

# Financial Results FY2003

--fiscal year ended March 2004--

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Nippon Mining Holdings, INC.

May 12, 2004

※Consolidated financial result of Japan Energy Corporation for the previous year (FY2002) is presented for comparison.

※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.

## Annual Results FY2003

### 1 . Operating Results(consolidated )

(Billions of Yen)

	FY2003			FY2002			Differences
	1H	2H	Total	1H	2H	Total	
Net Sales	1,052.4	1,162.2	2,214.6	1,010.7	1,152.4	2,163.1	(○) 51.5
Operating Income (Loss)	18.5	31.9	50.4	12.2	28.1	40.3	(○) 10.1
Other Income (Expenses)	0.8	2.5	3.3	(0.9)	(2.4)	(3.3)	(○) 6.6
Ordinary Income (Loss)	19.3	34.4	53.7	11.3	25.7	37.0	(○) 16.8
Special Profit (Loss)	(21.0)	(11.1)	(32.1)	(3.8)	(19.7)	(23.5)	(×) 8.6
Income Taxes	(7.7)	10.5	2.9	1.6	3.1	4.7	(○) 1.8
Minority Interest	1.9	2.0	3.9	3.7	1.5	5.1	(○) 1.2
Net Income (Loss)	4.2	10.7	14.9	2.3	1.4	3.7	(○) 11.2

(1) Scope of Consolidation

- ① Consolidated subsidiaries 93 (8 additions, 10 reductions)
- ② Equity method affiliates 20 (2 additions, 1 reduction)

(2) Factors in the ordinary income ¥53.7 billion

① Operating Income ¥50.4bn

Petroleum	¥37.8bn
Resources & Non-ferrous Metals	¥5.0bn
Electronic Materials	¥0.4bn
Metal Fabrication	¥7.3bn
Others	(¥0.2bn)

② Other Income(Expenses) ¥3.3bn

• Interest and dividends income	¥3.2bn
• Amortization of negative good will	¥4.6bn
• Equity in earnings of unconsolidated subsidiaries and affiliates	¥11.0bn
• Interest expenses	(¥14.6bn)
• Others	(¥0.9bn)

(3) Special Profit and Loss (¥32.1bn)

• Gain on redemption of investments in securities	¥8.5bn
• Loss on disposals of fixed assets	(¥11.9bn)
• Restructuring costs	(¥28.0bn)
• Others	(¥0.7bn)

## (4) Segment Information

(Billions of Yen)

		FY2003			FY2002			Differences
		1H	2H	Total	1H	2H	Total	
Petroleum (Japan Energy Group)	Net Sales	830.8	920.2	1751.0	804.8	939.0	1743.8	(○) 7.2
	Operating Income (Loss)	15.4	22.4	37.8	7.3	25.0	32.3	(○) 5.4
	Ordinary Income(Loss)	14.6	21.4	36.0	3.4	21.3	24.8	(○) 11.2
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	Net Sales	143.2	170.8	314.0	131.7	140.6	272.3	(○) 41.7
	Operating Income (Loss)	1.1	3.9	5.0	1.4	1.1	2.5	(○) 2.5
	Ordinary Income(Loss)	5.1	8.7	13.8	5.8	4.0	9.8	(○) 4.0
Electronic Materials (Nikko Materials Group)	Net Sales	37.1	36.7	73.8	30.7	31.0	61.7	(○) 12.1
	Operating Income (Loss)	(1.3)	1.7	0.4	(1.4)	(1.3)	(2.7)	(○) 3.1
	Ordinary Income(Loss)	(3.5)	0.9	(2.6)	(2.7)	(3.2)	(5.9)	(○) 3.3
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	22.2	25.4	47.6	23.2	22.0	45.2	(○) 2.4
	Operating Income (Loss)	2.8	4.5	7.3	3.3	2.7	6.0	(○) 1.3
	Ordinary Income(Loss)	2.7	4.6	7.3	3.1	2.6	5.6	(○) 1.7
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	36.7	29.5	66.2	34.3	35.7	69.9	(×) 3.7
	Operating Income (Loss)	0.5	(0.7)	(0.2)	1.5	0.5	2.0	(×) 2.2
	Ordinary Income(Loss)	0.5	(1.2)	(0.7)	1.7	1.0	2.7	(×) 3.4
Eliminations	Net Sales	(17.6)	(20.4)	(38.0)	(14.0)	(15.9)	(29.9)	(×) 8.1
Total	Net Sales	1052.4	1162.2	2214.6	1010.7	1152.4	2163.1	(○) 51.5
	Operating Income (Loss)	18.5	31.9	50.4	12.2	28.1	40.3	(○) 10.1
	Ordinary Income (Loss)	19.3	34.4	53.7	11.3	25.7	37.0	(○) 16.8

※Net Sales by segments include inter-segment sales.

## (5) Key Data

		FY2003			FY2002		
		1H	2H	Total	1H	2H	Total
Petroleum	Exchange Rate (¥/\$)	118	108	113	123	121	122
	Dubai Spot Price (\$/BL)	25.5	28.6	27.0	24.3	26.7	25.5
	Market Price of Paraxylene (\$/t)	548	614	581	442	533	488
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	77	109	93	71	73	72
	Electrolytic Copper Sales (1000 tones)	301	321	622	287	297	583
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,367	2,380	2,375	2,081	2,112	2,097
	Treated Rolled Copper Foil Sales (1000 meters/month)	2,743	3,451	3,097	1,753	2,265	2,009
	ITO Target Sales(tones/month)	11.7	15.5	13.6	9.1	10.0	9.5
Metal Fabrication	Wrought Copper Products Sales (1000tones)	18	19	37	19	17	35
	Special Steel Products Sales (1000tones)	5	5	10	7	7	14
	High Quality Products Ratio	20%	25%	22%	15%	15%	15%

## 2 . Information by Segments

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

#### (1) Operating Results

(Billions of Yen)

	FY2003	FY2002	Differences
Net Sales	1,751.0	1,743.8	(○) 7.2
Operating Income (Loss)	37.8	32.3	(○) 5.4
Ordinary Income (Loss)	36.0	24.8	(○) 11.2

#### < Factors in ¥11.2bn increase in the ordinary income >

- Influence of inventories (×)¥16.3bn (FY2002:+14.3bn→FY2003:△2.0bn)
- Medium-term management plan (○) ¥9.0bn
- Petrochemicals profit (○) ¥3.0bn
- Change in the petroleum margin due to time lag and others (○) ¥9.8bn
- Other income and expenses (○)¥5.7bn

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

	Domestic sales volume (thousands of KL)			Growth rate (2003 vs. 2002)		Japan Energy's market share	
	FY2003	FY2002	Differences	JOMO	Nation-wide	FY2003	FY2002
G a s o l i n e	6,327	6,276	51	100.8%	102.7%	10.2%	10.4%
N a p h t h a	3,110	2,993	117	103.9%	102.7%	8.8%	8.7%
J e t F u e l	741	689	52	107.5%	102.2%	13.8%	13.1%
K e r o s e n e	2,847	3,042	△195	93.6%	95.1%	9.8%	10.0%
G a s O i l	4,434	4,534	△100	97.8%	98.8%	11.5%	11.6%
A Heavy Fuel	2,333	2,363	△30	98.7%	101.3%	7.8%	8.0%
C Heavy Fuel	2,672	2,334	338	114.4%	102.5%	9.5%	8.5%
Total	22,464	22,232	232	101.0%	100.8%	9.8%	9.8%
Gasoline & Middle Distillation	15,942	16,215	△273	98.3%	100.0%	10.0%	10.2%

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

		FY2003 (ended March 31, 2004)					FY2002(ended March 31, 2003)				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Group Total	Refining volume	7.07	6.45	6.91	7.38	27.81	5.83	6.45	6.95	7.37	26.58
	Operating Ratio	84%	76%	81%	88%	82%	70%	77%	83%	88%	80%
	Comparison with Previous Year	121%	100%	99%	100%	105%	96%	97%	100%	106%	100%
Mizushima	Refining volume	2.63	2.44	2.32	2.81	10.21	2.61	2.53	2.65	2.80	10.59
	Operating Ratio	91%	84%	79%	97%	88%	90%	86%	90%	98%	91%
	Comparison with Previous Year	101%	97%	88%	100%	96%	142%	95%	94%	104%	106%
Kashima	Refining volume	2.46	2.18	2.63	2.61	9.87	1.48	2.28	2.47	2.58	8.81
	Operating Ratio	89%	79%	95%	95%	89%	※57%	86%	94%	95%	83%
	Comparison with Previous Year	166%	96%	106%	101%	112%	71%	100%	108%	112%	98%

※Influence of regular shutdown maintenance

☆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)

	FY2003	FY2002	Differences
Net Sales	3 1 4. 0	2 7 2. 3	(○) 4 1. 7
Operating Income (Loss)	5. 0	2. 5	(○) 2. 5
Ordinary Income (Loss)	1 3. 8	9. 8	(○) 4. 0

< Factors in ¥4.0bn increase in the ordinary income >

• Nippon Mining & Metals and consolidated subsidiaries ○¥2.2bn

    ( ○ copper and zinc price up, copper premium improvement  
      × yen appreciation, deteriorated T/C )

• Equity in Earnings ○¥1.8bn

    ( Minera Los Perambres ○¥3.5bn(copper price up)  
      LG-nikko ×¥2.0bn(deteriorated T/C, foreign currency transaction loss) )

(2) Price and Sales Volume

		FY2003			FY2002		
		1H	2H	Total	1H	2H	Total
Price	Copper (¢/lb)	7 7	1 0 9	9 3	7 1	7 3	7 2
	Zinc (\$/t)	7 9 7	1 0 0 0	8 9 9	7 7 4	7 7 9	7 7 7
	Gold (\$/TOZ)	3 5 5	4 0 0	3 7 8	3 1 4	3 3 8	3 2 6
	Platinum (\$/TOZ)	6 6 9	8 1 6	7 4 3	5 4 3	6 2 5	5 8 4
	Palladium (\$/TOZ)	1 7 9	2 1 9	1 9 9	3 3 9	2 6 3	3 0 1
Sales Volume (thousand tones)	Copper	3 0 1	3 2 1	6 2 2	2 8 7	2 9 7	5 8 3
	Zinc	4 1	4 7	8 8	4 7	4 6	9 4

<3> Electronic Materials (Nikko Materials Group)

(1) Operating Results

(Billions of Yen)

	FY2003	FY2002	Differences
Net Sales	7 3. 8	6 1. 7	(○) 1 2. 1
Operating Income (Loss)	0. 4	(2. 7)	(○) 3. 1
Ordinary Income (Loss)	(2. 6)	(5. 9)	(○) 3. 3

< Factors in ¥3.3bn increase in the ordinary income >

① Operating Income (Loss) (○)¥3.1bn

- Electro-deposited copper foil(○)¥1.3bn,
- Treated rolled copper foil and sputtering target(○)¥1.7bn,
- Compound semiconductor materials, optical coupler and others(×)¥0.2bn,
- Expenses including development cost(○)¥0.3bn

② Other Income (Expenses) (○)¥0.2bn

- Pension liabilities amortization (○)¥0.2bn and others

(2) Breakdown by products

(Billions of Yen)

		FY2003	FY2002	Differences
Electro-deposited Copper Foil	Net Sales	* 2 3. 5	2 1. 7	(○) 1. 8
	Operating Income	* (4. 9)	(6. 2)	(○) 1. 3
Treated Rolled Copper Foil and Target	Net Sales	3 9. 6	3 0. 0	(○) 9. 6
	Operating Income	8. 8	7. 1	(○) 1. 7
Compound Semiconductor Materials and Others	Net Sales	1 0. 7	1 0. 0	(○) 0. 7
	Operating Income	(3. 5)	(3. 6)	(○) 0. 1
Total	Net Sales	7 3. 8	6 1. 7	(○) 1 2. 1
	Operating Income	0. 4	(2. 7)	(○) 3. 1

\* : Including the results of GEI in the 1<sup>st</sup> half(January 2003 to September 2003) and NMUS in the 2<sup>nd</sup> half (October 2003 to February 2004)

(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)

	FY2003	FY2002	Differences
Net Sales	4 7. 6	4 5. 2	(○) 2. 4
Operating Income (Loss)	7. 3	6. 0	(○) 1. 3
Ordinary Income (Loss)	7. 3	5. 6	(○) 1. 7

##### < Factors in ¥1.7bn increase in the ordinary income >

- Sales increase (○)¥1.1bn (value-added products such as copper foil, phosphor bronze, and copper alloy etc.)
- Cost reduction (○)¥0.2bn
- Other income (○)¥0.4bn (sales of scrap and others)

##### (2) Sales by products

(Billions of Yen)

		FY2003	FY2002	Differences
Wrought copper	Phosphor bronze	1 1. 5	9. 7	(○) 1. 8
	Brass	4. 4	4. 5	(×) 0. 1
	Copper foil	5. 7	3. 8	(○) 1. 9
	Others	5. 8	5. 2	(○) 0. 6
Special steel	Stainless steel	3. 6	4. 5	(×) 0. 9
	High-nickel alloy	6. 0	6. 6	(×) 0. 6
	Others	0. 3	0. 7	(×) 0. 4
Others (precision manufacturing etc.)		1 0. 3	1 0. 2	(○) 0. 1
Total		4 7. 6	4 5. 2	(○) 2. 4



## II Annual Forecasts FY2004

### 1 . Comparison with FY2003

#### ( 1 ) Assumptions

		FY2004 (forecast)			FY2003 (actual)		
		1H	2H	Total	1H	2H	Total
Petroleum	Exchange Rate (¥/\$)	105	105	105	118	108	113
	Dubai Spot Price (\$/BL)	32.0	32.0	32.0	25.5	28.6	27.0
	Market Price of Paraxylene (\$/t)	650	630	640	548	614	581
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	120	110	115	77	109	93
	Electrolytic Copper Sales (1000 tones)	293	296	589	301	321	622
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,732	2,795	2,763	2,367	2,380	2,375
	Treated Rolled Copper Foil Sales (1000 meters/month)	3,700	4,200	3,950	2,743	3,451	3,097
	ITO Target Sales (tones/month)	19.0	25.7	22.4	11.7	15.5	13.6
Metal Fabrication	Wrought Copper Products Sales (1000tones)	18	18	36	18	19	37
	Special Steel Products Sales (1000tones)	5	4	9	5	5	10
	High Quality Products Ratio	31%	35%	33%	20%	25%	22%

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

(Billions of Yen)

	FY2004 (forecast)			FY2003 (annual)			Differences
	1H	2H	Total	1H	2H	Total	
Net Sales	1,090.0	1,219.0	2,309.0	1,052.4	1,162.2	2,214.6	(○) 94.4
Operating Income (Loss)	26.5	35.0	61.5	18.5	31.9	50.4	(○) 11.1
Ordinary Income (Loss)	29.5	37.0	66.5	19.3	34.4	53.7	(○) 12.8
Net Income (Loss)	4.5	19.5	24.0	4.2	10.7	14.9	(○) 9.1
Ordinary Margin (%)	2.7%	3.0%	2.9%	1.8%	3.0%	2.4%	(○)0.4%
Earnings Per Share (yen)			35.3 (28.3)			21.7 (17.4)	

( ) : including treasury stocks

## ( 3 ) Operating Forecasts by Segments

(Billions of Yen)

		FY2004 (forecast)			FY2003 (actual)			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Petroleum (Japan Energy Group)	Net Sales	840.0	970.0	1810.0	830.8	920.2	1751.0	(○) 9.2	(○) 49.8	(○) 59.0
	Operating Income (Loss)	14.0	22.0	36.0	15.4	22.4	37.8	(×) 1.4	(×) 0.4	(×) 1.8
	Ordinary Income (Loss)	11.0	19.0	30.0	14.6	21.4	36.0	(×) 3.6	(×) 2.4	(×) 6.0
Resources & Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	164.0	156.0	320.0	143.2	170.8	314.0	(○) 20.8	(×) 14.8	(○) 6.0
	Operating Income (Loss)	3.2	2.8	6.0	1.1	3.9	5.0	(○) 2.1	(×) 1.1	(○) 1.0
	Ordinary Income (Loss)	10.5	9.5	20.0	5.1	8.7	13.8	(○) 5.4	(○) 0.8	(○) 6.2
Electronic Materials (Nikko Materials Group)	Net Sales	43.0	49.0	92.0	37.1	36.7	73.8	(○) 5.9	(○) 12.3	(○) 18.2
	Operating Income (Loss)	4.1	3.9	8.0	(1.3)	1.7	0.4	(○) 5.4	(○) 2.2	(○) 7.6
	Ordinary Income (Loss)	3.0	3.0	6.0	(3.5)	0.9	(2.6)	(○) 6.5	(○) 2.1	(○) 8.6
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	28.0	30.0	58.0	22.2	25.4	47.6	(○) 5.8	(○) 4.6	(○) 10.4
	Operating Income (Loss)	4.5	5.0	9.5	2.8	4.5	7.3	(○) 1.7	(○) 0.5	(○) 2.2
	Ordinary Income (Loss)	4.3	4.7	9.0	2.7	4.6	7.3	(○) 1.6	(○) 0.1	(○) 1.7
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	32.0	31.0	63.0	36.7	29.5	66.2	(×) 4.7	(○) 1.5	(×) 3.2
	Operating Income (Loss)	0.7	1.3	2.0	0.5	(0.7)	(0.2)	(○) 0.2	(○) 2.0	(○) 2.2
	Ordinary Income (Loss)	0.7	0.8	1.5	0.5	(1.2)	(0.7)	(○) 0.2	(○) 2.0	(○) 2.2
Eliminations	Net Sales	(17.0)	(17.0)	(34.0)	(17.6)	(20.4)	(38.0)	(○) 0.6	(○) 3.4	(○) 4.0
Total	Net Sales	1090.0	1219.0	2309.0	1052.4	1162.2	2214.6	(○) 37.6	(○) 56.8	(○) 94.4
	Operating Income (Loss)	26.5	35.0	61.5	18.5	31.9	50.4	(○) 8.0	(○) 3.1	(○) 11.1
	Ordinary Income (Loss)	29.5	37.0	66.5	19.3	34.4	53.7	(○) 10.2	(○) 2.6	(○) 12.8

※Net Sales include inter-segments sales.

## ( 4 ) Ordinary Income (Loss) (FY2004 vs. FY2003)

(Billions of Yen)

	FY2004 (forecast)	FY2003 (actual)	Differences	Notes
Petroleum (Japan Energy Group)	30.0	36.0	(×) 6.0	¥6.0bn down, due to sales decrease of C Heavy oil for electric power generation(× ¥6.0bn),margin deterioration and others, in spite of measures in the Medium-term management plan(○¥9.0bn)
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	20.0	13.8	(○) 6.2	<u>NMM and subsidiaries</u> (○)¥0.5bn ○ copper and zinc price up, copper premium improvement × yen appreciation, deteriorated T/C <u>Equity method affiliated companies</u> (○)5.7 Minera Los Perambres ○¥3.4bn (copper price up), LG-nikko ○¥1.8bn (copper price up, improvement of foreign currency transaction, and termination of goodwill amortization, in spite of deteriorated T/C)
Electronic Materials (Nikko Materials Group)	6.0	(2.6)	(○) 8.6	Sales increase of copper foil (electrodeposited and treated rolled) and sputtering targets Change of inventory valuation method
Metal Fabrication (Nikko Metal Manufacturing Group)	9.0	7.3	(○) 1.7	Sales increase of high value added products and foils for IT related products
Others (Independent Operating Companies & Functional Support Companies)	1.5	(0.7)	(○) 2.2	Sales recovery from FY2003(sales down caused by the cool summer)
<b>Total</b>	<b>66.5</b>	<b>53.7</b>	<b>(○)12.8</b>	

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

(1) Forecasts

(Billions of Yen)

	FY2004 (forecast)			FY2003 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	840.0	970.0	1,810.0	830.8	920.2	1,751.0	(○) 9.2	(○) 49.8	(○) 59.0
Operating Income (Loss)	14.0	22.0	36.0	15.4	22.4	37.8	(×) 1.4	(×) 0.4	(×) 1.8
Ordinary Income (Loss)	11.0	19.0	30.0	14.6	21.4	36.0	(×) 3.6	(×) 2.4	(×) 6.0

(2) Projected growth rate of fuel oil

	Domestic sales volume (thousands of KL)			Growth rate (2004 vs. 2003)		Japan Energy's market share	
	FY2004	FY2003	Differences	JOMO	Nation-wide※	FY2004	FY2003
G a s o l i n e	6,331	6,327	(+) 4	100.1%	100.5%	10.2%	10.2%
N a p h t h a	2,906	3,110	(-) 204	93.4%	99.4%	8.3%	8.8%
J e t F u e l	765	741	(+) 24	103.2%	106.2%	13.4%	13.8%
K e r o s e n e	3,082	2,847	(+) 235	108.3%	103.3%	10.3%	9.8%
G a s O i l	4,167	4,434	(-) 267	94.0%	94.3%	11.5%	11.5%
A Heavy Fuel	2,539	2,333	(+) 206	108.8%	98.9%	8.6%	7.8%
C Heavy Fuel	1,459	2,672	(-) 1,213	54.6%	72.4%	7.2%	9.5%
Total	21,249	22,464	(-) 1,215	94.6%	96.1%	9.7%	9.8%
Gasoline & Middle Distillation	16,119	15,942	(+) 177	101.1%	99.2%	10.2%	10.0%

※Growth rate : forecast by Japan Energy

(3) Number of JOMO Service Stations

	1998 Mar 31	1999 Mar 31	2000 Mar 31	2001 Mar 31	2002 Mar 31	2003 Mar 31	2004 Mar 31
Owned by Japan Energy (Self-SS)	1,489	1,406	1,377	1,328	1,284 (105)	1,229 (227)	1,207 (264)
Owned by wholesalers and others (Self-SS)	4,590	3,811	3,575	3,318	3,192 (59)	3,067 (95)	2,943 (121)
Total (Self-SS)	6,079	5,217	4,952	4,646	4,476 (164)	4,296 (322)	4,150 (385)

(4) Petrochemical Profit(Loss) (Billions of Yen)

FY2004(forecast)	FY2003	FY2002	FY2001
7.5	8.5	5.5	0

(5) Profitability Improvement Plan (Billions of Yen)

	FY2004 (planned)
Income Increase	(○) 6.0
Cost reduction	(○) 3.0
Total	(○) 9.0

※ Improvement from the previous fiscal year

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

(1) Forecasts

(Billions of yen)

	FY2004 (forecast)			FY2003 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	164.0	156.0	320.0	143.2	170.8	314.0	(○)20.8	(×)14.8	(○)6.0
Operating Income (Loss)	3.2	2.8	6.0	1.1	3.9	5.0	(○) 2.1	(×) 1.1	(○)1.0
Ordinary Income (Loss)	10.5	9.5	20.0	5.1	8.7	13.8	(○) 5.4	(○)0.8	(○)6.2

(2) Price and Sales Volume

(Billions of Yen)

		FY2004 (forecast)			FY2003 (actual)		
		1H	2H	Total	1H	2H	Total
Price	Copper (¢/lb)	120	110	115	77	109	93
	Zinc (\$/t)	1,050	1,050	1,050	797	1,000	899
	Gold (\$/TOZ)	400	400	400	355	400	378
	Platinum (\$/TOZ)	800	800	800	669	816	743
	Palladium (\$/TOZ)	180	180	180	179	219	199
Sales Volume (thousand tones)	Copper	293	296	589	301	321	622
	Zinc	41	43	84	41	47	88

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

#### (1) Forecasts

(Billions of Yen)

	FY2004 (forecast)			FY2003 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	43.0	49.0	92.0	37.1	36.7	73.8	(○)5.9	(○)12.3	(○)18.2
Operating Income (Loss)	4.1	3.9	8.0	(1.3)	1.7	0.4	(○)5.4	(○) 2.2	(○) 7.6
Ordinary Income (Loss)	3.0	3.0	6.0	(3.5)	0.9	(2.6)	(○)6.5	(○) 2.1	(○) 8.6

#### (2) Breakdown by products

(Billions of Yen)

		FY2004 (forecast)			FY2003 (actual)			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Electro-deposited Copper Foil	Net Sales	14.1	14.0	28.1	*13.4	*10.1	23.5	(○)0.7	(○) 3.9	(○) 4.6
	Operating Income	(1.1)	(0.1)	(1.2)	*(3.5)	*(1.4)	(4.9)	(○)2.4	(○) 1.3	(○) 3.7
Treated Rolled Copper Foil and Target	Net Sales	24.8	27.7	52.5	18.0	21.6	39.6	(○)6.8	(○) 6.1	(○)12.9
	Operating Income	6.6	6.0	12.6	4.0	4.8	8.8	(○)2.6	(○) 1.2	(○) 3.8
Compound semiconductor materials and others	Net Sales	4.1	7.3	11.3	5.7	5.0	10.7	(×)1.6	(○) 2.3	(○) 0.7
	Operating Income	(1.4)	(2.0)	(3.4)	(1.8)	(1.7)	(3.5)	(○)0.4	(×) 0.3	(○) 0.1
Total	Net Sales	43.0	49.0	92.0	37.1	36.7	73.8	(○)5.9	(○)12.3	(○)18.2
	Operating Income	4.1	3.9	8.0	(1.3)	1.7	0.4	(○)5.4	(○) 2.2	(○) 7.6

\*including the results of GEI in the 1<sup>st</sup> half (January 2003 to September 2003) and NMUS in the 2<sup>nd</sup> half (October 2003 to February 2004)

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

(1) Forecasts

(Billions of Yen)

	FY2004 (forecast)			FY2003 (actual)			Differences		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net Sales	28.0	30.0	58.0	22.2	25.4	47.6	(○)5.8	(○)4.6	(○)10.4
Operating Income (Loss)	4.5	5.0	9.5	2.8	4.5	7.3	(○)1.7	(○)0.5	(○) 2.2
Ordinary Income (Loss)	4.3	4.7	9.0	2.7	4.6	7.3	(○)1.6	(○)0.1	(○) 1.7

(2) Sales by products

(Billions of Yen)

		FY2004 (forecast)			FY2003 (actual)			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Wrought copper	Phosphor bronze	7.2	7.5	14.7	5.3	6.2	11.5	○1.9	○1.3	○3.2
	Brass	2.3	2.6	4.9	2.1	2.3	4.4	○0.2	○0.3	○0.5
	Copper foil	3.3	3.8	7.1	2.6	3.1	5.7	○0.7	○0.7	○1.4
	Others	3.9	3.9	7.8	2.7	3.1	5.8	○1.2	○0.8	○2.0
Special steel	Stainless steel	2.3	2.4	4.7	1.8	1.8	3.6	○0.5	○0.6	○1.1
	High-nickel alloy	2.9	2.4	5.3	2.8	3.2	6.0	○0.1	×0.8	×0.7
	Others	0.1	0.1	0.2	0.2	0.1	0.3	×0.1	-	×0.1
Others (precision manufacturing etc.)		6.0	7.3	13.3	4.7	5.6	10.3	○1.3	○1.7	○3.0
Total		28.0	30.0	58.0	22.2	25.4	47.6	○5.8	○4.6	○10.4

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

### 1 . Consolidated Balance Sheet

(Billions of Yen)

	Mar 31 2004[A]	Mar 31 2003	Differences	Mar 31 2005 (forecast) [B]	[B]-[A]
Current Assets	598.8	596.1	(+) 2.8	1,555.0	(-) 17.5
Fixed Assets	973.7	1,032.6	(-) 58.9		
Total Assets	1,572.5	1,628.7	(-) 56.2	1,555.0	(-) 17.5
Current Liabilities	751.3	789.7	(-) 38.4	1,275.0	(-) 24.7
Fixed Liabilities	548.4	596.5	(-) 48.1		
Minority Interest	39.1	37.6	(+) 1.5	40.0	(+) 0.9
Total Shareholder's Equity	233.7	204.9	(+) 28.8	240.0	(+) 6.3
Shareholder's Equity Ratio	14.9%	12.6%	(+) 2.3%	15.4%	(+) 0.5%
BPS	¥275.49	¥241.55	(+) ¥33.94	¥282.86	(+) ¥7.36
Interest Bearing Debt	754.0	876.4	(-) 122.4	744.0	(-) 10.0

※BPS is calculated with the number of issued shares 848,462thousand. (Treasury stock included)

#### ①Factors in the change FY2003

(Billions of Yen)

Assets (-) 56.2	Cash and cash equivalents (-) 4.9, Trade receivables (+) 7.1, Inventories (-)4.6, Fixed assets (tangible and intangible) (-)53.4 [ (Investments in equipment (+) 31.6, Depreciation and amortization (-) 45.9, Write-down/disposal/sales (-)31.3 and others) ] Investments in securities (+) 26.4 [Unrealized gain on marketable securities (+) 38.5, Sale and redemption (-)10.6 and others] Offset of deferred tax assets/liabilities* (-)18.3, Loans receivables (-)6.8, Others (-) 1.7
Liabilities (-) 86.5	Interest bearing debt (-) 122.4, Trade payables (+) 43.9 [influence of national holiday (+)15.6], Offset of deferred tax assets/liabilities* (-)18.3, Others (+) 10.3
Minority Interest (+) 1.5	
Shareholder's Equity (+) 28.8	Net income(+)14.9, Dividends(-)2.7, Unrealized gain on marketable securities (+)22.7, Accumulated translation adjustment (-)5.3, Others(-)0.8

#### ②Factors in the change FY2004 (Forecast)

Assets (-) 17.5	Cash and cash equivalents (-) 16.5, Trade receivables and inventories (+)41.1, Investments in equipment (+) 58.0, Depreciation and amortization (-) 48.0, Capital expenditure (+)6.8, Sales and disposals of fixed assets and financing etc. (-) 39.8, Unrealized gain on marketable securities (-)21.6, Others (+) 2.5
Liabilities (-) 24.7	Interest bearing debt (-) 10.0, Trade payables (-) 6.0 [influence of national holiday (-)15.6], Others (-) 8.7
Minority Interest (+) 0.9	
Shareholder's Equity (+) 6.3	Net income (+) 24.0, Dividends(-)4.1, Unrealized gain on marketable securities (-)12.8, Others(-)0.8

\* This resulted from the establishment of Japan Energy Corporation. (split-off from former Japan Energy Corporation)



## 2 . Consolidated Cash Flows

(Billions of Yen)

	FY2003(actual)	FY2002(actual)	FY2004(forecast)
Cash Flows from Operating Activities	(+) 106.2	(+) 14.3	(+) 46.3
Cash Flows from Investing Activities	(+) 4.5	(-) 15.7	(-) 21.6
Cash Flows from Financing Activities	(-) 115.8	(-) 17.6	(-) 42.0
Effect of Exchange Rate Changes	(-) 1.0	(-) 1.4	-
Net Decrease in Cash and Cash Equivalents	(-) 6.1	(-) 20.3	(-) 17.3

### (1) FY2003 Breakdown

- ① Cash Flows from Operating Activities (+) ¥106.2bn  
Ordinary income (+)53.7, Depreciation (+) 45.9,  
Equity in gain of unconsolidated subsidiaries and affiliates (-)11.0,  
Trade receivables, inventories and trade payables (+) 32.9,  
Tax (-) 9.6, Others (-) 5.7
- ② Cash Flows from Investing Activities (+) 4.5  
Investments in equipment (-) 32.1, Investment and financing expenditure  
(-) 8.5, Income in investment (+) 36.3, Others (+) 8.8
- ③ Cash Flows from Financing Activities (-) 115.8  
Interest bearing debt repayment and redemption (-) 113.0,  
Dividends (-) 2.7, Others (-) 0.1

### (2) FY2004 Breakdown

- ① Cash Flows from Operating Activities (+) 46.3  
Ordinary income (+) 66.5, Depreciation (+) 48.0,  
Equity in gain of unconsolidated subsidiaries and affiliates (-)15.5,  
Trade receivables, inventories and trade payables (-) 47.7,  
Others (-) 5.0
- ② Cash Flows from Investing Activities (-) 21.6  
Investments in equipment (-) 58.0, Investment and financing expenditure  
(-) 6.8, Income in investment (+) 34.6, Others (+) 8.6
- ③ Cash Flows from Financing Activities (-) 42.0  
Interest bearing debt repayment and redemption (-) 35.2,  
dividends (-) 4.1, Others (-) 2.7

## 3 . Dividends

FY2003				FY2004 (projected)			
Interim	Final	Total	Payment amount	Interim	Final	Annual	Payment amount
----	¥6.00	¥6.00	¥ 4,079 million	----	¥8.00	¥8.00	¥ 5,439 million

※Payment amount includes the payment to the Group's companies.

※The payment of dividends FY2003 is subject to the decision of Shareholders' meeting.

## 4 . Interest-bearing Debt

(Billions of Yen)

	Mar31 2002	Mar31 2003	Mar31 2004	Changes
Nippon Mining Holdings	--	7.0	60.4	(+) 53.4
(Former) Japan Energy	411.1	404.5	--	(-) 108.7
Japan Energy	--	--	295.8	
Kashima Oil	115.7	125.7	103.0	(-) 22.7
Nippon Mining & Metals	134.1	135.2	119.3	(+) 10.1
Nikko Metal Manufacturing	--	--	26.0	
Nikko Materials	30.8	34.7	57.3	(+) 22.6
Others and eliminations	201.1	169.3	92.2	(-) 77.1
Total	892.8	876.4	754.0	(-) 122.4
Reduction from Mar31 2002	--	(-) 16.4	(-) 138.8	

## 5 . Debt to Equity Ratio

(Billions of Yen)

	Mar. 31 2002 (A)	Mar. 31 2003	Mar. 31 2004 (B)	(B) - (A)	Mar. 31 2005 (forecast)
Interest-bearing Debt	892.8	876.4	754.0	(-) 138.8	744.0
Shareholder's Equity	181.5	204.9	233.7	(+) 52.2	240.0
Debt to Equity Ratio	4.92	4.28	3.23	(-) 1.69	3.10

## 6 . Capital Expenditure and Depreciation

(Billions of Yen)

	FY2003	FY2002	FY2004 (forecast)
Capital expenditure	31.6	38.4	58.0
Depreciation	45.9	49.0	48.0
Differences	(-) 14.3	(-) 10.6	(+) 10.0

### ① Capital expenditure by segments

	FY2003	FY2002	FY2004 (forecast)
Petroleum (Japan Energy Group)	13.8	19.9	34.0
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	7.7	6.2	8.4
Electronic Materials (Nikko Materials Group)	3.8	4.3	8.4
Metal Fabrication (Nikko Metal Manufacturing Group)	2.3	1.7	4.0
Others (Including eliminations and corporate)	4.0	6.3	3.2
Total	31.6	38.4	58.0

### ② Depreciation by segments

	FY2003	FY2002	FY2004 (forecast)
Petroleum (Japan Energy Group)	26.6	28.1	29.5
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	7.0	7.1	7.1
Electronic Materials (Nikko Materials Group)	6.4	6.3	6.2
Metal Fabrication (Nikko Metal Manufacturing Group)	2.8	3.0	2.8
Others (Including eliminations and corporate)	3.1	4.5	2.4
Total	45.9	49.0	48.0

## 7 . Number of Employees

	Mar 31 2002	Mar 31 2003	Mar 31 2004
Petroleum (Japan Energy Group)	5,007	4,447	4,254
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	2,579	2,604	1,471
Electronic Materials (Nikko Materials Group)	1,765	1,574	1,622
Metal Fabrication (Nikko Metal Manufacturing Group)	〔 Included in Resources & Non-ferrous Metals. 〕		1,149
Others	1,563	1,758	1,362
Total	10,914	10,383	9,858

※ Others include Nippon Mining Holdings.