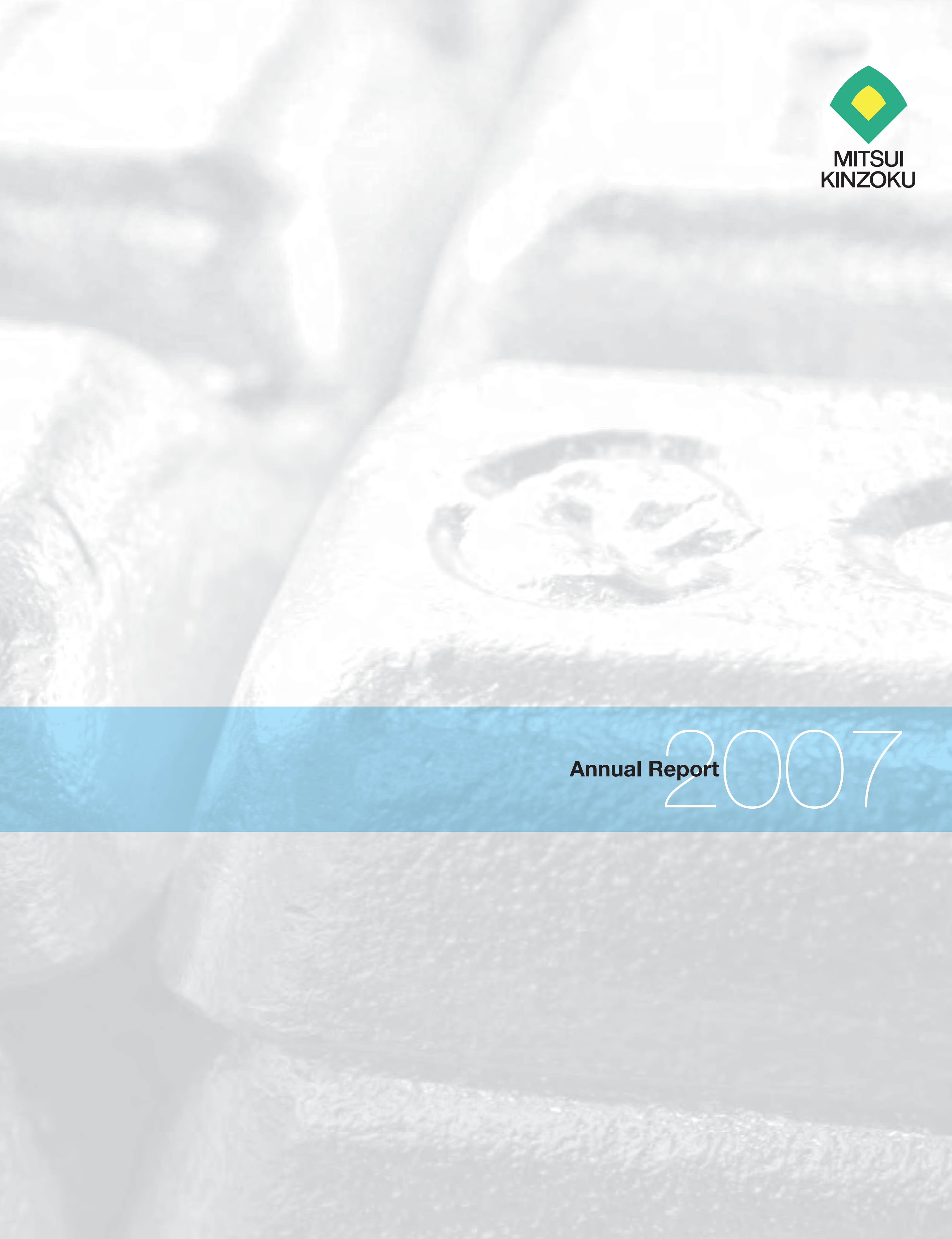

MITSUI
KINZOKU
Annual Report 2007

Profile

Mitsui Mining & Smelting Co., Ltd. (Mitsui Kinzoku), supplies nonferrous metal intermediates that play key roles in high-tech industries. Since its establishment in 1950, the Company has also been known as a leading supplier of such nonferrous metals as zinc and copper and one of the world's largest producers of zinc.

The Company has technological expertise in the production of such electronics-related materials as copper foil and semiconductor packaging tapes, which are presently indispensable for information-related and telecommunications devices. The Company maintains its technological leadership through aggressive R&D accompanied with its "material intelligence" obtained through its extensive background in smelting and refining operations in the nonferrous metals field. In addition, the Company is known as a producer of highly evaluated automobile door-related parts and systems.

Superior quality is the hallmark of Mitsui Kinzoku products and services. A team of nearly 10,000 talented employees strives to ensure this quality and, in doing so, has maintained the integrity of the Mitsui Kinzoku name and its long-standing reputation for innovation.

Contents

Cautionary Statement with Respect to Forward-Looking Statements

This annual report contains statements about Mitsui Kinzoku's future business plans, strategies, and beliefs. Statements regarding the Company's projected future business results are not based on historical facts and are subject to various risks and uncertainties. These risks and uncertainties relate to economic conditions in Mitsui Kinzoku's business environment, the state of private-sector and public-sector capital investment, currency exchange rates, competitive pricing pressures in the marketplace, and Mitsui Kinzoku's ability to continue designing and developing products that will be accepted in markets. However, it should be noted that elements affecting performance are not limited to the previously mentioned factors.

In this report, fiscal 2006 represents the year ended March 31, 2007.

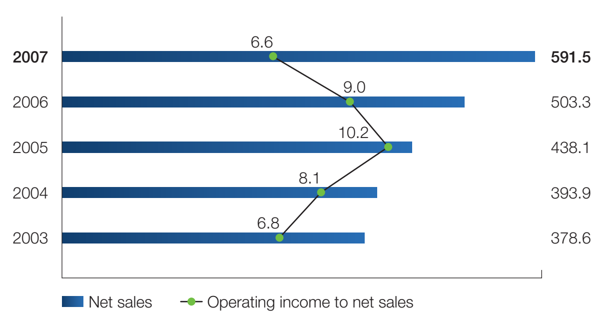
Financial Highlights

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

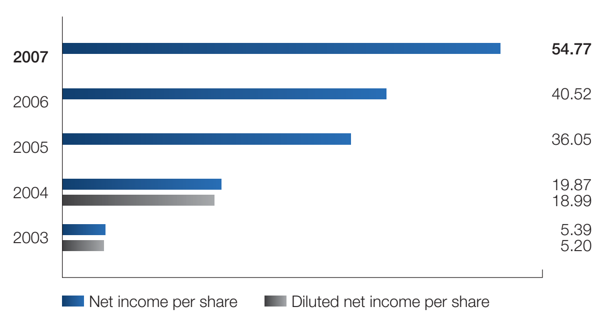
	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2006	2005	**2007**
Consolidated Performance				
Net sales	**¥591,518**	¥503,370	¥438,143	**$5,009,043**
Operating income	**38,865**	45,052	44,515	**329,113**
Net income	**31,370**	23,374	20,780	**265,644**
Total assets	**483,397**	460,225	409,019	**4,093,462**
Net assets (Note 2)	**197,890**	159,772	133,963	**1,675,755**
Net income per share (¥, $)	**54.77**	40.52	36.05	**0.46**
Cash dividends per share (¥, $)	**12.00**	10.00	7.00	**0.10**

Notes: 1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥118.09 to US$1.00, the rate prevailing at March 31, 2007.
2. In accordance with the previous presentation rules, net assets figures for the fiscal years from fiscal 2005 through fiscal 2006 actually represent total shareholders' equity.

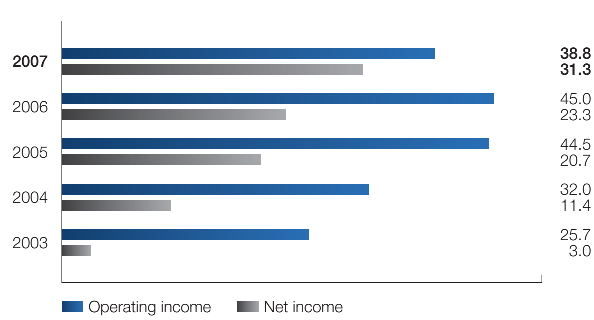
Net Sales and Operating Income to Net Sales
(Billions of yen, %)



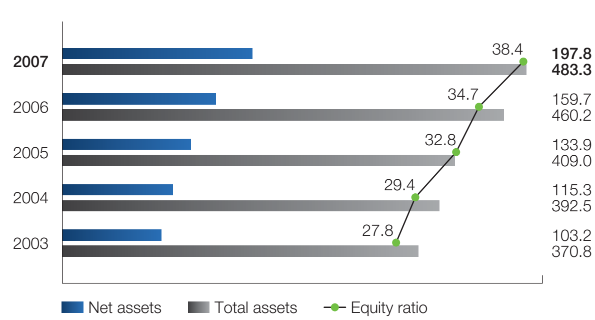
Net Income per Share and Diluted Net Income per Share
(Yen)



Operating Income and Net Income
(Billions of yen)



Net Assets, Total Assets, and Equity Ratio
(Billions of yen, %)



President and Chief Executive Officer
Yoshihiko Takebayashi

Top Management Changes

I am Yoshihiko Takebayashi. I was appointed Mitsui Kinzoku's president and CEO at a meeting of the Board of Directors held on June 28, 2007, at which time I accepted responsibility for the Company from the former top management team—Chairman and CEO Shimpei Miyamura and President and COO Hiroshi Makihara.

During the Miyamura-Makihara era, Mitsui Kinzoku relentlessly undertook 14 years of business restructuring measures that have greatly improved the Company's profitability—operating income to total assets rose from 2.4% in fiscal 1992 to 8.2% in fiscal 2006 (the year ended March 31, 2007)—and strengthened the Company's financial position—the equity ratio surged from 7.7% in fiscal 1992 to 38.4% in fiscal 2006. Reflecting the former top management team's effectiveness, the Company was able to attain record high levels of both net sales and net income during fiscal 2006.

As for me, I joined Mitsui Kinzoku in 1967 and initially worked primarily in the fields of accounting and human resources. In 1994, however, I became president of GECOM Corp.—a U.S.-based automobile component manufacturing subsidiary—and subsequently have served in several other management positions, most recently overseeing the Engineered Materials Sector, which comprises electronics materials businesses, and the Parts Production Sector, which comprises automobile parts businesses. While it would be difficult for a single person to gain work experience in each of Mitsui Kinzoku's broad range of business fields, I have worked in diverse fields as well as overseas. I plan to draw on this experience while vigorously leading the new top management team as it works to ensure the Company can continue realizing dynamic growth.

Recognizing Current Challenges

Mitsui Kinzoku's business portfolio is concentrated in three fields—metals and environmental services, electronics materials, and component manufacturing—and the previous pattern was that the relatively stable demand for metals and components supported the Company and enabled it to proactively expand its operations in electronics materials fields characterized by sharp demand fluctuations and short product life cycles. However, the pattern was quite different in fiscal 2006—surging metals prices greatly augmented the profitability of our metals businesses during the year, but this was offset by such developments as a large profitability drop in the semiconductor mounting materials operations (TAB and COF tapes) that have played a locomotive role in the growth of semiconductor operations and slack profitability in automobile door lock mechanisms that are the main pillar of component manufacturing operations. As a result, operating income for fiscal 2006 was down 13.7% from the fiscal 2005 level. In light of expectations of softening metals prices, intensifying competition in the TAB/COF tape sector, and a sluggish recovery in automobile door lock mechanism business profit, we are currently forecasting that the operating income level will be roughly flat during fiscal 2007.

In view of this, to ensure that Mitsui Kinzoku can sustain its corporate growth over the medium-to-long term, we must recognize the need to give top priority to rebuilding and strengthening existing operations in the TAB/COF tape and automobile door lock mechanism fields. At the same time, it remains crucial that Mitsui Kinzoku continue moving ahead with measures to create and develop the new businesses expected to play principal roles in propelling future corporate expansion. A third key management challenge is to further boost Mitsui Kinzoku's equity ratio, which is still only 38%, so that the Company is better positioned to withstand the impact of dramatic changes in its operating environment. These are the three most important management tasks that we will be focusing on.

Strategies for Rebuilding Existing Operations in Two Fields

Because of the likelihood of a full-scale recovery in demand associated with LCD panels used in thin-screen televisions and personal computer screens, we are anticipating that our TAB/COF tape operations will begin recovering during the latter half of fiscal 2007. On the other hand, the general excess of supply capacity throughout the electronics industry is expected to lead to a further intensification of competition for orders. Growth in the market for leading-edge products has lagged, while mature product fields are characterized by persistently fierce struggles for market share.

While the volume of demand in this field is projected to continue growing at annual rates exceeding 10%, the maturing of the LCD panel market is expected to be accompanied by an accelerating drop in prices. Even amid such conditions, by maintaining a top global market share and sustaining overwhelming cost-competitiveness, I believe it possible to realize a recovery in the magnitude of our profit despite a decline in profit rates. Moreover, Mitsui Kinzoku intends to use its technology development capabilities to win a high share of the leading-edge product market segment. Accordingly, during fiscal 2007, we will be implementing diverse cost reduction programs while also tirelessly striving to increase the sophistication of our technologies.

Regarding the automobile door lock business, Mitsui Kinzoku is building a global manufacturing system in response to customers' moves to expand their global procurement. Specifically, while we have already been shifting production from Japan and the United States to bases in Thailand and China, we are still only about halfway along the path to the global manufacturing system we have in mind. As a result, we have not been able to keep up with customers' constant demands for lower prices, and this is depressing profitability. We are now beginning to implement various measures to lower our cost of sales, particularly with respect to new mass-manufactured door lock mechanism models. When the transition from current models to new mass-manufactured models is completed in 2010, we expect to boost our operating profit ratio to 5% or more.

Milestones in 2006 and 2007

2006

July
Precious metals recycling business base established in Shanghai, China

September
Automobile exhaust purifying catalyst manufacturing and marketing base established in Zhuhai, China

2007

April
Advanced Sensor Division established within the Corporate Technology Center

May
China Business Section established within the Corporate Management Department

Future Growth Strategies

To promote a future surge in its growth, Mitsui Kinzoku has been implementing Companywide "CTO projects" under the direct management of its Chief Technology Officer (CTO). During fiscal 2006, we completed projects addressing 5 of 12 current CTO project themes. Among the results of those projects is our development and launch of Dual Flat Foil (DFF) next-generation COF materials. Another noteworthy project has led to the April 1, 2007, establishment of our Advanced Sensor Division, which soon will initiate the mass manufacture of urea identification sensors used in diesel-powered vehicles' exhaust emission control systems.

In fiscal 2007, we will move forward with 10 CTO projects—the 7 remaining from fiscal 2006 plus 3 new projects. All these projects entail thoroughly explicating and quantitatively analyzing relevant technological mechanisms, and we are pleased and proud to note that their implementation over the past two years has helped increase the sophistication of our technological capabilities, shrink product development lead times, and foster an increasingly expert cadre of technical staff with a large contingent of relatively young employees.

Mitsui Kinzoku is also dynamically marshalling its existing operations. In copper business, we are proactively working to increase the share of ore obtained from our own mines through projects that include mine development projects centered on Pan Pacific Copper Co., Ltd. (PPC), our joint venture with Nippon Mining & Metals Co., Ltd. (NM&M). Regarding zinc business, as the automobile industry's expansion is projected to bring a steady rise in demand associated with zinc-coated steel sheet materials, we are increasing our production of high-purity zinc. We are also increasing the share of our zinc raw materials obtained internally and the diversity of our zinc raw materials sources by increasing the share of recycled raw materials we employ, moving forward with mining and exploration programs in Peru, and seeking additional resource-related financing and investment projects.

We are continuing to proactively invest in various projects designed to sustain our corporate growth, such as projects related to increased production of electrodeposited copper foil in Asia and expanded production of indium tin oxide (ITO) targets.

Financial Discipline and Shareholder Returns

One of the key points of Mitsui Kinzoku's medium-term management plan is that equal emphasis is to be given to implementing proactive investments and maintaining a stable financial base. In fiscal 2006, the Company invested ¥40.3 billion in such projects as those to expand manufacturing capacity for TAB/COF tape products, and plans call for a similar level of proactive investment in fiscal 2007, during which we expect to invest ¥47.0 billion in projects designed to lay the basis for a future surge in corporate growth.

Regarding the strengthening of our financial base, as of March 31, 2007, we had already enhanced our shareholders' equity ratio and debt/equity ratio to 38.4%

and 0.77, respectively, and we intend to make additional efforts to improve those ratios to the target levels of 45% and 0.6, respectively.

At the same time, we have steadily increased shareholder dividends. Dividends per share applicable to fiscal 2006 were increased ¥2, to ¥12, following a ¥3 rise for the previous fiscal year. Based on its fundamental policy of maintaining cash dividend levels commensurate with its performance, Mitsui Kinzoku will continue striving to ensure stable and sustained profit distribution.

While giving due consideration to funding investments needed for future corporate growth as well as to the emphasized objective of strengthening our financial position, we will redouble our efforts to further increase shareholder returns.

Corporate Governance

Mitsui Kinzoku's management philosophy is expressed in the following sentence: "The Mitsui Kinzoku Group will emphasize creativity and progress, contribute to society by providing valuable products, and seek to ensure the sustained development of its operations over the long term."

To help ensure the consistent application of this management philosophy, Mitsui Kinzoku gives top priority to the creation of effective corporate governance systems and the implementation of rigorous corporate governance rules. Specifically, with the goal of "contributing to all kinds of stakeholders," we strive to

(1) provide shareholders with stable and sustained dividends as well as appropriate information disclosure;
(2) provide customers with valuable products;
(3) provide local communities with contributions to their harmony and prosperity; and
(4) provide employees with excellent working conditions and environments.

Measures to realize these objectives are emphasized throughout the Mitsui Kinzoku Group. To promote the vigorous implementation of such measures with still greater consistency, we have created various kinds of internal regulations and systems, appointed an external director and two external corporate auditors, and introduced new internal auditing and compliance infraction reporting systems. In June 2006, we further reinforced the internal control system with the establishment of the Internal Control Office. Based on these and other systems, the Mitsui Kinzoku Group is helping protect the natural environment and endeavoring to otherwise fulfill its responsibilities as an excellent corporate citizen. In this manner, the Group is doing its utmost to meet the expectations of its shareholders as well as all its other stakeholders.

July 2007

Yoshihiko Takebayashi

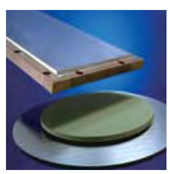
Yoshihiko Takebayashi
President and Chief Executive Officer

Review of Operations

(Billions of yen)

Net Sales by Segment

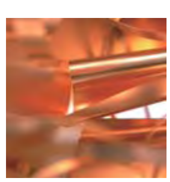
	05	06	07
Mining & Fundamental Materials Group	78.0	93.7	113.5
Intermediate Materials Group	176.0	208.3	249.2
Parts Manufacturing & Assembly Group	145.6	159.3	161.7
Environmental Engineering & Metals Recycling Group	31.5	38.8	53.3
Engineering Group	27.9	40.5	46.2
Services Group	38.6	46.7	61.8

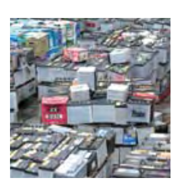





Operating Income by Segment

	05	06	07
Mining & Fundamental Materials Group	2.6	4.5	10.9
Intermediate Materials Group	30.5	30.4	18.3
Parts Manufacturing & Assembly Group	4.9	2.8	1.5
Environmental Engineering & Metals Recycling Group	2.3	2.1	3.2
Engineering Group	1.5	2.7	2.8
Services Group	1.6	1.7	1.6



Mining & Fundamental Materials Group

Enhanced Profitability owing to a Surge in Metals Prices

Zinc ingots

Smelting operations

Operations

- Nonferrous metal smelting—Mitsui Kinzoku is Japan's top zinc producer, with three domestic primary smelters producing approximately 230,000 tons of zinc annually. It is also a member of a corporate alliance that has an annual output of nearly 1.1 million tons in total and is the world's second largest copper producer. In addition, the Company produces such products as gold, silver, and sulfuric acid as by-products of its primary smelting operations.
- Mining—While Mitsui Kinzoku procures the majority of the ore it smelts from other mining companies, it operates two mines producing zinc and lead in Peru.

Business Conditions and Strategies

The international supply-demand balances for zinc and copper have been made tight by the strength of demand in China and other factors, keeping international prices of those metals at high levels, and a rise in speculative investments in metals exchanges further boosted prices. At the same time, the slowness of growth in ore production has been tightening the supply-demand balance for zinc ore, causing a continued deterioration in the conditions of ore-supply contracts obtainable by zinc smelters. Regarding copper ore procurement conditions, in addition to a tight supply-demand balance, moves to eliminate or cap price participation formulas providing for profit distributions at times of rising copper prices are extremely detrimental to copper smelters' interests.

Mitsui Kinzoku has worked to maintain its international competitiveness by using superior technologies to realize high productivity rates and proactively entering alliances with other companies in its industry to obtain greater economies of scale in order to overcome the disadvantage of operating relatively small-scale facilities in a country with comparatively high cost levels. Mitsui Kinzoku upgraded its competitiveness in copper smelting business by integrating its Tamano Smelter into Pan Pacific Copper Co., Ltd. (PPC), the existing copper-smelting joint enterprise with Nippon Mining & Metals Co., Ltd. (NM&M), in April 2006 to further take advantage of operational tie-ups with NM&M and the LS Group of South Korea. Currently, PPC is implementing a project to develop the Caserones copper mine in Chile.

With respect to zinc smelting, we are working to obtain greater volumes of raw materials on favorable terms by exploring and handling natural and recycled resources. In March 2006, Mitsui Kinzoku started operations at the newly developed Pallca Mine in Peru, but plans call for efforts to obtain stable supplies of raw materials by emphasizing mining exploration programs as well as measures to increase recycled raw materials processing.

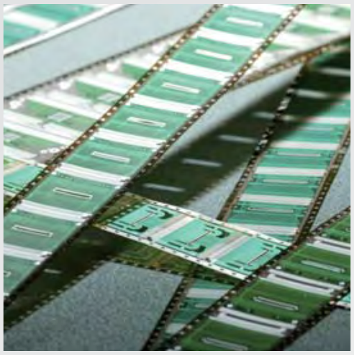
Fiscal 2006 Performance

Performance was strong, particularly with respect to zinc associated with zinc-coated steel, which is the largest segment of domestic operations. Metal prices in Japan surged, reflecting the tightness in the international supply-demand balance and the depreciation of the yen.

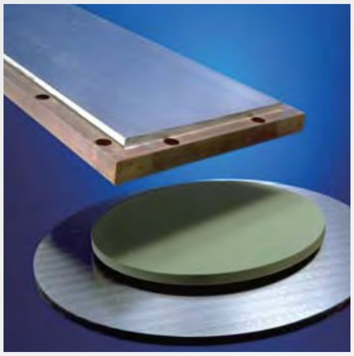
From fiscal 2006, copper smelting business is accounted for by the equity method.

Intermediate Materials Group

Considerable Intensification of Competition in LCD-Related Materials Markets



TAB and COF tapes



Thin-film material (sputtering target)

Operations

- Electronics materials—Electronics-related materials comprise the main product category within the Intermediate Materials Group. The Company's principal electronics materials products include electrodeposited copper foil, an indispensable material for printed circuit boards crucial to the operation of electronic equipment, and TAB and COF tapes for tape-automated bonding of semiconductors, used mainly in the mounting of driver IC chips for LCD panels and other flat panel displays. Mitsui Kinzoku is the world's top manufacturer in these two product categories in terms of technological superiority, production capacity, and market share. In addition, the Company produces diverse metal intermediates, including powders, sputtering targets, and single crystals for use in the latest electronic components production.
- Other intermediate materials—The Company manufactures rolled copper and zinc, perlite, specialty ceramics, and other materials that are crucial for such primary industries as construction and automobile manufacturing.

Business Conditions and Strategies

In the mainstay field of electronics materials, the impact of a general demand adjustment that began in the latter half of fiscal 2006 depressed electrodeposited copper foil sales volume, but demand has been recovering since the start of fiscal 2007. While the end of the IT bubble period led to sharp drops in demand for electrodeposited copper foil as well as price decreases, subsequently, moves to consolidate manufacturing facilities and the recovery of demand are helping once again make related business a principal contributor to profitability in this business segment. Progress was made in passing on to selling prices the sharp rises seen in copper raw materials prices. This reflects Mitsui Kinzoku's retention of a top global market share and superior cost-competitiveness even after the implementation of measures to promote a better balance of supply and demand.

Regarding LCD panel related materials (TAB/COF tapes), LCDs and semiconductor manufacturers' inventory adjustments that were focused primarily on LCD television-related items restrained growth in sales volume. Moreover, amid falling LCD panel prices, customers' price reduction demands and competitors' manufacturing volume expansions intensified price competition and greatly reduced revenues and profit. Despite projections of a continued rise in demand for LCD televisions and other flat-panel televisions, mass-produced TAB/COF tape products are rapidly becoming commoditized, and intense price competition is likely to persist. On the other hand, Mitsui Kinzoku is prepared to overcome this harsh competition by maintaining a top share of the global market and employing its top cost-competitiveness capabilities. The Company completed the construction of its third domestic TAB/COF tape manufacturing plant in October 2006 and plans to gradually expand the output of new production lines with the dual objectives of augmenting price competitiveness and responding to demand growth, thereby increasing its profit.

Regarding various metal powders and other electronics materials, overall demand is strong, being supported by firm demand for digital electronics equipment products. Mitsui Kinzoku is sustaining its strategy of seeking to maintain large shares of niche markets, and the Company is also moving forward with projects designed to foster new businesses in selected sectors of the electronics materials field.

Fiscal 2006 Performance

In this business segment, Mitsui Kinzoku continued to face a harsh operating environment for business in TAB/COF tapes and other LCD panel related materials due to inventory adjustments and intensifying price competition. Moreover, the Company's proactive capital investments in this field have led to a rising burden of depreciation and amortization expense, and the burden of R&D expense in this field is also rising. During fiscal 2006, the rising burden of expenses in these categories was a principal factor causing an almost 40% decrease in the segment's operating income.

Parts Manufacturing & Assembly Group

Lower Door Lock Sales to Principal Customers—Unable to Attain Cost of Sales Reduction Goals Set in Response to Customers' Price Reduction Demands

Door lock mechanism

Die-cast products

Operations

- Functional automotive parts—Functional automotive parts are the key product category within the Parts Manufacturing & Assembly Group. Mitsui Kinzoku operates automotive component factories in five major automobile manufacturing countries—Japan, the United States, Thailand, China, and the United Kingdom. These factories primarily manufacture automobile door-related components, including door locks, for which the Company's share of the global market is 20% or higher. These products are supplied principally, but not exclusively, to Japan-affiliated automakers.
- Others—In addition to long-standing operations manufacturing die-cast products used in automobiles and electric appliances, Mitsui Kinzoku has in recent years manufactured aluminum die-cast products for use in automobiles, and its sales of such products are rising in step with the growing vehicular weight reduction needs.

Other products in this category include catalysts for detoxifying motor vehicle exhaust emissions. In addition to mainstay products supplied for use with mini-vehicles in Japan, the increasing strictness of overseas exhaust gas regulations has led to growing demand for catalysts for use with motorcycles. In response, the Company has constructed a manufacturing plant in India and is currently constructing a plant in China. Urea quality-monitoring sensors for nitrogen oxide emission reduction systems are a promising new product line in this category.

Business Conditions and Strategies

While the automobile markets of North America, Europe, and Japan are entering their mature period, the markets of Asian countries and other newly industrializing countries are expected to keep growing in the future. The Japan-affiliated automakers that are important Mitsui Kinzoku customers have in recent years expanded their sales by constructing new plants in growth markets. Amid these trends, as the world's leading manufacturer of door locks—an important type of component with respect to automotive safety—the Company plans to further strengthen its cost-competitiveness by consolidating manufacturing operations in Thailand or China as well as working to expand operations in growing markets for high-value-added system products (sliding-door systems, etc.).

Fiscal 2006 Performance

Despite the subsidence of disruption accompanying the shift of mainstay door lock product manufacturing operations to bases in Asian countries other than Japan, Mitsui Kinzoku was unable to attain cost of sales reduction goals set in response to customers' price reduction demands. This and a decrease in the sales volume of principal customers depressed the Company's profitability in this product segment. However, firm performance was recorded with respect to die-cast products and catalyst products.

Environmental Engineering & Metals Recycling Group

Contributing to Resource Recycling While Recording Higher Sales and Profitability Supported by Rising Metals Prices

The greenified Across Fukuoka Building

Operations

- Metals recycling—The Environmental Engineering & Metals Recycling Group uses domestic smelting facilities to recover precious metals from recyclable electronics products and components, lead from automotive batteries, and zinc from steelmaking electric arc furnace dust.
- Other environmental business—The group performs surveys and purification processes for soil and groundwater contamination, detoxifies industrial waste, and conducts other activities, leveraging the Group's accumulated know-how, technologies, and facilities related to resource surveys and metal smelting.

Business Conditions and Strategies

Amid increasing concern about environmental protection, there is a rising understanding about the need to recycle resources that were previously thrown away. Mitsui Kinzoku views this recycling business as a promising extension of its metal smelting operations and a means of the stable procurement of raw materials. In cooperation with Pacific Metals Co., Ltd., a leading ferronickel producer, the Company inaugurated a unique system for completely recycling fly ash from waste-melting furnaces in May 2006.

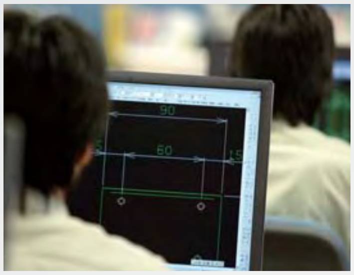
By means of recycling businesses that leverage its strong capabilities regarding the application of mining and refining technologies, Mitsui Kinzoku intends to make a sustained contribution to improving the global environment.

Fiscal 2006 Performance

Sales and profit increased against the backdrop of the growing stability of recycling material procurement operations and a rise in prices of a diverse range of metals, including zinc, lead, gold, and silver.

Engineering and Services Groups

Providing Support for Mitsui Kinzoku Group Companies



Staff of Kamioka Mining & Smelting Co., Ltd.

Operations

- Engineering—The Engineering Group provides design and engineering execution services for customers within and outside the Mitsui Kinzoku Group. The sophisticated manufacturing facilities designed by the Engineering Group for the Company's main products are one of Mitsui Kinzoku's important strengths.
- Services—The Services Group supports Mitsui Kinzoku Group companies by providing services related to trading and information processing.

  The information processing department has excellent capabilities, as reflected in its adept customization of SAP R/3, a well-known enterprise resource planning software package, for use within the Mitsui Kinzoku Group. The advantages of the customizing programs were so highly evaluated that they are now being marketed to other companies as a template.

The Company's Head Office

FINANCIAL SECTION

Five-Year Summary

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2007	2006	2005	2004	2003
For the year:					
Net sales	**¥591,518**	¥503,370	¥438,143	¥393,928	¥378,608
Cost of sales	**500,734**	412,003	350,565	319,725	313,416
Gross profit	**90,784**	91,366	87,578	74,202	65,192
Selling, general and administrative expenses	**51,918**	46,314	43,062	42,167	39,451
Operating income	**38,865**	45,052	44,515	32,035	25,740
Income before income taxes and minority interests	**49,133**	38,636	35,914	13,329	9,307
Net income	**31,370**	23,374	20,780	11,452	3,085
At year-end:					
Total current assets	**¥218,436**	¥208,754	¥172,912	¥156,658	¥147,729
Total assets	**483,397**	460,225	409,019	392,545	370,886
Total current liabilities	**160,847**	162,170	139,369	147,791	161,405
Long-term liabilities	**124,658**	126,558	125,022	118,947	95,547
Net assets*	**197,890**	159,772	133,963	115,398	103,237
Per share data:					
Net income (¥)	**¥54.77**	¥40.52	¥36.05	¥19.87	¥5.39
Diluted net income (¥)	**—**	—	—	18.99	5.20
Cash dividends applicable to the year (¥)	**12.00**	10.00	7.00	5.00	5.00
Number of employees	**10,403**	9,965	9,701	9,397	8,339

Note: In accordance with the previous presentation rules, net assets figures for the fiscal years from fiscal 2003 through fiscal 2006 actually represent total shareholders' equity.

Financial Review

References to the future reflect the Company's expectations as of March 31, 2007.

Net Sales

On a consolidated basis, the Company's net sales during fiscal 2006, ended March 31, 2007, increased 17.5%, or ¥88.1 billion, to ¥591.5 billion.

The Mining & Fundamental Materials Group's net sales grew ¥19.8 billion, primarily due to a rise in nonferrous metal prices. The Intermediate Materials Group boosted its net sales ¥40.9 billion, mainly because of a rise in sales volume of electronics materials. In addition, net sales of the Environmental Engineering & Metals Recycling Group grew ¥14.5 billion, and the Services Group's net sales grew ¥15.0 billion.

SGA Expenses

Selling, general and administrative (SGA) expenses increased ¥5.6 billion, to ¥51.9 billion, owing to a rise in research and development expenses in line with starting new projects.

Operating Income

Operating income decreased 13.7%, or ¥6.1 billion, to ¥38.8 billion.

The Mining & Fundamental Materials Group increased its operating income ¥6.4 billion due to a rise in nonferrous metal prices. The operating income of the Intermediate Materials Group declined ¥12.1 billion, owing to price competition and rising prices of raw materials. The Parts Manufacturing & Assembly Group reduced its operating income ¥1.2 billion as a consequence of selling price reductions, steel materials price rises, and a rise in costs associated with measures to improve product quality. The Environmental Engineering & Metals Recycling Group expanded its operating income ¥1.0 billion, mainly because of a rise in sales volume.

Other Income (Expenses)

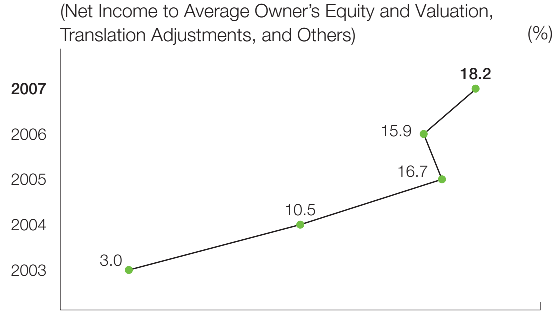
Other income, net, improved ¥16.6 billion, to ¥10.2 billion.

On fiscal 2006, an ¥11.5 billion gain on transfer of copper business was recorded, and investment gains on equity method, including joint ventures in copper smelting business (Pan Pacific Copper Co., Ltd.) and in zinc smelting business (MS Zinc Co., Ltd.), improved ¥9.9 billion over the previous fiscal year. Also, loss on impairment of fixed assets decreased ¥6.4 billion, while the loss from liquidation of subsidiaries increased ¥5.8 billion, and ¥3.5 billion in environmental countermeasure expenses related to processing PCB waste was recorded during the fiscal year.

Income Taxes

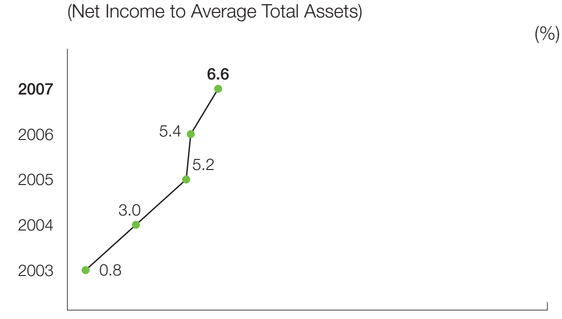
The ratio of income taxes to income before income taxes and minority interests decreased 4.4 percentage points, to 29.7%,

ROE
(Net Income to Average Owner's Equity and Valuation, Translation Adjustments, and Others)



In accordance with the previous presentation rules, net income to net asset figures for the fiscal years from fiscal 2003 through fiscal 2006 actually represent net income to total shareholders' equity.

ROA
(Net Income to Average Total Assets)



due to factors that included a rise in investment gains on equity method, which is accounted for on the net income basis.

Net Income

As a result of a ¥6.1 billion decrease in operating income, a ¥16.6 billion improvement in other income, a ¥1.3 billion increase in income taxes, and a ¥1.1 billion rise in minority interests, net income increased 34.2%, or ¥7.9 billion, to ¥31.3 billion.

FINANCIAL POSITION

Total Assets

On a consolidated basis, the Company's total assets increased ¥23.1 billion, amounting to ¥483.3 billion at fiscal year-end, owing to such factors as increases in accounts receivable and inventories that occurred due to rising nonferrous metal prices and an increase in demand, an increase in investment securities due to capital increases of affiliates, and an increase in investment gains on equity method.

Net Assets

Factors that included ¥5.7 billion in dividend payments, ¥31.3 billion in net income, and a loss on deferred hedge and minority interests led to an increase in total net assets of ¥38.1 billion, to ¥197.8 billion. Consequently, the Company's equity ratio improved 3.7 percentage points, to 38.4%.

Interest-Bearing Debt

Short- and long-term interest-bearing debt decreased ¥8.6 billion, to ¥143.2 billion.

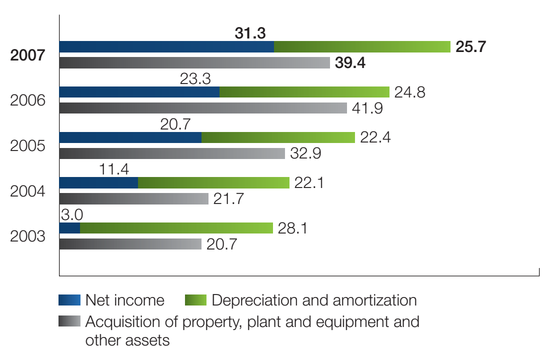
CASH FLOWS

Net cash provided by operating activities decreased ¥10.7 billion, owing to a ¥6.1 billion decrease in operating income, a ¥5.8 billion decrease due to an increase of accounts receivable, and other factors.

Net cash used in investing activities decreased ¥13.0 billion, due to such factors as a ¥2.5 billion decrease in acquisition of fixed assets, an ¥11.5 billion increase in acquisition of investment securities, and a ¥22.3 billion gain on transfer of business.

Net cash used in financing activities increased ¥3.4 billion, due to such factors as a ¥1.7 billion increase in dividend payments and a decrease in issuance of straight bonds and borrowings.

Free Cash Flow
(Billions of yen)



Consolidated Balance Sheets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Assets			
Current assets:			
Cash and time deposits (Note 4)	**¥ 17,306**	¥ 16,944	**$ 146,549**
Notes and accounts receivable (Note 7):			
Trade	**90,937**	82,400	**770,065**
Unconsolidated subsidiaries and affiliates	**1,891**	1,095	**16,013**
Loans:			
Unconsolidated subsidiaries and affiliates	**354**	699	**2,997**
Others	**5**	9	**42**
Inventories (Note 7)	**88,560**	79,165	**749,936**
Deferred tax assets (Note 12)	**6,486**	5,677	**54,924**
Unrealized loss on hedging derivatives	**—**	8,590	**—**
Other current assets	**13,543**	14,695	**114,683**
Less: Allowance for doubtful accounts	**(649)**	(525)	**(5,495)**
Total current assets	**218,436**	208,754	**1,849,741**
Investments and other assets:			
Investment securities (Notes 3 and 7):			
Unconsolidated subsidiaries and affiliates	**34,060**	12,806	**288,424**
Others	**17,721**	19,619	**150,063**
Loans:			
Unconsolidated subsidiaries and affiliates	**337**	4,010	**2,853**
Others	**617**	765	**5,224**
Deferred tax assets (Note 12)	**8,046**	5,762	**68,134**
Others	**8,815**	8,485	**74,646**
Less: Allowance for doubtful accounts	**(241)**	(3,883)	**(2,040)**
	69,356	47,565	**587,314**
Property, plant and equipment (Note 7):			
Land	**34,934**	38,331	**295,825**
Buildings and structures	**154,773**	159,591	**1,310,635**
Machinery and equipment	**357,177**	393,043	**3,024,616**
Construction in progress	**9,295**	8,843	**78,711**
	556,180	599,810	**4,709,797**
Less: Accumulated depreciation	**(360,575)**	(395,904)	**(3,053,391)**
	195,604	203,906	**1,656,397**
	¥483,397	¥460,225	**$4,093,462**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Liabilities, Minority Interests and Shareholders' Equity/Net Assets			
Current liabilities:			
Short-term bank loans (Note 6)	**¥ 35,561**	¥ 43,944	**$ 301,134**
Current portion of long-term debt (Note 6)	**24,282**	19,678	**205,622**
Notes and accounts payable:			
Trade	**47,504**	46,464	**402,269**
Unconsolidated subsidiaries and affiliates	**1,153**	1,065	**9,763**
Others	**18,280**	13,804	**154,797**
Accrued income taxes	**8,106**	9,221	**68,642**
Accrued expenses	**9,784**	9,203	**82,852**
Deferred tax liabilities (Note 12)	**25**	68	**211**
Reserve for product warranties	**2,232**	1,179	**18,900**
Derivative liabilities	**6,604**	8,608	**55,923**
Other current liabilities	**7,312**	8,931	**61,918**
Total current liabilities	**160,847**	162,170	**1,362,071**
Long-term debt (Note 6)	**83,376**	88,210	**706,037**
Employees' retirement benefits (Note 16)	**30,151**	28,405	**255,322**
Directors' and corporate auditors' retirement benefits	**917**	977	**7,765**
Deferred tax liabilities (Note 12)	**1,895**	1,326	**16,047**
Goodwill	**3,217**	6,209	**27,241**
Other long-term liabilities	**5,099**	1,428	**43,178**
Minority interests in consolidated subsidiaries	**—**	11,724	**—**
Commitments and contingent liabilities (Notes 9 and 13)			
Shareholders' Equity (Note 10):			
Common stock:			
Authorized—1,944,000 thousand shares			
Issued—572,966 thousand shares	**—**	42,129	**—**
Capital surplus	**—**	22,557	**—**
Retained earnings	**—**	91,275	**—**
Net unrealized gains on securities	**—**	5,914	**—**
Foreign currency translation adjustments	**—**	(2,011)	**—**
Less: Treasury stock	**—**	(93)	**—**
Total shareholders' equity	**—**	159,772	**—**
Net Assets (Note 10):			
Common stock:			
Authorized—1,944,000 thousand shares			
Issued—572,966 thousand shares	**42,129**	—	**356,753**
Capital surplus	**22,557**	—	**191,015**
Retained earnings	**117,181**	—	**992,302**
Less: Treasury stock	**(116)**	—	**(982)**
Owner's equity	**181,752**	—	**1,539,097**
Net unrealized gains on securities, net of tax	**5,081**	—	**43,026**
Unrealized loss on hedging derivatives, net of tax	**(1,160)**	—	**(9,823)**
Foreign currency translation adjustments	**(160)**	—	**(1,354)**
Valuation, translation adjustments and others	**3,760**	—	**31,840**
Minority interests in consolidated subsidiaries	**12,377**	—	**104,809**
Total net assets	**197,890**	—	**1,675,755**
	¥483,397	¥460,225	**$4,093,462**

Consolidated Statements of Income

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Net sales (Note 11)	**¥591,518**	¥503,370	**$5,009,043**
Cost of sales (Note 8)	**500,734**	412,003	**4,240,274**
Gross profit	**90,784**	91,366	**768,769**
Selling, general and administrative expenses (Note 8)	**51,918**	46,314	**439,647**
Operating income (Note 11)	**38,865**	45,052	**329,113**
Other income (expenses):			
Interest and dividend income	**2,916**	648	**24,693**
Interest expense	**(2,696)**	(2,416)	**(22,830)**
Gain on sale of securities	**141**	898	**1,194**
Loss on sale of securities of consolidated subsidiaries	**(63)**	—	**(533)**
Loss on sale and disposal of property, plant and equipment, net	**(3,611)**	(1,730)	**(30,578)**
Write-down of marketable securities and investments	**(237)**	(626)	**(2,006)**
Indemnity	**(320)**	(644)	**(2,709)**
Investment gains on equity method	**14,445**	4,468	**122,321**
Amortization of the consolidation differences	**2,991**	2,963	**25,328**
Loss on impairment of fixed assets (Note 18)	**(1,334)**	(7,791)	**(11,296)**
Loss from liquidation of subsidiaries	**(6,527)**	(649)	**(55,271)**
Gain on transfer of business	**11,519**	—	**97,544**
Loss from environmental countermeasure	**(3,511)**	—	**(29,731)**
Other, net	**(3,441)**	(1,535)	**(29,138)**
	10,268	(6,415)	**86,950**
Income before income taxes and minority interests	**49,133**	38,636	**416,064**
Income taxes (Note 12):			
Current	**14,753**	13,397	**124,930**
Deferred	**(183)**	(227)	**(1,549)**
	14,569	13,170	**123,372**
Minority interests	**3,193**	2,092	**27,038**
Net income	**¥ 31,370**	¥ 23,374	**$ 265,644**

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income (Note 17)	**¥54.77**	¥40.52	**$0.46**
Cash dividends applicable to the year	**12.00**	10.00	**0.10**

See accompanying notes.

Consolidated Statements of Shareholders' Equity

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Year ended March 31, 2006

		Millions of yen					
	Number of shares of common stock issued (Thousands)	Common stock	Capital surplus	Retained earnings (Note 10)	Net unrealized gains on securities, net of tax	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2005	572,966	¥42,129	¥22,557	¥72,051	¥2,662	¥(5,369)	¥(68)
Net income				23,374			
Cash dividends				(4,009)			
Bonuses to directors				(129)			
Bonuses to employees				(11)			
Increase in net unrealized gains on securities					3,252		
Foreign currency translation adjustments						3,357	
Increase in treasury stock							(25)
Balance at March 31, 2006	572,966	¥42,129	¥22,557	¥91,275	¥5,914	¥(2,011)	¥(93)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Year ended March 31, 2007

	Number of shares of common stock issued	Owner's equity: Common stock	Owner's equity: Capital surplus	Owner's equity: Retained earnings (Note 10)	Owner's equity: Treasury stock	Owner's equity: Total owner's equity	Valuation, translation adjustments and others: Net unrealized gains on securities, net of tax	Valuation, translation adjustments and others: Unrealized loss on hedging derivatives, net of tax	Valuation, translation adjustments and others: Foreign currency translation adjustments	Valuation, translation adjustments and others: Total valuation, translation adjustments and others	Minority interests in consolidated subsidiaries	Total net assets
	(Thousands)	Millions of yen										
Shareholders' equity at March 31, 2006 as previously reported	572,966	¥42,129	¥22,557	¥ 91,275	¥(93)	¥155,868	¥5,914	¥ —	¥(2,011)	¥3,903	¥ —	¥159,772
Reclassification due to adoption of new accounting standard for presentation of net assets in the balance sheet at April 1, 2006											11,724	11,724
Net assets at April 1, 2006	572,966	42,129	22,557	91,275	(93)	155,868	5,914	—	(2,011)	3,903	11,724	171,496
Cash dividends				(5,727)		(5,727)						(5,727)
Bonuses to directors				(167)		(167)						(167)
Bonuses to employees				(12)		(12)						(12)
Net income				31,370		31,370						31,370
Acquisition of treasury stock					(22)	(22)						(22)
Increase due to change in consolidated subsidiaries				398		398						398
Revaluation of assets in foreign consolidated subsidiary				45		45						45
Net changes during the year							(833)	(1,160)	1,850	(142)	653	510
Balance at March 31, 2007	**572,966**	**¥42,129**	**¥22,557**	**¥117,181**	**¥(116)**	**¥181,752**	**¥5,081**	**¥(1,160)**	**¥ (160)**	**¥3,760**	**¥12,377**	**¥197,890**

	Owner's equity: Common stock	Owner's equity: Capital surplus	Owner's equity: Retained earnings (Note 10)	Owner's equity: Treasury stock	Owner's equity: Total owner's equity	Valuation, translation adjustments and others: Net unrealized gains on securities, net of tax	Valuation, translation adjustments and others: Unrealized loss on hedging derivatives, net of tax	Valuation, translation adjustments and others: Foreign currency translation adjustments	Valuation, translation adjustments and others: Total valuation, translation adjustments and others	Minority interests in consolidated subsidiaries	Total net assets
	Thousands of U.S. dollars (Note 1)										
Shareholders' equity at March 31, 2006 as previously reported	$356,753	$191,015	$772,927	$(787)	$1,319,908	$50,080	$ —	$(17,029)	$33,051	$ —	$1,352,968
Reclassification due to adoption of new accounting standard for presentation of net assets in the balance sheet at April 1, 2006										99,280	99,280
Net assets at April 1, 2006	356,753	191,015	772,927	(787)	1,319,908	50,080	—	(17,029)	33,051	99,280	1,452,248
Cash dividends			(48,496)		(48,496)						(48,496)
Bonuses to directors			(1,414)		(1,414)						(1,414)
Bonuses to employees			(101)		(101)						(101)
Net income			265,644		265,644						265,644
Acquisition of treasury stock				(186)	(186)						(186)
Increase due to change in consolidated subsidiaries			3,370		3,370						3,370
Revaluation of assets in foreign consolidated subsidiary			381		381						381
Net changes during the year						(7,053)	(9,823)	15,666	(1,202)	5,529	4,318
Balance at March 31, 2007	**$356,753**	**$191,015**	**$992,302**	**$(982)**	**$1,539,097**	**$43,026**	**$(9,823)**	**$ (1,354)**	**$31,840**	**$104,809**	**$1,675,755**

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥49,133	¥38,636	$416,064
Depreciation and amortization	25,712	24,814	217,732
Loss on impairment of fixed assets (Note 18)	1,334	7,791	11,296
Gain on sale of securities	(141)	(898)	(1,194)
Write-down of marketable securities and investments	237	626	2,006
Gain on transfer of business (Note 5)	(11,519)	—	(97,544)
Loss on sale of securities of consolidated subsidiaries (Note 5)	63	—	533
Loss from liquidation of subsidiaries	6,527	649	55,271
Loss on sale and disposal of property, plant and equipment, net	3,611	1,730	30,578
Indemnity	320	644	2,709
Loss on provision for environmental countermeasure	3,074	—	26,030
Foreign exchange gain	(159)	(39)	(1,346)
Investment gains on equity method	(14,445)	(4,468)	(122,321)
Allowance for doubtful accounts	(41)	863	(347)
Increase in employees' retirement benefits	1,775	715	15,030
Interest and dividend income	(2,916)	(648)	(24,693)
Interest expense	2,696	2,416	22,830
Increase in notes and accounts receivable	(11,221)	(5,345)	(95,020)
Increase in inventories	(13,508)	(13,751)	(114,387)
Increase in notes and accounts payable	2,460	9,567	20,831
Other, net	2,606	(2,894)	22,067
Subtotal	45,600	60,409	386,146
Interest and dividend received	7,143	2,700	60,487
Interest paid	(2,712)	(2,389)	(22,965)
Indemnity paid	(320)	(644)	(2,709)
Income taxes paid	(15,634)	(15,275)	(132,390)
Net cash provided by operating activities	34,077	44,800	288,568
Cash flows from investing activities:			
Purchases of securities	(13,717)	(2,165)	(116,157)
Proceeds from sale of securities	242	1,571	2,049
Disbursements from sale of securities of consolidated subsidiaries (Note 5)	(224)	—	(1,896)
Proceeds from sale of securities of consolidated subsidiaries (Note 5)	456	285	3,861
Acquisition of property, plant and equipment and other assets	(39,422)	(41,923)	(333,830)
Proceeds from sale of property, plant and equipment	2,046	2,402	17,325
Decrease (Increase) in short-term loans receivable, net	658	(181)	5,572
Disbursement for long-term loans receivable	(863)	(1,247)	(7,307)
Collection of long-term loans receivable	167	3	1,414
Proceeds from transfer of business (Note 5)	22,337	—	189,152
Other, net	(1,702)	(1,785)	(14,412)
Net cash used in investing activities	(30,021)	(43,039)	(254,221)
Cash flows from financing activities:			
Decrease in short-term bank loans, net	(6,915)	(2,285)	(58,557)
Proceeds from long-term debt	16,393	12,511	138,817
Repayment of long-term debt	(17,569)	(16,920)	(148,776)
Issuance of bonds	10,000	10,000	84,681
Redemption of straight bonds	—	(50)	—
Payment for cash dividends to the Company's shareholders	(5,727)	(4,009)	(48,496)
Payment for cash dividends to minority interests	(838)	(417)	(7,096)
Other, net	(87)	(107)	(736)
Net cash used in financing activities	(4,744)	(1,278)	(40,172)
Effect of exchange rate changes on cash and cash equivalents	529	319	4,479
Net increase (decrease) in cash and cash equivalents	(159)	801	(1,346)
Cash and cash equivalents at beginning of year	16,944	16,143	143,483
Effect of addition of consolidated subsidiaries	520	—	4,403
Cash and cash equivalents at end of year (Note 4)	¥17,304	¥16,944	$146,532

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui Mining and Smelting Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2007 and 2006

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity for 2006) from the consolidated financial statements of Mitsui Mining and Smelting Company, Limited ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The consolidated balance sheet as of March 31, 2007, which has been prepared in accordance with the new accounting standard as discussed in Note 2 (s), is presented with the consolidated balance sheet as of March 31, 2006 prepared in accordance with the previous presentation rules. Also, as discussed in Note 2 (t), the consolidated statement of changes in net assets for the year ended March 31, 2007 has been prepared in accordance with the new accounting standard. The accompanying consolidated statement of shareholders' equity for the year ended March 31, 2006 was voluntarily prepared for the purpose of inclusion in the consolidated financial statements although such statements were not required to be filed with the Local Finance Bureau.

Amounts less than one million yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2007, which was ¥118.09 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies"). All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in certain significant affiliates, which the Company and its subsidiaries, are able to influence, in a material degree, their financial and operating decision making, other than consolidated subsidiaries, are accounted for by the equity method after the elimination of unrealized intercompany profits. Investments in the remaining unconsolidated subsidiaries and affiliates are not accounted for by the equity method because of their immaterial effect on the consolidated financial statements. Such investments, therefore, are carried at cost, adjusted for any substantial and non-recoverable decline in value, and income from such unconsolidated subsidiaries and affiliates is recognized only when the Companies receive dividends therefrom.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as the goodwill and amortized over five years with minor exception.

(b) Foreign currency translation

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the rates of foreign exchange prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings.

All assets, liabilities, revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the rates prevailing at their balance sheet dates for consolidation. The resulting translation adjustments are shown as "Foreign currency translation adjustments," a component of net assets.

(c) Cash and cash equivalents

In the accompanying consolidated statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

(d) Marketable securities, investment securities and investments in unconsolidated subsidiaries and affiliates other than those accounted for by the equity method

Securities owned by the Companies are classified into: (1) securities intended to be held to maturity (hereafter, "held-to-maturity securities"), (2) equity securities issued by subsidiaries and affiliated companies, or (3) all other securities that are not classified as trading securities or in any of the above categories (hereafter, "available-for-sale securities").

Held-to-maturity securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are mainly stated at average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets. Realized gains and losses on sale of such securities are computed using average cost or moving-average cost. Other available-for-sale securities with no available fair market value are mainly stated at average cost.

(e) Derivative transactions and hedge accounting

The Companies generally state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes. Gains and losses on derivative financial instruments held by certain consolidated foreign subsidiaries are still charged to income as settled.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies generally defer recognition of gains or losses resulting from changes in their fair value until the related gains or losses on the hedged items are recognized.

(f) Inventories

Inventories are stated primarily at cost based on the following methods:

The Company's Copper and Precious Metals Division and a subsidiary (MCS, Inc.): First-in, first-out

Copper Foil Division: Moving average

The Company's intermediate materials business divisions (the Battery Materials Division, the Engineered Metal Powders Division, and the Rare Metals Division) and certain subsidiaries (the engineered metal powders factory of Kamioka Mining & Smelting Company, Limited, and the battery materials factory and functional powders factory of Hikoshima Smelting Company, Limited, and Ohi Seisakusho Company, Limited): Average

Overseas subsidiaries: Lower of market or cost using average or first-in, first-out

Others: Mainly last-in, first-out

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated useful lives of these depreciable assets, except the straight-line method is applied to: (1) buildings, excluding building fixtures, acquired after March 31, 1998, (2) certain plant facilities of the Company and (3) property, plant and equipment of certain consolidated subsidiaries. The useful lives of these assets range from 7 to 50 years for buildings, 3 to 60 years for structures and 2 to 20 years for machinery and equipment.

(h) Allowance for doubtful accounts

The Company and its domestic subsidiaries provide an allowance for doubtful accounts in an amount sufficient to cover probable losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

(i) Reserve for product warranties

Reserve for product warranties is provided to accrue estimated costs of repairing products free of charge, based on individually estimated amounts, when feasible, and the ratio of actual repair costs incurred to net sales.

(j) Employees' retirement benefits

The Companies provided employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement benefits were determined based on the amounts actuarially calculated using certain assumptions.

(k) Directors' and corporate auditors' retirement benefits

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Companies' internal rules. Their retirement benefits are accrued at the amount required to pay in accordance with the internal rules if the directors and corporate auditors had retired at the balance sheet date.

The Company abolished the directors' and corporate auditors' retirement benefits system as a result of the action by the Board of Directors held on April 27, 2005. Consequently, the Company provided their retirement benefits corresponding to the tenure before June 2005.

(l) Lease transactions

Finance leases which do not transfer the ownership of the leased assets to the lessee ("non-capitalized finance leases") are accounted for in the same manner as operating leases.

(m) Research and development expenses

Research and development expenses are charged to income as incurred.

(n) Income taxes

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(o) Net income, diluted net income and cash dividends per share

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted net income per share is not presented as there were no shares with dilutive effects in 2007 and 2006.

Cash dividends per share represent the historical amount applicable to the respective year.

(p) Accounting Standard for Impairment of Fixed Assets

Effective from the year ended March 31, 2006, the Companies adopted the new accounting standard, "Accounting Standard for Impairment of Fixed Assets" ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and "Implementation Guidance on Accounting Standard for Impairment of Fixed Assets" (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan ("ASBJ") on October 31, 2003).

(q) Accounting Standard for Directors' Bonus

Effective from the year ended March 31, 2007, the Companies adopted the new accounting standard, "Accounting Standard for Directors' Bonus" (Statement No. 4 issued by the ASBJ on November 29, 2005). As a result, provisions based on bonus payment estimates for the fiscal year were provided for the payment of directors' bonus. Consequently, operating income and income before income taxes and minority interests were each decreased by ¥208 million ($1,761 thousand).

(r) Accounting Standard for Business Divestitures and Accounting Standard for Business Divestitures

Effective from the year ended March 31, 2007, the Company adopted the new accounting standard, "Accounting Standard for Business Divestitures" (Statement No. 7 issued by the ASBJ on December 27, 2005) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (the Financial Accounting Standard Implementation Guidance No. 10 issued by the ASBJ on December 27, 2005).

This change had no impact on the consolidated statement of income for the year ended March 31, 2007.

(s) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Companies adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the ASBJ on December 9, 2005) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (the Financial Accounting Standard Implementation Guidance No. 8 issued by the ASBJ on December 9, 2005), (collectively, "the New Accounting Standards").

The consolidated balance sheet as of March 31, 2007 prepared in accordance with the New Accounting Standards comprises three sections, which are the assets, liabilities and net assets sections. The consolidated balance sheet as of March 31, 2006 prepared pursuant to the previous presentation rules comprises the assets, liabilities, minority interests and shareholders' equity sections.

Under the New Accounting Standards, the following items are presented differently at March 31, 2007 compared to March 31, 2006. The net assets section includes unrealized gain/loss on hedging derivatives, net of tax. Under the previous presentation rules, unrealized gain/loss on hedging derivatives were included in the assets or liabilities section without considering the related income tax effects. Minority interests in consolidated subsidiaries are included in the net assets section at March 31, 2007. Under the previous presentation rules, companies were required to present minority interests in consolidated subsidiaries between the non-current liabilities and the shareholders' equity sections.

The adoption of the New Accounting Standards had no impact on the consolidated statement of income for the year ended March 31, 2007. Also, if the New Accounting Standards had not been adopted at March 31, 2007, the shareholders' equity amounting to ¥186,673 million ($1,580,768 thousand) would have been presented.

Regarding unrealized loss on hedging derivatives and unrealized gain on hedging derivatives in the previous fiscal year, if they were calculated based on the same method as the fiscal year under review, the net value would be a deferred hedge loss of ¥4,852 million ($41,087 thousand).

(t) Accounting Standard for Statement of Changes in Net Assets

Effective from the year ended March 31, 2007, the Companies adopted the new accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (Statement No. 6 issued by the ASBJ on December 27, 2005), and "Implementation Guidance on Accounting Standard for Statement of Changes in Net Assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the ASBJ on December 27, 2005), (collectively, "the Additional New Accounting Standards").

The Company prepared the accompanying consolidated statement of changes in net assets for the year ended March 31, 2007 in accordance with the Additional New Accounting Standards. The accompanying consolidated statement of shareholders' equity for the year ended March 31, 2006, which was voluntarily prepared for inclusion in the consolidated financial statements, has not been adapted to the new presentation rules of 2007.

(u) Reclassification

Certain prior year amounts have been reclassified to conform to the 2007 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

3. Securities

(a) Acquisition costs and book values of available-for-sale securities with fair value as of March 31, 2007 and 2006 were as follows:

	Millions of yen		
Year ended March 31, 2007	Acquisition cost	Book value	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	**¥3,102**	**¥11,553**	**¥8,451**
Bonds	**25**	**93**	**67**
Subtotal	**3,127**	**11,646**	**8,518**
Securities whose book value does not exceed acquisition cost:			
Stocks	**56**	**43**	**(12)**
Subtotal	**56**	**43**	**(12)**
Total	**¥3,184**	**¥11,689**	**¥8,505**

	Millions of yen		
Year ended March 31, 2006	Acquisition cost	Book value	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥3,181	¥13,023	¥9,842
Bonds	25	75	50
Subtotal	3,207	13,099	9,892
Securities whose book value does not exceed acquisition cost:	—	—	—
Total	¥3,207	¥13,099	¥9,892

	Thousands of U.S. dollars (Note 1)		
Year ended March 31, 2007	Acquisition cost	Book value	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	**$26,268**	**$97,832**	**$71,564**
Bonds	**211**	**787**	**567**
Subtotal	**26,479**	**98,619**	**72,131**
Securities whose book value does not exceed acquisition cost:			
Stocks	**474**	**364**	**(101)**
Subtotal	**474**	**364**	**(101)**
Total	**$26,962**	**$98,983**	**$72,021**

The Companies write down securities when their fair value declines from cost by 50% or more. In case that the decline ranges at least 30% but less than 50%, the Companies determine whether the decline is temporary. If such a decline is judged to be other than temporary, securities are written down to their fair value.

(b) Available-for-sale securities sold for the years ended March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Total sale amount	**¥242**	¥1,615	**$2,049**
Gains	**141**	898	**1,194**
Losses	**—**	1	**—**

(c) Book values of available-for-sale securities with no available fair value as of March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Available-for-sale securities:			
Unlisted equity securities	**¥5,791**	¥6,279	**$49,038**
Unlisted domestic bonds	**240**	240	**2,032**

(d) Maturities of available-for-sale securities as of March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Bonds:			
Within one year	**¥ —**	¥ —	**$ —**
Over one year but within five years	**—**	—	**—**
Over five years	**240**	240	**2,032**

4. Amounts of Cash and Cash Equivalents

Amounts of cash and cash equivalents at March 31, 2007 and 2006 were reconciled with cash and time deposits as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Cash and time deposits	**¥17,306**	¥16,944	**$146,549**
Time deposits with maturities exceeding three months from the date of deposit	**(1)**	(0)	**(8)**
Total: Cash and cash equivalents	**¥17,304**	¥16,944	**$146,532**

5. Cash Proceeds (Cash Disbursements) from Sale of Consolidated Subsidiary and Cash Proceeds from Transfer of Business

(a) The Companies sold the securities of a consolidated subsidiary, Sagamihara Components Co., Ltd., in the year ended March 31, 2007. The book values of assets and liabilities, sales price and cash proceeds from the sale of the subsidiary are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥353	$2,989
Long-term assets	672	5,690
Current liabilities	(447)	(3,785)
Long-term liabilities	(34)	(287)
Loss on sale of securities of the consolidated subsidiary	(63)	(533)
Sales price	479	4,056
Cash and cash equivalents of the consolidated subsidiary sold	(23)	(194)
Cash proceeds from sale of the consolidated subsidiary	¥456	$3,861

(b) The Companies sold the securities of a consolidated subsidiary, Mitsui-Eurocel S.A.S., in the year ended March 31, 2007. The book values of assets and liabilities, sales price and cash disbursements from the sale of the subsidiary are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥2,858	$24,201
Long-term assets	396	3,353
Current liabilities	(2,285)	(19,349)
Long-term liabilities	(42)	(355)
Loss on sale of securities of the consolidated subsidiary	(555)	(4,699)
Sales price	370	3,133
Accrued revenue involved above	(354)	(2,997)
Payments on activities in relation to sell the company	(229)	(1,939)
Cash and cash equivalents of the consolidated subsidiary sold	(10)	(84)
Cash disbursements from sale of the consolidated subsidiary	¥ (224)	$ (1,896)

(c) With the strengthening of the operational alliance, the Companies transferred the copper business and sold the securities of a consolidated subsidiary, Hibi Kyodo Smelting Co., Ltd., in the year ended March 31, 2007. The book values of assets and liabilities, sales price and cash proceeds from the sale of the subsidiary and the transfer of business are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 4,873	$ 41,265
Long-term assets	4,743	40,164
Current liabilities	(1,591)	(13,472)
Long-term liabilities	—	—
The book values of assets and liabilities transferred	8,025	67,956
Current assets	4,620	39,122
Long-term assets	11,592	98,162
Current liabilities	(8,685)	(73,545)
Long-term liabilities	(6,805)	(57,625)
Minority interests in consolidated subsidiaries	(2,187)	(18,519)
Net unrealized gains on securities	(28)	(237)
The book values of assets and liabilities of the consolidated subsidiary sold	(1,494)	(12,651)
The total book value of assets and liabilities decreased by the transfer of business	6,530	55,296
Gain on sale of assets	15,825	134,007
Transfer price	22,356	189,313
Cash and cash equivalents of the consolidated subsidiary sold	(18)	(152)
Cash proceeds from the transfer of business	¥22,337	$189,152

6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans, generally represented by short-term notes and bank overdrafts, bore interest at annual rates ranging from 0.284% to 5.74% and from 0.223% to 5.352% at March 31, 2007 and 2006, respectively.

Long-term debt at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
1.71% yen unsecured straight bonds due in 2011	**¥ 10,000**	¥ —	**$ 84,681**
1.11% yen unsecured straight bonds due in 2010	**10,000**	10,000	**84,681**
0.93% yen unsecured straight bonds due in 2009	**10,000**	10,000	**84,681**
0.6% yen unsecured straight bonds due in 2008	**10,000**	10,000	**84,681**
2.15% yen unsecured straight bonds due in 2007	**1,000**	1,000	**8,468**
Banks, insurance companies and other financial institutions, maturing through 2012 at interest rates ranging from 0.470% to 5.708% at March 31, 2007:			
Secured	**3,227**	14,604	**27,326**
Unsecured	**58,152**	56,492	**492,437**
Government-owned banks and government agencies, maturing through 2022 at interest rates ranging from 0.7% to 5.3% at March 31, 2007:			
Secured	**5,277**	5,793	**44,686**
Unsecured	**—**	—	**—**
	107,658	107,889	**911,660**
Less: Current portion	**24,282**	19,678	**205,622**
	¥ 83,376	¥ 88,210	**$706,037**

The aggregate annual maturities of long-term debt at March 31, 2007 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 1)
2008	¥ 24,282	$205,622
2009	19,767	167,389
2010	19,783	167,524
2011	21,293	180,311
2012	18,989	160,801
Thereafter	3,543	30,002
Total	¥107,658	$911,660

The 0.6% yen unsecured straight bonds due in 2008 were issued on May 29, 2003 by the Company.

The 0.93% yen unsecured straight bonds due in 2009 were issued on May 27, 2004 by the Company.

The 1.11% yen unsecured straight bonds due in 2010 were issued on October 27, 2005 by the Company.

The 1.71% yen unsecured straight bonds due in 2011 were issued on August 3, 2006 by the Company.

The 2.15% yen unsecured straight bonds due in 2007 were issued on July 19, 2002 by Ohi Seisakusho Company, Limited, which was newly consolidated in the year ended March 31, 2004.

7. Pledged Assets

Assets pledged as collateral for short-term bank loans, long-term debt and third-party loans at March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Notes and accounts receivable	**¥ 3,074**	¥ 4,259	**$ 26,030**
Inventories	**1,380**	1,515	**11,686**
Investment securities	**8,029**	6,117	**67,990**
Property, plant and equipment, net book value	**42,617**	54,073	**360,885**
	¥55,102	¥65,966	**$466,610**

8. Research and Development Expenses

Research and development expenses included in cost of sales and selling, general and administrative expenses amounted to ¥7,359 million ($62,316 thousand) and ¥6,019 million for the years ended March 31, 2007 and 2006, respectively.

9. Contingent Liabilities

Contingent liabilities at March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Notes receivable discounted	**¥ 649**	¥ 658	**$ 5,495**
Notes receivable endorsed	**—**	66	**—**
Notes receivable securitized with recourse	**4,566**	2,539	**38,665**
Loans guaranteed:			
Unconsolidated subsidiaries and affiliates	**40,264**	21,203	**340,960**
Others	**2,416**	2,804	**20,458**
	¥47,897	¥27,273	**$405,597**

10. Net Assets

The Japanese Company Law provides that an amount equal to 10% of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Company Law.

11. Segment Information

The operations of the Companies for the years ended March 31, 2007 and 2006 were summarized by business segment, geographic segment and sales outside Japan by the Companies as follows.

(a) Business segment information

	Millions of yen							
	Mining & Fundamental Materials	Intermediate Materials	Parts Manufacturing & Assembly	Environmental Engineering & Metals Recycling	Engineering	Services	Elimination or corporate	Consolidated
Year ended March 31, 2007								
Sales:								
Outside customers	**¥ 93,117**	**¥225,242**	**¥160,858**	**¥37,709**	**¥23,752**	**¥50,837**	**¥ —**	**¥591,518**
Inter-segment	**20,446**	**24,045**	**897**	**15,641**	**22,463**	**10,991**	**(94,485)**	**—**
Total	**113,564**	**249,287**	**161,756**	**53,350**	**46,215**	**61,828**	**(94,485)**	**591,518**
Operating expenses	**102,566**	**230,951**	**160,170**	**50,148**	**43,367**	**60,143**	**(94,695)**	**552,653**
Operating income	**¥ 10,998**	**¥ 18,336**	**¥ 1,585**	**¥ 3,202**	**¥ 2,848**	**¥ 1,685**	**¥ 209**	**¥ 38,865**
Identifiable assets	**¥115,923**	**¥206,043**	**¥105,497**	**¥39,447**	**¥25,181**	**¥32,489**	**¥(41,185)**	**¥483,397**
Depreciation expense	**4,566**	**16,878**	**5,535**	**1,456**	**223**	**234**	**(286)**	**28,608**
Loss on impairment of fixed assets	**201**	**345**	**64**	**—**	**—**	**723**	**—**	**1,334**
Capital expenditures	**7,664**	**25,141**	**5,418**	**2,427**	**307**	**109**	**(759)**	**40,309**

	Millions of yen							
	Mining & Fundamental Materials	Intermediate Materials	Parts Manufacturing & Assembly	Environmental Engineering & Metals Recycling	Engineering	Services	Elimination or corporate	Consolidated
Year ended March 31, 2006								
Sales:								
Outside customers	¥ 81,350	¥184,561	¥158,239	¥22,300	¥18,261	¥38,656	¥ —	¥503,370
Inter-segment	12,399	23,786	1,071	16,542	22,303	8,117	(84,221)	—
Total	93,750	208,347	159,311	38,843	40,565	46,773	(84,221)	503,370
Operating expenses	89,201	177,877	156,427	36,673	37,854	45,053	(84,769)	458,318
Operating income	¥ 4,549	¥ 30,470	¥ 2,883	¥ 2,170	¥ 2,710	¥ 1,719	¥ 547	¥ 45,052
Identifiable assets	¥118,551	¥179,752	¥109,876	¥32,336	¥25,238	¥35,604	¥(41,134)	¥460,225
Depreciation expense	6,117	15,113	4,817	1,341	222	246	(209)	27,650
Loss on impairment of fixed assets	1	3,497	657	365	568	2,701	—	7,791
Capital expenditures	9,613	27,170	6,978	2,092	266	21	(966)	45,176

	Thousands of U.S. dollars (Note 1)							
	Mining & Fundamental Materials	Intermediate Materials	Parts Manufacturing & Assembly	Environmental Engineering & Metals Recycling	Engineering	Services	Elimination or corporate	Consolidated
Year ended March 31, 2007								
Sales:								
Outside customers	$788,525	$1,907,375	$1,362,164	$319,324	$201,134	$430,493	$ —	$5,009,043
Inter-segment	173,139	203,615	7,595	132,449	190,219	93,073	(800,110)	—
Total	961,673	2,110,991	1,369,768	451,774	391,354	523,566	(800,110)	5,009,043
Operating expenses	868,540	1,955,720	1,356,338	424,659	367,236	509,297	(801,888)	4,679,930
Operating income	$ 93,132	$ 155,271	$ 13,421	$ 27,114	$ 24,117	$ 14,268	$ 1,769	$ 329,113
Identifiable assets	$981,649	$1,744,796	$ 893,360	$334,041	$213,235	$275,120	$(348,759)	$4,093,462
Depreciation expense	38,665	142,924	46,871	12,329	1,888	1,981	(2,421)	242,255
Loss on impairment of fixed assets	1,702	2,921	541	—	—	6,122	—	11,296
Capital expenditures	64,899	212,896	45,880	20,552	2,599	923	(6,427)	341,341

Notes: (a) As stated in note 2 (q), effective from the year ended March 31, 2007, the Companies adopted the new accounting standard, “Accounting Standard for Directors’ Bonus”.

As a result of adopting this standard, operating expenses increased by ¥33 million ($279 thousand) in the “Mining & Fundamental Materials” segment, ¥91 million ($770 thousand) in the “Intermediate Materials” segment, ¥42 million ($355 thousand) in the “Parts Manufacturing & Assembly” segment, ¥12 million ($101 thousand) in the “Environmental Engineering & Metals Recycling” segment, ¥28 million ($237 thousand) in the “Engineering” segment, and operating income decreased by the same amount.

(b) Effective from the year ended March 31, 2006, the Companies adopted the new accounting standard, “Accounting Standard for Impairment of Fixed Assets”.

As a result of adopting this standard, the identifiable assets decreased by ¥1 million in the “Mining & Fundamental Materials” segment, ¥2,741 million in the “Intermediate Materials” segment, ¥401 million in the “Parts Manufacturing & Assembly” segment, ¥349 million in the “Environmental Engineering & Metals Recycling” segment, ¥336 million in the “Engineering” segment, and ¥2,339 million in the “Services” segment.

(b) Geographic segment information

	Millions of yen					
	Japan	North America	Asia	Other Areas	Elimination or corporate	Consolidated
Year ended March 31, 2007						
Sales:						
Outside customers	¥439,101	¥57,836	¥ 79,481	¥15,098	¥ —	¥591,518
Inter-segment	48,698	870	34,014	7,371	(90,954)	—
Total	487,800	58,706	113,496	22,469	(90,954)	591,518
Operating expenses	463,400	58,120	108,293	15,366	(92,528)	552,653
Operating income	¥ 24,400	¥ 585	¥ 5,202	¥ 7,102	¥ 1,573	¥ 38,865
Identifiable assets	¥426,527	¥27,662	¥ 65,418	¥14,832	¥(51,043)	¥483,397
Year ended March 31, 2006						
Sales:						
Outside customers	¥365,281	¥63,219	¥64,188	¥10,680	¥ —	¥503,370
Inter-segment	54,631	605	21,881	1,736	(78,854)	—
Total	419,912	63,825	86,070	12,416	(78,854)	503,370
Operating expenses	382,636	64,382	80,698	10,468	(79,869)	458,318
Operating income (loss)	¥ 37,276	¥ (557)	¥ 5,372	¥ 1,947	¥ 1,014	¥ 45,052
Identifiable assets	¥415,649	¥32,449	¥58,278	¥10,679	¥(56,830)	¥460,225

	Thousands of U.S. dollars (Note 1)					
	Japan	North America	Asia	Other Areas	Elimination or corporate	Consolidated
Year ended March 31, 2007						
Sales:						
Outside customers	**$3,718,358**	**$489,762**	**$673,054**	**$127,851**	**$ —**	**$5,009,043**
Inter-segment	**412,380**	**7,367**	**288,034**	**62,418**	**(770,209)**	**—**
Total	**4,130,747**	**497,129**	**961,097**	**190,270**	**(770,209)**	**5,009,043**
Operating expenses	**3,924,125**	**492,166**	**917,037**	**130,121**	**(783,537)**	**4,679,930**
Operating income	**$ 206,622**	**$ 4,953**	**$ 44,051**	**$ 60,140**	**$ 13,320**	**$ 329,113**
Identifiable assets	**$3,611,880**	**$234,245**	**$553,967**	**$125,599**	**$(432,238)**	**$4,093,462**

Notes: (a) As stated in note 2 (q), effective from the year ended March 31, 2007, the Companies adopted the new accounting standard, "Accounting Standard for Directors' Bonus".

As a result of adopting this standard, operating expenses increased by ¥208 million ($1,761 thousand) in the "Japan" segment and operating income decreased by the same amount.

(b) Effective from the year ended March 31, 2006, the Companies adopted the new accounting standard, "Accounting Standard for Impairment of Fixed Assets".

As a result of adopting this standard, the identifiable assets decreased by ¥5,730 million in the "Japan" segment and ¥438 million in the "Other Areas" segment.

(c) Sales outside Japan by the Company and its consolidated subsidiaries

	Millions of yen			
	North America	Asia	Other Areas	Total
Year ended March 31, 2007				
Overseas sales	**¥60,612**	**¥103,691**	**¥19,390**	**¥183,694**
Consolidated net sales	**—**	**—**	**—**	**591,518**
Ratio of overseas sales to consolidated net sales	**10.25%**	**17.53%**	**3.27%**	**31.05%**
Year ended March 31, 2006				
Overseas sales	¥65,567	¥85,773	¥15,040	¥166,381
Consolidated net sales	—	—	—	503,370
Ratio of overseas sales to consolidated net sales	13.02%	17.04%	2.99%	33.05%

	Thousands of U.S. dollars (Note 1)			
	North America	Asia	Other Areas	Total
Year ended March 31, 2007				
Overseas sales	**$513,269**	**$878,067**	**$164,196**	**$1,555,542**
Consolidated net sales	**—**	**—**	**—**	**5,009,043**

12. Income Taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 40.4% for the years ended March 31, 2007 and 2006.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Deferred tax assets:			
Unrealized profits and losses	**¥ 2,713**	¥ 2,558	**$ 22,974**
Operating loss carryforward for tax purposes	**4,452**	5,689	**37,700**
Retirement benefits	**11,828**	11,321	**100,160**
Excess bad debt expenses	**234**	622	**1,981**
Excess accrued bonuses to employees	**2,326**	2,229	**19,696**
Excess product warranties	**862**	474	**7,299**
Enterprise taxes accrued	**695**	712	**5,885**
Loss on impairment of fixed assets	**2,518**	2,703	**21,322**
Reserve for environmental countermeasure	**1,235**	—	**10,458**
Reserve for losses of affiliated companies	**174**	—	**1,473**
Unrealized loss on hedging derivatives	**2,501**	—	**21,178**
Other	**8,592**	7,897	**72,758**
Subtotal	**38,137**	34,209	**322,948**
Valuation allowance	**(11,703)**	(11,166)	**(99,102)**
Total deferred tax assets	**¥ 26,434**	¥ 23,043	**$ 223,846**
Deferred tax liabilities:			
Net unrealized gains on securities	**¥ (3,452)**	¥ (4,003)	**$ (29,231)**
Deferral of capital gain related to certain sale of property, plant and equipment	**(2,358)**	(2,415)	**(19,967)**
Retained earnings of foreign subsidiaries	**(5,657)**	(4,261)	**(47,904)**
Unrealized gain on hedging derivatives	**(236)**	—	**(1,998)**
Other	**(2,117)**	(2,316)	**(17,927)**
Total deferred tax liabilities	**¥(13,822)**	¥(12,997)	**$(117,046)**
Net deferred tax assets	**¥ 12,611**	¥ 10,045	**$ 106,791**

The net deferred tax assets at March 31, 2007 and 2006 were contained in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Deferred tax assets—current	**¥6,486**	¥5,677	**$54,924**
Deferred tax assets—noncurrent	**8,046**	5,762	**68,134**
Deferred tax liabilities—current	**25**	68	**211**
Deferred tax liabilities—noncurrent	**1,895**	1,326	**16,047**

The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the years ended March 31, 2007 and 2006.

	2007	2006
Statutory effective tax rate	**40.40%**	40.40%
Effect of elimination of intercompany dividends received	**7.17**	4.81
Permanent difference due to non-deductible expense	**0.61**	0.73
Investment gains on equity method	**(11.88)**	(4.67)
Permanent difference due to non-taxable income	**(6.66)**	(3.41)
Amortization of goodwill	**(2.46)**	(3.10)
Others	**2.47**	(0.67)
Tax rate calculated based on the Companies' consolidated financial statements	**29.65%**	34.09%

13. Lease Transactions

(a) As lessees

(1) Information on non-capitalized finance leases for the years ended March 31, 2007 and 2006 is as follows:

Acquisition cost equivalents, accumulated depreciation equivalents and net book value equivalents of leased properties:

	Millions of yen		
Year ended March 31, 2007	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	**¥7,976**	**¥3,498**	**¥4,478**

	Millions of yen		
Year ended March 31, 2006	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	¥8,520	¥3,525	¥4,994

	Thousands of U.S. dollars (Note 1)		
Year ended March 31, 2007	Acquisition cost	Accumulated depreciation	Net book value
Machinery and equipment	**$67,541**	**$29,621**	**$37,920**

Lease obligations, lease expenses and depreciation equivalents:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Lease obligations due:			
Within one year	**¥1,281**	¥1,365	**$10,847**
After one year	**3,223**	3,653	**27,292**
Total	**¥4,505**	¥5,019	**$38,148**
Lease expenses	**¥1,471**	¥1,324	**$12,456**
Depreciation equivalents	**1,471**	1,324	**12,456**

Since the amounts of lease obligations are relatively small, amounts shown above are inclusive of interest.

Assumed depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

(2) Information on operating leases for the years ended March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Lease obligations due:			
Within one year	**¥212**	¥201	**$1,795**
After one year	**359**	366	**3,040**
Total	**¥572**	¥568	**$4,843**

(b) As lessors

Information on non-capitalized finance leases for the years ended March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Lease receivables due:			
Within one year	**¥ 5**	¥15	**$ 42**
After one year	**21**	9	**177**
Total	**¥26**	¥24	**$220**

All transactions of the Companies as lessors were subleases to third parties. The Companies subleased to lessees on the same terms that the Companies originally signed. The whole amount was included in the amount of lease obligations shown in (a).

Since the amounts of lease receivables were relatively small, amounts shown above are inclusive of interest.

14. Derivative Transactions

The Companies used currency forward contracts and options to hedge transactions, such as sales of commodities (mainly basic metals) and purchases of inventories (mainly imported materials), and to hedge its assets and liabilities denominated in foreign currencies against foreign currency exchange risk.

The Companies also entered into interest rate swaps to hedge their loans payable against interest rate risk. Further, the Companies utilized metal forward contracts to reduce the Companies' exposure to fluctuations in metal prices.

All of these contracts were based on actual demand and not for trading in the short term or for speculation. In particular, the Companies prohibited selling options in accordance with their respective internal transaction management rules.

Contract amounts shown in the tables below are notional amounts in derivative contracts. These amounts do not represent the Companies' market risk or credit risk incurred in derivative transactions.

Dealing market value was computed as a fair value based on the price shown by banking facilities or trading companies. These market values were presented for evaluations of derivatives, and they do not represent the amounts that the Companies pay or receive in the future.

The following tables summarize market value information as of March 31, 2007 and 2006 of derivative transactions for which hedge accounting had not been applied.

(a) Currency-related derivatives

			Millions of yen		Thousands of U.S. dollars (Note 1)
Type			**2007**	2006	**2007**
Forward contracts:					
	Selling U.S. dollars:	Contract amounts	**¥ 71**	¥1,116	**$ 601**
		Due over one year	**—**	—	**—**
		Market value	**70**	1,127	**592**
		Net unrealized gains	**1**	(11)	**8**
	Selling Euros:	Contract amounts	**¥217**	¥ 70	**$1,837**
		Due over one year	**—**	—	**—**
		Market value	**219**	71	**1,854**
		Net unrealized gains	**(2)**	(0)	**(16)**
	Buying U.S. dollars:	Contract amounts	**¥258**	¥ —	**$2,184**
		Due over one year	**—**	—	**—**
		Market value	**259**	—	**2,193**
		Net unrealized gains	**1**	—	**8**
	Buying Thai baht:	Contract amounts	**¥361**	¥ —	**$3,056**
		Due over one year	**—**	—	**—**
		Market value	**351**	—	**2,972**
		Net unrealized gains	**(9)**	—	**(76)**
	Buying Japanese yen:	Contract amounts	**¥413**	¥ 730	**$3,497**
		Due over one year	**—**	—	**—**
		Market value	**403**	729	**3,412**
		Net unrealized losses	**(9)**	(0)	**(76)**

Market values of forward currency contracts are based on future exchange rates or prices provided by financial institutions.

(b) Commodities-related derivatives

Type			Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 1) 2007
Forward contracts:					
	Selling metal	Contract amounts	**¥—**	¥2,492	**$—**
		Due over one year	**—**	—	**—**
		Market value	**—**	3,067	**—**
		Net unrealized losses	**—**	(575)	**—**

Market value of metal forward contracts is based on forward prices provided by trading companies.

15. Business Divestitures

Nippon Mining & Metals Co., Ltd. (NM&M) and the Company have for some time promoted a comprehensive alliance in copper smelting business centered on Pan Pacific Copper Co., Ltd. (PPC), jointly established by the two companies. Until the end of fiscal 2005, PPC had undertaken integrated copper smelting business encompassing procuring ore from overseas mines and other sources, entrusting NM&M and the Company to refine the ore, and marketing the entrusted products returned by NM&M and the Company. With the goals of integrating production functions, and thereby further strengthening the alliance and upgrading the competitiveness of copper smelting business, on April 1, 2006, the entrusted copper smelting and refining operations and related operations performed by the Company's subsidiary Hibi Kyodo Smelting Co., Ltd. (HKS), on behalf of the Company, were transferred to PPC.

In addition, accompanying the transfer of operations, the Company's shares in HKS were transferred to PPC.

The details of the business divestitures are as follows.

(a) The name of receiver of transferred business: Pan Pacific Copper Co., Ltd.

(b) Details of transferred business operations: Commissioned copper smelting and refining work handled by HKS's Tamano Smelter and a portion of auxiliary management operations at the Company's Hibi Smelter

(c) The name of the business segment in which the transferred business was included: Mining & Fundamental Materials

16. Employees' Retirement Benefits

The Company and its consolidated domestic subsidiaries provide two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on their length of service and basic rate of pay at the time of termination.

Employees' retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2007 and 2006 consisted of the following:

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 1) 2007
Projected benefit obligation	**¥34,618**	¥32,681	**$293,149**
Plan assets at fair value	**(4,220)**	(4,373)	**(35,735)**
Projected benefit obligation in excess of plan assets	**30,398**	28,308	**257,413**
Less: Unrecognized actuarial differences	**(68)**	97	**(575)**
Less: Unrecognized prior service costs	**(179)**	(203)	**(1,515)**
Payment on delivery plan expense	**—**	(202)	**—**
Employees' retirement benefits	**¥30,151**	¥28,405	**$255,322**

The employees' retirement benefit costs for the years ended March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Service costs—benefits earned during the year	**¥2,979**	¥2,082	**$25,226**
Interest cost on projected benefit obligation	**552**	518	**4,674**
Expected return on plan assets	**(79)**	(45)	**(668)**
Amortization of actuarial differences	**1,341**	367	**11,355**
Amortization of prior service costs	**134**	93	**1,134**
Additional retirement benefits	**796**	106	**6,740**
Employees' retirement benefit costs	**¥5,724**	¥3,122	**$48,471**

The actuarial assumptions for calculating the projected benefit obligation for the years ended March 31, 2007 and 2006 were as follows:

	2007	2006
Attribution of benefits to periods of service	**Benefit/years-of-service approach**	Benefit/years-of-service approach
Discount rate used to determine the projected benefit obligation	**1.7%–2.4%**	1.7%–2.4%
Expected return on plan assets	**Mainly 1.0%**	Mainly 1.0%
Period to amortize prior service costs	**1–5 years**	1–5 years
Period to amortize the actuarial differences	**1–3 years**	1–3 years

17. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2007 and 2006 were as follows:

Year ended March 31, 2007

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S. dollars (Note 1))
Net income available to common shareholders	**¥31,370**	**572,730**	**¥54.77**	**$0.46**

Year ended March 31, 2006

	Net income (Millions of yen)	Weighted-average shares (Thousands)	Net income per share (Yen)
Basic earnings per share:			
Net income	¥23,374		
Bonuses to directors by appropriation of retained earnings	167		
Net income available to common shareholders	¥23,206	572,768	¥40.52

18. Loss on Impairment of Fixed Assets

Loss on impairment of fixed assets for the years ended March 31, 2007 and 2006 consisted of the following.

Year ended March 31, 2007

Location	Major use	Asset category	Millions of yen	Thousands of U.S. dollars (Note 1)
Takehara City,	Production facilities	Buildings and structures	**¥ 16**	**$ 135**
Hiroshima Prefecture, others		Machinery	**23**	**194**
		Others	**65**	**550**
Hachinohe City,	Welfare program	Land	**50**	**423**
Aomori Prefecture	assets	Buildings, others	**96**	**812**
Kita-ku, Tokyo, others	Idle assets	Land, others	**1,083**	**9,170**

The Company and its consolidated subsidiaries have grouped assets used for business activities by the units of the factory distinction and of the product distinction based on management accounting. Idle assets and lease assets that have a sign of impairment are assessed on an individual basis.

As for production facilities, there were no future cash flows expected since the serious deterioration in the market conditions had weakened profitability, and, moreover, sale of these assets was extremely improbable. Consequently, the book values of these assets were reduced to zero.

As for idle assets and welfare program assets, the book values of the assets were reduced to zero in case that there were no future cash flows expected, and, moreover, sale of these assets was extremely improbable. The book value of salable lands was reduced to net realizable value based on the fair value, provided by a real estate appraiser.

Year ended March 31, 2006

Location	Major use	Asset category	Millions of yen
Takehara City, Hiroshima Prefecture, others	Production facilities and waste dumping site	Buildings and structures	**¥ 990**
		Machinery	**1,521**
		Land	**946**
		Others	**193**
Funabashi City, Chiba Prefecture	Office site	Land, others	**568**
Takehara City, Hiroshima Prefecture, other	Lease assets	Land	**1,256**
		Buildings, others	**325**
Kita-ku, Tokyo, others	Idle assets	Land, others	**1,989**

The Company and its consolidated subsidiaries have grouped assets used for business activities by the units of the factory distinction and of the product distinction based on management accounting. Idle assets and lease assets that have a sign of impairment are assessed on an individual basis.

As for production facilities and a waste dumping site, there were no future cash flows expected since the serious deterioration in the market conditions had weakened profitability, and, moreover, sale of these assets was extremely improbable. Consequently, the book values of these assets were reduced to zero.

As for the office site, the book value of the assets was reduced to the estimated sales price since the assets were going to be sold to a third party.

As for idle assets and lease assets, the book values of the assets were reduced to zero in case that there were no future cash flows expected and, moreover, sale of these assets was extremely improbable. The book value of salable lands was reduced to net realizable value based on the fair value, provided by a real estate appraiser.

19. Related Party Transactions

(a) The Company owns 34% of outstanding shares of Pan Pacific Copper Co., Ltd., which sells products related to copper refining and smelting business.

The transactions and account balances with Pan Pacific Copper Co., Ltd. as of March 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	**2007**
Guarantees of bank loans	**¥35,111**	¥18,557	**$297,324**
Business transfer			
Asset transfer total	**9,617**	—	**81,437**
Liability transfer total	**1,591**	—	**13,472**
Transfer price	**22,356**	—	**189,313**
Gain on business transfer	**14,331**	—	**121,356**

Terms of transactions:

As stated in note 15, the Company transferred commissioned copper smelting and refining business handled by the Tamano Smelter of Hibi Kyodo Smelting Co., Ltd., and a portion of auxiliary management operations at the Company's Hibi Smelter. The transfer prices were determined based on discussions between the transactors after obtaining a third-party appraiser's objective evaluation.

(b) The Company owns 50% of outstanding shares of MS Zinc Co., Ltd., which produces and sells products related to zinc refining and smelting business.

The transactions and account balances with MS Zinc Co., Ltd. as of March 31, 2007 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2007	2007
Net sales	¥75,910	$642,814

Terms of transactions:

Terms of sales to MS Zinc Co., Ltd. are determined under general market conditions.

20. Subsequent Events

(a) Issuance of unsecured domestic straight bonds

On April 26, 2007, the Board of Directors of the Company approved a proposal for the issuance of unsecured domestic straight bonds.

Principal data on these bonds to be issued are as follows:

1. Total issue amounts	Not more than ¥10,000 million ($84,681 thousand)
2. Term	Five years
3. Payment price	¥100 for each ¥100 of face value
4. Offering period	From April 27, 2007 to September 30, 2007
5. Interest rate	Fixed rate not exceeding swap rate corresponding to the bond repayment term plus 0.5%
6. Redemption method	Redemption of maturing date (It is possible to attach a callable option.)
7. Application of funds	Proceeds will be used for capital investments, working capital, repayment of commercial paper and other debt, equity and financing investments.

(b) On June 28, 2007, at the shareholders' meeting, the following appropriations were approved: payment of cash dividends to shareholders of record on March 31, 2007 of ¥12.00 ($0.10) per share totaling ¥6,872 million ($58,192 thousand).

Independent Auditors' Report

To the Board of Directors of
Mitsui Mining and Smelting Company, Limited:

We have audited the accompanying consolidated balance sheets of Mitsui Mining and Smelting Company, Limited and consolidated subsidiaries as of March 31, 2007 and 2006, the related consolidated statements of income for the years then ended, the consolidated statements of changes in net assets for the year ended March 31, 2007, the consolidated statements of shareholders' equity for the year ended March 31, 2006, and the consolidated statements of cash flows for the years ended March 31, 2007 and 2006, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsui Mining and Smelting Company, Limited and subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
(1) As discussed in Note 2 (s) to the consolidated financial statements, effective April 1, 2006, Mitsui Mining and Smelting Company, Limited and consolidated subsidiaries adopted new accounting standards for the presentation of net assets in the balance sheet.
(2) As discussed in Note 2 (p) to the consolidated financial statements, effective April 1, 2005, Mitsui Mining and Smelting Company, Limited and consolidated subsidiaries adopted the new accounting standard for the impairment of fixed assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 28, 2007

KPMG AZSA & Co.

Corporate Data

(As of March 31, 2007)

Established: May 1, 1950

Authorized capital: 1,944 million shares

Shares issued: 572,966,166 shares

Paid-in capital: ¥42,129 million

Stock listings: Common stock is listed on the Tokyo, Osaka, and three other domestic stock exchanges.

Number of shareholders: 57,484

Principal shareholders:

	Investment in the Company	
	Number of shares held (Thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Held in trust account)	35,687	6.23
Japan Trustee Services Bank, Ltd. (Held in trust account)	32,769	5.72
Goldman Sachs International	11,486	2.00
Japan Trustee Services Bank, Ltd. (Held in trust account 4)	11,482	2.00
Mitsui Life Insurance Company, Limited	9,281	1.62
State Street Bank and Trust Company 505103	7,923	1.38
Japan Securities Finance Co., Ltd.	7,182	1.25
Trust & Custody Services Bank, Ltd. (Held in securities investment trust account)	6,854	1.19
Nippon Life Insurance Company	6,697	1.16
JP Morgan Chase Bank 380084	6,612	1.15

Principal subsidiaries:

	Paid-in capital (Millions)	Share (%)
Kamioka Mining & Smelting Co., Ltd.	¥4,600	100.0%
Hachinohe Smelting Co., Ltd.	¥4,795	85.5
Hikoshima Smelting Co., Ltd.	¥460	100.0
Taiwan Copper Foil Co., Ltd.	NT$800	95.0
Mitsui Copper Foil (Malaysia) Sdn. Bhd.	RM50	90.0
MCS, Inc.	¥450	100.0 (8.9)
Mitsui Electronic Materials Co., Ltd.	NT$600	100.0
Ohi Seisakusho Co., Ltd.	¥2,766	100.0
GECOM Corp.	US$15.75	100.0
Mitsui Siam Components Co., Ltd.	THB210	75.0
Okuaizu Geothermal Co., Ltd.	¥100	100.0
Mitsui Kinzoku Trading Co., Ltd.	¥240	100.0
MESCO, Inc.	¥1,085	63.3

Note: Parentheses around figures for percentage owned by Mitsui Kinzoku indicate indirect ownership.

Directors, Auditors, and Executive Officers

(As of June 28, 2007)

Board of Directors

Yoshihiko Takebayashi
President and Representative Director,
Chief Executive Officer,
Chief Operating Officer

2007 President and Representative Director, CEO and COO
2006 Director, Senior Managing Executive Officer and Senior General Manager of Parts Production Sector
2005 Director, Senior Managing Executive Officer and Senior General Manager of Engineered Materials Sector
2001 Director, Senior Executive Officer and Senior General Manager of Engineered Materials Sector
1999 Director, General Manager of Chemicals Division, Materials Sector
1994 President, GECOM Corp. (U.S.A.)
1967 Joined Mitsui Mining and Smelting Co., Ltd.

Naoaki Ogawa
Representative Director,
Senior Managing Executive Officer,
Chief Technology Officer
Microcircuit Sector

Yoshiaki Kitagawa
Representative Director,
Senior Managing Executive Officer,
Metals, Minerals & Environmental Engineering Sector

Takao Hironaka
Director,
Senior Executive Officer,
Engineered Materials Sector

Masao Omura
Director,
Senior Executive Officer,
Affiliates Coordination Sector

Tomoharu Jogo
Director,
Senior Executive Officer,
Chief Risk Management Officer

Masatoshi Eto
Director,
Senior Executive Officer,
Copper Foil Sector

Shimpei Miyamura
Director, Senior Adviser

Hiromichi Shibata
Outside Director

Corporate Auditors

Toshio Kodama
Shoji Onoue
Yoshiro Kamata
(Outside Auditor)
Junya Sato
(Outside Auditor)

Senior Executive Officers

Tatsuhiko Takai
Chief Financial Officer

Kazuo Hirano
Parts Production Sector

Executive Officers

Wakaba Sakurai
Mitsuhiko Hasuo
Satoshi Arita
Hirohisa Senzaki
Hideo Kuroda
Makoto Fukuda
Takashi Sato
Osamu Higuchi
Shigeru Mitsumori
Kosuke Watanabe
Mitsuru Uekawa
Toru Oshita
Hiroshi Sumida
Jun Fujii
Takao Shibue
Harufumi Sakai
Sadao Senda
Toru Higuchi
Masashi Sato

Worldwide Operations

(As of July 1, 2007)

	Japan	Asia	Americas and Europe
Offices/ Laboratories	**Head Office** (Shinagawa, Tokyo) **Osaka Branch** (Osaka, Osaka) **Corporate R&D Center** (Ageo, Saitama)	**Mitsui Kinzoku Trading (Shanghai) Co., Ltd.** (Shanghai, China)	**Mitsui Mining & Smelting Co., Ltd., Sucursal del Perú** (Lima, Perú) **Oak-Mitsui Technologies LLC** (New York, U.S.A.)
Electronics-Related Materials	**Takehara Refinery** (Takehara, Hiroshima) **Ageo Copper Foil Plant** (Ageo, Saitama) **Miike Thin-film Materials Plant** (Omuta, Fukuoka) **Miike Rare Metals Plant** (Omuta, Fukuoka) **MCS, Inc.** (Shimonoseki, Yamaguchi) **NIHON KESSHO KOUGAKU Co., Ltd.** (Tatebayashi, Gunma)	**Taiwan Copper Foil Co., Ltd.** (Nantou, Taiwan) **Mitsui Copper Foil (Malaysia) Sdn. Bhd.** (Selangor Darul Ehsan, Malaysia) **Mitsui Copper Foil (Hong Kong) Co., Ltd.** (Hong Kong, China) **Mitsui Copper Foil (Suzhou) Co., Ltd.** (Jiangsu, China) **Mitsui Copper Foil (Guangdong) Co., Ltd.** (Guangdong, China) **Mitsui Electronic Materials Co., Ltd.** (Taichung, Taiwan) **Mitsui Kinzoku Korea Co., Ltd.** (Pyeongtaek-si, Korea) **Mitsui Micro Circuits Taiwan Co., Ltd.** (Taichung, Taiwan)	**Oak-Mitsui Inc.** (New York, U.S.A.) **Mitsui Zinc Powder LLC** (Pennsylvania, U.S.A.)
Metals and Environmental Services	**Kamioka Mining & Smelting Co., Ltd.** (Hida, Gifu) **Hachinohe Smelting Co., Ltd.** (Shinagawa, Tokyo) **Hikoshima Smelting Co., Ltd.** (Shimonoseki, Yamaguchi) **MS Zinc Co., Ltd.** (Minato, Tokyo) **Pan Pacific Copper Co., Ltd.** (Minato, Tokyo) **Okuaizu Geothermal Co., Ltd.** (Yanagitsu, Fukushima)	**Shanghai Mitsui Xin Yun Precious and Rare Metal Recycle Co., Ltd.** (Shanghai, China)	**Compania Minera Santa Luisa S.A.** (Lima, Perú)
Automotive Parts	**Nirasaki Parts & Components Manufacturing Plant** (Nirasaki, Yamanashi) **Kamioka Catalyst Plant** (Hida, Gifu) **Ohi Seisakusho Co., Ltd.** (Yokohama, Kanagawa)	**Mitsui Siam Components Co., Ltd.** (Rayong, Thailand) **Mitsui-Huayang Automotive Components Co., Ltd.** (Guizhou, China) **Mitsui Components Guangdong Co., Ltd.** (Guangdong, China) **Wuxi Da Chong Industry Co., Ltd.** (Jiangsu, China) **Mitsui Kinzoku Components India Pvt. Ltd.** (Haryana, India) **Mitsui Kinzoku Catalyst Zhuhai Co., Ltd.** (Guangdong, China)	**GECOM Corp.** (Indiana, U.S.A.) **Mitsui Components Europe Ltd.** (Wales, U.K.)
Other	**Ageo Rolled Copper & Zinc Plant** (Ageo, Saitama) **Omuta Ceramics Plant** (Omuta, Fukuoka) **Kitakata Perlite Plant** (Kitakata, Fukushima) **Osaka Perlite Plant** (Kaizuka, Osaka) **MESCO, Inc.** (Sumida, Tokyo)	**Mitsui Grinding Technology (Thailand) Co., Ltd.** (Chonburi, Thailand)	

MITSUI MINING AND SMELTING CO., LTD.

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