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[Translation]

Reference Materials for the General Meeting of Shareholders (Additional Volume)

Agenda No. 2: Approval of the Absorption-type Merger Agreement with JX Nippon Oil & Energy Corporation

The Content of the Financial Statements of JX Nippon Oil & Energy Corporation
for the Last Fiscal Year (from April 1, 2015 to March 31, 2016)

Business Report	Page 1 to Page 25
Balance Sheets	Page 26
Statements of Income	Page 27
Statements of Changes in Net Assets	Page 28
Notes to Financial Statements	Page 29 to Page 35
Copy of the Accounting Auditor's Report on the Financial Statements	Page 36
Copy of Corporate Auditors' Report	Page 37

TonenGeneral Sekiyu K.K.

Business Report (from April 1, 2015 to March 31, 2016)

1. Matters Concerning Present Condition of the Company group

(1) Business Progress and Results

A. Economic Conditions and Circumstances Surrounding the Company group

Reviewing the global economy in this fiscal year, there was a distinct economic slowdown in China, due to not only a slowdown in the growth of industrial production and business investment by enterprises, but also in investment growth in infrastructure by the government. However, supported by the economic recovery in the U.S. mainly in private consumption, the overall global economy continued to grow just as in the previous fiscal year. In Japan, the economy recovered only moderately, due to a lack of strong growth in private consumption and business investment.

While the Dubai crude oil price, which is the general benchmark crude oil price in Asia, temporarily recovered at the beginning of this fiscal year, backed by the political instability in Middle Eastern countries such as Syria and Yemen and despite a sense of oversupply continuing to prevail from the previous fiscal year, it later, however, maintained a generally downward trend, affected by the cancellation of economic sanctions related to Iranian nuclear development problems, the slowdown in growth of the Chinese economy, and the wait-and-see attitude of OPEC towards the downward trend in crude oil prices.

On the other hand, looking at the demand for petroleum products in Japan, although there was a large decrease in heavy fuel oil C for electricity and crude oil for burning due to a decrease in electricity demand, growth in solar power generation, etc., in addition to a decrease in fuel oil A and heavy fuel oil C due to structural factors such as the advancement of fuel conversion, the decrease in all petroleum products was small, thanks to gasoline which maintained the previous fiscal year's levels. The petroleum products market decreased in response to the continuing downward trend in crude oil prices. Although petrochemical products were affected by the decrease in crude oil prices, the petrochemical products market remained generally stable, because its demand remained strong mainly in China and there were problems in China's petrochemical plants, which resulted in an improved supply-demand environment.

As stated above, the business environment surrounding the energy industry is becoming increasingly challenging, as evidenced by the start of cutthroat competition due to electricity and gas system reforms and heightened uncertainty in the forecasts of crude oil prices in addition to a structural decline in demand for petroleum products which has continued for a long time. In this environment, to ensure the sustainable growth of the JX Group, we have determined that it is necessary to concentrate management resources by integration with the TonenGeneral Group,

to establish a stronger foundation; and a basic agreement aimed at integrating our business with their groups was reached in December 2015 with the TonenGeneral Group. On the other hand, it is also important to promptly and steadily achieve the basic strategies posted in the second medium-term management plan, which cannot be postponed. Therefore, we have implemented the following various measures.

B. Progress of the Second Medium-Term Management Plan

(A) Profitability Enhancement of the Petroleum Refining and Marketing Business, being a Core Business

In order to construct a strong foundation for the Petroleum Refining and Marketing business that is resistant to the decline in domestic demand as well as sudden swings in crude oil prices, we have done our best to implement measures to enhance competitiveness and various other sales measures, based on a review of the supply chain across the entire Company.

First, in terms of procurement, so as to improve profitability, after deciding to increase spot transactions, we purchased crude oils with high competitiveness in a flexible and timely manner, and expanded transactions by effectively using the surplus capacity of the existing tanks, considering crude oil market trends, thereby securing profits. Next, in terms of production, while ensuring safety and stable operations were our first priority, we further enhanced efficiency, reduced expenditures, and made stable business investments to strengthen international competitiveness. Specifically, we have been operating the “Solvent De-Asphalting Unit” and the “Boiler and Turbine Power Generation Facility” in the Kashima Refinery, which were completed in December 2015, in a stable manner, collected and refined the residue, which has high additional value, from vacuum residual oil, and have started to sell electricity. In addition, the preparation work to start construction of a new “Boiler Power Generation Facility” using petroleum coke as a fuel in the Mizushima Refinery is steadily proceeding. In terms of sales, attempts have been made to improve customer satisfaction by maintaining a high level of cleanliness and customer services, etc., which is the service station foundation, thereby further enhancing the brand value of “ENEOS.” Based on that, we have aggressively held customer invitation campaigns in each period in which the demand for each service station product is high and have tied up with T-point participating enterprises, to encourage more customers to use our services. We have also proceeded with service station network reorganization and attempted to improve its efficiency, aiming at constructing an optimal service station network. In addition to these measures, so as to enhance the efficiency of the management of subsidiaries selling petroleum products and the service station network, we also integrated the business of ENEOS FRONTIER COMPANY LIMITED and the business of ENEOS-NET CO., Ltd. and integrated their direct selling business into JX Nippon Sun-Energy Corporation, in July 2015. Furthermore, we achieved flexible and timely exports after considering the domestic supply-demand and overseas market situations, thereby improving profit.

(B) Pursuit of Business Expansion as an Energy Conversion Company

After its electricity system reform, the government proceeded to examine gas system reform, and it is expected that the energy industry will become borderless in the near future. Under these circumstances, we, as an energy conversion company which satisfies the various needs of customers, have implemented the following measures in this fiscal year, taking into consideration the environment and the stage of each business, so as to grow businesses such as electricity, gas, coal, and hydrogen, and make them future pillars for profits.

a. Electricity Business, Gas Business, and Coal Business

First, in the electricity business, we strategically constructed various types of systems to assure profit gains in the retail electricity business, which has been fully liberalized since April 2016, and realized a long-awaited entry into the retail electricity business, under “ENEOS Denki” (note: “denki” means electricity) as a retail electricity sales brand. Specifically, after developing a system which enables easy subscription through a website or at service station shops, a fee structure and various benefits were set which the customers feel economically attractive and are inclined to choose, and pursued an aggressive and striking marketing campaign to make them effectively known to the public. In addition, we formed business-ties or the like with electronic appliance retail stores offering high quality customer services or telecommunications carriers having a large customer base. As a result, at the end of March, 2016, we have made a successful start, as evidenced by the acquisition of 100 thousand prior subscriptions, for example. In addition, for commercial and industrial electricity, we have expanded sales for buildings, factories, or the like, to the Kanto and Kansai areas. On the other hand, to stably supply highly competitive electricity, we proceeded steadily with preparation work to construct the additional power generation facilities in the Kawasaki Natural Gas Power Plant.

With regard to the gas business, in April 2015, we launched operation of the LNG large-scale importing terminal, “Hachinohe LNG Terminal” and the LNG satellite terminal, “Kushiro LNG Terminal”, which were constructed to increase sales in the Tohoku area and the eastern Hokkaido area, and, by using both terminals, strived to aggressively sell natural gas and LNG to power companies, city gas companies, and other customers.

With regard to the coal business, by thinking ahead of the market, we have tried to mainly sell in Japan thermal coal from the Bulga Coal Mine in Australia, in which the Company has participation interests. We have also strived to explore new customers overseas.

b. Fuel Cell Business and Hydrogen Business

With regard to the fuel cell business, in April 2016, we transferred the fuel cell sales business to the LP gas import and wholesale companies of the Company group, so as to effectively maintain LP gas sales and to develop an efficient distributing system.

With regard to the hydrogen business, to keep pace with the spread of fuel cell automobiles, we opened hydrogen stations to ensure that we are prepared for the arrival of the future hydrogen society. As of the end of March, 2016, a total of 37 hydrogen stations are in operation nationwide. In addition, in March 2016, we launched Hydrogen Production and Shipping Center operations in the Honmoku Terminal, which is the Company's first hydrogen production base for fuel cell automobiles, and have developed a system which can integrate operations from the "production" to the "transportation" and "selling" of hydrogen.

(C) Establishing a Presence in Overseas Markets

Despite the decline in domestic demand for petroleum products, the demand for energy and resources in the emerging countries will increase keeping pace with their economic growth. We saw business opportunities in such environments; and so as to reinforce the Company's revenue base by steadily increasing sales, we have applied to overseas operations the knowledge and know-how we developed in the Petroleum Refining and Marketing business as well as having expanded overseas sales of highly profitable petrochemical products and lubricants products, as well as high value-added products based on our own technology, as described below.

a. Decision to Invest in Vietnam National Petroleum Group

In Vietnam, petroleum products demand is expected to expand. In view of this, as a first step to expanding the petroleum products sales business in Vietnam, we continued discussions with the Vietnam National Petroleum Group, which is a state-owned enterprise in Vietnam and the largest petroleum product sales company. As a result, in April 2016, we reached an agreement with the Vietnam National Petroleum Group and the Vietnam Government, to the effect that we invest as a strategic partner of the Vietnam National Petroleum Group, and executed a contract with them.

b. Basic Chemicals Business

Our profits in the basic chemicals business improved, by utilizing the largest paraxylene supply system in Asia, aggressively expanding sales mainly in China, and trying to secure a fair margin by taking advantage of the benefit of being able to obtain all the margins in the supply chain. With regard to propylene, although its margins have shrunk due to sluggish supply-demand since September 2015, its profit was maintained by adjusting the utilization rate effectively and in a timely and flexible manner.

c. Lubricants Business

With regard to the lubricants business, in July 2015, we launched our fully-fledged sales operations in Mexico where Japanese automobile makers have moved quickly to open their new

factories, and have reinforced the system for sales in Mexico and its neighboring Central and South American countries. In March 2016, we also increased production capacity in the lubricants production factories in our U.S. subsidiary, so as to ensure an increase in sales of lubricants for which demand is increasing in response to an expansion of sales and business operations by Japanese automobile makers having production bases in the U.S.

d. Specialty Chemicals and Materials Business

With regard to the specialty chemicals and materials business, we have aggressively expanded sales of existing products such as ENB, SAS and detergents for industrial purposes of which sales are steadily increasing, as well as having transferred a part of the product development function in the Central Technical Research Laboratory to the Specialty Chemicals & Materials Company in April and October of 2015, thereby creating a system which can integrate operations from product development through to sales in this company, so as to accelerate the development of new products which can promptly attend to customers' needs and which have high usability for customers. In the cell culture business, we have acquired an Italian sales distributor, in an attempt to further expand sales in Europe.

C. Overview of Business Results

As a result of the initiatives set out above, the business results of the Company in this fiscal year (on a non-consolidated basis) consist of net sales of 6369.5 billion yen (a 21.9% decrease from the previous fiscal year) due to declining sales prices of petroleum products in response to a decline in crude oil prices; in terms of profits and losses, we recorded an operating loss of 139.3 billion yen and an ordinary loss of 95.6 billion yen, due to inventory valuation factors and stagnation in gasoline and middle distillates margins attributed to declining crude oil prices. In addition, due to a decline in coking coal prices, as a special loss, we recorded 14.4 billion yen as a loss on valuation of shares of our operating companies which are involved in the development of coal. As a result, the loss was 71.1 billion yen. Note that the ordinary income excluding inventory valuation factors was 131.5 billion yen (a 94.8% increase from the previous fiscal year).

(2) Matters the Company should address

A. Future Business Environment

Taking a glance at the future business environment, there is a fear that the Chinese economy will continue to slow down; nevertheless, the global economy is expected to continuously grow overall supported by a stable economic recovery in the U.S. On the other hand, the Japanese economy is expected to recover, backed by government policies to end deflation and to promote economic growth, leading to steady exports, business investments, and private consumption.

The circumstances surrounding crude oil is expected such that, although its demand will steadily increase, non-OPEC countries spearheaded by the U.S. are expected to decrease their production due to the declining crude oil prices. In response to the decreased production, the crude oil prices are expected to gradually increase. On the other hand, there is a worry that there may be sudden short-term swings due to the development of the speculative funds and the effects of geopolitical issues, especially in the Middle Eastern countries.

In addition, the domestic demand for petroleum products will continue to decline due to further circulation of fuel-efficient cars and advances in fuel conversion, and the sense of oversupply is expected to heighten. By contrast, in emerging countries, the demand for petroleum products and petrochemical products is expected to steadily increase along with economic development.

B. Issues to be Dealt with by the Company

In this environment, in order to promote further growth, the Company is determined to carefully select and take bold measures after establishing a foundation that is resistant to the changes in the business environment.

Specifically, regarding the Petroleum Refining and Marketing business, which will continue to be the core business of the Company, in order to further enhance the efficiency of the supply chain, including the supply chain of petrochemical products, we will proceed to secure stable and highly profitable crude oil and operation of crude oil inventories to enhance the profitability, in terms of procurement; whereas in terms of production, we will first strive together to secure, and actually secure, safe and stable operations of the refineries and plants and reinforce the international competitiveness of the refineries and plants by making strategic business investments and pursuing further efficiency enhancements and expenditure reductions. We will also continue to examine the establishment of an optimal supply system that complies with the Act on Sophisticated Methods of Energy Supply Structures. In terms of sales, we will do our best to improve customer satisfaction by reinforcing our service stations' basic customer service and technological support capabilities in order to further improve the brand value of "ENEOS". In addition, we will try to encourage more new customers to use our services, and the existing customers to use our services more frequently, by holding enticing promotions to invite customers in periods with increased demands and by collaborating with retail electricity businesses. Furthermore, by making the best use of our position as a company sponsoring oil, gas, and electricity supplies in the Tokyo 2020 Olympic and Paralympic Games, we will try to improve the appeal of the Company's products and services.

In addition, we will try to become an "energy conversion company" that can accurately address the diversifying energy needs of the customers and will steadily grow the business in the areas of electricity, gas, coal, and hydrogen, which will be the future pillars for profits in accordance with the respective business environments and stages. Regarding the electricity business, in particular, we will try to expand the sales of commercial and industrial electricity. As to the retail electricity business that we started in April 2016, we will do our best to achieve

profitability as early as possible. Regarding the power source development, which should be reinforced in accordance with expansion of power sales, we will actively examine in order to acquire highly competitive power sources, including natural gas thermal power generation. Regarding the gas business, we will try to secure an increase in the sales by responding to the trend of a low-carbon society and acquire a new participation interest in the natural gas liquefaction business overseas, in order to enhance the competitiveness of the value chain as a whole, from the liquefaction business, to the domestic sales, and to the power generation business. We will also aggressively examine the possibility of entering the gas business after the gas system reform. Regarding the coal business, we will try to ensure profitability by aiming to increase the sales targeting the new and highly efficient coal-fired power units planned to be constructed both inside and outside Japan. We will also try to grow our hydrogen business by looking ahead of the governmental measures that attempt to realize the so-called “hydrogen society” and the prevailing trend of fuel cell automobiles.

In addition, as a growth strategy, we will aggressively try to expand the business in emerging countries, in which demand for the petroleum products and petrochemical products is expected to expand, and in countries and regions that have stable demands. Specifically, we are considering expanding the business area of lubricants, basic chemicals with high value-added, and specialty chemicals and materials that are “technology-based” and higher value-added all over the world by promptly and accurately grasping the demands and the risks concerning each business and product, in order to further development. As to the petroleum products sales business in Vietnam, which we decided to enter, we will provide the Vietnam National Petroleum Group, our strategic partner, with the Company’s knowledge and know-how, accelerate the development and profit expansion of the Vietnam National Petroleum Group, and examine every possibility for business in the supply chain. Not limited to these measures, we will also aggressively examine the business development overseas in the fields in which the Company can take advantage of its strengths and plan a growth strategy for the future.

In addition to these initiatives regarding the important matters, we will steadily proceed with the negotiation on a business integration between JX Group and TonenGeneral Group and achieve business integration in a more favorable manner, in order to develop the Company into “one of the most prominent and internationally-competitive comprehensive energy, natural resource, and materials company groups in Asia” in an attempt to maximize our corporate value.

Although, as stated above, the current business environment is challenging, we will put all our effort in dealing with the respective measures, in order to overcome the difficulties and develop into the Company into “one of the most prominent comprehensive energy companies”. We greatly appreciate your continued support and patronage as shareholders and related persons.

(3) Sales Volume by Types of Oil of the Company

Types of Oil	The Previous Year (FY2014) (Units: 10 thousands of kiloliters)	This Fiscal Year (FY2015) (Units: 10 thousands of kiloliters)	Increase (Decrease) from the Previous Year (Units: 10 thousands of kiloliters)
Gasoline	1,767	1,781	14
(High-octane gasoline)	(206)	(206)	0
(Regular gasoline)	(1,551)	(1,564)	13
Naphtha	386	417	31
Jet fuel	167	155	(12)
Kerosene	579	581	2
Diesel fuel	1,224	1,228	4
Fuel oil A	492	492	0
Heavy fuel oil C	708	611	(97)
For electric Power	(501)	(409)	(92)
For general use	(207)	(202)	(5)
Total domestic demand for petroleum products	5,323	5,264	(59)
Crude oil	271	202	(69)
Lubricants and specialties	312	286	(26)
Petrochemicals (Units: 10 thousands of ton)	602	642	40
Exported fuel	912	1,133	221
LPG (Units: 10 thousands of ton)	32	35	3
Coal (Units: 10 thousands of ton)	689	675	(14)
Total Excluding Barter Trade & Others	8,141	8,238	97
Barter Trade & Others	2,046	2,208	162
Aggregate total	10,187	10,446	259

(Note) The sales volume of exported fuel includes the sales volume of exported fuel by Osaka International Refining Co., Ltd.

(4) Financing

The total amount of borrowings of the Company as of the end of this fiscal year was 935.7 billion yen. Among the financings during this fiscal year, significant financings (long-term loans) are as follows.

Name of Lender	Loans Payable (Millions of yen)	Borrowing Period
JX Nippon Finance Corporation	100,000	6 years
Same as above	100,000	6 years

(5) Capital Investment

The total amount of capital investment of the Company in this fiscal year was 108.1 billion yen. The main items constituting the capital investment were construction and reconstruction of service stations, construction of hydrogen stations, as well as the construction of the “Solvent De-Asphalting Unit” and the reconstruction of the “Boiler and Turbine Power Generation Facility” in Kashima Refinery.

(6) Absorption-type Split

Part of the non-woven textile fabrics business of the Company was succeeded to by JX Nippon ANCI Corporation through an absorption-type split in order to strengthen the competitiveness of the business as of October 1, 2015.

(7) Acquisition of Shares, etc. of Other Companies

The Company acquired convertible bonds of Yubase Manufacturing Asia Co., Ltd., which is a 100%-owned subsidiary of SK Lubricants Co., Ltd. and has base oil manufacturing equipment, as of October 5, 2012, in order to operate the lubricant base oil manufacturing business jointly with the SK Group. Then the Company acquired 30% of all shares of the company by converting the bonds into shares as of September 24, 2015.

(8) Financial Position and Operating Results

Fiscal Year	FY2012 (The 198th fiscal term)	FY2013 (The 199th fiscal term)	FY2014 (The 200th fiscal term)	FY2015 (The 201st fiscal term)
Net sales (Millions of yen)	8,736,833	9,604,552	8,156,532	6,369,501
Ordinary income (loss) (Millions of yen)	119,456	34,794	(294,272)	(95,557)
Net income (loss) (Millions of yen)	97,850	39,240	(227,909)	(71,060)
Net income (loss) per share	52.15 yen	20.91 yen	(121.47) yen	(37.87) yen
Total assets (Millions of yen)	4,076,536	3,996,142	3,259,965	2,889,020
Net assets (Millions of yen)	977,933	989,260	722,577	629,644

(9) Material Parent Company and Subsidiaries (as of March 31, 2016)

A. Material Parent Company

Company Name	Head Office Location	Capital Stock (Millions of yen)	Voting Rights Ratio in the Company (%)	Details of Major Business Activities
JX Holdings, Inc.	Chiyoda-ku, Tokyo	100,000	100.0	Management and control of subsidiaries and group companies that engage in the energy business, oil and natural gas exploration and production business, and metals business, as well as business affairs incidental thereto

(Note) The Company is guaranteed by JX Holdings, Inc. for repayments of debts related to crude oil purchasing costs and the like. However, because JX Holdings, Inc. is a 100%-owning parent of the Company, the relationship between the Company and JX Holdings, Inc. is not a relationship that involves a conflict of interest.

B. Material Subsidiaries

Company Name	Head Office Location	Capital stock (Millions of yen)	Voting Rights Ratio (%)	Details of Major Business Activities
ENEOS FRONTIER COMPANY LIMITED	Chuo-ku, Tokyo	495	100.0	Marketing petroleum products
JX Nippon Oil & Energy Trading Corporation	Chuo-ku, Tokyo	330	100.0	Marketing automobile-related supplies and goods, leasing various devices, and operation of sports facilities
ENEOS Sun-Energy Corporation	Minato-ku, Tokyo	100	100.0	Marketing petroleum products
Wakayama Petroleum Refining Co., Ltd.	Kainan City	4,420	99.9	Manufacturing and marketing petroleum products
JX Ocean Co., Ltd.	Yokohama City	4,000	81.1	Marine transportation of crude oil and petroleum products
Kashima Oil Co., Ltd.	Chiyoda-ku, Tokyo	20,000	70.7	Manufacturing petroleum products
J&S Fleet Holdings Corporation	Nagoya City	100	60.0	Management control of subsidiaries which conduct business and marketing of petroleum products
Osaka International Refining Co., Ltd.	Takaishi City	5,000	51.0	Manufacturing and marketing petroleum products
Japan Gas Energy Corporation	Minato-ku, Tokyo	3,500	51.0	Importing and marketing liquefied petroleum gas (LPG)

Company Name	Head Office Location	Capital stock (Millions of yen)	Voting Rights Ratio (%)	Details of Major Business Activities
ENEOS Globe Co., Ltd.	Chiyoda-ku, Tokyo	2,000	50.0	Importing and marketing LPG
JX Nippon Oil & Energy (Australia) Pty Limited	Australia	(Thousands of Australian dollars) 488,985	100.0	Investments in and loans to coal mining and marketing companies
JX Nippon Oil & Energy Korea Corporation	South Korea	(Thousands of won) 950,000	100.0	Manufacturing and marketing petrochemical products
NIPPON Oil Finance (Netherlands) B.V.	The Netherlands	(Thousands of euro) 9,076	100.0	Investments in LNG development companies and lending funds to affiliates
JX Nippon Oil & Energy Europe Limited	U.K.	(Thousands of U.S. dollars) 6,000	100.0	Sales and purchase of crude oil and petroleum products
JX Nippon Oil & Energy USA Inc.	U.S.	(Thousands of U.S. dollars) 3,000	100.0	Marketing petroleum products
LEO Ocean Pte. Ltd.	Singapore	(Thousands of Singapore dollars) 3,000	100.0	Marine transportation of crude oil and petroleum products
JX Nippon Oil & Energy Asia Pte. Ltd.	Singapore	(Thousands of Singapore dollars) 300	100.0	Marketing petroleum products
Irvine Scientific Sales Company, Inc.	U.S.	(Thousands of U.S. dollars) 19	100.0	Manufacturing pharmaceuticals and manufacturing and marketing cell culture for infertility treatments
JX Nippon Chemical Texas INC.	U.S.	(Thousands of U.S. dollars) 5	100.0	Marketing ethylidene norbornene (ENB) and manufacturing and marketing solvents for carbonless copy paper, insulating oil and the like
Nippon Oil (Guangzhou) Lubricants Corporation	China	(Thousands of U.S. dollars) 40,300	93.2	Manufacturing and marketing lubricants

(Notes)

- The voting rights ratio in each company is calculated with the inclusion of the voting rights the whole JX Group possesses.

2. On July 1, 2015, ENEOS FRONTIER COMPANY LIMITED and ENEOS-NET Co., Ltd. were merged, with ENEOS FRONTIER COMPANY LIMITED as the surviving company. Further, ENEOS FRONTIER COMPANY LIMITED carried out an absorption-type company split to transfer its direct sales business to ENEOS Sun-Energy Corporation on July 1, 2015.
3. JX Nippon Oil & Energy Trading Corporation relocated its head office to Chuo-ku, Tokyo, on September 24, 2015.

(10) Major Business Activities (as of March 31, 2016)

The Company conducts the following business activities: (i) refining and marketing petroleum products (e.g., gasoline, kerosene, and lubricant); (ii) importing and marketing gas and coal; (iii) manufacturing and marketing petrochemical products; (iv) supplying electricity; (v) marketing fuel cells and solar batteries; and (vi) business activities incidental thereto.

(Note) Regarding the residential fuel cell business, we ceased to develop and manufacture the products as of the end of March, 2015. Accordingly, we changed “developing, manufacturing, and marketing fuel cells, solar batteries, and the like” to “marketing fuel cells and solar batteries” in the Major Business Activities section.

(11) Main Offices (as of March 31, 2016)

Office Category	Head Office Location or Office Name and Office Location	
Head Office	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	
Laboratory	Central Technical Research Laboratory (Yokohama City)	
Refineries and Plants	Sendai Refinery (Sendai City) Negishi Refinery (Yokohama City) Mizushima Refinery (Kurashiki City) Oita Refinery (Oita City) Kawasaki Plant (Kawasaki City) Chita Plant (Chita City)	Kashima Refinery (Kamisu City) Osaka Refinery (Takaishi City) Marifu Refinery (Waki-cho, Kuga-gun, Yamaguchi) Muroran Plant (Muroran City) Yokohama Plant (Yokohama City)
Branch Offices	Hokkaido (Sapporo City) Kanto I (Chuo-ku, Tokyo) Tokyo (Chuo-ku, Tokyo) Kansai (Osaka City) Kyushu (Fukuoka City)	Tohoku (Sendai City) Kanto II (Chuo-ku, Tokyo) Chubu (Nagoya City) Chugoku (Hiroshima City) Okinawa (Naha City)
International Offices	Abu Dhabi Office (United Arab Emirates) Beijing Office (China) New Delhi Office (India) New York Office (U.S.) Taipei Office (Taiwan) Johannesburg Office (Republic of South Africa) London Office (U.K.)	

(Notes)

1. The information above includes the refineries of Kashima Oil Co., Ltd., and Osaka International Refining Co., Ltd., both of which are material subsidiaries of the Company.

2. The Company relocated its Kanto I, Kanto II, and Tokyo Branch Offices from Chiyoda-ku, Tokyo, to the locations specified above as of October 1, 2015.
3. The Company relocated its head office from 6-3, Otemachi 2-chome, to the location specified above.
4. The Company abolished its New York Office as of March 31, 2016, due to the transferal of its function to a newly established subsidiary in the U.S. (JX Nippon Oil & Energy (Americas) Inc.).
5. The Company abolished its Taipei Office in Taiwan as of April 30, 2016, due to the transferal of its function to a newly established subsidiary in Taiwan (JX SPECIALTY CHEMICALS & MATERIALS (TAIWAN) CO., LTD.).
6. JX Nippon Oil & Energy Corporation established a new office in Manila, Philippines, as of May 1, 2016.

(12) Employees (as of March 31, 2016)

Number of Employees
6,132 (32)

(Notes)

1. The number of employees specified above means the number of employees working at the Company (excluding secondees from the Company to another company, but including secondees from another company to the Company).
2. The number of employees in brackets indicates temporary employees (the average annual number of persons engaged). Temporary employees are not included in the non-bracketed numbers.

(13) Main Lenders and Loans Payable (as of March 31, 2016)

Name of Lender	Balance of Loans Payable (Millions of yen)
JX Nippon Finance Corporation	550,102
Japan Oil, Gas and Metals National Corporation	289,300

2. Matters Concerning Shares (as of March 31, 2016)

- (1) **Total number of authorized shares issuable by the Company:** 5,000,000,000 shares
- (2) **Total number of issued shares:** 1,876,308,343 shares
- (3) **Number of shareholders:** 1 shareholder
- (4) **Shareholder**

Shareholder's Name	The Shareholder's Voting Rights Ratio in the Company (%)
JX Holdings, Inc.	100.0

3. Matters Concerning the Company's Officers

Names, Position, Responsibilities, etc., of Directors and Corporate Auditors (as of March 31, 2016)

Name	Position	Responsibilities and Important Concurrent Office
Tsutomu Sugimori	Representative Director and President	President and Executive Officer Director of JX Holdings, Inc.
Takeshi Kurosaki	Director	Executive Vice President
Yoshiki Hirayama	Director	Executive Vice President
Ichiro Uchijima	Director	Executive Vice President Director of JX Holdings, Inc.
Hiroya Nishijima	Director	Senior Vice President and Executive Officer President & CEO of New & Renewable Energy Company
Haruo Nakano	Director	Senior Vice President and Executive Officer President & CEO of Specialty Chemicals & Materials Company
Yasuji Araki	Director	Senior Vice President and Executive Officer President & CEO of Lubricants Company
Hiroshi Hosoi	Director	Senior Vice President and Executive Officer, responsible for Crude Oil Trading & Shipping Dept., Supply Planning & Optimization Dept., and Distribution Dept.
Hiroyuki Sato	Director	Senior Vice President and Executive Officer, responsible for Basic Chemicals Dept., and Aromatics Dept.
Takashi Noro	Director	Senior Vice President and Executive Officer, responsible for Refining Dept., and Technical & Engineering Service Dept.
Kiyoshi Hanaya	Director	Senior Vice President and Executive Officer, responsible for Marketing Planning Dept., Retail Marketing Dept., and Industrial Fuel Marketing Dept.
Susumu Hara	Director	Senior Vice President and Executive Officer President & CEO of Resources & Power Company
Nagayasu Matsuzawa	Corporate Auditor	
Hirokazu Matsuo	Corporate Auditor	
Shinichiro Nakano	Corporate Auditor	
Tadashi Ohmura	Corporate Auditor	Full-time Corporate Auditor of JX Holdings, Inc.
Takashi Setogawa	Corporate Auditor	Full-time Corporate Auditor of JX Holdings, Inc.

(Notes)

1. Mr. Takashi Noro, Mr. Kiyoshi Hanaya, and Mr. Susumu Hara have assumed the office of Director after being newly elected at the 200th ordinary general meeting of shareholders held on June 25, 2015.
2. Mr. Yasushi Kimura, Mr. Michio Ikeda, Mr. Hatsunori Sakurai, and Mr. Tomonobu Uchida retired as Directors upon the expiration of their term of office at the conclusion of the 200th ordinary general meeting of shareholders held on June 25, 2015.

3. Mr. Shinichiro Nakano has assumed the office of Corporate Auditor after having been newly elected at the 200th ordinary general meeting of shareholders held on June 25, 2015.
4. Mr. Masahiro Sato retired as Corporate Auditor by resignation, upon the conclusion of the 200th ordinary general meeting of shareholders held on June 25, 2015.
5. Mr. Yoshiki Hirayama, Mr. Ichiro Uchijima, Mr. Haruo Nakano, and Mr. Yasuji Araki retired as Directors by resignation, as of March 31, 2016.
6. Mr. Seisuke Iwai, Mr. Jinichi Igarashi, Mr. Satoshi Taguchi, and Mr. Yutaka Kuwahara have assumed the office of Director as of April 1, 2016, after having been newly elected at the extraordinary general meeting of shareholders held on February 23, 2016. Their responsibilities are as follows.

Name	Position	Responsibilities and Important Concurrent Office
Seisuke Iwai	Director	Senior Vice President and Executive Officer, responsible for Secretariat, Corporate Planning & Management Dept., Controller Dept., and Human Resources Dept.
Jinichi Igarashi	Director	Senior Vice President and Executive Officer, responsible for Environment & Safety Dept., Quality Assurance Dept., and Central Technical Research Laboratory
Satoshi Taguchi	Director	Senior Vice President and Executive Officer, responsible for Internal Audit Dept., Mizushima Audit Office, Public Relations Dept., Information System Dept., General Administration Dept., and Crisis Management Dept.
Yutaka Kuwahara	Director	Senior Vice President and Executive Officer President & CEO of New & Renewable Energy Company

7. Some of the responsibilities of the Directors changed as follows, as of April 1, 2016.

Name	Position	Responsibilities and Important Concurrent Office
Hiroya Nishijima	Director	Executive Vice President
Takashi Noro	Director	Senior Vice President and Executive Officer, responsible for Refining Dept., Engineering Dept., and Technical & Engineering Service Dept.

4. Matters Concerning the Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

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

If the corporate auditors deem that an accounting auditor falls under any of the categories set forth in the items of Article 340, paragraph 1 of the Companies Act, and if the corporate auditors determine it

necessary to immediately dismiss the accounting auditor without obtaining a resolution of a general meeting of shareholders, the accounting auditor shall be dismissed by the consent of all corporate auditors.

Further, if the corporate auditors deem that an accounting auditor falls under any of the following items, and if the corporate auditors determine it necessary to dismiss or refuse to reappoint the accounting auditor, the corporate auditors shall decide the details of the proposal to be submitted to a general meeting of shareholders regarding the dismissal or refusal to reappoint the accounting auditor.

- a. the accounting auditor falls under any of the categories set forth in the items of Article 340, paragraph 1 of the Companies Act;
- b. the accounting auditor is subject to an administrative punishment for a breach of laws and regulations, or is subject to a punishment pursuant to the rules established by The Japanese Institute of Certified Public Accountants; or
- c. if the corporate auditors determine it reasonable to make the accounting audit proper and efficient.

(3) Dispositions for Suspensions of Practice Received by the Accounting Auditor for the Past Two (2) years

A. Target of the dispositions

Ernst & Young ShinNihon LLC (the “Firm”)

B. Specifics of the dispositions

- (i) Suspending the Firm from accepting new engagements for three (3) months (from January 1, 2016, to March 31, 2016)
- (ii) Requiring the Firm to improve its operations (improvement of the system to manage its operations)

C. The reasons for the dispositions

- (i) Certified public accountants of the Firm had, in negligence of due care, attested that the financial statements of TOSHIBA CORPORATION for FY2009, FY2011, and FY 2012 (for years that ended March 31, 2010, 2012, and 2013), which contained material misstatements, contained no material misstatements, in the audit thereof.
- (ii) The Firm’s operations were deemed to be significantly inappropriate.

5. The Contents of the Resolution on Development of the Company's Internal Control System and the Status of the Operation of the System

(1) The Contents of the Resolution on Development of the Company's Internal Control System

The contents of the resolution on the Company's development of the system (the internal control system) set forth in Article 362, paragraph 4, item 6 of the Companies Act are as follows. Please note that the "Basic Policy for the Development and Operation of the Internal Control System" was amended in April, 2015 in order to make it consistent with the Ordinance for Enforcement of the Companies Act, which was amended in May, 2015.

Under the JX Group Mission Statement – "JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources and materials" – and the JX Group Values that it upholds – "Ethics, Advanced ideas, Relationship with society, Trustworthy products/services, Harmony with the environment" – the Company will develop, based on the following basic policies, a system aimed at ensuring the properness of operations (the internal control system), and shall operate this system, as a core operating company, which is responsible for the energy business, having the petroleum refining and marketing as its main business activities. Further, the Company shall confirm the status of the development and operation of the internal control system on a regular basis, and shall properly deal with defects, if any. Moreover, the Company shall revise this basic policy as necessary, and thereby shall make efforts to ensure the efficiency of and continuously improve the internal control.

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

(1) The Company shall comply with laws and regulations, its articles of incorporation, and its rules, etc. in its entire operational spectrum by properly developing and enforcing rules aimed at fully ensuring compliance, so that the Company may carry out its corporate activities fairly and improve society's trust in the Company, whether in or outside of Japan. Further, the Company shall carry out compliance activities pursuant to the "Compliance Rules," and other rules and the like systematically and according to a plan, and shall take appropriate measures in order to prevent any acts that breach laws and regulations or the like.

(2) The Company shall pursue early detection and early correction of the breaching of laws and regulations, as well as appropriately develop and enforce the "Compliance Hotline Rules" and JX Holdings, Inc. ("JXHD")'s "Basic Rules of the JX Group's Whistleblowing System" and other rules and the like in order to appropriately protect whistleblowers complaining of a breach of laws and regulations.

(3) In order to achieve appropriate operation of the Board of Directors' meetings, pursuant to the "Rules for the Board of Directors" and the "Standards for Submission of Proposals to the Board of Directors' Meetings," the Company shall hold Board of Directors' meetings once every month in

principle, and decide on the execution of important business activities after thorough deliberations, as well as receive reports from directors in an appropriate manner on the status of execution of their duties.

(4) The Company shall establish the Internal Audit Department, which will be in charge of internal auditing and which will implement audits independently from other divisions.

(5) The Company shall appropriately develop and enforce the “Basic Rules of Dealing with Anti-Social Forces” and other rules and the like in order to prevent an intervention of anti-social forces.

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

(1) The execution of duties by the directors and the employees shall in principle be conducted in writing. In order to conduct preparation, management, or the like of approval documents of each person in a management position and other documents, the Company shall appropriately establish and enforce the “Document Rules” and other rules.

(2) The Company shall properly prepare minutes of the Board of Directors’ meetings based on laws and regulations.

(3) The Company shall appropriately develop and enforce the “Basic Rules of Information Security,” “Regulation for the Protection of Personal Information,” and other rules and the like in order to prevent wrongful use, disclosure, and divulgence of company information, and to appropriately handle confidential information and personal information. In addition, the Company shall, through providing opportunities such as internal training, ensure that the employees fully comply with the rules and the like.

(4) The Company shall appropriately prepare its business reports and financial statements pursuant to the Japanese Companies Act.

3. Rules and Other Systems for the Management of Risk of Loss

(1) In submitting an important matter, such as regarding a substantial amount of investment, to the Board of Directors’ meeting or the Executive Council’s meeting, policies on treatment of risks pertaining to the matter shall be defined after sorting out the anticipated risk. In addition, the Company shall, as necessary, appoint outside legal, accounting, tax and other advisors, and seek their opinions.

(2) The Company shall appropriately identify and analyze various risks that may impair the Company’s corporate value, such as radical changes in the economy and financial conditions; drastic fluctuation in crude oil, or other resource prices, or in currency exchange rates; and the occurrence of a large earthquake; and shall appropriately develop and enforce the “Rules of Implementation and

Management of Derivative Transactions, etc.,” “Rules of Security Export Control,” “Rules of Measurements Against Crises and Emergencies,” and other rules and the like in order to take measures against these risks.

(3) To prepare for an event where a crisis or emergency significantly affects the Company’s management, the Company shall appropriately develop and enforce the “Rules of Measurements Against Crises and Emergencies,” and other rules and the like in order to appropriately transmit and manage information regarding the crisis or the emergency, and to prevent the occurrence and expansion of damage.

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

(1) The Company shall set forth in its “Organization Rules” and “Authority Rules” the organizational structure, management positions and business activity allocations in the Company, as well as matters for approval and the approval authority that correspond to each skill and management position, and have the duties executed in an efficient manner.

(2) The Company shall establish the Executive Council as a body that discusses matters subject to the President’s approval. The matters shall, in principle, be submitted to the Executive Council’s meetings, and appropriate and efficient decisions regarding the matters shall be made by the management team’s collective examination and deliberation.

(3) The President’s approval shall be obtained in advance in order to resolve matters that require the Board of Directors’ resolution.

(4) The Company shall draw up a management plan for the next three (3) years in the Medium-Term Management Plan, and shall develop and operate management control systems such as the budget system and the objectives management system.

5. System to Ensure Appropriate Business Operation within the Corporate Group, including the Parent Company and Subsidiaries

(1) The Company shall have the “JX Group Mission Statement” and the “JX Group Values” penetrated into and fully complied with by the Company and the Company’s group companies as the management philosophies common to the JX Group.

(2) The President of the Company shall assume office as a part-time director of JXHD, and the Company’s officers and employees shall attend the Executive Council’s meetings of JXHD as necessary so that management plans of the entire JX Group will be appropriately formulated, and appropriate decision-making will be made regarding the Company’s important business execution matters.

(3) Among the business execution matters of the Company’s group companies, matters that should be

resolved or decided, or reported at meetings of the Company's Board of Directors and the Executive Council shall be set forth in the Company's "Rules of the Board of Directors," "Standards for Submission of Proposals to the Board of Directors' Meetings," and "Rules of Operations of Group Companies," and shall be duly resolved or decided, or reported at meetings of the Company's Board of Directors or the Executive Council pursuant to these rules and standards. Further, among the business execution matters of the Company and the Company's group companies, matters that should be resolved or decided, or reported at meetings of JXHD's Board of Directors and the Executive Council shall be duly resolved or decided, or reported at meetings of the JXHD's Board of Directors or the Executive Council pursuant to JXHD's "Rules of the Board of Directors" and "Organization and Authority Rules."

(4) Basic matters regarding the operation of the JX Group, such as the main roles of JXHD, core operating companies including the Company, and other group companies, shall be set forth by JXHD in the "Rules on Operation of the JX Group." Among JXHD's "Rules on Operation of the JX Group," and other rules and the like, the Company and the Company's group companies shall comply with those which are applicable to the Company and the Company's group companies.

(5) The Company shall develop and operate an internal control system, which applies to JXHD, core operating companies including the Company, and other group companies in order to ensure trust in financial reports of the JX Group, and shall evaluate the effectiveness of the internal control system every year, and shall make any necessary corrections.

(6) Regarding systems related to compliance (such as providing training and ensuring employees' awareness of laws, regulations, and rules and the like, monitoring the status of legal compliance, and whistleblowing system), the Company shall develop and operate them as systems that include JXHD, core operating companies including the Company, and other group companies, taking into account the business characteristics of each of the companies.

(7) The Company shall appropriately develop and operate a compliance system, risk management system, system to execute business efficiently, and other internal control system of the Company and its group companies by monitoring the development and operation of the internal control system of the Company and its group companies and discussing measures to cope with defects (as necessary) at meetings of the internal control executive meetings and internal control general managers' meetings, as well as meetings of the JX Group internal control meetings and meetings of the JX Group internal control committee held by JXHD.

6. System to Ensure Effective Auditing by the Corporate Auditors

(1) The Company shall respect the audit standards and the audit plans set forth by the corporate auditors, and shall cooperate in the development of an auditing environment in order to facilitate the performance of audits by the corporate auditors.

(2) The Company shall take the measures necessary so that the corporate auditors are able to attend

important meetings, such as the Board of Directors' meetings and the Executive Council's meetings, and understand the process of making important decisions and the status of execution of business activities. In addition, the Company shall develop and operate systems for the Company and its group companies to appropriately report on the matters which the corporate auditors request.

(3) The Company shall appropriately develop and operate the "Crisis and Emergency Response Rules" and other rules and the like so that, when the Company and its group companies detect any facts, such as material breaches of laws and regulations or the articles of incorporation, fraudulent acts, or facts that could cause considerable damage to the Company, the Company and its group companies can immediately report the facts to the corporate auditors.

(4) The Company shall appropriately develop and enforce the "Compliance Hotline Rules" and other rules and the like to ensure that any person who reports any incident to the Company by reporting to a corporate auditor, by using a whistleblowing system, or by any other appropriate method, is not treated unfavorably on the grounds of making such a report.

(5) The Representative Director and other management shall regularly hold meetings with the corporate auditors, and shall exchange opinions on matters such as management issues.

(6) The Internal Audit Department, which is in charge of internal audits, shall make efforts to maintain close cooperation with the corporate auditors.

(7) The Company shall establish the Corporate Auditor's Office as an organization independent from the business execution sections, and the employees appointed exclusively to the office shall assist in the corporate auditors' duties. Treatment of personnel, such as evaluation and transfer of such employees, shall be determined after prior discussions with the corporate auditors, in order to ensure the effectiveness of instructions that corporate auditors give to such employees.

(8) The Company shall, upon a corporate auditor's request, appropriately bear any expenses or debt associated with the execution of duties of the corporate auditor.

(2) The Overview of the Operating Effectiveness of the Internal Control System

The following is an overview of the operating effectiveness of the internal control system of the Company. The Company monitored the operating effectiveness of the internal control system of the Company and the Company group in the internal control executive meetings and the internal control general managers' meetings, and reported the results to the Board of Directors' meeting (held on May 9, 2016).

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

(1) Based on the "Compliance Rules," the Company has developed and conducts compliance status reviews of the rules. The situation and the result of those activities have been monitored by the Compliance Committee.

(2) Based on the "Compliance Hotline Rules," the Company has developed and operates a whistleblowing system, in cooperation with attorneys-at-law.

(3) Based on the "Rules for the Board of Directors," the Company held the Board of Directors' meetings 17 times in this fiscal year, thereby deciding on the execution of important business activities and receiving reports on the status of the execution of the directors' duties.

(4) The Internal Audit Department formulates an audit plan, and based thereon, conducts internal audits.

(5) Based on the "Basic Regulations on Anti-Social Forces," the Company investigates its business partners, and takes contractual measures and other necessary measures to prevent a relationship between the Company and anti-social forces.

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

(1) Directors and employees execute their duties in principle in writing, pursuant to the "Document Rules," which set forth rules regarding the preparation, management and the like of documents, prepare documents for the approval by each managerial position, and appropriately store and manage them.

(2) Directors and employees prepare minutes of the Board of Directors' meetings pursuant to laws and regulations.

(3) Pursuant to rules such as the "Basic Rules for Information Security" and the "Regulation for Protection of Personal Information," the Company appropriately manages the company information, including confidential information and personal information.

(4) Pursuant to the Japanese Companies Act, the Company appropriately prepares its business reports

and financial statements.

3. Rules and Other Systems for the Management of Risk of Loss

(1) In submitting important matters to the Board of Directors' meeting, the Company seeks opinions from outside advisors as necessary, identifies the anticipated risks pertaining to the matter, and defines the policy on how such risks are to be treated.

(2) The Company appropriately identifies and analyzes various risks that may impair the Company's corporate value pursuant to the "Implementation and Management Regulations on Derivative Transactions," "Rules of Security Export Control," and the like.

(3) The Company has established the "Crisis and Emergency Response Regulations" to prepare for an event where a crisis or emergency, such as a disaster or accident, affects the Company and the Company group's management, and conducts training assuming that such crisis or emergency will occur, and verifies the results of the training.

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

(1) Directors and employees execute their duties pursuant to the organizational structure, management positions, and business activity allocations, as well as the matters for approval, and the approval authority that corresponds to each skill and management position set forth in the "Organization Rules" and "Authority Rules."

(2) To receive the President's approval, the Company holds a meeting of the Executive Council, a body to discuss matters for the President's approval, in order to make appropriate and efficient decisions through the management teams' collective examination and deliberation.

(3) The Company obtains the President's approval in advance, in principle, for matters subject to a resolution of the Board of Directors' meetings.

(4) The Company, based on a medium-term management plan, determines the annual budget and the numerical targets, and monitors their progress in Executive Council meetings and Board of Directors' meetings.

5. System to Ensure Appropriate Business Operations within the Corporate Group, including the Parent Company and Subsidiaries

(1) So as to disseminate the "JX Group Mission Statement" and the "JX Group Values" and have them fully understood by the directors and employees of all the JX Group companies, the Company continuously conducts in-house training, CSR surveys, and other necessary measures.

(2) The President and the Executive Vice President of the Company attend meetings of the Board of

Directors and the Executive Council of JX Holdings, Inc. (“JXHD”) so that management plans of the entire JX Group will be appropriately formulated and appropriate decisions will be made regarding the Company’s important business execution matters at meetings of the Board of Directors and the Executive Council of JXHD.

(3) Important business execution matters of the Company’s group companies are appropriately resolved or decided, or reported at meetings of the Company’s Board of Directors and the Executive Council, pursuant to the Company’s “Rules of the Board of Directors” and “Rules of Operations of Group Companies.” Further, important business execution matters of the Company and the Company’s group companies are appropriately resolved or decided, or reported at meetings of JXHD’s Board of Directors and the Executive Council, pursuant to JXHD’s “Rules of the Board of Directors” and the “Organization and Authority Rules.”

(4) In addition to the “Rules of Operations of Group Companies,” the Company has established rules and the like applicable to each of the Company’s group companies, has each of the companies comply with the rules and the like, and monitors the level of the compliance at the Compliance Committee.

(5) The Company assesses the effectiveness of the internal control pertaining to financial reporting pursuant to the Japanese Financial Instruments and Exchange Act.

(6) The Company requires each of the Company’s group companies to establish the principle of “JX Group Compliance Activity Basic Policies” as its own rules, and to engage in compliance activities, such as developing rules, and reviewing the level of compliance with the laws and regulations based thereon. The Company monitors the level of such compliance activities in the Compliance Committee.

(7) The Company conducts surveys on the development and operation of the internal control system of the Company and the Company group every year, reports the results to the Internal Control Executive Council and the Internal Control General Managers’ Council, as well as the JX Group Internal Control Council and the JX Group Internal Control Committee, and makes improvements as necessary.

6. System to Ensure Effective Auditing by the Corporate Auditors

(1) The Company respects the audit standards and the audit plans set forth by the corporate auditors, and cooperates in the development of an auditing environment.

(2) The corporate auditors attend important meetings, such as the Board of Directors’ meetings or the Executive Council’s meetings, and state their opinions as necessary. The Company appropriately reports matters requested by the corporate auditors.

(3) The Company immediately reports any facts, such as material breaches of laws and regulations or the articles of incorporation, fraudulent acts, or facts that could cause considerable damage to the Company, to the corporate auditors pursuant to the “Crisis and Emergency Response Rules” and the

like.

(4) The Company does not unfavorably treat persons who have reported any incident to the Company or its group companies by reporting to the corporate auditors, using the whistleblowing system, or any other appropriate method pursuant to the “Compliance Hotline Rules” or the like.

(5) Regular meetings are held so that the corporate auditors can exchange opinions with the Representative Director and other management team members.

(6) The Company develops an environment in which the corporate auditors can appropriately gather information regarding the Company’s management by methods, such as receiving reports on audit plans and on how audits are being executed from the Internal Audit Department.

(7) The Company has established the Corporate Auditor’s Office, in which employees appointed exclusively to assist in the corporate auditors’ duties engage in their tasks under the direction of the corporate auditors. The treatment of personnel, such as the evaluation and transfer of such employees, is determined based on prior discussions with the full-time corporate auditors.

(8) The Company, upon a corporate auditor’s request, bears any expenses or debts associated with the execution of the duties of the corporate auditor.

End

(Note) The figures stated in this business report have been obtained by rounding off the fractions less than the digit indicated for each.

┆ Balance Sheets (as of March 31, 2016) ┆

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	1,298,375	Current liabilities	1,586,076
Cash and deposits	44,686	Accounts payable - trade	342,171
Notes receivable - trade	472	Short-term loans payable	421,361
Accounts receivable - trade	470,767	Accounts payable - other	636,910
Merchandise and finished goods	236,525	Income taxes payable	1,470
Raw materials and supplies	326,341	Accrued expenses	23,529
Prepaid expenses	2,080	Lease obligations	602
Deferred tax assets	49,781	Deposits received	108,021
Short-term loans receivable	52,116	Provision for bonuses	13,589
Other current assets	115,840	Provision for loss on guarantees	495
Allowance for doubtful accounts	(237)	Asset retirement obligations	471
Non-current assets	1,590,644	Other current liabilities	37,453
Property, plant and equipment	1,134,340	Non-current liabilities	673,299
Buildings	93,649	Long-term loans payable	514,318
Structures	132,641	Provision for retirement benefits	78,920
Oil tanks	32,533	Provision for repairs	46,523
Machinery and equipment	193,712	Lease obligations	2,648
Vehicles	1,347	Asset retirement obligations	12,204
Tools, furniture and fixtures	7,990	Other non-current liabilities	18,683
Land	651,078	Total liabilities	2,259,376
Leased assets	3,215	(Net assets)	
Construction in progress	18,171	Shareholders' equity	639,129
Intangible assets	28,762	Common stock	139,437
Leasehold right	6,565	Capital surplus	426,180
Right of use	1,895	Legal capital reserve	265,679
Software	20,084	Other capital surplus	160,501
Leased assets	115	Retained earnings	73,511
Other intangible assets	101	Legal retained earnings	28,026
Investments and other assets	427,541	Other retained earnings	45,484
Investment securities	9,683	Reserve for advanced depreciation of non-current assets	26,797
Shares of subsidiaries and affiliates	285,361	Retained earnings brought forward	18,687
Long-term loans receivable	27,971	Valuation and translation adjustments	(9,485)
Deferred tax assets	72,007	Unrealized gain on securities	1,812
Guarantee deposits	15,268	Unrealized gain on hedging derivatives	(11,297)
Long-term prepaid expenses	10,017	Total net assets	629,644
Other investments	8,864	Total liabilities and net assets	2,889,020
Allowance for doubtful accounts	(1,633)		
Total assets	2,889,020		

┆ **Statements of Income** (from April 1, 2015 to March 31, 2016) ┆

(Millions of yen)

Account title	Amount	
Net sales		6,369,501
Cost of sales		6,184,665
Gross profit		184,836
Selling, general and administrative expenses		324,183
Operating loss		139,347
Non-operating income		
Interest income	1,332	
Dividend income	32,678	
Rent income of assets	11,660	
Foreign currency exchange gain	217	
Miscellaneous income	9,429	55,318
Non-operating expenses		
Interest expense	8,195	
Miscellaneous loss	3,332	11,527
Ordinary loss		95,557
Special gain		
Gain on sales of non-current assets	6,065	6,065
Special loss		
Loss on sales of non-current assets	1,782	
Loss on disposal of non-current assets	4,181	
Impairment loss	5,515	
Other special loss	5,283	16,762
Loss before income taxes		106,254
Income taxes - current		(6,795)
Income taxes - deferred		(28,397)
Loss		71,060

Statements of Changes in Net Assets (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings					Total retained earnings	Total shareholders' equity
		Legal capital reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings					
						Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	Retained earnings brought forward			
Balance as of April 1, 2015	139,437	265,679	161,809	427,488	28,026	16,531	78,286	29,334	152,178	719,104	
Changes of items during the period											
Dividends from surplus				-				(7,606)	(7,606)	(7,606)	
Loss				-				(71,060)	(71,060)	(71,060)	
Decrease by corporate division			(1,307)	(1,307)					-	(1,307)	
Reversal of reserves for special depreciation				-		(16,531)		16,531	-	-	
Reversal of reserves for advanced depreciation of non-current assets				-			(51,488)	51,488	-	-	
Net changes of items other than shareholders' equity				-					-	-	
Total changes of items during the period	-	-	(1,307)	(1,307)	-	(16,531)	(51,488)	(10,647)	(78,666)	(79,974)	
Balance as of March 31, 2016	139,437	265,679	160,501	426,180	28,026	-	26,797	18,687	73,511	639,129	

	Valuation and translation adjustments			Total net assets
	Unrealized gain on securities	Unrealized gain on hedging derivatives	Total valuation and translation adjustments	
Balance as of April 1, 2015	2,242	1,230	3,473	722,577
Changes of items during the period				
Dividends from surplus			-	(7,606)
Loss			-	(71,060)
Decrease by corporate division			-	(1,307)
Reversal of reserves for special depreciation			-	-
Reversal of reserves for advanced depreciation of non-current assets			-	-
Net changes of items other than shareholders' equity	(430)	(12,527)	(12,958)	(12,958)
Total changes of items during the period	(430)	(12,527)	(12,958)	(92,933)
Balance as of March 31, 2016	1,812	(11,297)	(9,485)	629,644

I Notes to Financial Statements I

1. Notes to Matters relating to Important Accounting Policies

- (1) Standards and Methods for Valuation of Assets
 - (i) Standards and methods for securities
 - a. Shares of subsidiaries and shares of affiliates: Valued at cost based on the moving-average method.
 - b. Other securities:
 - (a) Marketable securities: Valued at fair value based on the market price as of the fiscal year end. (Valuation differences are reported as a component of shareholders' equity, and costs of securities sold are calculated using the moving-average method.)
 - (b) Non-marketable securities: Valued at cost based on the moving-average method.
 - (ii) Standards and methods for net assets and liabilities from derivative transaction:
Valued at fair value
 - (iii) Standards and methods for inventories
Merchandise, finished goods and raw materials are calculated using the weighted average method, and supplies are valued at cost (balance sheets amounts are calculated using the book value devaluation method based on lowered profitability) using the moving-average method. Merchandise in transit and raw materials in transit included in the financial statements are valued at cost using the specific identification method (balance sheets amounts are calculated using the book value devaluation method based on lowered profitability).
- (2) Method of Depreciation of Non-current Assets
 - (i) Property, plant and equipment (excluding leased assets):
The straight-line method is used. The main expected lifetimes are as shown below.

Buildings	15 to 50 years
Structures	7 to 50 years
Oil tanks	10 to 15 years
Machinery and equipment	4 to 17 years
 - (ii) Intangible assets (excluding leased assets):
The straight-line method is used. With regard to software for internal use, the straight-line method is adopted based on a licensing period of five years.
 - (iii) Leased assets:
The lease period is treated as the expected lifetime, and the straight-line method assuming no residual value is adopted. Finance lease transactions without ownership-transfer that were started on or before March 31, 2008, are accounted using the accounting method used for ordinary lease transactions.
 - (iv) Long-term prepaid expenses:
The straight-line method is used.
- (3) Recording Standards for Provisions
 - (i) Provision 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 historical experience of the bad debt ratio; and the estimated uncollectable amounts on certain accounts, such as doubtful accounts receivable, are recorded by separately examining their collectability.
 - (ii) Provision for bonuses:
To prepare for the payment of employee bonuses, the amount that is estimated to be incurred during the current fiscal year is recorded.
 - (iii) Provision for retirement benefits:
To prepare for the payment of retirement benefits to employees, a provision is made based on retirement benefits liabilities and estimated pension assets as of the end of the current fiscal year.
The prior service cost is amortized on a straight-line basis using a certain number of years within the average remaining service period (five years) of employees at the time the cost is incurred.
Furthermore, the actual gain or loss is amortized using the straight-line method over a period within the average remaining service years (five years) for employees at the time of

recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

- (iv) Provision for repairs:
To prepare for periodic repair work, a provision is made for the current portion of the estimated cost of the periodic oil tank inspections stipulated by the Fire Service Act and the periodic inspections of machinery equipment at refineries.
- (v) Provision for loss on guarantees:
To prepare for losses arising from fulfilling guarantee obligations, a provision is made for the estimated cost of losses for guarantee obligations that are highly likely to be required to be fulfilled, taking into consideration their recoverability by exercising the right of indemnity.
- (4) Other Matters that Serve as the Basis for Preparation of Financial Statements
 - (i) Method of hedge accounting:
Deferred hedge accounting is adopted. Certain foreign exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment, and certain interest rate swaps are subject to special treatment if they satisfy the requirements of such treatment.
 - (ii) Accounting treatment of consumption tax or the like:
The accounting treatment of consumption tax is based on the net of tax method.
 - (iii) Application of the consolidated tax payment system:
The consolidated tax payment system is applied.

2. Notes to Balance Sheets

- (1) Assets Offered as Security and Security-related Obligations
 - (i) Assets offered as security
 - a. Property, plant and equipment: 509,064 million yen
 - b. Investment securities: 92 million yen
 - (ii) Obligations to the above
 - a. Accounts payable – other: 160,216 million yen
 - b. Other non-current liabilities: 899 million yen
 - (Note) Obligations corresponding to the pledged assets other than (ii) are the long-term loans (3,138 million yen) of Mizushima Eco-works Co., Ltd. from the Development Bank of Japan Inc. and gasoline tax payable (21,523 million yen) of Osaka International Refining Co., Ltd.
- (2) Accumulated Depreciation of Property, Plant and Equipment: 2,293,606 million yen
- (3) Guarantee Obligations
 - (i) Guarantee on loans of subsidiaries and affiliates: 50,872 million yen
 - (ii) Guarantee on home ownership loans of employees: 2,867 million yen
 - (iii) Commitment of guarantee: 124,838 million yen
- (4) Reduction Entry Amount due to State Subsidies
 - (i) Buildings: 1,486 million yen
 - (ii) Structures: 6,618 million yen
 - (iii) Oil tanks: 304 million yen
 - (iv) Machinery and equipment: 27,580 million yen
 - (v) Vehicles: 75 million yen
 - (vi) Tools, furniture and fixtures: 67 million yen
 - (vii) Software: 232 million yen
 - (viii) Other: 20 million yen
- (5) Monetary Claims against and Monetary Obligations to Subsidiaries and Affiliates
 - (i) Monetary claims
 - a. Short-term monetary claims: 149,897 million yen
 - b. Long-term monetary claims: 4,243 million yen
 - (ii) Monetary obligations

a. Short-term monetary obligations:	139,062 million yen
b. Long-term monetary obligations:	189 million yen

3. Notes to Statements of Income

Volume of Transactions with Subsidiaries and Affiliates

(1) Business Transactions	
(i) Net sales:	1,261,472 million yen
(ii) Purchase of goods:	599,832 million yen
(iii) Selling, general and administrative expenses:	59,346 million yen
(2) Transactions other than Business Transactions:	14,013 million yen

4. Notes to Statements of Changes in Net Assets

(1) Number of Issued Shares as of the End of this Fiscal Year	
Common stock:	1,876,308,343 shares
(2) Matters relating to Dividends of Surplus paid during the Current Fiscal Year	
At the General Shareholders' Meeting held on June 25, 2015, shareholders approved as follows:	
a. Total amount of dividends:	7,606 million yen
b. Effective date:	June 26, 2015

5. Notes to Tax Effect Accounting

- (1) The major items that resulted in the occurrence of deferred tax assets and deferred tax liabilities are as follows:

Deferred Tax Assets

Impairment loss on non-current assets:	39,064 million yen
Provision for retirement benefits:	24,180 million yen
Decline in valuation of investment securities and shares of subsidiaries and affiliates:	12,353 million yen
Loss carried forward:	187,136 million yen
Valuation differences resulting from the purchase method of accounting	15,237 million yen
Other	59,773 million yen

Subtotal of deferred tax assets	337,746 million yen
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Valuation reserve	(124,474 million yen)
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Total deferred tax assets	213,272 million yen
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Deferred tax liabilities

Reserve for advanced depreciation of non-current assets	(11,960 million yen)
Valuation differences accompanied with the purchase method of accounting	(70,496 million yen)
Other	(9,025 million yen)

Total deferred tax liabilities	(91,483 million yen)
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Net amount of deferred tax assets	121,788 million yen
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- (2) Modifications to the amount of deferred tax assets and liabilities due to changes of corporate taxation rates

On March 29, 2016, the Diet (the Japanese parliament) passed the Partial Revisions to the Income Tax and Other Laws (Law No. 15, 2016) and Partial Revisions to the Local Tax and Other Laws (Law No. 13, 2016), which lowered the corporate tax from the fiscal years starting on and after April 1, 2016.

Consequently, the legal effective tax rates to be used for the calculation of deferred tax assets and liabilities shall be changed from 32.34% in the previous fiscal year to 30.86% for those temporary differences that are expected to reverse in the fiscal years starting on April 1, 2016, and April 1, 2017, and 30.62% for those temporary differences that are expected to reverse during the fiscal years starting on and after April 1, 2018.

As a result of this change to the tax rate, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by 6,035 million yen. Also, each of the following items increased; income tax adjustments by 6,324 million yen, Unrealized gain on securities by 38 million yen, and Unrealized gain on hedging derivatives by 250 million yen.

6. Notes to Non-current Assets used under Lease Agreements

Non-current Assets under Lease Agreements

Apart from the non-current assets stated on the balance sheets, the Company uses SS's buildings and structures, the private electric generator used for the cogeneration business, and diesel generators and some of their peripherals, based on finance lease agreements without transfer of ownership.

7. Notes to Financial Instruments

(1) Matters relating to the Status of Financial Instruments

The Company raises funds through borrowing, mainly from JX Nippon Finance Corporation, in light of our capital investment plans. Temporary surplus funds are used for the repayment of borrowing.

The Company strives to lower customer credit risk relating to accounts receivable in accordance with our credit transaction rules.

Investment securities are mainly equity securities, and the Company monitors the market price of listed stocks on a quarterly basis.

Funds borrowed are used for working funds (short-term) and capital investment funds (long-term). Interest-swap contracts are used to hedge the risk of interest rate fluctuations for some long-term borrowing in order to fix the amount of interest expenses.

The Company does not use derivative transactions for speculative purposes, but to hedge the risks of fluctuations in merchandise prices, foreign exchange rates, and interest rates, within the scope of actual demand.

(2) Matters relating to Fair Value, and the like of Financial Instruments

The amounts reported in the balance sheets and the fair values as of March 31, 2016, and the differences between them are as follows:

(Millions of yen)

	Amount Reported in the Balance Sheet (*1)	Fair Value (*1)	Differences
(i) Accounts receivable - trade	475,418	475,418	—
(ii) Investment securities	2,827	2,827	—
(iii) Accounts payable - trade	(346,822)	(346,822)	—
(iv) Short-term loans payable (*2)	(354,402)	(354,402)	—
(v) Accounts payable - other	(636,910)	(636,910)	—
(vi) Long-term loans payable (*2)	(581,278)	(594,123)	12,844
(vii) Derivative transactions (*3)	(23,000)	(22,871)	129

(*1) Those recorded as liabilities are shown in parentheses.

(*2) Long-term loans to be repaid within a year are included in "Long-term loans payable."

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

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

(i) Accounts receivable - trade

The amounts presented above are based on their book values, as accounts receivable are all to be settled in a short period, so their fair value is very close to their book value.

(ii) Investment securities

The fair value of shares is based on the price quoted on stock exchanges.

(iii) Accounts payable - trade, (iv) Short-term loans payable and (v) Accounts payable - other

The amounts presented above are based on their book values, as accounts receivable are all to be settled in a short period, so their fair value is very close to their book value.

(vi) Long-term loans payable

The fair value of “Long-term loans payable” is calculated by the present value obtained by reducing the total amount of principal and interest using the interest rate expected in the event that new similar loans are made.

(vii) Derivative transactions

The fair value is based on the prices provided by correspondent financial institutions.

(Note 2) Financial instruments for which it is extremely difficult to obtain fair value

(Millions of yen)

	Class	Amount Reported in the Balance Sheet
Investment Securities	Unlisted Shares	6,857
Shares of Subsidiaries and Affiliates	Unlisted Shares	285,361

As their market prices are not available, it is impossible to estimate their cash flow in the future; thus, it is considered extremely difficult to fully understand their fair value. Therefore they are not included in assets that are recorded at fair value.

8. Notes to Transactions with Related Parties

Parent Company and Major Corporate Shareholders

Type	Name of Company	Percentage of Voting Rights or the like Held	Relationship with Related Parties	Details of Transaction	Transaction Amount (millions of yen)	Account Title	Balance at End of Period (millions of yen)
Parent company	JX Holdings, Inc.	Directly owning us, 100%	Entrusting business management Interlocking directorate	Guaranteeing our liabilities (Note 1)	122,916	–	–

Subsidiaries and others

Type	Name of Company	Percentage of Voting Rights or the like Held	Relationship with Related Parties	Details of Transaction	Transaction Amount (millions of yen)	Account Title	Balance at End of Period (millions of yen)
Subsidiary	KASHIMA OIL CO., LTD	Directly owned, 70%	Manufacturing service of our products Guarantee of obligations Interlocking directorate	Guarantee of obligations or the like (Note 2)	43,500	–	–
Subsidiary	Osaka International Refining Co., Ltd.	Directly owned, 51%	Sales of our inventories Purchase of their inventories Lending business funds	Purchase of merchandise (Note 3) Loan of funds (Note 4) Receipt of interests (Note 4)	222,554 126,510 230	Accounts payable – trade Accounts payable - other Short-term loans receivable –	10,450 31,308 46,435 –
Subsidiary	JX Ocean Co., Ltd.	Directly owned, 81% Indirectly owned, 0.02%	Marine transportation services in operations of ships on overseas routes	Guarantee of obligations or the like (Note 5)	42,221	–	–

Fellow subsidiaries

Type	Name of Company	Percentage of Voting Rights or the like Held	Relationship with Related Parties	Details of Transaction	Transaction Amount (millions of yen)	Account Title	Balance at End of Period (millions of yen)
Subsidiary of our parent company	JX Nippon Finance Corporation	None	Borrowing business funds	Repayments of loans (Note 6) Borrowing funds (Note 7) Payments of interests (Note 6) (Note 7)	180,660 200,000 5,986	Short-term loans payable Long-term loans payable –	65,102 485,000 –
Subsidiary of our parent company	JX NIPPON FINANCE NETHERLANDS B.V.	None	Borrowing business funds	Repayments of loans (Note 8) Payments of interests (Note 8)	38,845 22	Short-term loans payable –	– –

In the above amounts, consumption tax is not included in the transaction amounts.

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

- (Note 1) They grant guarantees on the transactions of the Company, such as the purchase of crude oil, and the Company does not pay any guarantee fees.
- (Note 2) The Company granted guarantees on their loans from JX Nippon Finance Corporation and has not received any guarantee fees.
- (Note 3) When procuring merchandise, the prices are determined in consideration of market prices.
- (Note 4) The interest rates for lending are determined reasonably, in light of market interest rates.
- (Note 5) The Company granted guarantees on their loans from JX Nippon Finance Corporation and JX NIPPON FINANCE NETHERLANDS B.V., and has not received any guarantee fees.
- (Note 6) The interest rates of short-term loans are determined reasonably, in light of market interest rates. The Company borrows working funds from JX Nippon Finance Corporation, and when the Company has surplus funds, the Company uses them to repay the borrowing on a daily basis. The transaction amount shown above, thus, is a net amount of borrowing after deducting the amount repaid.
- (Note 7) The interest rates of borrowing are determined reasonably, in light of market interest rates.
- (Note 8) The interest rates of short-term loans are determined reasonably, in light of market interest rates. The Company borrows working funds from JX NIPPON FINANCE NETHERLANDS B.V., and when the Company has surplus funds, the Company uses them to repay the borrowings on a daily basis. The transaction amount shown above, thus, is a net amount of borrowing after deducting the amount repaid.

9. Notes to Per-Share Information

- | | |
|---------------------------|------------|
| (1) Net assets per share: | 335.58 yen |
| (2) Net loss per share: | 37.87 yen |

| Copy of the Accounting Auditor's Report |

Independent Auditor's Report

To: The Board of Directors of JX Nippon Oil & Energy Corporation

May 12, 2016

Ernst & Young ShinNihon LLC

Kazuhiko Umemura [Seal]
Certified Public Accountant, Designated Limited Liability Partner, and
Engagement Partner

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

Takamichi Komiyama [Seal]
Certified Public Accountant, Designated Limited Liability Partner, and
Engagement Partner

Pursuant to Article 436, paragraph 42, item 1 of the Japanese Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, and the notes to the non-consolidated financial statements, and the annexed detailed statements thereof of JX Nippon Oil & Energy Corporation (the "Company") applicable to the 201st fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Non-consolidated Financial Statements and the Annexed Detailed Statements thereof

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the non-consolidated financial statements and the annexed detailed statements thereof referred to above present fairly, in all material respects, the financial position and results of operations applicable to the 201st fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

Copy of Corporate Auditors' Report

Corporate Auditors' Report

201st Fiscal Term
(From April 1, 2015 to March 31, 2016)

1. Audit Method and Contents

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

Moreover, regarding the contents of the resolutions by the Board of Directors regarding the internal control systems, and the development and operation status of these systems, the corporate auditors understand that these are important auditing themes; therefore, they have been focusing on routinely overseeing and verifying the systems.

With respect to the internal control relating to the financial reporting, the corporate auditors conducted hearings on the evaluation processes or status with the directors, etc., while requesting an explanation from Ernst & Young ShinNihon LLC from time to time regarding the audit status.

With respect to the accounting audit, the corporate auditors oversaw and verified whether proper auditing was conducted, by taking measures such as requesting an explanation from the accounting auditor of the annual audit plan and scrutinizing whether daily audit activities were proceeding as planned and were proceeding efficiently, as well as by developing a system to promptly receive reports from the accounting auditor in cases where issues regarding account processing expected to significantly affect the profit and loss, or the like, occur. The corporate auditors have received a report from the accounting auditor that the accounting auditor's systems aimed at maintaining the independence and ensuring the quality of business activities have been developed, and have confirmed this report.

Each corporate auditor conducted the audit as above, and discussed and examined, at the Corporate Auditors Committee, the audit results regarding the business report for the current fiscal year and the annexed detailed statements thereof, the non-consolidated financial statements and the annexed detailed statements thereof.

2. Results of the Audit

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

May 12, 2016

JX Nippon Oil & Energy Corporation

Nagayasu Matsuzawa, Full-time Corporate Auditor [Seal]
Hirokazu Matsuo, Full-time Corporate Auditor [Seal]
Shinichiro Nakano, Full-time Corporate Auditor [Seal]
Tadashi Ohmura, Corporate Auditor [Seal]
Takashi Setogawa, Corporate Auditor [Seal]

End