

## Consolidated Interim Summary Report for the year ending March 31, 2004

NIPPON MINING HOLDINGS, INC (URL:<http://www.shinnikko-hd.co.jp>)

Code No. : 5 0 1 6  
 Stock Listings : Tokyo, Osaka , Nagoya  
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 Date of Interim Board of Directors : November 12, 2003

This Financial Statement is prepared in accordance with accounting principles generally accepted in Japan.

## 1. Operating results for the six-months ended September 30, 2003 (the period from April 1, 2003 to September 30, 2003)

\*Since Nippon Mining-Holdings, Inc. was jointly established by Japan Energy Corporation and its consolidated subsidiary Nippon Mining & Metals Co., Ltd. by way of share transfer on Sep. 27, 2002, consolidated financial result of Japan Energy Corp. for the six-months ended Sep. 30, 2002 is presented for comparison.

## (1) Operating results

	Sales		Operating Income		Income before special items	
	millions of yen	%(*)	millions of yen	%(*)	millions of yen	%(*)
For the six-months ended September 30, 2003	1,052,365	[ 4.1 ]	18,500	[ 52.0 ]	19,344	[ 70.9 ]
For the six-months ended September 30, 2002	1,010,693		12,174		11,316	
For the year ended March 31, 2003	2,163,088		40,256		36,968	

  

	Net Income		Primary EPS		Fully diluted EPS	
	millions of yen	%(*)	yen	sen	yen	sen
For the six-months ended September 30, 2003	4,153	[ 83.4 ]	6	12	-	-
For the six-months ended September 30, 2002	2,265		2	09	-	-
For the year ended March 31, 2003	3,652		5	89	-	-

Note: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

For the six-months ended September 30, 2003 : 5,922 millions of yen, For the six-months ended September 30, 2002 : 4,510 millions of yen,

For the year ended March 31, 2003 : 7,922 millions of yen

2. Average number of shares issued (consolidated)

For the six-months ended September 30, 2003 : 678,941,023 shares, For the six-months ended September 30, 2002 : 1,085,968,882 shares,

For the year ended March 31, 2003 : 611,027,210 shares

3. Change of accounting method : None

\* This represents a percentage of an increase or a decrease from the previous interim period.

## (2) Financial position

	Total Assets		Total Shareholders' Equity	
	millions of yen		millions of yen	
As of September 30, 2003	1,586,402		222,659	
As of September 30, 2002	1,610,756		174,809	
As of March 31, 2003	1,628,723		204,946	

  

	Net Worth Ratio		Shareholders' Equity Per Share	
	%		yen	sen
As of September 30, 2003	14.0		327	95
As of September 30, 2002	10.9		161	01
As of March 31, 2003	12.6		301	78

Note: Number of shares issued at end of period (consolidated)

For the six-months ended September 30, 2003 : 678,934,066 shares, For the six-months ended September 30, 2002 : 1,085,711,569 shares,

For the year ended March 31, 2003 : 678,956,166 shares

## (3) Cash Flows

	Cash flows from operating activities		Cash flows from investing activities	
	millions of yen		millions of yen	
For the six-months ended September 30, 2003	9,926		2,743	
For the six-months ended September 30, 2002	(22,381)		(15,516)	
For the year ended March 31, 2003	14,344		(15,698)	

  

	Cash flows from financing activities		Cash and cash equivalents at end of period	
	millions of yen		millions of yen	
For the six-months ended September 30, 2003	(19,606)		70,507	
For the six-months ended September 30, 2002	(9,963)		47,607	
For the year ended March 31, 2003	(17,568)		76,294	

## (4) Consolidation group

Consolidated subsidiaries 97 (Japan Energy Corp., Nippon Mining & Metals Co., Ltd., Nikko Materials Co., Ltd., etc.)  
 Non-consolidated subsidiaries accounted for by equity method 1 (N.K. Curex Co., Ltd.)  
 Affiliated companies accounted for by equity method 19 (LG-Nikko Copper Inc., Minera Los Pelambres., etc.)

## (5) Change of reporting entities and the equity method

Consolidation (newly included) 6 (Japan Energy Corp., Fuji Electronics Dongguan Co., Ltd. Nikko Materials U.S.A. Inc., etc.)  
 (excluded) 4 (Japan energy (Bermuda) Co., Ltd., JAPAREN Co., Ltd., Daido Oil and Gas Co., Ltd., etc.)  
 Equity method (newly included) 2 (NMC Pearl River Mouth Oil Development Co., Ltd. Southern Highlands Petroleum Co., Ltd.)  
 (excluded) 1 (AMIS Holdings Inc.)

## 2. Projection of operating results for the fiscal year ending March 31, 2004 (the period from April 1, 2003 to March 31, 2004)

	Sales		Income before special items		Net Income	
	millions of yen		millions of yen		millions of yen	
For the year ending March 31, 2004	2,170,000		44,000		12,000	

(information purpose) Projection of Earnings Per Share

17 yen 67 sen

\*This projection is based on information available as of May 2003. The information is subject to change due to changes in the business environment.

## Consolidated Balance Sheet

Account Title	Fiscal 2003(interim) (As of September 30, 2003)		Fiscal 2002 (As of March 31, 2003)		Increase (Decrease)	Fiscal 2002(interim) (As of September 30, 2002)	
	millions of yen	%	millions of yen	%	millions of yen	millions of yen	%
<b>Assets</b>	<b>1,586,402</b>	<b>100.0</b>	<b>1,628,723</b>	<b>100.0</b>	<b>(42,321)</b>	<b>1,610,756</b>	<b>100.0</b>
<i>Current Assets</i>	<i>581,383</i>	<i>36.6</i>	<i>596,082</i>	<i>36.6</i>	<i>(14,699)</i>	<i>550,500</i>	<i>34.2</i>
Cash and time deposits	70,818		66,193		4,625	47,079	
Notes and accounts receivable	205,885		233,226		(27,341)	201,162	
Securities	626		1,262		(636)	3,661	
Inventories	229,497		223,240		6,257	236,366	
Other current assets	76,212		74,286		1,926	63,830	
Allowance for doubtful accounts	(1,655)		(2,125)		470	(1,598)	
<i>Fixed Assets</i>	<i>1,005,019</i>	<i>63.4</i>	<i>1,032,641</i>	<i>63.4</i>	<i>(27,622)</i>	<i>1,060,256</i>	<i>65.8</i>
Property, plant and equipment	629,917		650,831		(20,914)	652,541	
Buildings and structures	170,594		172,561		(1,967)	175,629	
Machinery and equipment	125,835		136,132		(10,297)	141,812	
Land	310,867		311,589		(722)	305,574	
Other	22,621		30,549		(7,928)	29,526	
Intangible assets	84,903		98,173		(13,270)	100,610	
Investments and other long-term assets	290,199		283,637		6,562	307,105	
Investments in securities	177,694		148,004		29,690	164,030	
Other	115,397		138,502		(23,105)	146,519	
Allowance for doubtful accounts	(2,892)		(2,869)		(23)	(3,444)	
<i>Total Assets</i>	<i>1,586,402</i>	<i>100.0</i>	<i>1,628,723</i>	<i>100.0</i>	<i>(42,321)</i>	<i>1,610,756</i>	<i>100.0</i>
<b>Liabilities</b>	<b>1,324,410</b>	<b>83.5</b>	<b>1,386,194</b>	<b>85.1</b>	<b>(61,784)</b>	<b>1,368,011</b>	<b>84.9</b>
<i>Current Liabilities</i>	<i>750,712</i>	<i>47.3</i>	<i>789,711</i>	<i>48.5</i>	<i>(38,999)</i>	<i>736,842</i>	<i>45.7</i>
Notes and accounts payable	182,686		194,079		(11,393)	172,963	
Short-term borrowing	405,892		427,834		(21,942)	392,528	
Current portion of bonds	1,000		-		1,000	6,500	
Accounts payable, other	96,571		97,675		(1,104)	99,042	
Other current liabilities	64,563		70,123		(5,560)	65,809	
<i>Long-term Liabilities</i>	<i>573,698</i>	<i>36.2</i>	<i>596,483</i>	<i>36.6</i>	<i>(22,785)</i>	<i>631,169</i>	<i>39.2</i>
Bonds	56,400		57,400		(1,000)	57,400	
Long-term debt	390,137		391,149		(1,012)	425,764	
Deferred tax liabilities related to land revaluation	-		34,072		(34,072)	34,861	
Accrued retirement benefits	61,435		61,517		(82)	58,395	
Allowance for periodic repair works	14,318		13,453		865	12,640	
Other long-term liabilities	51,408		38,892		12,516	42,109	
<b>Minority Interest in Consolidated Subsidiaries</b>	<b>39,333</b>	<b>2.5</b>	<b>37,583</b>	<b>2.3</b>	<b>1,750</b>	<b>67,936</b>	<b>4.2</b>
<b>Shareholders' Equity</b>	<b>222,659</b>	<b>14.0</b>	<b>204,946</b>	<b>12.6</b>	<b>17,713</b>	<b>174,809</b>	<b>10.9</b>
<i>Common Stock</i>	<i>40,000</i>	<i>2.5</i>	<i>40,000</i>	<i>2.5</i>	-	<i>87,583</i>	<i>5.4</i>
<i>Capital surplus</i>	<i>149,307</i>	<i>9.4</i>	<i>149,307</i>	<i>9.2</i>	-	<i>47,021</i>	<i>2.9</i>
<i>Retained earnings</i>	<i>30,487</i>	<i>1.9</i>	<i>(21,406)</i>	<i>(1.3)</i>	<i>51,893</i>	<i>(20,051)</i>	<i>(1.2)</i>
<i>Surplus from land revaluation</i>	<i>1,658</i>	<i>0.1</i>	<i>51,413</i>	<i>3.1</i>	<i>(49,755)</i>	<i>58,251</i>	<i>3.6</i>
<i>Unrealized gain on marketable securities</i>	<i>21,544</i>	<i>1.4</i>	<i>3,467</i>	<i>0.2</i>	<i>18,077</i>	<i>2,698</i>	<i>0.2</i>
<i>Translation adjustment</i>	<i>(1,366)</i>	<i>(0.1)</i>	<i>1,131</i>	<i>0.1</i>	<i>(2,497)</i>	<i>911</i>	<i>0.1</i>
<i>Treasury stock, at cost</i>	<i>(18,971)</i>	<i>(1.2)</i>	<i>(18,966)</i>	<i>(1.2)</i>	<i>(5)</i>	<i>(1,604)</i>	<i>(0.1)</i>
<i>Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity</i>	<i>1,586,402</i>	<i>100.0</i>	<i>1,628,723</i>	<i>100.0</i>	<i>(42,321)</i>	<i>1,610,756</i>	<i>100.0</i>

## Consolidated Statements of Income

Account Title	Fiscal 2003(interim) (from April 1, 2003 to September 30, 2003)		Fiscal 2002(interim) (from April 1, 2002 to September 30, 2002)		Increase (Decrease)	Fiscal 2002 (from April 1,2002 to March 31,2003)	
	millions of yen	%	millions of yen	%	millions of yen	millions of yen	%
<b>Operating Income(Loss)</b>							
Net Sales	1,052,365	100.0	1,010,693	100.0	41,672	2,163,088	100.0
Cost of Sales	939,572	89.3	902,613	89.3	36,959	1,928,839	89.2
Selling, General and Administrative Expenses	94,293	8.9	95,906	9.5	(1,613)	193,993	8.9
<i>Operating Income</i>	<i>18,500</i>	<i>1.8</i>	<i>12,174</i>	<i>1.2</i>	<i>6,326</i>	<i>40,256</i>	<i>1.9</i>
<b>Other Income(Loss)</b>							
Interest and dividends income	1,810		2,128		(318)	3,717	
Amortization of negative goodwill	2,284		1,850		434	4,154	
Equity in earnings of non-consolidated subsidiaries and affiliates	5,922		4,510		1,412	7,922	
Interest expenses	(7,802)		(8,610)		808	(16,690)	
Other, net	(1,370)		(736)		(634)	(2,391)	
<i>Other loss</i>	<i>844</i>	<i>0.0</i>	<i>(858)</i>	<i>(0.1)</i>	<i>1,702</i>	<i>(3,288)</i>	<i>(0.2)</i>
<i>Income before special items</i>	<i>19,344</i>	<i>1.8</i>	<i>11,316</i>	<i>1.1</i>	<i>8,028</i>	<i>36,968</i>	<i>1.7</i>
<b>Special Profit (Loss)</b>							
Gain on sales of fixed assets	-		-		-	1,592	
Gain on maturities of investments in securities	8,454		-		8,454	-	
Gain on sales of investments in securities	586		261		325	837	
Gain on sales of investments in consolidated subsidiaries	-		-		-	3,857	
Gain on sales of pharmaceutical business divisions	-		1,102		(1,102)	1,102	
Gain on return of substituted portion of employee pension fund	-		-		-	1,912	
Loss on disposals of fixed assets	(3,788)		(3,141)		(647)	7,604	
Loss on write-down of investments in securities	(814)		(1,963)		1,149	13,831	
Loss on structural reform measures related	(24,488)		-		(24,488)	(10,340)	
Other, net	(940)		(50)		(890)	(1,059)	
<i>Special loss</i>	<i>(20,990)</i>	<i>(2.0)</i>	<i>(3,791)</i>	<i>(0.4)</i>	<i>(17,199)</i>	<i>(23,534)</i>	<i>(1.1)</i>
<i>Income before income taxes</i>	<i>(1,646)</i>	<i>(0.2)</i>	<i>7,525</i>	<i>0.7</i>	<i>(9,171)</i>	<i>13,434</i>	<i>0.6</i>
Income taxes	6,979	0.6	2,818	0.2	4,161	8,721	0.4
Deferred income tax	(14,641)	(1.4)	(1,223)	(0.1)	(13,418)	(4,065)	(0.2)
Minority interest in net earnings of consolidated subsidiaries	(1,863)	(0.2)	(3,665)	(0.4)	1,802	(5,126)	(0.2)
<i>Net income</i>	<i>4,153</i>	<i>0.4</i>	<i>2,265</i>	<i>0.2</i>	<i>1,888</i>	<i>3,652</i>	<i>0.2</i>

## Consolidated Statement of Retained Earnings

(millions of yen)

Account Title	Fiscal 2003(interim) (from April 1, 2003 to September 30, 2003)	Fiscal 2002(interim) (from April 1, 2002 to September 30, 2002)	Fiscal 2002 (from April 1, 2002 to March 31, 2003)
Capital Surplus:			
Balance at beginning of year	149,307	47,021	47,021
Increase in capital surplus	-	-	102,286
Increase arising from share transfer	-	-	102,286
Balance at end of year (period)	149,307	47,021	149,307
Retained Earnings:			
Balance at beginning of year	(21,406)	(19,826)	(19,826)
Increase in retained earnings	55,346	3,583	5,262
Net income	4,153	2,265	3,652
Increase arising from change of consolidated subsidiaries	35	475	638
Increase arising from change of affiliates accounted for by equity method	1,440	361	361
Reclassification with surplus from land revaluation	* 49,718	482	611
Decrease in retained earnings	3,453	3,808	6,842
Cash dividends paid	2,720	3,341	3,341
Share transfer delivery consideration	-	-	2,714
Bonuses to directors	54	59	59
Decrease arising from change of consolidated subsidiaries	679	158	173
Decrease arising from change of affiliates accounted for by equity method	-	250	555
Balance at end of year (period)	30,487	(20,051)	(21,406)

\*The contents are as follows.

*This resulted from the establishment of Japan Energy corporation (a split-off of the petroleum business from the former Japan Energy Corporation.)*

## Consolidated Statement of Cash Flows

Account title	Fiscal 2003(interim) (from April 1, 2003 to September 30, 2003)	Fiscal 2002(interim) (from April 1, 2002 to September 30, 2002)	Fiscal 2002 (from April 1, 2002 to March 31, 2003)
	millions of yen	millions of yen	millions of yen
<b>Cash flows from operating activities</b>			
Income before income taxes	(1,646)	7,525	13,434
Depreciation and amortization	23,964	24,192	48,962
Amortization of negative goodwill	(1,918)	(1,479)	(3,375)
Interest and dividends income	(1,810)	(2,128)	(3,717)
Interest expenses	7,802	8,610	16,690
Equity in earnings of non-consolidated subsidiaries and affiliates	(5,922)	(4,510)	(7,922)
Gain on maturities of investments in securities	(8,454)	-	-
Gain on sales of investments in securities	(586)	(261)	(837)
Gain on sales of investments in consolidated subsidiaries	-	-	(3,857)
Loss on write-down of investments in securities	814	1,963	13,831
Loss on disposals of property, plant and equipment	3,788	3,141	7,604
Loss on structural reform measures related	24,488	-	10,340
Decrease (increase) in trade receivables	24,010	24,616	(8,089)
Decrease (increase) in inventories	(13,914)	(12,560)	556
Decrease (increase) in prepaid expenses	(2,830)	(1,655)	1,005
Decrease in trade payables	(17,516)	(60,900)	(46,951)
Other	(5,033)	314	(6,621)
<b>Subtotal</b>	<b>25,237</b>	<b>(13,132)</b>	<b>31,053</b>
Interest and dividends received	1,769	2,742	8,303
Interest paid	(7,760)	(8,470)	(16,769)
Payment for special retirement benefits	(2,519)	-	(1,071)
Income taxes paid	(6,801)	(3,521)	(7,172)
<b>Net cash provided by (used in) operating activities</b>	<b>9,926</b>	<b>(22,381)</b>	<b>14,344</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of securities	(80)	(280)	(1,387)
Proceeds from maturities or sales of securities	1,054	2,088	4,568
Payments for acquisition of property, plant and equipment	(12,722)	(13,031)	(33,542)
Proceeds from sales of property, plant and equipment	2,253	2,281	8,767
Payments for acquisition of intangible fixed assets	(2,460)	(1,888)	(2,541)
Payments for long-term prepaid expenses	(838)	(2,863)	(3,300)
Payments for acquisition of investments in securities	(465)	(1,689)	(10,370)
Proceeds from maturities or sales of investments in securities	13,548	702	6,089
Proceeds from sales of investments in consolidated subsidiaries	-	-	4,050
Decrease (increase) in short-term loans	533	(1,114)	4,451
Payments for lending of long-term loans	(1,140)	(1,790)	(1,000)
Collection of long-term loans	4,710	3,053	6,414
Other	(1,650)	(985)	2,103
<b>Net cash used in investing activities</b>	<b>2,743</b>	<b>(15,516)</b>	<b>(15,698)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term borrowing	30,512	24,056	32,395
Proceeds from long-term debt	65,116	44,238	109,068
Payments for repayment on long-term debt	(111,816)	(54,368)	(125,949)
Payments for redemption of bond	-	(19,860)	(26,360)
Cash dividends paid	(2,720)	(3,341)	(3,341)
Share transfer delivery consideration	-	-	(2,714)
Other	(698)	(688)	(667)
<b>Net cash used in financing activities</b>	<b>(19,606)</b>	<b>(9,963)</b>	<b>(17,568)</b>
Effect of exchange rate changes on cash and cash equivalents	67	(1,132)	(1,411)
<b>Net decrease in cash and cash equivalents</b>	<b>(6,870)</b>	<b>(48,992)</b>	<b>(20,333)</b>
Cash and cash equivalents at beginning of period	76,294	91,409	91,409
Increase due to subsidiaries newly included consolidation	1,083	5,190	5,218
<b>Cash and cash equivalents at end of period</b>	<b>70,507</b>	<b>47,607</b>	<b>76,294</b>

## Segment Information

### 1. Segment Information summarized by product group

For the six-months ended September 30, 2003 (from April 1, 2003 to September 30, 2003 ) (millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	828,675	136,136	35,796	19,507	32,251	1,052,365	-	1,052,365
(2) Inter-group	2,114	7,027	1,347	2,695	4,464	17,647	(17,647)	-
Total	830,789	143,163	37,143	22,202	36,715	1,070,012	(17,647)	1,052,365
Operating costs and expenses	815,393	142,043	38,429	19,426	36,301	1,051,592	(17,727)	1,033,865
Operating Income	15,396	1,120	(1,286)	2,776	414	18,420	80	18,500
Income before special items	14,555	5,112	(3,547)	2,707	62	18,889	455	19,344

For the six-months ended September 30, 2002 (from April 1, 2002 to September 30, 2002 ) (millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	802,772	125,100	30,055	21,560	31,206	1,010,693	-	1,010,693
(2) Inter-group	2,033	6,631	635	1,667	3,059	14,025	(14,025)	-
Total	804,805	131,731	30,690	23,227	34,265	1,024,718	(14,025)	1,010,693
Operating costs and expenses	797,512	130,294	32,073	19,926	32,739	1,012,544	(14,025)	998,519
Operating Income	7,293	1,437	(1,383)	3,301	1,526	12,174	-	12,174
Income before special items	3,430	5,754	(2,666)	3,059	1,739	11,316	-	11,316

For the year ended March 31, 2003 (from April 1, 2002 to March 31, 2003 ) (millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	1,738,809	259,744	60,829	41,405	62,301	2,163,088	-	2,163,088
(2) Inter-group	5,017	12,600	868	3,797	7,616	29,898	(29,898)	-
Total	1,743,826	272,344	61,697	45,202	69,917	2,192,986	(29,898)	2,163,088
Operating costs and expenses	1,711,491	269,795	64,383	39,158	67,951	2,152,778	(29,946)	2,122,832
Operating Income	32,335	2,549	(2,686)	6,044	1,966	40,208	48	40,256
Income before special items	24,767	9,755	(5,890)	5,630	2,624	36,886	82	36,968

Note 1. Product group categorized above is mainly adopted under internal control purpose.

In October 2003, the metal fabrication business of Nippon Mining & Metals Co., was split off and transferred to newly established Nikko Metal Manufacturing Co., Ltd. As a result of this measure, the Nippon Mining Holdings Group was reorganized into four core business systems: petroleum (Japan Energy Group), resources and non-ferrous metals (Nippon Mining & Metals Group), electronic materials (Nikko Materials Group), and metal fabrication (Nikko Metal Manufacturing Group). The figures for the six-months ended September 30, 2002 and for the year ended March 31, 2003 have been reclassified to conform with the presentation for six-months ended September 30, 2003.

Note 2. Main products for each group are the following:

Petroleum : gasoline, naphtha, kerosene, gas oil, heavy fuel oil, liquefied petroleum gas, petrochemicals, lubricating oil, marine transportation(petroleum), engineering, etc.

Resources and Non-ferrous Metals : resource development, copper, gold, silver, zinc, sulfuric acid, marine transportation(non-ferrous metals), etc.

Electronic Materials : copper foils, sputtering targets, compound semiconductor materials, etc

Metal Fabrication : Wrought copper and copper alloy products, Special steel products, Precision products, etc

Other Operations : convenience store, rental and leased car business, information service

### 2. Segment information summarized by region

For the six-months ended September 30, 2003 and 2002, and the year ended March 31, 2003, operations in Japan have over 90 % share of total sales and assets of whole segment.

### 3. Overseas sales

For the six-months ended September 30, 2003 and 2002, and the year ended March 31, 2003, overseas sales has less than 10% share of consolidated sales.