

# Financial Results FY2004

--Fiscal year ended March 2005--

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Nippon Mining Holdings, INC.

May 11, 2005

※Statements which are not historical fact are future projections made based on certain assumptions and our management's judgment drawn from currently available information. Please note that actual performance may vary significantly from any particular projection, due to various factors.

## Annual Results FY2004

### 1 . Operating Results(consolidated)

(Billions of Yen)

	FY2004			FY2003			Differences
	1H	2H	Total	1H	2H	Total	
Net Sales	1,170.1	1,332.4	2,502.5	1,052.4	1,162.2	2,214.6	(○) 287.9
Operating Income	47.2	78.4	125.6	18.5	31.9	50.4	(○) 75.2
Other Income	7.2	15.2	22.4	0.8	2.5	3.3	(○) 19.1
Ordinary Income	54.4	93.6	148.1	19.3	34.4	53.7	(○) 94.3
Special Profit (Loss)	(13.7)	(27.7)	(41.4)	(21.0)	(11.1)	(32.1)	(×) 9.2
Income Taxes	17.7	30.3	48.0	(7.7)	10.5	2.9	(×) 45.1
Minority Interest	5.0	3.1	8.1	1.9	2.0	3.9	(×) 4.2
Net Income	18.0	32.6	50.6	4.2	10.7	14.9	(○) 35.7

(1) Scope of Consolidation

- ① Consolidated subsidiaries 107 (20 additions, 6 reductions)
- ② Equity method affiliates 19 (1 addition, 2 reductions)

(2) Factors in the ordinary income ¥148.1 billion

① Operating Income ¥125.6bn

- Petroleum ¥92.3bn
- Resources & Non-ferrous Metals ¥16.7bn
- Electronic Materials ¥10.0bn
- Metal Fabrication ¥8.6bn
- Others (¥2.0bn)

② Other Income (Expenses) ¥22.4bn

- Interest and dividend income ¥2.5bn
- Amortization of consolidation adjustment account ¥5.2bn
- Equity in income of non-consolidated subsidiaries and affiliates ¥31.3bn
- Interest expenses (¥12.6bn)
- Others (¥4.0bn)

(3) Special Profit and Loss (¥41.4bn)

- Gain on sales of investments in securities ¥17.6bn
- Gain on change in equity of consolidated subsidiaries ¥7.0bn
- Amortization of prior service cost ¥5.6bn
- Gain on sales of fixed assets ¥2.0bn
- Impairment losses (¥25.2bn)
- Reorganization and restructuring costs (¥20.7bn)
- Loss on disposal of fixed assets (¥10.5bn)
- Loss on lump-sum recognition of the previous years' unrecognized net actuarial losses (¥6.9bn)
- Others (¥10.3bn)

## (4) Segment Information

(Billions of Yen)

		FY2004			FY2003			Differences
		1H	2H	Total	1H	2H	Total	
Petroleum (Japan Energy Group)	Net Sales	901.5	1,084.9	1,986.4	830.8	920.2	1,751.0	(○)235.4
	Operating Income	29.9	62.4	92.3	15.4	22.4	37.8	(○) 54.6
	Ordinary Income	26.5	61.4	87.8	14.6	21.4	36.0	(○) 51.9
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	Net Sales	189.0	189.7	378.7	143.2	170.8	314.0	(○) 64.7
	Operating Income	7.5	9.1	16.7	1.1	3.9	5.0	(○) 11.6
	Ordinary Income	19.5	27.0	46.4	5.1	8.7	13.8	(○) 32.6
Electronic Materials (Nikko Materials Group)	Net Sales	46.7	42.3	89.0	37.1	36.7	73.8	(○) 15.1
	Operating Income (Loss)	7.1	2.9	10.0	(1.3)	1.7	0.4	(○) 9.6
	Ordinary Income (Loss)	6.4	1.4	7.7	(3.5)	0.9	(2.6)	(○) 10.3
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	28.6	25.8	54.3	22.2	25.4	47.6	(○) 6.7
	Operating Income	5.4	3.2	8.6	2.8	4.5	7.3	(○) 1.3
	Ordinary Income	5.4	3.1	8.6	2.7	4.6	7.3	(○) 1.3
Other (Independent Operating Companies & Functional Support Companies)	Net Sales	29.2	11.4	40.7	36.7	29.5	66.2	(×) 25.5
	Operating Income (Loss)	(2.8)	0.8	(2.0)	0.5	(0.7)	(0.2)	(×) 1.9
	Ordinary Income (Loss)	(3.3)	0.8	(2.5)	0.5	(1.2)	(0.7)	(×) 1.8
Eliminations	Net Sales	(24.8)	(21.7)	(46.5)	(17.6)	(20.4)	(38.0)	(×) 8.5
Total	Net Sales	1,170.1	1,332.4	2,502.5	1,052.4	1,162.2	2,214.6	(○)287.9
	Operating Income (Loss)	47.2	78.4	125.6	18.5	31.9	50.4	(○) 75.2
	Ordinary Income (Loss)	54.4	93.6	148.1	19.3	34.4	53.7	(○) 94.3

※Net Sales by segments include inter-segment sales.

※Income in Other includes income in eliminations or corporate.

## (5) Key Data

		FY2004			FY2003		
		1H	2H	Total	1H	2H	Total
All Segments	Exchange Rate (¥/\$)	110	105	108	118	108	113
Petroleum	Dubai Spot Price (\$/BL)	34.8	38.4	36.6	25.5	28.6	27.0
	Market Price of Paraxylene (\$/t)	806	972	889	608	674	641
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	128	144	136	77	109	93
	Electrolytic Copper Sales (1000 tones)	313	295	607	301	321	622
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,735	1,965	2,350	2,367	2,380	2,375
	Treated Rolled Copper Foil Sales (1000 meters/month)	4,102	2,685	3,393	2,743	3,451	3,097
	ITO Target Sales (tones/month)	19.1	20.2	19.7	11.7	15.5	13.6
Metal Fabrication	Wrought Copper Products Sales (1000tones)	19	16	35	18	19	37
	Special Steel Products Sales (1000tones)	6	5	10	5	5	10
	High Quality Products Ratio	30%	29%	30%	20%	25%	22%

## 2 . Information by Segments

### <1> Petroleum (Japan Energy Group)

#### (1) Operating Results

(Billions of Yen)

	FY2004	FY2003	Differences
Net Sales	1, 9 8 6. 4	1, 7 5 1. 0	(○) 2 3 5. 4
Operating Income	9 2. 3	3 7. 8	(○) 5 4. 6
Ordinary Income	8 7. 8	3 6. 0	(○) 5 1. 9

< Factors in ¥51.9bn increase in the ordinary income >

- Appraisal profit in inventory (○)¥19.5bn (FY2003:△2.0bn→FY2004:+17.5bn)
- Medium-term management plan (earnings improvement and cost reduction)  
(○) ¥9.0bn
- Petrochemical improvements (○) ¥16.0bn
- Margin due to time lag and others (○) ¥10.0bn
- Other income and expenses (×)¥2.7bn

#### (2) Sales volume, growth rate and Japan Energy's market share of fuel oil

	Domestic sales volume (thousands of KL)			Growth rate (2004 vs. 2003)
	FY2004	FY2003	Differences	
Gasoline	6, 298	6, 327	△29	99.5%
Naphtha	3, 426	3, 110	316	110.2%
Jet Fuel	703	741	△38	94.9%
Kerosene	2, 868	2, 847	21	100.7%
Gas Oil	4, 417	4, 434	△17	99.6%
A Heavy Fuel	2, 723	2, 333	390	116.7%
C Heavy Fuel	2, 366	2, 672	△306	88.6%
Total	22, 801	22, 464	337	101.5%
Gasoline & Middle Distillation	16, 306	15, 942	364	102.3%

#### (3) Refining volume of crude oil and utilization rate of crude oil distillation units (millions of KL)

		FY2004 (ended March 31, 2005)					FY2003 (ended March 31, 2004)				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Group Total	Refining volume	6.30	6.70	7.40	7.37	27.77	7.07	6.45	6.91	7.38	27.81
	Operating Ratio	74%	78%	86%	88%	81%	84%	76%	81%	88%	82%
	Comparison with Previous Year	89%	104%	107%	100%	100%	121%	100%	99%	100%	105%
Mizushima	Refining volume	2.93	2.46	2.94	2.83	11.16	2.63	2.44	2.32	2.81	10.21
	Operating Ratio	99%	82%	98%	96%	94%	91%	84%	79%	97%	88%
	Comparison with Previous Year	111%	100%	126%	101%	110%	101%	97%	88%	100%	96%
Kashima	Refining volume	1.60	2.29	2.59	2.62	9.10	2.46	2.18	2.63	2.61	9.87
	Operating Ratio	58%	83%	93%	96%	83%	89%	79%	95%	95%	89%
	Comparison with Previous Year	65%	105%	99%	101%	92%	166%	96%	106%	101%	112%

☆Capacity of Japan Energy Group's Refinery

Japan Energy Mizushima Refinery : 200,200 Barrels/Day

Kashima Oil Kashima Refinery : 190,000 Barrels/Day

Fuji Oil Sodegaura Refinery : 192,000 Barrels/Day

<2> Resources & Non-ferrous Metals (Nippon Mining & Metals Group)

(1) Operating Results

(Billions of Yen)

	FY2004	FY2003	Differences
Net Sales	3 7 8 . 7	3 1 4 . 0	(○) 6 4 . 7
Operating Income	1 6 . 7	5 . 0	(○) 1 1 . 6
Ordinary Income	4 6 . 4	1 3 . 8	(○) 3 2 . 6

< Factors in ¥32.6bn increase in the ordinary income >

- Nippon Mining & Metals and consolidated subsidiaries ○¥11.5bn
 

○ metal prices up, change of inventory valuation method, copper premium improvement	}
× yen appreciation, deteriorated T/C	
- Equity in income of affiliates ○¥21.1bn
 

Minera Los Perambres ○¥14.2bn(copper and molybdenum price up)	}
LS-nikko ○¥3.6bn(copper price up, foreign currency transaction)	

(2) Price and Sales Volume

		FY2004			FY2003		
		1H	2H	Total	1H	2H	Total
Price	Copper (¢/lb)	128	144	136	77	109	93
	Zinc (\$/t)	1,004	1,215	1,109	797	1,000	899
	Gold (\$/TOZ)	397	431	414	355	400	378
	Platinum (\$/TOZ)	834	856	845	669	816	743
	Palladium (\$/TOZ)	236	198	217	179	219	199
Sales Volume (thousand tones)	Copper	313	295	607	301	321	622
	Zinc	42	43	85	41	47	88

<3> Electronic Materials (Nikko Materials Group)

(1) Operating Results

(Billions of Yen)

	FY2004	FY2003	Differences
Net Sales	89.0	73.8	(○) 15.1
Operating Income (Loss)	10.0	0.4	(○) 9.6
Ordinary Income (Loss)	7.7	(2.6)	(○) 10.3

< Factors in ¥10.3bn increase in the ordinary income >

① Operating Income (○)¥9.6bn

- Electro-deposited copper foil(○)¥1.8bn,
- Treated rolled copper foil and sputtering target(○)¥6.9bn,
- Compound semiconductor materials, optical coupler and others(○)¥1.6bn,
- Expenses including development cost(×)¥0.7bn

② Other Income (○)¥0.7bn

- Pension liabilities amortization (○)¥0.6bn and others

(2) Breakdown by products

(Billions of Yen)

		FY2004	FY2003	Differences
Electro-deposited Copper Foil	Net Sales	24.3	* 23.5	(○) 0.8
	Operating Income (Loss)	(3.1)	* (4.9)	(○) 1.8
Treated Rolled Copper Foil and Target	Net Sales	54.0	39.6	(○) 14.4
	Operating Income (Loss)	15.7	8.8	(○) 6.9
Compound Semiconductor Materials and Others	Net Sales	10.7	10.7	—
	Operating Income (Loss)	(2.6)	(3.5)	(○) 0.9
Total	Net Sales	89.0	73.8	(○) 15.1
	Operating Income (Loss)	10.0	0.4	(○) 9.6

\* : Including the results of 1Q ~3Q of GEI as the 1<sup>st</sup> half of FY2003

(GEI 3Q(July to September 2003): Sales ¥2.6bn, Operating Loss:¥1.2bn)

<4> Metal Fabrication (Nikko Metal Manufacturing Group)

(1) Operating Results

(Billions of Yen)

	FY2004	FY2003	Differences
Net Sales	5 4. 3	4 7. 6	(○) 6. 7
Operating Income	8. 6	7. 3	(○) 1. 3
Ordinary Income	8. 6	7. 3	(○) 1. 3

< Factors in ¥1.3bn increase in the ordinary income >

- Sales increase (○)¥1.1bn (value-added products such as corson alloy )
- Metal price up (○)¥0.3bn (copper price up)
- Others (×)¥0.1bn

(2) Sales by products

(Billions of Yen)

		FY2004	FY2003	Differences
Wrought copper	Phosphor bronze	1 3. 1	1 1. 5	(○) 1. 6
	Corson alloy	5. 2	4. 2	(○) 1. 0
	Copper foil	6. 2	5. 7	(○) 0. 5
	Others	7. 3	6. 0	(○) 1. 3
Special steel	Stainless steel	4. 6	3. 6	(○) 1. 0
	High-nickel alloy	6. 8	6. 0	(○) 0. 8
	Others	0. 3	0. 3	—
Others (precision manufacturing etc.)		1 0. 8	1 0. 3	(○) 0. 5
Total		5 4. 3	4 7. 6	(○) 6. 7

### 3 . Comparison with the Previous Forecasts

#### ( 1 ) Assumptions

		FY2004		
		Actual	Previous forecasts (Feb. 10)	Differences
All Segments	Exchange Rate (¥/\$)	108	108	-
Petroleum	Dubai Spot Price (\$/BL)	36.6	35.8	(+) 0.8
	Market Price of Paraxylene (\$/t)	889	886	(+) 3
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	136	134	(+) 2
	Electrolytic Copper Sales (1000 tones)	607	612	(-) 5
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,350	2,431	(-) 81
	Treated Rolled Copper Foil Sales (1000 meters/month)	3,393	3,352	(+) 41
	ITO Target Sales (tones/month)	19.7	20.2	(-) 0.5
Metal Fabrication	Wrought Copper Products Sales (1000tones)	35	35	-
	Special Steel Products Sales (1000tones)	10	10	-
	High Quality Products Ratio	30%	29%	(+) 1%

#### ( 2 ) Operating Results(consolidated)

(Billions of Yen)

	FY2004		
	Actual	Previous forecasts (Feb. 10)	Differences
Net Sales	2,502.5	2,467.0	(○)35.5
Operating Income	125.6	114.5	(○)11.1
Ordinary Income	148.1	135.0	(○)13.1
Net Income	50.6	48.0	(○)2.6
Ordinary Margin (%)	5.9%	5.5%	(○)0.4%
Earnings Per Share (yen)	63.8	60.8	(○)3.0
(number of shares (thousand))	(789,165)	(789,170)	



## (3) Segment Information

(Billions of Yen)

		FY2004		
		Actual	Previous forecasts (Feb. 10)	Differences
Petroleum (Japan Energy Group)	Net Sales	1,986.4	1,950.0	(○)36.4
	Operating Income	92.3	82.5	(○)9.8
	Ordinary Income	87.8	78.5	(○)9.3
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	Net Sales	378.7	377.0	(○)1.7
	Operating Income	16.7	15.5	(○)1.2
	Ordinary Income	46.4	43.5	(○)2.9
Electronic Materials (Nikko Materials Group)	Net Sales	89.0	90.0	(×)1.0
	Operating Income	10.0	9.5	(○)0.5
	Ordinary Income	7.7	7.5	(○)0.2
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	54.3	56.0	(×)1.7
	Operating Income	8.6	8.5	(○)0.1
	Ordinary Income	8.6	8.5	(○)0.1
Other (Independent Operating Companies & Functional Support Companies)	Net Sales	40.7	41.0	(×)0.3
	Operating Income (Loss)	(2.0)	(1.5)	(×)0.5
	Ordinary Income (Loss)	(2.5)	(3.0)	(○)0.5
Eliminations	Net Sales	(46.5)	(47.0)	(○)0.5
Total	Net Sales	2,502.5	2,467.0	(○)35.5
	Operating Income	125.6	114.5	(○)11.1
	Ordinary Income	148.1	135.0	(○)13.1

※Net Sales by segments include inter-segment sales.

## (4) Breakdown in ordinary income (loss)

(Billions of Yen)

	Actual	Previous forecasts (Feb. 10)	Differences	Notes
Petroleum (Japan Energy Group)	87.8	78.5	(○)9.3	Appraisal profit in inventory Petrochemical improvement Cost reduction
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	46.4	43.5	(○)2.9	Copper price up Copper premium improvement Cost reduction
Electronic Materials (Nikko Materials Group)	7.7	7.5	(○)0.2	Cost reduction
Metal Fabrication (Nikko Metal Manufacturing Group)	8.6	8.5	(○)0.1	Cost reduction
Other (Independent Operating Companies & Functional Support Companies)	(2.5)	(3.0)	(○)0.5	Other expenses reduction
Total	148.1	135.0	(○)13.1	

4. Quaterly Results FY2004

		1H			2H			Full Year
		1Q	2Q	Total	3Q	4Q	Total	
Petroleum (Japan Energy Group)	Net Sales	422.9	478.6	901.5	544.3	540.6	1,084.9	1,986.4
	Operating Income	13.1	16.8	29.9	33.0	29.4	62.4	92.3
	Ordinary Income	10.9	15.6	26.5	33.9	27.5	61.4	87.8
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	Net Sales	94.9	94.1	189.0	95.3	94.4	189.7	378.7
	Operating Income	4.0	3.5	7.5	3.6	5.5	9.1	16.7
	Ordinary Income	9.3	10.2	19.5	11.5	15.5	27.0	46.4
Electronic Materials (Nikko Materials Group)	Net Sales	22.9	23.8	46.7	21.9	20.4	42.3	89.0
	Operating Income	3.0	4.1	7.1	1.6	1.3	2.9	10.0
	Ordinary Income	2.7	3.7	6.4	1.2	0.2	1.4	7.7
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	14.3	14.3	28.6	13.3	12.5	25.8	54.3
	Operating Income	3.3	2.1	5.4	2.1	1.1	3.2	8.6
	Ordinary Income	3.3	2.1	5.4	2.1	1.0	3.1	8.6
Other (Independent Operating Companies & Functional Support Companies)	Net Sales	13.2	16.0	29.2	4.2	7.2	11.4	40.7
	Operating Income (Loss)	(2.4)	(0.4)	(2.8)	0.3	0.5	0.8	(2.0)
	Ordinary Income (Loss)	(2.3)	(1.0)	(3.3)	0.3	0.5	0.8	(2.5)
Eliminations	Net Sales	(12.3)	(12.5)	(24.8)	(10.1)	(11.6)	(21.7)	(46.5)
Total	Net Sales	556.0	614.2	1,170.1	668.9	663.5	1,332.4	2,502.5
	Operating Income	21.0	26.2	47.2	40.6	37.8	78.4	125.6
	Ordinary Income	23.8	30.6	54.4	49.1	44.5	93.6	148.1

※Net Sales by segments include inter-segment sales.

※Income in Other includes income in eliminations or corporate.

## II Annual Forecasts FY2005

### 1 . Comparison with FY2004

#### ( 1 ) Assumptions

		FY2005 (forecast)			FY2004 (actual)		
		1H	2H	Total	1H	2H	Total
All Segments	Exchange Rate (¥/\$)	105	100	103	110	105	108
Petroleum	Dubai Spot Price (\$/BL)	45.0	40.0	42.5	34.8	38.4	36.6
	Market Price of Paraxylene (\$/t)	950	890	920	806	972	889
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	140	120	130	128	144	136
	Electrolytic Copper Sales (1000 tones)	289	294	583	313	295	607
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,361	2,712	2,537	2,735	1,965	2,350
	Treated Rolled Copper Foil Sales (1000 meters/month)	3,500	4,600	4,050	4,102	2,685	3,393
	ITO Target Sales (tones/month)	25.0	30.2	27.6	19.1	20.2	19.7
Metal Fabrication	Wrought Copper Products Sales (1000tones)	18	20	38	19	16	35
	Special Steel Products Sales (1000tones)	5	5	9	6	5	10
	High Quality Products Ratio	39%	43%	41%	30%	29%	30%

#### ( 2 ) Operating Forecasts(consolidated)

(Billions of Yen)

	FY2005 (forecast)			FY2004 (actual)			Differences
	1H	2H	Total	1H	2H	Total	
Net Sales	1,212.0	1,268.0	2,480.0	1,170.1	1,332.4	2,502.5	(×)22.5
Operating Income	55.0	38.0	93.0	47.2	78.4	125.6	(×)32.6
Ordinary Income	63.0	47.0	110.0	54.4	93.6	148.1	(×)38.1
Net Income	36.0	25.0	61.0	18.0	32.6	50.6	(○)10.4
Ordinary Margin (%)	5.2%	3.7%	4.4%	4.7%	7.0%	5.9%	(×)1.5%
Earnings Per Share (yen) (number of shares (thousand))			72.0 (847, 132)			63.8 (789, 165)	(○)8.2

## ( 3 ) Operating Forecasts by Segments

(Billions of Yen)

		FY2005 (forecast)			FY2004 (actual)			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Petroleum (Japan Energy Group)	Net Sales	980.0	1,030.0	2,010.0	901.5	1,084.9	1,986.4	(○)78.5	(×)54.9	(○)23.6
	Operating Income	39.0	23.0	62.0	29.9	62.4	92.3	(○)9.1	(×)39.4	(×)30.3
	Ordinary Income	36.0	21.0	57.0	26.5	61.4	87.8	(○)9.5	(×)40.4	(×)30.8
Resources & Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	172.0	166.0	338.0	189.0	189.7	378.7	(×)17.0	(×)23.7	(×)40.7
	Operating Income	7.5	4.5	12.0	7.5	9.1	16.7	—	(×)4.6	(×)4.7
	Ordinary Income	20.0	16.0	36.0	19.5	27.0	46.4	(○)0.5	(×)11.0	(×)10.4
Electronic Materials (Nikko Materials Group)	Net Sales	49.0	56.0	105.0	46.7	42.3	89.0	(○)2.3	(○)13.7	(○)16.0
	Operating Income	4.0	4.0	8.0	7.1	2.9	10.0	(×)3.1	(○)1.1	(×)2.0
	Ordinary Income	2.5	3.0	5.5	6.4	1.4	7.7	(×)3.9	(○)1.6	(×)2.2
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	29.0	32.0	61.0	28.6	25.8	54.3	(○)0.4	(○)6.2	(○)6.7
	Operating Income	3.5	5.5	9.0	5.4	3.2	8.6	(×)1.9	(○)2.3	(○)0.4
	Ordinary Income	3.5	5.0	8.5	5.4	3.1	8.6	(×)1.9	(○)1.9	(×)0.1
Other (Independent Operating Companies & Functional Support Companies)	Net Sales	5.0	7.0	12.0	29.2	11.4	40.7	(×)24.2	(×)4.4	(×)28.7
	Operating Income (Loss)	1.0	1.0	2.0	(2.8)	0.8	(2.0)	(○)3.8	(○)0.2	(○)4.0
	Ordinary Income (Loss)	1.0	2.0	3.0	(3.3)	0.8	(2.5)	(○)4.3	(○)1.2	(○)5.5
Eliminations	Net Sales	(23.0)	(23.0)	(46.0)	(24.8)	(21.7)	(46.5)	(○)1.8	(×)1.3	(○)0.5
Total	Net Sales	1,212.0	1,268.0	2,480.0	1,170.1	1,332.4	2,502.5	(○)41.9	(×)64.4	(×)22.5
	Operating Income	55.0	38.0	93.0	47.2	78.4	125.6	(○)7.8	(×)40.4	(×)32.6
	Ordinary Income	63.0	47.0	110.0	54.4	93.6	148.1	(○)8.6	(×)46.6	(×)38.1

※Net Sales include inter-segments sales.

## ( 4 ) Ordinary Income (FY2005 vs. FY2004)

(Billions of Yen)

	FY2005 (forecast)	FY2004 (actual)	Differences	Notes
Petroleum (Japan Energy Group)	57.0	87.8	(×)30.8	Influence of inventories (×)17.5 Petrochemical business (×)4.5 Margin time lag and others (×)8.8
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	36.0	46.4	(×)10.4	<u>NMM and subsidiaries</u> (×)5.4 ○ T/C and copper premium improvement × yen appreciation, copper price down, inventory valuation method change in 2004 <u>Equity method affiliated companies</u> (×)5.0 Minera Los Perambres ×6.3 (reduced output) LS-nikko ○2.2(T/C improvement, termination of amortization of goodwill)
Electronic Materials (Nikko Materials Group)	5.5	7.7	(×) 2.2	○ sales increase of electrodeposited copper foil, treated rolled copper foil and sputtering targets × inventory valuation method change in 2004
Metal Fabrication (Nikko Metal Manufacturing Group)	8.5	8.6	(×) 0.1	○ sales increase of high value added products and foils for IT related products × start-up cost of newly consolidated subsidiary, metal price down
Other (Independent Operating Companies & Functional Support Companies)	3.0	(2.5)	(○)5.5	Deconsolidation of am/pm JAPAN
Total	110.0	148.1	(×)38.1	

2 . Information by Segments  
 <1> Petroleum (Japan Energy Group)

(1) Forecasts

(Billions of Yen)

	FY2005 (forecast)			FY2004 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	980.0	1,030.0	2,010.0	901.5	1,084.9	1,986.4	(○)78.5	(×)54.9	(○)23.6
Operating Income	39.0	23.0	62.0	29.9	62.4	92.3	(○)9.1	(×)39.4	(×)30.3
Ordinary Income	36.0	21.0	57.0	26.5	61.4	87.8	(○)9.5	(×)40.4	(×)30.8

(2) Projected growth rate of fuel oil

	Domestic sales volume (thousands of KL)			Growth rate (2005 vs. 2004)
	FY2005	FY2004	Differences	
Gasoline	6,360	6,298	(+) 62	101.0%
Naphtha	3,671	3,426	(+)245	107.2%
Jet Fuel	681	703	(-) 22	96.9%
Kerosene	2,943	2,868	(+) 75	102.6%
Gas Oil	4,155	4,417	(-)262	94.1%
A Heavy Fuel	2,704	2,723	(-) 19	99.3%
C Heavy Fuel	1,537	2,366	(-)829	65.0%
Total	22,050	22,801	(-)751	96.7%
Gasoline & Middle Distillation	16,161	16,306	(-)145	99.1%

(3) Number of JOMO Service Stations

	2000	2001	2002	2003	2004	2004	2005
	Mar 31	Mar 31	Mar 31	Mar 31	Mar 31	Sep 30	Mar 31
Owned by Japan Energy (Self-SS)	1,377	1,328	1,284 (105)	1,229 (227)	1,207 (264)	1,186 (282)	1,172 (297)
Owned by wholesalers and others (Self-SS)	3,575	3,318	3,192 (59)	3,067 (95)	2,943 (121)	2,920 (138)	2,851 (143)
Total (Self-SS)	4,952	4,646	4,476 (164)	4,296 (322)	4,150 (385)	4,106 (420)	4,023 (440)

(4) Petrochemical Profit

(Billions of Yen)

FY2005 (forecast)	FY2004	FY2003	FY2002
20.0	24.5	8.5	5.5

<2> Resources & Non-ferrous Metals (Nippon Mining & Metals Group)

(1) Forecasts

(Billions of yen)

	FY2005 (forecast)			FY2004 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	172.0	166.0	338.0	189.0	189.7	378.7	(×)17.0	(×)23.7	(×) 40.7
Operating Income	7.5	4.5	12.0	7.5	9.1	16.7	(○) 0.0	(×) 4.6	(×) 4.7
Ordinary Income	20.0	16.0	36.0	19.5	27.0	46.4	(○) 0.5	(×)11.0	(×) 10.4

(2) Price and Sales Volume

(Billions of Yen)

		FY2005 (forecast)			FY2004 (actual)		
		1H	2H	Total	1H	2H	Total
Price	Copper (¢/lb)	140	120	130	128	144	136
	Zinc (\$/t)	1,250	1,200	1,225	1,004	1,215	1,109
	Gold (\$/TOZ)	420	380	400	397	431	414
	Platinum (\$/TOZ)	820	780	800	834	856	845
	Palladium (\$/TOZ)	180	160	170	236	198	217
Sales Volume (thousand tones)	Copper	289	294	583	313	295	607
	Zinc	41	42	83	42	43	85

**<3> Electronic Materials (Nikko Materials Group)**

(1) Forecasts

(Billions of Yen)

	FY2005 (forecast)			FY2004 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	49.0	56.0	105.0	46.7	42.3	89.0	(○) 2.3	(○)13.7	(○)16.0
Operating Income	4.0	4.0	8.0	7.1	2.9	10.0	(×) 3.1	(○) 1.1	(×) 2.0
Ordinary Income	2.5	3.0	5.5	6.4	1.4	7.7	(×) 3.9	(○) 1.6	(×) 2.2

(2) Breakdown by products

(Billions of Yen)

		FY2005 (forecast)			FY2004 (actual)			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Electro-deposited Copper Foil	Net Sales	13.0	14.3	27.3	13.0	11.3	24.3	—	(○)3.0	(○)3.0
	Operating Income	(0.7)	(0.1)	(0.8)	(1.2)	(1.9)	(3.1)	(○)0.5	(○)1.8	(○)2.3
Treated Rolled Copper Foil and Target	Net Sales	31.7	36.9	68.6	28.0	26.0	54.0	(○)3.7	(○)10.9	(○)14.6
	Operating Income	6.8	6.2	13.0	9.3	6.4	15.7	(×)2.5	(×)0.2	(×)2.7
Compound semiconductor materials and others	Net Sales	4.3	4.8	9.1	5.7	5.0	10.7	(×)1.4	(×)0.2	(×)1.6
	Operating Income	(2.1)	(2.1)	(4.2)	(1.0)	(1.6)	(2.6)	(×)1.1	(×)0.5	(×)1.6
Total	Net Sales	49.0	56.0	105.0	46.7	42.3	89.0	(○)2.3	(○)13.7	(○)16.0
	Operating Income	4.0	4.0	8.0	7.1	2.9	10.0	(×)3.1	(○)1.1	(×)2.0



**<4> Metal Fabrication (Nikko Metal Manufacturing Group)**

(1) Forecasts

(Billions of Yen)

	FY2005 (forecast)			FY2004 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	29.0	32.0	61.0	28.6	25.8	54.3	(○) 0.4	(○)6.2	(○)6.7
Operating Income	3.5	5.5	9.0	5.4	3.2	8.6	(×)1.9	(○)2.3	(○)0.4
Ordinary Income	3.5	5.0	8.5	5.4	3.1	8.6	(×)1.9	(○)1.9	(×)0.1

(2) Sales by products

(Billions of Yen)

		FY2005 (forecast)			FY2004 (actual)			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Wrought copper	Phosphor bronze	6.3	6.5	12.9	6.8	6.3	13.1	×0.5	○0.2	×0.2
	Corson alloy	2.6	2.9	5.5	2.9	2.3	5.2	×0.3	○0.6	○0.3
	Copper foil	2.9	3.9	6.8	4.1	2.1	6.2	×1.2	○1.8	○0.6
	Others	4.1	4.3	8.3	3.6	3.7	7.3	○0.5	○0.6	○1.0
Special steel	Stainless steel	2.3	2.5	4.7	2.3	2.3	4.6	-	○0.2	○0.1
	High-nickel alloy	3.1	2.7	5.8	3.4	3.4	6.8	×0.3	×0.7	×1.0
	Others	0.1	0.2	0.3	0.2	0.1	0.3	×0.1	○0.1	-
Others (precision manufacturing etc.)		7.6	9.0	16.6	5.3	5.6	10.8	○2.3	○3.4	○5.8
Total		29.0	32.0	61.0	28.6	25.8	54.3	○0.4	○6.2	○6.7

### 3. 2005 1H vs. 2005 2H

#### ( 1 ) Assumptions

		FY2005		
		1H	2H	Differences
All Segments	Exchange Rate (¥/\$)	105	100	(-) 5
Petroleum	Dubai Spot Price (\$/BL)	45.0	40.0	(-) 5.0
	Market Price of Paraxylene (\$/t)	950	890	(-) 60
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	140	120	(-) 20
	Electrolytic Copper Sales (1000 tones)	289	294	(+) 5
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,361	2,712	(+) 351
	Treated Rolled Copper Foil Sales (1000 meters/month)	3,500	4,600	(+) 1,100
	ITO Target Sales (tones/month)	25.0	30.2	(+) 5.2
Metal Fabrication	Wrought Copper Products Sales (1000tones)	18	20	(+) 2
	Special Steel Products Sales (1000tones)	5	5	-
	High Quality Products Ratio	39%	43%	(+) 4%

#### ( 2 ) Operating Forecasts(consolidated)

(Billions of Yen)

	FY2005		
	1H	2H	Total
Net Sales	1,212.0	1,268.0	(○) 56.0
Operating Income	55.0	38.0	(×) 17.0
Ordinary Income	63.0	47.0	(×) 16.0
Net Income	36.0	25.0	(×) 11.0
Ordinary Margin (%)	5.2%	3.7%	(×) 1.5%

## (3) Segment Information

(Billions of Yen)

		FY2005		
		1H	2H	Total
Petroleum (Japan Energy Group)	Net Sales	980.0	1,030.0	(○) 50.0
	Operating Income	39.0	23.0	(×) 16.0
	Ordinary Income	36.0	21.0	(×) 15.0
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	Net Sales	172.0	166.0	(×) 6.0
	Operating Income	7.5	4.5	(×) 3.0
	Ordinary Income	20.0	16.0	(×) 4.0
Electronic Materials (Nikko Materials Group)	Net Sales	49.0	56.0	(○) 7.0
	Operating Income	4.0	4.0	—
	Ordinary Income	2.5	3.0	(○) 0.5
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	29.0	32.0	(○) 3.0
	Operating Income	3.5	5.5	(○) 2.0
	Ordinary Income	3.5	5.0	(○) 1.5
Other (Independent Operating Companies & Functional Support Companies)	Net Sales	5.0	7.0	(○) 2.0
	Operating Income	1.0	1.0	—
	Ordinary Income	1.0	2.0	(○) 1.0
Eliminations	Net Sales	(23.0)	(23.0)	—
Total	Net Sales	1,212.0	1,268.0	(○) 56.0
	Operating Income	55.0	38.0	(×) 17.0
	Ordinary Income	63.0	47.0	(×) 16.0

※Net Sales by segments include inter-segment sales.

## (4) Breakdown in ordinary income FY2005

(Billions of Yen)

	1H	2H	Differences	Notes
Petroleum (Japan Energy Group)	36.0	21.0	(×)15.0	Influence of inventory (×) 26.0 Seasonal factors and others (○) 11.0
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	20.0	16.0	(×) 4.0	Metal prices down
Electronic Materials (Nikko Materials Group)	2.5	3.0	(○) 0.5	Sales increase in electrodeposited copper foil, treated rolled copper foil and target
Metal Fabrication (Nikko Metal Manufacturing Group)	3.5	5.0	(○) 1.5	Sales increase in IT related products (foils and high function material)
Other (Independent Operating Companies & Functional Support Companies)	1.0	2.0	(○)1.0	Improvement in independent operating companies
Total	63.0	47.0	(×)16.0	

## Others(Consolidated Balance Sheet, Cash Flows etc.)

### 1 . Consolidated Balance Sheet

(Billions of Yen)

	Mar 31 2005[A]	Mar 31 2004	Differences	Mar 31 2006 (forecast) [B]	[B] - [A]
Current Assets	677.1	598.8	(+) 78.2	1,590.0	(+) 9.9
Fixed Assets	903.1	973.7	(-) 70.6		
Total Assets	1,580.1	1,572.5	(+) 7.6	1,590.0	(+) 9.9
Current Liabilities	756.8	751.3	(+) 5.5	1,144.0	(-) 44.7
Fixed Liabilities	431.9	548.4	(-) 116.5		
Minority Interest	37.9	39.1	(-) 1.1	44.0	(+) 6.1
Total Shareholder's Equity	353.4	233.7	(+) 119.7	402.0	(+) 48.6
Shareholder's Equity Ratio	22.4%	14.9%	(+) 7.5%	25.3%	(+) 2.9%
BPS (yen)	416.98	275.92	(+) 141.06	474.54	(+) 57.56
Interest Bearing Debt	643.8	754.0	(-) 110.2	640.0	(-) 3.8

※BPS is calculated with the number of issued shares 847,132thousand (issued shares as of March 2005).

#### ①Factors in the change FY2004

(Billions of Yen)

Assets (+) 7.6	Cash and cash equivalents (-) 8.9, Trade receivables (+) 28.9, Inventories (+)65.3, Fixed assets (tangible and intangible) (-) 40.8 [ (Investments in equipment (+) 47.3, Depreciation and amortization (-) 47.7, Impairment loss (-)25.1, Consolidation change (+)18.1, Write-down/disposal/sales and others (-)33.4) ] Loans (+) 22.6, Collection of loans (-)26.4, Investments in equity method affiliates (+) 21.1, Others (consolidation change) (-) 54.2
Liabilities (-) 111.0	Interest bearing debt (-) 110.2(consolidation change (+)13.2), Trade payables (-) 22.5 [influence of national holiday (-)15.6] , Accrued income taxes etc. (+)22.0, Others (-) 0.3
Minority Interest (-) 1.1	
Shareholder's Equity (+) 119.7	Net income (+) 50.6, Dividends(-)4.1, Offering of treasury stock (+)74.8, Others(-)1.6

#### ②Factors in the change FY2005 (Forecast)

Assets (+) 9.9	Cash and cash equivalents (-) 12.5, Trade receivables and inventories (-)24.0, Investments in equipment (+) 83.0, Depreciation and amortization (-) 47.0, Loans (+) 18.0, Others (-) 7.6
Liabilities (-) 44.7	Interest bearing debt (-) 3.8, Trade payables (-) 20.0, Others (-) 20.9
Minority Interest (+) 6.1	
Shareholder's Equity (+) 48.6	Net income (+) 61.0, Dividends(-)8.5, Others(-)3.9

## 2 . Consolidated Cash Flows

(Billions of Yen)

	FY2004(actual)	FY2003(actual)	FY2005(forecast)
Cash Flows from Operating Activities	(+) 45.4	(+) 106.2	(+) 84.0
Cash Flows from Investing Activities	(-) 15.2	(+) 4.5	(-) 84.0
Cash Flows from Financing Activities	(-) 38.7	(-) 115.8	(-) 12.6
Effect of Exchange Rate Changes	(+) 0.1	(-) 1.0	-
Net Decrease in Cash and Cash Equivalents	(-) 8.4	(-) 6.1	(-) 12.6

### (1) FY2004 Breakdown

- ① Cash Flows from Operating Activities (+) ¥45.4bn  
 Ordinary income (+)148.1, Depreciation and amortization (+) 47.7,  
 Equity in income of non-consolidated subsidiaries and affiliates (-)31.3,  
 Trade receivables, inventories and trade payables (-) 100.5,  
 Tax and others (-) 18.6
- ② Cash Flows from Investing Activities (-) ¥15.2bn  
 Investments in equipment (-) 47.9, Loans (-) 22.6, Collection of loans (+)  
 44.0, Sales of tangible fixed assets and others (+) 11.3
- ③ Cash Flows from Financing Activities (-) ¥38.7bn  
 Offering of treasury stock (+)74.8, Third party share allotment of consolidated  
 subsidiary (+)17.1, Interest bearing debt repayment and redemption (-) 123.2,  
 Dividends (-) 4.1, Others (-) 3.3

### (2) FY2005 Breakdown

- ① Cash Flows from Operating Activities (+) ¥84.0bn  
 Ordinary income (+) 110.0, Depreciation and amortization (+) 47.0,  
 Equity in income of non-consolidated subsidiaries and affiliates (-) 28.0,  
 Trade receivables, inventories and trade payables (+) 4.0,  
 Tax and others (-) 49.0
- ② Cash Flows from Investing Activities (-) ¥84.0bn  
 Investments in equipment (-) 83.0, Loans (-) 18.0,  
 Collection of loans (+) 12.0, Others (+) 5.0
- ③ Cash Flows from Financing Activities (-) ¥12.6bn  
 Interest bearing debt repayment and redemption (-) 2.6,  
 Dividends (-) 8.5, Others (-) 1.5

## 3 . Dividends

FY2004				FY2005 (projected)			
Interim	Final	Total	Payment amount	Interim	Final	Annual	Payment amount
----	¥10.00	¥10.00	¥ 8,478 million	----	¥12.00	¥12.00	¥ 10,174 million

※Payment amount is multiplied by 847,861 thousand (issued shares as of March 2005).

## 4 . Interest-bearing Debt

(Billions of Yen)

	Mar31 2005	Mar31 2004	Differences
Petroleum (Japan Energy Group)	438.7	439.4	(-) 0.7
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	112.8	144.5	(-) 31.7
Electronic Materials (Nikko Materials Group)	64.0	66.3	(-) 2.3
Metal Fabrication (Nikko Metal Manufacturing Group)	19.7	28.6	(-) 8.9
Other	8.6	75.2	(-) 66.6
Total	643.8	754.0	(-) 110.2

※Other includes eliminations or corporate.

## 5 . Debt to Equity Ratio

(Billions of Yen)

	Mar. 31 2002 (A)	Mar. 31 2004	Mar. 31 2005 (B)	(B) - (A)	Mar. 31 2006 (forecast)
Interest-bearing Debt	892.8	754.0	643.8	(-) 249.0	640.0
Shareholder's Equity	181.5	233.7	353.4	(+) 171.9	402.0
Debt to Equity Ratio	4.92	3.23	1.82	(-) 3.10	1.59

## 6 . Capital Expenditure and Depreciation

(Billions of Yen)

	FY2004	FY2003	FY2005 (forecast)
Capital expenditure	47.3	31.6	83.0
Depreciation	47.7	45.9	47.0
Differences	(-) 0.4	(-) 14.3	(+) 36.0

### ① Capital expenditure by segments

	FY2004	FY2003	FY2005 (forecast)
Petroleum (Japan Energy Group)	30.0	13.8	50.0
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	7.0	7.7	12.0
Electronic Materials (Nikko Materials Group)	5.1	3.8	10.0
Metal Fabrication (Nikko Metal Manufacturing Group)	3.7	2.3	9.0
Other	1.5	4.0	2.0
Total	47.3	31.6	83.0

※Other includes eliminations or corporate.

### ② Depreciation by segments

	FY2004	FY2003	FY2005 (forecast)
Petroleum (Japan Energy Group)	31.0	26.6	31.0
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	7.0	7.0	6.5
Electronic Materials (Nikko Materials Group)	5.9	6.4	6.0
Metal Fabrication (Nikko Metal Manufacturing Group)	2.6	2.8	3.0
Other	1.2	3.1	0.5
Total	47.7	45.9	47.0

※Other includes eliminations or corporate.

## 7 . Number of Employees

	Mar 31 2003	Mar 31 2004	Mar 31 2005
Petroleum (Japan Energy Group)	4,447	4,254	4,180
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	2,604	1,471	1,447
Electronic Materials (Nikko Materials Group)	1,574	1,622	1,512
Metal Fabrication (Nikko Metal Manufacturing Group)	☆	1,149	1,161
Other	1,758	1,362	974
Total	10,383	9,858	9,274

※ Others include Nippon Mining Holdings.

☆Included in Resources & Non-ferrous Metals.