Consolidated Financial Results for the Year Ended March 31, 2013 [J-GAAP]

May 10, 2013

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
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Scheduled Ordinary General Meeting of Shareholders: June 24, 2013
Scheduled Date to Start Dividend Payment: June 25, 2013
Scheduled Date to Submit Securities Report: June 24, 2013
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, 2012, to March 31, 2013)

(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	%
Year ended March 31, 2013	808,540	-4.6	95,785	8.1	115,034	5.7	86,640	32.7
Year ended March 31, 2012	847,897	-1.9	88,577	—	108,829	—	65,286	—

(Note) Comprehensive income
Year ended March 31, 2013: ¥145,467 million (207.8%); Year ended March 31, 2012: ¥47,261 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, 2013	155.58	142.40	12.1	9.2	11.8
Year ended March 31, 2012	116.17	106.84	10.1	9.9	10.4

(Reference) Equity in earnings (loss) of affiliates
Year ended March 31, 2013: ¥17,100 million; Year ended March 31, 2012: ¥23,217 million
(Note) Percentage figures of year-on-year change for the year ended March 31, 2012 are not presented due to the retrospective adjustment for the change in accounting policy.

(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, 2013	1,351,153	844,547	56.9	1,393.02
As of March 31, 2012	1,146,759	726,039	57.5	1,173.97

(Reference) Shareholders' equity
As of March 31, 2013: ¥769,250 million; As of March 31, 2012: ¥659,720 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2013	114,665	(88,745)	21,549	239,691
Year ended March 31, 2012	144,999	(135,932)	50,314	185,708

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, 2012	—	16.00	—	12.00	28.00	15,735	24.1	2.4
Year ended March 31, 2013	—	14.00	—	20.00	34.00	18,874	21.9	2.6
Year ending March 31, 2014 (Forecast)	—	17.00	—	17.00	34.00		25.4	

3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2014 (From April 1, 2013, to March 31, 2014)

(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)	437,000	9.7	40,000	0.6	51,000	30.1	37,000	36.0	67.00
Full year	872,000	7.8	81,000	-15.4	106,000	-7.9	74,000	-14.6	134.01

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) Changes 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 “4. Consolidated Financial Statements, (5) Notes (Change in Accounting Policies or Estimates and Retrospective Restatements)” on page 25.

(3) Number of Outstanding Shares (Common stock)

1) Number of shares issued as of end of period (including treasury stock)
581,628,031 shares at March 31, 2013
581,628,031 shares at March 31, 2012
2) Number of shares of treasury stock as of end of period
29,410,627shares at March 31, 2013
19,671,522 shares at March 31, 2012
3) Average number of shares during the period
556,883,429 shares for the year ended March 31, 2013
561,980,669 shares for the year ended March 31, 2012

(Note) Please refer to “4. Consolidated Financial Statements, (5) Notes (Earnings per Share)” on page 43 for the number of shares used as the basis for calculating “Net income per share (consolidated).”

(Reference) Summary of Non-Consolidated Financial Results
Non-Consolidated Financial Results (From April 1, 2012, to March 31, 2013)

(1) Non-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	%
Year ended March 31, 2013	685,374	-5.3	59,670	33.2	89,994	17.1	67,910	28.6
Year ended March 31, 2012	723,447	-0.7	44,805	—	76,853	—	52,813	—

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Year ended March 31, 2013	121.95	111.92
Year ended March 31, 2012	93.98	86.70

(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, 2013	904,581	549,818	60.8	995.65
As of March 31, 2012	827,030	492,904	59.6	877.12

(Reference) Shareholders' equity
As of March 31, 2013: ¥549,818 million; As of March 31, 2012: ¥492,904 million

Auditing procedure

The consolidated financial results presented herein are not subject to the auditing procedure specified by the Financial Instruments and Exchange Act. The auditing procedure for 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

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 for Financial Results)
The Supplementary Explanation Materials will be posted on the Company's website on Friday, May 10, 2013.

Contents of the Attachment

1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Business performance in fiscal 2012 (Year ended March 31, 2013)

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2013	808,540	95,785	115,034	86,640
Year ended March 31, 2012	847,897	88,577	108,829	65,286
Increase/decrease (Rate of change: %)	-39,357 (-4.6)	7,208 (8.1)	6,205 (5.7)	21,354 (32.7)

During fiscal 2012, the economy in Europe remained sluggish despite some reduction in financial instability, and the slowdown in emerging economies persisted. Nonetheless, on the whole there was a moderate recovery trend supported by robust consumption in the U.S. In terms of the Japanese economy, while domestic demand was supported mainly by the Eco-Car subsidy program and reconstruction demand following the Great East Japan Earthquake, there was a period during which export industries suffered significantly due to prolonged yen appreciation and concerns of a slowdown in the global economy. However, with the inauguration of the new administration at the end of last year, record-high yen levels have undergone corrections, underpinning growing expectations for an economic recovery.

In the nonferrous metals industry, although the drop in nonferrous metal prices stopped during the second quarter of fiscal 2012, performance was lackluster overall due to sluggish demand.

In the electronics sector, demand suffered as there were facts such as sales of electronics components for high-performance mobile phones—which had been favorable—entered into the inventory adjustment phase from summer onward.

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 aimed to promote strategic targets for the three core businesses of Mineral Resources, Smelting & Refining and Materials, that is, to become globally competitive and channeled business resources into growth sectors via a change in the business structure.

Consolidated net sales in fiscal 2012 decreased ¥39,357 million year over year to ¥808,540 million, reflecting the decreased sales in the Smelting & Refining segment mainly due to the decline in the nickel prices as well as decreased sales in the Materials segment due to the exit from the bonding wire business.

Consolidated operating income increased ¥7,208 million year over year to ¥95,785 million, mainly due to the positive effect of the rapid yen depreciation towards the end of the fiscal year and increased sales of electrolytic copper. Consolidated ordinary income was ¥115,034 million, a year-over-year increase of ¥6,205 million, due to improvements in consolidated operating income. As a result, consolidated net income for the fiscal period under review increased ¥21,354 million year over year to ¥86,640 million, mainly due to the posting of a gain on change in equity and decreases in impairment loss and loss on valuation of investment securities.

(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, 2013	104,873	637,803	156,613	899,289	15,943	-106,692	808,540
Year ended March 31, 2012	105,743	688,580	200,691	995,014	15,045	-162,162	847,897
Increase/decrease	-870	-50,777	-44,078	-95,725	898	55,470	-39,357
(Change: %)	(-0.8)	(-7.4)	(-22.0)	(-9.6)	(6.0)		(-4.6)
Segmental income:							
Year ended March 31, 2013	65,234	33,928	3,776	102,938	1,559	10,537	115,034
Year ended March 31, 2012	80,619	25,644	1,433	107,696	1,878	-745	108,829
Increase/decrease	-15,385	8,284	2,343	-4,758	-319	11,282	6,205
(Change: %)	(-19.1)	(32.3)	(163.5)	(-4.4)	(-17.0)		(5.7)

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 147,501 t, and the gold content was 7,478 kg.

As for overseas mines, the gold output at the Pogo gold mine (United States) that SMM directly operates declined, affected by the degradation of ore grade compared with the previous fiscal year. Although production of copper ore and electrolytic copper proceeded steadily at the Morenci mine (United States) where SMM is a management participant, there was a reduction in the production of copper ore and electrolytic copper at the Candelaria mine (Chile) and Cerro Verde mine (Peru) where SMM is also a management participant.

Segmental net sales decreased ¥870 million year over year to ¥104,873 million, and operating income decreased ¥15,385 million to ¥65,234 million.

b) Smelting & Refining segment

Although sales volume of nickel remained largely unchanged from a year earlier, net sales decreased due to factors such as the decline in the nickel prices. Coral Bay Nickel Corporation in the Philippines, in which high-pressure acid leach (HPAL) technology is used to facilitate the efficient processing of low-grade nickel oxide ores, increased its output year over year due to steady mine operations. For the Taganito Project on the island of Mindanao in the Philippines, commercial production is targeted to start during 2013.

Copper production increased year over year due to smooth operations following the completion of comprehensive furnace repairs at the Toyo Smelter & Refinery.

Segmental net sales decreased ¥50,777 million year over year to ¥637,803 million, whereas operating income increased ¥8,284 million to ¥33,928 million.

c) Materials segment

Net sales declined significantly because of the exit from the bonding wire business. Sales volume of battery materials increased year over year supported by the increased sales of hybrid cars. Orders for lead frames continued to be strong.

Segmental net sales decreased ¥44,078 million year over year to ¥156,613 million, whereas operating income increased ¥2,343 million year over year to ¥3,776 million.

2) Prospects for fiscal 2013

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Year ending March 31, 2014 (Projections)	872,000	81,000	106,000	74,000
Year ended March 31, 2013 (Actual)	808,540	95,785	115,034	86,640
Increase/decrease (Rate of change: %)	63,460 (7.8)	-14,785 (-15.4)	-9,034 (-7.9)	-12,640 (-14.6)

In terms of the global economy, although the outlook for Europe continued to look uncertain, overall a moderate recovery is expected as positive growth in the strong emerging economies is expected to be maintained throughout the year.

In the business environment surrounding the SMM Group, although excess in supply of nickel and copper is expected in the nonferrous metals industry, there are also some causes for concern towards supply. The electronics sector is expected to have harsh business conditions overall.

Given the aforementioned circumstances, the SMM Group intends to pursue the 2012 3-Year Business Plan (hereinafter the “12 3-Yr Business Plan”) covering the three years from fiscal 2013 to fiscal 2015 announced in February 2013 toward further improving its corporate value.

In fiscal 2013, the year ending March 31, 2014, net sales are expected to increase mainly due to the expected increase in nickel sales. Despite the positive effect of yen depreciation on exchange rates, earnings are expected to decrease as it is expected that nonferrous metals prices will remain low and there will be no effect of inventory valuation.

As a result, net sales are expected to reach ¥872,000 million with operating income of ¥81,000 million, ordinary income of ¥106,000 million and net income of ¥74,000 million 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	116,000	671,000	159,000	946,000	19,000	-93,000	872,000
Segmental income	65,000	37,000	6,000	108,000	1,000	-3,000	106,000

In the Mineral Resources segment, decreases in earnings are expected mainly due to the fall in the copper and gold prices. In the Smelting & Refining segment, decreases in earnings are expected mainly due no effect of inventory valuation compared with fiscal 2012. Increases in earnings are expected in the Materials segment, supported by the positive effects from reforms of the business structure.

In addition, to substitute the cost of capital allocated to each segment up until fiscal 2012, loan interest calculated from the product-group based balance sheets, head office expenses and research expenses have been allocated to each segment. The above segment income is calculated in light of these changes. Note that the totals for segment income are adjusted to match with consolidated ordinary income and there are no changes.

(2) Analysis of Financial Position

1) Overview for fiscal 2012

Consolidated Balance Sheets (Millions of yen)

	As of March 31, 2012	As of March 31, 2013	Increase/decrease
Assets	1,146,759	1,351,153	204,394
Liabilities	420,720	506,606	85,886
Net assets	726,039	844,547	118,508

Consolidated Statements of Cash Flows (Millions of yen)

	From April 1, 2011, to March 31, 2012	From April 1, 2012, to March 31, 2013	Increase/decrease
Net cash provided by operating activities	144,999	114,665	(30,334)
Net cash used in investing activities	(135,932)	(88,745)	47,187
Net cash provided by financing activities	50,314	21,549	(28.765)
Effect of exchange rate change on cash and cash equivalents	(1,984)	6,514	8,498
Cash and cash equivalents at beginning of period	128,311	185,708	57,397
Cash and cash equivalents at end of period	185,708	239,691	53,983

Assets as of March 31, 2013 increased from March 31, 2012, primarily due to an increase in investment securities as a result of the posting of equity in earnings of affiliates and the effect of yen depreciation, an increase in property, plant and equipment by the capital investment in the Taganito Project, and an increase in long-terms loans receivable from Sierra Gorda S.C.M. In liabilities, the balance of long-term loans payable increased, aimed at raising funds to invest aggressively in overseas mines.

Net cash provided by operating activities for the year ended March 31, 2013 decreased ¥30,334 million from the previous fiscal year to ¥114,665 million mainly due to a decrease in notes and accounts payable-trade and interest and dividend income received, despite an increase in income before income taxes. Net cash used in investing activities amounted to ¥88,745 million. This was less than the cash used in investing activities during the previous fiscal year due to the lack of investments similar to those in overseas resource development business such as Sierra Gorda S.C.M. that were made during the previous fiscal year. Net cash provided by financing activities amounted to ¥21,549 million mainly as a result of a decrease in proceeds due to the lack of issuance of bonds that was conducted during the previous year and an increase in expenditures for the purchase of treasury stock, despite an increase in proceeds from long-term loans payable.

As a result, the balance of cash and cash equivalents amounted to ¥239,691 million at March 31, 2013, an increase of ¥53,983 million compared with at the previous fiscal year-end.

Cash flow indicators:

Year ended	Mar. 31, 2009	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2013
Equity ratio (%)	57.4	59.8	59.9	57.5	56.9
Equity ratio based on market capitalization (%)	59.0	79.6	76.4	57.0	54.9
Cash flows/Interest-bearing debt ratio (times)	1.7	4.6	2.1	1.8	2.9
Interest coverage ratio (times)	28.4	14.6	40.4	42.8	33.5

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, 2014. Net cash used in investing activities at a high level is expected to continue for the next fiscal year principally due to an ongoing large-scale investment for the nickel business.

(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 09 3-Yr Business 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 which is linked to the consolidated operating performance. As a result, the annual dividend per share is expected to be ¥34, an increase of ¥6 per share from the previous fiscal year.

The Company plans to distribute an annual dividend of ¥34 per share in view of these performance projections and in line with the 12 3-Yr Business Plan policy of maintaining a consolidated equity ratio above 50% and a consolidated payout ratio of at least 25%.

(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, 2013.

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 materials business 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 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 changes, new product development and intellectual property rights

In those markets targeted by the Materials business segment, 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 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

SUMITOMO METAL MINING CO., LTD. (the Company)

Mineral resources

(Domestic)

(Geological research, civil engineering)
・Sumiko Resources Exploration & Development Co., Ltd

(Overseas resources development)
・Sumiko Solomon Exploration Co., Ltd.

(Three more companies)

(Overseas)

(Overseas resources development)
・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
・SMM Resources
・SMM Cerro Verde Netherlands B.V.
・SMM Solomon LIMITED
・Sumitomo Metal Mining Peru S.A.
・Sumitomo Metal Mining Chile LTDA
・SMM Sierra Gorda Inversiones Ltda.
・Sumitomo Metal Mining do Brasil LTDA.
・Smack Mine Co., Ltd.
・Stone Boy Inc.
・Compania Contractual Minera Candelaria*
・Sociedad Minera Cerro Verde S.A.A.*
・Compania Contractual Minera Ojos del Salado*
・Sierra Gorda S.C.M.*
・Cordillerans Exploration Co., Inc.*

(One more company)

Smelting and refining

(Domestic)

(Contracted manufacturing of ferronickel)
・Hyuga Smelting Co., Ltd.

(Manufacture and sales of zinc recycling)
・Shisaka Smelting Co., Ltd

(Manufacture and sales of steel casting)
・Taihei Metal Industry Co., Ltd.

(Land & marine transportation)
・Sumiko Logistics., Ltd.

(Sales of sulfuric acid)
・Acids Co., Ltd.*

(Manufacture and sales of zinc)
・MS Zinc Co., Ltd.*

(Manufacture and sales of Copper and copper alloys)
・MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD.*

(Overseas)

(Overseas metal smelting)
・Coral Bay Nickel Corporation
・Sumiko Nickel Netherlands B.V.
・Taganito HPAL Nickel Corporation
・Sumitomo Metal Mining Philippine Holdings Corporation
・P.T. Vale Indonesia Tbk*
・FIGESBAL*
・Jinlng Copper Co., Ltd.*
・Nickel Asia Corp. (NAC)*

(Sales consulting)
・Sumitomo Metal Mining Management (Shanghai) Co., Ltd.

(Liquidating)
・Sumiko Business Consulting (Shanghai) Co., Ltd.

(One more company)

Materials

(Domestic)

(Manufacture and sales of Semiconductor materials)
・Okuchi Electronics Co., Ltd.
・Niihama Electronics Co., Ltd.

(Manufacture, sales and contracted manufacturing of advanced materials)
・Sumiko Kunitomi Denshi Co., Ltd.
・SMM Precision Co., Ltd.
・GRANOPT Ltd.*

(Manufacture and sales of electronic component materials)
・Shinko Co. Ltd.
・Sumiko Tec Co., Ltd.

(Plating and finishing)
・Nittosha Co., Ltd.

(Manufacture and sales of siporex)
・Sumitomo Metal Mining Siporex Co., Ltd.

(House renovation)
・Igeta Heim Co., Ltd.

(Management of facility & low-level nuclear waste)
・JCO Co., Ltd.

(Manufacture and sales of lubricant agent)
・Sumiko Lubricant Co., Ltd.

(Manufacture and sales of chemical catalyst)
・N.E. Chemcat Corporation*
・Nippon Ketjen Co., Ltd.*

(Antisepsis, disinfect and reformulation by radiation)
Japan Irradiation Service CO., LTD

(Three more companies)

(Overseas)

(Manufacture and sales of semiconductor materials)
・Sumitomo Metal Mining Asia Pacific Pte. Ltd.
・M-SMM Electronics SDN. BHD
・Malaysian Electronics Materials SDN. BHD
・Sumiko Electronics Taiwan Co., Ltd.
・Sumiko Leadframe (Thailand) Co., Ltd.
・Sumiko Leadframe Chengdu Co., Ltd.
・Sumiko Electronics Suzhou Co., Ltd
・Sumiko Precision Chengdu Co., Ltd.
・Taiwan Sumiko Materials Co., Ltd.

(Sales consulting)
・SMM KOREA CO, Ltd

(Manufacture and sale of advanced materials)
・Shanghai Sumiko Electronic Paste Co., Ltd.
・Dongguan Sumiko Electronic Paste Co., Ltd.

(Sale of various lubricants)
・Sumico Lubricant Trading (Shanghai) Co., Ltd

(Two more companies)

Other businesses

(Domestic)

(Survey of machinery in the fields of nonferrous, chemical and environment)
・Sumitomo Metal Mining Engineering Co., Ltd.

(Manufacture & maintenance)
・Sumiko Technical Service Co., Ltd.

(Design and construction of nonferrous or chemical machine plants)
・Sumiko Plantech Co., Ltd.

(General chemical analysis)
・Sumiko Techno-Research Co., Ltd.

(One more company)

(Overseas)

(Overseas resources development)
・SMM Holland B.V.

Contracted manufacturing
Product supply
Outsourcing
Consolidated subsidiaries have no mark (58)
Equity-method affiliates are marked with*(15)

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, semiconductor materials, 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. To continue sound business activities, SMM shall respect human rights and shall try to be a company in which diverse human resources take active parts.
4. According safety the highest priority, SMM shall provide safe, comfortable working environments and seek to eliminate occupational accidents.
5. SMM shall strengthen communications with all stakeholders to build healthy, trust-based relationships.

(2) Targeted Management Indicators

In 12 3-Yr Business Plan, the SMM Group has determined to maintain an equity ratio above 50% and a consolidated payout ratio of at least 25% as financial indicators to prove its sound financial strength.

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

There are various causes for concern in terms of the outlook for the global economy, making it difficult to predict what will happen over the medium to long-term. Significant changes are under way in the business environment surrounding the SMM Group: exchange rates are fluctuating, resources that can be put to good use are becoming rarer and resource nationalism is growing in the mineral resources sector, and in Japan the importance of the energy and environmental (E&E) sector is increasing in the wake of the Great East Japan Earthquake. Given these changes in the business environment, we are aiming to become "a World Leader in the Non-ferrous Metals Industry" and "an Excellent Company of Japan" by achieving continuous growth in our three core businesses, Mineral Resources, Smelting & Refining, and Materials. We are therefore promoting a growth strategy aimed at achieving an annual nickel capacity of 150 ktpa, annual production output from our interests of 300 ktpa of copper and 30 tpa of gold, ordinary income in our new materials products of ¥5 billion/year, consolidated net sales of ¥1 trillion/year, and consolidated net income of ¥100 billion/year.

We started out in the copper smelting business. In our operations, we do not just secure interests of resources in good condition, but also believe that we can contribute to society and improve our corporate value by smelting and processing those resources and supplying high quality metals and materials to the market. We recognize that this is what it really means to be "a World Leader in the Non-ferrous Metals Industry" and we are striving to achieve further growth toward this end.

Also, in order to become "an Excellent Company of Japan," to reach a size and level of profitability that reflects consolidated net sales of ¥1 trillion/year and consolidated net income of ¥100 billion/year, we will maintain a solid business philosophy and business vision, and bolster our corporate governance and CSR efforts accordingly. It is by building on these strong foundations that we are striving to continuously develop and realize our growth strategies.

We have divided the implementation of each of the large-scale projects that form the pillars of our growth strategy into the stages of sowing, planting, nurturing, and harvesting, and in the period covered by the 12 3-Yr Business Plan, as well as the periods of every 3-Year Business Plan thereafter, there will be large project proposals in our three core businesses resting in one of those four stages. We plan to execute our continuous growth strategies by adopting the PDCA management model for moving these projects forward.

1) Mineral Resources
In the Mineral Resources segment, as part of our long-term vision, we are promoting participation in exploration and development projects aimed at achieving annual production output from our interests of 300 ktpa of copper and 30 tpa of gold by fiscal 2021. At the Sierra Gorda Project, we are promoting development aimed at launching operations in 2014. Also, at the Hishikari mine and Pogo gold mine, we are promoting the development of new deposits in an effort to extend the life of those mines.
In addition, we are gradually achieving expansion plans at our already operating overseas mines, and are further strengthening our profitability in the mining business.

2) Smelting & Refining
With regards to nickel refining, both the Taganito Project and the work on increasing production capacity of electrolytic nickel to 65 ktpa will complete in 2013, reaching our production capacity to 100 ktpa. Moreover, as part of our long-term vision, we have developed a blueprint for raising this amount to 150 ktpa by procuring raw materials from the Philippines and other areas in addition to increasing our nickel production capacity. Given this, in order to further strengthen our competitiveness, we are working to achieve technological innovations in nickel refining and HPAL at the Resource & Hydrometallurgy Process Center to be completed in fiscal 2013.
In copper smelting, we are facing tough business conditions due to deterioration in the terms of purchasing ore and rising energy costs, but we are striving to further bolster our competitiveness by performing additional processing of secondary materials and reducing our fixed costs.

3) Materials
Starting with the integration of the lead frames business, we will further promote the structural reforms as conducted in the 09 3-Yr Business Plan centered on selection and concentration in an aim to strengthen our business structure.
In the E&E sector where new growth is projected, we will focus on the development of various materials such as materials for secondary batteries, fuel batteries, and solar batteries. In addition, we are diligently striving toward the commercialization of new products in collaboration with the Battery Research Laboratories and the Materials Research & Development Center.
Moreover, the commercialization of high performance materials that leverage synergies with the Smelting & Refining business is being promoted.

4) Research and Development
Based on the 12 3-Yr Business Plan and as is conventionally done, we will continue to follow the policy of priority-based resource allocation, accelerate the development of new materials products, make innovations in resources, smelting, and refining technologies, and promote process development.

(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, 2012)	Current Fiscal Year (as of March 31, 2013)
Assets		
Current assets		
Cash and deposits	76,245	82,791
Notes and accounts receivable—trade	*5 99,499	*5 92,127
Short-term investment securities	109,500	158,000
Merchandise and finished goods	69,960	62,469
Work in process	45,964	40,299
Raw materials and supplies	35,144	40,194
Deferred tax assets	2,165	1,774
Other	61,260	72,850
Allowance for doubtful accounts	(242)	(252)
Total current assets	499,495	550,252
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	80,595	88,663
Machinery, equipment and vehicles, net	90,113	90,837
Tools, furniture and fixtures, net	3,761	4,375
Land	26,484	26,459
Construction in progress	90,269	131,733
Total property, plant and equipment	*1, *3 291,222	*1, *3 342,067
Intangible assets		
Mining right	7,245	7,013
Software	1,019	1,438
Other	2,147	1,930
Total intangible assets	*3 10,411	*3 10,381
Investments and other assets		
Investment securities	*2, *3 325,947	*2, *3 396,223
Long-term loans receivable	7,171	*3 35,561
Deferred tax assets	1,384	1,520
Other	*2 11,359	*2 15,365
Allowance for doubtful accounts	(224)	(210)
Allowance for investment loss	(6)	(6)
Total investments and other assets	345,631	448,453
Total noncurrent assets	647,264	800,901
Total assets	1,146,759	1,351,153

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	*5 43,426	*5 35,212
Short-term loans payable	*3 58,832	*3 67,750
Income taxes payable	4,132	20,279
Deferred tax liabilities	—	426
Provision for bonuses	3,531	3,546
Provision for directors' bonuses	51	90
Provision for furnace repair works	253	758
Provision for loss on business restructuring	1,764	8
Provision for environmental measures	109	66
Provision for loss on disaster	34	—
Other provision	163	256
Other	74,658	82,995
Total current liabilities	186,953	211,386
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	*3 157,119	*3 212,323
Deferred tax liabilities	6,667	16,346
Provision for retirement benefits	6,973	5,701
Provision for directors' retirement benefits	54	27
Provision for loss on business restructuring	21	37
Accrued indemnification loss on damages	0	—
Provision for environmental measures	39	52
Other provision	214	238
Asset retirement obligations	4,317	5,337
Other	8,363	5,159
Total noncurrent liabilities	233,767	295,220
Total liabilities	420,720	506,606
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,063	86,062
Retained earnings	572,576	644,642
Treasury stock	(21,845)	(31,895)
Total shareholders' equity	730,036	792,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,986	24,645
Deferred gains or losses on hedges	(4,854)	(1,856)
Foreign currency translation adjustment	(76,448)	(45,590)
Total accumulated other comprehensive income	(70,316)	(22,801)
Minority interests	66,319	75,297
Total net assets	726,039	844,547
Total liabilities and net assets	1,146,759	1,351,153

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

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Net sales	847,897	808,540
Cost of sales	*1 715,476	*1 667,890
Gross profit	132,421	140,650
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	8,671	8,678
Salaries and allowances	10,341	10,670
Provision for bonuses	407	412
Retirement benefit expenses	965	701
Provision for directors' retirement benefits	7	2
Research and development expenses	*2 5,103	*2 4,999
Other	18,350	19,403
Total selling, general and administrative expenses	43,844	44,865
Operating income	88,577	95,785
Non-operating income		
Interest income	1,027	1,535
Dividends income	3,046	1,622
Foreign exchange gains	—	5,618
Equity in earnings of affiliates	23,217	17,100
Other	2,511	2,594
Total non-operating income	29,801	28,469
Non-operating expenses		
Interest expenses	3,410	3,301
Suspended business management expense	573	527
Loss on valuation of derivatives	1,588	1,311
Foreign exchange losses	934	—
Loss on valuation of borrowed gold bullion	548	—
Incidental expenses for loans with stock acquisition rights	—	1,354
Dismantlement cost	1,062	651
Other	1,434	2,076
Total non-operating expenses	9,549	9,220
Ordinary income	108,829	115,034
Extraordinary income		
Gain on sales of noncurrent assets	*3 140	*3 800
Gain on sales of investment securities	240	154
Reversal of provision for loss on disasters	218	—
Gain on change in equity	—	8,435
Total extraordinary income	598	9,389

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Extraordinary loss		
Loss on sales of noncurrent assets	*4 13	*4 56
Loss on retirement of noncurrent assets	*5 391	*5 512
Impairment loss	*6 11,102	*6 198
Loss on valuation of investment securities	6,167	908
Loss on business restructuring	*7 480	—
Provision for loss on business restructuring	*8 1,263	—
Provision for environmental measures	*9 138	*9 44
Loss on disaster	*10 1,608	*10 15
Loss on reversal of foreign currency translation adjustment due to liquidation of foreign subsidiaries	303	235
Total extraordinary losses	21,465	1,968
Income before income taxes	87,962	122,455
Income taxes—current	15,091	27,247
Income taxes—deferred	4,391	1,658
Total income taxes	19,482	28,905
Income before minority interests	68,480	93,550
Minority interests in income	3,194	6,910
Net income	65,286	86,640

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Income before minority interests	68,480	93,550
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,740)	13,631
Deferred gains or losses on hedges	(250)	3,012
Foreign currency translation adjustment	(4,634)	18,153
Share of other comprehensive income of associates accounted for using equity method	(9,595)	17,121
Total other comprehensive income	(21,219)	51,917
Comprehensive income	47,261	145,467
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	47,349	134,155
Comprehensive income attributable to minority interests	(88)	11,312

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current 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	86,063	86,063
Changes of items during the period		
Disposal of treasury stock	0	(1)
Total changes of items during the period	0	(1)
Balance at the end of current period	86,063	86,062
Retained earnings		
Balance at the beginning of current period	524,978	572,576
Cumulative effect of changes in accounting policies	407	—
Effect of changes in accounting policies applied to associates accounted for using equity method	2,137	—
Balance at the beginning of current period as restated	527,522	572,576
Changes of items during the period		
Dividends from surplus	(20,232)	(14,574)
Net income	65,286	86,640
Total changes of items during the period	45,054	72,066
Balance at the end of current period	572,576	644,642
Treasury stock		
Balance at the beginning of current period	(21,788)	(21,845)
Changes of items during the period		
Purchase of treasury stock	(66)	(10,053)
Disposal of treasury stock	9	3
Total changes of items during the period	(57)	(10,050)
Balance at the end of current period	(21,845)	(31,895)
Total shareholders' equity		
Balance at the beginning of current period	682,495	730,036
Cumulative effect of changes in accounting policies	407	—
Effect of changes in accounting policies applied to associates accounted for using equity method	2,137	—
Balance at the beginning of current period as restated	685,039	730,036
Changes of items during the period		
Dividends from surplus	(20,232)	(14,574)
Net income	65,286	86,640
Purchase of treasury stock	(66)	(10,053)
Disposal of treasury stock	9	2
Total changes of items during the period	44,997	62,015
Balance at the end of current period	730,036	792,051

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	17,738	10,986
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,752)	13,659
Total changes of items during the period	(6,752)	13,659
Balance at the end of current period	10,986	24,645
Deferred gains or losses on hedges		
Balance at the beginning of current period	(4,636)	(4,854)
Changes of items during the period		
Net changes of items other than shareholders' equity	(218)	2,998
Total changes of items during the period	(218)	2,998
Balance at the end of current period	(4,854)	(1,856)
Foreign currency translation adjustment		
Balance at the beginning of current period	(65,481)	(76,448)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,967)	30,858
Total changes of items during the period	(10,967)	30,858
Balance at the end of current period	(76,448)	(45,590)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(52,379)	(70,316)
Changes of items during the period		
Net changes of items other than shareholders' equity	(17,937)	47,515
Total changes of items during the period	(17,937)	47,515
Balance at the end of current period	(70,316)	(22,801)
Minority interests		
Balance at the beginning of current period	53,987	66,319
Effect of changes in accounting policies applied to associates accounted for using equity method	534	—
Balance at the beginning of current period as restated	54,521	66,319
Changes of items during the period		
Net changes of items other than shareholders' equity	11,798	8,978
Total changes of items during the period	11,798	8,978
Balance at the end of current period	66,319	75,297
Total net assets		
Balance at the beginning of current period	684,103	726,039
Cumulative effect of changes in accounting policies	407	—
Effect of changes in accounting policies applied to associates accounted for using equity method	2,671	—
Balance at the beginning of current period as restated	687,181	726,039
Changes of items during the period		
Dividends from surplus	(20,232)	(14,574)
Net income	65,286	86,640
Purchase of treasury stock	(66)	(10,053)
Disposal of treasury stock	9	2
Net changes of items other than shareholders' equity	(6,139)	56,493
Total changes of items during the period	38,858	118,508
Balance at the end of current period	726,039	844,547

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	87,962	122,455
Depreciation and amortization	31,132	27,578
Impairment loss	11,102	198
Loss (gain) on sales of noncurrent assets	(127)	(744)
Loss on retirement of noncurrent assets	391	512
Loss (gain) on sales of investment securities	(240)	(154)
Loss (gain) on valuation of investment securities	6,167	908
Loss (gain) on valuation of derivatives	1,588	1,311
Loss on reversal of foreign currency translation adjustment due to liquidation of foreign subsidiaries	303	235
Increase (decrease) in allowance for doubtful accounts	2	(5)
Increase (decrease) in provision for bonuses	277	1
Increase (decrease) in provision for directors' bonuses	(19)	39
Increase (decrease) in provision for furnace repair works	(717)	505
Increase (decrease) in provision for retirement benefits	307	(775)
Increase (decrease) in provision for directors' retirement benefits	(4)	(27)
Increase (decrease) in provision for loss on business restructuring	564	(1,776)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(5)	(27)
Increase (decrease) in provision for environmental measures	16	(30)
Increase (decrease) in provision for loss on disaster	(353)	(34)
Increase (decrease) in other provision	52	51
Interest and dividends income	(4,073)	(3,157)
Interest expenses	3,410	3,301
Foreign exchange losses (gains)	(1,693)	(4,797)
Equity in (earnings) losses of affiliates	(23,217)	(17,100)
Suspended business management expense	573	527
Loss (gain) on change in equity	—	(8,435)
Loss on business restructuring	480	—
Loss on disaster	1,608	15
Decrease (increase) in notes and accounts receivable—trade	4,523	6,372
Decrease (increase) in inventories	18,566	9,952
Increase (decrease) in notes and accounts payable—trade	7,791	(13,046)
Increase (decrease) in accrued consumption taxes	1,960	721
Other, net	3,769	(5,773)
Subtotal	152,095	118,801
Interest and dividends income received	23,252	10,472
Interest expenses paid	(3,390)	(3,421)
Suspended business management expense paid	(573)	(527)
Disaster recovery expense paid	(488)	(15)
Income taxes paid	(25,897)	(10,645)
Net cash provided by operating activities	144,999	114,665

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(75,013)	(52,649)
Proceeds from sales of property, plant and equipment	1,125	1,005
Purchase of intangible assets	(498)	(286)
Proceeds from sales of intangible assets	—	8
Purchase of investment securities	(3,009)	(10,562)
Proceeds from sales of investment securities	628	246
Purchase of stocks of subsidiaries and affiliates	(58,902)	(139)
Payments into time deposits	—	(1,315)
Proceeds from withdrawal of time deposits	170	343
Payments of short-term loans receivable	(23)	(4,413)
Collection of short-term loans receivable	194	126
Payments of long-term loans receivable	(702)	(21,259)
Collection of long-term loans receivable	98	150
Net cash used in investing activities	(135,932)	(88,745)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	2,668	(187)
Proceeds from long-term loans payable	26,620	151,205
Repayment of long-term loans payable	(10,305)	(102,527)
Proceeds from issuance of bonds	49,736	—
Redemption of bonds	(10,000)	—
Proceeds from stock issuance to minority shareholders	17,687	25
Decrease (increase) in treasury stock	(59)	(10,051)
Cash dividends paid	(20,232)	(14,574)
Cash dividends paid to minority shareholders	(5,801)	(2,342)
Net cash provided by (used in) financing activities	50,314	21,549
Effect of exchange rate change on cash and cash equivalents	(1,984)	6,514
Net increase (decrease) in cash and cash equivalents	57,397	53,983
Cash and cash equivalents at beginning of period	128,311	185,708
Cash and cash equivalents at end of period	185,708	239,691

(5) Notes

(Note Relating to the "Going Concern" Assumption)

There are no pertinent items.

(Basis of Presenting the Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 58

As significant consolidated subsidiaries are stated in "(1) Organization Chart" of "2. Corporate Group," their names are omitted.

Of the consolidated subsidiaries, Sumitomo Metal Mining Management (Shanghai) Co., Ltd. has been included in the scope of consolidation due to new incorporation, effective from the fiscal year ended March 31, 2013.

Nippon Catalyst Cycle Co., Ltd., Sumitomo Metal Mining Electronic Materials (Shanghai) Co., Ltd., P.T.SUMIKO LEADFRAME BINTAN and Ajimu Electronics Co., Ltd., which were consolidated subsidiaries in the previous fiscal year, has been excluded from the scope of consolidation effective from the fiscal year ended March 31, 2013, due to the completion of liquidation.

(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

(1) Number of equity-method affiliates: 15

Compania Contractual Minera Candelaria, Sociedad Minera Cerro Verde S.A.A., CCMO Ojos del Salado, Sierra Gorda S.C.M, Cordillera Exploration Co. Inc., Acids Co., Ltd., MS Zinc Co., Ltd., MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD., Vale Indonesia Tbk PT, FIGESBAL, 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, 2013, Vale Inco New-Caledonia S.A.S., which was accounted for by the equity method in the previous fiscal year, has been excluded from the scope of entities accounted for by the equity method as the percentage of ownership in the company decreased.

(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.

(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. Fiscal Year, etc., of Consolidated Subsidiaries

The closing date is December 31 for the 30 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, SMM Sierra Gorda Inversiones Ltda., Sumitomo Metal Mining do Brasil 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, Sumitomo Metal Mining Philippine Holdings Corporation, Sumitomo Metal Mining Management (Shanghai) Co., Ltd., Sumiko Leadframe Chengdu Co., Ltd., Sumiko Electronics Suzhou 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).

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

(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.

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.

(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.)

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.

(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 and tunnels) 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 one consolidated subsidiaries). Mining sites and tunnels are stated by the unit-of-production method. The depreciation period generally ranges from 2 years to 60 years for buildings and structures and 2 years to 22 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.

(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.

(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.

(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 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).

(4) Accounting standards for significant revenues and costs

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, 2013. For other construction work, the completed-contract method has been applied.

(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."

(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.

(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.

(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.

(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 fiscal year under review, 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 fiscal year under review.

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 had stipulated that the storage period for its accounting vouchers was 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 previous fiscal year each increased by ¥79 million. Although income before income taxes in the Consolidated Statements of Cash Flows for the previous fiscal year increased the same amount, this has no effect on the balance of cash and cash equivalents as of March 31, 2013. 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.

Any effect on earnings per share associated with the change in accounting policies are described in the section "Earnings per Share."

(Change in Presentation Method)

(Consolidated Statements of Income)

"Long-term loans receivable," which was included in "Other" under "Investments and other assets" for the previous year, has been separately posted due to the increase of monetary importance effective from the fiscal year ended March 31, 2013. The consolidated financial statements for the previous fiscal year were reclassified to reflect this change in presentation method.

As a result, ¥18,530 million, which was posted in "Other" under "Investments and other assets" in the consolidated statements of income for the previous fiscal year, has been reclassified into ¥7,171 million in "Long-term loans receivable" and ¥11,359 million in "Other."

(Consolidated Balance Sheets)

*1 Accumulated depreciation of property, plant and equipment are as follows.

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Accumulated depreciation	¥360,101 million	¥386,775 million

*2 Those for nonconsolidated subsidiaries and affiliates are as follows.

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Investment securities	¥249,317 million	¥252,608 million
Investments and other assets	¥6,446	¥6,973

Investment securities for the fiscal year ended March 31, 2013 include ¥10,182 million (¥10,156 million for the previous fiscal year) invested to jointly controlled enterprises.

*3 Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows.

	Previous Fiscal Year (as of March 31, 2012)		Current Fiscal Year (as of March 31, 2013)	
Cash and deposits	— million	(— million)	¥272 million	(— million)
Buildings and structures	¥16,998	(¥16,998)	¥19,522	(¥19,522)
Machinery, equipment and vehicles	¥21,981	(¥21,981)	¥17,737	(¥17,737)
Tools, furniture and fixtures	¥156	(¥156)	¥210	(¥210)
Land	¥1,114	(¥1,114)	¥1,113	(¥1,113)
Mining rights	¥302	(¥302)	¥293	(¥293)
Investment securities*	¥56,573	(—)	¥62,683	(—)
Long-term loans receivable	—	(—)	¥16,911	(—)
Total	¥97,124	(¥40,551)	¥118,741	(¥38,875)

Of the figures above, those in parentheses indicate the assets held by mining foundations and/or factory foundations.

Liabilities with collateral are as follows.

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Long-term loans payable (including current portion redeemable within one year)	¥3,000 million	¥19,911 million

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.

*Note: The Company provided the assets pledged as collateral for loans payable of ¥52,646 million (¥11,498 million in the previous fiscal year) that Sierra Gorda S.C.M. borrowed from financial institutions.

4 Commitments and contingent liabilities

The Company granted guarantees for loans payable as a guarantor from financial institutions singed up by the following subsidiaries and/or affiliates, etc.

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Sierra Gorda S.C.M	¥8,049 million	¥60,049 million
MS Zinc Co., Ltd.	¥2,750	¥400
MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD.	¥2,500	¥1,100
Total	¥13,299	¥61,549

Besides the above, as to providing electric power to Pogo gold mine, there is ¥751 million in the current fiscal year (¥820 million in the previous fiscal year) to guarantee construction costs of electric facilities.

*5 Notes at maturity on March 31, 2013

As for the accounting of notes at maturity on March 31, 2013, the relevant notes were settled at the date for clearing notes. As the closing date of the fiscal year under review (March 31, 2013) was a holiday for financial institutions, the following notes at maturity were included in the respective balances as of this closing date.

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Notes receivable-trade	¥195 million	¥186 million
Notes payable-trade	¥9	¥2

6 Notes and accounts receivable sold to factoring companies with recourse

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Notes and accounts receivable sold to factoring companies with recourse	¥416 million	¥370 million

7 Discount on export notes receivable

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Discount on export notes receivable	¥116 million	¥86 million

(Consolidated Statements of Income)

*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.

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
¥763 million	(¥1,019 million)

*2 Research and development expenses included in "General and administrative expenses"

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
¥5,103 million	¥4,999 million

*3 Gains due to sales of noncurrent assets and the breakdown by account title are as follows.

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Machinery, equipment and vehicles	¥39 million	¥577 million
Tools, furniture and fixtures	¥15	¥15
Land	¥86	¥208
Total	¥140	¥800

*4 Losses due to sales of noncurrent assets and the breakdown by account title are as follows.

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Machinery, equipment and vehicles	¥11 million	¥27 million
Tools, furniture and fixtures	¥2	¥4
Land	—	¥25
Total	¥13	¥56

*5 Losses due to the retirement of noncurrent assets and the breakdown by account title are as follows.

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Machinery, equipment and vehicles	¥162 million	¥155 million
Tools, furniture and fixtures	¥202	¥299
Land	¥18	¥31
Other	¥9	¥27
Total	¥391	¥512

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

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)

Major use	Location	Asset category	Loss (Millions of yen)
Manufacturing facilities for distilled zinc	Kako-gun, Hyogo Prefecture, Japan	Land Buildings Structures Machinery and equipment Vehicles Tools, furniture and fixtures Software Other intangible assets	16 1,264 497 3,517 11 119 7 46
Manufacturing facilities for powder materials	Niihama City, Ehime Prefecture, Japan	Buildings Structures Machinery and equipment Vehicles Tools, furniture and fixtures	61 33 347 0 1
Manufacturing facilities for certain chips on film (COF)	Kaohsiung City, Taiwan	Buildings Machinery and equipment Tools, furniture and fixtures	436 1,807 196
Manufacturing facilities for lead frames	Ayutthaya Province, Thailand	Buildings Tools, furniture and fixtures	171 391
Manufacturing facilities for Copper-clad polyimide films	Niihama City, Ehime Prefecture, Japan	Machinery and equipment Vehicles Tools, furniture and fixtures	49 0 1
Manufacturing facilities for bonding wires	Isa City, Kagoshima Prefecture, Japan	Buildings Machinery and equipment Tools, furniture and fixtures Construction in progress Software	7 165 24 3 4
	Shanghai, China	Buildings Machinery and equipment Vehicles Tools, furniture and fixtures Software Construction in progress	51 352 0 8 9 6
	Kaohsiung City, Taiwan	Buildings Machinery and equipment Tools, furniture and fixtures	119 208 45
	Selangor, Malaysia	Buildings Machinery and equipment Tools, furniture and fixtures	9 64 24
Electron beam irradiation facilities	Naka-gun, Ibaraki Prefecture, Japan	Buildings Structures Machinery and equipment Tools, furniture and fixtures Software	406 10 607 1 10
Total			11,102

The book values of manufacturing facilities for distilled zinc were reduced to their recoverable amounts because of expectations that these facilities would cease to operate due to the worsening business environment.

The book values of manufacturing facilities for powder materials were reduced to their recoverable amounts because of expectations that recovery of the sales volume for wet-type nickel powder cannot be expected in view of the considerably falling sales volume.

The noncurrent assets book values of manufacturing facilities for certain chips on film (COF) were reduced to their recoverable amounts because of the Company's decision to withdraw from its business in subtractive chip on film (COF) production.

The noncurrent assets book values of manufacturing facilities for lead frames were reduced to their recoverable amounts because of the Company's decision to withdraw from the lead frame business in Thailand.

The book values of manufacturing facilities for Copper-clad polyimide films were reduced to their recoverable amounts because of expectations that these facilities would cease to operate due to their obsolescence.

The noncurrent assets book values of manufacturing facilities for bonding wires were reduced to their recoverable amounts because of the Company's decision to withdraw from the bonding wire business.
The book values of electron beam irradiation facilities were reduced to their recoverable amounts because of expectations that the collectability of future cash flows cannot be expected in view of the significant decline in orders received from major customers compared with the target values in the initial plan.

Current Fiscal Year (from April 1, 2012, to March 31, 2013)

Major use	Location	Asset category	Loss (Millions of yen)
Camping facilities	South-east Choiseul Island, Solomon Islands	Buildings	52
Manufacturing facilities for Copper-clad polyimide films	Niihama City, Ehime Prefecture, Japan	Machinery and equipment Vehicles	146 0
Total			198

The book values of camping facilities were reduced to their recoverable amounts because such facilities are not expected to be used in the future due to the termination of exploration at some part of the mining area.

The book values of manufacturing facilities for copper-clad polyimide films were reduced to their recoverable amounts because of expectations that a part of such facilities would cease to operate.

In the previous fiscal year and the fiscal year ended March 31, 2013, the Company categorized operating assets by business unit such as plants and manufacturing processes based on the division of managerial accounting. The net sales prices (fair value less cost to sell) of assets are used as their recoverable amounts for the measurement of impairment losses, which will be posted under Extraordinary Loss.

*7 Refers to the loss on business restructuring that a consolidated subsidiary experienced in association with the business reconstruction.

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
¥480 million	— million

*8 Refers to the provision to cover future potential costs, which several consolidated subsidiaries are projected to experience in association with the business restructuring.

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
¥1,263 million	— million

*9 Refers to the provision to cover future potential costs, which the Company and several consolidated domestic subsidiaries are projected to experience in association with the disposal of polychlorinated biphenyl (PCB).

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
¥138 million	¥44 million

*10 The SMM Group posted the following loss on disaster.

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
a loss amount in association with the damage to the Taganito Project caused by an attack from an armed local guerrilla that happened on the island of Mindanao in the Philippines	¥1,202 million	— million
a loss amount in restoration expense for damages due to a typhoon and other natural disasters	¥406	¥15
Total	¥1,608	¥15

(Statements of Comprehensive Income)

*Amount of recycling and tax-effect amount associated with the presentation of other comprehensive income

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Valuation difference on available-for-sale securities:		
Amount that occurred during the period	(12,039)	19,814
Reclassification adjustment	5,927	766
Before tax-effect adjustment	(6,112)	20,580
Tax-effect amount	(628)	(6,949)
Valuation difference on available-for-sale securities	(6,740)	13,631
Deferred gains or losses on hedges:		
Amount that occurred during the period	(2,967)	4,696
Reclassification adjustment	2,599	328
Acquisition cost adjustment	(9)	—
Before tax-effect adjustment	(377)	5,024
Tax-effect amount	127	(2,012)
Deferred loss on hedges	(250)	3,012
Foreign currency translation adjustment:		
Amount that occurred during the period	(4,937)	17,918
Reclassification adjustment	303	235
Before tax-effect adjustment	(4,634)	18,153
Tax-effect amount	—	—
Foreign currency translation adjustment	(4,634)	18,153
Share of other comprehensive income of associates accounted for using equity method:		
Amount that occurred during the period	(9,595)	11,208
Reclassification adjustment	—	5,913
Share of other comprehensive income of associates accounted for using equity method	(9,595)	17,121
Total other comprehensive income	(21,219)	51,917

(Consolidated Statements of Changes in Net Assets)
Previous Fiscal Year (from April 1, 2011, to March 31, 2012)
1. Matters Related to Shares Issued

Class of shares	Number of shares at beginning of fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	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 beginning of fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at current fiscal year-end
Common stock (shares)	19,621,490	57,419	7,387	19,671,522

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: 57,419 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: 7,387 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 27, 2011	Common stock	11,240	20	March 31, 2011	June 28, 2011
Board meeting held on November 8, 2011	Common stock	8,992	16	September 30, 2011	December 6, 2011

(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, 2012	Common stock	6,743	Retained earnings	12	March 31, 2012	June 26, 2012

Current Fiscal Year (from April 1, 2012, to March 31, 2013)

1. Matters Related to Shares Issued

Class of shares	Number of shares at beginning of current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	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 beginning of current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at current fiscal year-end
Common stock (shares)	19,671,522	9,741,913	2,808	29,410,627

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

Increase due to the purchase of treasury stock by the resolution at the Board meeting: 9,692,000 shares

Increase due to the purchase of less-than-one-unit shares by the Company: 49,913 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: 2,808 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, 2012	Common stock	6,743	12	March 31, 2012	June 26, 2012
Board meeting held on November 6, 2012	Common stock	7,830	14	September 30, 2012	December 6, 2012

(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 24, 2013	Common stock	11,044	Retained earnings	20	March 31, 2013	June 25, 2013

(Consolidated Statements of Cash Flows)

*1 Relationship between cash and cash equivalents at end of period and the line item amounts stated on the consolidated balance sheet

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Cash and deposits	¥76,245 million	¥82,791 million
Short-term investment securities	¥109,500	¥158,000
Time deposits with a maturity longer than three months	¥(37)	¥(1,100)
Cash and cash equivalents	¥185,708	¥239,691

(Segment Information and Others)
[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 three business divisions—Mineral Resources Div., Non-Ferrous Metals Div., Materials Div.—in the pursuit of effective business operations by products and services. Each of these business divisions plans its own comprehensive strategies to be carried out in Japan and overseas for its own product and service lines and engages in diverse business activities within the Company and through the consolidated subsidiaries and equity-method affiliates over which it holds jurisdiction.

The three aforementioned business divisions, as well as 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, and the Sierra Golda Project Div., of which the purpose is to promote investment and managerial participation in the Sierra Golda copper mine development project in Chile, are classified as "Business Segments" of the Company.

The Group has classified the five business segments into three core reported segments: Mineral Resources, Smelting & Refining and Materials. In determining these reported segments, the mineral resource businesses and the Sierra Golda Project Div. were integrated into Mineral Resources; the metal businesses and the Taganito Project Div. were integrated into Smelting & Refining; and the semiconductor materials and 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 including lead frames, tape materials such as copper-clad polyimide film, chip-on-film (COF) substrates and bonding wires; manufacturing, processing and sales of advanced materials including pastes, powder materials (e.g., nickel powder), battery materials (e.g., nickel hydroxide) and crystalline materials; and manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts and autoclaved lightweight concrete (ALC) products.

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, 2011, to March 31, 2012)

(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	63,208	601,459	179,257	843,924	3,973	—	847,897
Inter-segment	42,535	87,121	21,434	151,090	11,072	(162,162)	—
Total	105,743	688,580	200,691	995,014	15,045	(162,162)	847,897
Segmental income	80,619	25,644	1,433	107,696	1,878	(745)	108,829
Segmental assets	246,116	564,171	145,839	959,126	16,674	170,959	1,146,759
Other items							
Depreciation	7,123	13,611	8,425	29,159	348	1,625	31,132
Amortization of goodwill	89	—	4	93	—	—	93
Interest income	367	129	23	519	—	508	1,027
Interest expenses	47	466	361	874	11	2,525	3,410
Equity in earnings (losses) of affiliates	28,311	(9,377)	2,863	21,797	—	1,420	23,217
Investment in equity-method affiliates	152,104	143,136	21,963	317,203	—	(61,516)	255,687
Increase in property, plant and equipment and intangible assets	4,163	59,193	7,151	70,507	806	1,928	73,241

Current fiscal year (from April 1, 2012, to March 31, 2013)

(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	63,318	602,395	139,618	805,331	3,209	—	808,540
Inter-segment	41,555	35,408	16,995	93,958	12,734	(106,692)	—
Total	104,873	637,803	156,613	899,289	15,943	(106,692)	808,540
Segmental income	65,234	33,928	3,776	102,938	1,559	10,537	115,034
Segmental assets	293,373	621,299	138,284	1,052,956	16,595	281,602	1,351,153
Other items							
Depreciation	6,524	12,169	6,811	25,504	317	1,757	27,578
Amortization of goodwill	89	—	1	90	—	—	90
Interest income	256	175	61	492	—	1,043	1,535
Interest expenses	10	559	259	828	19	2,454	3,301
Equity in earnings (losses) of affiliates	18,519	(3,424)	2,071	17,166	—	(66)	17,100
Investment in equity-method affiliates	166,323	74,755	22,324	263,402	—	(3,663)	259,739
Increase in property, plant and equipment and intangible assets	8,987	40,146	8,221	57,354	522	1,415	59,291

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 technical engineering and real estate businesses.
2. The "Adjustments" are as follows:

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

	Previous Fiscal Year	Current Fiscal Year
Head Office expenses not allocated to each reported segment [a]	(10,261)	(11,608)
Cost of capital to be borne by each reported segment	15,731	14,356
Eliminations of inter-segmental transactions among the reported segments	(2,928)	4,566
Non-operating income/expenses not allocated to each reported segment [b]	(3,287)	3,223
Total	(745)	10,537

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

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

(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*	266,726	330,804
Offsets and eliminations of inter-segmental receivables among the reported segments, including those toward Head Office divisions/departments	(95,767)	(49,202)
Total	170,959	281,602

*The corporate assets not allocated to each reported segment refer to the assets under the control of the Administration Dept. at the Head Office, which are not attributable 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.

(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.

(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.

3. The segmental income (loss) is adjusted with ordinary income in the Consolidated Financial Statements.

4. 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 fiscal year under review, 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 previous fiscal year, 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 is retrospectively applied and the segment income for the previous fiscal year 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 previous fiscal year in the Mineral Resources segment increased by ¥79 million.

[Related Information]
Previous Fiscal Year (from April 1, 2011, to March 31, 2012)

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
514,539	88,316	85,310	14,552	74,850	60,549	9,781	847,897

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: Australia, India, Bangladesh, etc.

(2) Property, plant and equipment

(Millions of yen)

Domestic	East Asia	The Philippines	Southeast Asia	United States	Others	Total
132,841	8,074	120,975	1,022	22,852	5,458	291,222

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) North America: United States
   (4) Others: Australia, Solomon Islands, Peru, Chile and Brazil

3. Information by major customer

(Millions of yen)

Customer's designation or name	Net sales	Related reported segments
Sumitomo Corporation	138,685	Smelting & Refining and Materials
Mitsui & Co., Ltd.	79,333	Smelting & Refining

Current Fiscal Year (from April 1, 2012, to March 31, 2013)

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
474,408	102,322	78,226	10,224	73,952	60,138	9,270	808,540

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: Australia, India, Greece, etc.

(2) Property, plant and equipment

(Millions of yen)

Domestic	East Asia	The Philippines	Southeast Asia	North America	Others	Total
136,036	8,366	161,365	1,053	28,950	6,297	342,067

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: Malaysia, Thailand and Singapore
   (3) North America: United States
   (4) Others: Australia, Solomon Islands, Peru, Chile and Brazil

3. Information by major customer

(Millions of yen)

Customer's designation or name	Net sales	Related reported segments
Sumitomo Corporation	125,177	Smelting & Refining and Materials
Mitsui & Co., Ltd.	58,841	Smelting & Refining

[Information on Impairment Loss of Noncurrent Assets by Reported Segment]
Previous fiscal year (from April 1, 2011, to March 31, 2012)

(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	—	5,477	4,591	10,068	1,034	—	11,102

Current fiscal year (from April 1, 2012, to March 31, 2013)

(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	52	—	140	192	—	6	198

[Information on Amortization of Goodwill and Unamortized Balance by Reported Segment]
Previous fiscal year (from April 1, 2011, to March 31, 2012)

(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	519	—	1	520	—	—	520

Note: As for the amount of amortization of goodwill, relevant information is omitted as similar information is disclosed in the Segment Information.

Current fiscal year (from April 1, 2012, to March 31, 2013)

(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	482	—	—	482	—	—	482

Note: As for the amount of amortization of goodwill, relevant information is omitted as similar information is disclosed in the Segment Information.

[Information on Gain on Negative Goodwill by Reported Segment]
There are no pertinent items.

(Earnings per Share)

(Yen)

Previous Fiscal Year (from April 1, 2011, to March 31, 2012)		Current Fiscal Year (from April 1, 2012, to March 31, 2013)	
Net assets per share	¥1,173.97	Net assets per share	¥1,393.02
Basic net income per share	¥116.17	Basic net loss per share	¥155.58
Diluted net income per share	¥106.84	Diluted net income per share	¥142.40

Notes:

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

	Previous Fiscal Year (from Apr. 1, 2011, to Mar. 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Total net assets (Millions of yen)	726,039	844,547
Amounts deducted from total net assets (Millions of yen)	66,319	75,297
(Including minority interests)	(66,319)	(75,297)
Net assets attributable to shares of common stock at fiscal year-end (Millions of yen)	659,720	769,250
Number of common shares issued (Thousands)	581,628	581,628
Number of common shares of treasury stock (Thousands)	19,672	29,411
Year-end number of common shares used for the calculation of net assets per share (Thousands)	561,957	552,217

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, 2011, to Mar. 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Basic net income per share:		
Net income (Millions of yen)	65,286	86,640
Net income not available to common shareholders (Millions of yen)	—	—
Net income attributable to shares of common stock (Millions of yen)	65,286	86,640
Weighted average number of shares of common stock during the fiscal year (Thousands)	561,981	556,883
Diluted net income per share:		
Adjustment of net income (Millions of yen)	867	880
(Including interest expenses after deducting the amount corresponding to tax) (Millions of yen)	(867)	(880)
Increase in shares of common stock (Thousands)	57,176	57,742
(Including subscription rights to shares) (Thousands)	(57,176)	(57,742)
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects	—	—

3. As stated in the "Changes in Accounting Polices," the changes in accounting policies for the fiscal year ended March 31, 2013 were retrospectively applied and the Consolidate Financial Statements for the previous fiscal year were presented reflecting retrospective application of such changes.
   As a result, compared with the previous method before the change in accounting policy is retrospectively applied, net assets per share, basic net income per share and diluted net income per share for the previous fiscal year increased by ¥0.84, ¥0.12 and ¥0.10, respectively.

(Significant Subsequent Event)

There are no pertinent items.

5. Financial Statements

(1) Balance Sheets

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Assets		
Current assets		
Cash and deposits	27,789	21,519
Notes receivable—trade	1,384	410
Accounts receivable—trade	79,160	77,735
Short-term investment securities	109,500	158,000
Merchandise and finished goods	67,352	58,279
Work in process	40,324	32,813
Raw materials and supplies	23,014	26,691
Advance payments—trade	5,863	9,794
Prepaid expenses	56	226
Deferred tax assets	2,375	2,103
Short-term loans receivable	92	96
Gold bullion in storage	19,004	13,045
Gold bullion on loan	21,774	32,089
Short-term loans receivable from subsidiaries and affiliates	57,080	56,109
Accounts receivable—other	8,615	14,627
Other	3,477	4,454
Allowance for doubtful accounts	(3,782)	(1,873)
Total current assets	463,077	506,117
Noncurrent assets		
Property, plant and equipment		
Buildings, net	28,130	29,152
Structures, net	17,914	18,190
Machinery and equipment, net	30,421	31,404
Vessels, net	0	0
Vehicles, net	216	221
Tools, furniture and fixtures, net	930	1,189
Mining land	28	27
General-purpose land	18,581	18,527
Construction in progress	3,722	4,442
Total property, plant and equipment	99,942	103,152
Intangible assets		
Leasehold right	84	84
Mining right	441	339
Software	715	812
Other	96	121
Total intangible assets	1,336	1,356

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Investments and other assets		
Investment securities	63,476	92,229
Stocks of subsidiaries and affiliates	124,373	124,517
Investments in capital	6	6
Investments in capital of subsidiaries and affiliates	43,769	44,016
Long-term loans receivable	1,038	4,949
Long-term loans receivable from employees	117	133
Long-term loans receivable from subsidiaries and affiliates	26,232	23,410
Claims provable in bankruptcy, claims provable in rehabilitation and other	9	1
Long-term prepaid expenses	1,347	1,915
Other	2,502	3,083
Allowance for doubtful accounts	(194)	(189)
Allowance for investment loss	—	(114)
Total investments and other assets	262,675	293,956
Total noncurrent assets	363,953	398,464
Total assets	827,030	904,581

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Liabilities		
Current liabilities		
Accounts payable—trade	38,166	29,645
Short-term loans payable	26,060	26,060
Current portion of long-term loans payable	1,843	6,198
Borrowed gold bullion	40,778	45,134
Lease obligations	2	1
Accounts payable—other	15,525	14,488
Accrued expenses	6,774	6,356
Income taxes payable	2,713	18,354
Advances received	669	747
Deposits received	492	525
Provision for bonuses	1,735	1,682
Provision for directors' bonuses	51	90
Provision for furnace repair works	253	758
Provision for loss on business restructuring	1,261	—
Provision for environmental measures	106	63
Other	4,170	4,415
Total current liabilities	140,598	154,516
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	137,024	136,913
Lease obligations	2	1
Deferred tax liabilities	2,364	10,306
Provision for retirement benefits	2,280	1,375
Provision for directors' retirement benefits	20	—
Provision for metal mining pollution control	44	45
Provision for loss on business restructuring	—	37
Provision for loss on support to subsidiaries and affiliates	440	380
Provision for environmental measures	17	25
Asset retirement obligations	411	365
Other	926	800
Total noncurrent liabilities	193,528	200,247
Total liabilities	334,126	354,763

(Millions of yen)

	Previous Fiscal Year (as of March 31, 2012)	Current Fiscal Year (as of March 31, 2013)
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus		
Legal capital surplus	86,062	86,062
Other capital surplus	1	0
Total capital surplus	86,063	86,062
Retained earnings		
Legal retained earnings	7,455	7,455
Other retained earnings		
Reserve for overseas investment loss	7,610	7,592
Reserve for special depreciation	1	0
Reserve for reduction entry	3,809	3,776
Reserve for exploration for minerals	2,358	2,322
General reserve	263,000	293,000
Retained earnings brought forward	49,557	72,981
Total retained earnings	333,790	387,126
Treasury stock	(21,845)	(31,895)
Total shareholders' equity	491,250	534,535
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,233	14,683
Deferred gains or losses on hedges	(579)	600
Total valuation and translation adjustments	1,654	15,283
Total net assets	492,904	549,818
Total liabilities and net assets	827,030	904,581

(2) Statements of Income

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Net sales		
Net sales of finished goods	645,962	640,391
Net sales of goods	77,485	44,983
Total net sales	723,447	685,374
Cost of sales		
Cost of finished goods sold		
Beginning finished goods	47,754	36,281
Cost of products manufactured	681,524	564,525
Total	729,278	600,806
Finished goods transfer to other account	138,099	49,033
Ending finished goods	36,281	28,033
Cost of finished goods sold	554,898	523,740
Cost of goods sold		
Beginning goods	1,932	1,696
Cost of purchased goods	107,713	79,350
Total	109,645	81,046
Goods transfer to other account	15,843	9,461
Ending goods	1,696	1,874
Cost of goods sold	92,106	69,711
Total cost of sales	647,004	593,451
Gross profit	76,443	91,923
Selling, general and administrative expenses		
Transportation and warehousing expenses	8,439	8,375
Salaries and allowances	6,548	6,590
Provision for bonuses	297	298
Provision for directors' bonuses	51	90
Retirement benefit expenses	755	600
Depreciation	643	651
Subcontract expenses	979	1,064
Research and development expenses	5,530	6,328
Survey costs for mines	3,062	2,800
Other	5,334	5,457
Total selling, general and administrative expenses	31,638	32,253
Operating income	44,805	59,670
Non-operating income		
Interest income	1,481	1,844
Dividends income	38,017	27,597
Foreign exchange gains	—	5,269
Loss on valuation of derivatives	—	37
Other	997	2,052
Total non-operating income	40,495	36,799

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Non-operating expenses		
Interest expenses	2,636	2,493
Interest on bonds	355	405
Loss on valuation of derivatives	914	—
Foreign exchange losses	838	—
Incidental expenses for loans with stock acquisition rights	—	1,354
Out-of-cost amortization	18	2
Provision of allowance for doubtful accounts	992	—
Provision of allowance for investment loss	—	114
Maintenance expense of suspended or abandoned mines	497	511
Dismantlement cost	1,178	772
Other	1,019	824
Total non-operating expenses	8,447	6,475
Ordinary income	76,853	89,994
Extraordinary income		
Gain on sales of noncurrent assets	110	232
Gain on sales of investment securities	240	154
Reversal of provision for loss on support to subsidiaries and affiliates	—	60
Reversal of provision for loss on disaster	218	—
Total extraordinary income	568	446
Extraordinary loss		
Loss on sales of noncurrent assets	2	25
Loss on retirement of noncurrent assets	290	378
Impairment loss	6,159	146
Loss on valuation of investment securities	6,167	908
Loss on valuation of stocks of subsidiaries and affiliates	154	—
Provision for loss on business restructuring	357	—
Loss on support to subsidiaries and affiliates	600	570
Provision for loss on support to subsidiaries and affiliates	40	—
Provision for environmental measures	119	37
Loss on disaster	344	—
Total extraordinary losses	14,232	2,064
Income before income taxes	63,189	88,376
Income taxes—current	7,716	19,778
Income taxes—deferred	2,660	688
Total income taxes	10,376	20,466
Net income	52,813	67,910

(3) Statements of Changes in Net Assets

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	93,242	93,242
Balance at the end of current period	93,242	93,242
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	86,062	86,062
Balance at the end of current period	86,062	86,062
Other capital surplus		
Balance at the beginning of current period	1	1
Changes of items during the period		
Disposal of treasury stock	0	(1)
Total changes of items during the period	0	(1)
Balance at the end of current period	1	0
Total capital surplus		
Balance at the beginning of current period	86,063	86,063
Changes of items during the period		
Disposal of treasury stock	0	(1)
Total changes of items during the period	0	(1)
Balance at the end of current period	86,063	86,062
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	7,455	7,455
Balance at the end of current period	7,455	7,455
Other retained earnings		
Various reserves		
Balance at the beginning of current period	229,379	276,778
Changes of items during the period		
Provision of various reserves	50,090	32,429
Reversal of various reserves	(2,691)	(2,517)
Total changes of items during the period	47,399	29,912
Balance at the end of current period	276,778	306,690
Retained earnings brought forward		
Balance at the beginning of current period	63,968	49,557
Cumulative effect of changes in accounting policies	407	—
Balance at the beginning of current period as restated	64,375	49,557
Changes of items during the period		
Provision of various reserves	(50,090)	(32,429)
Reversal of various reserves	2,691	2,517
Dividends from surplus	(20,232)	(14,574)
Net income	52,813	67,910
Total changes of items during the period	(14,818)	23,424

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Balance at the end of current period	49,557	72,981
Total other retained earnings		
Balance at the beginning of current period	293,347	326,335
Cumulative effect of changes in accounting policies	407	—
Balance at the beginning of current period as restated	293,754	326,335
Changes of items during the period		
Provision of various reserves	—	—
Reversal of various reserves	—	—
Dividends from surplus	(20,232)	(14,574)
Net income	52,813	67,910
Total changes of items during the period	32,581	53,336
Balance at the end of current period	326,335	379,671
Total retained earnings		
Balance at the beginning of current period	300,802	333,790
Cumulative effect of changes in accounting policies	407	—
Balance at the beginning of current period as restated	301,209	333,790
Changes of items during the period		
Provision of various reserves	—	—
Reversal of various reserves	—	—
Dividends from surplus	(20,232)	(14,574)
Net income	52,813	67,910
Total changes of items during the period	32,581	53,336
Balance at the end of current period	333,790	387,126
Treasury stock		
Balance at the beginning of current period	(21,788)	(21,845)
Changes of items during the period		
Purchase of treasury stock	(66)	(10,053)
Disposal of treasury stock	9	3
Total changes of items during the period	(57)	(10,050)
Balance at the end of current period	(21,845)	(31,895)
Total shareholders' equity		
Balance at the beginning of current period	458,319	491,250
Cumulative effect of changes in accounting policies	407	—
Balance at the beginning of current period as restated	458,726	491,250
Changes of items during the period		
Provision of various reserves	—	—
Reversal of various reserves	—	—
Dividends from surplus	(20,232)	(14,574)
Net income	52,813	67,910
Purchase of treasury stock	(66)	(10,053)
Disposal of treasury stock	9	2
Total changes of items during the period	32,524	43,285

(Millions of yen)

	Previous Fiscal Year (from April 1, 2011, to March 31, 2012)	Current Fiscal Year (from April 1, 2012, to March 31, 2013)
Balance at the end of current period	491,250	534,535
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	471	2,233
Changes of items during the period		
Net changes of items other than shareholders' equity	1,762	12,450
Total changes of items during the period	1,762	12,450
Balance at the end of current period	2,233	14,683
Deferred gains or losses on hedges		
Balance at the beginning of current period	(411)	(579)
Changes of items during the period		
Net changes of items other than shareholders' equity	(168)	1,179
Total changes of items during the period	(168)	1,179
Balance at the end of current period	(579)	600
Total valuation and translation adjustments		
Balance at the beginning of current period	60	1,654
Changes of items during the period		
Net changes of items other than shareholders' equity	1,594	13,629
Total changes of items during the period	1,594	13,629
Balance at the end of current period	1,654	15,283
Total net assets		
Balance at the beginning of current period	458,379	492,904
Cumulative effect of changes in accounting policies	407	—
Balance at the beginning of current period as restated	458,786	492,904
Changes of items during the period		
Provision of various reserves	—	—
Reversal of various reserves	—	—
Dividends from surplus	(20,232)	(14,574)
Net income	52,813	67,910
Purchase of treasury stock	(66)	(10,053)
Disposal of treasury stock	9	2
Net changes of items other than shareholders' equity	1,594	13,629
Total changes of items during the period	34,118	56,914
Balance at the end of current period	492,904	549,818

[Note in the Margin of the Statements of Changes in Net Assets]
Note: The breakdown of "Various reserves" is as follows:

	Balance at April 1, 2011	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2012
Reserve for overseas investment loss	52	7,575	(17)	(7,558)	7,610
Reserve for special depreciation	1	0	0	0	1
Reserve for reduction entry	3,789	307	(287)	20	3,809
Reserve for exploration for minerals	2,537	2,208	(2,387)	(179)	2,358
General reserve	223,000	40,000	—	40,000	263,000
Total various reserves (Millions of yen)	229,379	50,090	(2,691)	47,399	276,778

	Balance at April 1, 2012	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2013
Reserve for overseas investment loss	7,610	0	(18)	(18)	7,592
Reserve for special depreciation	1	—	(1)	(1)	0
Reserve for reduction entry	3,809	131	(164)	(33)	3,776
Reserve for exploration for minerals	2,358	2,298	(2,334)	(36)	2,322
General reserve	263,000	30,000	—	30,000	293,000
Total various reserves (Millions of yen)	276,379	32,429	(2,517)	29,912	306,690

(4) Notes

(Note Relating to the “Going Concern” Assumption)

There are no pertinent items.

(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 fiscal year under review, 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 fiscal year under review.

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 had stipulated that the storage period for its accounting vouchers was 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 previous fiscal year each increased by ¥79 million. 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.

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 2011)	B Current Fiscal Year (Fiscal 2012)	B-A Increase/ Decrease	C Projections for the Next Fiscal Year (Fiscal 2013)	C-B Increase/ Decrease
Copper	$/t	8,485	7,855	-630	7,000	-855
Gold	$/TOZ	1,645.7	1,653.6	7.9	1,450.0	-203.6
Nickel	$/lb	9.56	7.69	-1.87	7.00	-0.69
Zinc	$/t	2.101	1,950	-151	1,900	-50
Exchange rate (TTM)	¥/$	79.08	83.11	4.03	98.00	14.89

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

Segment	Product	Unit	A Previous Fiscal Year (Fiscal 2011)	B Current Fiscal Year (Fiscal 2012)	B – A Increase/Decrease
Mineral Resources	Gold and silver ores	t	128,682	147,625	18,943
		¥1,000/DMT	230	209	-21
		¥Million	29,590	30,886	1,296
	(Gold content)	(kg)	(7,500)	(7,500)	(0)
Smelting & Refining	Copper	t	390,265	449,299	59,034
		¥1,000/t	685	664	-21
		¥Million	267,380	298,266	30,886
	Gold	kg	39,884	30,439	-9,445
		¥/g	4,191	4,392	201
		¥Million	167,173	133,678	-33,495
	Silver	kg	226,523	219,335	-7,188
		¥1,000/kg	90	81	-9
		¥Million	20,471	17,800	-2,671
	Nickel	t	65,117	66,466	1,349
		¥1,000/t	1,785	1,465	-320
		¥Million	116,225	97,365	-18,860
	Zinc	t	25,422	28,093	2,671
		¥1,000/t	171	171	0
		¥Million	4,349	4,803	454
	(Including commissioned zinc)	(t)	(96,364)	(79,202)	(-17,162)
Materials	Semiconductor materials and advanced materials	¥Million	114,407	3,944	-110,463

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 2011)	Current Fiscal Year (Fiscal 2012)	Increase/Decrease
Copper	t	333,308	435,635	102,327
Gold	kg	31,989	25,263	-6,726
Electrolytic nickel	t	41,117	41,252	135
Ferronickel	t	20,372	21,826	1,454
Zinc	t	70,942	51,109	-19,833
Gold and silver ore	t	131,985	147,501	15,516
(Gold content)	(kg)	(7,833)	(7,478)	(-355)
Zinc (Commissioning portion)	t	23,578	25,594	2,016

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. Nominee for new Representative Director
   Yukio Kawaguchi (current positions: Director, Senior Managing Executive Officer and General Manager of Mineral Resources Div.)

2. Nominees for Directors with specific titles

Chairmen and Representative Director:	Nobumasa Kemori (current positions: President and Representative Director) (announced on April 5, 2013)
President and Representative Director:	Yoshiaki Nakazato (current positions: Representative Director, Senior Managing Executive Officer) (announced on April 5, 2013)

3. New Executive Officers
   Masayuki Yamagiwa (current position: President and Representative Director of Hyuga Smelting Co., Ltd.)
   Masahiro Morimoto (current position: General Manager of Administration Dept., Mineral Resources Div.)
   Akira Nozaki (current position: Deputy General Manager of Administration Dept., Sierra Gorda Project Div.)

4. Retiring Executive Officers

Currently President	Nobumasa Kemori (positions to be assumed: Chairmen and Representative Director of the Company)
Currently Managing Executive Officer	Ryoichi Manabe (position to be assumed: Adviser of the Company)
Currently Executive Officer	Toru Nakasatomi (position to be assumed: President and Representative Director of Hyuga Smelting Co., Ltd., continuously serving as Qualified Executive of the Company)

5. Executive Officers to be Promoted

President	Yoshiaki Nakazato (current position: Senior Managing Executive Officer)
Senior Managing Executive Officer	Toru Yamasaki (current position: Managing Executive Officer)
Senior Managing Executive Officer	Naoyuki Tsuchida (current position: Managing Executive Officer)
Managing Executive Officer	Toru Iijima (current position: Executive Officer)
Managing Executive Officer	Kazuo Ikeda (current position: Executive Officer)

6. Qualified Executives to be designated
   Takaji Shinohara (current position: President and Representative Director of Acids Co. Ltd.)
   Masayuki Yamagiwa
   Masahiro Morimoto
   Akira Nozaki

7. Retiring Qualified Executives
   Nobumasa Kemori
   Ryoichi Manabe

   Note: The Qualified Executive is the Company's internal position that will be designated as Executive Officer or President of the Company or significant subsidiaries.

8. Scheduled date of changes
   June 24, 2013