



**MITSUMI
KINZOKU**

Mitsui Mining and Smelting Co., Ltd. (Mitsui Kinzoku)
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**Announcements of revised business performance forecasts, posting of
extraordinary loss, reversal of deferred tax assets, and decision not to pay
dividend for current term**

On the basis of the latest business performance figures, Mitsui Mining & Smelting Co., Ltd. (Mitsui Kinzoku) hereby announces revisions to its forecasts made on January 20, 2009 of business performance on a consolidated basis for fiscal 2008 (the term ending March 31, 2009) as well as its forecasts (published on February 6, 2009) of FY2008 full-term dividend payments.

We also include herein estimates of extraordinary losses and reversals of deferred tax assets for the term ending March 31, 2009.

Revised business performance forecasts

Revised forecasts of business performance on a consolidated basis (April 1, 2008 to March 31, 2009)

(¥ millions)

	Net sales	Operating income (loss)	Recurring income (loss)	Net income	Net income (loss) per share (yen)
Previous forecast (A)	426,000	(27,000)	(32,000)	(35,000)	(61.24)
Revised forecast (B)	426,000	(27,000)	(32,000)	(72,000)	(125.97)
Change (B – A)	0	0	0	(37,000)	-
(Ref.) Results for the previous fiscal year (to March 31, 2008)	595,463	27,993	41,780	7,830	13.67

Reasons for revisions

Subsequent to our previous forecasts, we conducted further investigations of the drastic measures we had been undertaking to improve the profitability of our operations involving TAB/COF tapes (used in semiconductor mounting). As a result, it became clear that we would have to recognize impairment losses on long-lived assets of operations amounting to ¥10.5 billion, thus pushing up the Company's extraordinary losses for fiscal 2008 by ¥12.6 billion. In addition, the reversal of deferred tax assets following the deterioration of business performance results would lead to an increase in income taxes payable of ¥24.5 billion. Consequently, the forecast for net loss has been revised as shown in the table above.

2. Extraordinary loss

Impairment losses on long-lived assets

In our TAB/COF tape operations (tape used in automated bonding of semiconductor devices, mainly for mounting driver chips for LCDs and other display panels), we have experienced a severe fall in the prices of products for sale to manufacturers of LCD-related components, as well as increased depreciation costs in line with investment in plant and equipment. This situation has led to the posting of record consecutive operating losses in the quarterly accounts settlements, and as a result, we recognized ¥17.7 billion in losses on impairment of long-lived assets for the term ended March 2008.

In the third and fourth quarters of fiscal 2008 the global economic downturn caused a steep fall in the value of orders received, leading to projections of a further increase in the operating loss figure. Although the management of the Company has taken various steps to rationalize operations, including workforce downsizing, there appears to be little likelihood of an improvement in the business environment, given the severe shrinkage on the scale of the market. In view of this, we have had no choice but to recognize losses amounting to ¥10.5 billion on impairment of long-lived assets (including intangible assets) employed by these business operations.

Outlook for TAB/COF tape business

We will be taking the steps listed below, starting from fiscal 2009, with the aim of eliminating the operating loss in our TAB/COF tape operations.

Integration of production operations

Production sites:

- Operations currently conducted at the No. 1 Shimonoseki Plant and the Omuta Plant will be centralized at the No. 2 Shimonoseki Plant. Production types will be reduced to triple-

layered tape (TAB tape), in which Mitsui Kinzoku has a competitive advantage, and certain categories of double-layered tape (COF tape).

- Depending on future demand trends, the production capacity of the No. 2 Shimonoseki Plant may be cut by 40% to approximately 75 million tapes per month.

Testing sites:

- Testing will be carried out at the Omuta Plant and our Taiwan subsidiary.

Future plans

- We are currently examining various options regarding the future continuance of this business: a final decision will depend on the profitability and operating cash flow amounts.

3. Reversal of deferred tax assets

In consequence of the above-described extraordinary losses arising from the Company's TAB/COF tape operations, business performance results for the current fiscal 2008 term are expected to record a significant deterioration. After careful consideration of the likely recoverability of deferred tax assets, the management has decided to reverse ¥20.9 billion out of the total amount of deferred tax assets posted at the end of the third quarter (Dec. 31, 2008). As a result, income tax payments for the current term are now forecast at ¥12.7 billion under tax-effect accounting, compared with a negative figure of ¥11.8 billion in the previous forecast.

4. Dividend payments

In our announcement of third-quarter business results made on February 6th we stated that the amount of term-end (annual) dividends to be paid for fiscal 2008 was undecided. We have now determined that no dividend will be paid this time. (This compares with an annual dividend of ¥12.00 paid for fiscal 2007.)

Reasons for decision not to pay dividend

In the simplified accounts settlement figures for quarters 1-3 of fiscal 2008, announced on February 6th, we stated that investigations were still ongoing into the extraordinary loss amount resulting from the drastic reorganization of our TAB/COF tape operations. Because of this, we stated at that time that a forecast for the fiscal 2008 full-term (annual) dividend payment could not yet be made. As detailed in “2. Extraordinary loss” and “3. Reversal of deferred tax assets,” above, we now forecast the posting of a large net loss for fiscal 2009. As a result, we regret that we will be unable to pay a dividend for the term. We apologize sincerely to our shareholders for this unfortunate necessity.

The management of Mitsui Kinzoku will be working to reestablish a strong earnings base as soon as possible, so as to realize a resumption of dividend payments.

Disclaimer

Please note that the above forecasts are based on information known to the management of the Company as of the time of writing, and that the said forecasts may differ from the actual figures as a result of numerous unquantifiable factors.