

## [Summary]

Securities identification code: 5706  
June 5, 2012

To the Shareholders:

**Mitsui Mining and Smelting Co., Ltd.**  
1-11-1 Osaki, Shinagawa-ku,  
Tokyo 141-8584, Japan

Sadao Senda  
President and  
Representative Director

### **Notice of Convocation of the 87th Annual General Meeting of Shareholders**

Dear Shareholders:

You are hereby notified that the 87th Annual General Meeting of Shareholders will be held as stated below. Your attendance is respectfully requested.

In the event of your inability to attend, it is possible to exercise your voting rights using one of the two methods described below. You are requested to study the attached General Meeting of Shareholders' Reference Materials and exercise your voting rights before 5 p.m. on June 27, 2012 (Wednesday).

#### **Method of Exercising Voting Rights by Paper Form**

Please indicate your approval or disapproval of the agenda items on the enclosed voting rights exercise form and send in the form so that it arrives before the deadline specified above.

#### **Method of Exercising Voting Rights Electronically (Internet, Etc.)**

Please exercise your voting rights based on the "Guide to Exercising Voting Rights Electronically (Internet, Etc.)" on pages 9-10.

Sincerely,

#### **Meeting Particulars**

1. Date and Time: 10:00 a.m. on Thursday, June 28, 2012
2. Place: Gate City Hall, Underground Level 1,  
Gate City Ohsaki-West Tower,  
1-11-1 Osaki, Shinagawa-ku, Tokyo
3. Purpose of the Meeting:  
Matters to be reported
  1. Business Report, Consolidated Financial Statements, and reports from the independent auditor and the Board of Auditors on consolidated financial statements for the 87th fiscal year (from April 1, 2011, to March 31, 2012)
  2. Reports on financial statements for the 87th fiscal year (from April 1, 2011, to March 31, 2012)

Matters to be resolved

Proposals by the Company: Items 1-3

First Item	Appropriation of Retained Earnings
Second Item	Election of three(3) Corporate Auditors
Third Item	Payment of Bonus for Directors

Proposal by the Shareholder

Forth Item	Election of Director This proposal is described in page 7-8.
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4. Other Items to Be Decided with Regard to the Convocation of the General Meeting of Shareholders:

In the case of exercising voting rights both by paper form and electronically (Internet, etc.), regardless of the timing of the voting rights submissions, the electronic (Internet, etc.) version will be considered effective.

In the case of exercising voting rights electronically (Internet, etc.) multiple times, the final exercise of voting rights will be considered effective.

- End -

This is a summary translated from the Japanese-language Notice of Convocation distributed to shareholders in Japan.

1. When you attend the meeting in person, please submit the voting right exercise form enclosed herewith to the receptionist at the place of the meeting. In addition, please bring with you this Notice of Convocation to assist us in reducing the amount of paper used.
2. In connection with those documents that are required to be provided with this Notice of Convocation, the notes to both consolidated and non-consolidated financial statements are posted on the Company's website (<http://www.mitsui-kinzoku.co.jp/>) and are not attached to this Notice, in accordance with relevant laws, ordinances and the Articles of Incorporation. In addition to the items outlined in the attached documents, notes to both consolidated and non-consolidated financial statements are included in the consolidated and non-consolidated financial reports which corporate auditors and the independent auditing firm audited in order to prepare audit reports and independent auditors' reports, respectively.
3. If there arises the need to make revisions to the General Meeting of Shareholders' Reference Materials or the appended Business Report, Consolidated Financial Statements, and Nonconsolidated Financial Statements, revised items will be posted on the Company's website (<http://www.mitsui-kinzoku.co.jp>).
4. In accordance with the stipulations of the Company's Articles of Incorporation, shareholders seeking to exercise voting rights via a proxy will be requested to designate another shareholder with voting rights as the proxy. In addition, please note that only shareholders are eligible to attend the Annual General Meeting of Shareholders.

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## CONTENTS

### General Meeting of Shareholders' Reference Materials

Matters to Be Resolved and Reference Items .....	[ 4]
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Guide to Exercising Voting Rights Electronically (Internet, Etc.) .....	[ 9]
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### Documents Attached to the Notice of Convocation of the 87th Annual General Meeting of Shareholders

Business Report .....	[11]
1. Current State of Group Operations .....	[11]
2. Mitsui Kinzoku Group and the Company Outline .....	[20]
Consolidated Balance Sheet .....	[26]
Consolidated Statement of Operations.....	[28]
Consolidated Statement of Changes in Net Assets .....	[29]
Balance Sheet .....	[31]
Statement of Operations.....	[33]
Statement of Changes in Net Assets .....	[34]

# General Meeting of Shareholders' Reference Materials

## Matters to Be Resolved and Reference Items:

Proposals by the Company: Items 1-3

### First Item

Appropriation of Retained Earnings

We propose that appropriation of retained earnings be performed as follows.

While ensuring that it retains sufficient internal reserves to fund measures for strengthening operations and promoting future business expansion, the Company has a fundamental policy of seeking to distribute dividends in line with its performance.

Regarding year-end dividends applicable to the fiscal year under review, based on the Company's fundamental dividend policy and on consideration of its financial condition and its performance in the fiscal year under review, we propose, as described below, that the dividend be given at ¥3 per share, ¥3 per share lower than in the previous period. In addition, the Company plans to provide for a general reserve totaling ¥1.0 billion.

#### 1. Year-End Dividends

(1) Type of Dividend Asset	Money
(2) Allocation and Total Value of Dividend Assets	¥3 per share of common stock Total value of ¥1,713,487,200
(3) Effective Date of Retained Earnings Distribution	June 29, 2012

#### 2. Matters Related to Appropriation of Retained Earnings

(1) Item of Retained Earnings to be Increased and Amount of Increase	
General reserve	¥1,000,000,000
(2) Item of Retained Earnings to be Reduced and Amount of Reduction	
Unappropriated retained earnings	¥1,000,000,000

## Second Item

### Election of three (3) Corporate Auditors

The term of office of three (3) Corporate Auditors Tatshuhiko Takai, Akira Osano and Ryuhei Wakasugi, shall expire at the conclusion of this annual general meeting of shareholders. We propose that three (3) candidates be appointed for the position of Corporate Auditor.

Please note that Ryuhei Wakasugi is a candidate conforming to the qualification items for Outside Corporate Auditor.

We have obtained the Board of Corporate Auditors' approval of this proposal.

The candidates for the position of Corporate Auditor are as follows:

Candidate Number Name (Date of Birth)	Profile, Title and Important Positions Held Concurrently at Other Organizations	Number of Company's Shares in Possession	
1. Tatsuhiko Takai (February 3, 1952)	July 1974	Entered the Company	37,000
	April 2001	General Manager of Administration Department, Copper Foil Sector	
	June 2004	Executive Officer and Senior General Manager of Finance & Accounting Department	
	June 2007	Senior Executive Officer, CFO (Chief Financial Officer), and Senior General Manager of Finance & Accounting Department (current positions)	
	June 2008	Corporate Auditor of the Company (current position)	
Important Position Held Concurrently at Other Organizations Outside Auditor of Nakabohtech Co., Ltd.			
2. Akira Osano (July 5, 1953)	April 1976	Entered the Company	29,000
	November 2003	General Manager of Planning & Administration Department, PVD Materials Division, Engineered Materials Sector	
	April 2005	Deputy Senior General Manager of PVD Materials Division, Engineered Materials Sector	
	June 2007	Chairman and Director of Mitsui Electronic Materials Co., Ltd.	
	June 2008	Deputy Senior General Manager of PVD Materials Division, Engineered Materials Sector	
June 2009	Corporate Auditor of the Company (current position)		

Candidate Number Name (Date of Birth)	Profile, Title and Important Positions Held Concurrently at Other Organizations		Number of Company's Shares in Possession
3.Ryuhei Wakasugi  (July 28, 1947)	July 1971	Entered Ministry of International Trade and Industry (MITI)	8,000
	July 1986	Associate Professor, Faculty of Economics, Shinshu University	
	June 1989	Director, International Business Affairs Division, Industrial Policy Bureau, MITI	
	July 1990	Director, Environmental Policy Division, Industrial Location and Environmental Protection Bureau, MITI	
	July 1992	Professor, Faculty of Economics, Yokohama National University (retired in March 2004)	
	April 1998	Dean, Faculty of Economics, Yokohama National University (retired in March 2000)	
	April 2000	Executive Vice President, Yokohama National University (retired in March 2003)	
	April 2004	Professor, Faculty of Economics, Keio University (retired in March 2010)	
	April 2007	Professor, Institute of Economic Research, Kyoto University (retired in March 2012)	
	June 2010	Outside Corporate Auditor of the Company (current position)	
	April 2012	Visiting Professor, Institute of Economic Research, Kyoto University (current position), Visiting Professor, Center for Economic Growth Strategy Yokohama National University (current position)	

**Important Position Held Concurrently at Other Organizations**

Visiting Professor, Institute of Economic Research, Kyoto University  
Visiting Professor, Center for Economic Growth Strategy, Yokohama National University

- Notes: 1. There are no special interests between the candidates and the Company.
2. The reason for the nomination of Ryuhei Wakasugi to be outside corporate auditor is as follows.  
To make good use in the Company's auditing activities of his perspective stemming from long experience in government administration as well as of his abundant specialized knowledge in economics, etc.
3. The reason for the determining that Ryuhei Wakasugi is capable of appropriately executing his duties as outside corporate auditor is as follows.  
He possesses experience in government administration and abundant specialized knowledge in economics, and he has considerable insight with respect to corporate auditing work.
4. Ryuhei Wakasugi is currently serving as Outside Corporate Auditor, and his term as Outside Corporate Auditor will reach two years as of the time of this general shareholders' meeting.
5. Based on the Company Law Article 427-1, the Company has with Ryuhei Wakasugi arranged a contract regarding liability as defined by the Company Law Article 423-1 to limit total liability to the figure stipulated by the Company Law Article 425-1. If Ryuhei Wakasugi's appointment is approved, the aforementioned contract will be extended.
6. Ryuhei Wakasugi has no interests with any particular party from the Company, including its management, and has no conflicts of interest with general shareholders.

### Third Item

#### Payment of Bonus for Directors

Based on consideration of performance during the fiscal year under review, we propose a bonus payment to ten (10) Directors (excluding the outside director) with a total value of ¥30 million.

## Proposal by the Shareholder (Fourth Item)

Fourth Item concerns a proposal made by a single shareholder (possessing 301 voting rights).

### Fourth Item

Election of Director

#### 1. Details of Proposal

Proposal for the appointment of Mr. Tsutomu Watanabe as a Director of the Company

The candidate for the position of Director is as follows;

Name (Date of Birth)	Profile and Important Positions Held Concurrently at Other Organizations	
Tsutomu Watanabe  (January 6, 1967)	March 1989	Graduated from the Nagasaki Institute of Applied Science
	April 1989	Entered Toyota Housing Corporation
	September 1994	Retired from Toyota Housing Corporation
	October 1994	Entered Aoi Kousan Co., Ltd.
	February 2005	Retired from Aoi Kousan Co., Ltd.
	August 2005	Entered Aibiikomu Private Limited Company
	August 2009	Retired from Aibiikomu Private Limited Company
	October 2009	Appointed representative of Aoi Kousan.
	March 2010	Appointed president and representative director of Aoi Kousan Co., Ltd. (current position)

Note by the Company: The above name, date of birth, and profile, positions and important positions held concurrently at other organizations of the candidate for the post of Director have been reported in accordance with the stipulations of the Company Law Enforcement Regulation, Article 93-1-4, with respect to the disclosure of information relating to proposals made by the Shareholder.

#### 2. Reasons for Proposal

It has been reported that operations to restore soil polluted by cadmium, which had been the cause of *itai-itai* disease, have finally been completed after thirty-three years. However, this does not mean that all pollution-related problems have been solved.

Hikoshima Smelting Co., Ltd., a wholly owned subsidiary of Mitsui Mining & Smelting Co., Ltd., shipped and sold nickel-cadmium slag, which contains cadmium to a certain company. Unable to discover a successful method for processing the slag, the company to which it was sold simply discarded it. The company requested Hikoshima Smelting Co., Ltd. several times to inform them of a method for processing or disposing of the slag, but the company was unable to obtain any such instructions for the processing of the slag from Hikoshima Smelting Co., Ltd. (Hikoshima Smelting Co., Ltd. refused unilaterally by citing a previous settlement between the Hikoshima Smelting Co., Ltd. and the company.)

In addition, Mitsui Mining & Smelting Co., Ltd. also did not indicate any measures to solve this problem, and simply evaded its responsibility. We propose to appoint a new director as a means of changing this management culture of irresponsibility and of solving potential pollution-related problems.

Note by the Company: The above-stated reasons have been translated from the Japanese version of the document which is restated verbatim from the notification received by the Company from the Shareholder making the proposal.

**Opinion of the Board of Directors of the Company**

The Board of Directors is opposed to this proposal, for the reasons given as follows.

In the reasons given above for the proposal, it is stated that Mitsui Mining & Smelting Co., Ltd. and its subsidiary Hikoshima Smelting Co., Ltd. evaded their responsibilities in the matter of the disposal of nickel-cadmium slag. In fact, however, the Mitsui Kinzoku Group including the Company, as emitters of wastes such as metallic slag produced during the manufacturing of products, have not attempted to evade their responsibilities with respect to the proper management of such substances.

The Board of Directors of the Company believes that the proposal by the Shareholder to appoint a director on the basis of this contention, which is not based upon fact, is inappropriate. Moreover, based on the foregoing information provided by the Shareholder, the Board of Directors cannot reasonably conclude that Mr. Tsutomu Watanabe, the candidate proposed by the Shareholder, is capable of adequately carrying out the duties required of a director of the Company.



# Guide to Exercising Voting Rights Electronically (Internet, Etc.)

## 1. Exercising Voting Rights via the Internet

### (1) Inputting Approval/Disapproval Votes

After using a personal computer to access the proxy voting website at <http://www.web54.net>, follow the instructions shown on the screen, using the “voting rights exercise code” and “password” shown on the enclosed voting rights exercise form. After inputting your password (you may change your password if you wish), you will be able to submit votes of approval or disapproval for the various agenda items.

Please be aware that we do not have a designated website to exercise voting rights using mobile phones.

### (2) Exercise of Voting Rights

1. You may exercise your voting rights until 5 p.m. on June 27, 2012 (Wednesday).
2. In cases in which voting rights are exercised both by paper form and electronically (Internet, etc.), the electronic (Internet, etc.) version will be considered effective.
3. In the cases in which voting rights are exercised electronically (Internet, etc.) multiple times, the final exercise of voting rights will be considered effective.

### (3) Handling of Passwords

1. Passwords are used to confirm that those voting are actually the shareholders with voting rights. Please be sure to keep your password secure. For security reasons, we cannot provide you with password information over the telephone or by other indirect means.
2. If you input your password incorrectly more than a specified number of times, your account will be locked and unusable. If you wish to have another password issued, please follow the instructions on the computer screen.
3. The passwords supplied for exercising voting rights are effective for this year’s regular general shareholders’ meeting only.

### (4) Questions Regarding Personal Computer Operation, Etc.

If you have questions regarding the use of the voting rights execution website, please contact the following unit.

Sumitomo Mitsui Trust Bank, Limited

Help Desk for Internet Voting

Phone Number: 0120 (652) 031

(Available from 9 a.m. to 9 p.m., except for Saturdays, Sundays and Holidays)

Notes: System requirements to exercise your voting rights via the Internet are as follows:

1. Screen resolution of at least 800 dots x 600 dots (SVGA)
2. The following applications
  - a. Microsoft® Internet Explorer Ver. 5.01 SP 2 or higher  
(Please be aware that even if this browser is used in accordance with the other system requirements, shareholders’ personal computers may in some cases be unable to access and/or use the voting right execution website due to the characteristics of the personal computer in question or other setting environments)
  - b. Adobe® Acrobat® Reader™ Ver. 4.0 or higher, or Adobe® Reader® Ver. 6.0 or higher (In the case that you wish to read the convocation notice and reference materials online.)
    - \* “Microsoft®” and “Internet Explorer” are registered trademarks and/or trademarks of Microsoft Corporation in the United States and other countries.
    - \* “Adobe® Acrobat® Reader™” and “Adobe® Reader®” are registered trademarks and/or trademarks of Adobe Systems Incorporated in the United States and other countries.
    - \* All of these products may be obtained free of charge from the websites of their manufacturers.
3. Shareholders must bear the burden of such expenses as the subscription payment to Internet providers of services enabling connections to the voting rights execution website and payments to

other communications companies associated with the accessing of the voting rights execution website.

4. Internet connections may sometimes be restricted due to firewalls, etc.; so, please confirm this point with your system administrator.
5. Because the voting rights execution website employs "pop-up window" functions, please be sure to temporarily turn off anti-pop-up window software settings if you have made such settings, before using the website.

## **2. Exercising Voting Rights via the Voting Rights Exercise Platform**

With regard to institutional investors, shareholders who have registered in advance to use Voting Rights Exercise Platform may use this platform to exercise their voting rights.

## Business Report

(From April 1, 2011, to March 31, 2012)

### 1. Current State of Group Operations

#### (1) Operating Environment

##### 1. Business Operations and Results (consolidated)

The Japanese economy faced severe conditions during fiscal 2011. In addition to the aftereffects of two major natural disasters – the Great East Japan Earthquake and the floods in Thailand – the economy was also hit by fears of a global economic downturn sparked by the European sovereign-debt crisis, as well as by the ongoing appreciation in the value of the yen and rising energy costs. The year 2012 has the positive turnaround in the automobile sector on the back of the reintroduction of eco-car subsidies, the pickup in demand for electronic components driven by a recovery in electronic materials demand led by robust smart phone-related demand, additional benefits from the slight correction in the appreciation in the value of the yen, and other factors. These resulted in some improvement in the difficult conditions for Japanese companies through to the end of fiscal 2011 on March 31.

Against this background, although Mitsui Mining & Smelting Co., Ltd. and its consolidated subsidiaries (the Mitsui Kinzoku Group) suffered significant losses in its automotive parts and components operations during the fiscal 2011 first-half period, as a result of the Great East Japan Earthquake, the Group's electronic materials operations enjoyed good results, mainly thanks to strong demand related to smart phones. In the fiscal 2011 second-half period, despite the impact of the floods in Thailand, automotive parts and components operations saw a sharp resurgence in demand due to a recovery staged by the automotive industry's supply chain. The Company, on the other hand, confronted an extremely harsh environment hit hard by persistent appreciation in the value of the yen, softening metal prices, and a steep fall in demand in line with customers' inventory adjustments in electronic materials operations.

As a result of the above, as well as the impact of the spin-off of copper and copper alloy manufacturing operations to an equity-method affiliate in July 2010, net sales in fiscal 2011 registered a decrease of ¥15,429 million compared with the previous fiscal year, to ¥431,058 million.

Under these circumstances, the Group followed a policy of prioritizing cash-based countermeasures including carefully screening investment targets and reducing inventories. At the same time, the Group took steps to cut costs. Despite these efforts, however, operating income decreased by ¥9,305 million from the previous year, to ¥20,903 million, and recurring income declined ¥14,841 million year on year, to ¥19,168 million, due to the decrease in operating income, a decline in investment gain on equity method and other factors.

In extraordinary items, the Group recorded extraordinary losses of ¥1,241 million in estimated costs of recovery from the Great East Japan Earthquake, and ¥1,135 million loss on disposal of property, plant and equipment. The Group also recorded extraordinary losses of ¥753 million in business structure improvement expenses relating to our withdrawal from the manufacture of semiconductor mounting materials (TAB and COF tapes). After accounting for income taxes and minority interests, net income in fiscal 2011 amounted to ¥11,531 million, ¥9,628 million lower than that in the previous fiscal year.

## 2. Operating Environment and Results by Each Group

### Engineered Materials Group

Sales volumes of battery materials and automotive catalysts remained firm despite a decline in the sales volumes and prices of certain products. As a result, sales from Engineered Materials Group climbed ¥15,876 million compared with the previous fiscal year to ¥61,541 million. Buoyed by such factors as the increase in sales volume, ordinary income amounted to ¥11,756 million, up ¥3,229 million year on year.

### Metals, Minerals & Environmental Engineering Group

Although demand for lead and other metals for automotive batteries remained firm, demand for zinc became weak mainly for use in vehicle-use zinc-plated steel panels due to the Great East Japan Earthquake, the floods in Thailand, and other factors. As a result, sales in the Metals, Minerals & Environmental Engineering Group posted a year -on-year decline of ¥8,887 million, to ¥139,369 million. Ordinary income, meanwhile, was down by ¥10,810 million year on year, to ¥1,184 million. This largely reflected the absence of profits recorded in the previous fiscal year owing mainly to changes in the Group's investment ratio in copper mines in Chile. Other factors included the impact on inventory triggered by fluctuations in metal prices, the upswing in coke and other energy prices and ongoing appreciation in the value of the yen.

### Electronic Materials Group

While demand for metal powders for use in the manufacture of electronic materials held firm in the fiscal 2011 first-half period, demand for electrodeposited copper foil – with the exception of high-end ultra-thin copper foil – remained weak during the reporting term owing to inventory adjustments by customers, and other factors. As a result, sales from Electronic Materials Group declined ¥203 million compared with the previous fiscal year to ¥82,509 million, while ordinary income was down by ¥6,768 million year on year to ¥1,412 million, mainly due to the decline in sales volume and other factors.

### Materials & Applications Group

Despite an increase in sales volumes of certain products including ITO sputtering target materials, sales from the Materials and Applications Group declined ¥9,946 million year on year to ¥135,482 million reflecting the impact of the spinoff of copper and copper alloy manufacturing operations to an equity-method affiliate. From a profit perspective, ordinary income was down ¥2,169 million year on year to ¥2,999 million.

### Automotive Parts & Components Group

Although sales volumes from the Automotive Parts & Components Group underwent a temporary downturn as a result of the Great East Japan Earthquake and the floods in Thailand, demand for our products bounced back, thanks mainly to the swift recovery of our supply chain and the reintroduction of eco-car subsidies and other factors. As a result, sales from the Automotive Parts and Components Group posted a year-on-year increase of ¥864 million to ¥92,080 million, while ordinary income was down ¥196 million to ¥5,089 million, mainly due to ongoing appreciation in the value of the yen.

Net sales and operating income by each group are the following:

[Net Sales]

Group	2012	2011	Change from the Previous Year	
	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	(Percentage)
Engineered Materials Group	¥61,541	¥45,664	¥15,876	34.8%
Metals, Minerals & Environmental Engineering Group	139,369	148,257	(8,887)	(6.0)
Electronic Materials Group	82,509	82,712	(203)	(0.2)
Materials & Applications Group	135,482	145,428	(9,946)	(6.8)
Automotive Parts & Components Group	92,080	91,216	864	0.9
Adjustment Amount	(79,924)	(66,791)	(13,132)	
Total	¥431,058	¥446,487	(¥15,429)	(3.5%)

Notes: 1. Figures are rounded down to the nearest million yen.

2. Intergroup net sales are deducted by means of Adjustment Amount items.

[Operating Income]

Group	2012	2011	Change from the Previous Year	
	Operating Income (Millions of Yen)	Operating Income (Millions of Yen)	Operating Income (Millions of Yen)	(Percentage)
Engineered Materials Group	¥11,756	¥8,526	¥3,229	37.9%
Metals, Minerals & Environmental Engineering Group	1,184	11,995	(10,810)	(90.1)
Electronic Materials Group	1,412	8,180	(6,768)	(82.7)
Materials & Applications Group	2,999	5,168	(2,169)	(42.0)
Automotive Parts & Components Group	5,089	5,286	(196)	(3.7)
Adjustment Amount	(3,274)	(5,148)	1,873	
Total	¥19,168	¥34,010	(¥14,841)	(43.6%)

Notes: 1. Figures are rounded down to the nearest million yen.

2. Intergroup transactions are deducted by means of Adjustment Amount items.

### 3. Capital Investment

The Mitsui Kinzoku Group invested a total of ¥29,226 million, mainly for the following purposes by each group:

Group	Capital Investment (Millions of Yen)	Contents and Purposes
Engineered Materials Group	¥6,902	Expanding battery materials manufacturing facilities, etc.
Metals, Minerals & Environmental Engineering Group	9,121	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Electronic Materials Group	4,121	Expanding copper foil manufacturing facilities, etc.
Materials & Applications Group	4,224	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Automotive Parts & Components Group	3,367	Boosting functional automotive parts manufacturing productivity, conserving energy, etc.
Other Group	1,489	Maintaining and renovating facilities, boosting efficiency, conserving energy, etc.
Total	¥29,226	

Notes: 1. Figures are rounded down to the nearest million yen.

2. Unrealized profit on intergroup transactions is deducted by means of the Other Group item.

### 4. Funding

In November 2011, Mitsui Mining & Smelting Co., Ltd. (the Company), issued ¥10.0 billion of bonds, its No.10 issuance of unsecured domestic straight bonds, with the purpose of redeeming commercial paper.

### 5. Research & Development and Resource Development

#### Research and Development

As a result of the corporate reorganization carried out on June 29, 2011, the Company instituted a system in which research and development activities that are closely coordinated with the actual business of each operation are carried out at the New Product & Process Development Center, which serves as a divisional laboratory in each sector. Meanwhile, research into future themes for the entire Company is undertaken at the Corporate R&D Center, which serves as a corporate laboratory. Under this organizational structure, the Company intends from here onward to develop new products and others in the four business fields of “environment,” “energy,” “resources,” and “recycling,” and in existing business fields that are the Company’s areas of core competence.

Principal themes for research and development currently being pursued include the development of automotive catalysts that use lower amounts of precious metals, high capacity cathode and anode materials for lithium ion batteries, and next-generation ultrathin copper foil for smart phones.

#### Resource Development

The Company continues to explore new mining possibilities through boring and commenced work tunnel-exploration in the Atalaya region of the Republic of Peru, which is located between the Huanzala and Pallca mines.

In the Province of British Columbia, Canada, the Company has been pursuing the Ruddock Creek Project, together with Imperial Metals Corporation and Itochu Corporation, which has confirmed the existence of ore reserves of more than ten million tonnes after two years of exploration. Plans are in place to continue exploration and to conduct a rough economic feasibility study.

## (2) Operating Performance and Financial Position of the Mitsui Kinzoku Group and the Company

1. Changes in performance and assets for the Mitsui Kinzoku Group are as follows:

Year ended March 31		84th (2008)	85th (2009)	86th (2010)	87th (2011)
Net sales	(Millions of yen)	¥427,191	¥392,364	¥446,487	¥431,058
Ordinary income or ordinary loss	(Millions of yen)	(30,310)	25,639	34,010	19,168
Net income or net loss	(Millions of yen)	(67,256)	13,899	21,160	11,531
Earnings or loss per share	(Yen)	(117.66)	24.32	37.03	20.18
Total assets	(Millions of yen)	410,258	416,541	411,027	413,106
Total net assets	(Millions of yen)	104,631	121,300	134,452	140,175
Total net assets per share	(Yen)	164.73	194.82	220.38	230.61

Notes: 1. Figures are rounded down to the nearest million yen, except earnings or loss per share and total net assets per share.

2. Earnings or loss per share is calculated based on the average number of issued and outstanding shares during the term.

2. Changes in performance and assets for the Company are as follows:

Year ended March 31		84th (2008)	85th (2009)	86th (2010)	87th (2011)
Net sales	(Millions of yen)	¥284,012	¥268,480	¥240,318	¥213,087
Ordinary income	(Millions of yen)	3,394	12,897	10,376	8,551
Net income or net loss	(Millions of yen)	(36,644)	10,572	5,117	7,106
Earnings or loss per share	(Yen)	(64.11)	18.49	8.95	12.43
Total assets	(Millions of yen)	308,640	320,314	288,067	292,098
Total net assets	(Millions of yen)	63,046	75,352	77,509	80,775
Total net assets per share	(Yen)	110.31	131.84	135.63	141.42

Notes: 1. Figures are rounded down to the nearest millions yen, except earnings or loss per share and total net assets per share.

2. Earnings or loss per share is calculated based on the average number of issued and outstanding shares during the term.

(3) Important Challenges Ahead

In fiscal 2012, the outlook for the global economy is exceedingly uncertain. Conditions are impacted mainly by the lack of a clear exit strategy to the sovereign-debt crisis in Europe, the absence of any strength behind the recovery in the US economy, a slowdown in the rate of economic growth in China and rising crude oil prices. Turning to the Japanese domestic scene, while the economy is expected to be underpinned by such factors as the full-scale startup of post-disaster reconstruction demand and the reintroduction of eco-car subsidies, it is feared that growth may be burdened by continued appreciation in the value of the yen, shortages in electric power, a rise in the unit price of electric power and other factors.

The Group expects to face difficult operating conditions, including low prices on the non-ferrous metal market, an upswing in energy costs, ongoing commoditization and intensifying price competition.

Taking into consideration these factors, the Group intends to place emphasis on improving its cash flow, screen investment targets very strictly and make determined efforts to reduce inventories to enable the successful achievement of the policy that the Group has been pursuing – to turn the Group into a highly competitive enterprise with a streamlined organization with lean management. In addition, the Group continues to pursue the four business fields of “resources,” “environment,” “energy” and “recycling.” The Group expects to demonstrate its strengths in each of these fields, which are expected to lead the Group to corporate growth. In these ways, the Group is further strengthening its management foundation.

On June 29, 2011 the Group inaugurated a new organizational structure under a fresh lineup of top management. Initial steps to put in place a business strategy and framework for renewed growth began with five business areas, which consist of the Company’s four existing business fields – Engineered Materials; Metals, Minerals & Environmental Engineering; Electronic Materials; and Materials & Applications – and Mitsui Kinzoku ACT Corporation.

Specific measures are as follows:

In engineered materials operations, the Group is planning to expand the production and sale of automotive catalysts in China and India, where its demand is rapidly increasing, and to establish a new production plant in Indonesia. Turning to battery materials for electric vehicles, the Group will soon complete work on expanding lithium manganese oxide production facilities at its Takehara Refinery in Hiroshima, and will commence production.

In metals, minerals and environmental engineering operations, the Group will continue to diversify its sourcing of raw materials mainly by using more recycled zinc oxide ore. The Group is also strengthening the recycling business and others, including the construction of facilities at the Takehara Refinery for the recovery of valuable metals from waste printed circuit boards. Meanwhile, the Company will continue efforts toward conserving energy and reducing CO2 emissions.

With the aim of securing base metal ores, plans are in place to commence operations at a copper mine in Chile through affiliated company Pan Pacific Copper Co., Ltd. in 2013. This also applies to the Group’s zinc mining operations where steps will be taken to further intensify exploration activities and to again lift the ratio of raw materials from Group-owned mines.

In electronic materials operations, the Group will implement a variety of measures to bolster its copper foil earnings platform. In addition to boosting productivity and placing itself in a better position to address further increases in the manufacturing of high-end copper foil products, the Group will promote the development of next-generation, high-end copper foil products while optimizing its manufacturing and sales capabilities in the Asia region.

In the materials and applications fields, individual operations and related Group companies will adopt a more independent approach, and will bolster efficiency and cost competitiveness. In this manner, the Group will work to maximize earnings

Mitsui Kinzoku ACT Corporation will be pursuing reform of its head-office structure, shifting more



production to bases in other Asian countries, and reorganizing its network of production facilities in Japan. It will also grasp business opportunities in the United States and such emerging countries as China, India and others, and will work tirelessly to establish an unrivalled position in the global door lock market.

Taking full advantage of our expertise in “Material Intelligence,” the Group will cultivate corporate growth, promote financial health, and strive to engage in optimal efforts toward improving corporate value.

(4) Mitsui Kinzoku Group’s Principal Business (As of March 31, 2012)

Group	Principal Products/Services
Engineered Materials Group	Battery materials (Hydrogen storage alloy, Lithium manganese oxide, and Battery-use zinc powder), Automotive catalysts, Engineered powders (Magnetite), Rare metal compounds (Cerium oxide based polishing powders, Tantalum pentoxide, Niobium pentoxide), Rare earths, Single crystals
Metals, Minerals & Environmental Engineering Group	Zinc, Copper, Lead, Gold, Silver, Sulfuric acid, Zinc alloy, Zinc oxide, Litharge, Industrial waste material processing, Soil contamination surveys, Geothermal steam
Electronic Materials Group	Electrodeposited copper foil, Metal powders
Materials & Applications Group	Thin-film materials (Sputtering targets), Perlite (Construction materials, Wet type filter aids, Heat insulators, Dry type filter aids, Soil improvement materials), Expanded shale light weight aggregate, Ceramics products (Liquid aluminum filtration materials, Alumina, Silicon-carbon ceramics), Grinding wheels, Zinc/aluminum/magnesium die-cast products, Powdered metallurgical products, Nondestructive inspection systems, Information processing systems, Engineering services for diverse manufacturing plants, environmental protection equipment, and automation equipment; Design and implementation services for construction, civil engineering and other projects; Polyethylene composite pipes Marketing of nonferrous metals, electronics materials etc, Rolled copper products (Copper sheet and strip, Brass sheet and strip), Rolled zinc products (Zinc sheet for printing, Zinc anodes for protection, Zinc sheet for building materials applications)
Automotive Parts & Components Group	Functional automotive parts

(5) Principal Business Offices, Plants, and Laboratories (As of March 31, 2012)

## 1. Mitsui Kinzoku

Head office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Branch	Osaka
Plants	Kamioka Catalyst Plant (Hida-shi, Gifu), Miike Rare Metals Plant (Omuta-shi, Fukuoka), Takehara Refinery (Takehara-shi, Hiroshima), Hibi Smelter (Tamano-shi, Okayama), Ageo Copper Foil Plant (Ageo-shi, Saitama), Miike Thin-film Materials Plant (Omuta-shi, Fukuoka), Kitakata Perlite Plant (Kitakata-shi, Fukushima), Osaka Perlite Plant (Kaizuka-shi, Osaka), Omuta Ceramics Plant (Omuta-shi, Fukuoka), Nirasaki Die-Casting Plant (Nirasaki-shi, Yamanashi)
Laboratory	Corporate R&D Center (Ageo-shi, Saitama)

## 2. Consolidated Subsidiaries

Japan	Kamioka Mining & Smelting Co., Ltd. (Hida-shi, Gifu), Hachinohe Smelting Co., Ltd. (Shinagawa-ku, Tokyo), Hikoshima Smelting Co., Ltd. (Shimonoseki-shi, Yamaguchi), Okuaizu Geothermal Co., Ltd. (Yanaizu-cho, Fukushima), Mitsui Kinzoku Trading Co., Ltd. (Koto-ku, Tokyo), MESCO, Inc. (Sumida-ku, Tokyo), Mitsui Kinzoku ACT Corporation (Yokohama-shi, Kanagawa)
Overseas	Taiwan Copper Foil Co., Ltd. (Taiwan), Mitsui Copper Foil (Malaysia) Sdn. Bhd. (Malaysia), Mitsui Electronic Materials Co., Ltd. (Taiwan), GECOM Corp. (U.S.A.), Mitsui Siam Components Co., Ltd. (Thailand)

## (6) Employees (As of March 31, 2012)

### 1. Number of Mitsui Kinzoku Group Employees

Group	Number of Employees	
Engineered Materials Group	684	(255)
Metals, Minerals & Environmental Engineering Group	1,495	(377)
Electronic Materials Group	1,276	(274)
Materials & Applications Group	2,429	(399)
Automotive Parts & Components Group	3,937	(255)
Other Group	292	( 20)
Total	10,113	(1,580)

Note: The numbers of employees represent the numbers of employees actually working, and the numbers of temporary employees are shown separately in parentheses. Temporary employee figures include temporary laborers, part-time employees, and temporary contract employees but exclude temporary employees dispatched by personnel agencies.

### 2. Number of the Company Employees

Number of Employees	Average Age (Years)	Average Length of Employment (Years)
1,793 (229)	41.5	17.0

Note: The number of employees represents the number of full-time employees. The number of temporary employees is shown separately in parentheses, and these temporary employees are not considered when calculating figures for average age or average length of employment.

## (7) Major Lenders (As of March 31, 2012)

	Amount of Borrowings (Millions of Yen)
Sumitomo Mitsui Banking Corporation	¥14,100
The Chuo Mitsui Trust and Banking Company, Limited	10,010
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,842
Mizuho Corporate Bank, Ltd.	6,673
Japan Oil, Gas and Metals National Corporation (JOGMEC)	6,373

Notes: 1. The Chuo Mitsui Trust and Banking Company, Limited merged with The Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited to form Sumitomo Mitsui Trust Bank, Limited, effective April 1, 2012.  
2. Figures are rounded down to the nearest million yen

## (8) Condition of Principal Subsidiaries of Mitsui Kinzoku

	Paid-in Capital (Millions)	Equity Stake of the Company (%)	Principal Operations
Kamioka Mining & Smelting Co., Ltd.	¥4,600	100.0	Smelting of zinc and lead and production of metal powders and others
Hachinohe Smelting Co., Ltd.	¥4,795	85.5	Smelting of zinc and lead
Hikoshima Smelting Co., Ltd.	¥460	100.0	Smelting of zinc and production of metal powders, battery materials, and others
Okuaizu Geothermal Co., Ltd.	¥100	100.0	Sale of geothermal steam for power generation
Taiwan Copper Foil Co., Ltd.	NT\$800	95.0	Production and sale of copper foil for printed circuit boards
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	RM160	100.0	Production and sale of copper foil for printed circuit boards
Mitsui Electronic Materials Co., Ltd.	NT\$600	100.0	Production and sale of thin-film materials (Sputtering targets)
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0	Sale of nonferrous metals and electronic materials, etc.
MESCO, Inc.	¥1,085	63.3	Engineering services for production plants, environmental equipment, automated machinery, and other facilities as well as the production, sale, and construction of polyethylene compound pipes
Mitsui Kinzoku ACT Corporation	¥3,000	100.0	Production and sale of functional automotive parts
GECOM Corp.	US\$15,750	100.0	Production and sale of functional automotive parts
Mitsui Siam Components Co., Ltd.	Bh210	100.0	Production and sale of functional automotive parts and automotive catalysts

Note: In accordance with the Company's decision in December 2011 to withdraw from the business of manufacturing semiconductor mounting materials (TAB and COF tapes), MCS, Inc. has been removed from the list of principal subsidiaries.

## 2. Mitsui Kinzoku Group and the Company Outline

(1) Common Stock (As of March 31, 2012)

1. Authorized: 1,944,000 thousand
2. Issued and outstanding: 572,966,166
3. Number of shareholders: 56,215 (down 2,305 from the previous fiscal year)
4. Major shareholders (Top 10):

	Investment in the Company	
	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
Japan Trustee Services Bank, Ltd. (Held in trust account)	39,426	6.90
The Master Trust Bank of Japan, Ltd. (Held in trust account)	38,483	6.73
Japan Trustee Services Bank, Ltd. (Held in trust account 9)	34,251	5.99
National Mutual Insurance Federation of Agricultural Cooperatives	18,100	3.16
The Employees' Shareholding Association	10,382	1.81
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	8,391	1.46
IRISOHYAMA INC.	7,287	1.27
Mitsui Life Insurance Company, Limited	5,986	1.04
Trust & Custody Services Bank, Ltd. (Held in securities investment trust account)	5,926	1.03
CBHK – Citibank London – F117	5,573	0.97

- Notes: 1. Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 1,803,766 shares in treasury).  
2. Figures are rounded down to the nearest thousand shares.

(2) Directors and Corporate Auditors

1. Directors and Corporate Auditors (As of March 31, 2012)

Position	Name	Duties and Major Occupation	Relationship to Other Companies, Etc.
President Representative Director	Sadao Senda	CEO (Chief Executive Officer), COO (Chief Operating Officer)	
Representative Director Senior Managing Director	Mitsuhiko Hasuo	Senior Managing Executive Officer, Senior General Manager of Materials & Applications Sector	Outside Director of Nakabohtech Co., Ltd.
Representative Director Senior Managing Director	Osamu Higuchi	Senior Managing Executive Officer, CRO (Chief Risk management Officer)	
Director	Mitsuru Uekawa	Senior Executive Officer, Senior General Manager of Metals, Minerals & Environmental Engineering Sector, and Energy Management Department	

Position	Name	Duties and Major Occupation	Relationship to Other Companies, Etc.
Director	Harufumi Sakai	Senior Executive Officer	President and Representative Director of Mitsui Kinzoku ACT Corporation
Director	Masahisa Morita	Senior Executive Officer, Senior General Manager of Engineered Materials Sector	Outside Auditor of Powdertech Co., Ltd.
Director	Takashi Sato	Senior Executive Officer, Deputy Senior General Manager of Metals, Minerals & Environmental Engineering Sector	
Director	Keiji Nishida	Senior Executive Officer, CFO(Chief Financial Officer), Senior General Manager of Corporate Management Department	
Outside Director	Hiromichi Shibata		Professor, Faculty of Business Administration, Yokohama National University
Corporate Auditor	Tatsuhiko Takai		Outside Auditor of Nakabohtech Co., Ltd.
Corporate Auditor	Akira Osano		
Outside Corporate Auditor	Junya Sato		Lawyer Outside Director of Nikki Co., Ltd. Outside Auditor of SEIKAGAKU CORPORATION Outside Auditor of Sapporo Holdings Limited
Outside Corporate Auditor	Ryuhei Wakasugi		Professor, Institute of Economic Research, Kyoto University

- Notes: 1. Corporate Auditors Tatsuhiko Takai and Akira Osano have for many years been responsible for the Company's bookkeeping operations and have considerable knowledge regarding finance and accounting.
2. Personnel Changes for Director and Corporate Auditor Positions on June 29, 2011  
(1) Two Directors Shimpei Miyamura and Toru Higuchi resigned.  
(2) Masahisa Morita, Takashi Sato and Keiji Nishida were appointed to new director positions.
3. On March 31, 2012, Outside Corporate Auditor Ryuhei Wakasugi retired from his position as a professor at the Institute of Economic Research, Kyoto University, and on April 1, 2012 he assumed the posts of Professor Emeritus at Kyoto University and Visiting Professor at the Institute of Economic Research, Kyoto University.
4. On April 1, 2012, Outside Corporate Auditor Ryuhei Wakasugi assumed the post of Visiting Professor at the Center for Economic Growth Strategy, Yokohama National University.

## 2. Total Compensation Paid to Directors and Corporate Auditors

Classification	Number	Total Compensation
Directors	11	¥364 million
Corporate Auditors	4	80 million
Total	15	¥445 million

- Notes: 1. The above list includes two Directors that retired from their positions effective upon the conclusion of the 86th Annual General Meeting of Shareholders held on June 29, 2011.
2. At the 80th Annual General Meeting of Shareholders held on June 29, 2005, shareholders approved a limit on compensation paid to Directors of ¥60 million per month (not including compensation for their services as employees).
3. At the 80th Annual General Meeting of Shareholders held on June 29, 2005, shareholders approved a limit on compensation paid to Corporate Auditors of ¥15 million per month.
4. The amount of compensation, etc., to be submitted to the 87th Annual General Meeting of Shareholders includes a Directors' bonus.
5. In addition to the above figures, based on a resolution approved at the 80th Annual General Meeting of Shareholders held on June 29, 2005, a retirement bonus of ¥249 million was paid to the director who retired from his position effective upon the conclusion of the 86th Annual General Meeting of Shareholders held on June 29, 2011, through reversal of the Directors' and Corporate Auditors' retirement benefits.
6. Listed monetary amounts are rounded down to the nearest million yen.

## 3. Matters Related to Outside Directors and Outside Corporate Auditors

### (a) Important Positions Held Concurrently at Other Organizations

Please refer to "1. Directors and Corporate Auditors" on pages 20-21. The Company has no special relationship with any of the entities.

### (b) Principal Activities during the Fiscal Year under Review

Position	Name	Principal Activities
Director	Hikomichi Shibata	Attended 17 of the 19 meetings of the Board of Directors during the fiscal year, from his perspective as an outstanding academic expert in the field of management, made appropriate and necessary comments on proposals and discussions
Corporate Auditor	Junya Sato	Attended 18 of the 19 meetings of the Board of Directors and 11 of the 12 meetings of the Board of Auditors during the fiscal year, when necessary, made comments, primarily from his perspective as a lawyer, regarding the Company's compliance systems as well as appropriate and necessary comments on proposals and discussions
Corporate Auditor	Ryuhei Wakasugi	Attended 18 of the 19 meetings of the Board of Directors and all meetings of the Board of Auditors during the fiscal year, from his perspective as a person with experience in government administration and as an outstanding academic expert in the field of economics, made appropriate and necessary comments on proposals and discussions

### (c) Total Compensation Paid to Outside Directors and Outside Corporate Auditors

	Number	Total Compensation, Etc.
Total amount of compensation, etc., paid to Outside Directors and Outside Corporate Auditors	3	¥34 million

Note: Listed monetary amounts are rounded down to the nearest million yen.

(d) Summary of Contracts for Limitation of Liability

Based on Company Law Article 427-1, the Company has arranged contracts with Outside Directors and Outside Corporate Auditors regarding liability as defined by Company Law Article 423-1 to limit total liability to the figure stipulated by Company Law Article 425-1.

(e) Notification of Independent Directors and Corporate Auditors

Though none of the Company's Outside Directors and Corporate Auditors have interests with any particular party from the company, including its management, and have conflicts of interest with general shareholders, the Company has notified the Tokyo Stock Exchange that its Outside Director Hiromichi Shibata is the Independent Director of the Company, and has judged him capable of monitoring management through a business execution process.

(3) Matters Related to the Independent Auditing Firm

1. Name of the firm: KPMG AZSA LLC

2. Total compensation, etc., paid to the firm

	Amount
Total compensation paid to the firm during the fiscal year under review	¥98 million
Total monetary amount and value of other assets paid to the firm by the Company and its subsidiaries	¥170 million

Notes: 1. Since the contract between the Company and the auditing firm does not distinguish between the audit required under Japan's Company Law and the audit required under the Financial Instruments and Exchange Law, the above figures also include the cost of the audit required under the Financial Instruments and Exchange Law.

2. Among the Company's material subsidiaries, the following were legally audited by a certified public accountant or accounting firm, other than the Company's audit firm, with the corresponding qualifications in a foreign country: Taiwan Copper Foil Co., Ltd.; Mitsui Copper Foil (Malaysia) Sdn. Bhd.; Mitsui Electronic Materials Co., Ltd.; GECOM Corp.; and Mitsui Siam Components Co., Ltd.

3. Figures are rounded down to the nearest million yen.

3. Details of Non-audit Services

The Company contracts with the independent auditing firm for the provision of advisory services relating to International Financing Reporting Standards, which are classified as operations outside the scope of those stipulated in the Certified Public Accountants Act 2-1 (non-audit services).

4. Policy regarding decisions related to dismissal and non-renewal of contract with the independent auditing firm

The Board of Directors, at the Company's convenience and with the approval of the Board of Auditors, may make the purpose of a shareholders' meeting the non-renewal of the contract with the auditing firm, or, in the event that matters occur which are the responsibility of the auditing firm and the decision is made that the Company cannot continue the contract with the auditing firm, with the approval of the Board of Auditors, the Directors may call a shareholders' meeting to dismiss or not re-appoint the auditing firm. In either of these cases, at the said shareholders' meeting, with the approval of the Board of Auditors, the Board of Directors may make a proposal for the selection of a new independent auditing firm.

When the provisions of Article 340-1 of the Company Law are deemed to be applicable to the auditing firm, the Board of Auditors may dismiss the firm by a unanimous vote. When the provisions of Article 344-2 of the Company Law are deemed to be applicable, the Board of Auditors may confer and request that the Board of Directors submit a resolution on the "dismissal or non-renewal of the contract with the auditing firm" to a shareholders' meeting by a majority vote.

#### (4) Systems for Ensuring Appropriate Business Operations

The Company has made the following decisions regarding the systems for ensuring that the conduct of duties by the Directors is in accordance with relevant laws, ordinances, and the Company's Articles of Incorporation and the systems for ensuring the proper conduct of the Company's other activities.

##### 1. Systems for ensuring that the conduct of duties by the Directors and employees is in accordance with relevant laws and the Company's Articles of Incorporation

To ensure that the conduct of business activities by the Directors and employees is in compliance with relevant laws, ordinances, and the Company's Articles of Incorporation, the Company has clarified its compliance system by instituting its "Code of Behavior," which Directors and employees are expected to observe. The Company has also established and promotes the observance of other internal regulations, including "Regulations for the Management of Internal Information and Insider Trading (Naibu jouhou kanri oyobi naibusha torihiki ni kansuru kisoku)," "Regulations for Operation of the Hotline (Hot line unei kisoku)," and "Regulations for the Management of Product Exports (Seihin yushutsu tou kanri kisoku)." In addition, the Company has defined clear the authority of the Directors through the issuance of internal regulations, including "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)." Also, by appointing outside directors who have a high degree of independence, the Company has created a framework that provides for increased transparency to ensure that the Directors are conducting their duties appropriately. In addition, to maintain the soundness of financial processing, the Company conducts periodic internal audits.

##### 2. Systems for storing and safekeeping of information related to the conduct of the duties of the Directors

For information related to the conduct of the duties of the Directors, the Company has prepared, stores, and keeps in custody such information according to legal requirements, the "Regulations for the Board of Directors (Torishimariyaku-kai kisoku)," "Regulations Regarding Documentation (Bunsho kisoku)," and other internal regulations.

##### 3. Regulations and systems concerning the management of losses and hazards

To minimize risks related to the conduct of business activities and respond to risks that have already materialized, the Company has formed a Risk Management Committee, based on its "Regulations for the Risk Management Committee (Risk Management iinkai kisoku)," and has placed specified organizational units in charge of each type of risk with the objectives of monitoring and evaluating the risks that may arise in the Company's business activities, deciding on policies for risk management, and preparing measures to deal with risks when they materialize.

##### 4. Systems to ensure that the Directors conduct their duties efficiently

As the basis for systems that ensure the Directors perform their duties efficiently, the Board of Directors holds a regular meeting once a month, and at other times as necessary. In addition, to clarify decision-making authority, the Company has instituted decision-making authority regulations and works to enhance the efficiency of decision making. Also, through the introduction of the Executive Officer system, the Company is endeavoring to accelerate the execution of business operations.

##### 5. Systems to ensure that the corporate Group, comprising the Company as well as the parent company and subsidiaries, conducts its business activities appropriately

The Company's "Code of Behavior," "Regulations for the Management of Internal Information and Insider Trading (Naibu jouhou kanri oyobi naibusha torihiki ni kansuru kisoku)," and "Regulations for Operation of the Hotline (Hot line unei kisoku)" are also applied to the members of the Group to ensure proper conduct within Group companies. Moreover, decisions and reports are made as part of management supervision in accordance with the "Regulations for the Management of Affiliate Companies (Kankei-gaisha kanri kisoku)." In addition, to maintain the soundness of the financial management of subsidiaries, the Company conducts periodic internal audits in these companies.



6. Matters related to the appointment of employees to assist the Corporate Auditors, when the Corporate Auditors request such assistance, and to the independence of such employees from the Directors

Under the Company's "Regulations for Company Work Systems (Kaisha shokusei kisoku)," the Company has formed an Audit Office and assigned employees to assist the Corporate Auditors in the conduct of their duties. In addition, the selection of these employees is made with reference to the opinions of the Auditors.

7. Systems for Directors and employees to report to the Corporate Auditors, other systems for reporting to the Corporate Auditors, and other systems for ensuring that the auditing activities of the Corporate Auditors are conducted effectively

When the Directors discover facts that may cause serious losses to the Company, and when other events occur, for which reports must be submitted by the Board of Corporate Auditors, this information is reported to the Corporate Auditors. In addition, the Representative Directors and Corporate Auditors meet periodically to exchange opinions.

## Consolidated Balance Sheet

(As of March 31, 2012)

Millions of yen

<b>Assets</b>	
<b>Current assets:</b>	
Cash and time deposits	¥17,676
Notes and accounts receivable	80,289
Merchandise and finished goods	19,973
Work in process	23,948
Raw materials and supplies	29,583
Deferred tax assets	2,020
Others	11,615
Allowance for doubtful accounts	(644)
<b>Total current assets</b>	<b>184,462</b>
<b>Fixed assets:</b>	
Tangible fixed assets:	
Buildings and structures	148,971
Machinery and automotive equipment	298,314
Land	33,569
Lease assets	5,180
Construction in progress	10,434
Others	46,441
Accumulated depreciation	(391,914)
<b>Total tangible fixed assets</b>	<b>150,996</b>
<b>Intangible fixed assets:</b>	<b>3,637</b>
Investments and other assets:	
Investment securities	65,440
Long-term loans	528
Deferred tax assets	1,857
Others	6,344
Allowance for doubtful accounts	(160)
<b>Total investments and other assets</b>	<b>74,010</b>
<b>Total fixed assets</b>	<b>228,644</b>
<b>Total assets</b>	<b>¥413,106</b>

Millions of yen

<b>Liabilities and Net Assets</b>	
<b>Current liabilities:</b>	
Notes and accounts payable	¥41,746
Short-term debt	58,477
Commercial paper	1,000
Current portion of straight bonds	10,000
Current portion of lease liability	695
Accrued income taxes	2,341
Consumption taxes payable	456
Deferred tax liabilities	0
Provision for bonus	4,185
Provision for Directors' bonus	56
Provision for product warranties	810
Provision for loss on construction contracts	82
Provision for business structure improvement	1,000
Provision for loss on disposal of inventories	418
Others	21,939
<b>Total current liabilities</b>	<b>143,210</b>
<b>Long-term liabilities:</b>	
Straight bonds	40,000
Long-term debt	59,786
Lease liability	1,509
Deferred tax liabilities	1,845
Employees' retirement benefits	21,122
Directors' and corporate auditors' retirement benefits	561
Provision for environmental countermeasures	1,500
Provision for preventing environmental pollution in mineral, mining, and other operations	832
Asset retirement obligations	1,445
Others	1,115
<b>Total long-term liabilities</b>	<b>129,719</b>
<b>Total Liabilities</b>	<b>272,930</b>
<b>Net assets</b>	
Common stock	42,129
Capital surplus	22,557
Retained earnings	84,743
Treasury stock	(590)
<b>Shareholders' equity</b>	<b>148,840</b>
Net unrealized gains on securities, net of tax	524
Unrealized gains (losses) on hedging derivatives, net of tax	(313)
Foreign currency translation adjustments	(17,334)
<b>Accumulated other comprehensive income</b>	<b>(17,122)</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>8,458</b>
<b>Total net assets</b>	<b>140,175</b>
<b>Total liabilities and net assets</b>	<b>¥413,106</b>

## Consolidated Statement of Operations

(April 1, 2011 to March 31, 2012)

	Millions of yen
<b>Net sales</b>	¥431,058
<b>Cost of sales</b>	369,715
<b>Gross profit</b>	61,342
Selling, general and administrative expenses	40,439
<b>Operating income</b>	20,903
<b>Non-operating income:</b>	
Interest income	193
Dividend income	1,316
Other income	1,507
	3,017
<b>Non-operating expenses:</b>	
Interest expense	2,710
Investment gains from equity method	509
Other expenses	1,532
	4,752
<b>Ordinary income</b>	19,168
<b>Extraordinary profits:</b>	
Gain on sale of property, plant and equipment	227
Gain on sale of investment securities	153
Reversal of allowance for doubtful accounts	119
Reversal of provision for loss on disaster	142
Reversal of Employees' retirement benefits	194
Others	81
	918
<b>Extraordinary losses:</b>	
Loss on disposal of property, plant and equipment	1,135
Loss on sale of property, plant and equipment	39
Loss on impairment of fixed assets	215
Loss on disaster	1,241
Business structure improvement expenses	753
Others	492
	3,879
<b>Income before income taxes and minority interests</b>	16,207
<b>Income taxes:</b>	
Current	4,878
Refund of income taxes	(744)
Deferred	(1,177)
Income before minority interests	13,251
<b>Minority interests</b>	1,719
<b>Net income</b>	¥11,531

## Consolidated Statement of Changes in Net Assets

(April 1, 2011 to March 31, 2012)

Millions of yen

Shareholders' equity	
Common stock	
Balance at the beginning of period	¥42,129
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	42,129
Capital surplus	
Balance at the beginning of period	22,557
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	22,557
Retained earnings	
Balance at the beginning of period	76,640
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	11,531
Total changes of items during the period	8,102
Balance at the end of period	84,743
Treasury stock	
Balance at the beginning of period	(510)
Changes of items during the period	
Purchase of treasury stock	(80)
Total changes of items during the period	(80)
Balance at the end of period	(590)
Total shareholders' equity	
Balance at the beginning of period	140,817
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	11,531
Purchase of treasury stock	(80)
Total changes of items during the period	8,022
Balance at the end of period	¥148,840

Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	
Balance at the beginning of period	¥1,296
Changes of items during the period	
Net changes of items other than shareholders' equity	(772)
Total changes of items during the period	(772)
Balance at the end of period	524
Deferred gains or losses on hedges	
Balance at the beginning of period	(827)
Changes of items during the period	
Net changes of items other than shareholders' equity	513
Total changes of items during the period	513
Balance at the end of period	(313)
Foreign currency translation adjustments	
Balance at the beginning of period	(15,340)
Changes of items during the period	
Net changes of items other than shareholders' equity	(1,994)
Total changes of items during the period	(1,994)
Balance at the end of period	(17,334)
Total Accumulated other comprehensive income	
Balance at the beginning of period	(14,870)
Changes of items during the period	
Net changes of items other than shareholders' equity	(2,252)
Total changes of items during the period	(2,252)
Balance at the end of period	(17,122)
Minority interests	
Balance at the beginning of period	8,505
Changes of items during the period	
Net changes of items other than shareholders' equity	(46)
Total changes of items during the period	(46)
Balance at the end of period	8,458
Total net assets	
Balance at the beginning of period	134,452
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	11,531
Purchase of treasury stock	(80)
Net changes of items other than shareholders' equity	(2,299)
Total changes of items during the period	5,723
Balance at the end of period	¥140,175

## Balance Sheet

(As of March 31, 2012)

Millions of yen

<b>Assets</b>	
<b>Current assets:</b>	
Cash and time deposits	¥8,343
Notes receivable	1,166
Accounts receivable	34,471
Merchandise and finished goods	8,736
Work in process	11,471
Raw materials and supplies	16,652
Advances payments	90
Prepaid expenses	443
Deferred tax assets	251
Short-term loans	12,848
Other accounts receivable	7,480
Payment for others	2,169
Derivative assets	246
Others	310
Allowance for doubtful accounts	(503)
Total current assets	104,180
<b>Fixed assets:</b>	
Tangible fixed assets:	
Buildings	36,085
Structures	10,006
Machinery and equipment	95,863
Automotive equipment	366
Tools, equipment and furniture	8,408
Land used for mining operations	307
Land	15,767
Lease assets	2,315
Construction in progress	7,173
Accumulated depreciation	(125,097)
Total tangible fixed assets	51,197
Intangible fixed assets:	
Rights of utilization	1,709
Total intangible fixed assets	1,709
Investments and other assets:	
Investment securities	8,120
Stock of subsidiaries and affiliates	83,689
Investments in capital of subsidiaries and affiliates	1,164
Long-term loans	43,147
Claims provable in bankruptcy, claims provable in rehabilitation and other	28
Others	953
Allowance for doubtful accounts	(2,092)
Total investments and other assets	135,010
Total fixed assets	187,917
<b>Total assets</b>	<b>¥292,098</b>

Millions of yen

<b>Liabilities and Net Assets</b>	
<b>Current liabilities:</b>	
Accounts payable	¥16,878
Short-term debt	24,462
Commercial paper	1,000
Current portion of long-term loans payable	18,427
Current portion of straight bonds	10,000
Current portion of lease liability	424
Accrued payments	9,036
Accrued expenses	939
Accrued income taxes	122
Advances received	62
Deposits received	19,057
Provision for bonus	1,676
Provision for Directors' bonus	30
Provision for product warranties	12
Derivative liabilities	115
<b>Total current liabilities</b>	<b>102,245</b>
<b>Long-term liabilities:</b>	
Straight bonds	40,000
Long-term debt	55,608
Lease obligations	588
Deferred tax liabilities	462
Employees' retirement benefits	10,767
Provision for preventing environmental pollution in mineral, mining, and other operations	206
Provision for environmental countermeasures	1,135
Asset Retirement obligations	142
Others	166
<b>Total long-term liabilities</b>	<b>109,076</b>
<b>Total liabilities</b>	<b>211,322</b>
<b>Net assets</b>	
<b>Shareholders' equity:</b>	
<b>Common stock</b>	42,129
<b>Capital surplus:</b>	
Capital surplus	22,557
<b>Total capital surplus</b>	<b>22,557</b>
<b>Retained earnings:</b>	
Legal reserve	2,406
Other retained earnings	13,670
General reserve	3,000
Unappropriated retained earnings at end of period	10,670
<b>Total retained earnings</b>	<b>16,077</b>
<b>Treasury stock</b>	(590)
<b>Total shareholders' equity</b>	<b>80,174</b>
<b>Valuation, translation adjustments and others</b>	
Net unrealized gains on securities, net of tax	564
Unrealized gains (losses) on hedging derivatives, net of tax	37
<b>Total net assets</b>	<b>80,775</b>
<b>Total liabilities and net assets</b>	<b>¥292,098</b>



## Statement of Operations

(April 1, 2011 to March 31, 2012)

	Millions of yen
<b>Net sales</b>	¥213,087
<b>Cost of sales</b>	191,925
<b>Gross profit</b>	21,162
Selling, general and administrative expenses	20,369
<b>Operating income</b>	792
<b>Non-operating income:</b>	
Interest and dividend income	9,947
Other income	869
	10,816
<b>Non-operating expenses:</b>	
Interest expense	2,128
Other expenses	929
	3,058
<b>Ordinary income</b>	8,551
<b>Extraordinary profits:</b>	
Gain on sale of property, plant and equipment	128
Reversal of allowance for doubtful accounts	477
Reversal of provision for losses of affiliated companies	1,389
Insurance income	18
Other profits	179
	2,192
<b>Extraordinary expenses:</b>	
Loss on sales and disposal property, plant and equipment	413
Loss on impairment of fixed assets	11
Loss on disaster	12
Loss on valuation of subsidiaries and affiliates	442
Loss on valuation of golf-club membership	4
Loss on liquidation of subsidiaries and affiliates	2,553
Loss on cancellation of lease contracts	0
Other expenses	217
	3,656
<b>Income before income taxes</b>	7,087
<b>Income taxes:</b>	
Current	327
Deferred	(346)
<b>Net income</b>	¥7,106

## Statement of Changes in Net Assets

(April 1, 2011 to March 31, 2012)

Millions of yen

Shareholders' equity	
Common stock	
Balance at the beginning of period	¥42,129
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	42,129
Capital surplus	
Legal reserve	
Balance at the beginning of period	22,557
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	22,557
Total of capital surplus	
Balance at the beginning of period	22,557
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	22,557
Retained earnings	
Legal reserve contained in retained earnings	
Balance at the beginning of period	2,406
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of period	2,406
Remaining portion of retained earnings	
General reserve for reduction entry	
Balance at the beginning of period	2,000
Changes of items during the period	
Provision of general reserve	1,000
Total changes of items during the period	1,000
Balance at the end of period	3,000
Retained earnings brought forward	
Balance at the beginning of period	7,993
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	7,106
Provision of general reserve	(1,000)
Total changes of items during the period	2,677
Balance at the end of period	10,670
Total of retained earnings	
Balance at the beginning of period	12,399
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	7,106
Total changes of items during the period	3,677
Balance at the end of period	16,077
Treasury stock	
Balance at the beginning of period	(510)
Changes of items during the period	
Purchase of treasury stock	(80)
Total changes of items during the period	(80)
Balance at the end of period	¥(590)

*English Translation of Financial Statements Originally Issued in the Japanese Language*

Total shareholders' equity	
Balance at the beginning of period	¥76,576
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	7,106
Purchase of treasury stock	(80)
Total changes of items during the period	3,597
Balance at the end of period	80,174
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the beginning of period	1,359
Changes of items during the period	
Net changes of items other than shareholders' equity	(795)
Total changes of items during the period	(795)
Balance at the end of period	564
Unrealized losses on hedging derivatives, net of tax	
Balance at the beginning of period	(427)
Changes of items during the period	
Net changes of items other than shareholders' equity	464
Total changes of items during the period	464
Balance at the end of period	37
Total valuation and translation adjustments	
Balance at the beginning of period	932
Changes of items during the period	
Net changes of items other than shareholders' equity	(330)
Total changes of items during the period	(330)
Balance at the end of period	601
Total net assets	
Balance at the beginning of period	77,509
Changes of items during the period	
Dividends from surplus	(3,428)
Net income	7,106
Purchase of treasury stock	(80)
Net changes of items other than shareholders' equity	(330)
Total changes of items during the period	3,266
Balance at the end of period	¥80,775