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

Consolidated Financial Results for Fiscal Year 2012 [Japanese GAAP]

May 9, 2013

Company name: JX Holdings,Inc.
Code number: 5020
Stock Exchange Listings: Tokyo, Osaka, and Nagoya
URL: http://www.hd.jx-group.co.jp/
Representative: Isao Matsushita, 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 26, 2013
Scheduled date of filing of Securities Report : June 26, 2013
Scheduled date of commencement of dividend payments : June 27, 2013
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 2012 (From April 1, 2012 to March 31, 2013)

(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	%
FY2012	11,219,474	4.6	251,467	(23.3)	328,300	(19.5)	159,477	(6.5)
FY2011	10,723,889	11.3	327,844	(2.0)	407,765	(1.4)	170,595	(45.3)

(Note) Comprehensive income : FY2012: ￥283,345 million < 50.7 %> ; FY2011: ￥187,978 million <(34.2) %>

	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	%	%	%
FY2012	64.13	—	8.7	4.7	2.2
FY2011	68.60	—	10.1	6.3	3.1

(Reference) Equity in earnings of affiliates : FY2012:￥59,698 million ; FY2011:￥62,069 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2012	7,274,891	2,327,432	26.7	781.30
FY2011	6,690,419	2,044,752	26.1	701.31

(Reference) Shareholders' equity : FY2012:￥1,942,754 million ; FY2011:￥1,744,203 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
FY2012	265,571	(426,110)	154,104	249,131
FY2011	246,642	(198,595)	(37,318)	241,035

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	%	%
FY2011	—	8.00	—	8.00	16.00	39,838	23.3	2.4
FY2012	—	8.00	—	8.00	16.00	39,838	24.9	2.2
FY2013(Forecast)	—	8.00	—	8.00	16.00		23.4	

3. Forecasts of Consolidated Results for Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)

(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 FY2013	5,900,000	13.7	125,000	234.2	165,000	107.2	90,000	235.3	36.19
FY2013	12,250,000	9.2	255,000	1.4	335,000	2.0	170,000	6.6	68.37
Income excluding inventory valuation factors* (FY2013)			220,000	13.3	300,000	10.7			
(FY2012)			194,200		271,000				

* 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 : None

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

(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)
FY2012 ended March 31, 2013 : 2,495,485,929 shares
FY2011 ended March 31, 2012 : 2,495,485,929 shares

(ii) Number of treasury stocks at the end of the period
FY2012 ended March 31, 2013 : 8,906,760 shares
FY2011 ended March 31, 2012 : 8,408,232 shares

(iii) Average number of shares issued during the period
FY2012 ended March 31, 2013 : 2,486,626,705 shares
FY2011 ended March 31, 2012 : 2,486,911,927 shares

【Reference】Overview of Non-consolidated Results

Non-consolidated Results for the Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)

(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	%
FY2012	50,661	40.7	41,319	56.5	43,089	53.0	22,537	419.6
FY2011	36,018	230.2	26,396	—	28,157	—	4,337	(96.6)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2012	9.05	—
FY2011	1.74	—

(2)Financial Position (Non-consolidated Basis)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2012	3,101,283	1,249,950	40.3	502.01
FY2011	3,011,049	1,260,420	41.9	506.22

(Reference) Shareholders' equity : FY2012:￥1,249,950 million ; FY2011:￥1,260,420 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.

Table of Contents for the Attached Materials

- 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.
  Thursday, May 9, 2013··· 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. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Consolidated Operating Results for this Fiscal Year)

Overview

<Circumstances surrounding JX Group>

Regarding the global economy in this fiscal year, while the strength of the recovery in the U.S. increased due to the growth of personal consumption, on the other hand, Europe remained in serious condition, being unable to dispel the concerns of recurring debt issues. The development of emerging nations—such as China and India—was lackluster. The Japanese economy showed bright signs of recovery, despite its decreased exports due to the prolonged strong yen, because the economic environment was supported by brisk personal consumption as well as demand from reconstruction projects after the Great East Japan Earthquake, and further because the export environment took a favorable turn as a result of the continuing weak yen after the change of government.

Although oil demand remained at a low level in developed nations, demand globally continued to increase because demand in emerging nations—which have continued their, albeit decelerating, economic growth—was healthy, mainly in Asia. The Dubai crude oil price, which is the commonly-used crude oil index price in Asia, temporarily dropped from a level exceeding 120 dollars per barrel at the beginning of the fiscal year, to a level below 90 dollars against the background of worries over the future global economic environment. However, after that, the price increased due to the influx of speculative funds caused by the additional monetary easing in the U.S. and the growing tension in the Middle East. As a result, in and after August 2012, the price was up in the stratosphere at around 110 dollars. Regarding petroleum product demand in Japan, the diffusion of fuel-efficient vehicles, the development of fuel shifts, and other similar factors have decreased demand for gasoline, heavy oil A, and other oil types. However, demand from post-quake reconstruction projects increased demand for gas oil. Furthermore, the suspension of operations of nuclear power plants significantly increased demand for fuel for power generation (heavy oil C and crude oil). Consequently, overall petroleum product demand in Japan has increased over the previous fiscal year.

On the other hand, the global copper demand continued to grow because domestic demand moved steadily in China—where 40% of all copper ingot is consumed—due to its shift to an easy monetary policy, the promotion of infrastructure development, and the like. The LME (London Metal Exchange) price for copper, which is the international index price for non-ferrous metals generally moved below the previous fiscal year’s level under circumstances of still remaining uncertainty in the global economy. Consequently, the average price for the fiscal year was approximately 8,000 dollars per ton.

<JX Group’s Efforts>

Under the above circumstances, the JX Group has steadily performed various measures in each business field in accordance with the 1st Medium-Term Management Plan (from fiscal year 2010 to 2012) in order to establish a foundation to make a major leap forward to become a world-leading “integrated energy, resources, and materials business group.”

<Summary of Consolidated Business Results>

The consolidated business results for this fiscal year consisted of net sales of 11,219.5 billion yen (a 4.6% increase from the previous fiscal year), ordinary income of 328.3 billion yen (a

19.5% decrease from the previous fiscal year), and net income of 159.5 billion yen (a 6.5% 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 271.0 billion yen (a 7.0% decrease from the previous fiscal year).

As of this consolidated fiscal year, the JX Group renamed two reporting segments to better reflect actual business conditions. Accordingly, "Petroleum Refining and Marketing" was renamed "Energy", while "Oil and Natural Gas Exploration and Production" remained the same in English (i.e., only the Japanese name was changed). These were changes only to the names thereof; therefore, the segment information was not affected by these changes.

Energy Business

Regarding the Energy business, we implemented various measures in accordance with the following four basic strategies specified in the 1st Medium-Term Management Plan: "establish the most-competitive structure for petroleum refining and marketing in the domestic market", "improved income resulting from integration synergies and enhanced efficiency of refineries", "strengthen overseas business operations", and "promote renewable energy business", the outline of which is as follows:

- **Business restructuring of the Muroran Refinery**

  In order to further enhance the operation rate of each refinery and increase production of high-value added products, we decided to suspend crude oil treatment at the Muroran Refinery at the end of March in 2014, and to manufacture raw material for paraxylene at the new manufacturing facility to be built in Ulsan Metropolitan City, South Korea, jointly with the SK Group of South Korea as a petrochemical production plant (which is scheduled to start operation in 2014).

- **Promotion of gas oil sales business (fleet business) through heavy-duty truck-adaptive service stations**

  In July 2012, we acquired all shares of the Ikko Group, which has developed fleet business nationwide. Subsequently, in February 2013, we established "J&S Fleet Holdings Corporation" (the JX Group's capital interest ratio is 60%) jointly with the SUZUYO Group, which engages in the same business nationwide, then proceeded with the business integration, and strived to construct a strong sales network.

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

  As a result of our efforts of rationalization and efficiency improvements in various business areas, such as refining, procurement, logistics, and purchase, 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 this fiscal year (which is the final fiscal year of the 1st Medium-Term Management Plan), we have realized improvements in income of 115.9 billion yen (79.9 billion yen by integration synergies, and 36.0 billion yen by improvements in refinery efficiency) by the end of this fiscal year.

- **Commencement of lubricant-base oil manufacturing business with the SK Group**

  Given the prospect of domestic and foreign expansion of demand for high-quality lubricants for automobile engines, we commenced manufacturing of base oil—a base material for high-quality lubricants—jointly with the SK Group in Ulsan Metropolitan City.

- **Development of mega solar business**

  Because the Japanese government has introduced a system of purchasing renewable energy at a fixed price, we decided to develop a new mega solar business. In this fiscal year, we commenced power generation business at the Sendai Refinery and Kudamatsu Terminal.

<Business Results of the Energy Business>

Under these conditions, in the Energy business, net sales was 9,699.6 billion yen (a 6.0% increase from the previous fiscal year), and ordinary income was 161.6 billion yen (a 30.5% decrease from the previous fiscal year) due partly to deterioration in petroleum product margins. Ordinary income excluding inventory valuation factors was 102.8 billion yen (an 8.9% decrease from the previous fiscal year).

[Defects under the High Pressure Gas Safety Act at Refineries and Plants]

Defects under the High Pressure Gas Safety Act have been found at multiple refineries and plants of the JX Nippon Oil & Energy Group. Of these defects, regarding Mizushima B Refinery, we have received an accreditation revocation disposition, revoking our accreditation as an “Accredited Completion Inspection Executor” and as an “Accredited Safety Inspection Executor” under the same act from the Ministry of Economy, Trade and Industry as of December 25, 2012.

We profoundly regret the fact that such issues have occurred at refineries and plants, where the highest priority should be given to safety and stable operation. Further, we would like to express our sincere apologies for the troubles and concerns caused to many people, including our shareholders, local people, and our clients.

We have taken this matter seriously, and reaffirmed that compliance is the precondition for conducting business activities. In order to recover trust from all of you as soon as possible, the JX Group will make concerted efforts together to prevent a recurrence of such issues.

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

Regarding the Oil and Natural Gas E&P business, under the basic policy that we will aim to develop sustainably while thoroughly managing business risks, we established a business target that we will achieve production of 200 thousand BOED in 2020. Further, we aggressively promoted exploration activities that are the foundation for development, and advanced acquisitions by carefully selecting promising concessions. In addition, in order to maximize the value of the concessions held, we aimed to commence production of projects at the development stage as early as possible, and worked on additional development to maintain and increase production volume. The outline of the above is as follows:

- **Acquisition of oil and gas fields in the North Sea in the U.K.**

  We have acquired multiple concessions in oil and gas fields at the North Sea in the U.K. from Eni, a major Italian energy company. Of them, regarding the Mariner oil field, we decided to move it into the development stage in February 2013, and we are now working on the development, aiming to commence commercial production by the end of 2017.

- **Strengthening business foundation in Myanmar**

  In Myanmar, where business entry opportunities are expected to expand due to the progress of democratization, we have acquired part of the offshore concession area from PTT Exploration and Production Public Company Limited (PTTEP) Group. In addition, we decided to move the Yetagun North gas field, which is located in the north of the Yetagun gas field in Myanmar, and where we have produced natural gas since 2000, into the development stage in December 2012. Now we are working on the development, aiming to commence commercial production by the end of 2014. In the future, through exploration, development, and production in these concession areas, we will make efforts to strengthen our business foundation in Myanmar.

- **Acceptance of human resources transferred from ARABIAN OIL COMPANY, LTD.**

  As of April 1, 2013, we have accepted human resources having expertise and knowledge regarding the oil and natural gas exploration and production business who were transferred from ARABIAN OIL COMPANY, LTD. by way of an incorporation-type company split, and thereby strengthened our structure to promote the acquisition of new projects, and the maximization of the production volume in, and the value of the concession areas held.

<Business Results of the Oil and Natural Gas E&P Business>

Under these conditions, in the Oil and Natural Gas E&P business, net sales was 173.1 billion yen (a 7.8% decrease from the previous fiscal year) due partly to the decrease in the production volume, and ordinary income was 93.6 billion yen (a 4.0% decrease from the previous fiscal year).

Metals Business

Regarding the Metals business, we engage in the copper business, the electronic materials business, and the recycling and environmental services business, aiming to become a global resources and materials company based on copper.

In the resource development sector of the copper business, we promoted projects in Chile and elsewhere; while in the smelting sector, we strived to improve income by improving copper concentrate purchasing conditions, increasing production efficiency, and by other means. Further, in the electronic materials business, we worked on new material development and sales expansion, production cost reduction in the existing product lines, and the like, in addition to the expansion of production overseas responding to our customers' outward shift. In the recycling and environmental services business, we strived to expand raw material collection from overseas and improve operation efficiency. The outline of the above is as follows:

- **Commencement of electrolytic copper production in the Caserones Copper and Molybdenum Deposit Development Project**

  In March 2013, in the Caserones Copper and Molybdenum Deposit Development Project in Chile, we commenced production of electrolytic copper by the SX-EW method.* Currently, we are proceeding with construction work on a copper concentrate production facility. We plan to commence commercial production of copper concentrates by the end of 2013.

  * A method to produce electrolytic copper by melting copper by pouring weak acid solutions on copper ores, and electrolyzing the liquid so generated.

- **Completion of construction of the Kakegawa Works**

  In order to strengthen the automotive electronic materials sector, in which we expect stable demand, in February 2013, we completed construction of the Kakegawa Works, for which we have pursued cost merits with an integrated production system for processes from press, plating, through to assembly. Then, in April in the same year, we commenced production there. In the future, at the Kakegawa Works, we will produce high-quality connectors to be installed in automobiles, and other products, stably and efficiently.

- **Enhancement of manufacturing facilities for cathode materials for lithium-ion batteries**

  In order to strengthen the storage battery-related sector, in which demand for products—especially those for automobiles—is expected to increase, at the Isohara Works we have enhanced manufacturing facilities for cathode materials for lithium-ion batteries, and thereby constructed a framework by which we can stably supply high-purity and homogeneous products.

<Business Results of the Metals Business>

Under these conditions, in the Metals business, net sales were 927.5 billion yen (a 7.0% decrease from the previous fiscal year) and ordinary income was 45.0 billion yen (a 25.0% decrease from the previous fiscal year), due partly to the decrease in the sales volume by mines in which we have invested.

Other Businesses

Net sales for the other businesses were 489.7 billion yen (a 5.4% increase from the previous fiscal year), and ordinary income was 26.0 billion yen (a 63.2% increase from the previous fiscal year).

<NIPPO Corporation>

Regarding civil engineering work such as pavement construction, public work has recovered, and signs of recovery have been seen in private capital investment. However, NIPPO Corporation (“NIPPO”) has continued to be confronted with difficulties in obtaining orders during this fiscal year. Despite that situation, NIPPO worked aggressively to obtain orders based on its technological superiority and to strengthen sales of products—such as asphalt mixture—as well as to improve profitability through cost reductions and increasing operational efficiency.

<Toho Titanium Co., Ltd.>

Regarding titanium metals, which are lightweight and high-strength, and excellent at corrosion resistance, demand for titanium metals for the general industrial sector to be used for pipes at power plants and heat exchangers for ships has decreased. However, demand for titanium metals for aircraft to be used for jet engine parts and the like has been steady. Consequently, the sales volume for this fiscal year has increased. Because inventory adjustment of aircraft parts and decrease in demand for the products for the general industrial sector are expected in the future, in the second half of this fiscal year, we made a reduction in production of approximately 10% on average (compared with capacity) at the Chigasaki Plant.

Net sales of each segment specified above include in-house intersegment sales of 70.5 billion yen (73.0 billion yen in the previous fiscal year).

Special Profit & Loss and Net Income

Special profit totaled 15.4 billion yen—including 9.8 billion yen of gain on sales of non-current assets.

Special loss totaled 71.7 billion yen—including 25.8 billion yen of goodwill impairment due to the fall in share price of listed subsidiaries and others; 11.0 billion yen of restructuring cost relating to overseas oil development subsidiaries; and 12.0 billion yen of loss on disposal of non-current assets.

The above factors resulted in income before income taxes and minority interests of 272.0 billion yen. From this amount, by deducting 81.0 billion yen of income taxes and 31.6 billion yen of minority interests in income, the net income amounted to 159.5 billion yen (a 6.5% decrease from the previous fiscal year).

(Outlook for the Next Fiscal Year)

Regarding the consolidated business results forecasts for the next fiscal year, we expect net sales of 12,250.0 billion yen (a 9.2% increase from this fiscal year), operating income of 255.0 billion yen (a 1.4% increase from this fiscal year), ordinary income of 335.0 billion yen (a 2.0% increase from this fiscal year), and net income of 170.0 billion yen (a 6.6% increase from this fiscal year). The operating income and ordinary income include the impact (35.0 billion yen) of the valuation of inventories to depress the cost of sales by the average method.

This outlook is based on the assumed full fiscal year average of (i) crude oil prices (prices of Dubai crude oil): 105 dollars per barrel, (ii) international copper prices (LME prices): 340 cents per pound (approximately 7,500 dollars per ton), and (iii) the yen to dollar exchange rate: 95 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 7,274.9 billion yen, an increase of 584.5 billion yen from the end of the previous fiscal year due to factors including an increase in non-current assets resulting from the development of the Caserones Copper and Molybdenum Deposit.
(ii)	Liabilities:	The total liabilities as of the end of this fiscal year amounted to 4,947.5 billion yen, an increase of 301.8 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 2,549.3 billion yen, an increase of 266.7 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 2,327.4 billion yen, an increase of 282.7 billion yen from the end of the previous fiscal year.

The capital adequacy ratio increased 0.6% from the end of the previous fiscal year, and is 26.7%. The amount of the net assets per share is 781.30 yen, a 79.99 yen increase from the end of the previous fiscal year, and the net D/E ratio (net debt equity ratio) is 1.18, a deterioration of 0.01 point 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 249.1 billion yen, an increase of 8.1 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 265.6 billion yen. This is due to the Funds increasing factors, such as income before income taxes and minority interests (272.0 billion yen), and depreciation and amortization (180.4 billion yen), exceeding the Funds decreasing factors, such as an increase in inventories (118.8 billion yen).

As a result of investment activities, the Funds decreased by 426.1 billion yen. This is mainly due to investments in the Caserones Copper and Molybdenum Deposit development business, and investments in the oil/natural gas development business.

As a result of financial activities, the Funds increased by 154.1 billion yen. This is due to factors including an increase in loans payable to respond to the demands for facility funds, such as for the Caserones Copper and Molybdenum Deposit development.

(3) Achievement of the First Medium-Term Management Plan (for FY2010 to FY2012)

The JX Group set numerical targets for the consolidated business results and financial index for this fiscal year which is the final fiscal year in the First Medium-Term Management Plan, and has been executing a variety of measures in order to achieve the targets. As a result, the ordinary income exceeded the target of 300.0 billion yen, due to the improved profitability by management integration synergies and increased efficiency of refineries, as well as due to the further improvement of the domestic petroleum product market.

On the other hand, the ROE underachieved its target, as a result of recording special losses, including impairment losses for unused land, and business restructuring costs for streamlining non-profitable operations.

The net D/E ratio also underachieved its target, due to an increase of operating funds resulting from earthquake reconstruction costs, and ever lingering high crude oil and copper prices.

(Targets of Consolidated Business Results and Financial Index for this Fiscal Year under the First Medium-Term Management Plan, and Performance)

	Target	Performance
Ordinary income	300.0 billion yen or more	328.3 billion yen
ROE	10.0% or higher	8.7%
Net D/E ratio	1.00 times or lower	1.18 times

(4) 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.

(5) 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 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 effect 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 or to acquire new business opportunities; however, factors such as shortage of cash flows may create complications for the JX Group in implementing these plans. In addition, due to changes in the external environment or other factors, 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 coal and 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)

Energy 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 depressed 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 income 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 demand trends, and technical innovation in the electronic materials business

Many customers of the electronic materials business belong to the IT industry, home electronics industry, and automobile 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.

(iv) The risk pertaining to fluctuations 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 fluctuations in 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.

(v) 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.

(vi) 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.

(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,149 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, 2013)

Segment	Description of Principal Businesses	Main Affiliates
Energy	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. , JX SHIPPING CO., LTD. , *Showa Nittan Corp. , *Japan Oil Transportation Co., Ltd.
	Manufacturing and marketing of petroleum products overseas	JX Nippon Oil & Energy USA Inc. , 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. , JX Nippon Oil & Energy Retail Service Corporation, Ikko Co., Ltd. , SUZUYO ENERGY 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.
	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	SCM Minera Lumina Copper Chile, *Minera Los Pelambres, *Japan Collahuasi Resources B.V. , *JECO Corporation, *JECO 2 Ltd.
	Manufacturing and marketing of electronic materials	JX Nippon Mining & Metals Philippines, Inc. , Gould Electronics GmbH, Nippon Mining & Metals (Suzhou) Co., Ltd. , JX Metals Precision Technology Co., Ltd. , JX Nippon Mining & Metals USA, Inc.
	Manufacturing and marketing of electronic materials, and collection of non-ferrous raw materials for recycling	Nikko Metals Taiwan Co., Ltd.
	Recycling of non-ferrous metals, and industrial waste treatment	JX Nippon Environmental Services 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. , JX 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.

(*) As of this consolidated fiscal year, the JX Group renamed two reporting segments to better reflect actual business conditions. Accordingly, "Petroleum Refining and Marketing" was renamed "Energy", while "Oil and Natural Gas Exploration and Production" remained the same in English (i.e., only the Japanese name was changed). These were changes only to the name thereof, and the reporting segments did not change.

The following is the illustration of the corporate group (as of March 31, 2013).

JX Holdings. Inc.

Energy

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.
JX SHIPPING CO., LTD.
*Showa Nittan Corp.
*Japan Oil Transportation Co., Ltd.

Manufacturing and marketing of petroleum products overseas

JX Nippon Oil & Energy USA Inc.
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.
JX Nippon Oil & Energy Retail Service Corporation
Ikko Co., Ltd.
SUZUYO ENERGY 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.

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, investments in and loans to mines

SCM Minera Lumina Copper Chile
*Minera Los Pelambres
*Japan Collahuasi Resources B.V.
*JECO Corporation, *JECO 2 Ltd.

Manufacturing and marketing of electronic materials

JX Nippon Mining & Metals Philippines, Inc.
Gould Electronics GmbH
Nippon Mining & Metals (Suzhou) Co., Ltd.
JX Metals Precision Technology Co., Ltd.
JX Nippon Mining & Metals USA, Inc.

Manufacturing and marketing of electronic materials, and collection of non-ferrous raw materials for recycling

Nikko Metals Taiwan Co., Ltd.

Recycling of non-ferrous metals, and industrial waste treatment

JX Nippon Environmental Services 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.
JX 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 sets 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 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.

Ethics

Advanced ideas

Relationship with society

Trustworthy products/services

Harmony with the environment

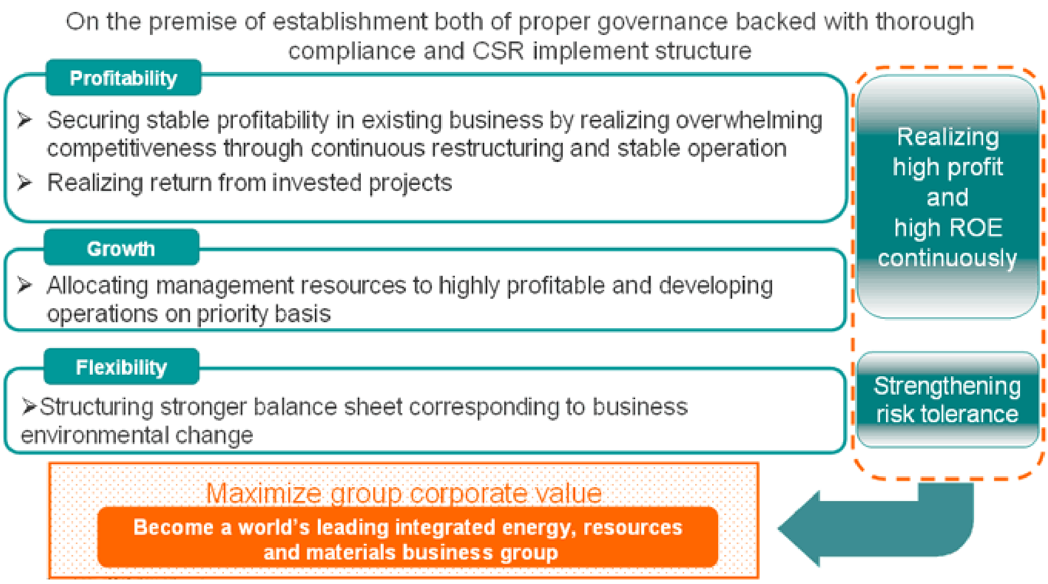
The JX Group will continue to develop, to become a world-leading "integrated energy, resources, and materials business group," by conducting its businesses every day based on this "JX Group Mission Statement."

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

In March 2013, the Company established the Second Medium-Term Management Plan as follows. The Second Medium-Term Management Plan contemplates progress for the JX Group towards becoming a world-leading "integrated energy, resources, and materials business group" by building on the business foundation created by executing the First Medium-Term Management Plan.

Outline of the Second Medium-Term Management Plan (FY2013-2015)

<u>Basic Policy</u>



<u>Key Factors and Targets</u>

		2nd Mid-Term Mgt. Plan	(Reference) 1st Midi-Term Mgt. Plan
Target	Ordinary Income	400 billion yen or more (FY2015)	300 billion yen or more (FY2012)
	ROE	10% or higher (FY2015)	10% or higher (FY2012)
	Net D/E Ratio	0.9 times or lower (FY2015)	1.0 times or lower (FY2012)
	CAPEX (plan)	1,300+ α billion yen (FY2013-2015 total) *Utilizing " α " for additional strategic investment project corresponding to business environmental change	960 billion yen (FY2010-2012 total)

Key Factors (FY2015)	Exchange Rate	90 yen/$
	Crude Price (Dubai Spot)	110$/bbl
	Copper Price (LME)	360¢/lb

(3) Matters the Company should address

Taking a view of the medium- to long-term business environment, the Japanese economy is expected to remain at a slow-growth level despite signs of recovery, as its population decreases and its industry hollows out further. The domestic demand for petroleum products will inevitably decrease, due to such factors as the decline in the auto fleet numbers, and the fall-off in industrial fuel consumption. On the other hand, the domestic copper demand is, despite the expected temporary increase in demand from the earthquake reconstruction effort, anticipated to decline further, as a result of users relocating overseas.

As for the global economy, the growth in emerging nations is expected to lead the further globalization of the economy and resulting expansion of IT systems. Particularly in Asia, with the progress of infrastructure development, higher lifestyle, and widespread use of automobiles and IT products, the demand is expected to increase for energy, resources and materials, including high-quality lubricants, and petrochemical and copper products (such as electric wires, rolled copper and copper alloy products).

On the other hand, crude oil and copper prices are steady and expected to keep their high levels; however, they remain subject to volatility as a result of geopolitical elements, an influx of speculative funds, and other factors. In addition, the business environment for energy, resources and materials may significantly change, due to such factors as the shale gas and oil revolution, a growing crisis awareness for global environmental issues, and reconsideration of the medium- to long-term energy policy of the Japanese government. In light of these elements, the JX Group will promote relevant measures in each business field as follows, aiming towards achieving the objectives of the Second Medium-Term Management Plan.

Energy Business

- Profitability reinforcement in the key business — the petroleum refining and marketing business

  In terms of production, the JX Group will continue to ensure safe and stable business operations, as well as exert efforts to maintain stable supply and reinforce its cost competitiveness, through production optimization and energy saving initiatives. Furthermore, as one of the means to reinforce the international competitiveness of its refineries, the JX Group will create a new system (solvent de-asphalting system) to extract gas oil fraction from heavy oil, and will also engage in the power generation business by using byproduct residues generated from that system. The JX Group will also steadily work on the business restructuring of the Muroran Refinery.

  In terms of marketing, the JX Group will further reinforce the service station marketing network, as well as work to enhance the “ENEOS” brand value.

- Provision of a variety of energy as an “energy conversion company”

  The JX Group will continue to monitor the future movements of the government’s energy policy, and provide optimal energy for our customers (such as petroleum products, LPG, and electricity) by converting primary energy available in nature (such as crude oil, natural gas, and solar light).

- Establishment of a presence in overseas markets

  In terms of the chemical product business, the JX Group will steer the paraxylene manufacturing business with the SK Group toward success and work toward acquiring new business opportunities by properly observing future developments such as the shale gas revolution. As for the lubricant business, the JX Group will attempt to increase its income from the lubricant-based oil manufacturing business with the SK Group, and will further reinforce its overseas manufacturing and marketing system.

- Acquisition of demand for high value-added products based on unique technology

  Global demand for products such as ENB (ethylidene norbornene), a raw material of synthetic rubber, and culture media used for manufacturing pharmaceutical products is expected to increase in the future. Accordingly, the JX Group will enlarge its business and reinforce its income base, by using the highly-advanced technology that it has uniquely built over many years.

Oil and Natural Gas E&P Business

- Increase of the amount of reserves and production in oil and gas fields mainly by exploration and mining activities

  The JX Group will lead projects as an operator of large exploration and mining projects in such countries as Malaysia and Qatar toward the business target of achieving production of 200 thousand BOED in 2020. The JX Group will also securely conduct oil and natural gas test drilling surveys off the southwest coast of Sado Island. Furthermore, the JX Group will securely advance projects that are under development, such as the one in the Mariner oil field in the U.K. North Sea, and the large-scale LNG projects in Papua New Guinea. It will also work toward moving the projects that are pending consideration on to the development stage as soon as possible, by carefully evaluating the economic efficiency.

- Establishment of advantage by geographical and technological focus

  In terms of geographical focus, the JX Group will position Malaysia, Vietnam and the U.K. as the "core countries" where there is a prospect of business expansion by taking advantage of the existing business foundation, and the U.A.E., Qatar, Myanmar and Australia as the "core candidate countries" where reinforcement of the business foundation is called for in the future. The JX Group will allocate its management resources to these countries on a preferential basis.

  In terms of technological focus, the JX Group will attempt to accumulate technical expertise through the promotion of operatorship, by positioning, as priority tasks, the development of "deep water areas (over 300 meters depth)," the utilization of "EOR (enhanced oil recovery)" methods, and the development of "tight oil and gas (crude oil and natural gas in the unrecoverable reservoir)."

  Through these challenges, the JX Group will establish advantage in specific regions and technologies, so that it will be in a more competitive position in acquiring concessions in the future.

- Restructuring business portfolio promptly by monitoring changes in the business environment

  In order to maximize its asset value while diversifying risks according to changes in the business environment, the JX Group will maintain its optimal business portfolio by flexibly and efficiently rearranging its assets.

Metals Business

- Construction of high-profitability systems through expansion of concessions in mines; Acquisition of concessions in mines by utilizing unique technology

  Regarding resource development operations in the copper business, the JX Group will steadily proceed with the construction work in the Caserones Copper and Molybdenum Deposit Development Project in Chile, so that it may launch full-scale production of such products as copper concentrates and electrolytic copper into stable operation as soon as possible. Further, the JX Group will endeavor to procure concessions in mines utilizing its unique technology, by promoting technological development, including practical application at an early stage of the "N-chlo Process"*—a new smelting process currently in the verification test stage. Through these business developments, the JX Group will construct a high-profitability system.

  * 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.

- Construction of a world's top level cost competitive business system

Regarding the refining operation in the copper business, the JX Group will, while maintaining safe and stable operations, increase its production efficiency and profitability by utilizing copper concentrates from Caserones and starting the operation of the second copper concentrate and sulfuric acid carrier*.

* A carrier that has both copper concentrate holds and sulfuric acid tanks, and can be operated efficiently by carrying sulfuric acid on its homeward voyage after transporting copper concentrate.

- Maintenance and expansion of a world's top level share in the respective product markets

Regarding the electronic materials business, the JX Group will maintain and further expand its world's top level share in the respective product markets. Specifically, the JX Group will attempt to turn the integrated connector production business at the Kakegawa Works, and the business of cathode materials for lithium-ion batteries at the Isohara Works into profit-generating operations at an early stage. The JX Group will also work on the development and sales expansion of new materials for growth areas, such as advanced information technology, next-generation environmentally-responsive cars, as well as try to enhance and expand its overseas operating sites.

- Construction of international resource recycling business with environmentally-friendly zero emission system

Regarding the recycling and environmental services business, the JX Group will reinforce its business foundation through efforts such as increasing the capacity to collect recycled materials from overseas, and cost reductions. The JX Group will also promote and expand new businesses, such as recycling lithium-ion batteries, and detoxification of materials containing a small amount of PCB. By doing so, the JX Group will attempt to construct an international resource recycling business with environmentally-friendly zero emission system.

JX Group will steadily implement the Second Medium-Term Management Plan to become a world-leading "integrated energy, resources, and materials business group" in the rapidly-changing business environment. Moreover, the JX Group will make optimal utilization of management resources in a variety of business fields, and thereby realize the "JX Group Mission Statement."

IV.Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Account title	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Assets		
Current assets:		
Cash and deposits	241,978	250,098
Notes and accounts receivable-trade	1,308,111	1,339,210
Inventories	1,694,395	1,819,312
Deferred tax assets	79,184	74,865
Other	233,243	255,607
Allowance for doubtful accounts	(2,290)	(1,299)
Total current assets	3,554,621	3,737,793
Non-current assets:		
Property, plant and equipment:		
Buildings, Structures and oil tanks	1,525,342	1,551,354
Accumulated depreciation	(1,141,701)	(1,166,543)
Buildings, Structures and oil tanks, net	383,641	384,811
Machinery, equipment and vehicles	2,684,571	2,786,576
Accumulated depreciation	(2,226,436)	(2,315,090)
Machinery, equipment and vehicles, net	458,135	471,486
Land	946,285	965,353
Construction in progress	119,370	320,727
Other	123,664	141,790
Accumulated depreciation	(90,719)	(93,484)
Other, net	32,945	48,306
Total property, plant and equipment	1,940,376	2,190,683
Intangible assets:		
Goodwill	28,103	19,446
Other	109,110	115,399
Total intangible assets	137,213	134,845
Investments and other assets:		
Investments in securities	569,001	663,117
Long-term loans receivable	25,187	21,103
Deferred tax assets	50,246	50,241
Exploration and development investments	335,402	403,564
Other	83,683	85,053
Allowance for doubtful accounts	(5,310)	(11,508)
Total investments and other assets	1,058,209	1,211,570
Total non-current assets	3,135,798	3,537,098
Total assets	6,690,419	7,274,891

(Millions of yen)

Account title	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	917,955	892,965
Short-term borrowings	715,030	841,863
Commercial papers	404,000	449,000
Current portion of bonds	45,452	45,615
Accounts payable-other	707,596	763,732
Income taxes payable	28,005	27,566
Provision for loss on disaster	17,651	6,060
Other provision	76,627	41,518
Asset retirement obligations	4,578	1,655
Other	236,703	247,511
Total current liabilities	3,153,597	3,317,485
Non-current liabilities:		
Bonds payable	206,187	192,960
Long-term loans payable	911,930	1,019,817
Deferred tax liabilities	122,038	134,005
Provision for retirement benefits	91,004	93,860
Provision for repairs	50,474	58,277
Other provision	6,974	6,198
Asset retirement obligations	49,047	61,578
Other	54,416	63,279
Total non-current liabilities	1,492,070	1,629,974
Total liabilities	4,645,667	4,947,459
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,711	746,711
Retained earnings	933,573	1,053,576
Treasury stock	(3,722)	(3,854)
Total shareholders' equity	1,776,562	1,896,433
Accumulated other comprehensive income:		
Unrealized gain on securities	24,802	35,260
Unrealized gain on hedging derivatives	5,928	7,768
Foreign currency translation adjustments	(63,089)	3,293
Total accumulated other comprehensive income	(32,359)	46,321
Minority interests	300,549	384,678
Total net assets	2,044,752	2,327,432
Total liabilities and net assets	6,690,419	7,274,891

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Account title	FY 2011 (from April 1, 2011 to March 31, 2012)	FY 2012 (from April 1, 2012 to March 31, 2013)
Net sales	10,723,889	11,219,474
Cost of sales	9,879,587	10,431,380
Gross profit	844,302	788,094
Selling, general and administrative expenses	516,458	536,627
Operating income	327,844	251,467
Non-operating income:		
Interest income	2,119	2,611
Dividends income	27,813	31,999
Equity in earnings of affiliates	62,069	59,698
Other	32,441	29,557
Total non-operating income	124,442	123,865
Non-operating expenses:		
Interest expense	26,925	25,244
Foreign currency exchange loss	2,136	7,772
Other	15,460	14,016
Total non-operating expenses	44,521	47,032
Ordinary income	407,765	328,300
Special income:		
Gain on sales of non-current assets	12,955	9,813
Gain on sales of investment securities	4,074	287
Gain on reversal of loss on disaster	7,220	—
Other	13,271	5,290
Total special income	37,520	15,390
Special loss:		
Loss on sales of non-current assets	1,939	2,706
Loss on disposal of non-current assets	7,428	12,046
Impairment loss	27,608	25,810
Loss on valuation of investments in securities	783	2,204
Loss on step acquisitions	6,431	1,939
Restructuring cost	36,514	10,998
Other	10,075	15,947
Total special loss	90,778	71,650
Income before income taxes and minority interests	354,507	272,040
Income taxes-current	63,652	72,493
Income taxes-deferred	84,420	8,487
Total income taxes	148,072	80,980
Income before minority interests	206,435	191,060
Minority interests in income	35,840	31,583
Net income	170,595	159,477

Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	FY 2011 (from April 1, 2011 to March 31, 2012)	FY 2012 (from April 1, 2012 to March 31, 2013)
Income before minority interests	206,435	191,060
Other comprehensive income:		
Unrealized loss on securities	(10,323)	12,143
Unrealized gain (loss) on hedging derivatives	(2,240)	1,903
Foreign currency translation adjustments	(2,423)	58,181
Share of other comprehensive income of affiliates accounted for by equity method	(3,471)	20,058
Total other comprehensive income	(18,457)	92,285
Comprehensive income	187,978	283,345
Comprehensive income attributable to:		
Shareholders of JX Holdings, Inc.	153,021	238,166
Minority interests	34,957	45,179

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

Account title	FY 2011 (from April 1, 2011 to March 31, 2012)	FY 2012 (from April 1, 2012 to March 31, 2013)
Shareholders' equity		
Common stock		
Balance at the end of previous period	100,000	100,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	100,000	100,000
Capital surplus		
Balance at the end of previous period	746,693	746,711
Changes of items during the period		
Disposal of treasury stock	18	—
Total changes of items during the period	18	—
Balance at the end of current period	746,711	746,711
Retained earnings		
Balance at the end of previous period	801,567	933,573
Changes of items during the period		
Dividends from surplus	(39,838)	(39,838)
Net income	170,595	159,477
Change of scope of consolidation	1,348	(132)
Change of scope of equity method	—	496
Increase by merger	(99)	—
Total changes of items during the period	132,006	120,003
Balance at the end of current period	933,573	1,053,576
Treasury stock		
Balance at the end of previous period	(3,802)	(3,722)
Changes of items during the period		
Purchase of treasury stock	(23)	(26)
Disposal of treasury stock	103	1
Change in equity in affiliates accounted for by equity method-treasury stock	—	(107)
Total changes of items during the period	80	(132)
Balance at the end of current period	(3,722)	(3,854)
Total shareholders' equity		
Balance at the end of previous period	1,644,458	1,776,562
Changes of items during the period		
Dividends from surplus	(39,838)	(39,838)
Net income	170,595	159,477
Purchase of treasury stock	(23)	(26)
Disposal of treasury stock	121	1
Change in equity in affiliates accounted for by equity method-treasury stock	—	(107)
Change of scope of consolidation	1,348	(132)
Change of scope of equity method	—	496
Increase by merger	(99)	—
Total changes of items during the period	132,104	119,871
Balance at the end of current period	1,776,562	1,896,433

(Millions of yen)

Account title	FY 2011 (from April 1, 2011 to March 31, 2012)	FY 2012 (from April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Unrealized gains or losses on securities		
Balance at the end of previous period	35,524	24,802
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,722)	10,458
Total changes of items during the period	(10,722)	10,458
Balance at the end of current period	24,802	35,260
Unrealized gains or losses on hedging derivatives		
Balance at the end of previous period	6,666	5,928
Changes of items during the period		
Net changes of items other than shareholders' equity	(738)	1,840
Total changes of items during the period	(738)	1,840
Balance at the end of current period	5,928	7,768
Foreign currency translation adjustments		
Balance at the end of previous period	(58,327)	(63,089)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,762)	66,382
Total changes of items during the period	(4,762)	66,382
Balance at the end of current period	(63,089)	3,293
Total accumulated other comprehensive income		
Balance at the end of previous period	(16,137)	(32,359)
Changes of items during the period		
Net changes of items other than shareholders' equity	(16,222)	78,680
Total changes of items during the period	(16,222)	78,680
Balance at the end of current period	(32,359)	46,321
Minority interests		
Balance at the end of previous period	257,920	300,549
Changes of items during the period		
Net changes of items other than shareholders' equity	42,629	84,129
Total changes of items during the period	42,629	84,129
Balance at the end of current period	300,549	384,678
Total net assets		
Balance at the end of previous period	1,886,241	2,044,752
Changes of items during the period		
Dividends from surplus	(39,838)	(39,838)
Net income	170,595	159,477
Purchase of treasury stock	(23)	(26)
Disposal of treasury stock	121	1
Change in equity in affiliates accounted for by equity method-treasury stock	—	(107)
Change of scope of consolidation	1,348	(132)
Change of scope of equity method	—	496
Increase by merger	(99)	—
Net changes of items other than shareholders' equity	26,407	162,809
Total changes of items during the period	158,511	282,680
Balance at the end of current period	2,044,752	2,327,432

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Account title	FY 2011 (from April 1, 2011 to March 31, 2012)	FY 2012 (from April 1, 2012 to March 31, 2013)
Cash flows from operating activities:		
Income before income taxes and minority interests	354,507	272,040
Depreciation and amortization	198,073	180,363
Amortization of goodwill	3,468	2,876
Increase (decrease) in provision for repairs	(2,683)	7,803
Increase (decrease) in provision for loss on disaster	(21,723)	(2,086)
Interest and dividends income	(29,932)	(34,610)
Interest expenses	26,925	25,244
Equity in (earnings) losses of affiliates	(62,069)	(59,698)
Loss (gain) on sales and disposal of non-current assets	(3,588)	4,939
Impairment loss	27,608	25,810
Loss (gain) on valuation of investments in securities	783	2,204
Restructuring cost	36,514	10,998
Decrease (increase) in notes and accounts receivable-trade	(237,824)	(3,126)
Decrease (increase) in inventories	(203,158)	(118,836)
Increase (decrease) in notes and accounts payable-trade	248,819	(42,561)
Other, net	30,084	47,433
Subtotal	365,804	318,793
Interest and dividends income received	74,078	69,326
Interest expenses paid	(26,700)	(26,498)
Payments for loss on disaster	(65,569)	(19,716)
Payments for special extra retirement payments	(22,208)	(7,863)
Income taxes paid	(78,763)	(68,471)
Net cash provided by (used in) operating activities	246,642	265,571
Cash flows from investing activities:		
Purchase of investments in securities	(45,783)	(30,735)
Proceeds from sales of investments in securities	22,342	2,064
Purchase of property, plant and equipment	(157,125)	(312,029)
Proceeds from sales of property, plant and equipment	26,922	23,090
Purchase of intangible assets	(12,837)	(16,008)
Decrease (increase) in short-term receivables, net	(9,802)	2,097
Payments of long-term receivable	(6,712)	(16,199)
Collection of long-term receivable	4,806	13,567
Increase in cost of exploration and production of oil and related assets	(44,367)	(79,287)
Other, net	23,961	(12,670)
Net cash provided by (used in) investing activities	(198,595)	(426,110)

(Millions of yen)

Account title	FY 2011 (from April 1, 2011 to March 31, 2012)	FY 2012 (from April 1, 2012 to March 31, 2013)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(33,481)	139,880
Increase (decrease) in commercial papers, net	16,000	45,000
Proceeds from long-term loans	177,161	184,133
Repayment of long-term loans	(140,617)	(180,504)
Proceeds from issuance of bonds	―	30,000
Redemption of bonds	(242)	(46,492)
Proceeds from stock issuance to minority shareholders	6,158	50,446
Cash dividends paid	(39,838)	(39,838)
Cash dividends paid to minority shareholders	(16,241)	(21,392)
Other, net	(6,218)	(7,129)
Net cash provided by (used in) financing activities	(37,318)	154,104
Effect of exchange rate changes on cash and cash equivalents	(4,858)	14,068
Net increase (decrease) in cash and cash equivalents	5,871	7,633
Cash and cash equivalents at beginning of year	232,438	241,035
Increase in cash and cash equivalents from newly consolidated subsidiary	2,252	92
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		(43)
Increase (decrease) in cash and cash equivalents from corporate division	(20)	―
Increase in cash and cash equivalents resulting from merger	494	414
Cash and cash equivalents at end of year	241,035	249,131

(5) Explanatory Notes to the Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(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 149 companies

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

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

Company names: Shinsui Marine Co., Ltd., Globe Energy Co., Ltd.*

(*) In April 2013, Globe Energy Co., Ltd. changed its trade name to "ENEOS 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 balance sheet date of one of the consolidated subsidiaries, SUZUYO ENERGY CO., LTD., is August 31. Accordingly, we have used its financial statements prepared based on its provisional settlement of accounts as of February 28.

The balance sheet dates of 46 other consolidated subsidiaries, including Japan Vietnam Petroleum Co., Ltd., are December 31. As the difference between their balance sheet dates and our consolidated balance sheet date does not exceed three months, we have used their financial statements as of their balance sheet dates.

We have made adjustments of important transactions that have occurred between the balance sheet dates of these companies and our consolidated balance sheet date, as required for consolidated accounting.

3. Matters relating to accounting standards

A. Valuation standards and valuation method for important assets

(i) Inventories

Valued primarily at cost based on the average method (the amounts in the balance sheets are calculated by writing down the book value due to any decrease in profitability).

(ii) Securities

(a) Held-to-maturity bonds

Valued at their amortized cost (the straight-line method)

(b) Other securities

Marketable securities: valued at fair value as of the last day of the fiscal year. (Valuation differences are included directly in shareholders' equity. Cost of securities sold is determined by primarily the moving-average method.)

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

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

Valued at fair value

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, the estimated uncollectable amounts on general accounts receivable are recorded using the historical experience of the bad debt ratio, and the estimated uncollectable amounts on specific accounts, such as doubtful accounts receivable, are recorded by separately assessing their collectability.

(ii) Provision for loss on disaster

To prepare for payments of rehabilitation costs, due to the Great East Japan Earthquake, the estimates of these payments are recorded.

(iii) Provision for retirement benefits

Provision for retirement benefits, which are provided for future pension and severance to be paid at retirement, are recorded at the amount actuarially computed based on the projected benefit obligation and the estimated fair value of plan assets at the end of the fiscal year. Prior service cost is amortized as incurred using the straight-line method, principally over 5 years. Actuarial gain or loss is amortized commencing in the subsequent period by the straight-line method, principally over 5 years.

(iv) Provision for repairs

To prepare for payment on future repairs, inspection and repair costs are calculated related to oil tanks, machinery and equipment at refineries, and vessels, and the amounts as of the end of the 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. Revenues and expenses of foreign subsidiaries are converted into yen using the average rate during the fiscal year, and the conversion difference is recorded in "foreign currency translation adjustments" and "minority interests" under "net assets" in the balance sheets.

E. The method for important hedge accounting

Deferred hedge accounting is adopted. The designation method is adopted with foreign exchange forward contracts and currency swaps upon satisfaction of this method's requirements, and the exception method is adopted with interest 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 and development business, acquisition costs of concessions, exploration and development costs, and interest paid until commencement of production are capitalized. After production commences, the accounts are primarily amortized by the units-of-production 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. Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprised cash on hand, demand deposits in banks and highly liquid investments with original maturities of three months or less for which risks of fluctuations in value are not significant.

(Accounting Standards that Have Not Been Applied)

"Accounting Standard for Retirement Benefits" (The Accounting Standards Board of Japan (ASBJ) Statement No.26, May 17, 2012), and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012).

1. Background

   The actuarial gain or loss, and the prior service cost, have been recognized after adjusting for tax effects in "Net Assets" of the consolidated balance sheet, and the amount of cumulative deposits thereof is now recorded as liabilities or assets. As regards the method of attributing expected retirement benefit to periods, the benefit formula basis may now be applied in addition to the straight-line basis, and the discount rate calculation method has also been amended.

2. Date of application

   The above accounting standards will be applied, effective from the consolidated financial statements at the end of the fiscal year ending March 2014.
   The amendment to the method of attributing expected retirement benefit to periods will be applied, effective from the beginning of the fiscal year ending March 2015.
   As there are transitional measures for the above accounting standards, the amendment will not be applied retroactively to the financial statements for the previous terms.

3. Impact of the application of these accounting standards

   We are currently evaluating the impact on financial statements that may occur in preparing consolidated financial statements.

(Segment Information, etc.)

a. 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 that are subject to periodic review for the board of directors to determine distribution of management resources and to evaluate business performance.

The JX Group, which includes 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 "Energy", "Oil and Natural Gas Exploration and Production ("E&P")", and "Metals" as the reporting segments.

As of this consolidated fiscal year, the JX Group has renamed two reporting segments to better reflect actual business conditions. Accordingly, "Petroleum Refining and Marketing" was renamed "Energy," while "Oil and Natural Gas Exploration and Production" remained the same in English (i.e., only the Japanese name was changed). These were changes only to the names thereof; therefore, the segment information was not affected by these changes.

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:

Energy	Petroleum refining & marketing, basic chemical products, lubricants, specialty & performance chemical products, coal, electricity, gas, and new energy.
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, copper foils, materials for rolling and processing, thin film materials, non-ferrous metal recycling and industrial waste treatment, and transportation by ships of products, including metal business
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 Net Sales, Income and Loss, Assets, Liabilities, and Other Items of the Reporting Segments

The accounting treatment for the business segments reported herein is generally identical to that stated under the "Important Matters Fundamental to Preparation of Consolidated Financial Statements."
In-house intersegment sales and transfers are based on prevailing market prices.

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

Previous Consolidated Fiscal Year (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments (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 (loss)	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:							
Depreciation and amortization (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 fixed assets (Note 3)	86,851	52,414	90,478	12,728	242,471	10,720	253,191

(Notes) 1. The adjustments include the following:

(1) The segment income adjustment of 1,808 million yen includes the net amount of 2,096 million yen, which is the income and expenses of entire Company not allocated to the reporting segments or the "Other" category.

(2) The loss of 1,702,223 million yen in the segment assets adjustment is due primarily to eliminating intersegment receivables by offsetting.

(3) The loss of 1,725,574 million yen in the segment liabilities adjustment is due primarily to eliminating intersegment liabilities by offsetting.

(4) The depreciation and amortization adjustment of 2,232 million yen includes 1,788 million yen in asset retirement obligations adjusted due to passage of time (interest costs).

(5) The increase in fixed assets adjustment of 10,720 million yen includes 5,939 million yen in assets that correspond to asset retirement obligations.

2. Depreciation and amortization includes 31,696 million yen in amortization costs for exploration and development investments (30,381 million yen for "Oil and Natural Gas E&P"; 1,315 million yen for "Adjustments").

3. The increase in fixed 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. Segment income is adjusted to ordinary income stated in the consolidated statement of income.

Current Consolidated Fiscal Year (April 1, 2012 – March 31, 2013) (Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Financial Statements
Net sales:							
Sales to outside customers	9,691,373	173,132	925,504	429,465	11,219,474	-	11,219,474
In-house intersegment sales and transfers	8,276	-	1,946	60,256	70,478	(70,478)	-
Total	9,699,649	173,132	927,450	489,721	11,289,952	(70,478)	11,219,474
Segment income (loss)	161,602	93,608	45,020	26,039	326,269	2,031	328,300
Segment assets	4,744,683	751,546	1,160,205	2,408,656	9,065,090	(1,790,199)	7,274,891
Segment liabilities	3,554,681	418,644	670,444	2,110,152	6,753,921	(1,806,462)	4,947,459
Other items:							
Depreciation and amortization (Note 2)	107,943	31,937	24,859	13,585	178,324	2,039	180,363
Amortization of goodwill	404	1,108	-	1,364	2,876	-	2,876
Interest income	1,382	625	570	15,316	17,893	(15,282)	2,611
Interest expenses	15,923	3,376	3,093	14,823	37,215	(11,971)	25,244
Equity in earnings of affiliates	5,863	9,371	43,455	1,009	59,698	-	59,698
Increase in fixed assets (Note 3)	106,006	84,920	207,926	16,825	415,677	9,575	425,252

(Notes) 1. The adjustments include the following:

(1) The segment income adjustment of 2,031 million yen includes the net amount of 1,936 million yen, which is the income and expenses of entire Company not allocated to the reporting segments or the "Other" category.

(2) The loss of 1,790,199 million yen in the segment assets adjustment is due primarily to eliminating intersegment receivables by offsetting.

(3) The loss of 1,806,462 million yen in the segment liabilities adjustment is due primarily to eliminating intersegment liabilities by offsetting.

(4) The depreciation and amortization adjustment of 2,039 million yen includes 1,611 million yen in asset retirement obligations adjusted due to passage of time (interest costs).

(5) The increase in fixed assets adjustment of 9,575 million yen includes 9,404 million yen in assets that correspond to asset retirement obligations.

2. Depreciation and amortization includes 28,688 million yen in amortization costs for exploration and development investments (27,536 million yen for "Oil and Natural Gas E&P"; 1,152 million yen for "Adjustments").

3. The increase in fixed assets includes the 72,544 million yen increase in exploration and development investments contained in "Investments and other assets" in the consolidated balance sheet.

4. Segment income is adjusted to ordinary income stated in the consolidated statement of income.

b. Related Information

Previous Consolidated Fiscal Year (April 1, 2011 – March 31, 2012)
Information by Region

(1) Net sales

(Millions of yen)

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

(Millions of yen)

Japan	Chile	Other	Total
1,766,421	71,418	102,537	1,940,376

Current Consolidated Fiscal Year (April 1, 2012 – March 31, 2013)
Information by Region

(1) Net sales

(Millions of yen)

Japan	China	Other	Total
9,616,729	586,061	1,016,684	11,219,474

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Chile	Other	Total
1,784,543	257,560	148,580	2,190,683

c. Information on Impairment Loss

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

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	9,877	—	888	21,852	—	32,617

(Note) In the "Energy" segment 5,009 million yen is included in "Restructuring cost" on the consolidated statement of income

Current Consolidated Fiscal Year (April 1, 2012 – March 31, 2013) (Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	5,647	—	2,843	17,320	—	25,810

d. Information on the Amortized Amounts and Unamortized Balances of Goodwill

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

	Energy	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

Current Consolidated Fiscal Year (April 1, 2012 – March 31, 2013) (Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Amortized amount	404	1,108	—	1,364	—	2,876
Unamortized balance	7,744	7,824	—	3,878	—	19,446

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)
Net assets per share (yen)	701.31	781.30
Net income per share (yen)	68.60	64.13
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, 2011 to March 31, 2012)	Current Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)
Net income (millions of yen)	170,595	159,477
Amounts not attributable to common shareholders (millions of yen)	—	—
Net income related to the common stock (millions of yen)	170,595	159,477
Average number of shares of common stock during the fiscal year (shares)	2,486,911,927	2,486,626,705

(Important Subsequent Events)

None

V. Other

Changes in Officers

Changes in the directors and the audit & supervisory board members will be officially decided at the annual shareholders' meeting to be held on June 26, 2013.

1. Changes in Directors

(1) Newly Appointed

Date	Name	Current Position	New Position
June 26	Mutsutake Otsuka	Advisor of East Japan Railway Company, formerly the Director and Chairman, East Japan Railway Company	Outside Director

(2) Retiring

Date	Name	Current Position
June 26	Etsuhiko Shoyama	Outside Director

2. Changes in the Audit & Supervisory Board Members

(1) Newly Appointed

Date	Name	Current Position	New Position
June 26	Tadashi Ohmura	Audit & Supervisory Board Member (full-time), JX Nippon Oil & Energy Corporation	Full-Time Audit & Supervisory Board Member
June 26	Toshinori Kanemoto	(Attorney-at-Law, formerly the President of the International Criminal Police Organization (ICPO)) (Outside Audit & Supervisory Board Member, JX Nippon Oil & Energy Corporation)	Outside Audit & Supervisory Board Member

(2) Retiring

Date	Name	Current Position
June 26	Fumio Ito	Full-Time Audit & Supervisory Board Member
June 26	Hidehiko Haru	Outside Audit & Supervisory Board Member

3. Changes in Executive Officers not Concurrently Serving as Directors

(1) Newly Appointed

Date	Name	Current Position	New Position
July 1	Ichiro Yamamoto	(Executive Officer, General Manager of General Administration Dept., JX Nippon Oil & Energy Corporation)	Executive Officer, General Manager of General Administration Dept.

(2) Retiring

Date	Name	Current Position	Planned Position after Retirement
June 30	Toshihiko Ogawa	Senior Vice President and Executive Officer, General Manager of General Administration Dept.	Senior Vice President and Executive Director, General Manager of New York Office, JX Nippon Oil & Energy Corporation

END