

# Fiscal Term Ending March 2007 Brief Notes on the Financial Settlement

May 18, 2007

Name of the Listed Company: Mitsui Mining Co., Ltd. Exchange on which the company is listed: Tokyo Stock Exchange  
Code number: 3315  
(URL: <http://www.mitsui-mining.co.jp/>)

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Scheduled date of ordinary general shareholders' meeting June 28, 2007  
Scheduled date of submission of annual security report June 28, 2007

## 1. Consolidated performance in the fiscal term ending March 2007 (from April 1, 2006 to March 31, 2007)

### (1) Consolidated business results (rounding down to the nearest million yen)

(The percentage shows the percentage change from the previous term.)

	Sales turnover		Operating profit		Ordinary income		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal term ending March 2007	194,246	8.2	5,418	△60.4	3,924	△64.5	6,561	-
Fiscal term ending March 2006	179,457	△7.8	13,684	△5.7	11,042	△16.4	224	△9

	Net profit for the fiscal term (current fiscal term) per share		Net profit for the fiscal term (current fiscal term) per share after adjustment for mixed shares		Ratio of current net earnings to net worth	Ratio of ordinary income to total assets	Ratio of ordinary profit to sales turnover
	Yen	Sen	Yen	Sen	%	%	%
Fiscal term ending March 2007	28.50		15.49		23.4	2.5	2.8
Fiscal term ending March 2006	1.23		0.60		0.9	7.6	7.6

(Reference) Investment profit or loss based on the equity method: Fiscal term ending March 2007 - 1 million yen; Fiscal term ending March 2006: - 1 million yen;

(Note) With respect to the figures of March 2006, figures that were accounted as the "Ratio of current profit to shareholders' equity" in the past have been stated in the column for the "Ratio of current net earnings to net worth."

### (2) Consolidated financial position (rounding down to the nearest million yen)

	Total assets	Net assets	Ratio of net worth equity capital	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
Fiscal term ending March 2007	155,022	31,383	20.2	18.52	
Fiscal term ending March 2006	152,925	24,913	16.3	△ 9.06	

(Reference) Net worth equity capital: Fiscal term ending March 2007 31,263 million yen; Fiscal term ending March 2006: - 1 million yen;

(Note 1) With respect to the financial settlement figures for March of 2006, the figures that were accounted as "Shareholders' equity" in the past has been stated in the column for "Net assets", the fiscal figures that were accounted as "Ratio of shareholders' equity capital" in the past have been stated in the column for "Ratio of net worth equity capital" and the fiscal figures that were accounted as "Shareholders' equity per share" have been stated in the column for "Net assets per share".

(Note 2) The figures for "Net assets per share" are information that are related to common shares and the amount of shares with preferred rights to claim for distribution of residual assets (27,000 million yen at the fiscal settlement term) have been subtracted from the amount of net assets.  
Refer to "Per share information" on Page 32 for details.

### (3) Status of consolidated cash flow

	Cash flow from sales activities	Cash flow from investment activities	Cash flow from financial activities	Balance of cash and cash equivalents at the end of the interim fiscal term
	Million yen	Million yen	Million yen	Million yen
Fiscal term ending March 2007	12,166	△ 10,698	△ 1,998	5,792
Fiscal term ending March 2006	8,562	△ 16,337	7,462	6,303

## 2. Dividend

Record date	Dividend per share			Total dividend (annual)	Dividend payout (consolidated)	Dividend to net assets ratio (consolidated)
	End of interim term	Term end	Annual			
	Yen Sen	Yen Sen	Yen Sen	Million yen	%	%
Term ending March 2006	-	-	0.00	-	-	-
Term ending March 2007	-	-	0.00	-	-	-
Term ending March 2008 (forecast)	To be forecast	To be forecast	To be forecast	-	To be forecast	-

(Note 1) The term ending in March 2008 (forecast) is yet to be determined. Refer to "Basic policy for profit sharing and dividend of this and next terms" in Page 8.

(Note 2) "Dividend" above is that for ordinary shares. Refer to "Dividend for classified stock" in Page 4 for dividend for classified stocks whose relation of right is different from that of ordinary shares our company issues.

## 3. Outlook for consolidated performance for the term ending March 2008 (from April 1, 2007, to March 31, 2008)

(The percentage shows the percentage change from the previous term for the total year and the change from the previous interim term for the interim term.)

	Sales turnover		Operating profit		Ordinary income		Net profit for current fiscal term		Net profit for current fiscal term per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
Interim fiscal term	87,100	△ 2.9	2,600	118.2	1,300	180.7	700	△ 78.5	3.04	
Total year	184,900	△ 4.8	7,600	40.3	5,200	32.5	4,000	△ 39.0	17.37	

(Note) Because the dividend for preferred stocks is yet to be decided, the amount of preferred dividend is not withdrawn from expected current net profit in the calculation of expected net profit for current fiscal term per share.

#### 4. Others

(1) Transfer of important subsidiaries during the term (transfer of specific subsidiaries that involves changes in the scope of consolidation) None

(2) Changes in principles, procedures, and display method of accounting related to the production of consolidated financial statements (matters listed in the changes of important matters that are basics for the production of the statements)

① Change in accordance with revision of accounting standard Yes

② Changes other than ① Yes

(Note) Refer to "Changes in important matters that are basics for production of consolidated financial statements" in Page 18 and 1. Information on segments by type of the business, current consolidated accounting year (Note) 6 in (Segment information) in Page 27 by "(Segment information)" for details.

(3) Outstanding shares (ordinary shares)

① Number of outstanding shares at the end of the term

March 2007 230,716,213 shares March 2006 230,716,213 shares

② Number of treasury shares at the end of the term March 2007 481,703 shares March 2006 463,115 shares

(Note) Refer to "Information per share" in Page 26 for the number of shares that is a basic for calculating the current net profit (consolidated) per share.

(Reference) Overview of individual performance

#### 1. Individual performance for term ending March 2007 (from April 1, 2006, to March 31, 2007)

(1) Individual management performance

(The percentage shows the percentage change from the previous term.)

	Sales turnover		Operating profit		Ordinary income		Net profit for current fiscal term	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Term ending March 2007	141,405	8.8	2,662	△ 75.7	1,301	△ 84.9	6,474	487.6
Term ending March 2006	130,014	△ 9.2	10,947	△ 5.3	8,609	△ 19.9	1,101	△ 87.1

	Net profit for current fiscal term per share		Net profit for current fiscal term per share after adjustment for mixed shares	
	Yen	Sen	Yen	Sen
Term ending March 2007	28.12		15.28	
Term ending March 2006	6.05		2.93	

(2) Individual financial circumstances

	Total assets	Net assets	Ratio of net worth equity capital	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
Term ending March 2007	135,823	29,695	21.9	11.71	
Term ending March 2006	131,852	23,329	17.7	△ 15.94	

(Reference) Equity March 2007 29,695 million yen March 2006 - 1 million yen;

(Note 1) With regard to the figures for the term ending March 2006, traditional equity, shareholders' equity to total assets, and equity per share are written in the columns of net assets, capital-to-asset ratio, and net assets per share, respectively.

(Note 2) Because net assets per share is the information related to ordinary shares, it is calculated by subtracting the issuance value of 27,000 million yen of shares whose right to claim surplus asset distribution is preferred to ordinary shares from the net assets at the end of the term.

## 2. Outlook of individual performance for the term ending March 2008 (from April 1, 2007, to March 31, 2008)

(The percentage shows the percentage change from the previous term for the total year and the change from the previous interim term for the interim term.)

	Sales turnover		Operating profit		Ordinary income		Net profit for current fiscal term		Net profit for current fiscal term per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
Interim fiscal term	66,600	△ 0.1	2,200	982.1	1,200	-	900	△ 71.9	3.91	
Total year	139,200	△ 1.6	5,400	102.8	3,400	161.3	3,000	△ 53.7	13.03	

(Note) Because the dividend for preferred shares is not determined, the amount of preferred dividend is not withdrawn from expected current net profits in calculating expected current net profit per share.

(Note about the description on future)

Descriptions about the future, including expected performance, in this document are based on currently available information and certain propositions that are judged reasonable. Actual results may differ significantly from the forecast for a variety of reasons. Refer to Outlook for next term in page 6 for matters related to the forecast.

### Dividend for classified stocks

Details of dividend per share and the total dividend amount related to classified stocks whose relation of right is different from that of ordinary share are as follows:

Record date	Dividend per share						Total dividend (annual) Million yen
	End of interim term		Term end		Annual		
	Yen	Sen	Yen	Sen	Yen	Sen	
Class B preferred shares							
Term ending March 2006	-		-		0.00		-
Term ending March 2007	-		-		0.00		-
Term ending March 2008 (forecast)	To be forecast		To be forecast		To be forecast		-
Class C preferred shares							
Term ending March 2006	-		-		0.00		-
Term ending March 2007	-		-		0.00		-
Term ending March 2008 (forecast)	To be forecast		To be forecast		To be forecast		-

(Note) The forecast for the term ending March 2008 is yet to be determined. Refer to "Basic policy for profit sharing and dividend of this and next terms" in Page 7.

# 1. Business Performance

## 1. Business Performance Analysis

### (1) Overview in the Current Fiscal Term

Despite the fact that growth in personal consumption became sluggish, the economy of Japan during this fiscal term continued to recover as a result of the improvement of corporate earnings and increase in corporate capital investment.

Given these circumstances, the Mitsui Mining group promoted rationalization and further efficiency in business management as a whole such as through the reduction of costs and expenses and at the same time, used every resource available to develop sales activities. It further was active in the disposal of real estate that is not related to the business. From this consolidated accounting year, our group also worked to further improve efficiency of management, by, for example, reexamining the synergy effect of each business unit for organizational reform.

As a result, performance of the current consolidated accounting year showed an increase in the sales volume of coal and coke thus resulting in sales turnover of 194 billion 246 million yen, or an increase of earnings of 14 billion 788 million yen compared to the previous consolidated accounting year. However, in terms of profits, while the coke business unit that forms a core business of the Mitsui Mining group showed excellent results due to the rise in the sales price caused by the rapid increase in the price of raw materials worldwide during the previous consolidated accounting year, partly because of the softness of the market, profit reduced significantly in this consolidated accounting year. Operating profit was 5 billion 418 million yen or down 8 billion 266 million yen and ordinary income was 3 billion 924 million yen or down 7 billion 117 million yen from the previous consolidated accounting year. However, due to such special earnings as gain from sale of fixed assets and adjustment amount of corporate tax, the net profit of the current year was 6 billion 561 million yen, which is an increase of 6 billion 337 million yen in profit from the previous consolidated accounting year that recorded a large amount of special losses including loss due to impairment and allowance for bad debts for affiliate companies.

### Overview of the Segment by Type of Business

#### ① Coal chain related business

With respect to the coal business unit, compared to the decreased sales volume in the previous consolidated accounting year due to the fact that the year represented a period of inventory adjustment among users, because the sales volume increased in the consolidated accounting year as a result of increased sales to electric power companies and paper and pulp industry and, this compounded with the restart of operation of the idle coke furnace strengthening supply capacity and thus increasing sales volume, sales turnover was 106 billion 51 million yen (representing an increase of 18 billion 286 million yen from the same period of the previous fiscal year). However, in terms of profit, partly due to the softness of the coke market, operating profit was 5 billion 611 million yen (representing a decrease of 9 billion 231 million yen from the same period of the previous year).

#### ② Petroleum related business

With respect to the petroleum related business, as a result of business activities with emphasis on profitability, the sales turnover was 49 billion 327 million yen (representing a decrease of 793 million yen from the same period of the previous fiscal year) and the operating profit was 124 million yen (representing an increase of 15 million yen from the same period of the previous fiscal year).

③ Comprehensive engineering business unit

With respect to the industrial chemical equipment and ceramic business unit, with active capital investment in the IT industries and increase in export to Asia, orders were active and sales turnover was 20 billion 838 million yen (representing an increase of 4 billion 42 million yen over the same period of the previous year) and operating profit amounted to 2 billion 464 million yen (representing an increase of 854 million yen from the same period of the previous year).

④ Other businesses

With respect to other businesses, as a result of the impact of the withdrawal of the sales of construction materials, sales turnover was 18 billion 28 million yen (representing a decrease of 6 billion 747 million yen from the same period of the previous year) and operating profits amounted to 1 billion 174 million yen (representing an increase of 34 million yen from the same period of the previous year).

(Note) As the segmentation by type of the business has been changed from this consolidated fiscal term, in comparing to the same period of the previous year, the figures for the consolidated fiscal accounting term have been replaced by the segment after such change was initiated.

#### Overview of the Segment by Location

① Japan

In Japan, as described in the overview of the segment by type of business above, coal and coke business, which forms the core of our group, marked an increase of earnings and a decrease of profit, with the sales turnover of 163 billion 286 million yen (representing an increase of 16 billion 773 million yen over the same period of the previous year) and the operating profit of 9 billion 207 million yen (representing a decrease of 8 billion 303 million yen over the same period of the previous year).

② Asia

In Asia, due to an influence of decreased sales volume, the sales turnover was 30 billion 258 million yen (representing a decrease of 1 billion 958 million yen over the same period of the previous year) and the operating profit was 68 million yen (representing a decrease of 16 million yen over the same period of the previous year).

③ Oceania

In Oceania, while the sales price dropped, the production cost increased. The sales turnover amounted to 700 million yen (representing a decrease of 26 million yen over the same period of the previous year) and operating profits amounted to 69 million yen (representing a decrease of 78 million yen over the same period of the previous year).

(2) Outlook for next term

With respect to forecast, while there are some concerns of the impact of the capping of the price of crude oil and slow down of US Economy, the economy remains strong and it is believed that the underlying recovery will continue due to improving corporate earnings, the economy remains strong and it is believed that the underlying recovery will continue. Given this business environment, the Mitsui Mining Group will target further enhancement of corporate values in developing its business under the medium term business plan that was newly established in September 2005.

As for the coal and coke business, an increase in sales volume of coal is expected as a result of diversifying supply sources and the earnings and profits in coke business are expected to increase as a result of drop in price of coal for coke making and introduction of CDQ power generating facility.

As for the petroleum related business, our group is determined to continue to conduct business activities with focus on profitability, the sales turnover and profits will not be so good.

As for the comprehensive engineering business unit, although the industrial chemical equipment and ceramic business unit is expected to continue to be preferable due to active capital investment in IT industry, sale turnover will increase at a small level because of the impact of transfer of environment-related business and the profits will decrease from this consolidated

accounting year that yielded a favorable result.

As for other business units, as a result of withdrawal of businesses in accordance with our plan to improve efficiency of management resources, both earnings and profits will both decrease.

As a result, we expect consolidated sales turnover of 184 billion 900 million yen, consolidated operating profit of 7.6 billion yen, consolidated ordinary income of 5.2 billion yen, and consolidated net profit for the current term of 4 billion yen.

## 2. Financial Position Analysis

### (1) Assets, debts, and net assets

The total assets as of the end of this consolidated accounting year saw an increase of 2 billion 97 million yen from a year before amounting to 155 billion 22 million yen, due to a decrease in lot by disposal of assets for non-business and an increase of machine equipment and vehicles associated with capital investment.

Debts as of the end of this consolidated accounting year decreased by 4 billion 270 million yen from a year before to 123 billion 639 million yen, due to a decrease of borrowings and various allowances.

The ratio of net worth equity capital as of the end of this consolidated accounting year improved by 3.9 percent to 20.2 percent from a year before.

### (2) Cash flow

The balance of cash and cash equivalents (hereafter referred to as "funds") as of the end of the current consolidated accounting year was 5 billion 792 million yen or down 511 million yen from a year ago.

The status of various cash flows and the factors contributing to these in the current consolidated accounting year were as follows.

#### (Cash flow from sales activities)

Funds obtained through sales activities amounted to 12 billion 166 million yen (an increase of 3 billion 603 million yen from the corresponding period of the preceding fiscal year).

This is in large due to a decrease of 4,892 million yen for loss allowance for liquidation of affiliate companies, a decrease of other sales debts of 2,899 million yen, and an increase of other sales assets of 2,897 million yen against the current net profit prior adjustment for tax of 5,466 million yen, a decrease of inventory assets of 4,694 million yen, an increase of allowance for bad debts of 3,812 million yen, depreciation cost of 3,412 million yen, an increase of 3,166 million yen in purchase debts, and an increase of 2,703 million yen for allowance for long-term environmental development.

#### (Cash flow from investment activities)

Funds used as a result of investment activities amounted to 10 billion 698 million yen (a decrease of 5 billion 638 million yen from the corresponding period of the preceding fiscal year).

This is in large due to expenditure of 11,590 million yen through the procurement of fixed assets, expenditure of 3,204 million yen through loans receivable, and expenditure of 1,602 million yen for fixed-term deposit, though income from the sale of fixed assets was 4,212 million yen and income from the repayment on fixed-term deposit was 1,591 million yen.

#### (Cash flow from financial activities)

Funds spent from financial activities amounted to 1 billion 998 million yen (7 billion 462 million yen was obtained in the corresponding period of the preceding fiscal year).

This was due mainly to decrease in debts.

(Reference)

The trend for the cash flow indices

	Fiscal term ending March 2004	Fiscal term ending March 2005	Fiscal term ending March 2006	Fiscal term ending March 2007
Ratio of net worth equity capital (%)	7.5	17.9	16.3	20.2
Ratio of net worth equity capital at market value base (%)	15.1	40.1	44.0	31.9
Years for redemption of debt (years)	72.9	6.5	9.5	6.5
Interest coverage ratio	7.6	8.4	8.0	6.6

- \* Ratio of net worth equity capital: (Net assets - Minority shareholders' equity - Reservation for new shares)/ Total assets  
Ratio of net worth equity capital on a market value basis (%): Aggregate market value of shares/ Total assets  
Years for redemption of debt (years): Interest bearing debt/ cash flow from sales activities  
Interest coverage ratio: Cash flow from sales activities/ interest payment

- (Note 1) All indices have been calculated using financial figures on a consolidated basis.  
(Note 2) Aggregate market value has been calculated as the closing price of shares at the end of the fiscal year x total number of shares outstanding (after deduction of treasury shares) at the end of the fiscal year.  
(Note 3) Cash flow from sales activities is the cash flow from sales activities as listed in the statement of calculation of consolidated cash flow. Interest bearing debts are all debts accounted for in the consolidated balance sheet with respect to which interest is being paid. Moreover, with respect to payment of interest, the amount listed in the statement of calculation of consolidated cash flow has been used.  
(Note 4) With respect to figures prior to the term ending March 2006, the past "Ratio of shareholders' equity" has been accounted under the column for "Ratio of net worth equity capita" and "Ratio of shareholders' equity at market value base" has been accounted under the column "Ratio of net worth equity capital on a market value basis".

### 3. Basic policy for profit sharing and dividend of this and next terms

Based on a basic policy of returning profits to shareholders while attempting to retain them within the company for strengthening corporate structure and future business development, our company decides profit sharing while considering the trend of business performance and future business environment.

In our mid-term management plan, we target four fold ratio of debts to cash flow from sales for healthy financial structure. Although we aim at resumption of dividend from the next term (March 2008), we intend to make decision for the next dividend after carefully examining the outlook of coke price for domestic market and for export in the second half of fiscal 2007.

We cordially ask for your understanding on our decision to continue no dividend payment to improve our financial condition.

## 2. Status of the Corporate Group

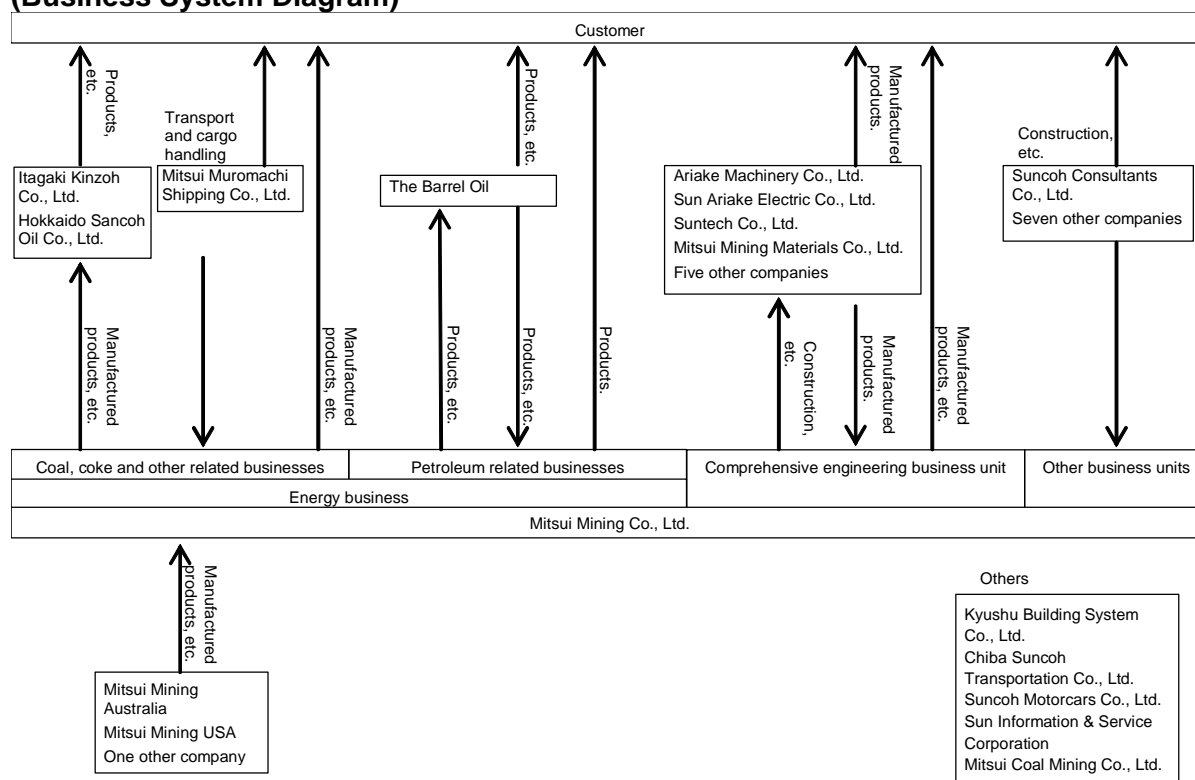
The corporate group of Mitsui Mining Co., Ltd. is comprised of Mitsui Mining Co., Ltd., 33 subsidiaries and 13 affiliated companies and is involved primarily in the sales of coal and petroleum products and the production, manufacturing and sales of coke, and machines and equipment for particulate matter.

The relationship of the position and segment of the business by type of the Mitsui Mining Group is as shown below.

Category	Business segment	Major business	Principle companies
Energy business	Coal, coke and other related businesses	The purchase and sales of coal, production and sales of coke, transport, loading and unloading related to coal and coke	Mitsui Mining, Mitsui Muromachi Shipping Co., Ltd (total of 7 companies)
	Petroleum related businesses	The purchase and sale of petroleum related products	Mitsui Mining, The Barrel Oil, (total of 2 companies)
Comprehensive engineering business unit		The manufacturing and sales of chemical equipment and machines, general industrial machines and plants and the treatment and recycling of industrial waste	Mitsui Mining, Ariake Machinery Co., Ltd, Sun Ariake Electric Co., Ltd, Suntech Co., Ltd, Mitsui Mining Materials Co., Ltd (total of 8 companies)
Other business units		The transport, loading and unloading, incidental business such as construction work, sales and rental of real estate, cleaning, provision of security, maintenance of facilities and other businesses related to buildings of buildings, other business units	Mitsui Mining, SuncoH Consultants Co., Ltd, Kyushu Building System Co., Ltd (total of 31 companies)

- (Note) 1. The number of companies is calculated for each area of business and Mitsui Mining is counted redundantly.  
 2. We changed the segment by type of business from the current consolidated accounting year. Refer to Segment Information from Page 27 for the details of the change.

### (Business System Diagram)



### **3. Management Policy**

#### **1. Basic Policy having to do with Management**

The Mitsui Mining Group targets contributing to the formation of a better social environment and to the sustainable development of human society through continued provision to society of resources and materials and high value added technology that are indispensable in undertaking human activities.

#### **2. Medium to Long Term Business Strategy of the Company and Issues that the Company will need to Address**

The Mitsui Mining Group will attempt to maximize the value of the group of corporations through provision of resources and materials focusing on energy and related value added technology using the business resources that utilize the strengths of the group's proprietary technology, infrastructure and commercial rights that are each only one of its kind in order to develop the business under the principle of customer first backed by capabilities in planning and making proposals.

Moreover, based on the medium term business plan for the period from fiscal 2005 to fiscal 2008, formulated in September 2005, and in order further to raise corporate value, we target further improvement of the financial conditions by further strengthening competitiveness of the core businesses (coal, coke, and industrial chemical equipment), acceleration of business selection and concentration, disposal of assets that are not intended for business use, and reduction of interest-bearing debts.

The strategies and issues for each business unit are as follows.

##### **(1) Coal chain related businesses**

With respect to the coal business unit, our company will attempt to diversify the supply sources in Indonesia and Russian by utilizing our overseas network such as the overseas representative offices of this company and ties with our major stockholder of Sumitomo Corp. in order to focus on stable supply that meets the needs of the users. Moreover, by strengthening the solution businesses that utilize the coal chain function from the resource development of coal to the recycling of coal ash, we intend to increase the sales of imported coal.

With respect to the coke business unit, engineering works with the investment of approximately 13 billion yen to resume operation of the coke furnace (1 A furnace) at the Kita Kyushu plant of the company that had been idle was completed in May 2006, which increased the annual coke production capacity by about 500,000 tons, which began to be supplied to Nippon Steel Corporation under a long term contract. To ensure stable profits, we intend to shift from exportation to distribution to domestic steel manufacturers under a long-term agreement and promote sales increase of high-value added foundry coke. Moreover, coal humidity adjustment equipment and CDQ electric power generation facility that improve energy saving and enhance productivity and improve quality began operation in this consolidated accounting year. In addition to an increase in production and ensuring stable customer for a long term, we will make the most use of the equipment to promote a significant cost reduction and further strengthen ties with our major shareholder of Nippon Steel Corporation through technical exchange and business tie-ups to ensure stable profits for a long term as a major business of our group.

##### **(2) Petroleum related businesses**

With respect to the petroleum business unit, diversification of the method of procurement and content of transaction has continued and business development that focuses on profitability and efficiency will be promoted.

##### **(3) Comprehensive engineering business unit**

With respect to the industrial chemical equipment business unit, the company will attempt to increase sales of our major products of toner, plasma display, and fine grinding mill in electronic ceramics, utilizing the brand power and technical capabilities through long years of track record in sales, while promoting entrance into paint and ink market that is expected to grow and further strengthening our sales structure in Asia including South Korea, China, and Taiwan.

With respect to the resource recycling business unit, in addition to coal ash disposal, sludge disposal and treatment of polluted soil in Japan, focus will be placed on the export of such waste material as coal ash as raw material for cement to develop solution business in collaboration with the coal unit.

Moreover, a pilot plant for the production of NSA (Nano structure alumina) that is expected to provide superior results as a catalyst for environment cleaning was constructed at the Kita Kyushu plant of the company in March 2007. We intend to focus our efforts to acquire users for the business expansion of commercial plants and develop a wide use utilizing NSA characteristics.

(4) Other businesses

With respect to the transport business unit, our company will exert our efforts to increase handling of containers and other general cargos at Miike Port (Omuta City, Fukuoka Prefecture) to depart from dependence on coal cargos.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Units: Million yen)

Category	Fiscal year ending March 2006	Fiscal term ending March 2007	Gains or losses	Category	Fiscal year ending March 2006	Fiscal term ending March 2007	Gains or losses
Current assets	54,477	53,512	965	Current liabilities	53,485	54,682	1,197
Cash and cash equivalents	7,417	6,931	485	Notes payable	6,525	7,155	629
Notes receivable	1,904	1,100	804	Accounts payable	12,759	15,316	2,557
Accounts receivable	15,824	17,586	1,761	Short term loans payable	11,647	18,447	6,799
Inventory assets	24,708	20,015	4,692	Corporate bonds redeemable within one year	-	108	108
Short term loans receivable	124	66	58	Accrued taxes	512	1,077	565
Tax assets carried over	3,325	2,871	453	Allowance for bonuses	1,015	1,017	2
Deposits paid	-	1,619	1,619	Allowance for losses through liquidation of affiliated companies	7,405	2,513	4,892
Others	1,974	3,692	1,717	Allowance for development of the environment	1,498	856	642
Allowance for bad debts	△802	372	430	Allowance for losses due to withdrawal from businesses	516	379	136
Fixed assets	98,447	101,510	3,062	Others	11,604	7,811	3,793
Tangible current assets	83,675	87,297	3,621	Fixed liabilities	74,424	68,956	5,467
Buildings and structures	8,414	9,476	1,062	Bonds payable	540	424	116
Machinery and equipment	11,118	29,332	18,214	Long term loans payable	68,719	59,993	8,725
Land	50,862	47,697	3,164	Allowance for employee retirement benefits	4,599	5,391	791
Construction in progress	12,894	369	12,524	Allowance for long-term environmental development	-	2,703	2,703
Others	386	421	34	Tax liabilities carried over	63	3	60
Intangible fixed assets	4,585	2,504	2,080	Others	501	440	60
Business rights	4,000	-	4,000	Total liabilities	127,909	123,639	4,270
Goodwill	-	2,000	2,000	Minority shareholders' interest	102	-	102
Others	585	504	80	Capital stock	7,000	-	7,000
Investment and other assets	10,186	11,708	1,522	Capital surplus	6,845	-	6,845
Investments in securities	3,413	3,333	80	Accumulated earnings	11,221	-	11,221
Long term loans receivable	48,680	51,819	3,138	Evaluation difference of other securities	92	-	92
Tax assets carried over	2,142	4,833	2,691	Foreign currency exchange adjustment	△167	-	167
Long term accrued revenue	10,036	9,911	124	Treasury stock	△78	-	78
Others	3,205	3,067	137	Total shareholders' equity	24,913	-	-
Allowance for bad debts	△57,291	61,256	3,965	Total of loans payable, minority shareholders' interest and shareholders' equity	152,925	-	152,925
				Shareholders' equity	-	31,546	31,546
				Capital	-	7,000	7,000
				Surplus capital	-	6,846	6,846
				Surplus profit	-	17,783	17,783
				Treasury shares	-	82	82
				Difference from evaluation and conversion	-	283	283
				Evaluation differences for other securities	-	57	57
				Hedge profit and loss carried over	-	87	87
				Account for adjustment of foreign exchange conversion	-	252	252
				Minority shareholders' equity	-	120	120
				Total net assets	-	31,383	31,383
Total assets	152,925	155,022	2,097	Total of liabilities and net assets	-	155,022	155,022

(2) Consolidated Statement of Profit and Loss

(Units: Million yen)

Category	Preceding consolidated accounting period From April 1, 2005 To March 31, 2006	Current consolidated accounting period From April 1, 2006 To March 31, 2007	Gains or losses
Sales turnover	179,457	194,246	14,788
Cost of sales	152,816	176,395	23,578
Gross profit from sales	26,640	17,850	8,789
Selling, general and administrative expenses	12,955	12,431	523
Operating profit	13,684	5,418	8,266
Non-operating profit	341	832	491
Interest and dividends received	124	134	9
Others	216	698	481
Non-operating expenses	2,983	2,326	657
Interest paid	1,118	1,877	758
Others	1,865	449	1,416
Current profit	11,042	3,924	7,117
Extraordinary profits	4,226	4,482	255
Extraordinary expenses	17,417	2,940	14,476
Interim net profit before adjustment for tax (△ indicates interim (current fiscal term) net loss before adjustment for tax)	2,148	5,466	7,615
Corporate tax, municipal tax and business tax	536	1,149	612
Adjustment for corporate and other taxes	2,921	2,264	657
Minority shareholders' interest (△ indicates minority shareholders' losses)	12	20	7
Net profit for the current fiscal term	224	6,561	6,337

**(3) Interim Consolidated Statement of Surplus and Document for Calculating Variation  
in Shareholders' Equity at the Consolidated Fiscal Term**

Interim Consolidated Statement of Surplus

(Units: Million yen)

Category	Preceding consolidated accounting period From April 1, 2005 To March 31, 2006	
(Surplus capital)		
Balance at the beginning of the fiscal term of surplus capital		6,845
Balance at the end of the fiscal term of surplus capital		6,845
(Surplus profit)		
Balance at the beginning of the fiscal year of surplus profit		11,033
Increase of surplus profit		
Current fiscal term net profit	224	224
Decrease in surplus profit		
Decrease as a result of the decrease in the number of companies to which the equity method is applied	36	36
Balance at the end of the fiscal term of surplus profit		11,221

Document for Calculating Variation in Shareholders' Equity at the Consolidated Fiscal Term

Current consolidated fiscal term (from April 1, 2006 to March 31, 2007)

(Units: Million yen)

	Shareholders' equity				
	Capital	Surplus capital	Surplus profit	Treasury shares	Total of shareholders' equity
Balance as of March 31, 2006	7,000	6,845	11,221	Δ78	24,988
Variation during the consolidated fiscal term					
Current term net profits			6,561		6,561
Disposal of treasury shares		0		1	1
Acquisition of treasury shares				Δ5	Δ5
Amount of variation during the consolidated fiscal term for items other than shareholders' equity (net amount)					
Total amount of variation during the interim consolidated fiscal term	-	0	6,561	Δ4	6,557
Balance as of March 31, 2007	7,000	6,846	17,783	Δ82	31,546

	Variation due to evaluation and conversion				Minority shareholders' equity	Total net assets
	Amount of variation of other securities	Profit or loss from hedge carried over	Account for adjustment of foreign exchange conversion	Total variation due to evaluation and conversion		
Balance as of March 31, 2006	92	-	Δ167	Δ75	102	25,015
Variation during the consolidated fiscal term						
Current term net profits						6,561
Disposal of treasury shares						1
Acquisition of treasury shares						Δ5
Amount of variation during the consolidated fiscal term for items other than shareholders' equity (net amount)	Δ34	Δ87	Δ85	Δ207	17	Δ1889
Total amount of variation during the consolidated fiscal term	Δ34	Δ87	Δ85	Δ207	17	6,367
Balance as of March 31, 2007	57	Δ87	Δ252	Δ283	120	31,383

(4) Statement of Consolidated Cash Flow

(Units: Million yen)

Fiscal term  Category	Preceding consolidated accounting period From April 2005 To March 2006	Current consolidated accounting period From April 2006 To March 2007	Gains or losses
	Amount	Amount	Amount
I Cash flow from sales activities			
Net profit for the current fiscal term before adjustment for taxes (△ indicates net losses for the current fiscal term before adjustment for taxes)	2,148	5,466	7,615
Depreciation cost	4,025	3,412	613
Depreciation of goodwill	-	2,000	2,000
Losses from devaluation	6,364	431	5,933
Increase or decrease in the allowance for bad debts	3,583	3,812	7,395
Increase or decrease in the allowance for employee bonuses	118	2	116
Increase or decrease in the allowance for losses due to liquidation of affiliated companies	7,217	4,892	12,110
Increase or decrease in the allowance for employee retirement benefits	44	791	747
Amount of increase or decrease of allowance for development of the environment	1,498	642	2,140
Amount of increase or decrease of allowance for withdrawal from businesses	516	136	652
Change in allowance for long-term environmental development	-	2,703	2,703
Interest received and dividends received	124	134	9
Interest paid	1,118	1,877	758
Refinance-related cost	967	-	967
Loss from elimination of fixed assets	382	204	178
Loss from sale of fixed assets	801	1,599	798
Loss from sales of investment in securities	533	16	516
Evaluation loss of investment securities	80	44	36
Cost for land acquisition under payment in substitution agreement	648	-	648
Increase or decrease of account receivable	3,994	937	4,931
Increase or decrease of inventory assets	5,034	4,694	9,728
Increase or decrease of other business assets	170	2,897	2,727
Increase or decrease of account payable	3,132	3,166	6,298
Increase or decrease of accrued consumption tax	319	88	407
Increase or decrease of other business debts	1,377	2,899	1,522
Others	195	88	283
Subtotal	9,948	14,450	4,502
Interest and dividends received	126	132	6
Interest paid	1,073	1,856	782
Corporate and other taxes paid	438	560	122
Cash flow from sales activities	8,562	12,166	3,603

Category	Fiscal term	Preceding consolidated accounting period From April 2005 To March 2006	Current consolidated accounting period From April 2006 To March 2007	Gains or losses
		Amount	Amount	Amount
II	Cash flow from investment activities			
	Expenditure through deposit in term bank accounts	751	1,602	851
	Income through withdrawal from term bank accounts	891	1,591	699
	Expenditure through acquisition of fixed assets	10,279	11,590	1,310
	Income through sale of fixed assets	3,943	4,212	269
	Expenditure through acquisition of investment securities	131	46	85
	Income through sale of investment securities	1,668	58	1,609
	Expenditure through loans provided	2,536	3,204	667
	Outlay for procurement of loan obligations	9,676	-	9,676
	Income through recovery of loans	897	101	796
	Income through recovery of other investment	174	196	21
	Others	537	414	122
	Cash flow from investment activities	16,337	10,698	5,638
III	Cash flow from financial activities			
	Income through short term loan payable	65,581	127,562	61,981
	Expenditure through repayment on short term loan payable	61,052	126,459	65,406
	Income through long term loan payable	66,085	7,578	58,506
	Expenditure through repayment on long term loan payable	63,247	10,607	52,639
	Income through issue of corporate bands	240	-	240
	Expenditure through redemption of corporate bonds	200	8	192
	Others	55	64	119
	Cash flow from financial activities	7,462	1,998	9,460
IV	Conversion difference on cash and cash equivalents	68	19	49
V	Increase or decrease of cash and cash equivalents	244	510	266
VI	Balance at the beginning of the fiscal year of cash and cash equivalents	6,548	6,303	244
VII	Balance of cash and cash equivalents at the end of the current term	6,303	5,792	511

# Important Matters that are Basic to the Production of the Consolidated Financial Statements for the Interim Fiscal Term

## 1. Matters having to do with the Scope of Consolidation

Number of consolidated subsidiaries: 21 companies

Names of the principal companies:

Mitsui Muromachi Shipping Co., Ltd., Kyushu System Co., Ltd., Sun Ariake Electric Co., Ltd., Mitsui Mining Materials Co., Ltd., Suntech Co., Ltd., Chiba Suncohort Transportation Co., Ltd., Ariake Machinery Co., Ltd., The Barrel Oil PTE Ltd.

Because our company bought out and dissolved Mitsui Nishinippon Wharf Co., Ltd., which as a consolidated subsidiary, it is excluded from the scope of consolidation from this consolidated accounting year.

Number of non-consolidated subsidiaries: 12 companies

Mitsui Coal Mining Co., Ltd. has insignificant de facto impact on the consolidated financial statements and for this reason, this company is not included among the consolidated companies.

Moreover, the total assets, sales turnover, current term net loss (the amount corresponding to the equity share) and surplus profit (the amount corresponding to the equity share) of other non-consolidated companies are extremely small for each of these companies and do not pose an important impact on the consolidated financial statement for the fiscal term and cannot be expected to increase their impact on the consolidated group of companies in the future and for this reason, these companies have not been included in the consolidation.

## 2. Matters having to do with Generally Accepted Accounting Principles

### (1) Evaluation standard and evaluation method for important assets

Intangible fixed assets: ..... The production amount proportion method is applied to mining rights and for other intangible fixed assets, the fixed amount method is applied.

However, with respect to goodwill acquired prior to fiscal term March 2006, a five year equal amount depreciation is applied.

For software (used within the company), the fixed amount method over the expected useful life within the company (5 years) is being used.

### (2) Criteria for the accounting of important allowances

Allowance for long-term environmental development: ..... In accordance with the beginning of liquidation proceedings of Mitsui Coal Mining Co., Ltd. in this consolidated accounting year, our company allocates costs for improving the environment of abandoned coals mines we succeeded from the company.

Disclosure of other items than above is omitted because of no significant change from the listing in the latest securities report submitted on June 29, 2006).

## **Changes in Important Matters that are Basic to the Production of the Consolidated Financial Statements**

(Generally accepted accounting principles with respect to the statement on net assets in the balance sheet)

From the current consolidated fiscal term, "Generally accepted accounting principles with respect to the statement on the net assets in the balance sheet" (Corporate Generally accepted accounting principles Number 5 of December 9, 2005) and "Guideline for application of generally accepted accounting principles with respect to the statement on net assets in the balance sheet" (Guideline Number 8 for the Application of Corporate Generally accepted accounting principles of December 9, 2005) have been applied.

The amount that corresponds to the total of shareholders' equity in the past was 31,350 million yen.

Net assets in the consolidated fiscal balance sheet in the current consolidated fiscal year, with the amendment of the regulations on the consolidated financial settlement, have been produced based on these regulations on the consolidated financial statements as amended.

(Accounting standard for business combinations)

From this consolidated accounting fiscal year, "Generally accepted accounting principles with respect to business combinations" (Corporate accounting committee October 31, 2003), "Generally accepted accounting principles with respect to business separations" (Corporate Generally accepted accounting principles Number 7 of December 27, 2005), and "Guideline for application of generally accepted accounting principles with respect to business combinations and separations" (Guideline Number 10 for the Application of Corporate Generally accepted accounting principles, last revised on December 22, 2006) are applied.

Goodwill and negative goodwill is depreciated evenly during the period while it is effective.

## **Change in the method of statement**

(Consolidated balance sheet)

The item that was stated as "business rights" in the consolidated fiscal term of the preceding year has been stated as "goodwill" from the current consolidated fiscal term.

(Consolidated statement of cash flow)

What was included in the allowance for depreciation in cash flow for sales activities as depreciation cost for business rights in the previous consolidated accounting year is categorized as depreciation for goodwill from this consolidated accounting year.

## Cautionary Notes

(With respect to the consolidated balance sheet)

	Preceding consolidated accounting year (Million yen)		Current consolidated accounting year (Million yen)	
1. Cumulative depreciation of tangible fixed assets	44,625		44,057	
2. Shares of unconsolidated subsidiaries and affiliate companies, etc. Investment securities (shares)	2,740		2,743	
3. Collateral assets and debts backed by collateral				
Amount of assets provided as collateral (book value)				
Cash and cash equivalents	972	( - )	1,085	( - )
Notes receivable	100	( - )	-	( - )
Inventory assets	1,337	(1,022)	1,237	(923)
Deposits paid	-	( - )	1,573	( - )
Buildings and structures	5,765	(4,333)	6,305	(4,690)
Machinery, equipment and transportation devices	7,970	(7,407)	19,950	(8,339)
Land	35,318	(29,112)	35,585	(29,088)
Tangible fixed assets "others"	95	(89)	161	(105)
Investment in securities	93	( - )	88	( - )
Investment and other assets "others"	47	( - )	-	( - )
Total	51,700	(41,965)	65,987	(43,148)

The figures in parentheses are amounts that compose an incorporated foundation and are included in the main amount item.

Debts corresponding to the above

Short term loans payable	1,083	790
Long term loans payable (Including long term loans scheduled to be repaid within one year)	60,633	67,783
Total	61,716	68,573

As secured mortgage, collateral is also provided for the loans payable of 530 million yen of Mitsui Coal Mining Co., Ltd.

As secured mortgage, collateral is also provided for the loans payable of 460 million yen of Mitsui Coal Mining Co., Ltd.

#### 4. Contingent liabilities

Guarantee liability	5,731	5,222
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5. Promissory notes reaching maturity as of the last day of the consolidated accounting year

With respect to the accounting of promissory notes reaching maturity as of the last day of the consolidated fiscal term, accounting is undertaken on the date of clearing of the promissory notes. Since the last day of this consolidated fiscal term was a holiday for financial institutions, the following promissory notes reaching maturity on the last day of the consolidated fiscal term have been included as balance as of the end of the consolidated fiscal term.

Promissory notes receivable: 141 million yen  
Promissory notes payable: 610 million yen

(With respect to consolidated statement of profit and loss)

	Preceding consolidated accounting year (Million yen)	Current interim consolidated accounting year (Million yen)
1. Selling, general and administrative expenses		
Depreciation for goodwill	-	2,000
Loading site expenses	1,710	1,944
Salary and wages	1,981	1,921
Depreciation cost	2,209	165
2. Non-operating income and other principal items		
Gain as a result of currency exchange difference	-	327
Charge for rental of fixed assets	106	137
3. Principal items of extraordinary income and extraordinary losses		
Extraordinary income		
Gain as a result of sales of fixed assets	1,390	1,923
Reversal of doubtful receivables of affiliate companies	1,134	722
Reversal of allowance for environmental development	-	525
Disposition of allowance for bad debts	141	490
Gain in sales of investments in securities	566	17
Extraordinary loss		
Provision for allowance for long-term environmental development	-	1,587
Loss as a result of depletion	6,364	431
Loss from sale of real estate	589	323
Provision for allowance for bad loans of affiliate companies	4,918	40

4. Loss as a result of depletion of assets

Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)

Depletion and losses for the following asset groups were accounted in this consolidated fiscal term.

Purpose	Location	Type	Amount of depletion or losses
Assets for the thermal electric power generation business	Omuta City, Fukuoka Prefecture	Buildings and structures, machines, and facilities, transport equipment, land, "Others" under tangible fixed assets and "Others" under intangible fixed assets	1,505 Million yen
Assets not used for business purposes	Bibai City, Hokkaido and other locations	Land	1,013 Million yen
Assets not used for business purposes	Omuta City, Fukuoka Prefecture and other locations	Land	2,719 Million yen
Assets not used for business purposes	Tagawa City, Fukuoka Prefecture and other locations	Land	465 Million yen
Assets not used for business purposes	Wakamatsu Ward, Kita Kyushu City	Buildings and structures, land	53 Million yen
Assets not used for business purposes	Amagasaki City, Hyogo Prefecture	Machines and facilities and equipment for transport, Land	607 Million yen
Total			6,364 Million yen

\* Breakdown of depletion and losses of fixed assets

Buildings and structure:	376 Million yen
Machines, facilities and transport equipment:	853 Million yen
Land:	5,125 Million yen
"Others" under tangible fixed assets:	5 Million yen
"Others" under intangible fixed assets:	3 Million yen

Based on the segmentation by type of business, the Mitsui Mining group undertakes grouping of assets using categorization under administrative accounting that grasps income and expenditure primarily in a continuous manner. Moreover, with respect to assets that not used for business purposes, categorization is undertaken by individual asset units.

With respect to equipment for the thermal electric power generation business, since a decision was made to withdraw from this business, the book value has been reduced to the amount of value that can be retrieved. The value that can be retrieved is determined by the net sales price based on the expected value of disposal.

With respect to assets not used for business, based on the policy to accelerate disposal of real estate and other assets not intended for business use, a review was undertaken of the expected price of disposal and the book value was reduced to the amount of value that can be retrieved. The value that can be retrieved is determined by the net sales price based on the expected value of disposal and for the most part is evaluated by the scheduled disposal value based on evaluation through appraisal of the real estate.

Current consolidated fiscal term (From April 1, 2006 to March 31, 2007)

In the current consolidated fiscal term, depletion and losses have been accounted for the following asset groups.

Purpose	Location	Type	Amount of depletion or losses
Asset related to the environment business	Tochigi City, Tochigi Prefecture and other locations	Machines, facilities and transport equipment, "Others" under tangible fixed assets	43 Million yen
Asset related to the rental of real estate business	Omuta City, Fukuoka Prefecture	Land	75 Million yen
Asset related to the port and transport business	Omuta City, Fukuoka Prefecture	Land	21 Million yen
Assets for other services	Arao City, Kumamoto Prefecture, and other locations	Land	170 Million yen
Asset not related to business	Arao City, Kumamoto Prefecture	Land	82 Million yen
Asset not related to business	Tagawa City, Fukuoka Prefecture	Land	39 Million yen
Total			431 Million yen

\* Breakdown of depletion or losses by the type of fixed assets

Machines, facilities and transport equipment:	27 Million yen
Land:	387 Million yen
"Others" under tangible fixed assets:	16 Million yen

Based on the segmentation by type of business, the Mitsui Mining group undertakes grouping of assets using categorization under administrative accounting that grasps income and expenditure primarily in a continuous manner. Moreover, with respect to assets that are not used for business purposes, categorization is undertaken by individual asset units.

With respect to assets related to the environment business, since a decision has been taken to withdraw from the business, the book value has been reduced to the amount of value that can be retrieved. The amount of value that can be retrieved is determined by the net sales price based on the expected value of disposal.

With respect to the rental of real estate business, for assets that are partially scheduled for assignment among assets for the port and transport business, assets for other services, and assets not related to business the book value has been reduced to the value that can be retrieved. The recoverable value is calculated on the basis of the net sale price based on the anticipated transfer price including negotiations with the recipient based on the assessed value of fixed assets and cases of neighboring lots.

(Matters related to the Variation in Shareholders' Equity during the consolidated fiscal term)

Current consolidated fiscal term (from April 1, 2006 to March 31, 2007)

Matters having to do with the type and total number of outstanding shares and the type and number of shares of treasury shares

	Number of shares as of the end of the previous consolidated fiscal term (1,000 shares)	Increase in the number of shares during the current consolidated fiscal term (1,000 shares)	Decrease in the number of shares during the current consolidated fiscal term (1,000 shares)	Number of shares as of the end of the current consolidated fiscal term (1,000 shares)
Number of shares outstanding				
Common shares	230,716	-	-	230,716
Class B preferred shares	40,000	-	-	40,000
Class C preferred shares	68,000	-	-	68,000
Total	338,716	-	-	338,716
Treasury shares				
Common shares (note)	463	27	8	481
Total	463	27	8	481

(Note) The increase is through buy back of shares that are less than the unit amount and decrease is the result of having responded to demand for additional purchase of shares that are less than the unit amount.

(With respect to the consolidated statement of cash flow)

Relationship between balance of cash and cash equivalents at the end of the fiscal term and amounts listed in the consolidated balance sheet.

	Preceding consolidated accounting period	Current consolidated accounting period
	(Million yen)	(Million yen)
Cash and cash equivalents	7,417	6,931
Term deposits with the period of deposit in excess of three months	1,113	1,138
<u>Cash and cash equivalents</u>	<u>6,303</u>	<u>5,792</u>

(Tax Effect Accounting)

	Preceding consolidated accounting period	Current consolidated accounting period
	(Million yen)	(Million yen)
Principal breakdown of the generation by cause of deferred tax assets and deferred tax liabilities		
Deferred tax assets		
Reserve for payment of retirement benefits	1,851	2,028
Reserve for bad or doubtful debt	1,312	611
Internal eradication of profits among consolidated companies	1,887	1,739
Deferred expenses	19,583	23,507
Others	15,365	11,744
<u>Subtotal of deferred tax assets</u>	<u>40,000</u>	<u>39,631</u>
Valuation reserve	32,831	30,965
<u>Total of deferred tax assets</u>	<u>7,168</u>	<u>8,666</u>
Deferred tax liabilities		
Installment for fixed asset compression	48	82
Business rights	1,617	-
Goodwill	-	808
Others	97	73
<u>Total of deferred tax liabilities</u>	<u>1,764</u>	<u>964</u>
<u>Net deferred tax assets</u>	<u>5,404</u>	<u>7,702</u>

(Matters having to do with payment of retirement benefits)

1. Overview of the retirement benefit system

Mitsui Mining and its consolidated subsidiaries has as defined benefit pension plan the one time retirement allowance payment system, welfare pension plan and the approved retirement pension system. Moreover, certain consolidated subsidiaries are enrolled in the medium to small corporation retirement mutual benefit system.

	Preceding consolidated accounting year	Current consolidated accounting year
	(Million yen)	(Million yen)
2. Matters with respect to retirement benefit liability		
Retirement benefit liability	7,547	7,851
Pension asset	890	664
Unreserved retirement benefit liability	6,657	7,186
Differences upon change in the generally accepted accounting principle	2,418	2,095
Differences upon unrecognized arithmetic calculation	70	77
Unrecognized past service liability (reduction of liability)	431	377
Net amount included in the consolidated balance sheet	4,599	5,391
Prepaid pension expenses	-	-
Allowance for employee retirement benefit	4,599	5,391

3. Matters having to do with cost of payment retirement benefit

Service cost	569	498
Interest cost	100	107
Expected revenue from asset management (reduction)	60	24
Cost of differences upon change in the generally accepted accounting principles disposed	338	322
Cost of differences upon arithmetic calculation disposed	20	20
Cost of past service liability disposed	53	53
Cost of payment of retirement benefit	915	872
Others	2	7
Total	917	879

4. Matters having to do with calculation of the retirement benefit liability

Method of allocation to the period of expected amount of payment of retirement benefit	Period fixed amount standard	As on the left
Discount rate	2.4%	2.4%
Expected ratio of earnings from asset management	0.02%	0.02%
Years for disposal of past service liability	14 years for the most part	14 years for the most part
(Fixed amount method based on the average residual period of service of employees upon generation)		
Number of years for disposing of differences in arithmetic calculation	13 years for the most part	As on the left
(Cost is disposed of in the following consolidated accounting year based on the fixed amount method based on the average residual period of service of employees upon generation)		
Number of years for disposing differences upon change in the accounting standard	15 years for the most part	As on the left

## (Segment information)

## 1. Information on segments by type of the business

(Units: Million yen)

	Current consolidated accounting year (from April 1, 2005 to March 31, 2006)						
	Coal chain business unit	Material service business unit	Comprehensive engineering business unit	Other business units	Total	Deletion or total company	Consolidated
I. Sales turnover and operating profit							
Sales turnover							
(1) Sales turnover to external customers	90,277	58,110	14,252	16,815	179,457	-	179,457
(2) Internal sales turnover among segments and amount transferred	228	845	911	727	2,714	(2,714)	-
Total	90,506	58,956	15,164	17,543	182,171	(2,714)	179,457
Cost of sales	75,304	58,723	13,773	16,657	164,459	1,313	165,772
Operating income	15,201	232	1,391	885	17,712	(4,027)	13,684
II. Assets, depreciation costs and capital outlay							
Assets	78,927	7,740	11,228	20,050	117,946	34,978	152,925
Depreciation cost	1,229	276	233	176	1,916	2,109	4,025
Depletion losses	1,575	607	-	1,251	3,434	2,930	6,364
Capital outlay	10,186	412	410	89	11,099	(186)	10,913

- (Notes)
- The business segments are segments based on the business management system under the business unit system
  - Principal products of each business
    - Coal chain business unit: Coal, coke and transportation and cargo handling of coal and coke
    - Material service business unit: Petroleum, construction material and recycling of resources
    - Comprehensive engineering business unit: Chemical equipment and machinery, machinery for general industry.
    - Other business units: Business that is incidental to construction work, sale and rental of real estate, cleaning, security and facility management of buildings and others
  - Of cost of sales, the expenses that cannot be allocated that were included under deletion or total company are the general expenses of Mitsui Mining and the amount of 4 billion 55 million yen.
  - Among assets, the principal assets that have been eliminated or total corporate assets that have been included in the itemization for the total company are assets that relate to the surplus funds of Mitsui Mining (cash and securities), short term and long term loans receivable, long term investment (investment securities) and funds related to the administration business unit and amounts to 46 billion 966 million yen.
  - Depreciation cost and capital outlay include long term prepaid expenses and cost of amortization of such expenses.
  - From this consolidated fiscal year, not only has Mitsui Mining introduced a company system within the transport business unit in the coal chain business unit, it has separated the real estate management business unit as a separate organization and is fundamentally reviewing the business in a liquid manner in the Miike area. In line with this, the scope of the assets of each business unit is being reviewed and non business real estate that is to be disposed has been positioned as corporate real estate. As a result of this, the value of assets at the end of the consolidated fiscal year was, compared to the traditional method of categorization, 3 billion 720 million yen for the coal chain business unit, increased through deletion and corporate totaling by 5 billion 865 million yen and reduced by 9 billion 585 million yen from other businesses.
  - From the current consolidated financial term, "Accounting Principles on the Depreciation of Fixed Assets" and "Policy for the Application of Accounting Principles on the Depreciation of Fixed Assets" have been used in changes to fundamental matters in the production of the current consolidated financial term as stated.
  - In this consolidated financial term, Mitsui Mining has acquired the assets of its consolidated subsidiary Mitsui Coal Mining as payment in kind. Through this, the amount of assets as the end of the consolidated financial term increased by 1 billion 708 million yen for the coal chain business unit, 0 million yen for the material service business unit, 98 million yen for other business units and 15 billion 467 million yen for deletion and the company as a whole. These assets are not included in capital expenditure.

(Units: Million yen)

	Current consolidated accounting year (from April 1, 2006 to March 31, 2007)						
	Coal and coke business unit	Petroleum business unit	Comprehensive engineering business unit	Other businesses	Total	Deletion or total company	Consolidated
II. Sales turnover and operating profit							
Sales turnover							
(1) Sales turnover to external customers	106,051	49,327	20,838	18,028	194,246	-	194,246
(2) Internal sales turnover among segments and amount transferred	117	1,139	1,114	426	2,797	(2,797)	-
Total	106,169	50,466	21,953	18,455	197,043	(2,797)	194,246
Cost of sales	100,557	50,341	19,488	17,280	187,668	1,158	188,827
Operating income	5,611	124	2,464	1,174	9,375	(3,956)	5,418
III. Assets, depreciation costs and capital outlay							
Assets	75,461	4,742	14,205	27,130	121,539	33,483	155,022
Depreciation cost	2,312	2	568	392	3,276	2,135	5,412
Depletion and losses	-	-	43	266	310	121	431
Capital outlay	9,475	1	645	536	10,658	33	10,692

- (Notes)
- The business segments are segments based on the business management system under the business unit system
  - Principal products of each business
    - Coal and coke business unit: Coal, coke and transportation and cargo handling of coal and coke
    - Material service business unit: Petroleum
    - Comprehensive engineering business unit: Chemical equipment and machinery, machinery for general industry, plants, ceramics, and recycling of resources.
    - Other business units: Business that is incidental to construction work, sale and rental of real estate, cleaning, security and facility management of buildings and others
  - Of cost of sales, the expenses that cannot be allocated that were included under deletion or total company are the general expenses of Mitsui Mining and the amount of 3 billion 927 million yen.
  - Of assets, major company assets categorized in deletion or total company are surplus funds (cash and securities), short-term and long-term loans, long-term investment fund (investment securities), and assets related to management section of our company, amounting to 43,569 million yen.
  - Depreciation cost and capital expenditure include long-term prepaid expenses and their depreciation cost.
  - Although the business segments have been determined based on the business head office that is our internal management unit, we reexamined the synergy effect of each sales section from this consolidated accounting year to improve management efficiency and reviewed the business head office. As a result, from this consolidated accounting year, we changed the segments for segment information into coal and coke, petroleum related, comprehensive engineering, and others, giving consideration into the similarities of products based on the business head office after the review.  
Business segment information for the previous consolidated accounting year is classified in the classification method for this consolidated accounting year business segments as follows:

[After change in the business categories]

(Units: Million yen)

	Preceding consolidated accounting year (from April 1, 2006 to March 31, 2007)						
	Coal and coke business unit	Petroleum business unit	Comprehensive engineering business unit	Other businesses	Total	Deletion or total company	Consolidated
II. Sales turnover and operating profit							
Sales turnover							
(1) Sales turnover to external customers	87,764	50,120	16,795	24,775	179,457	-	179,457
(2) Internal sales turnover among segments and amount transferred	151	911	2,486	1,255	4,805	(4,805)	-
Total	87,916	51,032	19,281	26,031	184,262	(4,805)	179,457
Cost of sales	73,073	50,923	17,671	24,892	166,560	(787)	165,772
Operating income	14,843	109	1,609	1,139	17,702	(4,017)	13,684
III. Assets, depreciation costs and capital outlay							
Assets	70,542	4,087	14,206	28,029	116,865	36,060	152,925
Depreciation cost	1,054	3	480	377	1,916	2,109	4,025
Depletion and losses	69	-	-	3,364	3,434	2,930	6,364
Capital outlay	9,987	0	821	289	11,099	(186)	10,913

## 2. Information on Segments by Location

Preceding consolidated accounting year (from April 1, 2005 to March 31, 2006)

(Units: Million yen)

	Japan	Asia	Oceania	Total	Deletion or total company	Consolidated
II. Sales turnover and operating profit						
Sales turnover						
(1) Sales turnover to external customers	146,513	32,217	726	179,457	-	179,457
(2) Internal sales turnover among segments and amount transferred	9,250	3,760	-	13,011	(13,011)	-
Total	155,763	35,978	726	192,468	(13,011)	179,457
Cost of sales	138,251	35,893	578	174,723	(8,951)	165,772
Operating income	17,511	84	148	17,744	(4,059)	13,684
III. Assets	105,602	2,093	660	108,356	44,569	152,925

- (Notes) 1. Segmentation by country or territory is based on geographic cohesiveness  
 2. The principal countries and territories other than Japan that form the regions are:  
 Asia: ..... Singapore  
 Oceania:..... Australia

Current consolidated accounting year (from April 1, 2006 to March 31, 2007)

(Units: Million yen)

	Japan	Asia	Oceania	Total	Deletion or total company	Consolidated
I. Sales turnover and operating profit						
Sales turnover						
(1) Sales turnover to external customers	163,286	30,258	700	194,246	-	194,246
(2) Internal sales turnover among segments and amount transferred	5,776	4,827	-	10,604	(10,604)	-
Total	169,063	35,086	700	204,850	(10,604)	194,246
Cost of sales	159,855	35,018	631	195,505	(6,677)	188,827
Operating income	9,207	68	69	9,345	(3,926)	5,418
II. Assets	136,186	2,574	811	139,571	15,451	155,022

- (Notes) 1. Segmentation by country or territory is based on geographic cohesiveness  
 2. The principal countries and territories other than Japan that form the regions are:  
 Asia: ..... Singapore  
 Oceania:..... Australia

### 3. Overseas Sales Turnover

Preceding consolidated accounting year (from April 1, 2005 to March 31, 2006) (Units: Million yen)

	North America	Asia	Europe	Others	Total
I. Overseas sales turnover	6,669	25,978	10,085	4,807	47,540
II. Consolidated sales turnover					179,457
III. Ratio of overseas sales turnover in total consolidated sales turnover (%)	3.7	14.5	5.6	2.7	26.5

- (Notes)
- Segmentation by country or territory is based on geographic cohesiveness
  - The principal countries and territories other than Japan that form the regions are:  
 North America: ..... United States  
 Asia: ..... Singapore, Korea, India, Taiwan, Thailand, China, Malaysia, Indonesia  
 Europe: ..... Italy, Germany, United Kingdom, France, Denmark, Greece, Monaco  
 Others: ..... Brazil, Australia
  - Overseas sales turnover is sales turnover in countries or territories with the exception of Japan by the consolidated subsidiaries of Mitsui Mining.

Current consolidated accounting year (from April 1, 2006 to March 31, 2007)

(Units: Million yen)

	North America	Asia	Europe	Others	Total
I. Overseas sales turnover	7,333	32,231	4,069	4,437	48,072
II. Consolidated sales turnover					194,246
III. Ratio of overseas sales turnover in total consolidated sales turnover (%)	3.7	16.6	2.1	2.3	24.7

- (Notes)
- Segmentation by country or territory is based on geographic cohesiveness
  - The principal countries and territories other than Japan that form the regions are:  
 North America: ..... United States  
 Asia: ..... Singapore, Korea, India, Taiwan, Thailand, China, Malaysia, Indonesia  
 Europe: ..... Italy, Germany, United Kingdom, France, Denmark, Greece, Monaco, Holland, Switzerland  
 Others: ..... Brazil, Australia
  - Overseas sales turnover is sales turnover in countries or territories with the exception of Japan by the consolidated subsidiaries of Mitsui Mining.

(Per share information)

	Preceding consolidated accounting year	Current consolidated accounting year
Net assets per share	△ 9 yen 06 sen	△ 18 yen 52 sen
Amount of current fiscal term net profit per share (△ indicates the amount of current fiscal term net loss per share)	△ 1 yen 23 sen	28 yen 50 sen
Amount of current fiscal term net profit per share after adjustment for latent shares	0 yen 60 sen	15 yen 49 sen

(Note 1) The base for calculating the net assets per share is as follows:

		Previous consolidated accounting year	Current consolidated accounting year
Total amount of net assets	(Million yen)	-	31,383
Amount deducted from the total amount of net assets	(Million yen)	-	27,120
(Paid amount for Type B preferred share of the above)	(Million yen)	( - )	(10,000)
(Paid amount for Type C preferred share of the above)	(Million yen)	( - )	(17,000)
(Minority equity of the above)		( - )	(120)
Net assets at the end of the term related to ordinary shares	(Million yen)	-	4,263
Number of ordinary shares at the end of the term used for calculation of net assets per share	(shares)	-	230,234,510

\* Because the base for calculating the net assets per share is disclosed from this consolidated accounting year, that of the previous consolidated accounting year is not listed in this document.

(Note 2) The bases of calculation of net profit per share in the current fiscal year and net profit per share after adjustment for latent shares in the current fiscal year are as follows.

		Preceding consolidated accounting year	Current consolidated accounting year
Amount of net profit per share in the current fiscal year			
Net profit in this the current year	(Million yen)	224	6,561
Amount not vested in ordinary shares	(Million yen)	-	-
Net profit in the current fiscal year that relates to ordinary shares	(Million yen)	224	6,561
Average number of shares during the term	(Shares)	182,178,129	230,244,739
Amount of current fiscal term net profit after adjustment for latent shares			
Amount of current fiscal term net profit after the adjustment	(Million yen)	-	-
Increase in the number of ordinary shares	(Shares)	193,409,741	193,409,741
(Type B preferred shares in the above with the right of conversion into ordinary shares)	(Shares)	(71,633,237)	(71,633,237)
(type C preferred shares in the above with the right of conversion into ordinary shares)	(Shares)	(121,776,504)	(121,776,504)

Overview of latent shares that were not included in the  
calculation of the amount of current fiscal term net  
profits after adjustment for latent shares due to the  
shares not having a diluting effect

(Omission of disclosure)

Notes for lease transactions, transactions with concerned parties, securities, derivative transactions, and business combinations are omitted because there seems little need to disclose them for brief notes.

## 5. Individual Financial Statements

### (1) Balance Sheet

(Units: Million yen)

Category	Fiscal term ending March 2006	Fiscal term ending March 2007	Gains or losses	Category	Fiscal term ending March 2006	Fiscal term ending March 2007	Gains or losses
<b>Current assets</b>	<b>40,199</b>	<b>38,584</b>	<b>1,615</b>	<b>Current liabilities</b>	<b>41,879</b>	<b>42,945</b>	<b>1,066</b>
Cash and cash equivalents	3,397	2,809	588	Notes payable	5,896	6,212	315
Notes receivable	1,154	332	821	Accounts payable	8,083	10,524	2,441
Accounts receivable	10,687	11,324	636	Short term loans payable	6,443	13,974	7,530
Inventory assets	20,848	16,729	4,118	Outstanding balance of unpaid funds	3,346	2,528	818
Money advanced	-	753	753	Accrued taxes	101	117	15
Prepaid expenses	100	134	33	Outstanding balance of unpaid expenses	2,829	2,852	22
Accounts receivable	838	1,753	915	Advance received	1,019	520	499
Short term loans receivable	280	-	280	Deposits received	3,209	1,909	1,300
Tax assets carried over	3,015	2,678	336	Allowance for bonuses	464	473	9
Deposits paid	-	1,619	1,619	Allowance for losses through liquidation of affiliated companies	8,978	2,878	6,100
Others	589	628	38	Allowance for development of the environment	1,498	856	642
Allowance for bad debts	712	179	532	Others	6	98	92
<b>Fixed assets</b>	<b>91,653</b>	<b>97,239</b>	<b>5,585</b>	<b>Fixed liabilities</b>	<b>66,644</b>	<b>63,182</b>	<b>3,461</b>
Tangible current assets	71,594	81,104	9,509	Long term loans payable	62,816	55,963	6,853
Buildings Structures	1,713	2,176	463	Allowance for employee retirement benefits	3,201	4,107	906
Machinery and equipment	3,091	5,631	2,540	Allowance for losses such as guarantee on debts	456	191	265
Land	8,074	27,341	19,267	Allowance for long-term environmental development	-	2,703	2,703
Construction in progress	45,534	45,259	275	Tax liabilities carried over	43	-	43
Deposits paid	12,896	350	12,545	Others	126	217	90
Others	284	344	60	<b>Total liabilities</b>	<b>108,523</b>	<b>106,127</b>	<b>2,395</b>
Intangible fixed assets	4,410	2,312	2,098	Capital stock	7,000	-	7,000
Business rights	4,000	-	4,000	Capital surplus	6,845	-	6,845
Goodwill	-	2,000	2,000	Capital surplus reserve	6,845	-	6,845
Software	215	188	26	Accumulated earnings	9,498	-	9,498
Others	195	123	71	Legal reserved for retained earnings	3	-	3
Investment and other assets	15,648	13,822	1,825	Unappropriated earnings for the current term	9,495	-	9,495
Shares of related companies	8,931	5,640	3,291	Evaluation difference of other securities	63	-	63
Investments in securities	415	365	50	Treasury stock	78	-	78
Long term loans receivable	56,551	59,426	2,874	Total shareholders' equity	23,329	-	23,329
Tax assets carried over	-	2,838	2,838	Total of loans payable, minority shareholders' interest and shareholders' equity	131,852	-	131,852
Long term payment in advance	980	1,251	270	<b>Shareholders' equity</b>		<b>29,736</b>	<b>29,736</b>
Long term accrued revenue	10,036	9,910	125	Capital	-	7,000	7,000
Others	1,283	1,034	249	Surplus capital	-	6,846	6,846
Allowance for bad debts	62,551	66,644	4,092	Capital surplus reserve	-	6,845	6,845
				Other surplus capital	-	0	0
				Surplus profit	-	15,973	15,973
				Profit surplus reserve	-	3	3
				Other profit reserve	-	15,970	15,970
				Profit surplus carried over	-	15,970	15,970
				Treasury shares	-	82	82
				Difference from evaluation and conversion	-	41	41
				Evaluation differences for other securities	-	46	46
				Hedge profit and loss carried over	-	87	87
				<b>Total net assets</b>	<b>-</b>	<b>29,695</b>	<b>29,695</b>
<b>Total assets</b>	<b>131,852</b>	<b>139,249</b>	<b>7,396</b>	<b>Total of liabilities and net assets</b>	<b>-</b>	<b>135,823</b>	<b>135,823</b>

## (2) Statement of Profit and Loss

(From April 1, 2006 to March 31, 2007)

(Units: Million yen)

Category	Preceding business year From April 1, 2005 To March 31, 2006	Current business year From April 1, 2006 To March 31, 2007	Gains or losses
Sales turnover	130,014	141,405	11,391
Cost of sales	108,502	128,636	20,133
Gross profit from sales	21,511	12,769	8,742
Selling, general and administrative expenses	10,563	10,106	457
Operating profit	10,947	2,662	8,285
Non-operating profit	328	597	269
Interest and dividends received	169	131	38
Others	158	465	307
Non-operating expenses	2,666	1,959	706
Interest paid	794	1,619	824
Others	1,871	339	1,531
Current profit	8,609	1,301	7,308
Extraordinary profits	7,228	5,621	1,606
Profit from disposal of allowance for the bad debts of related companies	4,095	1,572	2,523
Profit from the sales of fixed assets	1,391	1,344	46
Gain from combined share cancellation	-	1,048	1,048
Others	1,742	1,655	86
Special losses	17,715	2,949	14,765
Transfer of allowance for long-term environmental development	-	1,587	1,587
Loss on sales and retirement of fixed assets	972	501	471
Revised loss on sales of fixed assets due to merger of subsidiaries	-	319	319
Depletion and losses	3,537	260	3,276
Inclusion of allowance for the bad debts of related companies	8,168	162	8,006
Others	5,037	118	4,919
Interim net profit prior to taxes ( - indicates net losses prior to tax for the term)	1,877	3,973	5,850
Corporate tax, municipal tax and business tax	36	31	5
Adjustment for corporate tax	3,015	2,532	482
Current term net profit	1,101	6,474	5,372
Profit carried over from the preceding term	8,393	-	-
Unappropriated profit for the current fiscal term	9,495	-	-

### (3) Appropriation Statement and Statement of Equity and Other Changes

#### Appropriation statement

(Unit: Million yen)

Classification	Previous business year (March 2006)
I Unappropriated retained earnings for the period	9,495
II Retained earnings carried forward	9,495

#### Statement of equity and other changes

(Current business year (April 1, 2006, to March 31, 2007))

(Unit: Million yen)

	Shareholders' equity								
	Capital	Surplus capital			Reserve for profit	Surplus profit		Treasury shares	Total of shareholders' equity
		Reserve for capital	Other surplus capital	Total of capital and surplus capital		Other surplus profit	Total of profit and surplus profit		
Balance as of March 31, 2006	7,000	6,845	-	6,845	3	9,495	9,498	78	23,265
Variation during the business year									
Current term net profits						6,474	6,474		6,474
Disposal of treasury shares			0	0				1	1
Acquisition of treasury shares								5	5
Amount of variation during the business year for items other than shareholders' equity (net amount)									
Total amount of variation during the business year	-	-	0	0	-	6,474	6,474	4	6,470
Balance as of March 31, 2007	7,000	6,845	0	6,846	3	15,970	15,973	82	29,736

	Variation due to evaluation and conversion			Total net assets
	Amount of variation of other securities	Profit or loss from hedge carried over	Total variation due to evaluation and conversion	
Balance as of March 31, 2006	63	-	63	23,329
Variation during the business year				
Current term net profits				6,474
Disposal of treasury shares				1
Acquisition of treasury shares				5
Amount of variation during the interim consolidated fiscal term for items other than shareholders' equity (net amount)	17	87	104	104
Total amount of variation during the business year	17	87	104	6,365
Balance as of March 31, 2007	46	87	41	29,695

(4) Table of Comparison of Sales Turnover

Category		Previous business year From: April 1, 2005 To: March 31, 2006		Current business year From: April 1, 2006 To: March 31, 2007		Increase or decrease	
		Amount of sales	Value of sales	Amount of sales	Value of sales	Amount of sales	Value of sales
Energy related business unit	Coal	1,000 tons 4,504	Million yen 34,384	1,000 tons 5,587	Million yen 40,644	1,000 tons 1,083	Million yen 6,260
	Coke	1,000 tons 1,463	48,163	1,000 tons 2,399	60,640	1,000 tons 936	12,477
	(By products in the above)		(5,018)		(7,732)		(2,714)
	(Coke export in the above)	(513)	(14,742)	(681)	(13,792)	(168)	( 950)
	Petroleum	1,000 kiloliters 635	28,065	1,000 kiloliters 513	25,984	1,000 kiloliters 122	2,081
	LPG	1,000 tons 6		1,000 tons 8		1,000 tons 5	
Total			110,612		127,268		16,656
Comprehensive engineering related business unit	Environment		1,636		2,075		439
	Chemical industrial equipment		4,902		5,503		601
	Resource recycling		1,638		1,923		285
	Others		247		292		45
Total			8,423		9,793		1,370
Other businesses	Transport		2,638		2,517		121
	Others		8,341		1,827		6,514
	Total			10,979		4,344	
Total			130,014		141,405		11,391

(Note) The classification is changed to the revised classification from this business year in accordance with organizational reform.

The data for the previous business year is entered in accordance with the revised classification.

## (5) Relocation of Executives

1. Relocation of representative  
N/A
2. Relocation of directors and auditor (as of June 28, 2007)  
As informed on March 16, 2007
3. Relocation of operating officers (as of June 28, 2007)  
Officer slated to assume post

Operating officer

Kitakyushu office manager Hiroaki Owada (currently assistant director of Kyushu office)

Other relocation is in accordance with the information announced on March 16, 2007