



mitsui kinzoku

(Mitsui Mining & Smelting Co., Ltd. TSE5706)

FY2008 Q2 Results & Forecast

November 4, 2008

(Notes)

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

Business Overview

■ 2008/Q1-2 results (vs. 2007/Q1-2)

- Sales fell on declining prices of zinc and lead, weak demand and falling prices for TAB and COF tapes, and weak sales of auto parts in the North American market. Operating income dropped 33%, in spite of the impact of a change of inventory assets valuation method and profits on the valuation of inventory.

Mining & Fundamental Materials : Profits fell drastically with the appreciation of the yen, falling prices of zinc, and rising coke prices.

Intermediate Materials : Rolled copper & zinc and thin-film materials posted gains from inventories. Demand for TAB/COF were sluggish, and the prices continuously declined.

Parts Manufacturing & Assembly : Although sales of door locks fell in North America, the profit margin improved.

Metals Recycling : Profit fell with falling prices of zinc and lead.

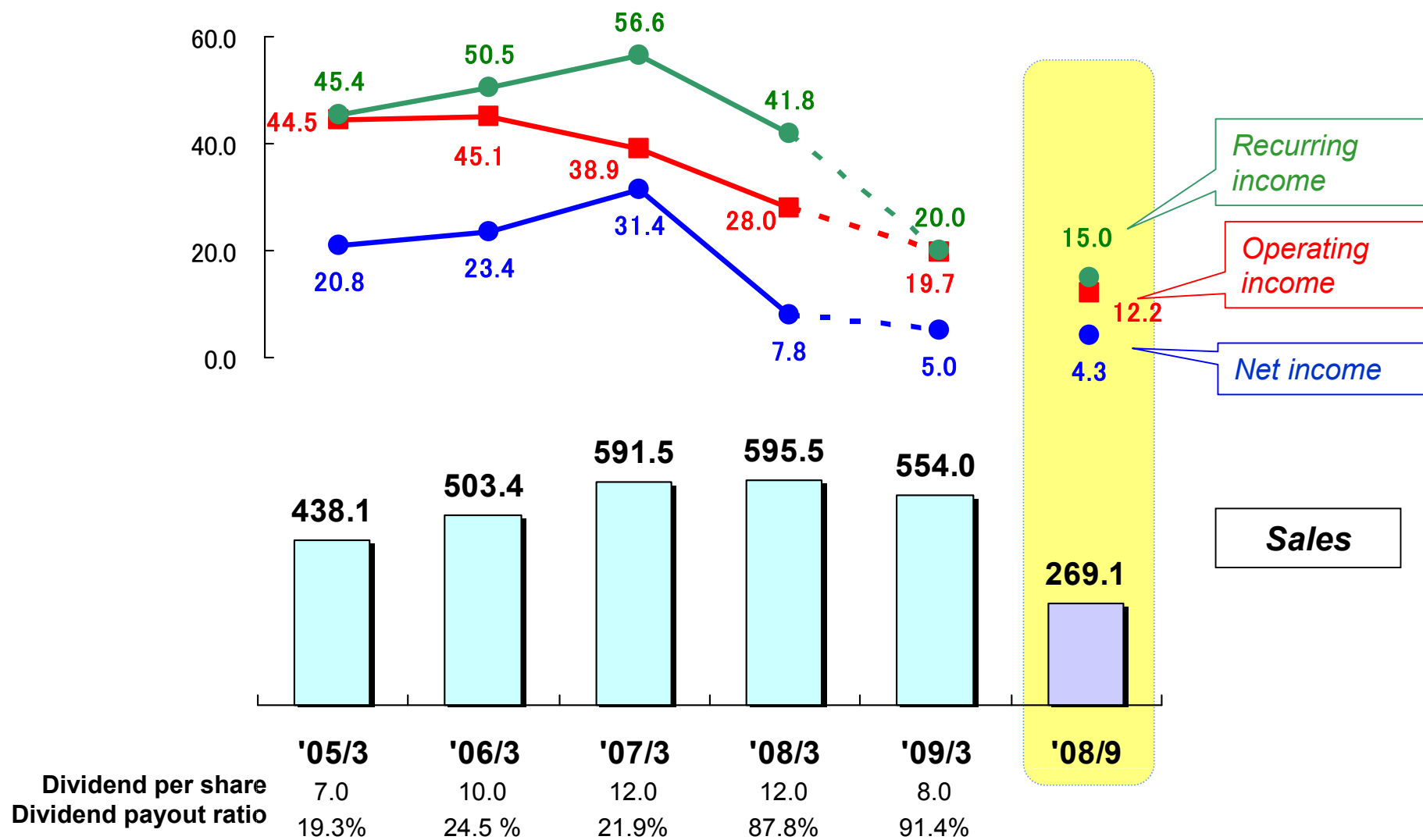
Non-operating income/expenses : Income declined because of a fall in gain from investments in the copper and zinc business by the equity method and the termination of the write-down of negative goodwill.

Extraordinary profit/losses : A revaluation loss on inventory of 4.7 billion yen was posted as a result of a change in accounting standards.

■ Fiscal 2008 full-year outlook

- We kept the forecasts announced on October 6 unchanged despite violent fluctuations in metal, currency exchange, electronic materials and automobile market conditions.
 - Profits in the Mining and Fundamental Materials Business and the Environmental Engineering and Metals Recycling Business will deteriorate substantially because of falling metal prices and rising coke prices.
 - Price falls in TAB/COF have remained within the scope of our forecasts, thanks to a shift to high value-added products. There are, however, growing concerns over declining demand.
 - Performance in the automobile market is expected to weaken in the Parts Manufacturing and Assembly Business. However, we aim to improve the profit ratio across the business segment.

Sales and Profit (billion yen)

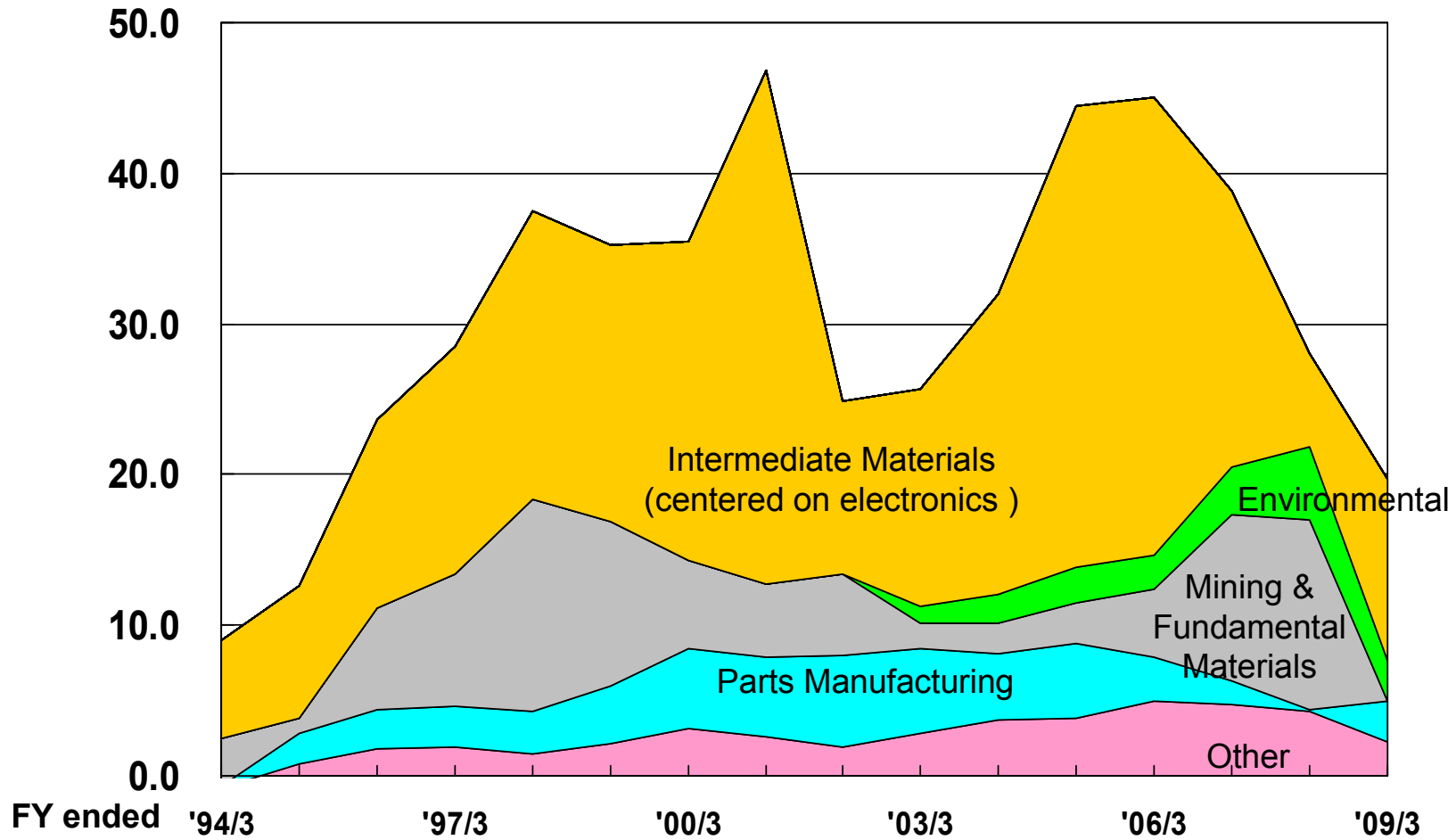


Forecast as of
Nov. 4, 2008

Statements of Income (billion yen)

	1st half Results			Full-year				
	'08/Q1-2	'07/Q1-2	Change	'09/3 Forecast	'08/3	Change	'09/3 Apr.28 Frcst.	Change
Net sales	269.1	299.1	-30.1 -10.0%	554.0	595.5	-41.5 -7.0%	591.0	-37.0 -6.3%
Cost of sales	230.6	254.2	-23.6 -9.3%	-	510.1	-	-	-
Gross profit	38.5	44.9	-6.4 -14.3%	-	85.4	-	-	-
SG&A expenses	26.3	26.6	-0.3 -1.1%	-	57.4	-	-	-
Operating income	12.2	18.4	-6.2 -33.5%	19.7	28.0	-8.3 -29.6%	28.2	-8.5 -30.1%
Non-operating income/ expenses - net	2.8	7.5	-4.7	0.3	13.8	-13.5	1.8	-1.5
Recurring income	15.0	25.8	-10.8 -41.9%	20.0	41.8	-21.8 -52.1%	30.0	-10.0 -33.3%
Extraordinary profit/losses - net	-6.6	-2.9	-3.7	-7.9	-19.1	11.3	-7.9	0.0
Net income before income taxes	8.4	22.9	-14.5 -63.3%	12.2	22.7	-10.5 -46.4%	22.1	-10.0 -45.0%
Income taxes and minority interests	4.1	6.7	-2.5	7.2	14.8	-7.7	10.1	-3.0
Net income	4.3	16.3	-12.0 -73.8%	5.0	7.8	-2.8 -36.1%	12.0	-7.0 -58.3%

Historical Operating Income by Segment (billion yen)



Forecast as of
Nov. 4, 2008

Segment Information by Business (billion yen)

[vs. previous forecast]

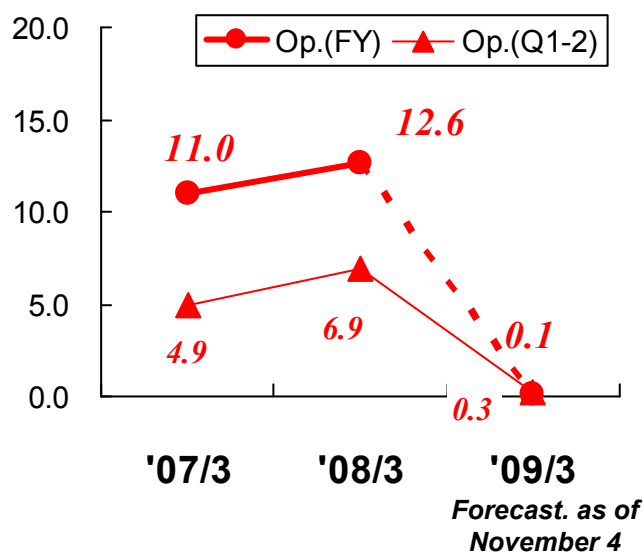
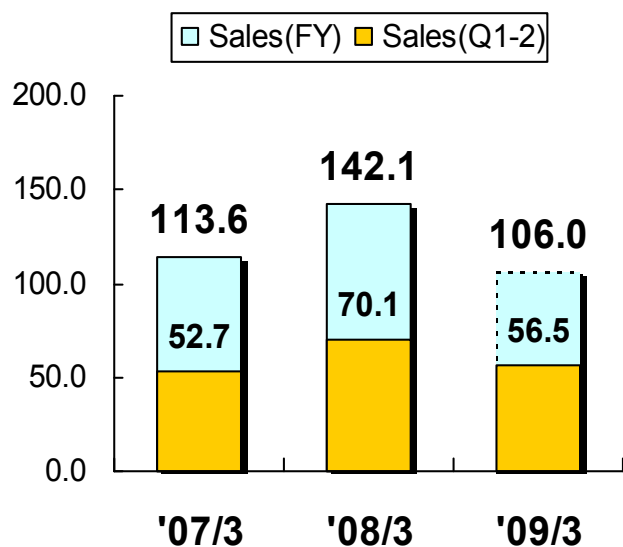


	1st half 08			2nd half 08			Full-year 08		
	Q1-2	Frcst(April 28)	Change	Frcst.	Frcst(April 28)	Change	Frcst.	Frcst(April 28)	Change
■ Sales									
Mining and Fundamental Materials	56.5	56.0	0.5 0.8%	49.5	58.0	-8.5 -14.6%	106.0	114.0	-8.0 -7.0%
Intermediate Materials	120.0	116.0	4.0 3.5%	113.0	116.0	-3.0 -2.6%	233.0	232.0	1.0 0.4%
Parts Manufacturing and Assembly	72.3	73.5	-1.2 -1.7%	71.7	76.0	-4.3 -5.6%	144.0	149.5	-5.5 -3.7%
Environmental Engineering and Metals Recycling	30.8	30.0	0.8 2.8%	30.2	31.0	-0.8 -2.7%	61.0	61.0	0.0 0.0%
Engineering	10.1	9.0	1.1 11.8%	16.9	20.0	-3.1 -15.3%	27.0	29.0	-2.0 -6.9%
Services	27.2	26.0	1.2 4.6%	27.8	27.0	0.8 3.0%	55.0	53.0	2.0 3.8%
Elimination	-47.7	-24.5	-23.2	-24.3	-23.0	-1.3	-72.0	-47.5	-24.5
Consolidated	269.1	286.0	-16.9 -5.9%	284.9	305.0	-20.1 -6.6%	554.0	591.0	-37.0 -6.3%
■ Operating income									
Mining and Fundamental Materials	0.3	4.5	-4.2 -94.0%	-0.2	4.5	-4.7 -103.8%	0.1	9.0	-8.9 -98.9%
Intermediate Materials	8.7	5.1	3.6 71.1%	3.3	5.3	-2.0 -38.2%	12.0	10.4	1.6 15.4%
Parts Manufacturing and Assembly	0.7	0.6	0.1 18.3%	1.9	1.4	0.5 35.0%	2.6	2.0	0.6 30.0%
Environmental Engineering and Metals Recycling	1.7	3.5	-1.8 -50.5%	1.0	1.5	-0.5 -35.5%	2.7	5.0	-2.3 -46.0%
Engineering	0.0	-0.1	0.1	0.9	1.1	-0.2 -21.5%	0.9	1.0	-0.1 -10.0%
Services	0.8	0.6	0.2 36.5%	0.5	0.6	-0.1 -19.8%	1.3	1.2	0.1 8.3%
Elimination	-0.1	-0.2	0.1	0.2	-0.2	0.4	0.1	-0.4	0.5
Consolidated	12.2	14.0	-1.8 -12.6%	7.5	14.2	-6.7 -47.4%	19.7	28.2	-8.5 -30.1%

Segment Information by Business (billion yen)

■ Sales	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	08/Q2	YoY	07/Q1-2	08/Q1-2	YoY
Mining and Fundamental Materials	34.4	35.7	38.3	33.7	28.9	27.6	-8.1 -22.7%	70.1	56.5	-13.6 -19.5%
Intermediate Materials	62.3	63.1	63.9	54.5	60.7	59.3	-3.9 -6.1%	125.4	120.0	-5.4 -4.3%
Parts Manufacturing and Assembly	41.1	35.9	39.3	37.6	36.7	35.5	-0.3 -0.9%	76.9	72.3	-4.7 -6.1%
Environmental Engineering and Metals Recycling	17.3	17.4	18.3	16.1	14.9	16.0	-1.4 -8.3%	34.7	30.8	-3.8 -11.1%
Engineering	4.0	7.2	3.8	12.6	3.7	6.3	-0.9 -12.5%	11.2	10.1	-1.1 -10.2%
Services	15.5	15.3	16.0	13.9	13.8	13.4	-1.8 -11.9%	30.8	27.2	-3.6 -11.7%
Elimination	-23.7	-26.2	-24.5	-27.1	-23.3	-24.4	1.8	-50.0	-47.7	2.2
Consolidated	150.8	148.4	155.1	141.3	135.4	133.7	-14.6 -9.9%	299.1	269.1	-30.1 -10.0%
■ Operating income	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	08/Q2	YoY	07/Q1-2	08/Q1-2	YoY
Mining and Fundamental Materials	1.3	5.6	4.3	1.4	0.8	-0.6	-6.2 -109.8%	6.9	0.3	-6.6 -96.1%
Intermediate Materials	2.3	4.4	2.3	-2.9	6.5	2.2	-2.2 -49.2%	6.7	8.7	2.0 29.4%
Parts Manufacturing and Assembly	-0.0	0.4	0.2	-0.5	0.7	0.0	-0.4 -96.4%	0.4	0.7	0.3 61.0%
Environmental Engineering and Metals Recycling	1.0	1.9	0.7	1.3	1.7	0.1	-1.8 -96.5%	2.9	1.7	-1.2 -41.1%
Engineering	-0.2	0.3	0.0	1.1	-0.1	0.1	-0.2 -63.2%	0.2	0.0	-0.1 -78.2%
Services	0.4	0.6	0.1	0.8	0.4	0.4	-0.1 -24.9%	1.0	0.8	-0.2 -16.2%
Elimination	0.1	0.1	0.1	0.8	0.0	-0.1	-0.2	0.2	-0.1	-0.3
Consolidated	5.0	13.4	7.6	2.0	10.0	2.3	-11.2 -83.2%	18.4	12.2	-6.2 -33.5%

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

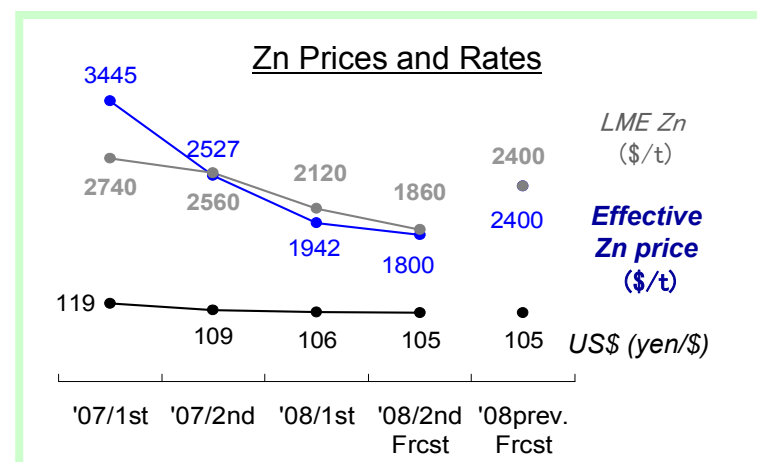


Operating Income variance (billion yen)

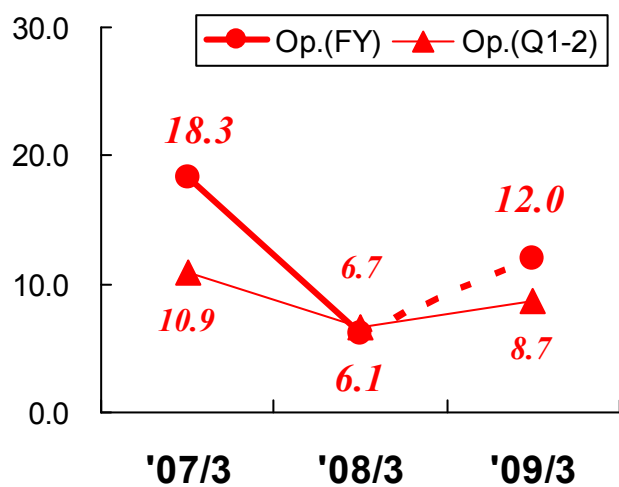
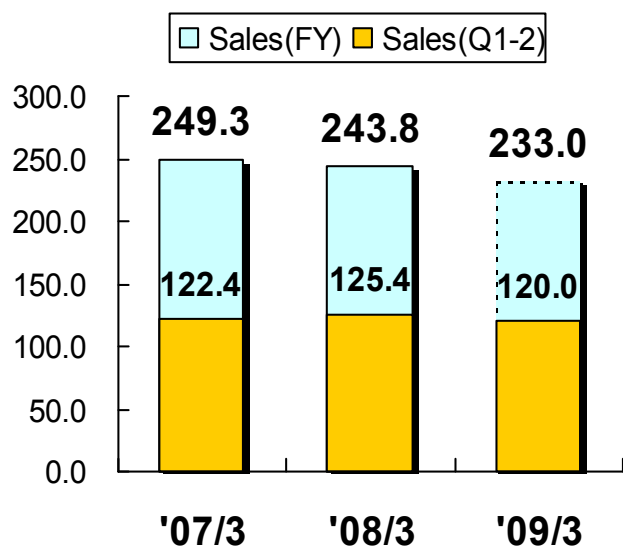
	('07/Q1&2 vs. '08/Q1&2)	(FY07 vs. FY08 forecast)
Ex. Rate	-0.9	-1.4
LME (Zn)	-3.1	-8.3
T/C (Zn)	0.9	1.7
Inventory valuation change	-2.0	-2.0
Coke price	-2.3	-4.2
Other	0.8	1.7
Total	-6.6	-12.5

Sensitivity to Op. (for 2nd half, FY2008)

Zn \$100/t	± 0.6 billion yen
1US\$/JPY	± 0.07 billion yen



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



Forecast. as of November 4

Operating Income variance (billion yen)

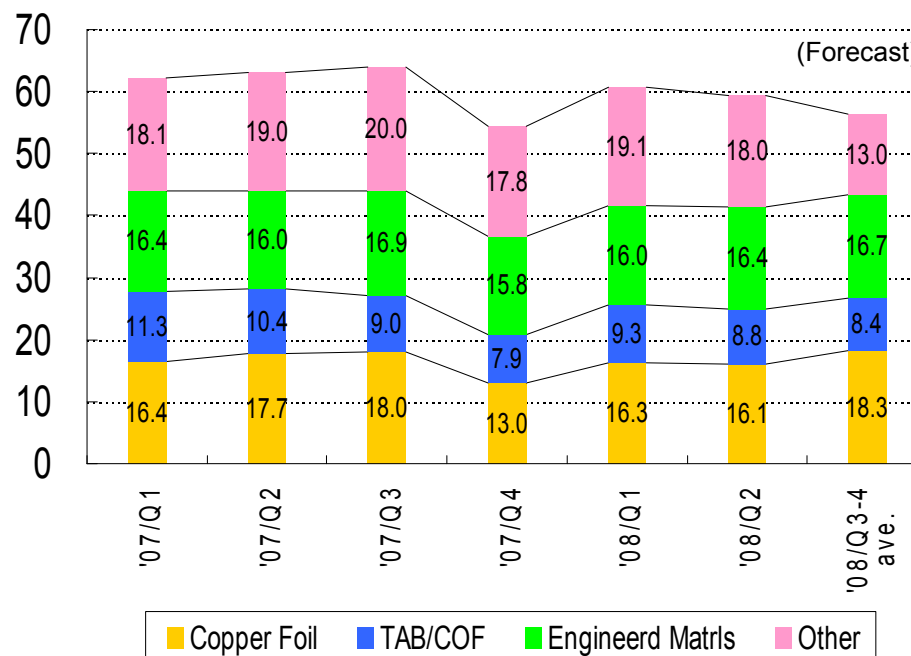
[2007 Q1&2 vs. 2008 Q1&2 + 2.0]

- The inventory assets valuation method changed (+¥2.7bn). Falls in TAB/COF prices.

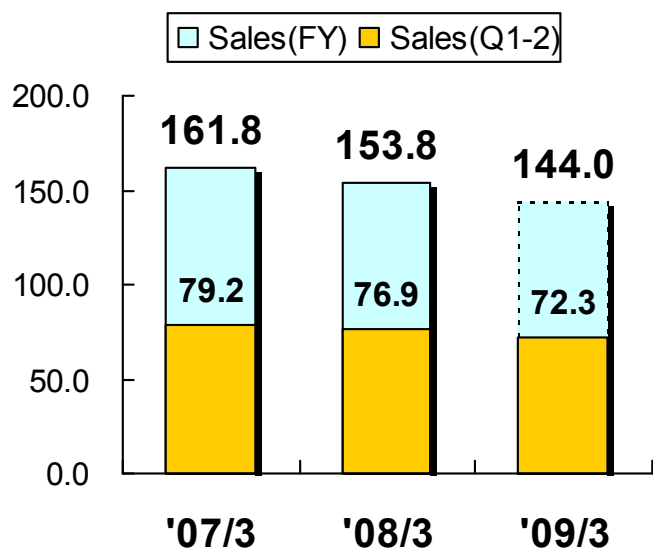
[FY2007 vs. FY2008 forecast +5.9]

- The inventory assets valuation method changed, a profit from valuation of the inventory of thin-film materials

Divisional Sales Breakdown (billion yen)



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



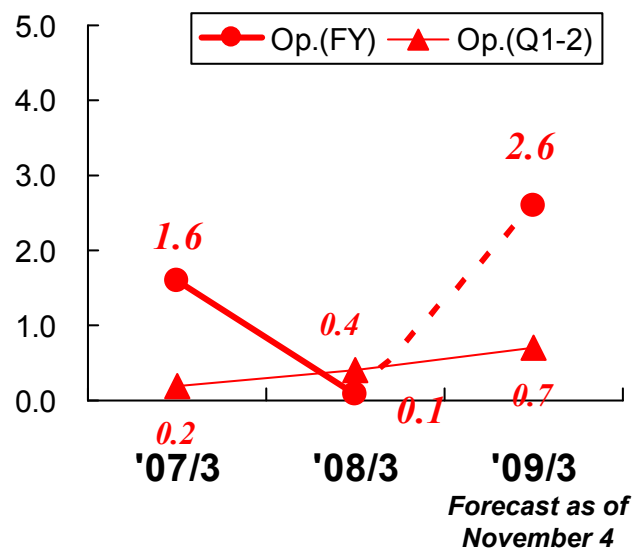
Operating Income variance (billion yen)

[2007 Q1&2 vs. 2008 Q1&2 + 0.3]

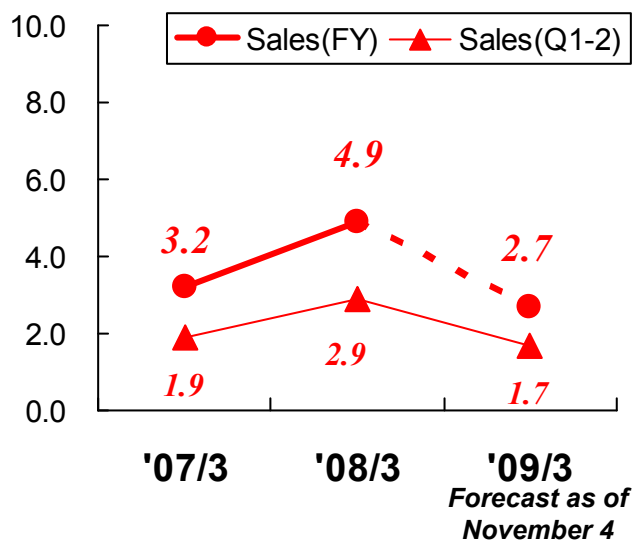
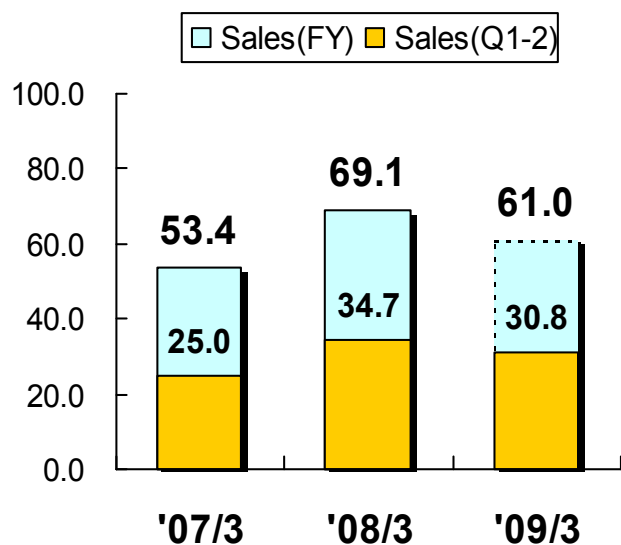
· Profit margins on auto door locks improved.

[FY2007 vs. FY2008 forecast +2.5]

· There is concern about a fall in sales in automotive market. But we will offset the potential fall by improving productivity.



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



Operating income variance (billion yen)
[2007 Q1&2 vs. 2008 Q1&2 - 1.2]

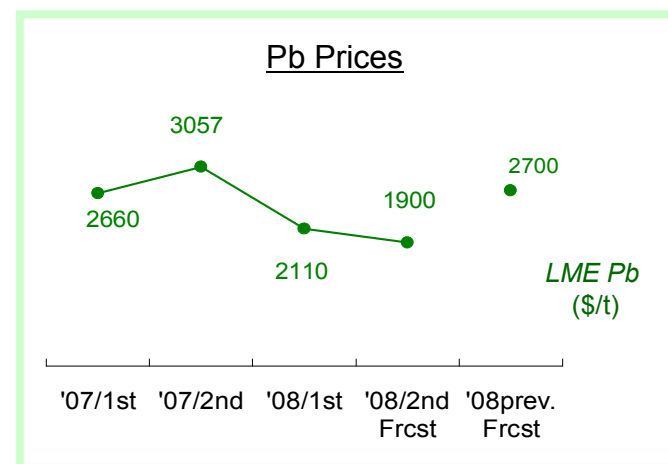
- The inventory assets valuation method changed (+¥1.3bn).
- The metal prices fell; energy costs rose.

[FY2007 vs. FY2008 forecast - 2.2]

- The metal prices will fall; energy costs will rise.

Sensitivity to Op. (for 2nd half, FY2008)

Pb \$100/t	± 0.6 billion yen
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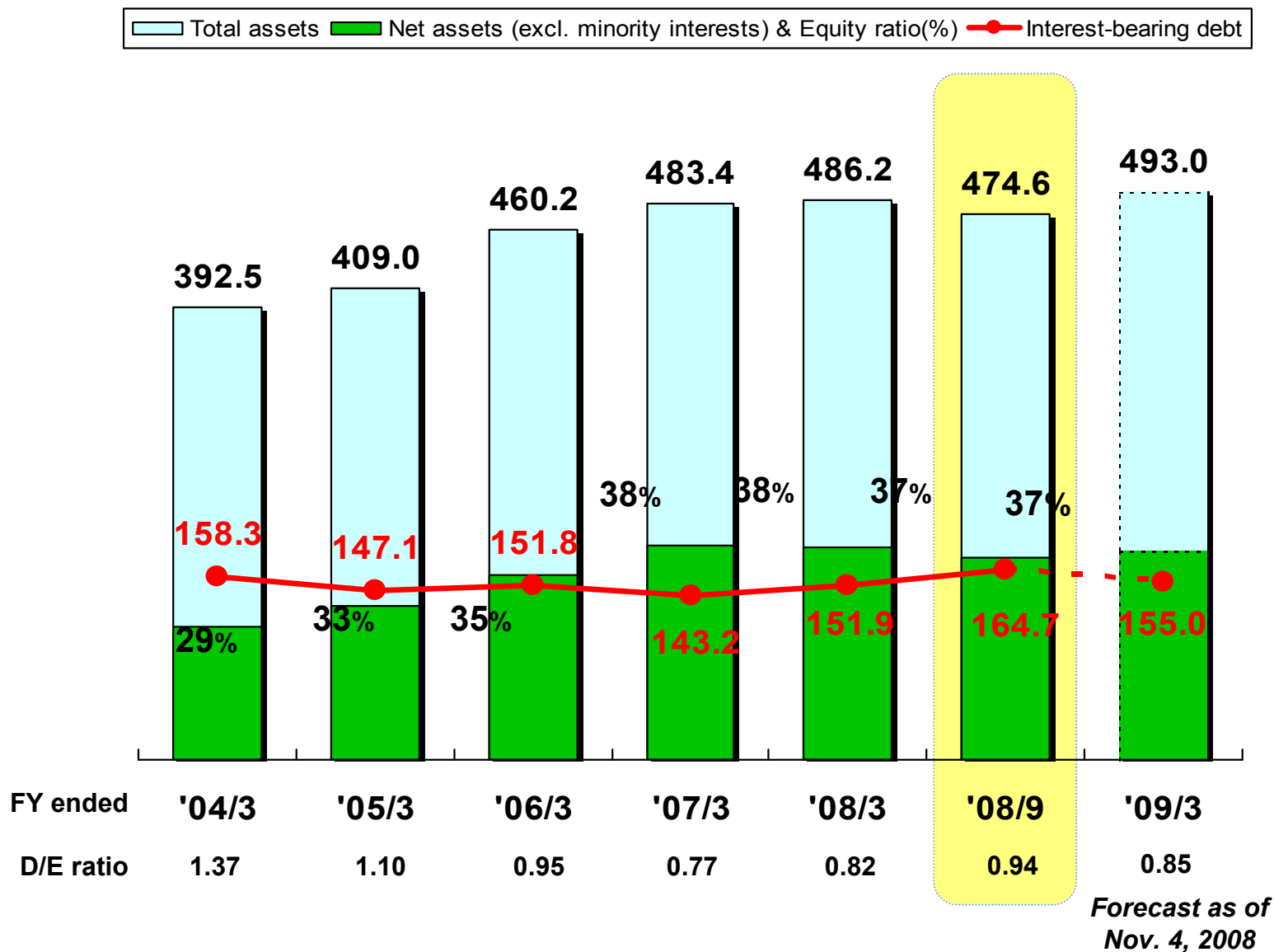


Non-operating income/expenses and Extraordinary profit/losses (billion yen)

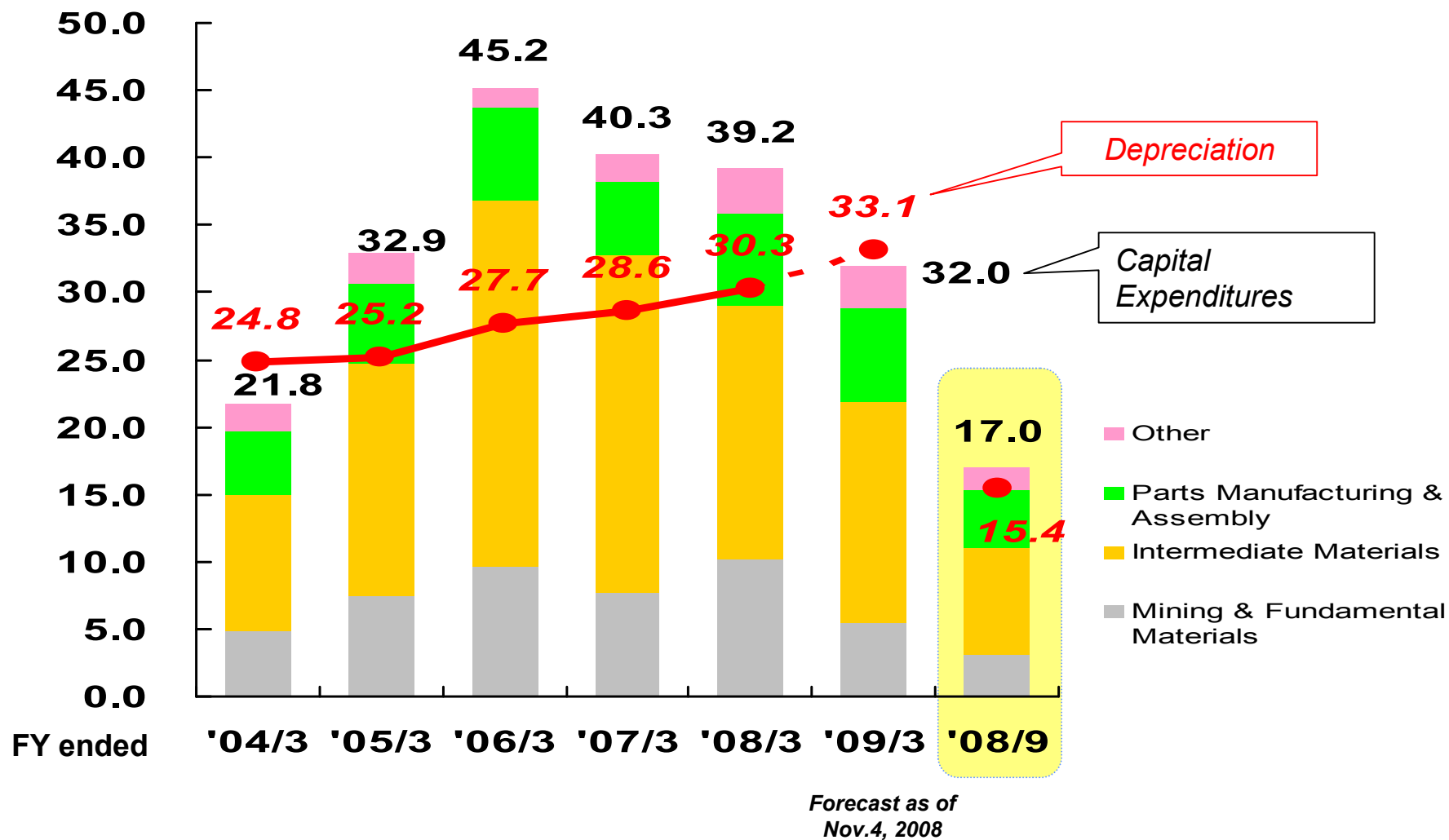


	1st half			Full-year				
	'08/Q1-2	'07/Q1-2	Change	FY08 Forecast	FY07	Change	FY08 Frcst. (April 28)	Change
Interest income - net	-1.4	-1.3	-0.1	-3.1	-2.7	-0.4	-3.1	-0.0
Dividend income -net	1.3	0.8	0.5	1.8	1.6	0.2	1.2	0.6
Amortization of cosolidation differences	0.0	1.5	-1.4	0.1	3.0	-2.9	0.1	-0.0
Equity in gains/losses	2.3	6.8	-4.5	2.2	11.6	-9.4	5.0	-2.7
Cu price (¢ /lb)	(366 ¢)	(348 ¢)	(18 ¢)	(330 ¢)	(344 ¢)	(-14 ¢)	(330 ¢)	(0 ¢)
Zn price (\$/t)	(\$1,942)	(\$3,445)	(-\$1,503)	(\$1,871)	(\$2,986)	(-\$1,115)	(\$2,400)	(-\$529)
Other	0.5	-0.3	0.8	-0.7	0.3	-1.0	-1.4	0.7
Non-operating income/expenses - net	2.8	7.5	-4.7	0.3	13.8	-13.5	1.8	-1.5
Gain on sale of mining rights			0.0		3.7	-3.7		0.0
Indemnity	-0.1	-0.1	-0.0	-0.2	-0.2	-0.0	-0.2	0.0
Loss on sale & disposal of P. P. E.	-0.2	-0.5	0.3	-0.6	-1.7	1.1	-1.3	0.7
Impairment charges on P.P.E.	-0.1	-0.0	-0.0	-0.3	-18.5	18.2	-0.2	-0.1
Write-down of inventories	-4.7		-4.7	-4.7		-4.7	-4.7	-0.0
Other	-1.6	-2.4	0.8	-2.0	-2.4	0.4	-1.5	-0.5
Extraordinary profit/losses - net	-6.6	-2.9	-3.7	-7.9	-19.1	11.3	-7.9	0.0

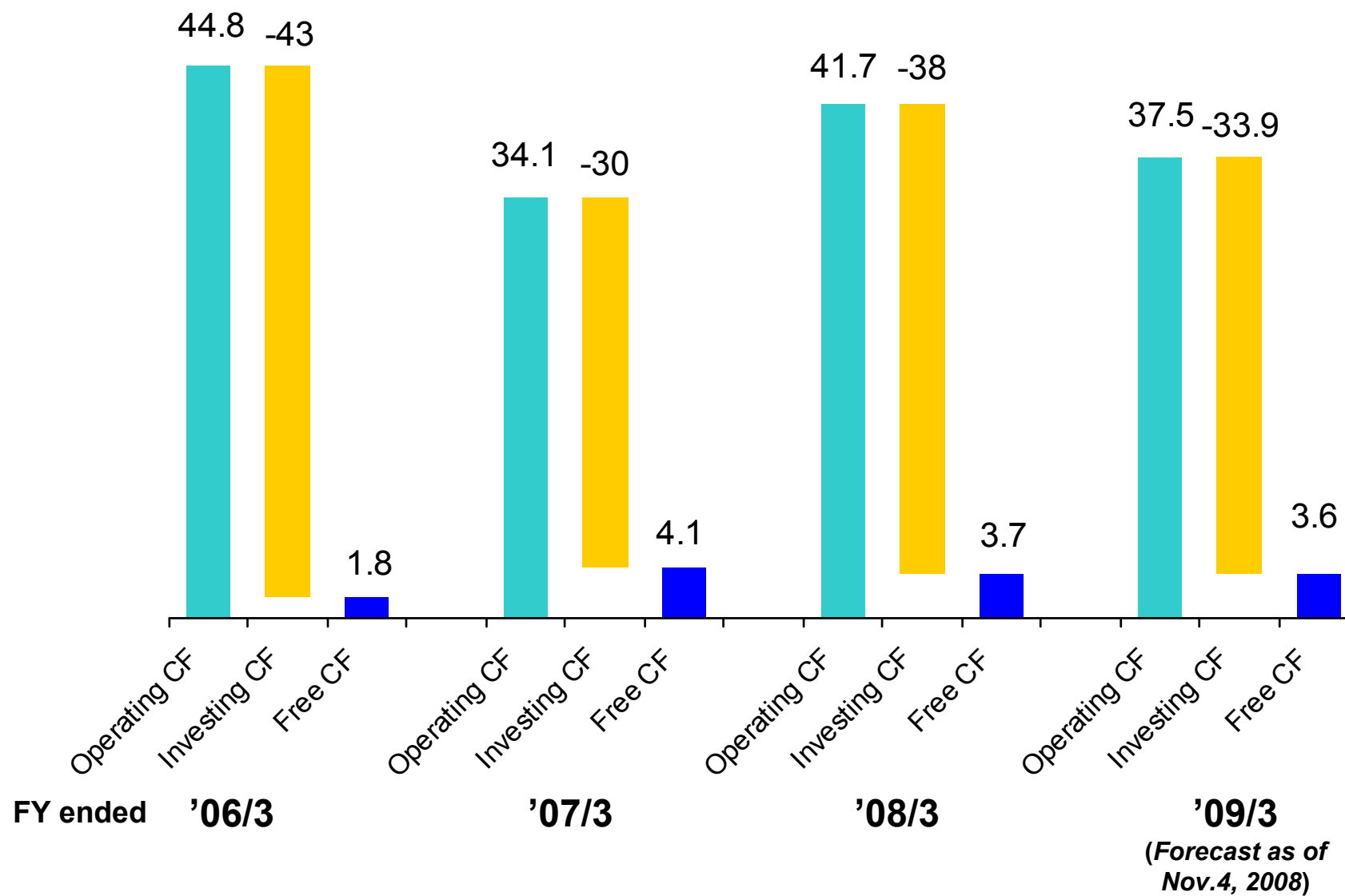
Financial Position at Term Ends (billion yen)



CAPEX and Depreciation (billion yen)



Cash Flows (billion yen)



Profitability Indexes

