

## Consolidated Closing Report for the year ended March 31, 2007 ("Fiscal 2006")

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

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 Date of annual shareholders' meetings: June 27, 2007  
 Date of filing of financial report: June 27, 2007  
 Start of cash dividend payments: June 5, 2007

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

## 1. Operating results for the year ended March 31, 2007 (the period from April 1, 2006 to March 31, 2007)

## (1) Operating results

	Sales		Operating Income		Income before special items		Net Income	
	millions of yen	% (*)	millions of yen	% (*)	millions of yen	% (*)	millions of yen	% (*)
For the year ended March 31, 2007 ("Fiscal 2006")	3,802,447	25.6	132,258	(8.4)	224,236	18.8	106,430	9.8
For the year ended March 31, 2006 ("Fiscal 2005")	3,026,262	20.9	144,448	15.0	188,722	27.5	96,905	91.6

	Basic EPS		Fully diluted EPS		Net income to equity	Income(*1) to total assets	Operating Income to sales
	yen	sen	yen	sen	%	%	%
For the year ended March 31, 2007 ("Fiscal 2006")	117	98	117	91	19.5	11.5	3.5
For the year ended March 31, 2006 ("Fiscal 2005")	113	87	113	84	23.6	11.0	4.8

Note: 1. Equity in income of non-consolidated subsidiaries and affiliates 94,895 millions of yen (the previous fiscal year 50,983 millions of yen)  
 2. (\*) This represents a percentage of an increase or a decrease from the previous period.  
 3. (\*1) Income is income before special items.

## (2) Financial position

	Total Assets		Net Assets		Shareholders' Equity Ratio	Net Assets Per Share	
	millions of yen		millions of yen		%	yen	sen
As of March 31, 2007 ("Fiscal 2006")	2,056,407		701,064		30.3	671	56
As of March 31, 2006 ("Fiscal 2005")	1,859,583		467,479		25.1	551	36

Note: Shareholders' Equity 622,476 millions of yen (the previous fiscal year -)

## (3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
For the year ended March 31, 2007 ("Fiscal 2006")	41,200	(97,576)	37,401	45,249
For the year ended March 31, 2006 ("Fiscal 2005")	24,258	(37,594)	11,962	63,857

## 2. Cash dividends

(Cut-off date)	Cash dividends per share			Total dividends paid ( Full year )	Payout ratio ( Consolidated )	Dividends paid to net assets ( Consolidated )			
	Interim	Year-end	Full year						
	yen	sen	yen	sen	yen	sen			
For the year ended March 31, 2006	-	-	15	00	15	00	12,715	13.2	3.1
For the year ended March 31, 2007	8	00	8	00	16	00	14,842	13.6	2.6
For the year ending March 31, 2008(Estimate)	8	00	8	00	16	00		16.5	

Note: A 15 yen dividend for the year ended March 31, 2006 includes a 3 yen dividend commemorating the 100th anniversary of our founding.

## 3. Forecast for Fiscal 2007(April 1, 2007 - March 31, 2008)

	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
Interim	1,796,000	(0.6)	36,000	(52.3)	64,000	(44.6)	37,000	(49.0)	39	92
Full year	3,810,000	0.2	102,000	(22.9)	160,000	(28.6)	90,000	(15.4)	97	10

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

#### 4. Other

(1) Important changes in scope of consolidation during period: Yes

Newly included: 1 (Hibi Kyodo Smelting Co., Ltd.)

Newly exempted: None

(2) Changes in accounting policies, procedures, disclosure methods, etc., pertaining to preparation of consolidated financial statements

1. Changes associated with changes in accounting standards: Yes

2. Other changes: Yes

(3) Shares outstanding (common stock) at year-end

1. Number of shares outstanding (including treasury stock)

As of March 31, 2007 ("Fiscal 2006"): 928,462,002      As of March 31, 2006 ("Fiscal 2005"): 848,462,002

2. Number of treasury stock outstanding

As of March 31, 2007 ("Fiscal 2006"): 1,552,704      As of March 31, 2006 ("Fiscal 2005"): 1,414,937

Note: Total 80,000,000 new shares were issued in July and August 2006.

\*The forecast shown on the previous page is based on information available as of May 9, 2007. The actual results are subject to change due to changes in the business environment.

## Consolidated Balance Sheets

	Fiscal 2005		Fiscal 2006		Increase
	(As of March 31, 2006)		(As of March 31, 2007)		(Decrease)
	millions of yen	%	millions of yen	%	millions of yen
<b>Assets</b>	<b>1,859,583</b>	<b>100.0</b>	<b>2,056,407</b>	<b>100.0</b>	<b>196,824</b>
Current assets	906,380	48.7	996,793	48.5	90,413
Cash and time deposits	64,735		46,475		(18,260)
Notes and accounts receivable, trade	334,604		371,539		36,935
Securities	1		-		(1)
Inventories	440,410		494,954		54,544
Other current assets	68,284		84,971		16,687
Less: Allowance for doubtful accounts	(1,654)		(1,146)		508
Fixed assets	953,203	51.3	1,059,614	51.5	106,411
Property, plant and equipment	590,039		649,901		59,862
Buildings and structures	129,708		133,528		3,820
Machinery and equipment, other	159,745		183,833		24,088
Land	283,930		281,591		(2,339)
Construction in progress	16,656		50,949		34,293
Intangible assets	64,794		92,754		27,960
Investments and other long-term assets	298,370		316,959		18,589
Investments in securities	238,520		263,062		24,542
Long-term loans	15,364		10,175		(5,189)
Deferred tax assets	11,144		11,237		93
Other	34,463		33,522		(941)
Less: Allowance for doubtful accounts	(1,121)		(1,037)		84
<b>Total assets</b>	<b>1,859,583</b>	<b>100.0</b>	<b>2,056,407</b>	<b>100.0</b>	<b>196,824</b>
<b>Liabilities</b>	<b>1,346,077</b>	<b>72.4</b>	<b>1,355,343</b>	<b>65.9</b>	<b>9,266</b>
Current liabilities	921,019	49.5	973,495	47.3	52,476
Notes and accounts payable, trade	294,424		253,935		(40,489)
Short-term borrowings	368,312		447,635		79,323
Commercial paper	41,000		26,000		(15,000)
Accounts payable, other	95,820		137,670		41,850
Accrued income taxes	35,958		29,713		(6,245)
Other current liabilities	85,505		78,542		(6,963)
Long-term liabilities	425,058	22.9	381,848	18.6	(43,210)
Long-term debt	275,424		215,802		(59,622)
Deferred tax liabilities	40,210		62,739		22,529
Allowance for retirement benefits	59,590		61,304		1,714
Allowance for periodic repair works	15,726		14,569		(1,157)
Other long-term liabilities	34,108		27,434		(6,674)
<b>Net assets</b>	<b>513,506</b>	<b>27.6</b>	<b>701,064</b>	<b>34.1</b>	<b>187,558</b>
Shareholders' equity	424,666	22.8	578,371	28.1	153,705
Common stock	40,000	2.2	73,920	3.6	33,920
Capital surplus	192,948	10.3	226,762	11.0	33,814
Retained earnings	192,148	10.3	278,259	13.5	86,111
Less: Treasury stock, at cost	(430)	(0.0)	(570)	(0.0)	(140)
Valuation and translation adjustment	42,813	2.3	44,105	2.2	1,292
Unrealized gain on marketable securities	39,471	2.1	35,987	1.8	(3,484)
Deferred hedge gain (loss)	-	-	1,528	0.1	1,528
Surplus from land revaluation	(3,340)	(0.2)	(3,355)	(0.2)	(15)
Accumulated translation adjustment	6,682	0.4	9,945	0.5	3,263
Share purchase warrants	-	-	181	0.0	181
Minority interest in consolidated subsidiaries	46,027	2.5	78,407	3.8	32,380
<b>Total liabilities and Net assets</b>	<b>1,859,583</b>	<b>100.0</b>	<b>2,056,407</b>	<b>100.0</b>	<b>196,824</b>

Note: Changes in accounting standard for presentation of net assets in the balance sheet :

Effective from the year ended March 31, 2007, Nippon Mining Holdings, Inc. adopted Accounting Standards Board of Japan ("ASBJ") Statement No.5 "Accounting Standard for Presentation of Net Assets in the Balance Sheet", issued by ASBJ on December 9, 2005 and ASBJ Guidance No.8 "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet", issued by ASBJ on December 9, 2005. The amount corresponding to conventional "Shareholders' equity" in the balance sheet is 620,948 millions of yen. Consolidated balance sheet as of March 31, 2006 is also reclassified in conformity with new accounting standard.

## Consolidated Statements of Income

Account title	Fiscal 2005 (from April 1, 2005 to March 31, 2006)		Fiscal 2006 (from April 1, 2006 to March 31, 2007)		Increase (Decrease)
	millions of yen	%	millions of yen	%	millions of yen
<b>Net sales</b>	3,026,262	100.0	3,802,447	100.0	776,185
<b>Cost of sales</b>	2,712,989	89.6	3,485,283	91.7	772,294
<i>Gross profit</i>	313,273	10.4	317,164	8.3	3,891
<b>Selling, general and administrative expenses</b>	168,825	5.6	184,906	4.8	16,081
<i>Operating income</i>	144,448	4.8	132,258	3.5	(12,190)
<b>Other income</b>	61,674	2.0	112,484	3.0	50,810
Interest income	2,221		2,805		584
Dividend income	1,627		1,751		124
Exchange gain	-		5,133		5,133
Amortization of negative goodwill including consolidation adjustment account	2,119		1,837		(282)
Equity in income of non-consolidated subsidiaries and affiliates	50,983		94,895		43,912
Other	4,724		6,063		1,339
<b>Other expenses</b>	17,400	0.6	20,506	0.6	3,106
Interest expenses	10,938		13,102		2,164
Exchange loss	25		-		(25)
Other	6,437		7,404		967
<i>Income before special items</i>	188,722	6.2	224,236	5.9	35,514
<b>Special profit</b>	17,831	0.6	17,453	0.5	(378)
Gain on sales of property, plant and equipment	4,339		2,108		(2,231)
Gain on sales of investments in securities	7,156		13,629		6,473
Gain on proceeds from casualty insurance	2,706		-		(2,706)
Bad debt recovery	2,313		-		(2,313)
Other	1,317		1,716		399
<b>Special loss</b>	33,909	1.1	21,607	0.6	(12,302)
Loss on sales of property, plant and equipment	310		260		(50)
Loss on disposal of property, plant and equipment	5,251		5,077		(174)
Impairment losses	5,563		1,877		(3,686)
Loss on write-down of investments in securities	614		1,256		642
Reorganization and restructuring costs	13,586		5,204		(8,382)
Provision for environmental remediation allowance	4,269		2,710		(1,559)
Provision for allowance for cost of disposal of unutilized property, plant and equipment	1,002		4,465		3,463
Provision for allowance for periodic repair works	551		-		(551)
Other	2,763		758		(2,005)
<i>Income before income taxes</i>	172,644	5.7	220,082	5.8	47,438
Income taxes	59,189	2.0	66,661	1.8	7,472
Deferred income tax	1,694	0.1	18,739	0.5	17,045
Minority interest in earnings of consolidated subsidiaries	14,856	0.4	28,252	0.7	13,396
<i>Net income</i>	96,905	3.2	106,430	2.8	9,525

## Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2007

(millions of yen)

	Shareholders' equity					Valuation and translation adjustment				Share purchase warrants	Minority interest in consolidated subsidiaries	Net assets Total
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on marketable securities	Deferred hedge gain (loss)	Surplus from land revaluation	Accumulated translation adjustment			
Balance as of March 31, 2006	40,000	192,948	192,148	(430)	424,666	39,471	-	(3,340)	6,682	-	46,027	513,506
Issuance of stock	33,920	33,818			67,738							67,738
Cash dividends paid			(20,137)		(20,137)							(20,137)
Bonuses to directors			(449)		(449)							(449)
Net income			106,430		106,430							106,430
Acquisition of treasury stock				(152)	(152)							(152)
Disposition of treasury stock		4		4	8							8
Grant of treasury stock with exercise of share purchase warrants		(8)		8	0							0
Reclassification with surplus from land revaluation			15		15							15
Increase arising from change of consolidated subsidiary			252		252							252
Net changes of Net assets other than shareholders' equity						(3,484)	1,528	(15)	3,263	181	32,380	33,853
<b>Total changes</b>	<b>33,920</b>	<b>33,814</b>	<b>86,111</b>	<b>(140)</b>	<b>153,705</b>	<b>(3,484)</b>	<b>1,528</b>	<b>(15)</b>	<b>3,263</b>	<b>181</b>	<b>32,380</b>	<b>187,558</b>
Balance as of March 31, 2007	73,920	226,762	278,259	(570)	578,371	35,987	1,528	(3,355)	9,945	181	78,407	701,064

Note: From the year ended March 31, 2007, this is presented in accordance with "Accounting Standard for Statement of Changes in Net Assets" ( ASBJ Statement No. 6, December 27, 2005 ) and "Guidance on Accounting Standard for Statement of Changes in Net Assets" ( ASBJ Guidance No.9, December 27,2005 )  
The above resulted in the replacement of the consolidated statements of retained earnings prepared in the past.

## Consolidated Statement of Retained Earnings

(millions of yen)

Account title	For the year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)
Capital Surplus:	
Balance at beginning of year	201,382
Increase in capital surplus	88
Gain on disposition of treasury stock	88
Decrease in capital surplus	8,522
Cash dividends paid	8,479
Bonuses to directors	43
Balance at end of year	192,948
Retained Earnings:	
Balance at beginning of year	95,537
Increase in retained earnings	96,990
Net income	96,905
Increase arising from merger of consolidated subsidiary	4
Reclassification with surplus from land revaluation	81
Decrease in retained earnings	379
Bonuses to directors	169
Decrease arising from change of consolidated subsidiary	134
Reclassification with surplus from land revaluation	76
Balance at end of year	192,148

## Consolidated Statements of Cash Flows

Account title	Fiscal 2005 (from April 1, 2005 to March 31, 2006)	Fiscal 2006 (from April 1, 2006 to March 31, 2007)	Increase (Decrease)
	millions of yen	millions of yen	millions of yen
Cash flows from operating activities			
Income before income taxes	172,644	220,082	
Depreciation and amortization	44,871	48,808	
Impairment losses	5,563	1,877	
Amortization of goodwill	-	2,787	
Amortization of negative goodwill	-	(1,837)	
Amortization of consolidation adjustment account	(1,947)	-	
Interest and dividend income	(3,848)	(4,556)	
Interest expenses	10,938	13,102	
Equity in income of non-consolidated subsidiaries and affiliates	(50,983)	(94,895)	
Gain on sales of investments in securities	(7,156)	(13,629)	
Loss on write-down of investments in securities	614	1,256	
Loss (gain) on sales and disposal of property, plant and equipment	1,222	3,229	
Reorganization and restructuring costs	13,586	5,204	
Increase in trade receivables	(60,154)	(36,331)	
Increase in inventories	(153,037)	(42,631)	
Increase (decrease) in trade payables	65,005	(23,951)	
Increase in accrued consumption tax	5,259	12,979	
Other, net	16,348	(28,029)	
Subtotal	58,925	63,465	4,540
Interest and dividend received	34,570	68,762	
Interest paid	(11,018)	(13,331)	
Payment for special retirement benefits	(444)	(1,378)	
Income taxes paid	(57,775)	(76,318)	
Net cash provided by operating activities	24,258	41,200	16,942
Cash flows from investing activities			
Decrease (increase) in time deposits, net	(1,186)	186	
Proceeds from maturities or sales of securities	9	1	
Payments for acquisition of property, plant and equipment	(53,231)	(78,056)	
Proceeds from sales of property, plant and equipment	9,162	4,335	
Payments for acquisition of intangible assets	(4,628)	(7,995)	
Payments for long-term prepaid expenses	(1,679)	(1,888)	
Payments for acquisition of investments in securities	(6,129)	(1,083)	
Proceeds from maturities or sales of investments in securities	11,270	14,758	
Payments for acquisition of business assets	-	(22,338)	
Net payments for acquisition of investments in newly consolidated subsidiaries	-	(14,013)	
Net proceeds from acquisition of investments in newly consolidated subsidiary	1,682	-	
Decrease in short-term loans, net	2,558	1,028	
Payments for lending of long-term loans	(658)	(279)	
Collection of long-term loans	5,194	7,423	
Other, net	42	345	
Net cash used in investing activities	(37,594)	(97,576)	(59,982)
Cash flows from financing activities			
Increase in short-term borrowings, net	48,353	58,679	
Increase (decrease) in commercial paper, net	14,000	(15,000)	
Proceeds from borrowing of long-term bank loans and others	66,836	29,702	
Repayments of long-term bank loans and others	(97,638)	(82,819)	
Proceeds from issuance of stock	-	67,738	
Proceeds from issuance of stock to minority shareholder	-	13,090	
Proceeds from third-party share allotment of consolidated subsidiary	-	4,000	
Cash dividends paid	(8,479)	(20,137)	
Cash dividends paid to minority shareholders	(10,876)	(17,369)	
Other, net	(234)	(483)	
Net cash provided by financing activities	11,962	37,401	25,439
Effect of exchange rate changes on cash and cash equivalents	1,623	(135)	(1,758)
Net increase (decrease) in cash and cash equivalents	249	(19,110)	(19,359)
Cash and cash equivalents at beginning of period	62,473	63,857	1,384
Increase due to subsidiaries newly included consolidation	1,135	502	(633)
Cash and cash equivalents at end of period	63,857	45,249	(18,608)

## Notes to Consolidated Financial Statements

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

### 1. Scope of consolidation

Consolidated subsidiaries : 114  
(Newly included)

8	( Nikko Fuji Precision (Wuxi) Co., Ltd. Hibi Kyodo Smelting Co., Ltd. PPC Canada Enterprises Corp., Regalito Copper Corp., etc.)
6	( Woojin Precision Industry Co., Ltd., etc.)

(Excluded)

### 2. Application of equity method

Affiliated companies accounted for by equity method : 15

### 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 net assets.

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

##### Inventories

With respect to domestic subsidiaries:

Inventories are stated at the lower of cost or market using average cost for petroleum group and the first-in, first-out method for metals group.

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 "Accumulated translation adjustment" and "Minority interest in consolidated subsidiaries" in net assets.



**(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 goodwill and negative goodwill**

Goodwill and negative goodwill are generally amortized over 5 years.

**7. 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.

**8. Change in accounting policies pertaining to preparation of consolidated financial statements**

**An early adoption of new accounting standard for measurement of inventories**

Early effective from the end of Fiscal 2006, the Company and its domestic consolidated subsidiaries adopted Accounting Standards Board of Japan ("ASBJ") Statement No.9 "Accounting Standard for Measurement of Inventories", issued by ASBJ on July 5, 2006, which shall be effective from the fiscal year beginning on or after April 1, 2008.

The write-downs of inventories due to decreased profitability shall be recognized as cost of goods sold, in the case that the net selling value falls below the acquisition cost at the end of period. As a result of this adoption, inventories as of March 31, 2007 decreased by 8,255 millions of yen and gross profit, operating income, income before special items, and income before income taxes also decreased by the same amount respectively.

## 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	98,774	26,821	11,192	6,145	1,421	144,353	95	144,448
Income 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, 2007 (from April 1, 2006 to March 31, 2007 )

(millions of yen)

	Petroleum	Metals	Other Operations	Total	Eliminations or corporate	Consolidated
Sales						
(1) Outside customers	2,750,827	1,021,563	30,057	3,802,447	-	3,802,447
(2) Inter-group	4,877	2,525	35,640	43,042	(43,042)	-
Total	2,755,704	1,024,088	65,697	3,845,489	(43,042)	3,802,447
Operating costs and expenses	2,679,793	971,757	62,280	3,713,830	(43,641)	3,670,189
Operating income	75,911	52,331	3,417	131,659	599	132,258
Income before special items	81,918	134,050	7,590	223,558	678	224,236
Identifiable assets, depreciation and amortization, Impairment losses and capital expenditures						
Assets	1,236,312	780,669	474,402	2,491,383	(434,976)	2,056,407
Depreciation and amortization	29,054	21,996	514	51,564	31	51,595
Impairment losses	1,610	127	-	1,737	140	1,877
Capital expenditures	62,257	85,453	791	148,501	118	148,619

#### Breakdown of Metals segment

(millions of yen)

	Resources and Metals	Electronic Materials	Metal Manufacturing	Eliminations	Metals Total
Sales					
(1) Outside customers	844,795	124,218	52,550	-	1,021,563
(2) Inter-group	42,241	5,333	17,846	(62,895)	2,525
Total	887,036	129,551	70,396	(62,895)	1,024,088
Operating costs and expenses	841,897	130,294	64,320	(64,754)	971,757
Operating income (loss)	45,139	(743)	6,076	1,859	52,331
Income (loss) before special items	127,762	(2,198)	6,627	1,859	134,050

#### Note 1 : Main products for each group are the following;

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

Petroleum	gasoline, naphtha, kerosene, gas oil, heavy fuel oil, petrochemicals, liquefied petroleum gas, lubricating oil, engineering, real-estate, ship transport, etc.
Resources and Non-ferrous Metals	resource development, copper, gold, silver, zinc, sulfuric acid, electric wires, cables, titanium, ship transport, 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.

For the year ended March 31, 2007 (from April 1, 2006 to March 31, 2007 )

Petroleum	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, real-estate, electric wires, cables, titanium, common group administrative activities such as fund procurement, etc.

**Note 2 : Changes in segment classification**

In April of this year, three core metals-related businesses of the Group, namely Nippon Mining and Metals Co., Ltd., Nikko Materials Co., Ltd. and Nikko Metal Manufacturing Co., Ltd. were merged to form a newly integrated company, Nippon Mining & Metals Co., Ltd.

As a result, three segments, Resources and Non-ferrous Metals, Electronic Materials and Metal Fabrication, were integrated into Metals segment. For disclosure of financial results of metals-related segments, Metals segment is classified into three segments, Resources and Metals, Electronic Materials and Metal Manufacturing as in the past.

At the same time, a classification of businesses among segments was changed as follows:

- \* Engineering and real-estate businesses were transferred from Petroleum segment to Other operations segment as a result of expansion of operations.
- \* Electric wires, cables and titanium businesses were transferred from Resources and Non-ferrous Metals segment to Other operations segment in order to launch new operations and concentrate on business resources of Non-ferrous Metals business into copper and recycling and environmental businesses.
- \* Convenience store business was transferred from Other operations segment to Petroleum segment in order to promote and enhance customer satisfaction programs in petroleum business.

Reclassification of financial results for the year ended March 31, 2006 (from April 1, 2005 to March 31, 2006) according to a new classification are the following:

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

	Petroleum	Metals	Other Operations	Total	Eliminations or corporate	Consolidated
Sales						
(1) Outside customers	2,389,254	606,119	30,889	3,026,262	-	3,026,262
(2) Inter-group	3,386	1,010	27,678	32,074	(32,074)	-
Total	2,392,640	607,129	58,567	3,058,336	(32,074)	3,026,262
Operating costs and expenses	2,296,019	564,152	54,993	2,915,164	(33,350)	2,881,814
Operating income	96,621	42,977	3,574	143,172	1,276	144,448
Income before special items	96,961	82,845	7,175	186,981	1,741	188,722
Identifiable assets, depreciation and amortization, impairment losses and capital expenditures						
Assets	1,182,134	632,690	443,720	2,258,544	(398,961)	1,859,583
Depreciation and amortization	30,053	14,368	499	44,920	(49)	44,871
Impairment losses	1,740	3,754	69	5,563	-	5,563
Capital expenditures	34,458	22,320	746	57,524	145	57,669

Breakdown of Metals segment (millions of yen)

	Resources and Metals	Electronic Materials	Metal Manufacturing	Eliminations	Metals Total
Sales					
(1) Outside customers	464,363	102,684	39,072	-	606,119
(2) Inter-group	31,023	3,638	13,684	(47,335)	1,010
Total	495,386	106,322	52,756	(47,335)	607,129
Operating costs and expenses	468,331	95,130	46,845	(46,154)	564,152
Operating income (loss)	27,055	11,192	5,911	(1,181)	42,977
Income (loss) before special items	68,221	9,649	6,156	(1,181)	82,845

**Note 3 : Change in accounting policy**

As noted in "Notes to Consolidated Financial Statements", the Company and its domestic consolidated subsidiaries adopted "Accounting standard for Measurement of Inventories" early from the end of Fiscal 2006. As a result of this adoption, inventories as of March 31, 2007 decreased by 975 millions of yen and income before special items as well as gross profit decreased by the same amount for petroleum group, and in the same manner decreased by 7,210 millions of yen for metals group, by 70 millions of yen for other operations group.

**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 the year ended March 31, 2007 (from April 1, 2006 to March 31, 2007 )

	Asia	Others	Total
Overseas sales	511,582	50,327	561,909
Total sales	-	-	3,802,447
Overseas to total Sales (Percentage)	13.5	1.3	14.8

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