Consolidated Financial Results for the Year Ended March 31, 2016 [J-GAAP]

May 12, 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 Ordinary General Meeting of Shareholders: June 27, 2016
Scheduled Date to Start Dividend Payment: June 28, 2016
Scheduled Date to Submit Securities Report: June 27, 2016
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, 2015, to March 31, 2016)

(1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	855,407	-7.2	59,720	-52.5	(12,764)	—	(309)	—
Year ended March 31, 2015	921,334	10.9	125,779	66.8	174,226	52.4	91,113	13.5

(Note) Comprehensive income
Year ended March 31, 2016: -¥65,035 million (—%);
Year ended March 31, 2015: ¥163,897 million (-14.4%)

	Profit (loss) per share (Basic)	Profit per share (Diluted)	Return on equity	Ordinary income (loss) to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	(0.56)	—	-0.0	-0.8	7.0
Year ended March 31, 2015	165.11	149.44	9.3	10.5	13.7

(Reference) Equity in earnings (loss) of affiliates
Year ended March 31, 2016: -¥73,223 million;
Year ended March 31, 2015: ¥23,943 million

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

(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, 2016	1,630,800	1,075,995	60.3	1,781.91
As of March 31, 2015	1,740,246	1,158,945	60.4	1,905.50

(Reference) Shareholders' equity
As of March 31, 2016: ¥982,958 million;
As of March 31, 2015: ¥1,051,224 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in 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, 2016	119,704	(92,876)	(4,003)	197,825
Year ended March 31, 2015	120,003	(105,024)	(39,047)	177,720

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, 2015	—	24.00	—	24.00	48.00	26,481	29.1	2.7
Year ended March 31, 2016	—	21.00	—	10.00	31.00	17,101	—	1.7
Year ending March 31, 2017 (Forecast)	—	5.00	—	8.00	13.00		31.2	

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

(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		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	351,000	-23.6	16,000	-68.9	13,000	-79.9	1,000	-98.1	1.81
Full year	733,000	-14.3	46,000	-23.0	41,000	—	23,000	—	41.69

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, 2016
581,628,031 shares at March 31, 2015

2) Number of shares of treasury stock as of end of period
29,996,055 shares at March 31, 2016
29,948,647 shares at March 31, 2015

3) Average number of shares during the period
551,652,936 shares for the year ended March 31, 2016
551,848,181 shares for the year ended March 31, 2015

(Note) Please refer to "5. Consolidated Financial Statements, (5) Notes Relating to the Consolidated Financial Statements (Earnings per Share)" on page 44 for the number of shares used as the basis for calculating "Profit per share (consolidated)."

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (From April 1, 2015, to March 31, 2016)

(1) Non-Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	700,317	-7.7	48,940	-36.7	65,348	-49.8	16,281	-71.8
Year ended March 31, 2015	758,771	12.8	77,357	97.4	130,237	71.3	57,665	-2.8

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Year ended March 31, 2016	29.51	26.99
Year ended March 31, 2015	104.49	94.81

(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, 2016	954,574	612,966	64.2	1,111.19
As of March 31, 2015	1,009,553	646,345	64.0	1,171.60

(Reference) Shareholders' equity

As of March 31, 2016: ¥612,966 million;

As of March 31, 2015: ¥646,345 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 Thursday, May 12, 2016.

Contents of the Attachment

1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Business performance in fiscal 2015 (Year ended March 31, 2016)

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income (loss)	Profit (loss) attributable to owners of parent
Year ended March 31, 2016	855,407	59,720	(12,764)	(309)
Year ended March 31, 2015	921,334	125,779	174,226	91,113
Increase/decrease [Rate of change: %]	-65,927 [-7.2]	-66,059 [-52.5]	-186,990 [－]	-91,422 [－]

The overall global economy during fiscal 2015 generally continued on a gradual recovery path, despite concerns over an economic slowdown. In China, the growth rate slowed amid progress in economic structural reform. The situation in Europe remained stagnant due to a decrease in exports to China and other emerging nations. The United States saw a recovery in production by manufacturers and increased the number of new hires toward the end of fiscal 2015, despite stagnant exports due to the effects of deteriorating economies in resource-rich countries and dollar appreciation, in addition to a slowing personal consumption. The Japanese economy faced concerns over an economic slowdown due to sluggish capital investment and exports, despite signs of a pickup in personal consumption backed by improvement in the employment situation. In addition, although the yen depreciation in fiscal 2014 continued into fiscal 2015, the yen appreciated sharply towards the end of fiscal 2015.

In the nonferrous metals industry, although nickel prices had temporarily experienced rapid growth in the previous fiscal year due to concerns over a supply shortage of unprocessed ores, they later took a downward trend amid concerns over oversupply and the slowing Chinese economy. Copper prices were also generally on a downward trend, but recovered toward the end of fiscal 2015. Gold prices continued to show a downward trend with slight price fluctuations, but picked up towards the end of the fiscal year.

As for industries related to the materials business, although the demand for automobile battery components increased and the selling environment for components such as those for smartphones remained firm overall, signs of inventory adjustments appeared due to stagnant demand in PCs, tablets and other products.

Under these circumstances, consolidated net sales in fiscal 2015 decreased ¥65,927 million year over year to ¥855,407 million, mainly due to the decline in metal prices, despite the impact of yen depreciation, in addition to increased sales volume for nickel and gold. Consolidated operating income amounted to ¥59,720 million, a year-over-year decrease of ¥66,059 million, due mainly to the worsening impact of inventory valuation resulting from falling metal prices, despite upturn factors resulting from yen depreciation and increased sales volume. Consolidated ordinary income decreased ¥186,990 million year over year to become consolidated ordinary loss of ¥12,764 million, owing mainly to the posting of share of loss of entities accounted for using equity method resulting from the posting of impairment loss in Sierra Gorda S.C.M. and a decline in foreign exchange gains, as well as a decrease in consolidated operating income. Profit attributable to owners of parent decreased ¥91,422 million year over year to become loss attributable to owners of parent of ¥309 million due to a significant decline in consolidated ordinary income, despite upturn factors including the posting of gain on reversal 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, 2016	119,751	641,932	171,597	933,280	15,291	(93,164)	855,407
Year ended March 31, 2015	113,791	710,291	174,206	998,288	17,366	(94,320)	921,334
Increase/decrease	5,960	-68,359	-2,609	-65,008	-2,075	1,156	-65,927
[Rate of change: %]	[5.2]	[-9.6]	[-1.5]	[-6.5]	[-11.9]		[-7.2]
Segment income (loss):							
Year ended March 31, 2016	(44,317)	25,258	5,972	(13,087)	(828)	1,151	(12,764)
Year ended March 31, 2015	53,775	81,323	12,914	148,012	(80)	26,294	174,226
Increase/decrease	-98,092	-56,065	-6,942	-161,099	-748	-25,143	-186,990
[Rate of change: %]	[－]	[-68.9]	[-53.8]	[－]	[－]		[－]

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 140,906 t, and the gold content was 6,909 kg. The sales volume of gold was 7,500 kg.

As for overseas mines, production levels and sales volume at the Pogo gold mine (United States), which the SMM Group operates directly, declined compared to the previous fiscal year due to a decline in the grade of gold ore. For the copper mines in which SMM holds interests, production levels and sales volume at the Morenci copper mine (United States) were both up from the previous fiscal year, thanks to a expansion work. Segment loss was recorded due primarily to falling copper and gold prices in addition to the posting of share of loss of entities accounted for using equity method resulting from the posting of impairment loss in Sierra Gorda S.C.M.

Net sales increased ¥5,960 million year over year to ¥119,751 million, whereas segment income declined ¥98,092 million year over year to become segment loss of ¥44,317 million.

b) Smelting & Refining segment

As for nickel, the system for operating at an electrolytic nickel production capacity of 65 ktpa was continued, resulting in expansion in both production levels and sales volume compared to the previous fiscal year. Operations at Coral Bay Nickel Corporation continued steadily. Production levels and sales volume increased compared to the previous fiscal year at Taganito HPAL Nickel Corporation, despite the fact that its operation was temporarily affected by a drought. However, segment income declined from the previous fiscal year, mainly due to a drop in nickel prices.

Net sales decreased ¥68,359 million year over year to ¥641,932 million, and segment income decreased ¥56,065 million year over year to ¥25,258 million.

c) Materials segment

Demand for materials for automobile batteries and smartphones continued to be strong for battery materials and crystal materials. However, sales declined due to the significant trend toward inventory adjustments by customers in other products. Segment income declined from the previous fiscal year due to an increase in expenses related to creating an expanded production system to accommodate increased demand for materials for automobile batteries and smartphones, in addition to a decline due to decreased sales of these items.

Net sales decreased ¥2,609 million year over year to ¥171,597 million, whereas segment income decreased ¥6,942 million year over year to ¥5,972 million.

2) Prospects for fiscal 2016

(a) General overview (Millions of yen)

	Net sales	Operating income	Ordinary income (loss)	Profit (loss) attributable to owners of parent
Year ending March 31, 2017 (Projections)	733,000	46,000	41,000	23,000
Year ended March 31, 2016 (Actual)	855,407	59,720	(12,764)	(309)
Increase/decrease [Rate of change: %]	-122,407 [-14.3]	-13,720 [-23.0]	53,764 [－]	23,309 [－]

The overall global economy is expected to grow gradually, despite a slowing of growth in major emerging nations, mainly China, and low growth levels in advanced nations, mainly the U.S. and Europe. However, a global economic downturn can be expected if geopolitical risks such as turmoil among the Middle Eastern nations and the risk of low crude oil prices leads to further turmoil in financial markets and credit uncertainty become apparent.

In the business environment surrounding the SMM Group, demand for copper is predicted to be at equilibrium, while a nickel supply shortage is expected for the next fiscal year, since the producers are fully in the progress of decreasing production as nickel prices have declined sharply, in the nonferrous metals industry. Prices are expected to return to equilibrium as the supply and demand balance should improve in the medium to long term; however, the recent 10-Year Super Cycle led by China to increase demand has ended, and a large increase cannot be expected. As for industries related to the materials business, good showings are expected to continue in the areas of automotive applications and communications generally, despite the possibility of temporary adjustments.

Under these circumstances, the SMM Group will implement the “2015 3-Year Business Plan” (hereinafter, the “15 3-Yr Business Plan”) targeting the three years from fiscal 2016 to fiscal 2018, as announced in February this year, to further enhance competitiveness and improve its corporate value.

In fiscal 2016, the year ending March 31, 2017, net sales are expected to decrease due to continued low nonferrous metals prices, despite an increase in sales volume, and operating income is also expected to decrease for the same reason. As for ordinary income, please refer to the following (b) Reported segments. In addition, the SMM Group plans to carry out various strategies (preparations to promote facility demolition and decontamination) to prepare for the decommissioning of facilities at JCO Co., Ltd., its affiliate, and the associated cost is expected to be posted under extraordinary losses.

As a result, net sales are expected to reach ¥733.0 billion, with operating income of ¥46.0 billion, ordinary income of ¥41.0 billion and profit attributable to owners of parent of ¥23.0 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	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

In the Mineral Resources segment, earnings are expected to increase compared with fiscal 2015 mainly due to an upturn in the share of profit of entities accounted for using equity method backed by investments in expansion, as well as the effect of the acquisition of additional interests in overseas copper mines. In the Smelting & Refining segment, earnings are expected to decrease compared with fiscal 2015 mainly due to the effect of yen appreciation in addition to worsening impact of declining nickel prices. In the Materials segment, earnings are expected to increase compared with fiscal 2015 mainly due to increased revenue in the favorable areas of automotive applications and communications.

(2) Analysis of Financial Position

1) Overview for fiscal 2015

Consolidated Balance Sheet (Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase/decrease
Assets	1,740,246	1,630,800	-109,446
Liabilities	581,301	554,805	-26,496
Net assets	1,158,945	1,075,995	-82,950

Consolidated Statement of Cash Flows (Millions of yen)

	From April 1, 2014, to March 31, 2015	From April 1, 2015, to March 31, 2016	Increase/decrease
Net cash provided by operating activities	120,003	119,704	-299
Net cash used in investing activities	(105,024)	(92,876)	12,148
Net cash used in financing activities	(39,047)	(4,003)	35,044
Effect of exchange rate change on cash and cash equivalents	(795)	(2,720)	-1,925
Cash and cash equivalents at beginning of period	202,583	177,720	-24,863
Cash and cash equivalents at end of period	177,720	197,825	20,105

Assets as of March 31, 2016 decreased from those as of March 31, 2015, primarily due to the posting of share of loss of entities accounted for using equity method resulting from the posting of impairment loss in Sierra Gorda S.C.M., as well as a decrease in investment securities due to the lower market value resulting from the declining prices in general stocks, despite the increase from reversal of allowance for investment loss with respect to the investments in Vale Nouvelle-Calédonie S.A.S. Liabilities as of March 31, 2016 decreased from those as of March 31, 2015, as income taxes payable and deferred tax liabilities decreased.

Net cash provided by operating activities for the fiscal year ended March 31, 2016 decreased by only ¥299 million from the previous fiscal year to ¥119,704 million, mainly due to a decrease in inventories, despite decreases in income before income taxes and minority interests and allowance for investment loss owing to a decrease in share of profit of entities accounted for using equity method to become share of loss of entities accounted for using equity method. Net cash used in investing activities decreased by ¥12,148 million from the previous fiscal year to ¥92,876 million, mainly as a result of a decrease in purchase of property, plant and equipment. Net cash used in financing activities decreased by ¥35,044 million from the previous fiscal year to ¥4,003 million, mainly due to an increase in newly taken out long-term loans payable.

As a result, the balance of cash and cash equivalents amounted to ¥197,825 million at March 31, 2016, an increase of ¥20,105 million compared with at the previous fiscal year-end.

Cash flow indicators:

Year ended	Mar. 31, 2012	Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2015	Mar. 31, 2016
Equity ratio (%)	57.5	56.9	58.1	60.4	60.3
Equity ratio based on market capitalization (%)	57.0	54.9	45.5	55.8	37.8
Cash flows/Interest-bearing debt ratio (times)	1.8	2.9	4.8	3.3	3.3
Interest coverage ratio (times)	42.8	33.5	22.7	33.9	22.3

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 decrease from the fiscal year ended March 31, 2016 due to stagnant nonferrous metals prices. Net cash used in investing activities is expected to increase significantly compared to the fiscal year ended March 31, 2016 due to the plan to acquire additional interests in the Morenci copper mine, as well as an ongoing large-scale investment in the 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 “2012 3-Year Business Plan” (hereinafter, the “12 3-Yr Business Plan”), targeting the three years from fiscal 2013 to fiscal 2015, we have continued to maintain sound financial strength so that we can maintain a consolidated equity ratio above 50% and a consolidated payout ratio of at least 25%, which is linked to the operating performance, as our dividend policy for the fiscal year ended March 31, 2016. In addition, as a financial strategy in the “15 3-Yr Business Plan,” we will continue to maintain sound financial strength so that we can continue a policy to maintain a consolidated equity ratio above 50% and a consolidated payout ratio of at least 30%, which is linked to the operating performance, as our dividend policy for the fiscal year ending March 31, 2017.

The Company plans to distribute a year-end dividend of ¥10 per share for the fiscal year under review. As a result, the annual dividend per share is expected to be ¥31, a decrease of ¥17 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 ¥13 per share for the fiscal year ending March 31, 2017.

(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, 2016.

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.

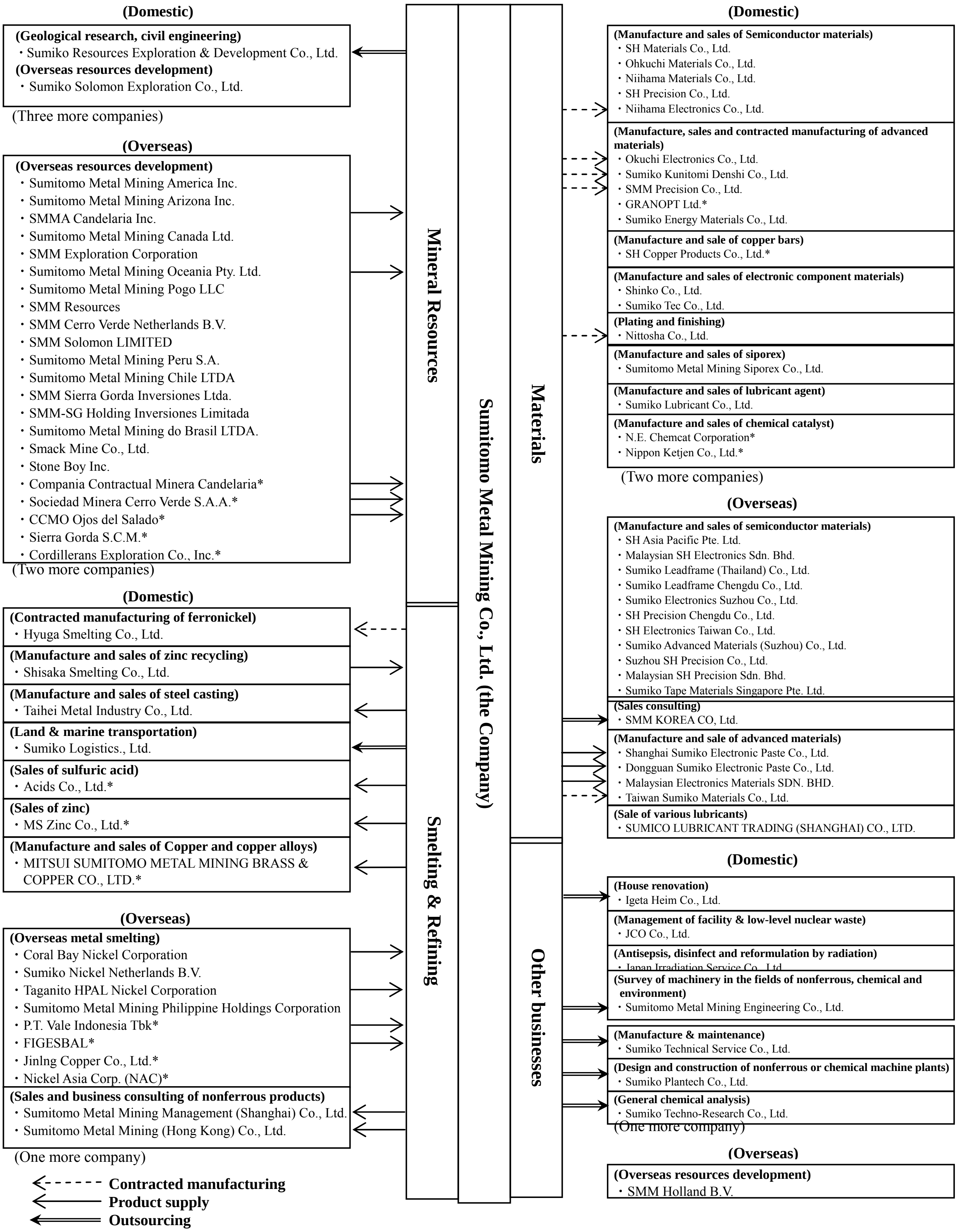
To mitigate such risks, the Group insures such facilities where this is possible at reasonable cost and has made plans containing suitable countermeasures to minimize any secondary effects due to such disasters.

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



Sumitomo Metal Mining Co., Ltd. (the Company)

Mineral Resources

(Domestic)

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

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

(Three more companies)

(Overseas)

(Overseas resources development)
- Sumitomo Metal Mining America Inc.
- Sumitomo Metal Mining Arizona Inc.
- SMMA Candelaria Inc.
- Sumitomo Metal Mining Canada Ltd.
- SMM Exploration Corporation
- Sumitomo Metal Mining Oceania Pty. Ltd.
- Sumitomo Metal Mining Pogo LLC
- SMM Resources
- SMM Cerro Verde Netherlands B.V.
- SMM Solomon LIMITED
- Sumitomo Metal Mining Peru S.A.
- Sumitomo Metal Mining Chile LTDA
- SMM Sierra Gorda Inversiones Ltda.
- SMM-SG Holding Inversiones Limitada
- Sumitomo Metal Mining do Brasil LTDA.
- Smack Mine Co., Ltd.
- Stone Boy Inc.
- Compania Contractual Minera Candelaria*
- Sociedad Minera Cerro Verde S.A.A.*
- CCMO Ojos del Salado*
- Sierra Gorda S.C.M.*
- Cordillerans Exploration Co., Inc.*

(Two more companies)

Smelting & Refining

(Domestic)

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

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

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

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

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

(Sales of zinc)
- MS Zinc Co., Ltd.*

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

(Overseas)

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

(Sales and business consulting of nonferrous products)
- Sumitomo Metal Mining Management (Shanghai) Co., Ltd.
- Sumitomo Metal Mining (Hong Kong) Co., Ltd.

(One more company)

Materials

(Domestic)

(Manufacture and sales of Semiconductor materials)
- SH Materials Co., Ltd.
- Ohkuchi Materials Co., Ltd.
- Niihama Materials Co., Ltd.
- SH Precision Co., Ltd.
- Niihama Electronics Co., Ltd.

(Manufacture, sales and contracted manufacturing of advanced materials)
- Okuchi Electronics Co., Ltd.
- Sumiko Kunitomi Denshi Co., Ltd.
- SMM Precision Co., Ltd.
- GRANOPT Ltd.*
- Sumiko Energy Materials Co., Ltd.

(Manufacture and sale of copper bars)
- SH Copper Products Co., Ltd.*

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

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

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

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

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

(Two more companies)

(Overseas)

(Manufacture and sales of semiconductor materials)
- SH Asia Pacific Pte. Ltd.
- Malaysian SH Electronics Sdn. Bhd.
- Sumiko Leadframe (Thailand) Co., Ltd.
- Sumiko Leadframe Chengdu Co., Ltd.
- Sumiko Electronics Suzhou Co., Ltd.
- SH Precision Chengdu Co., Ltd.
- SH Electronics Taiwan Co., Ltd.
- Sumiko Advanced Materials (Suzhou) Co., Ltd.
- Suzhou SH Precision Co., Ltd.
- Malaysian SH Precision Sdn. Bhd.
- Sumiko Tape Materials Singapore Pte. Ltd.

(Sales consulting)
- SMM KOREA CO, Ltd.

(Manufacture and sale of advanced materials)
- Shanghai Sumiko Electronic Paste Co., Ltd.
- Dongguan Sumiko Electronic Paste Co., Ltd.
- Malaysian Electronics Materials SDN. BHD.
- Taiwan Sumiko Materials Co., Ltd.

(Sale of various lubricants)
- SUMICO LUBRICANT TRADING (SHANGHAI) CO., LTD.

Other businesses

(Domestic)

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

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

(Antisepsis, disinfect and reformulation by radiation)
- Japan Irradiation Service Co., Ltd.

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

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

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

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

(One more company)

(Overseas)

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

Contracted manufacturing
Product supply
Outsourcing

Consolidated subsidiaries have no mark (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 15 3-Yr Business Plan, the SMM Group has determined to maintain an equity ratio above 50% and a consolidated payout ratio of at least 30% 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 profit 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 profit 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 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 an annual production output from our interests of 300 ktpa of copper and 30 tpa of gold by fiscal 2021. We are now seeing the possibility of an annual production output from our interests of 300 ktpa of copper, thanks to the expansion of overseas copper mines already in operation, the start of commercial production in the Sierra Gorda Project, and the acquisition of additional interests in the Morenci copper mine. As for gold, we will promote the exploration around the Hishikari mine and the Pogo gold mine in an effort to capture additional gold content, while aggressively acquiring interests and carrying out exploration activities.

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 finished in 2013, completing our 100 ktpa nickel production capacity. 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, while commercializing the recovery of new resources such as scandium.

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

3) Materials

We have focused our investment on products such as battery materials and crystal materials that are expected to experience future growth, by reforming the business structure in the “12 3-Yr Business Plan.” In the “15 3-Yr Business Plan,” we will strive to improve profits by ensuring that these products are our dynamic force. In addition, we will diligently work in collaboration with Materials/Research & Development divisions toward the commercialization of new products, in order to achieve further growth.

4) Research and development

Based on the “15 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

The SMM Group will prepare consolidated financial statements in accordance with J-GAAP as our near-term policy, considering comparability among the accounting periods of consolidated financial statements and among companies.

Meanwhile, in preparation for adopting International Accounting Standards (IFRS), the SMM Group is currently engaged in discussions on organizing internal manuals and guidelines, as well as its adoption date.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Assets		
Current assets		
Cash and deposits	*3 69,264	*3 63,374
Notes and accounts receivable-trade	116,218	98,904
Securities	113,400	139,500
Merchandise and finished goods	75,188	47,648
Work in process	57,962	60,197
Raw materials and supplies	68,273	54,129
Deferred tax assets	3,765	1,455
Other	42,187	74,470
Allowance for doubtful accounts	(396)	(598)
Total current assets	545,861	539,079
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	156,646	156,689
Machinery, equipment and vehicles, net	241,044	231,689
Tools, furniture and fixtures, net	4,795	4,284
Land	26,632	26,630
Construction in progress	40,256	34,242
Total property, plant and equipment	*1, *3 469,373	*1, *3 453,534
Intangible assets		
Mining right	*3 6,413	*3 5,371
Software	2,016	1,791
Other	2,336	2,220
Total intangible assets	10,765	9,382
Investments and other assets		
Investment securities	*2, *3 582,053	*2, *3 448,729
Long-term loans receivable	*3 142,891	*3 126,224
Deferred tax assets	3,156	3,648
Net defined benefit asset	331	189
Other	*2, *3 36,700	*2, *3 50,215
Allowance for doubtful accounts	(201)	(200)
Allowance for investment loss	(50,683)	—
Total investments and other assets	714,247	628,805
Total non-current assets	1,194,385	1,091,721
Total assets	1,740,246	1,630,800

(Millions of yen)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	36,767	45,433
Short-term loans payable	*3 99,094	*3 102,523
Current portion of bonds	—	10,000
Income taxes payable	30,729	3,840
Deferred tax liabilities	25	195
Provision for bonuses	4,063	3,541
Provision for directors’ bonuses	110	—
Provision for furnace repair works	743	250
Provision for loss on business restructuring	1,236	417
Provision for environmental measures	4,243	338
Other provision	129	191
Other	61,286	58,539
Total current liabilities	238,425	225,267
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term loans payable	*3 245,000	*3 248,036
Deferred tax liabilities	28,571	15,912
Provision for directors’ retirement benefits	32	31
Provision for loss on business restructuring	1,220	904
Provision for environmental measures	534	325
Other provision	219	226
Net defined benefit liability	7,763	14,128
Asset retirement obligations	7,525	7,831
Other	2,012	2,145
Total non-current liabilities	342,876	329,538
Total liabilities	581,301	554,805
Net assets		
Shareholders’ equity		
Capital stock	93,242	93,242
Capital surplus	86,066	86,067
Retained earnings	770,020	744,886
Treasury shares	(32,753)	(32,827)
Total shareholders’ equity	916,575	891,368
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,679	20,225
Deferred gains or losses on hedges	247	(1,587)
Foreign currency translation adjustment	87,288	77,274
Remeasurements of defined benefit plans	435	(4,322)
Total accumulated other comprehensive income	134,649	91,590
Non-controlling interests	107,721	93,037
Total net assets	1,158,945	1,075,995
Total liabilities and net assets	1,740,246	1,630,800

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

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Net sales	921,334	855,407
Cost of sales	*1 747,077	*1 741,545
Gross profit	174,257	113,862
Selling, general and administrative expenses		
Sales, transportation and sundry expenses	9,298	9,802
Salaries and allowances	10,634	11,733
Provision for bonuses	1,140	990
Retirement benefit expenses	501	549
Provision for directors’ retirement benefits	1	2
Research and development expenses	*2 5,865	*2 5,772
Other	21,039	25,294
Total selling, general and administrative expenses	48,478	54,142
Operating income	125,779	59,720
Non-operating income		
Interest income	7,180	10,792
Dividend income	3,038	3,008
Foreign exchange gains	19,977	—
Share of profit of entities accounted for using equity method	23,943	—
Other	2,153	3,658
Total non-operating income	56,291	17,458
Non-operating expenses		
Interest expenses	3,968	4,873
Foreign exchange losses	—	6,800
Suspended business management expense	535	605
Maintenance expense of suspended or abandoned mines	627	427
Loss on valuation of derivatives	130	194
Share of loss of entities accounted for using equity method	—	73,223
Other	2,584	3,820
Total non-operating expenses	7,844	89,942
Ordinary income (loss)	174,226	(12,764)
Extraordinary income		
Gain on sales of non-current assets	*3 112	*3 263
Gain on sales of investment securities	10	2
Reversal of allowance for investment loss	—	16,350
Gain on transfer of business	202	—
Total extraordinary income	324	16,615

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Extraordinary losses		
Loss on sales of non-current assets	*4 14	*4 13
Loss on retirement of non-current assets	*5 675	*5 630
Loss on reduction of non-current assets	—	89
Impairment loss	*6 614	*6 813
Loss on valuation of investment securities	—	1,463
Provision for loss on business restructuring	*7 2,449	—
Provision for environmental measures	*8 2,861	*8 131
Restructuring loss	34	53
Provision of allowance for investment loss	*9 44,474	—
Loss on disaster	168	100
Total extraordinary losses	51,289	3,292
Income before income taxes and minority interests	123,261	559
Income taxes - current	46,407	16,977
Income taxes - deferred	(1,058)	3,379
Total income taxes	45,349	20,356
Profit (loss)	77,912	(19,797)
Loss attributable to non-controlling interests	(13,201)	(19,488)
Profit (loss) attributable to owners of parent	91,113	(309)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Profit (loss)	77,912	(19,797)
Other comprehensive income		
Valuation difference on available-for-sale securities	15,277	(26,228)
Deferred gains or losses on hedges	125	(1,783)
Foreign currency translation adjustment	27,975	(9,104)
Remeasurements of defined benefit plans, net of tax	490	(4,289)
Share of other comprehensive income of entities accounted for using equity method	42,118	(3,834)
Total other comprehensive income	* 85,985	* (45,238)
Comprehensive income	163,897	(65,035)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	164,893	(43,369)
Comprehensive income attributable to non-controlling interests	(996)	(21,666)

(3) Consolidated Statement of Changes in Equity

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)
Profit attributable to owners of parent			91,113		91,113
Purchase of treasury shares				(778)	(778)
Disposal of treasury shares		4		3	7
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					Non-controll -ing 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	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)
Profit attributable to owners of parent							91,113
Purchase of treasury shares							(778)
Disposal of treasury shares							7
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

FY2015 (from April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	93,242	86,066	770,020	(32,753)	916,575
Changes of items during period					
Dividends of surplus			(24,825)		(24,825)
Loss attributable to owners of parent			(309)		(309)
Purchase of treasury shares				(79)	(79)
Disposal of treasury shares		1		5	6
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1	(25,134)	(74)	(25,207)
Balance at end of current period	93,242	86,067	744,886	(32,827)	891,368

	Accumulated other comprehensive income					Non-controll -ing 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	46,679	247	87,288	435	134,649	107,721	1,158,945
Changes of items during period							
Dividends of surplus							(24,825)
Loss attributable to owners of parent							(309)
Purchase of treasury shares							(79)
Disposal of treasury shares							6
Net changes of items other than shareholders' equity	(26,454)	(1,834)	(10,014)	(4,757)	(43,059)	(14,684)	(57,743)
Total changes of items during period	(26,454)	(1,834)	(10,014)	(4,757)	(43,059)	(14,684)	(82,950)
Balance at end of current period	20,225	(1,587)	77,274	(4,322)	91,590	93,037	1,075,995

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	123,261	559
Depreciation	38,125	46,141
Impairment loss	614	813
Loss (gain) on sales of non-current assets	(98)	(250)
Loss on retirement of non-current assets	675	630
Loss on reduction of non-current assets	—	89
Loss (gain) on sales of investment securities	(10)(2)	
Loss (gain) on valuation of investment securities	—	1,463
Loss (gain) on valuation of derivatives	130	194
Increase (decrease) in allowance for doubtful accounts	93	201
Increase (decrease) in provision for bonuses	310	(522)
Increase (decrease) in provision for directors' bonuses	34	(110)
Increase (decrease) in provision for furnace repair works	533	(493)
Increase (decrease) in provision for directors' retirement benefits	6	(1)
Increase (decrease) in provision for loss on business restructuring	2,359	(1,135)
Increase (decrease) in allowance for investment loss	50,683	(16,350)
Increase (decrease) in provision for environmental measures	2,599	(4,114)
Increase (decrease) in other provision	19	69
Increase (decrease) in net defined benefit liability	(530)	182
Interest and dividend income	(10,218)	(13,800)
Interest expenses	3,968	4,873
Foreign exchange losses (gains)	(15,943)	4,672
Share of (profit) loss of entities accounted for using equity method	(23,943)	73,223
Suspended business management expense	535	605
Loss on disaster	168	100
Loss on business restructuring	34	53
Loss (gain) on transfer of business	(202)	—
Decrease (increase) in notes and accounts receivable-trade	(11,417)	16,415
Decrease (increase) in inventories	(40,833)	37,948
Increase (decrease) in notes and accounts payable-trade	(14,557)	18,128
Increase (decrease) in accrued consumption taxes	(664)	3,919
Other, net	14,079	(12,858)
Subtotal	119,810	160,642
Interest and dividend income received	29,984	10,647
Interest expenses paid	(3,545)	(5,364)
Suspended business management expense paid	(535)	(605)
Disaster recovery expense paid	(168)	(100)
Income taxes paid	(25,543)	(45,516)
Net cash provided by (used in) operating activities	120,003	119,704

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,614)	(42,880)
Proceeds from sales of property, plant and equipment	809	775
Purchase of intangible assets	(117)	(455)
Proceeds from sales of intangible assets	30	—
Purchase of investment securities	(1,506)	(702)
Proceeds from sales of investment securities	5,016	2
Purchase of shares of subsidiaries and associates	(13,556)	(25,523)
Proceeds from capital reduction of subsidiaries and associates	—	937
Payments into time deposits	(4,398)	(553)
Proceeds from withdrawal of time deposits	57	208
Payments of short-term loans receivable	(179)	(8,202)
Collection of short-term loans receivable	256	29
Payments of long-term loans receivable	(33,194)	(16,877)
Collection of long-term loans receivable	147	365
Proceeds from transfer of business	225	—
Net cash provided by (used in) investing activities	(105,024)	(92,876)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	928	(1,664)
Proceeds from long-term loans payable	747	37,299
Repayments of long-term loans payable	(19,281)	(21,035)
Proceeds from share issuance to non-controlling shareholders	5,386	10,507
Decrease (increase) in treasury shares	(771)	(73)
Cash dividends paid	(24,284)	(24,825)
Dividends paid to non-controlling interests	(1,772)	(4,212)
Net cash provided by (used in) financing activities	(39,047)	(4,003)
Effect of exchange rate change on cash and cash equivalents	(795)	(2,720)
Net increase (decrease) in cash and cash equivalents	(24,863)	20,105
Cash and cash equivalents at beginning of period	202,583	177,720
Cash and cash equivalents at end of period	* 177,720	* 197,825

(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 “2. Corporate Group,” their names are omitted.

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

3. Fiscal Year, etc., of Consolidated Subsidiaries

The closing date is December 31 for the 31 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., SUMIC Nickel Netherlands B.V., 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).

Two companies with closing dates of December 31, Coral Bay Nickel Corporation and Taganito HPAL Nickel Corporation, have changed their closing dates to March 31, which is the consolidated closing date, by preparing provisional financial statements as of March 31 for the consolidation purpose from the fiscal year under review. As a result, the accounting period of these two companies for the fiscal year under review covers the 15-month period.

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. 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 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.

(v) 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.

(vi) 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.

(vii) Provision for environmental measures

The Company and several consolidated domestic subsidiaries set the provision for environmental measures that is an estimated amount expected to cover future potential costs, such as costs related to the disposal of wastes that contain polychlorinated biphenyl (PCB) and lead.

(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, 2016. 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 “Non-controlling 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 Business Combinations, etc.)

Effective from the fiscal year ended March 31, 2016, the Company has adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereinafter, “Business Combinations Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Financial Statements Standard”) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Standard”) and others. Accordingly, the Company’s accounting policies have been changed; the difference arising from a change in the Company’s equity in a subsidiary over which the Company continues to have control is recorded as capital surplus and acquisition-related costs are expensed in the fiscal year when they are incurred. In addition, for business combinations to be performed at and after the beginning of the fiscal year under review, a method was changed to recognize an adjustment to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost in the consolidated financial statements for the fiscal year where the date of business combination belongs. In addition, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests.” To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the fiscal year ended March 31, 2015.

The Business Combinations Standard and others were adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of the fiscal year under review.

These changes have no impact on the Company’s consolidated financial statements.

(Change in Presentation Method)

(Consolidated Statement of Income)

“Dismantlement cost,” which was separately posted under “Non-operating expenses” in the previous fiscal year, has been included in “Other” for the fiscal year under review, because its amount has become immaterial. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥790 million, which was posted in “Dismantlement cost” under “Non-operating expenses” has been reclassified as “Other” in the Consolidated Statement of Income for the previous fiscal year.

(Consolidated Balance Sheet)

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

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Accumulated depreciation	¥464,956 million	¥489,013 million

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

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Investment securities	¥376,663 million	¥316,267 million
Investments and other assets	¥10,206 million	¥9,638 million

Investment securities for the current fiscal year include ¥13,031 million (¥13,848 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.

	FY2014 (as of March 31, 2015)		FY2015 (as of March 31, 2016)	
Cash and deposits	¥1 million	(¥— million)	¥1 million	(¥— million)
Buildings and structures	¥21,956	(¥21,956 million)	¥21,580	(¥21,580 million)
Machinery, equipment and vehicles	¥18,651	(¥18,651 million)	¥15,727	(¥15,727 million)
Tools, furniture and fixtures	¥483	(¥483 million)	¥472	(¥472 million)
Land	¥1,112	(¥1,112 million)	¥1,105	(¥1,105 million)
Mining rights	¥276	(¥276 million)	¥269	(¥269 million)
Investment securities[Note]	¥93,690	(— million)	¥34,654	(— million)
Long-term loans receivable	¥26,914	(— million)	¥25,227	(— million)
Investments and other assets	¥376	(— million)	¥338	(— million)
Total	¥163,458	(¥42,477 million)	¥99,373	(¥39,153 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.

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Long-term loans payable (including current portion redeemable within one year)	¥29,914 million	¥28,227 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 ¥71,739 million (¥84,105 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.

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Sierra Gorda S.C.M.	¥100,164 million	¥89,948 million
MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD.	¥1,750	¥1,100
SH Copper Products Co., Ltd.	¥1,600	—
Total	¥103,514	¥91,048

2) Other commitments and contingent liabilities are as follows.

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Obligation to guarantee construction costs of electric facilities of the Pogo gold mine	¥480 million	¥225 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]	¥3,331	¥3,387
Total	¥3,811	¥3,612

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

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Notes and accounts receivable sold to factoring companies with recourse	¥435 million	¥19 million

*6 Discount on export notes receivable

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Discount on export notes receivable	¥94 million	¥97 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.

FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
¥620 million	¥135 million

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

FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
¥5,865 million	¥5,772 million

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

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Buildings and structures	¥17 million	¥1 million
Machinery, equipment and vehicles	¥37	¥155
Tools, furniture and fixtures	¥14	¥35
Land	¥44	¥72
Total	¥112	¥263

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

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Machinery, equipment and vehicles	¥12 million	¥13 million
Other	¥2	—
Total	¥14	¥13

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

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Buildings and structures	¥222 million	¥273 million
Machinery, equipment and vehicles	¥377	¥206
Tools, furniture and fixtures	¥27	¥42
Other	¥49	¥109
Total	¥675	¥630

*6 Impairment loss

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

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 are 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.

FY2015 (from April 1, 2015, to March 31, 2016)

Major use	Location	Asset category	Impairment loss (Millions of yen)
Manufacturing facilities for thin film materials	Ome City, Tokyo, Japan	Buildings Machinery and equipment Vehicles Tools, furniture and fixtures Construction in progress	1 223 0 6 3
Manufacturing facilities for sapphire substrates	Isa City, Kagoshima Prefecture, Japan	Machinery and equipment Tools, furniture and fixtures Software	345 2 1
Manufacturing facilities for lead frames	Jiangsu, China	Machinery and equipment Tools, furniture and fixtures	59 5
Manufacturing facilities for ferronickel	Hyuga City, Miyazaki Prefecture, Japan	Machinery and equipment Tools, furniture and fixtures	142 1
Manufacturing plant buildings for thin film materials	Kaohsiung, Taiwan	Buildings	25
Total			813

The book values of manufacturing facilities for thin film materials were reduced to their recoverable amounts because of expectations that the sales volume of the ITO targets would not recover. The value in use of assets is used as their recoverable amounts for the measurement of impairment losses, which are posted under “Extraordinary losses.” As the estimated value in use of the assets based on future cash flows is negative, their recoverable amounts are recognized as zero.

The book values of manufacturing facilities for sapphire substrates were reduced to their recoverable amounts, because the decision was made to withdraw from this business. The net sales prices of assets are used as their recoverable amounts for the measurement of impairment losses, which are posted under “Extraordinary losses.” The net sales prices of these assets are recognized as zero, because their sale will be difficult.

The book values of manufacturing facilities for lead frames were reduced to their recoverable amounts because of expectations that it will be difficult to recover operating results in a short period of time as a result of sluggish performance mainly resulting from deterioration in sales volume and sales prices. The net sales prices 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 by methods similar thereto.

The book values of manufacturing facilities for ferronickel that relate to one electric furnace, which has been idle but ready for re-operation from the fiscal year under review, were reduced to their recoverable amounts. The value in use of assets is used as their recoverable amounts for the measurement of impairment losses, which are posted under “Extraordinary losses.” The recoverable amounts of these assets are recognized as zero because the timing of returning to operation is uncertain.

With regard to the manufacturing plant buildings for thin film materials, the book values for interior and related work in the old plant were reduced to their recoverable amounts, since the plant has been relocated. The net sales prices of assets are used as their recoverable amounts for the measurement of impairment losses, which are posted under “Extraordinary losses.” The net sales prices of these assets are recognized as zero, because their sale will be 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 consolidated subsidiaries are projected to experience in association with the business restructuring.

FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
¥2,449 million	— 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 the disposal of polychlorinated biphenyl (PCB). The provision in the previous fiscal year also includes expenses for environmental measures for suspended or abandoned mines.

FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
¥2,861 million	¥131 million

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

FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
¥44,474 million	— million

(Consolidated Statement of Comprehensive Income)

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

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Valuation difference on available-for-sale securities:		
Amount that occurred during the period	21,243	(38,582)
Reclassification adjustment	(10)	1,464
Before tax-effect adjustment	21,233	(31,118)
Tax-effect amount	(5,956)	10,890
Valuation difference on available-for-sale securities	15,277	(26,228)
Deferred gains or losses on hedges:		
Amount that occurred during the period	739	(3,728)
Reclassification adjustment	(575)	1,160
Before tax-effect adjustment	164	(2,568)
Tax-effect amount	(39)	785
Deferred gains or losses on hedges	125	(1,783)
Foreign currency translation adjustment:		
Amount that occurred during the period	27,975	(9,104)
Reclassification adjustment	—	—
Before tax-effect adjustment	27,975	(9,104)
Tax-effect amount	—	—
Foreign currency translation adjustment	27,975	(9,104)
Remeasurements of defined benefit plans, net of tax:		
Amount that occurred during the period	485	(6,303)
Reclassification adjustment	293	19
Before tax-effect adjustment	778	(6,284)
Tax-effect amount	(288)	1,995
Remeasurements of defined benefit plans, net of tax	490	(4,289)
Share of other comprehensive income of entities accounted for using equity method:		
Amount that occurred during the period	42,123	(3,798)
Reclassification adjustment	(5)	(36)
Share of other comprehensive income of entities accounted for using equity method	42,118	(3,834)
Total other comprehensive income	85,985	(45,238)

(Consolidated Statement of Changes in Equity)

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

A major cause of the increase in the number of treasury shares is as follows:

Increase due to the purchase of treasury shares by resolution of the Board of Directors:	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 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	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

FY2015 (from April 1, 2015, to March 31, 2016)

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)	29,948,647	51,332	3,924	29,996,055

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:	51,332 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:	3,924 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	Proposed effective date
Ordinary General Meeting of Shareholders held on June 29, 2015	Common stock	13,240	24	March 31, 2015	June 30, 2015
Board meeting to be held on November 10, 2015	Common stock	11,585	21	September 30, 2015	December 4, 2015

(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 27, 2016	Common stock	5,516	Retained earnings	10	March 31, 2016	June 28, 2016

(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)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Cash and deposits	69,264	63,374
Short-term investment securities	113,400	139,500
Time deposits with a maturity longer than three months	(4,944)	(5,049)
Cash and cash equivalents	177,720	197,825

(Segment Information and Others)

[Segment Information]

1. Summary of Reported Segments

(1) Decision method of the reported segments

The reported segments of the Company refer to constitutional units, for which separate financial information is available and that are subject to periodic reviews by the Board of Directors as the supreme, managerial decision-making organ to determine the allocation of management resources and assess their respective operating results.

The Company currently has three business divisions—Mineral Resources Div., Non-Ferrous Metals Div., Materials Div.—in the pursuit of effective business operations by products and services. Each of these business divisions plans its own comprehensive strategies to be carried out in Japan and overseas for its own product and service lines and engages in diverse business activities within the Company and through the consolidated subsidiaries and equity-method affiliates over which it holds jurisdiction. The three aforementioned businesses are classified as “Business Segments” of the Company.

The Group has classified these business segments into three core reported segments: Mineral Resources, Smelting & Refining and Materials. In determining these reported segments, the mineral resource businesses 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.

(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 Company 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 crystal materials (e.g., lithium tantalate substrates, lithium niobate substrates); 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

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
Segment 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

FY2015 (from April 1, 2015, to March 31, 2016)

(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	70,448	622,523	158,302	851,273	4,134	—	855,407
Inter-segment	49,303	19,409	13,295	82,007	11,157	(93,164)	—
Total	119,751	641,932	171,597	933,280	15,291	(93,164)	855,407
Segment income (loss)	(44,317)	25,258	5,972	(13,087)	(828)	1,151	(12,764)
Segmental assets	344,673	683,830	197,114	1,225,617	20,767	384,416	1,630,800
Segmental liabilities	54,299	323,449	107,939	485,687	10,526	58,592	554,805
Other items:							
Depreciation	13,972	21,673	8,014	43,659	386	2,096	46,141
Amortization of goodwill	135	—	23	158	—	—	158
Interest income	344	280	130	754	—	10,038	10,792
Interest expenses	123	4,119	372	4,614	19	240	4,873
Share of profit (loss) of entities accounted for using equity method	(79,720)	2,885	2,856	(73,979)	—	756	(73,223)
Investment in entities accounted for using equity method	146,649	93,250	29,127	269,026	—	56,799	325,825
Increase in property, plant and equipment and intangible assets	11,648	15,230	21,633	48,511	366	2,137	51,014

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

(1) The adjustments for segment income (loss) are as follows: (Millions of yen)

	FY2014	FY2015
Head Office expenses not allocated to each reported segment [a]	(1,461)	(90)
Internal interest rate	543	562
Eliminations of inter-segmental transactions among the reported segments	1,039	267
Non-operating income/expenses not allocated to each reported segment [b]	26,173	412
Total	26,294	1,151

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)

	FY2014	FY2015
Corporate assets not allocated to each reported segment*	471,716	482,978
Offsets and eliminations of inter-segmental receivables among the reported segments, including those toward Head Office divisions/departments	(32,840)	(98,562)
Total	438,876	384,416

*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)

	FY2014	FY2015
Corporate liabilities not allocated to each reported segment*	203,498	197,656
Offsets and eliminations of inter-segmental obligations among the reported segments, including those toward Head Office divisions/departments	(122,051)	(139,064)
Total	81,447	58,592

*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. Segment income is adjusted with ordinary income in the Consolidated Financial Statements.

[Related Information]
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	East Asia	Southeast Asia	North America	Others	Total
558,183	192,433	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: China, 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

FY2015 (from April 1, 2015, to March 31, 2016)

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
515,177	175,901	70,140	73,384	20,805	855,407

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, South Korea, etc.
    (2) Southeast Asia: Indonesia, Malaysia, Thailand, Viet Nam, etc.
    (3) North America: United States, Mexico and Canada
    (4) Others: Australia, Germany, Italy, Turkey, etc.

(2) Property, plant and equipment

(Millions of yen)

Domestic	East Asia	The Philippines	Southeast Asia	United States	Others	Total
152,008	7,112	222,680	2,004	64,280	5,450	453,534

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	133,912	Smelting & Refining and Materials
Mitsui & Co., Ltd.	63,915	Smelting & Refining

[Information on Impairment Loss of Non-current Assets by Reported Segment]
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

FY2015 (from April 1, 2015, to March 31, 2016)

(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	—	143	670	813	—	—	813

[Information on Amortization of Goodwill and Unamortized Balance by Reported Segment]
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.

FY2015 (from April 1, 2015, to March 31, 2016)

(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	268	—	54	322	—	—	322

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

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. Each amount includes foreign exchange gains/losses.

FY2015 (from April 1, 2015, to March 31, 2016)

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	1,659,400	Mineral resources	(Possessed) Indirectly 45.0	Debt guarantee and pledge as security for loans, etc., from financial institutions, etc.	Debt guarantee	89,948 (Note 1)	–	–
							Pledge as security	71,739 (Note 2)	–	–
						Financing support	Providing loans	– (Note 3)	Long-term loans receivable	106,084

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, 2016.
3. Terms and conditions of loan are determined based on the market interest rates, etc. Each amount includes foreign exchange gains/losses.

2. Information on Significant Affiliates

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. (Millions of yen)	Sierra Gorda S.C.M. (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	–
Profit	39,947	–

FY2015 (from April 1, 2015, to March 31, 2016)

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. (Millions of yen)	Sierra Gorda S.C.M. (Millions of yen)
Total current assets	127,342	33,230
Total non-current assets	819,144	687,588
Total current liabilities	66,112	54,348
Total non-current liabilities	338,183	577,797
Total net assets	542,191	88,673
Net sales	135,112	34,686
Income before income taxes	9,632	(157,068)
Profit	4,031	(112,221)

(Earnings per Share)

FY2014 (from April 1, 2014, to March 31, 2015)		FY2015 (from April 1, 2015, to March 31, 2016)	
Net assets per share	¥1,905.50	Net assets per share	¥1,781.91
Profit per share	¥165.11	Loss per share	¥(0.56)
Diluted profit per share	¥149.44	Diluted profit per share	—

Notes:

1. Diluted profit per share is not disclosed as loss per share for the year ended March 31, 2016 was recorded even though there are potentially dilutive shares.
2. The basis for the calculation of net assets per share is as follows.

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Total net assets (Millions of yen)	1,158,945	1,075,995
Amounts deducted from total net assets (Millions of yen)	107,721	93,037
(Including non-controlling interests)	(107,721)	(93,037)
Net assets attributable to shares of common stock at fiscal year-end (Millions of yen)	1,051,224	982,958
Number of common shares issued (Thousands of shares)	581,628	581,628
Number of common shares of treasury shares (Thousands of shares)	29,949	29,996
Year-end number of common shares used for the calculation of net assets per share (Thousands of shares)	551,679	551,632

3. The basis for the calculation of profit (loss) per share and diluted profit per share is as follows.

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Profit (loss) per share:		
Profit (loss) attributable to owners of parent (Millions of yen)	91,113	(309)
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent of shares of common stock (Millions of yen)	91,113	(309)
Weighted average number of shares of common stock during the fiscal year (Thousands of shares)	551,848	551,653
Diluted profit per share:		
Adjustment of profit attributable to owners of parent (Millions of yen)	390	—
(Including interest expenses after deducting the amount corresponding to taxes) (Millions of yen)	(390)	(—)
Increase in shares of common stock (Thousands of shares)	60,459	—
(Including subscription rights to shares) (Thousands of shares)	(60,459)	(—)
Securities excluded from the computation of diluted profit 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)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Assets		
Current assets		
Cash and deposits	18,179	16,518
Notes receivable-trade	1,170	1,069
Accounts receivable-trade	95,736	75,311
Securities	113,400	139,500
Merchandise and finished goods	67,436	39,448
Work in process	46,749	48,788
Raw materials and supplies	44,719	27,824
Advance payments-trade	22,212	14,905
Prepaid expenses	505	547
Deferred tax assets	5,063	1,670
Short-term loans receivable	132,787	118,883
Accounts receivable-other	5,273	6,674
Other	7,515	7,580
Allowance for doubtful accounts	(36,321)	(26,547)
Total current assets	524,423	472,170
Non-current assets		
Property, plant and equipment		
Buildings	30,563	30,540
Structures	19,293	19,448
Machinery and equipment	33,873	33,457
Vessels	0	0
Vehicles	230	259
Tools, furniture and fixtures	1,398	1,412
Mining land	26	26
General-purpose land	18,318	18,367
Construction in progress	3,115	6,041
Total property, plant and equipment	106,816	109,550
Intangible assets		
Leasehold right	84	84
Mining right	319	310
Software	1,335	1,140
Other	119	185
Total intangible assets	1,857	1,719
Investments and other assets		
Investment securities	145,139	111,600
Shares of subsidiaries and associates	130,186	194,001
Investments in capital	6	6
Investments in capital of subsidiaries and associates	59,024	34,648
Long-term loans receivable	35,580	19,093
Long-term prepaid expenses	1,427	1,190
Other	5,733	10,785
Allowance for doubtful accounts	(190)	(188)
Allowance for investment loss	(448)	—
Total investments and other assets	376,457	371,135
Total non-current assets	485,130	482,404
Total assets	1,009,553	954,574

(Millions of yen)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	30,391	34,950
Short-term loans payable	25,950	15,490
Current portion of long-term loans payable	12,083	19,716
Current portion of bonds	—	10,000
Lease obligations	2	1
Accounts payable-other	28,438	23,192
Accrued expenses	8,065	7,644
Income taxes payable	26,186	256
Advances received	147	161
Deposits received	640	264
Provision for bonuses	1,875	1,412
Provision for directors' bonuses	110	—
Provision for furnace repair works	743	250
Provision for loss on business restructuring	1,179	417
Provision for environmental measures	4,243	98
Other	14,955	22,835
Total current liabilities	155,007	136,686
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term loans payable	129,043	144,926
Lease obligations	2	6
Deferred tax liabilities	21,281	11,111
Provision for retirement benefits	4,492	4,163
Provision for metal mining pollution control	47	47
Provision for loss on business restructuring	1,220	904
Provision for loss on support to subsidiaries and associates	540	1,940
Provision for environmental measures	166	312
Asset retirement obligations	369	378
Other	1,041	1,135
Total non-current liabilities	208,201	204,922
Total liabilities	363,208	341,608

(Millions of yen)

	FY2014 (as of March 31, 2015)	FY2015 (as of March 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	93,242	93,242
Capital surplus		
Legal capital surplus	86,062	86,062
Other capital surplus	4	5
Total capital surplus	86,066	86,067
Retained earnings		
Legal retained earnings	7,455	7,455
Other retained earnings		
Reserve for overseas investment loss	10,364	11,250
Reserve for reduction entry	4,147	4,137
Reserve for exploration for minerals	2,394	3,141
General reserve	378,000	408,000
Retained earnings brought forward	55,112	14,945
Total retained earnings	457,472	448,928
Treasury shares	(32,753)	(32,827)
Total shareholders' equity	604,027	595,410
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	42,208	19,305
Deferred gains or losses on hedges	110	(1,749)
Total valuation and translation adjustments	42,318	17,556
Total net assets	646,345	612,966
Total liabilities and net assets	1,009,553	954,574

(2) Non-consolidated Statement of Income

(Millions of yen)

	FY2014 (from April 1, 2014, to March 31, 2015)	FY2015 (from April 1, 2015, to March 31, 2016)
Net sales	758,771	700,317
Cost of sales	650,917	620,426
Gross profit	107,854	79,891
Selling, general and administrative expenses	30,497	30,951
Operating income	77,357	48,940
Non-operating income		
Interest income	3,009	2,772
Dividend income	34,482	22,641
Foreign exchange gains	19,294	—
Other	2,529	3,034
Total non-operating income	59,314	28,447
Non-operating expenses		
Interest expenses	1,820	1,516
Interest on bonds	405	405
Loss on valuation of derivatives	322	123
Foreign exchange losses	—	6,487
Out-of-cost amortization	2	2
Provision of allowance for doubtful accounts	681	113
Provision of allowance for investment loss	308	—
Maintenance expense of suspended or abandoned mines	785	500
Dismantlement cost	594	1,155
Other	1,517	1,738
Total non-operating expenses	6,434	12,039
Ordinary income	130,237	65,348
Extraordinary income		
Gain on sales of non-current assets	59	49
Gain on sales of investment securities	10	—
Gain on transfer of business	202	—
Reversal of allowance for doubtful accounts for subsidiaries and associates	—	9,895
Total extraordinary income	271	9,944
Extraordinary losses		
Loss on sales of non-current assets	6	11
Loss on retirement of non-current assets	264	373
Impairment loss	613	580
Loss on valuation of investment securities	—	904
Loss on valuation of shares of subsidiaries and associates	—	857
Loss on valuation of investments in capital of subsidiaries and associates	—	41,553
Provision of allowance for doubtful accounts for subsidiaries and associates	33,780	—
Restructuring loss	22	—
Provision for loss on business restructuring	2,399	—
Loss on support to subsidiaries and associates	950	1,180
Provision for loss on support to subsidiaries and affiliates	180	1,400
Loss on disaster	—	80
Provision for environmental measures	2,511	238
Total extraordinary losses	40,725	47,176
Income before income taxes	89,783	28,116
Income taxes - current	34,235	7,383
Income taxes - deferred	(2,117)	4,452
Total income taxes	32,118	11,835
Profit	57,665	16,281

(3) Non-consolidated Statement of Changes in Equity
FY2014 (from April 1, 2014, to March 31, 2015)

(Millions of yen)

	Shareholders’ equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Various reserves	Retained earnings brought forward	Total other 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)
Profit							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)				(1,984)
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)
Profit		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

FY2015 (from April 1, 2015, to March 31, 2016)

(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	4	86,066	7,455	394,905	55,112	450,017	457,472
Changes of items during period									
Provision of various reserves						33,679	(33,679)	—	—
Reversal of various reserves						(2,056)	2,056	—	—
Dividends of surplus							(24,825)	(24,825)	(24,825)
Profit							16,281	16,281	16,281
Purchase of treasury shares									
Disposal of treasury shares			1	1					
Net changes of items other than shareholders’ equity									
Total changes of items during period	—	—	1	1	—	31,623	(40,167)	(8,544)	(8,544)
Balance at end of current period	93,242	86,062	5	86,067	7,455	426,528	14,945	441,473	448,928

	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	(32,753)	604,027	42,208	110	42,318	646,345
Changes of items during period						
Provision of various reserves		—				—
Reversal of various reserves		—				—
Dividends of surplus		(24,825)				(24,825)
Profit		16,281				16,281
Purchase of treasury shares	(79)	(79)				(79)
Disposal of treasury shares	5	6				6
Net changes of items other than shareholders’ equity			(22,903)	(1,859)	(24,762)	(24,762)
Total changes of items during period	(74)	(8,617)	(22,903)	(1,859)	(24,762)	(33,379)
Balance at end of current period	(32,827)	595,410	19,305	(1,749)	17,556	612,966

[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, 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 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

	Balance at April 1, 2015	Provision	Reversal	Total changes during the fiscal year	Balance at March 31, 2016
Reserve for overseas investment loss	10,364	886	—	886	11,250
Reserve for reduction entry	4,147	193	(203)	(10)	4,137
Reserve for exploration for minerals	2,394	2,600	(1,853)	747	3,141
General reserve	378,000	30,000	—	30,000	408,000
Total various reserves (Millions of yen)	394,905	33,679	(2,056)	31,623	426,528

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

7. Others

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	FY2014	FY2015	Increase/ decrease	Projections For FY2016	Increase/ decrease
Copper	$/t	6,554	5,215	-1,339	5,000	-215
Gold	$/TOZ	1,247.9	1,150.4	-97.5	1,200.0	49.6
Nickel	$/lb	7.62	4.71	-2.91	3.75	-0.96
Zinc	$/t	2,174	1,831	-343	—	—
Exchange rate (TTM)	¥/$	109.93	120.15	10.22	110.00	-10.15

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

			A	B	B-A
Segment	Product	Unit	FY2014	FY2015	Increase/decrease
Mineral Resources	Gold and silver ores	t	146,968	150,575	3,607
		¥1,000/DMT	181	207	26
		¥million	26,535	31,112	4,577
	(Gold content)	(kg)	(6,500)	(7,500)	(1,000)
Smelting & Refining	Copper	t	444,321	448,073	3,752
		¥1,000/t	733	642	-91
		¥million	325,498	287,852	-37,646
	Gold	kg	20,759	22,654	1,895
		¥/g	4,409	4,444	35
		¥million	91,531	100,679	9,148
	Silver	kg	195,263	205,897	10,634
		¥1,000/kg	64	59	-5
		¥million	12,582	12,224	-358
	Nickel	t	79,980	86,619	6,639
		¥1,000/t	1,858	1,329	-529
		¥million	148,569	115,160	-33,409
	Zinc	t	77,963	65,422	-12,541
		¥1,000/t	254	238	-16
		¥million	19,808	15,562	-4,246
	(Including commissioned zinc)	(t)	(77,963)	(65,422)	(-12,541)
Materials	Semiconductor materials and advanced materials	¥million	72,942	78,778	5,836

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	FY2014	FY2015	Increase/decrease
Copper	t	428,739	419,851	-8,888
Gold	kg	19,009	22,278	3,269
Electrolytic nickel	t	57,200	65,542	8,342
Ferronickel	t	23,271	20,479	-2,792
Zinc	t	50,153	25,314	-24,839
Gold and silver ore	t	148,269	140,906	-7,363
(Gold content)	(kg)	(6,891)	(6,909)	(18)
Zinc (Commissioning portion)	t	26,766	27,536	770

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.