

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2009 ("Fiscal 2008")

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

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The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Japan.

1. Operating results for the Second Quarter of Fiscal 2008 (the period from April 1, 2008 to September 30, 2008)

(1) Operating results (Consolidated basis)

Note: Percentage figures represent changes from the corresponding previous periods.

	Sales		Operating income		Income before special items		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Fiscal 2008 2Q	2,378,509	-	50,897	-	87,538	-	45,779	-
Fiscal 2007 2Q	2,010,629	11.2	50,345	(33.3)	95,707	(17.2)	51,011	(29.7)

	Basic EPS		Fully diluted EPS	
	yen	sen	yen	sen
Fiscal 2008 2Q	49	39	49	35
Fiscal 2007 2Q	55	04	55	00

(2) Financial position (Consolidated basis)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share	
	millions of yen	millions of yen	%	yen	sen
As of September 30, 2008	2,383,910	805,693	29.5	759	98
As of March 31, 2008	2,251,208	765,264	30.3	735	22

Reference: Shareholders' equity : 704,362 millions of yen as of September 30, 2008 (681,411 millions of yen as of March 31, 2008)

2. Cash dividends

(Cut-off date)	Cash dividends per share									
	1Q		2Q		3Q		Year-end		Full year	
	yen	sen	yen	sen	yen	sen	yen	sen	yen	sen
Fiscal 2007	-		8	00	-		8	00	16	00
Fiscal 2008	-		8	00						
Fiscal 2008 (forecast)					-		8	00	16	00

Note: Revision of expected dividends during this period: None

3. Forecasts for Fiscal 2008 (April 1, 2008 - March 31, 2009)

Note: Percentage figures represent changes from the corresponding previous periods respectively.

	Sales		Operating income		Income before special items		Net income		Basic EPS	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen	sen
Full year	4,300,000	(0.9)	0	(100.0)	47,000	(75.5)	18,000	(81.9)	19	42

Note: Revision of forecast of consolidated operating results during this period: Yes

*We have revised the forecasts of operating results for the fiscal year ending March 31, 2009, which was previously announced in July 30, 2008. The forecasts described above are based on information available as of the release date of this document. Actual results are subject to change due to various factors.

4. Other

(1) Changes to significant subsidiaries during the period (changes in specified subsidiaries due to changes in scope of consolidation): None

(2) Application of simplified accounting methods or specific accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures, presentation, etc., pertaining to preparation of quarterly consolidated financial statements

a) Accounting Standard for quarterly financial statements

Effective for the fiscal year ending March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Quarterly Financial Reporting" (the Accounting Standards Board of Japan ("ASBJ") Statement No.12, March 14, 2007) and "Implementation Guidance for accounting standards for Quarterly Financial Reporting" (ASBJ Guidance No.14, March 14, 2007). The quarterly consolidated financial statements for the second quarter ended September 30, 2008 are prepared in accordance with "Regulation for Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements" issued by Financial Services Agency.

b) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective for the first quarter ended June 30, 2008, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) and applied to its consolidated foreign subsidiaries. As a result of this adoption, retained earnings at the beginning increased by 16 million yen, operating income decreased by 1,222 million yen and income before special items and income before income taxes and minority interests decreased by 1,241 million yen in the second quarter ended September 30, 2008, respectively.

c) Accounting Standard for Lease Transactions

Effective for the first quarter ended June 30, 2008, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, revised on March 30, 2007) and "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No.16, revised on March 30, 2007) for the lease transactions, entered into a contract on and after April 1, 2008, other than the lease transactions which deem to transfer ownership of the leased assets to the lessee. These lease transactions are accounted for as finance leases, while they were accounted for in the same manner as operating leases before adoption. On the other hand, the lease transactions entered into a contract on and before March 31, 2008, are still accounted for in the same manner as operating leases. As a result of this adoption, the effect on operating income, income before special items and income before income taxes and minority interests for the second quarter ended September 30, 2008 was immaterial.

d) Change in useful lives of Property, Plant and Equipment

Effective for the first quarter ended June 30, 2008, the Company and its domestic consolidated subsidiaries applied the depreciation method prescribed in the revised Corporate Tax Law in line with the 2008 Tax Reform, in which useful lives for depreciation of property, plant and equipment, mainly machinery and equipment, were revised based on the number of years of actual use, as well as the classification of assets. As a result of this application, depreciation increased by 2,592 million yen, operating income decreased by 2,067 million yen, income before special items decreased by 2,076 million yen and income before income taxes and minority interests decreased by 2,170 million yen, respectively.

(4) Shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

As of September 30, 2008:	928,462,002	As of March 31, 2008:	928,462,002
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2. Number of treasury stock outstanding

As of September 30, 2008:	1,640,042	As of March 31, 2008:	1,649,131
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3. Average number of shares outstanding (Consolidated basis)

Fiscal 2008 2Q:	926,828,994	Fiscal 2007 2Q:	926,850,439
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Consolidated Balance Sheets

<Reference>

Account title	Second quarter of Fiscal 2008	Fiscal 2007	Increase
	(As of September 30, 2008)	(As of March 31, 2008)	(decrease)
	millions of yen	millions of yen	millions of yen
Assets	2,383,910	2,251,208	132,702
Current assets	1,280,785	1,157,158	123,627
Cash and time deposits	64,046	63,807	239
Notes and accounts receivable, trade	423,805	420,069	3,736
Inventories	712,084	562,893	149,191
Other current assets	82,040	111,472	(29,432)
Less: Allowance for doubtful accounts	(1,190)	(1,083)	(107)
Fixed assets	1,103,125	1,094,050	9,075
Property, plant and equipment	732,966	685,727	47,239
Machinery and equipment, other	250,763	243,490	7,273
Land	287,072	277,826	9,246
Construction in progress	35,189	11,558	23,631
Other	159,942	152,853	7,089
Intangible assets	85,448	89,897	(4,449)
Investments and other long-term assets	284,711	318,426	(33,715)
Investments in securities	243,170	274,977	(31,807)
Other	42,978	44,425	(1,447)
Less: Allowance for doubtful accounts	(1,437)	(976)	(461)
Total assets	2,383,910	2,251,208	132,702
Liabilities	1,578,217	1,485,944	92,273
Current liabilities	1,112,823	1,058,571	54,252
Notes and accounts payable, trade	295,475	314,828	(19,353)
Short-term borrowings	429,090	404,174	24,916
Commercial paper	173,000	126,000	47,000
Lease obligations	448	-	448
Accounts payable, other	121,154	111,241	9,913
Accrued income taxes	13,253	19,955	(6,702)
Other current liabilities	80,403	82,373	(1,970)
Long-term liabilities	465,394	427,373	38,021
Bonds	35,000	15,000	20,000
Long-term debt	266,033	250,726	15,307
Lease obligations	1,466	-	1,466
Allowance for retirement benefits	57,195	58,037	(842)
Other long-term liabilities	105,700	103,610	2,090
Net assets	805,693	765,264	40,429
Shareholders' equity	700,936	662,322	38,614
Common stock	73,920	73,920	-
Capital surplus	226,761	226,759	2
Retained earnings	400,979	362,360	38,619
Less: Treasury stock, at cost	(724)	(717)	(7)
Valuation and translation adjustment	3,426	19,089	(15,663)
Unrealized gain on marketable securities	19,288	23,241	(3,953)
Deferred hedge gain (loss)	(979)	16	(995)
Surplus from land revaluation	(3,090)	(3,088)	(2)
Accumulated translation adjustment	(11,793)	(1,080)	(10,713)
Stock acquisition rights	416	361	55
Minority interests in consolidated subsidiaries	100,915	83,492	17,423
Total liabilities and net assets	2,383,910	2,251,208	132,702

Consolidated Statements of Income

Account title	Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008)
	millions of yen
Net sales	2,378,509
Cost of sales	2,231,965
<i>Gross profit</i>	146,544
Selling, general and administrative expenses	95,647
<i>Operating income</i>	50,897
Other income	50,067
Interest income	861
Dividend income	1,420
Amortization of negative goodwill	482
Equity in income of non-consolidated subsidiaries and affiliates	43,318
Other	3,986
Other expenses	13,426
Interest expenses	6,561
Exchange loss	1,751
Other	5,114
<i>Income before special items</i>	87,538
Special profit	2,849
Gain on sales of property, plant and equipment	1,144
Gain on sales of investments in subsidiary	1,075
Other	630
Special loss	6,825
Loss on sales of property, plant and equipment	155
Loss on disposal of property, plant and equipment	2,619
Impairment losses	2,156
Loss due to fire accident	878
Other	1,017
<i>Income before income taxes and minority interests</i>	83,562
Income taxes	19,925
Deferred income tax	5,427
Minority interests in earnings of consolidated subsidiaries	12,431
<i>Net income</i>	45,779

Consolidated Statements of Cash Flows

Account title	Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008)
	millions of yen
Cash flows from operating activities	
Income before income taxes and minority interests	83,562
Depreciation and amortization	38,035
Interest and dividend income	(2,281)
Interest expenses	6,561
Equity in income of non-consolidated subsidiaries and affiliates	(43,318)
Gain on sales of investments in subsidiary	(1,075)
Loss on sales and disposal of property, plant and equipment, net	1,630
Increase in trade receivables	(3,669)
Increase in inventories	(138,479)
Decrease in trade payables	(9,289)
Other, net	35,289
Subtotal	(33,034)
Receipts of interest and dividends	35,027
Payments for interest	(7,136)
Payments for income taxes	(30,923)
Net cash used in operating activities	(36,066)
Cash flows from investing activities	
Payments for acquisition of investments in securities	(1,104)
Proceeds from sales or maturities of investments in securities	216
Payments for acquisition of property, plant and equipment	(43,141)
Proceeds from sales of property, plant and equipment	2,185
Payments for acquisition of intangible assets	(1,699)
Other, net	(2,993)
Net cash used in investing activities	(46,536)
Cash flows from financing activities	
Increase in short-term borrowings, net	32,824
Increase in commercial paper, net	47,000
Proceeds from borrowings of long-term bank loans and other	30,708
Repayments of long-term bank loans and other	(31,209)
Proceeds from issuance of bonds	20,000
Repayments of lease obligations	(125)
Cash dividends paid	(7,420)
Cash dividends paid to minority shareholders	(9,895)
Other, net	(42)
Net cash provided by financing activities	81,841
Effect of exchange rate changes on cash and cash equivalents	(1,251)
Net decrease in cash and cash equivalents	(2,012)
Cash and cash equivalents at beginning of period	62,621
Increase due to subsidiaries newly included consolidation	1,131
Increase due to merger of consolidated subsidiaries	179
Cash and cash equivalents at end of period	61,919

Segment Information

1. Segment Information summarized by product group

Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008)

(millions of yen)

	Petroleum	Metals	Other Operations	Total	Eliminations or Corporate	Consolidated
Sales	1,797,825	557,403	39,414	2,394,642	(16,133)	2,378,509
Operating income	24,486	20,299	5,562	50,347	550	50,897
Income before special items	26,415	54,283	7,063	87,761	(223)	87,538

(Note)

Segment information summarized by product group is presented on a basis of the internal management reporting of the Company. The products of each segment are shown in the below table.

In regard with the Metals segment, previously, its breakdown of the three segments, "Resources and Metals", "Electronic Materials" and "Metal Manufacturing" was disclosed. However, the classification of the three segments is not presented from the first quarter of Fiscal 2008 in accordance with the change of operational organization within Nippon Mining & Metals Co., Ltd. in April 2008.

Petroleum	resource development, gasoline, naphtha, kerosene, gas oil, heavy fuel oil, petrochemicals, liquefied petroleum gas, lubricating oil, ship transport, etc.
Metals	resource development, copper, gold, silver, sulfuric acid, recycling and environmental services, copper foils, thin film materials, precision rolled products, precision fabricated products, ship transport, etc.
Other Operations	titanium, engineering, electric wires, cables, land transport, common group administrative activities such as fund procurement, etc.

2. Overseas sales

Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008)

	Asia	Others	Total
Overseas sales (millions of yen)	359,215	46,116	405,331
Consolidated net sales (millions of yen)	-	-	2,378,509
Ratio of overseas sales to consolidated net sales (%)	15.1	1.9	17.0

<Reference Material> Consolidated Financial Statements for the Corresponding Previous Period
Consolidated Statements of Income (Summary)

Account title	Second quarter of Fiscal 2007 (from April 1, 2007 to September 30, 2007)		<Reference> Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008)		Increase (decrease)	
	millions of yen	%	millions of yen	%	millions of yen	%
Net sales	2,010,629	100.0	2,378,509	100.0	367,880	18.3
Cost of sales	1,864,938	92.8	2,231,965	93.8	367,027	
<i>Gross profit</i>	145,691	7.2	146,544	6.2	853	
Selling, general and administrative expenses	95,346	4.7	95,647	4.1	301	
<i>Operating income</i>	50,345	2.5	50,897	2.1	552	1.1
Other income	54,965	2.7	50,067	2.1	(4,898)	
Interest income	1,450		861		(589)	
Dividend income	1,271		1,420		149	
Exchange gain	3,492		-		(3,492)	
Amortization of negative goodwill	919		482		(437)	
Equity in income of non-consolidated subsidiaries and affiliates	44,433		43,318		(1,115)	
Other	3,400		3,986		586	
Other expenses	9,603	0.4	13,426	0.5	3,823	
Interest expenses	6,395		6,561		166	
Exchange loss	-		1,751		1,751	
Other	3,208		5,114		1,906	
<i>Income before special items</i>	95,707	4.8	87,538	3.7	(8,169)	(8.5)
Special profit	6,423	0.3	2,849	0.1	(3,574)	
Gain on sales of property, plant and equipment	1,294		1,144		(150)	
Gain on sales of investments in subsidiary	-		1,075		1,075	
Reversal of reserve for loss on business liquidation	2,232		-		(2,232)	
Compensation income for expropriation	1,867		-		(1,867)	
Other	1,030		630		(400)	
Special loss	3,716	0.2	6,825	0.3	3,109	
Loss on sales of property, plant and equipment	54		155		101	
Loss on disposal of property, plant and equipment	2,084		2,619		535	
Impairment losses	780		2,156		1376	
Loss due to fire accident	-		878		878	
Other	798		1,017		219	
<i>Income before income taxes and minority interests</i>	98,414	4.9	83,562	3.5	(14,852)	
Income taxes	27,324	1.4	19,925	0.9	(7,399)	
Deferred income tax	7,960	0.4	5,427	0.2	(2,533)	
Minority interests in earnings of consolidated subsidiaries	12,119	0.6	12,431	0.5	312	
Net income	51,011	2.5	45,779	1.9	(5,232)	(10.3)

<Reference Material> Consolidated Financial Statements for the Corresponding Previous Period
Consolidated Statements of Cash Flows

<Reference>

Account title	Second quarter of Fiscal 2007 (from April 1, 2007 to September 30, 2007)	Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008)	Increase (decrease)
	millions of yen	millions of yen	millions of yen
Cash flows from operating activities			
Income before income taxes and minority interests	98,414	83,562	
Depreciation and amortization	28,567	38,035	
Interest and dividend income	(2,721)	(2,281)	
Interest expenses	6,395	6,561	
Equity in income of non-consolidated subsidiaries and affiliates	(44,433)	(43,318)	
Gain on sales of investments in subsidiary	-	(1,075)	
Loss on sales and disposal of property, plant and equipment, net	844	1,630	
Increase in trade receivables	(9,907)	(3,669)	
Increase in inventories	(81,137)	(138,479)	
Increase (decrease) in trade payables	69,922	(9,289)	
Other, net	(3,228)	35,289	
Subtotal	62,716	(33,034)	(95,750)
Receipts of interest and dividends	28,199	35,027	
Payments for interest	(6,593)	(7,136)	
Payments for special retirement benefit	(120)	-	
Payments for income taxes	(35,905)	(30,923)	
Net cash provided by (used in) operating activities	48,297	(36,066)	(84,363)
Cash flows from investing activities			
Payments for acquisition of investments in securities	(2,790)	(1,104)	
Proceeds from sales or maturities of investments in securities	622	216	
Payments for acquisition of property, plant and equipment	(45,422)	(43,141)	
Proceeds from sales of property, plant and equipment	2,217	2,185	
Payments for acquisition of intangible assets	(1,860)	(1,699)	
Other, net	2,124	(2,993)	
Net cash used in investing activities	(45,109)	(46,536)	(1,427)
Cash flows from financing activities			
Increase in short-term borrowings, net	15,247	32,824	
Increase in commercial paper, net	24,000	47,000	
Proceeds from borrowings of long-term bank loans and other	33,298	30,708	
Repayments of long-term bank loans and other	(45,414)	(31,209)	
Proceeds from issuance of bonds	-	20,000	
Repayments of lease obligations	-	(125)	
Cash dividends paid	(7,421)	(7,420)	
Cash dividends paid to minority shareholders	(8,018)	(9,895)	
Other, net	(297)	(42)	
Net cash provided by financing activities	11,395	81,841	70,446
Effect of exchange rate changes on cash and cash equivalents	516	(1,251)	(1,767)
Net increase (decrease) in cash and cash equivalents	15,099	(2,012)	(17,111)
Cash and cash equivalents at beginning of period	45,249	62,621	17,372
Increase due to subsidiaries newly included consolidation	80	1,131	1,051
Increase due to merger of consolidated subsidiaries	3	179	176
Cash and cash equivalents at end of period	60,431	61,919	1,488

<Reference Material> Consolidated Financial Statements for the Corresponding Previous Period
Segment Information

Segment Information summarized by product group

Second quarter of Fiscal 2007 (from April 1, 2007 to September 30, 2007) (millions of yen)

	Petroleum	Metals	Other Operations	Total	Eliminations or corporate	Consolidated
Sales	1,434,905	565,234	32,632	2,032,771	(22,142)	2,010,629
Operating income	28,258	20,545	1,770	50,573	(228)	50,345
Income before special items	32,063	59,253	4,308	95,624	83	95,707

Breakdown of Metals segment (millions of yen)

	Resources and Metals	Electronic Materials	Metal Manufacturing	Eliminations	Metals total
Sales	498,955	67,806	36,199	(37,726)	565,234
Operating income	17,712	(275)	3,064	44	20,545
Income before special items	57,253	(1,182)	3,138	44	59,253

(Note) Main products for each group are the following:

Petroleum	resource development, gasoline, naphtha, kerosene, gas oil, heavy fuel oil, petrochemicals, liquefied petroleum gas, lubricating oil, ship transport, etc.
Metals	<Resources and Metals> resource development, copper, gold, silver, sulfuric acid, ship transport, etc. <Electronic Materials > copper foils, sputtering targets, compound semiconductor materials, etc. <Metal Manufacturing > wrought copper and copper alloy products, special steel products, precision products, etc.
Other Operations	information service, engineering, electric wires, cables, titanium, land transport, common group administrative activities such as fund procurement, etc.

<Reference>

Second quarter of Fiscal 2008 (from April 1, 2008 to September 30, 2008) (millions of yen)

	Petroleum	Metals	Other Operations	Total	Eliminations or corporate	Consolidated
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Petroleum	resource development, gasoline, naphtha, kerosene, gas oil, heavy fuel oil, petrochemicals, liquefied petroleum gas, lubricating oil, ship transport, etc.
Metals	resource development, copper, gold, silver, sulfuric acid, recycling & environmental services, copper foils, thin film materials, precision rolled products, precision fabricated products, ship transport, etc.
Other Operations	titanium, engineering, electric wires, cables, land transport, common group administrative activities such as fund procurement, etc.