

This document contains financial summary and financial statements translated from the original Japanese version, for convenience only.

## Consolidated Financial Results for the First Half of Fiscal 2011 [Japanese GAAP]

November 4, 2011

Company name: JX Holdings, Inc.

Code number: 5020

Stock listings: First Sections of Tokyo, Osaka, Nagoya Exchanges

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Scheduled date of filing of Quarterly Securities Report : November 11, 2011

Scheduled date of filing of commencement of dividend payments : December 6, 2011

Supplemental materials for the quarterly financial results : Yes

Quarterly financial results presentation (for institutional investors and analysts) : Yes

(Amounts of less than ¥ 1 million are rounded off)

### 1. Results for the First Half of Fiscal 2011 (From April 1, 2011 to September 30, 2011)

#### (1) Operating Results (Consolidated Basis)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Half of FY2011	5,079,597	12.1	195,250	155.6	238,680	107.3	126,710	(55.8)
First Half of FY2010	4,531,465	—	76,378	—	115,128	—	286,728	—

(Note) Comprehensive income : First Half ended September 30, 2011: ¥134,491 million < (44.1)% >

First Half ended September 30, 2010: ¥240,498 million < — % >

	Net income per share	Net income per share after dilution
	Yen	Yen
First Half of FY2011	50.95	—
First Half of FY2010	115.29	—

#### (2) Financial Position (Consolidated Basis)

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First Half of FY2011	6,327,278	1,993,432	27.3
FY2010	6,259,958	1,886,241	26.0

(Reference) Total Shareholders' equity : First Half ended September 30, 2011: ¥1,727,215 million ; Year ended March 31, 2011: ¥1,628,321 million

### 2. Dividends

	Cash dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2010	—	7.50	—	8.00	15.50
FY2011	—	8.00	—	—	—
FY2011(Forecast)	—	—	—	8.00	16.00

(Note) Revisions of the forecast of cash dividends since the latest announcement: None

### 3. Forecasts of Consolidated Business Results in Fiscal 2011 (From April 1, 2011 to March 31, 2012)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	10,250,000	6.4	260,000	(22.2)	330,000	(20.2)	170,000	(45.5)	68.36

(Note) Revisions of the forecast of consolidated business results since the latest announcement: Yes

#### 4.Others

(1) Changes in number of material subsidiaries during the term under review : Yes

Note: This item indicates whether there were changes in specified subsidiaries involving a change in the scope of consolidation.

Newly included: Japan Papua New Guinea Petroleum Company,Limited , Merlin Petroleum Company , Nippon Papua New Guinea LNG LLC

(2) Adoption of simplified accounting treatment and accounting treatment specific to the preparation of quarterly consolidated financial statements : Yes

(3) Changes in accounting policies and accounting estimates and restatement

- (i) Changes in accounting policies accompanying revisions in accounting standards : None
- (ii) Changes other than those in (i) above : None
- (iii) Changes in accounting estimates : None
- (iiii) Restatement : None

(4) Number of issued shares (Common stock)

(i) Number of issued shares (including treasury stock)

First Half of FY2011 ended September 30, 2011	: 2,495,485,929 shares
FY2010 ended March 31, 2011	: 2,495,485,929 shares

(ii) Number of treasury stock

First Half of FY2011 ended September 30, 2011	: 8,637,649 shares
FY2010 ended March 31, 2011	: 8,643,201 shares

(iii) Average number of issued shares

First Half of FY2011 ended September 30, 2011	: 2,486,843,343 shares
First Half of FY2010 ended September 30, 2010	: 2,486,923,148 shares

#### Information Regarding the Quarterly Review Procedure

This report is not subject to the quarterly review procedure pursuant to the Financial Instruments and Exchange Law. At the time of disclosure of this report, the quarterly review procedure pursuant to the Financial Instruments and Exchange Law has not been completed.

#### Cautionary Statement with Respect to Forward Looking Statements and Comments in Particular

This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statement, due to various factors, including but not limited to, the following:

(1) macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries; (2) changes in laws and regulations; and (3) risks related to litigation and other legal proceedings.

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(Note) JX Holdings plans to hold a financial results presentation for investors on the date set forth below. Materials including the used materials will be promptly uploaded on its company website following the presentation.

Friday, November 4, 2011: Financial Results Presentation for Institutional Investors and Analysts

## **1. Qualitative Information of the Quarterly Consolidated Results**

### **(1) Qualitative Information on Consolidated Operating Results**

#### **Overview**

Overall, though economic recovery has slowing down because of the aggravation of financial and monetary problems in Europe and U.S., the global economy continued to recover at a gradual pace during the first half(from April 1, 2011 to September 30, 2011 ) owing in part to the economic growth in emerging nations. As for the Japanese economy, there has been recovery from the temporary setback caused by the Great East Japan Earthquake as manufacturing activity recovered with the reestablishment of supply chain infrastructure. However, there has been unclear to the future due to the strong yen and the slowdown in the European and U.S. economies.

In the crude oil market, Dubai crude oil price temporary rose to \$120 per barrel level in April from \$111 per barrel at the beginning of the period, as concern about decrease of crude supply due to the strained relations in Middle Eastern and North African countries. However, the price dropped to \$100 per barrel level in May due to the recession in the Western companies. Thereafter the price moved in the range between \$100 per barrel and \$115 per barrel, Dubai crude oil price was \$101 per barrel at the end of the period, with an average oil price of \$109 per barrel for the period, an increase of \$33 per barrel year on year.

The copper price in international markets (price on the London Metal Exchange (LME)) started at the 423 cents per pound at the beginning of the period, continued to steady in the level over 400 cents per pound, however in late September, the price suddenly dropped to 323 cents by the end of the period, due to intensifying unclear to the future in the global economy with Greece's financial instability. The average price for the period was 411 cents per pound, an increase of 87 cents per pound year on year.

The Japanese yen against the U.S. dollar rose from 83 yen at the beginning of the period to 77 yen at the end of the period because of the successive deterioration in the U.S. economy, resulting in an average exchange rate of 80 yen for the period, 9 yen higher than previous year's same period.

In this operating environment, on a consolidated basis in the first half, net sales increased 12.1% year on year to 5,079.6 billion yen, and ordinary income was 238.7 billion yen, an increase of 107.3% year on year. Excluding inventory valuation factors, ordinary income amounted to 163.9 billion yen, an increase of 8.7% year on year.

#### **Petroleum Refining and Marketing**

Domestic demand for petroleum products, except for heavy fuel oil and crude oil for power stations, has decreased compared with the same period in the previous year, due to the impact of the Great East Japan Earthquake and due to the rebound from previous year's intense heat.

The domestic petroleum products market conditions were lower levels of the previous fiscal year as the domestic demand decreased. As for the petrochemical products, the paraxylene market prices improved from the same period in the previous year on the backdrop of strong demand in Asia.

And the inventory valuation factors (by which inventory valuation under the gross average method pushed down the cost of sales due to an increase in crude oil prices) amounted to 73.2 billion yen, an increase of 108.4 billion yen compared with the same period in the previous year.

Our Sendai Refinery and Kashima Refinery suffered severe damage as a result of the Great East Japan Earthquake. By the efforts to achieve recovery at the earliest possible date, as a result, the Kashima Refinery began operations again in June 2011. The Sendai Refinery recovered its receiving and shipping capabilities in May, and work is now in progress to bring that refinery back into refining operations by the end of March 2012.

Amid such an environment, net sales in the Petroleum Refining and Marketing business in the first half of 4,284.6 billion yen, an increase of 11.7% year on year, and ordinary income of 142.5 billion yen, an increase of 232.9% year on year. Excluding inventory valuation factors, ordinary income amounted to 69.3 billion yen a decrease of 11.1% year on year.

### **E&P of Oil and Natural Gas**

Crude oil and natural gas production volume decreased year on year, mainly due to the partial sale of assets. Furthermore, the sales prices of crude oil and natural gas remained stable for the first half, reflecting the current crude oil market condition. In addition, we are actively engaging in exploration and development activities as we aim to maintain and expand production in the medium to long term with through risk management.

Amid such an environment, net sales in the E&P of Oil and Natural Gas business in the first half of 95.8 billion yen, an increase of 24.3% year on year and ordinary income of 51.9 billion yen, an increase of 61.4% year on year.

### **Metals**

As for the resource development business, the performance at the three Chilean mines remained favorable due to firm copper prices.

As for the copper smelting and refining business, though the Hitachi works which was damaged by the Great East Japan Earthquake restarted refined copper production in April, the refined copper sales volume has decreased compared with the same period of the previous year. The positive impact of LME copper price rise exceeded the negative effect of the strong Japanese yen, and copper product prices climbed to a higher level compared with the same period in the previous year. Conditions for the purchase of copper ore continued to be unfavorable from the previous year, while sales prices for sulfuric acid increased compared with the same period of the previous year.

As for the recycling and environmental services business, conditions for the collection of raw materials for recycling are turning to improve, reflecting increases in the prices for various metals. The volume of copper and silver contained in collected raw materials increased, but the volume of gold contained in collected raw materials decreased compared with the same period of the previous year, due to the gold usage of various products generally declined.

As for the electronic materials business, sales volume for copper foil, rolled processed materials, and thin film materials were less than the volume for the same period in the previous year, reflecting the Great East Japan Earthquake and reflecting the inventory control of PC, LCDTV production. Product sales prices were largely steady, despite of the effect of the strong Japanese yen, as some products price reflected the increase of raw materials' prices.

Amid such an environment, net sales in the Metals business in the first half of 537.0 billion yen, an increase of 16.4% year on year, and ordinary income of 38.8 billion yen, an increase of 27.5% year on year.

### **Other**

Net sales in the Other business for the first half of 186.6 billion yen, a decrease of 0.6% year on year and ordinary income of 3.8 billion yen, a decrease of 53.4% year on year. Last year's first half ordinary income of 8.1 billion yen includes 6.5 billion yen in one-time amortization amount of negative good will associated with business integration (equity in earnings of affiliates). (In this first half, the amount has not occurred.)

With respect to the civil engineering works such as construction of pavement, which are core businesses of NIPPO Corporation, although a tendency of recovery has been seen in capital investment with restoration after the earthquake in private sector, investment of public sector remained weak, and NIPPO continued to confront a difficult operating environment. However, NIPPO worked aggressively to improve profitability by reducing costs, and increasing efficiency, such as obtaining orders based on its technological superiority, and reinforcing sales of composite asphalt.

With respect to the titanium business operated by Toho Titanium Co., Ltd., demand for titanium in both the aircraft industry and the general industrial sectors has been recovering, the sales of titanium increased significantly. In addition world wide titanium demand is expected to keep increasing, we have started to expand the capacity of new titanium sponge factory (Wakamatsu factory) which started operation last year.

The above net sales by segment include 24.4 billion yen of intergroup sales (29.0 billion yen of the same period in the previous year).

### **Special income and loss and quarterly net income**

Special income totaled 17.6 billion yen, including 9.4 billion yen in one-time amortization amount of negative goodwill associated with additional purchase of E&P affiliated company, and 7.1 billion yen in gain on sales of non-current assets.

Special losses totaled 27.0 billion yen, including 11.4 billion yen in loss on disaster caused by the Great East Japan Earthquake which is comprised of mainly fixed costs during plant shutdown, 6.4 billion yen in loss on step acquisitions of additional purchase of E&P affiliated company, and 3.6 billion yen in loss on retirement of non-current assets.

As a result, quarterly net income before income taxes and minority interests was 229.3 billion yen, and after 86.3 billion yen in income taxes and 16.3 billion yen in minority interests, quarterly net income was 126.7 billion yen (a decrease of 55.8% from the same period in the previous year).

## **(2) Qualitative Information on Consolidated Financial Position**

### **(a) Assets**

Total value of assets at the end of the first half was 6,327.3 billion yen, due to increase in investments and other assets associated with additional purchase of E&P affiliated company, an increase of 67.3 billion yen compared to March 31, 2011.

### **(b) Liabilities**

Total liabilities at the end of the first half were 4,333.8 billion yen, a decrease of 39.9 billion yen compared to March 31, 2011. Interest-bearing debt at the end of the first half were 2,150.8 billion yen, a decrease of 113.8 billion yen compared to March 31, 2011.

### **(c) Net Assets**

Total net assets at the end of the first half were 1,993.4 billion yen, an increase of 107.2 billion yen compared to March 31, 2011.

The shareholders' equity ratio was 27.3%, an increase of 1.3% compared to March 31, 2011. Net assets per share were 694.54 yen, an increase of 39.77 yen compared to March 31, 2011, and the net debt/equity ratio (net D/E ratio) was 1.12 times, an improvement of 0.13 times compared to March 31, 2011.

## **(3) Qualitative Information on Forecasts of Consolidated Business Results**

The Company has revised the forecast of consolidated business results for Fiscal 2011 as the current exchange rate of Japanese yen against the U.S. dollar is higher than the assumption of the previous forecast (announced on May 12, 2011).

This forecast assumes for Fiscal 2011 on average, an exchange rate of 78 yen per U.S. dollar (first half 80yen:second half 77 yen), a crude oil price (Dubai crude) of \$105 per barrel, (first half \$109:second half \$100) and an international copper price (LME price) of 366 cents per pound (first half 411 cents: second half 320 cents). (Previous forecast: an exchange rate of 85 yen per U.S. dollar, a crude oil price of \$100 per barrel, and an international copper price of 380 cents per pound.)

Compared with the previous forecast, the inventory valuation factors decreased because strong yen caused drop of crude oil prices in Japanese yen, and operating income is expected to be 260.0 billion yen (a decrease of 50.0 billion yen compared with the previous forecast), ordinary income is expected to be 330.0 billion yen (a decrease of 50.0 billion yen compared with the previous forecast), and net income is expected to be 170.0 billion yen (a decrease of 30.0 billion yen compared with the previous forecast).

This forecast of consolidated business results is based on information available as of the announcement of this report. The actual financial results could be different from the forecasted results due to various reasons.

There are no revisions to the Company's previous forecast of dividend payment of 16 yen per share for the fiscal year consisting of an interim dividend of 8 yen per share and a year-end dividend of 8 yen per share.

## **2. Other Information**

### **(1) Changes in Significant Subsidiaries during the First Half of Fiscal 2011**

By acquiring additional Japan Papua New Guinea Petroleum Company, Limited.("JPP") shares, JPP, Merlin Petroleum Company and Nippon Papua New Guinea LNG LLC became Specified Subsidiary of JX Holdings, Inc.

### **(2) Adoption of Particular Accounting Treatment to the Preparation of Consolidated Financial Statements**

(Calculation of Tax Expenses)

Tax expenses are calculated by multiplying net income before income taxes by the estimated effective tax rate, which is reasonably estimated for the net income before income taxes for the consolidated fiscal year including this consolidated first quarter after the application of tax effect accounting.

### **(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements for the Preparation of Consolidated Financial Statements.**

None

**(4) Additional Information**

For accounting changes and error corrections made after the beginning of the first quarter, the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and the “Guidance on Accounting Standards for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009) have been applied.

### 3.Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

Account title	(Millions of yen)	
	FY 2010 (As of March 31, 2011)	First Half of FY 2011 (As of September 30, 2011)
<b>Assets</b>		
Current assets		
Cash and deposits	233,471	220,397
Notes and accounts receivable-trade	1,065,973	1,030,327
Inventories	1,484,879	1,569,688
Other	286,405	298,374
Allowance for doubtful accounts	(2,997)	(2,498)
Total current assets	3,067,731	3,116,288
Non-current assets		
Property, plant and equipment		
Land	961,205	954,483
Other, net	979,086	973,411
Total property, plant and equipment	1,940,291	1,927,894
Intangible assets	166,147	161,383
Investments and other assets		
Investment securities	644,869	538,251
Other	446,970	588,569
Allowance for doubtful accounts	(6,050)	(5,107)
Total investments and other assets	1,085,789	1,121,713
Total non-current assets	3,192,227	3,210,990
Total assets	6,259,958	6,327,278

(Millions of yen)

Account title	FY 2010 (As of March 31, 2011)	First Half of FY 2011 (As of September 30, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	739,855	693,480
Short-term loans payable	716,561	722,605
Commercial papers	388,000	322,000
Current portion of bonds	60	20,242
Accounts payable-other	585,398	667,907
Income taxes payable	33,548	78,366
Provision for loss on disaster	109,106	82,048
Other provision	46,465	32,089
Other	231,167	239,622
Total current liabilities	2,850,160	2,858,359
Non-current liabilities		
Bonds payable	251,131	231,524
Long-term loans payable	908,832	854,388
Provision for retirement benefits	88,920	90,166
Other provision	59,464	57,762
Other	215,210	241,647
Total non-current liabilities	1,523,557	1,475,487
Total liabilities	4,373,717	4,333,846
<b>Net assets</b>		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	746,693	746,694
Retained earnings	801,567	909,607
Treasury stock	(3,802)	(3,801)
Total shareholders' equity	1,644,458	1,752,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,524	11,344
Deferred gains or losses on hedges	6,666	10,014
Foreign currency translation adjustment	(58,327)	(46,643)
Total accumulated other comprehensive income	(16,137)	(25,285)
Minority interests	257,920	266,217
Total net assets	1,886,241	1,993,432
<b>Total liabilities and net assets</b>	<b>6,259,958</b>	<b>6,327,278</b>

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Millions of yen)

Account title	First Half of FY 2010 (from April 1, 2010 to September 30, 2010)	First Half of FY 2011 (from April 1, 2011 to September 30, 2011)
Net sales	4,531,465	5,079,597
Cost of sales	4,222,558	4,640,624
Gross profit	308,907	438,973
Selling, general and administrative expenses	232,529	243,723
Operating income	76,378	195,250
Non-operating income		
Interest income	1,167	1,012
Dividends income	9,949	15,630
Foreign exchange gains	647	—
Equity in earnings of affiliates	35,647	34,741
Other	12,595	15,377
Total non-operating income	60,005	66,760
Non-operating expenses		
Interest expenses	14,082	13,921
Foreign exchange losses	—	2,607
Other	7,173	6,802
Total non-operating expenses	21,255	23,330
Ordinary income	115,128	238,680
Special income		
Gain on sales of non-current assets	4,485	7,143
Gain on change in equity	11,529	—
Gain on negative goodwill	226,537	9,393
Other	2,144	1,103
Total special income	244,695	17,639
Special loss		
Loss on sales of non-current assets	1,594	515
Loss on retirement of non-current assets	5,779	3,609
Impairment loss	3,048	3,053
Loss on step acquisitions	—	6,431
Loss on disaster	—	11,428
Loss on adjustment for changes in accounting standard for asset retirement obligations	4,468	—
Other	7,267	1,937
Total special losses	22,156	26,973
Income before income taxes and minority interests	337,667	229,346
Income taxes	38,346	86,323
Income before minority interests	299,321	143,023
Minority interests in income	12,593	16,313
Net income	286,728	126,710

## Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	First Half of FY 2010 (from April 1, 2010 to September 30, 2010)	First Half of FY 2011 (from April 1, 2011 to September 30, 2011)
Income before minority interests	299,321	143,023
Other comprehensive income		
Valuation difference on available-for-sale securities	(34,766)	(25,011)
Deferred gains or losses on hedges	(5,099)	3,013
Foreign currency translation adjustment	(7,143)	10,438
Share of other comprehensive income of affiliates accounted for by equity method	(11,815)	3,028
Total other comprehensive income	(58,823)	(8,532)
Comprehensive income	240,498	134,491
Comprehensive income attributable to shareholders of the parent	231,114	117,572
Comprehensive income attributable to minority interes	9,384	16,919

### (3) Notes on the Going Concern Assumption

None

### (4) Segment Information

Amounts of Net Sales, Profits and Losses for Reporting Segments

First Half of FY 2010 (April 1, 2010 - September 30, 2010)

(Millions of yen)

	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Statements of Income (Note 2)
Net Sales							
Sales to Third Parties	3,829,604	77,088	460,599	164,174	4,531,465	-	4,531,465
Intersegment Sales and Transfers	4,745	19	651	23,546	28,961	(28,961)	-
Total	3,834,349	77,107	461,250	187,720	4,560,426	(28,961)	4,531,465
Segment Income (Ordinary Income)	42,802	32,142	30,457	8,133	113,534	1,594	115,128

(Note 1) 1,594 million yen in adjustments of segment income includes 636 million yen, the adjusted amount of unrealized gain and also includes 958 million yen in total net income and expenses of the Company not apportioned to each reporting segment.

(Note 2) Segment income is adjusted with ordinary income in the consolidated statements of income.

First Half of FY 2011 (April 1, 2011 - September 30, 2011)

(Millions of yen)

	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Statements of Income (Note 2)
Net Sales							
Sales to Third Parties	4,280,618	95,828	536,674	166,477	5,079,597	-	5,079,597
Intersegment Sales and Transfers	3,987	—	344	20,113	24,444	(24,444)	-
Total	4,284,605	95,828	537,018	186,590	5,104,041	(24,444)	5,079,597
Segment Income (Ordinary Income)	142,494	51,893	38,825	3,786	236,998	1,682	238,680

(Note 1) 1,682 million yen in adjustments of segment income includes 1,650 million yen in total net income and expenses of the Company not apportioned to each reporting segment.

(Note 2) Segment income is adjusted with ordinary income in the consolidated statements of income.

### (5) Notes on Significant Changes in Shareholders' Equity

None

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