

# Interim Financial Results FY2004

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Nippon Mining Holdings, INC.

November 11, 2004

※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.

## Interim Results FY2004

### 1 . Operating Results(consolidated )

(Billions of Yen)

	FY2004 1H	FY2003 1H	Differences
Net Sales	1,170.1	1,052.4	(○)117.8
Operating Income (Loss)	47.2	18.5	(○)28.7
Other Income (Expenses)	7.2	0.8	(○) 6.4
Ordinary Income (Loss)	54.4	19.3	(○)35.1
Special Profit (Loss)	(13.7)	(21.0)	(○) 7.3
Income Taxes	17.7	(7.7)	(×)25.4
Minority Interest	5.0	1.9	(×) 3.2
Net Income (Loss)	18.0	4.2	(○)13.8

(1) Scope of Consolidation

- ① Consolidated subsidiaries 1 1 0 (20 additions, 3 reductions)
- ② Equity method affiliates 1 9 ( 1 addition, 2 reductions)

(2) Factors in ¥35.1 billion increase in the ordinary income

① Operating Income (○) ¥ 28.7bn

- Petroleum (○)14.5bn
- Resources & Non-ferrous Metals (○)6.4bn
- Electronic Materials (○)8.4bn
- Metal Fabrication (○)2.7bn
- Others (X)3.3bn

② Other Income(Expenses) (○) ¥6.4bn

- Interest and dividend income (×) ¥0.3bn
- Amortization of consolidation adjustment account (○) 0.1bn
- Equity in income of non-consolidated subsidiaries and affiliates (○) ¥7.0bn
- Interest expenses (○) 1.3bn
- Others (×) ¥1.7bn

(3) Breakdown of Special Income (Loss) (¥13.7bn)

- Gain on sales of fixed assets ¥1.1bn
- Gain on sales of investments in securities ¥4.6bn
- Gain on change in equity of consolidated subsidiaries ¥7.0bn
- Amortization of prior service cost ¥5.6bn
- Loss on disposal of fixed assets (¥6.7bn)
- Impairment losses (¥18.4bn)
- Reorganization and restructuring costs (¥6.0bn)
- Others (¥0.7bn)

## (4) Segments

(Billions of Yen)

		FY2004 1H	FY2003 1H	Differences
Petroleum (Japan Energy Group)	Net Sales	901.5	830.8	(0) 70.7
	Operating Income	29.9	15.4	(0) 14.5
	Ordinary Income	26.5	14.6	(0) 11.9
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	Net Sales	189.0	143.2	(0) 45.8
	Operating Income	7.5	1.1	(0) 6.4
	Ordinary Income	19.5	5.1	(0) 14.3
Electronic Materials (Nikko Materials Group)	Net Sales	46.7	37.1	(0) 9.6
	Operating Income (Loss)	7.1	(1.3)	(0) 8.4
	Ordinary Income (Loss)	6.4	(3.5)	(0) 9.9
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	28.6	22.2	(0) 6.4
	Operating Income	5.4	2.8	(0) 2.7
	Ordinary Income	5.4	2.7	(0) 2.7
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	29.2	36.7	(X) 7.5
	Operating Income (Loss)	(2.8)	0.5	(X) 3.3
	Ordinary Income (Loss)	(3.3)	0.5	(X) 3.8
Eliminations	Net Sales	(24.8)	(17.6)	(X) 7.2
Total	Net Sales	1,170.1	1,052.4	(0) 117.8
	Operating Income	47.2	18.5	(0) 28.7
	Ordinary Income	54.4	19.3	(0) 35.1

※Net Sales by segments include inter-segment sales.

※Income of eliminations and corporate included in Others.

## (5) Key Data

		FY2004 1H	FY2003 1H	Differences
All Segments	Exchange Rate (¥/\$)	110	118	(-) 8
Petroleum	Dubai Spot Price (\$/BBL)	34.8	25.5	(+) 9.3
	Market Price of Paraxylene (\$/t)	806	608	(+) 198
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	128	77	(+) 51
	Electrolytic Copper Sales (1000 tones)	313	301	(+) 12
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,735	2,367	(+) 368
	Treated Rolled Copper Foil Sales (1000 meters/month)	4,102	2,743	(+) 1,359
	ITO Target Sales (tones/month)	19.1	11.7	(+) 7.4
M e t a l Fabrication	Wrought copper products (1000tones)	19	18	(+) 1
	Special Steel Products (1000tones)	6	5	(+) 1
	High Quality Products Ratio	30%	20%	(+) 10%

## 2 . Information by Segments

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

#### (1) Operating Results

(Billions of Yen)

	2004 1H	2003 1H	Differences
Net Sales	901.5	830.8	(○) 70.7
Operating Income	29.9	15.4	(○) 14.5
Ordinary Income	26.5	14.6	(○) 11.9

#### < Factors in ¥11.9bn increase in the ordinary income >

- Influence of inventories (○)¥12.2bn (03/1H:△1.0bn→04/1H:+11.2bn)
- Mid-term management program (○) ¥3.0bn
- Petrochemical improvements (○) ¥7.0bn
- Sales decrease in C heavy fuel oil for electronics power generation and others (×)¥7.7bn
- Other income and expenses (×)¥2.6bn

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

	Domestic sales volume (thousand of KL)			Growth rate (04/1H vs. 03/1H)
	04/1H	03/1H	Differences	
Gasoline	3,260	3,169	92	102.9%
Naphtha	1,495	1,515	△20	98.7%
Jet Fuel	365	367	△2	99.4%
Kerosene	721	649	72	111.1%
Gas Oil	2,167	2,165	2	100.1%
A Heavy Fuel	1,171	937	234	125.0%
C Heavy Fuel	1,114	1,260	△146	88.4%
Total	10,293	10,062	231	102.3%
Gasoline & Middle Distillation	7,319	6,920	399	105.8%

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

		FY2004			FY2003				
		Apr- Jun	Jul- Sep	Total	Apr- Jun	Jul- Sep	Oct- Dec	Jan- Mar	Total
Group Total	Refining Volume	6.30	6.70	13.00	7.07	6.45	6.91	7.38	27.81
	Utilization Rate	74%	78%	76%	84%	76%	81%	88%	82%
	Comparison with Previous Year	89%	104%	96%	121%	100%	99%	100%	105%
Mizushima	Refining Volume	2.93	2.46	5.38	2.63	2.44	2.32	2.81	10.21
	Utilization Rate	99%	82%	91%	91%	84%	79%	97%	88%
	Comparison with Previous Year	111%	100%	106%	101%	97%	88%	100%	96%
Kashima	Refining Volume	1.60	2.29	3.90	2.46	2.18	2.63	2.61	9.87
	Utilization Rate	58%	83%	70%	89%	79%	95%	95%	89%
	Comparison with Previous Year	65%	105%	84%	166%	96%	106%	101%	112%

☆Capacity of Japan Energy Group's Refinery

Japan Energy Mizushima Refinery : 205,200Barrels/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)

	04/1H	03/1H	Differences
Net Sales	189.0	143.2	(○) 45.8
Operating Income (Loss)	7.5	1.1	(○) 6.4
Ordinary Income (Loss)	19.5	5.1	(○) 14.3

< Factors in ¥14.3bn increase in the ordinary income >

- Nippon Mining & Metals and consolidated subsidiaries ○¥6.1bn  
(metal prices up, copper premium improvement, inventory valuation method ) )
- Equity in income of affiliates ○¥8.2bn  
(Minera Los Perambres ○¥5.0bn(copper and molybdenum price up),  
LG-Nikko ○1.0bn(copper price up, foreign currency transaction etc.)

(2) Price and Sales Volume

		04/1H	03/1H	Differences
Price	Copper (¢/lb)	1 2 8	7 7	(+) 5 1
	Zinc (\$/t)	1, 0 0 4	7 9 7	(+) 2 0 7
	Gold (\$/TOZ)	3 9 7	3 5 5	(+) 4 2
	Platinum (\$/TOZ)	8 3 4	6 6 9	(+) 1 6 5
	Palladium (\$/TOZ)	2 3 6	1 7 9	(+) 5 7
Sales Volume (thousand tones)	Copper	3 1 3	3 0 1	(+) 1 2
	Zinc	4 2	4 1	(+) 1

<3> Electronic Materials (Nikko Materials Group)

(1) Operating Results

(Billions of Yen)

	04/1H	03/1H	Differences
Net Sales	46.7	37.1	(○) 9.6
Operating Income (Loss)	7.1	(1.3)	(○) 8.4
Ordinary Income (Loss)	6.4	※(3.5)	(○) 9.9

※ Including income loss of the 3<sup>rd</sup> quarter of GEI (△1.5 billion yen)

< Factors in ¥9.9bn increase in the ordinary income >

① Operating Income (○) ¥8.4bn

- Electro-deposited copper foil (○) ¥2.3bn
- Treated rolled copper foil (○) ¥1.1bn
- Sputtering Target (○) ¥4.2bn
- Compound semiconductor materials and others (○) ¥1.1bn
- Expenses including development cost (×) ¥0.3bn

② Other Income (Expenses) (○) ¥1.5bn

- Pension liabilities amortization (○) ¥0.6bn
- Exchange gain and loss (○) ¥0.6bn

(2) Breakdown by products

(Billions of Yen)

		04/1H	03/1H	Differences
Electro-Deposited Copper Foil	Net Sales	13.0	※ 13.4	(×) 0.4
	Operating Income (Loss)	(1.2)	※(3.5)	(○) 2.3
Treated Rolled Copper Foil and Target	Net Sales	28.0	18.0	(○) 10.0
	Operating Income	9.3	4.0	(○) 5.3
Compound Semiconductor Materials and Others	Net Sales	5.7	5.7	--
	Operating Income (Loss)	(1.0)	(1.8)	(○) 0.8
Total	Net Sales	46.7	37.1	(○) 9.6
	Operating Income (Loss)	7.1	(1.3)	(○) 8.4

※: Including the 3<sup>rd</sup> quarter of GEI

(Sales: 2.6 billion yen , Operating Loss: △1.2 billion yen)

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

##### (1) Operating Results

(Billions of Yen)

	04/1H	03/1H	Differences
Net Sales	28.6	22.2	(○) 6.4
Operating Income	5.4	2.8	(○) 2.7
Ordinary Income	5.4	2.7	(○) 2.7

##### < Factors in ¥2.7bn increase in the ordinary income >

- Sales increase (○)¥2.4bn (copper foil(○)¥1.0bn, 7025 alloy(○)¥0.5bn, phosphor bronze(○)¥0.3bn)
- Metal prices up (○)¥0.4bn (copper(○)¥0.2bn, nickel(○)¥0.2bn)
- Others (×)¥0.1bn

##### (2) Sales by products

(Billions of Yen)

		04/1H	03/1H	Differences
Wrought copper	Phosphor bronze	6.8	5.3	(○) 1.5
	Brass	2.5	2.1	(○) 0.4
	Copper foil	4.1	2.6	(○) 1.5
	Others	4.0	2.7	(○) 1.3
Special steel	Stainless steel	2.3	1.8	(○) 0.5
	High-nickel alloy	3.4	2.8	(○) 0.6
	Others	0.2	0.2	--
Others (precision manufacturing etc.)		5.3	4.7	(○) 0.6
Total		28.6	22.2	(○) 6.4

#### <5> Others

##### (1) Operating Results

(Billions of yen)

	FY2004 1H	FY2003 1H	Differences
Net Sales	29.2	36.7	(×)7.5
Operating Income (Loss)	(2.8)	0.5	(×)3.3
Ordinary Income (Loss)	(3.3)	0.5	(×)3.8

※ Income in eliminations and corporate included

##### (2) Independent operating companies

(Billions of Yen)

		FY2004 1H	FY2003 1H	Differences
C C S	Net Sales	6.4	6.5	(×) 0.1
	Ordinary Income	0.1	0.0	(○) 0.1



## II Annual Forecasts FY2004

### 1 . Comparison with FY2003

#### (1) Key Data

		FY2004			FY2003		
		1H	2H(e)	total	1H	2H	total
All Segments	Exchange Rate (¥/\$)	110	105	108	118	108	113
Petroleum	Dubai Spot Price (\$/BBL)	34.8	35.0	35.0	25.5	28.6	27.0
	Market Price of Paraxylene (\$/t)	806	940	873	608	674	641
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	128	125	127	77	109	93
	Electrolytic Copper Sales (1000 tones)	313	296	609	301	321	622
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,735	2,822	2,778	2,367	2,380	2,375
	Treated Rolled Copper Foil Sales (1000 meters/month)	4,102	3,850	3,976	2,743	3,451	3,097
	ITO Target Sales (tones/month)	19.1	22.2	20.7	11.7	15.5	13.6
Metal Fabrication	Wrought copper products (1000tones)	19	18	37	18	19	37
	Special Steel Products (1000tones)	6	5	11	5	5	10
	High Quality Products Ratio(%)	30%	36%	33%	20%	25%	22%

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

(Billions of Yen)

	FY2004			FY2003			Differences (FY2004-FY2003)
	1H	2H(e)	Total	1H	2H	Total	
Net Sales	1,170.1	1,234.9	2,405.0	1,052.4	1,162.2	2,214.6	(○) 190.4
Operating Income	47.2	43.8	91.0	18.5	31.9	50.4	(○) 40.6
Ordinary Income	54.4	50.6	105.0	19.3	34.4	53.7	(○) 51.3
Net Income	18.0	14.0	32.0	4.2	10.7	14.9	(○) 17.1
Ordinary Margin (%)	4.7	4.1	4.4	1.8	3.0	2.4	(○) 2.0
Earnings Per Share (yen)			37.8 (37.7)			21.7 (17.4)	(+) 16.1 (+) 20.3

( ) : include treasury stock.

## (3) Operating Forecasts by Segments

(Billions of yen)

		FY2004			FY2003			Differences		
		1H	2H(e)	Total	1H	2H	Total	1H	2H	Total
Petroleum (Japan Energy Group)	Net Sales	901.5	998.5	1,900.0	830.8	920.2	1,751.0	(○)70.7	(○)78.3	(○)149.0
	Operating Income	29.9	29.1	59.0	15.4	22.4	37.8	(○)14.5	(○) 6.7	(○)21.2
	Ordinary Income	26.5	27.5	54.0	14.6	21.4	36.0	(○)11.9	(○) 6.1	(○)18.0
Resources & Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	189.0	167.0	356.0	143.2	170.8	314.0	(○)45.8	(×) 3.8	(○)42.0
	Operating Income	7.5	5.0	12.5	1.1	3.9	5.0	(○) 6.4	(○) 1.1	(○)7.5
	Ordinary Income	19.5	15.0	34.5	5.1	8.7	13.8	(○)14.3	(○) 6.3	(○)20.7
Electronic Materials (Nikko Materials Group)	Net Sales	46.7	50.3	97.0	37.1	36.7	73.8	(○) 9.6	(○)13.6	(○)23.2
	Operating Income (Loss)	7.1	3.9	11.0	(1.3)	1.7	0.4	(○) 8.4	(○) 2.2	(○)10.6
	Ordinary Income (Loss)	6.4	3.1	9.5	(3.5)	0.9	(2.6)	(○) 9.9	(○) 2.2	(○)12.1
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	28.6	29.4	58.0	22.2	25.4	47.6	(○) 6.4	(○) 4.0	(○)10.4
	Operating Income	5.4	4.6	10.0	2.8	4.5	7.3	(○) 2.7	(○) 0.1	(○)2.7
	Ordinary Income	5.4	4.6	10.0	2.7	4.6	7.3	(○) 2.7	—	(○)2.7
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	29.2	11.8	41.0	36.7	29.5	66.2	(×) 7.5	(×)17.7	(×)25.2
	Operating Income (Loss)	(2.8)	1.3	(1.5)	0.5	(0.7)	(0.2)	(×) 3.3	(○) 2.0	(×)1.3
	Ordinary Income (Loss)	(3.3)	0.3	(3.0)	0.5	(1.2)	(0.7)	(×) 3.8	(○) 1.5	(×)2.3
Eliminations	Net Sales	(24.8)	(22.2)	(47.0)	(17.6)	(20.4)	(38.0)	(×) 7.2	(×) 1.8	(×)9.0
Total	Net Sales	1,170.1	1,234.9	2,405.0	1,052.4	1,162.2	2,214.6	(○)117.8	(○)72.7	(○)190.4
	Operating Income	47.2	43.8	91.0	18.5	31.9	50.4	(○)28.7	(○)11.9	(○)40.6
	Ordinary Income	54.4	50.6	105.0	19.3	34.4	53.7	(○)35.1	(○)16.2	(○)51.3

※Net Sales include inter-segments sales.

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

(Billions of yen)

	FY2004(e)	FY2003	Differences	Notes
Petroleum (Japan Energy Group)	54.0	36.0	(○) 18.0	Inventories (○) 13.2 Mid-term mng. plan (○) 9.0 Petrochemical improvements (○) 13.0 Sales decrease in C heavy fuel oil for electronic power generation and others (×) 14.0 Other income (×) 3.2
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	34.5	13.8	(○) 20.7	• <u>Nippon Mining &amp; Metals and consolidated subsidiaries</u> ○¥6.3bn ((○)metal prices up, copper premium improvement, change of inventory valuation method (×)yen appreciation, deteriorated TC/RC )  • <u>Equity method affiliates</u> ○¥14.4bn (Minera Los Perambres ○¥9.3bn (copper and molybdenum price up), LG-Nikko ○ 2.8bn(copper price up, termination of goodwill amortization, foreign currency transaction )
Electronic Materials (Nikko Materials Group)	9.5	(2.6)	(○) 12.1	Sales increase of electro-deposited and treated rolled copper foil, and sputtering target Change of inventory valuation method
Metal Fabrication (Nikko Metal Manufacturing Group)	10.0	7.3	(○) 2.7	Sales increase in IT related products (foils, high-function materials such as copper foil, 7025 alloy, phosphor bronze)
Others (Independent Operating Companies & Functional Support Companies)	(3.0)	(0.7)	(×) 2.3	Loss in am/pm Japan
Total	105.0	53.7	(○) 51.3	

#### 4 . Information by Segments

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

##### (1) Forecasts

(Billions of yen)

	FY2004			FY2003			Differences		
	1H	2H(e)	total	1H	2H	total	1H	2H	total
Net Sales	901.5	998.5	1,900.0	830.8	920.2	1,751.0	(○)70.7	(○)78.3	(○)149.0
Operating Income	29.9	29.1	59.0	15.4	22.4	37.8	(○)14.5	(○)6.7	(○)21.2
Ordinary Income	26.5	27.5	54.0	14.6	21.4	36.0	(○)11.9	(○)6.1	(○)18.0

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

	Domestic sales volume (thousand of KL)			Growth rate
	FY2004(e)	FY2003	Differences	
Gasoline	6,434	6,327	107	101.7%
Naphtha	3,088	3,110	△ 22	99.3%
Jet Fuel	740	741	△ 1	99.9%
Kerosene	2,956	2,847	109	103.8%
Gas Oil	4,352	4,434	△ 82	98.2%
A Heavy Fuel	2,676	2,333	343	114.7%
C Heavy Fuel	1,898	2,672	△ 774	71.0%
Total	22,144	22,464	△ 320	98.6%
Gasoline & Middle Distillation	16,418	15,942	476	103.0%

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

	1999 Mar 31	2000 Mar 31	2001 Mar 31	2002 Mar 31	2003 Mar 31	2004 Mar 31	2004 Sep 30
Owned by Japan Energy (Self-SS)	1,406	1,377	1,328	1,284 (105)	1,229 (227)	1,207 (264)	1,186 (282)
Owned by wholesalers and others (Self-SS)	3,811	3,575	3,318	3,192 (59)	3,067 (95)	2,943 (121)	2,920 (138)
Total (Self-SS)	5,217	4,952	4,646	4,476 (164)	4,296 (322)	4,150 (385)	4,106 (420)

##### (1) Petrochemical Profit

(Billions of yen)

FY2004(e)	FY2003	FY2002	FY2001
21.5	8.5	5.5	0.0

##### (2) Profitability Improvements

(Billions of yen)

	FY2004(e)
Earnings improvement	(○)6.0
Cost reduction	(○)3.0
Total	(○)9.0

※Comparison with the previous year

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

(1) Forecasts

(Billions of yen)

	FY2004			FY2003			Differences		
	1H	2H(e)	total	1H	2H	Total	1H	2H	total
Net Sales	189.0	167.0	356.0	143.2	170.8	314.0	(○)45.8	(×)3.8	(○)42.0
Operating Income	7.5	5.0	12.5	1.1	3.9	5.0	(○) 6.4	(○)1.1	(○) 7.5
Ordinary Income	19.5	15.0	34.5	5.1	8.7	13.8	(○)14.3	(○)6.3	(○)20.7

(2) Price and Sales Volume

		FY2004			FY2003		
		1H	2H(e)		1H	2H	
Price	Copper (¢/lb)	128	125	127	77	109	93
	Zinc (\$/t)	1,004	1,000	1,002	797	1,000	899
	Gold (\$/TOZ)	397	390	394	355	400	378
	Platinum (\$/TOZ)	834	800	817	669	816	743
	Palladium (\$/TOZ)	236	200	218	179	219	199
Sales Volume (thousand tones)	Copper	313	296	609	301	321	622
	Zinc	42	43	85	41	47	88

<3> Electronic Materials (Nikko Materials Group)

(1) Forecasts

(Billions of yen)

	FY2004			FY2003			Differences		
	1H	2H	total	1H	2H	total	1H	2H	total
Net Sales	46.7	50.3	97.0	37.1	36.7	73.8	(○)9.6	(○)13.6	(○)23.2
Operating Income (Loss)	7.1	3.9	11.0	(1.3)	1.7	0.4	(○)8.4	(○)2.2	(○)10.6
Ordinary Income (Loss)	6.4	3.1	9.5	(3.5)	0.9	(2.6)	(○)9.9	(○)2.2	(○)12.1

(2) Breakdown by products

(Billions of Yen)

		FY2004			FY2003			Differences		
		1H	2H(e)	Total	1H	2H	Total	1H	2H	Total
Electro-Deposited Copper Foil	Net Sales	13.0	14.7	27.7	*13.4	*10.1	23.5	(×) 0.4	(○)4.6	(○)4.2
	Operating Income (Loss)	(1.2)	(0.3)	(1.5)	*(3.5)	*(1.4)	(4.9)	(○) 2.3	(○)1.1	(○)3.4
Treated Rolled Copper Foil and Target	Net Sales	28.0	31.3	59.3	18.0	21.6	39.6	(○)10.0	(○)9.7	(○)19.7
	Operating Income (Loss)	9.3	6.5	15.8	4.0	4.8	8.8	(○) 5.3	(○)1.7	(○)7.0
Compound semiconductor materials and others	Net Sales	5.7	4.3	10.0	5.7	5.0	10.7	-	(×)0.7	(×)0.7
	Operating Income (Loss)	(1.0)	(2.1)	(3.1)	(1.8)	(1.7)	(3.5)	(○)0.8	(×)0.4	(○)0.4
Total	Net Sales	46.7	50.3	97.0	37.1	36.7	73.8	(○) 9.6	(○)13.6	(○)23.2
	Operating Income (Loss)	7.1	3.9	11.0	(1.3)	1.7	0.4	(○) 8.4	(○)2.2	(○)10.6

\* : 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			FY2003			Differences		
	1H	2H(e)	total	1H	2H	total	1H	2H	total
Net Sales	28.6	29.4	58.0	22.2	25.4	47.6	(○)6.4	(○)4.0	(○)10.4
Operating Income	5.4	4.6	10.0	2.8	4.5	7.3	(○)2.7	(○)0.1	(○)2.7
Ordinary Income	5.4	4.6	10.0	2.7	4.6	7.3	(○)2.7	—	(○)2.7

(2) Sales by products

(Billions of Yen)

		FY2004			FY2003			Differences		
		1H	2H(e)	total	1H	2H	total	1H	2H	total
Wrought copper	Phosphor bronze	6.8	6.2	13.0	5.3	6.2	11.5	○1.5	—	○1.5
	Brass	2.5	2.3	4.8	2.1	2.3	4.4	○0.4	—	○0.4
	Copper foil	4.1	3.4	7.5	2.6	3.1	5.7	○1.5	○0.3	○1.8
	Others	4.0	4.0	8.0	2.7	3.1	5.8	○1.3	○0.9	○2.2
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	3.4	3.4	6.8	2.8	3.2	6.0	○0.6	○0.2	○0.8
	Others	0.2	0.1	0.3	0.2	0.1	0.3	—	—	—
Others (precision manufacturing etc.)		5.3	7.6	12.9	4.7	5.6	10.3	○0.6	○2.0	○2.6
Total		28.6	29.4	58.0	22.2	25.4	47.6	○6.4	○4.0	○10.4

<5> Others

(1) Forecasts

(Billions of Yen)

	FY2004			FY2003			Differences		
	1H	2H(e)	total	1H	2H	total	1H	2H	total
Net Sales	29.2	11.8	41.0	36.7	29.5	66.2	(×)7.5	(×)17.7	(×)25.2
Operating Income (Loss)	(2.8)	1.3	(1.5)	0.5	(0.7)	(0.2)	(×)3.3	(○)2.0	(×)1.3
Ordinary Income (Loss)	(3.3)	0.3	(3.0)	0.5	(1.2)	(0.7)	(×)3.8	(○)1.5	(×)2.3

(2) Independent operating companies

(Billions of Yen)

		FY2004(e)	FY2003	Differences
CCS	Net Sales	14.8	14.1	(○)0.7
	Ordinary Income	0.4	0.4	—

## 2. Comparison with the previous forecasts

< 1 > FY2004 1H

(1) Key Data

		FY2004 1H		
		Actual	Previous data (Aug. 18)	Differences
All Segments	Exchange Rate (¥/ \$)	110	110	-
Petroleum	Dubai Spot Price (\$/BBL)	34.8	33.9	(+) 0.9
	Market Price of Paraxylene (\$/t)	806	789	(+) 17
Resources & Non-ferrous M e t a l s	Market Price of Copper (¢/lb)	128	123	(+) 5
	Electrolytic Copper Sales (1000 tones)	313	305	(+) 8
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,735	2,781	(-) 46
	Treated Rolled Copper Foil Sales (1000 meters/month)	4,102	4,168	(-) 66
	ITO Target Sales (tones/month)	19.1	19.9	(-) 0.8
M e t a l Fabrication	Wrought copper products (1000tones)	19	20	(-) 1
	Special Steel Products (1000tones)	6	6	-
	High Quality Products Ratio(%)	30%	32%	(-) 2%

(2) Operating Results (Consolidated)

(Billions of Yen)

	FY2004 1H		
	Actual	Previous forecasts (Aug. 18)	Differences
Net Sales	1,170.1	1,152.0	(○) 18.1
Operating Income	47.2	43.0	(○) 4.2
Ordinary Income	54.4	49.0	(○) 5.4
Net Income	18.0	14.5	(○) 3.5
Ordinary Margin (%)	4.7%	4.3%	(○) 0.4%
Earnings Per Share (yen)	24.6	17.3	(○) 7.3



## (3) Segment Information

(Billions of Yen)

		FY2004 1H		
		Actual	Previous forecasts (Aug. 18)	Differences
Petroleum (Japan Energy Group)	Net Sales	901.5	886.0	(○)15.5
	Operating Income	29.9	27.5	(○) 2.4
	Ordinary Income	26.5	24.0	(○) 2.5
Resources & Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	189.0	180.5	(○) 8.5
	Operating Income	7.5	6.4	(○) 1.1
	Ordinary Income	19.5	17.5	(○) 2.0
Electronic Materials (Nikko Materials Group)	Net Sales	46.7	47.5	(×) 0.8
	Operating Income	7.1	6.3	(○) 0.8
	Ordinary Income	6.4	5.5	(○) 0.9
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	28.6	30.0	(×) 1.4
	Operating Income	5.4	5.3	(○) 0.1
	Ordinary Income	5.4	5.2	(○) 0.2
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	29.2	30.0	(×) 0.8
	Operating Income (Loss)	(2.8)	(2.5)	(×) 0.3
	Ordinary Income (Loss)	(3.3)	(3.2)	(×) 0.1
Eliminations	Net Sales	(24.8)	(22.0)	(×) 2.8
Total	Net Sales	(1,170.1)	1,152.0	(○)18.1
	Operating Income (Loss)	(47.2)	43.0	(○) 4.2
	Ordinary Income (Loss)	(54.4)	49.0	(○) 5.4

※Net sales by segments include inter-segment sales.

## (4) Ordinary Income FY2004 1H

	Actual	Previous forecasts (Aug. 18)	Differences	Notes
Petroleum (Japan Energy Group)	26.5	24.0	(○)2.5	(○)Petrochemical improvements, Influence of inventory (×)Operational stoppage caused by typhoon at Mizushima
Resources & Non-ferrous Metals (Nippon Mining & Metals)	19.5	17.5	(○)2.0	<u>Nippon Mining &amp; Metals and subsidiaries</u> (○)1.5 (Metal prices up) <u>Equity method affiliates</u> (○)5 LG-Nikko(○)0.2 (Exchange gain and loss)
Electronic Materials (Nikko Materials Group)	6.4	5.5	(○)0.9	• Cost reduction • Change of inventory valuation method
Metal Fabrication (Nikko Metal Manufacturing Group)	5.4	5.2	(○)0.2	Influence of inventory valuation
Others (Independent Operating Companies & Functional Support Companies)	(3.3)	(3.2)	(×)0.1	
Total	54.4	49.0	(○)5.4	

<2>FY2004 (full year)

(1) Key Data

		FY2004 (full year)		
		Revised forecasts	Previous forecasts (May 12)	Differences
All Segments	Exchange Rate (¥/\$)	108	105	(+) 3
Petroleum	Dubai Spot Price (\$/BBL)	35.0	32.0	(+) 3.0
	Market Price of Paraxylene (\$/t)	873	700	(+) 173
Resources & Non-ferrous Metals	Market Price of Copper (¢/lb)	127	115	(+) 12
	Electrolytic Copper Sales (1000 tones)	609	589	(+) 20
Electronic Materials	Electrodeposited Copper Foil Sales (tones/month)	2,778	2,763	(+) 15
	Treated Rolled Copper Foil Sales (1000 meters/month)	3,976	3,950	(+) 26
	ITO Target Sales (tones/month)	20.7	22.4	(-) 1.7
Metal Fabrication	Wrought copper products (1000tones)	37	36	(+) 1
	Special Steel Products (1000tones)	11	9	(+) 2
	High Quality Products Ratio(%)	33%	33%	-%

(2) Annual Forecasts

(Billions of Yen)

	FY2004 (full year)		
	Revised forecasts	Previous forecasts (May 12)	Differences
Net Sales	2,405.0	2,309.0	(○) 96.0
Operating Income (Loss)	91.0	61.5	(○) 29.5
Ordinary Income	105.0	66.5	(○) 38.5
Net Income	32.0	24.0	(○) 8.0
Ordinary Margin (%)	4.4%	2.9%	(○)1.5%
Earnings Per Share (yen)	37.8 (37.7)	35.3 (28.3)	(○)2.5 ((○) 9.4)

※ ( ) :including treasury stock

## (3) Segment Information

(Billions of Yen)

		FY2004 (full year)		
		Revised forecasts	Previous forecasts (May 12)	Differences
Petroleum (Japan Energy Group)	Net Sales	1,900.0	1,810.0	(○)90.0
	Operating Income	59.0	36.0	(○)23.0
	Ordinary Income	54.0	30.0	(○)24.0
Resources & Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	356.0	320.0	(○)36.0
	Operating Income	12.5	6.0	(○)6.5
	Ordinary Income	34.5	20.0	(○)14.5
Electronic Materials (Nikko Materials Group)	Net Sales	97.0	92.0	(○)5.0
	Operating Income	11.0	8.0	(○)3.0
	Ordinary Income	9.5	6.0	(○)3.5
Metal Fabrication (Nikko Metal Manufacturing Group)	Net Sales	58.0	58.0	—
	Operating Income	10.0	9.5	(○)0.5
	Ordinary Income	10.0	9.0	(○)1.0
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	41.0	63.0	(×)22.0
	Operating Income (Loss)	(1.5)	2.0	(×)3.5
	Ordinary Income (Loss)	(3.0)	1.5	(×)4.5
Eliminations	Net Sales	(47.0)	(34.0)	(×)13.0
Total	Net Sales	2,405.0	2,309.0	(○)96.0
	Operating Income	91.0	61.5	(○)29.5
	Ordinary Income	105.0	66.5	(○)38.5

※Net sales by segments include inter-segment sales.

## (4) Ordinary Income FY2004 (full year)

	Revised forecasts	Previous forecasts (May 12)	Differences	Notes
Petroleum (Japan Energy Group)	54.0	30.0	(○)24.0	• Margin improvement • Influence of inventory • Petrochemical improvements
Resources & Non-ferrous Metals (Nippon Mining & Metals)	34.5	20.0	(○)14.5	• Profit increase in equity method affiliates • Copper premium improvement
Electronic Materials (Nikko Materials Group)	9.5	6.0	(○)3.5	• Sales increase in treated rolled copper foil • Margin improvement
Metal Fabrication (Nikko Metal Manufacturing Group)	10.0	9.0	(○)1.0	Sales increase in IT related products (foils, high-function materials)
Others (Independent Operating Companies & Functional Support Companies)	(3.0)	1.5	(×)4.5	Loss in am/pm Japan
Total	105.0	66.5	(○)38.5	

# Balance Sheet, Cash Flows etc.

## 1 . Consolidated Balance Sheet

(Billions of Yen)

	Sept 30 2004	Mar 31 2004[A]	Differences	Mar 31 2005 (forecast) [B]	[B]-[A]
Current Assets	649.6	598.8	(+) 50.7	1,584.2	(+) 11.7
Fixed Assets	925.0	973.7	(-) 48.7		
Total Assets	1,574.6	1,572.5	(+) 2.1	1,584.2	(+) 11.7
Current Liabilities	700.7	751.3	(-) 50.6	1,214.6	(-) 85.1
Fixed Liabilities	518.3	548.4	(-) 30.1		
Minority Interest	36.3	39.1	(-) 2.8	37.6	(-) 1.5
Total Shareholder's Equity	319.3	233.7	(+) 85.5	332.0	(+) 98.3
Shareholder's Equity Ratio	20.3%	14.9%	(+) 5.4%	21.0%	(+) 6.1%
BPS	¥376.85	¥275.89	(+) ¥100.96	¥391.87	(+) ¥115.98
Interest Bearing Debt	687.4	754.0	(-) 66.6	687.4	(-) 66.6

※BPS is divided by 847,216 thousand, issued shares as of Sept 30 2004.

### ①Factors in Change from Mar 31 2004 to Sept 30 2004

(Billions of yen)

Assets (+) 2.1	Cash and cash equivalents (-) 18.7, Trade receivables (+) 11.8, Inventories (+) 72.1, Tangible and intangible fixed assets (-) 17.3 (Investments in equipment (+) 21.5, Depreciation (-) 23.3, Impairments (-) 18.4, Consolidation changes (+) 18.5, Sales and disposal of fixed assets (-) 15.6), Investments and lending (+) 12.4, Recovery of loans and investments (-) 15.8, Equity in income of non-consolidated subsidiaries and affiliates (+) 12.9, Write-down of securities (-) 8.2, Others (-) 47.1
Liabilities (-) 80.7	Interest bearing debt (-) 66.6 ((+) 13.2 increased by newly added consolidations), Trade payables (+) 1.9 ((+) 7.5 influence of national holiday), Payment of income taxes (-) 13.2, Others (-) 2.8
Minority Interest (-) 2.8	
Shareholder's Equity (+) 85.5	Net income (+) 18.0, Dividends (-) 4.1, Offering of treasury stock (+) 74.8, Unrealized gain on marketable securities (-) 4.8, Others (+) 1.6

### ②Factors in Change from Mar 31 2004 to Mar 31 2005 (Forecasts)

Assets (+) 11.7	Cash and cash equivalents (-) 21.3, Trade receivables and Inventories (+) 92.3, Investments in equipment (+) 52.3, Depreciation (-) 48.1, Impairments (-) 18.4, Sales and disposal of fixed assets (-) 20.2, Write-down of securities (-) 10.4, Investments and lending (+) 20.9, Recovery of loans and investments (-) 29.4, Equity in income of non-consolidated subsidiaries and affiliates (+) 25.1, Others (-) 31.3
Liabilities (-) 85.1	Interest bearing debt (-) 66.6, Trade payables (-) 18.4 ((-) 15.6 influence of national holiday), Others (-) 0.1
Minority Interest (-) 1.5	
Shareholder's Equity (+) 98.3	Net income (+) 32.0, Dividends (-) 4.1, Offering of treasury stock (+) 74.8, Others (-) 4.4

## 2 . Consolidated Cash Flows

(Billions of Yen)

	FY2004 1H	FY2003 1H	FY2003	FY2004 (e)
Cash Flows from Operating Activities	(-)13.5	(+) 9.9	(+)106.2	(+) 14.5
Cash Flows from Investing Activities	(-) 9.7	(+) 2.7	(+) 4.5	(-) 39.6
Cash Flows from Financing Activities	(+) 4.7	(-)19.6	(-) 115.8	(+) 4.0
Effect of Exchange Rate Changes	(+) 0.2	(+) 0.1	(-) 1.0	(+) 0.2
Net Decrease in Cash and Cash Equivalents	(-)18.3	(-) 6.9	(-) 6.1	(-) 20.9

### (1) FY2004 1H Breakdown

- ① Cash Flows from Operating Activities (-) 13.5  
 Ordinary income (+)54.4, Depreciation and amortization (+) 23.3,  
 Equity in income of non-consolidated subsidiaries and affiliates (-)12.9,  
 Trade receivables, inventories and trade payables (-) 65.9,  
 Income tax (-) 13.2, Others (+) 0.8
- ② Cash Flows from Investing Activities (-) 9.7  
 Investments in equipment (-) 23.0, Investments and lending (-) 12.4,  
 Recovery of loans and investments (+) 18.5, Others (+) 7.2
- ③ Cash Flows from Financing Activities (+) 4.7  
 Offering of treasury stock (+)74.8,  
 Third-party share allotment of consolidated subsidiary (+)17.1,  
 Interest bearing debt repayment and redemption (-) 80.8,  
 Dividends (-) 4.1, Others (-) 2.3

### (2) FY2004 (e) Breakdown

- ① Cash Flows from Operating Activities (+) 14.5  
 Ordinary income (+)105.0, Depreciation and amortization (+) 48.1,  
 Equity in income of non-consolidated subsidiaries and affiliates (-)25.1,  
 Trade receivables, inventories and trade payables (-) 95.1, Others (-) 18.4
- ② Cash Flows from Investing Activities (-) 39.6  
 Investments in equipment (-) 52.3, Investments and lending (-) 20.9,  
 Recovery of loans and investments (+) 29.4, Others (+) 4.2
- ③ Cash Flows from Financing Activities (+) 4.0  
 Offering of treasury stock (+) 74.8,  
 Third-party share allotment of consolidated subsidiary (+) 17.1,  
 Interest bearing debt repayment and redemption (-) 80.8,  
 Dividends (-) 4.1, Others (-) 3.0

## 3 . Dividends

FY2003 (actual)				FY2004 (expected)			
Interim	final	total	Payment amount	Interim	final	annual	Payment amount
--	¥6.00	¥6.00	¥ 4,079 million	--	¥8.00	¥8.00	¥ 6,783 million

※Payment amount is multiplied by 679,883 thousand shares in FY2003, 847,976 shares in FY2004 respectively.

## 4 . Interest-bearing Debt

(Billions of Yen)

	Mar31 2004	Sep30 2004	Differences
Nippon Mining Holdings	60.4	58.5	(-) 1.9
Japan Energy	295.8	346.7	(+) 50.9
Kashima Oil	103.0	66.9	(-) 36.1
Nippon Mining & Metals	119.3	52.1	(-) 67.2
Nikko Materials	57.3	68.9	(+) 11.6
Nikko Metal Manufacturing	26.0	20.5	(-) 5.5
Others and eliminations	92.2	73.8	(-) 18.4
Total	754.0	687.4	(-) 66.6
Reduction from Mar31 2002	(-) 138.8	(-) 205.4	

## 5 . Debt to Equity Ratio

(Billions of Yen)

	Mar. 31 2002 (A)	Mar. 31 2003	Mar. 31 2004	Sep. 30 2004 (B)	(B) - (A)	Mar. 31 2005 (e)
Interest-bearing Debt	892.8	876.4	754.0	687.4	(-) 205.4	687.4
Shareholder's Equity	181.5	204.9	233.7	319.3	(+) 137.8	332.0
Debt to Equity Ratio	4.92	4.28	3.23	2.15	(-) 2.77	2.07

## 6 . Capital Expenditure and Depreciation

(Billions of Yen)

	FY2004 1H	FY2004 (e)	FY2003
Capital expenditure	21.5	52.3	31.6
Depreciation	23.3	48.1	45.9
Difference	(-) 1.8	(+) 4.2	(-) 14.3

### ①Capital expenditure by segments

(Billions of Yen)

	FY2004 1H	FY2004 (e)	FY2003
Petroleum (Japan Energy Group)	11.7	31.6	13.8
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	3.3	7.8	7.7
Electronic Materials (Nikko Materials Group)	2.8	7.3	3.8
Metal Fabrication (Nikko Metal Manufacturing Group)	2.4	3.9	2.3
Others	1.3	1.7	4.0
Total	21.5	52.3	31.6

### ②Depreciation by segments

(Billions of Yen)

	FY2004 1H	FY2004 (e)	FY2003
Petroleum (Japan Energy Group)	14.7	31.2	26.6
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	3.4	7.1	7.0
Electronic Materials (Nikko Materials Group)	2.9	5.8	6.4
Metal Fabrication (Nikko Metal Manufacturing Group)	1.3	2.7	2.8
Others	1.0	1.3	3.1
Total	23.3	48.1	45.9

## 7 . Number of Employees

	Mar 31 2003	Mar 31 2004	Sep 30 2004
Petroleum (Japan Energy Group)	4,447	4,254	4,232
Resources & Non-ferrous Metals (Nippon Mining & Metals Group)	2,604	1,471	1,466
Electronic Materials (Nikko Materials Group)	1,574	1,622	1,586
Metal Fabrication (Nikko Metal Manufacturing Group)	--	1,149	1,128
Others	1,758	1,362	977
Total	10,383	9,858	9,389