

## Supplementary Explanation for Financial Summary

### 3rd Quarter FY2008



Pogo Mine (Alaska)

January 30th, 2009

**Sumitomo Metal Mining Co., Ltd**

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## Consolidated operating results on FY2008

(JPY 100M)

【Consolidated operating forecast of FY2008: Released on 2009.1.30】

		1Q-3Q(total)	forecast for 4Q	forecast for FY2008
		result	forecast	result + forecast
A	Net Sales	6,564	1,106	7,670
	Operating income	293	△ 213	80
	Recurring profit	582	△ 322	260
	Net income	390	△ 200	190
	Cu (\$ /t)	6,676	3,000	5,757
	Ni (\$ /lb)	8.39	5.00	7.54
	Au (\$ /oz)	853.8	820.0	845.3
	Exchange Rate (¥ / \$)	102.84	90.00	99.63

【Consolidated operating forecast of FY2008: Released on 2008.10.29】

		1Q-2Q	forecast for 3Q-4Q	FY2008
		result	forecast	result + forecast
B	Net Sales	4,905	4,095	9,000
	Operating income	472	118	590
	Recurring profit	794	256	1,050
	Net income	521	179	700
	Cu (\$ /t)	8,061	6,000	7,031
	Ni (\$ /lb)	10.12	6.00	8.06
	Au (\$ /oz)	882.8	850.0	866.4
	Exchange Rate (¥ / \$)	106.11	100.00	103.06

				FY2008
A-B	Net Sales			△ 1,330
	Operating income			△ 510
	Recurring profit			△ 790
	Net income			△ 510
	Cu (\$ /t)			△ 1,274
	Ni (\$ /lb)			△ 0.52
	Au (\$ /oz)			△ 21.1
	Exchange Rate (¥ / \$)			△ 3.43

				FY2008
% A/B	Net Sales			85.2
	Operating income			13.6
	Recurring profit			24.8
	Net Income			27.1

## Consolidated operating results of each quarter, FY2008

(JPY 100M)

	FY2007					FY2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
	result	forecast	result + forecast							
Net Sales	2,963	2,969	2,786	2,606	11,324	2,441	2,464	1,659	1,106	7,670
Operating income	609	396	293	256	1,554	315	157	△ 179	△ 213	80
Recurring profit	715	656	489	319	2,179	494	300	△ 212	△ 322	260
Net income	457	458	264	199	1,378	305	216	△ 131	△ 200	190
Cu ( \$ /t)	7,642	7,712	7,188	7,796	7,584	8,443	7,680	3,905	3,000	5,757
Ni ( \$ /lb)	21.80	13.70	13.25	13.13	15.47	11.65	8.60	4.92	5.00	7.54
Au ( \$ /oz)	667.6	680.7	788.4	927.2	766.0	896.4	869.2	795.7	820.0	845.3
Exchange Rate ( ¥ / \$ )	120.79	117.87	113.19	105.29	114.29	104.56	107.67	96.30	90.00	99.63

## 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
<b>SMM's forecasts</b>	<b>3,000</b>		<b>136.08</b>		<b>5.00</b>		<b>820</b>		<b>1,200</b>		<b>90.00</b>	
Apr	8,685	7,766	393.9	352.3	13.05	22.80	910.7	679.7	2,264	3,558	102.52	118.89
May	8,383	7,682	380.2	348.5	11.67	23.67	888.9	667.6	2,182	3,830	104.22	120.81
Jun	8,261	7,476	374.7	339.1	10.23	18.92	889.5	655.6	1,894	3,603	106.93	122.66
<b>Average</b>	<b>8,443</b>	<b>7,642</b>	<b>383.0</b>	<b>346.6</b>	<b>11.65</b>	<b>21.80</b>	<b>896.4</b>	<b>667.6</b>	<b>2,113</b>	<b>3,664</b>	<b>104.56</b>	<b>120.79</b>
Jul	8,414	7,974	381.7	361.7	9.14	15.16	940.5	665.3	1,852	3,547	106.84	121.68
Aug	7,635	7,514	346.3	340.8	8.59	12.54	839.7	665.0	1,723	3,253	109.34	116.88
Sep	6,991	7,649	317.1	347.0	8.07	13.40	827.4	711.7	1,735	2,881	106.83	115.06
<b>Average</b>	<b>7,680</b>	<b>7,712</b>	<b>348.4</b>	<b>349.8</b>	<b>8.60</b>	<b>13.70</b>	<b>869.2</b>	<b>680.7</b>	<b>1,770</b>	<b>3,227</b>	<b>107.67</b>	<b>117.87</b>
Oct	4,926	8,008	223.4	363.3	5.51	14.09	809.7	754.5	1,302	2,975	100.59	115.80
Nov	3,717	6,967	168.6	316.0	4.85	13.88	759.4	807.3	1,153	2,541	96.86	111.34
Dec	3,072	6,588	139.3	298.8	4.39	11.79	818.0	803.4	1,101	2,353	91.44	112.42
<b>Average</b>	<b>3,905</b>	<b>7,188</b>	<b>177.1</b>	<b>326.0</b>	<b>4.92</b>	<b>13.25</b>	<b>795.7</b>	<b>788.4</b>	<b>1,185</b>	<b>2,623</b>	<b>96.30</b>	<b>113.19</b>
Jan		7,061		320.3		12.56		888.7		2,340		107.69
Feb		7,888		357.8		12.68		923.3		2,438		107.23
Mar		8,439		382.8		14.16		969.7		2,511		100.96
<b>Average</b>	<b>-</b>	<b>7,796</b>	<b>-</b>	<b>353.6</b>	<b>-</b>	<b>13.13</b>	<b>-</b>	<b>927.2</b>	<b>-</b>	<b>2,430</b>	<b>-</b>	<b>105.29</b>
<b>FY average</b>	<b>6,676</b>	<b>7,584</b>	<b>302.8</b>	<b>344.0</b>	<b>8.39</b>	<b>15.47</b>	<b>853.8</b>	<b>766.0</b>	<b>1,690</b>	<b>2,986</b>	<b>102.84</b>	<b>114.29</b>
			Q's Ave							Q's Ave		
			Jan-Mar		13.13	18.80				Jan-Mar	105.29	119.53
			Apr-Jun		11.65	21.80				Apr-Jun	104.56	120.79
			Jul-Sep		8.60	13.70				Jul-Sep	107.67	117.87
			Oct-Dec		4.92	13.25				Oct-Dec	96.30	113.19



## Comparison with previous FY

(FY2008 1Q-3Q result VS FY2007 1Q-3Q result)

### 3. Semiconductor and advanced materials

- Decrease of sales and earnings in all segment.

【Net sales by segment】

JPY 100M

	08/1Q-3Q ①	07/1Q-3Q ②	Diff. ①-②
Electronics Materials : Alloy Preform, Bonding Wire, Electronics Paste, Thin film materials	779	819	△ 40
Optical Parts, Crystal Materials	37	46	△ 9
Printed Circuit Board, Material Recycle	349	423	△ 74
Packaging Materials (Leadframe/Chip on film)	256	319	△ 63
Advanced Materials (Copper-clad polyimide film / battery materials / others) (※)	210	310	△ 100
<b>Total of segment</b>	<b>1,631</b>	<b>1,917</b>	<b>△ 286</b>

※Remark : Due to the organization change on Oct.1, 2008, Sumiko Lubricant Co., Ltd. moved from

“Advanced materials” segment to “Others” segment that is not shown in the above table.

“Advanced Materials” sales of FY07/1Q-3Q includes sales of Sumiko Lubricant (4.2 billion) but that of FY08/1Q-3Q does not include sales of Sumiko Lubricant.

In 2Q's report “Advanced Materials” sales of FY08/1Q-2Q includes sales of Sumiko Lubricant (3.2 billion).

### 4. Others

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

### Equity in earnings of affiliated companies

JPY 100M

	Companies	08/1Q-3Q ①	07/1Q-3Q ②	Diff. ①-②
Cu	Cerro Verde	188	142	46
	Other oversea mines(Cu)	126	146	△ 20
	Others	9	15	△ 6
	<b>Subtotal : Cu</b>	<b>323</b>	<b>303</b>	<b>20</b>
Ni	PT Inco	91	225	△ 134
	Others	△ 4	15	△ 19
	<b>Subtotal : Ni</b>	<b>87</b>	<b>240</b>	<b>△ 153</b>
Others	N.E.Chemcat Corp.	16	18	△ 2
	Others	△ 7	54	△ 61
	<b>Subtotal : Others</b>	<b>9</b>	<b>72</b>	<b>△ 63</b>
<b>Total</b>		<b>419</b>	<b>615</b>	<b>△ 196</b>

- Earnings of PT Inco was decreased △13.4 billion yen due to the price down of nickel.

## Comparison with forecast of FY2008

(Forecast of FY2008 VS Result FY2007)

### Operating income, by segment

JPY 100M

Segment	FY08 Forecast ①	FY07 Result ②	Diff. ①-②
Mineral resources	173	381	△ 208
Metals	8	1,088	△ 1,080
subtotal:	181	1,469	△ 1,288
Semiconductor and Advanced Materials	△ 91	82	△ 173
Others	△ 16	37	△ 53
計	74	1,588	△ 1,514
Offset	6	△ 34	40
<b>Consolidated operating income</b>	<b>80</b>	<b>1,554</b>	<b>△ 1,474</b>

### (Increase and decrease)

#### 1. Mineral resources

JPY 100M

Division	Diff.	Quantity	Price	Ex. Rate	Cost	Others
Hishikari (Au)	△ 12		19	△ 29		△ 2
Pogo (Au)	39	Au Products (t)(100%)		08 forecast	10.8t	07 result 7.5t
Oversea Copper Mines (Cu)	△ 216					
Others	△ 19					
Total operating income	△ 208					

- Annual gold sales of Hishikari mine is 7.5t (constant).
- Income of Pogo Mine was increased due to increase of production and gold price.
- Income of oversea copper mines was decreased due to down of copper price, increase of cost, decrease of quantity.
- Main decrease in "Others" division was increase of exploration cost.

#### 2. Metals

JPY 100M

Division	Diff.	Quantity	Price	Ex. Rate	Cost	Inventory	Others
Copper	△ 389	△ 36	△ 52	△ 29	△ 47	△ 204	△ 21
Nickel	△ 665	△ 36	△ 490	△ 59	△ 46	27	△ 61
Zinc/Lead/Others	△ 81		△ 39	△ 5	△ 15	△ 7	△ 15
Others	55						55
Total operating income	△ 1,080	△ 72	△ 581	△ 93	△ 108	△ 184	△ 42

- Inventory valuation loss
 

FY2008 1Q-3Q	△245 (JPY 100M)
FY2007 1Q-3Q	△61 (JPY 100M)
- "Others" in nickel division included \$ to yen conversion loss on CBNC profit as △2.3 billion yen..
- Main in "Others" division was the adjustment (unrealized loss) of CBNC, △7.1 billion yen.

## Comparison with forecast of FY2008 (Forecast of FY2008 VS Result FY2007)

### 3. Semiconductor and advanced materials

- Decrease of sales and earnings in all segment.

【Net Sales, by products】

JPY 100M

	FY08 forecast ①	FY07 result ②	Diff. ①-②
Electronics Materials : Alloy Preform, Bonding Wire, Electronics Paste, Thin film materials	873	1,101	△ 228
Optical Parts, Crystal Materials	40	61	△ 21
Printed Circuit Board, Material Recycle	421	562	△ 141
Packaging Materials (Leadframe/Chip on film)	299	411	△ 112
Advanced Materials (Copper-clad polyimide film / battery materials / others)	227	415	△ 188
<b>Total of segment</b>	<b>1,860</b>	<b>2,550</b>	<b>△ 690</b>

※Remark : Due to the organization change on Oct.1, 2008, Sumiko Lubricant Co., Ltd. moved from

“Advanced materials” segment to “Others” segment that is not shown in the above table.

“Advanced materials” sales of FY07 includes sales of Sumiko Lubricant (5.6 billion) but that of FY08 does not include.

### 4.Others

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

### Equity in earnings of affiliated companies

JPY 100M

	Companies	FY08 forecast ①	FY07 result ②	Diff. ①-②
Cu	Gerro Verde	153	180	△ 27
	Other Oversea mines(Cu)	86	168	△ 82
	Others	2	22	△ 20
	<b>Subtotal : Cu</b>	<b>241</b>	<b>370</b>	<b>△ 129</b>
Ni	PT Inco	84	274	△ 190
	Others	△ 7	11	△ 18
	<b>Subtotal : Ni</b>	<b>77</b>	<b>285</b>	<b>△ 208</b>
Others	N.E.Chemcat Corp.	17	24	△ 7
	Others	△ 10	61	△ 71
	<b>Subtotal : Others</b>	<b>7</b>	<b>85</b>	<b>△ 78</b>
<b>Total of equity in earning of affiliates</b>		<b>325</b>	<b>740</b>	<b>△ 415</b>

- Earnings of overseas companies of mineral resources division and metals division was decreased due to metal price down.

## Financial Position

### 【Shareholder's Equity Ratio】

JPY 100M

End of FY	FY2004	FY2005	FY2006	FY2007	2008/12
Net assets	5,739	7,726	9,292	10,917	9,631
Shareholder's equity	2,839	3,738	4,958	5,896	5,526
Shareholder's Equity Ratio	49.5%	48.4%	53.4%	54.0%	57.4%

### 【D/E Ratio】

JPY 100M

End of FY	FY2004	FY2005	FY2006	FY2007	2008/12
Interest-bearing debt	1,605	1,909	1,899	2,581	2,274
Shareholder's equity	2,839	3,738	4,958	5,896	5,526
D/E ratio	0.57	0.51	0.38	0.44	0.41

## Sensitivity

JPY 100M/3Q+4Q

Division	Sensitivity	FY08 (before revise)	FY08 (revised)
Cu	±100 \$/t	4/8	4/8
Ni	±1 \$/lb	32/42	28/37
Au	±30 \$/Toz	6/6	6/6
¥/\$	±1 ¥/\$	5/5	4/4

(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
<b>(Consolidated)</b>			
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
<b>(Equity-method affiliate)</b>			
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

<b>(Consolidated)</b>			
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
<b>(Equity-method affiliate)</b>			
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
Goro Nickel 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
<b>(Consolidated)</b>			
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 mentainance/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
<b>(Equity-method affiliate)</b>			
Granopt Ltd.	50	Japan	Manufacture and sale of rare earth iron garnet (RIG)

## Others

<b>(Consolidated)</b>			
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 survays, 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
<b>(Equity-method affiliate)</b>			
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 desulfurization catalyst for petroleum processing