



# FY2007 1<sup>st</sup> half Results & Forecast

*Mitsui Mining & Smelting Co., Ltd.*  
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November 1st, 2007

(Notes)

1. This document is created based on the consolidated figures.
2. The document is used to explain the financial results and forecasts that have been announced.
3. Actual business results may differ materially from the forecasts as a result of changes in the situation.

# Business Overview

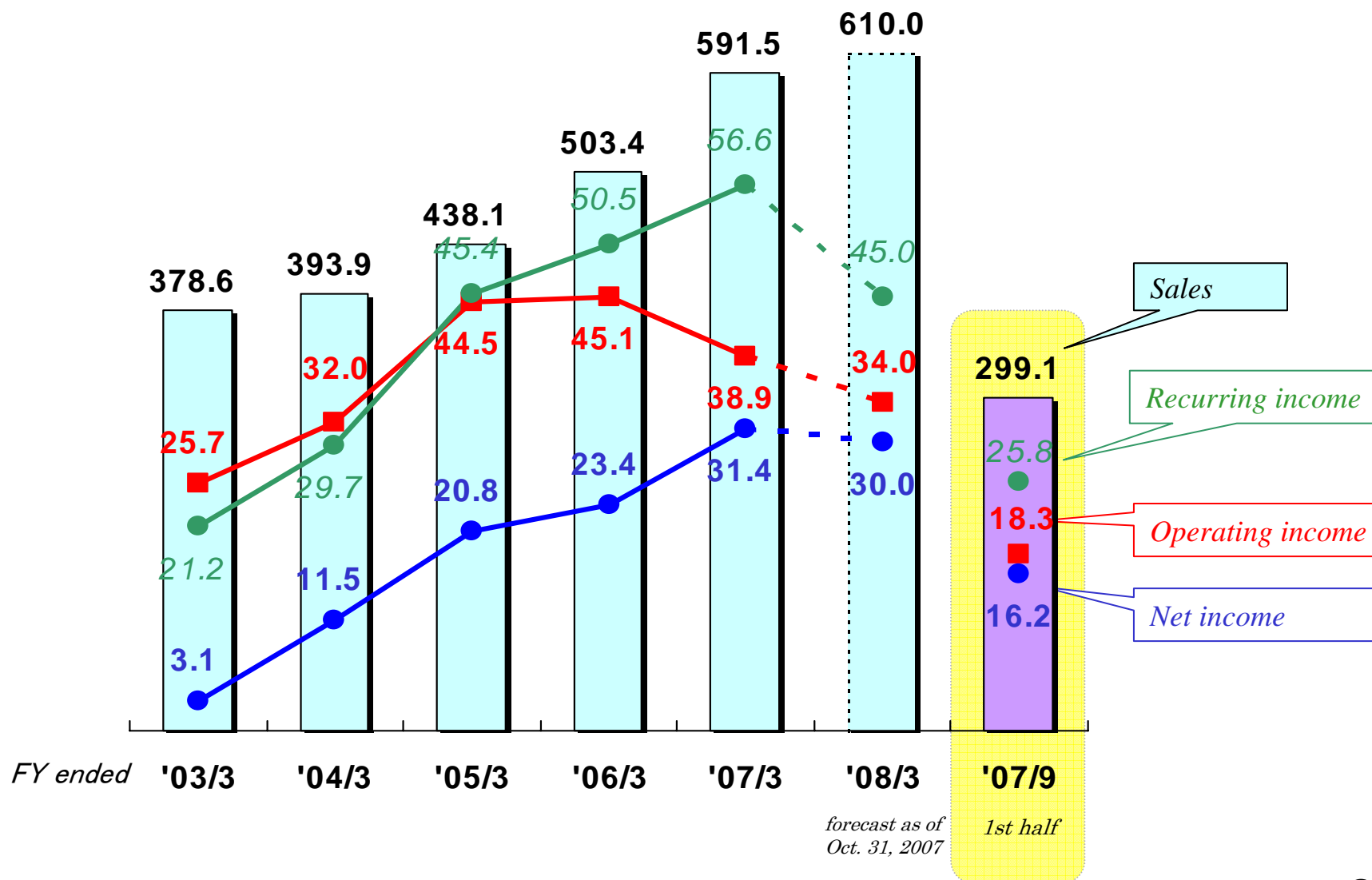
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- Fiscal 2007 1<sup>st</sup> half results: Sales increased while profit declined from the previous year, primarily owing to intensified competition in TAB/COF tapes, despite the improvement in metal prices. Net income decreased 26% attributable to the lack of gains on the transfer of the copper business.  
***Mining & Fundamental Materials:*** Profit increased thanks to a rise in the effective price of zinc and gains from inventories.  
***Intermediate Materials:*** Profit declined significantly because of a fall in the price of TAB/COF tapes and losses from inventories of ITO targets.  
***Others:*** Profits in Parts Manufacturing & Assembly remained flat as this segment bottomed out. In Environmental Engineering and Metals Recycling, the market conditions were favorable.
  
- Fiscal 2007 full-year outlook: Compared with the previous forecast (on April 26), operating income is lower while net income is higher.
  - Results in Mining & Fundamental Materials are expected to be in line with those in the first half, as the market conditions for metals are anticipated to deteriorate.
  - Copper foils should remain solid while the price of TAB/COF tapes should continue to fall.
  - The performance of door locks bottomed out in the first half, and cost improvements are expected to have a positive effect in the second half.
  
- Toward the next medium-term management plan
  - A three-year medium-term management plan that will begin in fiscal 2009 will be prepared with fiscal 2008 being a pre-medium-term plan.
  - An organization team for the medium-term management plan was established in September, and the team is currently drawing up a general direction for management.

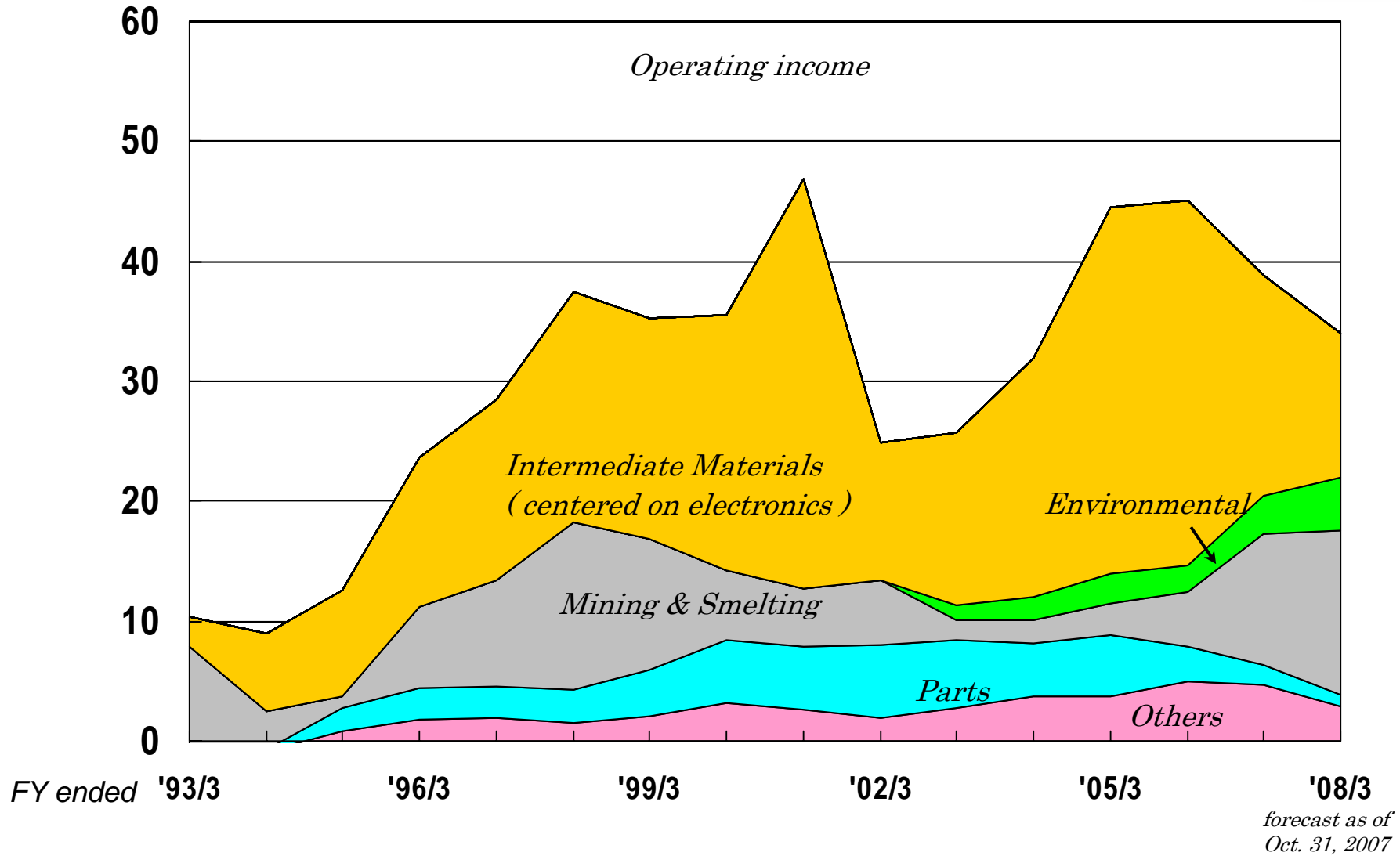
# Sales and Profits (billion yen)



# Operating Income Breakdown (billion yen)



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## Statements of Income (billion yen)



	1st half Results			Full-year		
	'07/9	'06/9	Change	'08/3 <i>Forecast</i>	'07/3	Change
<b>Net sales</b>	<b>299.1</b>	284.1	15.1 <i>5.3%</i>	<b>610.0</b>	591.5	18.5 <i>3.1%</i>
Cost of sales	<b>254.2</b>	240.1	14.1 <i>5.9%</i>	-	500.7	-
<b>Gross profit</b>	<b>44.9</b>	44.0	1.0 <i>2.2%</i>	-	90.8	-
SG&A expenses	<b>26.6</b>	24.3	2.3 <i>9.3%</i>	-	51.9	-
<b>Operating income</b>	<b>18.4</b>	19.7	-1.3 <i>-6.5%</i>	<b>34.0</b>	38.9	-4.9 <i>-12.5%</i>
Non-operating income/ expenses - net	<b>7.5</b>	9.5	-2.0	<b>11.0</b>	17.7	-6.7
<b>Recurring income</b>	<b>25.8</b>	29.2	-3.3 <i>-11.4%</i>	<b>45.0</b>	56.6	-11.6 <i>-20.5%</i>
Extraordinary profit/losses - net	<b>-2.9</b>	4.4	-7.3	<b>-0.3</b>	-7.5	7.1
<b>Net income before income taxes</b>	<b>22.9</b>	33.6	-10.7 <i>-31.8%</i>	<b>44.7</b>	49.1	-4.5 <i>-9.1%</i>
Income taxes and minority interests	<b>6.7</b>	11.5	-4.9	<b>14.7</b>	17.8	-3.1
<b>Net income</b>	<b>16.3</b>	22.0	-5.8 <i>-26.2%</i>	<b>30.0</b>	31.4	-1.4 <i>-4.4%</i>

### 08/3 Non-op.income/expenses

Interest	- 2.9
Equity method	+10.4
Dividend income	+ 1.1
Amortization	+ 3.0
Others	- 0.6
<b>Total</b>	<b>+ 11.0</b>

### '08/3 Extraordinary items

Indemnity	- 0.2
Loss on sale/disposal of P.P.E.	+ 2.5
Impairment on P.P. E.	- 0.4
Allowance for free exchange	- 1.9
Others	- 0.3
<b>Total</b>	<b>- 0.3</b>



Segment Information by Business (billion yen)

		1st half Results			Full-year		
		'07/9	'06/9	Change	'08/3 <i>Forecast</i>	'07/3	Change
Sales	Mining and Fundamental Materials	<b>70.1</b>	52.7	17.4 <i>33.1%</i>	<b>127.0</b>	113.6	13.4 <i>11.8%</i>
	Intermediate Materials	<b>125.4</b>	122.4	3.0 <i>2.4%</i>	<b>252.3</b>	249.3	3.0 <i>1.2%</i>
	Parts Manufacturing and Assembly	<b>76.9</b>	79.2	-2.3 <i>-2.9%</i>	<b>157.2</b>	161.8	-4.6 <i>-2.8%</i>
	Environmental Engineering and Metals	<b>34.7</b>	25.0	9.7 <i>38.7%</i>	<b>65.2</b>	53.4	11.9 <i>22.2%</i>
	Recycling	<b>11.2</b>	16.0	-4.8 <i>-29.9%</i>	<b>27.0</b>	46.2	-19.3 <i>-41.7%</i>
	Engineering	<b>30.8</b>	30.1	0.7 <i>2.3%</i>	<b>60.6</b>	61.8	-1.2 <i>-1.9%</i>
	Services	<b>30.8</b>	30.1	0.7 <i>2.3%</i>	<b>60.6</b>	61.8	-1.2 <i>-1.9%</i>
	Elimination	<b>-50.0</b>	-41.3	-8.7	<b>-79.2</b>	-94.5	15.3
	Consolidated	<b>299.1</b>	284.1	15.1 <i>5.3%</i>	<b>610.0</b>	591.5	18.5 <i>3.1%</i>
Operating income	Mining and Fundamental Materials	<b>6.9</b>	4.9	2.0 <i>41.0%</i>	<b>13.6</b>	11.0	2.6 <i>23.7%</i>
	Intermediate Materials	<b>6.7</b>	10.9	-4.1 <i>-38.0%</i>	<b>12.0</b>	18.3	-6.4 <i>-34.7%</i>
	Parts Manufacturing and Assembly	<b>0.4</b>	0.2	0.3 <i>178.5%</i>	<b>1.0</b>	1.6	-0.5 <i>-34.6%</i>
	Environmental Engineering and Metals	<b>2.9</b>	1.9	1.0 <i>51.5%</i>	<b>4.5</b>	3.2	1.3 <i>41.8%</i>
	Recycling	<b>0.2</b>	0.5	-0.4 <i>-68.2%</i>	<b>1.1</b>	2.8	-1.7 <i>-61.0%</i>
	Engineering	<b>0.2</b>	0.5	-0.4 <i>-68.2%</i>	<b>1.1</b>	2.8	-1.7 <i>-61.0%</i>
	Services	<b>1.0</b>	0.8	0.2 <i>21.2%</i>	<b>1.9</b>	1.7	0.2 <i>10.1%</i>
	Elimination	<b>0.2</b>	0.5	-0.2	<b>-0.1</b>	0.2	-0.3
	Consolidated	<b>18.4</b>	19.7	-1.3 <i>-6.5%</i>	<b>34.0</b>	38.9	-4.9 <i>-12.5%</i>

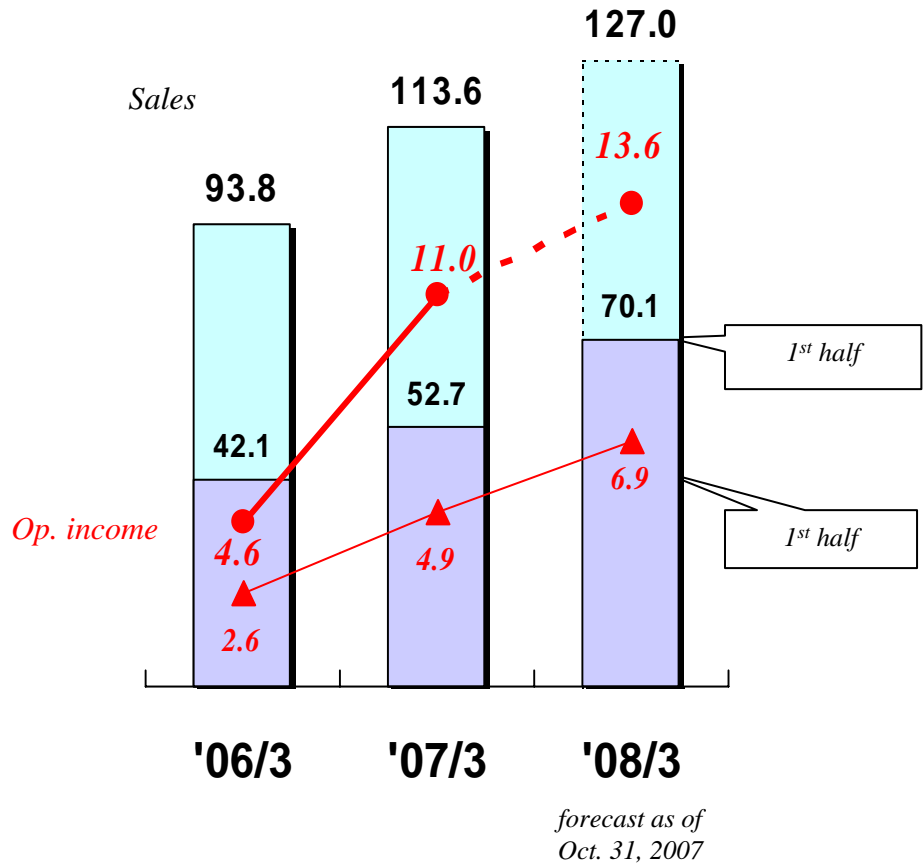
1st half summary November 1st, 2007 Mitsui Kinzoku



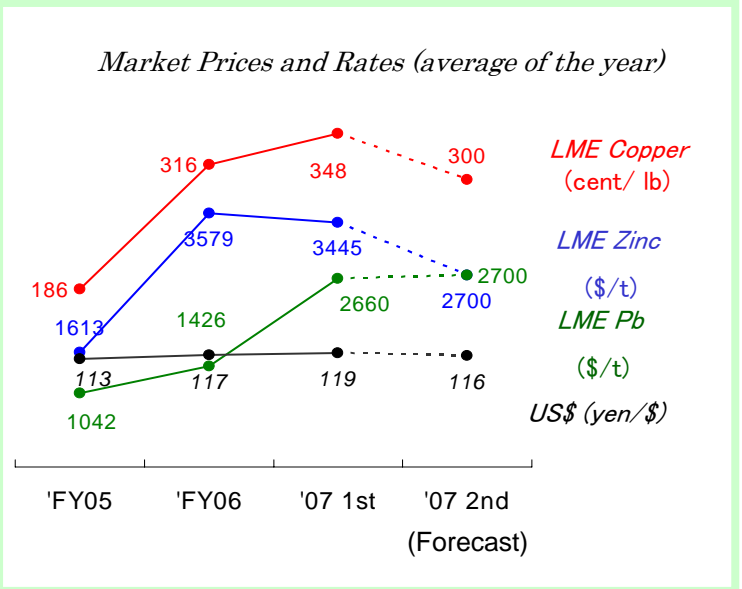
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Performance by Segment (1) Mining and Fundamental Materials (billion yen)

Although the market conditions of zinc were weak, profit increased given that the effective price of zinc including hedge was higher than the level in the previous year (\$2,000/t).



	[06/9 v. 07/9]	[07/3 v. 08/3]
Ex. Rate	0.2	
LME (Zn)	1.7	3.5
Inventory Effect	1.2	1.2
Others	-1.1	-2.1
<b>Total</b>	<b>2.0</b>	<b>2.6</b>
[Effective Zn price]	[1st 07]	[2nd 07]
	2,700 \$/t	2,700 \$/t

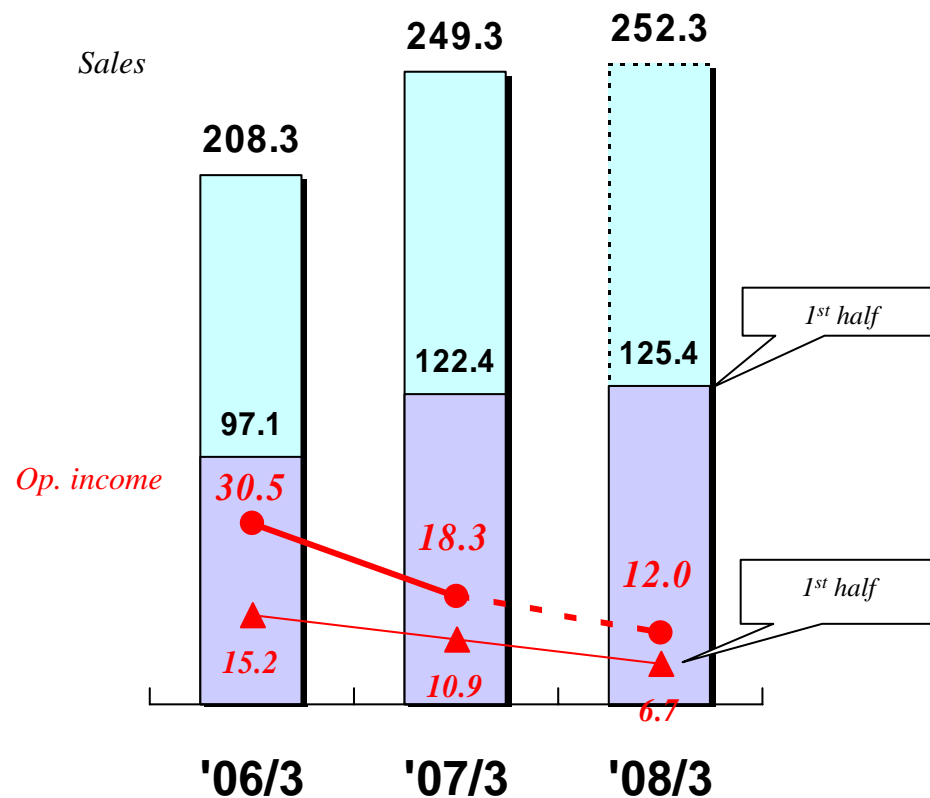




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*Performance by Segment (2) Intermediate Materials (billion yen)*

Although the volume of LCD-related materials recovered, the fall in prices had an impact



forecast as of Oct. 31, 2007

1st half summary November 1st, 2007 Mitsui Kinzoku

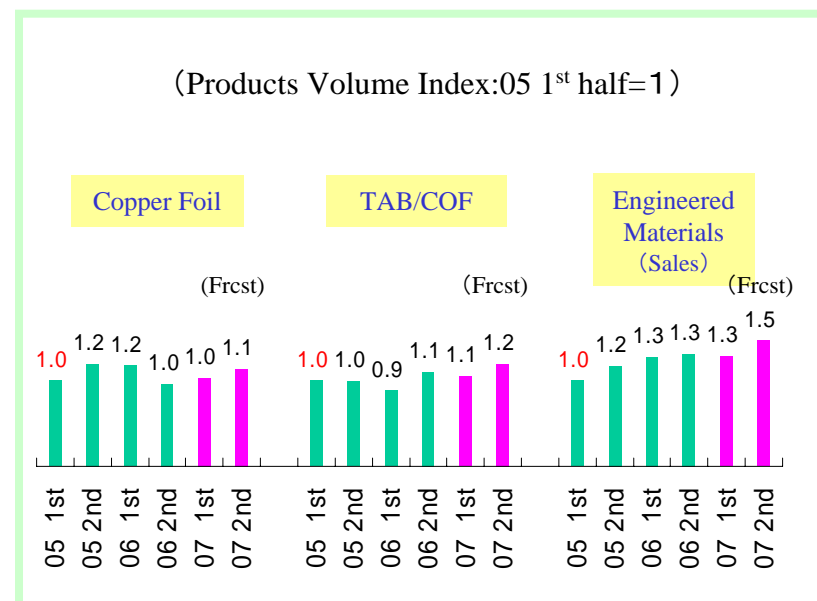
**Operating Income variance(billion yen)**

[06/9→07/9 -4.1]

- While the volume of TAB/COF recovered, the price decline accelerated.
- Losses from inventories had a significant impact on ITO targets.

[07/3→08/3 -6.3]

- Profit continued to increase in copper foils, but the fall in TAB/COF prices accelerated.





### Performance by Segment (3) Parts Manufacturing and Assembly (billion yen)

Measures to improve earnings are being implemented. The downward trend in profit has run its course.

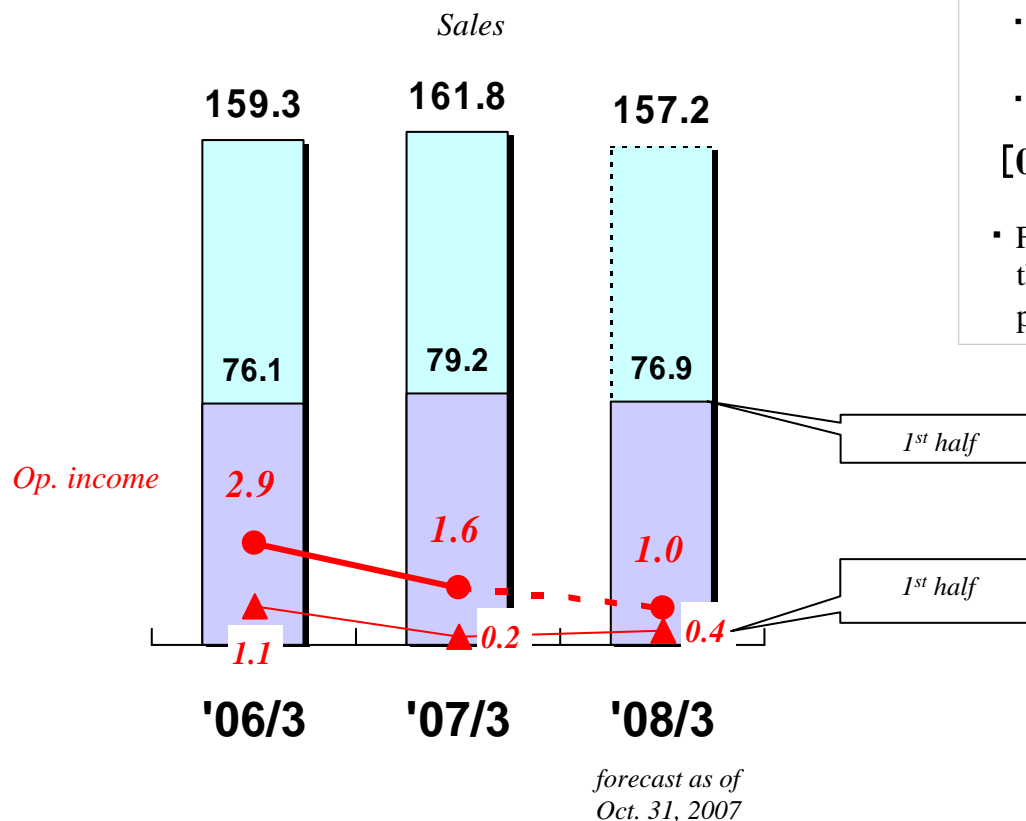
#### Operating Income variance(billion yen)

[06/9→07/9 -0.3]

- Although profit decreased in door locks, the profit decline shows sign of touching bottom
- Catalysts for mini-vehicles and two-wheel vehicles are solid.
- Die-cast products are struggling with lower sales.

[07/3→08/3 -0.5]

- Fundamental efforts are being made to increase income in the 2<sup>nd</sup> half, through activities to improve quality and production management.





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### Performance by Segment (4) Environmental Engineering and Metals Recycling (billion yen)

Both sales and profit should increase on the back of a rise in lead prices and robust demand for batteries.

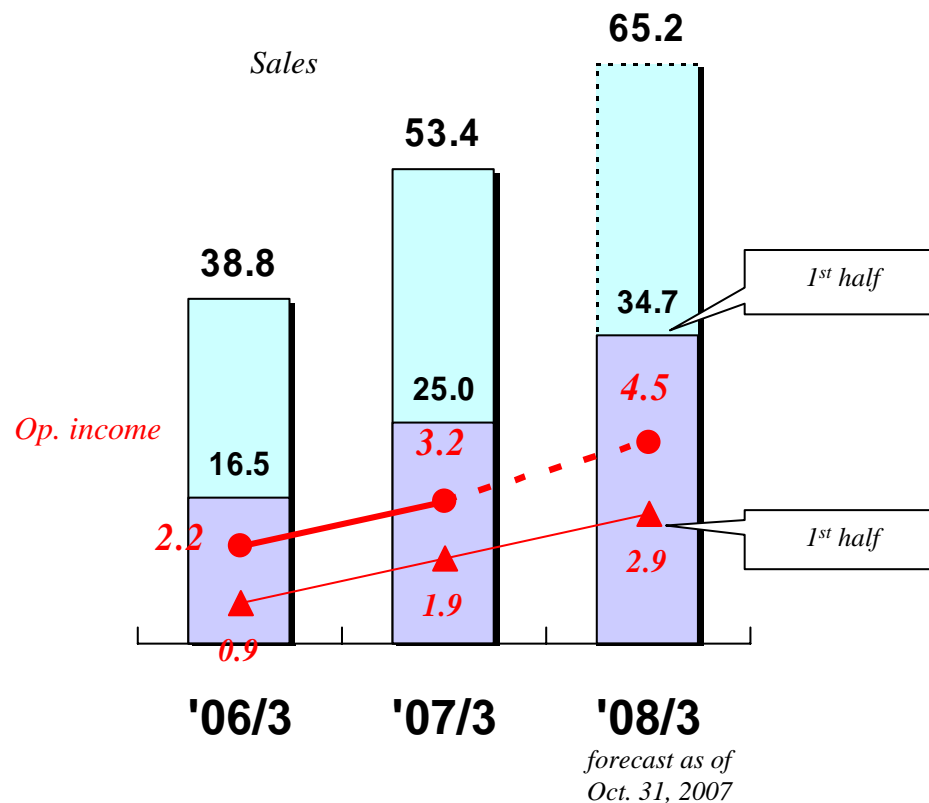
#### Operating Income variance(billion yen)

[06/9→07/9 +1.0]

▪ Rising metal prices

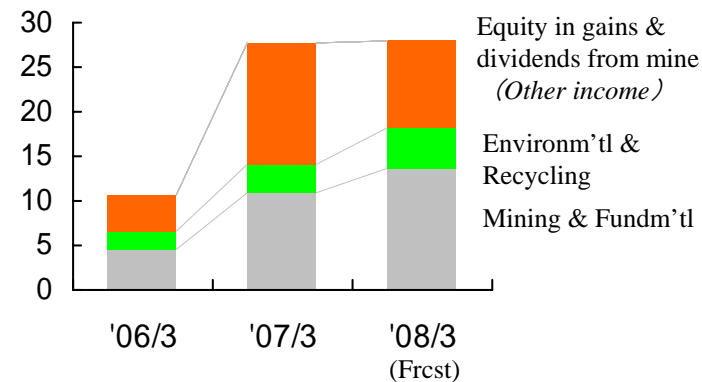
[07/3→08/3 + 1.3]

▪ Rising metal prices



(FYR) Profits in the metal, environment and recycling businesses

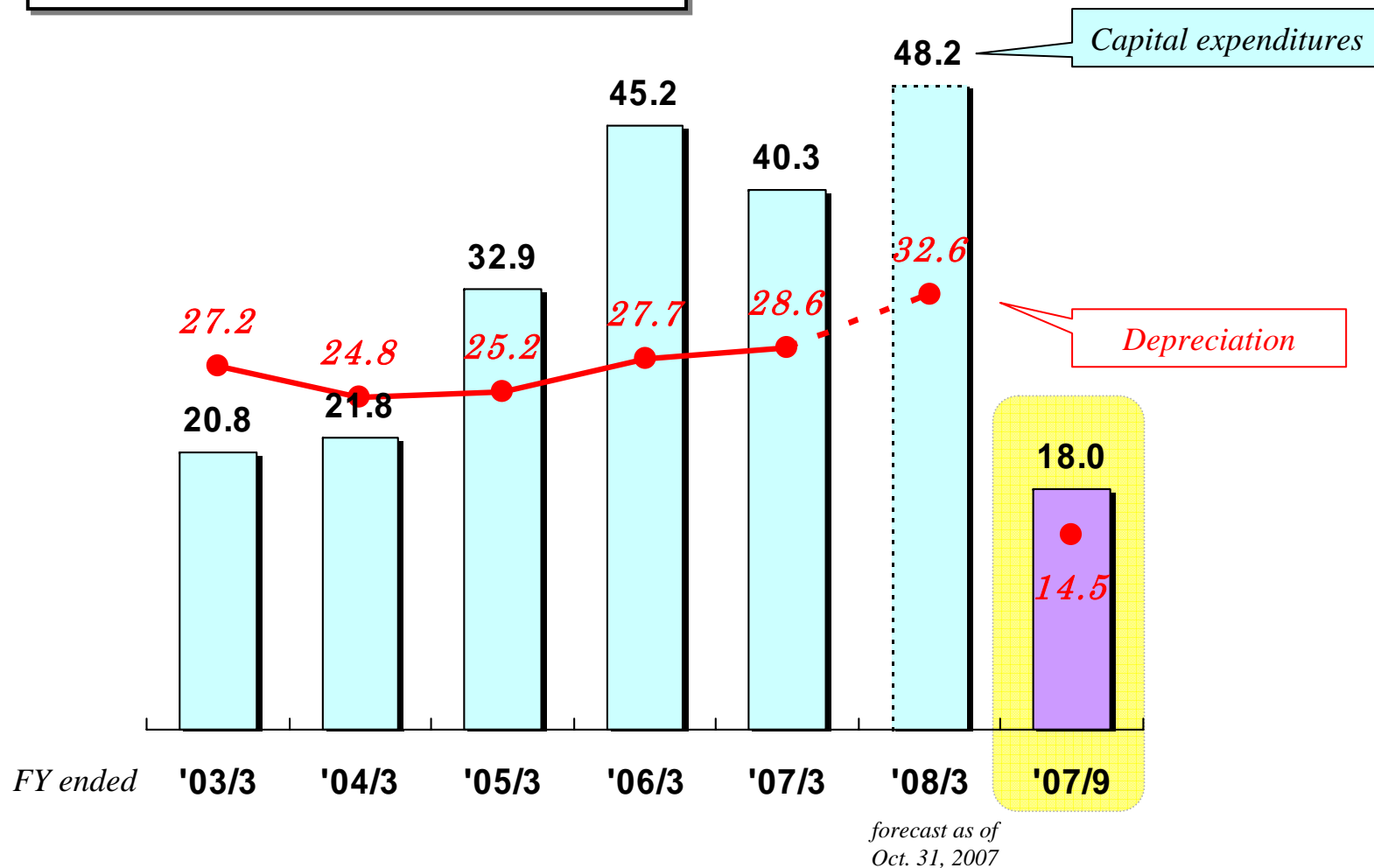
(Billion Yen)





## CAPEX and Depreciation (billion yen)

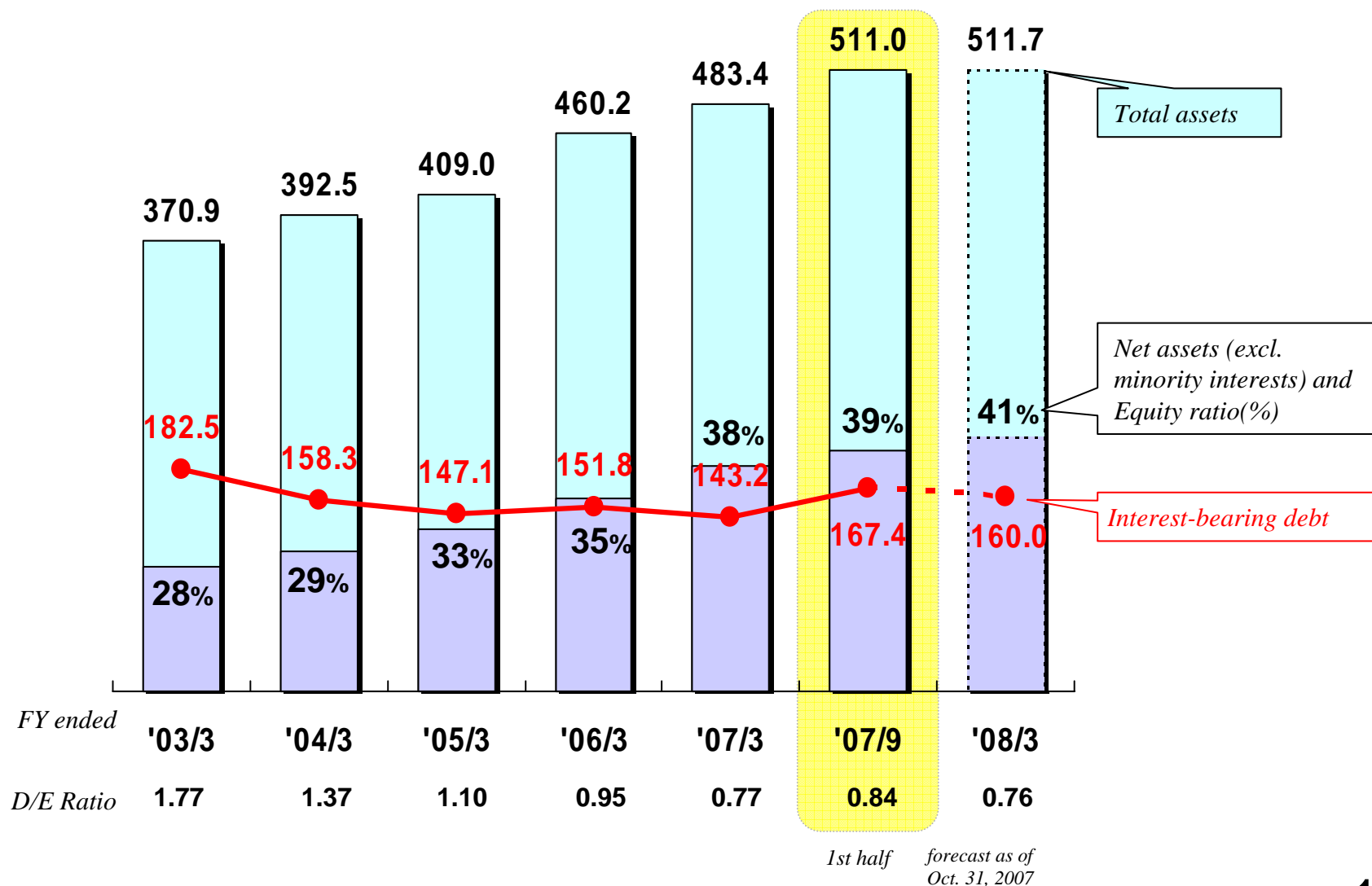
We continue to invest aggressively, aiming to achieve rapid growth



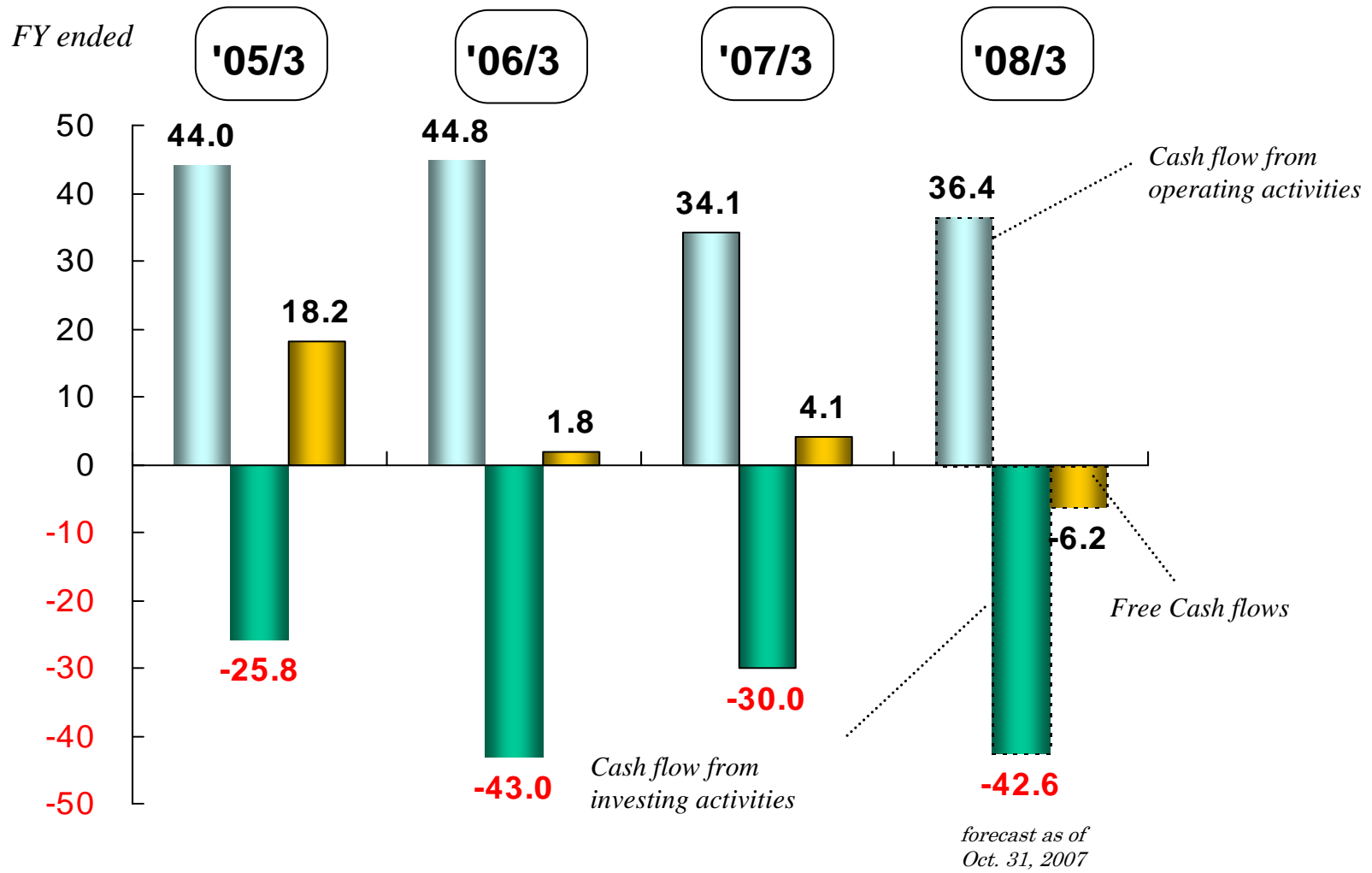


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### Financial Position at Term Ends (billion yen)



# Cash Flows (billion yen)



# Profitability Indexes

