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

# Consolidated Financial Results for Fiscal Year 2011 [Japanese GAAP]

May 11, 2012

Company name: JX Holdings,Inc.
Code number: 5020
Stock Exchange Listings: Tokyo, Osaka, and Nagoya
URL: http://www.hd.jx-group.co.jp/
Representative: Mitsunori Takahagi, Representative Director, President
Contact person: Masayoshi Yamamoto, Group Manager, Investor Relations Group, Finance & Investor Relations Department
Telephone: +81-3-6275-5009
Scheduled date of annual shareholders' meeting : June 27, 2012
Scheduled date of filing of Securities Report : June 27, 2012
Scheduled date of commencement of dividend payments : June 28, 2012
Supplemental materials for the financial results : Yes
Financial results presentation : Yes ( for institutional investors and analysts )

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

## 1. Consolidated Results for the Fiscal Year 2011 (From April 1, 2011 to March 31, 2012）

(1) Consolidated Operating Results (Percentage figures are changes from the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2011 | 10,723,889 | 11.3 | 327,844 | (2.0) | 407,765 | (1.4) | 170,595 | (45.3) |
| FY2010 | 9,634,396 | ― | 334,402 | ― | 413,667 | ― | 311,736 | ― |

(Note) Comprehensive income : Year ended March 31, 2012:￥187,978 million <(34.2) %> ; Year ended March 31, 2011: ￥285,667 million < ― %>

| | Net income per share | Diluted net income per share | Rate of return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| FY2011 | 68.60 | ― | 10.1 | 6.3 | 3.1 |
| FY2010 | 125.35 | ― | 19.1 | 6.6 | 3.5 |

(Reference) Equity in earnings of affiliates : Year ended March 31, 2012:￥62,069 million ; Year ended March 31, 2011:￥75,974 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| FY2011 | 6,690,419 | 2,044,752 | 26.1 | 701.31 |
| FY2010 | 6,259,958 | 1,886,241 | 26.0 | 654.77 |

(Reference) Shareholders' equity : Year ended March 31, 2012:￥1,744,203 million ; Year ended March 31, 2011:￥1,628,321 million

(3) Consolidated Cash Flows

| | Cash flows from Operating activities | Cash flows from Investing activities | Cash flows from Financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY2011 | 246,642 | (198,595) | (37,318) | 241,035 |
| FY2010 | 211,408 | (170,908) | (71,228) | 232,438 |

## 2. Dividends

| | Annual cash dividend per share | | | | | Total dividend amount | Dividend payout ratio (Consolidated) | Dividends on equity ratio (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Year-End | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FY2010 | ― | 7.50 | ― | 8.00 | 15.50 | 38,594 | 12.4 | 2.4 |
| FY2011 | ― | 8.00 | ― | 8.00 | 16.00 | 39,838 | 23.3 | 2.4 |
| FY2012(Forecast) | ― | 8.00 | ― | 8.00 | 16.00 | | 24.9 | |

## 3. Forecasts of Consolidated Results for Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)

(Percentage figures are changes from the amount for the corresponding period in the previous fiscal year.)

| | Net Sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half of FY2012 | 5,300,000 | 4.3 | 80,000 | (59.0) | 110,000 | (53.9) | 60,000 | (52.6) | 24.12 |
| FY2012 | 10,850,000 | 1.2 | 230,000 | (29.8) | 300,000 | (26.4) | 160,000 | (6.2) | 64.33 |

| | | Operating income | % | Ordinary income | % |
|---|---|---|---|---|---|
| Income excluding inventory valuation factors* | (FY2012) | 230,000 | 8.8 | 300,000 | 3.0 |
| | (FY2011) | 211,400 | | 291,300 | |

* The impact of inventory valuation on the cost of sales by using the periodic average method.

## ※ Explanatory Notes

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

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

Newly included: Japan Papua New Guinea Petroleum Co., Ltd. , Merlin Petroleum Company
Nippon Papua New Guinea LNG LLC

(2) Changes in accounting policies and in accounting estimates, and restatement

- (i) Changes in accounting policies owing to revisions in accounting standards and the like : None
- (ii) Changes in accounting policies other than (i) above : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement : None

(3) Number of shares issued (Common stock)

(i) Number of issued shares at the end of the period (including treasury stocks)

| | | |
|---|---|---|
| FY2011 ended March 31, 2012 | : | 2,495,485,929 shares |
| FY2010 ended March 31, 2011 | : | 2,495,485,929 shares |

(ii) Number of treasury stocks at the end of the period

| | | |
|---|---|---|
| FY2011 ended March 31, 2012 | : | 8,408,232 shares |
| FY2010 ended March 31, 2011 | : | 8,643,201 shares |

(iii) Average number of shares issued during the period

| | | |
|---|---|---|
| FY2011 ended March 31, 2012 | : | 2,486,911,927 shares |
| FY2010 ended March 31, 2011 | : | 2,486,892,618 shares |

## 【Reference】Overview of Non-consolidated Results

Non-consolidated Results for the Fiscal Year 2011 (From April 1, 2011 to March 31, 2012）

(1) Operating Results (Non-consolidated Basis)

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2011 | 36,018 | 230.2 | 26,396 | — | 28,157 | — | 4,337 | (96.6) |
| FY2010 | 10,907 | — | 1,009 | — | 1,165 | — | 129,424 | — |

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| FY2011 | 1.74 | — |
| FY2010 | 51.95 | — |

(2)Financial Position (Non-consolidated Basis)

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| FY2011 | 3,011,049 | 1,260,420 | 41.9 | 506.22 |
| FY2010 | 3,040,679 | 1,307,746 | 43.0 | 525.22 |

(Reference) Shareholders' equity : Year ended March 31, 2012:￥1,260,420 million ; Year ended March 31, 2011:￥1,307,746 million

### Information Regarding the Status of Audit Procedures Performance

This report is not subject to audit procedures required pursuant to the Financial Instruments and Exchange Act. As of the time of disclosing this report, audit procedures of consolidated financial statements required pursuant to the Financial Instruments and Exchange Act have not been completed.

### Explanation Regarding Appropriate Use of Forward-looking Statements on Results, and Other Specific Comments

This material contains forward-looking statements, however, actual results may differ materially from those reflected in such forward-looking statements, due to various factors, including the following: (1) changes in macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries; (2) revisions to laws and strenghthening of regulations; and (3) litigation and other similar risks.

Additionally, please refer to “I. Operating Results, (1) Analysis of Operating Results (Outlook for the Next Fiscal Year)” on page 8 of the attached material for assumptions on which the forward-looking statements are based, cautionary notes in conjunction with the use of the forward-looking statements, and the like.

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* JX Holdings, Inc. (the "Company") is to hold a presentation as follows for investors. Any materials, etc. to be used in this presentation are to be posted on the Company's website concurrently with the announcement of financial results.

- Friday, May 11, 2012···· The presentation of financial results for institutional investors and analysts

* From time to time, the Company holds presentations on its businesses and business results for individual investors, in addition to the presentation above. Please refer to the Company's website for the schedule, etc.

## I. Operating Results

### (1) Analysis of Operating Results

**(Consolidated Operating Results for this Fiscal Year)**

**Overview**

**<Circumstances surrounding JX Group>**

Overall, the global economy remained at a low level during the current consolidated fiscal year 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.

The global oil demands continued to develop mainly in Asia. Accordingly, crude oil prices were up in the stratosphere throughout this fiscal year. 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 fiscal year has been high (namely, around the mid-8,000 dollar amount per ton), which has remained unchanged from the previous fiscal year.

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 fiscal year.

**<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."

**Basic Policy of the Medium-Term Management Plan**

| |
|---|
| 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. |

**<Summary of Consolidated Business Results>**

The consolidated business results for this fiscal year consisted of net sales of 10,723.9 billion yen (an 11.3% increase from the previous fiscal year), ordinary income of 407.8 billion yen (a 1.4% decrease from the previous fiscal year), and net income of 170.6 billion yen (a 45.3% decrease from the previous fiscal year). 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 fiscal year).

**Petroleum Refining and Marketing Business**

**<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>**

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

  As a result of our efforts of rationalization and efficiency improvements in various departments, such as refining, procurement, supply, logistics, and purchase departments, 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 fiscal year.

- **Petroleum products production and sales 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 the empirical study of the "High Severity Fluid Catalytic Cracking (HS-FCC) process"* at the

Mizushima Refinery aiming to establish optimal production systems which 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 sales, 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 a 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 a manufacturing business of base oil—base material for the lubricants—by a 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 a 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 a 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>**

In the situation as mentioned above, the amount of net sales of the Petroleum Refining and Marketing business was 9,147.5 billion yen (a 12.5% increase from the previous fiscal year), and ordinary income was 232.5 billion yen (an 8.4% decrease from the previous fiscal year).

Ordinary income excluding inventory valuation factors was 112.8 billion yen (a 42.6% decrease from the previous fiscal year) due partly to deterioration in petroleum product margins.

**Oil and Natural Gas Exploration and Production (E&P) Business**

**<Measures based on the Medium-Term Management Plan>**

- **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 fiscal year, we discovered crude oil in an offshore concession area in Australia and in an inland concession area in Papua New Guinea, and 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 fiscal year, we are preparing to carry out exploration activities as an operator (operation manager). The concession area in Qatar is located in a lower layer of the North Field gas field—the world's largest gas field, and the concession area in Malaysia is located in a 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 fiscal year, 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 same 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, and we have confirmed increased production efficiency.

  * 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>**

In the situation as mentioned above, the amount of net sales of the Oil and Natural Gas E&P business was 187.8 billion yen (a 26.3% increase from the previous fiscal year), and ordinary income was 97.5 billion yen (a 64.0% increase from the previous fiscal year) due partly to the increase in crude oil prices.

**Metals Business**

**<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, on the assumption 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,*[1] 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.*[2] in South Korea, (ii) sales price increase in secondary products, and (iii) production increase in rare metal products.

  *1 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.”

  *2 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 fiscal year, 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, and at subsidiaries that conduct recycling and industrial-waste treatment business. Further, in order to improve the 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>**

Under these conditions, in the Metals business, net sales were 997.2 billion yen (a 6.0% increase from the previous fiscal year) and ordinary income was 60.0 billion yen (a 15.1% decrease from the previous fiscal year), due partly to the continuously strong yen.

**Other Businesses**

Net sales for the other businesses were 464.5 billion yen (a 1.8% decrease from the previous fiscal year), and ordinary income was 16.0 billion yen (a 36.5% decrease from the previous fiscal year). The ordinary income of the previous fiscal year, 25.1 billion yen, includes profit from a valuation in market value of 6.5 billion yen (in this fiscal year, no profit from a valuation in market value was accrued).

**<NIPPO Corporation>**

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 ("NIPPO") continued to be confronted with a difficult operating environment. Despite that situation, NIPPO 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.>**

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. ("Toho Titanium") completed work to increase its production capacity for titanium sponges in the Wakamatsu Works. 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 Works. Further, because the demand for titanium metals is expected to continuously increase in the future, in order to improve its financial base in preparation for future investments, in March 2012 Toho Titanium decided to allocate new shares to third parties, designating JX Holdings, Inc. (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%.

Net sales of each segment specified above include in-house intersegment sales of 73.0 billion yen (59.5 billion yen in the previous fiscal year).

**Special Profit & Loss and Net Income**

Special profit totaled 37.5 billion yen—including 13.0 billion yen of gain on sales of non-current assets and 9.4 billion yen of "gain on negative goodwill" resulting from the acquisition of additional shares of petroleum development companies.

Special loss totaled 90.8 billion yen—including 36.5 billion yen of expenses for the structural reform of silicon wafers for solar cells business; 27.6 billion yen of goodwill impairment due to the fall in share price of listed subsidiaries and others; 7.4 billion yen of loss on retirement of non-current assets; 6.4 billion yen of "loss on step acquisitions" due to the acquisition of additional shares of petroleum development companies.

The above factors resulted in income before income taxes and minority interests of 354.5 billion yen. From this amount, by deducting 148.1 billion yen of income taxes and 35.8 billion yen of minority interests in income, the net income amounted to 170.6 billion yen (a 45.3% decrease from the previous fiscal year). The net income of the previous fiscal year—311.7 billion yen—includes "gain on negative goodwill" due to the management integration of 226.5 billion yen.

**(Outlook for the Next Fiscal Year)**

Regarding the consolidated business results forecasts for the next fiscal year, we expect net sales of 10,850.0 billion yen (a 1.2% increase from this fiscal year), operating income of 230.0 billion yen (a decrease in profit of 97.9 billion yen from this fiscal year), ordinary income of 300.0 billion yen (a decrease in profit of 107.8 billion yen from this fiscal year), and net income of 160.0 billion yen (a decrease in profit of 10.6 billion yen from this fiscal year). (The operating income and ordinary income for this fiscal year include the impact (116.5 billon yen) of the valuation of inventories to reduce the cost of sales by the periodic average method.)

This outlook is based on the assumed full fiscal year average of (i) crude oil prices (prices of Dubai crude oil): 110 dollars per barrel, (ii) international copper prices (LME prices): 360 cents per pound (approximately 8,000 dollars per ton), and (iii) the yen to dollar exchange rate: 80 yen.

The consolidated business results forecasts above are based on information available as of the date of disclosure of this material. Actual business results may differ from forecasted figures due to various factors.

**(2) Analysis of Financial Position**

**(Consolidated Balance Sheet)**

(i) Assets: The total assets as of the end of this fiscal year amounted to 6,690.4 billion yen, an increase of 430.5 billion yen from the end of the previous fiscal year due to factors including an increase in current assets due to the raw material price increase.

(ii) Liabilities: The total liabilities as of the end of this fiscal year amounted to 4,645.7 billion yen, an increase of 272.0 billion yen from the end of the previous fiscal year. The balance of the interest-bearing debt as of the end of this fiscal year amounted to 2,282.6 billion yen, an increase of 18.0 billion yen from the end of the previous fiscal year.

(iii) Net assets: The total net assets as of the end of this fiscal year amounted to 2,044.8 billion yen, an increase of 158.5 billion yen from the end of the previous fiscal year.

The capital adequacy ratio increased 0.1% from the end of the previous fiscal year, and is 26.1%. The amount of the net assets per share is 701.31 yen, a 46.54 yen increase from the end of the previous fiscal year, and the net D/E ratio (net debt equity ratio) is 1.17 times more, an improvement of 0.08 points from the previous fiscal year.

**(Consolidated Statements of Cash Flows)**

The cash and cash equivalents (the "Funds") at the end of this fiscal year amounted to 241.0 billion yen, an increase of 8.6 billion yen from the beginning of the fiscal year. The status of each cash flow and their contributing factors are as follows.

As a result of marketing activities, the Funds increased by 246.6 billion yen. This is due to the Funds increasing factors, such as income before income taxes and minority interests (354.5 billion yen), and the increase in notes and accounts payable-trade (248.8 billion yen), exceeding the Funds decreasing factors, such as increases in notes and accounts receivable-trade (237.8 billion yen) and inventories (203.2 billion yen).

As a result of investment activities, the Funds decreased by 198.6 billion yen. This is mainly due to investments in the copper/molybdenum mines development business, acquisition of concessions in the mining areas for coking coal development in Canada, and investments in the oil/natural gas development business.

As a result of financial activities, the Funds decreased by 37.3 billion yen. This is due to the amount of cash dividends paid (39.8 billion yen), etc.

The cash flow-related index is as follows:

| | Fiscal Year ending in March 2011 | Fiscal Year ending in March 2012 |
|---|---|---|
| Capital Adequacy Ratio (%) | 26.0 | 26.1 |
| Capital Adequacy Ratio based on Market Value (%) | 22.2 | 20.8 |
| Interest-bearing Debt Ratio against Cash Flow (year) | 10.7 | 9.3 |
| Interest Coverage Ratio (number of times) | 7.3 | 9.2 |

(Note) Capital adequacy ratio: shareholders' equity / total assets
Capital adequacy ratio based on market value: total amount of the share market value / total assets
Interest-bearing debt ratio against cash flow: interest-bearing debt / cash flow
Interest coverage ratio: cash flow / interest paid

1. All indexes are calculated using the consolidated financial data.

2. The total amount of the share market value is calculated based on the number of issued shares, excluding treasury stocks.
3. Regarding the cash flow, the cash flow of the operating activities in the consolidated statements of cash flows is used.
4. Regarding interest-bearing debt, the total amount of short-term loans payable, commercial papers, bonds payable, and long-term loans payable in the consolidated balance sheets is used, and regarding the interest paid, the amount of interest expenses paid in the consolidated statements of cash flows is used.

**(3) Basic Policies regarding Allocation of Profits and Distribution of Dividends for This and the Next Fiscal Years**

Regarding distribution of dividends, the Company's policy is to make efforts to continue the stable distribution of dividends on the basis of implementing income returns reflecting the consolidated business performances.

Regarding the distribution of dividends for this fiscal year, the year-end distribution is scheduled to be 8 yen per share, 16 yen per share annually in conjunction with the interim distribution.

Likewise, based on the policy above, the distribution of dividends for the next fiscal year is scheduled to be 8 yen per share for both the interim and the year-end distribution, totaling 16 yen per share annually.

**(4) Risks in the Business, etc.**

The businesses of the JX Group have the following risks that may have important impacts on their performance. The matters stated herein regarding the future are, unless otherwise indicated, as determined by the Company at the time this material was prepared.

**(Risks pertaining to the Management Integration)**

**○ The risk of failing to attain the anticipated integration effects**

The Company was established on April 1, 2010, by Nippon Oil Corporation and Nippon Mining Holdings, Inc. jointly transferring their shares as the first step in the management integration. On July 1, 2010, the JX Group turned the Company into a holding company, and organized a group structure that has three core operating companies – the petroleum refining and marketing business, the oil and natural gas E&P business, and the metals business – as its subsidiaries.

The JX Group is aiming to realize integration synergies and thorough cost reduction. However, in the event that the JX Group is unable to address the variety of tasks it confronts in the process of the integration, the JX Group may not be able to attain the anticipated integration effects. The following are the possible primary tasks out of those that the JX Group must address:

- Integration of the structures and corporate culture of Nippon Oil Corporation and Nippon Mining Holdings, Inc.;
- Rationalization of overlapping facilities, such as reduction of petroleum refining capacity;
- Prompt and efficient unification of products and services;
- Efficient allocation of management resources; and
- Integration of information systems.

**(Risks pertaining to the Entire JX Group)**

**(i) The country risk pertaining to raw material supply sources**

The JX Group procures a great deal of raw materials from countries overseas, and it particularly depends almost entirely on limited supply sources in the Middle East for crude oil, and on South America, Southeast Asia, and Australia for copper concentrates. The JX Group's business results may be affected by the country risks in these countries or regions, such as political instability, social unrest, deterioration in economic conditions, or changes in laws and regulations or policies.

**(ii) The risk pertaining to businesses in China and other Asian countries**

Marketing of products such as electrolytic copper, petrochemical products, and electronic materials manufactured by the JX Group depend heavily on demand in China and other Asian countries, and the JX Group is expecting to further expand its business in these regions.

If situations such as a drop in the demand for the JX Group's products in these regions occur due to some reason, the JX Group's financial position and operating results may be affected.

**(iii) The risk pertaining to foreign exchange rate fluctuation**

At the JX Group, revenues and expenditures due to business transactions in foreign currencies have been incurred, and the JX Group also has a substantial amount of assets and liabilities in foreign currencies. Therefore, fluctuation in foreign exchange rates may affect the yen value of assets, liabilities, revenues, and expenditures.

In addition, fluctuation in foreign exchange rates may have an affect when converting into yen the financial statements of overseas consolidated subsidiaries or equity-method affiliates.

**(iv) The risk pertaining to alliances with, and business investments in, third parties**

In various business fields, the JX Group has aligned with third parties including by forming joint ventures, and has conducted strategic investments in other companies, etc. These alliances and investments play a key role in the JX Group's businesses, and if, for various reasons, important joint ventures go into financial difficulties, or if the alliances or investments do not bring results, the JX Group's financial position and operating results may be affected.

**(v) The risk pertaining to business restructuring**

The JX Group intends to cut costs, concentrate its businesses, and enhance its efficiency; therefore, a considerable amount of special loss associated with the business restructuring may accrue.

If the JX Group is unable to conduct its business restructuring accordingly, or the anticipated business operational improvement cannot be realized even by the restructuring, the JX Group's financial position and operating results may be affected.

**(vi) The risk pertaining to capital investments, and investments and loans**

The JX Group requires continuing capital investments as well as investments and loans to maintain and develop its businesses; however, factors such as shortage of cash flows may create complications for the JX Group in implementing these plans. In addition, the amount of actual investments may substantially exceed the anticipated amount, or income may not be obtained as planned.

**(vii) The risk pertaining to resource development**

The exploration and development activities that the JX Group is conducting at oil and natural gas fields as well as copper deposits are currently in various stages toward commercialization. Success in exploration and development depends on various factors, such as selection of exploration and development areas, facilities construction costs, government approvals and permits, and fund-raising. If individual projects stop short of commercialization, and so the investment costs cannot be collected, the JX Group's financial position and operating results may be affected. In addition, securing personnel with high expertise and broad experience is vital to the exploration and development business; however, the competition in obtaining competent personnel is becoming extremely intense in this industry. Therefore, if the JX Group is unable to secure enough competent personnel, it may result in loss of opportunities to gain income and weakening in competitiveness.

**(viii) The risk pertaining to environmental regulations**

The JX Group's businesses are subject to a wide range of environmental regulations, and if according to these regulations, fees for environmental cleanup are levied and environmental pollution occurred, the JX Group may be demanded to pay fines and damages, or it may become difficult to continue its business operation.

The JX Group's businesses generate a considerable amount of wastewater, waste gas, and wastes, and emissions may exceed the standard level due to an unforeseen contingency. In addition, the regulations may be strengthened in the future. Any obligations or burdens relating to these environmental regulations and standards may affect the JX Group's financial position and operating results.

**(ix) The risk pertaining to business operation**

The JX Group's businesses are associated with various operational risks, such as fire, explosions, accidents, import and export restrictions, natural disasters, natural phenomena including mine collapses or weather, labor disputes, and restrictions on transportation of raw materials or products. If these accidents or disasters or the like occur, the JX Group may suffer a considerable loss.

The JX Group holds, to the extent possible and appropriate, insurance policies relating to accidents and disasters, etc.; however, these may not be capable of covering all the damages.

**(x) The risk pertaining to intellectual property rights**

The JX Group holds various kinds of intellectual property rights including patent rights, in order to pursue its businesses; however, situations may make it difficult for the JX Group to secure them, or the validity of these rights may be denied . In addition, the JX Group's trade secrets may be disclosed or misused by a third party. Moreover, rapid technological development may result in inadequacy of the protection by intellectual property rights regarding the technologies necessary to the JX Group's businesses.

Furthermore, if the JX Group receives a claim of infringement of intellectual property rights with respect to the JX Group's technology from a third party, it may be required to pay a large amount of royalties, or may be prohibited from using such technology.

Thus, if the JX Group is unable to secure or fully utilize the intellectual property rights necessary to conduct its businesses, the JX Group's business results may be affected.

**(xi) The risk pertaining to interest-bearing debts**

The JX Group's business activities or the like may be restricted by the large amount of JX Group's interest-bearing debts, and it may also require fund-raising through additional loans payable or sales of assets or the like, in order to pay the principal and interest of the debts. However, whether the JX Group is able to conduct this fund-raising hinges on various factors, such as the conditions of the financial markets, the price of JX Group shares, and the existence or non-existence of buyers of the JX Group's assets. Furthermore, in the event where the interest rates in and outside of Japan rise, the interest burden increases, which may affect the JX Group's financial position and operating results.

**(xii) The risk pertaining to write-down of the book value due to a fall in the profitability of inventories**

The JX Group owns a large amount of inventories, and if the net sales value of inventories as of the end of the fiscal year falls below the book value due to a fall in the price of crude oil, petroleum products, or rare metals, the JX Group's profitability will be deemed as declining, which will result in writing-down the book value as of the end of the fiscal year to the amount of the net sales value and recording this in the cost of sales or the like, which may affect the JX Group's financial position and operating results.

**(xiii) The risk pertaining to impairment of non-current assets**

The JX Group owns a considerable amount of non-current assets, and if it becomes impossible to expect that the invested amounts will be collected due to a fall in its profitability associated with factors including changes in the operating environment, the book value of its non-current assets will be reduced so that the JX Group's ability to recoup investments is reflected, and the amount of the reduction will be treated as an impairment loss, which may affect the JX Group's financial position and operating results.

**(xiv) The risk pertaining to information systems**

The JX Group's business operations may cease if troubles occur with the JX Group's information systems due to natural disasters such as earthquakes or accidents, etc. In this case, the JX Group's production and marketing activities will suffer troubles, and its clients' businesses may be seriously affected.

**(xv) The risk pertaining to building internal control systems**

The JX Group has been making efforts to intensify compliance, risk management or the like, and is seeking to build up and enhance its internal control systems, including the internal system regarding financial reporting. However, if the internal control systems built by the JX Group do not function effectively, and situations such as breach of compliance, manifestation of risk of loss in a significant amount, or destruction of disclosure credibility occur, the JX Group could lose the trust of its stakeholders at once, which may affect the JX Group's financial position and operating results.

**(xvi) The risk pertaining to management of personal information**

The JX Group manages its customers' personal information in connection with its businesses in the marketing of petroleum products and precious metal reserves, etc., and for measures to protect that information, it may require a significant amount of expenditures in the future. In addition, if the customers' personal information is leaked or misused, it may affect the foregoing businesses.

**(Risks by Segment)**

**Petroleum Refining and Marketing Business**

**(i) The risk pertaining to fluctuations of margins in the petroleum refining and marketing business**

The margins of petroleum products in the JX Group depend primarily on the relationship between crude oil prices and petroleum product prices, determined by factors beyond the JX Group's control. The factors that affect crude oil prices include the exchange rate of the yen to the U.S. dollar, political situations in oil-producing regions, production adjustments by the Organization of the Petroleum Exporting Countries (OPEC), and global demand for crude oil, etc. In addition, the factors that affect petroleum product prices include the demand for petroleum products, overseas market conditions for petroleum products, the domestic petroleum refining capacity, the operating rate, and the total number of domestic service stations, etc. The JX Group determines petroleum product prices by appropriately reflecting the supply and demand conditions or market trends of petroleum products; however, margins may worsen considerably depending on crude oil prices or the market trend of petroleum products, which may affect the JX Group's financial position and operating results.

Petrochemical product margins also depend on the relationship between raw oil prices, such as crude oil prices and naphtha, etc., and petrochemical product prices, determined by factors beyond the JX Group's control. Petrochemical product prices are affected by expansion of supply capacity through construction of additional new production facilities, and demand trends regarding apparel, automobiles, home electronics, etc. Lessening of demand and supply, or the like, would make it difficult to shift the rise in the cost of crude oil/ raw oil prices onto the products' prices, which many affect the JX Group's financial position and operating results.

**(ii) The risk pertaining to the demand trend and competition regarding domestic petroleum products**

Mainly in the industrialized countries, efforts concerning global environmental issues, such as reduction of greenhouse gas emissions and promotion of saving energy and natural resources, shifted into high gear, and it appears that moves toward realizing the "low-carbon society" will gain speed. Amid these circumstances, the domestic demand for petroleum products is expected to continue to decline, affected by the prevalence of fuel-efficient vehicles and the progress of the transition to other energies such as gas and electricity. If these declines in the domestic demand continue or further accelerate, the JX Group's financial position and operating results may be affected. In addition, intense competition is currently taking place among companies in the domestic petroleum refining and marketing business, and the trend of decline in domestic demand may further accelerate this situation. Escalation of this competitive environment may affect the JX Group's financial position and operating results.

**(iii) The risk pertaining to procurement sources of crude oil and the products**

The JX Group procures all of its crude oil from overseas, especially from the Middle East, and a part of its products from overseas and Japan. If troubles regarding procurement of crude oil and the products occur due to changes in the political situation of oil-producing countries and the demand conditions for the products in and outside of Japan, and it becomes impossible to secure appropriate alternative supply sources, the JX Group's financial position and operating results may be affected.

**(iv) The risk pertaining to valuation of inventories**

The JX Group values inventories such as crude oil and petroleum products using the periodic average method. Therefore, where crude oil prices are rising, the cost of sales is pushed down by inventories relatively low in value at the beginning of a fiscal year, which becomes a factor for an increase in income, and where crude oil prices are falling, the cost of sales is pushed up by inventories relatively high in value at the beginning of a fiscal year, which becomes a factor for a decrease in income, which may affect the JX Group's financial position and business results.

**Oil and Natural Gas E&P Business**

**(i) The risk in crude oil gas prices and foreign exchange rate fluctuations in the oil and natural gas E&P business**

Net sales in the oil and natural gas E&P business increase and decrease depending on fluctuations in crude oil gas prices and foreign exchange rates. When crude oil gas prices are rising and the yen is depreciating, net sales based on the yen increase; and when crude oil gas prices are falling and the yen is appreciating, sales based on the yen decrease. Therefore, in situations where crude oil gas prices are falling and the yen is appreciating, net sales drop, which may affect the JX Group's business results.

**(ii) The risk pertaining to securing reserves**

As a result of international competition for resources, the competitive conditions for the JX Group to secure reserves are becoming more severe. The JX Group's oil and natural gas production volumes in the future depend on how much of the available reserves it can secure for commercial-based production through exploration, development, and acquisition of concessions, or the like. If the JX Group is unable to replenish oil and natural gas reserves, its production volume will decline in the future, which may affect the JX Group's financial position and operating results.

**(iii) The risk pertaining to equipment for oil and natural gas exploration and production**

In order to explore and produce oil and natural gas, the JX Group are provided equipment such as excavators, etc., and services from third parties. During periods in which crude oil prices are rising, or the like, this equipment and these services will be in shortage. If the JX Group is unable to obtain or be provided with any of the necessary equipment or services in a timely manner and under economically reasonable conditions, the JX Group's financial position and business results may be affected.

**Metals Business**

**(i) The risk pertaining to fluctuations in the market conditions of the copper business**

The JX Group's copper business earns profits primarily from its copper smelting business and its investments in overseas copper mines, each of which are, as described below, affected by fluctuations of market conditions, which may affect the JX Group's financial position and operating results.

The copper smelting business is a custom smelter, which purchases copper concentrates from overseas copper mines, and produces and markets electrolytic copper. Its margins consist primarily of smelting margins and marketing premiums.

Smelting margins are determined through negotiations with copper concentrate mines. However, recently, copper concentrates have tended to fall short in supply, due to degradation of the quality of copper concentrates, and moves toward an oligopoly by major resource companies, etc. Combined with increased demand in China, India, etc., the demand for and supply of copper concentrates have become tight, creating pressure leading to lower smelting margins. In addition, the mine purchasing agreement that the JX Group has concluded is in U.S. dollars; therefore, in the event where the yen appreciates, the smelting margins will decline.

Sales premiums are added to international prices of electrolytic coppers, and are determined through negotiations with customers, taking account of various factors, such as importation costs and product quality; therefore, they may decline.

In addition, regarding the business of investing in overseas copper mines, the prices of copper concentrates, etc. that are sold by the mines that the JX Group invests in are determined based on international prices of electrolytic copper; therefore, in the event where the international prices fall, the JX Group's investment returns calculated by the equity method will decrease.

**(ii) The risk pertaining to stable procurement of copper concentrates**

In order to seek stable procurement of copper concentrates to prepare for tight demand and supply of copper concentrates, the JX Group is investing in and lending to overseas copper mines. However, if the JX Group is unable to procure the copper concentrates necessary for the smelting business in a timely manner due to the occurrence of troubles in the operation of overseas copper mines which are the JX Group's suppliers of copper concentrates, the JX Group's financial position and operating results may be affected.

**(iii) The risk pertaining to fluctuations in the market conditions of the recycling and environmental services business**

Margins for the recycling and environmental services business are affected by metal prices, fluctuation of currency exchange rates, etc. Therefore, in the event where metal prices decline or the yen appreciates, the JX Group's business results may be affected.

**(iv) The risk pertaining to procurement of raw materials for the recycling and environmental services business**

Regarding collection of raw materials for recycling in the recycling and environmental services business, competition is becoming intense since primary suppliers, including electronic device parts manufacturers, are shifting from Japan overseas, and entering the recycling business. The JX Group is handling this situation by expanding overseas procurement or the like; however, if the JX Group is unable to procure the raw materials for recycling necessary for its recycling and environmental services business, the JX Group's business results may be affected.

**(v) The risk pertaining to demand trends, and technical innovation in the electronic materials business**

Many customers of the electronic materials business belong to the IT industry and home electronics industry. Thus, demand and supply conditions and price fluctuations in these industries may affect the JX Group's business results. In addition, the electronic materials business is in the midst of intense competition; therefore, if the JX Group is unable to respond to rapid technical innovation and changes in customer needs in an appropriate manner, the JX Group's financial position and operating results may be affected.

**(vi) The risk pertaining to fluctuation in procurement prices of raw materials for the electronic materials business**

The procurement prices of raw materials for the electronic materials business fluctuate depending on fluctuation of metals market conditions, or the like. If procurement prices of these raw materials rise, and the JX Group is unable to pass them onto its product prices, or if the market trend is that the prices fall considerably below the book value of the inventories at the beginning of a fiscal year, the JX Group's business results may be affected.

**(vii) The risk pertaining to the environmental issues of Gould Electronics, Inc. (the U.S. entity)**

Gould Electronics, Inc. (the U.S. entity), the JX Group's subsidiary, is a potentially responsible party regarding the specific designated areas in the United States under environmental laws and regulations such as the United States Superfund Act. The amount of the company's final burden may be dependent on numerous factors, such as the quantity and toxicity of the substance that caused designation of the area, the total number of other potentially responsible parties and their financial positions, corrective strategies, and technologies.

Gould Electronics, Inc. has recorded the provisions it deems appropriate regarding the statements above; however, the amount of the actual burden may exceed the amount of the provisions due to the factors stated above, and in that case, the JX Group's business results may be affected.

**Other Businesses**

**(i) The risk pertaining to demand fluctuation in the construction business**

The construction business is considerably affected by demand for subcontracting work for pavement, civil engineering, and construction. Therefore, a decrease in utility or private capital investments (including construction of residential real estate) may affect the JX Group's construction business and business results.

**(ii) The risk pertaining to demand fluctuation or the like in the titanium business**

Demand for the JX Group's core products, titanium metals (titanium sponge and titanium ingots), is centered on specific purposes, such as aircrafts, electric power plants, chemical plants, and seawater desalination plants. In addition, the purposes of catalysts are almost entirely confined to propylene polymerization.

If demand for these specific purposes fluctuates considerably in association with changes in domestic or overseas political and economic conditions, or with changes in the conditions of the industries for which the titanium metals are intended, the volume of products sold and the products' prices will also tend to change considerably, which may affect the JX Group's business results.

# II. The Corporate Group

Below are the descriptions of the principal businesses operated by the corporate group (the Company, 134 consolidated subsidiaries, and 32 affiliates accounted for by the equity method (indicated * symbols)) having the Company as its holding company, and the positions that main affiliates take in those principle businesses:

(As of March 31, 2012)

| Segment | Description of Principal Businesses | Main Affiliates |
|---|---|---|
| Petroleum Refining & Marketing | Refining of petroleum, and processing and marketing of petroleum products, as well as manufacturing and marketing of petrochemical products, etc. | JX Nippon Oil & Energy Corporation, Kashima Oil Co., Ltd., Osaka International Refining Co.,Ltd., Wakayama Petroleum Refining Co., Ltd. , Kashima Aromatics Co., Ltd., JX Nippon ANCI Corporation. |
| | Storage and transportation of crude oil and petroleum products | JX Nippon Oil & Energy Staging Terminal Corporation, JX Tanker Co., Ltd., Nippon Global Tanker Co., Ltd., Nissho Shipping Co., Ltd.[1], Nippon Tanker Co., Ltd.[2], *Japan Oil Transportation Co., Ltd. |
| | Manufacturing and marketing of petroleum products overseas | JX Nippon Oil & Energy USA Inc., JX Nippon Oil & Energy Lubricants America LLC, JX Nippon Oil & Energy Asia Pte. Ltd. |
| | Investments and loans to coal mining and marketing companies | JX Nippon Oil & Energy (Australia) Pty. Ltd. |
| | Marketing of petroleum products, etc. | ENEOS Frontier Co., Ltd. , JOMO-NET Co., Ltd. , JOMO Retail Service Co., Ltd., JX Nippon Sun-Energy Corporation, J-Quest Co., Ltd. |
| | Marketing of liquefied petroleum gas (LPG) products | Japan Gas Energy Corporation, ENEOS GLOBE Co.,Ltd. |
| | Generation and supply of electric power | Kawasaki Natural Gas Generation Co., Ltd. |
| | Manufacturing and marketing of fuel cells | ENEOS CELLTECH Co., Ltd. |
| | Manufacturing and marketing of silicon wafers for solar cells, or the like | Space Energy Corporation |
| | Investment in LNG development companies | Nippon Oil Finance (Netherlands) B.V. |
| | Marketing and leasing business of automobile-related supplies and goods | JX Nippon Oil & Energy Trading Corporation |
| Oil and Natural Gas Exploration and Production | Exploration, development, and production of oil and natural gas | JX Nippon Oil & Gas Exploration Corporation, Japan Vietnam Petroleum Co., Ltd. , JX Nippon Oil & Gas Exploration (Malaysia), Ltd., JX Nippon Oil & Gas Exploration (Sarawak), Ltd. , Nippon Oil Exploration (Berau), Ltd. , Nippon Oil Exploration (Myanmar), Ltd. , JX Nippon Exploration and Production (U.K.) Ltd. , MOCAL ENERGY Ltd. , Merlin Petroleum Company, *Abu Dhabi Oil Co., Ltd. , *United Petroleum Development Co., Ltd. |
| Metals | Manufacturing and marketing of non-ferrous metal products and electronic materials, as well as recycling of non-ferrous metals | JX Nippon Mining & Metals Corporation, JX Metals Trading Co., Ltd. |
| | Manufacturing and marketing of non-ferrous metal products | Pan Pacific Copper Co., Ltd. , Hibi Kyodo Smelting Co., Ltd., *LS-Nikko Copper Inc., Changzhou Jinyuan Copper Co., Ltd. |
| | Development and exploration of non-ferrous metal resources, and investments in and loans to mines | *Minera Los Pelambres, *Japan Collahuashi Resources B.V., *JECO Corporation, *JECO 2 Ltd., SCM Minera Lumina Copper Chile |
| | Recycling of non-ferrous metals, and industrial waste treatment | JX Nippon Environmental Services Co., Ltd. |
| | Manufacturing and marketing of electronic materials, and collection of non-ferrous raw materials for recycling | Nikko Metals Taiwan Co., Ltd. |
| | Manufacturing and marketing of electronic materials | JX Nippon Mining & Metals Philippines, Inc., Gould Electronics GmbH, JX Nippon Mining & Metals USA, Inc., Nippon Mining & Metals (Suzhou) Co., Ltd. |
| | Shipping of non-ferrous metal products, etc. | Nippon Marine Co., Ltd. |
| Other | Roadwork, civil engineering work, and design and construction of petroleum-related equipment, etc. | NIPPO CORPORATION[3], Dai Nippon Construction Co., Ltd. , Nichiyo Engineering Corporation[3] |
| | Manufacturing and marketing of titanium | Toho Titanium Co., Ltd. |
| | Manufacturing and marketing of electric wires and cables | *Tatsuta Electric Wire and Cable Co., Ltd. |
| | Land transportation | *Maruwn Corporation |
| | Sales and purchase, leasing, and management of real estate | JX Nippon Real Estate Corporation |
| | Undertaking of purchasing practice, such as material procurement and construction contracts, etc. | JX Nippon Procurement Corporation |
| | Undertaking of finance-related services | JX Nippon Finance Corporation |
| | Undertaking of accounting services, and salaries and welfare-related services | JX Nippon Business Services Corporation |
| | Researching, studying, evaluating, designing and planning, and consulting services | JX Nippon Research Institute,Ltd. |

1 … In April 2012, Nissho Shipping Co., Ltd. merged with Yuyo Steamship Co., Ltd., and changed its trade name to "JX Shipping Co., Ltd."

2 … In April 2012, Nippon Tanker Co., Ltd. merged with Showa Yusosen Co., Ltd., and changed its trade name to "Showa Nittan Corp."

3 … In April 2012, Nichiyo Engineering Corporation succeeded to NIPPO CORPORATION's energy business division through an absorption-type company split, and changed its trade name to "JX Engineering Corporation."

The following is the illustration of the corporate group (as of March 31, 2012.)

## JX Holdings. Inc.

### Refining and Marketing

Core Operating Company

**JX Nippon Oil & Energy Corporation**

*Refining of petroleum, and processing and marketing of petroleum products, as well as manufacturing and marketing of petrochemical products, etc.*
- JX Nippon Oil & Energy Corporation
- Kashima Oil Co., Ltd.
- Osaka International Refining Co.,Ltd.
- Wakayama Petroleum Refining Co., Ltd.
- Kashima Aromatics Co., Ltd.
- JX Nippon ANCI Corporation

*Storage and transportation of crude oil and petroleum products*
- JX Nippon Oil & Energy Staging Terminal Corporation
- JX Tanker Co., Ltd.,
- Nippon Global Tanker Co., Ltd.
- Nissho Shipping Co., Ltd.
- Nippon Tanker Co., Ltd.
- *Japan Oil Transportation Co., Ltd.

*Manufacturing and marketing of petroleum products overseas*
- JX Nippon Oil & Energy USA Inc.
- JX Nippon Oil & Energy Lubricants America LLC
- JX Nippon Oil & Energy Asia Pte. Ltd.

*Investments and loans to coal mining and marketing companies*
- JX Nippon Oil & Energy (Australia) Pty. Ltd.

*Marketing of petroleum products, etc.*
- ENEOS Frontier Co., Ltd.
- JOMO-NET Co., Ltd.
- JOMO Retail Service Co., Ltd.
- JX Nippon Sun-Energy Corporation
- J-Quest Co., Ltd.

*Marketing of liquefied petroleum gas (LPG) products*
- ENEOS GLOBE Co.,Ltd.
- Japan Gas Energy Corporation

*Generation and supply of electric power*
- Kawasaki Natural Gas Generation Co., Ltd.

*Manufacturing and marketing of fuel cells*
- ENEOS CELLTECH Co., Ltd.

*Manufacturing and marketing of silicon wafers for solar cells, or the like*
- Space Energy Corporation

*Investment in LNG development companies*
- Nippon Oil Finance (Netherlands) B.V.

*Marketing and leasing business of automobile-related supplies and goods*
- JX Nippon Oil & Energy Trading Corporation

### Oil and Natural Gas Exploration and Production

Core Operating Company

**JX Nippon Oil & Gas Exploration Corporation**

*Exploration, development, and production of oil and natural gas*
- JX Nippon Oil & Gas Exploration Corporation
- Japan Vietnam Petroleum Co., Ltd.
- JX Nippon Oil & Gas Exploration (Malaysia), Ltd.
- JX Nippon Oil & Gas Exploration (Sarawak), Ltd.
- Nippon Oil Exploration (Berau), Ltd.
- Nippon Oil Exploration (Myanmar), Ltd.
- JX Nippon Exploration and Production (U.K.) Ltd.
- MOCAL ENERGY Ltd.
- Merlin Petroleum Company
- *Abu Dhabi Oil Co., Ltd.
- *United Petroleum Development Co., Ltd.

### Metals

Core Operating Company

**JX Nippon Mining & Metals Corporation**

*Manufacturing and marketing of non-ferrous metal products and electronic materials, as well as recycling of non-ferrous metals*
- JX Nippon Mining & Metals Corporation
- JX Metals Trading Co., Ltd.

*Manufacturing and marketing of non-ferrous metal products*
- Pan Pacific Copper Co., Ltd.
- Hibi Kyodo Smelting Co., Ltd.
- *LS-Nikko Copper Inc.
- Changzhou Jinyuan Copper Co., Ltd.

*Development and exploration of non-ferrous metal resources, and investments in and loans to mines*
- *Minera Los Pelambres
- *Japan Collahuashi Resources B.V.
- *JECO Corporation
- *JECO 2 Ltd.
- SCM Minera Lumina Copper Chile

*Recycling of non-ferrous metals, and industrial waste treatment*
- JX Nippon Environmental Services Co., Ltd.

*Manufacturing and marketing of electronic materials, and collection of non-ferrous raw materials for recycling*
- Nikko Metals Taiwan Co., Ltd.

*Manufacturing and marketing of electronic materials*
- JX Nippon Mining & Metals Philippines, Inc.
- Gould Electronics GmbH
- JX Nippon Mining & Metals USA, Inc.
- Nippon Mining & Metals (Suzhou) Co., Ltd.

*Shipping of non-ferrous metal products, etc.*
- Nippon Marine Co., Ltd.

### Other

*Roadwork, civil engineering work, and design and construction of petroleum-related equipment, etc.*
- NIPPO CORPORATION
- Dai Nippon Construction Co., Ltd.
- Nichiyo Engineering Corporation

*Manufacturing and marketing of titanium*
- Toho Titanium Co., Ltd.

*Manufacturing and marketing of electric wires and cables*
- *Tatsuta Electric Wire and Cable Co., Ltd.

*Land transportation*
- *Maruwn Corporation

*Sales and purchase, leasing, and management of real estate*
- JX Nippon Real Estate Corporation

*Undertaking of purchasing practice, such as material procurement and construction contracts, etc.*
- JX Nippon Procurement Corporation

*Undertaking of finance-related services*
- JX Nippon Finance Corporation

*Undertaking of accounting services, and salaries and welfare-related services*
- JX Nippon Business Services Corporation

*Researching, studying, evaluating, designing and planning, and consulting services*
- JX Nippon Research Institute,Ltd.

## III. Management Policies

### (1) Basic Policies for the Management of the Company

The word "JX," used in the Company's name and the group's name, is a brand name representing the ideal model of the group. The character "J" represents the determination to represent Japan as the world-leading "integrated energy, resources, and materials business group," and the character "X" represents embracing the challenges of the unknown, growth and development towards the future, and the pursuit of creativity and innovation. The Company has set forth the "JX Group Mission Statement" as follows so that all the officers and employees of the JX Group can share the ideas put into this new brand name, as well as to demonstrate the JX Group's basic approach to all of its stakeholders, including its shareholders.

【JX Group Slogan】

**The Future of Energy, Resources and Materials**

【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.**

【JX Group Values】

Our actions will respect the EARTH.

**E**thics

**A**dvanced ideas

**R**elationship with society

**T**rustworthy products/services

**H**armony with the environment

The JX Group will continue to develop, to become a world-leading "integrated energy, resources, and materials business group," by conducting its businesses every day based on this "JX Group Mission Statement."

### (2) Mid- to Long-Term Company Management Strategy and the Management Index set as the Objective

In May 2010, the Company established the Medium-Term Management Plan, which is the JX Group's basic strategy.

The Medium-Term Management Plan sets forth the Company's management objectives and management strategy for the period from the fiscal year of 2010 to the fiscal year of 2012. With emphasis on the concept of "Best Practices", it sets as its basic policies to dramatically transform the Petroleum Refining and Marketing Business by realizing integration synergies and rigorously reducing costs, and to maximize corporate value by allocating management resources to highly profitable operations, such as oil/natural gas development, mine development, and electronic materials processing, on a priority basis.

The Company, through implementing relevant measures based on these basic policies, aims to achieve: 300 billion yen or more of consolidated ordinary income, 10% or more of ROE, and 1.0 times the net D/E ratio, in 2012, the final fiscal year under the Medium-Term Management Plan. The outlook for the fiscal year 2012 at the current point is: 300 billion yen of consolidated ordinary income, 8.8% of ROE, and 1.16 times the net D/E ratio. However, the Company will make efforts to achieve the objectives under the Medium-Term Management Plan by conducting various measures in the future.

### (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 speed is slowing down, 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 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, unable 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 of the Great East Japan Earthquake)**

- In the Petroleum Refining and Marketing business, by maintaining basic policies of “giving first priority to human life” and “disaster mitigation” in addition to the achievement of 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 where 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.

**(Matters to be addressed by Each Business Segment)**

**Petroleum Refining and Marketing Business**

- In order to achieve the target of income improvements 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 the 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 will 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 projects—including the Finucane South oil field project and the LNG project in Papua New Guinea; moreover, we will make efforts to further develop 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 an 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 the practical application at an early stage of the “Nikko Chloride Process”*—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 utilization of 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, 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."

## IV.Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

| Account title | FY 2010 (As of March 31, 2011) | FY 2011 (As of March 31, 2012) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 233,471 | 241,978 |
| Notes and accounts receivable-trade | 1,065,973 | 1,308,111 |
| Inventories | 1,484,879 | 1,694,395 |
| Deferred tax assets | 91,492 | 79,184 |
| Other | 194,913 | 233,243 |
| Allowance for doubtful accounts | (2,997) | (2,290) |
| Total current assets | 3,067,731 | 3,554,621 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, Structures and oil tanks | 1,522,578 | 1,525,342 |
| Accumulated depreciation | (1,125,174) | (1,141,701) |
| Buildings, Structures and oil tanks, net | 397,404 | 383,641 |
| Machinery, equipment and vehicles | 2,629,957 | 2,684,571 |
| Accumulated depreciation | (2,140,412) | (2,226,436) |
| Machinery, equipment and vehicles, net | 489,545 | 458,135 |
| Land | 961,205 | 946,285 |
| Construction in progress | 55,430 | 119,370 |
| Other | 123,770 | 123,664 |
| Accumulated depreciation | (87,063) | (90,719) |
| Other, net | 36,707 | 32,945 |
| Total property, plant and equipment | 1,940,291 | 1,940,376 |
| Intangible assets | | |
| Goodwill | 50,966 | 28,103 |
| Other | 115,181 | 109,110 |
| Total intangible assets | 166,147 | 137,213 |
| Investments and other assets | | |
| Investment securities | 644,869 | 569,001 |
| Long-term loans receivable | 23,136 | 25,187 |
| Deferred tax assets | 120,716 | 50,246 |
| Exploration and development investments | 205,294 | 335,402 |
| Other | 97,824 | 83,683 |
| Allowance for doubtful accounts | (6,050) | (5,310) |
| Total investments and other assets | 1,085,789 | 1,058,209 |
| Total non-current assets | 3,192,227 | 3,135,798 |
| Total assets | 6,259,958 | 6,690,419 |

(Millions of yen)

| Account title | FY 2010 (As of March 31, 2011) | FY 2011 (As of March 31, 2012) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 739,855 | 917,955 |
| Short-term loans payable | 716,561 | 715,030 |
| Commercial papers | 388,000 | 404,000 |
| Current portion of bonds | 60 | 45,452 |
| Accounts payable-other | 585,398 | 707,596 |
| Income taxes payable | 33,548 | 28,005 |
| Provision for loss on disaster | 109,106 | 17,651 |
| Other provision | 46,465 | 76,627 |
| Asset retirement obligations | 7,418 | 4,578 |
| Other | 223,749 | 236,703 |
| Total current liabilities | 2,850,160 | 3,153,597 |
| Non-current liabilities | | |
| Bonds payable | 251,131 | 206,187 |
| Long-term loans payable | 908,832 | 911,930 |
| Deferred tax liabilities | 106,291 | 122,038 |
| Provision for retirement benefits | 88,920 | 91,004 |
| Provision for repairs | 51,856 | 50,474 |
| Other provision | 7,608 | 6,974 |
| Asset retirement obligations | 47,140 | 49,047 |
| Other | 61,779 | 54,416 |
| Total non-current liabilities | 1,523,557 | 1,492,070 |
| Total liabilities | 4,373,717 | 4,645,667 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 100,000 | 100,000 |
| Capital surplus | 746,693 | 746,711 |
| Retained earnings | 801,567 | 933,573 |
| Treasury stock | (3,802) | (3,722) |
| Total shareholders' equity | 1,644,458 | 1,776,562 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 35,524 | 24,802 |
| Deferred gains or losses on hedges | 6,666 | 5,928 |
| Foreign currency translation adjustment | (58,327) | (63,089) |
| Total accumulated other comprehensive income | (16,137) | (32,359) |
| Minority interests | 257,920 | 300,549 |
| Total net assets | 1,886,241 | 2,044,752 |
| Total liabilities and net assets | 6,259,958 | 6,690,419 |

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

Consolidated Statements of Income

(Millions of yen)

| Account title | FY 2010 (from April 1, 2010 to March 31, 2011) | FY 2011 (from April 1, 2011 to March 31, 2012) |
|---|---|---|
| Net sales | 9,634,396 | 10,723,889 |
| Cost of sales | 8,805,610 | 9,879,587 |
| Gross profit | 828,786 | 844,302 |
| Selling, general and administrative expenses | 494,384 | 516,458 |
| Operating income | 334,402 | 327,844 |
| Non-operating income | | |
| Interest income | 2,498 | 2,119 |
| Dividends income | 21,338 | 27,813 |
| Equity in earnings of affiliates | 75,974 | 62,069 |
| Other | 22,700 | 32,441 |
| Total non-operating income | 122,510 | 124,442 |
| Non-operating expenses | | |
| Interest expenses | 27,302 | 26,925 |
| Foreign exchange losses | 766 | 2,136 |
| Other | 15,177 | 15,460 |
| Total non-operating expenses | 43,245 | 44,521 |
| Ordinary income | 413,667 | 407,765 |
| Special income | | |
| Gain on sales of non-current assets | 14,510 | 12,955 |
| Gain on sales of investment securities | 1,198 | 4,074 |
| Gain on negative goodwill | 226,537 | 9,393 |
| Gain on reversal of loss on disaster | — | 7,220 |
| Gain on change in equity | 11,529 | — |
| Other | 3,843 | 3,878 |
| Total special income | 257,617 | 37,520 |
| Special loss | | |
| Loss on sales of non-current assets | 4,374 | 1,939 |
| Loss on retirement of non-current assets | 14,287 | 7,428 |
| Impairment loss | 41,652 | 27,608 |
| Loss on valuation of investment securities | 7,380 | 783 |
| Loss on step acquisitions | — | 6,431 |
| Restructuring cost | — | 36,514 |
| Loss on adjustment for changes in accounting standard for asset retirement obligations | 4,468 | — |
| Special extra retirement payments | 30,539 | — |
| Loss on disaster | 126,022 | — |
| Other | 35,339 | 10,075 |
| Total special losses | 264,061 | 90,778 |
| Income before income taxes and minority interests | 407,223 | 354,507 |
| Income taxes-current | 54,574 | 63,652 |
| Income taxes-deferred | 14,926 | 84,420 |
| Total income taxes | 69,500 | 148,072 |
| Income before minority interests | 337,723 | 206,435 |
| Minority interests in income | 25,987 | 35,840 |
| Net income | 311,736 | 170,595 |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

| Account title | FY 2010 (from April 1, 2010 to March 31, 2011) | FY 2011 (from April 1, 2011 to March 31, 2012) |
|---|---|---|
| Income before minority interests | 337,723 | 206,435 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (3,779) | (10,323) |
| Deferred gains or losses on hedges | (5,880) | (2,240) |
| Foreign currency translation adjustment | (18,139) | (2,423) |
| Share of other comprehensive income of affiliates accounted for by equity method | (24,258) | (3,471) |
| Total other comprehensive income | (52,056) | (18,457) |
| Comprehensive income | 285,667 | 187,978 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to shareholders of the parent | 265,892 | 153,021 |
| Comprehensive income attributable to minority interests | 19,775 | 34,957 |

## (3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

| Account title | FY 2010 (from April 1, 2010 to March 31, 2011) | FY 2011 (from April 1, 2011 to March 31, 2012) |
|---|---|---|
| Shareholders' equity | | |
| Capital stock | | |
| Balance at the end of previous period | 139,437 | 100,000 |
| Changes of items during the period | | |
| Increase by share transfers | (39,437) | ― |
| Total changes of items during the period | (39,437) | ― |
| Balance at the end of current period | 100,000 | 100,000 |
| Capital surplus | | |
| Balance at the end of previous period | 275,697 | 746,693 |
| Changes of items during the period | | |
| Disposal of treasury stock | ― | 18 |
| Increase by share transfers | 470,996 | ― |
| Total changes of items during the period | 470,996 | 18 |
| Balance at the end of current period | 746,693 | 746,711 |
| Retained earnings | | |
| Balance at the end of previous period | 519,572 | 801,567 |
| Changes of items during the period | | |
| Dividends from surplus | (30,352) | (39,838) |
| Net income | 311,736 | 170,595 |
| Change of scope of consolidation | 528 | 1,348 |
| Increase by merger | ― | (99) |
| Change of scope of equity method | 83 | ― |
| Total changes of items during the period | 281,995 | 132,006 |
| Balance at the end of current period | 801,567 | 933,573 |
| Treasury stock | | |
| Balance at the end of previous period | (4,507) | (3,802) |
| Changes of items during the period | | |
| Increase by share transfers | 780 | ― |
| Purchase of treasury stock | (68) | (23) |
| Disposal of treasury stock | 4 | 103 |
| Change in equity in affiliates accounted for by equity method-treasury stock | (11) | ― |
| Total changes of items during the period | 705 | 80 |
| Balance at the end of current period | (3,802) | (3,722) |
| Total shareholders' equity | | |
| Balance at the end of previous period | 930,199 | 1,644,458 |
| Changes of items during the period | | |
| Increase by share transfers | 432,339 | ― |
| Dividends from surplus | (30,352) | (39,838) |
| Net income | 311,736 | 170,595 |
| Purchase of treasury stock | (68) | (23) |
| Disposal of treasury stock | 4 | 121 |
| Change in equity in affiliates accounted for by equity method-treasury stock | (11) | ― |
| Change of scope of consolidation | 528 | 1,348 |
| Change of scope of equity method | 83 | ― |
| Increase by merger | ― | (99) |
| Total changes of items during the period | 714,259 | 132,104 |
| Balance at the end of current period | 1,644,458 | 1,776,562 |

(Millions of yen)

| Account title | FY 2010 (from April 1, 2010 to March 31, 2011) | FY 2011 (from April 1, 2011 to March 31, 2012) |
|---|---|---|
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the end of previous period | 38,774 | 35,524 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (3,250) | (10,722) |
| Total changes of items during the period | (3,250) | (10,722) |
| Balance at the end of current period | 35,524 | 24,802 |
| Deferred gains or losses on hedges | | |
| Balance at the end of previous period | 13,322 | 6,666 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (6,656) | (738) |
| Total changes of items during the period | (6,656) | (738) |
| Balance at the end of current period | 6,666 | 5,928 |
| Foreign currency translation adjustment | | |
| Balance at the end of previous period | (22,389) | (58,327) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (35,938) | (4,762) |
| Total changes of items during the period | (35,938) | (4,762) |
| Balance at the end of current period | (58,327) | (63,089) |
| Total accumulated other comprehensive income | | |
| Balance at the end of previous period | 29,707 | (16,137) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (45,844) | (16,222) |
| Total changes of items during the period | (45,844) | (16,222) |
| Balance at the end of current period | (16,137) | (32,359) |
| Minority interests | | |
| Balance at the end of previous period | 99,183 | 257,920 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 158,737 | 42,629 |
| Total changes of items during the period | 158,737 | 42,629 |
| Balance at the end of current period | 257,920 | 300,549 |
| Total net assets | | |
| Balance at the end of previous period | 1,059,089 | 1,886,241 |
| Changes of items during the period | | |
| Increase by share transfers | 432,339 | — |
| Dividends from surplus | (30,352) | (39,838) |
| Net income | 311,736 | 170,595 |
| Purchase of treasury stock | (68) | (23) |
| Disposal of treasury stock | 4 | 121 |
| Change in equity in affiliates accounted for by equity method-treasury stock | (11) | — |
| Change of scope of consolidation | 528 | 1,348 |
| Change of scope of equity method | 83 | — |
| Increase by merger | — | (99) |
| Net changes of items other than shareholders' equity | 112,893 | 26,407 |
| Total changes of items during the period | 827,152 | 158,511 |
| Balance at the end of current period | 1,886,241 | 2,044,752 |

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

| Account title | FY 2010 (from April 1, 2010 to March 31, 2011) | FY 2011 (from April 1, 2011 to March 31, 2012) |
|---|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 407,223 | 354,507 |
| Depreciation and amortization | 206,553 | 198,073 |
| Amortization of goodwill | 4,560 | 3,468 |
| Gain on negative goodwill | (226,537) | (9,393) |
| Increase (decrease) in provision for repairs | (3,452) | (2,683) |
| Increase (decrease) in provision for loss on disaster | 109,106 | (21,723) |
| Interest and dividends income | (23,836) | (29,932) |
| Interest expenses | 27,302 | 26,925 |
| Equity in (earnings) losses of affiliates | (75,974) | (62,069) |
| Loss (gain) on sales and retirement of noncurrent assets | 4,151 | (3,588) |
| Impairment loss | 41,652 | 27,608 |
| Loss (gain) on valuation of investment securities | 7,380 | 783 |
| Loss (gain) on change in equity | (11,529) | — |
| Special extra retirement payments | 30,539 | — |
| Restructuring cost | — | 36,514 |
| Decrease (increase) in notes and accounts receivable-trade | (979) | (237,824) |
| Decrease (increase) in inventories | (204,781) | (203,158) |
| Increase (decrease) in notes and accounts payable-trade | (137,971) | 248,819 |
| Other, net | 57,026 | 39,477 |
| Subtotal | 210,433 | 365,804 |
| Interest and dividends income received | 72,071 | 74,078 |
| Interest expenses paid | (29,156) | (26,700) |
| Payments for loss on disaster | — | (65,569) |
| Payments for special extra retirement payments | — | (22,208) |
| Income taxes paid | (41,940) | (78,763) |
| Net cash provided by (used in) operating activities | 211,408 | 246,642 |
| Net cash provided by (used in) investing activities | | |
| Purchase of investment securities | (20,455) | (45,783) |
| Proceeds from sales of investment securities | 6,878 | 22,342 |
| Purchase of property, plant and equipment | (136,552) | (157,125) |
| Proceeds from sales of property, plant and equipment | 27,303 | 26,922 |
| Purchase of intangible assets | (16,979) | (12,837) |
| Net decrease (increase) in short-term loans receivable | (8,560) | (9,802) |
| Payments of long-term loans receivable | (5,366) | (6,712) |
| Collection of long-term loans receivable | 7,658 | 4,806 |
| Increase in cost of exploration and production of oil and related assets | (27,814) | (44,367) |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | — | (1,636) |
| Other, net | 2,979 | 25,597 |
| Net cash provided by (used in) investing activities | (170,908) | (198,595) |

(Millions of yen)

| Account title | FY 2010 (from April 1, 2010 to March 31, 2011) | FY 2011 (from April 1, 2011 to March 31, 2012) |
|---|---|---|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (126,230) | (33,481) |
| Net increase (decrease) in commercial papers | 36,000 | 16,000 |
| Proceeds from long-term loans payable | 172,803 | 177,161 |
| Repayment of long-term loans payable | (152,193) | (140,617) |
| Proceeds from issuance of bonds | 50,000 | — |
| Redemption of bonds | (20,060) | (242) |
| Proceeds from stock issuance to minority shareholders | 7,685 | 6,158 |
| Cash dividends paid | (30,352) | (39,838) |
| Cash dividends paid to minority shareholders | (19,129) | (16,241) |
| Proceeds from stock issuance of consolidated subsidiary to minority shareholders | 16,232 | — |
| Other, net | (5,984) | (6,218) |
| Net cash provided by (used in) financing activities | (71,228) | (37,318) |
| Effect of exchange rate change on cash and cash equivalents | (3,866) | (4,858) |
| Net increase (decrease) in cash and cash equivalents | (34,594) | 5,871 |
| Cash and cash equivalents at beginning of period | 183,992 | 232,438 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 10 | 2,252 |
| Increase in cash and cash equivalents resulting from stock transfer | 82,514 | — |
| Increase in cash and cash equivalents from corporate division | 510 | (20) |
| Increase in cash and cash equivalents resulting from merger | 6 | 494 |
| Cash and cash equivalents at end of period | 232,438 | 241,035 |

**(5) Notes on the Assumption of a Going Concern**

None.

**(6) Important Matters Fundamental to Preparation of Consolidated Financial Statements**

1. Matters relating to the scope of consolidation and application of the equity method

A. Consolidated subsidiaries — 134 companies

Names of major companies: Listed in "II. The Corporate Group."

B. Non-consolidated subsidiaries accounted for by the equity method — 2 companies

Company name: Shinsui Marine Co. Ltd., Globe Energy Co. Ltd.

C. Affiliates accounted for by the equity method — 30 companies

Names of major companies: Listed in "II. The Corporate Group."

2. Matters relating to the fiscal year, etc. of consolidated subsidiaries

The difference between the consolidated subsidiaries' balance sheet date and the consolidated balance sheet date does not exceed three months.

3. Matters relating to accounting standards

A. Valuation standards and valuation method for important assets

(i) Inventories

Valued primarily by 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).

(ii) Securities

(a) Held-to-maturity bonds

Valued by the amortized cost method (the straight-line method)

(b) Other securities

Marketable securities: valued by the fair value method based on market price, etc. as of the last day of the fiscal year. (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 calculated using primarily the moving average method.)

Non-marketable securities: valued primarily by the cost method based on the moving average method.

(iii) Net accounts receivable and accounts payable that accrue through derivative transactions

Valued by the fair value method.

B. Method of depreciation of important depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The straight-line method is primarily adopted.

(ii) Intangible assets (excluding leased assets)

The straight-line method is primarily adopted.

(iii) Leased assets

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

C. Recording standards for important provisions

(i) 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.

(ii) 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.

(iii) 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 obligation 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 5 years). In addition, the actuarial difference is recognized from the consolidated fiscal year that follows the consolidated fiscal year during 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 time each consolidated fiscal year commenced.

(iv) 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.

D. 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 last day of the fiscal year, and the conversion difference is handled as profit or loss. In addition, the assets and liabilities of foreign subsidiaries, etc. are converted into yen using the spot exchange rate as of the last day of the fiscal year, and income and costs 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.

E. The method for important hedge accounting

Deferred hedge accounting is adopted. 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.

F. Other matters important for preparation of consolidated financial statements

(i) Accounting treatment of consumption tax, etc.

The net of tax method is used.

(ii) Application of the consolidated tax payment system

The consolidated tax payment system is applied.

(iii) 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 commencement of production, etc. are recorded. After production is commenced, the accounts are primarily amortized by the output method.

4. Goodwill amortization method and term

Goodwill is amortized by the straight-line method over the period during which the influence of the goodwill shall apply.

5. Scope of the Funds in the consolidated statements of cash flows

The Funds in the consolidated statements of cash flows consist of cash on hand, deposits that may be withdrawn from time to time, and short-term investments that are easily converted into cash and bear only minor risks with respect to fluctuation of value with their redemption deadline arriving within about three months from the acquisition date.

## (7) Additional Information

Due to accounting changes and past error corrections during and after this consolidated fiscal year has commenced, the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) have been applied.

## (8) Explanatory Notes to the Consolidated Financial Statements

### (Segment Information)

1. Outline of the Reporting Segments

The JX Group's reporting segments consist of those constituent units of the JX Group for which separate financial information is available, and are subject to periodic review for the board of directors to determine distributions of management resources, and to evaluate the business performances.

The JX Group, which has JX Holdings, Inc., as its holding company, is composed of segments corresponding to each product and service based on three core operating companies. The JX Group treats "Petroleum Refining and Marketing," "Oil and Natural Gas Exploration and Production ("E&P")," and "Metals" as the reporting segments. The businesses not included in the reporting segments are collectively contained in the "Other" category.

The details of the main products and services or business activities of each reporting segment and the "Other" category are as follows:

| | |
|---|---|
| Petroleum Refining and Marketing | Petroleum products, including gasoline, naphtha, kerosene, diesel fuel and heavy oil, petrochemical products, including benzene and paraxylene, liquefied petroleum gas, lubricating oil, and businesses incidental or relating to the petroleum business. |
| Oil and Natural Gas E&P | Oil and natural gas exploration, development and production |
| Metals | Non-ferrous metal resources development and mining, copper, gold, silver, sulfuric acid, non-ferrous metal recycling and industrial waste treatment, copper foils, materials for rolling and processing, thin film materials, and transportation by ships of products, including metal business products. |
| Other | Asphalt paving, civil engineering work, construction work, titanium, electric wires, land transportation, real estate leasing business, and affairs common to JX Group companies including fund procurement. |

2. Calculation Method for the Reporting Segments' Amounts of Net Sales, Profits and Losses, Assets, Liabilities, and Other Items

The accounting treatment for the business segments reported herein is generally identical to those stated under the "Important Matters Fundamental to the Preparation of Consolidated Financial Statements."

In-house intersegment sales and transfers are based on prevailing market prices.

3. Information on Amounts of Net Sales, Income, Assets, Liabilities, and Other Items from Each Reporting Segment

Previous Consolidated Fiscal Year (April 1, 2010 – March 31, 2011)

(Millions of yen)

| | Petroleum Refining and Marketing | Oil and Natural Gas E&P | Metals | Other | Total | Adjustment Amount (Note 1) | Recorded Amount on Consolidated Financial Statements |
|---|---|---|---|---|---|---|---|
| Net Sales | | | | | | | |
| Sales to Outside Customers | 8,121,988 | 148,657 | 939,382 | 424,369 | 9,634,396 | - | 9,634,396 |
| In-house Intersegment Sales and Transfers | 9,874 | 100 | 1,174 | 48,400 | 59,548 | (59,548) | - |
| Total | 8,131,862 | 148,757 | 940,556 | 472,769 | 9,693,944 | (59,548) | 9,634,396 |
| Segment Income (Ordinary Income) | 253,682 | 59,458 | 70,713 | 25,134 | 408,987 | 4,680 | 413,667 |
| Segment Assets | 4,167,403 | 527,777 | 814,804 | 2,141,002 | 7,650,986 | (1,391,028) | 6,259,958 |
| Segment Liabilities | 3,186,525 | 322,943 | 435,289 | 1,835,841 | 5,780,598 | (1,406,881) | 4,373,717 |
| Other Items | | | | | | | |
| Amortization Costs (Note 2) | 128,458 | 33,548 | 25,723 | 16,872 | 204,601 | 1,952 | 206,553 |
| Amortization of Goodwill | 1,162 | 1,109 | - | 2,289 | 4,560 | - | 4,560 |
| Interest Income | 1,378 | 406 | 438 | 13,776 | 15,998 | (13,500) | 2,498 |
| Interest Expenses | 18,923 | 3,122 | 3,968 | 13,046 | 39,059 | (11,757) | 27,302 |
| Equity in Earnings of Affiliates | 5,358 | 7,817 | 55,774 | 7,025 | 75,974 | - | 75,974 |
| Increase in Property, Plant and Equipment; and Intangible Assets (Note 3) | 78,922 | 34,412 | 37,444 | 18,152 | 168,930 | 21,611 | 190,541 |

(Notes) 1. The adjusted amounts are as follows:
(1) The segment-income adjustment amount of 4,680 million yen includes an unrealized gain adjustment amount and the like of 2,073 million yen, and the net amount of 2,608 million yen, which is the income and expenses of the entire Company not allocated to either of the reporting segments or the "Other" category.
(2) The loss of 1,391,028 million yen in the segment assets adjustment amount is due primarily to eliminating intersegment liabilities by offsetting.
(3) The loss of 1,406,881 million yen in the segment liabilities adjustment amount is due primarily to eliminating intersegment liabilities by offsetting.
(4) The depreciation cost adjustment amount of 1,952 million yen includes 1,970 million yen in asset retirement obligations adjusted due to passage of time (interest costs).
(5) The adjusted increase in tangible and intangible assets in the amount of 21,611 million yen includes 19,231 million yen in assets that correspond to asset retirement obligations.
2. The depreciation costs include 31,031 million yen in amortization costs for exploration and development investments (29,542 million yen for "oil and natural gas exploration and production"; 1,489 million yen for "adjustment amount").
3. The increase in tangible and intangible assets includes the 36,352 million yen (27,814 million yen for "oil and natural gas exploration and production"; 8,538 million yen for "adjustment amount") increase in exploration and development investments contained in "Investments and other Assets" in the consolidated balance sheet.
4. The segment income amount is adjusted to the ordinary income amount stated in the consolidated statements of income.

Current Consolidated Fiscal Year (April 1, 2011 – March 31, 2012) (Millions of yen)

| | Petroleum Refining and Marketing | Oil and Natural Gas E&P | Metals | Other | Total | Adjustment Amount (Note 1) | Recorded Amount on Consolidated Financial Statements |
|---|---|---|---|---|---|---|---|
| Net Sales | | | | | | | |
| Sales to Outside Customers | 9,138,266 | 187,809 | 996,515 | 401,299 | 10,723,889 | - | 10,723,889 |
| In-house Intersegment Sales and Transfers | 9,205 | - | 643 | 63,156 | 73,004 | (73,004) | - |
| Total | 9,147,471 | 187,809 | 997,158 | 464,455 | 10,796,893 | (73,004) | 10,723,889 |
| Segment Income (Ordinary Income) | 232,450 | 97,514 | 60,041 | 15,952 | 405,957 | 1,808 | 407,765 |
| Segment Assets | 4,526,682 | 634,679 | 913,328 | 2,317,953 | 8,392,642 | (1,702,223) | 6,690,419 |
| Segment Liabilities | 3,456,505 | 354,910 | 525,237 | 2,034,589 | 6,371,241 | (1,725,574) | 4,645,667 |
| Other Items | | | | | | | |
| Amortization Costs (Note 2) | 121,776 | 34,416 | 25,532 | 14,117 | 195,841 | 2,232 | 198,073 |
| Amortization of Goodwill | 72 | 1,118 | - | 2,278 | 3,468 | - | 3,468 |
| Interest Income | 1,169 | 465 | 312 | 15,399 | 17,345 | (15,226) | 2,119 |
| Interest Expenses | 16,555 | 3,316 | 3,900 | 15,165 | 38,936 | (12,011) | 26,925 |
| Equity in Earnings of Affiliates | 3,596 | 6,402 | 51,010 | 1,061 | 62,069 | - | 62,069 |
| Increase in Property, Plant and Equipment and Intangible Assets (Note 3) | 86,851 | 52,414 | 90,478 | 12,728 | 242,471 | 10,720 | 253,191 |

(Notes) 1. The adjusted amounts are as follows:
(1) The segment-income adjustment amount of 1,808 million yen includes the net amount of 2,096 million yen, which is the income and expenses of the entire Company not allocated to either of the reporting segments or the "Other" category.
(2) The loss of 1,702,223 million yen in the segment assets adjustment amount is due primarily to eliminating intersegment liabilities by offsetting.
(3) The loss of 1,725,574 million yen in the segment liabilities adjustment amount is due primarily to eliminating intersegment liabilities by offsetting.
(4) The depreciation cost adjustment amount of 2,232 million yen includes 1,788 million yen in asset retirement obligations adjusted due to passage of time (interest costs).
(5) The adjusted increase in tangible and intangible assets in the amount of 10,720 million yen includes 5,939 million yen in assets that correspond to asset retirement obligations.
2. The depreciation costs include 31,696 million yen in amortization costs for exploration and development investments (30,381 million yen for "oil and natural gas exploration and production"; 1,315 million yen for "adjustment amount").
3. The increase in tangible and intangible assets includes the 44,373 million yen increase in exploration and development investments contained in "Investments and other Assets" in the consolidated balance sheet.
4. The segment income amount is adjusted to the ordinary income amount stated in the consolidated statements of income.

**(Related Information)**

Previous Consolidated Fiscal Year (April 1, 2010 - March 31, 2011)

Information by Region

(Millions of yen)

(1) Net Sales

| Japan | China | Other | Total |
|---|---|---|---|
| 8,277,883 | 433,147 | 923,366 | 9,634,396 |

(Note) The net sales are calculated based on the customers' locations, and are categorized into countries or regions.

(2) Property, Plant and Equipment

The description of the amounts regarding the property, plant, and equipment is omitted since the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment stated in the consolidated balance sheet.

Current Consolidated Fiscal Year (April 1, 2011 - March 31, 2012)

Information by Region

(Millions of yen)

(1) Net Sales

| Japan | China | Other | Total |
|---|---|---|---|
| 9,277,317 | 579,788 | 866,784 | 10,723,889 |

(Note) The net sales are calculated based on the customers' locations, and are categorized into countries or regions.

(2) Property, Plant and Equipment

The description of the amounts regarding the property, plant, and equipment is omitted since the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment stated in the consolidated balance sheet.

**(Information on Impairment Losses of Non-current Assets by Reporting Segment)**

Previous Consolidated Fiscal Year (April 1, 2010 - March 31, 2011) (Millions of yen)

| | Petroleum Refining and Marketing | Oil and Natural Gas E&P | Metals | Other | Corporate Total, or Eliminations | Total |
|---|---|---|---|---|---|---|
| Impairment Loss | 26,946 | 5,036 | 9,568 | 101 | 1 | 41,652 |

Current Consolidated Fiscal Year (April 1, 2011 - March 31, 2012) (Millions of yen)

| | Petroleum Refining and Marketing | Oil and Natural Gas E&P | Metals | Other | Corporate Total, or Eliminations | Total |
|---|---|---|---|---|---|---|
| Impairment Loss | 9,877 | — | 888 | 21,852 | — | 32,617 |

(Note) Of the petroleum refining and marketing segment, 5,009 million yen is included in the item "Restructuring cost" in the consolidated statement of income.

**(Information on the Amortized Amounts and Unamortized Balances of Goodwill by Reporting Segment)**

Previous Consolidated Fiscal Year (April 1, 2010 - March 31, 2011) (Millions of yen)

| | Petroleum Refining and Marketing | Oil and Natural Gas E&P | Metals | Other | Corporate Total, or Eliminations | Total |
|---|---|---|---|---|---|---|
| Amortized Amount | 1,162 | 1,109 | — | 2,289 | — | 4,560 |
| Unamortized Balance | 1,232 | 9,144 | — | 40,590 | — | 50,966 |

Current Consolidated Fiscal Year (April 1, 2011 - March 31, 2012) (Millions of yen)

| | Petroleum Refining and Marketing | Oil and Natural Gas E&P | Metals | Other | Corporate Total, or Eliminations | Total |
|---|---|---|---|---|---|---|
| Amortized Amount | 72 | 1,118 | — | 2,278 | — | 3,468 |
| Unamortized Balance | 1,169 | 8,036 | — | 18,898 | — | 28,103 |

**(Per Share Information)**

| | Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011) | Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012) |
|---|---|---|
| Net assets per share (yen) | 654.77 | 701.31 |
| Net income per share (yen) | 125.35 | 68.60 |
| Since no potential shares exist, the diluted net income per share is not stated herein. | | |

(Note) The calculation basis used for the net income per share is as follows.

| | Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011) | Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012) |
|---|---|---|
| Net income (millions of yen) | 311,736 | 170,595 |
| Amounts not attributable to common shareholders (millions of yen) | — | — |
| Net income related to the common stock (millions of yen) | 311,736 | 170,595 |
| Average number of shares of common stock during the fiscal year (shares) | 2,486,892,618 | 2,486,911,927 |

**(Important Subsequent Events)**

None.

V. Other

Changes in Officers

Changes in the directors and the company auditors will be officially decided at the annual shareholders' meeting and the board of directors' meeting to be held on June 27, 2012.

1. Changes in Representative Directors (disclosed on April 26, 2012)

(1) Newly Appointed

| Date | Name | Current Position | New Position |
| --- | --- | --- | --- |
| June 27 | Yasushi Kimura | Director (part-time)<br><br>(Representative Director and President, JX Nippon Oil & Energy Corporation) | Representative Director and Chairman of the Board<br><br>(Representative Director and Chairman of the Board, JX Nippon Oil & Energy Corporation) |
| June 27 | Isao Matsushita | Director (part-time)<br>(Representative Director, Executive Vice President, and President's Aide (Management Dept., Overseas Business Division, Supply Division), JX Nippon Oil & Energy Corporation) | Representative Director and President |

(2) Retiring

| Date | Name | Current Position | New Position |
| --- | --- | --- | --- |
| June 27 | Shinji Nishio | Representative Director and Chairman of the Board | Adviser |
| June 27 | Mitsunori Takahagi | Representative Director and President | Adviser |

2. Changes in Directors, and Executive Officers Concurrently Serving as Directors

(1) Changes in Offices to which Individuals are to be Newly Appointed or Commissioned, or the like

| Date | Name | Current Position | New Position |
|---|---|---|---|
| June 27 | Ichiro Uchijima | Director,<br>Senior Vice President,<br>responsible for Corporate Planning Dept. I | Director,<br>Senior Vice President,<br>responsible for Corporate Planning Dept. II/Finance & Investor Relations Dept. |
| June 27 | Junichi Kawada | Director,<br>Senior Vice President,<br>responsible for Corporate Social Responsibility Dept./Legal Affairs Dept.,<br>General Manager of Legal Affairs Dept. | Director,<br>Senior Vice President,<br>responsible for General Administration Dept./Legal Affairs Dept. |
| June 27 | Rentaro Tonoike | Executive Officer,<br>General Manager of Corporate Planning Dept. I | Director,<br>Senior Vice President,<br>responsible for Corporate Planning Dept. I |
| June 27 | Akira Omachi | (Company Auditor (full-time),<br>JX Nippon Oil & Energy Corporation) | Director,<br>Senior Vice President,<br>responsible for Internal Audit Dept./Controller Dept. |
| June 27 | Seiichi Isshiki | (Senior Vice President and President's Aide (Energy System Business Division),<br>JX Nippon Oil & Energy Corporation) | Director (part-time)<br>(Representative Director and President,<br>JX Nippon Oil & Energy Corporation) |
| June 27 | Yukio Uchida | (Director,<br>Senior Vice President,<br>responsible for Corporate Planning & Management Dept./Controller Dept.,<br>JX Nippon Oil & Energy Corporation) | Director (part-time)<br>(Director and Executive Vice President,<br>JX Nippon Oil & Energy Corporation) |

| | | | |
|---|---|---|---|
| June 27 | Shigeo Hirai | Director,<br>Executive Vice President,<br>in overall charge of Corporate Planning Dept. I, and responsible for Finance & Investor Relations Dept. | Director (part-time)<br>(Representative Director and President,<br>JX Nippon Oil & Gas Exploration Corporation) |
| June 27 | Yoshimasa Adachi | (Director,<br>Executive Vice President,<br>President's Aide,<br>General Manager of Metals Group,<br>JX Nippon Mining & Metals Corporation) | Director (part-time)<br>(Representative Director and President,<br>JX Nippon Mining & Metals Corporation) |
| June 27 | Hiroko Ota | (Professor of National Graduate Institute for Policy Studies,<br>formerly the Minister of Economic and Fiscal Policy) | Outside Director |

(2) Retiring

| Date | Name | Current Position | Planned Position after Retirement |
|---|---|---|---|
| June 27 | Kiyonobu Sugiuchi | Director,<br>Senior Vice President,<br>in overall charge of Corporate Planning Dept. II, and responsible for Controller Dept. | (Representative Director and President,<br>Toho Titanium Co., Ltd.) |
| June 27 | Yukio Yamagata | Director,<br>Senior Vice President,<br>responsible for Internal Audit Dept. | (Representative Director and Executive Vice President,<br>Nippo Corporation) |
| June 27 | Kazuo Kagami | Director,<br>Senior Vice President,<br>responsible for General Administration Dept. | (Director, Senior Vice President,<br>responsible for Corporate Social Responsibility Dept./Human Resources Dept./Public Relations Dept./General Administration Dept.,<br>JX Nippon Oil & Energy Corporation) |

| | | | |
|---|---|---|---|
| June 27 | Makoto Koseki | Director (part-time)<br>(Representative Director and President, JX Nippon Oil & Gas Exploration Corporation) | (Director and Chairman of the Board, JX Nippon Oil & Gas Exploration Corporation) |
| June 27 | Masanori Okada | Director (part-time)<br>(Representative Director and President, JX Nippon Mining & Metals Corporation) | (Director and Chairman of the Board, JX Nippon Mining & Metals Corporation) |
| June 27 | Juichi Takamura | Outside Director | |

3. Changes in the Company Auditors

(1) Newly Appointed

| Date | Name | Current Position | New Position |
|---|---|---|---|
| June 27 | Hideki Nakagome | (Attorney-at-Law, formerly the President of the Nagoya High Court) | Outside Company Auditor |

(2) Retiring

| Date | Name | Current Position |
|---|---|---|
| June 27 | Masao Fujii | Outside Company Auditor |

4. Changes in Executive Officers not Concurrently Serving as Directors

(1) Changes in Offices to which Individuals are to be Newly Appointed or Commissioned, or the like

| Date | Name | Current Position | New Position |
|---|---|---|---|
| June 27 | Toshihiko Ogawa | Executive Officer, General Manager of Secretariat | Senior Vice President, General Manager of General Administration Dept. |
| June 27 | Masahiro Yoshida | (Executive Officer, Research & Development Division, General Manager of Research & Development Planning Dept., JX Nippon Oil & Energy Corporation) | Executive Officer, in charge of Corporate Planning Dept. II |

| | | | |
|---|---|---|---|
| June 27 | Yuji Nakajima | Executive Officer,<br>General Manager of<br>Corporate Social<br>Responsibility Dept. | Executive Officer,<br>General Manager of<br>Finance & Investor<br>Relations Dept. |
| June 27 | Susumu Hara | (Energy Solution Division,<br>General Manager of<br>Energy Solution Dept. I,<br>JX Nippon Oil & Energy<br>Corporation) | Executive Officer,<br>General Manager of<br>Corporate Planning<br>Dept. I |

(2) Retiring

| Date | Name | Current Position | Planned Position after Retirement |
|---|---|---|---|
| June 27 | Seijiro Yamazaki | Senior Vice President,<br>responsible for Corporate<br>Planning Dept. II | (Company Auditor (full-time),<br>JX Nippon Mining &<br>Metals Corporation) |
| June 27 | Takashi Setogawa | Executive Officer,<br>General Manager of<br>Finance & Investor<br>Relations Dept. | (Senior Vice President,<br>Executive Director of<br>Overseas Business<br>Division,<br>JX Nippon Oil & Energy<br>Corporation) |
| June 27 | Akitsugu Takahashi | Executive Officer,<br>Corporate Planning<br>Dept. I | (Director, Senior Vice<br>President,<br>responsible for Corporate<br>Planning & Management<br>Dept./Controller<br>Dept./Information System<br>Dept.,<br>JX Nippon Oil & Energy<br>Corporation) |

The Officer Structure of JX Holdings, Inc. (as of June 27, 2012)

1. Directors

| | | |
|---|---|---|
| Representative Director and Chairman of the Board | (Representative Director and Chairman of the Board, JX Nippon Oil & Energy Corporation) | Yasushi Kimura |
| Representative Director and President | President | Isao Matsushita |
| Director | Senior Vice President responsible for Corporate Planning Dept. II/Finance & Investor Relations Dept. | Ichiro Uchijima |
| Director | Senior Vice President responsible for General Administration Dept./Legal Affairs Dept. | Junichi Kawada |
| Director | Senior Vice President responsible for Corporate Planning Dept. I | Rentaro Tonoike |
| Director | Senior Vice President responsible for Internal Audit Dept./Controller Dept. | Akira Omachi |
| Director (part-time) | (Representative Director and President, JX Nippon Oil & Energy Corporation) | Seiichi Isshiki |
| Director (part-time) | (Director and Executive Vice President, JX Nippon Oil & Energy Corporation) | Yukio Uchida |
| Director (part-time) | (Representative Director and President, JX Nippon Oil & Gas Exploration Corporation) | Shigeo Hirai |
| Director (part-time) | (Representative Director and President, JX Nippon Mining & Metals Corporation) | Yoshimasa Adachi |
| Outside Director | | Etsuhiko Shoyama |
| Outside Director | | Masahiro Sakata |

| | | |
|---|---|---|
| Outside Director | | Hiroshi Komiyama |
| Outside Director | | Hiroko Ota |

2. Company Auditors

| | | |
|---|---|---|
| Full-time Company Auditor | | Fumio Ito |
| Full-time Company Auditor | | Hideo Tabuchi |
| Outside Company Auditor | | Hidehiko Haru |
| Outside Company Auditor | | Hiroyasu Watanabe |
| Outside Company Auditor | | Mitsudo Urano |
| Outside Company Auditor | | Hideki Nakagome |

3. Executive Officers not Concurrently serving as Directors

| | | |
|---|---|---|
| Senior Vice President | General Manager of General Administration Dept. | Toshihiko Ogawa |
| Executive Officer | In charge of Corporate Planning Dept. II | Masahiro Yoshida |
| Executive Officer | General Manager of Finance & Investor Relations Dept. | Yuji Nakajima |
| Executive Officer | General Manager of Corporate Planning Dept. I | Susumu Hara |

END