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

Consolidated Financial Results for Fiscal Year 2013 [Japanese GAAP]

May 9, 2014

Company name: JX Holdings, Inc.
Code number: 5020
Stock Exchange Listings: Tokyo and Nagoya
URL: http://www.hd.jx-group.co.jp/
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Scheduled date of ordinary general meeting of shareholders : June 26, 2014
Scheduled date of filing of Securities Report : June 26, 2014
Scheduled date of commencement of dividend payments : June 27, 2014
Supplemental materials for the financial results : Yes
Financial results presentation : Yes (for institutional investors and analysts)

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

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

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	12,412,013	10.6	213,657	(15.0)	302,329	(7.9)	107,042	(32.9)
FY2012	11,219,474	4.6	251,467	(23.3)	328,300	(19.5)	159,477	(6.5)

(Note) Comprehensive income : FY2013: ￥284,036 million < 0.2 %> ; FY2012: ￥283,345 million < 50.7 %>

	Net income per share	Diluted net income per share	Rate of return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2013	43.05	—	5.2	4.0	1.7
FY2012	64.13	—	8.7	4.7	2.2

(Reference) Equity in earnings of affiliates : FY2013:￥54,593 million ; FY2012:￥59,698 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2013	7,781,775	2,626,294	27.4	858.66
FY2012	7,274,891	2,327,432	26.7	781.30

(Reference) Shareholders' equity : FY2013:￥2,135,058 million ; FY2012:￥1,942,754 million

(3) Consolidated Cash Flows

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	305,153	(479,793)	180,080	280,069
FY2012	265,571	(426,110)	154,104	249,131

2. Dividends

	Annual cash dividend per share					Total dividend amount	Dividend payout ratio (Consolidated)	Dividends on equity ratio (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2012	—	8.00	—	8.00	16.00	39,838	24.9	2.2
FY2013	—	8.00	—	8.00	16.00	39,838	37.2	2.0
FY2014 (Forecast)	—	8.00	—	8.00	16.00		36.2	

3. Forecasts of Consolidated Results for Fiscal Year 2014 (From April 1, 2014 to March 31, 2015)

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

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half of FY2014	5,500,000	(4.8)	(30,000)	—	0	—	0	—	—
FY2014	11,720,000	(5.6)	145,000	(32.1)	210,000	(30.5)	110,000	2.8	44.24
Income excluding inventory valuation factors* (FY2014)			205,000	117.2	270,000	47.5			
(FY2013)			94,400		183,000				

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

Explanatory Notes

(1) Changes in the number of material subsidiaries during the term under review : None

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

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

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

(3) Number of shares issued (Common stock)

(i) Number of issued shares at the end of the period (including treasury stocks)
FY2013 ended March 31, 2014 : 2,495,485,929 shares
FY2012 ended March 31, 2013 : 2,495,485,929 shares

(ii) Number of treasury stocks at the end of the period
FY2013 ended March 31, 2014 : 8,981,945 shares
FY2012 ended March 31, 2013 : 8,906,760 shares

(iii) Average number of shares issued during the period
FY2013 ended March 31, 2014 : 2,486,541,938 shares
FY2012 ended March 31, 2013 : 2,486,626,705 shares

【Reference】Overview of Non-consolidated Results

Non-consolidated Results for the Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)

(1) Operating Results (Non-consolidated Basis)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	50,663	0.0	41,753	1.1	44,274	2.8	43,482	92.9
FY2012	50,661	40.7	41,319	56.5	43,089	53.0	22,537	419.6

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013	17.46	—
FY2012	9.05	—

(2) Financial Position (Non-consolidated Basis)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2013	3,240,965	1,267,484	39.1	509.06
FY2012	3,101,283	1,249,950	40.3	502.01

(Reference) Shareholders' equity : FY2013:￥1,267,484 million ; FY2012:￥1,249,950 million

Information Regarding the Status of Audit Procedures Performance

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

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

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

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

  Friday, May 9, 2014···· The presentation of financial results for institutional investors and analysts

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

I. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Consolidated Operating Results for this Fiscal Year)

Overview

<Circumstances surrounding JX Group>

The global economy this fiscal year witnessed a moderate recovery in the U.S. economy due to an improvement in the unemployment rate and steady personal consumption, and also witnessed a maintained high growth rate in the economies of China and other Asian nations, although there was some slow-down. In Japan, consumer confidence improved after receiving a boost from the improvement in corporate earnings and high stock prices as a result of the weaker yen. Consequently, consumer spending grew and public investment also expanded. Thus, the Japanese economy was on a moderate track to recovery.

Under those economic circumstances, although the supply-demand balance has been relaxing on a global basis due to the increase in supply in the U.S., the Dubai crude oil price, which is the commonly-used crude oil index price in Asia, remained at a high level, at around the 100 dollars per barrel range, throughout the fiscal year because of the continued volatile situation in the Middle East and North Africa, and for other reasons. Petroleum products in Japan saw decreased demand for gasoline and heavy oil A as a result of the diffusion of fuel-efficient vehicles and a shift in fuel development. In addition, the demand for heavy oil C and crude oil greatly decreased due to construction of new thermal power generation facilities, which use coals for fuel. Consequently, overall petroleum product demand in Japan has decreased over the previous fiscal year. Under these circumstances, a heated competitive environment and excessive supply caused the market for gasoline, heavy oil A, and other petroleum products to remain in a slump throughout the fiscal year. In contrast, the demand for petrochemical products in Asia has increased driven by the Asian area’s economic development.

Global copper demand continued to grow because domestic demand moved steadily in China, despite its decreased growth rate. The LME (London Metal Exchange) price for copper, which is the international index price for copper, moved below the previous fiscal year’s level due to a market forecast indicating that supply would exceed demand in the foreseeable future. Consequently, the average price for the fiscal year was approximately 7,100 dollars per ton.

Under these severe business conditions, the JX Group has implemented various measures in each business field in order to accomplish business targets contained in the Second Medium-Term Management Plan (from fiscal year 2013 to 2015).

<Summary of Consolidated Business Results>

The consolidated business results for this fiscal year consisted of net sales of 12,412.0 billion yen (a 10.6% increase from the previous fiscal year), ordinary income of 302.3 billion yen (a 7.9% decrease from the previous fiscal year), and net income of 107.0 billion yen (a 32.9% decrease from the previous fiscal year). Ordinary income excluding inventory valuation factors (the impact of inventory valuation on the cost of sales by using the average method), was 183.0 billion yen (a 32.5% decrease from the previous fiscal year).

The overview of each segment is as described below.

We have changed the reporting segment of the titanium business, which was included in the "Other" category in the previous fiscal year, to the "Metals" segment due to a change in our business management system. As a result of this segment category change, the segment information for FY 2012 was prepared based on the category after the change.

Energy Business

In the Energy business, we focus on providing various types of energy as an "energy conversion company," establishing our presence in overseas markets, and acquiring demand for high-value added products based on our unique technological skills, in addition to strengthening the profitability from the petroleum refining and sales activities, which are our core business. In this fiscal year, while a structural reduction in petroleum product demand in Japan was ongoing, we strived to strengthen our competitiveness by integrating the operations of the refineries and manufacturing facilities of the JX Group after looking to the future business environment as a result of our response to the Law Concerning Sophisticated Methods of Energy Supply Structures * (the end of March 2014). Further, we actively promoted our overseas business activities in order to take advantage of the expanding demand in emerging nations for products such as petrochemical products and lubricants, the outline of which is as follows:

* The Law Concerning Sophisticated Methods of Energy Supply Structures: an act that imposes an obligation on petroleum business operators to increase the ratio of heavy oil dissolving equipment capacity to a required level in relation to crude oil refining capacity in order to promote the efficient use of fossil fuels.

- **Business restructuring of the Muroran Refinery**

  In order to decrease the oil refining capacity of the entire JX Group to an appropriate level, and to enhance the operation rates of all our refineries, as well as to increase production of high-value added products, we decided to suspend crude oil treatment at the Muroran Refinery at the end of March in 2014, and to manufacture raw material for paraxylene as a petrochemical product manufacturing facility, and to conduct other activities of a similar type. Even after suspending the crude oil treatment, we expanded our commodity distribution alliance with Idemitsu Kosan Co., Ltd. in order to further ensure the stable supply of petroleum products to the Hokkaido area.

- **Strengthening the Kashima Refinery's competitiveness**

  We decided to construct a "Solvent De-Asphalting" facility at the Kashima Refinery in order to produce raw material for higher-value added petrochemical products and gas oil separately from heavy oil fraction, which has become excessive due to a decrease in demand. Further, in order to engage in the power generation business by using residual oil which remained after separation by the device, we decided to establish a power generation facility in the Kashima Complex, and we proceeded with this construction with the goal of completing it by the end of fiscal year 2015.

- **Enhancing the paraxylene manufacturing system**

  In order to further enhance our presence as a top manufacturer in the Asian paraxylene market, where the demand for paraxylene is expected to grow, we completed construction of a paraxylene manufacturing device having the world's highest manufacturing capacity (approximately 1 million ton/year) jointly with the SK Group of South Korea in Ulsan Metropolitan City, South Korea, and we steadily advanced preparations to commence commercial production of paraxylene.

● **Efforts to expand our business overseas**

We entered the gas oil import and sales business in Indonesia, where the demand for fuel oil is expected to increase due to its economic growth.

In terms of our lubricants business, we commenced commercial production of lubricants at the new lubricant manufacturing plant constructed in Hai Phong City in Vietnam. In addition, we established a representative office in Johannesburg City in South Africa.

Further, in order to promote the development of new business in South East Asia, we established the "Business Development Dept., South East Asia", which is part of the head office function, in Singapore in April 2014.

<Business Results for the Energy Business>

Under these conditions, in the Energy business, net sales were 10,755.0 billion yen (a 10.9% increase from the previous fiscal year), and ordinary income was 108.2 billion yen (a 33.0% decrease from the previous fiscal year) due partly to a deterioration in petroleum product margins. Ordinary income or loss excluding inventory valuation factors was a loss of 7.9 billion yen (a profit of 102.8 billion yen in the previous fiscal year).

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

In line with our basic policy whereby we will aim to develop sustainably while thoroughly managing business risks, we have set up a production target of 200,000 BOED by 2020. In this fiscal year, in order to further strengthen our business foundation, we decided to develop additional oil and gas fields in blocks where we are acting as an operator, and we have managed to extend the term of our production sharing contract in one of the blocks. Further, we are working towards commencing production for projects that are currently under development as soon as possible, and actively promoting the exploration business for our growth. The outline of which is as follows:

● **Decision on additional development of fields and extension of the production sharing contract term in the block**

The Vietnamese government approved our plan to develop the Rand Dong oil field by using a technology that enhances the crude oil recovery rate by injecting hydrocarbon gas into an oil reservoir (HCG-EOR), and also approved a five-year extension of the production sharing contract term in the block. In addition, the Malaysian government has approved our plan to develop the Layang field, which was discovered in the same block as that of the Helang gas field, integrally with the Helang gas field, and we decided to move the Layang field into the development stage in preparation for commencing production in 2016.

● **Activities to commence production after deciding development**

In Papua New Guinea, in order to commence natural gas supply in 2014, we constructed a natural gas liquefaction plant. In addition, we proceeded to lay pipeline in order to commence production from the Kinnoull oil field in the U.K. North Sea by the end of 2014. We also proceeded with preparations to commence production from the Mariner oil field in the U.K. North Sea, the participation interest in which we acquired in fiscal 2012, by the end of 2017, including designing facilities and procuring equipment.

- **Acquisition of participation interests in new exploration blocks**

  In Malaysia, which we have positioned as one of the "core countries"*, we acquired participation interests in two exploration blocks. The Malaysian government acknowledged our amicable relationship, and the exploration knowledge and technologies that we are promoting, and it was decided that we will act as the operator in one of those blocks. Consequently, we now act as the operator in Malaysia of three exploration projects in total. In addition, during this fiscal year, we acquired two participation interests in two exploration blocks in Australia and Denmark (Greenland), respectively.

  * "Core countries" means countries in which our business is expected to continue to expand in the future by taking advantage of the business foundation currently held and the knowledge accumulated.

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

Under these conditions, in the Oil and Natural Gas E&P business, net sales were 202.2 billion yen (a 16.8% increase from the previous fiscal year) due partly to the effect of the weaker yen, and ordinary income was 105.5 billion yen (a 12.7% increase from the previous fiscal year).

Metals Business

Our Metals business engages in the copper business, the electronic materials business, the recycling and environmental services business, and the titanium business, aiming to become a global resources and materials company based on copper.

In the resource development sector of the copper business, due to a drop in the price of copper, we had no choice but to enter an impairment loss in development assets. However, based on the forecast that demand would be steady in the long run and that the price would also recover, we promoted projects overseas in Chile and elsewhere. In the smelting sector, we strived to improve income by improving copper concentrate purchasing conditions and import prices, increasing production efficiency, and by other means. Further, in the electronic materials business, we worked on the expansion of production overseas responding to our customers' outward shift, strengthening out-market development power, such as the development of new markets and new uses, and production cost reduction in the existing product lines. In the recycling and environmental services business, we strived to expand raw material collection from overseas and improve operational efficiency, and we commenced a new business in low-concentration PCB treatment. Further, regarding the titanium business, given that demand is slumping due to heavy users' inventory adjustments, we strived to improve production efficiency and reduce costs. The following is an outline of the above:

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

  In May 2013, in the Caserones Copper and Molybdenum Deposit Development Project in Chile, we commenced sales of electrolytic copper produced by the SX-EW method.* In this project, due to unexpected bad weather and labor disputes, the construction work was delayed. However, in May 2014, the construction of the main production facility for copper concentrate was completed. With these developments we moved a step closer to the establishment of a production system based on safe and stable operations.

  * SX-EW method: a method to produce electrolytic copper by melting copper by pouring weak acid solutions on copper ores, and electrolyzing the liquid so generated.

- **Strengthening the supply system for sputtering targets* for semiconductors**

  In July 2013, we completed the construction of the New Longtan Works in Taiwan, which is the world's top semiconductor manufacturing industry park, thereby assembling manufacturing functions to manufacture sputtering targets for liquid-crystal displays in Taiwan as well as adding processing and inspection functions for sputtering targets for semiconductors. As a result of the above, an integrated operation from manufacturing through to sales and technical services became possible for our sputtering target business for both liquid-crystal displays and semiconductors in Taiwan. In addition, regarding the sputtering targets for semiconductors, we strengthened the supply system by using four manufacturing sites—Japan, South Korea, the U.S., and Taiwan.

  * Sputtering target: material for forming metallic thin film used for semiconductors, magnetic recording media, liquid-crystal displays, and the like.

- **Acquiring authorization for low-concentration PCB* treatment business**

  In March 2014, our operating company in Hokkaido acquired authorization from the Minister of the Environment to conduct a low-concentration PCB waste detoxifying treatment business, and it started to treat transformers containing PCB and PCB waste oil. The authorization was the first authorization given to a low-concentration PCB waste treatment business operator in Hokkaido.

  * PCB: polychlorinated biphenyl. PCB is heat-stable oily material which provides excellent electrical insulation. PCB was used in a wide range of areas, including insulation oil for transformers and electric condensers. However, due to its harmful nature, currently, the use of PCB is prohibited.

<Business Results for the Metals Business>

Under these conditions, in the Metals business, net sales were 1,039.1 billion yen (a 7.7% increase from the previous fiscal year) and ordinary income was 47.4 billion yen (a 7.7% increase from the previous fiscal year), due partly to the impact of weaker yen. Further, due to a drop in copper prices, we recorded impairment losses of 34.6 billion yen regarding the assets in both the Caserones Copper and Molybdenum Deposit and Quechua Copper Deposit.

Other Business

Net sales for the other business were 488.6 billion yen (an 8.3% increase from the previous fiscal year), and ordinary income was 38.5 billion yen (a 42.1% increase from the previous fiscal year).

<NIPPO Corporation>

Public civil engineering works projects such as road construction and pavement construction continued to be strong, and signs of recovery have been seen in private capital investment. However, due to the increase in labor costs and raw material prices, the operating environment remained difficult for NIPPO Corporation ("NIPPO"). Despite that situation, NIPPO worked aggressively to obtain orders based on its technological superiority and to strengthen sales of products—such as asphalt mixture—as well as to improve profitability through cost reductions and increasing operational efficiency. Consequently, NIPPO realized an increase in both revenue and profit.

Net sales of each segment specified above include in-house intersegment sales of 72.9 billion yen (69.4 billion yen in the previous fiscal year).

Special Profit & Loss and Net Income

Special profit totaled 16.8 billion yen—including 12.3 billion yen of gain on sales of non-current assets.

Special losses totaled 98.8 billion yen—including 48.8 billion yen of impairment losses pertaining to the relevant copper deposit development project and other facilities; and 12.8 billion yen of losses on disposal of non-current assets.

The above factors resulted in income before income taxes and minority interests of 220.3 billion yen. From this amount, by deducting 94.2 billion yen of income taxes and 19.1 billion yen of minority interests in income, the net income amounted to 107.0 billion yen (a 32.9% decrease from the previous fiscal year).

(Outlook for the Next Fiscal Year)

Regarding the consolidated business results forecasts for the next fiscal year, we expect net sales of 11,720.0 billion yen (a 5.6% decrease from this fiscal year), operating income of 145.0 billion yen (a 32.1% decrease from this fiscal year), ordinary income of 210.0 billion yen (a 30.5% decrease from this fiscal year), and net income of 110.0 billion yen (a 2.8% increase from this fiscal year). The operating income and ordinary income include the impact (60.0 billion yen) of the inventory valuation to raise the cost of sales by the average method.

This outlook is based on the assumed full fiscal year average of (i) crude oil prices (prices of Dubai crude oil): 100 dollars per barrel, (ii) international copper prices (LME prices): 320 cents per pound (approximately 7,000 dollars per ton), and (iii) the yen to dollar exchange rate: 100 yen.

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

(2) Analysis of Financial Position

(Consolidated Balance Sheet)

(i) Assets: The total assets as of the end of this fiscal year amounted to 7,781.8 billion yen, an increase of 506.9 billion yen from the end of the previous fiscal year due to factors including an increase in non-current assets resulting from the development of the Caserones Copper and Molybdenum Deposit.

(ii) Liabilities: The total liabilities as of the end of this fiscal year amounted to 5,155.5 billion yen, an increase of 208.0 billion yen from the end of the previous fiscal year. The balance of the interest-bearing debt as of the end of this fiscal year amounted to 2,801.7 billion yen, an increase of 252.4 billion yen from the end of the previous fiscal year.

(iii) Net assets: The total net assets as of the end of this fiscal year amounted to 2,626.3 billion yen, an increase of 298.9 billion yen from the end of the previous fiscal year.

The capital adequacy ratio increased 0.7% from the end of the previous fiscal year, and is 27.4%. The amount of the net assets per share is 858.66 yen, a 77.36 yen increase from the end of the previous fiscal year, and the net D/E ratio (net debt equity ratio) is 1.18, which is the same level as that as of the end of the previous fiscal year.

(Consolidated Statements of Cash Flows)

The cash and cash equivalents (the "Funds") at the end of this fiscal year amounted to 280.1 billion yen, an increase of 30.9 billion yen from the beginning of the fiscal year. The status of each cash flow and their contributing factors are as follows.

As a result of marketing activities, the Funds increased by 305.2 billion yen. This is due to factors which increase the Funds, such as income before income taxes and minority interests (220.3 billion yen), and depreciation and amortization (183.6 billion yen), exceeding the factors which decrease the Funds, such as a decrease in notes and accounts payable-trade (84.2 billion yen).

As a result of investment activities, the Funds decreased by 479.8 billion yen. This is mainly due to investments in the Caserones Copper and Molybdenum Deposit development business, and investments in the oil/natural gas development business.

As a result of financial activities, the Funds increased by 180.1 billion yen. This is due to factors including an increase in loans payable to respond to the demands for funds in the Caserones Copper and Molybdenum Deposit development business and the oil/natural gas development business.

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

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

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

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

(4) Risks in the Business, etc.

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

(Risks pertaining to the Entire JX Group)

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

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

(ii) The risk pertaining to the business in China and other Asian countries

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

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

(iii) The risk pertaining to foreign exchange rate fluctuation

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

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

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

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

(v) The risk pertaining to business restructuring

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

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

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

The JX Group requires continuing capital investments as well as investments and loans to maintain and develop its business or to acquire new business opportunities; however, factors such as shortages of cash flows may create complications for the JX Group in implementing these plans. In addition, due to changes in the external environment or other factors, the amount of actual investments may substantially exceed the anticipated amount, or income may not be obtained as planned.

(vii) The risk pertaining to resource development

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

(viii) The risk pertaining to environmental regulations

The JX Group's business is subject to a wide range of environmental regulations, and if according to these regulations, fees for environmental cleanups are levied and environmental pollution occurs, the JX Group may be required to pay fines and damages, or it may become difficult to continue its business operations.

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

(ix) The risk pertaining to business operations

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

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

(x) The risk pertaining to intellectual property rights

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

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

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

(xi) The risk pertaining to interest-bearing debts

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

(xii) The risk pertaining to write-downs of book values due to falls in the profitability of inventories

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

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

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

(xiv) The risk pertaining to information systems

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

(xv) The risk pertaining to building internal control systems

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

(xvi) The risk pertaining to management of personal information

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

(Risks by Segment)

Energy Business

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

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

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

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

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

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

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

(iv) The risk pertaining to valuation of inventories

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

Oil and Natural Gas E&P Business

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

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

(ii) The risk pertaining to securing reserves

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

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

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

Metals Business

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

The JX Group's copper business consists primarily of the copper smelting business, the overseas copper mine development business, and the business of investing in overseas copper mines, each of which are, as described below, affected by fluctuations in market conditions, which may affect the JX Group's financial position and operating results.

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

Smelting margins are determined through negotiations with copper concentrate mines. Smelting margins may decline if copper concentrates fall short in supply, due to degradation of the quality of copper concentrates, and moves toward an oligopoly by major resource companies, and increased demand in China, India, etc. In addition, the mine purchasing agreement that the JX Group has concluded is in U.S. dollars; therefore, if the yen appreciates, the smelting margins will decline and may affect the operating results of the JX Group.

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

In addition, regarding the overseas copper mine development business and the business of investing in overseas copper mines, the prices of copper concentrates, etc. that are sold by the mines which the JX Group develops or invests in are determined based on international prices of electrolytic copper; therefore, if the international prices fall, the JX Group's financial position and operating results may be affected.

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

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

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

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

(iv) The risk pertaining to fluctuations in procurement prices of raw materials for the electronic materials business

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

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

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

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

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

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

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

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

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

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

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

Other Business

- **The risk pertaining to demand fluctuation in the construction business**

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

II. The Corporate Group

Below are the descriptions of the principal businesses operated by the corporate group (the Company, 142 consolidated subsidiaries, and 31 affiliates accounted for by the equity method (indicated * symbols)) having the Company as its holding company, and the positions that main affiliates take in those principle businesses

(As of March 31, 2014)

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

(1) In April 2014, JX Tanker Co., Ltd. merged with JX SHIPPING CO., LTD., and changed its trade name to "JX Ocean Co., Ltd."

(2) We have changed the reporting segment of the titanium business, which was included in the "Other" category in the previous fiscal year, to the "Metals" segment from this fiscal year due to a change in our business management system.

The following is the illustration of the corporate group (as of March 31, 2014).

JX Holdings. Inc.

Energy

Core Operating Company

JX Nippon Oil & Energy Corporation

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

Storage and transportation of crude oil and petroleum products
- JX Nippon Oil & Energy Staging Terminal Corporation
- JX Tanker Co., Ltd.,
- Nippon Global Tanker Co., Ltd.
- JX SHIPPING CO., LTD.
- *Showa Nittan Corp.
- *Japan Oil Transportation Co., Ltd.

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

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

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

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

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

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

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

Oil and Natural Gas Exploration and Production

Core Operating Company

JX Nippon Oil & Gas Exploration Corporation

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

Metals

Core Operating Company

JX Nippon Mining & Metals Corporation

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

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

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

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

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

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

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

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

Other

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

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

Land transportation
- *Maruwn Corporation

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

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

Undertaking of finance-related services
- JX Nippon Finance Corporation

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

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

III. Management Policies

(1) Basic Policies for the Management of the Company

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

【JX Group Slogan】

The Future of Energy, Resources and Materials

【JX Group Mission Statement】

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

【JX Group Values】

Our actions will respect the EARTH.

Ethics

Advanced ideas

Relationship with society

Trustworthy products/services

Harmony with the environment

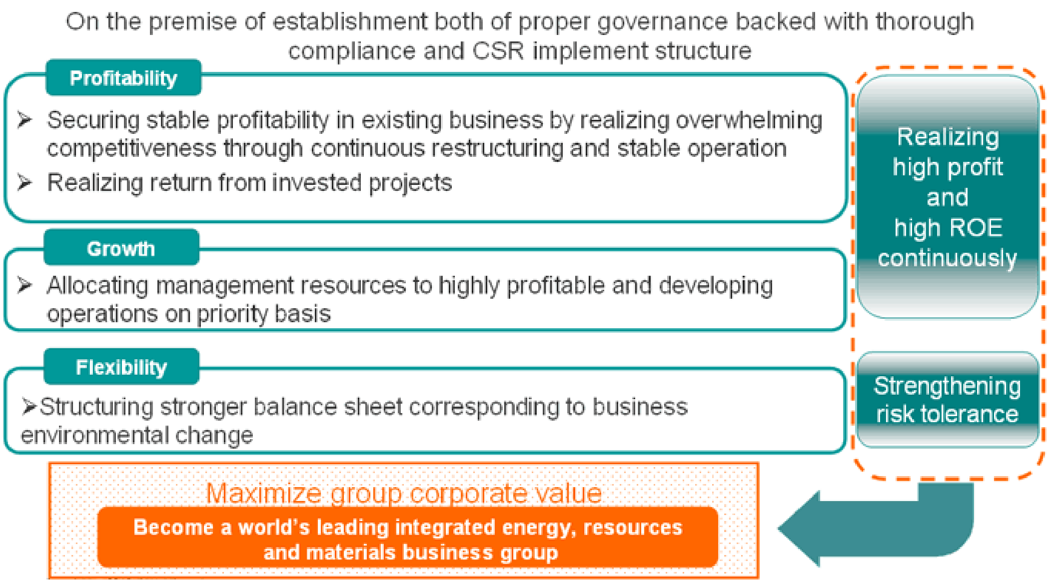
The JX Group will continue to develop, to become a world-leading "integrated energy, resources, and materials business group," by conducting its business every day based on this "JX Group Mission Statement."

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

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

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

Basic Policy



Key Factors and Targets

		2nd Mid-Term Mgt. Plan	(Reference) 1st Midi-Term Mgt. Plan
Target	Ordinary Income	400 billion yen or more (FY2015)	300 billion yen or more (FY2012)
	ROE	10% or higher (FY2015)	10% or higher (FY2012)
	Net D/E Ratio	0.9 times or lower (FY2015)	1.0 times or lower (FY2012)
	CAPEX (plan)	1,300+ α billion yen (FY2013-2015 total)	960 billion yen (FY2010-2012 total)

*Utilizing " α " for additional strategic investment project corresponding to business environmental change

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

(3) Matters the Company should address

Taking a view of the business environment in terms of the global economy, stable growth is expected in the United States, and the economic growth momentum in Asian countries is anticipated to continue. The Japanese economy will temporarily move downward due to the consumption-tax hike; however, it is expected to recover moderately with an increase in exports in the context of overseas economic recovery, coupled with the effect of the policies of the Japanese government towards emergence from deflation and growth.

Under these circumstances, the domestic copper demand is expected to move steadily against the backdrop of demand driven by the earthquake reconstruction effort and economic recovery. On the other hand, the domestic demand for petroleum products is anticipated to inevitably go into a structural decrease, due to such factors as the decline in population, low birthrate and rapid aging of society, the diffusion of fuel-efficient vehicles, and the development of a shift in fuel sources. Although conditions in the domestic petroleum product market are expected to improve temporarily as the domestic petroleum refining capability has been reduced pursuant to the Law Concerning Sophisticated Methods of Energy Supply Structures there may be a return to difficult conditions for the market in the middle- to long-term.

In contrast, in Asia and other emerging nations, demand for petroleum products (such as fuel oils and lubricants), petrochemical products (such as paraxylene, benzene and propylene) and copper products (such as electric wires rolled copper and copper alloy products) is expected to grow with the population increase, progress of infrastructure development, and diffusion of automobiles. Further, crude oil and copper prices are expected to remain steady against the backdrop of such growing demand, although there may be temporary fluctuations.

In the aforementioned business environment, in the energy business, the JX Group's urgent task must be to secure margins for petroleum products in the domestic market as demand further declines, as well as to take in growing demand for petroleum and petrochemical products in overseas markets. In terms of the oil and natural gas E&P business, the JX Group recognizes that it is imperative to launch production in each development project as soon as possible, and to increase reserves mainly by new exploration activities. In terms of the metals business, the JX Group considers it a vital task to establish an integrated operation system from the upstream through to the mid- and downstream, by launching full-scale production in the Caserones mine as soon as possible.

With the above in mind, the JX Group is committed to work on the following key measures in Fiscal Year 2014, pursuant to the basic policy prescribed in the Second Medium-Term Management Plan. As a first step, the JX Group will, in the energy business, focus on implementing sales measures commensurate with fluctuations in demand and exports in a flexible manner to stabilize margins, which is the largest task. The JX Group will also work to reinforce the competitiveness of refineries, including by constructing the Solvent De-Asphalting facility in the Kashima Refinery, and to turn the paraxylene manufacturing business with the SK Group into a profit-generating operation at an early stage. Next, the JX Group will, in the oil and natural gas E&P business, bring about a launch of production in the projects that are under development in Papua New Guinea and the U.K. North Sea at an early stage, as well as securely execute new exploration activities in Qatar, Malaysia and other locations. In the metals business, the JX Group will launch full-scale production of copper concentrates in the Caserones mine as soon as possible, and will work to increase production efficiency and profitability in the smelting operation utilizing those copper concentrates.

As described above, the JX Group will take a leap forward to become a world-leading “integrated energy, resources, and materials business group” by overcoming difficulties through continued commitment to “creation” and “innovation,” utilizing its strength of being a player in a variety of business fields and flexibly responding to the changes in the environment.

IV.Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Account title	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Assets		
Current assets:		
Cash and deposits	250,098	281,733
Notes and accounts receivable-trade	1,339,210	1,401,114
Inventories	1,819,312	1,797,189
Deferred tax assets	74,865	27,566
Other	255,607	260,178
Allowance for doubtful accounts	(1,299)	(2,196)
Total current assets	3,737,793	3,765,584
Non-current assets:		
Property, plant and equipment:		
Buildings, structures and oil tanks	1,551,354	1,595,183
Accumulated depreciation	(1,166,543)	(1,176,967)
Buildings, structures and oil tanks, net	384,811	418,216
Machinery, equipment and vehicles	2,786,576	2,913,409
Accumulated depreciation	(2,315,090)	(2,387,889)
Machinery, equipment and vehicles, net	471,486	525,520
Land	965,353	960,203
Construction in progress	320,727	436,876
Other	141,790	146,712
Accumulated depreciation	(93,484)	(98,336)
Other, net	48,306	48,376
Total property, plant and equipment	2,190,683	2,389,191
Intangible assets:		
Goodwill	19,446	16,674
Other	115,399	116,005
Total intangible assets	134,845	132,679
Investments and other assets:		
Investments in securities	663,117	713,646
Long-term loans receivable	21,103	40,499
Deferred tax assets	50,241	68,765
Exploration and development investments	403,564	600,387
Other	85,053	81,392
Allowance for doubtful accounts	(11,508)	(10,368)
Total investments and other assets	1,211,570	1,494,321
Total non-current assets	3,537,098	4,016,191
Total assets	7,274,891	7,781,775

(Millions of yen)

Account title	FY 2012 (As of March 31, 2013)	FY 2013 (As of March 31, 2014)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	892,965	884,486
Short-term borrowings	841,863	1,079,713
Commercial papers	449,000	450,000
Current portion of bonds	45,615	30,480
Accounts payable-other	763,732	687,043
Income taxes payable	27,566	32,262
Other provision	47,578	32,916
Asset retirement obligations	1,655	1,351
Other	247,511	256,637
Total current liabilities	3,317,485	3,454,888
Non-current liabilities:		
Bonds payable	192,960	187,480
Long-term loans payable	1,019,817	1,054,020
Deferred tax liabilities	134,005	143,900
Provision for retirement benefits	93,860	—
Net defined benefit liability	—	89,357
Provision for repairs	58,277	62,051
Other provision	6,198	12,705
Asset retirement obligations	61,578	86,763
Other	63,279	64,317
Total non-current liabilities	1,629,974	1,700,593
Total liabilities	4,947,459	5,155,481
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,711	746,711
Retained earnings	1,053,576	1,119,478
Treasury stock	(3,854)	(3,893)
Total shareholders' equity	1,896,433	1,962,296
Accumulated other comprehensive income:		
Unrealized gain on securities	35,260	51,312
Unrealized gain on hedging derivatives	7,768	5,551
Foreign currency translation adjustments	3,293	113,204
Remeasurements of defined benefit plans	—	2,695
Total accumulated other comprehensive income	46,321	172,762
Minority interests	384,678	491,236
Total net assets	2,327,432	2,626,294
Total liabilities and net assets	7,274,891	7,781,775

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Account title	FY 2012 (from April 1, 2012 to March 31, 2013)	FY 2013 (from April 1, 2013 to March 31, 2014)
Net sales	11,219,474	12,412,013
Cost of sales	10,431,380	11,637,633
Gross profit	788,094	774,380
Selling, general and administrative expenses	536,627	560,723
Operating income	251,467	213,657
Non-operating income:		
Interest income	2,611	3,251
Dividends income	31,999	36,659
Foreign currency exchange gain	—	5,225
Equity in earnings of affiliates	59,698	54,593
Other	29,557	29,335
Total non-operating income	123,865	129,063
Non-operating expenses:		
Interest expense	25,244	23,815
Foreign currency exchange loss	7,772	—
Other	14,016	16,576
Total non-operating expenses	47,032	40,391
Ordinary income	328,300	302,329
Special income:		
Gain on sales of non-current assets	9,813	12,273
Gain on sales of investments in securities	287	4,208
Other	5,290	305
Total special income	15,390	16,786
Special loss:		
Loss on sales of non-current assets	2,706	3,240
Loss on disposal of non-current assets	12,046	12,788
Impairment loss	25,810	48,830
Loss on valuation of investments in securities	2,204	8,668
Expenses for special measures for suspended or abandoned mines	—	10,460
Loss on step acquisitions	1,939	—
Other	26,945	14,798
Total special loss	71,650	98,784
Income before income taxes and minority interests	272,040	220,331
Income taxes-current	72,493	80,255
Income taxes-deferred	8,487	13,921
Total income taxes	80,980	94,176
Income before minority interests	191,060	126,155
Minority interests in income	31,583	19,113
Net income	159,477	107,042

Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	FY 2012 (from April 1, 2012 to March 31, 2013)	FY 2013 (from April 1, 2013 to March 31, 2014)
Income before minority interests	191,060	126,155
Other comprehensive income:		
Unrealized loss on securities	12,143	17,146
Unrealized gain (loss) on hedging derivatives	1,903	(2,192)
Foreign currency translation adjustments	58,181	112,284
Share of other comprehensive income of affiliates accounted for by equity method	20,058	30,643
Total other comprehensive income	92,285	157,881
Comprehensive income	283,345	284,036
Comprehensive income attributable to:		
Shareholders of JX Holdings, Inc.	238,166	230,788
Minority interests	45,179	53,248

(3) Consolidated Statements of Changes in Net Assets

FY 2012 (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the end of previous period	100,000	746,711	933,573	(3,722)	1,776,562
Changes of items during the period					
Dividends from surplus			(39,838)		(39,838)
Net income			159,477		159,477
Purchase of treasury stock				(26)	(26)
Disposal of treasury stock				1	1
Change in equity in affiliates accounted for by the equity method-treasury stock				(107)	(107)
Change of scope of consolidation			(132)		(132)
Change of scope of equity method			496		496
Change in equity by merger of affiliates accounted for by the equity method					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	120,003	(132)	119,871
Balance at the end of current period	100,000	746,711	1,053,576	(3,854)	1,896,433

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized gains or losses on securities	Unrealized gains or losses on hedging derivatives	Foreign currency translation adjustments	Remeasurem-ents of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	24,802	5,928	(63,089)	—	(32,359)	300,549	2,044,752
Changes of items during the period							
Dividends from surplus							(39,838)
Net income							159,477
Purchase of treasury stock							(26)
Disposal of treasury stock							1
Change in equity in affiliates accounted for by the equity method-treasury stock							(107)
Change of scope of consolidation							(132)
Change of scope of equity method							496
Change in equity by merger of affiliates accounted for by the equity method							
Net changes of items other than shareholders' equity	10,458	1,840	66,382	—	78,680	84,129	162,809
Total changes of items during the period	10,458	1,840	66,382	—	78,680	84,129	282,680
Balance at the end of current period	35,260	7,768	3,293	—	46,321	384,678	2,327,432

FY 2013 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the end of previous period	100,000	746,711	1,053,576	(3,854)	1,896,433
Changes of items during the period					
Dividends from surplus			(39,838)		(39,838)
Net income			107,042		107,042
Purchase of treasury stock				(40)	(40)
Disposal of treasury stock				1	1
Change in equity in affiliates accounted for by the equity method-treasury stock					
Change of scope of consolidation					
Change of scope of equity method					
Change in equity by merger of affiliates accounted for by the equity method			(1,302)		(1,302)
Net changes of items other than shareholders' equity					
Total changes of items during the period	―	―	65,902	(39)	65,863
Balance at the end of current period	100,000	746,711	1,119,478	(3,893)	1,962,296

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized gains or losses on securities	Unrealized gains or losses on hedging derivatives	Foreign currency translation adjustments	Remeasurem-ents of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	35,260	7,768	3,293	―	46,321	384,678	2,327,432
Changes of items during the period							
Dividends from surplus							(39,838)
Net income							107,042
Purchase of treasury stock							(40)
Disposal of treasury stock							1
Change in equity in affiliates accounted for by the equity method-treasury stock							
Change of scope of consolidation							
Change of scope of equity method							
Change in equity by merger of affiliates accounted for by the equity method							(1,302)
Net changes of items other than shareholders' equity	16,052	(2,217)	109,911	2,695	126,441	106,558	232,999
Total changes of items during the period	16,052	(2,217)	109,911	2,695	126,441	106,558	298,862
Balance at the end of current period	51,312	5,551	113,204	2,695	172,762	491,236	2,626,294

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Account title	FY 2012 (from April 1, 2012 to March 31, 2013)	FY 2013 (from April 1, 2013 to March 31, 2014)
Cash flows from operating activities:		
Income before income taxes and minority interests	272,040	220,331
Depreciation and amortization	180,363	183,623
Amortization of goodwill	2,876	1,973
Increase (decrease) in provision for repairs	7,803	3,774
Interest and dividends income	(34,610)	(39,910)
Interest expenses	25,244	23,815
Equity in (earnings) losses of affiliates	(59,698)	(54,593)
Loss (gain) on sales and disposal of non-current assets	4,939	3,755
Impairment loss	25,810	48,830
Loss (gain) on valuation of investments in securities	2,204	8,668
Loss (gain) on sales of investments in securities	(143)	(4,051)
Decrease (increase) in notes and accounts receivable-trade	(3,126)	(47,734)
Decrease (increase) in inventories	(118,836)	32,936
Increase (decrease) in notes and accounts payable-trade	(42,561)	(84,205)
Other, net	56,488	37,165
Subtotal	318,793	334,377
Interest and dividends income received	69,326	93,026
Interest expenses paid	(26,498)	(29,715)
Payments for loss on disaster	(19,716)	(4,620)
Payments for special extra retirement payments	(7,863)	—
Income taxes paid	(68,471)	(87,915)
Net cash provided by (used in) operating activities	265,571	305,153
Cash flows from investing activities:		
Purchase of investments in securities	(30,735)	(11,790)
Proceeds from sales of investments in securities	2,064	7,793
Purchase of property, plant and equipment	(312,029)	(309,963)
Proceeds from sales of property, plant and equipment	23,090	19,447
Purchase of intangible assets	(16,008)	(12,909)
Decrease (increase) in short-term receivables, net	2,097	(6,771)
Payments of long-term receivable	(16,199)	(27,051)
Collection of long-term receivable	13,567	5,977
Increase in cost of exploration and production of oil and related assets	(79,287)	(134,273)
Other, net	(12,670)	(10,253)
Net cash provided by (used in) investing activities	(426,110)	(479,793)

(Millions of yen)

Account title	FY 2012 (from April 1, 2012 to March 31, 2013)	FY 2013 (from April 1, 2013 to March 31, 2014)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	139,880	187,357
Increase (decrease) in commercial papers, net	45,000	1,000
Proceeds from long-term loans	184,133	145,453
Repayment of long-term loans	(180,504)	(139,860)
Proceeds from issuance of bonds	30,000	25,000
Redemption of bonds	(46,492)	(46,258)
Proceeds from stock issuance to minority shareholders	50,446	77,199
Cash dividends paid	(39,838)	(39,838)
Cash dividends paid to minority shareholders	(21,392)	(24,476)
Other, net	(7,129)	(5,497)
Net cash provided by (used in) financing activities	154,104	180,080
Effect of exchange rate changes on cash and cash equivalents	14,068	25,244
Net increase (decrease) in cash and cash equivalents	7,633	30,684
Cash and cash equivalents at beginning of year	241,035	249,131
Increase in cash and cash equivalents from newly consolidated subsidiary	92	–
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(43)	–
Increase in cash and cash equivalents resulting from merger	414	254
Cash and cash equivalents at end of year	249,131	280,069

(5) Explanatory Notes to the Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Important Matters Fundamental to Preparation of Consolidated Financial Statements)

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

A. Consolidated subsidiaries 142 companies

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

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

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

C. Affiliates accounted for by the equity method 29 companies

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

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

The balance sheet dates of 48 consolidated subsidiaries, including Japan Vietnam Petroleum Co., Ltd., are December 31. As the difference between their balance sheet dates and our consolidated balance sheet date does not exceed three months, we have used their financial statements as of their balance sheet dates.

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

3. Matters relating to accounting standards

A. Valuation standards and valuation method for important assets

(i) Inventories

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

(ii) Securities

(a) Held-to-maturity bonds

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

(b) Other securities

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

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

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

Valued at fair value

B. Method of depreciation of important depreciable assets

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

The straight-line method is primarily adopted.

(ii) Intangible assets (excluding leased assets)

The straight-line method is primarily adopted.

(iii) Leased assets

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

C. Recording standards for important provisions

(i) Allowance for doubtful accounts

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

(ii) Provision for repairs

To prepare for payment on future repairs, inspection and repair costs are calculated related to oil tanks, machinery and equipment at refineries, and vessels, and the amounts as of the end of the fiscal year are recorded.

D. Accounting method related to retirement benefits

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, the straight-line basis is adopted as the method of attributing expected retirement benefits to the period up to the end of the fiscal year.

(ii) Method of amortizing actuarial gain or loss, and the prior service cost

Prior service cost is amortized as incurred using the straight-line method, principally over 5 years. Actuarial gain or loss is amortized commencing in the subsequent period by the straight-line method, principally over 5 years.

E. The standards for converting important assets and liabilities in foreign currency into Japanese yen

The monetary accounts receivable and accounts payable in foreign currency are converted into yen using the spot exchange rate as of the last day of the fiscal year, and the conversion difference is handled as profit or loss. In addition, the assets and liabilities of foreign subsidiaries, etc. are converted into yen using the spot exchange rate as of the last day of the fiscal year. Revenues and expenses of foreign subsidiaries are converted into yen using the average rate during the fiscal year, and the conversion difference is recorded in “foreign currency translation adjustments” and “minority interests” under “net assets” in the balance sheets.

F. The method for important hedge accounting

Deferred hedge accounting is adopted. The designation method is adopted with foreign exchange forward contracts and currency swaps upon satisfaction of this method’s requirements, and the exception method is adopted with interest swaps upon satisfaction of this method’s requirements.

G. Other matters important for preparation of consolidated financial statements

(i) Accounting treatment of consumption tax, etc.

The net tax method is used.

(ii) Application of the consolidated tax payment system

The consolidated tax payment system is applied.

(iii) Accounting treatment of exploration and development investment accounts

Regarding the petroleum and natural gas exploration and development business, acquisition costs of concessions, exploration and development costs, and interest paid until commencement of production are capitalized. After production commences, the accounts are primarily amortized by the units-of-production method.

4. Goodwill amortization method and term

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

5. Cash and cash equivalents in the consolidated statements of cash flows

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

(Changes in Accounting Policies)

(Application of Accounting Standard, etc. for Retirement Benefits)

We have adopted the “Accounting Standard for Retirement Benefits” (The Accounting Standards Board of Japan (ASBJ) Statement No.26, May 17, 2012) (“Accounting Standard”), and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, May 17, 2012) (“Guidance”), effective from the end of the fiscal year (excluding the provisions set forth in the main clause of paragraph 35 of the Accounting Standard, and the main clause of paragraph 67 of the Guidance). As a result, we have changed the accounting method to one that records, as a net defined benefit liability, the amount of retirement benefit obligations after deducting the amount of pension assets. Accordingly, the unrecognized actuarial gain or loss and the unrecognized prior service costs are recorded as a net defined benefit liability.

The Accounting Standard, and other relevant rules are applied in accordance with the transitional measures provided in paragraph 37 of the Accounting Standard. The amount of impact resulting from the changes has been reflected in the remeasurements of defined benefit plans in the accumulated other comprehensive income at the end of the fiscal year.

As a result of these changes, a net defined benefit liability of 89,357 million yen has been recorded at the end of the fiscal year, and the accumulated other comprehensive income has increased 2,695 million yen, with the minority interests being reduced by 189 million yen.

Net assets per share increased 1.08 yen.

(Accounting Standards that Have Not Been Applied)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012)
"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012).

1. Background

   The above accounting standards were amended mainly focusing on the accounting method of unrecognized actuarial gains and losses, and the unrecognized prior service costs, and the calculation method of retirement benefit obligations and current service costs, and enhancement of disclosures.

2. Date of application

   The amendment to the calculation method of retirement benefit obligations and current service costs will be applied, effective from the beginning of the fiscal year ending March 2015. As there are transitional measures for the above accounting standards, the amendment will not be applied retroactively to the consolidated financial statements for the previous terms.

3. Impact of the application of these accounting standards

   We are currently evaluating the amount of impact on consolidated financial statements that may occur as a result of amendments to the calculation method of retirement benefit obligations and current service costs.

(Segment Information, etc.)

a. Segment Information

1. Outline of the Reporting Segments

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

The JX Group, which includes JX Holdings, Inc., as its holding company, is composed of segments corresponding to each product and service based on three core operating companies. The JX Group treats "Energy", "Oil and Natural Gas Exploration and Production ("E&P")", and "Metals" as the reporting segments.

We have changed the reporting segment of the titanium business, which was included in the "Other" category in the previous fiscal year, to the "Metals" segment due to a change in our business management system.

As a result of such segment category change, the segment information for FY 2012 was prepared based on the category after such change.

The business activities not included in the reporting segments are collectively contained in the "Other" category.

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

Energy	Petroleum refining & marketing, basic chemical products, lubricants, specialty & performance chemical products, coal, electricity, gas, and new energy.
Oil and Natural Gas E&P	Oil and natural gas exploration, development and production
Metals	Non-ferrous metal resources development and mining, copper, gold, silver, sulfuric acid, copper foils, materials for rolling and processing, thin film materials, non-ferrous metal recycling and industrial waste treatment, transportation by ships of products, including metal business products, and titanium.
Other	Asphalt paving, civil engineering work, construction work, electric wires, land transportation, real estate leasing business, and affairs common to JX Group companies including fund procurement.

2. Calculation Method for Net Sales, Income and Loss, Assets, Liabilities, and Other Items of the Reporting Segments

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

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

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

Previous Consolidated Fiscal Year (April 1, 2012 – March 31, 2013)

(Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Financial Statements
Net sales:							
Sales to outside customers	9,691,373	173,132	962,523	392,446	11,219,474	-	11,219,474
In-house intersegment sales and transfers	8,276	-	2,327	58,806	69,409	(69,409)	-
Total	9,699,649	173,132	964,850	451,252	11,288,883	(69,409)	11,219,474
Segment income (loss)	161,602	93,608	43,987	27,072	326,269	2,031	328,300
Segment assets	4,744,683	751,546	1,275,807	2,292,893	9,064,929	(1,790,038)	7,274,891
Segment liabilities	3,554,681	418,644	735,557	2,044,963	6,753,845	(1,806,386)	4,947,459
Other items:							
Depreciation and amortization (Note 2)	107,943	31,937	31,824	6,620	178,324	2,039	180,363
Amortization of goodwill	404	1,108	1,250	114	2,876	-	2,876
Interest income	1,382	625	593	15,297	17,897	(15,286)	2,611
Interest expenses	15,923	3,376	3,569	14,351	37,219	(11,975)	25,244
Equity in earnings of affiliates	5,863	9,371	43,455	1,009	59,698	-	59,698
Increase in fixed assets (Note 3)	106,006	84,920	211,815	12,936	415,677	9,575	425,252

(Notes) 1. The adjustments include the following:
(1) The segment income adjustment of 2,031 million yen includes the net amount of 1,936 million yen, which is the income and expenses of entire Company not allocated to the reporting segments or the "Other" category.
(2) The loss of 1,790,038 million yen in the segment assets adjustment is due primarily to eliminating intersegment receivables by offsetting.
(3) The loss of 1,806,386 million yen in the segment liabilities adjustment is due primarily to eliminating intersegment liabilities by offsetting.
(4) The depreciation and amortization adjustment of 2,039 million yen includes 1,611 million yen in asset retirement obligations adjusted due to passage of time (interest costs).
(5) The increase in fixed assets adjustment of 9,575 million yen includes 9,404 million yen in assets that correspond to asset retirement obligations.
2. Depreciation and amortization includes 28,688 million yen in amortization costs for exploration and development investments.
3. The increase in fixed assets includes the 72,544 million yen increase in exploration and development investments contained in "Investments and other assets" in the consolidated balance sheet.
4. Segment income is adjusted to ordinary income stated in the consolidated statement of income.

Current Consolidated Fiscal Year (April 1, 2013 – March 31, 2014) (Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Financial Statements
Net sales:							
Sales to outside customers	10,745,707	202,193	1,036,219	427,894	12,412,013	-	12,412,013
In-house intersegment sales and transfers	9,318	-	2,914	60,677	72,909	(72,909)	-
Total	10,755,025	202,193	1,039,133	488,571	12,484,922	(72,909)	12,412,013
Segment income (loss)	108,235	105,499	47,372	38,469	299,575	2,754	302,329
Segment assets	4,712,885	1,004,360	1,521,385	2,448,033	9,686,663	(1,904,888)	7,781,775
Segment liabilities	3,471,310	579,189	855,731	2,178,432	7,084,662	(1,929,181)	5,155,481
Other items:							
Depreciation and amortization (Note 2)	105,616	37,369	32,981	5,321	181,287	2,336	183,623
Amortization of goodwill	608	1,108	253	4	1,973	-	1,973
Interest income	1,761	543	1,003	14,423	17,730	(14,479)	3,251
Interest expenses	14,343	3,517	3,842	13,837	35,539	(11,724)	23,815
Equity in earnings of affiliates	6,883	6,567	39,644	1,499	54,593	-	54,593
Increase in fixed assets (Note 3)	109,935	152,372	194,907	6,388	463,602	19,819	483,421

(Notes) 1. The adjustments include the following:
(1) The segment income adjustment of 2,754 million yen includes the net amount of 2,712 million yen, which is the income and expenses of entire Company not allocated to the reporting segments or the "Other" category.
(2) The loss of 1,904,888 million yen in the segment assets adjustment is due primarily to eliminating intersegment receivables by offsetting.
(3) The loss of 1,929,181 million yen in the segment liabilities adjustment is due primarily to eliminating intersegment liabilities by offsetting.
(4) The depreciation and amortization adjustment of 2,336 million yen includes 1,893 million yen in asset retirement obligations adjusted due to passage of time (interest costs).
(5) The increase in fixed assets adjustment of 19,819 million yen includes 14,367 million yen in assets that correspond to asset retirement obligations.
2. Depreciation and amortization includes 32,658 million yen in amortization costs for exploration and development investments.
3. The increase in fixed assets includes the 148,865 million yen increase in exploration and development investments contained in "Investments and other assets" in the consolidated balance sheet.
4. Segment income is adjusted to ordinary income stated in the consolidated statement of income.

b. Related Information

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

(1) Net sales

(Millions of yen)

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

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

(2) Property, plant and equipment

(Millions of yen)

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

Current Consolidated Fiscal Year (April 1, 2013 – March 31, 2014)
Information by Region

(1) Net sales

(Millions of yen)

Japan	China	Others	Total
10,400,197	777,038	1,234,778	12,412,013

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Chile	Others	Total
1,762,160	455,020	172,011	2,389,191

c. Information on Impairment Loss

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

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	5,647	–	20,163	–	–	25,810

Current Consolidated Fiscal Year (April 1, 2013 – March 31, 2014) (Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	9,795	–	39,035	–	–	48,830

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

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

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Amortized amount	404	1,108	1,250	114	–	2,876
Unamortized balance	7,744	7,824	3,878	–	–	19,446

Current Consolidated Fiscal Year (April 1, 2013 – March 31, 2014) (Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Amortized amount	608	1,108	253	4	–	1,973
Unamortized balance	7,164	5,819	3,625	66	–	16,674

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Net assets per share (yen)	781.30	858.66
Net income per share (yen)	64.13	43.05
Since no potential shares exist, the diluted net income per share is not stated herein.		

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

	Previous Consolidated Fiscal Year (From April 1, 2012 to March 31, 2013)	Current Consolidated Fiscal Year (From April 1, 2013 to March 31, 2014)
Net income (millions of yen)	159,477	107,042
Amounts not attributable to common shareholders (millions of yen)	—	—
Net income related to the common stock (millions of yen)	159,477	107,042
Average number of shares of common stock during the fiscal year (shares)	2,486,626,705	2,486,541,938

(Important Subsequent Events)

None

V. Others

Changes in Directors, Corporate Auditors, and Executive Officers

Changes in directors and corporate auditors will be officially decided at the ordinary general meeting of shareholders to be held on June 26, 2014.

1. Changes in Directors and Executive Officers Concurrently Serving as Directors

(1) Newly Appointed, Changes in Delegation of Authority, etc.

Date	Name	Current Position	New Position
June 26	Yukio Uchida	Director (Part-time) (Director (Executive Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation)	Director (Executive Vice President and Executive Officer) Assistant to President, responsible for Finance & Investor Relations Dept.
June 26	Junichi Kawada	Director (Senior Vice President and Executive Officer), responsible for General Administration Dept., and Legal & Corporate Affairs Dept.	Director (Senior Vice President and Executive Officer), responsible for Secretariat, General Administration Dept., and Legal & Corporate Affairs Dept.
June 26	Rentaro Tonoike	Director (Senior Vice President and Executive Officer), responsible for Corporate Planning Dept. I	Director (Senior Vice President and Executive Officer), responsible for Corporate Planning Dept. I and II
June 26	Ichiro Uchijima	Director (Senior Vice President and Executive Officer), responsible for Corporate Planning Dept. II and Finance & Investor Relations Dept.	Director (Part-time) (Director (Executive Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation)
June 26	Tsutomu Sugimori	(Director (Senior Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation)	Director (Part-time) (Representative Director and President (President and Executive Officer) of JX Nippon Oil & Energy Corporation)
June 26	Shunsaku Miyake	(Director (Senior Vice President and Executive Officer) of JX Nippon Oil & Energy Corporation)	Director (Part-time) (Representative Director and President (President and Executive Officer) of JX Nippon Oil & Gas Exploration Corporation)

June 26	Shigeru Oi	Director (Senior Vice President and Executive Officer) of JX Nippon Mining & Metals Corporation	Director (Part-time) Representative Director and President (President and Executive Officer) of JX Nippon Mining & Metals Corporation
June 26	Seiichi Kondo	Former Commissioner for Cultural Affairs of Japan	Outside Director

(2) Retiring

Date	Name	Current Position
June 26	Seiichi Isshiki	Director (Part-time) Representative Director and President (President and Executive Officer) of JX Nippon Oil & Energy Corporation
June 26	Shigeo Hirai	Director (Part-time) Representative Director and President (President and Executive Officer) of JX Nippon Oil & Gas Exploration Corporation
June 26	Yoshimasa Adachi	Director (Part-time) Representative Director and President (President and Executive Officer) of JX Nippon Mining & Metals Corporation
June 26	Masahiro Sakata	Outside Director

2. Changes in Corporate Auditors

(1) Newly Appointed

Date	Name	Current Position	New Position
June 26	Takashi Setogawa	Senior Vice President and Executive Officer of JX Nippon Oil & Energy Corporation	Full-time Corporate Auditor
June 26	Naomi Ushio	Professor at Meiji University	Outside Corporate Auditor

(2) Retiring

Date	Name	Current Position
June 26	Hideo Tabuchi	Full-time Corporate Auditor
June 26	Hiroyasu Watanabe	Outside Corporate Auditor
June 26	Mitsudo Urano	Outside Corporate Auditor

3. Changes in Executive Officers not Concurrently Serving as Directors

(1) Newly Appointed

Date	Name	Current Position	New Position
June 26	Hiroji Adachi	(Senior Vice President and Executive Officer of JX Nippon Oil & Energy Corporation)	Senior Vice President and Executive Officer, General Manager of Corporate Planning Dept. I
June 26	Katsuyuki Ota	General Manager of Controller Dept.	Executive Officer, General Manager of Controller Dept.

(2) Retiring

Date	Name	Current Position	Planned Position after Retirement
June 26	Susumu Hara	Executive Officer, General Manager of Corporate Planning Dept. I	(Senior Vice President and Executive Officer of JX Nippon Oil & Energy Corporation)
June 26	Yuji Nakajima	Executive Officer, General Manager of Finance & Investor Relations Dept.	(Corporate Auditor (Full-time) of JX Nippon Oil & Gas Exploration Corporation)

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