

# Financial Results for 3rd Quarter of FY2006

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**Nippon Mining Holdings, INC.**

**February 9, 2007**

※ Statements which are not an 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.

## Financial Results for 3Q FY2006

※ Since segment classification has been slightly changed from FY2006, all the figures by segment for FY2006 and FY2005 on the following statements are based on the new classification.

### 1. Operating Results(consolidated)

	FY2006			FY2005			(Billions of Yen) Differences	
	1H	3Q (3 months)	Total (9 months)	1H	3Q (3 months)	Total (9 months)	3Q (3 months)	Total (9 months)
Net Sales	1,807.5	1,009.0	2,816.5	1,365.1	793.6	2,158.7	(○) 215.4	(○) 657.8
Operating Income	75.5	37.4	113.0	63.4	41.7	105.1	(×) 4.2	(○) 7.9
Other Income and Expenses, net	40.1	30.6	70.7	19.7	11.7	31.4	(○) 18.9	(○) 39.3
Income before Special Items	115.6	68.0	183.6	83.1	53.3	136.5	(○) 14.7	(○) 47.2
Special Profit and Loss, net	8.4	0.5	8.9	5.0	3.6	8.6	(×) 3.1	(○) 0.3
Income Taxes	37.8	19.5	57.2	28.7	19.2	47.9	(×) 0.3	(×) 9.4
Minority Interest	13.7	8.7	22.4	6.9	4.5	11.4	(×) 4.2	(×) 10.9
Net Income	72.5	40.4	113.0	52.5	33.3	85.8	(○) 7.1	(○) 27.2

#### < 1 > Scope of Consolidation

- ① Consolidated subsidiaries 115 (8 additions, 5 reductions)
- ② Equity method affiliates 15 (- additions, - reductions)

#### < 2 > FY2006 3Q ( 3 months ended December 31, 2006 )

(1) Breakdown of Income before Special Items, ¥68.0 billion

##### ① Operating Income ¥37.4bn

- Petroleum 22.3
- Metals 14.5
  - Resources & Metals 10.9
  - Electronic Materials 1.2
  - Metal Manufacturing 1.9
  - Metals Group Adjustments 0.6
- Others 0.6

##### ② Other Income (Expenses), net ¥30.6bn

- Interest and dividend income 1.2
- Amortization of negative goodwill 0.5
- Equity in income of non-consolidated subsidiaries and affiliates 31.6
- Interest expenses (3.3)
- Others 0.6

(2) Breakdown of Special Profit and Loss, ¥0.5 billion

• Gain on sales of investments in securities	0.0
• Gain on sales of property, plant and equipment	1.2
• Loss on disposal of property, plant and equipment	(0.8)
• Others	0.1

**<3> FY2006 1Q-3Q (9 months ended December 31, 2006)**

(1) Breakdown of Income before Special Items, ¥183.6 billion

① Operating Income ¥113.0bn

• Petroleum		60.8
• Metals		50.1
➤ Resources & Metals	35.8	
➤ Electronic Materials	6.9	
➤ Metal Manufacturing	6.5	
➤ Metals Group Adjustments	0.9	
• Others		2.1

② Other Income (Expenses), net ¥70.7bn

• Interest and dividend income	3.5
• Amortization of negative goodwill	1.4
• Equity in income of non-consolidated subsidiaries and affiliates	72.9
• Interest expenses	(9.9)
• Others	2.8

(2) Breakdown of Special Profit and Loss, ¥8.9bn

• Gain on sales of investments in securities	13.6
• Gain on sales of property, plant and equipment	1.9
• Loss on disposal of property, plant and equipment	(2.0)
• Impairment losses	(1.1)
• Provision for allowance for cost of disposal of unutilized property, plant and equipment	(3.4)
• Others	(0.1)

#### <4> Segment Information

(Billions of Yen)

		FY2006			FY2005			Differences (Total)
		1H	3Q	Total	1H	3Q	Total	
Petroleum (Japan Energy Group)	Net Sales	1,297.5	731.5	2,029.0	1,087.2	634.1	1,721.4	(○) 307.6
	Operating Income	38.4	22.3	60.8	42.1	29.7	71.8	(×) 11.0
	Income before Special Items	41.7	23.8	65.5	41.5	29.3	70.9	(×) 5.4
Metals (Nippon Mining & Metals Group)	Net Sales	503.6	273.2	776.8	268.8	155.4	424.2	(○) 352.6
	Operating Income	35.6	14.5	50.1	19.6	11.6	31.2	(○) 18.9
	Income before Special Items	70.5	42.2	112.6	37.9	22.5	60.4	(○) 52.3
Resources & Metals	Net Sales	438.2	236.4	674.5	218.1	125.4	343.6	(○) 331.0
	Operating Income	24.9	10.9	35.8	12.7	5.8	18.5	(○) 17.3
	Income before Special Items	60.1	38.9	99.0	31.5	17.1	48.6	(○) 50.5
Electronic Materials	Net Sales	64.6	34.4	98.9	47.4	28.8	76.2	(○) 22.8
	Operating Income	5.7	1.2	6.9	5.1	3.6	8.7	(×) 1.8
	Income before Special Items	5.1	0.7	5.8	4.3	3.3	7.6	(×) 1.8
Metal Manufacturing	Net Sales	35.1	19.1	54.2	23.1	14.3	37.4	(○) 16.9
	Operating Income	4.6	1.9	6.5	2.4	2.3	4.8	(○) 1.7
	Income before Special Items	4.9	1.9	6.8	2.6	2.3	4.9	(○) 1.9
Metals Group Adjustments	Net Sales	(34.3)	(16.7)	(50.9)	(19.8)	(13.0)	(32.9)	(×) 18.0
	Operating Income	0.3	0.6	0.9	(0.5)	(0.2)	(0.7)	(○) 1.6
	Income before Special Items	0.3	0.6	0.9	(0.5)	(0.2)	(0.7)	(○) 1.6
Others	Net Sales	25.0	11.7	36.7	23.2	9.4	32.6	(○) 4.1
	Operating Income	1.5	0.6	2.1	1.7	0.4	2.1	(×) 0.0
	Income before Special Items	3.4	2.1	5.5	3.7	1.5	5.2	(○) 0.3
Eliminations	Net Sales	(18.5)	(7.5)	(26.0)	(14.2)	(5.4)	(19.6)	(×) 6.4
Total	Net Sales	1,807.5	1,009.0	2,816.5	1,365.1	793.6	2,158.7	(○) 657.8
	Operating Income	75.5	37.4	113.0	63.4	41.7	105.1	(○) 7.9
	Income before Special Items	115.6	68.0	183.6	83.1	53.3	136.5	(○) 47.2

※ Net Sales of each segments includes inter-segment sales.

※ Income of eliminations and corporate income are included in Others.

<5> Assumptions

		FY2006			FY2005			
		1H	3Q	Total	1H	2H	Total	
All Segments	Exchange Rate (¥/\$)	115	118	116	109	117	112	
Petroleum	Dubai Spot Price (\$/BBL)	65.4	57.3	62.7	51.6	52.9	52.0	
	Market Price of Paraxylene (\$/t) ACP Base	1,133	1,097	1,121	859	947	888	
Metals	Resources & Metals	Market Price of Copper (¢/lb)	338	321	332	162	195	173
		Electrolytic Copper Sales (1,000 tons/period)	308	176	484	302	141	443
	Electronic Materials	Electro-deposited Copper Foil Sales (tons/month)	2,038	1,961	2,012	2,097	1,877	2,024
		Treated Rolled Copper Foil Sales (1,000 meters/month)	3,613	4,052	3,759	3,021	5,021	3,688
		ITO Target Sales (tons/month)	25.9	32.2	28.0	24.2	29.0	25.8
	Metal Manufacturing	Wrought Copper Products (1,000 tons/period)	20.0	9.6	29.6	16.8	9.5	26.4
		Special Steel Products (1,000 tons/period)	2.5	0.9	3.4	1.9	1.2	3.1
		High Quality Products Ratio	42%	46%	43%	41%	45%	43%

## 2. Information by Segments

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

#### (1) Operating Results

(Billions of Yen)

	FY2006			FY2005			Differences Total
	1H	3Q	Total	1H	3Q	Total	
Net Sales	1,297.5	731.5	2,029.0	1,087.2	634.1	1,721.4	(○) 307.6
Operating Income	38.4	22.3	60.8	42.1	29.7	71.8	(×) 11.0
Income before Special Items	41.7	23.8	65.5	41.5	29.3	70.9	(×) 5.4

#### Factors in ¥5.4 billion decrease in the Income before Special Items

- Decrease of profit in inventory valuation (×) ¥20.8bn  
\* 05/1Q-3Q: ¥36.2bn → 06/1Q-3Q: ¥15.3bn
- Increase in income for petrochemical business (○) ¥6.6bn
- Others (○) ¥3.2bn  
\* Time lag, cost reduction, etc.
- Other income and expenses (○) ¥5.7bn  
\* Improvement of Exchange gain and loss, Increase in equity in income of non-consolidated subsidiaries and affiliates

#### (2) Sales volume and growth rate

	Domestic sales volume (Thousands of KL)			Growth rate (06/1Q-3Q vs. 05/1Q-3Q)
	FY2006			
	1H	3Q	Total	
Gasoline	3,113	1,531	4,644	98.3%
Naphtha	1,759	1,058	2,817	98.1%
Jet Fuel	322	155	477	102.6%
Kerosene	715	795	1,510	93.7%
Gas Oil	2,084	1,103	3,187	96.4%
A Heavy Fuel	1,235	645	1,880	93.4%
C Heavy Fuel	939	489	1,428	75.2%
<b>Total</b>	<b>10,167</b>	<b>5,775</b>	<b>15,943</b>	<b>94.4%</b>
Gasoline & Middle Distillation	7,148	4,074	11,221	96.3%

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

(Millions of KL)

		FY2006			FY2005				
		Apr- Jun	Jul- Sep	Oct- Dec	Apr- Jun	Jul- Sep	Oct- Dec	Jan- Mar	Total
Group Total	Refining volume	4.53	5.83	5.69	4.55	5.28	5.44	5.48	20.74
	Utilization rate	79%	98%	94%	81%	93%	94%	97%	91%
	Comparison with Previous Year	100%	110%	105%	102%	112%	98%	101%	103%
Mizushima	Refining volume	2.94	2.97	2.93	1.97	2.69	2.79	2.90	10.36
	Utilization rate	99%	99%	98%	68%	92%	94%	99%	88%
	Comparison with Previous Year	149%	110%	105%	69%	111%	95%	103%	94%
Kashima	Refining volume	1.59	2.86	2.76	2.57	2.59	2.64	2.58	10.39
	Utilization rate	57%	98%	90%	94%	93%	95%	95%	94%
	Comparison with Previous Year	62%	111%	104%	161%	113%	102%	98%	114%

※ Capacity of Japan Energy Group' s Refinery

Japan Energy Mizushima Refinery : 205,200 Barrels/Day

Kashima Oil Kashima Refinery : 200,000 Barrels/Day

(from October 15, 2006 : 210,000 Barrels/Day)

## <2> Metals (Nippon Mining & Metals Group)

### (1) Operating Results

(Billions of Yen)

		FY2006			FY2005			Differences Total
		1H	3Q	Total	1H	3Q	Total	
Metals (Nippon Mining & Metals Group)	Net Sales	503.6	273.2	776.8	268.8	155.4	424.2	(○)352.6
	Operating Income	35.6	14.5	50.1	19.6	11.6	31.2	(○) 18.9
	Income before Special Items	70.5	42.2	112.6	37.9	22.5	60.4	(○) 52.3
Resources & Metals	Net Sales	438.2	236.4	674.5	218.1	125.4	343.6	(○)331.0
	Operating Income	24.9	10.9	35.8	12.7	5.8	18.5	(○) 17.3
	Income before Special Items	60.1	38.9	99.0	31.5	17.1	48.6	(○) 50.5
Electronic Materials	Net Sales	64.6	34.4	98.9	47.4	28.8	76.2	(○) 22.8
	Operating Income	5.7	1.2	6.9	5.1	3.6	8.7	(×) 1.8
	Income before Special Items	5.1	0.7	5.8	4.3	3.3	7.6	(×) 1.8
Metal Manufacturing	Net Sales	35.1	19.1	54.2	23.1	14.3	37.4	(○) 16.9
	Operating Income	4.6	1.9	6.5	2.4	2.3	4.8	(○) 1.7
	Income before Special Items	4.9	1.9	6.8	2.6	2.3	4.9	(○) 1.9
Metals Group Adjustments	Net Sales	(34.3)	(16.7)	(50.9)	(19.8)	(13.0)	(32.9)	(×) 18.0
	Operating Income	0.3	0.6	0.9	(0.5)	(0.2)	(0.7)	(○) 1.6
	Income before Special Items	0.3	0.6	0.9	(0.5)	(0.2)	(0.7)	(○) 1.6

## <2- > Resources & Metals Company Group

### (1) Operating Results

(Billions of Yen)

	FY2006			FY2005			Differences Total
	1H	3Q	Total	1H	3Q	Total	
Net Sales	438.2	236.4	674.5	218.1	125.4	343.6	(○) 331.0
Operating Income	24.9	10.9	35.8	12.7	5.8	18.5	(○) 17.3
Income before Special Items	60.1	38.9	99.0	31.5	17.1	48.6	(○) 50.5

#### Factors in ¥50.5bn increase in the Income before Special Items

- Resources & Metals Company and consolidated subsidiaries (○) ¥17.5bn
  - \* Negative factors: Increase of cost for Regalito project, etc.
  - \* Positive factors: Metal prices up, TC/RC improvement, Depreciation of the yen, etc.
- Equity in income of non-consolidated subsidiaries and affiliates (○) ¥32.9bn
  - \* Minera Los Pelambres (○) ¥19.5bn (Copper price up, etc.)
  - \* LS-Nikko (○) ¥3.4bn (TC/RC improvement, etc.)

### (2) Price and Sales Volume

		FY2006			FY2005			Differences Total
		1H	3Q	Total	1H	3Q	Total	
Price	Copper (¢ /lb)	338	321	332	162	195	173	(+) 159
	Gold (\$ /TOZ)	625	614	621	433	486	451	(+) 170
	Platinum (\$ /TOZ)	1,200	1,129	1,176	883	958	908	(+) 268
	Palladium (\$ /TOZ)	335	321	330	189	240	206	(+) 124
Sales Volume	Copper (Thousand tons)	308	176	484	302	141	443	(+) 41

## <2-②> Electronic Materials Company Group

### (1) Operating Results

(Billions of Yen)

	FY2006			FY2005			Differences Total
	1H	3Q	Total	1H	3Q	Total	
Net Sales	64.6	34.4	98.9	47.4	28.8	76.2	(○) 22.8
Operating Income	5.7	1.2	6.9	5.1	3.6	8.7	(×) 1.8
Income before Special Items	5.1	0.7	5.8	4.3	3.3	7.6	(×) 1.8

#### Factors in ¥1.8 billion decrease in the Income before Special Items

- Operating Income (×)¥1.8bn
  - \* Electro-deposited copper foil (○) ¥5.0bn
  - \* Treated rolled copper foil (×) ¥0.4bn
  - \* Sputtering target (×) ¥7.2bn
    - Semiconductor (○) ¥1.6bn
    - ITO (×) ¥9.1bn
    - (Negative impact of inventory valuation, etc.)
  - Others (○) ¥0.3bn
    - \* Compound semiconductor materials and others (○)¥0.4bn
    - \* Expenses including research and development cost (○)¥0.4bn
- Other Income and Expenses ¥ -

### (2) Breakdown by Products

(Billions of Yen)

		FY2006			FY2005			Differences Total
		1H	3Q	Total	1H	3Q	Total	
Electro-deposited and Treated Rolled Copper Foil	Net Sales	24.5	13.7	38.2	17.4	10.9	28.3	(○) 9.9
	Operating Income	3.3	1.6	4.9	(0.5)	0.8	0.3	(○) 4.6
Targets	Net Sales	32.1	16.5	48.5	24.4	14.9	39.3	(○) 9.2
	Operating Income	2.6	(0.2)	2.4	6.0	3.6	9.6	(×) 7.2
Compound Semiconductor Materials and Others	Net Sales	8.0	4.2	12.2	5.6	3.0	8.6	(○) 3.6
	Operating Income	(0.2)	(0.2)	(0.4)	(0.4)	(0.8)	(1.2)	(○) 0.8
Total	Net Sales	64.6	34.4	98.9	47.4	28.8	76.2	(○) 22.8
	Operating Income	5.7	1.2	6.9	5.1	3.6	8.7	(×) 1.8

※For FY2006, general and administrative cost allocation methods for each product group in Electronic Materials Company have been changed. Accordingly, the figures for FY2005 above are presented in the same manner.

## <2- > Metal Manufacturing Company Group

### (1) Operating Results

(Billions of Yen)

	FY2006			FY2005			Differences Total
	1H	3Q	Total	1H	3Q	Total	
Net Sales	35.1	19.1	54.2	23.1	14.3	37.4	(○) 16.9
Operating Income	4.6	1.9	6.5	2.4	2.3	4.8	(○) 1.7
Income before Special Items	4.9	1.9	6.8	2.6	2.3	4.9	(○) 1.9

#### Factors in ¥1.9 billion increase in the Income before Special Items

- Sales increase (○) ¥1.3bn
  - \* Phosphor bronze (○) ¥0.7bn
  - \* Copper foil (○) ¥0.1bn
  - \* Titanium copper (○) ¥0.2bn
- Copper price up (○) ¥0.9bn
- Nikko Woojin Precision Manufacturing (Suzhou) Co., Ltd. (×) ¥0.3bn  
(Increase of fixed cost due to full operation for precision rolling business)
- Others ¥ -bn

### (2) Sales by Products

(Billions of Yen)

		FY2006			FY2005			Differences Total
		1H	3Q	Total	1H	3Q	Total	
Wrought copper	Phosphor bronze	12.3	6.2	18.5	6.7	3.9	10.6	(○) 7.9
	Corson alloy	3.9	2.5	6.4	3.0	1.8	4.8	(○) 1.6
	Copper foil	4.2	2.3	6.5	2.6	2.5	5.1	(○) 1.4
	Others	6.4	3.5	9.9	4.0	2.3	6.3	(○) 3.6
Special steel	Stainless steel	1.1	0.4	1.5	0.9	0.5	1.4	(○) 0.1
	High-nickel alloy	2.5	1.2	3.7	1.6	1.1	2.7	(○) 1.0
	Others	0.1	0.1	0.2	0.2	-	0.2	-
Precision processing		6.3	3.1	9.4	4.4	2.1	6.5	(○) 2.9
Eliminations		(1.7)	(0.2)	(1.9)	(0.3)	0.1	(0.2)	(×) 1.7
Total		35.1	19.1	54.2	23.1	14.3	37.4	(○) 16.9

## II Annual Forecasts FY2006

※ Since segment classification has been slightly changed from FY2006, all the figures by segment for FY2005 and FY2006 on the following statements are based on the new classification.

### 1. Comparison with FY2005

#### < 1 > Assumptions

		FY2006			FY2005			
		1H	2H(F)	Total	1H	2H	Total	
All Segments	Exchange Rate (¥/\$)	115	116	116	109	117	113	
Petroleum	Dubai Spot Price (\$/BBL)	65.4	54.1	59.7	51.6	55.4	53.5	
	Market Price of Paraxylene (\$/t) ACP Market Base	1,133	1,080	1,107	859	947	903	
Metals	Resources & Metals	Market Price of Copper (¢/lb)	338	280	309	162	210	186
		Electrolytic Copper Sales (1,000 tons/period)	308	335	643	302	287	588
	Electronic Materials	Electro-deposited Copper Foil Sales (tons/month)	2,038	1,846	1,942	2,097	2,062	2,080
		Treated Rolled Copper Foil Sales (1,000 meters/month)	3,613	3,393	3,503	3,021	4,566	3,794
		ITO Target Sales (tons/month)	25.9	34.0	29.9	24.2	28.0	26.1
	Metal Manufacturing	Wrought Copper Products (1,000 tons/period)	20.0	18.6	38.6	16.8	19.6	36.4
		Special Steel Products (1,000 tons/period)	2.5	1.5	4.1	1.9	2.5	4.4
		High Quality Products Ratio	42%	45%	43%	41%	45%	43%

※ FY2006 2H (F) : Forecasts

<2> Operating Forecasts (consolidated)

(Billions of Yen)

	FY2006			FY2005			Differences (FY2006-FY2005)
	1H	2H(F)	Total	1H	2H	Total	
Net Sales	1,807.5	1,982.5	3,790.0	1,365.1	1,661.1	3,026.3	(○) 763.7
Operating Income	75.5	19.5	95.0	63.4	81.0	144.4	(×) 49.4
Income before Special Items	115.6	69.4	185.0	83.1	105.6	188.7	(×) 3.7
Net Income	72.5	37.5	110.0	52.5	44.4	96.9	(○) 13.1
Ratio of Income before Special Items to Net Sales	6.4%	3.5%	4.9%	6.1%	6.4%	6.2%	(×) 1.4%
Earnings Per Share (yen)			118.7			113.9	(○) 4.8
Number of Shares (1000 Shares)			926,950			847,047	(+) 79,903

※ Profit or loss in inventory valuation in income before special items

(Billions of Yen)

	FY2006 (Forecasts)			FY2005 (Actual)			Notes
	Petroleum	Metals	Total	Petroleum	Metals	Total	
Inventory valuation by periodic average method	8.0	(2.8)	5.2	50.9	7.0	57.9	
Inventory valuation by lower of cost or market method	(29.0)	(5.0)	(34.0)	—	—	—	<Assumption> Monthly average Dubai spot price of March 2007: 46\$/bbl
Total	(21.0)	(7.8)	(28.8)	(50.9)	7.0	57.9	

### <3> Operating Forecasts by Segments

(Billions of Yen)

		FY2006 (Forecasts)			FY2005 (Actual)			Differences		
		1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Petroleum (Japan Energy Group)	Net Sales	1,297.5	1,452.5	2,750.0	1,087.2	1,305.4	2,392.6	(○)210.2	(○)147.1	(○)357.4
	Operating Income	38.4	0.6	39.0	42.1	54.5	96.6	(×) 3.7	(×) 53.9	(×) 57.6
	Income before Special Items	41.7	3.3	45.0	41.5	55.4	97.0	(○) 0.2	(×) 52.1	(×) 52.0
Metals (Nippon Mining & Metals Group)	Net Sales	503.6	503.4	1,007.0	268.8	338.3	607.1	(○)234.8	(○)165.1	(○)399.9
	Operating Income	35.6	16.9	52.5	19.6	23.4	43.0	(○) 16.0	(×) 6.4	(○) 9.5
	Income before Special Items	70.5	62.5	133.0	37.9	45.0	82.8	(○) 32.6	(○) 17.5	(○) 50.2
Resources & Metals	Net Sales	438.2	432.8	871.0	218.1	277.2	495.4	(○)220.0	(○)155.6	(○)375.6
	Operating Income	24.9	17.5	42.4	12.7	14.4	27.1	(○) 12.3	(○) 3.1	(○) 15.3
	Income before Special Items	60.1	64.2	124.3	31.5	36.7	68.2	(○) 28.6	(○) 27.4	(○) 56.1
Electronic Materials	Net Sales	64.6	65.4	130.0	47.4	58.9	106.3	(○) 17.2	(○) 6.5	(○) 23.7
	Operating Income	5.7	1.1	6.8	5.1	6.1	11.2	(○) 0.6	(×) 5.0	(×) 4.4
	Income before Special Items	5.1	0.1	5.2	4.3	5.3	9.6	(○) 0.7	(×) 5.2	(×) 4.4
Metal Manufactur- ing	Net Sales	35.1	34.9	70.0	23.1	29.6	52.8	(○) 12.0	(○) 5.3	(○) 17.2
	Operating Income	4.6	2.1	6.7	2.4	3.5	5.9	(○) 2.2	(×) 1.4	(○) 0.8
	Income before Special Items	4.9	2.1	7.0	2.6	3.6	6.2	(○) 2.4	(×) 1.5	(○) 0.8
Metals Group Adjustments	Net Sales	(34.3)	(29.7)	(64.0)	(19.8)	(27.5)	(47.3)	(×) 14.4	(×) 2.2	(×) 16.7
	Operating Income	0.3	(3.8)	(3.5)	(0.5)	(0.6)	(1.2)	(○) 0.9	(×) 3.2	(×) 2.3
	Income before Special Items	0.3	(3.8)	(3.5)	(0.5)	(0.6)	(1.2)	(○) 0.9	(×) 3.2	(×) 2.3
Others	Net Sales	25.0	41.0	66.0	23.2	35.3	58.5	(○) 1.8	(○) 5.7	(○) 7.5
	Operating Income	1.5	2.0	3.5	1.7	3.2	4.9	(×) 0.2	(×) 1.2	(×) 1.4
	Income before Special Items	3.4	3.6	7.0	3.7	5.2	8.9	(×) 0.3	(×) 1.6	(×) 1.9
Eliminations	Net Sales	(18.5)	(14.5)	(33.0)	(14.2)	(17.9)	(32.0)	(×) 4.3	(○) 3.4	(×) 1.0
Total	Net Sales	1,807.5	1,982.5	3,790.0	1,365.1	1,661.1	3,026.3	(○)442.4	(○)321.3	(○)763.7
	Operating Income	75.5	19.5	95.0	63.4	81.0	144.4	(○) 12.1	(×) 61.6	(×) 49.4
	Income before Special Items	115.6	69.4	185.0	83.1	105.6	188.7	(○) 32.5	(×) 36.2	(×) 3.7

※ Net Sales of each segment includes inter-segments sales.

※ Income of eliminations and corporate is included in Others.

< 4 > Income before Special Items (FY2006 vs. FY2005)

(Billions of Yen)

	FY2006 (Forecasts)	FY2005 (Actual)	Differences	Notes
Petroleum (Japan Energy Group)	45.0	97.0	(×) 52.0	<ul style="list-style-type: none"> <li>➤ Inventory valuation (×)¥71.9bn (FY2005: (+)¥50.9bn → FY2006: (-)¥21.0bn)</li> <li>➤ Petrochemicals (○)¥9.5bn</li> <li>➤ Others (×)¥10.4bn                             <ul style="list-style-type: none"> <li>• Time lag, etc.</li> </ul> </li> </ul>
Metals (Nippon Mining & Metals Group)	133.0	82.8	(○) 50.2	
Resources & Metals	124.3	68.2	(○) 56.1	<ul style="list-style-type: none"> <li>➤ Resources &amp; Metals Company and consolidated subsidiaries (○)¥15.3bn                             <ul style="list-style-type: none"> <li>• Increase of cost for Regalito project</li> <li>• Metal prices up</li> <li>• TC/RC improvement, etc.</li> </ul> </li> <li>➤ Equity in income of non-consolidated subsidiaries and affiliates (○)¥40.8bn                             <ul style="list-style-type: none"> <li>• Copper price up (2005:167¢/lb → 2006:305¢/lb)</li> </ul> </li> </ul>
Electronic Materials	5.2	9.6	(×) 4.4	<ul style="list-style-type: none"> <li>➤ Improvement of margin of Electro-deposited Copper Foil</li> <li>➤ Decrease of sales price of ITO Target</li> <li>➤ Negative impact of inventory valuation</li> </ul>
Metal Manufacturing	7.0	6.2	(○) 0.8	<ul style="list-style-type: none"> <li>➤ Sales increase of IT-related products</li> <li>➤ Relative decrease of raw materials cost</li> </ul>
Metals Group Adjustments	(3.5)	(1.2)	(×) 2.3	<ul style="list-style-type: none"> <li>➤ Unrealized profits in Metals group</li> <li>➤ Negative impact of inventory valuation</li> </ul>
Others	7.0	8.9	(×) 1.9	<ul style="list-style-type: none"> <li>➤ Decrease of profit in Independent Operating Companies &amp; Functional Support Companies</li> </ul>
Total	185.0	188.7	(×) 3.7	

## 2. Information by Segments

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

#### (1) Forecasts

(Billions of Yen)

	FY2006			FY2005			Differences		
	1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Net Sales	1,297.5	1,452.5	2,750.0	1,087.2	1,305.4	2,392.6	(○)210.2	(○)147.1	(○)357.4
Operating Income	38.4	0.6	39.0	42.1	54.5	96.6	(×) 3.7	(×) 53.9	(×) 57.6
Income before Special Items	41.7	3.3	45.0	41.5	55.4	97.0	(○) 0.2	(×) 52.1	(×) 52.0

#### (2) Sales volume and growth rate of fuel oil

	Domestic sales volume (Thousands of KL)			Growth rate 2006 vs. 2005
	FY2006 (F)	FY2005	Differences	
Gasoline	6,100	6,188	(-) 88	98.6%
Naphtha	3,700	3,747	(-) 47	98.7%
Jet Fuel	650	635	(+) 15	102.6%
Kerosene	2,500	2,801	(-) 301	89.1%
Gas Oil	4,200	4,367	(-) 167	96.3%
A Heavy Fuel	2,600	2,833	(-) 233	92.0%
C Heavy Fuel	2,000	2,595	(-) 595	77.8%
<b>Total</b>	<b>21,750</b>	<b>23,166</b>	(-) 1,416	<b>94.0%</b>
Gasoline & Middle Distillation	15,400	16,189	(-) 789	95.2%

#### (3) Number of JOMO Service Stations

	2002 Mar. 31	2003 Mar. 31	2004 Mar. 31	2005 Mar. 31	2006 Mar. 31	2006 Sep. 30	2006 Dec. 31
Owned by Japan Energy <Self-SS>	1,284 <105>	1,229 <227>	1,207 <264>	1,172 <297>	1,154 <347>	1,148 <372>	1,154 <382>
Owned by wholesalers and others <Self-SS>	3,192 <59>	3,067 <95>	2,943 <121>	2,851 <143>	2,679 <187>	2,614 <206>	2,583 <222>
Total <Self-SS>	4,476 <164>	4,296 <322>	4,150 <385>	4,023 <440>	3,833 <534>	3,762 <578>	3,737 <604>

#### (4) Petrochemical Profit

(Billions of Yen)

FY2006 (F)	FY2005	FY2004	FY2003
25.0	15.5	24.5	8.5

<2> Metals (Nippon Mining & Metals Group)

(1) Forecasts

(Billions of Yen)

		FY2006 (Forecasts)			FY2005 (Actual)			Differences		
		1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Metals (Nippon Mining & Metals Group)	Net Sales	503.6	503.4	1,007.0	268.8	338.3	607.1	(○)234.8	(○)165.1	(○)399.9
	Operating Income	35.6	16.9	52.5	19.6	23.4	43.0	(○) 16.0	(×) 6.4	(○) 9.5
	Income before Special Items	70.5	62.5	133.0	37.9	45.0	82.8	(○) 32.6	(○) 17.5	(○) 50.2
Resources & Metals	Net Sales	438.2	432.8	871.0	218.1	277.2	495.4	(○)220.0	(○)155.6	(○)375.6
	Operating Income	24.9	17.5	42.4	12.7	14.4	27.1	(○) 12.3	(○) 3.1	(○) 15.3
	Income before Special Items	60.1	64.2	124.3	31.5	36.7	68.2	(○) 28.6	(○) 27.4	(○) 56.1
Electronic Materials	Net Sales	64.6	65.4	130.0	47.4	58.9	106.3	(○) 17.2	(○) 6.5	(○) 23.7
	Operating Income	5.7	1.1	6.8	5.1	6.1	11.2	(○) 0.6	(×) 5.0	(×) 4.4
	Income before Special Items	5.1	0.1	5.2	4.3	5.3	9.6	(○) 0.7	(×) 5.2	(×) 4.4
Metal Manufactur- ing	Net Sales	35.1	34.9	70.0	23.1	29.6	52.8	(○) 12.0	(○) 5.3	(○) 17.2
	Operating Income	4.6	2.1	6.7	2.4	3.5	5.9	(○) 2.2	(×) 1.4	(○) 0.8
	Income before Special Items	4.9	2.1	7.0	2.6	3.6	6.2	(○) 2.4	(×) 1.5	(○) 0.8
Metals Group Adjustments	Net Sales	(34.3)	(29.7)	(64.0)	(19.8)	(27.5)	(47.3)	(×) 14.4	(×) 2.2	(×) 16.7
	Operating Income	0.3	(3.8)	(3.5)	(0.5)	(0.6)	(1.2)	(○) 0.9	(×) 3.2	(×) 2.3
	Income before Special Items	0.3	(3.8)	(3.5)	(0.5)	(0.6)	(1.2)	(○) 0.9	(×) 3.2	(×) 2.3

<2- > Resources & Metals Company Group

(1) Forecasts

(Billions of Yen)

	FY2006			FY2005			Differences		
	1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Net Sales	438.2	432.8	871.0	218.1	277.2	495.4	(○) 220.0	(○) 155.6	(○) 375.6
Operating Income	24.9	17.5	42.4	12.7	14.4	27.1	(○) 12.3	(○) 3.1	(○) 15.3
Income before Special Items	60.1	64.2	124.3	31.5	36.7	68.2	(○) 28.6	(○) 27.4	(○) 56.1

(2) Price and Sales Volume

		FY2006			FY2005		
		1H	2H (F)		1H	2H	
Price	Copper (¢ /lb)	338	280	309	162	210	186
	Gold (\$ /TOZ)	625	607	616	433	520	477
	Platinum (\$ /TOZ)	1,200	1,114	1,157	883	998	940
	Palladium (\$ /TOZ)	335	311	323	189	265	227
Sales Volume (1,000 tons/period)	Electrolytic Copper	308	335	643	302	287	588

<2- > Electronic Materials Company Group

(1) Forecasts

(Billions of Yen)

	FY2006			FY2005			Differences		
	1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Net Sales	64.6	65.4	130.0	47.4	58.9	106.3	(○) 17.2	(○) 6.5	(○) 23.7
Operating Income	5.7	1.1	6.8	5.1	6.1	11.2	(○) 0.6	(×) 5.0	(×) 4.4
Income before Special Items	5.1	0.1	5.2	4.3	5.3	9.6	(○) 0.7	(×) 5.2	(×) 4.4

(2) Breakdown by products

(Billions of Yen)

		FY2006			FY2005			Differences		
		1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Electro-deposited and Treated Rolled Copper Foil	Net Sales	24.5	24.5	49.0	17.4	22.2	39.6	(○) 7.1	(○) 2.3	(○) 9.4
	Operating Income	3.3	2.3	5.6	(0.5)	1.2	0.7	(○) 3.8	(○) 1.1	(○) 4.9
Targets	Net Sales	32.1	33.3	65.4	24.4	30.4	54.8	(○) 7.7	(○) 2.9	(○) 10.6
	Operating Income	2.6	(0.6)	2.0	6.0	5.6	11.6	(×) 3.4	(×) 6.2	(×) 9.6
Compound semiconductor materials and Others	Net Sales	8.0	7.6	15.6	5.6	6.3	11.9	(○) 2.4	(○) 1.3	(○) 3.7
	Operating Income	(0.2)	(0.6)	(0.8)	(0.4)	(0.7)	(1.1)	(○) 0.2	(○) 0.1	(○) 0.3
Total	Net Sales	64.6	65.4	130.0	47.4	58.9	106.3	(○) 17.2	(○) 6.5	(○) 23.7
	Operating Income	5.7	1.1	6.8	5.1	6.1	11.2	(○) 0.6	(×) 5.0	(×) 4.4

※For FY2006, general and administrative cost allocation methods for each product group in Electronic Materials Company have been changed. Accordingly, the figures for FY2005 above are presented in the same manner.

<2- > Metal Manufacturing Company Group

(1) Forecasts

(Billions of Yen)

	FY2006			FY2005			Differences		
	1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Net Sales	35.1	34.9	70.0	23.1	29.6	52.8	(○) 12.0	(○) 5.3	(○) 17.2
Operating Income	4.6	2.1	6.7	2.4	3.5	5.9	(○) 2.2	(×) 1.4	(○) 0.8
Income before Special Items	4.9	2.1	7.0	2.6	3.6	6.2	(○) 2.4	(×) 1.5	(○) 0.8

(2) Sales by products

(Billions of Yen)

		FY2006			FY2005			Differences		
		1H	2H(F)	Total	1H	2H	Total	1H	2H	Total
Wrought copper	Phosphor bronze	12.3	11.2	23.5	6.7	8.6	15.3	(○) 5.6	(○) 2.6	(○) 8.2
	Corson alloy	3.9	4.2	8.1	3.0	3.8	6.8	(○) 0.9	(○) 0.4	(○) 1.3
	Copper foil	4.2	3.8	8.0	2.6	4.5	7.1	(○) 1.6	(×) 0.7	(○) 0.9
	Others	6.4	6.4	12.8	4.0	5.0	9.0	(○) 2.4	(○) 1.4	(○) 3.8
Special steel	Stainless steel	1.1	0.8	1.9	0.9	1.1	2.0	(○) 0.2	(×) 0.3	(×) 0.1
	High-Nickel alloy	2.5	1.7	4.2	1.6	2.4	4.0	(○) 0.9	(×) 0.7	(○) 0.2
	Others	0.1	0.1	0.2	0.2	0.1	0.3	(×) 0.1	-	(×) 0.1
Precision processing		6.3	6.4	12.7	4.4	4.6	9.1	(○) 1.9	(○) 1.8	(○) 3.6
Eliminations		(1.7)	0.3	(1.4)	(0.3)	(0.5)	(0.8)	(×) 1.4	(○) 0.8	(×) 0.6
Total		35.1	34.9	70.0	23.1	29.6	52.8	(○) 12.0	(○) 5.3	(○) 17.2

### 3. Comparison with the previous forecasts

#### <1> FY2006 full year

##### (1) Assumptions

		FY2006 (Full year)			
		Revised forecasts	Previous forecasts (Nov. 9)	Differences	
All Segments	Exchange Rate (¥/\$)	116	113	(+) 3	
Petroleum	Dubai Spot Price (\$/BBL)	59.7	62.7	(-) 3	
	Market Price of Paraxylene (\$/t) ACP Market Base	1,107	1,112	(-) 5	
Metals	Resources & Metals	Market Price of Copper (¢/lb)	309	314	(-) 5
		Electrolytic Copper Sales (1,000 tons/period)	643	628	(+) 15
	Electronic Materials	Electro-deposited Copper Foil Sales (tons/month)	1,942	2,095	(-) 153
		Treated Rolled Copper Foil Sales (1,000 meters/month)	3,503	4,057	(-) 554
		I/O Target Sales (tons/month)	29.9	33.2	(-) 3.3
	Metal Manufacturing	Wrought Copper Products (1,000 tons/period)	38.6	39.7	(-) 1.1
		Special Steel Products (1,000 tons/period)	4.1	4.6	(-) 0.5
		High Quality Products Ratio	43%	43%	-

##### (2) Annual Forecasts

(Billions of Yen)

	FY2006 (Full year)		
	Revised forecasts	Previous forecasts (Nov. 9)	Differences
Net Sales	3,790.0	3,770.0	(○) 20.0
Operating Income	95.0	113.0	(×) 18.0
Income before Special Items	185.0	185.0	-
Net Income	110.0	110.0	-
Ratio of Income before Special Items to Net Sales	4.9%	4.9%	-
Earnings Per Share (yen)	118.7	118.7	-
Number of Share (1,000 Shares)	926,950	926,994	(-) 44

## (3) Segment Information

(Billions of Yen)

		FY2006 (Full year)		
		Revised forecasts	Previous forecasts (Nov. 9)	Differences
Petroleum (Japan Energy Group)	Net Sales	2,750.0	2,750.0	—
	Operating Income	39.0	52.0	(×) 13.0
	Income before Special Items	45.0	56.0	(×) 11.0
Metals (Nippon Mining & Metals Group)	Net Sales	1,007.0	984.0	(○) 23.0
	Operating Income	52.5	57.5	(×) 5.0
	Income before Special Items	133.0	122.0	(○) 11.0
Resources & Metals	Net Sales	871.0	831.0	(○) 40.0
	Operating Income	42.4	40.8	(○) 1.6
	Income before Special Items	124.3	107.1	(○) 17.2
Electronic Materials	Net Sales	130.0	144.0	(×) 14.0
	Operating Income	6.8	11.7	(×) 4.9
	Income before Special Items	5.2	9.6	(×) 4.4
Metal Manufacturing	Net Sales	70.0	71.0	(×) 1.0
	Operating Income	6.7	8.1	(×) 1.4
	Income before Special Items	7.0	8.4	(×) 1.4
Metals Group Adjustments	Net Sales	(64.0)	(62.0)	(×) 2.0
	Operating Income	(3.5)	(3.1)	(×) 0.4
	Income before Special Items	(3.5)	(3.1)	(×) 0.4
Others	Net Sales	66.0	65.0	(○) 1.0
	Operating Income	3.5	3.5	—
	Income before Special Items	7.0	7.0	—
Eliminations	Net Sales	(33.0)	(29.0)	(×) 4.0
Total	Net Sales	3,790.0	3,770.0	(○) 20.0
	Operating Income	95.0	113.0	(×) 18.0
	Income before Special Items	185.0	185.0	—

## (4) Income before Special Items FY2006 (Full year)

(Billions of Yen)

	Revised forecasts	Previous forecasts (Nov. 9)	Differences	Notes
Petroleum (Japan Energy Group)	45.0	56.0	(×) 11.0	<ul style="list-style-type: none"> <li>➤ inventory valuation (×) 26.5 (Previous:(+)¥5.5bn → Revised:(-)¥21.0bn)</li> <li>➤ Others (○)¥15.5bn <ul style="list-style-type: none"> <li>• Time lag, increase in income for petrochemical business, etc.</li> </ul> </li> </ul>
Metals (Nippon Mining & Metals Group)	133.0	122.0	(○) 11.0	
Resources & Metals	124.3	107.1	(○) 17.2	<ul style="list-style-type: none"> <li>➤ Resources &amp; Metals Company and consolidated subsidiaries(○)¥3.1bn <ul style="list-style-type: none"> <li>• Depreciation of yen</li> <li>• Increase in income for Recycling and Environmental Services Business.</li> </ul> </li> <li>➤ Equity in income of non-consolidated subsidiaries and affiliates(○)¥14.1bn <ul style="list-style-type: none"> <li>• Copper price up, etc. (Previous:283 ¢/lb → Revised:305 ¢/lb)</li> </ul> </li> </ul>
Electronic Materials	5.2	9.6	(×) 4.4	<ul style="list-style-type: none"> <li>➤ Sales decrease of treated rolled copper foil</li> <li>➤ Decrease of Sales price of ITO Target</li> <li>➤ Negative impact of inventory valuation, etc.</li> </ul>
Metal Manufacturing	7.0	8.4	(×) 1.4	<ul style="list-style-type: none"> <li>➤ Sales decrease of IT-related products</li> </ul>
Metals Group Adjustments	(3.5)	(3.1)	(×) 0.4	<ul style="list-style-type: none"> <li>➤ Unrealized profits in Metals group</li> <li>➤ Negative impact of inventory valuation, etc.</li> </ul>
Others	7.0	7.0	—	
Total	185.0	185.0	—	

#### 4. Quarterly Review

(Billions of Yen)

		FY2006						
		1Q	2Q	1H	3Q	4Q (Forecasts)	2H (Forecasts)	Total (Forecasts)
Petroleum (Japan Energy Group)	Net Sales	601.2	696.2	1,297.5	731.5	721.0	1,452.5	2,750.0
	Operating Income	9.4	29.0	38.4	22.3	(21.8)	0.6	39.0
	Income before Special Items	10.3	31.4	41.7	23.8	(20.5)	3.3	45.0
Metals (Nippon Mining & Metals Group)	Net Sales	249.9	253.7	503.6	273.2	230.2	503.4	1,007.0
	Operating Income	17.9	17.7	35.6	14.5	2.3	16.9	52.5
	Income before Special Items	30.1	40.4	70.5	42.2	20.4	62.5	133.0
Resources & Metals	Net Sales	218.5	219.7	438.2	236.4	196.5	432.8	871.0
	Operating Income	11.8	13.2	24.9	10.9	6.6	17.5	42.4
	Income before Special Items	24.2	35.9	60.1	38.9	25.3	64.2	124.3
Electronic Materials	Net Sales	31.7	32.8	64.6	34.4	31.1	65.4	130.0
	Operating Income	3.5	2.2	5.7	1.2	(0.1)	1.1	6.8
	Income before Special Items	3.1	2.0	5.1	0.7	(0.6)	0.1	5.2
Metal Manufacturing	Net Sales	16.9	18.2	35.1	19.1	15.8	34.9	70.0
	Operating Income	2.4	2.2	4.6	1.9	0.2	2.1	6.7
	Income before Special Items	2.6	2.3	4.9	1.9	0.2	2.1	7.0
Metals Group Adjustments	Net Sales	(17.2)	(17.1)	(34.3)	(16.7)	(13.1)	(29.7)	(64.0)
	Operating Income	0.2	0.1	0.3	0.6	(4.4)	(3.8)	(3.5)
	Income before Special Items	0.2	0.1	0.3	0.6	(4.4)	(3.8)	(3.5)
Others	Net Sales	9.1	15.9	25.0	11.7	29.3	41.0	66.0
	Operating Income	0.4	1.1	1.5	0.6	1.4	2.0	3.5
	Income before Special Items	1.6	1.8	3.4	2.1	1.5	3.6	7.0
Eliminations	Net Sales	(6.1)	(12.4)	(18.5)	(7.5)	(7.0)	(14.5)	(33.0)
Total	Net Sales	854.2	953.4	1,807.5	1,009.0	973.5	1,982.5	3,790.0
	Operating Income	27.7	47.8	75.5	37.4	(18.1)	19.5	95.0
	Income before Special Items	42.0	73.6	115.6	68.0	1.4	69.4	185.0

## Consolidated Balance Sheet, Consolidated Cash Flows etc.

### 1. Consolidated Balance Sheet

#### < 1 > Balance Sheet

(Billions of Yen)					
	Dec. 31, 2006 [A]	※1 Mar. 31, 2006 [B]	Differences [A] - [B]	Mar. 31 2007 (Forecasts) [C]	Differences [C] - [B]
Current assets	1,056.8	906.4	(+ 150.4)		
Fixed assets	1,046.8	953.2	(+ 93.6)		
<b>Total assets</b>	<b>2,103.6</b>	<b>1,859.6</b>	<b>(+ 244.0)</b>	<b>2,079.0</b>	<b>(+ 219.4)</b>
Current liabilities	994.8	921.0	(+ 73.8)		
Long-term liabilities	405.7	425.1	(- 19.4)		
<b>Total liabilities</b>	<b>1,400.5</b>	<b>1,346.1</b>	<b>(+ 54.5)</b>	<b>1,385.0</b>	<b>(- 38.9)</b>
<b>Net assets</b>	<b>703.1</b>	<b>513.5</b>	<b>(+ 189.6)</b>	<b>694.0</b>	<b>(+ 180.5)</b>
Shareholders' equity and valuation and translation adjustment	626.4	467.5	(+ 158.9)	623.0	(+ 155.5)
Minority interest in consolidated subsidiaries	76.7	46.0	(+ 30.7)	71.0	(+ 25.0)
<b>Shareholders' Equity Ratio</b> ※2	<b>29.8%</b>	<b>25.1%</b>	<b>(+ 4.7%)</b>	<b>30.0%</b>	<b>(+ 4.9%)</b>
<b>BPS (¥/Share)</b> ※2	<b>¥675.74</b>	<b>¥551.36</b>	<b>(+ ¥124.38)</b>	<b>¥672.10</b>	<b>(+ ¥120.74)</b>
<b>Interest-bearing Debt</b>	<b>772.5</b>	<b>684.7</b>	<b>(+ 87.8)</b>	<b>741.0</b>	<b>(+ 56.3)</b>

※1: From the FY2006, "Net Assets" are presented in accordance with "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (the Accounting Standards Board of Japan ("ASBJ") Statement No. 5, December 9, 2005) and "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005). For Mar. 31, 2006, "Total Shareholders' Equity" and other items are classified as "Net Assets" in accordance with the above standard and guidance.

※2: In calculation of Shareholders' Equity Ratio and BPS, "Shareholders' equity and valuation and translation adjustment" is used as shareholders' equity.

## <2> Factors in Change from Mar.31, 2006 to Dec.31, 2006

(Billions of Yen)

<u>(1) Assets (+) 244.0</u>	
➤ Cash and cash equivalents	(-) 3.0
➤ Notes and account receivable, trade and Inventories (excluding the amount of transactions with Mitsui Mining and Smelting)	(+) 142.8
➤ Capital expenditures	(+) 66.3
➤ Depreciation and amortization	(-) 35.7
➤ Acquisition of investments in securities and lending of loans (including acquisition of copper smelting business from Mitsui Mining and Smelting)	(+) 38.9
➤ Difference in equity in income of affiliates and dividend received from such companies	(+) 31.1
➤ Unrealized gain on marketable securities	(-) 7.9
➤ Others (changes in scope of consolidation, etc.)	(+) 11.5
<u>(2) Liabilities (+) 54.5</u>	
➤ Interest-bearing debt (including increase due to subsidiaries newly included consolidation:13.7)	(+) 87.8
➤ Accrued income taxes	(-) 17.4
➤ Account payable	(-) 6.4
➤ Others (allowance for retirement benefits, etc)	(-) 9.5
<u>(3) Net assets (+) 189.6</u>	
➤ New issue of stocks	(+) 67.7
➤ Net income	(+) 113.0
➤ Cash dividends paid	(-) 20.1
➤ Unrealized gain on marketable securities	(-) 4.7
➤ Accumulated translation adjustment	(+) 3.6
➤ Minority interest, etc.	(+) 30.1

### <3> Factors in Change from Mar.31, 2006 to Mar.31, 2007 (Forecasts)

(Billions of Yen)

<u>(1) Assets (+) 219.4</u>	
➤ Notes and account receivable, trade and Inventories (excluding the amount of transactions with Mitsui Mining and Smelting)	(+) 78.0
➤ Capital expenditures	(+) 108.0
➤ Depreciation and amortization	(-) 52.0
➤ Acquisition of investments in securities and lending of loans (including acquisition of copper smelting business from Mitsui Mining and Smelting)	(+) 42.0
➤ Difference in equity in income of affiliates and dividend received from such companies	(+) 33.0
➤ Others	(+) 10.4
<u>(2) Liabilities (+) 38.9</u>	
➤ Interest-bearing debt	(+) 56.3
➤ Others (account payable, etc)	(-) 17.4
<u>(3) Net assets (+) 180.5</u>	
➤ New issue of stocks	(+) 67.7
➤ Net income	(+) 110.0
➤ Cash dividends paid	(-) 20.1
➤ Minority interest, etc.	(+) 22.9

## 2. Consolidated Cash Flows

### <1> Cash Flows

				(Billions of Yen)	
	FY2006 1H	FY2006 3Q	Total	FY2006 (Forecasts)	FY2005
Cash Flows from Operating Activities	(-) 42.8	(-) 8.1	(-) 50.9	(+) 28.0	(+) 24.3
Cash Flows from Investing Activities	(-) 53.3	(-) 25.7	(-) 79.0	(-) 123.0	(-) 37.6
Cash Flows from Financing Activities	(+) 92.7	(+) 33.7	(+) 126.4	(+) 92.0	(+) 12.0
Effect of Exchange Rate Changes	(-) 0.3	(+) 0.3	(+) 0.0	(+) 0	(+) 1.6
Net Decrease in Cash and Cash Equivalents	(-) 3.7	(+) 0.1	(-) 3.5	(-) 3.0	(+) 0.2

### <2> Factors in Change from March 31, 2006 to December 31, 2006

#### ① Cash Flows from Operating Activities (-) ¥50.9bn

➤ Income before Special Items	(+)	183.6
➤ Depreciation and amortization	(+)	35.7
➤ Tread receivables, inventories and trade payables	(-)	150.1
➤ Equity in income of non-consolidated subsidiaries and affiliates	(-)	72.9
➤ Dividend received from affiliates accounted for by equity method	(+)	41.7
➤ Income taxes paid	(-)	70.1
➤ Others	(-)	18.8

#### ② Cash Flows from Investing Activities (-) ¥79.0bn

➤ Investments in PPE and intangible assets	(-)	66.2
➤ Acquisition of investments in securities and lending of loans	(-)	38.9
➤ Sales or maturities of investments in securities and collection of loans	(+)	22.3
➤ Sales of property, plant and equipment, and Others	(+)	3.8

#### ③ Cash Flows from Financing Activities (+) ¥126.4bn

➤ Proceeds from issuance of stock	(+)	67.7
➤ Interest-bearing debt	(+)	73.4
➤ Cash dividends paid	(-)	20.1
➤ Cash dividends paid to minority shareholders	(-)	11.2
➤ Proceeds from third-party share allotment of consolidated subsidiary and Others	(+)	16.6

### <3> Factors in Change from March 31, 2006 to March 31, 2007 (Forecasts)

#### ① Cash Flows from Operating Activities (+) ¥28.0bn

➤ Income before Special Items	(+) 185.0
➤ Depreciation and amortization	(+) 52.0
➤ Tread receivables, inventories and trade payables	(-) 77.0
➤ Equity in income of non-consolidated subsidiaries and affiliates	(-) 95.0
➤ Dividend received from affiliates accounted for by equity method	(+) 62.0
➤ Income taxes paid and Others	(-) 99.0

#### ② Cash Flows from Investing Activities (-) ¥123.0bn

➤ Investments in PPE and intangible assets	(-) 108.0
➤ Acquisition of investments in securities and lending of loans	(-) 42.0
➤ Sales or maturities of investments in securities and collection of loans	(+) 23.5
➤ Sales of property, plant and equipment, and Others	(+) 3.5

#### ③ Cash Flows from Financing Activities (+) ¥92.0bn

➤ Proceeds from issuance of stock	(+) 67.7
➤ Interest-bearing debt	(+) 42.0
➤ Cash dividends paid	(-) 20.1
➤ Cash dividends paid to minority shareholders	(-) 14.0
➤ Proceeds from third-party share allotment of consolidated subsidiary and Others	(+) 16.4

### 3. Dividends

FY2005 (actual)				FY2006 (expected)			
Interim	Final	Annual	Payment amount	Interim	Final	Annual	Payment amount
-	¥15.00	¥15.00	¥ 12,715 million	¥8.00	¥8.00	¥16.00	¥ 14,842 million

\* Payment amount is multiplied by 927,620 thousand shares, issued shares as of December 31, 2006.

### 4. Interest-bearing Debt

(Billions of Yen)

	Mar. 31, 2006	Dec. 31, 2006	Differences
Petroleum (Japan Energy Group)	430.1	476.8	(+) 46.7
Metals (Nippon Mining & Metals Group)	283.7	327.9	(+) 44.3
Others	(29.1)	(32.2)	(-) 3.1
Total	684.7	772.5	(+) 87.8

※ Others include eliminations or corporate.

## 5. Debt to Equity Ratio

(Billions of Yen)

	Mar. 31 2002	Mar. 31 2005	Mar. 31 2006 (A)	Dec. 31 2006 (B)	(B) - (A)	Mar. 31 2006 (F)
Interest-bearing Debt	892.8	643.8	684.7	772.5	(+) 87.8	741.0
Shareholders' Equity	181.5	353.4	467.5	626.4	(+) 158.9	623.0
Debt to Equity Ratio	4.92	1.82	1.46	1.23	(-) 0.23	1.19

## 6. Capital Expenditure and Depreciation

(Billions of Yen)

	FY2006 3Q (9 months)	FY2006 (F)	FY2005
Capital expenditure	66.3	108.0	57.7
Depreciation and Amortization	35.7	52.0	44.9
Difference	(+) 30.6	(+) 56.0	(+) 12.8

### <1> Capital expenditure by segments

(Billions of Yen)

	FY2006 3Q (9 months)	FY2006 (F)	FY2005
Petroleum (Japan Energy Group)	42.9	64.0	34.5
Metals (Nippon Mining & Metals Group)	22.9	43.0	22.3
Resources & Metals	13.1	19.0	11.5
Electronic Materials	5.4	16.0	6.0
Metal Manufacturing	4.4	8.0	4.8
Others	0.5	1.0	0.9
Total	66.3	108.0	57.7

※ Others include eliminations or corporate.

### <2> Depreciation and Amortization by segments

(Billions of Yen)

	FY2006 3Q (9 months)	FY2006 (F)	FY2005
Petroleum (Japan Energy Group)	21.3	29.0	30.1
Metals (Nippon Mining & Metals Group)	14.0	22.0	14.4
Resources & Metals	8.4	14.0	6.7
Electronic Materials	3.4	5.0	5.1
Metal Manufacturing	2.2	3.0	2.6
Others	0.4	1.0	0.5
Total	35.7	52.0	44.9

※ Others include eliminations or corporate.

## 7. Number of Employees

(Persons)

	Mar. 31, 2004	Mar. 31, 2005	Mar. 31, 2006	Sep. 30, 2006
Petroleum (Japan Energy Group)	3,982	3,873	3,920	3,968
Metals (Nippon Mining & Metals Group)	4,242	4,120	4,348	4,662
Resources & Metals	1,471	1,447	1,553	1,695
Electronic Materials	1,622	1,512	1,373	1,437
Metal Manufacturing	1,149	1,161	1,422	1,530
Others	1,634	1,281	1,311	1,314
Total	9,858	9,274	9,579	9,944

※ Others include Nippon Mining Holdings, Inc.