

Consolidated Closing Report for the year ended March 31, 2006 ("Fiscal 2005")

May 10, 2006

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

Code No. : 5016
 Stock Listings : Tokyo, Osaka, Nagoya
 President and representative director : Yasuyuki Shimizu
 Address of head office : 10-1, Toranomon 2-chome, Minato-ku, Tokyo
 Contact to : IR and Public Relations Department Telephone number : (03) 5573 - 5118
 Date of Board of Directors : May 10, 2006

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

1. Operating results for the year ended March 31, 2006 (the period from April 1, 2005 to March 31, 2006)

(1) Operating results

	Sales		Operating Income		Income before special items	
	millions of yen	%(*1)	millions of yen	%(*1)	millions of yen	%(*1)
For the year ended March 31, 2006 ("Fiscal 2005")	3,026,262	[20.9]	144,448	[15.0]	188,722	[27.5]
For the year ended March 31, 2005 ("Fiscal 2004")	2,502,538	[13.0]	125,608	[149.2]	148,055	[175.5]

	Net Income		Primary EPS		Fully diluted EPS	
	millions of yen	%(*1)	yen	sen	yen	sen
For the year ended March 31, 2006 ("Fiscal 2005")	96,905	[91.6]	113	87	113	84
For the year ended March 31, 2005 ("Fiscal 2004")	50,577	[240.5]	63	84	-	-

	Net income to equity		Income(*2) to total assets		Income(*2) to sales	
	%		%		%	
For the year ended March 31, 2006 ("Fiscal 2005")	23.6		11.0		6.2	
For the year ended March 31, 2005 ("Fiscal 2004")	17.2		9.4		5.9	

Note: 1. Equity in earnings of non-consolidated subsidiaries and affiliates 50,983 millions of yen (the previous fiscal year 31,278 millions of yen)

2. Average number of shares issued (consolidated) 847,046,824 shares (the previous fiscal year 789,164,998 shares)

3. Change in accounting policies : None

(*1) This represents a percentage of an increase or decrease from the previous fiscal year.

(*2) Income is income before special items.

(2) Financial position

	Total Assets		Total Shareholders' Equity	
	millions of yen		millions of yen	
As of March 31, 2006 ("Fiscal 2005")	1,859,583		467,479	
As of March 31, 2005 ("Fiscal 2004")	1,580,144		353,437	

	Net Worth Ratio		Shareholders' Equity Per Share	
	%		yen	sen
As of March 31, 2006 ("Fiscal 2005")	25.1		551	36
As of March 31, 2005 ("Fiscal 2004")	22.4		416	98

Note: Number of shares issued at end of year (consolidated) 847,047,065 shares (the previous fiscal year 847,132,246 shares)

(3) Cash Flows

	Cash flows from operating activities		Cash flows from investing activities	
	millions of yen		millions of yen	
For the year ended March 31, 2006 ("Fiscal 2005")	24,258		(37,594)	
For the year ended March 31, 2005 ("Fiscal 2004")	45,360		(15,170)	

	Cash flows from financing activities		Cash and cash equivalents at end of year	
	millions of yen		millions of yen	
For the year ended March 31, 2006 ("Fiscal 2005")	11,962		63,857	
For the year ended March 31, 2005 ("Fiscal 2004")	(38,734)		62,473	

(4) Consolidation group

Consolidated subsidiaries 112 (Japan Energy Corp., Nippon Mining & Metals Co.,Ltd.,
 Nikko Materials Co.,Ltd., Nikko Metal Manufacturing Co.,Ltd., etc.)
 Affiliated companies accounted for by equity method 15 (LS-Nikko Copper Inc., Minera Los Pelambres., etc.)

(5) Change in the scope of consolidation

Consolidated subsidiaries : (newly included : 10, excluded : 5) , Equity method : (excluded : 4)

(Reference) Three subsidiaries (Nippon Mining & Metals Co.,Ltd., Nikko Materials Co.,Ltd. and Nikko Metal Manufacturing Co.,Ltd.) were integrated into one company, (new) Nippon Mining & Metals Co.,Ltd., effective on April 1, 2006.

2. Dividends for the year ended March 31, 2006 (the period from April 1, 2005 to March 31, 2006)

	Mid-term		Year-end		Full-year	
	yen	sen	yen	sen	yen	sen
For the year ended March 31, 2006 ("Fiscal 2005")	-	-	15	00	15	00
For the year ended March 31, 2005 ("Fiscal 2004")	-	-	10	00	10	00

3. Consolidated projection for the year ending March 31,2007

(1) Operating results

	Sales	Income before special items	Net Income
	millions of yen	millions of yen	millions of yen
For the six-months ending September 30, 2006	1,570,000	68,000	39,000
For the year ending March 31, 2007	3,265,000	143,000	82,000

(Reference) Projection of Earnings Per Share

96 yen 81 sen

(2) Dividends

	Mid-term		Year-end		Full-year	
	yen	sen	yen	sen	yen	sen
For the year ended March 31, 2007	6	00	6	00	12	00

This projection is based on information available as of May 10, 2006.

The actual results are subject to change in the business environment.

Consolidated Balance Sheet

Account title	Fiscal 2005 (as of March 31, 2006)		Fiscal 2004 (as of March 31, 2005)		Increase (Decrease)
	millions of yen	%	millions of yen	%	millions of yen
Assets	1,859,583	100.0	1,580,144	100.0	279,439
Current assets	906,380	48.7	677,062	42.8	229,318
Cash and time deposits	64,735		62,068		2,667
Notes and accounts receivable, trade	334,604		269,186		65,418
Securities	1		9		(8)
Inventories	440,410		283,984		156,426
Other current assets	68,284		62,866		5,418
Less: Allowance for doubtful accounts	(1,654)		(1,051)		(603)
Fixed assets	953,203	51.3	903,082	57.2	50,121
Property, plant and equipment	590,039		589,837		202
Buildings and structures	129,708		133,503		(3,795)
Machinery and equipment, other	159,745		162,653		(2,908)
Land	283,930		287,882		(3,952)
Construction in progress	16,656		5,799		10,857
Intangible assets	64,794		64,890		(96)
Investments and other long-term assets	298,370		248,355		50,015
Investments in securities	238,520		182,716		55,804
Long-term loans	15,364		19,562		(4,198)
Deferred tax assets	11,144		10,857		287
Other	34,463		36,610		(2,147)
Less: Allowance for doubtful accounts	(1,121)		(1,390)		269
Total assets	1,859,583	100.0	1,580,144	100.0	279,439
Liabilities	1,346,077	72.4	1,188,762	75.2	157,315
Current liabilities	921,019	49.5	756,849	47.9	164,170
Notes and accounts payable, trade	294,424		229,411		65,013
Short-term borrowing	368,312		322,286		46,026
Commercial paper	41,000		27,000		14,000
Accounts payable, other	95,820		81,161		14,659
Accrued income taxes	35,958		37,379		(1,421)
Other current liabilities	85,505		59,612		25,893
Long-term liabilities	425,058	22.9	431,913	27.3	(6,855)
Long-term debt	275,424		294,504		(19,080)
Deferred tax liabilities	40,210		23,840		16,370
Allowance for retirement benefits	59,590		62,461		(2,871)
Allowance for periodic repair works	15,726		15,891		(165)
Other long-term liabilities	34,108		35,217		(1,109)
Minority Interest in Consolidated Subsidiaries	46,027	2.5	37,945	2.4	8,082
Shareholders' Equity	467,479	25.1	353,437	22.4	114,042
Common stock	40,000	2.2	40,000	2.5	-
Capital surplus	192,948	10.4	201,382	12.7	(8,434)
Retained earnings	192,148	10.3	95,537	6.0	96,611
Surplus from land revaluation	(3,340)	(0.2)	(2,994)	(0.2)	(346)
Unrealized gain on marketable securities	39,471	2.1	23,022	1.5	16,449
Accumulated translation adjustment	6,682	0.3	(3,175)	(0.1)	9,857
Less: Treasury stock, at cost	(430)	(0.0)	(335)	(0.0)	(95)
Total Liabilities, Minority Interest in Consolidated Subsidiaries and Shareholders' Equity	1,859,583	100.0	1,580,144	100.0	279,439

Consolidated Statements of Income

Account title	Fiscal 2005 (from April 1, 2005 to March 31, 2006)		Fiscal 2004 (from April 1, 2004 to March 31, 2005)		Increase (Decrease)
	millions of yen	%	millions of yen	%	millions of yen
Operating income					
Net sales	3,026,262	100.0	2,502,538	100.0	523,724
Cost of sales	2,712,989	89.6	2,202,409	88.0	510,580
Selling, general and administrative expenses	168,825	5.6	174,521	7.0	(5,696)
Operating Income	144,448	4.8	125,608	5.0	18,840
Other income	61,674	2.0	43,806	1.8	17,868
Interest income	2,221		1,349		872
Dividend income	1,627		1,200		427
Amortization of consolidation adjustment account	2,119		5,178		(3,059)
Equity in income of non-consolidated subsidiaries and affiliates	50,983		31,278		19,705
Other	4,724		4,801		(77)
Other expenses	17,400	0.6	21,359	0.9	(3,959)
Interest expenses	10,938		12,581		(1,643)
Exchanges loss	25		509		(484)
Other	6,437		8,269		(1,832)
Income before special items	188,722	6.2	148,055	5.9	40,667
Special profit	17,831	0.6	35,101	1.4	(17,270)
Gain on sales of property, plant and equipment	4,339		1,995		2,344
Gain on sales of investments in securities	7,156		17,606		(10,450)
Gain on proceeds from casualty insurance	2,706		-		2,706
Bad debt recovery	2,313		-		2,313
Gain on change in equity of consolidated subsidiary	-		7,000		(7,000)
Amortization of prior service cost	-		5,561		(5,561)
Other	1,317		2,939		(1,622)
Special loss	33,909	1.1	76,479	3.0	(42,570)
Loss on sales of property, plant and equipment	310		616		(306)
Loss on disposal of property, plant and equipment	5,251		10,461		(5,210)
Impairment losses	5,563		25,232		(19,669)
Loss on write-down of investments in securities	614		789		(175)
Reorganization and restructuring costs	13,586		20,726		(7,140)
Provision for allowance for periodic repair works	551		-		551
Provision for environmental remediation allowance	4,269		3,408		861
Loss on lump-sum recognition of the previous years' unrecognized net actuarial losses	-		6,900		(6,900)
Provision for allowance for cost of disposal of unutilized property, plant and equipment	1,002		2,489		(1,487)
Loss on redemption of bonds	-		1,695		(1,695)
Provision for allowance for doubtful accounts	-		419		(419)
Other	2,763		3,744		(981)
Income before income taxes	172,644	5.7	106,677	4.3	65,967
Income taxes	59,189	2.0	42,331	1.7	16,858
Deferred income tax	1,694	0.1	5,645	0.2	(3,951)
Minority interest in earnings of consolidated subsidiaries	(14,856)	(0.4)	(8,124)	(0.4)	(6,732)
Net income	96,905	3.2	50,577	2.0	46,328

Consolidated Statement of Retained Earnings

Account Title	Fiscal 2005 (from April 1, 2005 to March 31, 2006)	Fiscal 2004 (from April 1, 2004 to March 31, 2005)
	millions of yen	millions of yen
Capital Surplus:		
Balance at beginning of year	201,382	149,320
Increase in capital surplus	88	56,165
Gain on disposition of treasury stock*	88	56,165
Decrease in capital surplus	8,522	4,103
Cash dividends paid	8,479	4,079
Bonuses to directors	43	24
Balance at end of year	192,948	201,382
Retained Earnings:		
Balance at beginning of year	95,537	43,687
Increase in retained earnings	96,990	52,144
Net income	96,905	50,577
Increase arising from change of consolidated subsidiaries	-	990
Increase arising from merger of consolidated subsidiaries	4	-
Reclassification with surplus from land revaluation	81	577
Decrease in retained earnings	379	294
Bonuses to directors	169	97
Decrease arising from change of consolidated subsidiaries	134	197
Reclassification with surplus from land revaluation	76	-
Balance at end of year	192,148	95,537

Note:

* Gain on disposition of treasury stock of Fiscal 2004 resulted mainly from the offering of treasury stock (168,165,500 shares) in August, 2004.

Consolidated Statement of Cash Flows

Account title	Fiscal 2005 (from April 1, 2005 to March 31, 2006)	Fiscal 2004 (from April 1, 2004 to March 31, 2005)
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes	172,644	106,677
Depreciation and amortization	44,871	47,726
Impairment losses	5,563	25,232
Amortization of consolidation adjustment account	(1,947)	(4,962)
Interest and dividend income	(3,848)	(2,549)
Interest expenses	10,938	12,581
Equity in income of non-consolidated subsidiaries and affiliates	(50,983)	(31,278)
Gain on sales of investments in securities	(7,156)	(17,606)
Loss on write-down of investments in securities	614	789
Loss on sales and disposal of property, plant and equipment	1,222	9,082
Gain on change in equity of consolidated subsidiary	-	(7,000)
Reorganization and restructuring costs	13,586	20,726
Increase in trade receivables	(60,154)	(28,378)
Increase in inventories	(153,037)	(62,859)
Increase (decrease) in trade payables	65,005	(9,311)
Increase (decrease) in accrued consumption tax	5,259	(7,200)
Other, net	16,348	16,607
Subtotal	58,925	68,277
Interest and dividend received	34,570	13,874
Interest paid	(11,018)	(13,309)
Payment for special retirement benefits	(444)	(833)
Income taxes paid	(57,775)	(22,649)
Net cash provided by operating activities	24,258	45,360
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,186)	382
Proceeds from sales or maturities of securities	9	418
Payments for acquisition of property, plant and equipment	(53,231)	(44,751)
Proceeds from sales of property, plant and equipment	9,162	13,548
Payments for acquisition of intangible assets	(4,628)	(3,120)
Payments for long-term prepaid expenses	(1,679)	(648)
Payments for acquisition of investments in securities	(6,129)	(15,857)
Proceeds from sales or maturities of investments in securities	11,270	29,135
Net proceeds from acquisition of investments in newly consolidated subsidiaries	1,682	1,905
Decrease (increase) in short-term loans, net	2,558	(508)
Payments for lending of long-term loans	(658)	(2,969)
Collection of long-term loans	5,194	10,135
Other, net	42	(2,840)
Net cash used in investing activities	(37,594)	(15,170)
Cash flows from financing activities		
Increase in short-term borrowing, net	48,353	22,682
Increase in commercial paper, net	14,000	27,000
Proceeds from borrowing of long-term bank loans and others	66,836	10,271
Repayments of long-term bank loans and others	(97,638)	(125,770)
Payments for redemption of bonds	-	(57,400)
Proceeds from third-party share allotment of consolidated subsidiary	-	17,100
Proceeds from offering of treasury stock	-	74,840
Cash dividends paid	(8,479)	(4,079)
Cash dividends paid to minority interest	(10,876)	(3,011)
Other, net	(234)	(367)
Net cash provided by (used in) financing activities	11,962	(38,734)
Effect of exchange rate changes on cash and cash equivalents	1,623	101
Net increase (decrease) in cash and cash equivalents	249	(8,443)
Cash and cash equivalents at beginning of period	62,473	71,347
Increase due to subsidiaries newly included consolidation	1,135	988
Decrease due to subsidiary excluded consolidation	-	(1,419)
Cash and cash equivalents at end of period	63,857	62,473

Notes to consolidated financial statements

Nippon Mining Holdings, Inc. (the "Company") and its consolidated subsidiaries

1. Scope of consolidation

Consolidated subsidiaries : 112

(Newly included)

10 (Kashima Aromatics Co., Ltd., Asiashoji Co., Ltd.,
Nikko Smelting and Refining Co., Ltd.,
Nippon Mining Procurement, Inc., etc.)

(Excluded)

5 (Four subsidiaries of Gould Electronics GmbH., etc.)

2. Application of equity method

Non-consolidated subsidiary accounted for by equity method : 0

(Excluded)

1 (NK Curex Co., Ltd.)

Affiliated companies accounted for by equity method : 15

(Excluded)

3 (Hachinohe Smelting Co., Ltd., Akita Zinc Co., Ltd., etc.)

3. Fiscal year ends of consolidated subsidiaries

The accompanying consolidated financial statements include the accounts of consolidated subsidiaries that have fiscal year ends other than March 31. The fiscal year ends of such subsidiaries are principally December 31, and the accounts of these subsidiaries have been used for consolidation purposes, with adjustments being made for significant transactions taking place in the intervening period.

4. Accounting standards

(1) Valuation basis and valuation method for significant assets

Investment Securities

Other securities

Other securities with readily determinable market values are carried at market values as of each respective balance sheet date, and associated unrealized gains and losses, net of taxes, are reported as a separate component of shareholders' equity.

Other securities that do not have readily determinable market values are stated at cost.

Inventories

With respect to domestic subsidiaries:

Petroleum inventories are stated based on average cost.

Non-ferrous metals, electric materials and metal fabrication inventories are stated at cost based on the first-in, first-out method.

Inventories held by the Company's foreign subsidiaries are primarily stated at the lower of cost or market using the first-in, first-out method.

(2) Depreciation method for fixed assets

Property, Plant and Equipment :

Depreciation of property, plant and equipment is primarily calculated based on the straight-line method.

Intangible Assets :

Amortization of intangible assets is primarily computed using the straight-line method.

(3) Allowances

Allowance for Doubtful Accounts

The allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience over a certain period.

Allowance for Retirement Benefits

The reserve for employee retirement benefits, which is provided for future pension and severance paid at retirement, is recorded as the amount that has accrued at the end of the fiscal year, which is computed based on the projected benefit obligation and the estimated pension plan assets at the end of fiscal year.

Unrecognized net obligation at the date of initial application of the accounting standard for retirement benefits has been amortized on a straight-line basis over a period of ten years.

Unrecognized actuarial gains or losses and unrecognized prior service cost are recognized as income or expenses for the fiscal year of occurrence, except for certain consolidated subsidiaries which have elected to amortize them over the average remaining service period of participating employees.

Allowance for Periodic Repair Works

Certain domestic subsidiaries have an allowance for periodic repair works in an amount equal to the estimated cost of periodically required repairs for oil tanks and machinery and equipment of oil refineries, which is accrued evenly over a period to the next scheduled repairs.

(4) Translations of Foreign Currency Transactions and Accounts

Foreign currency transactions are generally translated using the foreign exchange rates prevailing at the respective transaction dates.

All assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates. Foreign exchange gains and losses are included currently in income.

Revenues and expenses of foreign consolidated subsidiaries are translated into Japanese Yen using the average exchange rates for the period. Assets and liabilities are translated into Japanese Yen using the foreign exchange rates prevailing at the balance sheet dates, and equity accounts are translated using historical rates. The resultant difference is presented as foreign currency translation adjustments in a separate component of shareholders' equity.

(5) Leases

Finance leases, other than those under which ownership of the leased assets is transferred to the lessee or those contracts that have bargain purchase provisions, are accounted for in the same manner as operating leases.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of a newly consolidated subsidiary are marked to fair value at the time.

6. Amortization of Consolidated Adjustment Account

The consolidation adjustment account, which represents the difference between the carrying amount of an investment in a subsidiary and underlying equity, is amortized over 5 years.

7. Appropriation of Retained Earnings

Cash dividends and bonuses to directors are recorded in the fiscal year in which a proposed appropriation is approved by a general meeting of the shareholders.

8. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits in banks and investments with original maturities of three months or less.

Segment Information

1. Segment Information summarized by product group

For the year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

(millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	2,407,824	455,061	102,684	48,374	12,319	3,026,262	-	3,026,262
(2) Inter-group	4,247	29,089	3,638	7,162	13,467	57,603	(57,603)	-
Total	2,412,071	484,150	106,322	55,536	25,786	3,083,865	(57,603)	3,026,262
Operating costs and expenses	2,313,297	457,329	95,130	49,391	24,365	2,939,512	(57,698)	2,881,814
Operating Income (loss)	98,774	26,821	11,192	6,145	1,421	144,353	95	144,448
Income (loss) before special items	99,044	70,281	9,649	6,376	2,812	188,162	560	188,722
Identifiable assets, depreciation and amortization, Impairment losses and capital expenditures								
Assets	1,196,316	453,755	135,478	68,135	408,756	2,262,440	(402,857)	1,859,583
Depreciation and amortization	30,148	6,671	5,081	2,616	404	44,920	(49)	44,871
Impairment losses	1,740	544	3,210	-	69	5,563	-	5,563
Capital expenditures	34,758	11,517	5,994	4,809	446	57,524	145	57,669

For the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005)

(millions of yen)

	Petroleum	Resources and Non-ferrous Metals	Electronic Materials	Metal Fabrication	Other Operations	Total	Eliminations or corporate	Consolidated
Sales								
(1) Outside customers	1,979,823	357,989	86,094	47,958	30,674	2,502,538	-	2,502,538
(2) Inter-group	6,534	20,732	2,887	6,360	10,002	46,515	(46,515)	-
Total	1,986,357	378,721	88,981	54,318	40,676	2,549,053	(46,515)	2,502,538
Operating costs and expenses	1,894,045	362,046	78,959	45,696	43,170	2,423,916	(46,986)	2,376,930
Operating Income (loss)	92,312	16,675	10,022	8,622	(2,494)	125,137	471	125,608
Income (loss) before special items	87,837	46,431	7,721	8,566	(2,047)	148,508	(453)	148,055
Identifiable assets, depreciation and amortization, Impairment losses and capital expenditures								
Assets	1,049,616	306,573	111,044	60,690	264,945	1,792,868	(212,724)	1,580,144
Depreciation and amortization	31,038	6,987	5,874	2,641	1,241	47,781	(55)	47,726
Impairment losses	10,860	1,213	12,053	-	90	24,216	1,016	25,232
Capital expenditures	29,964	6,980	5,141	3,747	1,403	47,235	52	47,287

Note. Main products for each group are the following:

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

2. Segment information summarized by region

For this fiscal year and the previous fiscal year, operations in Japan have over 90 % share of total sales and assets of whole segment.

3. Overseas sales

For this fiscal year and the previous fiscal year, overseas sales has less than 10% share of consolidated sales.