



Consolidated Financial Results for the Second Quarter Ended September 30, 2014 [J-GAAP]

November 10, 2014

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
 Code: 5713
 Listings: Tokyo Stock Exchange
 URL: <http://www.smm.co.jp/>
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 Scheduled Date to Submit Quarterly Report: November 14, 2014
 Scheduled Date to Start Dividend Payment: December 4, 2014
 Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes
 Briefing on Quarterly Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2014, to September 30, 2014)

(1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	445,470	7.1	55,287	35.8	79,857	41.2	55,452	38.5
Six months ended September 30, 2013	416,014	4.4	40,702	2.4	56,538	44.2	40,024	47.1

(Note) Comprehensive income

Six months ended September 30, 2014: ¥34,242 million (-69.9%);

Six months ended September 30, 2013: ¥113,743 million (270.2%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Six months ended September 30, 2014	100.46	89.52
Six months ended September 30, 2013	72.48	64.69

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2014	1,589,492	1,039,586	58.9
As of March 31, 2014	1,572,367	1,019,053	58.1

(Reference) Shareholders' equity

As of September 30, 2014: ¥936,200 million; As of March 31, 2014: ¥913,171 million

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	—	17.00	—	20.00	37.00
Year ending March 31, 2015	—	24.00			
Year ending March 31, 2015 (Forecast)			—	24.00	48.00

(Note) Revision of dividend forecast that has been disclosed lastly: Yes

**3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2015
(From April 1, 2014, to March 31, 2015)**

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	922,000	11.0	116,000	53.8	155,000	35.5	106,000	32.1	192.08

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

Notes

- (1) Change in Important Subsidiaries during the Period under Review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None
- (2) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements: Yes
(Note) For further details, please refer to “2. Summary Information (Notes)” on page 3.
- (3) Changes in Accounting Policies or Estimates and Retrospective Restatements
 - 1) Changes in accounting policies in accordance with revision of accounting standards: Yes
 - 2) Changes in accounting policies other than item 1) above: None
 - 3) Change in accounting estimates: None
 - 4) Retrospective restatements: None
 (Note) For further details, please refer to “2. Summary Information (Notes)” on page 3.
- (4) Number of Outstanding Shares (Common stock)
 - 1) Number of shares issued as of end of period (including treasury stock)
 - 581,628,031 shares at September 30, 2014
 - 581,628,031 shares at March 31, 2014
 - 2) Number of shares of treasury stock as of end of period
 - 29,916,152 shares at September 30, 2014
 - 29,472,788 shares at March 31, 2014
 - 3) Average number of shares during the period
 - 552,000,831 shares for six months ended September 30, 2014
 - 552,202,345 shares for six months ended September 30, 2013

Presentation regarding status of quarterly review procedure

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

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

Forecast of consolidated operating results for the full year ending March 31, 2015, disclosed on May 9, 2014, is revised in this report. The forward-looking statements, including business results forecast, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials for Financial Results)

The Supplementary Explanation Materials will be posted on the Company’s website on Monday, November 10, 2014.

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1. Qualitative Information on Quarterly Financial Results

(1) Business Performance

The overall global economy during the first six months of fiscal 2014, the year ending March 31, 2015, continued its gradual recovery mainly due to strong personal consumption and housing investment in the U.S., despite increased sluggishness in the European economy and a slowdown in the growth rate in China. The Japanese economy remained weak amid concerns over an economic slowdown, due to such factors as a decline in demand following the consumption tax hike.

In the nonferrous metals industry, although there was a temporary surge in nickel prices owing to concerns over a supply shortage as a result of Indonesia's export restrictions on unprocessed ores, prices fell towards the end of the second quarter of fiscal 2014. Despite a rise in copper prices seen at some phases during the period, they were on a downward trend over the course of the first six months of fiscal 2014. Gold prices were on a downward trend overall, while price fluctuations continued within a narrow range.

As for industries related to the materials business, the demand for automobile battery components increased, and a healthy selling environment for components for high-performance mobile devices and LED components was maintained.

Under these circumstances, net sales in the first six months of fiscal 2014 increased ¥29,456 million from the same period in the previous fiscal year to ¥445,470 million, mainly due to the impact of yen depreciation. Operating income amounted to ¥55,287 million, a year-over-year increase of ¥14,585 million, due mainly to rising prices and increased sales volume of nickel, as well as an upturn in the impact of inventory valuation. Ordinary income increased ¥23,319 million year over year to ¥79,857 million, owing mainly to increases in foreign exchange gains and share of profit of entities accounted for using the equity method. Net income increased ¥15,428 million year over year to ¥55,452 million.

Operating results by segment are as follows.

1) Mineral Resources segment

Production continued according to plan at the Hishikari mine. The gold output at the Pogo gold mine declined from the same period in the previous fiscal year. Production levels and sales volume at the Morenci copper mine were both up from the same period in the previous fiscal year. Segment income decreased year over year due primarily to falling gold prices.

Net sales decreased ¥4,211 million year over year to ¥53,134 million, and segment income decreased ¥4,501 million year over year to ¥29,879 million.

2) Smelting & Refining segment

Sales volumes of both nickel and copper increased from the same period in the previous fiscal year. With regard to nickel, Taganito HPAL Nickel Corporation began full-scale production of intermediate materials, and operations are proceeding well. Despite a decline in copper prices year over year, segment income increased from the same period in the previous fiscal year, due to a year-over-year increase in nickel prices, as well as an upturn in the impact of inventory valuation.

Net sales increased ¥25,796 million year over year to ¥343,134 million, and segment income increased ¥18,629 million to ¥34,195 million.

3) Materials segment

Revenues increased, due to a rise in demand for battery materials such as automobile battery components and strong sales of lead frames for high-performance mobile devices and LEDs, as well as the impact of the business integration with Hitachi Metals Ltd. The increase in revenues resulted in a year-over-year increase in segment income.

Net sales increased ¥10,438 million year over year to ¥85,389 million, and segment income increased ¥2,150 million year over year to ¥7,637 million.

(2) Financial Position

1) Status of financial position

Total assets as of September 30, 2014 increased ¥17,100 million from the previous fiscal year-end to ¥1,589,500 million, mainly due to increases in notes and accounts receivable-trade and inventories, despite decreases in securities, among others.

Total liabilities decreased ¥3,400 million from the previous fiscal year-end to ¥549,900 million, mainly due to a decrease in loans payable, despite increases in income taxes payable, among others.

Total net assets increased ¥20,500 million from the previous fiscal year-end to ¥1,039,600 million, and the equity ratio increased from 58.1% to 58.9%.

2) Status of cash flows

The cash and cash equivalents at the end of the period under review decreased ¥23,657 million from the previous fiscal year-end to ¥178,926 million.

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

Cash flows from operating activities

Net cash provided by operating activities increased ¥5,722 million year over year to ¥43,508 million mainly due to an increase in income before income taxes and minority interests by ¥23,677 million year over year to ¥79,672 million, and an increase in proceeds such as an increase in interest and dividend income received, despite a decrease in proceeds mainly due to an increase in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities decreased ¥21,233 million year over year to ¥50,978 million, due to a decrease in expenditures for purchase of investment securities and purchase of property, plant and equipment related to capital investment.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥14,850 million, compared with ¥12,041 million in net cash provided for the same period in the previous fiscal year, due to an increase in repayments of long-term loans payable and cash dividends paid, without any proceeds from long-term loans payable for capital investment in the period under review.

(3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other

The overall global economy is expected to maintain its gradual recovery with the continued steady performance of the U.S. economy, despite concerns over the future in Europe and China.

In the nonferrous metals industry, prices are expected to remain at their current levels mainly because major improvements in the economy of China—the primary consumer of nonferrous metals—are not expected during fiscal 2014. As for industries related to the materials business, strong performance is expected despite downturns resulting from seasonal factors.

Under these circumstances, consolidated operating income, ordinary income, and net income for the full year ending March 31, 2015 are expected to increase by 24.7%–38.4% compared with the previous forecast released on May 9, 2014, due to expectations of yen depreciation, despite anticipation that metal prices will generally be in line with the initial forecast.

The forecasts for net sales and segment income by reported segment for the full year ending March 31, 2015 are as follows. (Reference: Segment income is adjusted to match ordinary income in the Consolidated Statement of Income.)

Forecast of consolidated operating results for the full year ending March 31, 2015 (revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	113,000	706,000	174,000	993,000	18,000	(89,000)	922,000
Segment income	59,000	76,000	12,000	147,000	0	8,000	155,000

(Reference)

Forecast of consolidated operating results for the full year ending March 31, 2015 (previous forecast)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	110,000	655,000	170,000	935,000	15,000	(85,000)	865,000
Segment income	53,000	53,000	9,000	115,000	0	(3,000)	112,000

2. Summary Information (Notes)

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

The tax expenses for consolidated subsidiaries are calculated by multiplying income before income taxes for the period under review by the effective tax rates on income before income taxes for the fiscal year ending March 31, 2015 including the second quarter of fiscal 2014, that are reasonably estimated upon the adoption of tax-effect accounting.

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

Changes in Accounting Policies

(Application of the Accounting Standard, etc. for Retirement Benefits)

Effective from the first quarter of fiscal 2014, the provisions specified in the main clause of Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26; May 17, 2012; the “Retirement Benefits Accounting Standard”) and the provisions specified in the main clause of Paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; May 17, 2012; the “Guidance on Retirement Benefits”) were applied. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service costs and changed its attribution method for the estimated amount of retirement benefits from the straight-line method to the benefit formula basis. At the same time, the Company changed its method of determining the discount rate from the method in which the discount rate is determined based on the average of the estimated remaining years of service life to the method in which a single weighted average discount rate is used that reflects the estimated timing of retirement benefit payments and the amount of benefit payment for each estimated payment period.

The application of the Retirement Benefits Accounting Standard and its Guidance by the Company is subject to the tentative treatment provided for in Paragraph 37 of the Retirement Benefits Accounting Standard. Consequently, the effects of the change in the calculation methods for retirement benefit obligations and service costs were recognized in retained earnings

as of the beginning of the first quarter of fiscal 2014.

As a result, as of April 1, 2014, net defined benefit liability increased by ¥3,332 million and retained earnings decreased by ¥2,062 million. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the six months ended September 30, 2014 is minimal.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2013 (as of March 31, 2014)	Second Quarter of FY2014 (as of September 30, 2014)
Assets		
Current assets		
Cash and deposits	70,870	80,160
Notes and accounts receivable-trade	90,367	121,508
Securities	131,900	101,400
Merchandise and finished goods	62,304	62,128
Work in process	45,057	47,116
Raw materials and supplies	48,525	62,436
Other	89,233	84,315
Allowance for doubtful accounts	(295)	(379)
Total current assets	537,961	558,684
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	128,750	125,418
Machinery, equipment and vehicles, net	208,221	218,181
Tools, furniture and fixtures, net	4,348	4,218
Land	26,518	26,440
Construction in progress	47,936	32,540
Total property, plant and equipment	415,773	406,797
Intangible assets		
Mining right	6,873	6,057
Other	4,224	3,861
Total intangible assets	11,097	9,918
Investments and other assets		
Investment securities	503,499	495,659
Other	104,246	118,648
Allowance for doubtful accounts	(209)	(214)
Total investments and other assets	607,536	614,093
Total non-current assets	1,034,406	1,030,808
Total assets	1,572,367	1,589,492

(Millions of yen)

	FY2013 (as of March 31, 2014)	Second Quarter of FY2014 (as of September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	38,410	32,971
Short-term loans payable	90,450	91,419
Income taxes payable	9,531	15,963
Provision for bonuses	3,753	3,742
Provision for furnace repair works	210	477
Provision for loss on business restructuring	97	7
Provision for environmental measures	898	1,037
Other provision	186	102
Other	80,228	81,842
Total current liabilities	223,763	227,560
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	243,130	232,404
Provision for directors' retirement benefits	26	29
Provision for environmental measures	1,280	1,280
Other provision	220	230
Net defined benefit liability	4,961	8,368
Asset retirement obligations	6,030	6,257
Other	23,904	23,778
Total non-current liabilities	329,551	322,346
Total liabilities	553,314	549,906
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,062	86,065
Retained earnings	704,824	747,600
Treasury shares	(31,978)	(32,696)
Total shareholders' equity	852,150	894,211
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,335	34,048
Deferred gains or losses on hedges	100	378
Foreign currency translation adjustment	29,466	7,514
Remeasurements of defined benefit plans	120	49
Total accumulated other comprehensive income	61,021	41,989
Minority interests	105,882	103,386
Total net assets	1,019,053	1,039,586
Total liabilities and net assets	1,572,367	1,589,492

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income
(For the Six Months Ended September 30, 2013 and 2014)

(Millions of yen)

	Six Months of FY2013 (from April 1, 2013, to September 30, 2013)	Six Months of FY2014 (from April 1, 2014, to September 30, 2014)
Net sales	416,014	445,470
Cost of sales	352,128	367,088
Gross profit	63,886	78,382
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	4,014	4,289
Salaries and allowances	5,375	5,287
Provision for bonuses	508	574
Retirement benefit expenses	309	296
Provision for directors' retirement benefits	2	1
Research and development expenses	3,226	2,857
Other	9,750	9,791
Total selling, general and administrative expenses	23,184	23,095
Operating income	40,702	55,287
Non-operating income		
Interest income	1,673	3,435
Dividend income	1,179	1,628
Foreign exchange gains	3,201	7,238
Gain on valuation of derivatives	677	28
Share of profit of entities accounted for using equity method	10,912	14,312
Other	719	1,019
Total non-operating income	18,361	27,660
Non-operating expenses		
Interest expenses	1,510	2,034
Other	1,015	1,056
Total non-operating expenses	2,525	3,090
Ordinary income	56,538	79,857
Extraordinary income		
Gain on sales of non-current assets	119	54
Total extraordinary income	119	54
Extraordinary losses		
Loss on sales of non-current assets	35	6
Loss on retirement of non-current assets	340	86
Loss on valuation of investment securities	3	—
Provision for environmental measures	2	139
Loss on change in equity	101	—
Loss on sales of shares of subsidiaries and associates	180	—
Loss on disaster	1	8
Total extraordinary losses	662	239
Income before income taxes and minority interests	55,995	79,672
Income taxes - current	12,640	19,989
Income taxes - deferred	668	(727)
Total income taxes	13,308	19,262
Income before minority interests	42,687	60,410
Minority interests in income	2,663	4,958
Net income	40,024	55,452

Consolidated Statement of Comprehensive Income
(For the Six Months Ended September 30, 2013 and 2014)

(Millions of yen)

	Six Months of FY2013 (from April 1, 2013, to September 30, 2013)	Six Months of FY2014 (from April 1, 2014, to September 30, 2014)
Income before minority interests	42,687	60,410
Other comprehensive income		
Valuation difference on available-for-sale securities	10,331	2,687
Deferred gains or losses on hedges	2,092	374
Foreign currency translation adjustment	28,766	(18,079)
Remeasurements of defined benefit plans, net of tax	—	91
Share of other comprehensive income of entities accounted for using equity method	29,867	(11,241)
Total other comprehensive income	71,056	(26,168)
Comprehensive income	113,743	34,242
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	98,214	36,572
Comprehensive income attributable to minority interests	15,529	(2,330)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months of FY2013 (from April 1, 2013, to September 30, 2013)	Six Months of FY2014 (from April 1, 2014, to September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	55,995	79,672
Depreciation	15,938	18,420
Loss (gain) on sales of non-current assets	(84)	(48)
Loss on retirement of non-current assets	340	86
Loss (gain) on sales of shares of subsidiaries and associates	180	—
Loss (gain) on valuation of investment securities	3	—
Loss (gain) on valuation of derivatives	(677)	(28)
Increase (decrease) in allowance for doubtful accounts	33	89
Increase (decrease) in provision for bonuses	(33)	(11)
Increase (decrease) in provision for directors' bonuses	(90)	(76)
Increase (decrease) in provision for furnace repair works	253	267
Increase (decrease) in provision for retirement benefits	13	—
Increase (decrease) in provision for directors' retirement benefits	(3)	3
Increase (decrease) in provision for environmental measures	(61)	139
Increase (decrease) in other provision	(199)	(90)
Increase (decrease) in net defined benefit liability	—	146
Interest and dividend income	(2,852)	(5,063)
Interest expenses	1,510	2,034
Foreign exchange losses (gains)	(1,586)	(12,276)
Share of (profit) loss of entities accounted for using equity method	(10,912)	(14,312)
Suspended business management expense	268	271
Loss (gain) on change in equity	101	—
Loss on disaster	1	8
Decrease (increase) in notes and accounts receivable-trade	12,407	(19,572)
Decrease (increase) in inventories	(12,896)	(16,611)
Increase (decrease) in notes and accounts payable-trade	1,410	(8,260)
Increase (decrease) in accrued consumption taxes	(287)	7,696
Other, net	(736)	7,348
Subtotal	58,036	39,832
Interest and dividend income received	5,012	19,109
Interest expenses paid	(1,477)	(1,610)
Suspended business management expense paid	(268)	(271)
Disaster recovery expense paid	(1)	(8)
Income taxes paid	(23,516)	(13,544)
Net cash provided by (used in) operating activities	37,786	43,508

(Millions of yen)

	Six Months of FY2013 (from April 1, 2013, to September 30, 2013)	Six Months of FY2014 (from April 1, 2014, to September 30, 2014)
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,571)	(28,718)
Proceeds from sales of property, plant and equipment	154	352
Purchase of intangible assets	(164)	(216)
Proceeds from sales of intangible assets	—	3
Purchase of investment securities	(18,100)	(1,003)
Proceeds from sales of investment securities	5	—
Payments into time deposits	(500)	(2,475)
Proceeds from withdrawal of time deposits	1,144	48
Payments of short-term loans receivable	(3,074)	(5,086)
Collection of short-term loans receivable	66	100
Payments of long-term loans receivable	(15,460)	(14,056)
Collection of long-term loans receivable	106	73
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	183	—
Net cash provided by (used in) investing activities	(72,211)	(50,978)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	709	5,433
Proceeds from long-term loans payable	23,484	—
Repayments of long-term loans payable	(1,107)	(8,478)
Proceeds from share issuance to minority shareholders	40	—
Decrease (increase) in treasury shares	(41)	(715)
Cash dividends paid	(11,044)	(11,043)
Cash dividends paid to minority shareholders	—	(47)
Net cash provided by (used in) financing activities	12,041	(14,850)
Effect of exchange rate change on cash and cash equivalents	6,878	(1,337)
Net increase (decrease) in cash and cash equivalents	(15,506)	(23,657)
Cash and cash equivalents at beginning of period	239,691	202,583
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	19	—
Cash and cash equivalents at end of period	224,204	178,926

(4) Notes Relating to the Consolidated Financial Statements
(Notes Relating to the Going Concern Assumption)

There are no pertinent items.

(Significant Changes in Shareholders' Equity)

There are no pertinent items.

(Segment Information and Others)

[Segment Information]

I. Six months ended September 30, 2013 (from April 1, 2013, to September 30, 2013)

1. Information on Net Sales and Income (Loss) by Reported Segment

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses ¹	Adjustments ²	Amounts Reported in the Consolidated Statement of Income ³
Net sales:							
Outside customers	38,240	308,442	67,742	414,424	1,590	—	416,014
Inter-segment	19,105	8,896	7,209	35,210	7,648	(42,858)	—
Total	57,345	317,338	74,951	449,634	9,238	(42,858)	416,014
Segment income	34,380	15,566	5,487	55,433	337	768	56,538

Notes:

- The Other Businesses segment refers to other profit-seeking business activities that are under the control of the Head Office divisions/departments other than those included in the reported segments. Other Businesses include technical engineering and real estate businesses.
- The adjustments for segment income (¥768 million) are as follows:

(Millions of yen)

	Amount
Head Office expenses not allocated to each reported segment ^a	(1,201)
Interest on internal loans to be borne by each reported segment ^b	307
Eliminations of inter-segment transactions among the reported segments	(359)
Non-operating income/expenses not allocated to each reported segment ^c	2,021
Total	768

- The Head Office expenses not allocated to each reported segment consist mainly of expenses which are not attributable to the reported segments, and the balance resulting from the allocation of the amount corresponding to general and administrative expenses to each reported segment.
 - Interest on internal loans refers to an interest rate burden (in calculating segment income for internal administration purposes) to be borne by each business segment of the parent company, which does not financially assume interest expenses, in proportion to its internal loans as calculated in the balance sheet under management of each segment. Interest on internal loans is obtained by multiplying the internal loans held by each segment of the parent company by "internal interest rate."
Internal interest rate is set in view of the actual market interest rate.
The same amount as a total of the interest on internal loans reported by each segment is reported as a negative value in "Adjustments." The interest on internal loans is offset in the total for all segments companywide. The interest on internal loans therefore has no effect on the Consolidated Financial Statements.
 - Non-operating income/expenses not allocated to each reported segment mainly consist of foreign exchange gains/losses and interest expenses, which are not attributable to the reported segments.
- Segment income is adjusted with ordinary income in the Consolidated Statement of Income.

II. Six months ended September 30, 2014 (from April 1, 2014, to September 30, 2014)

1. Information on Net Sales and Income (Loss) by Reported Segment

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses ¹	Adjustments ²	Amounts Reported in the Consolidated Statement of Income ³
Net sales:							
Outside customers	34,559	330,251	79,256	444,066	1,404	—	445,470
Inter-segment	18,575	12,883	6,133	37,591	4,296	(41,887)	—
Total	53,134	343,134	85,389	481,657	5,700	(41,887)	445,470
Segment income (loss)	29,879	34,195	7,637	71,711	(113)	8,259	79,857

Notes:

- The Other Businesses segment refers to other profit-seeking business activities that are under the control of the Head Office divisions/departments other than those included in the reported segments. Other Businesses include technical engineering and real estate businesses.
- The adjustments for segment income (¥8,259 million) are as follows:

(Millions of yen)

	Amount
Head Office expenses not allocated to each reported segment ^a	(497)
Interest on internal loans to be borne by each reported segment ^b	208
Eliminations of inter-segment transactions among the reported segments	(1,590)
Non-operating income/expenses not allocated to each reported segment ^c	10,138
Total	8,259

- The Head Office expenses not allocated to each reported segment consist mainly of expenses which are not attributable to the reported segments, and the balance resulting from the allocation of the amount corresponding to general and administrative expenses to each reported segment.
 - Interest on internal loans refers to an interest rate burden (in calculating segment income for internal administration purposes) to be borne by each business segment of the parent company, which does not financially assume interest expenses, in proportion to its internal loans as calculated in the balance sheet under management of each segment. Interest on internal loans is obtained by multiplying the internal loans held by each segment of the parent company by “internal interest rate.” Internal interest rate is set in view of the actual market interest rate. The same amount as a total of the interest on internal loans reported by each segment is reported as a negative value in “Adjustments.” The interest on internal loans is offset in the total for all segments companywide. The interest on internal loans therefore has no effect on the Consolidated Financial Statements.
 - Non-operating income/expenses not allocated to each reported segment mainly consist of foreign exchange gains/losses and interest expenses, which are not attributable to the reported segments.
- Segment income is adjusted with ordinary income in the Consolidated Statement of Income.

4. Supplementary Information

(1) Overseas Market Prices and Foreign Exchange Rate

		A	B	(A+B)/2	C	A-C
	Unit	FY2014 First Six Months Results (April 1, 2014, to September 30, 2014)	FY2014 Third and Fourth Quarters Forecasts (October 1, 2014, to March 31, 2015)	FY2014 Forecasts (April 1, 2014, to March 31, 2015)	FY2013 First Six Months Results (April 1, 2013, to September 30, 2013)	Year-Over-Year Increase (Decrease)
Copper	\$/t	6,890.0	6,800.0	6,845.0	7,112.0	-222.0
Gold	\$/TOZ	1,285.7	1,200.0	1,242.9	1,370.6	-84.9
Nickel	\$/lb	8.4	7.5	8.0	6.6	1.8
Zinc	\$/t	2,191.0	2,200.0	2,195.5	1,849.0	342.0
Exchange rate (TTM)	¥/\$	103.05	108.00	105.53	98.86	4.19

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

Segment	Product	Unit	FY2014 First Six Months Results (April 1, 2014, to September 30, 2014)	FY2014 Forecasts (April 1, 2014, to March 31, 2015)
Mineral Resources	Gold and silver ores (Gold content)	t	73,072	151,264
		¥1,000/DMT	181	167
		¥million	13,226	25,196
		(kg)	(3,361)	(6,500)
Smelting & Refining	Copper	t	228,725	455,119
		¥1,000/t	724	736
		¥million	165,604	334,865
	Gold	kg	10,947	19,929
		¥/g	4,268	4,224
		¥million	46,726	84,173
	Silver	kg	103,194	190,734
		¥1,000/kg	66	64
		¥million	6,773	12,279
	Nickel	t	36,980	81,233
¥1,000/t		1,900	1,870	
¥million		70,253	151,924	
Zinc	t	37,982	82,224	
	¥1,000/t	240	244	
	¥million	9,131	20,102	
Materials	Semiconductor materials and advanced materials	¥million	36,152	75,169

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.

(3) Output by Product (the Company)

Product	Unit	FY2014 First Six Months Results (April 1, 2014, to September 30, 2014)
Copper	t	213,896
Gold	kg	9,364
Electrolytic nickel	t	27,811
Ferronickel	t	10,943
Zinc	t	19,050
Gold and silver ore	t	70,465
(Gold content)	(kg)	(3,384)
Zinc (Commissioning portion)	t	13,575

Notes:

1. Output includes the portions of commissioning production.
2. The commissioning portion of zinc is separately presented from "Zinc" as shown in the above table.