

Consolidated Closing Report for the year ended March 31, 2003

May 15,2003

Name of public company **NIPPON MINING HOLDINGS, INC.**  
 Code No. : 5016 URL : <http://www.shinnikko-hd.co.jp/>  
 Stock Listings : Tokyo, Osaka, Nagoya  
 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 15, 2003

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

1. Operating results for the fiscal year ended March 31, 2003 (the period from April 1, 2002 to March 31, 2003 )

\*Since Nippon Mining Holdings, Inc. was jointly established by Japan Energy Corporation and its consolidated subsidiary Nippon Mining & Metals Co., Ltd. by way of share transfer on Sep. 27, 2002, consolidated financial result of Japan Energy Corp. for the previous year (FY2001) is presented for comparison.

(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, 2003	2,163,088	{ 3.8 }	40,256	{ 45.1 }	36,968	{ 45.5 }
For the year ended March 31, 2002	2,083,352		27,748		25,405	

  

	Net Income		Primary EPS		Fully diluted EPS	
	millions of yen	%(*1)	yen	sen	yen	sen
For the year ended March 31, 2003	3,652	{ - }	5	89	-	-
For the year ended March 31, 2002	306		0	27	-	-

  

	Net income to equity	Income(*2) to total assets	Income(*2) to sales
	%	%	%
For the year ended March 31, 2003	1.9	2.2	1.7
For the year ended March 31, 2002	0.2	1.4	1.2

Note: 1. Equity in earnings of non-consolidated subsidiary and affiliates 7,922 millions of yen (the previous fiscal year 6,387 millions of yen)

2. Average number of shares issued(consolidated) 611,027,210 shares (the previous fiscal year 1,113,862,019 shares )

3. Change of accounting method 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, 2003	1,628,723		204,946	
As of March 31, 2002	1,695,883		181,453	

  

	Net Worth Ratio		Shareholders' Equity Per Share	
	%		yen	sen
As of March 31, 2003	12.6		301	78
As of March 31, 2002	10.7		162	91

Note: Number of shares issued at end of year(consolidated) 678,956,116 shares (the previous fiscal year 1,113,826,586 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, 2003	14,344		(15,698)	
For the year ended March 31, 2002	129,894		(29,729)	

  

	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, 2003	(17,568)		76,294	
For the year ended March 31, 2002	(159,346)		91,409	

(4) Consolidation group

Consolidated subsidiaries 95 ( Japan Energy Corp., Kashima Oil Co.,Ltd., JOMO-NET Kanto Co.,Ltd., Nippon Mining & Metals Co.,Ltd., Pan Pacific Copper Co.,Ltd. Nikko Materials Co.,Ltd., Gould Electronics Inc. am/pm JAPAN Co.,Ltd., Nippon Mining Finance Co., Ltd. etc. )

Non-consolidated subsidiary accounted for by equity method 1 ( N.K.Curex Co.,Ltd. )

Affiliated companies accounted for by equity method 18 ( LG-Nikko Copper Inc., Minera Los Pelambres etc. )

2. Projection of operating results for the fiscal year ending March 31, 2004 (the period from April 1, 2003 to March 31, 2004 )

	Sales		Income before special items		Net Income	
	millions of yen		millions of yen		millions of yen	
For the six-months ending September 30, 2003	1,040,000		15,000		0	
For the year ending March 31, 2004	2,135,000		42,000		7,000	

(information purpose) Projection of Earnings Per Share 10 yen 31 sen

This projection is based on information available as of May 2003. The information is subject to change due to changes in the business environment.

## Consolidated Balance Sheet

Account title	Fiscal 2002 (as of March 31, 2003)		Fiscal 2001 (as of March 31, 2002)		Increase (Decrease)
	millions of yen	%	millions of yen	%	
<b>Assets</b>	1,628,723	100.0	1,695,883	100.0	(67,160)
<i>Current assets</i>	596,082	36.6	613,974	36.2	(17,892)
Cash and time deposits	66,193		84,426		(18,233)
Notes and accounts receivable, trade	233,226		224,303		8,923
Securities	1,262		5,103		(3,841)
Inventories	223,240		222,583		657
Other current assets	74,286		79,501		(5,215)
Allowance for doubtful accounts	(2,125)		(1,942)		(183)
<i>Fixed assets</i>	1,032,641	63.4	1,081,909	63.8	(49,268)
Property, plant and equipment	650,831		666,257		(15,426)
Buildings and structures	172,561		176,046		(3,485)
Machinery and equipment	136,132		149,543		(13,411)
Land	311,589		307,027		4,562
Other	30,549		33,641		(3,092)
Intangible assets	98,173		106,035		(7,862)
Investments and other long-term assets	283,637		309,617		(25,980)
Investment in securities	148,004		165,273		(17,269)
Other	138,502		148,011		(9,509)
Allowance for doubtful accounts	(2,869)		(3,667)		798
<i>Total assets</i>	1,628,723	100.0	1,695,883	100.0	(67,160)
<b>Liabilities</b>	1,386,194	85.1	1,448,556	85.4	(62,362)
<i>Current liabilities</i>	789,711	48.5	746,650	44.0	43,061
Notes and accounts payable, trade	194,079		205,827		(11,748)
Short-term borrowing	427,834		325,045		102,789
Current portion of bonds	-		20,200		(20,200)
Accounts payable, other	97,675		119,965		(22,290)
Other current liabilities	70,123		75,613		(5,490)
<i>Long-term liabilities</i>	596,483	36.6	701,906	41.4	(105,423)
Bonds	57,400		63,560		(6,160)
Long-term debt	391,149		484,041		(92,892)
Deferred tax liabilities related to land revaluation	34,072		35,211		(1,139)
Allowance for retirement benefits	61,517		57,643		3,874
Allowance for periodic repair works	13,453		14,152		(699)
Other long-term liabilities	38,892		47,299		(8,407)
<b>Minority interest in consolidated subsidiaries</b>	37,583	2.3	65,874	3.9	(28,291)
<b>Shareholders' Equity</b>	204,946	12.6	181,453	10.7	23,493
<i>Common stock</i>	40,000	2.5	87,583	5.2	(47,583)
<i>Capital surplus</i>	149,307	9.2	47,021	2.8	102,286
<i>Retained earnings</i>	(21,406)	(1.3)	(19,826)	(1.2)	(1,580)
<i>Surplus from land revaluation</i>	51,413	3.1	58,733	3.4	(7,320)
<i>Unrealized gain on marketable securities</i>	3,467	0.2	2,974	0.2	493
<i>Accumulated translation adjustment</i>	1,131	0.1	4,977	0.3	(3,846)
<i>Treasury stock, at cost</i>	(18,966)	(1.2)	(9)	(0.0)	(18,957)
<b>Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity</b>	1,628,723	100.0	1,695,883	100.0	(67,160)

## Consolidated Statements of Income

Account title	Fiscal 2002 (from April 1, 2002 to March 31, 2003)		Fiscal 2001 (from April 1, 2001 to March 31, 2002)		Increase (Decrease)
	millions of yen	%	millions of yen	%	
<b>Operating income</b>					
Net sales	2,163,088	100.0	2,083,352	100.0	79,736
Cost of sales	1,928,839	89.1	1,860,747	89.3	68,092
Selling, general and administrative expenses	193,993	9.0	194,857	9.4	(864)
<i>Operating income</i>	<i>40,256</i>	<i>1.9</i>	<i>27,748</i>	<i>1.3</i>	<i>12,508</i>
<b>Other income (loss)</b>					
Interest and dividends income	3,717		7,523		(3,806)
Exchange gain	66		1,384		(1,318)
Amortization of negative goodwill	4,154		3,713		441
Equity in gain of non-consolidated subsidiary and affiliates	7,922		6,387		1,535
Interest expenses	(16,690)		(19,500)		2,810
Other, net	(2,457)		(1,850)		(607)
<i>Other income (loss)</i>	<i>(3,288)</i>	<i>(0.2)</i>	<i>(2,343)</i>	<i>(0.1)</i>	<i>(945)</i>
<i>Income before special items</i>	<i>36,968</i>	<i>1.7</i>	<i>25,405</i>	<i>1.2</i>	<i>11,563</i>
<b>Special profit (loss)</b>					
Gain on sales of fixed assets	1,592		1,857		(265)
Gain on sales of securities	837		3,051		(2,214)
Gain on sales of investment in consolidated subsidiaries	3,857		-		3,857
Gain on sales of pharmaceutical business divisions	1,102		-		1,102
Gain on return of substituted portion of employee pension fund	1,912		-		1,912
Amortization of prior service cost	-		1,286		(1,286)
Loss on disposals of fixed assets	(7,604)		(6,656)		(948)
Loss on sales of securities	-		(1,595)		1,595
Loss on write-down of investments in securities	(13,831)		(4,965)		(8,866)
Loss on structural reform measures related	(10,340)		(8,361)		(1,979)
Other, net	(1,059)		(1,202)		143
<i>Special profit (loss)</i>	<i>(23,534)</i>	<i>(1.1)</i>	<i>(16,585)</i>	<i>(0.8)</i>	<i>(6,949)</i>
<i>Income before income taxes</i>	<i>13,434</i>	<i>0.6</i>	<i>8,820</i>	<i>0.4</i>	<i>4,614</i>
Income taxes	8,721	0.4	11,227	0.5	(2,506)
Deferred income tax	(4,065)	(0.2)	(8,750)	(0.4)	4,685
Minority interest in net earnings of consolidated subsidiaries	(5,126)	(0.2)	(6,037)	(0.3)	911
<i>Net income</i>	<i>3,652</i>	<i>0.2</i>	<i>306</i>	<i>0.0</i>	<i>3,346</i>

## Consolidated Statement of Retained Earnings

(millions of yen)

Account Title	Fiscal 2002 (from April 1, 2002 to March 31, 2003)	Fiscal 2001 (from April 1, 2001 to March 31, 2002)
<b>Capital Surplus:</b>		
Balance at beginning of year	47,021	47,021
Increase in capital surplus	102,286	-
Increase arising from share transfer *	102,286	-
Balance at end of year	149,307	47,021
<b>Retained Earnings:</b>		
Balance at beginning of year	(19,826)	(18,268)
Increase in retained earnings	5,262	4,169
Net income	3,652	306
Increase arising from change of consolidated subsidiaries	638	948
Increase arising from change of affiliates accounted for by equity method	361	1,620
Increase arising from merger of consolidated subsidiaries	-	218
Reclassification with surplus from land revaluation	611	1,077
Decrease in retained earnings	6,842	5,727
Cash dividends paid	3,341	3,341
Share transfer delivery consideration	2,714	-
Bonuses to directors	59	80
Decrease arising from change of consolidated subsidiaries	173	1,654
Decrease arising from change of affiliates accounted for by equity method	555	630
Decrease arising from merger of consolidated subsidiaries	-	22
Balance at end of year	(21,406)	(19,826)

\*The contents are as follows.

The difference of Common Stock of Japan Energy Corp. and Nippon Mining Holdings, Inc.	47,583 million yen
Common Stock, Capital Surplus and the portion which belonged to the Minority Interest among Retained Earnings of Nippon Mining & Metals Co., Ltd.	54,703 million yen

## Consolidated Statement of Cash Flows

Account title	Fiscal 2002 (from April 1, 2002 to March 31, 2003)	Fiscal 2001 (from April 1, 2001 to March 31, 2002)
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes	13,434	8,820
Depreciation and amortization	48,962	50,876
Amortization of negative goodwill	(3,375)	(2,953)
Interest and dividends income	(3,717)	(7,523)
Interest expenses	16,690	19,500
Equity in gain of non-consolidated subsidiary and affiliates	(7,922)	(6,387)
Gain on sales of investments in securities	(837)	(1,456)
Gain on sales of investments in consolidated subsidiaries	(3,857)	-
Loss on write-down of investments in securities	13,831	4,965
Loss (gain) on sales and disposal of property, plant and equipment	6,012	4,799
Loss on structural reform measures related	10,340	8,361
Decrease (increase) in trade receivables	(8,089)	84,264
Decrease in inventories	556	20,490
Decrease in trade payables	(46,951)	(16,643)
Other	(4,024)	(5,327)
Subtotal	31,053	161,786
Interest and dividends received	8,303	9,922
Interest paid	(16,769)	(20,017)
Payment for special retirement benefits	(1,071)	(2,359)
Income taxes paid	(7,172)	(19,438)
Net cash provided by operating activities	14,344	129,894
Cash flows from investing activities		
Payments for acquisition of securities	(1,387)	(2,833)
Proceeds from maturities or sales of securities	4,568	17,105
Payments for acquisition of property, plant and equipment	(33,542)	(43,201)
Proceeds from sales of property, plant and equipment	8,767	8,213
Payments for acquisition of intangible fixed assets	(2,541)	(2,325)
Payments for acquisition of investments in securities	(10,370)	(4,258)
Proceeds from maturities or sales of investments in securities	6,089	9,998
Proceeds from sales of investments in consolidated subsidiaries	4,050	-
Decrease in short-term loans	4,451	3,468
Payments for lending of long-term loans	(1,000)	(16,637)
Collection of long-term loans	6,414	3,428
Other	(1,197)	(2,687)
Net cash used in investing activities	(15,698)	(29,729)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	32,395	(79,684)
Proceeds from borrowing of long-term debt	109,068	66,454
Repayments of long-term debt	(125,949)	(136,433)
Proceeds from issue of new bond	-	32,500
Payments for redemption of bond	(26,360)	(36,054)
Cash dividends paid by parent company	(3,341)	(3,341)
Share transfer delivery consideration	(2,714)	-
Other	(667)	(2,788)
Net cash used in financing activities	(17,568)	(159,346)
Effect of exchange rate changes on cash and cash equivalents	(1,411)	4,611
Net decrease in cash and cash equivalents	(20,333)	(54,570)
Cash and cash equivalents at beginning of year	91,409	141,718
Increase in cash and cash equivalents related to subsidiaries newly included in consolidation	5,218	4,261
Cash and cash equivalents at end of year	76,294	91,409

## Segment Information

### 1. Segment Information summarized by product group

For the year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)

(millions of yen)

	Petroleum (Japan Energy Group)	Non-ferrous Metals (Nippon Mining & Metals Group)	Electronic Materials (Nikko Materials Group)	Other Operations (Independent Operating Companies and Functional Support Companies)	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
(1) Outside customers	1,738,809	301,149	60,829	62,301	2,163,088	-	2,163,088
(2) Inter-group	5,017	7,434	868	7,616	20,935	(20,935)	-
Total	1,743,826	308,583	61,697	69,917	2,184,023	(20,935)	2,163,088
Operating costs and expenses	1,711,491	299,990	64,383	67,951	2,143,815	(20,983)	2,122,832
Operating Income	32,335	8,593	(2,686)	1,966	40,208	48	40,256
Income before special items	24,767	15,385	(5,890)	2,624	36,886	82	36,968
II. Identifiable assets, depreciation and capital expenditures							
Assets	1,030,101	336,445	126,705	236,604	1,729,855	(101,132)	1,628,723
Depreciation and amortization	28,123	10,097	6,288	4,572	49,080	(118)	48,962
Capital expenditures	19,860	7,921	4,276	6,259	38,316	86	38,402

For the year ended March 31, 2002 (from April 1, 2001 to March 31, 2002)

(millions of yen)

	Petroleum (Japan Energy Group)	Non-ferrous Metals (Nippon Mining & Metals Group)	Electronic Materials (Nikko Materials Group)	Other Operations (Independent Operating Companies and Functional Support Companies)	Total	Eliminations or corporate	Consolidated
I. Sales and operating income							
(1) Outside customers	1,681,431	274,093	60,132	67,696	2,083,352	-	2,083,352
(2) Inter-group	3,369	5,886	163	6,708	16,126	(16,126)	-
Total	1,684,800	279,979	60,295	74,404	2,099,478	(16,126)	2,083,352
Operating costs and expenses	1,665,882	271,141	63,580	71,127	2,071,730	(16,126)	2,055,604
Operating Income	18,918	8,838	(3,285)	3,277	27,748	-	27,748
Income before special items	13,663	12,425	(4,352)	3,669	25,405	-	25,405
II. Identifiable assets, depreciation and capital expenditures							
Assets	1,082,598	340,026	130,728	228,193	1,781,545	(85,662)	1,695,883
Depreciation and amortization	30,042	9,604	7,137	4,093	50,876	-	50,876
Capital expenditures	18,987	8,225	11,361	5,229	43,802	-	43,802

Note 1. Product group categorized above is mainly adopted under internal control purpose

Note 2. Main products for each group are the following:

- Petroleum : gasoline, naphtha, kerosene, gas oil, heavy fuel oil, liquefied petroleum gas, petrochemicals, lubricating oil marine transportation(petroleum), engineering, etc.
- Non-ferrous Metals : copper, gold, silver, zinc, sulfuric acid, fabricated metal products, marine transportation(non-ferrous metals), etc.
- Electronic Materials : copper foils, sputtering targets, compound semiconductor materials
- Other Operations : convenience store, rental and leased car business, information service, finance, etc.

Note 3. Assets included in "Eliminations or corporate" column are mostly common Property, plant and equipment which belong to head office of parent company, and investments in securities.

The amounts for this fiscal year and the previous fiscal year were 32,295 million yen and 32,166 million yen respectively.

### 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.