

[Summary]

Securities identification code: 5706
June 1, 2018

To Shareholders:

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

Keiji Nishida
President and
Representative Director

**Notice of Convocation of
the 93rd Annual General Meeting of Shareholders**

Dear Shareholders:

Thank you for your patronage. You are cordially invited to attend the 93rd Annual General Meeting of Shareholders of Mitsui Mining and Smelting Co., Ltd. The meeting will be held on Thursday, June 28, 2018. Please find below the Notice of Convocation.

Please review the proposals submitted to the General Meeting of Shareholders and the overview of operations for the 93rd fiscal year.

Sincerely,

Meeting Particulars

- | | |
|--|---|
| 1. Date and Time: | 10:00 a.m. on Thursday, June 28, 2018 |
| 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 | <ol style="list-style-type: none">1. Business Report, Consolidated Financial Statements, and reports from the independent auditor and the Board of Auditors on consolidated financial statements for the 93rd fiscal year (from April 1, 2017, to March 31, 2018)2. Reports on financial statements for the 93rd fiscal year (from April 1, 2017, to March 31, 2018) |

Matters to be resolved

- | | |
|-------------|--|
| First Item | Appropriation of Retained Earnings |
| Second Item | Election of two (2) Corporate Auditors |

4. Other Items pertaining to the Convocation of the General Meeting of Shareholders:

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form or by electronic means (Internet, etc.). Please review the attached General Meeting of Shareholders' Reference Materials and exercise your voting rights **by 5:00 p.m. on Wednesday, June 27, 2018.**

In the case of exercising voting rights both by the voting right exercise 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 -

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 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 that 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.
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.

The Company's website (<http://www.mitsui-kinzoku.co.jp/>)

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

Guide to Exercising Voting Rights

In the event of your inability to attend, you may exercise your voting rights by either of the methods described below.

1. 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.

Exercise deadline: To arrive no later than 5.00 p.m. (Japan Time) on Wednesday, June 27, 2018

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

(1) Exercise of Voting Rights Via the Internet

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

Please note that we do not have a designated website to exercise voting rights from mobile phones.

Exercise deadline: Until 5.00 p.m. (Japan Time) on Wednesday, June 27, 2018

Exercise of Voting Rights

1. You may exercise your voting rights until 5 p.m. (Japan Time) on June 27, 2018 (Wednesday).
2. In cases where voting rights are exercised both by paper form and electronically (Internet, etc.), the electronic (Internet, etc.) version will be considered effective.
3. In cases where voting rights are exercised electronically (Internet, etc.) multiple times, the final exercise of voting rights will be considered effective.

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 enter your password incorrectly more than a specified number of times, your account will be locked and become unusable. If you wish to have another password issued, please follow the instructions on the screen.
3. The passwords issued for exercising voting rights are effective for this year’s annual general shareholders’ meeting only.

Questions Regarding Personal Computer Operation, Etc.

If you have questions regarding the use of the voting rights exercise 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. (Japan Time))

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

OS	Web browser	PDF viewer
Windows Vista®	Internet Explorer® Ver.7~9	Adobe® Reader® Ver.9
Windows® Ver.7	Internet Explorer® Ver.8~11	Adobe® Reader® Ver.11
Windows® Ver.8.1	Internet Explorer® Ver.11	Adobe® Reader® Ver.11

- * “Windows®,” “Windows Vista®” and “Internet Explorer” are registered trademarks and/or trademarks of Microsoft Corporation in the United States and other countries.
 - * “Adobe®” and “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 exercise website and payments to other communications companies associated with the accessing of the voting rights exercise website.
 4. Internet connections may at times be restricted due to firewalls, etc.; so, please confirm this point with your system administrator.
 5. Because the voting rights exercise 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 the Voting Rights Exercise Platform may use this platform to exercise their voting rights.

General Meeting of Shareholders' Reference Materials

Matters to Be Resolved and Reference Items:

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.

In accordance with this fundamental policy, with regard to appropriation of retained earnings for the fiscal year under review, the Company proposes that general reserve be reversed to enable a flexible capital policy. In addition, based on the consideration of the Company's financial condition and its performance in the fiscal year under review, the Company proposes that the year-end dividend applicable to the fiscal year under review be ¥70 per share as described below, unchanged from the amount of the year-end dividend per share calculated by using the ratio of the reverse share split executed on October 1, 2017.

1. Matters Related to Appropriation of Retained Earnings

- | | |
|--|----------------|
| (1) Item of Retained Earnings to be Increased and Amount of Increase | |
| Unappropriated retained earnings | ¥7,000,000,000 |
| (2) Item of Retained Earnings to be Reduced and Amount of Reduction | |
| General reserve | ¥7,000,000,000 |

2. Year-End Dividends

- | | |
|--|--|
| (1) Type of Dividend Asset | Money |
| (2) Allocation and Total Value of Dividend Assets | ¥70 per share of common stock
Total value of ¥3,997,536,060 |
| (3) Effective Date of Retained Earnings Distribution | June 29, 2018 |

Second Item

Election of two (2) Corporate Auditors

At the conclusion of this Annual General Meeting of Shareholders, Corporate Auditor Toshiki Mori and Corporate Auditor Tetsuhiro Hosono will retire due to resignation.

Accordingly, the Company proposes two (2) candidates for the position of Corporate Auditor.

Please note that AkiraYoshida is a candidate as a substitute of Corporate Auditor Toshiki Mori, and Toru Ishida is a candidate as a substitute of Corporate Auditor Tetsuhiro Hosono. Their terms of office are until the expiration of the terms of office of their respective predecessors. Toru Ishida is a candidate for Outside Corporate Auditor.

The Board of Auditors' approval of this proposal has already been obtained.

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

No.	Name	Title and Positions at the Company	Number of years served as Corporate Auditor	Attendance rate at the meetings of the Board of Directors	Attendance rate at the meetings of the Board of Auditors
1	Akira Yoshida <u>Newly Appointed</u>	Executive Officer, Senior General Manager of Metals & Recycling Division, Metals Sector	-	-	-
2	Toru Ishida <u>Newly Appointed</u> <u>Outside</u> <u>Independent</u>	-	-	-	-

Attributes of the candidate

Newly Appointed: Candidate as Corporate Auditor for newly appointment

Outside: The Candidate for Outside Corporate Auditor

Independent: Independent Auditor as provided for by the Tokyo Stock Exchange, etc.

Candidate Number: 1	Akira Yoshida (September 5, 1957)	Number of Company's Shares in Possession: 2,900 Number of years served as Corporate Auditor: - Attendance at the meetings of the Board of Directors: - Attendance at the meetings of the Board of Auditors: -
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Newly Appointed

◆Profile; Title and Positions

April 1980	Entered the Company
June 2008	General Manager of Legal & Administrative Department
June 2010	Executive Officer, General Manager of Legal & Administrative Department
June 2011	Executive Officer, General Manager of Personnel Department and Legal & Administrative Department
June 2012	Executive Officer, President and Representative Director of Kamioka Mining & Smelting Co., Ltd.
October 2015	Executive Officer, Senior General Manager of Metals & Recycling Division, Metals Sector (current position)

◆Important Position Held Concurrently at Other Organizations

No significant position held concurrently at other organizations.

◆Reasons for the Nomination of the Candidate as Corporate Auditor

Mr. Akira Yoshida has a wealth of experience in human resources and general affairs, including serving as the president of an affiliated company, and is well versed in the Company's business. He was appointed Executive Officer in 2010. Serving as the Senior General Manager of Metals & Recycling Division, Metals Sector, he has currently led smelting business of the Company. The Company judges he can reflect his experience and specialized knowledge in auditing of the Company and believes he is a suitable person for the position of Corporate Auditor.

◆Special Interests between the Candidate and the Company

There are no special interests between the candidate and the Company.

Candidate Number: 2	Toru Ishida (November 1, 1952)	Number of Company's Shares in Possession: 0
		Number of years served as Corporate Auditor: - Attendance at the meetings of the Board of Directors: - Attendance at the meetings of the Board of Auditors: -

Newly Appointed

Outside

Independent

◆Profile; Title and Positions

April 1975	Entered Ministry of International Trade and Industry (Presently Ministry of Economy, Trade and Industry)
April 2000	Executive Secretary to the Prime Minister .
July 2002	Deputy Director-General for Policy Coordination, Minister's Secretariat, METI
July 2003	Director-General for Policy Planning and Coordination, Minister's Secretariat, METI
September 2005	Director-General, Trade and Economic Cooperation Bureau, METI
July 2007	Director-General, Industrial Science and Technology Policy and Environment Bureau, METI
July 2008	Commissioner, Agency for Natural Resources and Energy, METI
January 2011	Advisor, Tokyo Electric Power Company, Incorporated (TEPCO)
June 2013	Director, Japan Alcohol Trading Co., LTD.
June 2014	Vice President, Japan Alcohol Trading CO., LTD.
December 2015	President, The Japan Chamber of Commerce and Industry (current position) President, The Tokyo Chamber of Commerce and Industry (current position)
June 2016	Outside Auditor, Tokyo Small and Medium Business Investment & Consultation CO., LTD. (current position) Outside Director, Tokyo Ryutsu Center Inc. (current position)

◆Important Position Held Concurrently at Other Organizations

President, The Japan Chamber of Commerce and Industry, President, The Tokyo Chamber of
Commerce and Industry, Outside Auditor, Tokyo Small and Medium Business Investment &
Consultation CO., LTD., Outside Director, Tokyo Ryutsu Center Inc.

◆Reasons for the Nomination of the Candidate as Outside Corporate Auditor

Mr. Toru Ishida has held key positions in which he has contributed to development of
commerce and industry over the years. He served as Director-General, the Industrial Science
and Technology Policy and Environment Bureau, METI and Commissioner, Agency for
Natural Resources and Energy, METI and currently serves as President, The Japan Chamber
of Commerce and Industry and President, The Tokyo Chamber of Commerce and Industry.
The Company judges he can reflect his experience and specialized knowledge in auditing of
the Company and believes he is a suitable person for the position of Corporate Auditor.

◆Special Interests between the Candidate and the Company

There are no special interests between the candidate and the Company.

Notes: 1. If the appointment of Toru Ishida is approved, the Company will arrange a contract with him regarding liability as defined by
Company Law Article 423-1 to limit total liability to the figure stipulated by Company Law Article 425-1, based on Company
Law Article 427-1.

2. If the election of Toru Ishida is approved, the Company will notify the Tokyo Stock Exchange of his appointment as an
Independent Auditor of the Company.

Business Report

(From April 1, 2017, to March 31, 2018)

1. Current State of the Mitsui Kinzoku Group

(1) Business Operations and Results

Economic Overview

During fiscal 2017, despite concerns about the spread of protectionism in the U.S. and Europe and rising geopolitical risks, the world economy remained generally robust owing to improvement in the labor market and an increase in capital investment in developed countries as well as other factors. The moderate growth of the U.S. economy continued as personal consumption remained robust against the backdrop of the brisk labor market. Despite concerns about the slowing pace of economic recovery, the Chinese economy remained firm led by an increase in exports in addition to robust domestic demand. Meanwhile, the Japanese economy stayed on a moderate recovery track, as evidenced by a pick-up in personal consumption among other factors in line with an increase in capital investment and improvement in the labor market against the backdrop of a recovery of corporate earnings.

The Mitsui Kinzoku Group's Business Environment

The business environment for Mitsui Mining & Smelting Co., Ltd. and its consolidated subsidiaries (the Mitsui Kinzoku Group) was as follows. With regard to nonferrous metal markets, whereas prices of zinc, lead, and copper rose, prices of indium remained low in the first half of fiscal 2017 and increased in the second half. The foreign exchange market had been generally stable but rapid appreciation of the yen ensued in 2018. The application field of MicroThin™ expanded and there was steady demand for sputtering targets for displays and for exhaust detoxifying catalysts.

The Group's Initiatives

In these circumstances, fiscal 2017 was the second year of the Group's 2016 Mid-Term Management Plan launched in 2016 with the goal of realizing the Group's Vision in 10 years—"The Company that continues to create growth products and businesses and enhance value based on the three core businesses: engineered materials, metals, and automotive parts and components." Having positioned fiscal 2017 as an important year for confirming the progress of the Mid-Term Management Plan, the Group implemented various measures. Specific measures included boosting of production capacity in line with the expansion of the MicroThin™ application field, improvement of the earnings contribution of exhaust detoxifying catalysts for automobiles, reinforcement of the recycling business, establishment of systems to enable stable operation of the Caserones copper mine in Chile, and reinforcement of overseas sites for automotive parts and components. In addition, the Group has invested in the hydroelectric power generation service, which is expected to contribute to the Group's profits from fiscal 2019 onward.

Fiscal 2017 Results

As a result, net sales in fiscal 2017 increased by ¥82,885 million compared with the previous fiscal year to ¥519,215 million. Operating income increased by ¥11,068 million compared with the previous fiscal year to ¥49,529 million because of a rise of nonferrous metal prices and increased sales volumes of the principal products of the Engineered Materials Business, among other factors, although there were factors leading to a decrease in profit, such as large-scale periodic repair of zinc smelting facilities in the Metals Business. Ordinary income decreased by ¥19,808 million compared with the previous fiscal year to ¥11,239 million, reflecting the recording of investment losses on equity method amounting to ¥38,044 million, including a ¥34,603 million impairment loss for the Caserones copper mine, and other factors. In extraordinary items, the Group recorded extraordinary losses, including a ¥1,423 million loss on disposal of property, plant and equipment and customs duties for prior periods amounting to ¥1,098 million. After accounting for income taxes and profit attributable to non-controlling interests, loss attributable to owners of the parent in fiscal 2017 amounted to ¥708 million, a decrease of ¥19,382 million compared with the previous fiscal year.

	2017	2016	Change from the Previous Year	
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Percentage)
Net sales	¥519,215	¥436,330	¥82,885	19.0%
Operating income	49,529	38,461	11,068	28.8
Ordinary income	11,239	31,047	(19,808)	(63.8)
Profit (loss) attributable to owners of parent	(708)	18,674	(19,382)	-

Note: Figures are rounded down to the nearest million yen.

Operating Environment and Results by Each Group

Engineered Materials Group

[Principal Products/Services (As of March 31, 2018)]

Battery materials (Hydrogen storage, etc.), Catalysts, Engineered powders (Metal powders for electronic materials, High-purity tantalum pentoxide, etc.), Copper foil (MicroThin™, Electro-deposited foil for printed wiring boards, etc.), Sputtering targets (ITO, etc.), Ceramics products

In the Engineered Materials Group, sales volumes of exhaust detoxifying catalysts increased both for motorcycles and automobiles, reflecting robust demand for both applications. Sales volume of metal powders for electronic materials increased, mainly owing to higher demand for automobiles and for IoT. Sales volume of MicroThin™ also increased because of its expanded application for smartphone motherboards, among other factors.

As a result, sales of the Engineered Materials Group increased 14.7% year on year to ¥167,216 million. Ordinary income increased 92.2% year on year to ¥30,611 million, owing to higher sales volumes of the principal products.

Metals Group

[Principal Products/Services (As of March 31, 2018)]

Zinc, Lead, Copper, Gold, Silver, Resource recycling

In the Metals Group, whereas demand for zinc for steel sheets in Japan was sluggish, demand for zinc for highly corrosion-resistant steel sheets was robust. Zinc prices in Japan increased in line with the increase of zinc prices on the London Metal Exchange.

As a result, sales of the Metal Group increased 33.6% year on year to ¥186,518 million. Despite an increase in nonferrous metal prices, ordinary income decreased 34.8% to ¥5,530 million, because of large-scale periodic repair of zinc smelting facilities, among other factors.

Automotive Parts & Components Group

[Principal Products/Services (As of March 31, 2018)]

Automobile Door Locks

In the Automotive Parts & Components Group, sales volume of side door latches, the mainstay products, decreased in Japan, owing to production adjustment by major customers, among other reasons. In China, while sales volume of side door latches increased, reflecting robust demand for sports utility vehicles, their sales prices decreased.

As a result, sales of the Automotive Parts & Components Group decreased 9.9% year on year to ¥102,039 million. Ordinary income decreased 10.9% year on year to ¥5,513 million, mainly owing to cost increases reflecting higher prices of steel materials, among other factors.

Affiliates Coordination Group

[Principal Products/Services (As of March 31, 2018)]

Engineering services for various industrial plants, Die-cast products, Powdered metallurgical products, Rolled copper products, Perlite products, etc.

In the Affiliates Coordination Group, demand for orders concerning industrial plant projects overseas remained sluggish, continuing from the previous fiscal year. However, revenue was recognized based on the percentage of completion method for projects for hydroelectric power generation facilities carried out by Group companies in Japan. Factors including a large project for a metalworking plant also contributed to earnings. In addition, sales volume mainly of diecast products increased.

As a result, sales of Affiliates Coordination Group increased 17% year on year to ¥132,747 million. Ordinary income increased 20.2% year on year to ¥6,833 million.

Net sales and ordinary income (loss) by each group are the following:

[Net Sales]

Group	2017	2016	2015	2014
	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)	Net Sales (Millions of Yen)
Engineered Materials Group	¥167,216	¥145,779	¥144,065	¥153,203
Metals Group	186,518	139,647	129,786	140,158
Automotive Parts & Components Group	102,039	113,199	114,448	104,500
Affiliates Coordination Group	132,747	113,469	107,230	118,528
Adjustment Amount	(69,307)	(75,765)	(44,977)	(43,116)
Total	¥519,215	¥436,330	¥450,553	¥473,274

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

2. Intersegment sales are deducted by means of Adjustment Amount items.

[Ordinary Income (Loss)]

Group	2017	2016	2015	2014
	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)
Engineered Materials Group	¥30,611	¥15,925	¥3,771	¥12,184
Metals Group	5,530	8,477	(366)	12,769
Automotive Parts & Components Group	5,513	6,188	5,415	5,044
Affiliates Coordination Group	6,833	5,684	3,324	4,849
Adjustment Amount	(37,250)	(5,228)	(23,429)	(13,751)
Total	¥11,239	¥31,047	(¥11,284)	¥21,096

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

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

3. Adjustment Amount in fiscal 2017 includes a ¥34,603 million impairment loss for the Caserones copper mine.

(2) Capital Investment

The Mitsui Kinzoku Group invested a total of ¥40,509 million, mainly for the following purposes by each group:

Group	Capital Investment (Millions of Yen)	Contents and Purposes
Engineered Materials Group	¥13,163	Boosting production capacity for MicroThin™, etc.
Metals Group	18,074	Large-scale renovation of hydroelectric power generation facilities, etc.
Automotive Parts & Components Group	4,821	Boosting productivity of facilities, conserving energy, etc.
Affiliates Coordination Group	2,474	Maintaining and renovating facilities, etc.
Other Group	1,975	
Total	¥40,509	

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

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

(3) Funding

For the purpose of redeeming No.11 issuance of unsecured domestic straight bonds, the Company issued its No.17 issuance of unsecured domestic straight bonds amounting to ¥10.0 billion in November 2017.

(4) Research & Development and Resource Development

Research and Development

The Group is creating innovative products by utilizing its core technologies, such as electrochemistry, powder processing, and composite material processing. The Group is also promoting R&D while strengthening industry-academia collaboration.

Resource Development

In the Republic of Peru, the Group explored mining possibilities mainly in the vicinity of Huanzala mine and Pallca mine.

(5) Changes in Operating Performance and Financial Position of the Mitsui Kinzoku Group and the Company

Year ended March 31		90th (2014)	91st (2015)	92nd (2016)	93rd (2017)
Net sales	(Millions of yen)	¥473,274	¥450,553	¥436,330	¥519,215
Ordinary income (loss)	(Millions of yen)	21,096	(11,284)	31,047	11,239
Profit (loss) attributable to owners of parent	(Millions of yen)	17,237	(20,926)	18,674	(708)
Total assets	(Millions of yen)	538,646	484,800	518,981	522,418
Total net assets	(Millions of yen)	207,106	179,566	184,421	178,652
Free cash flow	(Millions of yen)	10,827	24,001	(14,081)	12,060
Capital investment	(Millions of yen)	28,906	28,446	37,718	40,509
ROE (Return on equity)	(%)	9.6	(11.4)	10.9	(0.4)
ROA (Return on assets)	(%)	4.0	(2.2)	6.2	2.2
Shareholders' equity ratio	(%)	36.6	35.0	33.5	32.2
D/E ratio	(Times)	1.07	1.13	1.19	1.24
Earnings (losses) per share	(Yen)	301.81	(366.42)	326.98	(12.40)
Total net assets per share	(Yen)	3,449.10	2,968.55	3,046.43	2,945.20
Dividend per share	(Yen)	60.00	60.00	70.00	70.00

- 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 (loss) per share is calculated based on the average number of issued and outstanding shares during the term.
3. Every ten shares of the Company's common stock were consolidated into one share on October 1, 2017. Accordingly, earnings (losses) per share, total net assets per share, and dividend per share are calculated, assuming that the said reverse share split was conducted at the beginning of the 90th fiscal year.

(6) Important Challenges Ahead

The world economy is expected to continue expanding in fiscal 2018. However, protectionist trade policies of the U.S. and related countries' reactions to such policies require careful monitoring. Regarding the Japanese economy, while steady personal consumption and a moderate recovery of capital investment are expected, geopolitical risks are persisting.

The business environment of the Group is still exposed to risks, such as those coming from higher energy costs and sharp increases in raw material prices, in addition to a risk of fluctuation in nonferrous metal prices.

In these circumstances, the Group promoted the 2016 Mid-Term Management Plan. With "Establishment of a structure that will continue to create growth products and businesses based on the three core businesses: engineered materials, metals, and automotive parts and components" as the basic policy of the plan, the Group reinforced management bases by implementing key measures, namely "Producing results for measures implemented in the 2013 Plan," "Reinforcing the basic structure of existing businesses," and "Taking strategic steps for the future" in each segment.

In fiscal 2018, which is the year for completing the 2016 Mid-Term Management Plan and a preparatory period for the next Mid-Term Management Plan, the Group will surely implement the key measures described below.

In the Engineered Materials Business segment, the Group will continue initiatives to reinforce the copper foil business and the catalyst business. Specifically, in the copper foil business, the Group will boost production capacity of MicroThin™, whose market is expanding for applications such as smartphone motherboards, and will endeavor to ensure ramp-up of a new line for MicroThin™. The exhaust detoxifying catalyst business will focus on maintaining the market share for motorcycles and on establishing production systems for automotive catalysts in order to improve the earnings contribution. In addition to reinforcement of these existing businesses, the Group will push forward with the transformation into a Market Co-creation business entity (for creating products and services in cooperation with customers, universities, research institutes, and other organizations) and create growth products and businesses.

In the Metals Business segment, initiatives will continue to be focused on increasing the volume of recycling materials collected and processed. Regarding the Caserones copper mine, the Group will provide support for establishing systems that will enable stable operation and efficient production. Investment in the hydroelectric power generation service, which is expected to contribute to the Group's profits from fiscal 2019 onward, is proceeding as planned and the Group will work to surely start up the service.

In the Automotive Parts & Components Business segment whose mainstay products are door locks, efforts to improve the earnings of operations in Japan and cost reduction efforts at overseas plants in order to increase their competitiveness will continue. At the same time, for sales expansion in both the North American and the Chinese markets, the Group will seek to acquire orders for the next models.

In addition to these measures, the Group intends to accord emphasis to cash flows and will roll out improvements to its financial position. At the same time, the Group is determined to enhance corporate value by ensuring greater decisiveness in decision-making than ever and transforming itself into a fast-moving, highly competitive enterprise.

(7) Principal Business Offices, Plants, and Laboratories (As of March 31, 2018)

1. Mitsui Kinzoku

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

Note: Kamioka Mining & Smelting Co., Ltd., a wholly-owned subsidiary of the Company, succeeded the Kamioka Catalyst Plant by an absorption-type company split on April 1, 2018.

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 ACT Corporation (Yokohama-shi, Kanagawa), Mitsui Kinzoku Trading Co., Ltd. (Sumida-ku, Tokyo), MESCO, Inc. (Sumida-ku, Tokyo),
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), Mitsui Components Guangdong Limited (China), Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.

Note: Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd. is listed because its importance increased as a result of expansion of the scale of the business.

(8) Condition of Principal Subsidiaries of Mitsui Kinzoku (As of March 31, 2018)

	Paid-in Capital (Millions)	Equity Stake of the Company (%)	Principal Operations
Taiwan Copper Foil Co., Ltd.	NT\$800	95.0	Production and sale of Electro-deposited foil for printed wiring boards
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	RM330	100.0	Production and sale of Electro-deposited foil for printed wiring boards
Mitsui Electronic Materials Co., Ltd.	NT\$600	100.0	Production and sale of Sputtering targets
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
Mitsui Kinzoku ACT Corporation	¥3,000	100.0	Production and sale of functional automotive door locks
GECOM Corp.	US\$15.750	100.0	Production and sale of functional automotive door locks
Mitsui Siam Components Co., Ltd.	Bh210	100.0	Production and sale of functional automotive door locks
Mitsui Components Guangdong Limited	RMB71.212	100.0	Production and sale of functional automotive door locks
Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.	RMB13.234	100.0	Sale of functional automotive door locks
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0	Sale of nonferrous metals and electronic materials, etc.
MESCO, Inc.	¥1,085	63.4	Engineering services for various industrial plants as well as the production, sale, and construction of polyethylene compound pipes

Note: Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd. is listed because its importance increased as a result of expansion of the scale of the business.

(9) Employees (As of March 31, 2018)

1. Number of Mitsui Kinzoku Group Employees

Group	Number of Employees	
Engineered Materials Group	3,556	(603)
Metals Group	1,579	(368)
Automotive Parts & Components Group	5,315	(113)
Affiliates Coordination Group	1,603	(156)
Other Group	223	(27)
Total	12,276	(1,267)

- Notes: 1. The numbers of employees represent the numbers of employees actually working, and the numbers of temporary employees are shown separately in parentheses.
2. 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

Group	Number of Employees	
Engineered Materials Group	1,210	(233)
Metals Group	312	(42)
Automotive Parts & Components Group	-	(-)
Affiliates Coordination Group	107	(15)
Other Group	211	(27)
Total	1,840	(317)

Number of Employees	Average Age (Years)	Average Length of Employment (Years)	Average annual salary (Thousands of Yen)
1,840	42.4	15.5	7,264

- Notes: 1. The number of employees represents the number of employees actually working, and the numbers of temporary employees are shown separately in parentheses.
2. Temporary employee figures include temporary laborers, part-time employees, and temporary contract employees but exclude temporary employees dispatched by personnel agencies.
3. Average annual salary includes bonus and extra wages.

(10) Major Lenders (As of March 31, 2018)

	Amount of Borrowings (Millions of Yen)
Sumitomo Mitsui Banking Corporation	¥21,220
Sumitomo Mitsui Trust Bank, Ltd.	16,835
Mizuho Bank, Ltd.	8,772
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,650
The Yamaguchi Bank	5,050

Note: The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its trade name to MUFG Bank, Ltd. on April 1, 2018.

2. Mitsui Kinzoku Group and the Company Outline

(1) Common Stock (As of March 31, 2018)

1. Authorized: 190,000 thousand
2. Issued and outstanding: 57,296,616
3. Number of shareholders: 32,996 (down 6,780 from the previous fiscal year)
4. Major shareholders (Top 10):

	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
Japan Trustee Services Bank, Ltd. (Held in trust account)	5,407	9.46
The Master Trust Bank of Japan, Ltd. (Held in trust account)	5,367	9.39
Japan Trustee Services Bank, Ltd. (Held in trust account 9)	1,383	2.42
Japan Trustee Services Bank, Ltd. (Held in trust account 5)	1,019	1.78
The Employees' Shareholding Association	935	1.63
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	889	1.55
Japan Trustee Services Bank, Ltd. (Held in trust account 1)	753	1.31
Japan Trustee Services Bank, Ltd. (Held in trust account 2)	751	1.31
JP MORGAN CHASE BANK 385151	738	1.29
GOLDMAN, SACHS & CO. REG	671	1.17

- Notes: 1. Percentages of shares held are calculated based on the total number of shares issued and outstanding (excluding 188,958 shares in treasury).
2. Figures are rounded down to the nearest thousand shares.

Distribution of Shares by Type of Shareholder (Reference)

Classification	Number of shares held (Thousands)	Composition of shareholders (%)
Financial institutions	21,238	37.07
Securities firms	2,537	4.43
Other Japanese corporations	2,128	3.72
Overseas corporations, etc.	18,830	32.86
Individuals and others	12,372	21.59
Treasury stock	188	0.33

- Notes: 1. Every ten shares of the Company's common stock were consolidated into one share on October 1, 2017. Accordingly, the total number of shares authorized was changed from 1,944,000,000 to 190,000,000 shares and the total number of shares issued and outstanding was changed from 572,966,166 shares to 57,296,616 shares.
2. Figures are rounded down to the nearest thousand shares.

(2) Directors and Corporate Auditors

1. Directors and Corporate Auditors (As of March 31, 2018)

Position	Name	Duties and Major Occupation	Important Positions Held Concurrently at Other Organizations
President Representative Director	Keiji Nishida		
Representative Director Managing Director	Takeshi Nou	Senior Executive Officer, Senior General Manager of Engineered Materials Sector	Outside Auditor of Powdertech Co., Ltd.
Director	Isshi Hisaoka	Senior Executive Officer, Senior General Manager of Metals Sector	
Director	Takashi Oshima	Senior Executive Officer, Senior General Manager of Corporate Planning & Control Sector, General Manager of Corporate Planning Department	
Outside Director	Junya Sato		Lawyer Outside Director of Nikki Co., Ltd. Outside Auditor of Sapporo Holdings Limited Outside Audit & Supervisory Board Member of Taisho Pharmaceutical Holdings Co., Ltd.
Outside Director	Morio Matsunaga		Chairperson of the Board of Director, Kitakyushu Foundation for the Advancement of Industry, Science and Technology
Corporate Auditor	Toshiki Mori		
Corporate Auditor	Takashi Kadowaki		Outside Auditor of Nakabohtech Co., Ltd.
Outside Corporate Auditor	Masaharu Miura		Lawyer Outside Director of OUG Holdings Inc.
Outside Corporate Auditor	Tetsuhiro Hosono		Executive director, The Middle East Institute of Japan, Juridical Foundation

Notes: 1. Corporate Auditor Takashi Kadowaki has for many years been responsible for the Company's bookkeeping operations and has considerable knowledge regarding finance and accounting.

2. Outside Corporate Auditor Tetsuhiro Hosono resigned the post of President, JECC Corporation on March 30, 2018.

3. Outside Corporate Auditor Tetsuhiro Hosono assumed the post of President, Japan Oil, Gas and Metals National Corporation on April 1, 2018.

2. Summary of Contracts for Limitation of Liability

Based on Company Law Article 427-1, the Company has concluded 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.

3. Total Compensation Paid to Directors and Corporate Auditors

Classification	Number	Total Compensation (Millions of Yen)
Directors	6	¥253
Corporate Auditors	4	84
Total	10	¥338

- Notes: 1. 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).
2. 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.
3. At the meeting of the Board of Directors held on April 22, 2014, it was resolved to discontinue the system of bonuses for Directors and to calculate the Directors' compensation by adding performance payments linked to results in addition to a fixed base compensation. This does not apply to the Outside Directors to whom the Company will pay the base compensation only, without the addition of a performance payment. The total volume of Directors' compensation would be within the limit already approved at the 80th Annual General Meeting of Shareholders held on June 29, 2005. As in the past, the total amount of Directors' compensation will be determined by the Compensation Committee composed of the President, the Director in charge of Human Resources, the Outside Directors and the Outside Corporate Auditors as advisors.
4. Listed monetary amounts are rounded down to the nearest million yen.

4. 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.” The Company has no special relationship with any of the entities.

(b) Principal Activities during the Fiscal Year under Review

Position	Name	Attendance rate at the meetings of the Board of Directors (%)	Attendance rate at the meetings of the Board of Auditors (%)	Principal Activities
Director	Junya Sato	94	-	Attended 17 out of 18 meetings of the Board of Directors during the fiscal year. Primarily from his perspective as a lawyer, made comments regarding the Company's compliance systems as well as appropriate and necessary comments on proposals and discussions.
Director	Morio Matsunaga	100	-	Attended all 18 meetings of the Board of Directors during the fiscal year. Based on his specialized knowledge of engineering and a wealth of experience gained through many years of engagement in university education, he made appropriate and necessary comments on proposals and discussions.
Corporate Auditor	Masaharu Miura	94	92	Attended 17 out of 18 meetings of the Board of Directors and 12 out of 13 meetings of the Board of Auditors. From his perspective as a person with experience and expertise in legal circles as a public prosecutor and a lawyer, made appropriate and necessary comments on proposals and discussions.
Corporate Auditor	Tetsuhiro Hosono	100	100	Attended all 18 meetings of the Board of Directors and all 13 meetings of the Board of Auditors during the fiscal year. Based on a wealth of experience in government administration, including formulation and implementation of policies for international trade and industry, and from a standpoint of a corporate manager, made appropriate and necessary comments on proposals and discussions.

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

	Number	Total Compensation, Etc. (Millions of Yen)
Total amount of compensation, etc., paid to Outside Directors and Outside Corporate Auditors	4	¥60

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

(d) Notification of Independent Directors

None of the Company's Outside Directors and Outside Corporate Auditors has interests with any particular party from the Company, including its management, and none of them has conflicts of interest with general shareholders. The Company has notified the Tokyo Stock Exchange that all four of its Outside Directors (Junya Sato and Morio Matsunaga) and Outside Corporate Auditors (Masaharu Miura and Tetsuhiro Hosono) are Independent Directors of the Company.

(3) Matters Related to the Independent Auditing Firm

1. Name of the firm: KPMG AZSA LLC

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

Classification	Compensation based on audit and attestation services (Millions of Yen)	Compensation based on non-audit services (Millions of Yen)	Amount
the Company	¥111	¥1	¥112
The Company's subsidiaries	54	-	54
Amount	¥166	¥1	¥167

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. The Board of Corporate Auditors of the Company reviewed the independent auditing firm's audit plan for fiscal 2017, the status of performance of duties in the previous fiscal year, the basis of calculation of the estimated amount of compensation, etc. by means of necessary documents obtained from the independent auditing firm and relevant internal departments as well as interviews. As a result, the Board of Corporate Auditors gave consent pursuant to Article 399, Paragraph 1 of the Company Law with regard to compensation, etc. for the independent auditing firm for fiscal 2017.

3. 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.; Mitsui Siam Components Co., Ltd.; Mitsui Components Guangdong Limited; and Mitsui Kinzoku ACT (Shanghai) Management Co., Ltd.

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

3. Details of Non-audit Services

The Company entrusts the independent auditing firm with "the preparation of a comfort letter associated with the issuance of corporate bonds," which is a service outside the professional responsibilities provided under Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit service).

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

When the provisions of Article 340-1 of Company Law are deemed to be applicable to the auditing firm, the Board of Auditors may dismiss the firm with the consent of all the Corporate Auditors. The Board of Auditors determines the content of a proposal to be submitted to a General Meeting of

Shareholders concerning non-renewal of the contract with the auditing firm at the Company's convenience. In addition, when it is deemed that the Company cannot continue the contract with the auditing firm for reasons attributable to the auditing firm, the Board of Auditors determines the content of a proposal to be submitted to a General meeting of Shareholders concerning dismissal or non-reappointment of the auditing firm.

In either case, the Board of Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning selection of a new independent auditing firm.

(4) Systems for Ensuring Appropriate Business Operations and Overview of the Status of Operation of Such Systems

The decisions as to the Company's systems for ensuring that the execution of duties by the Directors is in compliance with relevant laws and regulations and the Company's Articles of Incorporation and other systems for ensuring the proper conduct of the Group's activities and the status of operation of such systems are outlined below.

1. Systems for ensuring that the execution of duties by the Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations and the Company's Articles of Incorporation

- 1) To ensure that the conduct of business activities by the Directors and employees of the Company and its subsidiaries is in compliance with relevant laws and regulations and the Company's Articles of Incorporation, the Company clarifies and promotes its compliance system by instituting its "Code of Conduct," which Directors and employees are required to observe, and internal regulations.
- 2) The Company clearly defines 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 increases transparency and creates a framework to ensure that the Directors execute their duties appropriately.
- 3) In addition, to maintain the soundness of financial processing, the Company conducts periodic internal audits.

[Overview of the status of operation]

In order to thoroughly communicate the "Code of Conduct" worldwide, which specifies values and action guidelines that ought to be shared by everyone in the Group, it is translated into various languages, and training by using the Compliance Guidebook is continued at all bases, including overseas bases, to ensure adherence to the Code of Conduct. Each Executive Director reports important matters at the meetings of the Board of Directors, which includes two highly independent Outside Directors. An Outside Director has long been appointed the chairperson of the Nomination Advisory Committee. Starting from fiscal 2017, an Outside Director has been appointed the chairperson of the Compensation Committee. Thus, independence and objectiveness of these committees has been strengthened. The Internal Audit Committee directly reports to the Board of Directors, and has an Outside Director appointed as the chairman of the committee. The Internal Audit Committee determines the policy and annual plan for internal audits, and the Internal Audit Department conducts audits based on that policy and plan. The Internal Audit Committee evaluates the results of audits conducted by the Internal Audit Department after the end of each fiscal year and confirms the status of corrective measures in response to the findings

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

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

[Overview of the status of operation]

Information materials on agenda of meetings of the Board of Directors and their minutes are retained permanently, whereas the statutory retention period for such documents is 10 years. Documents of important meetings related to business execution are retained for 10 years or permanently by the meeting bodies. Moreover, in fiscal 2017 the Group strove to further strengthen its information management systems by reorganizing regulations concerning information

management and related systems.

3. Regulations and systems concerning the management of losses and hazards of the Company and its subsidiaries

To prevent the materialization of risks related to the execution of business activities of the Company and its subsidiaries and to respond to risks that have already materialized, based on its “Risk Management Regulations (Risk management kisoku),” the Company designates organizational units in charge of each type of risk to monitor and evaluate the risks that may arise in the business activities of the Company and subsidiaries, decides on policies for risk management, and implements measures to deal with risks when they materialize.

The Company establishes “Regulations for Emergency Responses (Kinkyu-jitai hasseiji no taiou ni kansuru kisoku)” to protect human lives and assets and to swiftly recover and continue business in the event of a large disaster.

[Overview of the status of operation]

In fiscal 2017, the Group made preparations for a major earthquake and conducted drills based on the risk surveys.

Moreover, the Group conducted training for incident management in the event of an emergency and improved various manuals.

4. Systems to ensure that the Directors of the Company and its subsidiaries execute their duties efficiently

As the basis for systems that ensure the Directors execute their duties efficiently, the Board of Directors holds a regular meeting once a month, and at other times as necessary. In addition, the Company determines assignment of responsibilities for management and clarifies the approving authorities including those of subsidiaries to enhance the efficiency of decision-making. Also, through the introduction of the Executive Officer system, the Company endeavors to accelerate the execution of business activities.

[Overview of the status of operation]

In fiscal 2017, ordinary meetings of the Board of Directors were held once every month and six extraordinary meetings of the Board of Directors were held in May, June, August and November 2017 and in February and March 2018. In accordance with the approving authorities that stipulate the assignment of responsibilities for management, the Board of Directors deliberated and made decision on necessary important matters. At the General Meeting of Shareholders held in June 2017, the Articles of Incorporation was amended and the Executive Officer System was specified in the Articles of Incorporation.

Meetings were held between Outside Directors and the Accounting Auditor to exchange views. Also, monitoring of the status of business execution by Executive Officers was conducted by each Executive Director.

5. Systems for reporting to the Company of matters related to the execution of duties by Directors of the Company’s subsidiaries

Directors, Corporate Auditors, and the responsible department shall receive reports on the status of execution of duties by Directors of the Company’s subsidiaries in accordance with the “Regulations for the Management of Subsidiaries and Affiliates (Kankei-gaisha kanri kisoku)” etc.

[Overview of the status of operation]

Directors of the Company’s subsidiaries report the status of execution of their duties in accordance with the “Regulations for the Management of Subsidiaries and Affiliates” at periodic meetings of business units held by Executive Directors.

Units of the head office report to Corporate Auditors, as necessary, about the information they obtained on the status of execution of duties by Directors of the Company’s subsidiaries.

6. Matters concerning employees who are to assist the duties of Corporate Auditors when Corporate Auditors request assignment of such employees and matters related to ensuring the independence of such employees from Directors and effectiveness of instructions given by Corporate Auditors to such employees

1) Under the Company’s “Regulations for Company Work Systems (Kaisha shokusei kisoku),” the

Company establishes an Auditor Office and assigns employees to assist the Corporate Auditors in the execution of their duties. In addition, the selection of these employees is made with reference to the opinions of the Corporate Auditors.

- 2) The employees who are assigned to assist the duties of Corporate Auditors shall assist Corporate Auditors in accordance with the “Regulations for Company Work Systems.” At the meetings of the Board of Auditors, such employees shall receive instructions from Corporate Auditors, and also shall report on the progress of matters that they were instructed to address, and provide information.

[Overview of the status of operation]

Regarding employees who are to assist the duties of Corporate Auditors, staff of the Auditor Office are selected from head office organizations in reference to the opinions of the Corporate Auditors. Auditors Office Liaison Meetings are held monthly for which the Auditor Office serves as the secretariat and where the staff of the Auditor Office receive instructions from Corporate Auditors and provide Corporate Auditors with information on the progress of matters that they were instructed to address and other information.

7. Systems for Directors and employees to report to the Corporate Auditors; systems for Directors, Corporate Auditors, and employees of the Company’s subsidiaries and for persons who received reporting from such persons to report to the Corporate Auditors; and other systems regarding reporting to the Corporate Auditors

- 1) When the Directors and employees of the Company and Directors, Corporate Auditors, and employees of the Company’s subsidiaries discover facts that may cause serious losses to the Company, or when other events occur concerning the matters requiring reporting specified by the Board of Auditors, they shall report to Corporate Auditors.
- 2) Upon auditing of subsidiaries by the Corporate Auditors, Directors, Corporate Auditors, and employees of the Company’s subsidiaries shall report the status of operations and other matters required by the Corporate Auditors.
- 3) Details of the reporting made via the whistleblowing system shall be periodically reported to the Corporate Auditors.

[Overview of the status of operation]

For full-time Corporate Auditors, in addition to their attendance at the meetings of the Board of Directors, opportunities are ensured for them to attend important meetings related to business execution. Through these meetings, matters are reported and information is provided to Corporate Auditors. Full-time Corporate Auditors and Outside Corporate Auditors also visit the Company’s subsidiaries to conduct auditing whenever necessary, and receive reports on the status of operation as well as matters requested by the Corporate Auditors.

Details of the reporting made via the whistleblowing system are periodically reported to the Corporate Auditors and briefed at the meetings of the Board of Directors, after taking necessary measures in accordance with the Company’s “Regulations for Operation of the Hotline (Hot line unei kisoku)” so that the person who made the report and the related worksites are not identified.

8. Systems to ensure that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting

The Company shall prohibit detrimental treatment of the Directors and employees of the Company and Directors, Corporate Auditors, and employees of the Company’s subsidiaries who reported to the Corporate Auditors because of the reporting.

[Overview of the status of operation]

It is announced on the Company’s website and stated in the Compliance Guidebook that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting. The policy that persons who reported to the Corporate Auditors will not receive detrimental treatment because of the reporting is also communicated in internal training and on other occasions.

9. Matters concerning procedures for advance payment or reimbursement of fees arising in connection with the execution of duties by the Corporate Auditors and other policies regarding handling costs or obligations arising in connection with the execution of such duties

When the Corporate Auditors request advance payment or reimbursement of expenses for their execution of duties, based on deliberation by the responsible department the Company shall make

advance payment of or reimburse such expenses swiftly except in the case that such expenses or obligations are proved to be unnecessary for the execution of duties by such Corporate Auditors.

[Overview of the status of operation]

At the beginning of each fiscal year, the Company sets aside a budget for expenses to be incurred based on the action plan of the Corporate Auditors for the year. The Company has established a rule that allows the Corporate Auditors to request additional budget if expenditures exceeding the predetermined budget for expenses are necessary.

10. Other systems to ensure that audits by the Corporate Auditors are performed effectively

The Representative Directors and Corporate Auditors meet periodically to exchange opinions. The Corporate Auditors may attend important meetings to exchange information with Directors and employees thoroughly.

[Overview of the status of operation]

During fiscal 2017, meetings to exchange opinions were held twice between the Representative Directors and Corporate Auditors. Corporate Auditors held meetings seven times to exchange opinions with Executive Directors, Executive Officers and other management executives. Outside Directors and Corporate Auditors also held meetings and they also interviewed the Accounting Auditor as necessary.

Consolidated Balance Sheet

(As of March 31, 2018)

	Millions of yen	
	2017	2016 (Reference)
Assets		
Current assets:		
Cash and time deposits	¥22,379	¥15,304
Notes and accounts receivable	100,540	95,509
Merchandise and finished goods	36,175	29,609
Work in process	31,155	26,653
Raw materials and supplies	46,314	43,826
Deferred tax assets	4,965	4,349
Others	13,124	14,014
Allowance for doubtful accounts	(154)	(199)
Total current assets	254,501	229,068
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	175,761	167,307
Machinery and automotive equipment	368,082	344,783
Land	33,693	33,746
Lease assets	4,263	4,190
Construction in progress	16,436	15,609
Others	56,191	53,614
Accumulated depreciation	(471,059)	(449,855)
Total tangible fixed assets	183,369	169,397
Intangible fixed assets	4,172	4,195
Investments and other assets:		
Investment securities	65,000	105,089
Long-term loans	482	507
Net defined benefit asset	4,624	3,939
Deferred tax assets	6,015	2,715
Others	4,406	4,242
Allowance for doubtful accounts	(155)	(174)
Total investments and other assets	80,374	116,320
Total fixed assets	267,916	289,912
Total assets	¥522,418	¥518,981

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2017	2016 (Reference)
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable	¥42,913	¥41,842
Short-term debt	60,549	56,914
Commercial paper	7,500	18,000
Current portion of straight bonds	10,000	10,000
Current portion of lease liability	337	392
Accrued income taxes	4,050	3,896
Consumption taxes payable	931	1,114
Deferred tax liabilities	2	27
Provision for bonus	5,390	4,864
Provision for Directors' bonus	38	42
Provision for product warranties	1,316	1,185
Provision for loss on construction contracts	220	241
Business structure improvement expenses	36	129
Provision for loss on disposal of inventories	312	375
Others	38,856	33,629
Total current liabilities	172,456	172,656
Long-term liabilities:		
Straight bonds	50,000	50,000
Long-term debt	80,369	72,507
Lease liability	1,124	1,326
Deferred tax liabilities	6,616	5,191
Directors' and corporate auditors' retirement benefits	554	537
Provision for environmental countermeasures	1,120	1,239
Provision for preventing environmental pollution in mineral, mining, and other operations	1,053	1,237
Net defined benefit liability	26,542	25,923
Asset retirement obligations	3,065	3,224
Others	862	716
Total long-term liabilities	171,309	161,903
Total Liabilities	343,765	334,560
Net assets		
Common stock	42,129	42,129
Capital surplus	22,648	22,557
Retained earnings	93,113	97,633
Treasury stock	(619)	(605)
Shareholders' equity	157,271	161,713
Net unrealized gains on securities, net of tax	2,606	2,666
Unrealized gains (losses) on hedging derivatives, net of tax	(4,696)	(3,698)
Foreign currency translation adjustments	13,532	13,982
Remeasurements of defined benefit plans	(519)	(682)
Accumulated other comprehensive income	10,922	12,268
Non-controlling interests	10,459	10,439
Total net assets	178,652	184,421
Total liabilities and net assets	¥522,418	¥518,981

Note: Figures are rounded down to the nearest million yen.

Consolidated Statement of Operations

(April 1, 2017 to March 31, 2018)

	Millions of yen	
	2017	2016 (Reference)
Net sales	¥519,215	¥436,330
Cost of sales	417,796	349,051
Gross profit	101,419	87,278
Selling, general and administrative expenses	51,889	48,817
Operating income	49,529	38,461
Non-operating income:		
Interest income	194	264
Dividend income	1,630	1,785
Other income	1,606	1,214
	3,431	3,263
Non-operating expenses:		
Interest expense	1,392	1,497
Investment losses on equity method	38,044	6,303
Other expenses	2,285	2,875
	41,721	10,676
Ordinary income	11,239	31,047
Extraordinary profits:		
Gain on sales of property, plant and equipment	87	62
Gain on sales of investment securities	128	573
Gain on transfer of business Gain on change in equity	115	–
Others	96	157
	428	793
Extraordinary losses:		
Loss on sales of property, plant and equipment	74	157
Loss on disposal of property, plant and equipment	1,423	2,840
Loss on impairment of fixed assets	287	2,044
Environmental expenses	716	274
Customs duties of prior periods	1,098	–
Others	326	592
	3,925	5,909
Profit before income taxes	7,741	25,931
Income taxes:		
Current	9,562	7,933
Deferred	(2,096)	(1,607)
Net income	275	19,605
Profit attributable to non-controlling interests	983	931
Profit (loss) attributable to owners of parent	(¥708)	¥ 18,674

Note: Figures are rounded down to the nearest million yen.

English Translation of Financial Statements Originally Issued in the Japanese Language

Consolidated Statement of Changes in Net Assets

(April 1, 2017 to March 31, 2018)

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of period	42,129	22,557	97,633	(605)	161,713
Changes of items during period					
Dividends from surplus			(3,997)		(3,997)
Loss attributable to owners of parent			(708)		(708)
Purchase of treasury stock				(13)	(13)
Disposition of treasury stock		0		0	0
Change of scope of consolidation			185		185
Change in treasury shares of parent arising from transactions with non-controlling shareholders		91			91
Net changes of items other than shareholders' equity					
Total changes of items during period	–	91	(4,519)	(13)	(4,442)
Balance at end of period	42,129	22,648	93,113	(619)	157,271

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance at beginning of period	2,666	(3,698)	13,982	(682)	12,268	10,439	184,421
Changes of items during period							
Dividends from surplus							(3,997)
Loss attributable to owners of parent							(708)
Purchase of treasury stock							(13)
Disposition of treasury stock							0
Change of scope of consolidation							185
Change in treasury shares of parent arising from transactions with non-controlling shareholders							91
Net changes of items other than shareholders' equity	(60)	(998)	(450)	163	(1,346)	19	(1,326)
Total changes of items during period	(60)	(998)	(450)	163	(1,346)	19	(5,768)
Balance at end of period	2,606	(4,696)	13,532	(519)	10,922	10,459	178,652

Note: Figures are rounded down to the nearest million yen.

Balance Sheet

(As of March 31, 2018)

	Millions of yen	
	2017	2016 (Reference)
Assets		
Current assets:		
Cash and time deposits	¥871	¥361
Notes receivable	1,244	1,008
Accounts receivable	48,325	40,646
Merchandise and finished goods	22,064	17,976
Work in process	14,973	12,333
Raw materials and supplies	27,647	27,892
Advances payments	68	2,138
Prepaid expenses	435	376
Short-term loans	12,263	16,706
Other accounts receivable	4,388	2,177
Payment for others	3,235	2,746
Deferred tax assets	2,306	1,838
Derivative assets	1,325	1,182
Others	32	5
Allowance for doubtful accounts	(0)	(24)
Total current assets	139,182	127,365
Fixed assets:		
Tangible fixed assets:		
Buildings	40,595	39,357
Structures	12,723	12,267
Machinery and equipment	115,105	110,634
Automotive equipment	507	469
Tools, equipment and furniture	8,334	7,918
Land used for mining operations	175	175
Land	15,684	15,661
Lease assets	1,542	1,510
Construction in progress	1,939	1,499
Accumulated depreciation	(148,701)	(142,763)
Total tangible fixed assets	47,907	46,728
Intangible fixed assets:		
Rights of utilization	1,451	1,115
Total intangible fixed assets	1,451	1,115
Investments and other assets:		
Investment securities	10,766	11,138
Stock of subsidiaries and affiliates	126,236	126,217
Investments in other securities of subsidiaries and affiliates	6,230	35,514
Investments in capital of subsidiaries and affiliates	2,862	2,862
Long-term loans	52,577	43,614
Others	3,031	2,659
Allowance for doubtful accounts	(719)	(1,154)
Total investments and other assets	200,986	220,853
Total fixed assets	250,345	268,697
Total assets	¥389,528	¥396,062

English Translation of Financial Statements Originally Issued in the Japanese Language

	Millions of yen	
	2017	2016 (Reference)
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	¥20,617	¥17,524
Short-term debt	25,593	24,716
Commercial paper	7,500	18,000
Current portion of long-term loans payable	22,328	24,070
Current portion of straight bonds	10,000	10,000
Current portion of lease liability	73	123
Accrued payments	8,295	7,236
Accrued expenses	942	726
Accrued income taxes	765	791
Advances received	188	214
Deposits received	23,696	27,813
Provision for bonus	2,185	1,906
Provision for product warranties	–	2
Provision for loss on disposal of inventories	–	55
Derivative liabilities	4,800	3,883
Others	0	0
Total current liabilities	126,987	137,065
Long-term liabilities:		
Straight bonds	50,000	50,000
Long-term debt	78,918	70,847
Lease obligations	116	138
Deferred tax liabilities	1,423	1,348
Employees' retirement benefits	15,407	14,757
Provision for environmental countermeasures	970	1,067
Provision for preventing environmental pollution in mineral, mining, and other operations	243	240
Asset retirement obligations	125	125
Others	156	140
Total long-term liabilities	147,363	138,666
Total liabilities	274,350	275,731
Net assets		
Shareholders' equity:		
Common stock		
Common stock	42,129	42,129
Capital surplus:		
Legal capital surplus	22,557	22,557
Other capital surplus	0	–
Total capital surplus	22,557	22,557
Retained earnings:		
Legal retained earnings	2,406	2,406
Other retained earnings	50,481	54,676
General reserve	7,000	7,000
Retained earnings brought forward	43,481	47,676
Total retained earnings	52,887	57,082
Treasury stock	(619)	(605)
Total shareholders' equity	116,954	121,164
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax	2,107	2,234
Unrealized gains (losses) on hedging derivatives, net of tax	(3,885)	(3,067)
Total net assets	115,177	120,331
Total liabilities and net assets	¥389,528	¥396,062

Note: Figures are rounded down to the nearest million yen.

Statement of Operations

(April 1, 2017 to March 31, 2018)

	Millions of yen	
	2017	2016 (Reference)
Net sales	¥260,719	¥204,767
Cost of sales	218,603	168,949
Gross profit	42,115	35,818
Selling, general and administrative expenses	26,332	23,730
Operating income	15,782	12,088
Non-operating income:		
Interest and dividend income	16,332	9,250
Other income	1,031	1,062
	17,363	10,313
Non-operating expenses:		
Interest expense	1,171	1,241
Other expenses	1,205	1,151
	2,376	2,393
Ordinary income	30,770	20,008
Extraordinary profits:		
Gain on sales of investment securities	128	573
Reversal of allowance for doubtful accounts	454	137
Other profits	48	13
	631	723
Extraordinary expenses:		
Loss on sales and disposal of property, plant and equipment	166	617
Loss on impairment of fixed assets	-	1,895
Loss on valuation of investments in other securities of subsidiaries and affiliates	29,594	-
Other expenses	223	268
	29,984	2,781
Profit before income taxes	1,417	17,950
Income taxes:		
Current	1,969	905
Deferred	(354)	(562)
Net income (loss)	(¥197)	¥17,608

Note: Figures are rounded down to the nearest million yen.

Statement of Changes in Net Assets

(April 1, 2017 to March 31, 2018)

Millions of yen

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of period	42,129	22,557	–	22,557	2,406	7,000	47,676	57,082	(605)	121,164
Changes of items during period										
Dividends from surplus							(3,997)	(3,997)		(3,997)
Net loss							(197)	(197)		(197)
Purchase of treasury stock									(13)	(13)
Disposition of treasury stock			0	0					0	0
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	0	0	–	–	(4,195)	(4,195)	(13)	(4,209)
Balance at end of period	42,129	22,557	0	22,557	2,406	7,000	43,481	52,887	(619)	116,954

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total valuation and translation adjustments	
Balance at beginning of period	2,234	(3,067)	(833)	120,331
Changes of items during period				
Dividends from surplus				(3,997)
Net loss				(197)
Purchase of treasury stock				(13)
Disposition of treasury stock				0
Net changes of items other than shareholders' equity	(127)	(817)	(944)	(944)
Total changes of items during period	(127)	(817)	(944)	(5,153)
Balance at end of period	2,107	(3,885)	(1,777)	115,177

Note: Figures are rounded down to the nearest million yen.