

Supplementary Explanation for Financial Summary FY2008



Hishikari Mine (Japan)

April 30th, 2009

Sumitomo Metal Mining Co., Ltd

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2009.4.30

Consolidated financial results on FY2008 and forecast of FY2009

(JPY 100M)

		FY2008	FY2007	Diff.
		result	result	
A	Net Sales	7,938	11,324	△ 3,386
	Operating income	105	1,554	△ 1,449
	Recurring profit	326	2,179	△ 1,853
	Net income	220	1,378	△ 1,158
	Cu(\$/t)	5,864	7,584	△ 1,720
	Ni(\$/lb)	7.48	15.47	△ 7.99
	Au(\$/oz)	867.4	766.0	101.4
	Exchange Rate(¥/ \$)	100.54	114.29	△ 13.75

<Comparison of consolidated recurring profit, FY2008 vs FY2007>

(JPY100M)

1. Market price factors : △1,250
 Prices, terms and conditions : △830, Inventory valuation loss : △210,
 Exchange Rate: △240, Others: +30
2. Decrease of sales quantity : △130
3. Increase of operation cost : △150
 (Overseas mines : △835, Domestic cost unit increase : △67)
 (Domestic cost cuts in 3Q+4Q of FY2008 : Expenses cuts 20, Investment cuts 40)
4. Semiconductor and Advanced materials : △184
 (Operating income : △102/2008, 82 / 2007)
5. Others : △139

		FY2009	FY2008	Diff.
		forecast	Result	
B	Net Sales	4,930	7,938	△ 3,008
	Operating income	140	105	35
	Recurring profit	110	326	△ 216
	Net income	70	220	△ 150
	Cu(\$/t)	4,000	5,864	△ 1,864
	Ni(\$/lb)	5.00	7.48	△ 2.48
	Au(\$/oz)	850.0	867.4	△ 17.4
	Exchange Rate(¥/ \$)	95.00	100.54	△ 5.54

<Comparison of consolidated recurring profit, FY2008 vs FY2007>

(JPY100M)

1. Market price factors : △550
 Prices, terms and conditions : △770, Inventory valuation loss : +310,
 Exchange Rate: △70, Others: △20
2. Decrease of sales quantity : △100
3. Decrease of operation cost : +470
 (Overseas mines : +435, Domestic cost unit decrease : +35)
 (Domestic cost cuts in FY2009 : Expenses cuts +150, Operation level increase△115)
4. Semiconductor and Advanced materials : +37
 (Operating income : △65/2009, △102/2008)
5. Others : △73

Consolidated financial results of FY2008 & FY2007 by quarter

(JPY 100M)

	FY2007					FY2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
	result	result	result	result	result	result	result	result	result	result
Net Sales	2,963	2,969	2,786	2,606	11,324	2,441	2,464	1,659	1,374	7,938
Operating income	609	396	293	256	1,554	315	157	△ 179	△ 188	105
Recurring profit	715	656	489	319	2,179	494	300	△ 212	△ 256	326
Net income	457	458	264	199	1,378	305	216	△ 131	△ 170	220
Cu (\$ /t)	7,642	7,712	7,188	7,796	7,584	8,443	7,680	3,905	3,429	5,864
Ni (\$ /lb)	21.80	13.70	13.25	13.13	15.47	11.65	8.60	4.92	4.75	7.48
Au (\$ /oz)	667.6	680.7	788.4	927.2	766.0	896.4	869.2	795.7	908.3	867.4
Exchange Rate (¥ / \$)	120.79	117.87	113.19	105.29	114.29	104.56	107.67	96.30	93.62	100.54
	<u>"Special Items"</u>									
	Inventory valuation loss					△ 43	△ 25	△ 177	△ 28	△ 273
	Others					15	20	△ 210	△ 130	△ 305
						△ 28	△ 5	△ 387	△ 158	△ 578
	Recurring profit, excluding "Special Items"					522	305	175	-98	904

2008/4Q : Operating loss of Semiconductor /

Advanced materials : △74,

Non-operating loss on common sector,
excluding the above factors, recurring profit of

Mineral resources and Metal Division : almost ±0

Operating Income / Equity in earnings of affiliated companies (each quarter)

Operating Income, by segment

(JPY 100M)

Segment	FY2008				
	1Q	2Q	3Q	4Q	Total
Mineral resources	95	66	34	△ 18	177
Metals	190	98	△ 168	△ 96	24
subtotal:	285	164	△ 134	△ 114	201
Semiconductor and Advanced materials	29	△ 1	△ 56	△ 74	△ 102
Others	1	9	△ 12	8	6
Total	315	172	△ 202	△ 180	105
Offset	0	△ 15	23	△ 8	
Consolidated operating income	315	157	△ 179	△ 188	105

Equity in earnings of affiliated companies

(JPY 100M)

	Companies	FY2008				
		1Q	2Q	3Q	4Q	Total
Cu	Cerro Verde	80	65	43	△ 30	158
	Other Oversea Mines (Cu)	54	42	30	△ 40	86
	Others	5	3	1	△ 9	0
	Subtotal : Cu	139	110	74	△ 79	244
Ni	PT Inco	34	35	22	△ 4	87
	Others	△ 3	△ 1	0	△ 14	△ 18
	Subtotal : Ni	31	34	22	△ 18	69
Others	N.E. Chemcat Corp.	7	7	2	△ 1	15
	Others	9	6	△ 22	△ 6	△ 13
	Subtotal : Others	16	13	△ 20	△ 7	2
Total		186	157	76	△ 104	315

Metal price and Exchange rate

	Copper (\$/t)		Copper (¢/lb)		Nickel (\$/lb)		Gold (\$/oz)		Zinc (\$/t)		Exchange (¥/US\$)	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Apr	8,685	7,766	394	352	13.05	22.80	910.7	679.7	2,264	3,558	102.52	118.89
May	8,383	7,682	380	348	11.67	23.67	888.9	667.6	2,182	3,830	104.22	120.81
Jun	8,261	7,476	375	339	10.23	18.92	889.5	655.6	1,894	3,603	106.93	122.66
Average	8,443	7,642	383	347	11.65	21.80	896.4	667.6	2,113	3,664	104.56	120.79
Jul	8,414	7,974	382	362	9.14	15.16	940.5	665.3	1,852	3,547	106.84	121.68
Aug	7,635	7,514	346	341	8.59	12.54	839.7	665.0	1,723	3,253	109.34	116.88
Sep	6,991	7,649	317	347	8.07	13.40	827.4	711.7	1,735	2,881	106.83	115.06
Average	7,680	7,712	348	350	8.60	13.70	869.2	680.7	1,770	3,227	107.67	117.87
Oct	4,926	8,008	223	363	5.51	14.09	809.7	754.5	1,302	2,975	100.59	115.80
Nov	3,717	6,967	169	316	4.85	13.88	759.4	807.3	1,153	2,541	96.86	111.34
Dec	3,072	6,588	139	299	4.39	11.79	818.0	803.4	1,101	2,353	91.44	112.42
Average	3,905	7,188	177	326	4.92	13.25	795.7	788.4	1,185	2,623	96.30	113.19
Jan	3,221	7,061	146	320	5.13	12.56	858.2	888.7	1,187	2,340	90.44	107.69
Feb	3,315	7,888	150	358	4.72	12.68	941.5	923.3	1,112	2,438	92.44	107.23
Mar	3,750	8,439	170	383	4.40	14.16	925.1	969.7	1,217	2,511	97.99	100.96
Average	3,429	7,796	156	354	4.75	13.13	908.3	927.2	1,172	2,430	93.62	105.29
FY average	5,864	7,584	266	344	7.48	15.47	867.4	766.0	1,560	2,986	100.54	114.29

SMM's forecasts

FY2009	4,000		181		5.00		850.0		1,300		95.00	
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Comparison with previous FY
(FY2008 result VS FY2007 result)

3. Semiconductor and advanced materials

- Decrease of sales in all segments.

【Net sales by segment】

JPY 100M

	FY2008 ①	FY2007 ②	Diff. ①-②
Semiconductor ① : Copper-clad polyimide film, COF, Leadframe, Bonding Wire	1,079	1430	△ 351
Semiconductor ② : Printed Circuit Board, Connector, Terminal, Material Recycle, etc..	394	491	△ 97
Advanced materials ① : Alloy Preform, Electronics Paste, Thin film materials, Crystal materials	292	400	△ 108
Advanced materials ② : Battery materials, etc..	114	229	△ 115
Total of segment	1,879	2,550	△ 671

※Remark : Due to the organization change on Oct.1, 2008, Sumiko Lubricant Co., Ltd. moved from "Advanced materials" segment to "Others" segment.
 "Advanced Materials" sales of FY07 includes sales of Sumiko Lubricant but that of FY08 does not include sales of Sumiko Lubricant.

4. Others

- Earning in catalyst business was decreased due to price down of rare metals.

Equity in earnings of affiliated companies

JPY 100M

	Companies	FY2008 ①	FY2007 ②	Diff. ①-②
Cu	Cerro Verde	158	180	△ 22
	Other oversea mines(Cu)	86	168	△ 82
	Others	0	22	△ 22
	Subtotal : Cu	244	370	△ 126
Ni	PT Inco	87	274	△ 187
	Others	△ 18	11	△ 29
	Subtotal : Ni	69	285	△ 216
Others	N.E.Chemcat Corp.	15	24	△ 9
	Others※	△ 13	61	△ 74
	Subtotal : Others	2	85	△ 83
Total		315	740	△ 425

- Earnings of overseas copper mines was decreased △104 (JPY100M) due to the price down of copper.
- Earnings of PT Inco was decreased △187 (JPY100M) due to the price down of nickel.
- Earnings of MS Zinc※ decreased due to the price down of zinc and lead.

Comparison with forecast of FY2009 (Forecast of FY2009 VS Result FY2008)

3. Semiconductor and advanced materials

• Decrease of sales in all segments.

Tape materials (copper-clad polyimide film, COF), leadframe, bonding wire decreased significantly.

【Net Sales, by products】

JPY 100M

	FY09 forecast ①	FY08 result ②	Diff. ①-②
Semiconductor ① : Copper-clad polyimide film, COF, Leadframe, Bonding Wire	709	1,079	△ 370
Semiconductor ② : Printed Circuit Board, Connector, Terminal, Material Recycle, etc..	346	394	△ 48
Advanced materials ① : Alloy Preform, Electronics Paste, Thin film materials, Crystal materials	258	292	△ 34
Advanced materials ② : Battery materi	97	114	△ 17
Total of segment	1,410	1,879	△ 469

4.Others

Equity in earnings of affiliated companies

JPY 100M

	Companies	FY09 forecast ①	FY08 result ②	Diff. ①-②
Cu	Cerro Verde	54	158	△ 104
	Other Oversea mines(Cu)	35	86	△ 51
	Others	14	0	14
	Subtotal : Cu	103	244	△ 141
Ni	PT Inco	△ 12	87	△ 99
	Others	△ 84	△ 18	△ 66
	Subtotal : Ni	△ 96	69	△ 165
Others	N.E.Chemcat Corp.	4	15	△ 11
	Others	△ 5	△ 13	8
	Subtotal : Others	△ 1	2	△ 3
Total of equity in earning of affiliates		6	315	△ 309

- Earnings of overseas companies of mineral resources division and metals division was decreased due to metal price down.
- "Others" in nickel division include commissioning loss of Vale Inco New Caledonia. Vale's loss on net income is deducted by loss owned by minority interest/party.

Financial Position

【Shareholder's Equity Ratio】

JPY 100M

End of FY	FY2004	FY2005	FY2006	FY2007	FY2008
Net assets	5,739	7,726	9,292	10,917	8,800
Shareholder's equity	2,839	3,738	4,958	5,896	5,046
Shareholder's Equity Ratio	49.5%	48.4%	53.4%	54.0%	57.3%

【D/E Ratio】

JPY 100M

End of FY	FY2004	FY2005	FY2006	FY2007	FY2008
Interest-bearing debt	1,605	1,909	1,899	2,581	2,185
Shareholder's equity	2,839	3,738	4,958	5,896	5,046
D/E ratio	0.57	0.51	0.38	0.44	0.43

Sensitivity

JPY 100M/FY2009

Division	Sensitivity	FY09
Cu	±10 ¢ /lb	14/27
Ni	±10 ¢ /lb	7/8
Au	±10 \$/Toz	4/4
¥/\$	±1 ¥/\$	7/7

(Remark)

Operating income/Recurring profit

USD JPY translation differences only RC-related (excluding oversea profit effects)

Consolidated companies / Equity-method affiliated companies

Mineral Resources

	Voting Shares	Location	Operations
(Consolidated)			
Sumiko Consultants Co., Ltd	100	Japan	Geological survey of resources and civil engineering; Test boring
Sumitomo Metal Mining America	100	USA	Exploration; Management of mining subsidiaries in USA.
Sumitomo Metal Mining Arizona	80	USA	Mining and related operations
SMMA Candelaria Inc.	100	USA	Subsidiary engaged in investment in local corporation located in Chile operating Candelaria Mine
Sumitomo Metal Mining Canada	100	Canada	Exploration, Consulting
Sumitomo Metal Mining Oceania	100	Australia	Resource Surveys, mine development and related operations in Oceania
SMM Pogo LLC	100	USA	Investment in Pogo Mine Project
SMM Cerro Verde Netherlands B.V.	80	Netherlands	Investments in local peruvian companies engaged in the Cerro Verde Mine operation
SMM Solomon Limited	100	Solomon Islands	Exploration in Solomons Islands
Sumitomo Metal Mining Peru S.A	100	Peru	Exploration in South America
Sumitomo Metal Mining Chile LTDA.	100	Chile	Exploration in South America
SMM Exploration Corporation	100	USA	Mineral Resources Business
SMM Resources	100	Canada	Mineral Resources Business
(Equity-method affiliate)			
Sociedad Minera Cerro Verde S.A.A	21	Peru	Cerro Verde Mine
Compania Contractual Minera Candelaria	20	Chile	Candelaria Mine
Compania Contractual Minera Ojos del Salado	20	Chile	Ojos del Salade Mine

Metals

(Consolidated)			
Hyuga Smelting Co., Ltd	60	Japan	Ferro-nickel Smelting
Sumiko Logistics Co., Ltd.	100	Japan	Maritime trading; Harbor transportation and services; Land Transportation
SUMIC Nickel Netherlands b.v.	52	Netherlands	Investment in nickel and cobalt development businesses; Sale of nickel and cobalt
Coral Bay Nickel Corporation	54	Philippines	Manufacture of nickel and cobalt
Sumiko Business Consulting(Shanghai) Co., Ltd.	100	China	Business consulting
Sumotomo Metal Mining Brass & Copper Co.,Ltd	100	Japan	Manufacture and sale of copper and brass products and processed copper and brass products
Taihei Metal Industry Co., Ltd.	97	Japan	Manufacture of heat-, corrosion- and friction-resistant steel castings and precision castings
(Equity-method affiliate)			
Jinlong Copper Co., Ltd.	27	China	Manufacture and sale of electrolytic copper and sulfuric acid
Acids Co., Ltd.	50	Japan	Manufacture and sale of sulfuric acid and related products
P.T.International Nickel Indonesia	20	Indonesia	Nickel ore mining; Nickel Smelting
FIGESBAL	26	New Caledonia	Nickel ore mining; Harbor transportation
Vale Inco New-Caledonia S.A.S.	21	France	Goro Mine
MS Zinc Co., Ltd.	50	Japan	Manufacture and sale of zinc and related operations

Semiconductor and Advanced Materials

	Voting Shares	Location	Operations
(Consolidated)			
Okuchi Electronics Co., Ltd.	100	Japan	Lead frame etching and plating/ Manufacture of Bonding wire and functional inks/Recovery and recycling of non-ferrous metals
Ajimu Electronics Co., Ltd.	100	Japan	IC package plating
Niihama Electronics Co., Ltd.	100	Japan	Manufacture of semiconductor leadframes and flexible circuit materials
Shinko Co., Ltd.	94	Japan	Design, manufacture, and sale of printed circuit boards
Sumitomo Metal Mining Asia Pacific Pte.Ltd.	100	Singapore	Regional headquarters for international lead frame operations
Malaysian Electronics Materials SDN. BHD.	100	Malaysia	Manufacture and sale of bonding wire and thick-film paste
M-SMM Electronics SDN.BHD	100	Malaysia	Manufacture and sale of leadframes
Sumiko Electronics Taiwan Co.,Ltd.	70	Taiwan	Manufacture and sale of leadframes and tape materials
Sumiko Leadframe (Thailand) Co.,Ltd.	100	Thailand	Manufacture and sale of leadframes
P.T.Sumiko Leadframe Bintan	100	Indonesia	Manufacture of leadframes
Sumiko Leadframe Chengdu Co., Ltd.	85	China	Manufacture and sale of leadframes
Sumiko Electronics Suzhou Co., Ltd.	100	China	Manufacture and sale of semiconductor package materials
Sumitomo Metal Mining Electronics Materials(Shanghai) Co., Ltd.	100	China	Manufacture and sale of bonding wire
SumikoTec Co., Ltd.	100	Japan	Terminals and connectors for electronic and electric equipment/Components, electric wire, power cords and pressure bonding machines relating to the abovem and their maintenance/Manufacture and sale of formed products for optical equipment, etc.
Nittosha Co., Ltd.	100	Japan	Plating of metal products, surface treatment processing and distribution / Electromagnetic shielding processing to electronics resin products through a dry plating method
Shanghai Sumiko Electronic Paste Co., Ltd.	51	China	Manufacture and sale of thick-film paste
Dongguan Sumiko Electronic Paste Co., Ltd.	76	China	Manufacture and sale of thick-film paste
(Equity-method affiliate)			
Granopt Ltd.	50	Japan	Manufacture and sale of rare earth iron garnet (RIG)

Others

(Consolidated)			
Sumico Lubricant Co., Ltd.	100	Japan	Manufacture and sale of various lubricants
Sumitomo Metal Mining Siporex Co., Ltd.	100	Japan	Manufacture and sale of ALC (Autoclaved Lightweight aerated Concrete) and other construction materials
JCO Co., Ltd.	100	Japan	Management of facilities using uranium and related wastes
Nippon Catalyst Cycle Co., Ltd.	100	Japan	Recovery of valuable metals
Igeta Heim Co., Ltd.	100	Japan	Construction of steel frame and reinforced concrete apartments and condominiums
Sumiko Techno-Resarch Co., Ltd.	100	Japan	Environmental measurement verification operations such as water quality, air, soil, noise and vibration, etc. Data collection, adjustment and product evolution as well as technological development
Sumiko Technical Service Co., Ltd	100	Japan	Commission-based work in area of nonferrous smelting/ Personnel agency business
Sumitomo Metal Mining Engineering Co., Ltd.	100	Japan	Nonferrous metal smelting, Chemicals business, Environment sector machinery & equipment, Plant surveys, etc. design, manufacturing and repair & maintenance
Sumiko Plantech Co., Ltd.	100	Japan	Manufacture of machinery & equipment and repair work for nonferrous metal smelting and chemical plants, etc. / Installation of machinery & equipment and piping work / Steel structure work
(Equity-method affiliate)			
N. E. Chemcat Corporation	42	Japan	Manufacture of precious metal catalyst and surface treatment chemicals; Recovery and refining of precious metals
Nippon Ketjen Co., Ltd.	50	Japan	Manufacture and sale of desulphurization catalyst for petroleum processing