

THE FOLLOWING IS AN ENGLISH TRANSLATION PREPARED FOR THE CONVENIENCE OF THE SHAREHOLDERS AND INVESTORS. THE OFFICIAL TEXT IN JAPANESE OF THE CONVOCATION NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS HAS BEEN PREPARED IN ACCORDANCE WITH STATUTORY PROVISIONS AND MAILED TO THE RESPECTIVE SHAREHOLDERS. SHOULD THERE BE ANY INCONSISTENCY BETWEEN THE TRANSLATION AND THE OFFICIAL TEXT IN TERMS OF THE CONTENTS OF THE NOTICE, THE OFFICIAL TEXT SHALL PREVAIL. THE COMPANY ACCEPTS NO LIABILITY FOR ANY MISUNDERSTANDING CAUSED BY THE TRANSLATION FOR ANY REASON WHATSOEVER.

Security Code: 5020  
June 5, 2012

To: Our Shareholders

Mitsunori Takahagi  
Representative Director,  
President  
JX Holdings, Inc.  
6-3, Otemachi 2-chome,  
Chiyoda-ku, Tokyo, Japan

**CONVOCATION NOTICE OF  
THE SECOND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**You are cordially invited to attend the second ordinary general meeting of shareholders of JX Holdings, Inc., (the “Company”) to be held as described below.**

**If you are unable to attend, you may exercise your voting rights by either of the following means. You are kindly requested to examine the “Reference Materials for the General Meeting of Shareholders” set out below, and exercise your voting right(s).**

**| Exercise of Voting Right(s) in Writing |**

Please indicate your approval or disapproval regarding the proposals on the agenda on the enclosed proxy card, and return the card to the Company by 5:30 p.m., Tuesday, June 26, 2012.

**| Exercise of Voting Right(s) through Electronic Means (e.g., the Internet) |**

Please refer to the enclosed “Exercising Voting Right(s) through Electronic Means (e.g., the Internet)” on page 3, and enter your approval or disapproval regarding the proposals on the agenda, by 5:30 p.m., Tuesday, June 26, 2012.

Particulars

- 1. Date and Time: Wednesday, June 27, 2012 at 10:00 a.m.**
- 2. Place: Function Room “Aoi,” Second Floor, Palace Hotel Tokyo  
1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo**

### **3. Purposes of this Ordinary General Meeting of Shareholders**

#### **Matters to be Reported:**

- (i) The substance of the business report and the consolidated financial statements, as well as the audit reports on the consolidated financial statements by the accounting auditor and the Board of Company Auditors, for the second term (from April 1, 2011 to March 31, 2012)**
- (ii) The substance of the financial statements for the second term (from April 1, 2011 to March 31, 2012)**

#### **Matters to be Resolved:**

**Item 1: Appropriation of Surplus**

**Item 2: Appointment of 14 Directors**

**Item 3: Appointment of One (1) Company Auditor**

### **4. Matters concerning Exercise of Voting Rights**

- (1) If you submit a proxy card indicating neither approval nor disapproval of any of the items, your vote will be treated as an affirmative vote to the items.
- (2) If you redundantly exercise a voting right by proxy card and/or through electronic means (e.g., the Internet), and the votes conflict, the Company shall treat the most recent vote received as valid. Where you redundantly exercise a voting right both in writing and through electronic means (e.g., the Internet), and the votes reach the Company on the same day, the vote through electronic means will be treated as valid.
- (3) If you desire to exercise your voting right(s) by a proxy, please exercise them by appointing one (1) proxy who is also a shareholder of the Company entitled to exercise his/her voting right(s) at this ordinary general meeting of shareholders.

End

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- 1. If you are to attend the meeting in person, please submit the enclosed proxy card to the reception desk at the meeting venue.**
  - 2. Where it becomes necessary to revise the business report, the consolidated financial statements, the non-consolidated financial statements, or the reference materials for the general meeting of shareholders, the revised information and data thereof will be posted on the Company's website.

## **Exercising Voting Right(s) through Electronic Means (e.g., the Internet)**

### **1. The Voting Website**

You may exercise voting right(s) through the Internet only by accessing the dedicated voting website (<http://www.web54.net>). Please access this website and set a new password of your choice following the instructions displayed on screen after referring to “voting rights exercise code” and “password” indicated on the right of the proxy card, following which you will be able to enter your approval or disapproval.

### **2. Exercise of Voting Right(s)**

- (1) The exercise of voting right(s) will be valid only if conducted by 5:30 p.m., Tuesday, June 26, 2012.
- (2) If you exercise a voting right both through the Internet and in writing, and the votes on the same item conflict, the Company shall treat the most recent vote received as valid. Where you exercise a voting right both through the Internet and in writing, and the votes reach the Company on the same day, the Company shall treat the vote through the Internet as valid.
- (3) If you exercise a voting right multiple times through the Internet, and the votes on the same item conflict, the Company shall treat the most recent vote received as valid.

### **3. Password**

- (1) The password is a means to confirm that the person who exercises voting right(s) corresponds to the person who holds the voting right(s); therefore, please record and keep the password safe until this ordinary general meeting of shareholders concludes.
- (2) The password that will be provided to you this time is valid only for this ordinary general meeting of shareholders.
- (3) The Internet voting service will refuse access if you enter the wrong password a certain number of times. In this case, please follow the procedures in the instructions displayed on screen.

### **4. Fees for Accessing the Voting Website**

You will be responsible for all fees that may arise from accessing the voting website, including connection fees to Internet service providers and telecommunication fees to telecommunications carriers.

### **5. Questions regarding Operation Method**

If you are unsure how to operate personal computers, etc. regarding the exercise of voting right(s) through the Internet, please contact:

Web support desk by  
The Chuo Mitsui Trust and Banking Company, Limited  
[Phone Number]: 0120-652-031 (toll-free in Japan)  
[Hours of Service]: 9:00 to 21:00, Monday to Friday (Tokyo time)

## **| Introduction to Exercising Voting Right(s) through the Electronic Voting Platform |**

Institutional investors are able to use the “electronic proxy voting platform” operated by ICJ, Inc., as a means to exercise voting right(s) through electronic means.

End

**Item 1**

**Appropriation of Surplus**

The Company considers returning its profits to its shareholders as a significant measure, and its policy is to make efforts to continue stable distribution of dividends on the basis of implementing profit returns that reflect consolidated business results. Under this policy, the Company would like to propose, as set out below, eight (8) yen per share as the current term's term-end dividend distribution, taking into account factors such as the consolidated business results and the funds balance. The amount of the current term's annual dividend distribution will be 16 yen per share, in conjunction with the interim dividend distribution of eight (8) yen per share implemented based on the resolution of the Board of Directors' meeting held on November 4, 2011.

1. Matters regarding Allocation of Dividend Property to the Shareholders, and its Total Amount:

Eight (8) yen per common share of the Company  
Total amount: 19,919,119,784 yen

2. The date on which surplus distribution takes effect:

June 28, 2012

**Item 2**

**Appointment of 14 Directors**

The term of office of all 16 directors will expire upon the conclusion of this ordinary general meeting of shareholders; therefore, the Company would like to propose the appointment of 14 new directors.

The director candidates are as follows:

Candidate No.	<b>1</b>	<b>Yasushi Kimura</b>   Born February 28, 1948	<b>Reappointed</b>	Number of Company Shares Owned 67,410 shares of Common Stock
<b>Brief Personal History, and Position and Responsibilities at the Company</b>				
April 1970		Joined Nippon Oil Co., Ltd.	July 2010	Representative Director and President (President and Executive Officer) of JX Nippon Oil & Energy Corporation (to present)
June 2002		Director of Nippon Oil Corporation		
June 2004		Executive Officer of Nippon Oil Corporation		
June 2005		Director (Executive Officer) of Nippon Oil Corporation		
June 2007		Director and Senior Vice President (Executive Officer) of Nippon Oil Corporation		
June 2008		Director (Senior Vice President and Executive Officer) of Nippon Oil Corporation (until June 2010)		<b>Important Concurrent Office:</b> Representative Director and Chairman of the Board of JX Nippon Oil & Energy Corporation (scheduled to assume office on June 27, 2012)
April 2010		Director of the Company (to present)		

Candidate No.	<b>2</b>	<b>Isao Matsushita</b>   Born April 3, 1947	<b>Reappointed</b>	Number of Company Shares Owned 99,500 shares of Common Stock
<b>Brief Personal History, and Position and Responsibilities at the Company</b>				
April 1970		Joined Nippon Mining Co., Ltd.	June 2006	Director of Nippon Mining Holdings, Inc. (until March 2010); and Representative Director and President of Japan Energy Corporation (until June 2010)
April 2001		Executive Officer of Japan Energy Corporation		
September 2002		Director of Nippon Mining Holdings, Inc.	April 2010	Director of the Company (to present)
June 2003		Director and Senior Vice President of Nippon Mining Holdings, Inc.	July 2010	Representative Director (Executive Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation (to present)
April 2004		Director of Nippon Mining Holdings, Inc.; and Senior Vice President and Executive Officer of Japan Energy Corporation		
June 2004		Director (Senior Vice President and Executive Officer) of Japan Energy Corporation		
April 2005		Director (Senior Executive Officer) of Japan Energy Corporation		

Candidate No.	<b>3</b>	<b>Ichiro Uchijima</b>   Born February 9, 1952	<b>Reappointed</b>	Number of Company Shares Owned 28,100 shares of Common Stock
Brief Personal History, and Position and Responsibilities at the Company				
April 1976		Joined Kyodo Oil Company, Limited	April 2010	Director (Senior Vice President and Executive Officer) of the Company (responsible for Post-merger Integration Dept., and Corporate Planning Dept. I)
April 2007		Executive Officer of Japan Energy Corporation	April 2012	Director (Senior Vice President and Executive Officer) of the Company (responsible for Corporate Planning Dept. I) (to present)
April 2009		Senior Vice President and Executive Officer of Japan Energy Corporation (until June 2010)		

Candidate No.	<b>4</b>	<b>Junichi Kawada</b>   Born September 26, 1955	<b>Reappointed</b>	Number of Company Shares Owned 32,280 shares of Common Stock
Brief Personal History, and Position and Responsibilities at the Company				
April 1978		Joined Nippon Oil Co., Ltd.	April 2010	Director (Senior Vice President and Executive Officer) of the Company (responsible for Corporate Social Responsibility Dept. and Legal & Corporate Affairs Dept., General Manager of Legal & Corporate Affairs Dept.) (to present)
June 2007		Executive Officer of Nippon Oil Corporation (until June 2010)		

Candidate No.	<b>5</b>	<b>Rentaro Tonoike</b>   Born September 6, 1953	<b>Newly Appointed</b>	Number of Company Shares Owned 29,182 shares of Common Stock
Brief Personal History, and Position and Responsibilities at the Company				
April 1978		Joined Nippon Mining Co., Ltd.	April 2010	Executive Officer of the Company (General Manager of Corporate Planning Dept. I) (to present)
April 2006		General Manager in charge of Corporate Planning, Corporate Planning Dept. of Nippon Mining & Metals Corporation		
April 2008		Executive Officer of Nippon Mining & Metals Corporation		

Candidate No.	<b>6</b>
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## Akira Omachi

| Born December 4, 1954 |

Newly Appointed

Number of Company Shares Owned  
22,890 shares  
of Common Stock

### Brief Personal History, and Position and Responsibilities at the Company

April 1978	Joined Nippon Oil Co., Ltd.
June 2007	Executive Officer of Nippon Oil Corporation
June 2009	Full-time Company Auditor of Nippon Oil Corporation

July 2010	Company Auditor (full-time) of JX Nippon Oil & Energy Corporation (to present)
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Candidate No.	<b>7</b>
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## Seiichi Isshiki

| Born September 8, 1948 |

Newly Appointed

Number of Company Shares Owned  
59,320 shares  
of Common Stock

### Brief Personal History, and Position and Responsibilities at the Company

April 1972	Joined Nippon Oil Co., Ltd.
June 2003	Director of Nippon Oil Corporation
June 2004	Executive Officer of Nippon Oil Corporation
June 2006	Director and Senior Vice President (Executive Officer) of Nippon Oil Corporation
April 2008	Representative Director and President of ENEOS CELLTECH Co., Ltd.

April 2011	Senior Vice President and Executive Officer of JX Nippon Oil & Energy Corporation (to present)
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#### Important Concurrent Office:

Representative Director and President (President and Executive Officer) of JX Nippon Oil & Energy Corporation (scheduled to assume office on June 27, 2012)

Candidate No.	<b>8</b>
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## Yukio Uchida

| Born January 20, 1951 |

Newly Appointed

Number of Company Shares Owned  
65,500 shares  
of Common Stock

### Brief Personal History, and Position and Responsibilities at the Company

April 1973	Joined Nippon Mining Co., Ltd.
September 2002	Senior Officer of Nippon Mining Holdings, Inc. (until June 2004)
April 2003	Executive Officer of Japan Energy Corporation
April 2004	Senior Vice President and Executive Officer of Japan Energy Corporation (until June 2005)
June 2004	Director of Nippon Mining Holdings, Inc. (until June 2007)
June 2005	Director (Senior Vice President and Executive Officer) of Japan Energy Corporation

June 2007	Senior Vice President and Executive Officer of Japan Energy Corporation
April 2008	Senior Executive Officer of Japan Energy Corporation
July 2010	Director (Senior Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation (to present)

#### Important Concurrent Office:

Director (Executive Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation (scheduled to assume office on June 27, 2012)

Candidate No.	<b>9</b>
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## Shigeo Hirai

| Born May 30, 1948 |

**Reappointed**

Number of  
Company Shares Owned  
88,170 shares  
of Common Stock

### Brief Personal History, and Position and Responsibilities at the Company

April 1971	Joined Nippon Oil Co., Ltd.
June 2002	Director of Nippon Oil Corporation
June 2005	Director and Senior Vice President (Executive Officer) of Nippon Oil Corporation
June 2008	Director (Senior Vice President and Executive Officer) of Nippon Oil Corporation (until June 2010)
April 2010	Director (Executive Vice President and Executive Officer) of the Company (in overall charge of Post-merger Integration Dept., Corporate Planning Dept. I, responsible for Finance & Investor Relations Dept.)

April 2012	Director (Executive Vice President and Executive Officer) of the Company (in overall charge of Corporate Planning Dept. I, responsible for Finance & Investor Relations Dept.) (to present)
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#### Important Concurrent Office:

Representative Director and President (President and Executive Officer) of JX Nippon Oil & Gas Exploration Corporation (scheduled to assume office on June 27, 2012)

Candidate No.	<b>10</b>
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## Yoshimasa Adachi

| Born November 27, 1948 |

**Newly Appointed**

Number of  
Company Shares Owned  
51,580 shares  
of Common Stock

### Brief Personal History, and Position and Responsibilities at the Company

April 1972	Joined Nippon Mining Co., Ltd.
April 2000	Executive Officer of Nippon Mining & Metals Co., Ltd.
October 2003	Representative Director and President of Nikko Metal Manufacturing Co., Ltd.
April 2006	Representative Director (Executive Vice President and Executive Officer) of Nippon Mining & Metals Co., Ltd.
July 2010	Director (Executive Vice President and Executive Officer) of JX Nippon Mining & Metals Corporation (to present)

#### Important Concurrent Office:

Representative Director and President (President and Executive Officer) of JX Nippon Mining & Metals Corporation (scheduled to assume office on June 27, 2012)

Representative Director and President (President and Executive Officer) of Pan Pacific Copper Co., Ltd.



## Outside Director Candidates

Candidate No.	11	Etsuhiko Shoyama	Reappointed	(Term of Office: 2 years and 3 months)	Number of Company Shares Owned
		Born March 9, 1936	Independent Director		15,600 shares of Common Stock
Brief Personal History, and Position and Responsibilities at the Company					
April 1959		Joined Hitachi, Ltd.		April 2007	Chairman of the Board of Hitachi, Ltd. (until March 2009)
June 1991		Director of Hitachi, Ltd. (General Manager of AV Equipment Division)		June 2007	Outside Director of Nippon Mining Holdings, Inc. (until March 2010)
June 1993		Senior Vice President of Hitachi, Ltd. (General Manager of Home Appliance Business Division)		April 2009	Chairman of the Board of Hitachi, Ltd.
June 1995		Senior Managing Director of Hitachi, Ltd. (General Manager of Home Appliances & Information Media Business Division)		June 2009	Senior Corporate Advisor to Hitachi, Ltd. (to present)
June 1997		Representative Director and Executive Vice-President of Hitachi, Ltd.		April 2010	Outside Director of the Company (to present)
April 1999		Representative Director and President of Hitachi, Ltd.		<b>Important Concurrent Office:</b>	
June 2003		Representative Executive Officer, President and Chief Executive Officer, and Director of Hitachi, Ltd.			Senior Corporate Advisor to Hitachi, Ltd.
April 2006		Representative Executive Officer, Chairman of the Board and Director of Hitachi, Ltd.			

- Reasons for having Mr. Shoyama as an Outside Director Candidate

Mr. Etsuhiko Shoyama has long been engaged in the management of Hitachi, Ltd., and as a result has acquired deep insight and abundant experience and solid accomplishments in company management. Therefore, the Company assesses that he is qualified to provide the Company with instructions and advice on its management, as well as supervising its management from an independent and objective perspective.

Candidate No.	12
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## Masahiro Sakata

| Born September 20, 1943 |

**Reappointed**

(Term of Office: 2 years and 3 months)

**Independent Director**

Number of Company Shares Owned  
11,540 shares of Common Stock

### Brief Personal History, and Position and Responsibilities at the Company

April 1966	Joined the Ministry of Finance	December 2006	Of Counsel at Anderson Mori & Tomotsune (to present)
June 1992	Deputy Director General of the Minister's Secretariat of the Ministry of Finance	June 2008	Outside Company Auditor of Nippon Oil Corporation (until June 2010)
July 1993	Director General of the Third Department of the Cabinet Legislation Bureau	April 2010	Outside Director of the Company (to present)
August 1999	Director General of the First Department of the Cabinet Legislation Bureau		
August 2002	Deputy Director General of the Cabinet Legislation Bureau		
August 2004	Director General of the Cabinet Legislation Bureau		
September 2006	Retired as the Director General of the Cabinet Legislation Bureau		
November 2006	Registered as an Attorney-at-Law (to present)		

#### Important Concurrent Office:

Attorney-at-Law, Of Counsel at Anderson Mori & Tomotsune

- Reasons for having Mr. Sakata as an Outside Director Candidate

Mr. Masahiro Sakata has long worked at the Ministry of Finance, and held positions such as the Director General of the Cabinet Legislation Bureau, as a result of which he has abundant expertise and experience in administrative and legal aspects. Therefore, the Company assesses that he is qualified to provide the Company with instructions and advice on its management, as well as supervising its management from an independent and objective perspective.

Mr. Sakata has not been involved in company management other than by holding office as an outside director or outside company auditor; however, the Company assesses that he is qualified to appropriately perform duties as an outside director due to the reasons above.

Candidate No. **13**

**Hiroshi Komiyama**

| Born December 15, 1944 |

**Reappointed**

(Term of Office: 2 years and 3 months)

**Independent Director**

Number of Company Shares Owned  
24,100 shares of Common Stock

**Brief Personal History, and Position and Responsibilities at the Company**

December 1972	Research Associate at the Department of Chemical System Engineering, the Faculty of Engineering of the University of Tokyo	April 2005 March 2009	President of the University of Tokyo Retired as President of the University of Tokyo
July 1988	Professor at the Department of Chemical System Engineering, the Faculty of Engineering of the University of Tokyo	April 2009	Chairman of Mitsubishi Research Institute, Inc. (to present)
April 2000	Dean of the Graduate School of Engineering, and Dean of the Faculty of Engineering of the University of Tokyo	June 2009	Outside Director of Nippon Oil Corporation (until June 2010)
April 2003	Vice President of the University of Tokyo	April 2010	Outside Director of the Company (to present)

**Important Concurrent Office:**

Chairman of Mitsubishi Research Institute, Inc.

• **Reasons for having Mr. Komiyama as an Outside Director Candidate**

Mr. Hiroshi Komiyama specializes in chemical system engineering, functional materials chemistry, and global environment engineering, and has long been engaged in education and research at the University of Tokyo. In addition, he has advanced expertise and abundant experience in the management of a university, having served as President of the University of Tokyo. Therefore, the Company assesses that he is qualified to provide the Company with instructions and advice on its management, as well as supervising its management from an independent and objective perspective.

Mr. Komiyama has not been involved in company management other than by holding office as an outside director or outside company auditor; however, the Company assesses that he is qualified to appropriately perform duties as an outside director due to the reasons above.

Candidate No.	14	<b>Hiroko Ota</b>   Born February 2, 1954	Newly Appointed Independent Director	Number of Company Shares Owned 5,000 shares of Common Stock
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**Brief Personal History, and Position and Responsibilities at the Company**

<p>May 1981      Research Fellow at the Japan Institute of Life Insurance Center</p> <p>April 1993    Associate Professor at the Economics Faculty of Osaka University</p> <p>April 1996    Associate Professor at Saitama University</p> <p>October 1997 Associate Professor at the National Graduate Institute for Policy Studies</p> <p>April 2001    Professor at the National Graduate Institute for Policy Studies</p> <p>April 2002    Director of Policy Analysis in Cabinet Office</p> <p>March 2003   Deputy Director General for Economic Research in Cabinet Office</p> <p>April 2004    Director General for Economic Research in Cabinet Office</p>	⋮	<p>August 2005    Professor at the National Graduate Institute for Policy Studies</p> <p>September 2006    Minister of State for Economic and Fiscal Policy</p> <p>August 2008    Professor at the National Graduate Institute for Policy Studies (to present)</p> <p><b>Important Concurrent Office:</b></p> <p>Professor at the National Graduate Institute for Policy Studies</p>
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● **Reasons for having Ms. Ota as an Outside Director Candidate**

Ms. Hiroko Ota specializes in public economics and economic policies, and has long been engaged in education and research at the National Graduate Institute for Policy Studies. In addition, she has held positions such as Director General for Economic Research in Cabinet Office and Minister of State for Economic and Fiscal Policy, as a result of which she has abundant expertise and experience regarding the economy and finance. Therefore, the Company assesses that she is qualified to provide the Company with instructions and advice on its management, as well as supervising its management from an independent and objective perspective.

Ms. Ota has not been involved in company management other than by holding office as an outside company auditor; however, the Company assesses that she is qualified to appropriately perform duties as an outside director due to the reasons above.

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 (Notes)

1. No special conflict of interest exists between any of the director candidates and the Company.
2. Each outside director candidate's term of office as an outside director is the period commencing as of the date this ordinary general meeting of shareholders is held.
3. The Company has concluded with each of Mr. Etsuhiko Shoyama, Mr. Masahiro Sakata, and Mr. Hiroshi Komiyama an agreement (the liability limitation agreement) that, regarding an outside director's liability to the company under Article 423, paragraph 1 of the Japanese Companies Act, if they are without knowledge and are not grossly negligent in conducting their duties, their liability shall be limited to the amount (the amount equal to such outside director's Remunerations (as defined in Article 361, paragraph 1 of the Japanese Companies Act, hereinafter the same) for two (2) years) set forth in Article 425, paragraph 1 of the Japanese Companies Act. When the reappointment of any of them is approved, that agreement is to continue in effect. In addition, when the appointment of Ms. Ota Hiroko is approved, the Company is to conclude that agreement with her.
4. Each of Mr. Etsuhiko Shoyama, Mr. Masahiro Sakata, and Mr. Hiroshi Komiyama is an independent director based on the rules of each stock exchange in Tokyo, Osaka, and Nagoya on which the Company is listed, and when the reappointment of any of them is approved, that individual will remain as an independent director. In addition, when the appointment of Ms. Hiroko Ota is approved, she will also become an independent director.

### Item 3

## Appointment of One (1) Company Auditor

Mr. Masao Fujii, the Company Auditor, will resign as at the conclusion of this ordinary general meeting of shareholders; therefore, the Company would like to propose the appointment of one (1) company auditor.

The company auditor candidate is as follows:

This item has been approved by the Board of Company Auditors

### Outside Company Auditor Candidate

Hideki Nakagome		Newly Appointed	Number of Company Shares Owned
I Born June 25, 1941 I		Independent Auditor	5,000 shares of Common Stock
Brief Personal History, and Position and Responsibilities at the Company		Important Concurrent Office:	
April 1967	Appointed as Assistant Judge	A Partner at Fuji Partnership Law Office ( <i>Fuji Godo Houritsujimusho</i> )	
January 1999	President of Mito District Court		
January 2000	President of Urawa District Court		
July 2002	President of Tokyo Family Court		
January 2005	President of Nagoya High Court		
June 2006	Retired as President of Nagoya High Court		
	Registered as an Attorney-at-Law (to present)		
	A Partner at Fuji Partnership Law Office ( <i>Fuji Godo Houritsujimusho</i> ) (to present)		

#### Reasons for having Mr. Nakagome as an Outside Company Auditor Candidate

Mr. Hideki Nakagome has long worked as a judge, serving as the president of the Mito District Court, the president of the Nagoya High Court, etc., and later served as a committee member of an independent panel of a company in the capacity of an attorney, as a result of which he has abundant expertise and experience regarding legal and corporate governance. Therefore, the Company assesses that he is qualified to audit the execution of duties by the directors from an objective, independent and fair stance.

Mr. Nakagome has not been involved in company management other than by holding office as an outside director or outside company auditor; however, the Company assesses that he is qualified to appropriately perform duties as an outside company auditor due to the reasons above.

#### (Notes)

- No special conflict of interest exists between Mr. Hideki Nakagome and the Company.
- When the appointment of Mr. Hideki Nakagome is approved, the Company is to conclude with him an agreement (the liability limitation agreement) that, regarding an outside company auditor's liability to the company under Article 423, paragraph 1 of the Japanese Companies Act, if he is without knowledge and is not grossly negligent in conducting his duties, his liability shall be limited to the amount (the amount equal to such outside company auditor's Remunerations for two years) set forth in Article 425, paragraph 1 of the Japanese Companies Act.
- When the appointment of Mr. Hideki Nakagome is approved, he will become the independent company auditor based on the rules of each stock exchange in Tokyo, Osaka, and Nagoya on which the Company is listed.

End

(Attachments)

## Business Report for the Second Fiscal Term (from April 1, 2011 to March 31, 2012)

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### 1. Matters Concerning Present Condition of the Corporate Group

#### (1) Major Businesses (as of March 31, 2012)

JX Group is an “integrated energy, resources, and materials business group,” whose holding company is JX Holdings, Inc. (the “Company”), that has its core operating companies as its subsidiaries: “JX Nippon Oil & Energy Corporation” whose business fields are energy, including oil and gas, and petrochemical products; “JX Nippon Oil & Gas Exploration Corporation” whose business field is oil and natural gas development; and “JX Nippon Mining & Metals Corporation” whose business field is non-ferrous metals, mainly copper.

JX Group’s major business details are as follows:

Segment	Details of Major Business Activities	Core Operating Companies
Petroleum Refining and Marketing	Manufacturing and marketing petroleum products and petrochemical products	JX Nippon Oil & Energy Corporation
Oil and Natural Gas Exploration & Production (E&P)	Exploring, developing, and producing oil and natural gas	JX Nippon Oil & Gas Exploration Corporation
Metals	Developing and mining non-ferrous metal resources, and manufacturing and marketing non-ferrous metal products and electronic materials	JX Nippon Mining & Metals Corporation
Other	Civil engineering work, including roadwork and pavement construction, construction work, manufacturing, processing, and marketing titanium metals	

#### (2) Business Progress and Results

##### Circumstances Surrounding JX Group

Overall, the global economy remained at a low level during this term because the U.S. economy has only been recovering slowly and debt issues in Europe have escalated; consequently, due to the above, emerging nations’ development has become dull. Further, the Japanese economy temporarily turned downward due to the Great East Japan Earthquake that occurred on March 11,

2011, but subsequently showed a positive trend toward recovery. However, its production and export dropped due to—among other things—flood damage in Thailand and exchange rates that showed a record-high appreciation of the yen. Consequently, the Japanese economy has not been able to emerge from its grave predicament.

Global oil demands continued to develop mainly in Asia. Accordingly, crude oil prices were up in the stratosphere throughout this term. In March 2012, due partly to the impact of growing tension in Iran, the price of Dubai crude oil reached a high level exceeding 120 dollars per barrel. In addition, global copper demands increased mainly in China. There were instances where copper prices dropped resulting from anxiety over the future global economy. However, after the turn of the year, copper prices recovered. Subsequently, the average copper price for this term has been high (namely, around the mid-8,000 dollar amount per ton), which has remained unchanged from the previous term.

On the other hand, regarding petroleum product demands in Japan, in addition to stagnating production activities and logistics due to the earthquake disaster, the diffusion of fuel-efficient vehicles and the development of fuel shifts have decreased demands for gasoline, kerosene, diesel fuel, and the like. However, a spate of suspending operations of nuclear power plants has significantly increased demands for heavy oil C and crude oil for thermal power generation. Consequently, overall petroleum product demands in Japan have increased over the previous term.

### JX Group's Efforts

Under the above circumstances, the JX Group—which marks the second anniversary from its foundation—has steadily promoted various measures in each business field in accordance with the Medium-Term Management Plan (from fiscal year 2010 to 2012), while devoting its entire efforts to rehabilitation and reconstruction from the Great East Japan Earthquake, aiming to make a major leap forward to become a world-leading “integrated energy, resources, and materials business group.”

#### ● Points in the Medium-Term Management Plan

##### Basic Policy

With emphasis on the concept of “Best Practices,” we will dramatically transform the Petroleum Refining & Marketing Business by realizing integration synergies and rigorously reducing costs, and maximize corporate value by allocating management resources to highly profitable operations on a priority basis.

##### Targets (Fiscal Year 2012)

Consolidated ordinary income: 300.0 billion yen or more  
 ROE: 10% or higher  
 Net Debt / Equity ratio: 1.0 times

## Summary of Consolidated Business Result

The consolidated business results for this term consisted of net sales of 10,723.9 billion yen (an 11.3% increase from the previous term), operating income of 327.8 billion yen (a 2.0% decrease from the previous term), ordinary income of 407.8 billion yen (a 1.4% decrease from the previous term), and net income of 170.6 billion yen (a 45.3% decrease from the previous term). Ordinary income excluding inventory valuation factors (the impact of inventory valuation on the cost of sales by using the periodic average method), was 291.3 billion yen (an 18.2% decrease from the previous term).

## Process and Results of Each Business

### Petroleum Refining and Marketing Business (JX Nippon Oil & Energy Group)

#### Rehabilitation and Reconstruction from the Great East Japan Earthquake

Facilities, offices, etc.—including both Sendai and Kashima Refineries—suffered damage from the Great East Japan Earthquake. In addition, the production at the Negishi Refinery was temporarily suspended. Moreover, railways and roads were damaged. For those reasons, for a while after the disaster, it was difficult to supply petroleum products in stricken areas. In that situation, we took extensive measures, such as resuming production at the Negishi Refinery at an early stage, shifting products from export to supply in Japan, and forwarding products and transferring tank trucks to the Tohoku region. As a result, by mid-April 2011, it became possible to supply products on a stable basis.

Afterwards at the Kashima Refinery, after sequentially rehabilitating stricken receiving and shipping facilities such as piers, production was resumed at the beginning of June 2011. Rehabilitation was achieved by late October so that full production became possible. On the other hand, at the Sendai Refinery—after resuming the shipping of products partly at the beginning of May 2011—we proceeded with the rehabilitation of each facility. Accordingly, in March 2012, full-scale production was resumed. In conjunction with the rehabilitation of the refinery, measures against tsunami were enhanced, including relocating unloading and shipping facilities to a higher place. In future, we will proceed with work to achieve complete rehabilitation of each stricken facility, such as shore protection. Further, when reconstructing stricken offices, in order to enhance disaster prevention functions, we intend to secure evacuation locations on office building roofs and install stand-alone electric power source systems, which comprise a combination of fuel cells, solar cells, and storage batteries.



## Measures based on the Medium-Term Management Plan

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- **Improvements in income by integration synergies and improvements in refinery efficiency**

As a result of our efforts of rationalization and efficiency improvements in various fields, such as refining, procurement, logistics, and purchasing, by setting a target of improving income by 109.0 billion yen (80.0 billion yen by integration synergies, and 29.0 billion yen by improvements in refinery efficiency) by the end of the fiscal year 2012 (which is the final financial year of the Medium-Term Management Plan), we have realized improvements in income of 90.9 billion yen (66.3 billion yen by integration synergies, and 24.6 billion yen by improvements in refinery efficiency) by the end of this term.

- **Petroleum products production and marketing business**

In terms of production, in addition to rehabilitation and reconstruction from the earthquake disaster, we endeavored to thoroughly improve production efficiency and cost reduction at each refinery and plant. In addition, we put into operation a system for empirical study of the “High Severity Fluid Catalytic Cracking (HS-FCC) process”<sup>\*</sup> at the Mizushima Refinery aiming to establish optimal production systems that correspond to changes in demand structure.

\* Technologies to produce propylene (raw material for synthetic resins and fibers, and others) at a higher rate from heavy oil, and to produce higher-octane gasoline.

On the other hand, in terms of marketing, we worked on efficiently allocating self-service stations and closing unprofitable service stations in order to improve service station network’s competitive capability. In addition, we made efforts to promote the sales of “ENEOS Premium Motor Oil SUSTINA”—high value-added lubricant with superiority in fuel-efficiency and engine-detergency; moreover, we promoted issuing “ENEOS Cards” and other activities in order to enhance service stations’ ability to attract customers.

- **Petrochemical, lubricant, and coal businesses overseas**

Regarding paraxylene (raw material for synthetic fibers, polyethylene terephthalate (PET) containers, and others)—the demand for which is expected to increase mainly in Asia—in order to improve income by reducing manufacturing cost, we reached an agreement with SK Group of South Korea to build a plant that has the world’s largest manufacturing capacity in Ulsan Metropolitan City, South Korea, and to carry out a manufacturing business by joint venture.

In addition, given the prospect of expanding demands for high-quality lubricants for automobile engines, we executed a basic agreement with SK Group to also conduct the manufacturing business of base oil—base material for the lubricants—by joint venture in Ulsan Metropolitan City.

Further, we decided to conduct coking coal (coal used to make coke for iron making) development and production business in Canada jointly with an Australian company, Xstrata Coal. Accordingly, we acquired part of its concessions in mining areas, which yield “heavy coking coal”—namely, high-quality coking coal—from the company’s group. In this way, we have managed to commence the JX Group’s first full-scale coking coal business. Due to the increasing global demand for iron and steel, demand for “heavy coking coal” is increasing; furthermore, its price is expected to remain sustainable. Therefore, it is expected that we will be able to obtain income on a stable basis from this business.

- **New energy business**

Regarding the new energy business field, with an expectation that demand for environmentally friendly, independent, and distributed-type energy systems will increase, we are promoting fuel cell, solar cells, and storage battery businesses.

Regarding the residential-use fuel cell “ENE-FARM,” we launched sale of the Solid Oxide Fuel Cell (SOFC), which has high electrical efficiency and is compact. Further, while trying to promote sales of solar cells mainly for residential use, we will complete construction of a plant for manufacturing “anode materials” for lithium-ion batteries, which we have proceeded with by joint venture with a South Korean company GS Caltex. Furthermore, we will launch commercial production from this summer.

## **Business Results of the Petroleum Refining and Marketing Business**

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Regarding the Petroleum Refining and Marketing business, as a result of an increase in product prices due to high crude oil prices, net sales were 9,147.5 billion yen (a 12.5% increase from the previous term). Further, due partly to the impact of deterioration in petroleum product margins, operating income was 208.2 billion yen (a 12.9% decrease from the previous term) and ordinary income was 232.5 billion yen (an 8.4% decrease from the previous term). In addition, ordinary income excluding inventory valuation factors was 112.8 billion yen (a 42.6% decrease from the previous term).

## **Oil and Natural Gas Exploration and Production (E&P) Business** (JX Nippon Oil and Gas Exploration Group)

### **Measures based on the Medium-Term Management Plan**

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- **Exploration activities (exploration, test drilling and mining, and assessment of oil fields and gas fields)**

In order to supplement and expand the amount of reserves in oil fields and gas fields in which the JX Group has concessions, and to solidify the foundation for sustainable development, we have worked actively to acquire new concessions in mining areas in

various parts of the world. We have also promoted our exploration activities in existing mining concession areas. During this term, we discovered crude oil in an offshore concession area in Australia and in an inland concession area in Papua New Guinea; moreover, we discovered natural gas in another offshore concession area in Australia. Further, in an offshore concession area in Qatar and in a deep-sea concession area in Malaysia, in which we newly acquired concessions during this term, we are preparing to carry out exploration activities as an operator (operation manager). The concession area in Qatar is located in the lower layer of the North Field gas field—the world’s largest gas field, and the concession area in Malaysia is located in the sea area where multiple major oil fields have been discovered.

- **Development activities (construction of commercial production facilities for oil fields and gas fields)**

We tackled further development of existing oil fields and gas fields—including the Rang Dong oil field (Vietnam) and Yetagun gas field (Myanmar)—to maintain and increase production volume in the fields. In addition, we decided to move the Finucane South oil field (Australia), in which crude oil was discovered during this term, into the development stage. In conjunction with the development of the oil field, in order to launch production earlier (planned to launch production in the second half of fiscal year 2013) and decrease investment amount, we plan to use the existing production facilities of Mutineer-Exeter oil field, which is adjacent and in which we hold concessions. Further, by jointly using the facilities, a reduction in production cost for both oil fields is expected. In addition, we are participating in a large-scale LNG (liquid natural gas) project in Papua New Guinea, and we are constructing an LNG plant in an effort to launch production in 2014.

- **Production activities (commercial production of crude oil and natural gas)**

In projects operated in 12 countries in the world, including Vietnam and Malaysia where we are playing a leading role as an operator, we have endeavored to conduct safe and stable operations. Further, we have implemented various measures to prevent a spontaneous reduction in production volume in oil fields and gas fields, and we have produced crude oil and natural gas amounting to the equivalent of 130 thousand barrels of crude oil per day. In addition, as one of the measures to prevent spontaneous reduction, in the Rang Dong oil field we have carried out verification tests for EOR (enhanced oil recovery method) technology\* in order to improve the crude oil recovery rate in oil fields in production; as a result of the tests, we have confirmed increased production efficiency by the technology.

\* Technology to improve recovery rate by applying heat, gas, and the like to oil strata in the ground, and thereby physically and chemically changing the nature of crude oil.

## **Business Results of the Oil and Natural Gas E&P Business**

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Regarding the Oil and Natural Gas E&P business, as a result of the increase in crude oil and natural gas prices, net sales were 187.8 billion yen (a 26.3% increase from the previous term),

operating income was 90.5 billion yen (a 74.4% increase from the previous term), and ordinary income was 97.5 billion yen (a 64.0% increase from the previous term).

## Metals Business (JX Nippon Mining & Metals Group)

### Rehabilitation and Reconstruction from the Great East Japan Earthquake

Our works and plants located in the Tohoku and North Kanto areas—including the Hitachi Works and the Isohara Works—were damaged by the Great East Japan Earthquake, and we were forced to suspend their operation. However, by the beginning of May 2011, major production facilities—excluding part of the Isohara Works facilities—were rehabilitated; in addition, the Isohara Works was fully rehabilitated in July 2011. Further, in case of severe earthquake expected to occur in the future, we took such measures as reviewing the preparation of communication methods and stocked supplies, and installing an isolated power unit, assuming that there would be a stoppage of essential utilities.

### Measures based on the Medium-Term Management Plan

#### ● Copper business

Regarding the resource development sector, in order to construct a well-balanced high-profitability business framework by increasing the self-sufficiency ratio of copper concentrate,\*<sup>1</sup> we steadily proceeded with production-infrastructure construction work at the Caserones Copper and Molybdenum Deposit (Chile) in an effort to launch production in fiscal year 2013. On the other hand, regarding the smelting and refining sector, since margins have been squeezed under severe conditions for purchasing copper concentrate and a continuously strong yen, in order to improve income we took measures, such as (i) cost reduction and recovery ratio improvements at the Saganoseki Smelter & Refinery, the Tamano Smelter, and the Onsan Plant of LS-Nikko Copper Inc.\*<sup>2</sup> in South Korea, (ii) sales price increase in secondary products, and (iii) production increase in rare metal products.

\*<sup>1</sup> The ratio of “the volume of ores equivalent to the volume of ores assumed to be mined from mines in which the company holds concessions” to “the volume of ores required for the company’s copper smelting.”

\*<sup>2</sup> A copper-smelting joint venture company by LS Holdings of South Korea and JX Nippon Mining & Metals Corporation; Mitsui Mining & Smelting Co., Ltd.; and Marubeni Corporation.

#### ● Recycling and environmental services business

We are developing business to effectively collect valuable metals from metal resources (so-called urban mines)—which are contained in waste accumulated by society as a result of a diffusion of electronic equipment, household electrical appliances, and the like—by freely using metal extraction technologies that we have cultivated over the years. During this term,

we worked hard to increase capacity utilization, increase recovery ratios, and achieve other aims at the HMC (Hitachi Works' complex facility for metal recycling), which recovers a wide variety of non-ferrous metals from various materials for recycling, as well as at subsidiaries that conduct recycling and industrial-waste treatment business. Further, in order to improve capacity to collect materials for recycling, we strived to strengthen our overseas collection network and to enrich the materials evaluation and treatment system. In addition, at the Tsuruga Plant, we are promoting efforts to commercialize technologies to recycle rare metals included in used lithium-ion batteries.

- **Electronic materials business**

In a severe economic environment with a continuously strong yen and an overseas shift by users for products, further to the inventory adjustment of products—including personal computers and liquid crystal televisions, among others we strived to strengthen our development overseas and to expand the integrated production system for processes from precision rolling through to press and plating in the precision-processing business. Further, in order to strengthen not only electronic materials for the IT products sector—for which the fluctuation margin of demands is large, but also electronic materials to be installed in the automobiles sector—for which the demand is relatively stable, we are constructing a new plant to produce precision materials (press and plate-processed precision-rolled products) for electronic parts to be installed in automobiles in Kakegawa City, Shizuoka Prefecture. In addition, at the Isohara Works, we enhanced manufacturing facilities regarding “cathode materials” for lithium-ion batteries to be installed in next-generation, eco-friendly vehicles, such as electrically powered vehicles.

## ■ Business Results of the Metals Business

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Regarding the Metals business, net sales were 997.2 billion yen (a 6.0% increase from the previous term). In addition, partly as a result of the continuously strong yen and the impact of a decrease in sales in the electronic materials business, operating income was 14.5 billion yen (a 30.3% decrease from the previous term) and ordinary income was 60.0 billion yen (a 15.1% decrease from the previous term).

## Other Businesses

## ■ NIPPO CORPORATION

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Regarding civil engineering work such as pavement construction, although a sign of recovery could be seen in public work, the trend in private capital investment recovery was weak; consequently, NIPPO CORPORATION continued to be confronted with a difficult operating environment. Despite that situation, it worked aggressively to improve profitability by obtaining orders and strengthening sales of products—such as asphalt mixture—based on its technological superiority, cost reductions, and increasing operational efficiency.

## **Toho Titanium Co., Ltd.**

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Demand for titanium metals recovered not only in the aircraft sector but also in the general industrial sector, such as in seawater desalination plants. Accordingly, in February 2012, Toho Titanium Co., Ltd. completed work to increase its production capacity for titanium sponges in the Wakamatsu Plant. Further, in March 2012, in order to increase its production capacity for titanium ingots, it was decided to extend a large-size electronic beam-melting furnace in the Yahata Plant. In addition, the demand for titanium metals is expected to continuously increase in the future; therefore, in order to improve its financial base in preparation for future investments, in March 2012 it decided to allocate new shares to third parties, designating the Company and Nippon Steel Corporation as the allocated parties. Furthermore, it completed a capital increase of 14.3 billion yen in May 2012. Consequently, the Company's voting rights ratio has changed from 42.6% to 50.4%.

## **Business Results of Other Businesses (including NIPPO CORPORATION and Toho Titanium Co., Ltd.)**

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Regarding other businesses, net sales were 464.5 billion yen (a 1.8% decrease from the previous term), operating income was 13.2 billion yen (a 22.0% decrease from the previous term), and ordinary income was 16.0 billion yen (a 36.5% decrease from the previous term).

### **Promotion of CSR Activities**

As the JX Group, we are actively developing corporate social responsibility (CSR) activities, by maintaining a Group Mission Statement that “JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources, and materials,” in order to gain credibility as a good corporate citizen widely from society, and setting (i) compliance, (ii) social contribution, and (iii) environment & safety as the three (3) pillars of our CSR activities. During this term, we have been applying ourselves to CSR activities, including implementing compliance status checks at operating sites all over Japan, enhancing compliance systems at overseas operating sites, expanding next-generation development assistance through “JX Children's Story Fund”, and conducting thorough examinations to ensure compliance with environmental and safety restrictions.

In addition, as a response to the Great East Japan Earthquake, in our primary businesses, we have done our best to supply petroleum products on a stable basis and to maintain supply chains of copper products and electronic materials. Moreover, we have also conducted social contribution activities including donating relief money provided by group companies, conducting reconstruction support volunteering activities by JX Group's officers and employees in stricken areas, and donating copies of a volume of children's literature titled *The Bouquet of Children's Stories* to children who were forced to live in evacuation centers.

### **(3) Matters the Company should address**

Taking a view of the future world economy, the economic conditions in the United States are forecasted to pick up, and the economies of the emerging nations are, though the rate is decreasing, expected to continue growing. However, there is concern that economic conditions will decline, due to a steep rise in the price of crude oil alongside the growing tension of the situation in Iran, or the recurrence of debt issues in Europe. In addition, although the Japanese economy is expected to maintain its current condition due to recovery from the disaster being well underway, the future of the Japanese economy is unclear, as it is not possible to dispel the risk of its downward swing due to electricity shortage issues, the development of the appreciation of the yen, etc.

In the midst of these circumstances, it is expected that, while the demand for petroleum products cannot avoid decreasing in the future in Japan, the trend of the demand for petroleum products overseas is expected to increase for the time being, primarily in Asia. In addition, it is believed that demand for copper and electronic materials will grow over the mid- to long-term, primarily in the emerging nations.

Under these circumstances, the JX Group will apply itself to re-examining and improving the crisis management systems based on the lessons of the Great East Japan Earthquake, as well as promote relevant measures in each business field as follows, aiming towards achieving the objectives of the Medium-Term Management Plan which sets 2012 as the final fiscal year.

## Efforts based on Lessons from the Great East Japan Earthquake

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- In the Petroleum Refining and Marketing business, by maintaining basic policies of “giving first priority to human life” and “disaster mitigation” in addition to achieving complete rehabilitation of the Sendai Refinery, at operating sites we are securing evacuation locations and improving information communication methods. In addition, we are enhancing measures against earthquakes and tsunamis, including completing automatic suspension systems for manufacturing equipment that operate simultaneously with seismographs.
- Based on recently-revised anticipated damage from earthquakes and tsunamis, JX Group companies will work on constructing crisis management systems in order to be able to continue our business even after a wide-scale disaster has occurred, and to maintain supply-chains of products—such as petroleum products and electronic materials—that are essential to the lives and industrial activities of the citizenry.

## Measures based on the Medium-Term Management Plan

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### Petroleum Refining and Marketing Business

- In order to achieve the income improvement target of 109.0 billion yen in total by integration synergies and improvements in refinery efficiency, we will further proceed with production optimization, improvements in crude oil and product transportation efficiency, and cost reduction across all supply chains.
- In order to construct manufacturing and marketing systems with the highest competitive capabilities in Japan, while aiming to maintain safe and stable operations, we will proceed to share “Best Practices” in equipment operation; moreover, we will establish efficient operational systems. Further, we will actively conduct marketing activities by attaching great importance to profitability as the basic policy.
- In order to strengthen overseas businesses, we will earnestly make all necessary arrangements so that we can successfully conclude both the paraxylene and lubricant-base oil manufacturing project in South Korea, and the coking coal development and production project in Canada.
- Regarding the new energy business, we will establish the business foundation at an early stage by actively promoting sales of SOFC-type residential-use fuel cells, by making efforts to expand sales of solar cells, and further by paving the way for growth of the business of manufacturing and marketing “anode materials” for lithium-ion batteries.



### Oil and Natural Gas E&P Business

- In order to lay the foundation for further robust and sustainable growth, we will actively acquire exploration concessions and will aim to discover new oil fields and gas fields by sophisticated and efficient promotion of exploration activities. Further, through projects in which we play an operator role, we will try to accumulate technological knowledge and make use of this accumulated knowledge to improve our competitive capability of acquiring concessions.
- While doubly ensuring safe and stable operation of production activities, in order to maximize the value of concessions held, we will aim to launch production at an early stage in each project—including the Finucane South oil field project and the LNG project in Papua New Guinea; moreover, we will make efforts to develop additional fields in order to maintain and increase production volume. In addition, in order to prevent a decrease in production volume and to extend the production period, we will continue to consider effective utilization of the EOR technology in the Rang Dong oil field.
- In order to stabilize the income base and to enable sustainable development, we will maintain our optimal asset portfolio by flexibly and efficiently rearranging concessions at exploration, development, and production stages by acquisitions and sales.

### Metals Business

- Regarding the copper business, we will continue to steadily prepare toward launching production in the Caserones Copper and Molybdenum Deposit Development Project; in addition, we will aim to construct a high-profitability business system by increasing the self-sufficiency ratio of copper concentrate. Further, we will promote technological development, including early practical application of the “Nikko Chloride Process”<sup>\*</sup>—a new smelting process currently in the verification test stage.
  - \* A process to efficiently recover copper and precious metals—such as gold and silver—from low-grade copper concentrates (raw material) which contain precious metals by a chemical reaction using hydrochloric acid.
- Regarding the recycling and environmental services business, we will strive to further strengthen the business foundation by increasing the degree of utilizing HMC’s capacity, increasing the recovery rate, and by other means in addition to strengthening the capacity to collect materials for recycling from overseas.

- Regarding the electronic materials business, we will make efforts to expand production overseas mainly in China and South East Asia in order to respond to an overseas shift by customers; moreover, we will strive to further improve our competitive capability. In addition, in order to expand the supply to the electronic materials to be installed in the automobiles sector—for which the demand is relatively stable, we will promote the construction of a new plant in Kakegawa City; furthermore, we will construct a full-scale mass-production system for “cathode materials” for lithium-ion batteries at the Isohara Works.

JX Group will improve our ability to deal with a rapidly changing business environment by utilizing our strength as a corporate group with a variety of business fields, such as energy, resources, and materials. Moreover, we will generate creative synergies by optimal utilization of various management resources under the holding company’s control, and thereby realize the “JX Group Mission Statement.” We look forward to your continued valuable support and patronage as a shareholder in the future.

### **[JX Group Mission Statement]**

JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources and materials.

#### (4) Financing

The Company primarily procures the business funds of each company in the JX Group. The Company procured 37.0 billion yen in long-term loans this term.

In addition, the Company procured, through long-term loans, 608.0 million U.S. dollars as funds related to the Papua New Guinea project in the Oil and Natural Gas E&P business, and 961.0 million U.S. dollars as funds related to the Caserones project in the Metals business.

#### (5) Capital Investment

Segment and Category	Capital Investment Amount (100 million yen)	Main Investment
Petroleum Refining and Marketing	869	Earthquake disaster rehabilitation and reconstruction work; refinery and plant facility work; service station new construction and reconstruction work; and system integration
Oil and Natural Gas E&P	524	Oil and gas field exploration and development
Metals	905	Copper mine development; office, smelter, and works facility work; and cathode materials for lithium-ion batteries manufacturing facility enhancement
Other	127	Asphalt mixture plant manufacturing facility renewal; and titanium sponge manufacturing facility enhancement
Total	2,425	—
(Adjustments)	(48)	—
Consolidated Total	2,473	—

## (6) Financial position and Operating Results

Consolidated Fiscal Year		FY2010 (First term)	FY2011 (Second term; the current term)
Item			
Net sales	(100 million yen)	96,344	107,239
Ordinary income	(100 million yen)	4,137	4,078
Net income	(100 million yen)	3,117	1,706
Net income per share		125.35 yen	68.60 yen
Total assets	(100 million yen)	62,600	66,904
Net assets	(100 million yen)	18,862	20,448

(Note) The net income of 311.7 billion yen in the fiscal year 2010 (first term) includes the “negative goodwill” of 226.5 billion yen recorded upon the management integration.

**(7) Material Subsidiaries (as of March 31, 2012)**

- **Number of consolidated subsidiaries:** 134
- **Number of subsidiaries or affiliates accounted for under the equity method:** 32
- **Material Consolidated Subsidiaries**

Segment	Company Name	Capital stock (100 million yen)	Voting Rights Ratio (%)	Details of Major Business Activities
Petroleum Refining and Marketing	JX Nippon Oil & Energy Corporation	1,394	100	Manufacturing and marketing of petroleum products and petrochemical products
Oil and Natural Gas E&P	JX Nippon Oil & Gas Exploration Corporation	98	100	Exploring, developing, and producing oil and natural gas
Metals	JX Nippon Mining & Metals Corporation	400	100	Developing and mining non-ferrous metal resources, and manufacturing and marketing non-ferrous metal products and electronic materials
	Pan Pacific Copper Co., Ltd.	424	66	Developing and mining non-ferrous metal resources, and manufacturing and marketing non-ferrous metal products
Other	NIPPO CORPORATION	153	57.2	Civil engineering work, including roadwork and pavement construction, and construction work
	Toho Titanium Co., Ltd.	48	42.6	Manufacturing, processing, and marketing titanium metals

(Notes)

1. The voting rights ratio of Pan Pacific Copper Co., Ltd. is that held by JX Nippon Mining & Metals Corporation, which invests in Pan Pacific Copper Co., Ltd.
2. Pan Pacific Copper Co., Ltd., conducted a capital increase through rights offering having JX Nippon Mining & Metals Corporation and Mitsui Mining & Smelting Co., Ltd., as the recipients, resulting in capital stock of 42.4 billion yen as of March 29, 2012.
3. Toho Titanium Co., Ltd. conducted a third-party allotment having the Company and Nippon Steel Corporation as the recipients, which as of May 1, 2012, resulted in capital stock of 12.0 billion yen with the Company having 50.4% of the voting rights in Toho Titanium Co., Ltd.

(8) Main Business Offices and Plants (as of March 31, 2012)

● **JX Holdings, Inc.**

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo
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● **Petroleum Refining and Marketing Business (JX Nippon Oil & Energy Corporation)**

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo	
Laboratory	Central Technical Research Laboratory (Yokohama City)	
Refineries and Plants	Muroran Refinery (Muroran City)	Sendai Refinery (Sendai City)
	Kashima Refinery (Kamisu City)	Negishi Refinery (Yokohama City)
Refineries and Plants	Osaka Refinery (Takaishi City)	Mizushima Refinery (Kurashiki City)
	Marifu Refinery (Waki-cho, Kuga-gun, Yamaguchi)	Oita Refinery (Oita City)
	Kawasaki Plant (Kawasaki City)	Yokohama Plant (Yokohama City)
	Chita Plant (Chita City)	
Branch Offices	Hokkaido (Sapporo City)	Tohoku (Sendai City)
	Kanto (Chiyoda-ku, Tokyo)	Tokyo (Chiyoda-ku, Tokyo)
	Chubu (Nagoya City)	Kansai (Osaka City)
	Chugoku (Hiroshima City)	Kyushu (Fukuoka City)
	Okinawa (Naha City)	Dealers Sales (Chiyoda-ku, Tokyo)
Overseas Operating Sites (Offices and Plants)	China (Beijing, Shanghai and others)	Taiwan (Gaoxiong)
	Australia (Sydney)	Vietnam (Ho Chi Minh)
	Thailand (Bangkok)	Singapore (Singapore)
	Indonesia (Jakarta and West Java)	India (New Delhi)
	U.S. (Chicago, Los Angeles, and others)	Brazil (Sao Paulo)
	U.K. (London)	Russia (Moscow)
	United Arab Emirates (Abu Dhabi and Dubai)	

(Notes)

1. The information above includes the operating sites of JX Nippon Oil & Energy Corporation's group companies.
2. A new group company office was established in Dubai, United Arab Emirates, as of July 14, 2011.
3. The Dealers Sales Branch Office is to be closed down on June 30, 2012, the Kanto Branch Office is to be renamed as the Kanto I Branch Office, and a new Kanto II Branch Office (Chiyoda-ku, Tokyo) is to be established.

- **Oil and Natural Gas Exploration and Production Business (JX Nippon Oil & Gas Exploration Corporation)**

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo	
Oil and Gas Field	Nakajo Oil and Gas Field (Tainai City)	
Overseas Operating Sites (Offices)	Australia (Brisbane and Perth) Indonesia (Jakarta) U.S. (Houston) Libya (Tripoli)	Vietnam (Ho Chi Minh and Vung Tau) Malaysia (Kuala Lumpur and Miri) U.K. (London) Qatar (Doha)

(Notes)

1. The information above includes the operating sites of the group companies of JX Nippon Oil & Gas Exploration Corporation.
2. A new group company office was established in Doha, Qatar, as of October 1, 2011.

- **Metals Business (JX Nippon Mining & Metals Corporation)**

Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo	
Laboratory	Technology Development Center (Hitachi City)	
Offices, Smelters, and Works	<Smelting and Copper Refining> Saganoseki Smelter & Refinery (Oita City) Hitachi Works (Hitachi City) Tamano Smelter (Tamano City)	
	<Recycling & Environmental Services> Hitachi Works (Hitachi City) Tsuruga Plant (Tsuruga City)	
	<Electronic Materials> Hitachi Works (Hitachi City) Kurami Works (Samukawa-machi, Koza-gun, Kanagawa) Isohara Fabricating Works (Kita Ibaraki City) Isohara Works (Kita Ibaraki City)	
Overseas Operating Sites (Offices, Works, and Mines)	South Korea (Ulsan and Pyeongtaek) Taiwan (Ba De, Guan Yin, and others) Singapore (Singapore) Malaysia (Johore) Peru (Lima and Quechua) Germany (Frankfurt and Baden-Wurttemberg)	China (Suzhou, Changzhou, and others) Australia (Brisbane) Philippines (Laguna) U.S. (Arizona) Chile (Santiago, Caserones, and others)

(Notes)

1. The information above includes the operating sites of the group companies of JX Nippon Mining & Metals Corporation.
2. HMC Works, Shirogane Works, and Hitachi Fabricating Works were integrated into the Hitachi Works as of April 1, 2011.

- **Other Businesses**

**<NIPPO CORPORATION>**

Head Office	19-11, Kyobashi 1-chome, Chuo-ku, Tokyo	
Laboratory	NIPPO Technical Center, Technical Research Center (Saitama City)	
Branch Offices	Hokkaido (Sapporo City)	Tohoku (Sendai City)
	Kanto Daiichi (Shinjuku-ku, Tokyo)	Kanto Daini (Shinagawa-ku, Tokyo)
	Hoku-shinetsu (Niigata City)	Chubu (Nagoya City)
	Kansai (Osaka City)	Shikoku (Takamatsu City)
	Chugoku (Hiroshima City)	Kyushu (Fukuoka City)
	Kanto Architectural (Shinagawa-ku, Tokyo)	

**<Toho Titanium Co., Ltd.>**

Head Office	3-5, Chigasaki 3-chome, Chigasaki City, Kanagawa	
Plants	Chigasaki Plant (Chigasaki City)	Wakamatsu Plant (Kitakyushu City)
	Yahata Plant (Kitakyushu City)	Hitachi Plant (Hitachi City)
	Kurobe Plant (Kurobe City)	



**(9) Employees (as of March 31, 2012)**

Segment and Category	Number of Employees (persons)	
JX Holdings, Inc.	115	[ 0]
Petroleum Refining and Marketing	13,239	[6,010]
Oil and Natural Gas E&P	710	[ 24]
Metals	4,978	[ 282]
Other	5,194	[2,611]
Total	24,236	[8,927]

(Notes)

1. The number of employees indicates the number of employees at the Company and its consolidated subsidiaries.
2. The numbers in brackets indicate temporary employees (the average annual number of persons engaged). Temporary employees are not included in the non-bracketed numbers.

**(10) Main Lenders and Loans Payable (as of March 31, 2012)**

Lender	Balance of Loans Payable (100 million yen)
Mizuho Corporate Bank, Ltd.	2,393
Japan Oil, Gas and Metals National Corporation	2,294
Sumitomo Mitsui Banking Corporation	1,904
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,874

## 2. Matters Concerning Shares (as of March 31, 2012)

- **Total number of authorized shares:** 8,000,000,000 shares
- **Total number of issued shares:** 2,495,485,929 shares
- **Number of shareholders:** 174,195 shareholders
- **Large Shareholders (top ten (10))**

Shareholders' Names	Number of Shares Held (thousand shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Unit)	160,188	6.43
The Master Trust Bank of Japan, Ltd. (Trust Unit)	149,090	5.99
Japan Trustee Services Bank, Ltd. (Trust Unit 9)	68,749	2.76
Mizuho Corporate Bank, Ltd.	65,451	2.63
Sumitomo Mitsui Banking Corporation	65,398	2.63
SSBT OD05 Omnibus Account - Treaty Clients	57,233	2.30
Mitsubishi Corporation	48,616	1.95
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	38,920	1.56
INPEX Corporation	33,265	1.34
State Street Bank and Trust Company	33,233	1.33

(Note) Shareholding ratio is calculated excluding treasury stock (5,595,956 shares).

### 3. Matters Concerning the Company's Directors and Company Auditors

#### (1) Directors' and Company Auditors' Names, etc. (as of March 31, 2012)

Name	Position	Responsibilities (important concurrent office), etc.
Shinji Nishio	Representative Director and Chairman of the Board	
Mitsunori Takahagi	Representative Director and President	President and Executive Officer
Shigeo Hirai	Director	Executive Vice President and Executive Officer, in overall charge of Post-merger Integration Dept. and Corporate Planning Dept. I, and responsible for Finance & Investor Relations Dept.
Kiyonobu Sugiuchi	Director	Senior Vice President and Executive Officer, in overall charge of Corporate Planning Dept. II, and responsible for Controller Dept.
Yukio Yamagata	Director	Senior Vice President and Executive Officer, responsible for Internal Audit Dept.
Kazuo Kagami	Director	Senior Vice President and Executive Officer, responsible for General Administration Dept.
Ichiro Uchijima	Director	Senior Vice President and Executive Officer, responsible for Post-merger Integration Dept. and Corporate Planning Dept. I
Junichi Kawada	Director	Senior Vice President and Executive Officer, responsible for Corporate Social Responsibility Dept./Legal & Corporate Affairs Dept., General Manager of Legal & Corporate Affairs Dept.
Yasushi Kimura	Director	(Representative Director and President (President and Executive Officer) of
Isao Matsushita	Director	JX Nippon Oil & Energy Corporation)
Makoto Koseki	Director	(Representative Director (Executive Vice President and Executive Officer) of
Masanori Okada	Director	JX Nippon Oil & Energy Corporation)
		(Representative Director and President (President and Executive Officer) of
		JX Nippon Oil & Gas Exploration Corporation)
		(Representative Director and President (President and Executive Officer) of
		JX Nippon Mining & Metals Corporation)

Name	Position	Responsibilities (important concurrent office), etc.
Etsuhiko Shoyama	Outside Director	[Independent Director] (Senior Corporate Advisor to Hitachi, Ltd.)
Juichi Takamura	Outside Director	[Independent Director] (Professor Emeritus of Musashino University)
Masahiro Sakata	Outside Director	[Independent Director] (Attorney-at-Law, Of Counsel at Anderson Mori & Tomotsune)
Hiroshi Komiyama	Outside Director	[Independent Director] (Chairman of Mitsubishi Research Institute, Inc.)
Fumio Ito	Full-time Company Auditor	
Hideo Tabuchi	Full-time Company Auditor	
Masao Fujii	Outside Company Auditor	[Independent Company Auditor] (Attorney-at-Law)
Hidehiko Haru	Outside Company Auditor	[Independent Company Auditor]
Hiroyasu Watanabe	Outside Company Auditor	[Independent Company Auditor] (Professor at Graduate School of Finance, Accounting and Law, Waseda University)
Mitsudo Urano	Outside Company Auditor	[Independent Company Auditor] (Representative Director and Chairman of Nichirei Corporation)

(Notes)

1. Mr. Hidehiko Haru, the Outside Company Auditor, has long been in charge of the Controller Division at Tokyo Electric Power Company. He also has experience serving as a member of the Bank of Japan's Policy Board, having a considerable amount of knowledge and insight regarding finance and accounting.
2. Mr. Hiroyasu Watanabe, the Outside Company Auditor, has long worked at the Ministry of Finance (*Okurasho*) (current Ministry of Finance (*Zaimusho*)), and has held positions such as the Minister of the National Tax Agency. He is also a professor of the Graduate School of Finance, Accounting and Law, Waseda University, having a considerable amount of knowledge and insight regarding finance and accounting.
3. No relationship exists between important concurrent offices held by any of the outside directors or outside company auditors, and the Company, that needs to be specifically indicated herein.
4. Due to abolition of the Post-merger Integration Department on March 31, 2012, both Directors, Mr. Shigeo Hirai and Mr. Ichiro Uchijima, have been dismissed from their respective duties of being in overall charge of, or responsible for, the Post-merger Integration Department.
5. Each of the Outside Directors Mr. Etsuhiko Shoyama, Mr. Juichi Takamura, Mr. Masahiro Sakata, and Mr. Hiroshi Komiyama, and each of the Outside Company Auditors Mr. Masao Fujii, Mr. Hidehiko Haru, and Mr. Mitsudo Urano, are independent directors and company auditors based on the rules of each stock exchange in Tokyo, Osaka, and Nagoya on which the Company is listed.

**(2) Remunerations for Directors and Company Auditors (for the fiscal year 2011)**

Grantee	Total Remuneration Amount (million yen)	Number of Grantees (persons)
Directors (Outside Directors)	570 (64)	16 (4)
Company Auditors (Outside Company Auditors)	113 (41)	6 (4)
Total (Outside Directors and Outside Company Auditors)	683 (105)	22 (8)

(Note) The information above includes the amount of bonuses for the fiscal year 2011, payment of which the directors and company auditors are to be granted after the Company's second ordinary general meeting of shareholders.

### **(3) Matters Concerning Determination of the Remunerations for Directors and Company Auditors**

- **Maximum Limit of the Remunerations for Directors and Company Auditors**

The maximum limit of the Remunerations for directors and company auditors was resolved at the Company's first ordinary general meeting of shareholders as follows:

- A. The total amount of the Remunerations for directors shall be not more than 1.1 billion yen (including not more than 200 million yen for outside directors) per one (1) fiscal year. This does not include salaries and bonuses for the employees who concurrently hold the position of director.
- B. The total amount of the Remunerations for company auditors shall be not more than 200 million yen per one (1) fiscal year.

The Remunerations for directors are paid within the limits mentioned in item A, based on the policy described in the following paragraph. In addition, the Remunerations for company auditors are set as fixed-amount remuneration for the purpose of independence in their duties, and are paid within the limits mentioned in item B above based on discussions with each company auditor.

- **Policies regarding Determination of the Calculation Method for the Remunerations for Directors**

The Remunerations for directors are structured reflecting the Company's business results for the relevant fiscal year, consisting of two (2) types of payments, the fixed-amount remuneration paid every month according to each director's role, and the bonuses the amount of which changes according to consolidated ordinary income. The policies for determining the Remunerations is decided by resolutions of the Board of Directors' meetings after deliberations at and reporting by the Remuneration Advisory Committee (consisting of two (2) outside directors and two (2) representative directors; chaired by an outside director.)

#### (4) Matters Concerning Outside Directors and Outside Company Auditors

- **Attendance at Board of Directors' Meetings**

Outside Director		Outside Company Auditor	
Etsuhiko Shoyama	12 out of 13 times	Masao Fujii	13 out of 13 times
Juichi Takamura	13 out of 13 times	Hidehiko Haru	13 out of 13 times
Masahiro Sakata	12 out of 13 times	Hiroyasu Watanabe	12 out of 13 times
Hiroshi Komiyama	11 out of 13 times	Mitsudo Urano	13 out of 13 times

- **Attendance at Board of Company Auditors' Meetings**

Outside Company Auditor	
Masao Fujii	15 out of 15 times
Hidehiko Haru	15 out of 15 times
Hiroyasu Watanabe	14 out of 15 times
Mitsudo Urano	15 out of 15 times

- **Statements at Board of Directors' Meetings**

Making use of their abundant expertise and experience, each outside director and outside company auditor inquired about and offered his opinion at Board of Directors' meetings from an objective and fair stance on each matter to be resolved, such as important investments, and on each matter to be reported, such as the business execution status.

- **Statements at Board of Company Auditors' Meetings**

At Board of Company Auditors' meetings, each outside company auditor inquired about and offered his or her opinion on matters such as the businesses of the Company and the group companies, and the status of management control from the perspective of auditing the execution of duties by directors and employees.

- **Other Activities**

- A. Together with the full-time company auditors, each outside company auditor regularly exchanged with the representative directors or the like, his opinion on the JX Group's overall management, and engaged in activities to further improve the soundness of the management.
- B. Making use of their abundant expertise and experience, the Outside Directors, Mr. Etsuhiko Shoyama and Mr. Masahiro Sakata, inquired and offered, at the Remuneration Advisory Committee, their opinions from an objective and fair stance on the matters regarding remuneration and bonuses that are to be reported to the Board of Directors.

- **Outline of the Contents of the Liability Limitation Agreement**

- A. The Company has, pursuant to Article 427, paragraph 1 of the Japanese Companies Act and Article 23 of the Articles of Incorporation of the Company, concluded with its four (4) outside directors, an agreement (the liability limitation agreement) that limits the liability for damages which an outside director owes to the company under Article 423, paragraph 1 of the Japanese Companies Act, agreeing to limit these outside directors' liability to the amount (the amount equal to the outside director's Remunerations for two years) set forth in Article 425, paragraph 1 of the Japanese Companies Act if these outside directors are without knowledge and are not grossly negligent in conducting their duties.
- B. The Company has, pursuant to Article 427, paragraph 1 of the Japanese Companies Act and Article 33 of the Articles of Incorporation of the Company, concluded with its four (4) outside company auditors, an agreement (the liability limitation agreement) that limits the liability for damages which an outside company auditor owes to the company under Article 423, paragraph 1 of the Japanese Companies Act, agreeing to limit these outside company auditors' liability to the amount (the amount equal to the outside company auditor's Remunerations for two (2) years) set forth in Article 425, paragraph 1 of the Japanese Companies Act if these outside company auditors are without knowledge and are not grossly negligent in conducting their duties.



#### 4. Matters Concerning the Accounting Auditor

##### (1) Name

Ernst & Young ShinNihon LLC

##### (2) Amount of the Remunerations (for the fiscal year 2011)

(million yen)

(i) Amount of the Remunerations as an accounting auditor of the Company	106
(ii) Total amount of monies and other property benefits to be paid by the Company and its subsidiaries	718

(Notes)

1. The audit agreement between the Company and the account auditor does not, and is practically unable to, distinguish between the amounts of audit remuneration for the audit based on the Japanese Companies Act and the audit based on the Japanese Financial Instruments and Exchange Act. Therefore, the amount stated in (i) above includes the amount of audit remuneration for the audit based on the Financial Instruments and Exchange Act.
2. The Company does not entrust non-audit services to Ernst & Young ShinNihon LLC.

##### (3) Policies on Determining Dismissal or Refusal of Reappointment of the Accounting Auditor

If breach of vocational obligation, misconduct, or the like occurs with the accounting auditor, the Company shall, based on a request from the Board of Company Auditors, or after obtaining consent from the Board of Company Auditors, propose to its general meeting of shareholders this accounting auditor's dismissal or refusal of reappointment. In addition, if breach of vocational obligation, misconduct, or the like occurs with the accounting auditor, and the Board of Company Auditors deems it necessary to immediately dismiss the accounting auditor without obtaining a resolution of a general meeting of shareholders, this accounting auditor shall be dismissed by the consent of all company auditors pursuant to provisions under Article 340 of the Japanese Companies Act.

## 5. The Contents of the Resolution on Development of Systems to Ensure the Properness of Operations

The contents of the resolution on the Company's development of the system (the internal control system) set forth in Article 362, paragraph 4, item 6 of the Japanese Companies Act are as follows:

Under the JX Group Mission Statement – “JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources and materials” – and the JX Group Values that it upholds – “Ethics, Advanced ideas, Relationship with society, Trustworthy products/services, Harmony with the environment” – the Company will develop, based on the following basic policies, a system aimed at ensuring the properness of operations (the internal control system), and shall operate this system.

In operating the internal control system, the Company shall make efforts to continuously improve the system by establishing the JX Group internal control meeting and the JX Group internal control committee, as well as by regularly monitoring the operational status, so that the internal system will be implemented across the entire JX Group and done so effectively.

### 1. System to Ensure that Execution of the Duties by the Directors and the Employees Complies with Laws and Regulations, and the Articles of Incorporation

- (1) The Company shall comply with laws and regulations, its articles of incorporation, and its rules, etc., in its entire operational spectrum by developing and enforcing rules aimed at fully ensuring compliance, so that the Company may carry out its corporate activities fairly and improve society's trust in the JX Group, whether in or outside of Japan.
- (2) The Company shall develop and operate organizational systems, such as committees, aimed at fully ensuring compliance, as well as regularly conduct inspection activities regarding the JX Group's status of compliance, and shall take appropriate measures that correspond to the inspection results.
- (3) The Company shall pursue early detection and early correction of breaching of laws and regulations, as well as develop and operate an internal reporting system that cooperates with attorneys-at-law in order to appropriately protect the whistleblower in breaching of laws and regulations.
- (4) In order to achieve appropriate operation of the Board of Directors' meetings, the Company shall establish the “Rules for the Board of Directors,” and based on these rules, hold the Board of Directors' meetings once every month in principle, and decide on execution of important business activities after thorough deliberations, as well as receive reports from directors in an appropriate manner on the status of execution of their duties.
- (5) By having outside directors and outside company auditors preside at the Board of Directors' meetings and participate in deliberations thereof, the Company shall aim at ensuring the objectivity and further improving the adequacy of decisions on execution of business activities.
- (6) The Company shall establish the Internal Audit Department, which will be in charge of internal auditing and which will implement audits independently from other divisions.
- (7) The Company shall develop and operate an internal control system aimed at ensuring trust in its

financial reporting, as well as evaluate the effectiveness of the reporting every year, and make any necessary corrections.

- (8) To prevent a relationship between the Company and anti-social forces, the Company shall set the basic policy for the entire JX Group, and each company under the JX Group shall develop and enforce the rules, etc. that correspond to each of their actual business activities, and fully ensure that the rules, etc. are complied with.

## 2. System for the Storage and Management of Information related to Execution of Duties by the Directors and the Employees

- (1) The execution of duties by the directors and the employees shall in principle be conducted in writing, and the rules, etc. on document preparation, management, or the like shall be established and enforced.
- (2) The Company shall properly prepare minutes of the Board of Directors' meetings based on laws and regulations, and shall develop and enforce rules, etc. on the preparation, approval process, storage, or the like of approval documents for each person in a management position.
- (3) The Company shall develop and enforce rules, etc. aimed at preventing wrongful use, disclosure, and divulgence of company information, and appropriately handling confidential information and personal information. In addition, the Company shall, through providing opportunities such as internal training, ensure that the employees fully comply with the rules, etc.
- (4) The Company shall appropriately prepare its business reports, financial statements, annual securities reports, and the like and disclose company information in a timely manner based on the Japanese Companies Act, the Japanese Financial Instruments and Exchange Act, and the stock exchanges' Timely Disclosure Rules.

## 3. Rules and other Systems for the Management of Risk of Loss

- (1) In submitting an important subject, such as a substantial amount of investment, to the Board of Directors' meeting or a management meeting, policies on treatment of risks pertaining to the subject shall be defined after sorting out the anticipated risk. In addition, the Company shall, as necessary, appoint outside legal, accounting, tax and other advisors, and seek their opinions.
- (2) The Company shall appropriately identify and analyze various risks that may impair the JX Group's corporate value, risks such as radical changes in the economy and financial conditions; drastic fluctuation in crude oil, copper metal, or other resource prices, or in currency exchange rates; and the occurrence of a large earthquake; and shall develop and enforce systems and rules, etc. aimed at dealing with these risks.
- (3) To prepare for an event where a crisis or emergency significantly affects the JX Group's management, the Company shall appropriately transmit and manage information regarding the crisis or the emergency, and shall develop and enforce systems and rules, etc. aimed at preventing the occurrence and expansion of damages.

## 4. System to Ensure Efficient Execution of Duties by Directors and Employees

- (1) The Company shall set forth in its "Rules on Organization and Authority" the organizational structure, management positions and business activity allocations in the Company, as well as the matters for approval and the approval authority that correspond to each skill and management

position, and have the duties executed in an efficient manner.

- (2) The matters to be resolved by the Board of Directors shall in principle be approved by the president in advance. In addition, on the granting of the president's approval, a management meeting shall be established as a body that discusses the president's approval of the matter, and appropriate and efficient decision-making shall be conducted after the management of the Company and the core operating companies (each of JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation and JX Mining and Metals Corporation) have conducted examination and deliberation as a group.
- (3) The Company shall draw up a management plan for the next three (3) years in the Medium-Term Management Plan, and shall develop management control systems such as the budget system and the objectives management system.

#### 5. System to Ensure Appropriateness of Businesses within the Corporate Group

- (1) Regarding the "JX Group Mission Statement" and the "JX Group Values," the Company shall define them as the management philosophies common to each company under the JX Group, and shall aim to disseminate them among and have them fully understood by each company.
- (2) The Company shall appropriately formulate the management plan as a group at the Board of Directors' meetings and management meetings. In addition, the Company shall have the officers and employees of the core operating companies preside at management meetings as necessary, in addition to appointing as the Company's part-time directors the presidents of all the core operating companies, so that decision-making on subjects concerning execution of the core operating companies' business activities is appropriately conducted.
- (3) The Company shall set forth in its "Rules for the Board of Directors" and the "Rules on Organizations and Authority," the matters that should be brought up at the Company's Board of Directors' meetings and management meetings from among the matters regarding execution of the business activities of the core operating companies and other group companies, and shall enforce the matters in an appropriate manner.
- (4) The Company shall set forth in its "Rules on Operation of the JX Group" the basic matters regarding the operation of the group, such as the mission, purposes, basic role, structure of authority for decision-making in the Company, the core operating companies, and other group companies, as well as develop the rules, etc. that should be applied to the entire JX Group, and shall aim to have each company under the group share and comply with the rules, etc.
- (5) Regarding systems related to compliance, such as internal reporting systems, the Company shall develop them as systems that include the core operating companies and other group companies, taking into account the business characteristics of each company.

#### 6. System to Ensure Effective Auditing by the Company Auditors

- (1) The Company shall respect the audit standard and the audit plan set forth by the Board of Company Auditors, and shall cooperate in the smooth performance of audits and the development of conditions for an audit.
- (2) The Company shall take the measures necessary so that the company auditors are able to preside at important meetings, such as management meetings, and understand the process of making important decisions and the status of service execution. In addition, the Company shall develop

and operate systems so that appropriate reporting is conducted with regard to the matters which the company auditors request.

- (3) The Company shall immediately report to the company auditors when it finds facts regarding material breaches of laws and regulations or the articles of incorporation, fraudulent acts, or facts that could cause considerable damage to the Company.
- (4) The representative director and other management shall hold meetings with the company auditors from time to time, and exchange opinions on matters such as the JX Group's management tasks.
- (5) The Internal Audit Department, which is in charge of internal audits, shall make efforts to maintain close cooperation with the company auditors.
- (6) The Company shall establish the Auditors' Affairs Office as an organization independent from the Executive Committee, and the employees appointed exclusively to the office shall assist in the company auditors' duties. Treatment of personnel, such as evaluation and transfer of the employees who belong to the Auditors' Affairs Office, shall be determined after prior discussions with the full-time company auditors.

End

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(Note) The amounts and the number of shares stated in this business report have been obtained by rounding off fractions less than the unit indicated for each. The ratios have also been obtained by rounding off the fractions less than the digit indicated for each.

## Consolidated Financial Statements

### Consolidated Balance Sheets (as of March 31, 2012)

(Millions of yen)

Account title	Amount	Account title	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>3,554,621</b>	<b>Current liabilities</b>	<b>3,153,597</b>
Cash and deposits	241,978	Notes and accounts payable-trade	917,955
Notes and accounts receivable-trade	1,308,111	Short-term loans payable	715,030
Inventories	1,694,395	Commercial papers	404,000
Deferred tax assets	79,184	Accounts payable-other	707,596
Other	233,243	Income taxes payable	28,005
Allowance for doubtful accounts	(2,290)	Provision for loss on disaster	17,651
		Other provision	76,627
		Other	286,733
<b>Non-current assets</b>	<b>3,135,798</b>		
<b>Property, plant and equipment</b>	<b>1,940,376</b>	<b>Non-current liabilities</b>	<b>1,492,070</b>
Buildings, structures and oil tanks	383,641	Bonds payable	206,187
Machinery, equipment and vehicles	458,135	Long-term loans payable	911,930
Land	946,285	Deferred tax liabilities	122,038
Construction in progress	119,370	Provision for retirement benefits	91,004
Other	32,945	Provision for repairs	50,474
		Other	110,437
<b>Intangible assets</b>	<b>137,213</b>		
		<b>Total liabilities</b>	<b>4,645,667</b>
<b>Investments and other assets</b>	<b>1,058,209</b>	<b>(Net assets)</b>	
Investment securities	569,001	<b>Shareholders' equity</b>	<b>1,776,562</b>
Deferred tax assets	50,246	<b>Capital stock</b>	100,000
Exploration and development investments	335,402	<b>Capital surplus</b>	746,711
Other	108,870	<b>Retained earnings</b>	933,573
Allowance for doubtful accounts	(5,310)	<b>Treasury stock</b>	(3,722)
		<b>Accumulated other comprehensive income</b>	<b>(32,359)</b>
		Valuation difference on available-for-sale securities	24,802
		<b>Deferred gains or losses on hedges</b>	5,928
		Foreign currency translation adjustment	(63,089)
		<b>Minority interests</b>	<b>300,549</b>
		<b>Total net assets</b>	<b>2,044,752</b>
<b>Total assets</b>	<b>6,690,419</b>	<b>Total liabilities and net assets</b>	<b>6,690,419</b>

## Consolidated Statements of Income (from April 1, 2011 to March 31, 2012)

(Millions of yen)

Account title	Amount	
<b>Net sales</b>		<b>10,723,889</b>
<b>Cost of sales</b>		<b>9,879,587</b>
<b>Gross profit</b>		<b>844,302</b>
<b>Selling, general and administrative expenses</b>		<b>516,458</b>
<b>Operating income</b>		<b>327,844</b>
<b>Non-operating income</b>		
Interest income	2,119	
Dividends income	27,813	
Equity in earnings of affiliates	62,069	
Other	32,441	124,442
<b>Non-operating expenses</b>		
Interest expenses	26,925	
Foreign exchange losses	2,136	
Other	15,460	44,521
<b>Ordinary income</b>		<b>407,765</b>
<b>Special income</b>		
Gain on sales of non-current assets	12,955	
Gain on sales of investment securities	4,074	
Gain on negative goodwill	9,393	
Gain on reversal of loss on disaster	7,220	
Other	3,878	37,520
<b>Special loss</b>		
Loss on sales of non-current assets	1,939	
Loss on retirement of non-current assets	7,428	
Impairment loss	27,608	
Loss on step acquisitions	6,431	
Restructuring cost	36,514	
Other	10,858	90,778
<b>Income before income taxes and minority interests</b>		<b>354,507</b>
Income taxes-current	63,652	
Income taxes-deferred	84,420	148,072
Income before minority interests		206,435
Minority interests in income		35,840
<b>Net income</b>		<b>170,595</b>

Consolidated Statements of Changes in Net Assets (from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2011	100,000	746,693	801,567	(3,802)	1,644,458
Changes in the consolidated fiscal year					
Dividends from surplus			(39,838)		(39,838)
Net income			170,595		170,595
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		18		103	121
Change of scope of consolidation			1,348		1,348
Increase due to merger			(99)		(99)
Net changes of items other than shareholders' equity					
Total changes in the consolidated fiscal year		18	132,006	80	132,104
<b>Balance as of March 31, 2012</b>	<b>100,000</b>	<b>746,711</b>	<b>933,573</b>	<b>(3,722)</b>	<b>1,776,562</b>

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 31, 2011	35,524	6,666	(58,327)	(16,137)	257,920	1,886,241
Changes in the consolidated fiscal year						
Dividends from surplus						(39,838)
Net income						170,595
Purchase of treasury stock						(23)
Disposal of treasury stock						121
Change of scope of consolidation						1,348
Increase due to merger						(99)
Net changes of items other than shareholders' equity	(10,722)	(738)	(4,762)	(16,222)	42,629	26,407
Total changes in the consolidated fiscal year	(10,722)	(738)	(4,762)	(16,222)	42,629	158,511
<b>Balance as of March 31, 2012</b>	<b>24,802</b>	<b>5,928</b>	<b>(63,089)</b>	<b>(32,359)</b>	<b>300,549</b>	<b>2,044,752</b>



(Reference)

**Consolidated Statements of Cash Flows (from April 1, 2011 to March 31, 2012)**

(Millions of yen)

<b>Account title</b>	<b>Amount</b>
Net cash provided by operating activities	246,642
Net cash used in investing activities	(198,595)
Net cash used in financing activities	(37,318)
Effect of exchange rate change on cash and cash equivalents	(4,858)
Net increase in cash and cash equivalents	5,871
Cash and cash equivalents at beginning of period	232,438
Increase in cash and cash equivalents from newly consolidated subsidiary	2,252
Decrease in cash and cash equivalents from corporate division	(20)
Increase in cash and cash equivalents resulting from merger	494
Cash and cash equivalents at end of period	241,035

## Notes to Consolidated Financial Statements

### 1. Notes to Important Matters Fundamental to Preparation of Consolidated Financial Statements

- (1) Matters relating to the Scope of Consolidation
- (i) Number of consolidated subsidiaries: 134 companies  
Names of major consolidated subsidiaries:  
JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, JX Nippon Mining and Metals Corporation, Pan Pacific Copper Co., Ltd., NIPPO CORPORATION, and Toho Titanium Co., Ltd.
- (ii) Name of major non-consolidated subsidiary: Shibushi Oil Storage Co., Ltd.  
(Reason for excluding the company from the consolidation)  
All non-consolidated companies are small-sized, and none of their total aggregate assets, net sales, net loss (gain) (amount equal to equity), and retained earnings (amount equal to equity), or the like had any material effect on the consolidated financial statements.
- (iii) Change in the scope of consolidation  
All of the following companies have been added to the scope of the consolidation: Caserones Finance Netherlands B.V., JX Nippon Finance Netherlands B.V., and JX Metals Precision Technology Co., Ltd., as a result of being newly established; Sankyo Yuka Kogyo K.K. and Sanyu Electronic Industrial Co., Ltd., due to an increase in their importance; and Nippon Papua New Guinea LNG LLC, due to its additional share acquisition.  
Japan Papua New Guinea Petroleum Company, Limited and Merlin Petroleum Company, which were affiliates accounted for by the equity method, became consolidated subsidiaries due to their additional share acquisition.  
All of the following companies are excluded from the scope of the consolidation: Nikko Realestate Co., Ltd., due to its merger with JX Nippon Real Estate Corporation (formerly Nippon Oil Real Estate Company, Limited); Nippon Oil LC Film (Suzhou) Corporation and two (2) others, due to their liquidation.
- (2) Matters relating to the Application of the Equity Method
- (i) Number of non-consolidated subsidiaries accounted for by the equity method: Two (2) companies  
Names of non-consolidated subsidiaries accounted for by the equity method:  
Shinsui Marine Co., Ltd., Globe Energy Co., Ltd.
- (ii) Number of affiliates accounted for by the equity method: 30 companies  
Names of major affiliates accounted for by the equity method:  
Abu Dhabi Oil Co., Ltd., United Petroleum Development Co., Ltd., LS-Nikko Copper Inc., Minera Los Pelambres
- (iii) Change in the scope of application of the equity method  
Japan Papua New Guinea Petroleum Company, Limited and Merlin Petroleum Company, which were affiliates accounted for by the equity method, became consolidated subsidiaries due to additional share acquisition.
- (iv) The non-consolidated subsidiaries and affiliates (Seibu Nisso Company Ltd., etc.) not accounted for by the equity method hardly affect the net loss (gain) (amount equal to equity) and retained earnings (amount equal to equity), or the like of the Company, and have no importance as a whole.
- (v) Regarding the companies that are accounted for by the equity method and do have a balance sheet date different from the consolidated balance sheet date, the financial statements relating to their respective fiscal years have been used.
- (3) Matters relating to the Fiscal Year, etc. of the Consolidated Subsidiaries  
Of the consolidated subsidiaries, December 31 is the balance sheet date for eight (8) Japanese entities including Japan Vietnam Petroleum Co., Ltd., and 39 overseas entities including JX Nippon Exploration and Production (U.K.) Ltd.  
The difference between the balance sheet date of these companies and the consolidated balance sheet does not exceed three (3) months; therefore, consolidation is conducted based on the financial statements for the fiscal year of these consolidated subsidiaries. However, adjustments necessary for the consolidation have been made with respect to important transactions that occurred during the interval between the balance sheet date of these companies and the consolidated balance sheet date.
- (4) Matters relating to Accounting Standards
- (i) Valuation standards and valuation method for important assets
- Inventories  
The cost method based on the periodic average method (the amounts in the balance sheets are calculated by write-down of the book value due to a decrease in profitability) has primarily been utilized.
  - Securities
    - (a) Held-to-maturity bonds:  
The amortized cost method (the straight-line method) is used.
    - (b) Other securities  
Marketable securities:  
The fair value method based on market price, etc. as of the consolidated balance sheet date has been adopted. (All valuation differences are handled using the method that directly charges or credits the differences to

the shareholders' equity, and the costs of products sold are primarily calculated using the moving average method.)

Non-marketable securities:

The cost method based on the moving average method is primarily used.

- Net accounts receivable and accounts payable that accrue through derivative transactions  
The fair value method is used.
- (ii) Method of depreciation of important depreciable assets
  - Property, plant and equipment (excluding leased assets)  
The straight-line method is primarily used. Major expected lifetime is as follows:

Buildings, structures, and oil tanks	two (2) to 50 years
Machinery and vehicles	two (2) to 20 years
  - Intangible assets (excluding leased assets)  
The straight-line method is primarily used. Software for the Company's own use is amortized based on the authorized period of internal use (five (5) years), and the mining rights are primarily amortized using the output method.
  - Leased assets  
The lease period is treated as the expected lifetime, and the straight-line method assuming no residual value is used. Regarding the finance lease transactions that do not result in transfer of ownership, those with lease commencement dates that begin before March 31, 2008, are depreciated by applying an accounting treatment that is equivalent to the method used for ordinary lease transactions.
- (iii) Recording standards for important provisions
  - Allowance for doubtful accounts  
To prepare for bad debt losses of accounts receivable and loans receivable, etc., the estimated uncollectable amounts regarding general accounts receivable are recorded using historical bad debt ratio, and the estimated uncollectable amounts regarding certain accounts receivable, such as doubtful accounts receivable, are recorded by separately examining their collectability.
  - Provision for loss on disaster  
To prepare for payments of rehabilitation costs, etc. due to the Great East Japan Earthquake, the estimates of these payments are recorded.
  - Provision for retirement benefits  
To prepare for the employees' retirement benefits, the amounts found to have accrued as of the end of this consolidated fiscal year are recorded based on the estimated amount of the retirement benefit obligations and the pension assets as of the end of this consolidated fiscal year.  
Prior service obligations are recognized using the straight-line method based on the particular number of years within the employee's average residual service period in the consolidated fiscal year during which the obligations accrued (mainly five (5) years). In addition, the actuarial difference is recognized from the consolidated fiscal year that follows the consolidated fiscal year in which the obligations occurred, by the amount obtained by proportionally dividing, using the straight-line method, the particular number of years within the employee's average residual service period as of the date each consolidated fiscal year commenced.
  - Provision for repairs  
To prepare for payment of future repair costs, inspection and repair costs related to oil tanks, machinery equipment at refineries, and vessels for which regular overhaul is obligatory under the Japanese Fire Service Act are allocated, and the amounts corresponding to this consolidated fiscal year are recorded.
- (iv) Other important matters for preparation of consolidated financial statements
  - The standards for converting important assets and liabilities in foreign currency into Japanese yen  
The monetary accounts receivable and accounts payable in foreign currency are converted into yen using the spot exchange rate as of the consolidated balance sheet date, and the conversion difference is handled as loss or gain. In addition, the assets and liabilities of foreign subsidiaries, etc. are converted into yen using the spot exchange rate as of the consolidated balance sheet date, and income and expenses are converted into yen using the average rate during the fiscal year, and the conversion difference is recorded together with the items "foreign currency translation adjustment" and "minority interests" under the item "net assets" in the balance sheets.
  - The method for important hedge accounting  
Deferred hedge accounting is used. The appropriation method is adopted with forward exchange contracts and currency swaps upon satisfaction of this method's requirements, and the exception method is adopted with interest-rate swaps upon satisfaction of this method's requirements.
  - Accounting treatment of consumption tax, etc.  
The net of tax method is used.
  - Application of the consolidated tax payment system  
The consolidated tax payment system is applied.
  - Accounting treatment of exploration and development investment accounts  
Regarding the petroleum and natural gas exploration development business, acquisition of concession area costs, exploration costs, development costs, and interest paid for the period up until the commencement of production, etc. are recorded. After production is commenced, the accounts are primarily amortized using the output method.

- (v) Goodwill amortization method and term  
Goodwill is amortized using the straight-line method over the period during which the influence of the goodwill shall apply.

## 2. Notes to Changes in Presentation Method

The item "other provision" under "current liabilities" had been included in the item "other" under "current liabilities" in the consolidated balance sheet. However, the importance of the item "other provision" has increased; therefore, from the current fiscal year, it is presented as "other provision" under "current liabilities". The amount of "other provision" included in the item "other" under "current liabilities" for the previous consolidated fiscal year was 46,465 million yen.

## 3. Notes to the Consolidated Balance Sheet

### (1) Assets Offered as Security, and Obligations relating to Security

- (i) Assets offered as security
- |                                |                     |
|--------------------------------|---------------------|
| Property, plant and equipment: | 709,389 million yen |
| Cash and deposits:             | 23,020 million yen  |
| Other:                         | 17,577 million yen  |

In addition to the above, shares of the consolidated subsidiary in the amount of 66,357 million yen, which have been eliminated by being offset under the consolidation procedures, are also offered as security.

- (ii) Obligations related to security
- |  |                     |
|--|---------------------|
| Accounts payable-other:                              | 147,460 million yen |
| Long-term loans payable (including current portion): | 54,132 million yen  |
| Other:   | 3,027 million yen   |

The obligations corresponding to the assets offered as security include, in addition to (ii) above, the transaction guarantee of 822 million yen, and loans payable by affiliates, etc. of 19,747 million yen.

- (2) Accumulated Depreciation of Property, Plant and Equipment: 3,458,856 million yen
- (3) Guarantee Obligations
- |   |                    |
|---|--------------------|
| Guarantees to loans from financial institutions, or the like by companies, etc. other than the consolidated subsidiaries: | 74,059 million yen |
| Guarantees to employees' loans (housing funds):   | 7,003 million yen  |

## 4. Notes to the Consolidated Statement of Changes in Net Assets

- (1) Class and Total Number of Issued Shares: Common stock 2,495,485,929 shares

### (2) Dividends from Surplus

#### (i) Dividends paid

Resolution	Share Class	Total Dividends (millions of yen)	Dividends per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 27, 2011	Common stock	19,919	8.0	March 31, 2011	June 28, 2011
Board of Directors' Meeting held on November 4, 2011	Common stock	19,919	8.0	September 30, 2011	December 6, 2011

#### (ii) Dividends with record date falling in the current consolidated fiscal year, and with effective date coming in the following fiscal term

Scheduled Resolution Date	Share Class	Source of Dividends	Total Dividends (millions of yen)	Dividends per Share (yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders to be held on June 27, 2012	Common stock	Retained earnings	19,919	8.0	March 31, 2012	June 28, 2012

## 5. Notes to Financial Instruments

### (1) Matters relating to Status of Financial Instruments

The JX Group is procuring necessary funds (mainly through bank loans and bond issuances), according to its capital investment plan. Temporary surplus funds are managed as financial assets with a high level of security, and short-term operating funds are procured through bank loans and commercial papers. Derivatives are used within the scope of actual demand, and the JX Group's policy is to not engage in any speculative transactions.

(2) Matters relating to Fair Value, etc. of Financial Instruments

The amounts reported in the consolidated balance sheet, the fair values as of March 31, 2012, and the differences between them are as follows:  
(Unit: millions of yen)

	Amount Reported in the Consolidated Balance Sheet	Fair Value	Differences
(i) Notes receivable-trade, and accounts receivable-trade	1,308,111	1,308,111	—
(ii) Investment securities	208,475	208,475	—
(iii) Notes payable-trade, and accounts payable-trade	917,955	917,955	—
(iv) Short-term loans payable (*1)	546,219	546,219	—
(v) Commercial papers	404,000	404,000	—
(vi) Accounts payable-other	707,596	707,596	—
(vii) Long-term loans payable (*1)	1,080,741	1,096,197	15,456
(viii) Derivative transactions (*2)	7,065	(8,690)	(15,755)

(\*1) The current portion of long-term loans payable is included in the long-term loans payable in (vii) above.

(\*2) The net claims and obligations that accrued from derivative transactions are presented in net amounts, and the items with total amounts that will result in net obligations are presented in brackets “()”.

(Note 1) The calculation method of the fair value of financial instruments, and the matters relating to securities and derivative transactions:

Notes receivable-trade and accounts receivable-trade in (i), notes payable-trade and accounts payable-trade in (iii), short-term loans payable in (iv), commercial papers in (v), and accounts payable-other in (vi) above, are all to be settled in a short period, so their fair value is very close to their book value. Therefore, the amounts presented above are based on their book values.

Investment securities in (ii) above

Regarding the fair value of investment securities in (ii), the fair value of shares is based on the price quoted on stock exchanges, and the bonds are based on the prices quoted on stock exchanges or the price presented by the financial institution with which the JX Group has its account.

Long-term loans payable in (vii) above

The fair value of long-term loans payable is calculated by the present value obtained by deducting the interest rate expected in the case where new similar loans are made from the total amount of the principal and interest.

Derivative transactions in (viii) above

The value of derivative transactions is calculated based on the market price on futures markets for commodity and current exchanges, etc., as well as the price, etc. presented by the financial institution with which the JX Group has its account.

(Note 2) The unlisted shares and bonds (the amount reported in the consolidated balance sheet: 338,699 million yen) have no market price, and it is impossible to estimate their cash flow in the future, so it is considered extremely difficult to fully understand their fair value. Therefore, they are not included in the investment securities in (ii) above.

## 6. Notes to Per-share Information

Net assets per share:	701.31 yen
Net income per share:	68.60 yen

## 7. Other Notes

(1) Notes to the Consolidated Income Statement

Gain on reversal of loss on disaster is a result of the loss due to the Great Eastern Japan Earthquake. A breakdown is as follows:

Reversal of provision of loss on disaster:	21,723 million yen
Fixed expenses during period of inactivity:	(14,503 million yen)
Total	7,220 million yen

(2) Application of Accounting Standards or the like relating to Accounting Changes and Error Corrections

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) are applied to accounting changes and past error corrections conducted at or after the beginning of this consolidated fiscal year.

## Non-Consolidated Financial Statements

### Non-consolidated Balance Sheets (as of March 31, 2012)

(Millions of yen)

Account title	Amount	Account title	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>801,854</b>	<b>Current liabilities</b>	<b>815,514</b>
Cash and deposits	59	Short-term loans payable	345,213
Operating accounts receivable	654	Commercial papers	404,000
Short-term loans receivable from subsidiaries and affiliates	775,531	Current portion of bonds	45,000
Accounts receivable-other	24,802	Accrued expenses	3,827
Other	808	Income taxes payable	617
		Provision for employees' bonuses	335
		Other	16,522
<b>Non-current assets</b>	<b>2,209,196</b>	<b>Non-current liabilities</b>	<b>935,116</b>
<b>Property, plant and equipment</b>	<b>52,370</b>	Bonds payable	200,000
Buildings and structures	4,033	Long-term loans payable	653,447
Land	48,066	Long-term loans payable to subsidiaries and affiliates	66,986
Other	272	Deferred tax liabilities	14,395
		Other	288
<b>Intangible assets</b>	<b>370</b>	<b>Total liabilities</b>	<b>1,750,629</b>
<b>Investments and other assets</b>	<b>2,156,455</b>	<b>(Net assets)</b>	
Investment securities	185,189	<b>Shareholders' equity</b>	<b>1,243,943</b>
Stocks of subsidiaries and affiliates	1,242,676	<b>Capital stock</b>	<b>100,000</b>
Long-term loans receivable from subsidiaries and affiliates	723,447	<b>Capital surplus</b>	<b>1,071,302</b>
Guarantee deposits	4,539	Legal capital reserve	25,000
Other	604	Other capital surplus	1,046,302
		<b>Retained earnings</b>	<b>75,248</b>
		Other retained earnings	75,248
		Reserve for advanced depreciation of non-current assets	1,684
		Retained earnings brought forward	73,564
		<b>Treasury stock</b>	<b>(2,607)</b>
		<b>Valuation and translation adjustments</b>	<b>16,477</b>
		Valuation difference on available-for-sale securities	16,621
		<b>Deferred gains or losses on hedges</b>	<b>(144)</b>
		<b>Total net assets</b>	<b>1,260,420</b>
<b>Total assets</b>	<b>3,011,049</b>	<b>Total liabilities and net assets</b>	<b>3,011,049</b>

**Non-consolidated Statements of Income (from April 1, 2011 to March 31, 2012)**

(Millions of yen)

Account title	Amount	
<b>Operating revenue</b>		
Dividends income	25,871	
Management fee income	10,147	<b>36,018</b>
<b>Selling, general and administrative expenses</b>		<b>9,622</b>
<b>Operating income</b>		<b>26,396</b>
<b>Non-operating income</b>		
Interest income	14,274	
Dividends income	4,296	
Other	944	19,513
<b>Non-operating expenses</b>		
Interest expenses	13,119	
Interest on bonds	3,836	
Interest on commercial papers	535	
Other	264	17,753
<b>Ordinary income</b>		<b>28,157</b>
<b>Special income</b>		
Gain on sales of investment securities	<u>3,368</u>	<u>3,368</u>
<b>Special loss</b>		
Loss on valuation of stocks of subsidiaries and affiliates	26,170	
Loss on sales of investment securities	247	
Loss on liquidation of subsidiaries and affiliates	80	
Loss on valuation of investment securities	35	26,532
<b>Income before income taxes</b>		<b>4,992</b>
Income taxes-current	2,356	
Income taxes-deferred	(1,701)	655
<b>Net income</b>		<b>4,337</b>

Non-consolidated Statements of Changes in Net Assets (from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for advanced depreciation of non-current assets	Retained earnings brought forward			
<b>Balance as of March 31, 2011</b>	<b>100,000</b>	<b>25,000</b>	<b>1,046,302</b>	<b>1,071,302</b>	<b>1,566</b>	<b>109,183</b>	<b>110,749</b>	<b>(2,600)</b>	<b>1,279,451</b>
Changes in the fiscal year									
Dividends from surplus						(39,838)	(39,838)		(39,838)
Net income						4,337	4,337		4,337
Purchase of treasury stock								(9)	(9)
Disposal of treasury stock			0	0				2	2
Provision of reserve for advanced depreciation of non-current assets					118	(118)			
Net changes of items other than shareholders' equity									
Total changes in the fiscal year			0	0	118	(35,619)	(35,501)	(7)	(35,508)
<b>Balance as of March 31, 2012</b>	<b>100,000</b>	<b>25,000</b>	<b>1,046,302</b>	<b>1,071,302</b>	<b>1,684</b>	<b>73,564</b>	<b>75,248</b>	<b>(2,607)</b>	<b>1,243,943</b>

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
<b>Balance as of March 31, 2011</b>	<b>28,518</b>	<b>(224)</b>	<b>28,294</b>	<b>1,307,746</b>
Changes in the fiscal year				
Dividends from surplus				(39,838)
Net income				4,337
Purchase of treasury stock				(9)
Disposal of treasury stock				2
Provision of reserve for advanced depreciation of non-current assets				
Net changes of items other than shareholders' equity	(11,897)	79	(11,817)	(11,817)
Total changes in the fiscal year	(11,897)	79	(11,817)	(47,325)
<b>Balance as of March 31, 2012</b>	<b>16,621</b>	<b>(144)</b>	<b>16,477</b>	<b>1,260,420</b>



## Notes to Non-consolidated Financial Statements

### 1. Notes to Matters relating to Important Accounting Policies

#### (1) Standards and Methods for Valuation of Assets

##### Securities

Shares of subsidiaries and shares of affiliates: The cost method based on the moving average method is used.

##### Other securities:

##### Marketable securities:

The fair value method based on market price, etc. as of the non-consolidated balance sheet date has been adopted. (All valuation differences are handled using the method that directly charges or credits the differences to the shareholders' equity. The costs of products sold are primarily calculated using the moving average method.)

##### Non-marketable securities:

The cost method based on the moving average method is used.

#### (2) Standards and Methods for Valuation of Derivatives, etc.

Derivatives: The fair value method is used.

#### (3) Method of Depreciation of Non-current Assets

Property, plant and equipment (excluding leased assets):

The straight-line method is used.

Major expected lifetime is as follows:

Buildings and structures two (2) to 40 years

Intangible assets (excluding leased assets):

The straight-line method is used.

Software for the Company's own use is amortized based on the authorized period of internal use (five (5) years).

Leased assets:

The lease period is treated as the expected lifetime, and the straight-line method assuming no residual value is used.

#### (4) Recording Standards for Provision

Provision for bonuses:

The provision will be used to pay for the bonuses of the employees; therefore, this is recorded based on the expected payment amount.

#### (5) Other Important Matters for Preparation of Non-consolidated Financial Statements

##### (i) Method of treatment of deferred assets

Bond issuance costs are treated as expenses upon expenditure.

##### (ii) Method of hedge accounting

Deferred hedge accounting is used in principle. However, the exception method is used with interest-rate swaps that satisfy this method's requirements.

##### (iii) Accounting treatment of consumption tax, etc.

The accounting treatment of consumption tax and local consumption tax is based on the net of tax method.

##### (iv) Application of the consolidated tax payment system

The consolidated tax payment system is applied.

### 2. Notes to Non-consolidated Balance Sheet

#### (1) Assets Offered as Security

##### (i) Assets offered as security

Shares of subsidiaries and affiliates: 59,186 million yen

Investment securities: 3,953 million yen

##### (ii) Obligations to the above

Subsidiaries' and affiliates' accounts payable-other: 11,920 million yen

Subsidiaries' and affiliates' loans payable: 360 million yen

#### (2) Accumulated Depreciation of Property, Plant and Equipment: 6,441 million yen

#### (3) Guarantee Obligations:

Guarantee on loans: 196,742 million yen

Guarantee on transactions-other: 235,881 million yen

**Total 432,623 million yen**

#### (4) Monetary Claims against and Monetary Obligations to Subsidiaries and Affiliates (excluding those indicated separately under the account titles in the balance sheet)

Short-term monetary claims: 7,661 million yen

Long-term monetary claims: -

Short-term monetary obligations: 16,961 million yen

Long-term monetary obligations: 12 million yen

### 3. Notes to Non-consolidated Statements of Income

Volume of Transactions in connection with Subsidiaries and Affiliates

Operating revenue: 36,018 million yen

Operating expenses: 4,651 million yen

Volume of transactions other than in business transactions: 16,119 million yen

**4. Notes to Non-consolidated Statement of Changes in Net Assets**  
Class and Number of Treasury Stocks as of the End of this Fiscal Year  
Common stock: 5,595,956 shares

**5. Notes to Tax Effect Accounting**

Major items that resulted in an accrual of deferred tax assets and deferred tax liabilities are as follows:  
(Unit: millions of yen)

(Deferred Tax Assets)	
Provision for bonuses	138
Accrued enterprise taxes	163
Deferred gains or losses on hedges	89
Investment securities	2,685
Other	226
<b>Subtotal of deferred tax assets</b>	<b>3,301</b>
Valuation reserve	(2,755)
<b>Total deferred tax assets</b>	<b>545</b>
(Deferred Tax Liabilities)	
Land	248
Reserve for advanced depreciation of non-current assets	935
Investment securities	13,435
Other	7
<b>Total deferred tax liabilities</b>	<b>14,625</b>
<b>Net deferred tax liabilities</b>	<b>14,080</b>

**6. Notes to Non-current Assets Used based on Lease Contracts**

In addition to non-current assets recorded in the balance sheet, some vehicles are held under finance lease contracts that do not result in a transfer of ownership.

**7. Notes to Transactions with Related Parties**

Type	Name of Company, etc.	Percentage of Voting Rights Held	Relationship with Related Parties	Details of Transaction	Transaction Amount (millions of yen)	Account Title	Balance at End of Period (millions of yen)
Subsidiary	JX Nippon Oil & Energy Corporation	Directly owned, 100%	Business management/ Interlocking directorate	Receipt of business management fee (Note 1)	6,595	Operating accounts receivable	427
				Guarantee of obligations, etc. (Note 2)	168,657		
				Absorption-type split (Note 3)	42,167		
				Succeeded assets Succeeded obligations	42,167		
Subsidiary	JX Nippon Oil & Gas Exploration Corporation	Directly owned, 100%	Business management/ Interlocking directorate	Receipt of business management fee (Note 1)	1,522	Operating accounts receivable	96
				Receipt of fee for guarantee of obligations (Note 4)	152		
				Guarantee of obligations, etc. (Note 4)	26,150		
Subsidiary	JX Nippon Mining & Metals Corporation	Directly owned, 100%	Business management/ Interlocking directorate	Receipt of business management fee (Note 1)	2,030	Operating accounts receivable	131
Subsidiary	JX Nippon Finance Corporation	Directly owned, 100%	Outsourcing of funds-related services/ Interlocking directorate	Loans of working funds, etc. (Note 6)		Short-term loans receivable Current portion of long-term loans receivable Long-term loans receivable	619,700 134,513 723,447
				Loans of short-term funds, etc.	6,926,200		
				Collection of short-term funds	6,896,200		
				Loans of long-term funds, etc.	37,000		
				Collection of long-term funds	82,369		
				Intra-group fund transactions (Note 7)			
Deposit of short-term funds	19,650	Short-term loans receivable Long-term loans payable	21,318 66,986				
Subsidiary	JX Nippon Oil Exploration (U.S.A.) Limited	Indirectly owned, 100%	Guarantee of obligations/ Interlocking directorate	Guarantee of obligations, etc. (Note 4)	43,337	Accounts receivable	2
				Receipt of fee for guarantee of obligations (Note 4)	107		
Subsidiary	SCM Minera Lumina Copper Chile	Indirectly owned, 75%	Guarantee of obligations	Guarantee of obligations, etc. (Note 4)	31,702	Accounts receivable	25
				Receipt of fee for guarantee of obligations (Note 4)	37		
Subsidiary	Nippon Oil Exploration (PNG) Pty. Ltd.	Indirectly owned, 100%	Guarantee of obligations/ Interlocking directorate	Guarantee of obligations, etc. (Note 4)	30,986		
				Receipt of fee for guarantee of obligations (Note 4)	34		

The Terms and Conditions, and the Policies for Determining the Terms and Conditions

- (Note 1) The core operating companies (JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & Metals Corporation) bear, as a business management fee, the expenses necessary for operating the Company, in proportion to their respective business size, etc. Consumption tax, etc. is included in the balance at end of period.
- (Note 2) The Company granted transaction guarantees for matters such as purchase of crude oil by JX Nippon Oil & Energy Corporation, and has not received any guarantee fees.
- (Note 3) The details of the absorption-type split are provided in “8. Notes to Business Combination.”
- (Note 4) The Company granted guarantees of obligations, or the like, for matters such as each company’s loans from the financial institutions with which they have accounts; and the guarantee fees are reasonably determined based on the market price applied to the transaction.
- (Note 5) The Company granted loan guarantees for JX Nippon Mining & Metals Corporation’s loans payable, and has not received any guarantee fees.
- (Note 6) The Company has been lending the funds it procured through borrowings from outside financial institutions, etc., issuances of commercial papers or bonds, or the like, at the interest rate determined in light of the costs to procure such funds.
- (Note 7) The Company has borrowed necessary business funds from JX Nippon Finance Corporation, and has been depositing its surplus funds, as intra-group funds transactions. Both the borrowing rate and the depositing rate are reasonably determined in light of the market interest rate. In addition, loans and deposits are presented in the net amount regarding the short-term group funds transactions.

## 8. Notes to Business Combination

Common Control Transactions, etc.

The Absorption-type Split related to the Partial Business Succession from JX Nippon Oil & Energy Corporation

- (1) The Name and Details of the Business subject to the Absorption-type Split, the Business Combination Date, the Legal Form of the Business Combination, the Name of the Post-combination Company, and the Outline of the Transaction, Including its Purpose.
- (i) Name and details of the business subject to the absorption-type split  
The business regarding holding building assets related to the Resona Maruha Building
  - (ii) Business combination date  
December 1, 2011
  - (iii) Legal form of the business combination  
An absorption-type split in which JX Holdings, Inc. is the succeeding company, and JX Nippon Oil & Energy Corporation is the splitting company.
  - (iv) Name of the post-combination company  
The name of the company subject to the combination will not be changed.
  - (v) Outline of the transaction, including its purpose  
The Company owned the common assets related to the entire JX Group, such as the head office building, etc., to effectively utilize the assets; as well as succeeded to the scheduled re-development business through the company-split, to efficiently start operating the business with the Company taking the initiative.
- (2) Outline of the Implemented Accounting Treatment  
This transaction has been treated as a common control transaction in accordance with the “Accounting Standard for Business Combinations” (ASBJ Guidance No. 21, December 26, 2008), and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).  
With respect to the assets and debts the Company succeeded to as a result of this company split, the difference obtained by subtracting the debts from the assets is 42,167 million yen.

## 9. Notes on Per-share Information

Net assets per share:	506.22 yen
Net income per share:	1.74 yen

## 10. Other

Application of Accounting Standards for Accounting Changes and Past Error Corrections, or the like

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) are applied to accounting changes and past error corrections conducted at or after the beginning of this non-consolidated fiscal year.

# Auditor's Report

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## | Copy of the Accounting Auditor's Report (on Consolidated Financial Statements) |

### Independent Auditor's Report

To: The Board of Directors of JX Holdings, Inc.

May 16, 2012

Ernst & Young ShinNihon LLC

Yasunori Arao [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Masato Inagaki [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Yoshio Yukawa [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Toru Kimura [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Pursuant to Article 444, paragraph 4 of the Japanese Companies Act, we have audited the consolidated financial statements of JX Holdings, Inc. for the consolidated fiscal year commencing on April 1, 2011, and ending on March 31, 2012, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and the notes to the consolidated financial statements.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements from an independent standpoint based on the audit we conducted. We conduct our audit in accordance with the auditing standards generally accepted in Japan. Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group consisting of JX Holdings, Inc. and its consolidated subsidiaries for the period of the consolidated financial statements, in accordance with the corporate accounting standards generally accepted in Japan.

#### Interests

No relationship involving interests that must be indicated herein under the provisions of the Certified Public Accountants Act exists between JX Holdings, Inc. and us or the engagement partners.

End

## | Copy of the Accounting Auditor's Report (on Non-consolidated Financial Statements) |

### Independent Auditor's Report

To: The Board of Directors of JX Holdings, Inc.

May 16, 2012

Ernst & Young ShinNihon LLC

Yasunori Arao [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Masato Inagaki [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Yoshio Yukawa [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Toru Kimura [seal]  
Certified Public Accountant, Designated Limited Liability Partner, and  
Engagement Partner

Pursuant to Article 436, paragraph 2, item 1 of the Japanese Companies Act, we have audited the financial statements of JX Holdings, Inc. for the second term commencing on April 1, 2011, and ending on March 31, 2012, which comprise the balance sheets, the statements of income, the statements of changes in net assets, and the notes to the financial statements. We have also audited the annexed detailed statements thereof.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the annexed detailed statements thereof from an independent standpoint based on the audit we conducted. We conduct our audit in accordance with the auditing standards generally accepted in Japan. Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the financial statements and the annexed detailed statements thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the annexed detailed statements thereof. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the financial statements and the annexed detailed statements thereof, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements and the annexed detailed statements thereof in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the annexed detailed statements thereof.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Audit Opinion

In our opinion, the financial statements and the annexed detailed statements thereof referred to above present fairly, in all material respects, the financial position and the results of operations of JX Holdings, Inc. for the period of the financial statements and the annexed detailed statements thereof, in accordance with the corporate accounting standards generally accepted in Japan.

#### Interests

No relationship involving interests that must be indicated herein under the provisions of the Certified Public Accountants Act exists between JX Holdings, Inc. and us or the engagement partners.

End

## | Copy of Company Auditors' Report |

### Company Auditors' Report

Second Term  
(From April 1, 2011 to March 31, 2012)

#### 1. Audit Method and Contents

Each company auditor conducted the audit in good faith in accordance with laws and regulations, the Rules of the Board of Company Auditors, and the audit standards for the company auditors. Specifically, each company auditor attended and stated his opinion from time to time at the Board of Directors' and other important meetings; when he had questions, he requested explanations. In addition, each company auditor received reports from the directors and the employees, or the like, on the status of execution of their duties as necessary, as well as endeavored to investigate the status or condition of the business activities and the assets such as by inspecting important approval documents and reports, and implementing visiting audits at each department in the head office and in the subsidiaries, and so on. Regarding the subsidiaries, each company auditor sought to communicate with the directors and the company auditors, etc., of the subsidiaries, focusing on the companies subject to consolidation, and received reports on the financial condition or tasks, or the like, as necessary. Furthermore, each company auditor endeavored to develop conditions for an audit, as well as focused on cooperating with the Internal Audit Department, so that the effectiveness of the audit would be enhanced.

Moreover, regarding the contents of the resolutions by the Board of Directors regarding the internal control systems, and the development and operation status of these systems, each company auditor understands that these are important auditing themes; therefore, he has been focusing on overseeing and verifying the systems routinely. With respect to the internal control relating to the financial reporting, each company auditor conducts hearings on the evaluation processes or status with the directors, etc., while requesting an explanation from Ernst & Young ShinNihon LLC from time to time regarding the audit status.

With respect to the accounting audit, each company auditor oversaw and verified whether proper auditing is conducted, by taking measures such as requesting an explanation from the accounting auditor of the annual audit plan and scrutinizing whether daily audit activities are proceeding as planned and are proceeding efficiently, as well as by receiving reports from the accounting auditor on issues regarding account processing expected to significantly affect the profit and loss, or the like. Each company auditor has received from the accounting auditor a report that the accounting auditor's systems aimed at maintaining the independence and ensuring the quality of business activities have been developed, and has confirmed this report.

Each company auditor conducted the audit as above, and discussed and examined, at the Board of Company Auditors' meetings, the audit results regarding the business report for the current fiscal year and the annexed detailed statements thereof, the non-consolidated financial statements and the annexed detailed statements thereof, and the consolidated financial statements.

#### 2. Results of the Audit

- (1) No wrongful act related to execution of duties by the directors, or material fact in breach of laws and regulations or the articles of incorporation has been identified.
- (2) We confirm that the contents of the resolutions by the Board of Directors regarding the internal control systems are reasonable. In addition, we did not identify any matter regarding execution by the directors of duties related to these internal control systems that must be noted herein.
- (3) We confirm that the business report and the annexed detailed statements thereof correctly present the condition of the company, in accordance with laws and regulations and the articles of incorporation.
- (4) We confirm that the method and the results of the audit that Ernst & Young ShinNihon LLC, the Accounting Auditor, conducted regarding the non-consolidated financial statements and the annexed detailed statements thereof are reasonable.
- (5) We confirm that the method and the results of the audit that Ernst & Young ShinNihon LLC, the Accounting Auditor, conducted regarding the consolidated financial statements are reasonable.

May 16, 2012

The Board of Company Auditors of JX Holdings, Inc.

Fumio Ito, Full-time Company Auditor  
Hideo Tabuchi, Full-time Company Auditor  
Masao Fujii, Company Auditor (Outside Company Auditor)  
Hidehiko Haru, Company Auditor (Outside Company Auditor)  
Hiroyasu Watanabe, Company Auditor (Outside Company Auditor)  
Mitsudo Urano, Company Auditor (Outside Company Auditor)

End