Consolidated Financial Results for the Year Ended March 31, 2015 [J-GAAP]

May 12, 2015

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
Code: 5713
Listings: Tokyo Stock Exchange
URL: http://www.smm.co.jp/
Representative: Yoshiaki Nakazato, President and Representative Director
Contact: Shuichi Yasukawa, Deputy General Manager, PR & IR Dept. TEL: +81-3-3436-7705
Scheduled Ordinary General Meeting of Shareholders: June 29, 2015
Scheduled Date to Start Dividend Payment: June 30, 2015
Scheduled Date to Submit Securities Report: June 29, 2015
Preparation of Supplementary Explanation Materials for Financial Results: Yes
Briefing on Account Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2014, to March 31, 2015)

(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, 2015	921,334	10.9	125,779	66.8	174,226	52.4	91,113	13.5
Year ended March 31, 2014	830,546	2.7	75,418	-21.3	114,352	-0.6	80,258	-7.4

(Note) Comprehensive income
Year ended March 31, 2015: ¥163,897 million (-14.4%);
Year ended March 31, 2014: ¥191,370 million (31.6%)

	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, 2015	165.11	149.44	9.3	10.5	13.7
Year ended March 31, 2014	145.35	129.71	9.5	7.8	9.1

(Reference) Equity in earnings (loss) of affiliates
Year ended March 31, 2015: ¥23,943 million;
Year ended March 31, 2014: ¥29,770 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	1,740,246	1,158,945	60.4	1,905.50
As of March 31, 2014	1,572,367	1,019,053	58.1	1,653.83

(Reference) Shareholders' equity
As of March 31, 2015: ¥1,051,224 million;
As of March 31, 2014: ¥913,171 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, 2015	120,003	(105,024)	(39,047)	177,720
Year ended March 31, 2014	80,014	(126,937)	81	202,583

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, 2014	—	17.00	—	20.00	37.00	20,430	25.5	2.4
Year ended March 31, 2015	—	24.00	—	24.00	48.00	26,481	29.1	2.7
Year ending March 31, 2016 (Forecast)	—	21.00	—	27.00	48.00		25.5	

3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2016 (From April 1, 2015, to March 31, 2016)

(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 attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	465,000	4.4	55,000	-0.5	65,000	-18.6	46,000	-17.0	83.38
Full year	950,000	3.1	118,000	-6.2	148,000	-15.1	104,000	14.1	188.52

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: 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 "5. Consolidated Financial Statements, (5) Notes Relating to the Consolidated Financial Statements (Changes in Accounting Policies)" 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, 2015
581,628,031 shares at March 31, 2014
2) Number of shares of treasury stock as of end of period
29,948,647 shares at March 31, 2015
29,472,788 shares at March 31, 2014
3) Average number of shares during the period
551,848,181 shares for the year ended March 31, 2015
552,186,107 shares for the year ended March 31, 2014
(Note) Please refer to "5. Consolidated Financial Statements, (5) Notes Relating to the Consolidated Financial Statements (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, 2014, to March 31, 2015)

(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, 2015	758,771	12.8	77,357	97.4	130,237	71.3	57,665	-2.8
Year ended March 31, 2014	672,909	-1.8	39,195	-34.3	76,026	-15.5	59,331	-12.6

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Year ended March 31, 2015	104.49	94.81
Year ended March 31, 2014	107.45	96.05

(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, 2015	1,009,553	646,345	64.0	1,171.60
As of March 31, 2014	946,455	596,235	63.0	1,079.83

(Reference) Shareholders' equity
As of March 31, 2015: ¥646,345 million;
As of March 31, 2014: ¥596,235 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 Tuesday, May 12, 2015.

Contents of the Attachment

1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Business performance in fiscal 2014 (Year ended March 31, 2015)

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2015	921,334	125,779	174,226	91,113
Year ended March 31, 2014	830,546	75,418	114,352	80,258
Increase/decrease (Rate of change: %)	90,788 (10.9)	50,361 (66.8)	59,874 (52.4)	10,855 (13.5)

The overall global economy during fiscal 2014 generally remained on a gradual recovery track, driven by the U.S. economy remaining solid along with China managing to maintain positive growth despite a downswing in domestic demand and a slump in the real estate market, offsetting an increasingly deflationary aspect in Europe and economic stagnation in Russia exacerbated by a drop in resource prices in addition to economic sanctions from Europe and the U.S. In the Japanese economy, despite a larger-than-expected recoil against the surge in demand associated with the consumption tax hike, business sentiment picked up as yen depreciation, due to monetary easing, induced favorable corporate performance and the employment and income situation improved.

In the nonferrous metals industry, although nickel prices remained high for a while, owing to concerns over a supply shortage as a result of Indonesia's export restrictions on unprocessed ores, they started declining due to an insignificant impact on demand and supply, and even plummeted towards the end of the fiscal year due to the market perception of excess inventories. Despite a rise in copper prices seen at some phases during the fiscal year, they started to show a downward trend due to rekindled concerns about a slowdown in demand in China, and remained stagnant until the end of the fiscal year. Gold prices kept showing a downward trend and stayed bearish towards the end of the fiscal year.

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 was maintained.

Under these circumstances, consolidated net sales in fiscal 2014 increased ¥90,788 million year over year to ¥921,334 million, mainly due to an increase in revenue caused by the yen's depreciation and an increase in electrolytic nickel sales volume.

Consolidated operating income amounted to ¥125,779 million, a year-over-year increase of ¥50,361 million, due mainly to rising prices of nickel, as well as an upturn in the impact of inventory valuation. Consolidated ordinary income increased ¥59,874 million year over year to ¥174,226 million, owing mainly to an increase in foreign exchange gains in addition to a favorable turn in consolidated operating income, despite a decrease in the share of profit of entities accounted for using equity method. Consolidated net income increased ¥10,855 million year over year to ¥91,113 million, owing to such factors as the posting of allowance for investment loss with respect to the investments in Vale Nouvelle-Calédonie S.A.S.

(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, 2015	113,791	710,291	174,206	998,288	17,366	-94,320	921,334
Year ended March 31, 2014	113,896	631,842	153,325	899,063	20,807	-89,324	830,546
Increase/decrease	-105	78,449	20,881	99,225	-3,441	-4,996	90,788
(Rate of change: %)	(-0.1)	(12.4)	(13.6)	(11.0)	(-16.5)		(10.9)
Segmental income:							
Year ended March 31, 2015	53,775	81,323	12,914	148,012	-80	26,294	174,226
Year ended March 31, 2014	69,063	29,104	11,072	109,239	1,581	3,532	114,352
Increase/decrease	-15,288	52,219	1,842	38,773	-1,661	22,762	59,874
(Rate of change: %)	(-22.1)	(179.4)	(16.6)	(35.5)	(-105.1)		(52.4)

a) Mineral Resources segment

The mining operations at the Hishikari mine performed well. The output of gold and silver ores for the fiscal year under review amounted to 148,269 t, and the gold content was 6,891 kg.

As for overseas mines, production levels at the Pogo gold mine (United States), which the SMM Group operates directly, were the same as the previous fiscal year, despite a decline in ore grade compared to the previous fiscal year. For the copper mines in which SMM holds interests, production of copper ore and electrolytic copper proceeded steadily at the Morenci copper mine (United States); however, production levels of copper ore decreased at the Candelaria copper mine (Chile), and the production of copper ore also decreased at the Cerro Verde copper mine (Peru), despite an increase in production of electrolytic copper.

Net sales decreased ¥105 million year over year to ¥113,791 million, and segmental income decreased ¥15,288 million to ¥53,775 million.

b) Smelting & Refining segment

As for nickel, work to increase production capacity of electrolytic nickel to 65 ktpa was completed in 2013. The consequent increase in production levels created an expansion in sales volume compared to the previous fiscal year. In the Philippines, operations at Coral Bay Nickel Corporation, which utilizes high-pressure acid leach (HPAL) technology to facilitate the processing of low-grade nickel oxide ore, have been steady, and production levels were the same as the previous fiscal year. Taganito HPAL Nickel Corporation began full-scale production, and operations remained steady.

As for copper, production levels increased compared to the previous fiscal year in which scheduled furnace repairs were carried out at the Toyo Smelter & Refinery, and sales volume also exceeded the level of the previous fiscal year.

Net sales increased ¥78,449 million year over year to ¥710,291 million, and segmental income increased ¥52,219 million to ¥81,323 million.

c) Materials segment

Revenues increased as steady expansion in markets for automobile batteries and high-performance mobile devices led to an increase in demand for related materials and a favorable trend in sales of lithium nickel oxide, lithium tantalate substrates and lead frames. The increase in revenues resulted in a year-over-year increase in segment income.

Net sales increased ¥20,881 million year over year to ¥174,206 million, whereas segmental income increased ¥1,842 million year over year to ¥12,914 million.

2) Prospects for fiscal 2015

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Year ending March 31, 2016 (Projections)	950,000	118,000	148,000	104,000
Year ended March 31, 2015 (Actual)	921,334	125,779	174,226	91,113
Increase/decrease (Rate of change: %)	28,666 (3.1)	-7,779 (-6.2)	-26,226 (-15.1)	12,887 (14.1)

The overall global economy is expected to remain brisk throughout the year, driven by the continuous mild economic expansion in the U.S. and the steady growth in China while the pace of growth is expected to decelerate, despite concerns about the economic recovery in Europe such as the high unemployment rate and credit uncertainty in Greece.

In the business environment surrounding the SMM Group, prices are unlikely to rise in the nonferrous metals industry where excess supply of copper is predicted due to an increase in production at mines, in addition to stagnating consumption in China, given the concern about the global economic outlook, market expectations of a future rate hike in the U.S. as well as the stagnation in crude prices, despite the market perception of excess inventories of nickel is expected to be resolved. As for industries related to the materials business, good showings are expected to continue in the areas of automotive applications and communications.

In fiscal 2015, the year ending March 31, 2016, net sales are expected to increase due primarily to an increase in sales volume at overseas copper mines, while operating income, despite the underlying support through yen depreciation, is expected to decrease due to declining nonferrous metals prices along with the worsening impact of inventory valuation. As for ordinary income, please refer to the following (b) Reported segments.

As a result, net sales are expected to reach ¥950.0 billion, with operating income of ¥118.0 billion, ordinary income of ¥148.0 billion and net income attributable to the parent of ¥104.0 billion on a consolidated basis.

(b) Reported segments (Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Amounts Reported in the Consolidated Financial Statements
Net sales	136,000	701,000	196,000	1,033,000	17,000	-100,000	950,000
Segmental income	65,000	68,000	13,000	146,000	0	2,000	148,000

In the Mineral Resources segment, earnings are expected to increase compared with fiscal 2014 mainly due to an increase in revenue because of an increase in the sales volume at overseas copper mines, as well as an upturn in the share of profit of entities accounted for using equity method. In the Smelting & Refining segment, earnings are expected to decrease compared with fiscal 2014 mainly due to declining nickel prices along with the worsening impact of inventory valuation, despite the underlying support through yen depreciation. In the Materials segment, earnings are expected to remain flat mainly due to growing price competition, despite an increase in revenue thanks to the continuously favorable sales environment.

(2) Analysis of Financial Position

1) Overview for fiscal 2014

Consolidated Balance Sheet (Millions of yen)

	As of March 31, 2014	As of March 31, 2015	Increase/decrease
Assets	1,572,367	1,740,246	167,879
Liabilities	553,314	581,301	27,987
Net assets	1,019,053	1,158,945	139,892

Consolidated Statement of Cash Flows (Millions of yen)

	From April 1, 2013, to March 31, 2014	From April 1, 2014, to March 31, 2015	Increase/decrease
Net cash provided by operating activities	80,014	120,003	39,989
Net cash used in investing activities	(126,937)	(105,024)	21,913
Net cash provided by (used in) financing activities	81	(39,047)	(39,128)
Effect of exchange rate change on cash and cash equivalents	9,715	(795)	(10,510)
Cash and cash equivalents at beginning of period	239,691	202,583	(37,108)
Cash and cash equivalents at end of period	202,583	177,720	(24,863)

Assets as of March 31, 2015 increased from those as of March 31, 2014, primarily due to an increase in investment securities as a result of the posting of the share of profit of entities accounted for using equity method and the effect of yen depreciation, an increase in long-terms loans receivable from Sierra Gorda S.C.M., and an increase in buildings and structures, as well as machinery, equipment and vehicles through the extension work at the Morenci copper mine, despite a decrease in assets due mainly to the posting of an allowance for investment loss with respect to the investments in Vale Nouvelle-Calédonie S.A.S. In liabilities, the balance of income taxes payable increased.

Net cash provided by operating activities for the year ended March 31, 2015 increased by ¥39,989 million from the previous fiscal year to ¥120,003 million, mainly due to an increase in income before income taxes and minority interests and a decrease in income taxes paid, despite an increase in inventories. Net cash used in investing activities decreased by ¥21,913 million from the previous fiscal year to ¥105,024 million, mainly as a result of a decrease in new loans receivables. Net cash used in financing activities decreased by ¥39,128 million from the previous fiscal year to ¥39,047 million, mainly due to a decrease in newly taken out long-term loans payable and an increase in repayments of long-term loans payable.

As a result, the balance of cash and cash equivalents amounted to ¥177,720 million at March 31, 2015, a decrease of ¥24,863 million compared with at the previous fiscal year-end.

Cash flow indicators:

Year ended	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2015
Equity ratio (%)	59.9	57.5	56.9	58.1	60.4
Equity ratio based on market capitalization (%)	76.4	57.0	54.9	45.5	55.8
Cash flows/Interest-bearing debt ratio (times)	2.1	1.8	2.9	4.8	3.3
Interest coverage ratio (times)	40.4	42.8	33.5	22.7	33.9

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 fiscal year after deducting treasury shares.

4. Cash flows employs “Net cash provided by operating activities” in the Consolidated Statement of Cash Flows.
5. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the Consolidated Balance Sheet. Interest payment corresponds to the amount of “Interest expenses paid” in the Consolidated Statement 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 and minority interests for the year ending March 31, 2016. 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 battery materials 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 and the payout ratio. As a financial strategy in the 12 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 25%, with due consideration to operating performance.

Consequently, the Company plans to distribute a year-end dividend of ¥24 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 ¥48, an increase of ¥11 per share from the previous fiscal year.

Based on the above policy and in view of these performance projections, the Company plans to distribute an annual dividend of ¥48 per share for the fiscal year ending March 31, 2016.

(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, 2015.

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 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.

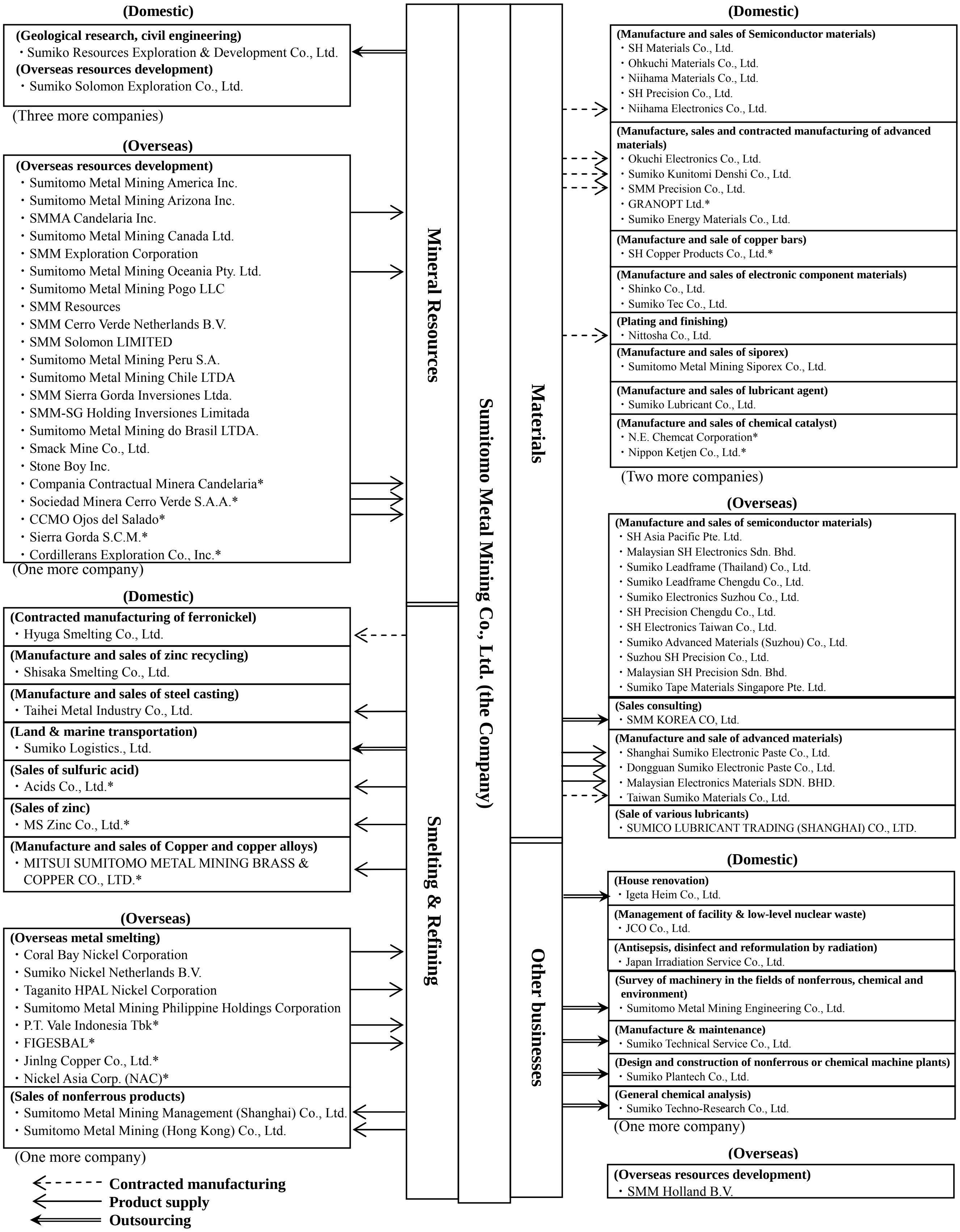
8) Information management

In the event of leakage of customer information or personal information, compensation for the loss resulting therefrom could have an impact on the Group's business performance and financial position.

To address such risks, the Group has introduced a security measures system while implementing information security training.

2. Corporate Group

(1) Organization Chart



Consolidated subsidiaries have no mark (68)
Equity-method affiliates are marked with*(16)

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

- The SMM Group, 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.
- The SMM Group 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 SMM Group shall pursue maximum corporate value through the provision, via its global network, of high-quality materials such as non-ferrous metals and electronics and advanced materials.

CSR Policy

1. The SMM Group 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. The SMM Group 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, The SMM Group 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, The SMM Group shall provide safe, comfortable working environments and seek to eliminate occupational accidents.
5. The SMM Group 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. 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 the targets, including 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 of ¥5 billion/year in our new materials products, 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 steadily increasing production volume aimed at commencing full-scale operations. Also, at the Hishikari mine and the 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 operating overseas mines, where we hold the rights, 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 to increase the production capacity of electrolytic nickel to 65 ktpa were completed in 2013, and we are scheduled for full-scale production at 100 ktpa production capacity in fiscal 2015. Moreover, as a long-term vision, we have developed a blueprint for raising this amount to 150 ktpa by securing new nickel resources and 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.

In copper smelting, business conditions are improving thanks to favorable changes in terms for purchase of ore, along with decreasing energy costs due to a decline in crude oil prices, while we will strive to further bolster our competitiveness by performing additional processing of secondary materials and reducing our fixed costs.

3) Materials

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 collaboration with Materials/ Research & Development divisions, while diligently striving toward the commercialization of new products.

Moreover, the commercialization of high performance materials capitalizing on 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, the Group 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. Basic Concept Behind the Selection of Accounting Standards

With a view to adopting International Accounting Standards (IFRS) the SMM Group is currently engaged in various initiatives such as acquiring knowledge about IFRS, analysis of the differences between IFRS and J-GAAP, and impact assessment associated with the adoption, while the actual adoption date of IFRS is yet to be scheduled.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Assets		
Current assets		
Cash and deposits	*3 70,870	*3 69,264
Notes and accounts receivable-trade	90,367	116,218
Securities	131,900	113,400
Merchandise and finished goods	62,304	75,188
Work in process	45,057	57,962
Raw materials and supplies	48,525	68,273
Deferred tax assets	1,834	3,765
Other	87,399	42,187
Allowance for doubtful accounts	(295)	(396)
Total current assets	537,961	545,861
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	128,750	156,646
Machinery, equipment and vehicles, net	208,221	241,044
Tools, furniture and fixtures, net	4,348	4,795
Land	26,518	26,632
Construction in progress	47,936	40,256
Total property, plant and equipment	*1, *3 415,773	*1, *3 469,373
Intangible assets		
Mining right	*3 6,873	*3 6,413
Software	1,841	2,016
Other	2,383	2,336
Total intangible assets	11,097	10,765
Investments and other assets		
Investment securities	*2, *3 503,499	*2, *3 582,053
Long-term loans receivable	*3 78,898	*3 142,891
Net defined benefit asset	91	331
Deferred tax assets	2,593	3,156
Other	*2, *3 22,664	*2, *3 36,700
Allowance for doubtful accounts	(209)	(201)
Allowance for investment loss	—	(50,683)
Total investments and other assets	607,536	714,247
Total non-current assets	1,034,406	1,194,385
Total assets	1,572,367	1,740,246

(Millions of yen)

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	38,410	36,767
Short-term loans payable	*3 90,450	*3 99,094
Income taxes payable	9,531	30,729
Deferred tax liabilities	442	25
Provision for bonuses	3,753	4,063
Provision for directors' bonuses	76	110
Provision for furnace repair works	210	743
Provision for loss on business restructuring	97	1,236
Provision for environmental measures	898	4,243
Other provision	110	129
Other	79,786	61,286
Total current liabilities	223,763	238,425
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	*3 243,130	*3 245,000
Deferred tax liabilities	22,301	28,571
Provision for directors' retirement benefits	26	32
Provision for loss on business restructuring	—	1,220
Provision for environmental measures	1,280	534
Other provision	220	219
Net defined benefit liability	4,961	7,763
Asset retirement obligations	6,030	7,525
Other	1,603	2,012
Total non-current liabilities	329,551	342,876
Total liabilities	553,314	581,301
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,062	86,066
Retained earnings	704,824	770,020
Treasury shares	(31,978)	(32,753)
Total shareholders' equity	852,150	916,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,335	46,679
Deferred gains or losses on hedges	100	247
Foreign currency translation adjustment	29,466	87,288
Remeasurements of defined benefit plans	120	435
Total accumulated other comprehensive income	61,021	134,649
Minority interests	105,882	107,721
Total net assets	1,019,053	1,158,945
Total liabilities and net assets	1,572,367	1,740,246

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Net sales	830,546	921,334
Cost of sales	*1 705,724	*1 747,077
Gross profit	124,822	174,257
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	8,074	9,298
Salaries and allowances	11,565	10,634
Provision for bonuses	464	1,140
Retirement benefit expenses	558	501
Provision for directors' retirement benefits	2	1
Research and development expenses	*2 6,648	*2 5,865
Other	22,093	21,039
Total selling, general and administrative expenses	49,404	48,478
Operating income	75,418	125,779
Non-operating income		
Interest income	4,637	7,180
Dividend income	2,455	3,038
Foreign exchange gains	6,513	19,977
Share of profit of entities accounted for using equity method	29,770	23,943
Other	2,207	2,153
Total non-operating income	45,582	56,291
Non-operating expenses		
Interest expenses	3,562	3,968
Suspended business management expense	500	535
Maintenance expense of suspended or abandoned mines	732	627
Loss on valuation of derivatives	3	130
Dismantlement cost	994	790
Other	857	1,794
Total non-operating expenses	6,648	7,844
Ordinary income	114,352	174,226
Extraordinary income		
Gain on sales of non-current assets	*3 1,165	*3 112
Gain on sales of investment securities	—	10
Gain on sales of shares of subsidiaries and associates	121	—
Gain on transfer of business	—	202
Total extraordinary income	1,286	324

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Extraordinary losses		
Loss on sales of non-current assets	*4 42	*4 14
Loss on retirement of non-current assets	*5 817	*5 675
Impairment loss	*6 1,253	*6 614
Loss on valuation of investment securities	3	—
Provision for loss on business restructuring	*7 97	*7 2,449
Provision for environmental measures	*8 2,134	*8 2,861
Restructuring loss	—	34
Loss on change in equity	101	—
Provision of allowance for investment loss	—	*9 44,474
Loss on sales of shares of subsidiaries and associates	180	—
Loss on disaster	5	168
Total extraordinary losses	4,632	51,289
Income before income taxes and minority interests	111,006	123,261
Income taxes - current	24,573	46,407
Income taxes - deferred	(950)	(1,058)
Total income taxes	23,623	45,349
Income before minority interests	87,383	77,912
Minority interests in income (loss)	7,125	(13,201)
Net income	80,258	91,113

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Income before minority interests	87,383	77,912
Other comprehensive income		
Valuation difference on available-for-sale securities	6,666	15,277
Deferred gains or losses on hedges	1,909	125
Foreign currency translation adjustment	45,784	27,975
Remeasurements of defined benefit plans, net of tax	—	490
Share of other comprehensive income of entities accounted for using equity method	49,628	42,118
Total other comprehensive income	* 103,987	* 85,985
Comprehensive income	191,370	163,897
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	163,960	164,893
Comprehensive income attributable to minority interests	27,410	(996)

(3) Consolidated Statement of Changes in Equity
FY2013 (from April 1, 2013, to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	93,242	86,062	644,642	(31,895)	792,051
Cumulative effects of changes in accounting policies					
Effect of changes in accounting policies applied to associates accounted for using equity method			1,204		1,204
Balance at beginning of current period as restated	93,242	86,062	645,846	(31,895)	793,255
Changes of items during period					
Dividends of surplus			(20,432)		(20,432)
Net income			80,258		80,258
Purchase of treasury shares				(89)	(89)
Disposal of treasury shares				6	6
Change of scope of consolidation			(848)		(848)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	58,978	(83)	58,895
Balance at end of current period	93,242	86,062	704,824	(31,978)	852,150

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	24,645	(1,856)	(45,590)	—	(22,801)	75,297	844,547
Cumulative effects of changes in accounting policies							
Effect of changes in accounting policies applied to associates accounted for using equity method						301	1,505
Balance at beginning of current period as restated	24,645	(1,856)	(45,590)	—	(22,801)	75,598	846,052
Changes of items during period							
Dividends of surplus							(20,432)
Net income							80,258
Purchase of treasury shares							(89)
Disposal of treasury shares							6
Change of scope of consolidation							(848)
Net changes of items other than shareholders' equity	6,690	1,956	75,056	120	83,822	30,284	114,106
Total changes of items during period	6,690	1,956	75,056	120	83,822	30,284	173,001
Balance at end of current period	31,335	100	29,466	120	61,021	105,882	1,019,053

FY2014 (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	93,242	86,062	704,824	(31,978)	852,150
Cumulative effects of changes in accounting policies			(2,062)		(2,062)
Effect of changes in accounting policies applied to associates accounted for using equity method			429		429
Balance at beginning of current period as restated	93,242	86,062	703,191	(31,978)	850,517
Changes of items during period					
Dividends of surplus			(24,284)		(24,284)
Net income			91,113		91,113
Purchase of treasury shares				(778)	(778)
Disposal of treasury shares		4		3	7
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	4	66,829	(775)	66,058
Balance at end of current period	93,242	86,066	770,020	(32,753)	916,575

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	31,335	100	29,466	120	61,021	105,882	1,019,053
Cumulative effects of changes in accounting policies							(2,062)
Effect of changes in accounting policies applied to associates accounted for using equity method							429
Balance at beginning of current period as restated	31,335	100	29,466	120	61,021	105,882	1,017,420
Changes of items during period							
Dividends of surplus							(24,284)
Net income							91,113
Purchase of treasury shares							(778)
Disposal of treasury shares							7
Change of scope of consolidation							
Net changes of items other than shareholders' equity	15,344	147	57,822	315	73,628	1,839	75,467
Total changes of items during period	15,344	147	57,822	315	73,628	1,839	141,525
Balance at end of current period	46,679	247	87,288	435	134,649	107,721	1,158,945

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	111,006	123,261
Depreciation	32,426	38,125
Impairment loss	1,253	614
Loss (gain) on sales of non-current assets	(1,123)	(98)
Loss on retirement of non-current assets	817	675
Loss (gain) on sales of investment securities	—	(10)
Loss (gain) on valuation of investment securities	3	—
Loss (gain) on sales of shares of subsidiaries and associates	59	—
Loss (gain) on valuation of derivatives	3	130
Increase (decrease) in allowance for doubtful accounts	42	93
Increase (decrease) in provision for bonuses	207	310
Increase (decrease) in provision for directors' bonuses	(14)	34
Increase (decrease) in provision for furnace repair works	(548)	533
Increase (decrease) in provision for directors' retirement benefits	(1)	6
Increase (decrease) in provision for loss on business restructuring	52	2,359
Increase (decrease) in allowance for investment loss	—	50,683
Increase (decrease) in provision for environmental measures	2,060	2,599
Increase (decrease) in other provision	(219)	19
Increase (decrease) in net defined benefit liability	(606)	(530)
Interest and dividend income	(7,092)	(10,218)
Interest expenses	3,562	3,968
Foreign exchange losses (gains)	(4,516)	(15,943)
Share of (profit) loss of entities accounted for using equity method	(29,770)	(23,943)
Suspended business management expense	500	535
Loss (gain) on change in equity	101	—
Loss on disaster	5	168
Loss on business restructuring	—	34
Loss (gain) on transfer of business	—	(202)
Decrease (increase) in notes and accounts receivable-trade	2,588	(11,417)
Decrease (increase) in inventories	(8,216)	(40,833)
Increase (decrease) in notes and accounts payable-trade	624	(14,557)
Increase (decrease) in accrued consumption taxes	114	(664)
Other, net	(4,681)	14,079
Subtotal	98,636	119,810
Interest and dividend income received	20,784	29,984
Interest expenses paid	(3,518)	(3,545)
Suspended business management expense paid	(500)	(535)
Disaster recovery expense paid	(5)	(168)
Income taxes paid	(35,383)	(25,543)
Net cash provided by (used in) operating activities	80,014	120,003

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Cash flows from investing activities		
Purchase of property, plant and equipment	(64,067)	(58,614)
Proceeds from sales of property, plant and equipment	1,788	809
Purchase of intangible assets	(883)	(117)
Proceeds from sales of intangible assets	86	30
Purchase of investment securities	(18,098)	(1,506)
Proceeds from sales of investment securities	—	5,016
Purchase of shares of subsidiaries and associates	(285)	(13,556)
Payments into time deposits	(60)	(4,398)
Proceeds from withdrawal of time deposits	1,038	57
Payments of short-term loans receivable	(7,135)	(179)
Collection of short-term loans receivable	66	256
Payments of long-term loans receivable	(39,606)	(33,194)
Collection of long-term loans receivable	504	147
Proceeds from transfer of business	—	225
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	183	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(468)	—
Net cash provided by (used in) investing activities	(126,937)	(105,024)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	2,624	928
Proceeds from long-term loans payable	27,596	747
Repayments of long-term loans payable	(7,410)	(19,281)
Proceeds from share issuance to minority shareholders	40	5,386
Decrease (increase) in treasury shares	(83)	(771)
Cash dividends paid	(20,432)	(24,284)
Cash dividends paid to minority shareholders	(2,254)	(1,772)
Net cash provided by (used in) financing activities	81	(39,047)
Effect of exchange rate change on cash and cash equivalents	9,715	(795)
Net increase (decrease) in cash and cash equivalents	(37,127)	(24,863)
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	* 202,583	* 177,720

(5) Notes Relating to the Consolidated Financial Statements

(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: 68

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

Of the consolidated subsidiaries, Sumiko Energy Materials Co., Ltd. has been included in the scope of consolidation due to new incorporation, and Sumitomo Metal Mining (Hong Kong) Co., Limited has been included in the scope of consolidation due to the increased materiality in conjunction with the commencement of business, effective from the fiscal year ended March 31, 2015.

(2) Names of principal unconsolidated subsidiaries:

Mie Siporex Service Co., Ltd.

(Reason for exclusion from consolidation)

The unconsolidated subsidiaries are all 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 (loss) and consolidated retained earnings are insignificant. For these reasons, the unconsolidated subsidiaries are excluded from the scope of consolidation.

2. Application of the Equity Method

(1) Number of affiliates accounted for by the equity method: 16

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, Nippon Ketjen Co., Ltd., and SH Copper Products Co., Ltd.

(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 net income (loss) and retained earnings have no significant impact on the consolidated net income (loss) and consolidated retained earnings, 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.

As Vale Indonesia Tbk PT underwent changes in accounting standards applied during the current fiscal year, the cumulative effects of these changes were calculated as of the beginning of the current fiscal year, which was the earliest period to which such changes may be retrospectively applied, and adjustments were made in "Effect of changes in accounting policies applied to associates accounted for using equity method" under "Retained earnings" in the Consolidated Statement of Changes in Equity.

3. Fiscal Year, etc., of Consolidated Subsidiaries

The closing date is December 31 for the 33 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, 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., Taganito HPAL Nickel Corporation, Sumitomo Metal Mining Philippine Holdings Corporation, Sumitomo Metal Mining Management (Shanghai) Co., Ltd., Sumitomo Metal Mining (Hong Kong) Co., Limited, 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., SUMICO LUBRICANT TRADING (SHANGHAI) CO., LTD., Sumiko Advanced Materials (Suzhou) Co., Ltd., SMM-SG Holding Inversiones Limitada and Suzhou SH Precision 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) Securities

Other 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:

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.)

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 leased 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

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) Leased assets

Leased 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 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 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 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 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 directors' retirement benefits

The Company sets 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.

(vii) Provision for loss on business restructuring

The provision for loss on business restructuring is an amount to cover the estimated loss of business reconstruction that might be experienced by the Company and any subsidiaries and/or affiliates.

(viii) Provision for environmental measures

The provision for environmental measures is an estimated amount expected to cover future potential costs, such as costs related to the disposal of polychlorinated biphenyl (PCB).

Additionally, a provision is calculated based on the estimated amount of expenses for environmental measures for suspended or abandoned mines by the Company.

(4) Accounting method for retirement benefits

(i) Attribution method for the estimated amount of retirement benefits

The Company applies the benefit formula basis in attributing the estimated retirement benefits to the period to the end of the current fiscal year in the calculation of retirement benefits.

(ii) Recognition of actuarial gains and losses and past service costs

Past service costs are recognized in expenses using the straight-line method over a certain number of years (10 years) within the average of the estimated remaining years of service life at the time of occurrence.

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.

(iii) Adoption of simplified method at small businesses

Some of the consolidated subsidiaries adopt a simplified method for calculating net defined benefit liability and retirement benefit expenses, in which the amount of retirement benefit required for voluntary termination at the end of fiscal year is recorded as retirement benefit obligations.

(5) 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, 2015. For other construction work, the completed-contract method has been applied.

(6) 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.”

(7) 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.

(8) Amortization of goodwill

The amount of goodwill is equally amortized over 5 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.

(9) Scope of cash and cash equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents in the Consolidated Statement 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.

(10) Accounting for consumption taxes

Transactions subject to the consumption tax and local consumption taxes are recorded at amounts exclusive of the consumption tax. Undetectable consumption tax and local consumption taxes related to assets are primarily accounted for as expenses during the current fiscal year.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Retirement Benefits)

Effective from 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; March 26, 2015; 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 change in the calculation methods for retirement benefit obligations and service costs were recognized in retained earnings as of the beginning 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 fiscal 2014 is minimal.

(Consolidated Balance Sheet)

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

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Accumulated depreciation	¥421,965 million	¥464,956 million

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

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Investment securities	¥322,614 million	¥376,663 million
Investments and other assets	¥8,525 million	¥10,206 million

Investment securities for the current fiscal year include ¥13,848 million (¥14,502 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.

	FY2013 (as of March 31, 2014)		FY2014 (as of March 31, 2015)	
Cash and deposits	¥83 million	(¥— million)	¥1 million	(¥— million)
Buildings and structures	¥23,709	(¥23,709 million)	¥21,956	(¥21,956 million)
Machinery, equipment and vehicles	¥25,147	(¥25,147 million)	¥18,651	(¥18,651 million)
Tools, furniture and fixtures	¥363	(¥363 million)	¥483	(¥483 million)
Land	¥1,113	(¥1,113 million)	¥1,112	(¥1,112 million)
Mining rights	¥284	(¥284 million)	¥276	(¥276 million)
Investment securities[Note]	¥74,690	(— million)	¥93,690	(— million)
Long-term loans receivable	¥23,045	(— million)	¥26,914	(— million)
Investments and other assets	280	(— million)	376	(— million)
Total	¥148,714	(¥50,616 million)	¥163,458	(¥42,477 million)

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

Liabilities with collateral are as follows.

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Long-term loans payable (including current portion redeemable within one year)	¥26,045 million	¥29,914 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 ¥84,105 million (¥72,016 million in the previous fiscal year) that Sierra Gorda S.C.M. borrowed from financial institutions.

*4 Commitments and contingent liabilities

1) The Company granted guarantees for loans payable as a guarantor from financial institutions, etc., signed up by the following subsidiaries and affiliates.

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Sierra Gorda S.C.M.	¥82,729 million	¥100,164 million
MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD.	¥2,250	¥1,750
SH Copper Products Co., Ltd.	¥1,550	1,600
Acids Co., Ltd.	¥40	—
Total	¥86,569	¥103,514

2) Other commitments and contingent liabilities are as follows.

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Obligation to guarantee construction costs of electric facilities of the Pogo gold mine	¥617 million	¥480 million
Payment for Sociedad Minera Cerro Verde S.A.A., including taxes, in the amount corresponding to the Company's equity, in case the revocation of exemption measures for prior year taxes is finalized[Note]	¥3,042	¥3,331
Total	¥3,659	¥3,811

Note: Sociedad Minera Cerro Verde S.A.A. ("Cerro Verde"), an equity-method affiliate of the Company, makes tax payments, assuming exemption from royalties levied on mining companies (enacted 2004), based on a tax rate stabilization agreement with the Peruvian government (valid from 1999 to 2013). Meanwhile, Cerro Verde was given notice by Peruvian tax authorities in October 2013 to the effect that said agreement did not apply to the copper mine development project (commenced in 2006), and is being demanded payment for the amount corresponding to prior taxes (from 2006 to 2008) and interest on overdue taxes. Although Cerro Verde is making appeals to Peruvian government agencies claiming the validity of the agreement, the Company has reported, as per the above, the amount of payment corresponding to the equity interest of the Company, in case the demand for payment becomes finalized.

It should be noted that Cerro Verde has made tax payments on the assumption of exemption after 2009 until the expiry of said agreement. While the Peruvian tax authorities claim that these payments too are subject to the said taxation system, Cerro Verde has not received any demands for payment from the authorities.

*5 Notes and accounts receivable sold to factoring companies with recourse

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Notes and accounts receivable sold to factoring companies with recourse	¥363 million	¥435 million

*6 Discount on export notes receivable

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Discount on export notes receivable	¥96 million	¥94 million

(Consolidated Statement 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.

FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
¥369 million	¥620 million

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

FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
¥6,648 million	¥5,865 million

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

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Buildings and structures	— million	¥17 million
Machinery, equipment and vehicles	¥65	¥37
Tools, furniture and fixtures	¥33	¥14
Land	¥1,033	¥44
Other	¥34	0
Total	¥1,165	¥112

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

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Machinery, equipment and vehicles	¥21 million	¥12 million
Land	¥16	—
Other	¥5	¥2
Total	¥42	¥14

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

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Buildings and structures	¥263 million	¥222 million
Machinery, equipment and vehicles	¥225	¥377
Tools, furniture and fixtures	¥176	¥27
Other	¥153	¥49
Total	¥817	¥675

*6 Impairment loss

The SMM Group's impairment loss of non-current assets, consists of the following:

FY2013 (from April 1, 2013, to March 31, 2014)

Major use	Location	Asset category	Impairment loss (Millions of yen)
Rental real estate	Kashima City, Ibaraki Prefecture, Japan	Land Buildings Structures Machinery and equipment	132 628 70 0
Manufacturing facilities for powder materials	Niihama City, Ehime Prefecture, Japan	Buildings Structures Machinery and equipment Vehicles Tools, furniture and fixtures	46 26 309 0 0
Idle land	Chitose City, Hokkaido Prefecture, Japan	Land	42
Total			1,253

The book values of rental real estate were reduced to their recoverable amounts because of expectations that they would cease to be used after expiry of their rental agreements. 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 are posted under extraordinary losses. Net sales prices are determined based on the appraisal value by a third party or methods similar thereto.

The book values of manufacturing facilities for powder materials were reduced to their recoverable amounts because of an expectation that the sales volume for dry-type nickel powder would not recover. The value in use of assets is used as their recoverable amounts for the measurement of impairment losses, which will be posted under “Extraordinary losses.” Value in use is calculated by discounting future cash flows by 7.75%.

The book values of idle land not used for business, whose market values have fallen significantly below their book values, were reduced to their recoverable amounts. The net sales prices (fair value less cost to sell) of assets are used as their recoverable amounts for the measurement of impairment losses, which will be posted under extraordinary losses. Net sales prices are determined based on the appraisal value by a third party or methods similar thereto.

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

FY2014 (from April 1, 2014, to March 31, 2015)

Major use	Location	Asset category	Impairment loss (Millions of yen)
Manufacturing facilities for distilled zinc	Kako-gun, Hyogo Prefecture, Japan	Buildings Structures Machinery and equipment Tools, furniture and fixtures	20 4 578 10
Manufacturing facilities for Copper-clad polyimide films	Niihama City, Ehime Prefecture, Japan	Machinery and equipment Tools, furniture and fixtures	1 0
Electronic office appliances	Selangor, Malaysia	Tools, furniture and fixtures	1
Total			614

The book values of manufacturing facilities for distilled zinc were reduced to their recoverable amount because the production of distilled zinc at the Harima Smelter will be discontinued. The value in use of assets is used as their recoverable amounts for the measurement of impairment losses, which will be posted under "Extraordinary losses." The recoverable amount of such assets is valued at zero as its value in use based on the future cash flows is negative.

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. 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 are posted under "Extraordinary losses." Net sales prices of assets are set at zero, as selling off such assets are difficult.

The book values of electronic office appliances were reduced to their recoverable amounts because such appliances are not expected to be used in the future. 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 are posted under "Extraordinary losses." Net sales prices of assets are set at zero, as selling off such assets are difficult.

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

*7 Refers to the provision to cover future potential costs, which the Company and several subsidiaries and associates are projected to experience in association with the business restructuring.

FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
¥97 million	¥2,449 million

*8 Refers to the provision to cover future potential costs, which the Company and several consolidated domestic subsidiaries are projected to experience in association with environmental measures for suspended or abandoned mines and the disposal of polychlorinated biphenyl (PCB).

FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
¥2,134 million	¥2,861 million

*9 Refers to the provision to cover future potential costs of investments in subsidiaries and associates, etc.

FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
— million	¥44,474 million

(Consolidated Statement of Comprehensive Income)

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

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Valuation difference on available-for-sale securities:		
Amount that occurred during the period	10,769	21,243
Reclassification adjustment	3	(10)
Before tax-effect adjustment	10,772	21,233
Tax-effect amount	(4,106)	(5,956)
Valuation difference on available-for-sale securities	6,666	15,277
Deferred gains or losses on hedges:		
Amount that occurred during the period	3,666	739
Reclassification adjustment	(474)	(575)
Before tax-effect adjustment	3,192	164
Tax-effect amount	(1,283)	(39)
Deferred gains or losses on hedges	1,909	125
Foreign currency translation adjustment:		
Amount that occurred during the period	44,609	27,975
Reclassification adjustment	1,175	—
Before tax-effect adjustment	45,784	27,975
Tax-effect amount	—	—
Foreign currency translation adjustment	45,784	27,975
Remeasurements of defined benefit plans, net of tax:		
Amount that occurred during the period	—	485
Reclassification adjustment	—	293
Before tax-effect adjustment	—	778
Tax-effect amount	—	(288)
Remeasurements of defined benefit plans, net of tax	—	490
Share of other comprehensive income of entities accounted for using equity method:		
Amount that occurred during the period	49,628	42,123
Reclassification adjustment	—	(5)
Share of other comprehensive income of entities accounted for using equity method	49,628	42,118
Total other comprehensive income	103,987	85,985

(Consolidated Statement of Changes in Equity)
FY2013 (from April 1, 2013, to March 31, 2014)
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 Shares

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)	29,410,627	68,083	5,922	29,472,788

A major cause of the increase in the number of treasury shares is as follows:
Increase due to the purchase of less-than-one-unit shares by the Company: 68,083 shares
A major cause of the decrease in the number of treasury shares is as follows:
Decrease due to the sale of less-than-one-unit shares by the Company: 5,922 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 24, 2013	Common stock	11,044	20	March 31, 2013	June 25, 2013
Board meeting held on November 8, 2013	Common stock	9,387	17	September 30, 2013	December 5, 2013

(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 23, 2014	Common stock	11,043	Retained earnings	20	March 31, 2014	June 24, 2014

FY2014 (from April 1, 2014, to March 31, 2015)

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 Shares

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)	29,472,788	479,369	3,510	29,948,647

Major causes of the increase in the number of treasury shares are as follows:
Increase due to the purchase of shareholders whose whereabouts are unknown: 410,231 shares
A major cause of the decrease in the number of treasury shares is as follows:
Decrease due to the sale of less-than-one-unit shares by the Company: 3,510 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 23, 2014	Common stock	11,043	20	March 31, 2014	June 24, 2014
Board meeting held on November 10, 2014	Common stock	13,241	24	September 30, 2014	December 4, 2014

(2) Dividends for which the date of record is during the current fiscal year but the effective date was 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	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2015	Common stock	13,240	Retained earnings	24	March 31, 2015	June 30, 2015

(Consolidated Statement of Cash Flows)

*Relationship between cash and cash equivalents at end of period and the line item amounts stated on the Consolidated Balance Sheet

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Cash and deposits	70,870	69,264
Short-term investment securities	131,900	113,400
Time deposits with a maturity longer than three months	(187)	(4,944)
Cash and cash equivalents	202,583	177,720

(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 Group has classified the four 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 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.

Taganito Project Div. was terminated in the second quarter of fiscal 2014 once the plant commenced full-scale operations. This termination has no effect on the segment.

(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 nickel, copper, ferronickel and zinc, 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, advanced materials including pastes, powder materials (e.g., nickel powder), battery materials (e.g., nickel hydroxide, lithium nickel oxide) 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 Liabilities and Other Items by Reported Segment

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," with the exception of the reporting by each reported segment of amounts corresponding to interest on internal loans, as determined in the balance sheet of each segment.

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 Liabilities and Other Items by Reported Segment

FY2013 (from April 1, 2013, to March 31, 2014)

(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	72,834	614,831	139,445	827,110	3,436	—	830,546
Inter-segment	41,062	17,011	13,880	71,953	17,371	(89,324)	—
Total	113,896	631,842	153,325	899,063	20,807	(89,324)	830,546
Segmental income	69,063	29,104	11,072	109,239	1,581	3,532	114,352
Segmental assets	347,987	685,979	151,697	1,185,663	16,437	370,267	1,572,367
Segmental liabilities	29,017	342,491	72,503	444,011	5,704	103,599	553,314
Other items:							
Depreciation	8,782	13,390	8,007	30,179	318	1,929	32,426
Amortization of goodwill	109	—	18	127	—	—	127
Interest income	308	177	32	517	—	4,120	4,637
Interest expenses	60	1,425	408	1,893	14	1,655	3,562
Share of profit of entities accounted for using equity method	23,006	3,025	3,977	30,008	—	(238)	29,770
Investment in entities accounted for using equity method	183,678	76,212	26,932	286,822	—	42,800	329,622
Increase in property, plant and equipment and intangible assets	19,387	34,656	8,379	62,422	682	3,337	66,441

FY2014 (from April 1, 2014, to March 31, 2015)

(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	72,349	684,347	161,027	917,723	3,611	—	921,334
Inter-segment	41,442	25,944	13,179	80,565	13,755	(94,320)	—
Total	113,791	710,291	174,206	998,288	17,366	(94,320)	921,334
Segmental income	53,775	81,323	12,914	148,012	(80)	26,294	174,226
Segmental assets	402,391	701,040	179,143	1,282,574	18,796	438,876	1,740,246
Segmental liabilities	28,683	371,970	90,232	490,885	8,969	81,447	581,301
Other items:							
Depreciation	10,615	18,044	7,392	36,051	327	1,747	38,125
Amortization of goodwill	118	—	23	141	—	—	141
Interest income	274	158	61	493	—	6,687	7,180
Interest expenses	16	3,347	387	3,750	19	199	3,968
Share of profit of entities accounted for using equity method	8,920	10,943	3,755	23,618	—	325	23,943
Investment in entities accounted for using equity method	196,442	78,313	28,272	303,027	100	83,662	386,789
Increase in property, plant and equipment and intangible assets	20,193	20,126	10,962	51,281	712	3,239	55,232

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 are as follows: (Millions of yen)

	FY2013	FY2014
Head Office expenses not allocated to each reported segment [a]	(2,835)	(1,461)
Internal interest rate	534	543
Eliminations of inter-segmental transactions among the reported segments	301	1,039
Non-operating income/expenses not allocated to each reported segment [b]	5,532	26,173
Total	3,532	26,294

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)

	FY2013	FY2014
Corporate assets not allocated to each reported segment*	473,725	471,716
Offsets and eliminations of inter-segmental receivables among the reported segments, including those toward Head Office divisions/departments	(103,458)	(32,840)
Total	370,267	438,876

*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 segmental liabilities are as follows: (Millions of yen)

	FY2013	FY2014
Corporate liabilities not allocated to each reported segment*	220,828	203,498
Offsets and eliminations of inter-segmental obligations among the reported segments, including those toward Head Office divisions/departments	(117,229)	(122,051)
Total	103,599	81,447

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

(4) The adjustments on depreciation refer to depreciation at the Head Office divisions/departments, which are not allocated to the reported segments.

(5) 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.

(6) 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.

(7) The adjustments on share of profit (loss) of entities accounted for using equity method refer to the deduction of unrealized income relating to the inter-segmental transactions among the reported segments.

(8) The adjustments on investment in entities accounted for using equity method represent the amount corresponding to the foreign currency translation adjustment, which is included in the stocks of affiliates.

(9) 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 is adjusted with ordinary income in the Consolidated Financial Statements.

[Related Information]
FY2013 (from April 1, 2013, to March 31, 2014)

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	East Asia	Southeast Asia	North America	Others	Total
498,457	171,692	77,489	70,922	11,986	830,546

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: China, Taiwan, Hong Kong and South Korea
   (2) Southeast Asia: Indonesia, Malaysia, Thailand, etc.
   (3) North America: United States, Mexico and Canada
   (4) Others: Australia, India, Morocco, etc.

(2) Property, plant and equipment

(Millions of yen)

Domestic	East Asia	The Philippines	Southeast Asia	United States	Others	Total
140,132	8,213	212,370	1,624	47,785	5,649	415,773

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 and Singapore
   (3) 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	123,763	Smelting & Refining and Materials
Mitsui & Co., Ltd.	62,359	Smelting & Refining

FY2014 (from April 1, 2014, to March 31, 2015)

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	East Asia	Southeast Asia	North America	Others	Total
558,183	100,988	91,445	71,406	75,619	23,693	921,334

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: Taiwan, Hong Kong and South Korea
    (2) Southeast Asia: Indonesia, Malaysia, Thailand, The Philippines etc.
    (3) North America: United States, Mexico and Canada
    (4) Others: Australia, India, Germany, Belgium etc.

(2) Property, plant and equipment

(Millions of yen)

Domestic	East Asia	The Philippines	Southeast Asia	United States	Others	Total
141,791	8,484	244,572	2,028	66,484	6,014	469,373

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 and Singapore
    (3) 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	136,925	Smelting & Refining and Materials
Mitsui & Co., Ltd.	75,918	Smelting & Refining

[Information on Impairment Loss of Non-current Assets by Reported Segment]
FY2013 (from April 1, 2013, to March 31, 2014)

(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	—	—	423	423	830	—	1,253

FY2014 (from April 1, 2014, to March 31, 2015)

(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	—	612	2	614	—	—	614

[Information on Amortization of Goodwill and Unamortized Balance by Reported Segment]
FY2013 (from April 1, 2013, to March 31, 2014)

(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	469	—	100	569	—	—	569

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

FY2014 (from April 1, 2014, to March 31, 2015)

(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	403	—	77	480	—	—	480

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 Bargain Purchase by Reported Segment]
There are no pertinent items.

(Information on Related Parties)

1. Related Party Transactions

FY2013 (from April 1, 2013, to March 31, 2014)

Unconsolidated subsidiaries and affiliates, etc. of the Company filing the consolidated financial statements

Type	Name of the company or person	Location	Capital (Thousands of U.S. dollars)	Segment	Voting rights held by the Company (%)	Description of the business relationship	Transaction detail	Transaction amount (Millions of yen)	Account item	Ending balance (Millions of yen)
Affiliate	Sierra Gorda S.C.M.	Santiago, Chile	934,302	Mineral resources	(Possessed) Indirectly 45.0	Debt guarantee and pledge as security for loans, etc., from financial institutions, etc.	Debt guarantee	82,729 (Note 1)	–	–
							Pledge as security	72,016 (Note 2)	–	–
						Financing support	Providing loans	47,164 (Note 3)	Long-term loans receivable	69,792

Notes:

1. The Company guarantees for loans, etc., from financial institutions, etc.
2. The Company pledges as security for the loan from the financial institution. The amounts of security are the debt balance as of March 31, 2014.
3. Terms and conditions of loan are determined based on the market interest rates, etc.

FY2014 (from April 1, 2014, to March 31, 2015)

Unconsolidated subsidiaries and affiliates, etc. of the Company filing the consolidated financial statements

Type	Name of the company or person	Location	Capital (Thousands of U.S. dollars)	Segment	Voting rights held by the Company (%)	Description of the business relationship	Transaction detail	Transaction amount (Millions of yen)	Account item	Ending balance (Millions of yen)
Affiliate	Sierra Gorda S.C.M.	Santiago, Chile	1,214,302	Mineral resources	(Possessed) Indirectly 45.0	Debt guarantee and pledge as security for loans, etc., from financial institutions, etc.	Debt guarantee	100,164 (Note 1)	–	–
							Pledge as security	84,105 (Note 2)	–	–
						Financing support	Providing loans	36,318 (Note 3)	Long-term loans receivable	106,110

Notes:

1. The Company guarantees for loans, etc., from financial institutions, etc.
2. The Company pledges as security for the loan from the financial institution. The amounts of security are the debt balance as of March 31, 2015.
3. Terms and conditions of loan are determined based on the market interest rates, etc.

2. Information on Significant Affiliates

FY2013 (from April 1, 2013, to March 31, 2014)

Sociedad Minera Cerro Verde S.A.A., Sierra Gorda S.C.M. and Compania Contractual Minera Candelaria are significant affiliates of the Company and their condensed financial statements are provided below.

	Sociedad Minera Cerro Verde S.A.A.	Sierra Gorda S.C.M.	Compania Contractual Minera Candelaria
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Total current assets	175,987	57,947	62,138
Total non-current assets	332,761	411,520	162,656
Total current liabilities	45,026	40,397	14,073
Total non-current liabilities	33,024	330,315	19,660
Total net assets	430,698	98,755	191,061
Net sales	177,037	–	139,778
Income before income taxes	92,511	–	72,631
Net income	59,934	–	55,875

FY2014 (from April 1, 2014, to March 31, 2015)

Sociedad Minera Cerro Verde S.A.A. and Sierra Gorda S.C.M. are significant affiliates of the Company and their condensed financial statements are provided below.

	Sociedad Minera Cerro Verde S.A.A.	Sierra Gorda S.C.M.
	(Millions of yen)	(Millions of yen)
Total current assets	81,698	54,168
Total non-current assets	614,174	696,018
Total current liabilities	66,618	50,517
Total non-current liabilities	90,941	552,921
Total net assets	538,313	146,748
Net sales	155,204	–
Income before income taxes	65,181	–
Net income	39,947	–

(Earnings per Share)

FY2013 (from April 1, 2013, to March 31, 2014)		FY2014 (from April 1, 2014, to March 31, 2015)	
Net assets per share	¥1,653.83	Net assets per share	¥1,905.50
Net income per share	¥145.35	Net income per share	¥165.11
Diluted net income per share	¥129.71	Diluted net income per share	¥149.44

Notes:

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

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Total net assets (Millions of yen)	1,019,053	1,158,945
Amounts deducted from total net assets (Millions of yen)	105,882	107,721
(Including minority interests)	(105,882)	(107,721)
Net assets attributable to shares of common stock at fiscal year-end (Millions of yen)	913,171	1,051,224
Number of common shares issued (Thousands of shares)	581,628	581,628
Number of common shares of treasury shares (Thousands of shares)	29,473	29,949
Year-end number of common shares used for the calculation of net assets per share (Thousands of shares)	552,155	551,679

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

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Net income per share:		
Net income (Millions of yen)	80,258	91,113
Net income not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to shares of common stock (Millions of yen)	80,258	91,113
Weighted average number of shares of common stock during the fiscal year (Thousands of shares)	552,186	551,848
Diluted net income per share:		
Adjustment of net income (Millions of yen)	398	390
(Including interest expenses after deducting the amount corresponding to taxes) (Millions of yen)	(398)	(390)
Increase in shares of common stock (Thousands of shares)	69,638	60,459
(Including subscription rights to shares) (Thousands of shares)	(69,638)	(60,459)
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects	—	—

(Significant Subsequent Event)

There are no pertinent items.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Millions of yen)

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Assets		
Current assets		
Cash and deposits	20,830	18,179
Notes receivable-trade	283	1,170
Accounts receivable-trade	67,102	95,736
Securities	131,900	113,400
Merchandise and finished goods	54,567	67,436
Work in process	36,586	46,749
Raw materials and supplies	30,124	44,719
Advance payments-trade	10,699	22,212
Prepaid expenses	417	505
Deferred tax assets	1,695	5,063
Short-term loans receivable	85,924	132,787
Gold bullion in storage	18,023	—
Accounts receivable-other	14,814	5,273
Other	24,944	7,515
Allowance for doubtful accounts	(1,765)	(36,321)
Total current assets	496,143	524,423
Non-current assets		
Property, plant and equipment		
Buildings	30,846	30,563
Structures	18,857	19,293
Machinery and equipment	34,652	33,873
Vessels	0	0
Vehicles	306	230
Tools, furniture and fixtures	1,274	1,398
Mining land	27	26
General-purpose land	18,322	18,318
Construction in progress	3,742	3,115
Total property, plant and equipment	108,026	106,816
Intangible assets		
Leasehold right	84	84
Mining right	328	319
Software	1,208	1,335
Other	206	119
Total intangible assets	1,826	1,857
Investments and other assets		
Investment securities	123,056	145,139
Shares of subsidiaries and associates	129,682	130,186
Investments in capital	6	6
Investments in capital of subsidiaries and associates	45,215	59,024
Long-term loans receivable	38,084	35,580
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	—
Long-term prepaid expenses	1,674	1,427
Other	3,071	5,733
Allowance for doubtful accounts	(189)	(190)
Allowance for investment loss	(140)	(448)
Total investments and other assets	340,460	376,457
Total non-current assets	450,312	485,130
Total assets	946,455	1,009,553

(Millions of yen)

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	25,727	30,391
Short-term loans payable	26,060	25,950
Current portion of long-term loans payable	11,309	12,083
Lease obligations	1	2
Accounts payable-other	17,772	28,438
Accrued expenses	7,106	8,065
Income taxes payable	5,967	26,186
Advances received	579	147
Deposits received	654	640
Provision for bonuses	1,685	1,875
Provision for directors' bonuses	76	110
Provision for furnace repair works	211	743
Provision for loss on business restructuring	97	1,179
Provision for environmental measures	896	4,243
Other	47,409	14,955
Total current liabilities	145,549	155,007
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	136,453	129,043
Lease obligations	4	2
Deferred tax liabilities	14,411	21,281
Provision for retirement benefits	1,218	4,492
Provision for metal mining pollution control	47	47
Provision for loss on business restructuring	—	1,220
Provision for loss on support to subsidiaries and associates	360	540
Provision for environmental measures	1,261	166
Asset retirement obligations	360	369
Other	557	1,041
Total non-current liabilities	204,671	208,201
Total liabilities	350,220	363,208

(Millions of yen)

	FY2013 (as of March 31, 2014)	FY2014 (as of March 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus		
Legal capital surplus	86,062	86,062
Other capital surplus	0	4
Total capital surplus	86,062	86,066
Retained earnings		
Legal retained earnings	7,455	7,455
Other retained earnings		
Reserve for overseas investment loss	7,369	10,364
Reserve for reduction entry	4,087	4,147
Reserve for exploration for minerals	2,130	2,394
General reserve	338,000	378,000
Retained earnings brought forward	66,984	55,112
Total retained earnings	426,025	457,472
Treasury shares	(31,978)	(32,753)
Total shareholders' equity	573,351	604,027
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	23,126	42,208
Deferred gains or losses on hedges	(242)	110
Total valuation and translation adjustments	22,884	42,318
Total net assets	596,235	646,345
Total liabilities and net assets	946,455	1,009,553

(2) Non-consolidated Statement of Income

(Millions of yen)

	FY2013 (from April 1, 2013, to March 31, 2014)	FY2014 (from April 1, 2014, to March 31, 2015)
Net sales	672,909	758,771
Cost of sales	600,366	650,917
Gross profit	72,543	107,854
Selling, general and administrative expenses	33,348	30,497
Operating income	39,195	77,357
Non-operating income		
Interest income	2,340	3,009
Dividend income	31,585	34,482
Foreign exchange gains	6,285	19,294
Other	1,697	2,529
Total non-operating income	41,907	59,314
Non-operating expenses		
Interest expenses	1,929	1,820
Interest on bonds	405	405
Loss on valuation of derivatives	309	322
Out-of-cost amortization	2	2
Provision of allowance for doubtful accounts	—	681
Provision of allowance for investment loss	26	308
Maintenance expense of suspended or abandoned mines	831	785
Dismantlement cost	934	594
Other	640	1,517
Total non-operating expenses	5,076	6,434
Ordinary income	76,026	130,237
Extraordinary income		
Gain on sales of non-current assets	1,074	59
Gain on sales of investment securities	—	10
Gain on transfer of sharers of subsidiaries and associates	1,458	—
Gain on transfer of business	—	202
Reversal of provision for loss on support to subsidiaries and associates	20	—
Total extraordinary income	2,552	271
Extraordinary losses		
Loss on sales of non-current assets	9	6
Loss on retirement of non-current assets	509	264
Impairment loss	1,211	613
Loss on valuation of investment securities	3	—
Loss on valuation of shares of subsidiaries and associates	338	—
Provision of allowance for doubtful accounts for subsidiaries and associates	—	33,780
Restructuring loss	—	22
Provision for loss on business restructuring	97	2,399
Loss on support to subsidiaries and associates	690	950
Provision for loss on support to subsidiaries and affiliates	—	180
Provision for environmental measures	2,134	2,511
Total extraordinary losses	4,991	40,725
Income before income taxes	73,587	89,783
Income taxes - current	13,528	34,235
Income taxes - deferred	728	(2,117)
Total income taxes	14,256	32,118
Net income	59,331	57,665

(3) Non-consolidated Statement of Changes in Equity
FY2013 (from April 1, 2013, to March 31, 2014)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Various reserves	Retained earnings brought forward	Total other retained earnings	Total retained earnings
Balance at beginning of current period	93,242	86,062	0	86,062	7,455	306,690	72,981	379,671	387,126
Cumulative effects of changes in accounting policies									
Restated balance	93,242	86,062	0	86,062	7,455	306,690	72,981	379,671	387,126
Changes of items during period									
Provision of various reserves						47,615	(47,615)	—	—
Reversal of various reserves						(2,719)	2,719	—	—
Dividends of surplus							(20,432)	(20,432)	(20,432)
Net income							59,331	59,331	59,331
Purchase of treasury shares									
Disposal of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	—	—	—	44,896	(5,997)	38,899	38,899
Balance at end of current period	93,242	86,062	0	86,062	7,455	351,586	66,984	418,570	426,025

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at beginning of current period	(31,895)	534,535	14,683	600	15,283	549,818
Cumulative effects of changes in accounting policies						
Restated balance	(31,895)	534,535	14,683	600	15,283	549,818
Changes of items during period						
Provision of various reserves		—				—
Reversal of various reserves		—				—
Dividends of surplus		(20,432)				(20,432)
Net income		59,331				59,331
Purchase of treasury shares	(89)	(89)				(89)
Disposal of treasury shares	6	6				6
Net changes of items other than shareholders' equity			8,443	(842)	7,601	7,601
Total changes of items during period	(83)	38,816	8,443	(842)	7,601	46,417
Balance at end of current period	(31,978)	573,351	23,126	(242)	22,884	596,235

FY2014 (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Various reserves	Retained earnings brought forward	Total other retained earnings	Total retained earnings
Balance at beginning of current period	93,242	86,062	0	86,062	7,455	351,586	66,984	418,570	426,025
Cumulative effects of changes in accounting policies							(1,934)	(1,934)	(1,934)
Restated balance	93,242	86,062	0	86,062	7,455	351,586	65,050	416,636	424,091
Changes of items during period									
Provision of various reserves						45,360	(45,360)	—	—
Reversal of various reserves						(2,041)	2,041	—	—
Dividends of surplus							(24,284)	(24,284)	(24,284)
Net income							57,665	57,665	57,665
Purchase of treasury shares									
Disposal of treasury shares			4	4					
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	4	4	—	43,319	(9,938)	33,381	33,381
Balance at end of current period	93,242	86,062	4	86,066	7,455	394,905	55,112	450,017	457,472

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	(31,978)	573,351	23,126	(242)	22,884	596,235
Cumulative effects of changes in accounting policies		(1,934)				(1,934)
Restated balance	(31,978)	571,417	23,126	(242)	22,884	594,301
Changes of items during period						
Provision of various reserves		—				—
Reversal of various reserves		—				—
Dividends of surplus		(24,284)				(24,284)
Net income		57,665				57,665
Purchase of treasury shares	(778)	(778)				(778)
Disposal of treasury shares	3	7				7
Net changes of items other than shareholders' equity			19,082	352	19,434	19,434
Total changes of items during period	(775)	32,610	19,082	352	19,434	52,044
Balance at end of current period	(32,753)	604,027	42,208	110	42,318	646,345

[Note in the Margin of the Non-consolidated Statement of Changes in Equity]
Note: The breakdown of “Various reserves” of “Other retained earnings” is as follows:

	Balance at April 1, 2013	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2014
Reserve for overseas investment loss	7,592	—	(223)	(223)	7,369
Reserve for special depreciation	0	—	0	0	—
Reserve for reduction entry	3,776	485	(174)	311	4,087
Reserve for exploration for minerals	2,322	2,130	(2,322)	(192)	2,130
General reserve	293,000	45,000	—	45,000	338,000
Total various reserves (Millions of yen)	306,690	47,615	(2,719)	44,896	351,586

	Balance at April 1, 2014	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2015
Reserve for overseas investment loss	7,369	2,995	—	2,995	10,364
Reserve for special depreciation	—	—	—	—	—
Reserve for reduction entry	4,087	225	(165)	60	4,147
Reserve for exploration for minerals	2,130	2,140	(1,876)	264	2,394
General reserve	338,000	40,000	—	40,000	378,000
Total various reserves (Millions of yen)	351,586	45,360	(2,041)	43,319	394,905

(4) Notes Relating to the Non-consolidated Financial Statements
(Note Relating to the “Going Concern” Assumption)
There are no pertinent items.

7. Others

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

(i) Overseas market prices and foreign exchange rates

		A	B	B-A	C	C-B
	Unit	FY2013	FY2014	Increase/ decrease	Projections for FY2015	Increase/ decrease
Copper	$/t	7,104	6,554	-550	6,000	-554
Gold	$/TOZ	1,326.6	1,247.9	-78.7	1,150.0	-97.9
Nickel	$/lb	6.51	7.62	1.11	6.50	-1.12
Zinc	$/t	1,909	2,174	265	2,000	-174
Exchange rate (TTM)	¥/$	100.24	109.93	9.69	120.00	10.07

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

			A	B	B – A
Segment	Product	Unit	FY2013	FY2014	Increase/decrease
Mineral Resources	Gold and silver ores	t	150,614	146,968	-3,646
		¥1,000/DMT	183	181	-2
		¥million	27,579	26,535	-1,044
	(Gold content)	(kg)	(7,000)	(6,500)	(-500)
Smelting & Refining	Copper	t	428,286	444,321	16,035
		¥1,000/t	723	733	10
		¥million	309,809	325,498	15,689
	Gold	kg	23,843	20,759	-3,084
		¥/g	4,291	4,409	118
		¥million	102,301	91,531	-10,770
	Silver	kg	190,790	195,263	4,473
		¥1,000/kg	70	64	-6
		¥million	13,346	12,582	-764
	Nickel	t	67,768	79,980	12,212
		¥1,000/t	1,487	1,858	371
		¥million	100,801	148,569	47,768
	Zinc	t	47,737	77,963	30,226
		¥1,000/t	210	254	44
		¥million	10,026	19,808	9,782
	(Including commissioned zinc)	(t)	(72,648)	(77,963)	(5,315)
Materials	Semiconductor materials and advanced materials	¥million	59,635	72,942	13,307

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	FY2013	FY2014	Increase/decrease
Copper	t	400,637	428,739	28,102
Gold	kg	20,372	19,009	-1,363
Electrolytic nickel	t	49,991	57,200	7,209
Ferronickel	t	21,671	23,271	1,600
Zinc	t	52,576	50,153	-2,423
Gold and silver ore	t	153,798	148,269	-5,529
(Gold content)	(kg)	(6,852)	(6,891)	(39)
Zinc (Commissioning portion)	t	26,949	26,766	-183

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 Directors

Director	Masahiro Morimoto (current positions: Executive Officer and Senior Deputy General Manager of Mineral Resources Div.)
Outside Director	Hitoshi Taimatsu (current positions: Professor, Graduate School of Engineering and Resource Science of Akita University)

2. Retiring Directors

Currently Director	Takeshi Kubota (position to be assumed: President of Sumitomo Metal Mining Philippine Holdings Corporation, position to be retained: Qualified Executive)
Currently Director	Norifumi Ushirone (positions to be retained: Managing Executive Officer, General Manager of Mineral Resources Div.)

3. Executive Officers to be Assumed

Isao Okada	(current position: President and Representative Director of Nippon Ketjen Co., Ltd.)
Shuichi Yasukawa	(current position: Deputy General Manager of Public Relations & Investor Relations Dept.)

4. Retiring Executive Officers

Currently Senior Managing Executive Officer	Takeshi Kubota (position to be assumed: President of Sumitomo Metal Mining Philippine Holdings Corporation, position to be retained: Qualified Executive)
Currently Managing Executive Officer	Takashi Itou (position to be assumed: Adviser of the Company)

5. Executive Officers to be Promoted

Senior Managing Executive Officer	Mikinobu Ogata (current position: Managing Executive Officer)
Managing Executive Officer	Takashi Sugiura (current position: Executive Officer)

6. Qualified Executives to be Designated
   Shuichi Yasukawa

7. Retiring Qualified Executives

Takashi Itou	(position to be assumed: Adviser of the Company)
Toru Nakasatomi	(position to be assumed: Adviser of the Company)

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

8. Scheduled Date of Changes
   June 29, 2015