



## Consolidated Financial Results for the Second Quarter Ended September 30, 2016 [J-GAAP]

November 11, 2016

[Full version of English translation released on December 6, 2016]

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: Tsuyoshi Nozawa, Deputy General Manager, PR & IR Dept. TEL: +81-3-3436-7705

Scheduled Date to Submit Quarterly Report: November 14, 2016

Scheduled Date to Start Dividend Payment: December 6, 2016

Preparation of Supplementary Explanation Materials for Quarterly Financial Results: Yes

Briefing on Quarterly Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results (From April 1, 2016, to September 30, 2016)

#### (1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	366,492	-20.2	21,920	-57.4	11,696	-81.9	3,272	-93.9
Six months ended September 30, 2015	459,215	3.1	51,469	-6.9	64,586	-19.1	53,758	-3.1

(Note) Comprehensive income

Six months ended September 30, 2016: -¥80,332 million (—%);

Six months ended September 30, 2015: ¥56,129 million (63.9%)

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Six months ended September 30, 2016	5.93	5.53
Six months ended September 30, 2015	97.45	88.48

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	1,594,523	989,770	57.1
As of March 31, 2016	1,630,800	1,075,995	60.3

(Reference) Shareholders' equity

As of September 30, 2016: ¥910,638 million;

As of March 31, 2016: ¥982,958 million

### 2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	21.00	—	10.00	31.00
Year ending March 31, 2017	—	5.00			
Year ending March 31, 2017 (Forecast)			—	6.00	11.00

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

**3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2017  
(From April 1, 2016, to March 31, 2017)**

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	714,000	-16.5	48,000	-19.6	33,000	—	19,000	—	34.44

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

Notes

- (1) Change in Important Subsidiaries during the Period under Review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None
- (2) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements: Yes  
(Note) For further details, please refer to “2. Summary Information (Notes)” on page 4.
- (3) Changes in Accounting Policies or Estimates and Retrospective Restatements
  - 1) Changes in accounting policies in accordance with revision of accounting standards: None
  - 2) Changes in accounting policies other than item 1) above: None
  - 3) Change in accounting estimates: None
  - 4) Retrospective restatements: None
- (4) Number of Outstanding Shares (Common stock)
  - 1) Number of shares issued as of end of period (including treasury stock)
    - 581,628,031 shares at September 30, 2016
    - 581,628,031 shares at March 31, 2016
  - 2) Number of shares of treasury stock as of end of period
    - 30,006,555 shares at September 30, 2016
    - 29,996,055 shares at March 31, 2016
  - 3) Average number of shares during the period
    - 551,627,945 shares for six months ended September 30, 2016
    - 551,664,148 shares for six months ended September 30, 2015

Presentation regarding status of quarterly review procedure

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

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

The forecast of consolidated operating results for the year ending March 31, 2017, disclosed on May 12, 2016, has been revised in this report. The forward-looking statements, including business results forecast, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials for Financial Results)

The Supplementary Explanation Materials will be posted on the Company’s website on Friday, November 11, 2016.

## Contents of the Attachment

<b>1. Qualitative Information on Quarterly Financial Results</b> .....	<b>2</b>
(1) Business Performance .....	2
(2) Financial Position .....	3
(3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other .....	3
<b>2. Summary Information (Notes)</b> .....	<b>4</b>
(1) Changes in Important Subsidiaries during the Quarter under Review .....	4
(2) Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements .....	4
(3) Additional Information .....	4
<b>3. Consolidated Financial Statements</b> .....	<b>5</b>
(1) Consolidated Balance Sheet .....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	7
Consolidated Statement of Income (For the Six Months Ended September 30, 2015 and 2016) .....	7
Consolidated Statement of Comprehensive Income (For the Six Months Ended September 30, 2015 and 2016) .....	9
(3) Consolidated Statement of Cash Flows .....	10
(4) Notes Relating to the Consolidated Financial Statements .....	12
(Note Relating to the Going Concern Assumption) .....	12
(Significant Changes in Shareholders' Equity) .....	12
(Segment Information and Others) .....	12
<b>4. Supplementary Information</b> .....	<b>14</b>
(1) Overseas Market Prices and Foreign Exchange Rates .....	14
(2) Sales Volume, Unit Price and Net Sales for Major Products (the Company) .....	14
(3) Output by Product (the Company) .....	15

## 1. Qualitative Information on Quarterly Financial Results

### (1) Business Performance

The overall global economy during the first six months of fiscal 2016, the year ending March 31, 2017, continued its gradual recovery without any significant slowdowns. That was despite the move by the UK to exit the EU, leaving the outlook even more uncertain than before. In China, although there were concerns about a slowdown amid progress in economic structural reform, policies managed to prop up the economy. The situation in Europe remained stagnant due to a decrease in exports to China and other emerging nations. In the United States, personal consumption remained firm against a backdrop of fundamentally strong employment. This was despite weak exports due to deteriorating economies in resource-rich countries. The Japanese economy saw a continued recovery of employee income backed by improvement in the employment situation, despite concerns over a decline in corporate earnings due to the yen appreciation. As for exchange rates, the yen appreciation continued from the beginning of the year and gave signs of having peaked at the start of the second quarter of fiscal 2016. Even so, the currency remained strong throughout the quarter.

In the nonferrous metals industry, the prices of nickel and copper fell significantly year over year in the first six months of fiscal 2016, due to such factors as concerns over the slowing Chinese economy. Although nickel prices rose slightly at the beginning of the year, they have remained flat since.

In industries related to the materials business, the demand for automobile battery components increased and the selling environment for components such as those for smartphones remained firm overall. Meanwhile, demand for components for PCs and LCD televisions declined.

Under these circumstances, consolidated net sales in the first six months of fiscal 2016 decreased by ¥92,723 million from the same period in the previous fiscal year to ¥366,492 million, due to the drops in the prices of nickel and copper and yen appreciation. Consolidated operating income amounted to ¥21,920 million, a year-over-year decrease of ¥29,549 million, due to the drop in the prices of nickel and copper and yen appreciation. Consolidated ordinary income decreased by ¥52,890 million year over year to ¥11,696 million, mainly due to the decline in consolidated operating income as well as worse share of profit/loss of entities accounted for using equity method and foreign exchange gains/losses. Profit attributable to owners of parent fell by ¥50,486 million year over year to ¥3,272 million, due to posting of a provision of allowance for decommissioning preparations under extraordinary losses at our domestic consolidated subsidiary JCO Co., Ltd., in order to prepare for the decommissioning of its facilities, as well as a lack of gain on reversal of allowance for investment loss, which was posted in the same period in the previous fiscal year.

Operating results by segment are as follows.

#### 1) Mineral Resources segment

Production continued steadily at the Hishikari mine, although gold production levels are planned to fall short compared to the results of the previous fiscal year. Production levels and sales volume at the Pogo gold mine were nearly unchanged from the same period in the previous fiscal year. Production levels and sales volume at the Morenci copper mine were both up from the same period in the previous fiscal year. Our interests in the Morenci copper mine increased to 28% from additional acquisitions. Segment income decreased year over year due to the drop in copper prices and the loss of the Sierra Gorda S.C.M.

Net sales decreased ¥10,183 million year over year to ¥54,193 million, and segment income decreased ¥13,751 million year over year to ¥12,271 million.

#### 2) Smelting & Refining segment

Production levels and sales volume of nickel (including ferronickel) and gold declined year over year. The prices of nickel and copper fell year over year. Regarding exchange rates, the yen appreciated year over year, resulting in smaller segment income year over year.

Net sales decreased ¥89,815 million year over year to ¥261,597 million, and segment income decreased ¥27,191 million year over year to ¥3,592 million.

#### 3) Materials segment

The Company invested in expanded production of battery materials and crystal materials to meet strong demand for materials for automobile batteries, smartphones and others, resulting in year-over-year increases in production levels and sales volume. Sales volume of package materials fell due to sluggish demand for components for PCs and LCD televisions. The effects of our investment in expanded production increased segment income year over year.

Net sales decreased ¥4,205 million year over year to ¥84,099 million, and segment income increased ¥369 million year over year to ¥3,689 million.

## (2) Financial Position

### 1) Status of financial position

Total assets as of September 30, 2016 decreased ¥36,300 million from the previous fiscal year-end to ¥1,594,500 million, mainly due to decreases in securities and investment securities, despite an increase in mining right and others.

Total liabilities increased ¥49,900 million from the previous fiscal year-end to ¥604,800 million, mainly due to an increase in long-term loans payable, despite reductions in short-term loans payable, current portion of bonds and others.

Total net assets decreased ¥86,200 million from the previous fiscal year-end to ¥989,800 million, and the equity ratio decreased from 60.3% to 57.1%.

### 2) Status of cash flows

The cash and cash equivalents at the end of the period under review decreased ¥57,817 million from the previous fiscal year-end to ¥140,008 million.

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

#### Cash flows from operating activities

Net cash provided by operating activities decreased ¥5,448 million year over year to ¥43,081 million, mainly due to a year-over-year decrease in profit before income taxes and a decline in proceeds resulting from an increase in inventories, despite a decrease in income taxes paid.

#### Cash flows from investing activities

Net cash used in investing activities increased ¥148,630 million year over year to ¥183,834 million, mainly due to payments for acquisition of additional interests in the Morenci copper mine.

#### Cash flows from financing activities

Net cash provided by financing activities increased ¥99,065 million year over year to ¥85,486 million, mainly due to an increase in proceeds from long-term loans payable, despite an increase in repayments of short-term loans payable as well as redemption of bonds.

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

The overall global economy is expected to continue its gradual recovery, despite downward pressures from such factors as the UK's decision to exit from the EU and China's slowdown.

In the nonferrous metals industry, the supply and demand of copper are expected to remain in a near state of equilibrium for the fiscal year under review. However, a supply shortage is expected to continue for nickel due to robust demand for stainless steel in China, even though the trend toward falling production by producers due to stagnant prices has run its course. Although prices of nickel and copper are expected to recover to an appropriate level over the medium to long term as supply and demand improve, higher levels of anticipation of demand from China—as has been seen in the past—cannot be expected for the time being. As for industries related to the materials business, the areas of automotive applications and communications are expected to remain strong overall, even if there is a temporary adjustment phase. Turning to exchange rates, the yen is expected to remain at its current high level, given that governments' monetary policies have already been incorporated into market forecasts to some extent, and a stance of risk avoidance may continue amid uncertainty over the global economic outlook.

Under these circumstances, we have revised the previous forecast for the full year ending March 31, 2017 released on May 12, 2016, revising our forecast for major nonferrous metals prices and exchange rates based on the current rates. As a result, consolidated operating income is expected to increase by 4.3%, but ordinary income and profit attributable to owners of parent are expected to decrease by 17.4%–19.5%, mainly due to an increase in foreign exchange losses owing to the yen appreciation. (Reference: Segment income is adjusted to match ordinary income in the Consolidated Statement of Income.)

Furthermore, with regard to the dividend forecast, in light of the downward revision of the results forecast, and considering the basic policy on distribution of earnings among other factors, the annual dividend forecast has been revised to ¥11 per share, a reduction of ¥2 compared with the previous forecast. As a result, the interim dividend has been revised to ¥5 per share, and the year-end dividend forecast has been revised to ¥6 per share.

Forecast of consolidated operating results for the full year ending March 31, 2017 (revised)

(Millions of yen)

	Mineral	Smelting &	Materials	Total of the	Other	Adjustment	Total
--	---------	------------	-----------	--------------	-------	------------	-------

	Resources	Refining		Reported Segments	Businesses	s	
Net sales	113,000	499,000	175,000	787,000	10,000	(83,000)	714,000
Segment income	19,000	11,000	10,000	40,000	(1,000)	(6,000)	33,000

(Reference)

Forecast of consolidated operating results for the full year ending March 31, 2017 (figures released on May 12)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	118,000	501,000	190,000	809,000	9,000	(85,000)	733,000
Segment income	18,000	4,000	11,000	33,000	(1,000)	9,000	41,000

## 2. Summary Information (Notes)

### (1) Changes in Important Subsidiaries during the Quarter under Review

There are no pertinent items.

Although this does not count as a change in a specific subsidiary, SMM Morenci Inc. is included in the scope of consolidation from the first quarter of fiscal 2016 due to its increased importance.

Sumiko Advanced Materials (Suzhou) Co., Ltd. was liquidated in the first quarter of fiscal 2016, and as a result, was excluded from the scope of consolidation as of June 30, 2016.

Sumiko Leadframe (Thailand) Co., Ltd. was liquidated in the second quarter of fiscal 2016, and as a result, was excluded from the scope of consolidation as of September 30, 2016.

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

The tax expenses for consolidated subsidiaries are calculated by multiplying profit before income taxes for the period under review by the effective tax rates on profit before income taxes for the fiscal year ending March 31, 2017 including the second quarter of fiscal 2016, that are reasonably estimated upon the adoption of tax-effect accounting.

### (3) Additional Information

#### (Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of fiscal 2016, the Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

#### (The Expense for Preparations for the Decommissioning of Facilities Owned by JCO Co., Ltd.)

JCO Co., Ltd., a consolidated subsidiary of the Company, is preparing for the decommissioning by dismantlement and decontamination of its facilities. As regards this plan, in the first six months of fiscal 2016, for the losses to be incurred in the future for which a reasonable estimate can be made, we have posted a provision of allowance for decommissioning preparations under extraordinary losses at the amount of ¥9,611 million, while posting an allowance for decommissioning preparations under non-current liabilities at the same amount.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of yen)

	FY2015 (as of March 31, 2016)	Second Quarter of FY2016 (as of September 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	63,374	68,184
Notes and accounts receivable-trade	98,904	94,016
Securities	139,500	116,500
Merchandise and finished goods	47,648	45,753
Work in process	60,197	78,824
Raw materials and supplies	54,129	48,500
Other	75,925	68,650
Allowance for doubtful accounts	(598)	(612)
<b>Total current assets</b>	<b>539,079</b>	<b>519,815</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	156,689	162,109
Machinery, equipment and vehicles, net	231,689	240,854
Tools, furniture and fixtures, net	4,284	3,873
Land	26,630	26,742
Construction in progress	34,242	33,897
<b>Total property, plant and equipment</b>	<b>453,534</b>	<b>467,475</b>
Intangible assets		
Mining right	5,371	40,237
Other	4,011	3,625
<b>Total intangible assets</b>	<b>9,382</b>	<b>43,862</b>
Investments and other assets		
Investment securities	448,729	391,164
Other	180,276	172,409
Allowance for doubtful accounts	(200)	(202)
<b>Total investments and other assets</b>	<b>628,805</b>	<b>563,371</b>
<b>Total non-current assets</b>	<b>1,091,721</b>	<b>1,074,708</b>
<b>Total assets</b>	<b>1,630,800</b>	<b>1,594,523</b>

(Millions of yen)

	FY2015 (as of March 31, 2016)	Second Quarter of FY2016 (as of September 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	45,433	39,904
Short-term loans payable	102,523	85,011
Current portion of bonds	10,000	—
Income taxes payable	3,840	2,498
Provision for bonuses	3,541	3,481
Provision for furnace repair works	250	689
Provision for loss on business restructuring	417	210
Provision for environmental measures	338	312
Other provision	191	185
Other	58,734	43,855
<b>Total current liabilities</b>	<b>225,267</b>	<b>176,145</b>
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	248,036	338,114
Provision for directors' retirement benefits	31	34
Provision for loss on business restructuring	904	904
Allowance for decommissioning preparations	—	9,611
Provision for environmental measures	325	318
Other provision	226	104
Net defined benefit liability	14,128	14,712
Asset retirement obligations	7,831	8,098
Other	18,057	16,713
<b>Total non-current liabilities</b>	<b>329,538</b>	<b>428,608</b>
<b>Total liabilities</b>	<b>554,805</b>	<b>604,753</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,067	86,067
Retained earnings	744,886	742,485
Treasury shares	(32,827)	(32,841)
<b>Total shareholders' equity</b>	<b>891,368</b>	<b>888,953</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,225	21,598
Deferred gains or losses on hedges	(1,587)	(2,046)
Foreign currency translation adjustment	77,274	6,334
Remeasurements of defined benefit plans	(4,322)	(4,201)
<b>Total accumulated other comprehensive income</b>	<b>91,590</b>	<b>21,685</b>
Non-controlling interests	93,037	79,132
<b>Total net assets</b>	<b>1,075,995</b>	<b>989,770</b>
<b>Total liabilities and net assets</b>	<b>1,630,800</b>	<b>1,594,523</b>



(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statement of Income  
(For the Six Months Ended September 30, 2015 and 2016)

(Millions of yen)

	Six Months of FY2015 (from April 1, 2015, to September 30, 2015)	Six Months of FY2016 (from April 1, 2016, to September 30, 2016)
Net sales	459,215	366,492
Cost of sales	382,618	322,064
Gross profit	76,597	44,428
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	4,940	3,870
Salaries and allowances	5,636	5,559
Provision for bonuses	568	512
Retirement benefit expenses	237	545
Provision for directors' retirement benefits	1	1
Research and development expenses	2,871	2,831
Other	10,875	9,190
Total selling, general and administrative expenses	25,128	22,508
Operating income	51,469	21,920
Non-operating income		
Interest income	4,174	6,387
Dividend income	1,647	1,545
Foreign exchange gains	502	—
Gain on valuation of derivatives	34	—
Share of profit of entities accounted for using equity method	8,821	—
Other	1,152	1,181
Total non-operating income	16,330	9,113
Non-operating expenses		
Interest expenses	1,896	2,281
Foreign exchange losses	—	10,968
Loss on valuation of derivatives	—	56
Share of loss of entities accounted for using equity method	—	4,085
Other	1,317	1,947
Total non-operating expenses	3,213	19,337
Ordinary income	64,586	11,696
Extraordinary income		
Gain on sales of non-current assets	93	77
Provision for loss on business restructuring	65	—
Reversal of allowance for investment loss	16,242	—
Gain on liquidation of subsidiaries and associates	—	190
Total extraordinary income	16,400	267
Extraordinary losses		
Loss on sales of non-current assets	—	5
Loss on retirement of non-current assets	184	113
Impairment loss	233	—
Loss on valuation of investment securities	278	—
Provision of allowance for decommissioning preparations	—	9,611
Provision for environmental measures	35	7
Restructuring loss	41	—
Loss on disaster	73	52
Loss on liquidation of subsidiaries and associates	—	5
Total extraordinary losses	844	9,793

(Millions of yen)

	Six Months of FY2015 (from April 1, 2015, to September 30, 2015)	Six Months of FY2016 (from April 1, 2016, to September 30, 2016)
Profit before income taxes	80,142	2,170
Income taxes - current	13,917	4,323
Income taxes - deferred	1,201	(3,212)
Total income taxes	15,118	1,111
Profit	65,024	1,059
Profit (loss) attributable to non-controlling interests	11,266	(2,213)
Profit attributable to owners of parent	53,758	3,272

Consolidated Statement of Comprehensive Income  
(For the Six Months Ended September 30, 2015 and 2016)

(Millions of yen)

	Six Months of FY2015 (from April 1, 2015, to September 30, 2015)	Six Months of FY2016 (from April 1, 2016, to September 30, 2016)
Profit	65,024	1,059
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,571)	1,283
Deferred gains or losses on hedges	(1,370)	(436)
Foreign currency translation adjustment	3,954	(40,338)
Remeasurements of defined benefit plans, net of tax	3	112
Share of other comprehensive income of entities accounted for using equity method	4,089	(42,012)
Total other comprehensive income	(8,895)	(81,391)
Comprehensive income	56,129	(80,332)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	42,495	(66,633)
Comprehensive income attributable to non-controlling interests	13,634	(13,699)

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months of FY2015 (from April 1, 2015, to September 30, 2015)	Six Months of FY2016 (from April 1, 2016, to September 30, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	80,142	2,170
Depreciation	20,918	21,004
Impairment loss	233	—
Loss (gain) on sales of non-current assets	(93)	(72)
Loss on retirement of non-current assets	184	113
Loss (gain) on valuation of investment securities	278	—
Loss (gain) on liquidation of subsidiaries and associates	—	(190)
Loss (gain) on valuation of derivatives	(34)	56
Increase (decrease) in allowance for doubtful accounts	59	16
Increase (decrease) in provision for bonuses	(23)	(63)
Increase (decrease) in provision for directors' bonuses	(110)	—
Increase (decrease) in provision for furnace repair works	250	439
Increase (decrease) in provision for directors' retirement benefits	2	3
Increase (decrease) in provision for loss on business restructuring	(315)	(207)
Increase (decrease) in allowance for investment loss	(16,242)	—
Increase (decrease) in allowance for decommissioning preparations	—	9,611
Increase (decrease) in provision for environmental measures	36	(33)
Increase (decrease) in other provision	2	(128)
Increase (decrease) in net defined benefit liability	(22)	782
Interest and dividend income	(5,821)	(7,932)
Interest expenses	1,896	2,281
Foreign exchange losses (gains)	(471)	9,202
Share of (profit) loss of entities accounted for using equity method	(8,821)	4,085
Suspended business management expense	293	275
Loss on disaster	73	52
Loss on liquidation of subsidiaries and associates	—	5
Loss on business restructuring	41	—
Decrease (increase) in notes and accounts receivable-trade	8,360	4,020
Decrease (increase) in inventories	10,021	(2,530)
Increase (decrease) in notes and accounts payable-trade	(8,306)	40
Increase (decrease) in accrued consumption taxes	(2,774)	(7,007)
Other, net	(9,148)	9,250
Subtotal	70,608	45,242
Interest and dividend income received	12,856	4,995
Interest expenses paid	(2,173)	(2,068)
Suspended business management expense paid	(293)	(275)
Disaster recovery expense paid	(73)	(52)
Income taxes paid	(32,396)	(6,537)
Income taxes refund	—	1,776
Net cash provided by (used in) operating activities	48,529	43,081

(Millions of yen)

	Six Months of FY2015 (from April 1, 2015, to September 30, 2015)	Six Months of FY2016 (from April 1, 2016, to September 30, 2016)
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investment securities	—	(39,500)
Purchase of property, plant and equipment	(24,071)	(33,910)
Proceeds from sales of property, plant and equipment	319	473
Purchase of intangible assets	(196)	(462)
Proceeds from sales of intangible assets	13	—
Purchase of investment securities	(702)	—
Purchase of shares of subsidiaries and associates	(10,150)	(5,613)
Payments into time deposits	(223)	(808)
Proceeds from withdrawal of time deposits	242	—
Payments of short-term loans receivable	(59)	(19)
Collection of short-term loans receivable	2	8,135
Payments of long-term loans receivable	(556)	(165)
Collection of long-term loans receivable	177	78
Payments for acquisition of interests	—	(112,043)
Net cash provided by (used in) investing activities	(35,204)	(183,834)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	3,188	(7,859)
Proceeds from long-term loans payable	4,071	116,201
Repayments of long-term loans payable	(9,484)	(7,441)
Redemption of bonds	—	(10,000)
Proceeds from share issuance to non-controlling shareholders	4,193	1,131
Decrease (increase) in treasury shares	(43)	(14)
Cash dividends paid	(13,240)	(5,516)
Dividends paid to non-controlling interests	(2,264)	(1,016)
Net cash provided by (used in) financing activities	(13,579)	85,486
Effect of exchange rate change on cash and cash equivalents	404	(2,550)
Net increase (decrease) in cash and cash equivalents	150	(57,817)
Cash and cash equivalents at beginning of period	177,720	197,825
Cash and cash equivalents at end of period	177,870	140,008

#### (4) Notes Relating to the Consolidated Financial Statements

(Note Relating to the Going Concern Assumption)

There are no pertinent items.

(Significant Changes in Shareholders' Equity)

There are no pertinent items.

(Segment Information and Others)

[Segment Information]

#### I. Six Months Ended September 30, 2015 (from April 1, 2015, to September 30, 2015)

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

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses <sup>1</sup>	Adjustments <sup>2</sup>	Amounts Reported in the Consolidated Statements of Income <sup>3</sup>
Net sales:							
Outside customers	35,625	340,583	81,173	457,381	1,834	—	459,215
Inter-segment	28,751	10,829	7,131	46,711	2,903	(49,614)	—
Total	64,376	351,412	88,304	504,092	4,737	(49,614)	459,215
Segment income	26,022	30,783	3,320	60,125	43	4,418	64,586

Notes:

1. The Other Businesses segment refers to other profit-seeking business activities that are under the control of the Head Office divisions/departments other than those included in the reported segments. Other Businesses include real estate and technical engineering businesses.
2. The adjustments for segment income (¥4,418 million) are as follows:

(Millions of yen)

	Amount
Head Office expenses not allocated to each reported segment <sup>a</sup>	(421)
Interest on internal loans to be borne by each reported segment <sup>b</sup>	308
Eliminations of inter-segmental transactions among the reported segments	117
Non-operating income/expenses not allocated to each reported segment <sup>c</sup>	4,414
Total	4,418

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

II. Six Months Ended September 30, 2016 (from April 1, 2016, to September 30, 2016)

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

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses <sup>1</sup>	Adjustments <sup>2</sup>	Amounts Reported in the Consolidated Statements of Income <sup>3</sup>
Net sales:							
Outside customers	34,271	252,782	77,401	364,454	2,038	—	366,492
Inter-segment	19,922	8,815	6,698	35,435	2,462	(37,897)	—
Total	54,193	261,597	84,099	399,889	4,500	(37,897)	366,492
Segment income	12,271	3,592	3,689	19,552	293	(8,149)	11,696

Notes:

- The Other Businesses segment refers to other profit-seeking business activities that are under the control of the Head Office divisions/departments other than those included in the reported segments. Other Businesses include real estate and technical engineering businesses.
- The adjustments for segment income (negative ¥8,149 million) are as follows:

(Millions of yen)

	Amount
Head Office expenses not allocated to each reported segment <sup>a</sup>	(331)
Interest on internal loans to be borne by each reported segment <sup>b</sup>	123
Eliminations of inter-segmental transactions among the reported segments	(3,182)
Non-operating income/expenses not allocated to each reported segment <sup>c</sup>	(4,759)
Total	(8,149)

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

#### 4. Supplementary Information

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

		A	B	(A+B)/2	C	A-C
	Unit	FY2016 First Six Months Results (April 1, 2016, to September 30, 2016)	FY2016 Third and Fourth Quarters Forecasts (October 1, 2016, to March 31, 2017)	FY2016 Forecasts (April 1, 2016, to March 31, 2017)	FY2015 First Six Months Results (April 1, 2015, to September 30, 2015)	Year-Over-Year Increase (Decrease)
Copper	\$/t	4,752	4,700	4,726	5,653	-901
Gold	\$/TOZ	1,296.8	1,250.0	1,273.4	1,158.6	138.2
Nickel	\$/lb	4.33	4.75	4.54	5.35	-1.02
Exchange rate (TTM)	¥/\$	105.31	100.00	102.66	121.80	-16.49

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

Segment	Product	Unit	FY2016 First Six Months Results (April 1, 2016, to September 30, 2016)	FY2016 Forecasts (April 1, 2016, to March 31, 2017)
Mineral Resources	Gold and silver ores (Gold content)	t	74,035	146,070
		¥1,000/DMT	175	158
		¥million	12,945	23,109
		(kg)	(3,200)	(6,000)
Smelting & Refining	Copper	t	230,475	457,151
		¥1,000/t	510	494
		¥million	117,581	225,998
	Gold	kg	10,802	20,492
		¥/g	4,388	4,214
		¥million	47,399	86,356
	Silver	kg	110,306	201,578
		¥1,000/kg	61	61
¥million		6,774	12,237	
Nickel	t	40,225	76,855	
	¥1,000/t	1,032	1,056	
	¥million	41,509	81,168	
Materials	Semiconductor materials and advanced materials	¥million	39,236	86,778

##### Notes:

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



(3) Output by Product (the Company)

Product	Unit	FY2016 First Six Months Results (April 1, 2016, to September 30, 2016)
Copper	t	227,136
Gold	kg	10,506
Electrolytic nickel	t	31,620
Ferronickel	t	6,575
Gold and silver ore	t	71,716
(Gold content)	(kg)	(3,014)

Note:

1. Output includes the portions of commissioning and/or commissioned production.