MITSUI KINZOKU

MITSUI MINING & SMELTING CO., LTD.

Annual Report 2015

Contents

Profile

Mitsui Mining & Smelting Co., Ltd. (Mitsui Kinzoku) supplies nonferrous metal intermediates that play key roles in high-tech industries. Since its establishment in 1950, the Company has also been known as a leading supplier of such nonferrous metals as zinc and copper and one of the world's largest producers of zinc.

The Company has technological expertise in the production of such electronics-related materials as copper foil and semiconductor packaging tapes, which are presently indispensable for information-related and telecommunications devices. The Company maintains its technological leadership through aggressive R&D accompanied with its "material intelligence" obtained through its extensive background in smelting and refining operations in the nonferrous metals field. In addition, the Company is known as a producer of highly evaluated automobile door-related parts and systems.

Superior quality is the hallmark of Mitsui Kinzoku products and services. A team of nearly 10,000 talented employees strives to ensure this quality and, in doing so, has maintained the integrity of the Mitsui Kinzoku name and its longstanding reputation for innovation.

Cautionary Statement with Respect to Forward-Looking Statements

This annual report contains statements about Mitsui Kinzoku's future business plans, strategies, and beliefs. Statements regarding the Company's projected future business results are not based on historical facts and are subject to various risks and uncertainties. These risks and uncertainties relate to economic conditions in Mitsui Kinzoku's business environment, the state of private-sector and public sector capital investment, currency exchange rates, competitive pricing pressures in the marketplace, and Mitsui Kinzoku's ability to continue designing and developing products that will be accepted in markets. However, it should be noted that elements affecting performance are not limited to the previously mentioned factors. In this report, fiscal 2014 represents the year ended March 31, 2015.

Financial Highlights

Mitsui Mining & Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

	2014	2015	
Net Sales	¥441.0 billion	¥473.2 billion	7.3%
Operating Income	¥25.7 billion	¥31.8 billion	23.7%
Net Income	¥3.6 billion	¥17.2 billion	370.7%
Net Assets	¥169.8 billion	¥207.1 billion	21.9%
Interest-bearing Debt	¥218.5 billion	¥210.3 billion	(3.7)%
Shareholders' Equity Ratio	31.9%	36.6%	4.7points
Net Income per Share	¥6.4	¥30.1	–

Financial Summary

Mitsui Mining & Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

	2006	2007	2008	2009
Net sales	¥503,370	¥591,518	¥595,463	¥427,191
Operating income (loss)	45,052	38,865	27,993	(27,031)
Net income (loss)	23,374	31,370	7,830	(67,256)
Research & development expenses	6,351	7,359	8,616	8,232
Depreciation and amortization	24,686	25,617	27,361	32,281
EBITDA	65,738	77,446	53,069	(19,801)
Total assets	460,225	483,397	486,238	410,258
Total shareholders' equity (Note 2)	159,772	185,513	184,995	94,145
Interest-bearing debt	151,834	143,220	151,924	202,468
Shareholders' equity ratio (%)	34.7	38.4	38.0	22.9
Net cash from operating activities	44,800	34,077	41,657	30,038
Net cash from investing activities	(43,039)	(30,021)	(38,049)	(36,922)
Net cash from financing activities	(1,278)	(4,744)	(744)	42,367
Operating income to total assets (%) (Note 3)	10.4	8.2	5.8	(6.0)
Net income to total shareholders' equity (%) (Note 3)	15.9	18.2	4.2	(48.2)
Operating income to net sales (%)	9.0	6.6	4.7	(6.3)
Net income per share (¥)	40.5	54.7	13.6	(117.6)
Cash dividends per share (¥)	10.0	12.0	12.0	—

Notes: 1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥120.15 to US$1.00, the rate prevailing at March 31, 2015.
2. Total net assets – minority interests from 2007.
3. Total assets and total shareholders' equity are average of beginning and end of the year.

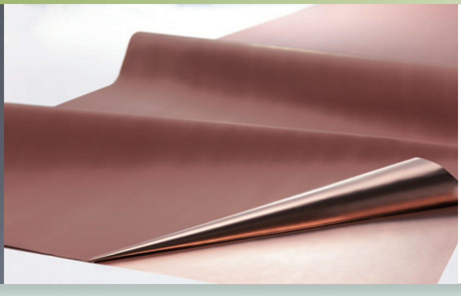
Millions of yen						Thousands of U.S. dollars (Note 1)
2010	2011	2012	2013	2014	2015	2015
¥392,364	¥446,487	¥431,058	¥417,219	¥441,046	¥473,274	$3,939,026
27,881	30,208	20,903	16,557	25,743	31,835	264,960
13,899	21,160	11,531	9,910	3,662	17,237	143,462
5,105	4,942	5,247	5,867	5,795	6,265	52,143
26,023	22,690	22,781	23,952	24,178	25,146	209,288
50,388	55,170	41,699	40,866	35,782	51,671	430,054
416,541	411,027	413,106	438,072	503,825	538,646	4,483,112
111,341	125,947	131,717	146,535	160,872	196,986	1,639,500
191,515	171,460	169,263	180,372	218,500	210,391	1,751,069
26.7	30.6	31.9	33.4	31.9	36.6	36.6
19,610	22,545	30,992	38,058	38,003	37,245	309,987
(17,823)	(26,286)	(31,039)	(47,208)	(72,128)	(26,418)	(219,875)
(13,188)	(13,569)	(6,969)	4,829	33,933	(12,814)	(106,650)
6.7	7.3	5.1	3.9	5.5	6.1	
13.5	17.8	9.0	7.1	2.4	9.6	
7.1	6.8	4.8	4.0	5.8	6.7	
24.3	37.0	20.1	17.3	6.4	30.1	0.25
3.0	6.0	3.0	3.0	4.0	6.0	0.05

Mitsui Kinzoku Group at a Glance

As a result of the reorganization of the Company carried out in April 2014, the method for classifying reporting segments has been changed.

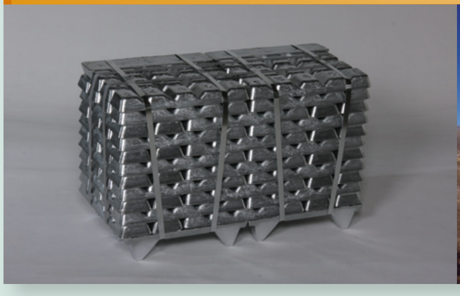
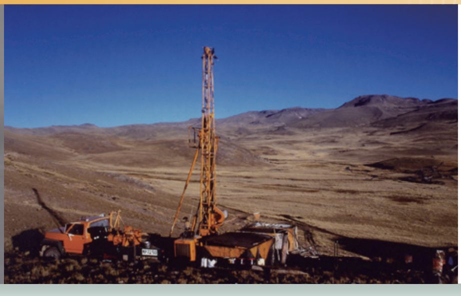
Business segment | Major products

Engineered Materials

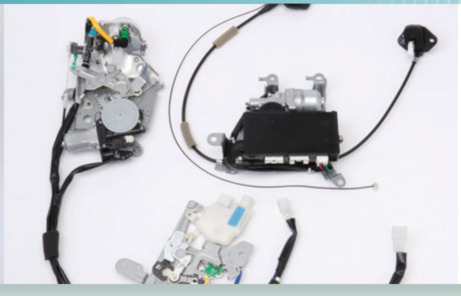
- Battery materials
- Catalysts
- Copper foil
- PVD materials
- Rare metals, Engineered powders
- Ceramics

Metals

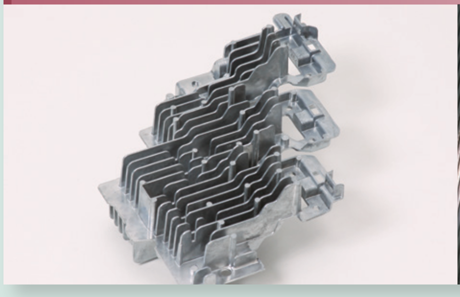
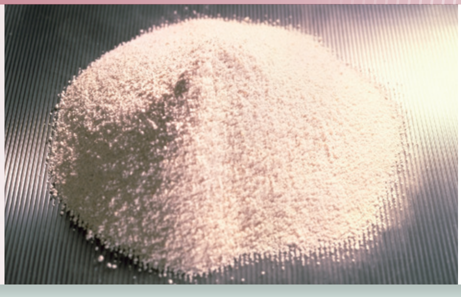
- Zinc smelting
- Zinc mining
- Lead smelting
- Metals recycling
- Copper mining & smelting

Automotive Parts & Components

- Automotive parts and components

Affiliates Coordination

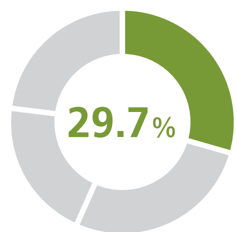



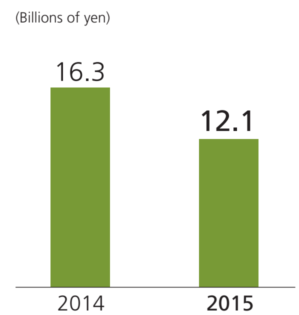
- Perlite
- Die-casting
- Rolled copper & zinc products
- Engineering
- Other

(Main applications)	Net sales breakdown	Ordinary income

(dry batteries, hybrid powered vehicles)
(exhaust gas detoxifiers)
(printed wiring boards)
(flat panel displays)
(electronics, toner for copiers)
(furnace refractory, melted metal filtration)

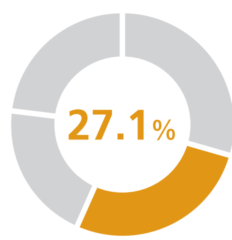
¥153.2 billion

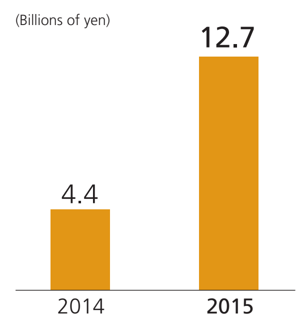




(galvanized steel, die-casting)
(car batteries, inorganic chemicals)
(electric wire, rolled copper and brass)

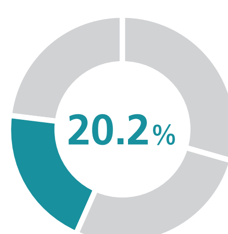
¥140.1 billion

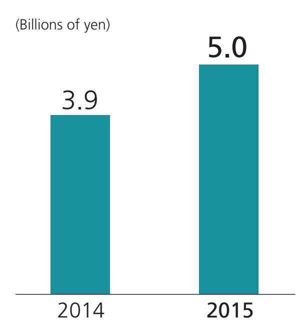




(door latches, power slide door systems)

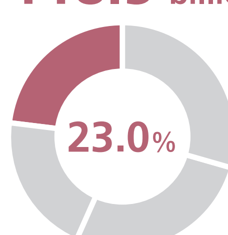
¥104.5 billion

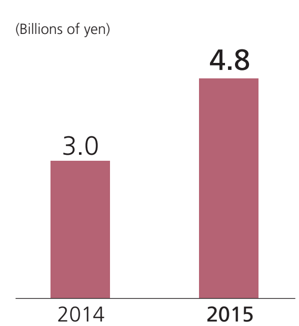




(construction, liquid filtration)
(automobiles, machines, home electronics)
(electric parts, electrodes, roofs of buildings)

¥118.5 billion





Message from the President

Sadao Senda

President, Representative Director, Chief Executive Officer

Fiscal 2014 Performance

In fiscal 2014, the world economy remained on a moderate recovery path with the U.S. economy continuing to be robust, driven by private consumption, although the pace of economic growth in China and other emerging markets slowed. Meanwhile, despite sluggish personal consumption in the wake of the increase in the consumption tax rate, and also increases in raw material prices reflecting the yen's depreciation, the Japanese economy also progressed along a moderate recovery path as corporate earnings and the labor market improved against the backdrop of a weak yen and high stock prices due to the economic measures of the government and the monetary easing measures of the Bank of Japan, as well as sharply declining oil prices.

In these economic conditions, the business economic environment surrounding the Mitsui Kinzoku Group in the first half of fiscal 2014 was one in which the Group benefited from strong demand in North America for automotive parts and components, high-end copper foil products for smartphones, and exhaust detoxifying catalysts. In the second half of fiscal 2014, prices of non-ferrous metals were generally soft, but zinc prices in Japan increased owing to the weaker yen. In addition, continuing from the fiscal first half, the Group enjoyed strong demand for its automotive parts and components, high-end copper foil products, and exhaust detoxifying catalysts.

In these circumstances, in the second year of the 2013 Medium-Term Management Plan, a three-year plan launched in fiscal 2013, the Group implemented group-wide organizational changes to further strengthen the management foundation by expediting and reinforcing the principles of "Establishing business units with large demarcations that work independently towards growth," "Continuously exploring new business seeds of growth," and "Striving for superb Monodukuri." Steps were taken, specifically, to expand the exhaust detoxifying catalyst business in emerging-market countries, increase sales of high-end copper foil products, strengthen the metal recycling business, and establish a global production structure for the automotive parts and components business.

As a result, net sales in fiscal 2014 came to ¥473.2 billion, up 7.3% year on year. Operating income increased 23.7% from the previous fiscal year, to ¥31.8 billion, and ordinary income increased 54.5% from the previous fiscal year, to ¥21.0 billion, despite recording investment losses on equity method amounting to ¥10.5 billion, including impairment losses for the Caserones copper mine in Chile. In extraordinary items, the Group recorded extraordinary profits, including a gain on change in equity amounting to ¥3.5 billion and extraordinary losses, including a ¥1.1 billion loss on disposal of property, plant and equipment and business structure improvement expenses amounting to ¥0.5 billion. After accounting for income taxes and minority interests, net income in fiscal 2014 amounted to ¥17.2 billion, 370.7% higher than that in the previous fiscal year.

Review by Segment

✔ Engineered Materials

In line with the implementation of increasingly strict standards for the CO_2 emissions of environmentally friendly vehicles, in the first half of fiscal 2014 lithium manganese oxide (LMO) battery materials saw strong demand for use in electric vehicles and the sales volume increased. The sales volume of hydrogen storage alloy battery materials declined because demand for hybrid cars was weak due to the dramatic fall in crude oil prices. The sales volume of catalysts for detoxifying motorcycle exhaust emissions rose, owing to an increase in demand in Indonesia and India, underpinned by stricter exhaust regulations in emerging countries. Demand was strong for the ultra-thin copper foil used in high-performance applications due to the continued high growth of the market for mobile devices such as smartphones. As a result, segment sales increased 12.1% year on year to ¥153.2 billion. However, ordinary income decreased 25.3% year on year to ¥12.1 billion due mainly to the absence of the effect of a change in estimates of inventories of PVD materials which was recorded in the previous fiscal year, and inventory valuation factors.

✔ Metals

Demand for zinc for steel sheets in Japan decreased slightly in the second half, affected by automotive manufacturers' production adjustments. On the other hand, zinc prices on the London Metal Exchange (LME) increased in the first half of the fiscal year, at one time reaching $2,400/ton, due to forecasts that supply shortages would continue. In the second half of the fiscal year, metal prices fell in line with the dramatic fall in crude oil prices, but nevertheless, they were up for the full year compared to the previous fiscal year. In addition, domestic zinc prices rose reflecting the yen's depreciation, and as a result sales increased compared to the previous consolidated fiscal year. In the metals recycling business, demand for lead storage batteries in Japan was about the same as the previous fiscal year because there was strong replacement demand, despite the impact of production adjustments for new car models by automakers. At the same time, lead prices on the London Metal Exchange (LME) were down slightly for the full year compared to the previous fiscal year due to the impact of the dramatic fall in crude oil prices in the second half of the fiscal year. Nevertheless, sales increased due to the rise in domestic zinc prices reflecting the yen's depreciation. As a result, segment sales increased 11.5% year on year to ¥140.1 billion. Ordinary income increased 185.4% year on year to ¥12.7 billion due to the yen's depreciation and inventory valuation factors in line with this.

✔ Automotive Parts & Components

In the domestic market, demand declined for functional automotive parts such as door locks due to production adjustments by automakers owing to a reaction in the aftermath of the last-minute rise in demand before the increase in the consumption tax rate. On the other hand, the North American market was strong mainly due to the recovery of the U.S. economy and the fall in the price of gasoline. As a result, sales increased 16.0% year on year to ¥104.5 billion. Ordinary income increased 26.9% year on year to ¥5.0 billion, due mainly to the cancellation of one-time costs accompanying the shift of production to Asia in the previous fiscal year.

✔ Affiliates Coordination

Demand for various industrial plant projects was buoyant both in Japan and overseas. As a result, segment sales increased 6.5% year on year to ¥118.5 billion. Ordinary income increased 58.2% year on year to ¥4.8 billion due mainly to increases in the sales of each product and the effect of cost-reduction measures.

Medium- to Long-Term Growth Strategy

The Japanese economy should remain firm overall because corporate earnings are trending upward supported by a weak yen and low oil prices, and personal consumption is recovering as the labor market continues to improve.

Despite some favorable indications, the business environment of the Group is expected to be challenging due to such factors as the lackluster nonferrous metal market, higher electricity costs, shorter product lifecycles, and intensifying price competition.

Under these circumstances, the Group will further strengthen the management foundation in fiscal 2015 by thoroughly implementing both aggressive and defensive measures in the final year of the 2013 Medium-Term Management Plan, a three-year plan drawn up two years ago.

Above all, to further speed up previous initiatives, we will carry out Companywide reorganization and speed up our initiatives to develop and market new products while maintaining and increasing earnings in our existing business, by boldly concentrating and reviewing our management resources.

Specifically, in the Engineered Materials segment, the second plant in India for catalysts for detoxifying motorcycle exhaust emissions and a plant in North America for expanding the automotive exhaust detoxifying catalyst business will start full-scale operation. In the battery materials business, the Group is accelerating development of new products for early commercialization, having recently introduced hydrogen storage alloys for use in hybrid vehicles and lithium manganese oxide for use in electric vehicles. In the copper foil business, the Group is working to sharpen the competitiveness of ultra-thin copper foil (marketed as MicroThin™), primarily for smartphones, and increase production capacity for this product.

In the Metals segment, we intend to ensure the stable operation of the Caserones copper mine in Chile, which has already come on stream led by Pan Pacific Copper Co., Ltd., as well as expedite the structural transition to recycling-based smelting.

In the Automotive Parts & Components segment, with door locks as the mainstay products, Mitsui Kinzoku ACT Corporation will pursue expansion by responding to automotive manufacturers' globalization of production systems in emerging markets.

In addition to these measures, the Group will give emphasis to cash flows and aims to strengthen its financial position. At the same time, by ensuring greater decisiveness in decision-making than in the past, the Group is determined to transform itself into a fast-moving, highly competitive enterprise to enhance corporate value.

Outlook for Fiscal 2015

In fiscal 2015, the economic environment is expected to remain generally strong due a number of factors including the weak yen and low oil prices, as well as the business recovery being expected to continue. Meanwhile, concerns of a global economic slowdown remain, mainly due to a business downturn in China and emerging countries, and the impact on resource-rich countries of a drop in oil prices.

Under these circumstances, the Engineered Materials segment will ramp up production and sales of catalysts for detoxifying exhaust emissions in emerging countries where demand is expected to increase due to stricter exhaust regulations. It will also increase sales of ultra-thin copper foil used in high-performance applications in response to burgeoning demand in the market for mobile devices such as smartphones. At the same time, the Metals segment will move forward with its structural transition to the metals recycling business. In the mineral resources field, we will strive to improve profitability. In the Automotive Parts & Components segment, we will work toward mass production and sales expansion in the global market, and implement cost-cutting initiatives. In the Affiliates Coordination segment, we will closely examine the environmental changes in the various businesses and work to improve earnings by grasping our customers' needs as revealed by market trends.

As a result of these initiatives, we expect net sales of ¥485.0 billion, operating income of ¥36.0 billion, ordinary income of ¥36.0 billion, and net income of ¥23.4 billion in fiscal 2015.

We would like to thank our stakeholders for their continued understanding and support.

Sadao Senda

President, Representative Director, Chief Executive Officer

Corporate Governance

Fundamental Principles of Corporate Governance

Mitsui Kinzoku's management philosophy is "With creativity and productivity, We, MMS Group, will explore products of value to society, and seek an eternal growth of our group."

Mitsui Kinzoku views corporate governance as one of the most important managerial tasks because we believe that corporate governance facilitates business organizational structures and systems and it also realizes our management philosophy, which aims for the ever-lasting existence of our company and the maximization of corporate value by contributing to society by providing valuable products.

Specifically, under the objective of "making a contribution to all stakeholders," Mitsui Kinzoku executes policies focusing on the following throughout the business group.

- For shareholders, stable and successive payment of dividend and appropriate information disclosure
- For customers, provision of our high-valued products
- For local communities, harmonious and mutually prosperous relations
- For employees, realization of a rewarding working environment and working conditions

Items including the following have been implemented to provide a system which enables us to conduct fair and valuable business activities.

- Establishment of various company regulations and rules including the Code of Ethics
- Election of Outside Directors and Outside Corporate Auditors
- Introduction of whistle-blowing system and various internal audit systems

Current Status of Corporate Governance

Directors and Business Execution

Directors discuss important business matters at the Board of Directors meetings which are convened once a month and as needed and supervise the execution of business activities. To properly and efficiently fulfill the supervision function, the Board of Directors consists of Internal Directors who are experienced and knowledgeable of the Company's businesses and Outside Directors.

Regarding the execution of the business activities, the Executive Officer system has been introduced. Important matters regarding business execution are discussed twice a month and as needed at the Executive Council which consists of high-ranking Executive Officers. The business affairs of the company are executed under the leadership of Executive Officers based on the results of these discussions.

The Chief Executive Officer (CEO), the Chief Operating Officer (COO) and the roles that support them [the Chief Financial Officer (CFO) and the Chief Risk Management Officer (CRO)] are elected from amongst the executive officers, thereby raising their expertise in the areas of finance and risk management.

The Company believes that it is necessary to swiftly and thoroughly implement the Company's business strategy at the site where business is executed, as well as be deeply knowledgeable about actual business conditions when making business decisions. For this reason, the Representative Director and the Executive Directors serve concurrently as high-ranking Executive Officers who are in charge of either the entire company, a business department or a functional division, and are members of the Executive Council.

Corporate Auditors

There are two full-time auditors with experience in execution of the Company's business, and two part-time outside auditors. Corporate Auditors audit directors' execution of duties based on audit plans decided at the Board of Corporate Auditors.

The Accounting Auditor collaborates with the Corporate Auditors by explaining the accounting audit plan and reporting the audit results.

The Board of Corporate Auditors, which consists of all Corporate Auditors, meet at least once a month to ensure the soundness of business through its oversight of the execution of the directors' duties, based on a full understanding of the special nature of the Company's business.

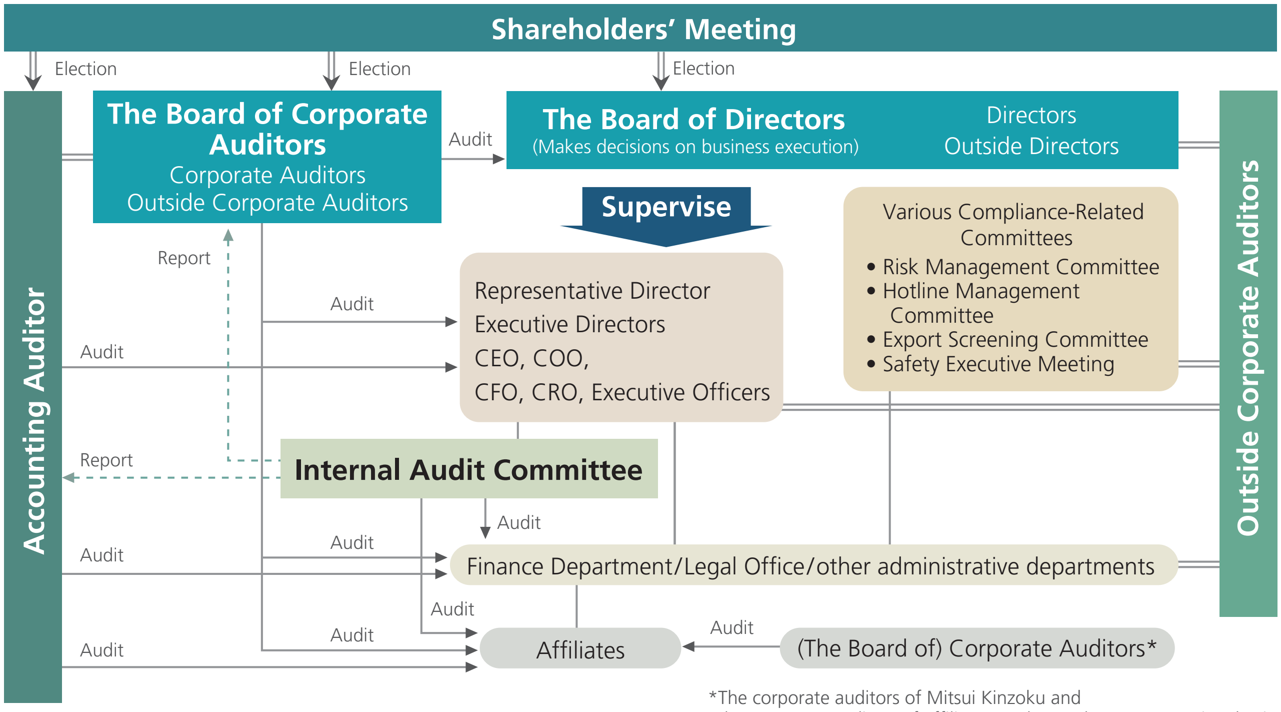
Accounting Auditors

Mitsui Kinzoku has appointed the firm KPMG AZSA LLC as its Accounting Auditor. Three Certified Public Accountants (CPAs) who are designated employees and managing members of said firm perform accounting audits for Mitsui Kinzoku. In addition, 15 CPAs and 17 other assistants are assisting the three CPAs in each accounting audit.

Basic Approach to Internal Control Systems

Mitsui Kinzoku believes that conducting fair business activities that adhere to corporate ethics and comply with laws and regulations is essential if the company is to achieve long-term development and sustained growth. To do this, Mitsui Kinzoku is establishing and revising all of its internal regulations to ensure the proper and efficient execution of duties. The internal regulations identify the duties and authority of the officers and employees, and

Note: Vertical lines with no text indicate command structure, while double horizontal lines indicate collaborative relationships.



*The corporate auditors of Mitsui Kinzoku and the corporate auditors of affiliates work together on an anytime basis.

define procedures for making decisions. Based on laws and internal regulations, the Company is engaged in the creation, storage, and maintenance of information. The internal regulations also stipulate the procedures for managing the business of subsidiaries and reporting and other disclosure of information to the Corporate Auditors.

Mitsui Kinzoku has defined a Code of Conduct to be followed by every officer and employee to ensure that the Company's business practices are fair. The company has also stipulated specific regulations in our internal regulations that concern the control of internal information, prevention of insider trading, exportation of products, etc. To ensure the practical effectiveness of these regulations throughout the organization, Mitsui Kinzoku has established a group-wide internal hotline to prevent and detect internal fraud at an early stage. Furthermore, in addition to audits by the Corporate Auditors and the Accounting Auditor, the Company has organized a structure to deal with internal affairs including an Internal Audit Committee and a Risk Management Committee.

The Internal Audit Committee serves to sustain and improve the soundness of all financial practices and rationalize the workflows for the Mitsui Kinzoku Group. These activities are carried out through auditors appointed by the Committee from among the employees. Said auditors perform visiting audits on the head offices of each division and each business unit/branch/affiliate located in and outside of Japan to assess their management environment, progress of internal control, and accounting practices. Internal audit results are reported to the Board of Corporate Auditors without delay in addition to timely reports to the Accounting Auditor.

The purpose of the Risk Management Committee is to manage risks so as to minimize their impact on the Company's assets and profits. The Committee ascertains and assesses risks, determines risk management policy, and takes counteractive measures when risks occur. Also, the Company has appointed a CRO (Chief Risk Management Officer) to strengthen the corporate risk management structure and has created the Corporate Risk Management Department which conducts risk management activities for the entire organization.

Basic Approach toward Excluding Antisocial Forces and Organizations

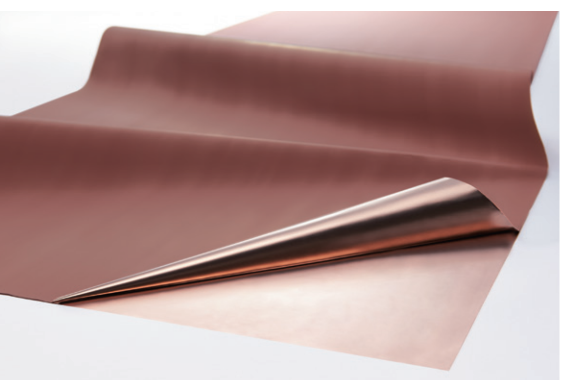
The Code of Conduct, which specifies the values and standards of conduct shared by all officers and employees in the Mitsui Kinzoku Group, stipulates that no one is to have any dealings with antisocial forces and/or organizations in any way. The Legal & Administrative Department currently heads Mitsui Kinzoku's efforts to exclude antisocial forces and/or organizations. The following measures shall also be taken, in conjunction with outside organizations specialized in these matters, to augment and strengthen these efforts: appointment of personnel in charge of preventing undue claims against Mitsui Kinzoku Group at each department, division, business unit, branch or suchlike and in the corporate group; preparation of a manual for handling antisocial forces; inclusion in basic transactions agreements of a clause that excludes gangster organizations; establishment of an information database on antisocial forces; and education and training.

Review of Operations

Engineered Materials Segment

Cutting-edge materials and technologies that support electronics and an environmentally-friendly society

Automotive exhaust detoxifying catalysts



Copper Foil

Operations

- Automotive exhaust detoxifying catalysts — From its eight production facilities in the seven countries of India, Indonesia, Thailand, Vietnam, China, the United States and Japan, Mitsui Kinzoku manufactures exhaust catalysts for motorcycles and for automobiles. Mitsui Kinzoku is the world's leading manufacturer of this product for motorcycles.
- Electrodeposited copper foil — This mainstay product is essential to the printed circuit boards used in electronic equipment. Mitsui Kinzoku is the world's leading manufacturer of high-end copper foil in terms of technological superiority, production capabilities and market share.
- Battery materials — This division is involved in the manufacture of hydrogen storage alloys (MH alloys) for nickel hydride batteries which are primarily used in hybrid cars, and lithium manganese oxide (LMO) for use in lithium-ion batteries.
- PVD materials — This division produces target materials including indium tin oxide (ITO), a material for transparent conductive film mainly for use on LCD panels.
- Other engineered materials — This division produces copper powder, silver powder, cerium polishing materials and single crystals.

Business environment and strategies

The sales volume of catalysts for detoxifying automotive exhaust emissions has been increasing annually amid growing motorcycle sales and stricter environmental regulations in Asia. Moreover, this sales volume is expected to grow in the future. A second facility in India commenced operations in April 2015. In the United States, Mitsui Kinzoku's first plant for manufacturing these catalysts for motorcycles, began mass-production in July 2015.

In electrodeposited copper foil, amid growing demand for thinner copper foil accompanying the spread of smartphones and tablet devices, sales of high-performance products such as ultra-thin copper foil with carrier (MicroThin™) and those for flexible printed circuit (FPC) boards are increasing. On the other hand, demand for general-purpose copper foil used in PCs and other products continues to decline. Going forward, Mitsui Kinzoku will solidify its leading position in the global market for high-end copper foil by increasing its overseas production ratio of high-performance copper foil, expanding sales of MicroThin™ and developing more high-end copper foil.

In battery materials, the sales volume of MH alloys temporarily declined because there was a hiatus in sales of hybrid vehicles. The sales volume of lithium manganese oxide (LMO) did not substantially increase because sales of electric vehicles weakened.

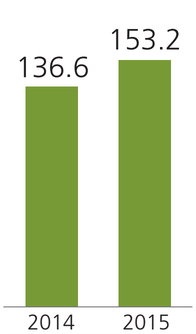
The sales volume of PVD materials was strong mainly due to the impact of cultivating new customers together with the expansion of the market for touch panels.

Going forward, we will seek to increase earnings for other products by maintaining a high market share in niche markets.

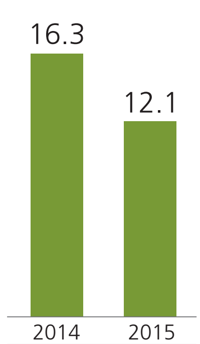
Fiscal 2014 business performance

Earnings from catalysts increased year on year because motorcycle sales were particularly strong in India and Indonesia. With copper foil also, sales of high-performance copper foil were particularly strong. However, segment earnings declined as a result of the significant impact in the PVD materials business of the absence of one-time earnings due to inventory factors recorded in the previous fiscal year because of a rise in the price of indium.

Net sales
(Billions of yen)



Ordinary income
(Billions of yen)

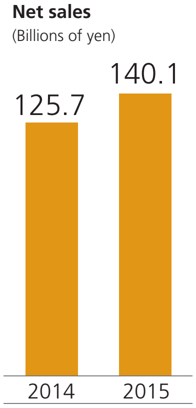


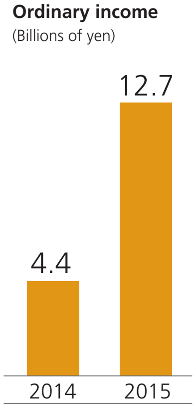
Metals Segment

Ensuring stable profits through expansion of mining interests and improvement of materials composition

Huanzala mine

Smelting operations





Operations

- Zinc Smelting & Metals Recycling — Mitsui Kinzoku is Japan's leading producer of zinc, producing approximately 240,000 tons of zinc per year at its three smelting plants in Japan. We use smelting plants in Japan to recover precious metals from the substrates of recyclable electronic equipment and components, lead from vehicle batteries, and zinc from steelmakers' electric arc furnace dust.
- Mining — Approximately 10% of the zinc ore that Mitsui Kinzoku requires for its smelting operations is obtained from the zinc mines that the Company operates in Peru, while about 30% is obtained from recycled materials in Japan, and the remainder is purchased from overseas mining companies.
- Copper Division — We established Pan Pacific Copper Co., Ltd., through a joint investment with JX Nippon Mining & Metals Corporation, and are developing our domestic copper smelting business and the commercial production of copper ores at the Caserones mine in Chile.

Business environment and strategies

In zinc smelting operations, sales were strong, mainly of zinc-plated steel sheets for automobiles.

Zinc ore purchasing terms are affected by changing supply and demand. The Company's ratio of ore procurement from its own mines is low; therefore, it will focus on exploring the competitive edge of other mines, in particular its mines in Peru, in order to improve its position, which is greatly affected by supply and demand. We also plan to raise the percentage of zinc oxide (raw material recycled from steel dust, etc.), which will help stabilize our raw materials supply and lower the break-even point.

Mitsui Kinzoku has positioned the Metals Recycling Group as a valuable extension of its metal smelting operations, and also as a means of securing a stable supply of raw materials.

Going forward we intend to continue making a contribution to the improvement of the global environment through our recycling business in which we apply our proprietary mining and smelting technologies.

Fiscal 2014 business performance

Segment revenue increased substantially year on year due to rising zinc prices and the yen's depreciation, which resulted in an improved margin, as well as due to inventory factors.

Mitsui Kinzoku's copper smelting business is separately reported using the equity method.

Automotive Parts & Components Segment

Enjoying a global reputation and trust in the field of automotive parts

Door latches

Power Drive Units

Operations

- High-performance automotive parts & components — Mitsui Kinzoku operates automotive component factories in six major vehicle-producing countries — Japan, the United States, Thailand, China, the United Kingdom, and Mexico. Our factories principally manufacture door-related parts, including locks, for which the Company has a global market share of 20%. These products are supplied mainly to Japanese automakers.

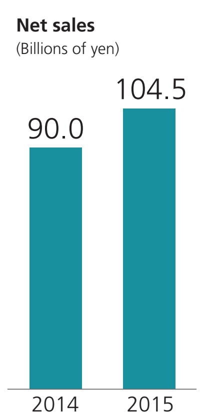
Business environment and strategies

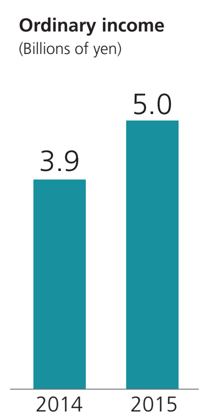
In the automotive market, over the medium- to long-term, growth is expected in newly emerging markets, particularly Asia. Under these conditions, in early 2015 we commenced operations at our factory in Indonesia. Together with our existing factories in China and Thailand, we will firmly grasp the demand in the newly emerging markets in Asia and supply competitive products. Moreover, at our Mexican factory, which started production in 2013, we now expect to increase production in line with the growth of the automobile industry in North America and Central and South America.

Going forward, we will further enhance our position as the leading maker of vehicle door locks, which are one of the vital components for safe driving.

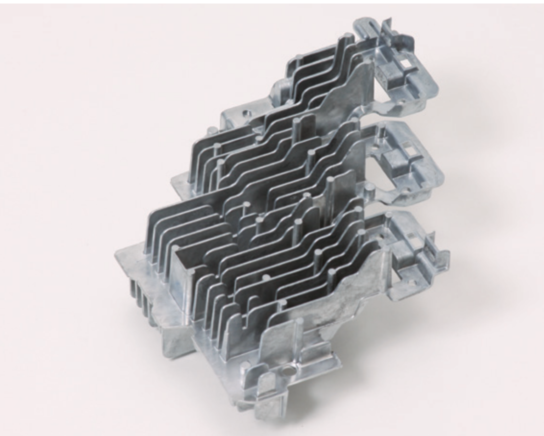
Fiscal 2014 business performance

Although sales to Japanese automakers were not strong, profits increased because we recovered from production trouble in Thailand in the previous fiscal year, as a result of production transfer to Asia.





Affiliates Coordination Segment



Die-Casting

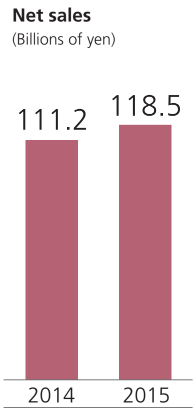
Perlite

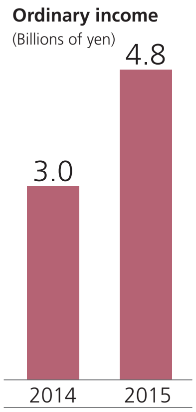
Operations

- Engineering — This business sector is engaged in an integrated range of activities including planning, project management, instruction of operations and maintenance at our nonferrous metal smelting plants in addition to various industrial plants.
- Die-casts — This division produces magnesium, aluminum and zinc die-cast products.
- Perlite

Fiscal 2014 business performance

Profits rose year on year mainly due to the strong performance by the engineering business sector.





Directors, Auditors, and Executive Officers

(As of June 26, 2015)

Board of Directors

Sadao Senda

President, Representative Director,
Chief Executive Officer,
Chief Operating Officer

Mitsuhiko Hasuo

Vice President, Representative Director,
Executive Vice President,
Metals Sector

Keiji Nishida

Representative Director,
Senior Managing Director,
Senior Managing Executive Officer,
Chief Financial Officer,
Corporate Management Dept.,
Metals Sector,
Copper Business Strategic Div.

Isshi Hisaoka

Director, Senior Executive Officer,
Engineered Materials Sector

Toshiki Mori

Director, Senior Executive Officer,
Chief Risk Management Officer

Takashi Oshima

Director,
Senior Executive Officer,
Affiliates Coordination Strategic Sector

Takeshi Nou

Director, Senior Executive Officer,
Engineered Materials Sector

Hiromichi Shibata

Outside Director

Junya Sato

Outside Director

Corporate Auditors

Akira Osano

Takashi Kadowaki

Ryuhei Wakasugi
(Outside Auditor)

Masaharu Miura
(Outside Auditor)

Executive Officers

Akira Yoshida
Shuji Chikujo
Katsuhiko Yoshimaru
Satoshi Tsunoda
Shigeo Hirayama
Yoshihiro Sera
Hisakazu Kibe
Makoto Miyaji
Kouichi Kanbayashi
Masayuki Misawa
Hiroshi Mozumi
Makoto Yamagata

Financial Section

Five-Year Summary

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2015	2014	2013	2012	2011
For the year:					
Net sales	¥473,274	¥441,046	¥417,219	¥431,058	¥446,487
Cost of sales	395,695	370,404	357,294	369,715	376,155
Gross profit	77,578	70,642	59,925	61,342	70,332
Selling, general and administrative expenses	45,742	44,898	43,367	40,439	40,123
Operating income	31,835	25,743	16,557	20,903	30,208
Ordinary income	21,096	13,656	16,194	19,168	34,010
Income before income taxes and minority interests	24,534	9,382	14,606	16,207	29,771
Net income	17,237	3,662	9,910	11,531	21,160
Comprehensive income	40,097	17,408	20,639	11,070	17,353
At year-end:					
Total current assets	¥221,153	¥198,392	¥179,263	¥184,462	¥185,646
Total assets	538,646	503,825	438,072	413,106	411,027
Total current liabilities	155,631	159,891	160,661	143,210	136,503
Long-term liabilities	175,907	174,066	122,361	129,719	140,071
Net assets	207,106	169,867	155,049	140,175	134,452
Per share data:					
Net income (¥)	¥ 30.18	¥ 6.41	¥ 17.35	¥ 20.18	¥ 37.03
Cash dividends applicable to the year (¥)	6.00	4.00	3.00	3.00	6.00
Number of employees	10,804	10,802	10,154	10,113	9,810

Financial Review

The forward-looking statements contained in this section represent the Company's judgment as of March 31, 2015.

Net sales

On a consolidated basis, the Company's net sales during fiscal 2014, ended March 31, 2015, increased ¥32.2 billion (7.3%) from the previous fiscal year, to ¥473.2 billion.

In the Engineered Materials segment, net sales increased ¥16.5 billion due to firm demand of high-performance copper foil for use in smartphones and catalysts for detoxifying exhaust emissions, despite lower sales of battery materials and other products. In the Metals segment, net sales increased ¥14.4 billion, owing mainly to the effects of the depreciation of the yen, despite the depressed non-ferrous metals market from the second half of the fiscal year. In the Automotive Parts & Components segment, net sales increased ¥14.4 billion, because of firm sales in the North American market and the Chinese market. In the Affiliates Coordination segment, net sales increased ¥7.2 billion.

Selling, general and administrative expenses

SG&A expenses increased ¥0.8 billion from the previous fiscal year, to ¥45.7 billion, primarily due to an increase in depreciation and amortization.

Operating income

Operating income increased ¥6.0 billion (23.7%) from the previous fiscal year, to ¥31.8 billion.

This increase was mainly attributable to higher sales in the Engineered Materials segment and the Automotive Parts & Components segment, a depreciation of the yen, and the valuation effect of outstanding inventories from the depreciation of the yen (hereinafter "inventory valuation factors"), despite the absence of a gain on change in the estimate of outstanding inventories of PVD materials posted in the previous fiscal year.

Non-operating income (expenses)

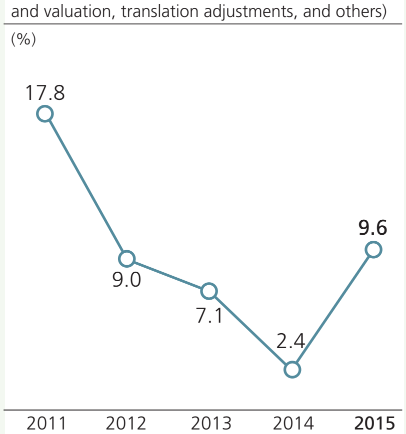
Net non-operating expenses improved ¥1.3 billion year on year, to ¥10.7 billion. This was due mainly to a ¥1.2 billion increase in interest and dividend income and the reduction of ¥1.7 billion in investment losses on equity method, including an impairment loss on the Caserones copper mine in Chile, despite a worsening of ¥2.3 billion in foreign exchange gains.

Ordinary income

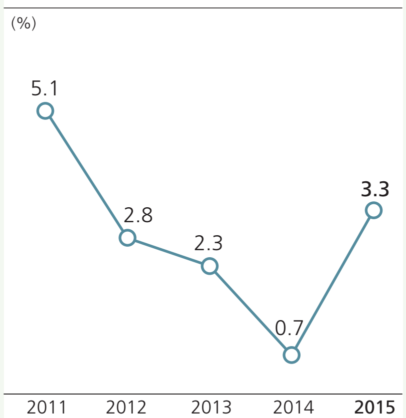
On a consolidated basis, the Company's ordinary income increased ¥7.4 billion (54.5%) year on year, to ¥21.0 billion, because of the ¥1.3 billion improvement in net non-operating expenses, in addition to the ¥6.0 billion increase in operating income.

In the Engineered Materials segment, ordinary income decreased ¥4.1 billion due mainly to the absence of a gain on change in the estimate of outstanding inventories of PVD materials posted in the previous fiscal year, and inventory valuation factors. In the Metals segment, ordinary income increased ¥8.2 billion, thanks largely to the effects of the depreciation of the yen and inventory valuation factors related to it. In the Automotive Parts & Components segment, ordinary income increased ¥1.0 billion, largely due to the absence of the one-off cost generated by the shift of manufacturing to Asia in the previous fiscal year. In the Affiliates Coordination segment, ordinary income increased ¥1.7 billion, mainly due to increased sales of a variety of products and cost-cutting benefits.

ROE
(Net income (loss) to average owners' equity and valuation, translation adjustments, and others)



ROA
(Net income (loss) to average total assets)



Extraordinary profit (loss)

The Company posted a net extraordinary profit of ¥3.4 billion, an improvement of ¥7.7 billion compared to the previous fiscal year. This was primarily attributable to decreases in extraordinary losses on indemnity and impairment, in addition to the posting of a gain on change in equity.

Income taxes

Taxation expenses amounted to ¥6.3 billion, up ¥1.1 billion year on year, due to higher income taxes—current.

Net income

Net income increased ¥13.5 billion (370.7%), to ¥17.2 billion, reflecting the ¥7.4 billion increase in ordinary income, an improvement of ¥7.7 billion in net extraordinary loss, a ¥1.1 billion rise in taxation expenses, and a ¥0.4 billion increase in gain on minority interests.

Financial position

Total assets

Total assets on a consolidated basis increased ¥34.8 billion from the previous fiscal year end, to ¥538.6 billion.

Notes and accounts receivable increased ¥9.7 billion, inventories increased ¥7.1 billion, and property, plant and equipment increased ¥7.6 billion.

Net assets

Net assets increased ¥37.2 billion from the previous fiscal year end, to ¥207.1 billion, primarily due to the posting of ¥17.2 billion in net income as well as increases in foreign currency translation adjustments of ¥21.1 billion and minority interests in consolidated subsidiaries of ¥1.1 billion. This result occurred despite decreases due to dividend payments of ¥2.2 billion. As a result, the shareholders' equity ratio increased 4.6 percentage points from the previous fiscal year end, to 36.6%.

Interest-bearing debt

The total (short- and long-term) interest-bearing debt amounted to ¥210.3 billion, a decrease of ¥8.1 billion from the previous fiscal year-end.

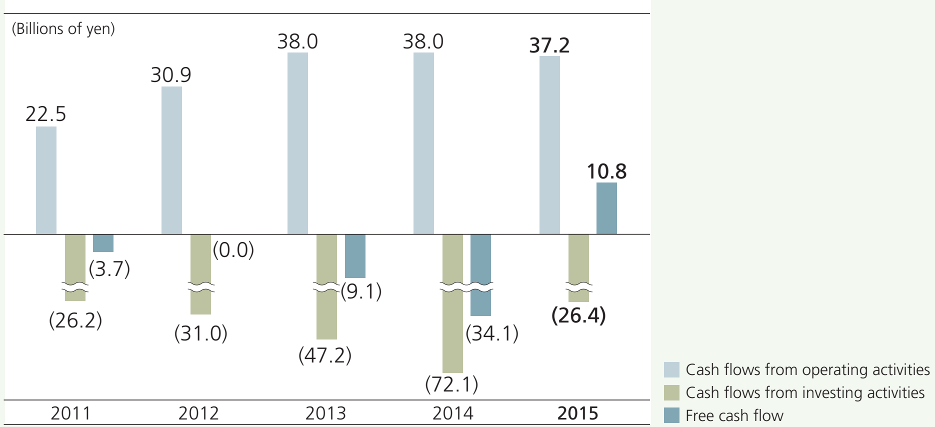
Cash flows

Net cash provided by operating activities was ¥37.2 billion, a decrease of ¥0.7 billion from the previous fiscal year. This was primarily attributable to cash provided by ¥24.5 billion in income before income taxes and minority interests and ¥25.2 billion in depreciation and amortization, ¥10.5 billion in investment losses on equity method, and ¥5.4 billion in dividend income from equity-method affiliates, which was partially offset by cash used including a ¥5.1 billion increase in notes and accounts receivable, a ¥5.1 billion increase in inventories, and ¥8.0 billion in income taxes paid.

Net cash used in investing activities amounted to ¥26.4 billion, a decrease of ¥45.7 billion from the previous fiscal year. Expenditures mainly consisted of ¥26.1 billion for the acquisition of property, plant and equipment.

Net cash used in financing activities totaled ¥12.8 billion, in contrast to the ¥33.9 billion provided by financing activities in the previous fiscal year. This change was mainly attributable to a ¥9.6 billion used in the repayment of short- and long-term borrowings, straight bonds and commercial paper, and a ¥2.2 billion payment for cash dividends.

Cash flows



Consolidated Balance Sheets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Assets			
Current assets:			
Cash and deposits (Notes 5 and 13)	¥ 16,404	¥ 15,290	$ 136,529
Notes and accounts receivable (Note 13):			
Trade	86,583	75,946	720,624
Unconsolidated subsidiaries and affiliates	5,775	6,636	48,064
Inventories (Note 3)	92,472	85,316	769,637
Deferred tax assets (Note 12)	5,451	3,926	45,368
Derivatives (Note 13)	1,163	426	9,679
Other current assets	13,463	10,984	112,051
Less: Allowance for doubtful accounts	(162)	(133)	(1,348)
Total current assets	221,153	198,392	1,840,640
Investments and other assets:			
Investment securities (Notes 4,7 and 13):			
Unconsolidated subsidiaries and affiliates	125,327	124,128	1,043,087
Others	11,351	10,208	94,473
Loans receivable:			
Unconsolidated subsidiaries and affiliates	72	—	599
Others	478	501	3,978
Deferred tax assets (Note 12)	2,268	2,231	18,876
Asset for retirement benefits (Note 15)	4,071	2,830	33,882
Others	10,281	9,522	85,568
Less: Allowance for doubtful accounts	(416)	(387)	(3,462)
Total investments and other assets	153,434	149,035	1,277,020
Property, plant and equipment (Note 7):			
Land	34,256	33,226	285,110
Buildings and structures	162,995	155,615	1,356,595
Machinery and equipment	329,644	306,122	2,743,603
Leased assets	5,184	3,708	43,146
Construction in progress	9,383	9,536	78,094
Others	51,013	48,426	424,577
	592,478	556,634	4,931,152
Less: Accumulated depreciation	(428,420)	(400,237)	(3,565,709)
Total property, plant and equipment	164,058	156,397	1,365,443
Total assets	¥ 538,646	¥ 503,825	$ 4,483,112

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings and commercial papers (Notes 6 and 13)	¥ 51,073	¥ 55,150	$ 425,076
Current portion of long-term debt (Notes 6 and 13)	20,823	23,934	173,308
Notes and accounts payable (Note 13):			
Trade	36,555	31,872	304,244
Unconsolidated subsidiaries and affiliates	10,147	13,705	84,452
Others	12,114	10,980	100,823
Current portion of lease liability	996	532	8,289
Accrued income taxes	3,322	2,320	27,648
Accrued expenses	7,902	7,303	65,767
Deferred tax liabilities (Note 12)	24	24	199
Provision for product warranties	1,308	1,189	10,886
Provision for improvement of business structure	77	501	640
Provision for loss on disposal of inventories	399	331	3,320
Derivative liabilities (Note 13)	2,020	129	16,812
Other current liabilities	8,865	11,916	73,782
Total current liabilities	155,631	159,891	1,295,305
Long-term liabilities:			
Long-term debt (Notes 6 and 13)	138,494	139,416	1,152,675
Lease liability	1,920	1,356	15,980
Directors' and corporate auditors' retirement benefits	558	548	4,644
Deferred tax liabilities (Note 12)	5,917	4,715	49,246
Provision for environmental countermeasures	997	1,146	8,297
Provision for preventing environmental pollution in mineral, mining, and other operations	894	836	7,440
Provision for loss on business of subsidiaries and affiliates	—	27	—
Asset retirement obligations (Note 19)	3,018	2,344	25,118
Liability for retirement benefits (Note 15)	23,234	22,784	193,374
Other long-term liabilities	872	890	7,257
Total long-term liabilities	175,907	174,066	1,464,061
Total liabilities	331,539	333,958	2,759,375
Commitments and contingent liabilities (Note 9)			
Net Assets (Note 10):			
Shareholders' equity:			
Common stock:			
Authorized — 1,944,000 thousand shares			
Issued — 572,966 thousand shares	42,129	42,129	350,636
Capital surplus	22,557	22,557	187,740
Retained earnings	106,908	92,190	889,787
Less: Treasury stock 1,842 thousand shares in 2015 and 1,832 thousand shares in 2014	(601)	(596)	(5,002)
Total shareholders' equity	170,994	156,280	1,423,171
Accumulated other comprehensive income			
Net unrealized gains on securities, net of tax	2,613	1,653	21,747
Deferred losses on hedges, net of tax	(1,032)	(205)	(8,589)
Foreign currency translation adjustments	24,719	3,531	205,734
Accumulated adjustments for retirement benefit	(308)	(388)	(2,563)
Total accumulated other comprehensive income	25,992	4,591	216,329
Minority interests in consolidated subsidiaries	10,120	8,994	84,228
Total net assets	207,106	169,867	1,723,728
Total liabilities and net assets	¥538,646	¥503,825	$4,483,112

Consolidated Income Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net sales (Note 11)	¥473,274	¥441,046	$3,939,026
Cost of sales (Note 8)	395,695	370,404	3,293,341
Gross profit	77,578	70,642	645,676
Selling, general and administrative expenses (Note 8)	45,742	44,898	380,707
Operating income	31,835	25,743	264,960
Non-operating income (expenses):			
Interest and dividend income	2,582	1,305	21,489
Interest expense	(1,990)	(2,222)	(16,562)
Foreign exchange gains (losses)	(1,100)	1,229	(9,155)
Investment losses on equity method	(10,550)	(12,298)	(87,806)
Real estate rent	1,010	999	8,406
Other, net	(690)	(1,101)	(5,742)
	(10,739)	(12,087)	(89,379)
Ordinary income (Note 11)	21,096	13,656	175,580
Extraordinary profit (loss):			
Gain on sale of property, plant and equipment	257	730	2,138
Loss on sale and disposal of property, plant and equipment	(1,193)	(1,008)	(9,929)
Loss on impairment of fixed assets (Note 17)	(93)	(769)	(774)
Business structure improvement expenses	(537)	(1,167)	(4,469)
Gain on change in equity of affiliates	3,596	—	29,929
Gain on liquidation of subsidiaries and affiliates	450	—	3,745
Loss on liquidation of subsidiaries and affiliates	(284)	—	(2,363)
Gain on other capital surplus reduction of shares of subsidiaries and affiliates	643	—	5,351
Other, net	599	(2,060)	4,985
	3,437	(4,273)	28,605
Income before income taxes and minority interests	24,534	9,382	204,194
Income taxes (Note 12):			
Current	6,763	5,493	56,287
Deferred	(368)	(207)	(3,062)
	6,394	5,285	53,216
Income before minority interests	18,139	4,096	150,969
Minority interests	902	434	7,507
Net income	¥ 17,237	¥ 3,662	$ 143,462

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income (Note 16)	¥30.18	¥6.41	$0.25
Cash dividends applicable to the year	6.00	4.00	0.05

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Income before minority interests	**¥18,139**	¥ 4,096	**$150,969**
Other comprehensive income			
Net unrealized gains on securities, net of tax	**950**	843	**7,906**
Deferred gains (losses) on hedges, net of tax	**(1,364)**	1	**(11,352)**
Foreign currency translation adjustments	**8,073**	6,828	**67,191**
Remeasurements of defined benefit plans, net of tax	**111**	—	**923**
Share of other comprehensive income of associates accounted for using equity method	**14,186**	5,637	**118,069**
Total other comprehensive income (Note 20)	**21,958**	13,311	**182,754**
Comprehensive income	**¥40,097**	¥17,408	**$333,724**
(Breakdown)			
Comprehensive income attributable to owners of the parent	**¥38,637**	¥16,502	**$321,573**
Comprehensive income attributable to minority interests	**1,460**	905	**12,151**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	(Thousands)	Millions of yen											
		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities, net of tax	Deferred losses on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets (Note 10)
Balance at April 1, 2014	572,966	¥42,129	¥22,557	¥ 92,190	¥(596)	¥156,280	¥1,653	¥ (205)	¥ 3,531	¥(388)	¥ 4,591	¥ 8,994	¥169,867
Cumulative effects of changes in accounting policies				(825)		(825)							(825)
Restated balance		42,129	22,557	91,365	(596)	155,455	1,653	(205)	3,531	(388)	4,591	8,994	169,042
Cash dividends				(2,284)		(2,284)							(2,284)
Net income				17,237		17,237							17,237
Acquisition of treasury stock					(4)	(4)							(4)
Change of scope of consolidation				590		590							590
Net changes of items other than shareholders' equity							959	(826)	21,187	79	21,400	1,125	22,525
Balance at March 31, 2015	572,966	¥42,129	¥22,557	¥106,908	¥(601)	¥170,994	¥2,613	¥(1,032)	¥24,719	¥(308)	¥25,992	¥10,120	¥207,106

	(Thousands)	Millions of yen											
		Shareholders' equity					Accumulated other comprehensive income						
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities, net of tax	Deferred gains (losses) on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets (Note 10)
Balance at April 1, 2013	572,966	¥42,129	¥22,557	¥90,302	¥(592)	¥154,397	¥ 767	¥ 219	¥(8,849)	¥ —	¥(7,861)	¥8,514	¥155,049
Cash dividends				(1,713)		(1,713)							(1,713)
Net income				3,662		3,662							3,662
Acquisition of treasury stock					(4)	(4)							(4)
Change of scope of consolidation				(60)		(60)							(60)
Net changes of items other than shareholders' equity							886	(425)	12,381	(388)	12,453	480	12,934
Balance at March 31, 2014	572,966	¥42,129	¥22,557	¥92,190	¥(596)	¥156,280	¥1,653	¥(205)	¥ 3,531	¥(388)	¥ 4,591	¥8,994	¥169,867

	Thousands of U.S. dollars (Note 1)											
	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities, net of tax	Deferred losses on hedges, net of tax	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets (Note 10)
Balance at April 1, 2014	$350,636	$187,740	$767,290	$(4,960)	$1,300,707	$13,757	$(1,706)	$ 29,388	$(3,229)	$ 38,210	$74,856	$1,413,791
Cumulative effects of changes in accounting policies			(6,866)		(6,866)							(6,866)
Restated balance	350,636	187,740	760,424	(4,960)	1,293,841	13,757	(1,706)	29,388	(3,229)	38,210	74,856	1,406,924
Cash dividends			(19,009)		(19,009)							(19,009)
Net income			143,462		143,462							143,462
Acquisition of treasury stock				(33)	(33)							(33)
Change of scope of consolidation			4,910		4,910							4,910
Net changes of items other than shareholders' equity						7,981	(6,874)	176,337	657	178,110	9,363	187,473
Balance at March 31, 2015	$350,636	$187,740	$889,787	$(5,002)	$1,423,171	$21,747	$(8,589)	$205,734	$(2,563)	$216,329	$84,228	$1,723,728

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 24,534	¥ 9,382	$ 204,194
Depreciation and amortization	25,287	24,314	210,461
Loss on impairment of fixed assets (Note 17)	93	769	774
Gain on sale of property, plant and equipment, net	(226)	(633)	(1,880)
Loss on disposal of property, plant and equipment	1,161	911	9,662
Foreign exchange loss	641	184	5,334
Investment losses on equity method	10,550	12,298	87,806
Gain on change in equity of affiliates	(3,596)	—	(29,929)
Increase in allowance for doubtful accounts	17	197	141
Increase (Decrease) in liability for retirement benefits	(254)	619	(2,114)
Interest and dividend income	(2,582)	(1,305)	(21,489)
Interest expense	1,990	2,222	16,562
Decrease (Increase) in notes and accounts receivable	(5,170)	72	(43,029)
Increase in inventories	(5,160)	(10,892)	(42,946)
Increase (Decrease) in notes and accounts payable	(1,153)	2,383	(9,596)
Other, net	(5,847)	26	(48,664)
Subtotal	40,286	40,549	335,297
Interest and dividend received	7,323	2,184	60,948
Interest paid	(2,017)	(2,328)	(16,787)
Income taxes paid	(8,087)	(3,929)	(67,307)
Income taxes refund	540	1,420	4,494
Other, net	(799)	106	(6,650)
Net cash provided by operating activities	37,245	38,003	309,987
Cash flows from investing activities:			
Purchases of securities	(292)	(46,849)	(2,430)
Purchases of securities in subsidiaries	—	(96)	—
Acquisition of property, plant and equipment and other assets	(26,583)	(26,261)	(221,248)
Proceeds from sale of property, plant and equipment	432	1,999	3,595
Decrease in short-term loans receivable, net	75	2	624
Disbursement for long-term loans receivable	(81)	(53)	(674)
Collection of long-term loans receivable	32	24	266
Other, net	(1)	(894)	(8)
Net cash used in investing activities	(26,418)	(72,128)	(219,875)
Cash flows from financing activities:			
Net change in short-term borrowings and commercial papers	(4,833)	5,952	(40,224)
Proceeds from long-term debt	9,465	55,525	78,776
Repayment of long-term debt	(14,319)	(34,697)	(119,176)
Repayment of lease liability	(591)	(597)	(4,918)
Issuance of bonds	10,000	20,000	83,229
Redemption of straight bonds	(10,000)	(10,000)	(83,229)
Payment for cash dividends to the Company's shareholders	(2,284)	(1,713)	(19,009)
Payment for cash dividends to minority shareholders	(214)	(449)	(1,781)
Other, net	(36)	(86)	(299)
Net cash provided by (used in) financing activities	(12,814)	33,933	(106,650)
Effect of exchange rate changes on cash and cash equivalents	1,834	1,138	15,264
Net Increase (Decrease) in cash and cash equivalents	(151)	946	(1,256)
Cash and cash equivalents at beginning of year	15,288	15,202	127,240
Effect of addition of consolidated subsidiaries	790	29	6,575
Effect of exclusion of consolidated subsidiaries	—	(890)	—
Cash and cash equivalents at end of year (Note 5)	¥ 15,926	¥ 15,288	$ 132,550

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2015 and 2014

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui Mining and Smelting Company, Limited ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120.15 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies"). All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the unconsolidated subsidiaries and the significant affiliates, which the Company and its subsidiaries are able to influence, in a material degree, their financial and operating decision-making, are accounted for by the equity method after the elimination of unrealized intercompany profits. Investments in the remaining unconsolidated subsidiaries and affiliates are not accounted for by the equity method because of their immaterial effect on the consolidated financial statements. Such investments, therefore, are carried at cost, adjusted for any substantial and non-recoverable decline in value, and income from such unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as the goodwill and amortized mainly over five years. Negative goodwill is recognized as profit on the acquisition date.

(b) Foreign currency translation

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the rates of foreign exchange prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings.

All assets and liabilities of consolidated foreign subsidiaries are translated into Japanese yen at the rates prevailing at their balance sheet dates and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates prevailing during the year. The resulting translation adjustments are shown as "Foreign currency translation adjustments," a component of net assets.

(c) Cash and cash equivalents

In the accompanying consolidated statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

(d) Marketable securities, investment securities and investments in unconsolidated subsidiaries and affiliates other than those accounted for by the equity method

Securities owned by the Companies are classified into: (1) securities intended to be held to maturity (hereafter, "held-to-maturity securities"), (2) equity securities issued by subsidiaries and affiliated companies, or (3) all other securities that are not classified as trading securities or in any of the above categories (hereafter, "available-for-sale securities").

Held-to-maturity securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are mainly stated at average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets. Realized gains and losses on sale of such securities are computed using average cost or moving-average cost. Other available-for-sale securities with no available fair market value are mainly stated at average cost.

(e) Derivative transactions and hedge accounting

The Companies generally state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting. Gains and losses on derivative financial instruments held by certain consolidated foreign subsidiaries are still charged to profit and loss as settled.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies generally defer recognition of gains or losses resulting from changes in their fair value until the related gains or losses on the hedged items are recognized.

All of derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For currency swap contracts, interest rate swap contracts and metal forward contracts, the Companies evaluate hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The evaluation of effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

(f) Inventories

Inventories are stated primarily at lower of cost or net selling value based on the following methods:

The Company:
 Metals Sector, Catalysts Division
Subsidiaries:
 Mitsui Kinzoku ACT Corporation, Kamioka Mining & Smelting Co., Ltd. (except for the metal powders factory), Hachinohe Smelting Co., Ltd. and others
  : First-in, first-out method
The Company:
 Copper Foil Division
  : Moving average method
The Company:
 Engineered Materials Sector (except for Catalysts Division and Copper Foil Division), Affiliates Coordination Strategic Sector
Subsidiaries:
 The metal powders factory of Kamioka Mining & Smelting Co., Ltd., Nippon Yttrium Co., Ltd., Mitani Shindo Co., Ltd. and others
  : Average method
Overseas subsidiaries
  : Lower of market or cost using average method or first-in, first-out method

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to: (1) buildings, excluding building fixtures, acquired after March 31, 1998, (2) certain plant facilities of the Company and (3) property, plant and equipment of certain consolidated subsidiaries. The durable years of these assets generally range from 7 to 50 years for buildings, 3 to 60 years for structures and 2 to 20 years for machinery and equipment.

Leased assets used under finance leases and capitalized, are depreciated over the lease terms of respective assets by the straight-line method.

(h) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide an allowance for doubtful accounts in an amount sufficient to cover probable losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

(i) Provision for product warranties

Reserve for product warranties is provided to accrue estimated costs of repairing products free of charge, based on individually estimated amounts which are reliably measurable or the amounts computed by the ratio of actual repair costs which correspond to net sales.

(j) Provision for improvement of business structure

Provision for improvement of business structure is provided to accrue estimated costs of improvement of business structure by consolidating production facilities and other measures.

(k) Provision for loss on disposal of inventories

Provision for loss on disposal inventories is provided to accrue estimated costs of disposal of inventories, such as by-products and other materials.

(l) Employees’ retirement benefits

The Companies provided employees’ retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees’ retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

Prior service costs are amortized by the straight-line method over periods of 1 to 5 years which are within the average remaining years of service of the employees.

Actuarial differences are amortized primarily from the year in which the actuarial differences are incurred by the straight-line method over periods of 1 to 15 years which are within the average remaining years of service of the employees.

(Change in accounting policies)

The Company and its consolidated domestic subsidiaries adopted article 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012 (hereinafter, “Statement No. 26”)) and article 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015 (hereinafter, “Guidance No. 25”)) from the current fiscal year, and have changed the determination of retirement benefit obligations and current service costs. In addition, the Company and its consolidated domestic subsidiaries have changed the method of determining the discount rates from a method using the rate of the number of years that was similar for the average working term of the employee to a method using the single weighted average rate of discount that reflected the amount of every retirement payment possibility period on and payment possibility period.

In accordance with article 37 of Statement No. 26, the effect of changing the determination of retirement benefit obligations and current service costs has been recognized in retained earnings at the beginning of the current fiscal year.

As a result of the application, the liability for retirement benefits obligation increased by ¥544 million ($4,528 thousand), the asset for retirement benefits obligation decreased by ¥281 million ($2,339 thousand) and retained earnings decreased by ¥825 million ($6,866 thousand) at the beginning of the current fiscal year. In addition, the impact of this change on profit and loss for the current fiscal year was immaterial. The effects on the net assets per share and the net income per share for the current fiscal year were immaterial.

(m) Directors' and corporate auditors' retirement benefits

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Companies' internal rules. Their retirement benefits are accrued at the amount required to pay in accordance with the internal rules if the directors and corporate auditors have retired at the balance sheet date.

(n) Provision for environmental countermeasures

With enactment of the legislation about special measures concerning the proper treatment of PCB (polychlorinated biphenyl) waste, the Company and its domestic subsidiaries provide for environmental countermeasures to accrue estimated cost of disposal of PCB waste.

Furthermore, estimated cost of soil improvement and preventing environmental pollution is charged to this account.

(o) Provision for preventing environmental pollution in mineral, mining, and other operations

Provision for preventing environmental pollution in mineral, mining, and other operations is provided to accrue estimated cost of preventing the environmental pollution following the termination of use of mineral, mining, and other facilities.

(p) Provision for loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is provided to accrue estimated losses on business of unconsolidated subsidiaries and affiliates in view of their financial standing.

(q) Research and development expenses

Research and development expenses are charged to expenses.

(r) Recognition of revenues and related costs

Recognition of net sales and cost of sales of completed construction contracts

Construction contracts whose outcome can be estimated reliably:
Percentage-of-completion method
Other construction contracts:
Completed-contract method

(s) Income taxes

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

The Company has adopted the consolidated tax return system for the calculation of income taxes. Under the consolidated tax return system, the Company consolidates all wholly owned domestic subsidiaries based on the Japanese tax regulations.

(t) Net income, diluted net income and cash dividends per share

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted net income per share is not presented as there were no shares with dilutive effects in 2015 and 2014.

Cash dividends per share represent the historical amount applicable to the respective year.

(u) Reclassification

Certain prior year amounts have been reclassified to conform to the 2015 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

(v) Accounting of consumption tax

Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, is recorded as a liability or an asset, and is excluded from the relevant revenue, costs or expenses.

(Accounting standards not yet applied)

- "Revised Accounting Standards for Business Combination" (ASBJ Statement No. 21, September 13, 2013)
- "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013)
- "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013)
- "Revised Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, September 13, 2013)
- "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013)
- "Revised Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 13, 2013)

(1) Summary

The above standards and guidance have been revised primarily to account for:

a) How the changes of the shares in subsidiaries, over which the Company continues to control, should be treated by the Company when additional stock of a subsidiary is acquired.
b) Treatment of acquisition related costs
c) Presentation of current net income and the change of shareholders' equity from minority interests to non-controlling interests
d) Provisional application of accounting treatments

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2016.

Provisional application of the accounting standards is scheduled to begin for business combinations effective after the beginning of the fiscal year ending March 31, 2016.

(3) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(Changes in presentation)

(Consolidated income statements)

Due to the rising monetary significance of expanding mining exploration activities, consolidated subsidiary Compania Minera Santa Luisa S.A.'s mining exploration expenses, included previously in "cost of sales," was reclassified for inclusion in "selling, general and administrative expenses" from the consolidated fiscal year ended March 31, 2015.

To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2014 in this report were restated.

As a result, ¥225 million in "cost of sales" was reclassified in this report as "selling, general and administrative expenses" in the restated consolidated income statement for the fiscal year ended March 31, 2014.

3. Inventories

Inventories at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Merchandise and finished goods	¥27,035	¥26,026	$225,010
Work in process	30,754	27,716	255,963
Raw materials and supplies	34,683	31,573	288,664
Total	¥92,472	¥85,316	$769,637

4. Securities

(a) Acquisition costs and book values of available-for-sale securities with fair value as of March 31, 2015 and 2014 were as follows:

	Millions of yen		
Year ended March 31, 2015	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥5,915	¥2,117	¥3,798
Subtotal	5,915	2,117	3,798
Securities whose book value does not exceed acquisition cost:			
Stocks	308	437	(128)
Subtotal	308	437	(128)
Total	¥6,224	¥2,554	¥3,670

	Millions of yen		
Year ended March 31, 2014	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥4,709	¥1,815	¥2,893
Subtotal	4,709	1,815	2,893
Securities whose book value does not exceed acquisition cost:			
Stocks	706	866	(159)
Subtotal	706	866	(159)
Total	¥5,416	¥2,681	¥2,734

	Thousands of U.S. dollars (Note 1)		
Year ended March 31, 2015	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$49,230	$17,619	$31,610
Subtotal	49,230	17,619	31,610
Securities whose book value does not exceed acquisition cost:			
Stocks	2,563	3,637	(1,065)
Subtotal	2,563	3,637	(1,065)
Total	$51,801	$21,256	$30,545

(b) Available-for-sale securities sold for the years ended March 31, 2015 and 2014 were as follows:

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2015	2014	2015
Total sale amount	Stocks	¥520	¥—	$4,327
Gains	Stocks	385	—	3,204
Losses	Stocks	13	—	108

5. Amounts of Cash and Cash Equivalents

Amounts of cash and cash equivalents at March 31, 2015 and 2014 were reconciled with cash and deposits as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash and deposits	¥16,404	¥15,290	$136,529
Time deposits with maturities exceeding three months from the date of deposit	(478)	(1)	(3,978)
Total: Cash and cash equivalents	¥15,926	¥15,288	$132,550

6. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Short-term bank loans, generally represented by short-term notes and bank overdrafts, bore interest at annual rates ranging from 0.410% to 10.250% and from 0.436% to 10.250% at March 31, 2015 and 2014, respectively.	¥47,073	¥45,150	$391,785
Commercial paper with interest at annual rate of 0.09% at March 31, 2015 and 2014.	4,000	10,000	33,291
	¥51,073	¥55,150	$425,076

Long-term debt at March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
0.76 % yen unsecured straight bonds due in 2020	¥ 10,000	¥ 10,000	$ 83,229
0.27 % yen unsecured straight bonds due in 2019	10,000	—	83,229
0.79 % yen unsecured straight bonds due in 2018	10,000	10,000	83,229
0.74 % yen unsecured straight bonds due in 2017	10,000	10,000	83,229
0.76 % yen unsecured straight bonds due in 2016	10,000	10,000	83,229
0.80 % yen unsecured straight bonds due in 2015	10,000	10,000	83,229
1.15 % yen unsecured straight bonds due in 2014	—	10,000	—
Banks, insurance companies and other financial institutions, maturing through 2021 at interest rates ranging from 0.380% to 2.450% at March 31, 2015:			
Secured	900	950	7,490
Unsecured	94,331	97,525	785,110
Government-owned banks and government agencies, maturing through 2027 at interest rates ranging from 0.900% to 2.200% at March 31, 2015:			
Secured	4,086	4,875	34,007
Unsecured	—	—	—
	159,317	163,350	1,325,984
Less: Current portion	20,823	23,934	173,308
	¥138,494	¥139,416	$1,152,675

The aggregate annual maturities of long-term debt at March 31, 2015 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2016	¥ 20,823	$ 173,308
2017	23,573	196,196
2018	28,002	233,058
2019	46,973	390,952
2020	15,560	129,504
Thereafter	24,383	202,937
Total	¥159,317	$1,325,984

The 0.80% yen unsecured straight bonds due in 2015 were issued on December 16, 2010 by the Company.
The 0.76% yen unsecured straight bonds due in 2016 were issued on November 29, 2011 by the Company.
The 0.74% yen unsecured straight bonds due in 2017 were issued on November 29, 2012 by the Company.
The 0.79% yen unsecured straight bonds due in 2018 were issued on June 4, 2013 by the Company.
The 0.76% yen unsecured straight bonds due in 2020 were issued on November 28, 2013 by the Company.
The 0.27% yen unsecured straight bonds due in 2019 were issued on December 16, 2014 by the Company.

7. Pledged Assets

Assets pledged as collateral for long-term debt at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Investment securities	**¥ 1,862**	¥ 1,608	**$ 15,497**
Property, plant and equipment, net book value	**11,088**	14,542	**92,284**
	¥12,950	¥16,151	**$107,781**

8. Research and Development Expenses

Research and development expenses included in production cost and selling, general and administrative expenses amounted to ¥6,265 million ($52,143 thousand) and ¥5,795 million for the years ended March 31, 2015 and 2014, respectively.

9. Contingent Liabilities

(a) Contingent liabilities at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Notes receivable discounted	**¥ 368**	¥ 412	**$ 3,062**
Notes receivable endorsed	**41**	79	**341**
Notes receivable securitized with recourse	**623**	580	**5,185**
Loans guaranteed			
Unconsolidated subsidiaries and affiliates	**116,036**	99,294	**965,759**
Others	**526**	613	**4,377**
	¥117,596	¥100,981	**$978,743**

(b) Litigation

In a suit for damages that former employees and their associates brought to the Gifu District Court against the Company and its subsidiary as defendants, the court handed down a ruling on June 27, 2014 in which the defendants were ordered to pay the plaintiffs ¥343 million ($2,855 thousand) in damages and a certain amount of late charges.

The Company filed with the Nagoya High Court on July 10, 2014 to appeal the ruling.

Meanwhile, in order to discontinue compulsory execution of the declaration of provisional execution attached to the ruling, the Company made a suspense payment of the damages and late charges to the plaintiffs on July 7, 2014.

10. Net Assets

The Japanese Company Law provides that an amount equal to 10% of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Company Law.

11. Segment Information

The operations of the Companies for the years ended March 31, 2015 and 2014 were summarized as follows.

(a) Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has business sectors categorized by products and services in head office, and each business sector plans business strategies comprehensively and operates business activities domestically and internationally.

As a result, the Company reports four segments: Engineered Materials, Metals, Automotive Parts & Components, and Affiliates Coordination, based on business sectors categorized by products and services.

(Change in reportable segments)

As a result of Company-wide organizational reforms that took place on April 1, 2014, the Company's categorization of reportable segments was changed from the former Engineered Materials segment, Metals, Minerals & Environmental Engineering segment, Electronic Materials segment, Materials & Applications segment, and Automotive Parts & Components segment, to the current Engineered Materials segment, Metals segment, Automotive Parts & Components Segment, and the Affiliates Coordination segment from the consolidated fiscal year ended March 31, 2015.

Segment information from the previous consolidated fiscal year was reclassified in accordance with the reportable segments after the change in categorization for recording as the year ended March 31, 2014 results under "(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segments."

(b) Basis for calculating amounts of net sales, profit or loss, assets, and other items by reported segments

Accounting procedure for reported segments, excluding the handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency, is mostly the same as procedures indicated in 2. Summary of Significant Accounting Policies. The handling treatment for converting the income, expenses and assets of overseas subsidiaries into Japanese currency is mainly based on anticipated exchange rates at the time budgets were formulated. Profit for reported segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

(c) Information on amounts of net sales, profit or loss, assets, and other items by reported segments

Segment information as of and for the fiscal year ended March 31, 2015 was as follows:

	Millions of yen						
	Reported segments						
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Total	Adjustment	Consolidated
Year ended March 31, 2015							
Sales:							
Outside customers	¥147,090	¥124,199	¥104,490	¥ 90,169	¥465,950	¥ 7,324	¥473,274
Inter-segment	6,113	15,958	10	28,358	50,441	(50,441)	—
Total	153,203	140,158	104,500	118,528	516,391	(43,116)	473,274
Segment profit	¥ 12,184	¥ 12,769	¥ 5,044	¥ 4,849	¥ 34,848	¥(13,751)	¥ 21,096
Segment assets	¥141,510	¥216,180	¥ 54,880	¥ 91,192	¥503,763	¥ 34,882	¥538,646
Depreciation expense	9,467	7,409	3,979	2,504	23,360	1,785	25,146
Amortization of goodwill and negative goodwill	8	29	—	0	38	0	38
Interest income	169	178	68	169	586	(380)	205
Interest expense	658	1,334	170	317	2,480	(489)	1,990
Investment gains (losses) on equity method	259	1,584	19	762	2,626	(13,177)	(10,550)
Investment for companies accounted for using the equity method	2,689	100,097	315	12,832	115,935	7,179	123,114
Increase in property, plant and equipment, and intangible assets	9,717	9,510	5,618	2,501	27,349	1,556	28,906

Notes:

(a) Amounts of adjustment are as follows.

(1) Adjustment to segment profit, which amounted to ¥(13,751) million ($(114,448) thousand), consists mainly of ¥(1,236) million ($(10,287) thousand) for Company-wide costs that do not belong to any reportable segments and an impairment loss of ¥(12,703) million ($(105,726) thousand) on a copper ore development project at a subsidiary of an affiliate accounted for by the equity method.

Company-wide costs are mainly general and administrative expenses and research expenses that do not belong to any reportable segments.

(2) Adjustment to segment assets, which amounted to ¥34,882 million ($290,320 thousand), consists of ¥(13,545) million ($(112,734) thousand) for offset of receivables to the corporate administrative department and ¥47,319 million ($393,832 thousand) for Company-wide assets that do not belong to any reportable segments.

Company-wide assets are mainly assets in head office that do not belong to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated income statements.

Segment information as of and for the fiscal year ended March 31, 2014, which was restated in conformity with reorganization, was as follows:

	Millions of yen						
	Reported segments						
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Total	Adjustment	Consolidated
Year ended March 31, 2014							
Sales:							
Outside customers	¥130,876	¥110,216	¥89,987	¥ 87,050	¥418,131	¥ 22,915	¥441,046
Inter-segment	5,761	15,519	71	24,196	45,549	(45,549)	—
Total	136,638	125,736	90,059	111,246	463,680	(22,634)	441,046
Segment profit	¥ 16,315	¥ 4,474	¥ 3,975	¥ 3,064	¥ 27,830	¥(14,174)	¥ 13,656
Segment assets	¥127,966	¥207,959	¥44,211	¥ 83,827	¥463,964	¥ 39,860	¥503,825
Depreciation expense	8,426	7,004	3,300	2,523	21,254	2,923	24,178
Amortization of goodwill and negative goodwill	34	23	—	(0)	58	4	62
Interest income	130	199	16	85	432	(278)	153
Interest expense	843	1,192	75	282	2,392	(170)	2,222
Investment gains (losses) on equity method	309	479	41	934	1,765	(14,064)	(12,298)
Investment for companies accounted for using the equity method	2,490	69,100	564	12,577	84,732	522	85,254
Increase in property, plant and equipment, and intangible assets	9,781	6,729	4,200	2,805	23,516	3,485	27,001

Notes:

(a) Amounts of adjustment are as follows.

(1) Adjustment to segment profit, which amounted to ¥(14,174) million, consists mainly of ¥(1,551) million for Company-wide costs that do not belong to any reportable segments, ¥1,319 million for difference from converting the income and expenses of overseas subsidiaries into Japanese currency, and an impairment loss of ¥(13,634) million) on a copper ore development project at a subsidiary of an affiliate accounted for by the equity method.

Company-wide costs are mainly general and administrative expenses and research expenses that do not belong to any reportable segments.

(2) Adjustment to segment assets, which amounted to ¥39,860 million, consists of ¥(11,992) million for offset of receivables to the corporate administrative department and ¥44,096 million for Company-wide assets that do not belong to any reportable segments.

Company-wide assets are mainly assets in head office that do not belong to any reportable segments.

(b) Segment profit is adjusted to be consistent with ordinary income shown on the consolidated statements of income.

	Thousands of U.S. dollars (Note 1)						
	Reported segments						
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Total	Adjustment	Consolidated
Year ended March 31, 2015							
Sales:							
Outside customers	$1,224,219	$1,033,699	$869,662	$750,470	$3,878,069	$ 60,957	$3,939,026
Inter-segment	50,878	132,817	83	236,021	419,816	(419,816)	—
Total	1,275,097	1,166,525	869,746	986,500	4,297,885	(358,851)	3,939,026
Segment profit	$ 101,406	$ 106,275	$ 41,980	$ 40,357	$ 290,037	$(114,448)	$ 175,580
Segment assets	$1,177,777	$1,799,250	$456,762	$758,984	$4,192,784	$ 290,320	$4,483,112
Depreciation expense	78,793	61,664	33,116	20,840	194,423	14,856	209,288
Amortization of goodwill and negative goodwill	66	241	—	0	316	0	316
Interest income	1,406	1,481	565	1,406	4,877	(3,162)	1,706
Interest expense	5,476	11,102	1,414	2,638	20,640	(4,069)	16,562
Investment gains (losses) on equity method	2,155	13,183	158	6,342	21,856	(109,671)	(87,806)
Investment for companies accounted for using the equity method	22,380	833,100	2,621	106,799	964,918	59,750	1,024,669
Increase in property, plant and equipment, and intangible assets	80,873	79,151	46,758	20,815	227,623	12,950	240,582

[Related information]

Information by area

	Millions of yen					
	Japan	China	Asia (Except China)	North America	Other Areas	Consolidated
Year ended March 31, 2015						
Sales	**¥278,906**	**¥55,970**	**¥82,218**	**¥42,450**	**¥13,728**	**¥473,274**

	Millions of yen					
	Japan	China	Asia (Except China)	North America	Other Areas	Consolidated
Year ended March 31, 2014						
Sales	¥268,797	¥49,157	¥69,374	¥39,028	¥14,687	¥441,046

	Thousands of U.S. dollars (Note 1)					
	Japan	China	Asia (Except China)	North America	Other Areas	Consolidated
Year ended March 31, 2015						
Sales	**$2,321,315**	**$465,834**	**$684,294**	**$353,308**	**$114,257**	**$3,939,026**

	Millions of yen				
	Japan	Asia	North America	Other Areas	Consolidated
Year ended March 31, 2015					
Property, plant and equipment	**¥110,757**	**¥40,704**	**¥6,859**	**¥5,736**	**¥164,058**

	Millions of yen				
	Japan	Asia	North America	Other Areas	Consolidated
Year ended March 31, 2014					
Property, plant and equipment	¥109,855	¥36,557	¥5,542	¥4,442	¥156,397

	Thousands of U.S. dollars (Note 1)				
	Japan	Asia	North America	Other Areas	Consolidated
Year ended March 31, 2015					
Property, plant and equipment	**$921,822**	**$338,776**	**$57,086**	**$47,740**	**$1,365,443**

[Information on loss on impairment of fixed assets by reported segments]

	Millions of yen					
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Elimination· Corporate	Consolidated
Year ended March 31, 2015						
Loss on impairment of fixed assets	**¥—**	**¥39**	**¥—**	**¥54**	**¥—**	**¥93**

	Millions of yen					
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Elimination· Corporate	Consolidated
Year ended March 31, 2014						
Loss on impairment of fixed assets	¥—	¥12	¥—	¥756	¥—	¥769

	Thousands of U.S. dollars (Note 1)					
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Elimination· Corporate	Consolidated
Year ended March 31, 2015						
Loss on impairment of fixed assets	**$—**	**$324**	**$—**	**$449**	**$—**	**$774**

[Information on amortization of goodwill and amortized balance by reported segments]

	Millions of yen					
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Elimination· Corporate	Consolidated
Year ended March 31, 2015						
Amortization of goodwill	¥ 8	¥29	¥—	¥ 0	¥—	¥38
Balance at end of fiscal year	—	64	—	—	—	64

	Millions of yen					
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Elimination· Corporate	Consolidated
Year ended March 31, 2014						
Amortization of goodwill	¥34	¥27	¥—	¥—	¥—	¥62
Balance at end of fiscal year	8	90	—	—	—	99

	Thousands of U.S. dollars (Note 1)					
	Engineered Materials	Metals	Automotive Parts & Components	Affiliates Coordination	Elimination· Corporate	Consolidated
Year ended March 31, 2015						
Amortization of goodwill	$66	$241	$—	$ 0	$—	$316
Balance at end of fiscal year	—	532	—	—	—	532

[Information on gain on negative goodwill by reported segment]
Year ended March 31, 2015
Not applicable.

Year ended March 31, 2014
Not applicable.

12. Income Taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 35.2% and 37.7% for the fiscal years ended March 31, 2015 and 2014, respectively.

1. Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deferred tax assets:			
Excess bad debt expenses	¥ 150	¥ 133	$ 1,248
Excess accrued bonuses to employees	1,454	1,476	12,101
Excess product warranties	320	242	2,663
Liability for retirement benefits	7,291	7,448	60,682
Provision for environmental countermeasures	303	394	2,521
Loss on impairment of fixed assets	2,516	2,749	20,940
Enterprise taxes accrued	271	164	2,255
Unrealized profits and losses	2,123	2,070	17,669
Operating loss carryforward for tax purposes	13,651	10,480	113,616
Net unrealized losses on securities	43	119	357
Deferred losses on hedges	663	61	5,518
Other	10,648	6,359	88,622
Subtotal	39,437	31,700	328,231
Valuation allowance	(28,653)	(22,855)	(238,476)
Total deferred tax assets	¥ 10,784	¥ 8,845	$ 89,754
Deferred tax liabilities:			
Net unrealized gains on securities	¥ (1,225)	¥ (1,020)	$ (10,195)
Deferred gains on hedges	(383)	(151)	(3,187)
Retained earnings of foreign subsidiaries	(3,870)	(3,295)	(32,209)
Deferral of capital gain related to certain sale of property, plant and equipment	(1,297)	(439)	(10,794)
Other	(2,229)	(2,521)	(18,551)
Total deferred tax liabilities	¥ (9,005)	¥ (7,427)	$ (74,947)
Net deferred tax assets	¥ 1,778	¥ 1,417	$ 14,798

The net deferred tax assets at March 31, 2015 and 2014 were contained in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deferred tax assets — current	¥ 5,451	¥ 3,926	$ 45,368
Deferred tax assets — noncurrent	2,268	2,231	18,876
Deferred tax liabilities — current	(24)	(24)	(199)
Deferred tax liabilities — noncurrent	(5,917)	(4,715)	(49,246)

2. The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the fiscal years ended March 31, 2015 and 2014.

	2015	2014
Statutory effective tax rate	35.2%	37.7%
Permanent difference due to non-deductible expense	1.3	6.6
Permanent difference due to non-taxable income	(44.3)	(31.6)
Effect of elimination of intercompany dividends received	24.0	31.0
Investment gains on equity method	10.0	54.7
Income taxes for prior periods	(0.1)	—
Valuation allowance	12.7	(41.7)
Downward adjustment of deferred tax assets at end of year due to tax rate change	0.6	(2.9)
Taking over tax loss carryforwards from liquidation of subsidiaries	(19.4)	—
Others	6.2	2.4
Tax rate calculated based on the Companies' consolidated financial statements	26.1%	56.3%

3. Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates
On March 31, 2015, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2015 to March 31, 2016 and on or after April 1, 2016 are changed from 35.2% for the fiscal year ended March 31, 2015 to 32.8% and 31.9%, respectively, as of March 31, 2015.

Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) decreased by ¥149 million ($1,240 thousand) as of March 31, 2015, deferred income tax recognized for the fiscal year ended March 31, 2015 increased by ¥309 million ($2,572 thousand), net unrealized gains on securities, net of tax increased by ¥125 million ($1,040 thousand), deferred losses on hedges, net of tax increased by ¥28 million ($233 thousand) and accumulated adjustments for retirement benefit increased ¥7 million ($58 thousand).

13. Financial Instruments

(a) Qualitative information on financial instruments

1. Policy of financial instruments management
The Companies raise funds primarily through bank loans and the issuance of commercial paper and bonds. The Companies manage surplus funds utilizing financial assets with high degrees of safety. The Companies use derivatives to reduce risk as described below and do not enter into speculative trading.

2. Description of financial instruments and risk
Trade receivables—notes and accounts receivable are exposed to the credit risks of customers. As the Companies are expanding their business globally, certain foreign currency denominated trade receivables are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the amount of foreign currency denominated trade receivables less the amount of respective foreign currency denominated trade payable. Investment securities are mainly stocks issued by companies that have business relationships, and are exposed to stock market fluctuation risk.

The majority of trade payables—notes and accounts payable have payment due dates of less than one year. A portion of foreign currency denominated trade payables—notes and accounts are denominated in foreign currencies in association with the import of raw materials and others and are thus exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of trade payables denominated in the respective foreign currencies. Short-term borrowings and commercial papers are raised mainly for operating activities while long-term debt (in principle within 5 years) is raised mainly for capital investments. Loans with floating interest are exposed to interest rate fluctuation risk, for long-term debt with floating interest, derivative transactions (interest rate swap contracts) are used for certain long-term loans in each loan agreement in order to hedge the risk of fluctuating interest rate and to make interest expenses fixed.

Regarding derivative transactions, the Companies used currency forward contracts and swaps to hedge transactions, such as future sales of commodities (mainly basic metals) and future purchases of inventories (mainly imported materials) in foreign currencies, and to hedge their foreign currency denominated assets and liabilities against foreign currency exchange risk. For those transactions, the Companies apply the deferred hedge method or the matching treatment method as hedge accounting methods except for transactions held by certain foreign subsidiaries, and for certain transactions to hedge assets and liabilities denominated in foreign currencies against foreign currency exchange risk.

The Companies also entered into interest rate swap contracts to hedge their loans payable against interest rate fluctuation risk. For those transactions, the Companies apply the deferred hedge method or the exceptional accrual method for interest rate swaps as hedge accounting methods except for transactions held by certain foreign subsidiaries.

Further, the Companies utilized metal forward contracts to reduce the Companies' exposure to fluctuations in metal prices. For those transactions, the Companies apply the deferred hedge method as hedge accounting methods except for transactions held by certain foreign subsidiaries. With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Notes to Consolidated Financial Statements — 2. Summary of Significant Accounting Policies — (e) Derivative transactions and hedge accounting."

Derivative transactions are exposed to market risks from fluctuations in fair value and to credit risks from breach of contract due to counter parties' insolvency or other reasons. Market risks of the Companies' currency forward and swap contracts, interest rate swap contracts and metal forward contracts refer to the risks from fluctuations in exchange rates, interest rates and metal prices.

3. Description of risk management system for financial instruments

Management system for credit risk

With regard to the credit risk for trade receivables—notes and accounts receivable, due dates and balances are managed for each customer and the credit status of major customers is kept track of on a semiannual basis.

In order to mitigate credit risk for derivative transactions, the Companies conduct business only with highly rated financial institutions and trading companies.

Management system for market risk

For foreign currency exchange rate risk from foreign currency denominated trade receivables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade receivables. For foreign currency exchange rate risk from foreign currency denominated trade payables, currency forward contracts are used on a certain portion of the positions that are, as a general rule, the net amount of foreign currency denominated trade payables. Moreover, the Companies also entered into interest rate swaps to hedge their loans payable against interest rate risk.

For stock market fluctuation risk of investment securities, the Companies keep track of the market prices and investees' (business partners) financial condition and review continuously the possession situation of stocks in view of the relationship with business partners.

Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies.

Management system for liquidity risk of financing

The Company's Finance & Accounting Department manages the risk through the preparation of the Companies' financial plans with group financing.

4. Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. As reasonably estimated value is estimated based on certain assumptions, it might differ if different assumptions are used.

In addition, the contract amount of the derivative transactions described below in "Notes to Consolidated Financial Statements — 14. Derivative Transactions" does not represent the market risk of the derivative transactions.

(b) Fair value of financial instruments

The carrying amounts of book value, fair value, and differences as of March 31, 2015 and 2014 were as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included (Please refer to "Note 2. Financial instruments whose fair value is extremely difficult to measure").

	Millions of yen		
	Book value	Fair value	Difference
Year ended March 31, 2015			
Assets:			
(a) Cash and deposits	¥ 16,404	¥ 16,404	¥ —
(b) Notes and accounts receivable	92,359	92,359	—
(c) Investment securities	10,881	9,870	(1,011)
Total	119,646	118,634	(1,011)
Liabilities:			
(a) Notes and accounts payable	58,817	58,817	—
(b) Short-term borrowings and commercial papers	51,073	51,073	—
(c) Current portion of long-term debt	20,823	21,181	357
(d) Long-term debt	138,494	139,134	640
Total	269,208	270,207	998
Derivative transactions	¥ (874)	¥ (874)	¥ —

Note: Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

	Millions of yen		
	Book value	Fair value	Difference
Year ended March 31, 2014			
Assets:			
(a) Cash and deposits	¥ 15,290	¥ 15,290	¥ —
(b) Notes and accounts receivable	82,582	82,582	—
(c) Investment securities	9,826	8,899	(926)
Total	107,698	106,772	(926)
Liabilities:			
(a) Notes and accounts payable	56,558	56,558	—
(b) Short-term borrowings and commercial papers	55,150	55,150	—
(c) Current portion of long-term debt	23,934	24,168	234
(d) Long-term debt	139,416	140,461	1,045
Total	275,058	276,338	1,280
Derivative transactions	¥ 225	¥ 225	¥ —

Note: Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

	Thousands of U.S. dollars (Note 1)		
	Book value	Fair value	Difference
Year ended March 31, 2015			
Assets:			
(a) Cash and deposits	$ 136,529	$ 136,529	$ —
(b) Notes and accounts receivable	768,697	768,697	—
(c) Investment securities	90,561	82,147	(8,414)
Total	995,805	987,382	(8,414)
Liabilities:			
(a) Notes and accounts payable	489,529	489,529	—
(b) Short-term borrowings and commercial papers	425,076	425,076	—
(c) Current portion of long-term debt	173,308	176,287	2,971
(d) Long-term debt	1,152,675	1,158,002	5,326
Total	2,240,599	2,248,913	8,306
Derivative transactions	$ (7,274)	$ (7,274)	$ —

Note: Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.

Notes:

1. Method of estimating fair value of financial instruments

Assets:

(a) Cash and deposits and (b) Notes and accounts receivable:

Regarding Cash and deposits and Notes and accounts receivable, book value is used as fair value, because these instruments have short maturity so that fair value approximates book value.

(c) Investment securities:

Fair value of investment securities equals quoted market price. Fair value of debt securities equals quoted market price or provided price by financial institutions. For the situation from the point of view of holding purposes, please refer to "Notes to Consolidated Financial Statements—4. Securities."

Liabilities:

(a) Notes and accounts payable and (b)Short-term borrowings and commercial papers:

Regarding Notes and accounts payable and Short-term borrowings and commercial papers, book value is used as fair value, because these instruments have short maturity so that fair value approximates book value.

(c) Current portion of long-term debt and (d)Long-term debt:

Fair value of long-term bank loans is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity. For certain long-term debt for which interest swap contracts are used to hedge the interest risk, fair value of derivative financial instruments is included in fair value of the long-term debt as hedged items. And the fair value of long-term debt is based on the present value of future cash flows treated in combination with the respective interest swaps and discounted using the current borrowing rate for similar debt of a comparable maturity (Please refer to "Notes to Consolidated Financial Statements — 14. Derivative Transactions").

Fair value of corporate bonds is based on the present value of future cash flows discounted using the indicated rate in secondary markets.

Derivative transactions:

(a) Contract amount, fair value, unrealized gain or loss, and others are described in "Notes to Consolidated Financial Statements — 14. Derivative Transactions."

2. Financial instruments whose fair value is extremely difficult to measure

Classification	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Unlisted equity securities	¥89,998	¥88,759	$749,047
Investments in other securities of subsidiaries and affiliates	35,558	35,511	295,946
Nonpublic domestic bonds	240	240	1,997

Above are not included in "(c) Investment securities" because there is no market value and it is extremely difficult to measure the fair value.

3. The redemption schedule for money claim and held-to-maturity debt securities with maturity dates subsequent to the consolidated balance sheets date

	Millions of yen			
	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2020	April 1, 2020 to March 31, 2025	April 1, 2025 and thereafter
Year ended March 31, 2015				
(a) Cash and deposits	**¥ 16,404**	**¥—**	**¥—**	**¥ —**
(b) Notes and accounts receivable	**92,359**	**—**	**—**	**—**
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds (domestic government and municipal bonds)	**—**	**—**	**—**	**240**
Total	**¥108,764**	**¥—**	**¥—**	**¥240**

	Millions of yen			
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2019	April 1, 2019 to March 31, 2024	April 1, 2024 and thereafter
Year ended March 31, 2014				
(a) Cash and deposits	¥15,290	¥—	¥—	¥ —
(b) Notes and accounts receivable	82,582	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds (domestic government and municipal bonds)	—	—	—	240
Total	¥97,872	¥—	¥—	¥240

	Thousands of U.S. dollars (Note 1)			
	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2020	April 1, 2020 to March 31, 2025	April 1, 2025 and thereafter
Year ended March 31, 2015				
(a) Cash and deposits	**$136,529**	**$—**	**$—**	**$ —**
(b) Notes and accounts receivable	**768,697**	**—**	**—**	**—**
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds (domestic government and municipal bonds)	**—**	**—**	**—**	**1,997**
Total	**$905,235**	**$—**	**$—**	**$1,997**

4. The redemption schedule for corporate bonds, long-term debt, and other interest-bearing debt with maturity dates subsequent to the consolidated balance sheets date

Please refer to "Notes to Consolidated Financial Statements — 6. Short-Term Borrowings and Long-Term Debt."

14. Derivative Transactions

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2015 and 2014 were as follows:

Currency-related derivatives

Type			Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Forward contracts:					
Selling:					
U.S. dollars:		Contract amounts	¥1,908	¥1,445	$15,880
		Due over one year	—	—	—
		Fair value	(21)	(5)	(174)
		Net unrealized losses	(21)	(5)	(174)

Note: Fair values of currency forward contracts are based on future exchange rates or prices provided by financial institutions.

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2015 and 2014 were as follows:

Currency-related derivatives

Currency-related derivatives for which hedge accounting had been applied

Type		Hedged items		Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Forward contracts:						
Selling:		Accounts receivable				
U.S. dollars:			Contract amounts	¥14,342	¥10,758	$119,367
			Due over one year	—	—	—
			Fair value	(1,883)	22	(15,672)
Buying:		Accounts payable				
U.S. dollars:			Contract amounts	¥ 196	¥ 137	$ 1,631
			Due over one year	—	—	—
			Fair value	0	11	0
Euros:			Contract amounts	¥ 47	¥ 60	$ 391
			Due over one year	—	—	—
			Fair value	(3)	5	(24)
Malaysia ringgit:			Contract amounts	¥ —	¥ 132	$ —
			Due over one year	—	—	—
			Fair value	—	(5)	—
Swap contracts:		Long-term debt				
Receive	U.S. dollars		Contract amounts	¥ —	¥ 720	$ —
Pay	Malaysia ringgit		Due over one year	—	360	—
			Fair value	—	(43)	—

Notes:
(a) The deferred hedge method is applied as a hedge accounting method.
(b) Fair values of currency forward contracts and currency swap contracts are based on future exchange rates or prices provided by financial institutions.

Currency-related derivatives for which exceptional accrual method had been applied

			Millions of yen		Thousands of U.S. dollars (Note 1)
Type		Hedged items	2015	2014	2015
Forward contracts:					
Selling:		Accounts receivable			
U.S. dollars:		Contract amounts	¥124	¥133	$1,032
		Due over one year	—	—	—
		Fair value	(Note b)	(Note b)	(Note b)

Notes:
(a) The exceptional accrual method for currency-related derivatives is applied as a hedge accounting method.
(b) For certain accounts receivable for which currency forward contracts are used to hedge the foreign currency exchange rate fluctuation risk, fair value of derivative financial instrument is included in fair value of the accounts receivable as hedged items, because those currency forwards contracts are treated in combination with the respective accounts receivable with the exceptional accrual method for currency forward contracts.

Interest rate-related derivatives

Interest rate-related derivatives for which hedge accounting had been applied

			Millions of yen		Thousands of U.S. dollars (Note 1)
Type		Hedged items	2015	2014	2015
Swap contracts:		Interest for long-term debt			
Receive	Float	Contract amounts	¥2,807	¥3,080	$23,362
Pay	Fix	Due over one year	1,604	2,396	13,349
		Fair value	(18)	(28)	(149)

Notes:
(a) The deferred hedge method is applied as a hedge accounting method.
(b) Fair value of interest swap contracts is present value based on rates provided by financial institutions.

Interest rate-related derivatives for which exceptional accrual method had been applied

			Millions of yen		Thousands of U.S. dollars (Note 1)
Type		Hedged items	2015	2014	2015
Swap contracts:		Interest for long-term debt			
Receive	Float	Contract amounts	¥65	¥6,203	$540
Pay	Fix	Due over one year	—	65	—
		Fair value	(Note b)	(Note b)	(Note b)

Notes:
(a) The exceptional accrual method for interest rate swap is applied as a hedge accounting method.
(b) For certain long-term debt for which interest swap contracts are used to hedge the interest risk, fair value of derivative financial instruments is included in fair value of the long-term debt as hedged items, because those interest swaps are treated in combination with the respective long-term debt with the exceptional accrual method for interest rate swap.

Commodities-related derivatives

Type	Hedged items		Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Forward contracts:	Raw materials and finished goods				
Selling:					
Zinc:		Contract amounts	¥13,342	¥10,830	$111,044
		Due over one year	—	—	—
		Fair value	1,076	205	8,955
Lead:		Contract amounts	¥ 1,770	¥ 1,427	$ 14,731
		Due over one year	—	—	—
		Fair value	(35)	23	(291)
Silver:		Contract amounts	¥ 1,022	¥ 690	$ 8,506
		Due over one year	—	—	—
		Fair value	0	18	0
Copper:		Contract amounts	¥ 109	¥ —	$ 907
		Due over one year	—	—	—
		Fair value	(0)	—	(0)
Buying:					
Zinc:		Contract amounts	¥ 1,046	¥ 4,265	$ 8,705
		Due over one year	—	—	—
		Fair value	19	21	158
Lead:		Contract amounts	¥ 413	¥ 106	$ 3,437
		Due over one year	—	—	—
		Fair value	(14)	(0)	(116)
Silver:		Contract amounts	¥ —	¥ 38	$ —
		Due over one year	—	—	—
		Fair value	—	1	—
Copper:		Contract amounts	¥ 110	¥ —	$ 915
		Due over one year	—	—	—
		Fair value	5	—	41

Notes:
(a) The deferred hedge method is applied as a hedge accounting method.
(b) Fair value of metal forward contracts is based on forward prices provided by trading companies.

15. Employees' Retirement Benefits

The Company and its consolidated domestic subsidiaries provide two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on their length of service and basic rate of pay at the time of termination.

Defined benefit plans

(a) Movement in retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Balance at the beginning of the fiscal year	¥37,415	¥36,450	$311,402
Cumulative effects of changes in accounting policies	826	—	6,874
Restated balance	38,242	36,450	318,285
Service cost	1,641	2,038	13,657
Interest cost	297	419	2,471
Actuarial loss	759	564	6,317
Benefits paid	(2,132)	(2,211)	(17,744)
Past service costs	95	(3)	790
Other	(39)	157	(324)
Balance at the end of the fiscal year	¥38,865	¥37,415	$323,470

(b) Movements in plan assets

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Balance at the beginning of the fiscal year	¥17,461	¥15,720	$145,326
Expected return on plan assets	642	267	5,343
Actuarial gain	742	728	6,175
Contributions paid by the employer	1,262	1,474	10,503
Benefits paid	(515)	(732)	(4,286)
Other	109	2	907
Balance at the end of the fiscal year	¥19,702	¥17,461	$163,978

(c) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Funded retirement benefit obligations	¥ 15,927	¥ 15,043	$ 132,559
Plan assets	(19,702)	(17,461)	(163,978)
	(3,775)	(2,417)	(31,419)
Unfunded retirement benefit obligations	22,938	22,371	190,911
Net liability for retirement benefits at the end of the fiscal year	¥ 19,162	¥ 19,953	$ 159,483
Liability for retirement benefits	¥ 23,234	¥ 22,784	$ 193,374
Asset for retirement benefits	(4,071)	(2,830)	(33,882)
Net liability for retirement benefits at the end of the fiscal year	¥ 19,162	¥ 19,953	$ 159,483

(d) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Service cost	¥1,641	¥2,038	$13,657
Interest cost	297	419	2,471
Expected return on plan assets	(642)	(267)	(5,343)
Net actuarial loss (gain) amortization	22	(163)	183
Past service costs amortization	95	(3)	790
Total retirement benefit costs for the fiscal year	¥1,415	¥2,022	$11,776

(e) Remeasurements of defined benefit plans

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Past service costs	¥ 84	¥—	$ 699
Actuarial gain (loss)	(20)	—	(166)
Total remeasurements of defined benefit plans for the fiscal year	¥ 63	¥—	$ 524

(f) Accumulated adjustments for retirement benefit

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Prior service costs that are yet to be recognized	¥110	¥152	$ 915
Net actuarial losses that are yet to be recognized	128	216	1,065
Total balance at the end of the fiscal year	¥238	¥368	$1,980

(g) Plan assets

1. Plan assets comprise:

	2015	2014
Bonds	34%	33%
Equity securities	30	28
General insurance funds	34	36
Other	2	3
Total	100%	100%

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(h) Actuarial assumptions

The principal actuarial assumptions at March 31, 2015 and 2014 are as follows:

	2015	2014
Discount rate	0.7%–1.0%	1.0%–2.3%
Long-term expected rate of return	Mainly 4.2 %	Mainly 1.9 %

Defined contribution plans

Contributions to defined contribution plans amounted to ¥114 million ($949 thousand) and ¥106 million for the years ended March 31, 2015 and 2014, respectively.

16. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2015 and 2014 were as follows:

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S. dollars (Note 1))
Year ended March 31, 2015				
Net income available to common shareholders	¥17,237	571,127	¥30.18	$0.25

As stated in "Change in accounting policies," the Company and its consolidated domestic subsidiaries adopted article 35 of the "Accounting Standard for Retirement Benefits" and article 67 of the "Guidance on Accounting Standard for Retirement Benefits," and followed the provisional treatments in article 37 of the "Accounting Standard for Retirement Benefits."

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)
Year ended March 31, 2014			
Net income available to common shareholders	¥3,662	571,141	¥6.41

17. Loss on Impairment of Fixed Assets

Loss on impairment of fixed assets for the fiscal years ended March 31, 2015 and 2014 consisted of the following.

Year ended March 31, 2015

Location	Major use	Asset category	Millions of yen	Thousands of U.S. dollars (Note 1)
Takehara City,	Idle assets	Buildings and structures	¥ 6	$ 49
Hiroshima Prefecture		Machinery	20	166
		Others	0	0
Ota City,	Idle assets	Land	¥12	$ 99
Shimane Prefecture				
Hida City,	Idle assets	Buildings and structures	¥ 0	$ 0
Gifu Prefecture		Machinery	5	41
		Others	31	258
Iruma City,	Production facilities	Buildings and structures	¥10	$ 83
Saitama Prefecture		Machinery	5	41
		Others	0	0

Grouping of assets used for business purposes is based on plant- and product-specific units based on management accounting classifications.

Leased assets and idle assets that show signs of impairment are assessed on an individual asset basis for the purposes of impairment recognition.

At production facilities where serious deterioration in market conditions significantly undermines profitability, those facilities that planned to stay in business reduced their book value to the collectible value and shortfalls were recorded as impairment losses under extraordinary losses. The collectible value is measured by its value in use, and is calculated by discounting future cash flows by 1.54%.

The Company wrote down the book value of production facilities being undermined in profitability by deteriorating market conditions to a recoverable amount, and recorded the reduction in book value as an extraordinary loss on impairment of fixed assets.

For idle property, plant and equipment that is very unlikely to be sold off, the Company recorded all of the book value as a loss on impairment of fixed assets. For idle property, plant and equipment that can be sold off, the Company determined a net salable price based on the value assessed for property tax purposes, among other factors, and recorded the book value in excess of that price as an extraordinary loss on impairment of fixed assets.

Year ended March 31, 2014

Location	Major use	Asset category	Millions of yen
Nirasaki City,	Production facilities	Buildings and structures	¥145
Yamanashi Prefecture		Machinery	243
		Land	217
		Others	128
Nirasaki City,	Idle assets	Machinery	¥ 20
Yamanashi Prefecture, others		Land	12
		Others	0

Grouping of assets used for business purposes is based on plant- and product-specific units based on management accounting classifications.

Leased assets and idle assets that show signs of impairment are assessed on an individual asset basis for the purposes of impairment recognition.

At production facilities where serious deterioration in market conditions significantly undermines profitability, those facilities that planned to stay in business reduced their book value to the collectible value and shortfalls were recorded as impairment losses under extraordinary losses. The collectible value is measured by its value in use, and is calculated by discounting future cash flows by 1.62%.

Among production facilities, at those facilities that planned to withdraw unprofitable products following production system restructuring, the book value of said assets was recorded as an impairment loss under extraordinary losses.

For idle assets with very low sales potentiality, book values have been reduced to zero and impairment losses duly recognized. In the case of idle assets with some prospect of sale, when net salable prices reasonably estimated by real estate appraisers are exceeded by book values, the shortfalls are recorded as extraordinary losses (loss on impairment of fixed assets).

18. Related Party Transactions

(a) Related party transactions

1. The Company owns 32.4% of outstanding shares of Pan Pacific Copper Co., Ltd., which produces and sells products related to copper refining and smelting business.

The transaction amount for the fiscal years ended March 31, 2015 and 2014 with Pan Pacific Copper Co., Ltd. was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Guarantees of bank loans	¥62,562	¥50,398	$520,699
Underwriting of capital increase	—	25,459	—

2. The Company owns 50% of outstanding shares of MS Zinc Co., Ltd., which produces and sells products related to zinc refining and smelting business.

The transaction amount for the fiscal year ended March 31, 2014, and account balance as of March 31, 2014 with MS Zinc Co., Ltd. were as follows:

	Millions of yen
	2014
Cost of sales (Mainly purchasing of zinc metals)	¥9,043
Accounts payable	6,419

3. SCM Minera Lumina Copper Chile is an affiliate of Pan Pacific Copper Co., Ltd.

The transaction amount for the fiscal years ended March 31, 2015 and 2014 with SCM Minera Lumina Copper Chile was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Guarantees of bank loans	¥42,548	¥38,709	$354,124

4. Caserones Finance Netherlands B.V. is an affiliate of Pan Pacific Copper Co., Ltd.

The transaction amount for the fiscal years ended March 31, 2015 and 2014 with Caserones Finance Netherlands B.V. was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Guarantees of bank loans	¥9,013	¥7,870	$75,014

(b) Note about significant related parties

In the fiscal year ended March 31, 2015, Pan Pacific Copper Co., Ltd. and MFN Investment LLC were recognized as significant related parties and the summaries of their financial statements were as follows:

Pan Pacific Copper Co., Ltd.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Total current assets	¥260,339	¥201,222	$2,166,783
Total non-current assets	216,048	210,661	1,798,152
Total current liabilities	286,318	193,084	2,383,004
Total long-term liabilities	1,509	2,111	12,559
Total net assets	188,559	216,688	1,569,363
Net sales	708,461	621,809	5,896,471
Loss before income taxes	(43,269)	(7,404)	(360,124)
Net loss	(47,908)	(9,489)	(398,734)

MFN Investment LLC

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Total current assets	¥ 1,203	¥ 6	$ 10,012
Total non-current assets	166,448	104,584	1,385,334
Total current liabilities	1,199	1	9,979
Total long-term liabilities	61,864	—	514,889
Total net assets	104,588	104,589	870,478
Net sales	—	—	—
Income (loss) before income taxes	1	(1)	8
Net loss	(0)	(2)	(6)

19. Asset Retirement Obligations

Years ended March 31, 2015 and 2014

Asset retirement obligations that are recorded in the consolidated balance sheet

(a) Overview of asset retirement obligations

- Obligation to restore a closed mine to its original state required by the Mine Closure Law overseas
- Obligation to eliminate asbestos caused by dismantling a building (business asset) under the Act on Asbestos Health Damage Relief
- Obligation to restore a vacated office or other facility to its original state based on a real estate lease agreement

(b) Basis for calculating amounts of the asset retirement obligations

(Mines)

Compania Minera Santa Luisa S.A. has recognized asset retirement obligations in accordance with International Financial Reporting Standards, by estimating closure costs based on mine closure plans under mine closure legislation and regulations in Peru. With regard to estimation of asset retirement obligations, a discount rate of 2.17% is used, and the estimated period up to payment is based on number of recoverable years from launch of operations (average of 37 years).

In addition, during the fiscal year ended March 31, 2015, the company revised its estimate of mine closure costs, no longer using the 3.03% discount rate used in the previous fiscal year. As a result, ¥509 million ($4,236 thousand) were added to the balance of asset retirement obligations compared with before the change.

(Asbestos)

The expected periods of time before removal expenses at the time of dismantling is estimated between 2 and 32 years depending on each asset. The companies use rates between 0.64% and 2.30% as a discount rate to estimate the amount of asset retirement obligations.

(Real estate lease agreements)

The companies reasonably estimate the amount of lease deposits from real estate lease agreements that they cannot expect to finally recover, and record the portion of this amount allocated to the fiscal year ended March 31, 2015 as expenses, instead of recording them as asset retirement obligations under liabilities.

The companies use periods of time between 3 and 21 years from the date of occupancy to estimate the amount of the expenses.

The companies estimate the uncollectible amount of lease deposits as ¥91 million ($757 thousand) in the fiscal year ended March 31, 2015.

(c) Changes in the total amount of these asset retirement obligations in the fiscal years ended March 31, 2015 and March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Balance at the beginning of the fiscal year	¥2,344	¥2,458	$19,508
Adjustments due to the passage of time	65	41	540
Decrease from execution of asset retirement obligations	(90)	(35)	(749)
Increase (decrease) from changes of estimates	509	(350)	4,236
Impact of foreign currency translation	189	230	1,573
Balance at the end of the fiscal year	¥3,018	¥2,344	$25,118

20. Consolidated Statements of Comprehensive Income

Years ended March 31, 2015 and 2014

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net unrealized gains (losses) on securities:			
Increase (decrease) during the year	¥ 1,188	¥ 1,247	$ 9,887
Reclassification adjustments	(14)	—	(116)
Subtotal, before tax	1,174	1,247	9,771
Tax (expense) or benefit	(224)	(403)	(1,864)
Subtotal, net of tax	950	843	7,906
Deferred gains (losses) on hedges:			
Increase (decrease) during the year	(2,953)	(252)	(24,577)
Reclassification adjustments	1,834	87	15,264
Subtotal, before tax	(1,119)	(164)	(9,313)
Tax (expense) or benefit	(244)	166	(2,030)
Subtotal, net of tax	(1,364)	1	(11,352)
Foreign currency translation adjustments:			
Increase (decrease) during the year	8,073	6,742	67,191
Reclassification adjustments	—	86	—
Subtotal, net of tax	8,073	6,828	67,191
Remeasurements of defined benefit plans:			
Increase (decrease) during the year	81	—	674
Reclassification adjustments	63	—	524
Subtotal, net of tax	145	—	1,206
Tax (expense) or benefit	(33)	—	(274)
Subtotal, net of tax	111	—	923
Share of other comprehensive income of associates accounted for using equity method:			
Increase (decrease) during the year	11,137	4,893	92,692
Reclassification adjustments	3,049	743	25,376
Subtotal, net of tax	14,186	5,637	118,069
Total other comprehensive income	¥21,958	¥13,311	$182,754

Independent Auditor's Report

To the Board of Directors of Mitsui Mining and Smelting Company, Limited:

We have audited the accompanying consolidated financial statements of Mitsui Mining and Smelting Company, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated income statements, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui Mining and Smelting Company, Limited and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2015
Tokyo, Japan

Investor Information (As of March 31, 2015)

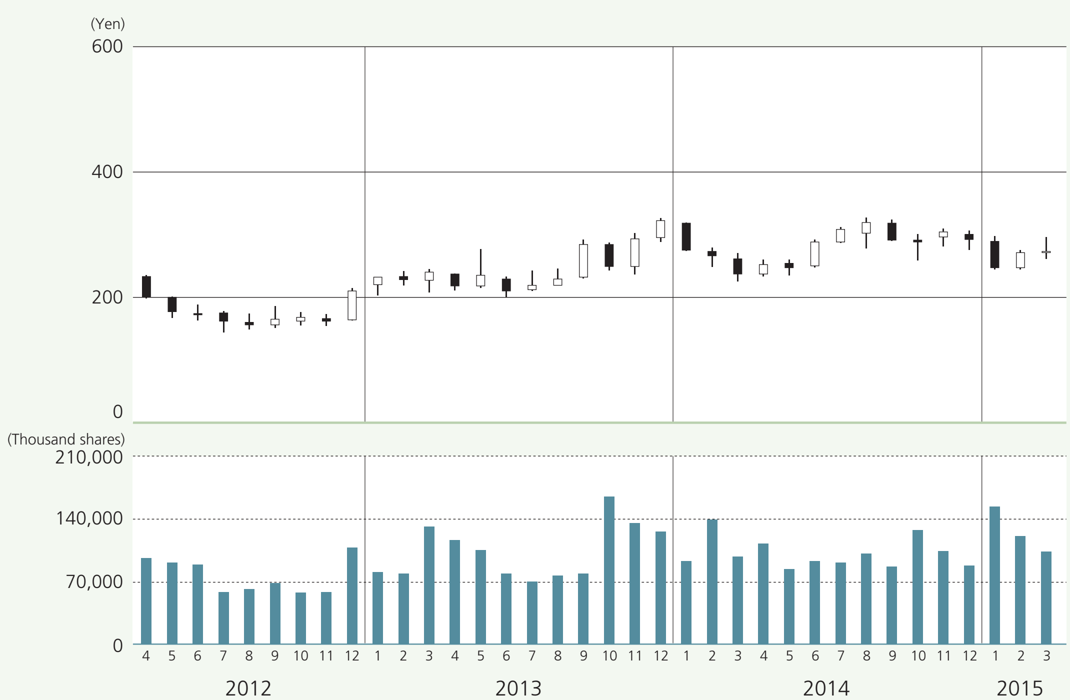
Number of shareholders: 46,602

Major shareholders:

	Investment in the Company	
	Number of shares held (Thousands)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Held in trust account)	49,234	8.62
The Master Trust Bank of Japan, Ltd. (Held in trust account)	34,924	6.11
CBNY – ORBIS SICAV	31,064	5.43
National Mutual Insurance Federation of Agricultural Cooperatives	23,291	4.07
The Employees' Shareholding Association	11,978	2.09
CBNY – ORBIS FUNDS	9,778	1.71
Mitsui Life Insurance Co., Ltd.	5,986	1.04
Japan Trustee Services Bank, Ltd. (Held in trust account 5)	5,925	1.03
Japan Trustee Services Bank, Ltd. (Held in trust account 6)	5,890	1.03
Japan Trustee Services Bank, Ltd. (Held in trust account 1)	5,852	1.02

Notes: 1. Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 1,842,579 shares in treasury).
2. Figures are rounded down to the nearest thousand shares.

Stock price range:



Corporate Data (As of March 31, 2015)

Established: May 1, 1950

Authorized capital: 1,944 million shares

Shares issued: 572,966,166 shares

Paid-in capital: ¥42,129 million

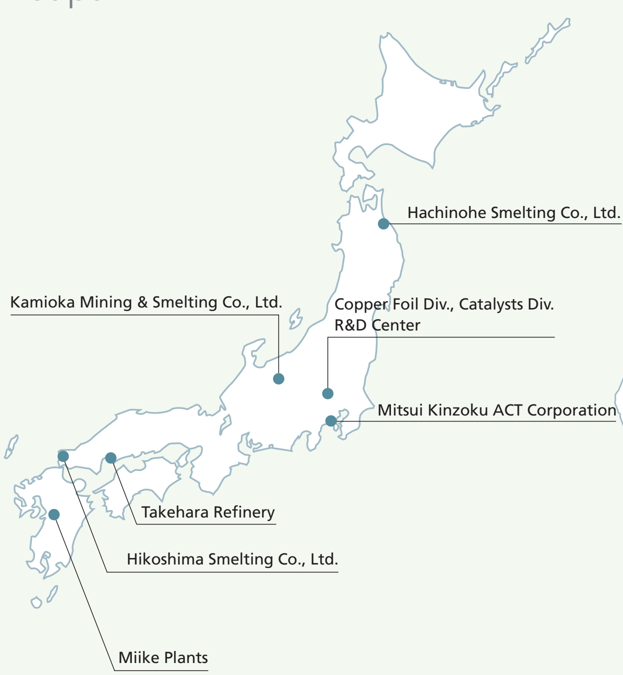
Stock listings: Common stock is listed on the Tokyo Stock Exchange

Principal subsidiaries:

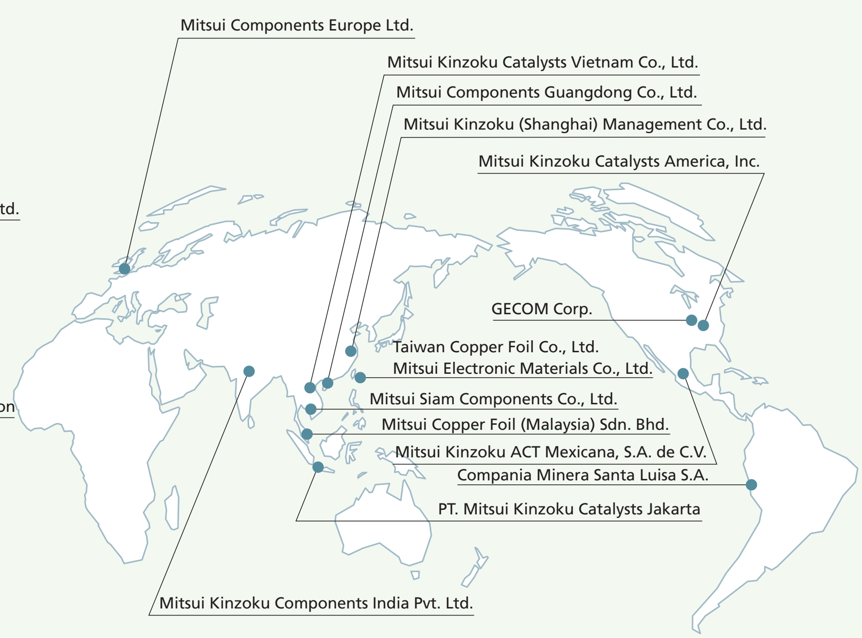
	Paid-in capital (Millions)	Equity stake of the Company (%)
Taiwan Copper Foil Co., Ltd.	NT$800	95.0
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	RM330	100.0
Mitsui Electronic Materials Co., Ltd.	NT$600	100.0
Kamioka Mining & Smelting Co., Ltd.	¥4,600	100.0
Hachinohe Smelting Co., Ltd.	¥4,795	85.5
Hikoshima Smelting Co., Ltd.	¥460	100.0
Okuaizu Geothermal Co., Ltd.	¥100	100.0
Mitsui Kinzoku ACT Corporation	¥3,000	100.0
GECOM Corp.	US$15.75	100.0
Mitsui Siam Components Co., Ltd.	Bh210	100.0
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0
MESCO, Inc.	¥1,085	63.4

Major plants and offices:

Japan



Overseas



Worldwide Operations (As of March 31, 2015)

	Japan	Asia	Americas and Europe
Offices/ Laboratories	Head Office (Shinagawa, Tokyo) R&D Center (Ageo, Saitama)	Mitsui Kinzoku Trading (Shanghai) Co., Ltd. (Shanghai, China) Mitsui Kinzoku (Shanghai) Management Co., Ltd. (Shanghai, China)	Mitsui Mining & Smelting Co., Ltd., Sucursal del Perú (Lima, Peru) Oak-Mitsui Technologies LLC (New York, U.S.A.)
Engineered Materials	Takehara Battery Materials Plant (Takehara, Hiroshima) Kamioka Catalyst Plant (Hida, Gifu) Miike Rare Metals Plant (Omuta, Fukuoka) Ageo Copper Foil Plant (Ageo, Saitama) Miike PVD Materials Plant (Omuta, Fukuoka) Omuta Ceramics Plant (Omuta, Fukuoka) NIHON KESSHO KOGAKU Co., Ltd. (Tatebayashi, Gunma)	Mitsui Kinzoku Components India Pvt. Ltd. (Haryana, India) Mitsui Kinzoku Catalyst Zhuhai Co., Ltd. (Guangdong, China) PT. Mitsui Kinzoku Catalysts Jakarta (Karawang, Indonesia) Mitsui Kinzoku Catalysts (Thailand) Co., Ltd. (Rayong, Thailand) Mitsui Kinzoku Catalysts Vietnam Co., Ltd. (Hanoi, Vietnam) Taiwan Copper Foil Co., Ltd. (Nantou, Taiwan) Mitsui Copper Foil (Malaysia) Sdn. Bhd. (Selangor Darul Ehsan, Malaysia) Mitsui Copper Foil (Hong Kong) Co., Ltd. (Hong Kong, China) Mitsui Copper Foil (Suzhou) Co., Ltd. (Jiangsu, China) Mitsui Electronic Materials Co., Ltd. (Taichung, Taiwan) Mitsui Kinzoku Korea Co., Ltd. (Pyeongtaek-si, Korea) Mitsui Kinzoku Advanced Ceramics (Suzhou) Co., Ltd. (Jiangsu, China)	Mitsui Kinzoku Catalysts America, Inc. (Kentucky, U.S.A.) Oak-Mitsui Inc. (New York, U.S.A.)
Metals	Takehara Refinery (Takehara, Hiroshima) Kamioka Mining & Smelting Co., Ltd. (Hida, Gifu) Hachinohe Smelting Co., Ltd. (Hachinohe, Aomori) Hikoshima Smelting Co., Ltd. (Shimonoseki, Yamaguchi) MS Zinc Co., Ltd. (Minato, Tokyo) Pan Pacific Copper Co., Ltd. (Chiyoda, Tokyo) Okuaizu Geothermal Co., Ltd. (Yanaizu, Fukushima)	Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd. (Shanghai, China)	Compania Minera Santa Luisa S.A. (Lima, Peru)
Automotive Parts & Components	Mitsui Kinzoku ACT Corporation (Yokohama, Kanagawa) Monodukuri Technical Center (Nirasaki, Yamanashi) Kyushu Plant (Miyako, Fukuoka)	Mitsui Siam Components Co., Ltd. (Rayong, Thailand) Mitsui-Huayang Automotive Components Co., Ltd. (Guizhou, China) Mitsui Components Guangdong Co., Ltd. (Guangdong, China) Wuxi Dachong Industry Co., Ltd. (Jiangsu, China) PT. Mitsui Kinzoku ACT Indonesia (Karawang, Indonesia)	GECOM Corp. (Indiana, U.S.A.) Mitsui Kinzoku ACT Mexicana, S.A. de C.V. (Guanajuato, Mexico) Mitsui Components Europe Ltd. (Wales, U.K.)
Affiliates Coordination	Mitsui Kinzoku Die-Casting Technology Co., Ltd. (Nirasaki, Yamanashi) Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd. (Ageo, Saitama) MESCO, Inc. (Sumida, Tokyo)	Mitsui Grinding Technology (Thailand) Co., Ltd. (Chonburi, Thailand)	

MITSUI
KINZOKU

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