nonferrous metals industry, it is likely that nonferrous metal prices will generally remain weak as they are affected by weak demand due to the global slowdown in economic growth, with the strong yen in the foreign exchange market expected to continue going forward; and therefore, the business environment surrounding the Company will remain severe.

Under these circumstances, consolidated operating income, ordinary income and net income for the full year ending March 31, 2013, are expected to decrease by 9.0%–15.0% compared with the respective forecasts released on May 11, 2012.

The forecasts for net sales by reported segment and segment income for the full year ending March 31, 2013, are as follows. (Reference: Segment income is adjusted to match ordinary income in the Consolidated Statements of Income.)

No revision has been made to the forecast for dividends.

#### Forecast of consolidated operating results for the full year ending March 31, 2013 (revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	110,000	588,000	158,000	856,000	18,000	(110,000)	764,000
Segment income	67,000	10,000	3,000	80,000	2,000	—	82,000

#### (Reference) Forecast of consolidated operating results for the full year ending March 31, 2013 (previous)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	110,000	622,000	158,000	890,000	16,000	(92,000)	814,000
Segment income	74,000	10,000	4,000	88,000	2,000	2,000	92,000

#### (Note)

The reported segments have been changed effective from the first quarter ended June 30, 2012. According to this change, net sales by segment and segment income have been adjusted. For details of changes in the reported segments, see “3. Matters relating to Changes in the Reported Segments (Change in the reported segments under organizational reform)” on page 13.

## 2. Summary Information (Notes)

### (1) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements

The tax expenses for consolidated subsidiaries are calculated by multiplying income before income taxes for the period under review by the effective tax rates on income before income taxes for the fiscal year ending March 31, 2013 including the second quarter under review, that are reasonably estimated upon the adoption of tax-effect accounting.

### (2) Changes in Accounting Policies or Estimates and Retrospective Restatements

Change in the accounting policy to report a part of tunnel cut expenses as noncurrent assets

Previously, the Company's expenses for cutting new tunnels for the purpose of prospecting in the domestic mining business were reported under cost of sales or selling, general and administrative expenses as incurred on an accrual basis. Effective from the first quarter ended June 30, 2012, the expenses for cutting new tunnels regarding tunnels that concurrently serve as pathways for transporting mined ores after being cut have come to be reported as "structures (tunnels for the mining business)."

New tunnels for the Hishikari mine in Japan have been cut mainly for the purpose of prospecting since its start of mining. In recent years, however, the focus of the mining operation has been shifted to more efficient and systematic mining by using the cut tunnels, of which the initial purpose was prospecting, as the pathways for transporting mined ores based on relevant data on mineral deposits and/or ore veins known through the prospecting activity.

Taking into account these circumstances, the policy on new tunnel cutting plans has been changed to set the major purpose for cutting to be the transportation of ores effective from the first quarter of the fiscal year ending March 31, 2013.

In line with this change in policy, the accounting procedures also have been changed for the purpose of getting a grip on more appropriate costs and expenses in response to the revenue from mining.

As the Company stipulates that the storage period for its accounting vouchers is seven (7) years, the treatment of relevant vouchers under this principle relating to retrospective application is practically impossible. The Company, therefore, has reported the expenses for the tunnels cut since April 1, 2005, for which the cutting purpose is also the transportation of ores, as structures.

As a result, compared with the previous method before the above change in accounting policy is retrospectively applied, operating income, ordinary income and income before income taxes for the six months ended September 30, 2011 each increased by ¥49 million. Income before income taxes on the Consolidated Statements of Cash Flows for the six months ended September 30, 2011 also increased by ¥49 million, while there was no impact on the balance of cash and cash equivalents at the end of the same period. In addition, the restated balance at the beginning of the previous fiscal year in retained earnings increased by ¥407 million because of the cumulative effect of the change in accounting policies reflected on the amount of net assets at the beginning of the previous fiscal year.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Second Quarter FY2012 (as of September 30, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	76,245	66,934
Notes and accounts receivable—trade	99,499	86,085
Short-term investment securities	109,500	151,500
Merchandise and finished goods	69,960	71,151
Work in process	45,964	33,274
Raw materials and supplies	35,144	32,121
Other	63,425	74,715
Allowance for doubtful accounts	(242)	(247)
Total current assets	499,495	515,533
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	80,595	83,337
Machinery, equipment and vehicles, net	90,113	85,169
Tools, furniture and fixtures, net	3,761	3,817
Land	26,484	26,471
Construction in progress	90,269	105,499
Total property, plant and equipment	291,222	304,293
Intangible assets		
Mining right	7,245	6,841
Other	3,166	3,227
Total intangible assets	10,411	10,068
Investments and other assets		
Investment securities	325,947	323,342
Other	19,914	25,348
Allowance for doubtful accounts	(224)	(233)
Allowance for investment loss	(6)	(6)
Total investments and other assets	345,631	348,451
Total noncurrent assets	647,264	662,812
<b>Total assets</b>	<b>1,146,759</b>	<b>1,178,345</b>

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Second Quarter FY2012 (as of September 30, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	43,426	34,624
Short-term loans payable	58,832	59,070
Income taxes payable	4,132	2,071
Provision for bonuses	3,531	3,447
Provision for furnace repair works	253	505
Provision for loss on business restructuring	1,764	1,123
Provision for environmental measures	109	104
Provision for loss on disaster	34	—
Other provision	163	161
Other	74,709	73,259
Total current liabilities	186,953	174,364
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	157,119	184,680
Provision for retirement benefits	6,973	6,282
Provision for directors' retirement benefits	54	34
Provision for loss on business restructuring	21	16
Accrued indemnification loss on damages	0	0
Provision for environmental measures	39	50
Other provision	214	226
Asset retirement obligations	4,317	4,705
Other	15,030	12,877
Total noncurrent liabilities	233,767	258,870
Total liabilities	420,720	433,234
<b>Net assets</b>		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,063	86,063
Retained earnings	572,576	593,076
Treasury stock	(21,845)	(24,597)
Total shareholders' equity	730,036	747,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,986	7,720
Deferred gains or losses on hedges	(4,854)	(3,555)
Foreign currency translation adjustment	(76,448)	(71,644)
Total accumulated other comprehensive income	(70,316)	(67,479)
Minority interests	66,319	64,806
Total net assets	726,039	745,111
Total liabilities and net assets	1,146,759	1,178,345

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income  
(For 2nd Quarter of Cumulative Consolidated Fiscal Period)

(Millions of yen)

	Second Quarter FY2011 (from April 1, 2011, to September 30, 2011)	Second Quarter FY2012 (from April 1, 2012, to September 30, 2012)
Net sales	434,261	398,452
Cost of sales	368,049	336,266
Gross profit	66,212	62,186
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	4,246	4,173
Salaries and allowances	4,789	5,047
Provision for bonuses	518	456
Retirement benefit expenses	472	390
Provision for directors' retirement benefits	3	1
Research and development expenses	2,540	2,978
Other	8,524	9,399
Total selling, general and administrative expenses	21,092	22,444
Operating income	45,120	39,742
Non-operating income		
Interest income	400	609
Dividends income	886	855
Equity in earnings of affiliates	22,660	3,982
Other	344	771
Total non-operating income	24,290	6,217
Non-operating expenses		
Interest expenses	1,637	1,683
Foreign exchange losses	4,228	3,720
Loss on valuation of borrowed gold bullion	195	—
Other	1,796	1,348
Total non-operating expenses	7,856	6,751
Ordinary income	61,554	39,208
Extraordinary income		
Gain on sales of noncurrent assets	46	36
Gain on sales of investment securities	60	154
Total extraordinary income	106	190
Extraordinary loss		
Loss on sales of noncurrent assets	12	1
Loss on retirement of noncurrent assets	101	304
Impairment loss	5,477	—
Loss on valuation of investment securities	6,144	5,145
Loss on business restructuring	—	82
Provision for environmental measures	139	8
Loss on disaster	311	11
Total extraordinary losses	12,184	5,551
Income before income taxes	49,476	33,847

(Millions of yen)

	Second Quarter FY2011 (from April 1, 2011, to September 30, 2011)	Second Quarter FY2012 (from April 1, 2012, to September 30, 2012)
Income taxes—current	8,395	5,336
Income taxes—deferred	(2,075)	1,436
Total income taxes	6,320	6,772
Income before minority interests	43,156	27,075
Minority interests in income	5,608	(125)
Net income	37,548	27,200

Consolidated Statements of Comprehensive Income  
(For 2nd Quarter of Cumulative Consolidated Fiscal Period)

(Millions of yen)

	Second Quarter FY2011 (from April 1, 2011, to September 30, 2011)	Second Quarter FY2012 (from April 1, 2012, to September 30, 2012)
Income before minority interests	43,156	27,075
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,195)	(3,277)
Deferred gains or losses on hedges	(3,133)	1,141
Foreign currency translation adjustment	3,778	1,681
Share of other comprehensive income of associates accounted for using equity method	(1,071)	4,103
Total other comprehensive income	(6,621)	3,648
Comprehensive income	36,535	30,723
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	29,582	30,037
Comprehensive income attributable to minority interests	6,953	686

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Second Quarter FY2011 (from April 1, 2011, to September 30, 2011)	Second Quarter FY2012 (from April 1, 2012, to September 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	49,476	33,847
Depreciation and amortization	16,097	13,543
Impairment loss	5,477	—
Loss (gain) on sales of noncurrent assets	(34)	(35)
Loss on retirement of noncurrent assets	101	304
Loss (gain) on sales of investment securities	(60)	(154)
Loss (gain) on valuation of investment securities	6,144	5,145
Loss (gain) on valuation of derivatives	709	480
Increase (decrease) in allowance for doubtful accounts	(8)	14
Increase (decrease) in provision for bonuses	347	(84)
Increase (decrease) in provision for directors' bonuses	(70)	(51)
Increase (decrease) in provision for furnace repair works	290	252
Increase (decrease) in provision for retirement benefits	16	(398)
Increase (decrease) in provision for directors' retirement benefits	(7)	(20)
Increase (decrease) in provision for loss on business restructuring	(99)	(646)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(1)	—
Increase (decrease) in provision for environmental measures	135	6
Increase (decrease) in provision for loss on disaster	(106)	(34)
Increase (decrease) in other provision	29	10
Interest and dividends income	(1,286)	(1,464)
Interest expenses	1,637	1,683
Foreign exchange losses (gains)	308	1,202
Equity in (earnings) losses of affiliates	(22,660)	(3,982)
Suspended business management expense	278	258
Loss on business restructuring	—	82
Loss on disaster	311	11
Decrease (increase) in notes and accounts receivable—trade	11,195	12,778
Decrease (increase) in inventories	(4,643)	14,544
Increase (decrease) in notes and accounts payable—trade	(3,354)	(7,287)
Increase (decrease) in accrued consumption taxes	(453)	1,936
Other, net	(15,442)	(6,543)
Subtotal	44,327	65,397
Interest and dividends income received	11,334	7,805
Interest expenses paid	(1,597)	(1,683)
Suspended business management expense paid	(278)	(258)
Disaster recovery expense paid	(368)	(11)
Income taxes paid	(19,473)	(7,210)
Net cash provided by operating activities	33,945	64,040

(Millions of yen)

	Second Quarter FY2011 (from April 1, 2011, to September 30, 2011)	Second Quarter FY2012 (from April 1, 2012, to September 30, 2012)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(34,957)	(24,737)
Proceeds from sales of property, plant and equipment	553	273
Purchase of intangible assets	(226)	(560)
Purchase of investment securities	(1,004)	(6,509)
Proceeds from sales of investment securities	150	205
Purchase of stocks of subsidiaries and affiliates	(30,031)	—
Payments into time deposits	—	(135)
Proceeds from withdrawal of time deposits	177	23
Payments of short-term loans receivable	(24)	(3,299)
Collection of short-term loans receivable	67	20
Payments of long-term loans receivable	(944)	(5,949)
Collection of long-term loans receivable	40	126
Other, net	(28)	—
Net cash used in investing activities	(66,227)	(40,542)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	3,819	(872)
Proceeds from long-term loans payable	2,452	27,924
Repayment of long-term loans payable	(2,376)	(1,027)
Proceeds from issuance of bonds	49,736	—
Proceeds from stock issuance to minority shareholders	8,870	25
Payments made to trust account for purchase of treasury stock	—	(7,272)
Decrease (increase) in treasury stock	(30)	(2,752)
Cash dividends paid	(11,240)	(6,730)
Cash dividends paid to minority shareholders	(4,968)	(558)
Net cash provided by (used in) financing activities	46,263	8,738
Effect of exchange rate change on cash and cash equivalents	642	344
Net increase (decrease) in cash and cash equivalents	14,623	32,580
Cash and cash equivalents at beginning of period	128,311	185,708
Cash and cash equivalents at end of period	142,934	218,288

(4) Note Relating to the Going Concern Assumption

There are no pertinent items.

(5) Significant Changes in Shareholders' Equity

There are no pertinent items.

(6) Segment Information and Others

(Segment Information)

1. Information on Net Sales and Income by Reported Segment

Six months ended September 30, 2011 (from April 1, 2011, to September 30, 2011)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments <sup>1</sup>	Amounts Reported in the Consolidated Statements of Income <sup>2</sup>
Net sales:							
Outside customers	32,067	305,212	95,194	432,473	1,788	—	434,261
Intersegment	20,483	46,125	11,850	78,458	2,715	(81,173)	—
Total	52,550	351,337	107,044	510,931	4,503	(81,173)	434,261
Segment income	47,320	17,462	777	65,559	325	(4,330)	61,554

Six months ended September 30, 2012 (from April 1, 2012, to September 30, 2012)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments <sup>1</sup>	Amounts Reported in the Consolidated Statements of Income <sup>2</sup>
Net sales:							
Outside customers	33,005	285,293	78,830	397,128	1,324	—	398,452
Intersegment	19,063	27,768	8,723	55,554	4,145	(59,699)	—
Total	52,068	313,061	87,553	452,682	5,469	(59,699)	398,452
Segment income	34,204	2,574	592	37,370	443	1,395	39,208

(Note) 1. The adjustments for segment income are as follows:

(Millions of yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Head office expenses not allocated to each reported segment <sup>a</sup>	(4,886)	(5,376)
Cost of capital to be borne by each reported segment <sup>b</sup>	8,231	7,246
Eliminations of inter-segment transactions among the reported segments	(2,507)	2,653
Non-operating income (expenses) not allocated to each reported segment <sup>c</sup>	(5,168)	(3,128)
Total	(4,330)	1,395

- \*a The head office expenses not allocated to each reported segment mainly consist of general administrative expenses and research and development expenses which are not attributable to the reported segments.
- \*b Cost of capital refers to an interest rate burden to be borne by each business segment of the parent company, which does not financially assume interest expenses, in proportion to its holding assets in calculating segment income for internal administration purposes.  
The cost of capital is obtained by multiplying the total assets held by each segment of the parent company by the “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 segment is reported as a negative value in “Adjustments.” The cost of capital is offset in the total for all segments companywide and therefore has no effect on the consolidated financial statements.
- \*c Non-operating income and expenses not allocated to each reported segment mainly consist of foreign exchange gains and losses and interest expenses, which are not attributable to the reported segments.

(Note) 2. Segment income is adjusted to match with ordinary income in the consolidated statements of income.

## 2. Types of Products and Services That Belong to Each Reported Segment

Segment	Major Products and Services
Mineral Resources	Exploration, development and production of nonferrous metal resources in Japan and overseas, as well as sales of ores and products
Smelting & Refining	Smelting and sales of copper, nickel, ferronickel and zinc, as well as smelting and sales of precious metals such as gold, silver and platinum
Materials	Manufacturing, processing and sales of advanced materials, including pastes, powder materials (e.g., nickel powder), battery materials (e.g., nickel hydroxide) and crystalline materials Manufacturing, processing and sales of semiconductor materials, including lead frames, tape materials—such as copper-clad polyimide film and chip-on-film (COF) substrates (electronic packaging materials used to make LCD panel integrated circuits)—and bonding wires Manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts and autoclaved lightweight concrete (ALC) products
Other Businesses	Technical engineering and real estate businesses

## 3. Matters relating to Changes in the Reported Segments

(Change in the reported segments under organizational reform)

The Company resolved, at its Board of Directors meeting held on June 29, 2012, to conduct an organizational reform, under which three existing divisions (Semiconductor Materials Div., Advanced Materials Div. and Energy, Catalysts & Construction Materials Div.) would be integrated into the “Materials Division,” which was newly established as of July 1, 2012, for the purpose of reinforcing businesses in the Materials segment.

The Company currently has three reported segments for its major businesses: Mineral Resources, Smelting & Refining and Materials, and the semiconductor materials and advanced materials businesses were previously integrated into Materials. Effective from the first quarter ended June 30, 2012, the energy, catalysts & construction materials business was added to the Materials segment as a result of the aforementioned organizational reform.

“Information on Net Sales and Income (Loss) by Reported Segment” for the six months ended September 30, 2011, on which the organizational reform and the change in the reported segments under organizational reform are reflected, is as stated in the table above.

(Calculation of segment income due to the change in accounting policies)

As described in the “Change in the accounting policy to report a part of tunnel cut expenses as noncurrent assets,” the change in the accounting policy above during the first quarter ended June 30, 2012 is retrospectively applied and the segment income for the six months ended September 30, 2011 represents the restated amount after such retrospective application.

As a result, compared with the previous method before the above change in accounting policy is retrospectively applied, segment income for the six months ended September 30, 2011 in the Mineral Resources segment increased by ¥49 million.

## (7) Significant Subsequent Events

### (Significant subsequent events)

At the meeting of the Board of Directors held on October 23, 2012, the Company adopted a resolution not to undertake additional investment in the Goro Nickel Cobalt Project at this time to cover repair work outlays resulting primarily from equipment troubles. The Project is being carried out in New Caledonia jointly with the Vale Canada Limited. Earlier, the Company and Mitsui & Co., Ltd. jointly set up a company, Sumic Nickel Netherlands b.v. (hereinafter referred to as "Sumic," head office in Amsterdam) to carry out their investments in the Goro Nickel Cobalt Project. As a result of this decision, Sumic's ownership interest in the Vale Nouvelle-Calédonie S.A.S., the operating company of the Project, will be diluted from 21.0% to 14.5%.

At that level, the Vale Nouvelle-Calédonie S.A.S. will no longer qualify as an equity-method affiliated company of the Company after the third quarter of fiscal 2012. As for the impact on the Company's consolidated operating results, gain on change in equity to be arising from Sumic, a consolidated subsidiary of the Company, by the change in ownership interest in the Goro Nickel Cobalt Project will be recorded as an extraordinary income of about ¥8.0 billion for the first nine months of fiscal 2012.

#### 4. Supplementary Information

##### (1) Overseas Market Prices and Foreign Exchange Rate

		A	B	(A + B) / 2	C	A - C
	Unit	FY2012 First Six Months Results (April 1, 2012, to September 30, 2012)	FY2012 Third and Fourth Quarters Forecasts (October 1, 2012, to March 31, 2013)	FY2012 Forecasts (April 1, 2012, to March 31, 2013)	FY2011 First Six Months Results (April 1, 2011, to September 30, 2011)	Year-Over-Year Increase (Decrease)
Copper	\$/t	7,792	7,500	7,646	9,072	(1,280)
Gold	\$/TOZ	1,632.2	1,700.0	1,666.1	1,603.1	29.1
Nickel	\$/lb	7.60	7.00	7.30	10.52	(2.92)
Zinc	\$/t	1,908	1,800	1,854	2,240	(332)
Exchange rate (TTM)	¥/\$	79.42	78.00	78.71	79.82	(0.40)

##### (2) Sales Volume, Unit Price and Net Sales for Major Products (the Company)

Reported Segment	Product	Unit	FY2012 First Six Months (Results) (April 1, 2012, to September 30, 2012)	FY2012 Third and Fourth Quarters (Forecasts) (October 1, 2012, to March 31, 2013)	FY2012 (Forecasts) (April 1, 2012, to March 31, 2013)
Mineral Resources	Gold and silver ores  (Gold content)	t	73,169	74,181	147,350
		¥Thousand/DMT	209	188	198
		¥Million	15,258	13,941	29,199
		(kg)	(3,970)	(3,530)	(7,500)
Smelting & Refining	Copper	t	225,438	222,094	447,532
		¥Thousand/t	630	594	612
		¥Million	141,966	132,027	273,993
	Gold	kg	17,532	13,381	30,913
		¥/g	4,173	4,269	4,215
		¥Million	73,165	57,126	130,291
	Silver	kg	124,659	88,450	213,109
		¥Thousand/kg	76	76	76
		¥Million	9,492	6,699	16,191
	Nickel	t	33,199	32,464	65,663
		¥Thousand/t	1,429	1,269	1,350
		¥Million	47,434	41,212	88,646
	Zinc	t	13,024	14,976	28,000
		¥Thousand/t	160	181	171
¥Million		2,084	2,708	4,792	
	(Including commissioned zinc)	(t)	(33,440)	(45,736)	(79,176)
Materials	Semiconductor materials and advanced materials	¥Million	49,008	31,082	80,090

(Notes)

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

(3) Output by Product (the Company)

Product	Unit	FY2012 First Six Months (April 1, 2012, to September 30, 2012)
Copper	t	218,613
Gold	kg	14,468
Electrolytic nickel	t	20,639
Ferronickel	t	10,685
Zinc	t	20,416
Gold and silver ore	t	69,258
(Gold content)	(kg)	(3,600)
Zinc (Commissioning portion)	t	11,810

(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.