MITSUI KINZOKU

MITSUI MINING & SMELTING CO., LTD.

Annual Report 2012

MITSUI KINZOKU

Contents

Profile

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

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

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

Cautionary Statement with Respect to Forward-Looking Statements

This annual report contains statements about Mitsui Kinzoku's future business plans, strategies, and beliefs. Statements regarding the Company's projected future business results are not based on historical facts and are subject to various risks and uncertainties. These risks and uncertainties relate to economic conditions in Mitsui Kinzoku's business environment, the state of private-sector and public sector capital investment, currency exchange rates, competitive pricing pressures in the marketplace, and Mitsui Kinzoku's ability to continue designing and developing products that will be accepted in markets. However, it should be noted that elements affecting performance are not limited to the previously mentioned factors. In this report, fiscal 2011 represents the year ended March 31, 2012.

Financial Highlights

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

	2011	2012	
Net Sales	¥446.4 billion	¥431.0 billion	(3.5)%
Operating Income	¥30.2 billion	¥20.9 billion	(30.8)%
Net Income	¥21.1 billion	¥11.5 billion	(45.5)%
Net Assets	¥134.4 billion	¥140.1 billion	0.5%
Interest-bearing Debt	¥171.4 billion	¥169.2 billion	(1.3)%
Shareholders' Equity Ratio	30.6%	31.9%	1.3point
Net Income per Share	¥37.0	¥20.1	–

Financial Summary

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

	2003	2004	2005	2006
Net sales	¥378,608	¥393,928	¥438,143	¥503,370
Operating income (loss)	25,740	32,035	44,515	45,052
Net income (loss)	3,085	11,452	20,780	23,374
Research & developments expenses	4,414	4,975	6,502	6,351
Depreciation and amortization	29,636	21,954	22,345	24,686
EBITDA	46,189	42,034	64,425	65,738
Total assets	370,886	392,545	409,019	460,225
Total shareholder's equity (Note 2)	103,237	115,398	133,963	159,772
Interest-bearing deft	182,530	158,342	147,125	151,834
Shareholder's equity ratio (%)	27.8	29.4	32.8	34.7
Net cash from operating activities	40,707	49,787	44,016	44,800
Net cash from investing activities	(21,988)	(14,716)	(25,792)	(43,039)
Net cash from financing activities	(20,152)	(32,989)	(14,947)	(1,278)
Operating income to total assets (%) (Note 3)	6.7	8.4	11.1	10.4
Net income to total shareholder's equity (%) (Note 3)	3.0	10.5	16.7	15.9
Operating income to net sales (%)	6.8	8.1	10.2	9.0
Net income per share (¥)	5.3	19.8	36.0	40.5
Cash dividends per share (¥)	5.0	5.0	7.0	10.0

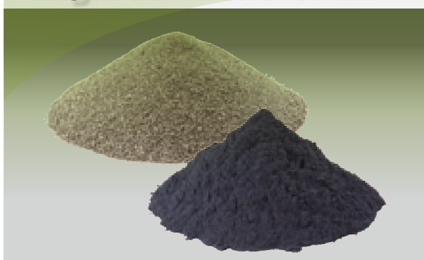
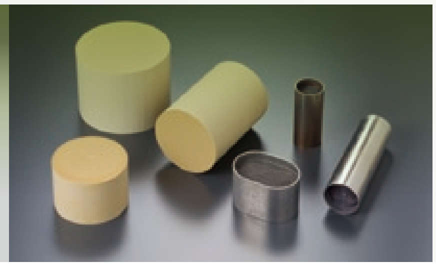
Notes: 1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥82.13 to US$1.00, the rate prevailing at March 31, 2012.
2. Total net assets - minority interests from 2007.
3. Total assets and total shareholder's equity are average of beginning and end of the year.

Millions of yen						Thousands of U.S. dollars (Note 1)
2007	2008	2009	2010	2011	2012	2012
¥591,518	¥595,463	¥427,191	¥392,364	¥446,487	**¥431,058**	**$5,248,484**
38,865	27,993	(27,031)	27,881	30,208	**20,903**	**254,511**
31,370	7,830	(67,256)	13,899	21,160	**11,531**	**140,399**
7,359	8,616	8,232	5,105	4,942	**5,247**	**63,886**
25,617	27,361	32,281	26,023	22,690	**22,781**	**277,377**
77,446	53,069	(19,801)	50,388	55,170	**41,699**	**507,719**
483,397	486,238	410,258	416,541	411,027	**413,106**	**5,029,903**
185,513	184,995	94,145	111,341	125,947	**131,717**	**1,603,762**
143,220	151,924	202,468	191,515	171,460	**169,263**	**2,060,915**
38.4	38.0	22.9	26.7	30.6	**31.9**	**31.9**
34,077	41,657	30,038	19,610	22,545	**30,992**	**377,352**
(30,021)	(38,049)	(36,922)	(17,823)	(26,286)	**(31,039)**	**(377,925)**
(4,744)	(744)	42,367	(13,188)	(13,569)	**(6,969)**	**(84,853)**
8.2	5.8	(6.0)	6.7	7.3	**5.1**	
18.2	4.2	(48.2)	13.5	17.8	**9.0**	
6.6	4.7	(6.3)	7.1	6.8	**4.8**	
54.7	13.6	(117.6)	24.3	37.0	**20.1**	**0.24**
12.0	12.0	—	3.0	6.0	**3.0**	**0.03**

Mitsui Kinzoku Group at a Glance

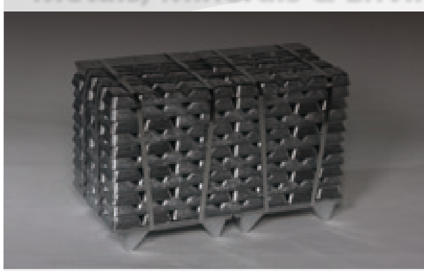
Business segment	Major products

Engineered Materials

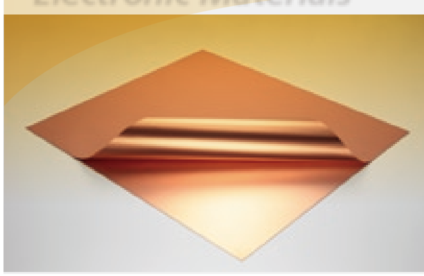
- Battery materials
- Catalysts
- Engineered powders
- Rare metals
- Single crystals

Metals, Minerals & Environmental Engineering



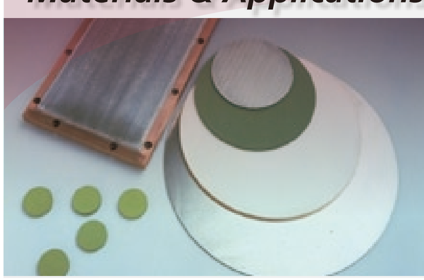
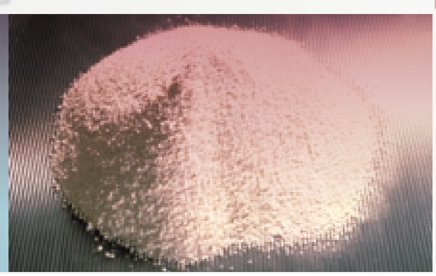

- Zinc smelting
- Zinc mining
- Lead smelting
- Metals recycling
- Copper mining and smelting

Electronic Materials




- Copper foil
- Metal powders

Materials & Applications

- PVD materials
- Perlite
- Ceramics
- Die-casting
- Rolled copper and zinc products
- Trading
- Engineering

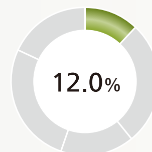
Automotive Parts & Components

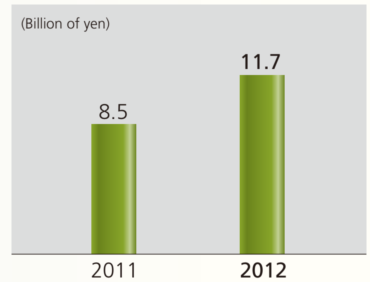

- Automotive parts and components

(Main applications)	Net sales breakdown	Ordinary income

(dry batteries, hybrid powered vehicles)
(exhaust gas detoxifiers)
(electronics, toner for copiers)
(electronics, glass polishing, optical lenses)
(scintillators, optical lenses)

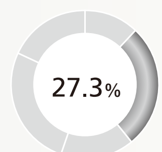
¥61.5 billion

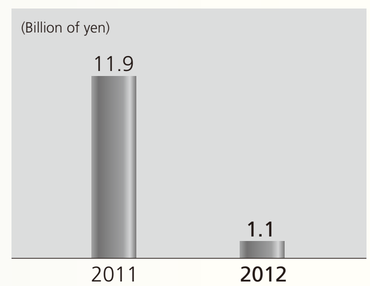




(galvanized steel, die-casting)
(galvanized steel, die-casting)
(car batteries, inorganic chemicals)
(electric wire, rolled copper and brass)

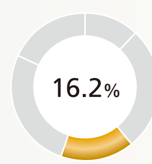
¥139.3 billion

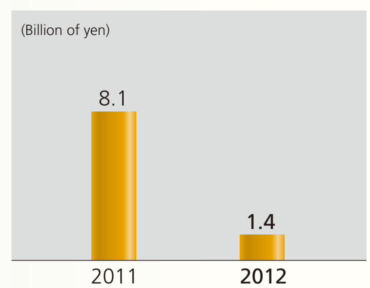




(printed wiring boards)
(electronics, toner for copiers)

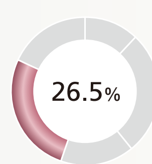
¥82.5 billion

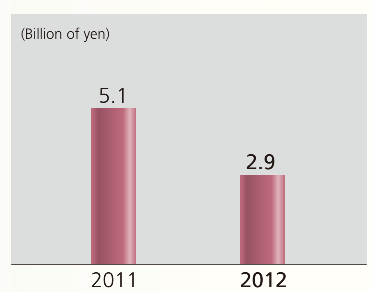




(flat panel displays, magnetic data storage)
(construction, liquid filtration)
(furnace refractory, melted metal filtration)
(automobiles, machines, home electronics)
(electric parts, electrodes, roofs of buildings)

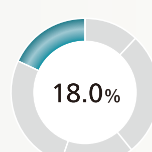
¥135.4 billion

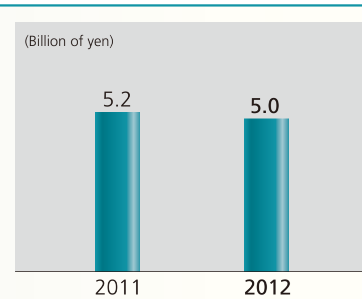




(door latches, power slide door systems)

¥92.0 billion





Message from the President

Sadao Senda

President and Representative Director,
Chief Executive Officer

• Fiscal 2011 Performance

The economic environment during fiscal 2011 was a difficult one. 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. Within this business environment, Our automotive parts and components sector was heavily affected by the Great East Japan Earthquake during the first half of the fiscal year. However, our electronic materials sector performed strongly, mainly thanks to robust demand associated with smartphones. During the second half of fiscal 2011, although the recovering automotive parts and components sector was adversely affected by the floods in Thailand, demand quickly resurged following the restoration of supply chains. Meanwhile, we confronted an extremely harsh environment hit hard by persistent yen appreciation, softening metal prices, and a steep fall in demand in line with customers' inventory adjustments in electronic materials sector.

As a result of these factors and the impact of the spinning off of the rolled copper business to form a new company, which became an equity-method affiliate in July 2010, net sales in fiscal 2011 were ¥431.0 billion, down 3.5% year on year. Under these circumstances, we followed a policy of carefully screening investment targets, reducing inventories, and cutting costs. Despite these efforts and other positive factors including strong sales in battery materials, catalysts for motorcycles, and functional automotive parts and an increase in profit as a result of cost saving measures, operating income decreased by 30.8% year on year, to ¥20.9 billion, due to the upswing in coke and other energy prices,

Milestones
in 2011 and 2012

2011

January
- Participate in joint zinc/lead exploration project in Canada
- Install production equipment for manganese cathode material for secondary lithium-ion batteries at Takehara Refinery (Takehara City, Hiroshima Prefecture)

2012

January
- Established a new automotive exhaust catalyst company in Indonesia

May
- Completed working on expanding lithium manganese oxide production facilities at Takehara Refinery

fluctuations in nonferrous metal prices, and ongoing yen appreciation. Ordinary income declined 43.6% year on year, to ¥19.1 billion, due to the decrease in operating income, a decline in earnings from investments in equity-method affiliates, among other factors. In extraordinary items, we recorded extraordinary losses of ¥1.2 billion in costs of recovery from the Great East Japan Earthquake, a ¥1.1 billion loss on disposal of property, plant and equipment, and a ¥0.7 billion loss on business structure improvement expenses relating to our withdrawal from the manufacture of semiconductor mounting materials (TAB and COF tapes). As a result, we recorded net income of ¥11.5 billion, down 45.5% year on year.

Review by Segment

As a result of the reorganization of the Company carried out in June 2011, the method for classifying reporting segments has been changed.

Engineered Materials

Sales of hydrogen storage alloy battery materials were up thanks to strong sales of hybrid cars underpinned by increased environmental awareness on a global level and the reintroduction of the subsidy scheme for environmental friendly vehicles. Sales volumes of automotive exhaust catalysts were up due to an increase in demand buoyed by an expansion in the market in the emerging countries, particularly the market for catalysts for motorcycles, and strengthened emission controls. As a result, sales grew 34.8% year on year to ¥61.5 billion, while ordinary income increased 37.9% to ¥11.7 billion.

Metals, Minerals & Environmental Engineering

Although the LME (London Metal Exchange) zinc price dropped significantly during the middle of fiscal 2011 when the credit crisis in Europe flared up again, this drop only marked a slight decline year on year on a full-year basis. In addition, due to the impact of the Great East Japan Earthquake and the floods in Thailand, zinc demand was also soft, particularly demand for galvanized steel for automobiles. As a result of these factors, sales decreased 6% year on year to ¥139.3 billion, while ordinary income dropped 90.1% to ¥1.1 billion due to the absence of income associated with a change in the ratio of interest in a Chilean copper mine, which had been recorded in the previous fiscal year.

Electronic Materials

Accompanying the growing market for smartphones and other high-performance mobile devices, demand was robust for ultra-thin copper foil for use in high-performance applications. However, demand remained weak for electrodeposited copper foil and resin coated copper foil due to customers' inventory adjustments. As a result, sales declined 0.2% year on year to ¥82.5 billion, while ordinary income dropped 82.7% to ¥1.4 billion.

Materials & Applications

Although sales volume of ITO, a core PVD material, were up due to an increase in sales prices and brief-lived replacement demand following the Great East Japan Earthquake, performance of die-cast products was weak due to the impact of the Great East Japan Earthquake and the floods in Thailand. As a result of these factors, sales decreased 6.8% year on year to ¥135.4 billion, while ordinary income dropped 42% year on year to ¥2.9 billion.

Automotive Parts & Components

Although sales of functional automotive parts such as door locks decreased temporally due to the impact of the Great East Japan Earthquake and flooding in Thailand, demand recovered due to factors including the swift restoration of supply chains and the restoration of subsidy scheme for environmental friendly vehicles. As a result, sales grew 0.9% year on year to ¥92.0 billion, while ordinary income dropped 3.7% to ¥5.0 billion due to ongoing yen appreciation.

• The Medium-Term Growth Strategy

The environment we operate in is expected to remain harsh, as we confront challenges that include a sluggish nonferrous metals market, increasing energy costs, the ongoing commoditization of our products, and intensifying price competition. Within this business environment, We have positioned the four markets of mineral resources, the environment, energy, and recycling as target markets, and focused on the four businesses of mineral resources, battery materials, catalysts, and recycling. To achieve success in these businesses, We inaugurated a new organizational structure in June 2011. Within this framework, materials & applications and Mitsui Kinzoku ACT Corporation were added to the three core sectors of engineered materials, metals and minerals & environmental engineering, and electronic materials to form a five sector framework. In this manner, we have taken steps towards a business strategy aimed at new growth and the creation of a framework to achieve this aim.

Specific measures are as follows:

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

In the metals and minerals & environmental engineering sector, we will continue to diversify its sourcing of raw materials mainly by using more recycled zinc oxide ore. We will further strengthen its recycling business through measures including the construction of melting kiln facilities at the Takehara Refinery for the recovery of valuable metals from waste printed circuit boards. Meanwhile, we will continue efforts toward conserving energy and reducing CO_2 emissions. With the aim of securing base metal ores, plans are in place to commence operations at a Caserones copper mine in Chile through Pan Pacific Copper Co., Ltd. by 2013. This also applies to our zinc mining operations where steps are being taken to further intensify exploration activities and to again lift the ratio of raw materials from Group-owned mines.

In the electronic materials sector, in addition to boosting productivity for copper foil production and placing itself in a better position to address further increases in the manufacturing of high-end copper foil products, we will promote the development of next-generation, high-end copper foil products while optimizing its manufacturing and sales capabilities in the Asian region to strengthen its earnings base.

In the materials & applications sector, a more independent approach will be adopted for individual operations and related Group companies to further bolster efficiency and cost competitiveness. In this manner, we 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 seize business opportunities in the United States and such emerging countries as China, India and others, and will work tirelessly to establish an unrivaled position in the global door lock market.

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

• Outlook for 2012

A gradual recovery is expected in the economic environment during fiscal 2012, driven by expectations for growth in the economies of the emerging nations, the full-scale startup of post-disaster reconstruction demand following the Great East Japan Earthquake, and improvements in the employment situation and consumer spending stemming from an improved corporate business environment. However, uncertainties remain concerning the future of the global economy, including persistent yen appreciation, prolongation of the credit crisis in Europe, and rocketing crude oil prices. Moreover, there are also uncertainties relating to factors such as power supply restriction and increasing energy costs. Against this backdrop, we will increase production and sales in the engineered materials sector in order to meet increased overseas demand for automotive exhaust catalysts and beef up production capacity for battery materials. In the electronic materials sector, we will increase production in response to increased demand for smartphones and other high-performance mobile devices. In the metals and minerals & environmental engineering sector, we will use more recycled raw materials and develop mines. In automotive parts & components sector, we will speed-up the shift it is making towards Asia targeted at the emerging countries. We will implement its growth strategy and strengthen the earnings foundation of the company as a whole through these efforts.

Based on these initiatives, we plan to achieve net sales of ¥427.7 billion, operating income of ¥18.1 billion, and net income of ¥9.6 billion in fiscal 2012. We would like to thank our stakeholders for their continued understanding and support.

Sadao Senda

President and Representative Director, Chief Executive Officer

Corporate Governance

1. Basic Approach

Mitsui Kinzoku's business philosophy is "Dedicated to creation and advancement, we contribute to society by providing products with value and aim for the constant development and growth of the Company's business."

Mitsui Kinzoku views corporate governance as the building of a business organizational structure and mechanism for turning its business philosophy into reality with the goal of continuous survival for the Company and increasing corporate value through contributions to society based on the creation of products with value. Mitsui Kinzoku regards this as one of its most important business challenges.

Specifically, Mitsui Kinzoku seeks to contribute to all stakeholders, and is implementing the four policies noted below throughout the entire business group.

1. **Stable and continuous dividend payments and appropriate information disclosure to all shareholders**
2. **Supply of products with value to all customers**
3. **Harmonious and mutually prosperous relations with local communities**
4. **Achievement of a satisfying working environment and working conditions for all employees**

As institutional support to enable business activities that are both fair and of value, the Company is implementing the following three policies.

1. **Institution of internal rules and regulations including a code of ethics**
2. **Appointment of outside directors and auditors**
3. **Introduction of an internal audit system and notification system**

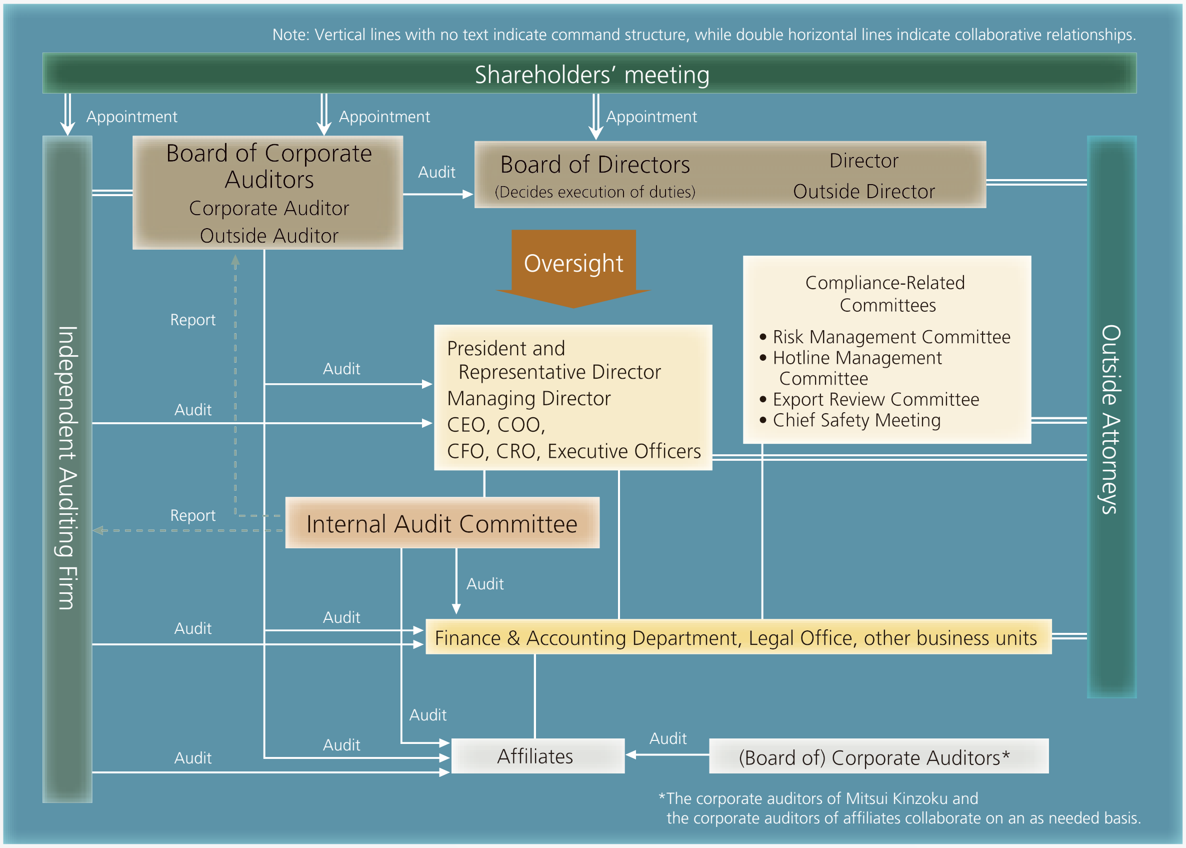
2. Matters Pertaining to the Function of Business Execution, Audit/Oversight, Appointments, and Compensation Decisions

(Directors and Business Execution)

Directors discuss important business matters at the Board of Directors' meeting (held once a month and thereafter as needed) and oversee the execution of business duties. To properly and efficiently fulfill the oversight function, the Board of Directors consists of directors that are knowledgeable of Company business in addition to outside directors.

Regarding the execution of the business affairs of the Company, an executive officer system has been introduced. Important matters regarding business execution are discussed in the Chief Executive Council (held twice a month and thereafter as needed), which consists of high-ranking executive officers. The business affairs of the Company are executed under the leadership of executive officers based on the results of these discussions.

Among executive officers, the Chief Executive Officer (CEO) and Chief Operating Officer (COO), as well as the Chief Financial Officer (CFO) and Chief Risk Management Officer (CRO), in supporting roles to the CEO and COO, have been appointed to the committee, thereby raising its level of expertise in the areas of finance and risk management. Based on the view that it is necessary to swiftly and thoroughly implement the Company's business strategy at the site where business is executed, as well as be familiar with actual business conditions when making business decisions, the CEO and the Managing Director at Mitsui Kinzoku serve concurrently as high-ranking executive officers who are in charge of the entire company, or more specifically, all business and functional divisions, and as members of the Chief Executive Council.



(Corporate Auditor)

The Board of Corporate Auditors, which consists of half full-time corporate auditors with experience in the execution of business matters at Mitsui Kinzoku and half part-time outside auditors, ensures the soundness of business through its oversight of the execution of directors' duties based on a full understanding of the special nature of the Company's business.

Corporate auditors oversee the execution of directors' duties following an audit plan decided on by the Board of Corporate Auditors. The Independent Auditing Firm collaborates with corporate auditors by explaining the accounting audit plan and reporting the audit results.

The Board of Corporate Auditors meeting is held one or more times per month.

(Independent Auditing Firm)

Mitsui Kinzoku has appointed the firm KPMG AZSA & Co. as its accounting audit firm. Two Certified Public Accountants (CPAs) who are designated employees and managing members of said firm perform accounting audits for Mitsui Kinzoku. Assisting the two CPAs in the accounting audit are 9 CPAs and 19 other assistants.

(Compensation Decisions)

Mitsui Kinzoku set up the Compensation Committee to decide the compensation and bonus payments to each director based on their individual performance.

The Compensation Committee consists of the President, the director in charge of human resources, and one outside director, in addition to two outside directors as advisors.

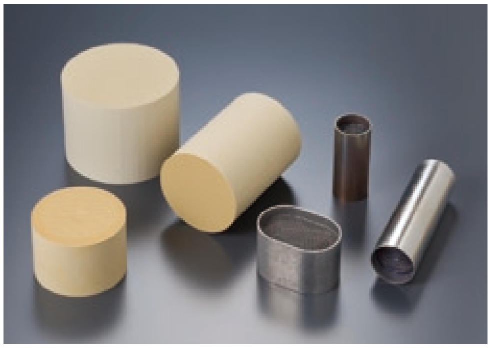
Hydrogen Storage Alloy (MH),
Lithium Manganese Oxide (LMO)

Engineered Materials Segment

Profits increase on growing demand in Asia

Operations

- Battery materials — This division is involved in the manufacture of materials used in different kinds of batteries, including hydrogen storage alloys (MH alloys) for nickel hydride batteries which are primarily used in hybrid cars, and Lithium Manganese Oxide (LMO) for use in lithium-ion batteries.
- Automotive exhaust detoxifying catalysts — From its four production facilities in India, Thailand, China and Japan, Mitsui Kinzoku manufactures exhaust catalysts for motorcycles and for light vehicles in Japan.
- Other engineered materials — This division produces cerium polishing materials, toner for copier and single crystals for electronic components.



Automotive exhaust detoxifying catalysts

Business environment and strategies

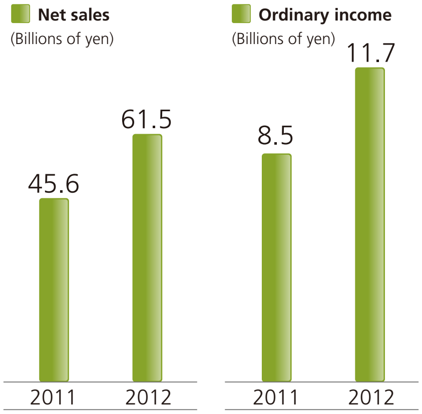
Sales volume of battery materials were brisk due to strong sales of hybrid cars. As for Lithium Manganese Oxide (LMO), we completed construction of a new plant for electric car batteries and preparations are now underway for full-scale operation.

Demand for catalysts for detoxifying vehicle exhaust emissions in motorcycles is rising against the backdrop of increasingly strict overseas emissions regulations. To serve these customers, Mitsui Kinzoku operates production facilities in India, Thailand, and southern China (Zhuhai). We are now constructing a new plant in Indonesia and expect to begin operation in April 2013.

We seek to increase earnings for other products by maintaining a high market share in niche markets.

Fiscal 2011 business performance

Profits increased thanks to continuing strong demand. Profits for automotive exhaust detoxifying catalysts rose substantially due to stronger environmental regulations in China.



Metals, Minerals & Environmental Engineering Segment

Ensuring stable profits through expansion of mining interests

Huanzala mine

Operations

- Nonferrous metal smelting — Mitsui Kinzoku is Japan's leading producer of zinc, producing 240,000 tons of zinc at its three smelting plants in Japan.
- Mining — Approximately 50% of the zinc ore that Mitsui Kinzoku requires for its smelting operations is purchased from overseas mining companies, while about 20% is obtained from the two mines that the Company operates in Peru, and around 30% from recycled materials in Japan.
- Environmental Engineering & Metals Recycling — We use smelting plants in Japan to recover precious metals from recyclable electronic equipment and components, lead from vehicle batteries, and zinc from steelmakers' electric arc furnace dust.

Smelting operations

Business environment and strategies

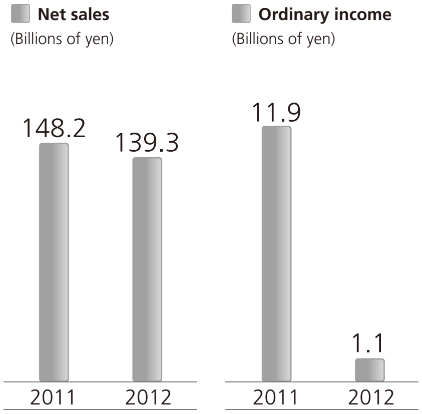
In zinc smelting operations, sales of zinc-plated steel sheet, which accounts for the largest proportion of zinc demand, were weak due to the Great East Japan Earthquake and floods in Thailand.

Zinc ore treatment charge (TC) contract terms are expected to become harsher as demand increases, especially in emerging countries.

For these reasons, the management of Mitsui Kinzoku has decided that the Company must raise its ratio of ore procurement from its own mines, and consequently, efforts will be centered on further exploiting the deeper levels of its mines in Peru. We also plan to raise the percentage of zinc oxide from zinc-containing metal scrap used for zinc production, which will help stabilize our raw materials supply and lower the break-even point.

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

We intend to use our proprietary mining and smelting know-how to make a valuable contribution to the protection of the global environment.



Fiscal 2011 business performance

The absence of profits recorded in fiscal 2010 following a change in the investment ratio in the Chilean copper mine and the appreciation of the yen caused a substantial profit decline.

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

Electronic Materials Segment

Profits decline following market downturn

Electrodeposited copper foil

Metal powders

Operations

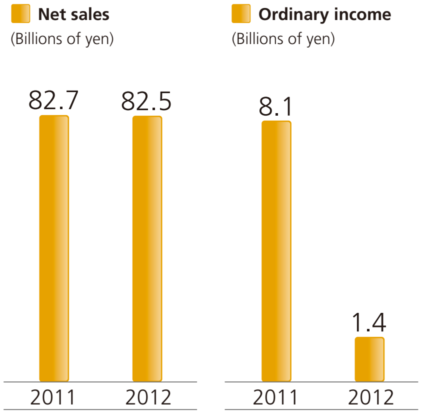
- Electrodeposited copper foil — This mainstay product is essential to printed circuit boards used in electronic equipment. Mitsui Kinzoku is the world's leading manufacturer of this product in terms of technological superiority, production capabilities and market share.
- Metal powders — Mitsui Kinzoku manufactures atomized powders (copper/lead), super-fine powders (copper/nickel/silver) and other powders that are used in a wide range of electronics devices.

Business environment and strategies

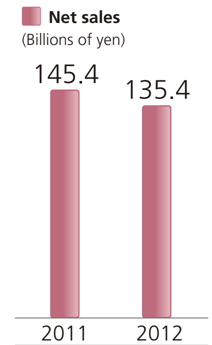
In electrodeposited copper foil, amid growing demand for thinner copper foil accompanying the spread of smartphones and tablet devices, sales of high-performance products such as ultra-thin copper foil with carrier are increasing. Copper foil demand as a whole has also been growing, especially in emerging markets and demand for electrodeposited copper foil is expected to continue growing steadily for the foreseeable future. Mitsui Kinzoku will weigh the different trends in demand as it pursues the stable supply of high-performance copper foil, development of high-end copper foil, and solidifies its leading position in the global market in high-end copper foil.

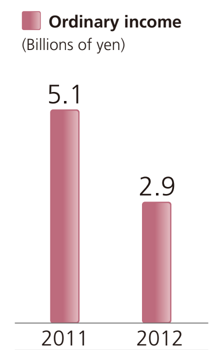
Fiscal 2011 business performance

Despite overall brisk sales, earnings from high-performance copper foil used in smartphones and other products decreased year on year as sales of general-purpose copper foil were down due to declining demand in Asia. Sales of metal powders were largely unchanged from the previous fiscal year thanks to a strong first quarter.



Materials & Applications Segment





Operations

- PVD materials — This division produces target materials including ITO, a material for transparent conductive film for use on LCD panels.
- Ceramics — This division produces ceramic products including firing furnace material lining and liquid aluminum filtration materials.
- Die-casts — This division produces magnesium, aluminum and zinc die-cast products.

Business environment and strategies

In PVD materials, sales of new products such as IGZO are steadily growing.

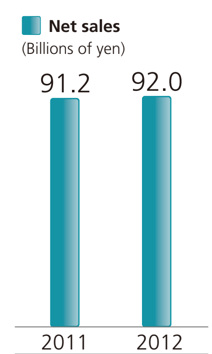
In ceramics in order to respond to growing demand in China, a new plant is under construction with a scheduled operation date of October 2013.

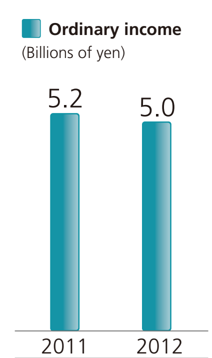
Fiscal 2011 business performance

In die-casts, sales and profits were down due to the effect of the Great East Japan Earthquake and floods in Thailand.

Automotive Parts & Components Segment

Supplying vital components for the automotive industry





Operations

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

Business environment and strategies

In the automotive market, over the medium- to long-term, growth is expected in newly emerging markets, including Asia. Under these conditions we will take the following steps, 1) consolidate our bases in Japan, 2), win emerging market demand in Asia by setting up a production system centered on China and Thailand and, 3) supply competitive products. In addition, as further growth is expected in Central and South America, a new factory is now under construction in Mexico and is scheduled to begin operation in fiscal 2013. We will continue to consolidate our position as a leading maker of vehicle door locks, which are vital for safe driving.

Fiscal 2011 business performance

Despite a temporary sharp decline in demand due to the Great East Japan Earthquake and floods in Thailand, sales and profits were largely unchanged from the previous fiscal year owing to a subsequent vigorous recovery in demand and ongoing cost-cutting effects.

Directors, Auditors, and Executive Officers (As of June 28, 2012)

Board of Directors

Sadao Senda
President and Representative Director,
Chief Executive Officer,
Chief Operating Officer

Mitsuhiko Hasuo
Representative Director, Senior Managing Executive Officer,
Materials & Applications Sector

Mitsuru Uekawa
Director, Senior Executive Officer,
Metals, Minerals & Environmental Engineering Sector

Harufumi Sakai
Director, Senior Executive Officer,
Mitsui Kinzoku ACT Corporation

Masahisa Morita
Director, Senior Executive Officer,
Engineered Materials Sector

Takashi Sato
Director, Senior Executive Officer,
Metals, Minerals & Environmental Engineering Sector

Keiji Nishida
Director, Senior Executive Officer,
Chief Financial Officer

Osamu Higuchi
Director

Hiromichi Shibata
Outside Director

Corporate Auditors

Tatsuhiko Takai

Akira Osano

Junya Sato
(Outside Auditor)

Ryuhei Wakasugi
(Outside Auditor)

Senior Executive Officers

Isshi Hisaoka
Electronic Materials Sector

Toshiki Mori
Chief Risk Management Officer,
Legal & Administrative Dept.

Executive Officers

Seiichi Harakawa

Minoru Machida

Shinichi Azuma

Akira Yoshida

Atsushi Gomi

Hirotaka Jono

Shuji Chikujo

Katsuhiko Yoshimaru

Takashi Manabe

Yutaka Hirabayashi

Jyunichi Araki

Financial Section

Five-Year Summary

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

	Millions of yen				
	2012	2011	2010	2009	2008
For the year:					
Net sales	¥431,058	¥446,487	¥392,364	¥427,191	¥595,463
Cost of sales	369,715	376,155	325,492	405,253	510,085
Gross profit	61,342	70,332	66,871	21,937	85,378
Selling, general and administrative expenses	40,439	40,123	38,990	48,969	57,384
Operating income (loss)	20,903	30,208	27,881	(27,031)	27,993
Ordinary income (loss)	19,168	34,010	25,639	(30,310)	41,780
Income (loss) before income taxes and minority interests	16,207	29,771	21,555	(55,114)	22,655
Net income (loss)	11,531	21,160	13,899	(67,256)	7,830
Comprehensive income	11,070	17,353	—	—	—
At year-end:					
Total current assets	¥184,462	¥185,646	¥194,834	¥181,415	¥227,923
Total assets	413,106	411,027	416,541	410,258	486,238
Total current liabilities	143,210	136,503	145,565	152,542	154,782
Long-term liabilities	129,719	140,071	149,675	153,084	131,911
Net assets	140,175	134,452	121,300	104,631	199,545
Per share data:					
Net income (loss) (¥)	¥ 20.18	¥ 37.03	¥ 24.32	¥ (117.66)	¥ 13.67
Cash dividends applicable to the year (¥)	3.00	6.00	3.00	—	12.00
Number of employees	10,113	9,810	9,851	11,189	11,369

References to the future reflect the Company's expectations as of March 31, 2012.

Net sales

On a consolidated basis, the Company's net sales during fiscal 2011, ended March 31, 2012, registered a year-on-year decline of ¥15.4 billion (down 3.5%), to ¥431.0 billion.

Because of the firm demand for battery materials and exhaust catalysts for motorcycles, net sales increase of ¥15.8 billion was recorded in the Engineered Materials segment. Moreover, net sales climbed ¥0.8 billion in the Automotive Parts & Components segment due largely to increased sales in Japan and overseas.

Meanwhile, net sales decrease of ¥8.8 billion was recorded in the Metals, Minerals & Environmental Engineering segment owing mainly to fluctuating nonferrous metal market prices and the ongoing appreciation of the yen. Due to decreasing demand for copper foil in Asia, net sales in the Electronic Materials segment declined ¥0.2 billion. Net sales in the Materials & Applications segment decreased ¥9.9 billion due to the absorption-type split of the copper and copper alloy fabricated business.

Selling, general and administrative expenses

Increases mostly in research and development expenses caused SG&A expenses to rise by ¥0.3 billion from the previous year, to ¥40.4 billion.

Operating income

Operating income decreased by ¥9.3 billion to ¥20.9 billion.

In spite of positive factors including strong sales of battery materials, exhaust catalysts for motorcycles, and functional automotive parts, and cost reduction benefits, negative factors as rising prices for coke and other energy, fluctuating nonferrous metal prices, the ongoing appreciation of the yen, and inventory effects stemming from fluctuating metal prices (hereinafter "inventory valuation factors") exceed the positive effects.

Non-operating income (expenses)

A ¥5.5 billion deterioration in non-operating expenses reversed the previous year's non-operating income into non-operating expenses of ¥1.7 billion.

This was due mainly to a ¥6.0 billion and ¥0.2 billion decrease in investment gains on equity method and dividend income, respectively.

Ordinary income

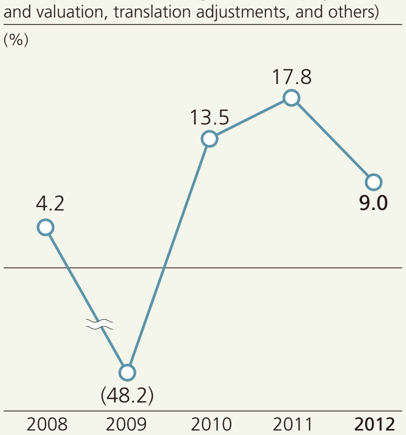
On a consolidated basis, the Company's ordinary income decreased by ¥14.8 billion to ¥19.1 billion, as a result of a ¥9.3 billion decrease in operating income and a ¥5.5 billion deterioration in non-operating expenses.

In the Engineered Materials segment, ordinary income was up ¥3.2 billion largely on the back of brisk sales of battery materials and market growth for exhaust catalysts for motorcycles. In the Metals, Minerals & Environmental Engineering segment, ordinary income was down ¥10.8 billion due to inventory valuation factors, the rising price of coke and other energy, the ongoing appreciation of the yen, and the absence of gaining on change in equity of copper mine in Chile recorded in the previous fiscal year. In the Electronic Materials segment, ordinary income decreased ¥6.7 billion mostly owing to lower sales of copper foil. In the Materials & Applications segment, ordinary income dipped ¥2.1 billion due mainly to the effects of the Great East Japan Earthquake. In the Automotive Parts & Components segment, ordinary income declined ¥0.1 billion largely as a result of the ongoing appreciation of the yen.

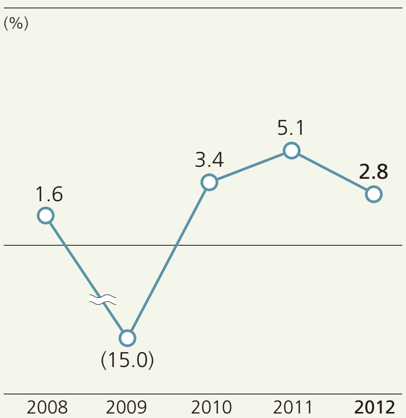
Extraordinary profit (loss)

The Company posted an extraordinary loss of ¥2.9 billion, an improvement of ¥1.2 billion from the previous year. This was attributable mostly to a ¥2.2 billion absence of the investment

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



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



gains on change in equity as a result of absorption-type split of the copper and copper alloy fabricated business recorded in the previous fiscal year, and a ¥1.9 billion and a ¥1.1 billion decrease in disaster losses caused by the Great East Japan Earthquake and loss on impairment of fixed assets, respectively.

Income taxes

Taxation expenses came to ¥2.9 billion, down ¥4.2 billion, due to a decrease in income taxes — current due to the adoption of the consolidated tax return system for the calculation of income taxes beginning from the current fiscal year.

Net income

Net income decreased by ¥9.6 billion to ¥11.5 billion, as a result of a ¥14.8 billion decrease in ordinary income, a ¥1.2 billion improvement in extraordinary loss, a ¥4.2 billion decline in income taxes, and a ¥0.3 billion increase in loss on minority interests.

Financial position

Total assets

Total assets on a consolidated basis increased by ¥2.0 billion from the previous term-end, to ¥413.1 billion.

Although trade receivables decreased and cash and deposits diminished, property, plant and equipment and inventories increased due to capital expenditures and higher demand.

Net assets

Net assets increased by ¥5.7 billion, to ¥140.1 billion mostly as a result of an increase in net income of ¥11.5 billion, a decrease in dividend payments, foreign currency translation adjustment, and minority interests. The Company's equity ratio consequently increased by 1.3 percentage points to 31.9%.

Interest-bearing debt

The total (short- and long-term) interest-bearing debt came to ¥169.2 billion, a decrease of ¥2.1 billion over the previous term-end.

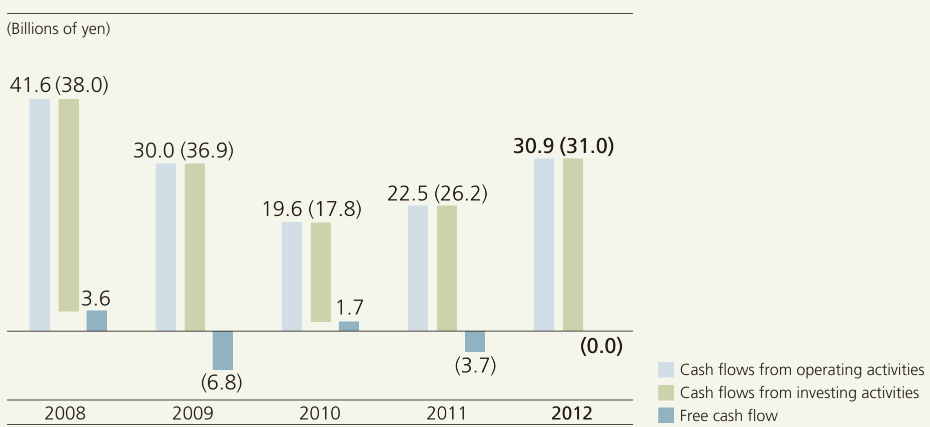
Cash flows

Net cash provided by operating activities increased by ¥8.4 billion from the previous term, to ¥30.9 billion. This was because inflows including ¥16.2 billion in income before income taxes and minority interests and ¥22.7 billion in depreciation and amortization more than offset the outflows including the payment of ¥6.9 billion in income taxes and a ¥2.9 billion increase in inventories.

Net cash used in investing activities amounted to ¥31.0 billion, an increase of ¥4.7 billion from the previous term. Expenditures mostly consisted of ¥26.4 billion for the acquisition of property, plant and equipment and ¥3.8 billion for the purchase of securities.

Net cash used in financing activities amounted to ¥6.9 billion, a decrease of ¥6.6 billion from the previous term. This was mainly the result of a ¥2.0 billion and ¥3.4 billion decrease in short- and long-term borrowings as well as in the balance of straight bonds and commercial paper and payment for cash dividends, respectively.

Cash flows



Consolidated Balance Sheets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Assets			
Current assets:			
Cash and deposits (Note 5)	¥ 17,676	¥ 24,450	$ 215,219
Notes and accounts receivable (Note 7):			
Trade	79,782	80,731	971,411
Unconsolidated subsidiaries and affiliates	506	445	6,160
Inventories (Notes 3 and 7)	73,505	70,965	894,983
Deferred tax assets (Note 12)	2,020	674	24,595
Derivatives	282	311	3,433
Other current assets	11,332	9,011	137,976
Less: Allowance for doubtful accounts	(644)	(943)	(7,841)
Total current assets	184,462	185,646	2,245,975
Investments and other assets:			
Investment securities (Notes 4 and 7):			
Unconsolidated subsidiaries and affiliates	56,357	54,704	686,192
Others	9,082	10,381	110,580
Loans receivable:			
Unconsolidated subsidiaries and affiliates	30	64	365
Others	497	514	6,051
Deferred tax assets (Note 12)	1,857	3,009	22,610
Others	9,982	9,243	121,539
Less: Allowance for doubtful accounts	(160)	(327)	(1,948)
	77,647	77,590	945,415
Property, plant and equipment (Note 7):			
Land	33,569	33,941	408,730
Buildings and structures	148,971	145,168	1,813,843
Machinery and equipment	298,314	288,132	3,632,217
Lease assets	5,180	5,274	63,070
Construction in progress	10,434	10,629	127,042
Others	46,441	45,355	565,457
	542,911	528,502	6,610,385
Less: Accumulated depreciation	(391,914)	(380,712)	(4,771,873)
	150,996	147,790	1,838,499
	¥413,106	¥411,027	$5,029,903

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings (Note 6)	¥ 40,628	¥ 40,835	$ 494,679
Current portion of long-term debt (Note 6)	28,848	22,562	351,248
Notes and accounts payable:			
Trade	41,309	43,122	502,970
Unconsolidated subsidiaries and affiliates	731	597	8,900
Others	11,654	7,527	141,896
Current portion of lease liability	695	929	8,462
Accrued income taxes	2,341	2,872	28,503
Accrued expenses	7,485	6,989	91,136
Deferred tax liabilities (Note 12)	0	74	0
Provision for product warranties	810	966	9,862
Provision for loss on disaster	—	2,408	—
Provision for improvement of business structure	1,000	32	12,175
Provision for loss on disposal of inventories	418	377	5,089
Derivative liabilities	209	635	2,544
Other current liabilities	7,076	6,570	86,156
Total current liabilities	143,210	136,503	1,743,699
Long-term debt (Note 6)	99,786	108,061	1,214,976
Lease liability	1,509	2,005	18,373
Employees' retirement benefits (Note 15)	21,122	21,383	257,177
Directors' and corporate auditors' retirement benefits	561	726	6,830
Deferred tax liabilities (Note 12)	1,845	3,081	22,464
Provision for environmental countermeasures	1,500	1,771	18,263
Provision for preventing environmental pollution in mineral, mining, and other operations	832	816	10,130
Asset retirement obligations (Note 19)	1,445	1,384	17,594
Other long-term liabilities	1,115	840	13,576
Commitments and contingent liabilities (Note 9)			
Net Assets (Note 10):			
Shareholders' equity:			
Common stock:			
Authorized — 1,944,000 thousand shares			
Issued — 572,966 thousand shares	42,129	42,129	512,955
Capital surplus	22,557	22,557	274,649
Retained earnings	84,743	76,640	1,031,815
Less: Treasury stock	(590)	(510)	(7,183)
Total shareholders' equity	148,840	140,817	1,812,248
Accumulated other comprehensive income			
Net unrealized gains on securities, net of tax	524	1,296	6,380
Unrealized losses on hedging derivatives, net of tax	(313)	(827)	(3,811)
Foreign currency translation adjustments	(17,334)	(15,340)	(211,055)
Total accumulated other comprehensive income	(17,122)	(14,870)	(208,474)
Minority interests in consolidated subsidiaries	8,458	8,505	102,983
Total net assets	140,175	134,452	1,706,745
	¥413,106	¥411,027	$5,029,903

Consolidated Income Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net sales (Note 11)	¥431,058	¥446,487	$5,248,484
Cost of sales (Note 8)	369,715	376,155	4,501,582
Gross profit	61,342	70,332	746,889
Selling, general and administrative expenses (Note 8)	40,439	40,123	492,377
Operating income	20,903	30,208	254,511
Non-operating income (expenses):			
Interest and dividend income	1,510	1,690	18,385
Interest expense	(2,710)	(2,709)	(32,996)
Foreign exchange gains (losses)	(10)	(741)	(121)
Investment gains (losses) on equity method	(509)	5,561	(6,197)
Real estate rent	868	850	10,568
Other, net	(882)	(848)	(10,739)
	(1,734)	3,801	(21,112)
Ordinary income (Note 11)	19,168	34,010	233,386
Extraordinary profit (loss):			
Gain on sale of securities	153	82	1,862
Loss on sale and disposal of property, plant and equipment, net	(947)	(817)	(11,530)
Loss on impairment of fixed assets (Note 17)	(215)	(1,388)	(2,617)
Reversal of allowance for doubtful accounts	119	13	1,448
Reversal of employees' retirement benefits (Note 15)	194	—	2,362
Reversal of provision for loss on disaster	142	—	1,728
Business structure improvement expenses	(753)	(383)	(9,168)
Gain on change in equity	—	2,213	—
Loss on disaster	(1,241)	(3,208)	(15,110)
Other, net	(411)	(750)	(5,004)
	(2,960)	(4,238)	(36,040)
Income before income taxes and minority interests	16,207	29,771	197,333
Income taxes (Note 12):			
Current	4,878	5,307	59,393
Refund of income taxes	(744)	—	(9,058)
Deferred	(1,177)	1,917	(14,330)
	2,956	7,225	35,991
Income before minority interests	13,251	22,546	161,341
Minority interests	1,719	1,385	20,930
Net income	¥ 11,531	¥ 21,160	$ 140,399

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income (Note 16)	¥20.18	¥37.03	$0.25
Cash dividends applicable to the year	3.00	6.00	0.04

See accompanying notes.

Consolidated Statements of Comprehensive Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Income before minority interests	**¥13,251**	¥22,546	**$161,341**
Other comprehensive income			
Net unrealized losses on securities, net of tax	**(780)**	(752)	**(9,497)**
Unrealized gains (losses) on hedging derivatives, net of tax	**351**	(458)	**4,273**
Foreign currency translation adjustments	**(1,197)**	(2,575)	**(14,574)**
Share of other comprehensive income of associates accounted for using equity method	**(554)**	(1,406)	**(6,745)**
Total other comprehensive income (Note 21)	**(2,180)**	(5,192)	**(26,543)**
Comprehensive income	**¥11,070**	¥17,353	**$134,786**
(Breakdown)			
Comprehensive income attributable to owners of the parent	**¥ 9,279**	¥16,323	**$112,979**
Comprehensive income attributable to minority interests	**1,791**	1,029	**21,806**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	(Thousands)	Millions of yen										
		Shareholders' equity					Accumulated other comprehensive income					
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings (Note 10)	Treasury stock	Total shareholders' equity	Net unrealized gains on securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Net assets at April 1, 2011	572,966	¥42,129	¥22,557	¥76,640	¥(510)	¥140,817	¥1,296	¥(827)	¥(15,340)	¥(14,870)	¥8,505	¥134,452
Cash dividends				(3,428)		(3,428)						(3,428)
Net income				11,531		11,531						11,531
Acquisition of treasury stock					(80)	(80)						(80)
Net changes during the year							(772)	513	(1,994)	(2,252)	(46)	(2,299)
Balance at March 31, 2012	572,966	¥42,129	¥22,557	¥84,743	¥(590)	¥148,840	¥ 524	¥(313)	¥(17,334)	¥(17,122)	¥8,458	¥140,175

	(Thousands)	Millions of yen										
		Shareholders' equity					Accumulated other comprehensive income					
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings (Note 10)	Treasury stock	Total shareholders' equity	Net unrealized gains on securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Net assets at April 1, 2010	572,966	¥42,129	¥22,557	¥57,195	¥(506)	¥121,375	¥2,050	¥ 16	¥(12,100)	¥(10,033)	¥9,958	¥121,300
Cash dividends				(1,714)		(1,714)						(1,714)
Net income				21,160		21,160						21,160
Acquisition of treasury stock					(3)	(3)						(3)
Net changes during the year							(753)	(843)	(3,239)	(4,836)	(1,453)	(6,290)
Balance at March 31, 2011	572,966	¥42,129	¥22,557	¥76,640	¥(510)	¥140,817	¥1,296	¥(827)	¥(15,340)	¥(14,870)	¥8,505	¥134,452

	Thousands of U.S. dollars (Note 1)										
	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings (Note 10)	Treasury stock	Total shareholders' equity	Net unrealized gains on securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Net assets at April 1, 2011	$512,955	$274,649	$ 933,154	$(6,209)	$1,714,562	$15,779	$(10,069)	$(186,777)	$(181,054)	$103,555	$1,637,063
Cash dividends			(41,738)		(41,738)						(41,738)
Net income			140,399		140,399						140,399
Acquisition of treasury stock				(974)	(974)						(974)
Net changes during the year						(9,399)	6,246	(24,278)	(27,419)	(560)	(27,992)
Balance at March 31, 2012	$512,955	$274,649	$1,031,815	$(7,183)	$1,812,248	$ 6,380	$ (3,811)	$(211,055)	$(208,474)	$102,983	$1,706,745

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥16,207	¥29,771	$197,333
Depreciation and amortization	22,902	22,804	278,850
Loss on impairment of fixed assets (Note 17)	215	1,388	2,617
Loss on sale and disposal of property, plant and equipment, net	947	817	11,530
Foreign exchange loss (gain)	12	63	146
Investment losses (gains) on equity method	509	(5,561)	6,197
Increase (Decrease) in allowance for doubtful accounts	(461)	(1)	(5,613)
Increase (Decrease) in employees' retirement benefits	(249)	(1,465)	(3,031)
Interest and dividend income	(1,510)	(1,690)	(18,385)
Interest expense	2,710	2,709	32,996
Decrease (Increase) in notes and accounts receivable	(33)	(18,380)	(401)
Decrease (Increase) in inventories	(2,954)	(11,623)	(35,967)
Increase (Decrease) in notes and accounts payable	263	9,136	3,202
Loss on disaster	—	3,208	—
Gain on change in equity	—	(2,213)	—
Other, net	(1,604)	1,055	(19,530)
Subtotal	36,956	30,020	449,969
Interest and dividend received	2,430	3,154	29,587
Interest paid	(2,601)	(2,764)	(31,669)
Income taxes paid	(6,928)	(7,816)	(84,354)
Income taxes refund	1,229	611	14,964
Other, net	(94)	(659)	(1,144)
Net cash provided by operating activities	30,992	22,545	377,352
Cash flows from investing activities:			
Purchases of securities	(3,801)	(4,341)	(46,280)
Purchases of securities in subsidiaries	(211)	(1,569)	(2,569)
Acquisition of property, plant and equipment and other assets	(27,426)	(20,301)	(333,934)
Proceeds from sale of property, plant and equipment	372	278	4,529
Decrease (increase) in short-term loans receivable, net	254	(331)	3,092
Disbursement for long-term loans receivable	(6)	(11)	(73)
Collection of long-term loans receivable	57	167	694
Other, net	(277)	(176)	(3,372)
Net cash used in investing activities	(31,039)	(26,286)	(377,925)
Cash flows from financing activities:			
Increase (Decrease) in short-term borrowings, net	(247)	(3,434)	(3,007)
Proceeds from long-term debt	10,482	8,397	127,626
Repayment of long-term debt	(12,286)	(15,131)	(149,592)
Repayment of lease liability	(972)	(1,092)	(11,834)
Issuance of bonds	10,000	10,000	121,758
Redemption of straight bonds	(10,000)	(10,000)	(121,758)
Payment for cash dividends to the Company's shareholders	(3,428)	(1,714)	(41,738)
Payment for cash dividends to minority interests	(460)	(1,394)	(5,600)
Other, net	(55)	800	(669)
Net cash used in financing activities	(6,969)	(13,569)	(84,853)
Effect of exchange rate changes on cash and cash equivalents	240	(579)	2,922
Net decrease in cash and cash equivalents	(6,774)	(17,890)	(82,478)
Cash and cash equivalents at beginning of year	24,445	42,348	297,637
Effect of exclusion of consolidated subsidiaries	—	(13)	—
Cash and cash equivalents at end of year (Note 5)	¥17,670	¥24,445	$215,146

See accompanying notes.

1. Basis of Presenting Consolidated Financial Statements

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

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

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

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which was ¥82.13 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation

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

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

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

(b) Foreign currency translation

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

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

(c) Cash and cash equivalents

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

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

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

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

(e) Derivative transactions and hedge accounting

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

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

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

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

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

(f) Inventories

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

The Company:

Metals, Minerals & Environmental Engineering Sector, Catalysts Strategic Division, Die-Casting Division

Subsidiaries:

Mitsui Kinzoku ACT Corporation, Kamioka Mining & Smelting Co., Ltd. (except for the metal powders factory), Hachinohe Smelting Co., Ltd. and others

: First-in, first-out method

The Company:

Electronic Materials Sector (except for Metal Powders Division), Instrumentation System Division

: Moving average method

The Company:

Engineered Materials Sector (except for Catalysts Strategic Division), Materials & Applications Sector (except for Die-Casting Division and Instrumentation System Division), Metal Powders Division

Subsidiaries:

The metal powders factory of Kamioka Mining & Smelting Co., Ltd., Nippon Yttrium Co., Ltd., Mitani Rolled Copper Co., Ltd. and others

: Average method

Overseas subsidiaries

: Lower of market or cost using average method or first-in, first-out method

(g) Property, plant and equipment

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

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

(h) Allowance for doubtful accounts

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

(i) Provision for product warranties

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

(j) Provision for improvement of business structure

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

(k) Provision for loss on disposal of inventories

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

(l) Employees' retirement benefits

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

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

Actuarial differences are amortized primarily from the year in which the actuarial differences are incurred by the straight-line method over periods of 1 to 3 years which are within the average remaining years of service of the employees.

(m) Directors' and corporate auditors' retirement benefits

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

(n) Provision for environmental countermeasure

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

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

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

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

(p) Research and development expenses

Research and development expenses are charged to expenses.

(q) Recognition of revenues and related costs

(1) Recognition of net sales and cost of sales of completed construction contracts

Construction contracts whose outcome can be estimated reliably:

Percentage-of-completion method

Other construction contracts:

Completed-contract method

(r) Income taxes

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

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

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

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

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

Diluted net income per share is not presented as there were no shares with dilutive effects in 2012 and 2011.

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

(t) Reclassification

Certain prior year amounts have been reclassified to conform to the 2012 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

(u) Accounting of consumption tax

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

(v) Accounting standards for accounting changes and error corrections

(Additional Information)

The Company and its consolidated domestic subsidiaries adopted the new accounting standard "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, issued on December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on April 1, 2011.

3. Inventories

Inventories at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Merchandise and finished goods	¥19,973	¥23,142	$243,187
Work in process	23,948	22,204	291,586
Raw materials and supplies	29,583	25,618	360,197
Total	¥73,505	¥70,965	$894,983

4. Securities

(a) Acquisition costs and book values of available-for-sale securities with fair value as of March 31, 2012 and 2011 were as follows:

	Millions of yen		
Year ended March 31, 2012	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥3,592	¥1,913	¥1,678
Subtotal	3,592	1,913	1,678
Securities whose book value does not exceed acquisition cost:			
Stocks	871	1,106	(234)
Subtotal	871	1,106	(234)
Total	¥4,464	¥3,019	¥1,444

	Millions of yen		
Year ended March 31, 2011	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥4,896	¥2,307	¥2,589
Subtotal	4,896	2,307	2,589
Securities whose book value does not exceed acquisition cost:			
Stocks	578	769	(190)
Subtotal	578	769	(190)
Total	¥5,475	¥3,076	¥2,398

	Thousands of U.S. dollars (Note 1)		
Year ended March 31, 2012	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$43,735	$23,292	$20,431
Subtotal	43,735	23,292	20,431
Securities whose book value does not exceed acquisition cost:			
Stocks	10,605	13,466	(2,849)
Subtotal	10,605	13,466	(2,849)
Total	$54,352	$36,758	$17,581

(b) Available-for-sale securities sold for the years ended March 31, 2012 and 2011 were as follows:

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2012	2011	**2012**
Total sale amount	Stocks	¥171	¥114	$2,082
Gains	Stocks	153	82	1,862
Losses	Stocks	—	0	—

(c) Securities written-down for the year ended March 31, 2012 were as follows:
Losses on write-downs of securities amounted to ¥50 million ($608 thousand) (¥50 million ($608 thousand) for stocks of available-for-sale securities) for the year ended March 31, 2012.

The Companies write down securities when their fair value declines from cost by 50% or more. In case that the decline ranges at least 30% but less than 50%, the Companies determine whether the decline is temporary. If such a decline is judged to be other than temporary, securities are written down to their fair value.

5. Amounts of Cash and Cash Equivalents

Amounts of cash and cash equivalents at March 31, 2012 and 2011 were reconciled with cash and deposits as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Cash and deposits	¥17,676	¥24,450	$215,219
Time deposits with maturities exceeding three months from the date of deposit	(5)	(5)	(60)
Total: Cash and cash equivalents	¥17,670	¥24,445	$215,146

6. Short-Term Borrowings and Long-Term Debt

Short-term borrowings at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Short-term bank loans, generally represented by short-term notes and bank overdrafts, bore interest at annual rates ranging from 0.470% to 8.650% and from 0.490% to 6.000% at March 31, 2012 and 2011, respectively.	¥39,628	¥40,835	$482,503
Commercial paper with interest at annual rates of 0.115% at March 31, 2012.	1,000	—	12,175
	¥40,628	¥40,835	$494,679

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
0.76% yen unsecured straight bonds due in 2016	¥ 10,000	¥ —	$ 121,758
0.80% yen unsecured straight bonds due in 2015	10,000	10,000	121,758
1.15% yen unsecured straight bonds due in 2014	10,000	10,000	121,758
1.61% yen unsecured straight bonds due in 2013	10,000	10,000	121,758
1.45% yen unsecured straight bonds due in 2012	10,000	10,000	121,758
1.71% yen unsecured straight bonds due in 2011	—	10,000	—
Banks, insurance companies and other financial institutions, maturing through 2018 at interest rates ranging from 0.643% to 5.805% at March 31, 2012:			
Secured	1,014	1,412	12,346
Unsecured	71,246	72,205	867,478
Government-owned banks and government agencies, maturing through 2027 at interest rates ranging from 0.900% to 2.500% at March 31, 2012:			
Secured	6,373	7,005	77,596
Unsecured	—	—	—
	128,634	130,623	1,566,224
Less: Current portion	28,848	22,562	351,248
	¥ 99,786	¥108,061	$1,214,976

The aggregate annual maturities of long-term debt at March 31, 2012 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2013	¥ 28,848	$ 351,248
2014	42,062	512,139
2015	22,939	279,301
2016	16,982	206,769
2017	15,255	185,742
Thereafter	2,546	30,999
Total	¥128,634	$1,566,224

The 1.45% yen unsecured straight bonds due in 2012 were issued on May 22, 2007 by the Company.
The 1.61% yen unsecured straight bonds due in 2013 were issued on May 23, 2008 by the Company.
The 1.15% yen unsecured straight bonds due in 2014 were issued on December 17, 2009 by the Company.
The 0.80% yen unsecured straight bonds due in 2015 were issued on December 16, 2010 by the Company.
The 0.76% yen unsecured straight bonds due in 2016 were issued on November 29, 2011 by the Company.

7. Pledged Assets

Assets pledged as collateral for short-term bank loans, long-term debt and third party loans at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Notes and accounts receivable	¥ —	¥ 1,405	$ —
Inventories	—	1,246	—
Investment securities	1,482	1,845	18,044
Property, plant and equipment, net book value	6,483	6,998	78,935
	¥7,966	¥11,495	$96,992

8. Research and Development Expenses

Research and development expenses included in production cost and selling, general and administrative expenses amounted to ¥4,967 million ($60,477 thousand) and ¥4,623 million for the years ended March 31, 2012 and 2011, respectively.

9. Contingent Liabilities

Contingent liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Notes receivable discounted	¥ 488	¥ 477	$ 5,941
Notes receivable endorsed	293	—	3,567
Notes receivable securitized with recourse	705	879	8,583
Loans guaranteed			
Unconsolidated subsidiaries and affiliates	78,742	62,320	958,748
Others	859	951	10,459
	¥81,090	¥64,629	$987,337

10. Net Assets

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

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

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

11. Segment Information

The operations of the Companies for the years ended March 31, 2012 and 2011 were summarized as follows.

(a) Overview of reportable segments

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

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

As a result, the Company reports five segments, such as Engineered Materials, Metals, Minerals & Environmental Engineering, Electronic Materials, Materials & Applications, and Automotive Parts & Components based on business sectors categorized by products and services.

In line with the reorganization that took effect from June 29, 2011, the Company has from the fiscal year reorganized its previous five segments of Copper Foil, Engineered Materials, Metals, Minerals & Environmental Engineering, Affiliates Coordination, and Others into the four segments of Engineered Materials, Metals, Minerals & Environmental Engineering, Electronic Materials, and Materials & Applications.

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

Accounting procedure for reported segments is mostly the same as procedures indicated in 2. Summary of Significant Accounting Policies. Profit for reported segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

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

Segment information as of and for the fiscal year ended March 31, 2012 was as follows:

	Millions of yen							
	Reported segments							
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Total	Adjustment	Consolidated
Year ended March 31, 2012								
Sales:								
Outside customers	¥58,149	¥ 99,077	¥78,339	¥109,591	¥91,949	¥437,107	¥ (6,048)	¥431,058
Inter-segment	3,391	40,292	4,169	25,890	130	73,875	(73,875)	—
Total	61,541	139,369	82,509	135,482	92,080	510,983	(79,924)	431,058
Segment profit	¥11,756	¥ 1,184	¥ 1,412	¥ 2,999	¥ 5,089	¥ 22,443	¥ (3,274)	¥ 19,168
Segment assets	¥50,379	¥142,126	¥56,546	¥112,614	¥39,362	¥401,029	¥12,076	¥413,106
Depreciation expense	1,885	7,513	4,491	4,359	3,279	21,529	1,252	22,781
Amortization of goodwill	—	4	34	0	—	39	—	39
Interest income	11	296	37	108	74	529	(335)	193
Interest expense	158	920	647	871	364	2,963	(252)	2,710
Investment gains (losses) on equity method	323	(861)	—	387	70	(80)	(429)	(509)
Investment for companies accounted for using the equity method	3,418	40,135	—	11,427	396	55,378	40	55,419
Increase in property, plant and equipment, and intangible assets	6,902	9,121	4,121	4,224	3,367	27,737	1,489	29,226

Notes:

(a) Amounts of adjustment are as follows.

(1) Adjustment to segment profit, which amounted to ¥(3,274) million ($(39,863) thousand), consists mainly of ¥(3,513) million ($(42,773) thousand) for company-wide costs that do not belong to any reportable segments.

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

(2) Adjustment to segment assets, which amounted to ¥12,076 million ($147,035 thousand), consist of ¥(15,817) million ($(192,584) thousand) for offset of receivables to corporate administrative department and ¥46,573 million ($567,064 thousand) for company-wide assets that do not belong to any reportable segments.

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

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

Segment information as of and for the fiscal year ended March 31, 2011, which was restated in conformity with reorganization, was as follows:

	Millions of yen							
	Reported segments							
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Total	Adjustment	Consolidated
Year ended March 31, 2011								
Sales:								
Outside customers	¥43,339	¥111,092	¥78,830	¥123,577	¥91,058	¥447,899	¥ (1,411)	¥446,487
Inter-segment	2,324	37,164	3,882	21,851	157	65,380	(65,380)	—
Total	45,664	148,257	82,712	145,428	91,216	513,279	(66,791)	446,487
Segment profit	¥ 8,526	¥ 11,995	¥ 8,180	¥ 5,168	¥ 5,286	¥ 39,158	¥ (5,148)	¥ 34,010
Segment assets	¥37,559	¥139,933	¥61,179	¥115,664	¥40,990	¥395,328	¥ 15,699	¥411,027
Depreciation expense	1,627	7,755	3,737	4,815	3,445	21,381	1,325	22,707
Amortization of goodwill	—	—	34	0	0	35	(16)	18
Interest income	23	242	47	114	45	473	(339)	133
Interest expense	129	774	454	880	384	2,623	86	2,709
Investment gains on equity method	260	3,998	—	874	81	5,215	345	5,561
Investment for companies accounted for using the equity method	3,158	38,966	—	11,496	374	53,995	444	54,440
Increase in property, plant and equipment, and intangible assets	2,275	5,618	5,180	4,487	3,152	20,714	1,136	21,851

Notes:

(a) Amounts of adjustment are as follows.

(1) Adjustment to segment profit, which amounted to ¥(5,148) million, consists mainly of ¥(38) million for elimination of inter-segment transactions among reported segments, ¥(5,160) million for company-wide costs that do not belong to any reportable segments.

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

(2) Adjustment to segment assets, which amounted to ¥15,699 million, consist of ¥(11,808) million for offset of receivables to corporate administrative department, ¥47,360 million for company-wide assets that do not belong to any reportable segments.

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

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

	Thousands of U.S. dollars (Note 1)							
	Reported segments							
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Total	Adjustment	Consolidated
Year ended March 31, 2012								
Sales:								
Outside customers	**$708,011**	**$1,206,343**	**$ 953,841**	**$1,334,360**	**$1,119,554**	**$5,322,135**	**$ (73,639)**	**$5,248,484**
Inter-segment	**41,288**	**490,588**	**50,760**	**315,231**	**1,582**	**899,488**	**(899,488)**	**—**
Total	**749,312**	**1,696,931**	**1,004,614**	**1,649,604**	**1,121,149**	**6,221,636**	**(973,140)**	**5,248,484**
Segment profit	**$143,138**	**$ 14,416**	**$ 17,192**	**$ 36,515**	**$ 61,962**	**$ 273,261**	**$ (39,863)**	**$ 233,386**
Segment assets	**$613,405**	**$1,730,500**	**$ 688,493**	**$1,371,167**	**$ 479,264**	**$4,882,856**	**$147,035**	**$5,029,903**
Depreciation expense	**22,951**	**91,476**	**54,681**	**53,074**	**39,924**	**262,133**	**15,244**	**277,377**
Amortization of goodwill	**—**	**48**	**413**	**0**	**—**	**474**	**—**	**474**
Interest income	**133**	**3,604**	**450**	**1,314**	**901**	**6,441**	**(4,078)**	**2,349**
Interest expense	**1,923**	**11,201**	**7,877**	**10,605**	**4,431**	**36,076**	**(3,068)**	**32,996**
Investment gains (losses) on equity method	**3,932**	**(10,483)**	**—**	**4,712**	**852**	**(974)**	**(5,223)**	**(6,197)**
Investment for companies accounted for using the equity method	**41,616**	**488,676**	**—**	**139,133**	**4,821**	**674,272**	**487**	**674,771**
Increase in property, plant and equipment, and intangible assets	**84,037**	**111,055**	**50,176**	**51,430**	**40,995**	**337,720**	**18,129**	**355,850**

[Related information]

Information by area

	Millions of yen				
	Japan	Asia	North America	Other Areas	Consolidated
Year ended March 31, 2012					
Sales	¥278,449	¥108,456	¥29,277	¥14,875	¥431,058
Property, plant and equipment	115,105	28,678	4,734	2,478	150,996

	Millions of yen				
	Japan	Asia	North America	Other Areas	Consolidated
Year ended March 31, 2011					
Sales	¥291,432	¥109,017	¥30,926	¥15,111	¥446,487
Property, plant and equipment	111,400	28,735	5,397	2,256	147,790

	Thousands of U.S. dollars (Note 1)				
	Japan	Asia	North America	Other Areas	Consolidated
Year ended March 31, 2012					
Sales	$3,390,344	$1,320,540	$356,471	$181,115	$5,248,484
Property, plant and equipment	1,401,497	349,178	57,640	30,171	1,838,499

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

	Millions of yen						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2012							
Loss on impairment of fixed assets	¥—	¥17	¥—	¥138	¥47	¥11	¥215

	Millions of yen						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2011							
Loss on impairment of fixed assets	¥—	¥5	¥—	¥744	¥—	¥637	¥1,388

	Thousands of U.S. dollars (Note 1)						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2012							
Loss on impairment of fixed assets	$—	$206	$—	$1,680	$572	$133	$2,617

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

	Millions of yen						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2012							
Amortization of goodwill	¥—	¥ 4	¥34	¥ 0	¥—	¥—	¥ 39
Balance at end of fiscal year	—	33	78	—	—	—	111

	Millions of yen						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2011							
Amortization of goodwill	¥—	¥—	¥ 34	¥ 0	¥ 0	¥—	¥ 35
Balance at end of fiscal year	—	—	113	—	—	—	113

	Thousands of U.S. dollars (Note 1)						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2012							
Amortization of goodwill	$—	$ 48	$413	$ 0	$—	$—	$ 474
Balance at end of fiscal year	—	401	949	—	—	—	1,351

In addition, amortization of negative goodwill and amortized balance caused by mainly business combinations prior to April 1, 2010 were as follows:

	Millions of yen						
	Engineered Materials	Metals, Minerals & Environmental Engineering	Electronic Materials	Materials & Applications	Automotive Parts & Components	Elimination · Corporate	Consolidated
Year ended March 31, 2011							
Amortization of negative goodwill	¥—	¥16	¥—	¥—	¥—	¥—	¥16
Balance at end of fiscal year	—	—	—	—	—	—	—

[Information on gain on negative goodwill by reported segment]
Year ended March 31, 2012

Not applicable.

Year ended March 31, 2011

Not applicable.

12. Income Taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 40.4% for the fiscal years ended March 31, 2012 and 2011.

1. Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Deferred tax assets:			
Excess bad debt expenses	¥ 236	¥ 344	$ 2,873
Excess accrued bonuses to employees	1,548	1,709	18,848
Excess product warranties	181	231	2,203
Retirement benefits	7,526	8,256	91,635
Provision for environmental countermeasures	614	813	7,475
Loss on impairment of fixed assets	6,886	8,973	83,842
Enterprise taxes accrued	266	218	3,238
Unrealized profits and losses	1,942	2,020	23,645
Operating loss carryforward for tax purposes	19,691	21,397	239,754
Net unrealized losses on securities	254	76	3,092
Unrealized loss on hedging derivatives	57	249	694
Other	6,707	8,229	81,663
Subtotal	45,914	52,520	559,040
Valuation allowance	(38,503)	(46,449)	(468,805)
Total deferred tax assets	¥ 7,411	¥ 6,070	$ 90,234
Deferred tax liabilities:			
Net unrealized gains on securities	¥ (591)	¥ (1,045)	$ (7,195)
Unrealized gain on hedging derivatives	(105)	(92)	(1,278)
Retained earnings of foreign subsidiaries	(2,107)	(1,802)	(25,654)
Deferral of capital gain related to certain sale of property, plant and equipment	(1,130)	(1,495)	(13,758)
Other	(1,443)	(1,107)	(17,569)
Total deferred tax liabilities	¥ (5,378)	¥ (5,543)	$ (65,481)
Net deferred tax assets	¥ 2,032	¥ 527	$ 24,741

The net deferred tax assets at March 31, 2012 and 2011 were contained in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Deferred tax assets — current	¥2,020	¥ 674	$24,595
Deferred tax assets — noncurrent	1,857	3,009	22,610
Deferred tax liabilities — current	(0)	(74)	(0)
Deferred tax liabilities — noncurrent	(1,845)	(3,081)	(22,464)

2. The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the fiscal years ended March 31, 2012 and 2011.

	2012	2011
Statutory effective tax rate	40.4%	40.4%
Permanent difference due to non-deductible expense	54.1	0.9
Permanent difference due to non-taxable income	(68.6)	(6.9)
Effect of elimination of intercompany dividends received	22.6	7.1
Investment gains on equity method	1.2	(7.6)
Valuation allowance	(31.6)	3.5
Downward adjustment of deferred tax assets at end of year due to tax rate change	(1.1)	—
Others	1.2	(13.3)
Tax rate calculated based on the Company's consolidated financial statements	18.2%	24.3%

3. Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the statutory income tax rate for the Company will be reduced to 37.7% for years beginning on or after April 1, 2012 and 35.3% for years beginning on or after April 1, 2015. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 are 37.7% and 35.3%, respectively, as of March 31, 2012.

Due to these changes in statutory income tax rates, net deferred tax assets decreased by ¥125 million ($1,521 thousand) and net unrealized gains on securities, net of tax and unrealized losses on hedging derivatives, net of tax increased by ¥73 million ($888 thousand) and ¥7 million ($85 thousand), respectively as of March 31, 2012. Moreover, income taxes-deferred decreased by ¥45 million ($547 thousand) recognized for the year ended March 31, 2012.

13. Financial Instruments

(a) Qualitative information on financial instruments

1. Policy of financial instruments management

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

2. Description of financial instruments and risk

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

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

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

The Companies also entered into interest rate swap contracts to hedge their loans payable against interest rate fluctuation risk.

For those transactions, the Companies apply the deferred hedge method or the exceptional accrual method for interest rate swap as hedge accounting methods except for transactions held by certain foreign subsidiaries.

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

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

3. Description of risk management system for financial instruments

Management system for credit risk

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

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

Management system for market risk

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

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

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

Management system for liquidity risk of financing

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

4. Supplementary explanation regarding fair value of financial instruments

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

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

(b) Fair value of financial instruments

The carrying amounts of book value, fair value, and differences as of March 31, 2012 and 2011 were as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included (Please refer to "Notes 2. Financial instruments whose fair value is extremely difficult to measure").

	Millions of yen		
	Book value	Fair value	Difference
Year ended March 31, 2012			
Assets:			
(a) Cash and deposits	¥ 17,676	¥ 17,676	¥ —
(b) Notes and accounts receivable	80,289	80,289	—
(c) Investment securities	8,180	6,906	(1,274)
Total	106,146	104,871	(1,274)
Liabilities:			
(a) Notes and accounts payable	41,746	41,746	—
(b) Short-term borrowings	40,628	40,628	—
(c) Current portion of long-term debt	28,848	28,984	136
(d) Long-term debt	99,786	101,379	1,593
Total	211,010	212,739	1,729
Derivative transactions	¥ (187)	¥ (187)	¥ —

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

	Millions of yen		
	Book value	Fair value	Difference
Year ended March 31, 2011			
Assets:			
(a) Cash and deposits	¥ 24,450	¥ 24,450	¥ —
(b) Notes and accounts receivable	81,176	81,176	—
(c) Investment securities	8,988	7,880	(1,108)
Total	114,615	113,507	(1,108)
Liabilities:			
(a) Notes and accounts payable	43,532	43,532	—
(b) Short-term borrowings	40,835	40,835	—
(c) Current portion of long-term debt	22,562	22,774	211
(d) Long-term debt	108,061	109,535	1,473
Total	214,991	216,677	1,685
Derivative transactions	¥ (597)	¥ (597)	¥ —

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

	Thousands of U.S. dollars (Note 1)		
	Book value	Fair value	Difference
Year ended March 31, 2012			
Assets:			
(a) Cash and deposits	**$ 215,219**	**$ 215,219**	**$ —**
(b) Notes and accounts receivable	**977,584**	**977,584**	**—**
(c) Investment securities	**99,598**	**84,086**	**(15,511)**
Total	**1,292,414**	**1,276,890**	**(15,511)**
Liabilities:			
(a) Notes and accounts payable	**508,291**	**508,291**	**—**
(b) Short-term borrowings	**494,679**	**494,679**	**—**
(c) Current portion of long-term debt	**351,248**	**352,903**	**1,655**
(d) Long-term debt	**1,214,976**	**1,234,372**	**19,396**
Total	**2,569,219**	**2,590,271**	**21,051**
Derivative transactions	**$ (2,276)**	**$ (2,276)**	**$ —**

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

Notes:

1. Method of estimating fair value of financial instruments

Assets:

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

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

(c) Investment securities:

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

Liabilities:

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

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

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

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

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

Derivative transactions:

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

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

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars (Note 1)
Classification	2012	2011	2012
Unlisted equity securities	¥57,019	¥55,858	$694,253
Nonpublic domestic bonds	240	240	2,922

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

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

	Millions of yen			
	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2017	April 1, 2017 to March 31, 2022	April 1, 2022 and thereafter
Year ended March 31, 2012				
(a) Cash and deposits	¥17,676	¥—	¥—	¥ —
(b) Notes and accounts receivable	80,289	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds (domestic government and municipal bonds)	—	—	—	240
Total	¥97,965	¥—	¥—	¥240

	Millions of yen			
	April 1, 2011 to March 31, 2012	April 1, 2012 to March 31, 2016	April 1, 2016 to March 31, 2021	April 1, 2021 and thereafter
Year ended March 31, 2011				
(a) Cash and deposits	¥ 24,450	¥—	¥—	¥ —
(b) Notes and accounts receivable	81,176	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds (domestic government and municipal bonds)	—	—	—	240
Total	¥105,627	¥—	¥—	¥240

	Thousands of U.S. dollars (Note 1)			
	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2017	April 1, 2017 to March 31, 2022	April 1, 2022 and thereafter
Year ended March 31, 2012				
(a) Cash and deposits	$ 215,219	$—	$—	$ —
(b) Notes and accounts receivable	977,584	—	—	—
(c) Investment securities:				
Available-for-sale securities with maturity date				
Bonds (domestic government and municipal bonds)	—	—	—	2,922
Total	$1,192,804	$—	$—	$2,922

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

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

14. Derivative Transactions

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2012 and 2011 were as follows:

Currency-related derivatives

Type			Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Forward contracts:					
Selling:					
	U.S. dollars:	Contract amounts	¥1,371	¥2,973	$16,693
		Due over one year	—	—	—
		Fair value	(59)	(15)	(718)
		Net unrealized losses	(59)	(15)	(718)
	Japanese yen:	Contract amounts	¥ 475	¥ 414	$ 5,783
		Due over one year	—	—	—
		Fair value	3	(7)	36
		Net unrealized gains (losses)	3	(7)	36
	Euros:	Contract amounts	¥ —	¥ 69	$ —
		Due over one year	—	—	—
		Fair value	—	(1)	—
		Net unrealized losses	—	(1)	—

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

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2012 and 2011 were as follows:

Currency-related derivatives

Type		Hedged items		Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Forward contracts:						
Selling:		Accounts receivable				
	U.S. dollars:		Contract amounts	¥5,812	¥4,584	$70,765
			Due over one year	—	—	—
			Fair value	(3)	(76)	(36)
	Japanese yen:		Contract amounts	¥ —	¥ 1	$ —
			Due over one year	—	—	—
			Fair value	—	0	—
	Euros:		Contract amounts	¥ 129	¥ 137	$ 1,570
			Due over one year	—	—	—
			Fair value	(2)	(2)	(24)
Buying:		Accounts payable				
	U.S. dollars:		Contract amounts	¥ 672	¥ 681	$ 8,182
			Due over one year	—	—	—
			Fair value	22	11	267
	Japanese yen:		Contract amounts	¥ —	¥1,655	$ —
			Due over one year	—	—	—
			Fair value	—	83	—
	Euros:		Contract amounts	¥ —	¥ 6	$ —
			Due over one year	—	—	—
			Fair value	—	0	—
Swap contracts:		Long-term debt				
	Receive U.S. dollars		Contract amounts	¥3,651	¥1,660	$44,453
	Pay Malaysia ringgit		Due over one year	3,243	1,476	39,486
			Fair value	(261)	(273)	(3,177)

Notes:

(a) The deferred hedge method is applied as hedge accounting methods.

(b) Fair values of currency forward contracts and currency swap contracts are based on future exchange rates or prices provided by financial institutions.

Interest rate-related derivatives

Type			Hedged items		Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Swap contracts:			Interest for long-term debt				
	Receive	Float		Contract amounts	¥42,353	¥50,373	$515,682
	Pay	Fix		Due over one year	34,853	43,851	424,363
				Fair value	(Note c)	(Note c)	(Note c)

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

Commodities-related derivatives

Type	Hedged items		Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Forward contracts:	Raw materials and finished goods				
Selling:					
Zinc:		Contract amounts	¥2,553	¥3,723	$31,084
		Due over one year	—	—	—
		Fair value	55	94	669
Lead:		Contract amounts	¥ 749	¥2,641	$ 9,119
		Due over one year	—	—	—
		Fair value	5	(114)	60
Gold:		Contract amounts	¥ —	¥ 592	$ —
		Due over one year	—	—	—
		Fair value	—	(20)	—
Silver:		Contract amounts	¥1,173	¥1,013	$14,282
		Due over one year	—	—	—
		Fair value	(28)	(360)	(340)
Buying:					
Zinc:		Contract amounts	¥3,810	¥3,737	$46,389
		Due over one year	—	—	—
		Fair value	82	56	998
Lead:		Contract amounts	¥ 170	¥ 599	$ 2,069
		Due over one year	—	—	—
		Fair value	(3)	27	(36)

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

15. Employees' Retirement Benefits

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

Employees' retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Projected benefit obligation	¥33,813	¥33,375	$411,700
Plan assets at fair value	13,479	12,053	164,117
Projected benefit obligation in excess of plan assets	20,333	21,322	247,570
Less: Unrecognized actuarial differences	(73)	(165)	(888)
Less: Unrecognized prior service costs	230	(229)	2,800
Prepaid pension cost	632	456	7,695
Employees' retirement benefits	¥21,122	¥21,383	$257,177

The employees' retirement benefit costs for the fiscal years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Service costs — benefits earned during the year	¥1,943	¥3,122	$23,657
Interest cost on projected benefit obligation	587	665	7,147
Expected return on plan assets	(41)	(263)	(499)
Amortization of actuarial differences	1,055	972	12,845
Amortization of prior service costs	(17)	12	(206)
Additional retirement benefits	471	—	5,734
Employees' retirement benefit costs	3,999	4,510	48,691
Reversal of employees' retirement benefits	¥ (194)	¥ —	$ (2,362)

The actuarial assumptions for calculating the projected benefit obligation for the fiscal years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Attribution of benefits to periods of service	Benefit / years-of-service approach	Benefit / years-of-service approach
Discount rate used to determine the projected benefit obligation	1.7%-2.4%	1.7%-2.4%
Expected return on plan assets	Mainly 0.0%	Mainly 2.5%
Period to amortize prior service costs	1-5 years	1-5 years
Period to amortize the actuarial differences	1-3 years	1-3 years

16. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2012 and 2011 were as follows:

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S. dollars (Note 1))
Year ended March 31, 2012				
Net income available to common shareholders	¥11,531	571,464	¥20.18	$0.25

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)
Year ended March 31, 2011			
Net income available to common shareholders	¥21,160	571,500	¥37.03

17. Loss on Impairment of Fixed Assets

Loss on impairment of fixed assets for the fiscal years ended March 31, 2012 and 2011 consisted of the following.

Year ended March 31, 2012

Location	Major use	Asset category	Millions of yen	Thousands of U.S. dollars (Note 1)
Shimonoseki City, Yamaguchi Prefecture, others	Production facilities	Machinery	¥ 52	$ 633
		Others	133	1,619
Kita-ku, Tokyo, others	Idle assets	Machinery	¥ 17	$ 206
		Land	12	146
		Others	0	0

The Company and its consolidated subsidiaries have grouped assets used for business activities by the units of the factory distinction and of the product distinction based on management accounting.

Idle assets and lease assets that have a sign of impairment are assessed on an individual basis.

As for production facilities, there were no future cash flows expected since the serious deterioration in the market conditions had weakened profitability. Consequently, the book values of these assets were reduced to zero.

As for Idle assets, the book values of the assets were reduced to zero in case that sale of these assets was extremely improbable. The book value of salable lands was reduced to net realizable value based on the fair value, provided by a real estate appraiser.

Year ended March 31, 2011

Location	Major use	Asset category	Millions of yen
Shimonoseki City, Yamaguchi Prefecture, others	Production facilities	Buildings and structures	¥ 46
		Machinery	228
		Others	470
Kita-ku, Tokyo, others	Idle assets	Land	¥643

The Company and its consolidated subsidiaries have grouped assets used for business activities by the units of the factory distinction and of the product distinction based on management accounting.

Idle assets and lease assets that have a sign of impairment are assessed on an individual basis.

As for production facilities, there were no future cash flows expected since the serious deterioration in the market conditions had weakened profitability. Consequently, the book values of these assets were reduced to zero.

As for Idle assets, the book values of the assets were reduced to zero in case that sale of these assets was extremely improbable. The book value of salable lands was reduced to net realizable value based on the fair value, provided by a real estate appraiser.

18. Related Party Transactions

(a) Related party transactions

1. The Company owns 34% of outstanding shares of Pan Pacific Copper Co., Ltd., which produces and sells products related to copper refining and smelting business.

The transaction amount for the fiscal years ended March 31, 2012 and 2011 with Pan Pacific Copper Co., Ltd. was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Guarantees of bank loans	¥50,721	¥56,420	$617,569

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

The transaction amount for the fiscal years ended March 31, 2012 and 2011, and account balance as of March 31, 2012 and 2011 with MS Zinc Co., Ltd. were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cost of sales (Mainly purchasing of zinc metals)	¥14,281	¥17,034	$173,882
Accounts payable	4,381	4,491	53,342

Terms of transactions:

Terms of purchase by MS Zinc Co., Ltd. are determined under general market conditions.

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

The transaction amount for the fiscal year ended March 31, 2012 with SCM Minera Lumina Copper Chile was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Guarantees of bank loans	¥16,319	¥—	$198,697

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

The transaction amount for the fiscal year ended March 31, 2012 with Caserones Finance Netherlands B.V. was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Guarantees of bank loans	¥6,282	¥—	$76,488

5. The Company owns 50% of outstanding shares of Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd., which produces and sells copper, copper alloy strips and sheets.

The transaction amount for the fiscal year ended March 31, 2011 with Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd. was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Absorption-type split			
Succeeded assets by absorption-type split	¥—	¥19,914	$—
Succeeded liabilities by absorption-type split	—	11,769	—

(b) Note about significant related party

In the fiscal year ended March 31, 2012, Pan Pacific Copper Co., Ltd., was recognized as significant related party and the summary of its financial statements was as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Total current assets	¥195,195	$2,376,658
Total fixed assets	113,756	1,385,072
Total current liabilities	177,475	2,160,903
Total long-term liabilities	10,416	126,823
Total net assets	121,059	1,473,992
Net sales	626,670	7,630,220
Income before income taxes and minority interests	5,038	61,341
Net income	3,377	41,117

19. Asset Retirement Obligations

Year ended March 31, 2012 and 2011

Asset retirement obligations that are recorded in the consolidated balance sheet

(a) Overview of asset retirement obligations

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

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

(Mines)

Compañía Minera Santa Luisa S.A. reasonably estimates mine closure expenses and records asset retirement obligations in accordance with International Financial Reporting Standards based on the mine closure plan (38 years as its average) stipulated by the Peruvian Mine Closure Law. The company uses 1% as a discount rate.

(Asbestos)

The expected periods of time before removal expenses at the time of dismantling is estimated between 15 and 30 years depending on each asset. The companies use rates between 2.16% and 2.30% as a discount rate to estimate the amount of asset retirement obligations.

(Real estate lease agreements)

The companies reasonably estimate the amount of lease deposits from real estate lease agreements that it cannot expect to finally recover, and record the portion of this amount allocated to the fiscal year ended March 31, 2012 as expenses, instead of recording them as asset retirement obligations under liabilities.

The companies use periods of time between 12 and 15 years from the date of occupancy to estimate the amount of the expenses.

The companies estimate the uncollectible amount of lease deposits as ¥74 million ($901 thousand) in the fiscal year ended March 31, 2012.

(c) Changes in the total amount of these asset retirement obligations in the fiscal year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Balance at the beginning of the fiscal year	¥1,384	¥1,468	$16,851
Adjustments due to the passage of time	102	99	1,241
Decrease from execution of asset retirement obligations	(33)	(71)	(401)
Increase from changes of estimates	—	3	—
Impact of foreign currency translation	(8)	(114)	(97)
Balance at the end of the fiscal year	¥1,445	¥1,384	$17,594

Note:
"Balance at the beginning of the fiscal year" of fiscal year 2011 is the balance resulted by the application of the new accounting standard "Accounting Standard for Asset Retirement Obligations" (Statement No.18 issued by the ASBJ on March 31, 2008) and "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (Implementation Guidance No.21 issued by the ASBJ on March 31, 2008).

20. Business Combinations

Year ended March 31, 2011

Formation of jointly controlled company

1. Overview of transaction

The names and descriptions of the combining businesses:

The name of the business:

Copper and copper alloy fabricated business

The description of the business:

Manufacture and marketing of copper, copper alloy strips and sheets, zinc and other alloy processed products

The combination date:

July 1, 2010

Legal structure of the business combination:

Absorption-type split in which the Company is as splitting company, Sumitomo Metal Mining Brass & Copper Co., Ltd. as successor company.

Name of company after business combination:

MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD.

Description and purpose of transaction

Rolled Copper & Zinc Division of the Company built an integrated one-stop supply system for copper and copper alloys, from raw materials to rolled products, giving the Company the leading position in the brass business in Japan. Meanwhile, Sumitomo Metal Mining Co., Ltd. (hereinafter "Sumitomo") subsidiary Sumitomo Metal Mining Brass & Copper Co., Ltd. achieved high earnings by building an integrated one-stop supply system in the brass business and developing process technologies for rolled products including thin-rolling and plating process technologies.

However, demand for copper and copper alloy fabricated products has rapidly declined since around 2000, and competition within the industry has been intensifying each year. In this environment, the Company decided to sign an absorption-type split agreement with Sumitomo Metal Mining Brass & Copper Co., Ltd.

Through this business combination, the Company expects to generate synergies and enhance competitiveness by gaining efficiency in utilization of production facilities and in sales and administrative management, and by combining manufacturing technologies.

Reason that business combination was formed as a jointly controlled company

Upon the formation of this jointly controlled company, the Company and Sumitomo concluded the Shareholders Agreement under which MITSUI SUMITOMO METAL MINING BRASS & COPPER CO., LTD. will become the jointly controlled company of both companies. Consideration paid at the time of the business combination consisted entirely of shares with voting rights. Furthermore, no other specific facts indicate that a controlling relationship exists. It was therefore decided that the business combination was to be formed as a jointly controlled entity.

2. Method of accounting for business combinations

The Company accounts this business combination as an establishment of a jointly controlled entity as based on the accounting standard "Accounting Standard for Business Combinations" (Statement No.21 issued by the ASBJ on December 26, 2008) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Implementation Guidance No.10, issued by the ASBJ on December 26, 2008).

21. Consolidated Statements of Comprehensive Income

Year ended March 31, 2012

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

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	2012
Net unrealized losses on securities:		
Increase (decrease) during the year	¥(1,136)	$(13,831)
Reclassification adjustments	(103)	(1,254)
Sub-total, before tax	(1,239)	(15,085)
Tax (expense) or benefit	458	5,576
Sub-total, net of tax	(780)	(9,497)
Unrealized gains (losses) on hedging derivatives:		
Increase (decrease) during the year	475	5,783
Reclassification adjustments	(104)	(1,266)
Sub-total, before tax	370	4,505
Tax (expense) or benefit	(19)	(231)
Sub-total, net of tax	351	4,273
Foreign currency translation adjustments:		
Increase (decrease) during the year	(1,197)	(14,574)
Sub-total, net of tax	(1,197)	(14,574)
Share of other comprehensive income of associates accounted for using equity method:		
Increase (decrease) during the year	(946)	(11,518)
Reclassification adjustments	392	4,772
Sub-total, net of tax	(554)	(6,745)
Total other comprehensive income	¥(2,180)	$(26,543)

Independent Auditors’ Report

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

We have audited the accompanying consolidated financial statements of Mitsui Mining and Smelting Company, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated income statements, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui Mining and Smelting Company, Limited and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 28, 2012
Tokyo, Japan

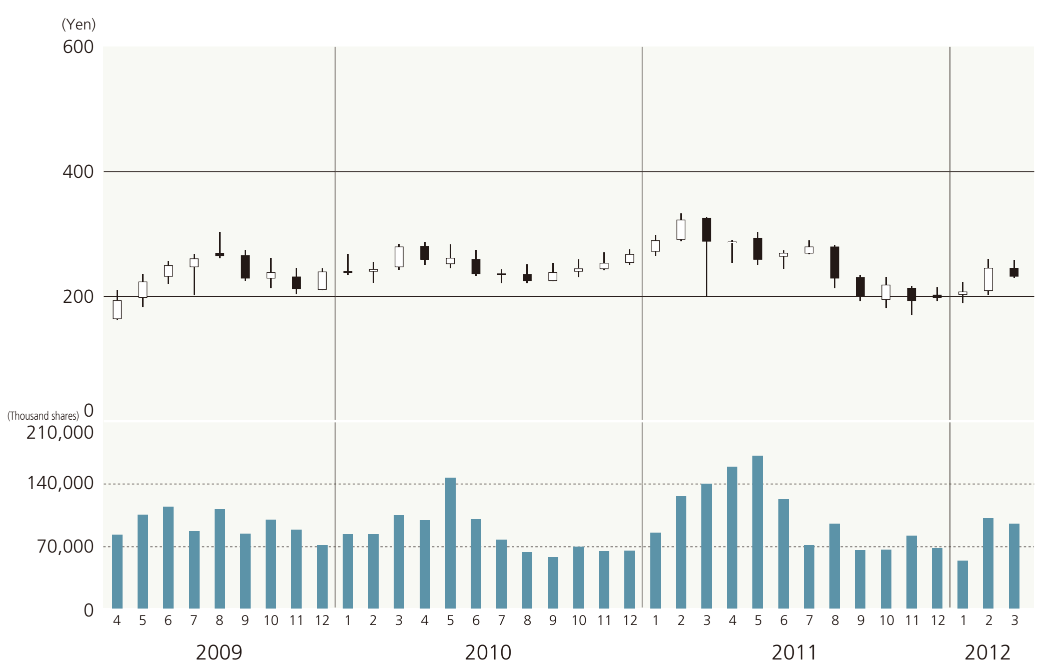
Number of shareholders: 56,215

Major shareholders:

	Investment in the company	
	Number of shares held (Thousands)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Held in trust account)	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.

Stock price range:



Established: May 1, 1950

Authorized capital: 1,944 million shares

Shares issued: 572,966,166 shares

Paid-in capital: ¥42,129 million

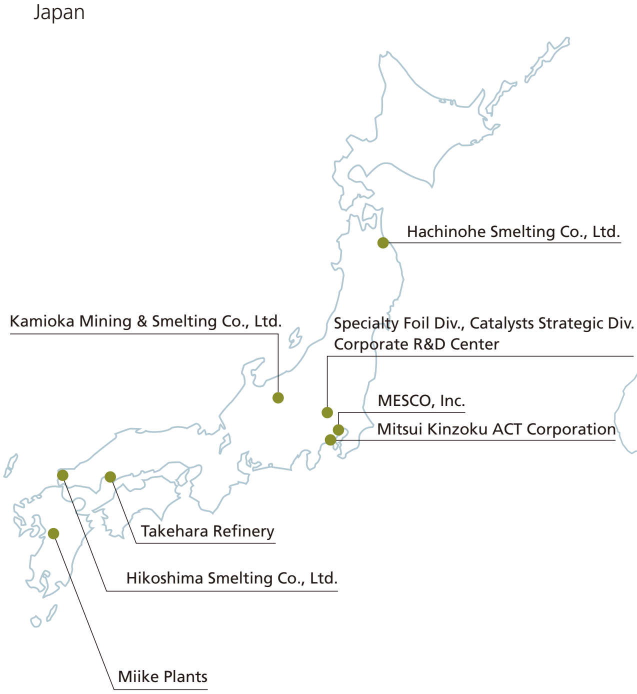
Stock listings: Common stock is listed on the Tokyo Stock Exchange

Principal subsidiaries:

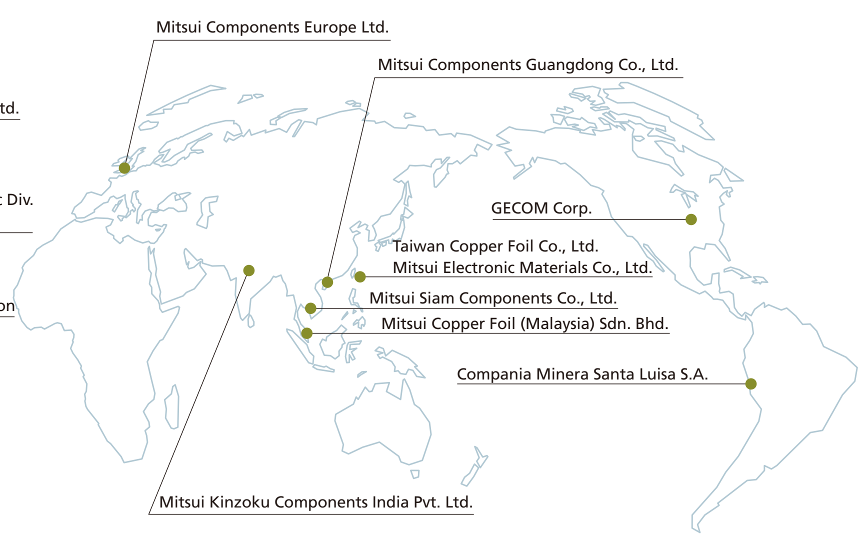
	Paid-in capital (Millions)	Equity stake of the company (%)
Kamioka Mining & Smelting Co., Ltd.	¥4,600	100.0
Hachinohe Smelting Co., Ltd.	¥4,795	85.5
Hikoshima Smelting Co., Ltd.	¥460	100.0
Okuaizu Geothermal Co., Ltd.	¥100	100.0
Taiwan Copper Foil Co., Ltd.	NT$800	95.0
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	RM160	100.0
Mitsui Electronic Materials Co., Ltd.	NT$600	100.0
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0
MESCO, Inc.	¥1,085	63.4
Mitsui Kinzoku ACT Corporation	¥3,000	100.0
GECOM Corp.	US$15,750	100.0
Mitsui Siam Components Co., Ltd.	Bh210	100.0

Major plants and offices:

Japan



Overseas



Worldwide Operations (As of March 31, 2012)

	Japan	Asia	Americas and Europe
Offices/ Laboratories	Head Office (Shinagawa, Tokyo) Osaka Branch (Osaka, Osaka) Corporate R&D Center (Ageo, Saitama)	Mitsui Kinzoku Trading (Shanghai) Co., Ltd. (Shanghai, China) Mitsui Kinzoku (Shanghai) Management Co., Ltd. (Shanghai, China)	Mitsui Mining & Smelting Co., Ltd., Sucursal del Perú (Lima, Peru) Oak-Mitsui Technologies LLC (New York, U.S.A.)
Engineered Materials	Takehara Battery Materials Plant (Takehara, Hiroshima) Kamioka Catalyst Plant (Hida, Gifu) Miike Rare Matals Plant (Omuta, Fukuoka) NIHON KESSHO KOUGAKU Co., Ltd. (Tatebayashi, Gunma)	Mitsui Kinzoku Components India Pvt. Ltd. (Haryana, India) Mitsui Kinzoku Catalyst Zhuhai Co., Ltd. (Guangdong, China)	Mitsui Zinc Powder LLC (Pennsylvania, U.S.A.)
Metals, Minerals & Environmental Engineering	Takehara Refinery (Takehara, Hiroshima) Kamioka Mining & Smelting Co., Ltd. (Hida, Gifu) Hachinohe Smelting Co., Ltd. (Shinagawa, Tokyo) Hikoshima Smelting Co., Ltd. (Shimonoseki, Yamaguchi) MS Zinc Co., Ltd. (Minato, Tokyo) Pan Pacific Copper Co., Ltd. (Chiyoda, Tokyo) Okuaizu Geothermal Co., Ltd. (Yanaizu, Fukushima)	Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd. (Shanghai, China)	Compania Minera Santa Luisa S.A. (Lima, Peru)
Electronic Materials	Ageo Copper Foil Plant (Ageo, Saitama)	Taiwan Copper Foil Co., Ltd. (Nantou, Taiwan) Mitsui Copper Foil (Malaysia) Sdn. Bhd. (Selangor Darul Ehsan, Malaysia) Mitsui Copper Foil (Hong Kong) Co., Ltd. (Hong Kong, China) Mitsui Copper Foil (Suzhou) Co., Ltd. (Jiangsu, China) Mitsui Copper Foil (Guangdong) Co., Ltd. (Guangdong, China)	Oak-Mitsui Inc. (New York, U.S.A.)
Materials & Applications	Miike PVD Materials Plant (Omuta, Fukuoka) Omuta Ceramics Plant (Omuta, Fukuoka) Nirasaki Parts & Components Manufacturing Plant (Nirasaki, Yamanashi) Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd. (Ageo, Saitama) MESCO, Inc. (Sumida, Tokyo)	Mitsui Electronic Materials Co., Ltd. (Taichung, Taiwan) Mitsui Kinzoku Korea Co., Ltd. (Pyeongtaek-si, Korea) Mitsui Grinding Technology (Thailand) Co., Ltd. (Chonburi, Thailand)	
Automotive Parts & Components	Mitsui Kinzoku ACT Corporation (Yokohama, Kanagawa)	Mitsui Siam Components Co., Ltd. (Rayong, Thailand) Mitsui-Huayang Automotive Components Co., Ltd. (Guizhou, China) Mitsui Components Guangdong Co., Ltd. (Guangdong, China) Wuxi Dachong Industry Co., Ltd. (Jiangsu, China)	GECOM Corp. (Indiana, U.S.A.) Mitsui Components Europe Ltd. (Wales, U.K.)

MITSUI KINZOKU

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