

# Supplementary Explanation of Annual Results FY2002

-- fiscal year ended March 31,2003 --

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**Nippon Mining Holdings, INC.**

**May 15, 2003**

Since Nippon Mining Holdings, Inc. ("the Company") 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.

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.

## I Annual Results FY2002

### 1 . Operating Results(consolidated )

(Billions of Yen)

	FY2002			FY2001			Differences (FY2002-FY2001)
	1H	2H	Total	1H	2H	Total	
Net Sales	1010.7	1152.4	2163.1	1047.8	1035.6	2083.4	( )79.7
Operating Income (Loss)	12.2	28.1	40.3	18.3	9.4	27.7	( )12.5
Other Income (Expenses)	0.9	2.4	3.3	0	2.3	2.3	( × ) 0.9
Income (Loss) before Special Items	11.3	25.7	37.0	18.3	7.1	25.4	( )11.6
Special Profit (Loss)	3.8	19.7	23.5	3.2	13.4	16.6	( × ) 6.9
Income Taxes	1.6	3.1	4.7	3.5	1.0	2.5	( × ) 2.2
Minority Interest	3.6	1.5	5.1	4.1	1.9	6.0	( ) 0.9
Net Income (Loss)	2.3	1.4	3.7	7.4	7.1	0.3	( ) 3.3

#### ( 1 ) Scope of Consolidation

Consolidated subsidiaries 9 5 ( 22 additions , 3 reductions )  
Equity method affiliates 1 9 ( 10 additions , 2 reductions )

#### ( 2 ) Factors in ¥11.6 billion increase in the income before special items

Operating Income ( ) ¥12.5bn

Petroleum (O)13.4bn,  
Non-ferrous Metals (X)0.2bn,  
Electronic Materials (O)0.6bn,  
Others (X)1.3bn

Other Income(Expenses) ( × ) ¥0.9bn

• Exchange gain and loss ( × ) ¥1.3bn  
• Financial income ( × ) ¥1.0bn  
• Equity in Earnings of Unconsolidated Subsidiaries and Affiliates ( ) ¥1.5bn  
• Others ( × ) ¥0.1bn

#### ( 3 ) Special Profit (Loss)

Special Profit ¥10.0bn

• Gain on sales of investments in securities ¥4.7bn  
• Gain on return of substituted portion of employee pension fund ¥1.9bn  
• Gain on sales of fixed assets ¥1.6bn  
• Gain on sales of business ¥1.1bn  
• Others ¥0.7bn

Special Loss ¥33.5bn

• Loss on write-down of investments in securities ¥13.8bn  
• Restructuring costs ¥10.3bn  
• Loss on disposals of fixed assets ¥7.6bn  
• Others ¥1.8bn

## ( 4 ) Segments

( Billions of Yen )

		FY2002			FY2001			Difference
		1H	2H	total	1H	2H	total	
Petroleum (Japan Energy Group)	Net Sales	804.8	939.0	1743.8	842.5	842.3	1684.8	(0)59.0
	Operating Income (Loss)	7.3	25.0	32.3	9.8	9.1	18.9	(0)13.4
	Income (Loss) before Special Items	3.4	21.4	24.8	8.6	5.1	13.7	(0)11.1
Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	150.2	158.4	308.6	141.4	138.6	280.0	(0)28.6
	Operating Income (Loss)	4.7	3.9	8.6	5.9	2.9	8.8	(X)0.2
	Income (Loss) before Special Items	8.8	6.6	15.4	7.8	4.6	12.4	(0)3.0
Electronic Materials (Nikko Materials Group)	Net Sales	30.7	31.0	61.7	35.7	24.6	60.3	(0)1.4
	Operating Income (Loss)	1.4	1.3	2.7	1.1	4.4	3.3	(0)0.6
	Income (Loss) before Special Items	2.7	3.2	5.9	0.4	4.8	4.4	(X)1.5
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	34.3	35.6	69.9	37.9	36.5	74.4	(X)4.5
	Operating Income (Loss)	1.6	0.4	2.0	1.5	1.8	3.3	(X)1.3
	Income (Loss) before Special Items	1.8	0.9	2.7	1.5	2.2	3.7	(X)1.0
Eliminations	Net Sales	9.3	11.6	20.9	9.7	6.4	16.1	(X)4.8
Total	Net Sales	1010.7	1152.4	2163.1	1047.8	1035.6	2083.4	(0)79.7
	Operating Income (Loss)	12.2	28.1	40.3	18.3	9.4	27.7	(0)12.5
	Income (Loss) before Special Items	11.3	25.7	37.0	18.3	7.1	25.4	(0)11.6

Net Sales by segments include inter-segment sales.

## ( 5 ) Key Data

Segments		FY2002			FY2001		
		1H	2H	total	1H	2H	total
Petroleum	Exchange Rate ( ¥ / \$ )	123	121	122	122	128	125
	Dubai Spot Price ( \$ / BL )	24.3	26.7	25.5	24.5	19.5	22.0
	Market Price of Paraxylene ( \$ / t )	442	533	488	439	356	399
Non-ferrous M e t a l s	Market Price of Copper ( ¢ / lb )	71	73	72	71	68	69
	Copper Sales by PPC ( thousand tones )	287	297	583	303	282	584
	Sales Amounts of Metal Fabrication ( thousand tones )	30	28	57	21	23	45
Electronic Materials	Electrodeposited Copper Foil Sales ( tones / month )	2,081	2,112	2,097	2,166	1,550	1,858
	Rolled Copper Foil Sales ( 1000 meters / month )	1,753	2,265	2,009	1,020	1,098	1,059

## 2 . Information by Segments

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

#### ( 1 ) Operating Results

( Billions of Yen )

	FY2002	FY2001	Differences
Net Sales	1743.8	1684.8	( ) 59.0
Operating Income (Loss)	32.3	18.9	( ) 13.4
Income(Loss) before Special Items	24.8	13.7	( ) 11.1

#### < Factors in ¥11.1bn increase in the income before special items >

- Influence of inventory ( )¥27.7bn(FY2001: ¥13.5bn FY2002: +14.2bn)
- Decreased margin of petroleum products and others ( ×)¥28.3bn
- Mid-term management program ( ) ¥11.0bn
- Petrochemical improvement ( ) ¥5.5bn
- Decline of real estate sales ( ×) ¥2.5bn
- Other expenses ( ×)¥2.3bn (Decreased dividends income )

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

( thousand of KL·T )

	Domestic sales volume			Growth rate 2002		Japan Energy's market share	
	FY2002	FY2001	Difference	JOMO	Nation-wide	FY2002	FY2001
G a s o l i n e	6,276	6,194	82	101.3%	102.9%	10.4%	10.6%
N a p h t h a	2,993	3,375	382	88.7%	103.5%	8.7%	10.2%
J e t F u e l	689	671	18	102.8%	101.3%	13.1%	12.9%
K e r o s e n e	3,042	2,832	210	107.4%	108.8%	10.0%	10.1%
G a s O i l	4,534	4,671	137	97.1%	97.9%	11.6%	11.7%
A Heavy Fuel	2,363	2,360	3	100.1%	105.0%	8.0%	8.4%
C Heavy Fuel	2,334	1,571	763	148.6%	109.4%	8.5%	6.3%
Total	22,232	21,672	560	102.6%	103.8%	9.8%	9.9%
Gasoline & Middle Distillation	16,215	16,056	159	101.0%	103.0%	10.2%	10.4%

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

		FY2002					FY2001				
		Apr- Jun	Jul- Sep	Oct- Dec	Jan- Mar	Total	Apr- Jun	Jul- Sep	Oct- Dec	Jan- Mar	Total
Group Total	Refining volume	5.83	6.45	6.95	7.37	26.58	6.09	6.67	6.92	6.96	26.64
	Operating Ratio	70%	77%	83%	88%	80%	61%	81%	83%	85%	77%
	Comparison with Previous Year	96%	97%	100%	106%	100%					
Mizushima	Refining volume	2.61	2.53	2.65	2.80	10.59	1.84	2.68	2.81	2.70	10.02
	Operating Ratio	90%	86%	90%	98%	91%	63%	91%	96%	94%	86%
	Comparison with Previous Year	142%	95%	94%	104%	106%					
Kashima	Refining volume	1.48	2.28	2.47	2.58	8.81	2.08	2.28	2.30	2.30	8.96
	Operating Ratio	57%	86%	94%	95%	83%	80%	87%	87%	89%	86%
	Comparison with Previous Year	71%	100%	108%	112%	98%					

Capacity of Japan Energy Group's Refinery

Japan Energy Mizushima Refinery : 200,200 Barrels/Day

Kashima Oil Kashima Refinery : 190,000 Barrels/Day

(180,000 Barrels/Day till the end of December 2001)

Fuji Oil Sodegaura Refinery : 192,000 Barrels/Day

( 4 ) Japan Energy Group's results

【Japan Energy (non-consolidated)】

( Billions of Yen )

	FY2002	FY2001	Differences
Net sales	1632.1	1556.0	( ) 76.1
Operating Income	25.8	13.5	( ) 12.2
Income before special items	18.6	7.5	( ) 11.1

【Kashima Oil】

( Billions of Yen )

	FY2002	FY2001	Differences
Net sales	319.0	282.8	( ) 36.2
Income before special items	4.3	1.0	( ) 3.3

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

( 1 ) Operating Results

( Billions of Yen )

	FY2002	FY2001	Differences
Net Sales	308.6	280.0	(○) 28.6
Operating Income (Loss)	8.6	8.8	(×) 0.2
Income (Loss) before Special Items	15.4	12.4	(○) 3.0

< Factors in ¥3.0bn increase in the income before special items >

Metal Production ×¥1.6bn

(Equity in Earnings ○¥2.3bn (LG-nikko ○¥1.5, Minera Los Perambres ○¥0.8)

Nippon Mining & Metals and consolidated subsidiaries ×¥3.9bn

(decrease in palladium sales volume and zinc/palladium price, deteriorated T/C)

Metal Fabrication ○¥4.5bn

(sales volume increase : Nippon Mining & Metals ○¥3.5bn,

Fuji Electronics○¥0.7, Sales Companies○¥0.3)

Others ○ ¥0.1bn (Engineering, Consulting etc.)

( 2 ) Industry Segments

( Billions of Yen )

		FY2002	FY2001	Differences
Metal Production	Net Sales	230.7	226.9	(○) 3.8
	Operating Income	1.8	6.7	(×) 4.8
	Income before Special Items	9.0	10.6	(×) 1.6
Metal Fabrication	Net Sales	47.6	36.9	(○) 10.6
	Operating Income	5.9	1.4	(○) 4.5
	Income before Special Items	5.5	1.0	(○) 4.5
Recycling & Environmental Services	Net Sales	4.9	3.9	(○) 1.0
	Operating Income	0.3	0.6	(×) 0.3
	Income before Special Items	0.3	0.7	(×) 0.4
Engineering & Consulting	Net Sales	10.6	14.2	(×) 3.6
	Operating Income	0.2	0.1	(○) 0.1
	Income before Special Items	0.3	0.1	(○) 0.2
Others	Net Sales	14.7	15.3	(×) 0.6
	Operating Income	0.4	0.2	(○) 0.2
	Income before Special Items	0.3	0.2	(○) 0.2
Adjustments	Net Sales	-	17.2	(○) 17.2
	Operating Income	-	0.2	(○) 0.2
	Income before Special Items	-	0.2	(○) 0.2
Total	Net Sales	308.6	280.0	(○) 28.6
	Operating Income	8.6	8.8	(×) 0.2
	Income before Special Items	15.4	12.4	(○) 3.0

( 3 ) Price and Sales Volume

		FY2002			FY2001		
		1H	2H		1H	2H	
Price	Copper ( ¢ / lb )	71	73	72	71	68	69
	Zinc ( \$ / t )	774	779	777	880	779	829
	Gold ( \$ / TOZ )	314	338	326	271	284	278
	Platinum ( \$ / TOZ )	543	625	584	538	463	500
	Palladium ( \$ / TOZ )	339	263	301	565	370	468
Sales Volume ( thousand tonnes )	Copper	287	297	583	303	281	584
	Zinc	47	46	94	48	50	98
	Rolled Copper	22	21	43	15	17	32
	Special Steel	7	7	14	6	6	12

( 4 ) Nippon Mining & Metals Group's Results

【Nippon Mining & Metals ( non-consolidated )】

( Billions of Yen )

	FY2002	FY2001	Differences
Net Sales	196.0	194.0	( ) 2.0
Operating Income	7.5	10.6	( × ) 3.1
Income before Special Items	7.2	10.1	( × ) 2.9

【LG-Nikko Copper】・・・36.8% equity share

	FY2002	FY2001	Differences
Exchange Rate ( W / \$ ) 【Average through the term】	1,252	1,291	( - ) 39
Exchange Rate ( W / ¥ ) 【as of the end of the term】	10.13	10.09	( + ) 0.04
Copper Price ( ¢ / lb )	70.7	71.6	( - ) 0.9
Production of Electrolytic Copper ( thousand tonnes )	495	474	( + ) 21
Net Sales ( Billions of won )	1,385.2	1,428.7	( × ) 43.5
Income before Special Items ( Billions of won )	84.2	52.3	( ) 31.9

【Company Mines in Chile】

	Escondida ( 2.0% equity share )		Los Pelambres ( 15.0% equity share )		Collahuasi ( 3.6% equity share )	
	2002	2001	2002	2001	2002	2001
Volume of processed ore ( thousand tonnes )	46,536	43,042	40,328	38,228	25,231	24,734
Sales volume of concentrate ( thousand tonnes )	1,783	1,646	796	856	1,030	987
Sales volume of copper ( thousand tonnes )	622	663	328	376	377	389
Sales volume of cathode ( thousand tonnes )	140	151	-	-	60	60
Net Sales ( millions of dollar )	1,197	1,220	577	564	691	674
Income before special items ( millions of dollar )	171	244	138	102	144	90

<3> Electronic Materials (Nikko Materials Group)

( 1 ) Operating Results

( Billions of Yen )

	FY2002	FY2001	Differences
Net Sales	61.7	60.3	( ) 1.4
Operating Income (Loss)	2.7	3.3	( ) 0.6
Income(Loss) before Special Items	5.9	4.4	( x ) 1.5

< Factors in ¥1.5bn decrease in the income before special items >

Operating Income (Loss) ( )¥0.6bn

- Electro-deposited copper foil( x )¥2.7bn , Rolled copper foil and Target(O)¥3.6bn , Compound semiconductor materials and others( x )¥0.9bn , Cost including development cost( )¥0.6bn

Other Income (Expenses) ( x )¥2.1bn

- Foreign currency transaction loss ( x )¥1.0bn

( 2 ) Breakdown by products

( Billions of Yen )

		FY2002	FY2001	Differences
Electro-Deposited Copper Foil	Net Sales	21.7	23.6	( x ) 1.9
	Operating Income	6.2	3.5	( x ) 2.7
Rolled Copper Foil and Target	Net Sales	30.0	20.5	( ) 9.5
	Operating Income	7.1	3.5	( ) 3.6
Compound semiconductor materials and others	Net Sales	10.0	16.2	( x ) 6.2
	Operating Income	3.6	3.3	( x ) 0.3
Total	Net Sales	61.7	60.3	( ) 1.4
	Operating Income	2.7	3.3	( ) 0.6

( 3 ) Nikko Materials Group's Results

【Nikko Materials ( non-consolidated )】

( Billions of Yen )

	FY2002	FY2001	Differences
Net Sales	39.0	31.7	( ) 7.3
Operating Income	3.0	1.0	( ) 2.0
Income before Special Items	2.1	0.6	( ) 1.5

【Gould Electronics】

( Millions of dollar )

	FY2002	FY2001	Differences
Net Sales	103	162	( x ) 59
Income before Special Items	50	39	( x ) 11



**<4> Others (Independent Operating Companies and Functional Support Companies)****( 1 ) Operating Results**

( Billions of Yen )

	FY2002	FY2001	Differences
Net Sales	69.9	74.4	( × ) 4.5
Operating Income (Loss)	2.0	3.3	( × ) 1.3
Income (Loss) before Special Items	2.7	3.7	( × ) 1.0

**( 2 ) Independent operating companies**

( Billions of Yen )

		FY2002	FY2001	Differences
a m / p m	Net Sales	35.1	33.7	( ) 1.4
	Income(Loss) before Special Items	1.3	2.0	( × ) 0.7
JAPAREN	Net Sales	15.0	15.5	( × ) 0.5
	Income(Loss) before Special Items	0.1	0.1	( × ) 0.2
C C S	Net Sales	14.6	16.1	( × ) 1.5
	Income(Loss) before Special Items	0.4	0.7	( × ) 0.3

## Annual Forecasts FY2003

### 1 . Assumptions

Segments		FY2003			FY2002		
		1H	2H	total	1H	2H	total
Petroleum	Exchange Rate ( ¥ / \$ )	120	120	120	123	121	122
	Dubai Spot Price ( \$ / BL )	24.5	23.5	24.0	24.3	26.7	25.5
	Market Price of Paraxylene ( \$ / t )	500	500	500	442	533	488
Non-ferrous Metals	Market Price of Copper ( ¢ / lb )	75	75	75	71	73	72
	Copper Sales by PPC ( thousand tonnes )	281	291	572	287	297	583
	Sales Amounts of Metal Fabrication ( thousand tonnes )	26	26	52	30	28	57
Electronic Materials	Electro-Deposited Copper Foil Sales ( tonnes / month )	2,200	2,600	2,400	2,081	2,112	2,097
	Rolled Copper Foil Sales ( 1000 meters / month )	2,300	2,900	2,600	1,753	2,265	2,009

### 2 . Operating Forecasts (consolidated)

(billion yen)

	FY2002			FY2001			Differences (FY2002-FY2001)
	1H	2H	Total	1H	2H	Total	
Net Sales	1,040.0	1,095.0	2,135.0	1010.7	1152.4	2163.1	( × ) 28.1
Operating Income (Loss)	18.5	28.5	47.0	12.2	28.1	40.3	( ) 6.7
Income (Loss) before Special Items	15.0	27.0	42.0	11.3	25.7	37.0	( ) 5.0
Net Income (Loss)	0	7.0	7.0	2.3	1.4	3.7	( ) 3.3
Ordinary Margin (%)	1.4	2.5	2.0	1.1	2.2	1.7	( ) 0.3
Earnings Per Share (yen)			10.3			5.9	( ) 4.4

### 3 . Operating Forecasts by Segments

(billion yen)

		FY2003			FY2002			Differences		
		1H	2H	total	1H	2H	total	1H	2H	total
Petroleum (Japan Energy Group)	Net Sales	815.0	855.0	1670.0	804.8	939.0	1743.8	(0)10.2	(X)84.0	(X)73.8
	Operating Income(Loss)	13.5	19.5	33.0	7.3	25.0	32.3	(0) 6.2	(X) 5.5	(0) 0.7
	Income (Loss) before Special Items	10.5	16.5	27.0	3.4	21.4	24.8	(0) 7.1	(X) 4.9	(0) 2.2
Non-ferrous Metals (Nippon Mining & Metals)	Net Sales	169.0	176.0	345.0	150.2	158.4	308.6	(0)18.8	(0)17.6	(0)36.4
	Operating Income(Loss)	3.5	5.0	8.5	4.7	3.9	8.6	(X) 1.2	(0) 1.1	(X) 0.1
	Income (Loss) before Special Items	4.5	7.5	12.0	8.8	6.6	15.4	(X) 4.3	(0) 0.9	(X) 3.4
Electronic Materials (Nikko Materials Group)	Net Sales	32.0	39.0	71.0	30.7	31.0	61.7	(0) 1.3	(0) 8.0	(0) 9.3
	Operating Income(Loss)	0	2.5	2.5	1.4	1.3	2.7	(0) 1.4	(0) 3.8	(0) 5.2
	Income (Loss) before Special Items	1.0	1.5	0.5	2.7	3.2	5.9	(0) 1.7	(0) 4.7	(0) 6.4
Others (Independent Operating Companies & Functional Support Companies)	Net Sales	34.0	34.0	68.0	34.3	35.6	69.9	(X) 0.3	(X) 1.6	(X) 1.9
	Operating Income(Loss)	1.5	1.5	3.0	1.6	0.4	2.0	(X) 0.1	(0) 1.1	(0) 1.0
	Income (Loss) before Special Items	1.0	1.5	2.5	1.8	0.9	2.7	(X) 0.8	(0) 0.6	(X) 0.2
Eliminations	Net Sales	10.0	9.0	19.0	9.3	11.6	20.9	(X) 0.7	(0) 2.6	(0) 1.9
Total	Net Sales	1040.0	1095.0	2135.0	1010.7	1152.4	2163.1	(0)29.3	(X)57.4	(0)28.1
	Operating Income(Loss)	18.5	28.5	47.0	12.2	28.1	40.3	(0) 6.3	(0) 0.4	(0) 6.7
	Income (Loss) before Special Items	15.0	27.0	42.0	11.3	25.7	37.0	(0) 3.7	(0) 1.3	(0) 5.0

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

(billion yen)

	FY2003			FY2002			Differences		
	1H	2H	total	1H	2H	total	1H	2H	total
Net Sales	815.0	855.0	1670.0	804.8	939.0	1743.8	(O)10.2	(X)84.0	(X)73.8
Operating Income (Loss)	13.5	19.5	33.0	7.3	25.0	32.3	(O) 6.2	(X) 5.5	(O) 0.7
Income (Loss) before Special Items	10.5	16.5	27.0	3.4	21.4	24.8	(O) 7.1	(X) 4.9	(O) 2.2

< Factors in differences of the income before special items >

- ) ( ) 7.1bn increase in FY2003 1H from FY2002 1H
- Inventory valuation ( × ) ¥12.2bn (FY2002 1H; +7.7bn FY2003 1H; 4.5bn)
  - Increased margin partly due to the time lag ( ) ¥12.8bn
  - Mid-term Management Reform Program ( ) ¥4.5bn
  - Petrochemical improvement ( ) ¥2.0bn
- ) ( ) 2.2bn increase in FY2003 from FY2002
- Inventory valuation ( × ) ¥22.2bn (FY2002; +14.2bn FY2003; 8.0bn)
  - Increased margin partly due to the time lag ( ) ¥12.9bn
  - Mid-term Management Reform Program ( ) ¥9.0bn
  - Petrochemical improvement ( ) ¥2.5bn

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

( thousand of KL·T )

	Domestic sales volume			Growth rate 2003		Japan Energy's market share	
	FY2003	FY2002	Differences	JOMO	Nation-wide	FY2003	FY2002
G a s o l i n e	6,345	6,276	69	101.1%	100.0%	10.5%	10.4%
N a p h t h a	3,024	2,993	31	101.0%	99.7%	8.8%	8.7%
J e t F u e l	705	689	16	102.3%	100.2%	13.4%	13.1%
K e r o s e n e	2,924	3,042	118	96.1%	96.0%	10.0%	10.0%
G a s O i l	4,393	4,534	141	96.9%	96.9%	11.6%	11.6%
A Heavy Fuel	2,334	2,363	29	98.8%	98.7%	8.0%	8.0%
C Heavy Fuel	1,997	2,334	337	85.6%	91.9%	7.9%	8.5%
Total	21,723	22,232	509	97.7%	97.8%	9.8%	9.8%
Gasoline & Middle Distillation	15,996	16,215	219	98.7%	98.2%	10.2%	10.2%

( 3 ) Number of JOMO Service Stations

	1997 Mar 31	1998 Mar 31	1999 Mar 31	2000 Mar 31	2001 Mar 31	2002 Mar 31	2003 Mar 31
Owned by Japan Energy ( Self-SS )	1,546	1,489	1,406	1,377	1,328	1,284 (105)	1,229 (227)
Owned by wholesalers and others ( Self-SS )	4,686	4,590	3,811	3,575	3,318	3,192 (59)	3,067 (95)
Total ( Self-SS )	6,232	6,079	5,217	4,952	4,646	4,476 (164)	4,296 (322)

( 4 ) Petrochemical Profit(Loss)

(billion yen)

FY2003	FY2002	FY2001	FY2000
8.0	5.5	0	3.0

( 5 ) Profitability Improvements

(billion yen)

	FY2003	FY2002	FY2005
Cost reduction	12.5	8.0	18.5
Income increase	7.5	3.0	11.5
Total	20.0	11.0	30.0

( 6 ) Japan Energy Group's Forecasts

【Japan Energy (non-consolidated)】

(Billions of Yen)

	FY2003	FY2002	Differences
Net sales	1,550.0	1,632.1	( × ) 82.1
Operating Income	28.0	25.8	( ) 2.2
Income before special items	20.0	18.6	( ) 1.4

【Kashima Oil】

(Billions of Yen)

	FY2002	FY2002	Differences
Net sales	301.0	319.0	( × ) 18.0
Income before special items	2.7	4.3	( × ) 1.6

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

( 1 ) Forecasts

(billion yen)

	FY2003			FY2002			Differences		
	1H	2H	total	1H	2H	total	1H	2H	total
Net Sales	169.0	176.0	345.0	150.2	158.4	308.6	(0)18.8	(0)17.6	(0)36.4
Operating Income (Loss)	3.5	5.0	8.5	4.7	3.9	8.6	(X) 1.2	(0) 1.1	(X) 0.1
Income (Loss) before Special Items	4.5	7.5	12.0	8.8	6.6	15.4	(X) 4.3	(0) 0.9	(X) 3.4

< Factors in differences of the income before special items >

)( x ) ¥4.3bn decrease in FY2003 1H from FY2002 1H

Metal production x ¥3.1bn

〔 equity in earnings ( x ) 1.9 ( LG-Nikko x 1.5 , Minera Los Pelambres x 0.3 )

〔 Nippon Mining & Metals and consolidated subsidiaries x 1.2 ( deteriorated T/C)

Metal fabrication x ¥0.6bn ( sales volume decrease : Fuji Electronics x 0.2,  
Woojin Precision x 0.3, sales companies x 0.1 )

Others x ¥0.6bn ( Recycling & environmental services and Engineering)

)( x ) ¥3.4bn decrease in FY2003 from FY2002

Metal production x ¥3.2bn

〔 equity in earnings ( x ) 1.7 ( LG-Nikko x 1.9 , Minera Los Pelambres 0.4 )

〔 Nippon Mining & Metals and consolidated subsidiaries x 1.5 ( deteriorated T/C)

Metal fabrication ¥0 ( sales volume increase : Nippon Mining & Metals 0.5,  
Fuji Electronics x 0.1, Wootin Precision x 0.3, sales companies x 0.2 )

Others x ¥0.2bn ( Recycling & environmental services and Engineering)

## ( 2 ) Industry Segments

( Billions of Yen )

		FY2003			FY2002			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	total
Metal Production	Net Sales	128.8	138.5	267.3	107.6	123.1	230.7	(0)21.2	(0)15.4	(0)36.6
	Operating Income	0.4	1.1	1.5	1.4	0.4	1.8	(X) 1.0	(0) 0.7	(X) 0.3
	Income before Special Items	2.1	3.7	5.8	5.2	3.8	9.0	(X) 3.1	(X) 0.1	(X) 3.2
Metal Fabrication	Net Sales	24.6	22.4	47.0	25.7	21.9	47.6	(X) 1.1	(0) 0.5	(X) 0.6
	Operating Income	2.7	3.2	5.9	3.3	2.6	5.9	(X) 0.6	(0) 0.6	-
	Income before Special Items	2.4	3.1	5.5	3.0	2.5	5.5	(X) 0.6	(0) 0.6	-
Recycling & Environmental Services	Net Sales	2.5	2.5	5.0	3.3	1.6	4.9	(X) 0.8	(0) 0.9	(0) 0.1
	Operating Income	0	0.3	0.3	0.2	0.1	0.3	(X) 0.2	(0) 0.2	-
	Income before Special Items	0	0.3	0.3	0.1	0.1	0.3	(X) 0.1	(0) 0.1	-
Engineering & Consulting	Net Sales	4.6	6.0	10.6	5.4	5.2	10.6	(X) 0.8	(0) 0.8	-
	Operating Income	0.1	0.2	0.1	0.1	0.3	0.2	-	-	-
	Income before Special Items	0.1	0.2	0.1	0	0.2	0.3	(X) 0.1	-	(X) 0.1
Others	Net Sales	8.5	6.6	15.1	8.2	6.5	14.7	(0) 0.3	(0) 0.1	(0) 0.4
	Operating Income	0.2	0.2	0.4	0.2	0.2	0.4	-	-	-
	Income before Special Items	0.1	0.2	0.3	0.2	0.2	0.3	(X) 0.1	-	(X) 0.1
Adjustments	Net Sales	-	-	-	-	-	-	-	-	-
	Operating Income	0.3	-	0.3	0.3	0.3	-	(0) 0.6	(X) 0.3	(0) 0.3
	Income before Special Items	-	-	-	0.3	0.3	-	(X) 0.3	(0) 0.3	-
Total	Net Sales	169.0	176.0	345.0	150.2	158.4	308.6	(0)18.8	(0)17.6	(0)36.4
	Operating Income	3.5	5.0	8.5	4.7	3.9	8.6	(X) 1.2	(0) 1.1	(X) 0.1
	Income before Special Items	4.5	7.5	12.0	8.8	6.6	15.4	(X) 4.3	(0) 0.9	(X) 3.4

## ( 3 ) Price and Sales Volume

		FY2003			FY2002		
		1H	2H		1H	2H	
Price	Copper ( ¢ / lb )	75	75	75	71	73	72
	Zinc ( \$ / t )	800	800	800	774	779	777
	Gold ( \$ / TOZ )	320	320	320	314	338	326
	Platinum ( \$ / TOZ )	600	600	600	543	625	584
	Palladium ( \$ / TOZ )	250	250	250	339	263	301
Sales Volume ( thousand tones )	Copper	281	291	572	287	297	583
	Zinc	44	47	91	47	46	94
	Rolled Copper	19	20	39	22	21	43
	Special Steel	7	6	12	7	7	14

## ( 4 ) Nippon Mining &amp; Metals Group's results

## 【Nippon Mining &amp; Metals ( non-consolidated )】

( Billions of Yen )

	FY2003	FY2002	Differences
Net Sales	102.8	196.0	( × ) 93.2
Operating Income	6.3	7.5	( × ) 1.2
Income before Special Items	5.6	7.2	( × ) 1.6

Operation  
transferred  
to PPC

## 【LG-Nikko Copper】・・・36.8% equity share

	FY2003	FY2002	Differences
Exchange Rate ( W / \$ ) 【Average through the term】	1,160	1,252	( - ) 92
Exchange Rate ( W / ¥ ) 【as of the end of the term】	10.00	10.13	( - ) 0.13
Copper Price ( ¢ / lb )	72.6	70.7	( + ) 1.9
Production of Electrolytic Copper ( thousand tones )	519	495	( + ) 24
Net Sales ( Billions of won )	1,389.1	1,385.2	( ) 3.9
Income before Special Items ( Billions of won )	41.3	84.2	( × ) 42.9

## 【Company Mines in Chile】

	Escondida ( 2.0% equity share )		Los Pelambres ( 15.0% equity share )		Collahuasi ( 3.6% equity share )	
	2003	2002	2003	2002	2003	2002
Volume of processed ore ( thousand tones )	67,947	46,536	43,006	40,328	25,449	25,231
Sales volume of concentrate ( thousand tones )	2,483	1,783	817	796	912	1,030
Sales volume of copper ( thousand tones )	924	622	340	328	320	377
Sales volume of cathode ( thousand tones )	150	140	-	-	62	60
Net Sales ( millions of dollar )	1,783	1,197	602	577	634	691
Income before special items ( millions of dollar )	463	171	155	138	103	144

<3> Electronic Materials (Nikko Materials Group)

( 1 ) Forecasts

(billion yen)

	FY2003			FY2002			Differences		
	1H	2H	total	1H	2H	total	1H	2H	total
Net Sales	32.0	39.0	71.0	30.7	31.0	61.7	(0)1.3	(0)8.0	(0)9.3
Operating Income (Loss)	0	2.5	2.5	1.4	1.3	2.7	(0)1.4	(0)3.8	(0)5.2
Income (Loss) before Special Items	1.0	1.5	0.5	2.7	3.2	5.9	(0)1.7	(0)4.7	(0)6.4

< Factors in differences of the income before special items >

) ( ) ¥1.7bn increase in FY2003 1H from FY2002 1H

Operating Income (Loss) ( ) ¥1.4bn

- Electro-deposited copper foil ( ) ¥0.8bn , Rolled copper foil and Target (○) ¥0.4bn , Compound semiconductor materials and others ( ) ¥0.4bn , Cost including development cost (×) ¥0.2bn

Other Income (Expenses) ( ) ¥0.3bn

- Foreign currency transaction loss ( ) ¥0.5bn

) ( ) ¥6.4bn increase in FY2003 from FY2002

Operating Income (Loss) ( ) ¥5.2bn

- Electro-deposited copper foil ( ) ¥4.6bn , Rolled copper foil and Target (○) ¥0.8bn , Compound semiconductor materials and others ( ) ¥0.4bn , Cost including development cost (×) ¥0.6bn

Other Income (Expenses) ( ) ¥1.2bn

- Foreign currency transaction loss ( ) ¥0.7bn

( 2 ) Breakdown by products

( Billions of Yen )

		FY2003			FY2002			Differences		
		1H	2H	Total	1H	2H	Total	1H	2H	Total
Electro-Deposited Copper Foil	Net Sales	11.3	15.0	26.3	11.5	10.2	21.7	(X)0.2	(0)4.8	(0)4.6
	Operating Income	1.7	0.1	1.6	2.5	3.7	6.2	(0)0.8	(0)3.8	(0)4.6
Rolled Copper Foil and Target	Net Sales	16.0	18.2	34.2	14.0	16.0	30.0	(0)2.0	(0)2.2	(0)4.2
	Operating Income	3.6	4.3	7.9	3.2	3.9	7.1	(0)0.4	(0)0.4	(0)0.8
Compound semiconductor materials and others	Net Sales	4.7	5.8	10.5	5.2	4.8	10.0	(X)0.5	(0)1.0	(0)0.5
	Operating Income	1.9	1.9	3.8	2.1	1.5	3.6	(0)0.2	(X)0.4	(X)0.2
Total	Net Sales	32.0	39.0	71.0	30.7	31.0	61.7	(0)1.3	(0)8.0	(0)9.3
	Operating Income	0	2.5	2.5	1.4	1.3	2.7	(0)1.4	(0)3.8	(0)5.2

( 3 ) Nikko Materials Group's Forecasts

【Nikko Materials (non-consolidated)】

( Billions of Yen )

	FY2003	FY2002	Differences
Net Sales	45.9	39.0	( ) 6.9
Operating Income	4.9	3.0	( ) 1.9
Income before Special Items	3.9	2.1	( ) 1.8

【Gould Electronics】

( Millions of dollar )

	FY2003	FY2002	Differences
Net Sales	136	103	( ) 33
Income before Special Items	27	50	( ) 23



<4> Others

( 1 ) Forecasts

(billion yen)

	FY2003			FY2002			Differences		
	1H	2H	total	1H	2H	Total	1H	2H	total
Net Sales	34.0	34.0	68.0	34.3	35.6	69.9	(X)0.3	(X)1.6	(X)1.9
Operating Income (Loss)	1.5	1.5	3.0	1.6	0.4	2.0	(X)0.1	(0)1.1	(0)1.0
Income (Loss) before Special Items	1.0	1.5	2.5	1.8	0.9	2.7	(X)0.8	(0)0.6	(X)0.2

( 2 ) Independent operating companies

( Billions of Yen )

		FY2003	FY2002	Differences
a m / p m	Net Sales	38.9	35.1	( ) 3.8
	Income(Loss) before Special Items	1.7	1.3	( ) 0.4
JAPAREN	Net Sales	15.0	15.0	-
	Income(Loss) before Special Items	0	0.1	( ) 0.1
C C S	Net Sales	14.6	14.6	-
	Income(Loss) before Special Items	0.5	0.4	( ) 0.1

( 3 ) Number of a m / p m convenience stores and store sales

	Number of a m / p m stores	Store sales ( Billions of Yen )
March 31 1999	1 , 0 8 7	1 5 9 . 3
March 31 2000	1 , 1 9 2	1 7 7 . 4
March 31 2001	1 , 2 7 4	1 9 2 . 9
March 31 2002	1 , 3 3 7	2 0 9 . 1
March 31 2003	1 , 3 6 5	2 1 2 . 6
March 31 2004 (forecast)	1 , 4 9 5	2 3 2 . 7

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

### 1 . Consolidated Balance Sheet

( Billions of Yen )

	Mar 31 2003[ A ]	Mar 31 2002	Differences	Mar 31 2004 (forecast) [ B ]	[ B ] - [ A ]
Current Assets	596.1	614.0	(-) 17.9	1556.3	(-) 72.4
Fixed Assets	1032.6	1081.9	(-) 49.3		
Total Assets	1628.7	1695.9	(-) 67.2	1556.3	(-) 72.4
Current Liabilities	789.7	746.6	(+) 43.1	1308.4	(-) 77.8
Fixed Liabilities	596.5	701.9	(-) 105.4		
Minority Interest	37.6	65.9	(-) 28.3	40.3	(+) 2.7
Total Shareholder's Equity	204.9	181.5	(+) 23.4	207.6	(+) 2.7
Shareholder's Equity Ratio	12.6%	10.7%	(+) 1.9%	13.3%	(+) 0.7%
BPS	¥301.78	¥162.91	(+) ¥138.87	¥305.76	(+) ¥ 3.98
Interest Bearing Debt	876.4	892.8	(-) 16.5	800.8	(-) 75.6

Number of Issued Shares : 1,114million(as of Mar 31 2002),  
679million (as of Mar 31 2003 and 2004, treasury stock (169million) excluded)

#### Factors in Change from Mar 31 2002 to Mar 31 2003

Assets (-) 67.2	Cash and cash equivalents (-) 15.1 ( increase of added consolidation (+) 5.2, excise tax(-)34.6 * Mar.31 2002 fell on B/K holiday. ) Trade receivables (+) 8.9, Investments in equipment (+) 38.4, Depreciation (-) 49.0, Sales and disposals of property · Exchange rate (-) 12.7, Write-down of securities (-) 13.8, Recovery of loan (-)9.9 Others (-) 14.0 (Fuji Oil excluded from affiliates (-)9.1 )
Liabilities (-) 62.3	Trade payables (-) 34.9 (excise tax(-)34.6 * Mar.31 2002 fell on B/K holiday.) Interest bearing debt repayment and redemption (-) 16.5 ( cash base (-) 10.8 ) Others (-) 10.9
Minority Interest(-)28.3	Minority Interest in Nippon Mining & Metals (-) 36.5 (57.9% 100%) Others (+)8.2
Shareholder's Equity (+) 23.4	Minority Interest in Nippon Mining & Metals (+) 36.5, Net income (+) 3.7, Dividends(-)6.1, Others(-)10.7(Fuji Oil excluded from affiliates (-)9.1 )

#### Factors in Change from Mar 31 2003 to Mar 31 2004

Assets (-) 72.4	Cash and cash equivalents (-) 12.0, Trade receivables · Inventories (-) 38.6, Investments in equipment(+)50.9 Depreciation (-) 48.5, Sales and disposals of property (-) 30.4, Others (+) 6.4
Liabilities (-) 77.8	Interest bearing debt repayment and redemption (-) 75.6, Others (-) 2.2
Minority Interest (+) 2.7	
Shareholder's Equity (+) 2.7	Net income (+) 7.0, Dividends(-)2.7, Others(-)1.6

## 2 . Consolidated Cash Flows

	FY2002	FY2001	( Billions of Yen ) FY2003 (forecast)
Cash Flows from Operating Activities	(+) 14.3*	(+) 129.9	(+) 89.5
Cash Flows from Investing Activities	(-) 15.7	(-) 29.7	(-) 27.0
Cash Flows from Financing Activities	(-) 17.6	(-) 159.3	(-) 74.5
Effect of Exchange Rate Changes	(-) 1.4	(+) 4.6	--
Net Decrease in Cash and Cash Equivalents	(-) 20.3	(-) 54.6	(-) 12.0

\* Actual Cash Flows from Operating Activities (+) 48.9  
(Influenced by the excise tax for the reason that March 31 2002 fell on bank holiday.)

### ( 1 ) FY2002 Breakdown

Cash Flows from Operating Activities (+) 14.3  
Income before income taxes (+) 13.4, Depreciation (+) 49.0, Trade receivables and trade payables (-) 55.0 ( Influence of B/K holiday(-)34.6 ) Others (+) 6.9

Cash Flows from Investing Activities (-) 15.7  
Investments in equipment (-) 36.1, Investment and financing expenditure (-) 12.8, Income in investment (+) 21.1, Others (+) 12.1

Cash Flows from Financing Activities (-) 17.6  
Interest bearing debt repayment and redemption (-) 10.8, dividends (-) 6.1, Others (-) 0.7

### ( 2 ) FY2003 Breakdown

Cash Flows from Operating Activities (+) 89.5  
Income before income taxes (+) 5.5, Depreciation (+) 48.5, Trade receivables and trade payables and Inventories (+) 36.3, Others (-) 0.8

Cash Flows from Investing Activities (-) 27.0  
Investments in equipment (-) 50.9, Investment and financing expenditure (-) 5.9, Income in investment (+) 19.7, Others (+) 10.1

Cash Flows from Financing Activities (-) 74.5  
Interest bearing debt repayment and redemption (-) 75.6, dividends (-) 2.7, Others (+) 3.8

### ( 3 ) CFROA

FY2000	FY2001	FY2002	FY2000-2002 Average	Target (FY2000-2002 Average)
8.1%	6.8%	3.2%	6.0%	5.5%

CFROA is calculated by dividing free cash flows(cash flows from operating activities, plus interest paid, minus investment required to maintain business operations) by adjusted total assets (total assets minus operating liabilities).

## 3 . Dividends

FY2002				FY2003			
Interim	final	total	Payment amount	Interim	final	annual	Payment amount
	¥4.00	¥4.00	¥ 3,392 million	----	¥5.00	¥5.00	¥ 3,394 million

The Company paid share transfer delivery consideration (total: 3,375 million yen) to the shareholders as of September 25, 2002.

#### 4 . Interest-bearing Debt

(Billions of Yen)

	Mar31 2000	Mar31 2001	Mar31 2002	Mar31 2003	Differences
Japan Energy	605.9	454.0	411.1	404.5	(-)201.4
Kashima Oil	175.3	152.3	115.7	125.7	(-) 49.6
Nippon Mining & Metals	142.8	134.0	134.1	135.2	(-) 7.6
Nippon Mining Finance	206.1	189.5	155.2	157.6	(-) 48.5
Others	108.4	93.4	76.7	53.4	(-) 55.0
Total	1238.5	1023.2	892.8	876.4	(-)362.1
Reduction from Mar31 2000	-	(-)215.3	(-)345.7	(-)362.1	

#### 5 . Debt to Equity Ratio

(Billions of Yen)

	Mar.31 2000 (A)	Mar.31 2001	Mar.31 2002	Mar.31 2003 (B)	(B)-(A)	Mar.31 2004
Interest-bearing Debt	1238.5	1023.2	892.8	876.4	(-)362.1	800.8
Shareholder's Equity	115.4	181.2	181.5	204.9	(+) 89.5	207.6
Debt to Equity Ratio (%)	10.73	5.65	4.92	4.28	(-) 6.45	3.86

#### 6 . Capital Expenditure and Depreciation

(Billions of Yen)

	FY2002	FY2001	FY2003 (forecast)
Capital expenditure	38.4	43.8	50.9
Depreciation	49.0	50.9	48.5
Difference	(-) 10.6	(-) 7.1	(+) 2.4

##### Capital expenditure by segments

	FY2002	FY2001
Petroleum (Japan Energy Group)	19.9	19.0
Non-ferrous Metal (Nippon Mining & Metals Group)	7.9	8.2
Electronic Materials (Nikko Materials Group)	4.3	11.4
Others	6.3	5.2
Total	38.4	43.8

(Billions of Yen)

FY2003 (forecast)
28.8
10.8
6.1
5.2
50.9

##### Depreciation by segments

	FY2002	FY2001
Petroleum (Japan Energy Group)	28.1	30.0
Non-ferrous Metal (Nippon Mining & Metals Group)	10.1	9.6
Electronic Materials (Nikko Materials Group)	6.3	7.1
Others	4.5	4.1
Total	49.0	50.9

(Billions of Yen)

FY2003 (forecast)
27.5
10.2
6.5
4.3
48.5

#### 7 . Number of Employees

	Petroleum (Japan Energy Group)	Non-ferrous Metal (Nippon Mining & Metals Group)	Electronic Materials (Nikko Materials Group)	Others	Total
Mar.31 2002	5,007	2,579	1,765	1,563	10,914
Mar.31 2003	4,447	2,604	1,574	1,758	10,383