



# Consolidated Financial Results for the Third Quarter Ended December 31, 2017 [J-GAAP]

February 8, 2018

[Full version of English translation released on March 2, 2018]

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: February 14, 2018  
 Scheduled Date to Start Dividend Payment: —  
 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, 2017, to December 31, 2017)

### (1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	685,841	21.5	78,425	63.4	91,009	—	64,981	—
Nine months ended December 31, 2016	564,460	-14.6	47,998	-19.4	(25,478)	—	(32,829)	—

(Note) Comprehensive income

Nine months ended December 31, 2017: ¥73,208 million (—%);

Nine months ended December 31, 2016: -¥108,518 million (—%)

	Profit (loss) per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Nine months ended December 31, 2017	235.62	211.70
Nine months ended December 31, 2016	(119.03)	—

(Notes) 1. The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017.

Accordingly, profit per share (basic) and profit per share (diluted) have been calculated on the assumption that the said consolidation of share was carried out at the beginning of the previous fiscal year.

2. Profit per share (diluted) is not disclosed as loss per share (basic) for the nine months ended December 31, 2016 was recorded even though there are potentially dilutive shares.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	1,727,224	1,106,884	59.1
As of March 31, 2017	1,685,018	1,024,121	57.1

(Reference) Shareholders' equity

As of December 31, 2017: ¥1,020,243 million;

As of March 31, 2017: ¥961,690 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, 2017	—	5.00	—	6.00	11.00
Year ending March 31, 2018	—	17.00	—		
Year ending March 31, 2018 (Forecast)				59.00	—

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

The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. As the second quarter-end dividend for the fiscal year ending March 31, 2018 was paid based on the number of shares prior to the consolidation of share, the dividend per share is shown in the amount prior to the consolidation of share. The year-end dividend per share (forecast) for the fiscal year ending March 31, 2018 is shown in the amount based on the said consolidation of share and the full-year dividend is shown as “—”. If the consolidation of share had not been carried out, the dividend forecast for the fiscal year ending March 31, 2018 would be a year-end dividend of ¥29.50 per share and a full-year dividend of ¥46.50 per share. For further details, please refer to “Explanation regarding appropriate use of operating results forecast and other special notes.”

### 3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2018 (From April 1, 2017, to March 31, 2018)

		(% figures show year-on-year change)									
		Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share	
		Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year		919,000	16.9	103,000	34.8	118,000	—	85,000	—	308.21	

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

For further details, please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Forward-Looking Information Including Forecast of Consolidated Operating Results and Other” on page 3.

In addition, the Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. Accordingly, the forecast for profit per share shown in the Forecast of Consolidated Operating Results for the Year Ending March 31, 2018, is based on the number of shares outstanding after the consolidation. For further details, please refer to “Explanation regarding appropriate use of operating results forecast and other special notes.”

#### 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. Consolidated Financial Statements and Primary Notes, (3) Notes Relating to the Consolidated Financial Statements (Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements)” on page 10.
- (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)
    - 290,814,015 shares at December 31, 2017
    - 290,814,015 shares at March 31, 2017
  - 2) Number of shares of treasury stock as of end of period
    - 15,033,906 shares at December 31, 2017
    - 15,015,043 shares at March 31, 2017
  - 3) Average number of shares during the period
    - 275,789,286 shares for nine months ended December 31, 2017
    - 275,812,017 shares for nine months ended December 31, 2016

(Note) The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. Accordingly, the number of shares issued as of end of period, the number of shares of treasury stock as of end of period, and the average number of shares during the period have been calculated on the assumption that the said consolidation of share was carried out at the beginning of the previous fiscal year.

The consolidated financial results presented herein are not subject to the quarterly review.

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

(Caution Regarding Forward-Looking Statements)

The forecast of consolidated operating results for the year ending March 31, 2018, disclosed on November 9, 2017, 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.

(Regarding Forecasts for Dividends and Consolidated Operating Results after the Consolidation of Shares)

The Company carried out a consolidation of share, which was approved and resolved at the 92<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 27, 2017, at the ratio of 2 shares to 1 share on October 1, 2017. If the consolidation of share had not been carried out, the dividend forecast and the forecast for consolidated operating results for the fiscal year ending March 31, 2018 would be as follows:

1. Dividend forecast for the fiscal year ending March 31, 2018  
Second quarter-end dividend: ¥17.00 per share (Note 1)  
Year-end dividend: ¥29.50 per share (Note 2)
2. Forecast for consolidated operating results for the fiscal year ending March 31, 2018  
Full-year profit per share: ¥154.11

Notes:

1. The second quarter-end dividend was paid based on the number of shares outstanding prior to the consolidation of shares.
2. Dividend amount calculated based on the number of shares outstanding prior to the consolidation of shares.
3. The full-year dividend for the fiscal year ending March 31, 2018, would be ¥46.50 per share (based on the number of shares outstanding prior to the consolidation of shares).

(Supplementary Explanation Materials for Financial Results)

The Supplementary Explanation Materials will be posted on the Company's website on Thursday, February 8, 2018.

## 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. Consolidated Financial Statements and Primary Notes.....</b>	<b>5</b>
(1) Consolidated Balance Sheet.....	5
(2) Consolidated Statements of Income and Comprehensive Income.....	7
Consolidated Statement of Income (For the Nine Months Ended December 31, 2016 and 2017).....	7
Consolidated Statement of Comprehensive Income (For the Nine Months Ended December 31, 2016 and 2017).....	9
(3) Notes Relating to the Consolidated Financial Statements.....	10
(Note Relating to the Going Concern Assumption).....	10
(Significant Changes in Shareholders' Equity).....	10
(Application of Accounting Procedures Specific to Quarterly Consolidated Financial Statements) .....	10
(Segment Information and Others) .....	11
(Significant Subsequent Event) .....	13
<b>3. 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) .....	14

## 1. Qualitative Information on Quarterly Financial Results

### (1) Business Performance

The overall global economy during the first nine months of fiscal 2017, the year ending March 31, 2018, was on an expansionary track as the global stock prices remained high reflecting the improvements in corporate earnings, despite concerns over the slowdown of economic growth in China due to the government's push to deepen structural forms as well as growing geopolitical risks surrounding the situations in North Korea and the Middle East. In the United States, corporate earnings and personal consumption remained firm. China maintained its high economic growth rate driven by infrastructure investment, real estate, automobile and service sectors. In Europe, economic growth was maintained thanks to domestic demand, despite rising prices putting a temporary damper on the recovery of personal consumption. The Japanese economy continued its moderate recovery owing to equal parts of domestic and overseas demand, as inbound demand and exports recovered.

As for exchange rates, the yen depreciated compared to the same period in the previous fiscal year, when the yen quickly appreciated, due to the effects of the UK's exit from the EU. Furthermore, in the same period of the previous fiscal year, the yen temporarily plunged following the United States presidential elections until the end of the fiscal year in anticipation of the major tax cuts and infrastructure investment policies promised by the new administration. However, there were no such major fluctuations of the yen during the first nine months of fiscal 2017.

In the nonferrous metals industry, both nickel and copper prices continued an upward trend and rose year over year, as concerns eased over the slowdown in the Chinese economy.

In industries related to the Materials business, demand for automobile battery components continued to increase. As for components such as those for smartphones, the selling environment remained firm overall, despite ongoing inventory adjustment for some components.

Under these circumstances, consolidated net sales in the first nine months of fiscal 2017 increased by ¥121,381 million from the same period in the previous fiscal year to ¥685,841 million, mainly due to the rise in major nonferrous metals prices and yen depreciation. Consolidated operating profit amounted to ¥78,425 million, a year-over-year increase of ¥30,427 million, mainly due to an increase in net sales. Consolidated ordinary profit increased by ¥116,487 million year over year to ¥91,009 million, mainly due to a decrease in share of loss of entities accounted for using equity method for the Sierra Gorda S.C.M., in addition to an increase in consolidated operating profit. Profit attributable to owners of parent increased by ¥97,810 million year over year to ¥64,981 million, primarily due to a decrease in the provision of allowance for decommissioning preparations at our domestic consolidated subsidiary JCO Co., Ltd., offsetting the absence of the gain on liquidation of investment securities resulting from the dissolution of Nusa Tenggara Mining Corporation, which had been posted for 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. Production levels and sales volume at the Pogo gold mine were nearly unchanged from the same period in the previous fiscal year despite a decline in the grade of gold ore. Production levels and sales volume at the Morenci copper mine declined compared to the same period in the previous fiscal year due primarily to a decline in the grade of copper ore. Production levels and sales volume at the Sierra Gorda S.C.M. increased year over year due primarily to improvements in operation capacity. Share of loss of entities accounted for using equity method improved as a result of factors including no impairment loss being posted at the Sierra Gorda S.C.M., which had been posted in the previous fiscal year, despite the reporting of royalties levied on mining companies for prior years at Sociedad Minera Cerro Verde S.A.A. Additionally, segment loss improved significantly year over year due to factors including a rise in copper prices.

Net sales increased ¥28,323 million year over year to ¥115,494 million, and segment loss turned to segment income of ¥37,008 million, an upturn of ¥99,637 million compared to the same period in the previous fiscal year.

#### 2) Smelting & Refining segment

Production levels and sales volume of gold increased year over year. However, production levels and sales volume of nickel (including ferronickel) and copper declined year over year. While production levels and sales volume at Coral Bay Nickel Corporation remained mostly the same year over year, production levels and sales volume at Taganito HPAL Nickel Corporation exceeded those of the same period in the previous

fiscal year. Segment income increased year over year, mainly due to prices of nonferrous metals exceeding those of the same period in the previous fiscal year as well as the yen depreciation compared to the same period in the previous fiscal year.

Net sales increased ¥88,744 million year over year to ¥494,113 million, and segment income increased ¥14,590 million year over year to ¥35,165 million.

### 3) Materials segment

Sales volume of battery materials increased year over year as progress was made in expanded production. Meanwhile, sales volume of crystal materials for components for smartphones significantly declined year over year mainly due to continued inventory adjustments by customers. The segment as a whole showed a year-over-year increase in net sales due to strong sales of battery materials, despite the impact of withdrawal from the lead frame business, and segment income increased year over year.

Net sales increased ¥7,852 million year over year to ¥134,000 million, and segment income increased ¥3,630 million year over year to ¥11,377 million.

## (2) Financial Position

Total assets as of December 31, 2017 increased ¥42,200 million from the previous fiscal year-end to ¥1,727,200 million, mainly due to increases in cash and deposits, notes and accounts receivable-trade, investment securities and mining right, despite decreases in securities, accounts receivable-other included in other under current assets, long-term loans receivable included in investments and other assets, and others.

Total liabilities decreased ¥40,600 million from the previous fiscal year-end to ¥620,300 million, due to decreases in short-term loans payable, long-term loans payable and others.

Total net assets increased ¥82,800 million from the previous fiscal year-end to ¥1,106,900 million, and the equity ratio increased from 57.1% to 59.1%.

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

In the business environment surrounding the SMM Group, supply and demand of nickel and copper are expected to remain in a near state of equilibrium or be in a slight supply shortage in the nonferrous metals industry. Nickel and copper prices are expected to fluctuate in line with the balance of supply and demand. As for industries related to the Materials business, favorable showings are expected to continue in the areas of automotive applications and communications generally, despite the possibility of temporary adjustments. Turning to exchange rates, the yen is expected to remain at its current level over the near term, in conjunction with the differences in long-term interest rates in Japan and the United States, reflecting the monetary policies of the respective countries.

Under these circumstances, we have revised the previous forecast for the full year ending March 31, 2018 released on November 9, 2017, revising our forecast for major nonferrous metals prices in reference to the current rates while leaving our forecast for exchange rates unchanged. As a result, net sales are expected to reach ¥919.0 billion, with operating profit of ¥103.0 billion, ordinary profit of ¥118.0 billion and profit attributable to owners of parent of ¥85.0 billion on a consolidated basis. (Reference: Segment income (loss) is adjusted with ordinary profit in the Consolidated Statement of Income.)

Forecast of consolidated operating results for the full year ending March 31, 2018 (revised)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	161,000	655,000	184,000	1,000,000	10,000	(91,000)	919,000
Segment income	55,000	45,000	13,000	113,000	(1,000)	6,000	118,000

(Reference)

Forecast of consolidated operating results for the full year ending March 31, 2018 (previous forecast)

(Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total of the Reported Segments	Other Businesses	Adjustments	Total
Net sales	155,000	630,000	190,000	975,000	10,000	(82,000)	903,000
Segment income	52,000	32,000	11,000	95,000	(1,000)	3,000	97,000

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheet

(Millions of yen)

	FY2016 (as of March 31, 2017)	Third Quarter of FY2017 (as of December 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	81,317	131,446
Notes and accounts receivable-trade	103,886	144,557
Securities	89,000	60,500
Merchandise and finished goods	57,704	46,125
Work in process	96,524	102,605
Raw materials and supplies	64,307	74,366
Other	101,650	51,914
Allowance for doubtful accounts	(735)	(647)
<b>Total current assets</b>	<b>593,653</b>	<b>610,866</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	178,251	171,217
Machinery, equipment and vehicles, net	250,708	237,518
Tools, furniture and fixtures, net	2,348	3,214
Land	26,597	26,473
Construction in progress	25,552	42,008
<b>Total property, plant and equipment</b>	<b>483,456</b>	<b>480,430</b>
Intangible assets		
Mining right	44,060	62,245
Other	3,530	4,121
<b>Total intangible assets</b>	<b>47,590</b>	<b>66,366</b>
Investments and other assets		
Investment securities	422,226	444,464
Other	138,290	125,291
Allowance for doubtful accounts	(197)	(193)
<b>Total investments and other assets</b>	<b>560,319</b>	<b>569,562</b>
<b>Total non-current assets</b>	<b>1,091,365</b>	<b>1,116,358</b>
<b>Total assets</b>	<b>1,685,018</b>	<b>1,727,224</b>



(Millions of yen)

	FY2016 (as of March 31, 2017)	Third Quarter of FY2017 (as of December 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	47,306	43,553
Short-term loans payable	96,940	58,975
Current portion of bonds	—	30,000
Income taxes payable	17,274	9,811
Provision for bonuses	3,435	1,663
Provision for furnace repair works	1,117	—
Provision for loss on business restructuring	600	361
Provision for environmental measures	232	1
Other provision	111	137
Other	43,828	66,641
<b>Total current liabilities</b>	<b>210,843</b>	<b>211,142</b>
Non-current liabilities		
Bonds payable	40,000	10,000
Long-term loans payable	358,564	340,776
Provision for directors' retirement benefits	23	27
Provision for loss on business restructuring	1,004	738
Allowance for decommissioning preparations	7,799	8,501
Provision for environmental measures	383	357
Other provision	80	109
Net defined benefit liability	9,118	8,896
Asset retirement obligations	8,985	9,112
Other	24,098	30,682
<b>Total non-current liabilities</b>	<b>450,054</b>	<b>409,198</b>
<b>Total liabilities</b>	<b>660,897</b>	<b>620,340</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus	86,504	86,530
Retained earnings	718,072	770,366
Treasury shares	(32,877)	(32,946)
<b>Total shareholders' equity</b>	<b>864,941</b>	<b>917,192</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,700	55,140
Deferred gains or losses on hedges	1,601	(525)
Foreign currency translation adjustment	57,950	47,198
Remeasurements of defined benefit plans	498	1,238
<b>Total accumulated other comprehensive income</b>	<b>96,749</b>	<b>103,051</b>
Non-controlling interests	62,431	86,641
<b>Total net assets</b>	<b>1,024,121</b>	<b>1,106,884</b>
<b>Total liabilities and net assets</b>	<b>1,685,018</b>	<b>1,727,224</b>

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statement of Income  
(For the Nine Months Ended December 31, 2016 and 2017)

(Millions of yen)

	Nine Months of FY2016 (from April 1, 2016, to December 31, 2016)	Nine Months of FY2017 (from April 1, 2017, to December 31, 2017)
Net sales	564,460	685,841
Cost of sales	482,121	572,757
Gross profit	82,339	113,084
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	6,195	5,827
Salaries and allowances	8,275	7,623
Provision for bonuses	783	718
Retirement benefit expenses	800	671
Provision for directors' retirement benefits	1	2
Research and development expenses	4,103	4,094
Other	14,184	15,724
Total selling, general and administrative expenses	34,341	34,659
Operating profit	47,998	78,425
Non-operating income		
Interest income	9,583	10,044
Dividend income	2,745	3,384
Gain on valuation of derivatives	28	—
Foreign exchange gains	4,267	1,417
Share of profit of entities accounted for using equity method	—	6,026
Other	1,496	850
Total non-operating income	18,119	21,721
Non-operating expenses		
Interest expenses	3,590	4,933
Loss on valuation of derivatives	—	2,097
Share of loss of entities accounted for using equity method	85,275	—
Other	2,730	2,107
Total non-operating expenses	91,595	9,137
Ordinary profit (loss)	(25,478)	91,009
Extraordinary income		
Gain on sales of non-current assets	166	80
Gain on sales of investment securities	1,111	32
Gain on sales of shares of subsidiaries and associates	—	95
Gain on step acquisitions	—	693
Gain on liquidation of investment securities	5,866	—
Reversal of provision for environmental measures	—	15
Gain on liquidation of subsidiaries and associates	190	46
Total extraordinary income	7,333	961
Extraordinary losses		
Loss on sales of non-current assets	28	23
Loss on retirement of non-current assets	217	624
Loss on reduction of non-current assets	47	10
Impairment loss	—	1,069
Loss on sales of shares of subsidiaries and associates	—	46
Provision of allowance for decommissioning preparations	9,957	908
Provision for environmental measures	65	2
Provision for loss on business restructuring	—	32
Loss on disaster	47	45
Loss on liquidation of subsidiaries and associates	5	—
Total extraordinary losses	10,366	2,759
Profit (loss) before income taxes	(28,511)	89,211

(Millions of yen)

	Nine Months of FY2016 (from April 1, 2016, to December 31, 2016)	Nine Months of FY2017 (from April 1, 2017, to December 31, 2017)
Income taxes - current	16,744	19,802
Income taxes - deferred	(2,310)	944
Total income taxes	14,434	20,746
Profit (loss)	(42,945)	68,465
Profit (loss) attributable to non-controlling interests	(10,116)	3,484
Profit (loss) attributable to owners of parent	(32,829)	64,981

Consolidated Statement of Comprehensive Income  
(For the Nine Months Ended December 31, 2016 and 2017)

(Millions of yen)

	Nine Months of FY2016 (from April 1, 2016, to December 31, 2016)	Nine Months of FY2017 (from April 1, 2017, to December 31, 2017)
Profit (loss)	(42,945)	68,465
Other comprehensive income		
Valuation difference on available-for-sale securities	16,408	18,417
Deferred gains or losses on hedges	1,303	(2,225)
Foreign currency translation adjustment	(12,136)	(6,036)
Remeasurements of defined benefit plans, net of tax	408	694
Share of other comprehensive income of entities accounted for using equity method	(71,556)	(6,107)
Total other comprehensive income	(65,573)	4,743
Comprehensive income	(108,518)	73,208
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(88,738)	71,283
Comprehensive income attributable to non-controlling interests	(19,780)	1,925

### (3) 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.

(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, 2018 including the third quarter of fiscal 2017, that are reasonably estimated upon the adoption of tax-effect accounting.

(Segment Information and Others)

[Segment Information]

I. Nine Months Ended December 31, 2016 (from April 1, 2016, to December 31, 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	53,809	391,012	116,308	561,129	3,331	—	564,460
Inter-segment	33,362	14,357	9,840	57,559	3,765	(61,324)	—
Total	87,171	405,369	126,148	618,688	7,096	(61,324)	564,460
Segment income (loss)	(62,629)	20,575	7,747	(34,307)	463	8,366	(25,478)

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.
- ¥8,366 million of adjustments for segment income (loss) are as follows:

(Millions of yen)

	Amount
Head Office expenses not allocated to each reported segment <sup>a</sup>	(633)
Interest on internal loans to be borne by each reported segment <sup>b</sup>	189
Eliminations of inter-segmental transactions among the reported segments	(45)
Non-operating income/expenses not allocated to each reported segment <sup>c</sup>	8,855
Total	8,366

- 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 (loss) is adjusted with ordinary loss in the Consolidated Statement of Income.

II. Nine Months Ended December 31, 2017 (from April 1, 2017, to December 31, 2017)

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	88,542	471,361	121,693	681,596	4,245	—	685,841
Inter-segment	26,952	22,752	12,307	62,011	3,528	(65,539)	—
Total	115,494	494,113	134,000	743,607	7,773	(65,539)	685,841
Segment income	37,008	35,165	11,377	83,550	202	7,257	91,009

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.
- ¥7,257 million of adjustments for segment income are as follows:

(Millions of yen)

	Amount
Head Office expenses not allocated to each reported segment <sup>a</sup>	(1,320)
Interest on internal loans to be borne by each reported segment <sup>b</sup>	272
Eliminations of inter-segmental transactions among the reported segments	(296)
Non-operating income/expenses not allocated to each reported segment <sup>c</sup>	8,601
Total	7,257

- 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 profit in the Consolidated Statement of Income.

(Significant Subsequent Event)

On December 22, 2017, the United States tax reform bill was signed into law. Accordingly, effective January 1, 2018, the United States federal corporate tax rate is lowered from 35% to 21%; foreign tax credits are cut back in conjunction with the transition to a new territorial tax system; and tax on a deemed repatriation of accumulated foreign earnings is introduced.

The impact of this tax reform on the consolidated financial statements for the nine months of fiscal 2017 is estimated to be a ¥260 million decrease in deferred tax liabilities and a ¥218 million increase in income taxes payable under current liabilities, and a ¥3,151 million increase in deferred tax liabilities under non-current liabilities. Additionally, income taxes-current and income taxes-deferred (debtor) are expected to increase ¥216 million and ¥2,694 million, respectively.



### 3. Supplementary Information

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

		A	B	(Ax3+Bx1)/4	C	A-C
	Unit	FY2017 First Nine Months Results (April 1, 2017, to December 31, 2017)	FY2017 Fourth Quarter Forecasts (January 1, 2018, to March 31, 2018)	FY2017 Forecasts (April 1, 2017, to March 31, 2018)	FY2016 First Nine Months Results (April 1, 2016, to December 31, 2016)	Year-Over-Year Increase (Decrease)
Copper	\$/t	6,273	6,500	6,330	4,928	1,345
Gold	\$/TOZ	1,270.3	1,250.0	1,265.2	1,271.0	-0.7
Nickel	\$/lb	4.74	5.25	4.87	4.52	0.22
Exchange rate (TTM)	¥/\$	111.71	110.00	111.28	106.65	5.06

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

Segment	Product	Unit	FY2017 First Nine Months Results (April 1, 2017, to December 31, 2017)	FY2017 Fourth Quarter Forecasts (January 1, 2018, to March 31, 2018)	FY2017 Forecasts (April 1, 2017, to March 31, 2018)
Mineral Resources	Gold and silver ores	t	99,129	36,732	135,861
		¥1,000/DMT	168	227	184
	(Gold content)	¥million	16,672	8,328	25,000
		(kg)	(3,970)	(2,030)	(6,000)
Smelting & Refining	Copper	t	341,352	106,177	447,529
		¥1,000/t	714	717	714
		¥million	243,613	76,103	319,716
	Gold	kg	15,980	4,860	20,840
		¥/g	4,561	4,422	4,528
		¥million	72,879	21,492	94,371
	Silver	kg	159,029	53,229	212,258
		¥1,000/kg	61	59	61
		¥million	9,745	3,126	12,871
	Nickel	t	56,516	18,570	75,086
		¥1,000/t	1,208	1,335	1,239
		¥million	68,266	24,790	93,056
Materials	Advanced materials, etc.	¥million	79,341	33,425	112,766

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	FY2017 First Nine Months Results (April 1, 2017, to December 31, 2017)
Copper	t	322,002
Gold	kg	15,712
Electrolytic nickel	t	45,205
Ferronickel	t	9,949
Gold and silver ore (Gold content)	t (kg)	101,238 (4,040)

Note: 1. Output includes the portions of commissioning production.