Realizing **Our Potential**

Annual Report 2012

Year Ended March 31, 2012

JX Holdings, Inc.

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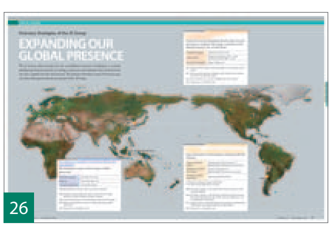

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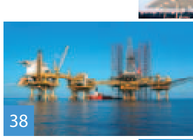

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Cautionary Statement Regarding Forward-Looking Statements

This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statement, due to various factors, including but not limited to, the following:

(1) macroeconomic conditions and changes in the competitive environment in the energy, resources, and materials industries;
(2) changes in laws and regulations; and
(3) risks related to litigation and other legal proceedings.

JX Group Mission Statement

JX GROUP SLOGAN

The Future of Energy, Resources and Materials

JX GROUP SYMBOL

JX GROUP MISSION STATEMENT

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

"JX" is a name which represents the basic philosophy of the Integrated Group.
"J" represents a Japanese and world-leading "integrated energy, resources and materials group," and "X" represents challenges to the unknown, growth and development for the future, and creativity and innovation, among other things.

Opening **Story**

—Becoming a World-Leading Integrated Energy, Resources, and Materials Business Group—

The long-term vision of the JX Group by 2020 is to become a world-leading integrated energy, resources, and materials business group, with operations in Petroleum Refining and Marketing, Oil and Natural Gas Exploration and Production, and Metals, as well as new energy. In all of our business fields, we will endeavor to develop operations that are resistant to market fluctuations and highly evaluated by global standards. Although we face significant challenges, we will focus our comprehensive strengths and strive to make steady progress toward our goals.

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About JX Group

THE BUSINESS STRUCTURE OF THE JX GROUP

The JX Group was established in 2010 through the management integration of Nippon Oil Corporation and Nippon Mining Holdings, Inc. Both of our predecessor companies had been in business for more than 100 years.

Under the leadership of the holding company, JX Holdings, Inc., the Group is aiming to become a world-leading integrated energy, resources, and materials business group with three core business fields—Petroleum Refining and Marketing, Oil and Natural Gas Exploration and Production, and Metals.

JX Holdings

Petroleum Refining and Marketing

JX Nippon Oil & Energy

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

JX Nippon Oil & Gas Exploration

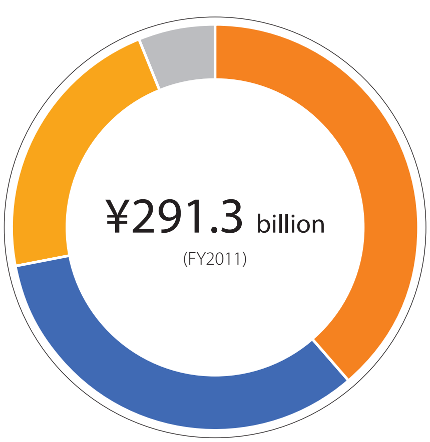
Metals

JX Nippon Mining & Metals

Listed subsidiaries (NIPPO CORPORATION, Toho Titanium Co., Ltd., and others)	Common function subsidiaries	Independent business subsidiaries

WELL-BALANCED PORTFOLIO AMONG THREE CORE BUSINESS FIELDS

We are engaging in a wide range of businesses extending from upstream to downstream, centered on petroleum and copper, and will work to construct an optimal portfolio by allocating management resources to highly profitable and high-growth business fields.

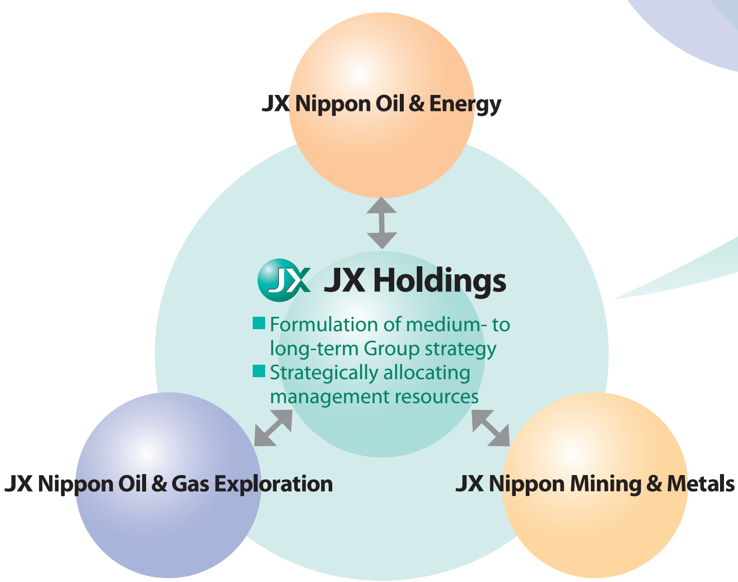


Ordinary Income Excluding Inventory Valuation Factors (FY2011)

Petroleum Refining and Marketing Business	¥112.8 billion	38.7%
Oil and Natural Gas E&P Business	¥97.5 billion	33.5%
Metals Business	¥63.2 billion	21.7%
Listed subsidiaries and others	¥17.8 billion	6.1%

MAXIMIZING CORPORATE VALUE WITH A GROUPWIDE GROWTH STRATEGY

The JX Group, based on sound, transparent corporate governance, is implementing a Groupwide growth strategy and flexible operational activities in response to changes in its business environment. In this way, the Group is aiming to maximize corporate value and become a world-leading integrated energy, resources, and materials business group.



Sound, Transparent Corporate Governance

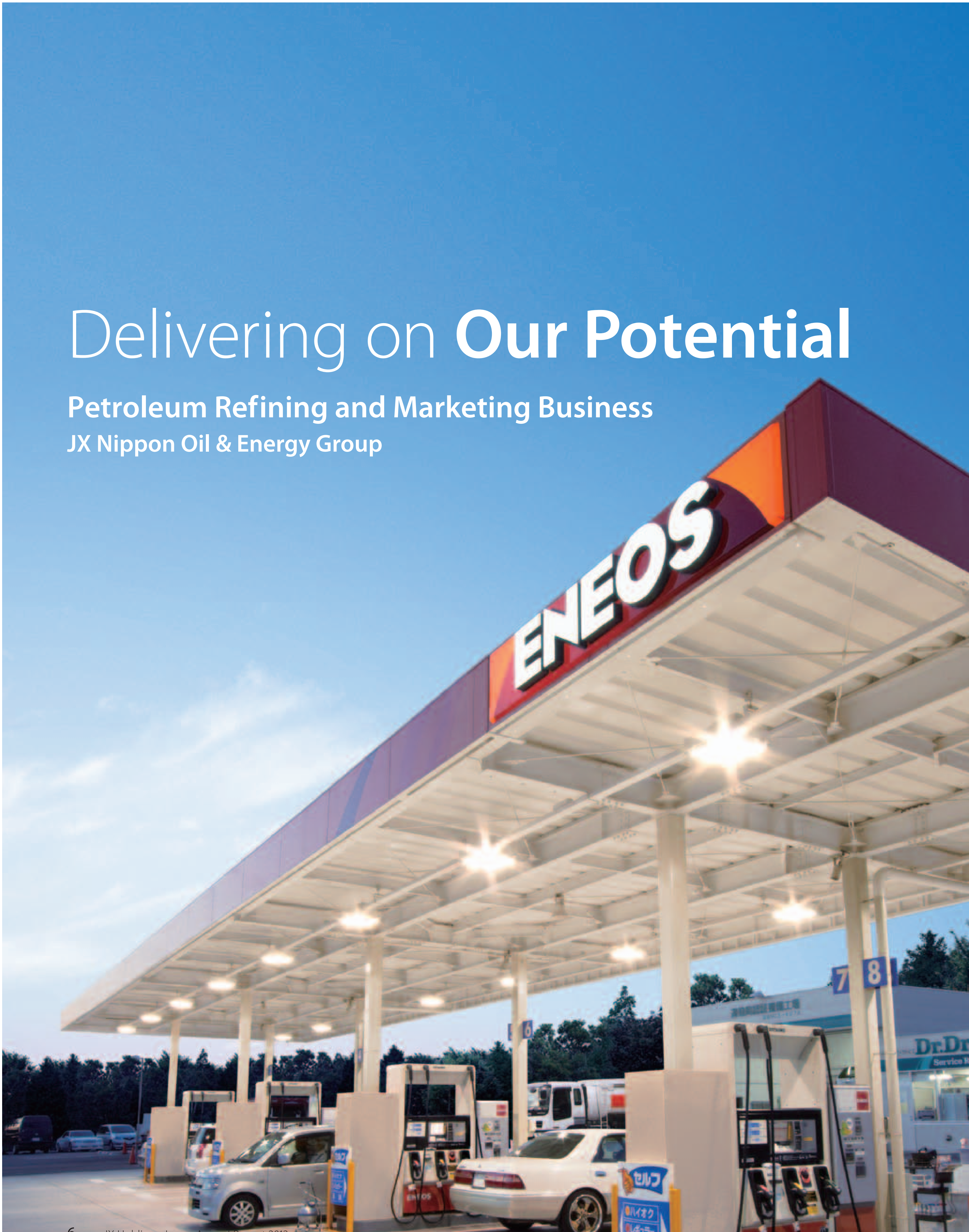
- Implementing a Groupwide growth strategy
- Implementing flexible operational activities in response to changes in the business environment

JX Holdings, as a holding company, formulates medium- to long-term Group strategies and allocates management resources to implement the strategies. The core operating subsidiaries conduct flexible operations in their respective businesses in line with the Group strategies and management resources allocated by JX Holdings.

Delivering on **Our Potential**

Petroleum Refining and Marketing Business

JX Nippon Oil & Energy Group



THE STRENGTHS OF THE JX GROUP

We have a dominant share in the Petroleum Refining and Marketing Business in the domestic market. We are working to establish a stronger business foundation through bolstering our competitiveness.

No.1 Share of Domestic Fuel Sales

We have a dominant position with sales of about 70 million kiloliters of fuel oils a year, a 36% share of fuel oils in the domestic market. With this position, we provide a stable supply of the energy that is indispensable for daily activities in Japan.

No.1 Share of the Domestic Market in the Number of Service Stations

There are about 12,000* ENEOS service stations nationwide, giving us a dominant share of the domestic market, at about 32% of the number of service stations.

*As of March 31, 2012

No.1 Share in Asia in Paraxylene Supply Capacity

We do more than supply the energy needed for consumers and industry. We produce a wide range of chemicals used to make indispensable goods for daily life, from cars and planes to PCs and clothing. Demand for polyester is increasing around the world, and we have the No. 1 supply capacity in Asia for paraxylene, the raw material for polyester.

For further information, please refer to page 28.

Exploring **Our Potential**

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

JX Nippon Oil & Gas Exploration Group

THE STRENGTHS OF THE JX GROUP

Aiming to increase production volume through the use of technologies, experience, and know-how, we are active in regions around the world.

Bases in 14 Countries

We are engaged in exploration, development, and production in 14 countries around the world. Our production of oil and natural gas amounts to 130 thousand barrels of oil equivalent per day.

Making Full Use of Technical Capabilities, Experience, and Know-How

We have a number of successful overseas projects in such locations as Vietnam, Malaysia, and the U.K. North Sea, including projects in which we act as operator. The technologies, experience, and know-how acquired through these activities provide credibility and become the driving force behind the acquisition of new projects.

Promotion of New Technologies

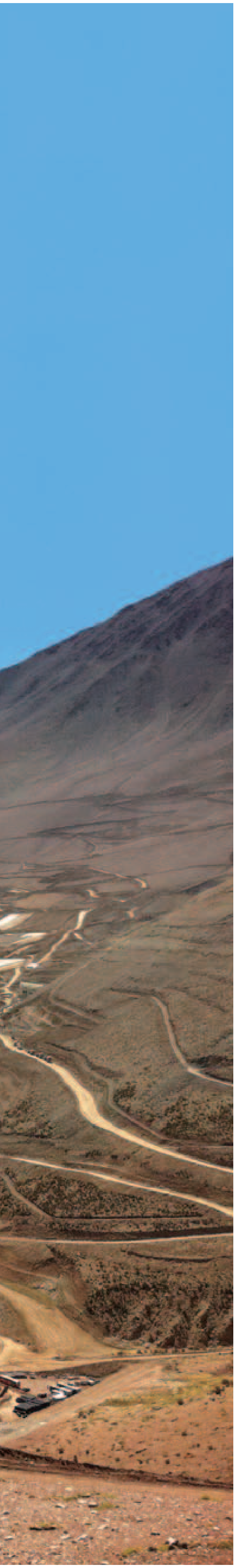
At the Rang Dong Oil Field in Vietnam, associated gas of crude oil production, such as methane, ethane, and propane, had previously been disposed of by burning them at the production site. Now, however, they are recovered and supplied through an undersea pipeline as fuel for electric power generation in Vietnam. Through this technology, it has become possible to reduce the volume of CO_2 emissions from the site by about 800 thousand tons per year.

Moreover, in locations around the world, we are accelerating our initiatives in new technologies, such as CO_2 injection enhanced oil recovery and the successful demonstration of natural gas flow in an ultra-deep prospect.

Developing **Our Potential**

Metals Business

JX Nippon Mining & Metals Group



THE STRENGTHS OF THE JX GROUP

We have stakes in the world's leading copper mines and are engaged in the development of our own mines. With operations in smelting and refining, recycling and environmental services, and electronic materials, we have built an integrated non-ferrous metals business structure with world-leading quantity and quality.

Copper Concentrate Production: 100 Thousand Tons per Year*

We have mining concessions in superior copper mines that rank among the world's top 10. Moreover, we are engaged in the development of our own mines and are currently moving ahead with the Caserones Copper Mine Development Project, in Chile. In this project, we plan to produce 3.55 million tons of copper over the 28 years from 2013 to 2040. For further information, please refer to page 30.

* Equity entitled copper concentrate production volume in 2011 (copper content in copper concentrate)

Refined Copper Production Capacity: 1.17 Million Tons per Year

We have smelting and refining facilities with advanced expertise and world-class production capacities.

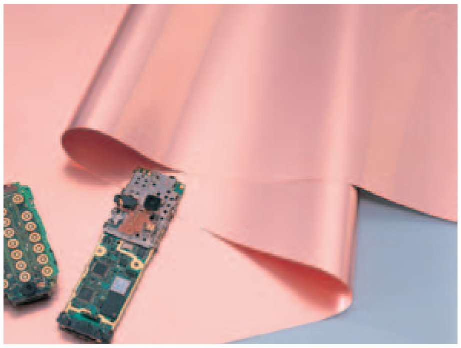
Gold Production Through Recycling: 7 Tons per Year*

On the basis of technologies cultivated in copper smelting and refining operations, we recover non-ferrous metals from recycled materials including used electronic appliances. By effectively developing "urban mines," we are committed to establishing a recycling-oriented society.

* Results in the fiscal year ended March 31, 2012

A Family of Products with No.1 Global Market Share

Leveraging advanced expertise and know-how in non-ferrous metals processing, we produce electronic materials that are indispensable to advanced electronic products, such as mobile phones and PCs. We have top global market shares in a large number of products.



Yasushi Kimura
Representative Director, Chairman of the Board

Isao Matsushita
Representative Director, President

Realizing **Our Potential** for Further Growth

—We are aiming to become a world-leading integrated energy, resources and materials group, and we are making steady progress toward this goal.

Management Message

More than two years have passed since the establishment of JX Holdings in April 2010. Over this period, we have worked to become a world-leading "integrated energy, resources, and materials business group" under the slogan "The Future of Energy, Resources, and Materials." To that end, we launched our First Medium-Term Management Plan, which will conclude in fiscal 2012.

In March 2011, the Great East Japan Earthquake caused unprecedented adversity. We did, however, make solid progress in the implementation of our Medium-Term Management Plan. In accordance with our first basic policy, the dramatic transformation of the Petroleum Refining and Marketing Business, we have progressed with initiatives targeting the establishment of the most-competitive refining and marketing structure in Japan. These initiatives have included reducing our petroleum refining capacity, generating integration synergies, and enhancing the efficiency of refineries. As seen in our results over the past two years, we have established a framework that enables us to secure stable profits in these operations.

Our second basic policy is to allocate management resources to highly profitable business fields on a priority basis. In fiscal 2011, we continued to implement several initiatives in these areas. In the Petroleum Refining and Marketing Business, we have launched expansion plans for overseas operations in such areas as paraxylene, lubricants, and coal. In the Oil and Natural Gas Exploration and Production Business, we have advanced exploration activities, including the acquisition of new rights. In the Metals Business, we have made favorable progress with the Caserones Copper Mine Development Project.

The Great East Japan Earthquake had a substantial effect on the energy outlook, not just for Japan but also the global market. Currently, a range of discussions are under way regarding the best sources of energy for Japan in the years ahead, and the social needs for the diversification of energy sources and stable supplies of energy are steadily rising. On the other hand, competition to secure energy resources is escalating around the world. This is also the case for metal resources, for which global demand is expected to grow in the future. In such circumstances, the securement and efficient use of natural resources are becoming vitally important, and we believe our stakeholders have increasingly high expectations of the JX Group, which is developing a wide range of businesses from upstream to downstream and active in such energy areas as petroleum, chemicals, natural gas, coal, and renewable energy as well as in metals including copper, titanium, precious metals, and rare metals.

The JX Group has cultivated substantial experience over its extensive history, which stretches back more than 100 years. With this experience as a base, we will continue to resolutely take on challenges as we strive to contribute to the realization of a brighter future in the fields of energy, resources, and materials.

August 2012

Representative Director, Chairman of the Board

Representative Director, President

Financial Highlights

JX Holdings, Inc. and Consolidated Subsidiaries
(Nippon Oil Corporation and Consolidated Subsidiaries)
(Nippon Mining Holdings, Inc. and Consolidated Subsidiaries)

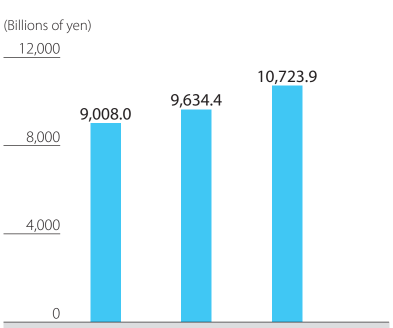
	Millions of U.S. dollars	Billions of yen				
(Years ended March 31)	2012	2012	2011	2010*	2009	2008
Operating Results (For the Year)						
Net sales						
JX Holdings	$130,477	¥10,723.9	¥9,634.4	¥9,008.0	¥ —	¥ —
Nippon Oil	—	—	—	5,774.3	7,389.2	7,524.0
Nippon Mining Holdings	—	—	—	3,233.7	4,065.1	4,339.5
Operating income (loss)						
JX Holdings	3,989	327.9	334.4	130.5	—	—
Nippon Oil	—	—	—	86.7	(312.5)	264.0
Nippon Mining Holdings	—	—	—	43.7	(101.7)	103.2
Ordinary income (loss)						
JX Holdings	4,961	407.8	413.7	187.3	—	—
Nippon Oil	—	—	—	113.3	(275.4)	275.7
Nippon Mining Holdings	—	—	—	74.0	(67.4)	192.0
Ordinary income (loss) (excluding inventory valuation factors)						
JX Holdings	3,544	291.3	356.1	(15.3)	—	—
Nippon Oil	—	—	—	(43.5)	171.6	107.8
Nippon Mining Holdings	—	—	—	28.1	92.1	143.2
Net income (loss)						
JX Holdings	2,076	170.6	311.7	73.1	—	—
Nippon Oil	—	—	—	43.3	(251.6)	148.3
Nippon Mining Holdings	—	—	—	29.8	(40.8)	99.3
Financial Position (At Year-End)						
Total assets						
JX Holdings	$ 81,402	¥ 6,690.4	¥6,260.0	¥6,196.7	¥ —	¥ —
Nippon Oil	—	—	—	4,129.2	3,969.7	4,594.2
Nippon Mining Holdings	—	—	—	2,067.5	1,886.1	2,251.2
Net assets						
JX Holdings	24,878	2,044.8	1,886.2	1,765.7	—	—
Nippon Oil	—	—	—	1,059.1	1,016.3	1,429.3
Nippon Mining Holdings	—	—	—	706.6	659.9	765.3
Cash Flows (For the Year)						
Cash flows from operating activities						
JX Holdings	$ 3,001	¥ 246.6	¥ 211.4	¥ 40.7	¥ —	¥ —
Nippon Oil	—	—	—	31.0	441.2	103.2
Nippon Mining Holdings	—	—	—	9.7	275.1	56.8
Cash flows from investing activities						
JX Holdings	(2,416)	(198.6)	(170.9)	(241.3)	—	—
Nippon Oil	—	—	—	(145.5)	(324.6)	(199.7)
Nippon Mining Holdings	—	—	—	(95.8)	(93.8)	(114.4)
Cash flows from financing activities						
JX Holdings	(454)	(37.3)	(71.2)	113.6	—	—
Nippon Oil	—	—	—	62.5	(86.8)	6.4
Nippon Mining Holdings	—	—	—	51.1	(124.3)	74.4

Note: U.S. dollar amounts have been converted at the rate prevailing on March 31, 2012.
* Figures for JX Holdings for the fiscal year ended March 31, 2010 are on a pro-forma basis for Nippon Oil and consolidated subsidiaries and Nippon Mining Holdings and consolidated subsidiaries.

(Years ended March 31)	U.S. dollars 2012	Yen 2012	2011	2010	2009	2008
Per Share						
Net income (loss)						
JX Holdings	$0.83	¥ 68.60	¥125.35	¥ —	¥ —	¥ —
Nippon Oil	—	—	—	29.70	(172.42)	101.49
Nippon Mining Holdings	—	—	—	32.17	(44.02)	107.14
Net assets						
JX Holdings	8.53	701.31	654.77	—	—	—
Nippon Oil	—	—	—	658.54	627.90	896.06
Nippon Mining Holdings	—	—	—	646.04	612.44	735.22
Cash dividends						
JX Holdings	0.19	16.00	15.50	—	—	—
Nippon Oil	—	—	—	18.00	20.00	12.00
Nippon Mining Holdings	—	—	—	15.00	14.00	16.00

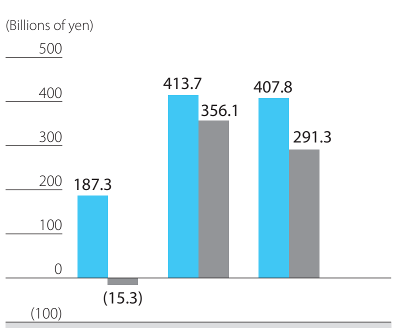
(Years ended March 31)	% 2012	2011	2010	2009	2008
Ratios					
ROE					
JX Holdings	10.1%	19.1%	—%	—%	—%
Nippon Oil	—	—	4.6	(22.6)	11.8
Nippon Mining Holdings	—	—	5.1	(6.5)	15.2
Shareholders' equity ratio					
JX Holdings	26.1	26.0	—	—	—
Nippon Oil	—	—	23.2	23.1	28.5
Nippon Mining Holdings	—	—	29.0	30.1	30.3
Market Data					
Exchange rate (¥/$)	¥ 79	¥ 86	¥ 93	¥101	¥114
Crude oil price (Dubai spot price) ($/bbl)	$110	$ 84	$ 70	$ 82	$ 77
Copper price (LME) (¢/lb)	385¢	369¢	277¢	266¢	344¢

Net Sales



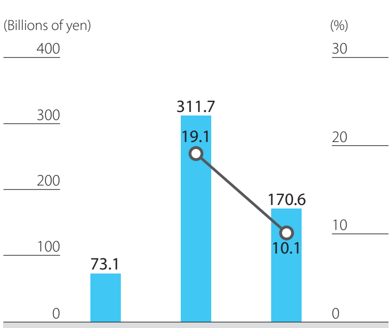
(Years ended March 31)

Ordinary Income



(Years ended March 31)
Ordinary income
Ordinary income (loss) excluding inventory valuation factors

Net Income and ROE



(Years ended March 31)
Net income (left scale)
ROE (right scale)

Review of Fiscal 2011

(April 2011 to June 2012)

JX HOLDINGS

June 2011
Held the First Ordinary General Meeting of Shareholders.

July 2011
Reorganized the JX Group's insurance agency operations and established JX Nippon Insurance Corporation.

September 2011
Continued to be selected as a member stock of the Dow Jones Sustainability Index and Morningstar Socially Responsible Investment Index.

October 2011
Won first place for the second year in a row in the Oil & Mining category of the Securities Analysts Association of Japan's Awards for Excellence in Corporate Disclosure.

April 2012
Integrated the JX Group's engineering operations into Nichiyo Engineering Corp. and changed its company name to JX Engineering Corporation.

May 2012
Acquired a majority stake in consolidated subsidiary Toho Titanium Co., Ltd. through a third-party allotment of newly issued shares.

June 2012
Held the Second Ordinary General Meeting of Shareholders.

Dow Jones

Morningstar

JX NIPPON OIL & ENERGY

May 2011
Signed a sale and purchase agreement for Gorgon Project LNG with Australian subsidiaries of Chevron Corporation.

Completed research facility at the Mizushima Refinery for testing the High Severity Fluid Catalytic Cracking (HS-FCC) process.

June 2011
Resumed production at the Kashima Refinery following its closure after the Great East Japan Earthquake.

Acquired 5% shares of PT. Horna Inti Mandiri, an Indonesian coal company, and secured exclusive rights to sell coal for Japan.

July 2011
Established JX Nippon Oil & Energy Middle East & Africa FZE, a lubricant sales company, in Dubai, UAE.

August 2011
Reached an agreement with SK Global Chemical Co., Ltd., of South Korea, to establish a joint venture to produce paraxylene (jointly established Ulsan Aromatics Co., Ltd. in June 2012).

Reached a basic agreement with SK Lubricants Co., Ltd., of South Korea, to establish a joint venture to produce lubricant base oil.

October 2011
Started sales of the Solid Oxide Fuel Cell (SOFC) system for residential use, which has the world's highest electrical efficiency.

March 2012
Power Carbon Technology Co., Ltd., of South Korea, completed the construction of a plant for manufacturing anode materials for lithium-ion batteries (production started in July).

Acquired from Xstrata Coal, of Australia, 25% of the concessions in mining areas in Canada that yield coking coal and exclusive sales rights for Japan. Commenced coal joint-venture operations together with Xstrata Coal.

Resumed production at the Sendai Refinery following its closure after the Great East Japan Earthquake.

April 2012
Lubricant manufacturing plant began operation in Indonesia.

JX NIPPON OIL & GAS EXPLORATION

April 2011
Discovered natural gas in Block WA-290-P of Australia's North West Shelf.

Discovered oil in Block PPL219 in Papua New Guinea.

May 2011
Acquired the rights to Block A, offshore Qatar.

Acquired additional shares of Japan Papua New Guinea Petroleum Co., Ltd., making it a consolidated subsidiary.

Discovered oil in Block WA-191-P of Australia's North West Shelf.

July 2011
Acquired the rights to Block 101-100/4, offshore Vietnam.

November 2011
Sold a portion of holdings of shares of Merlin Petroleum Company of the United States, which has rights in the Papua New Guinea LNG Project, to Marubeni Corporation.

January 2012
Made the final investment decision on the Finucane South Field Development Project, in Australia's North West Shelf region.

Acquired rights to deepwater Block R, offshore Sabah, Malaysia.

February 2012
Succeeded in CO_2 EOR* pilot test at the Rang Dong Oil Field offshore Vietnam.

* Abbreviation for CO_2 Enhanced Oil Recovery. One of the technologies for increasing oil field recovery rates, CO_2 is injected under pressure into underground oil layers to improve recovery.

March 2012
Confirmed natural gas flow from an ultra-deep high-pressure high-temperature prospect in the U.S. Gulf of Mexico.

Rang Dong Oil Field in Vietnam

JX NIPPON MINING & METALS

July 2011
Signed loan agreements for a total of US$1.4 billion for financing the development of the Caserones Copper Mine Development Project in Chile.

Completed a feasibility study for the Quechua Copper Deposit Development Project in Peru.

November 2011
Increased estimates of the capital expenditure for the Caserones Copper Mine Development Project to approximately US$3.0 billion from original estimates of US$2.0 billion.

March 2012
Enhanced facilities for the pretreatment, sampling, and analysis of recycled materials at the Saganoseki Smelter & Refinery.

April 2012
Completed facilities for early commercialization of operations to recover rare metals from used lithium-ion batteries.

June 2012
Confirmed fumarolic gas from a survey well that was drilled for the purpose of geothermal development in the Toyoha district of Hokkaido.

Caserones Copper Mine

We have completed the reinforcement of our foundation following the management integration, and we have established a framework in which the JX Group can fully demonstrate its potential. Targeting the establishment of a more-robust management platform, we will implement a variety of measures in a timely manner.

KEY POINTS

Operating Results in Fiscal 2011:	As a result of steady progress with operational reforms, we have established a firm earnings capacity.
Progress with the Medium-Term Management Plan:	Each operating company is proceeding with various projects in accordance with its own operating environment.
Corporate Governance:	We will work to secure a sound, transparent management system as well as rapid and flexible decision-making and operational execution.
Shareholder Return:	Our fundamental policy is to redistribute profits reflecting consolidated operating results while striving to maintain stable dividends.

Isao Matsushita

Representative Director, President

Under the current Medium-Term Management Plan, we expect to achieve profit of ¥300.0 billion in each of the years covered by the plan.

OPERATING RESULTS IN FISCAL 2011

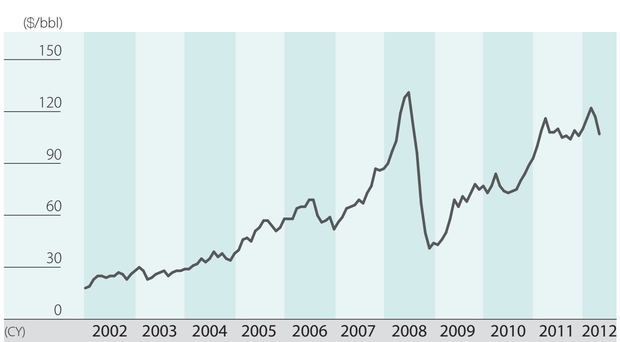
Firstly, as for the Petroleum Refining and Marketing Business, the domestic market for petroleum products experienced substantial growth in demand for products used in thermal power generation as a consequence of the Great East Japan Earthquake in March 2011 but lower demand for gasoline, kerosene, and diesel fuel. Despite fluctuations in the price of crude oil, we were able to secure sales margins that were in line with the levels forecasted in the Medium-Term Management Plan. Secondly, in the Oil and Natural Gas Exploration and Production (E&P) Business, production volume declined due to spontaneous reduction at existing oil and gas fields and the sale of assets in the United States, while the appreciation of the yen also had an adverse effect. Nonetheless, with support from the higher price of crude oil, we recorded a substantial gain in profits year on year. Thirdly, in the Metals Business, the copper price remained high, which brought a substantial gain in the Metals Business; however, the strong yen and sluggish demand for electronic materials in the second half of the year had significant effects.

As a result, the JX Group's net sales in fiscal 2011 were ¥10,723.9 billion, ordinary income amounted to ¥407.8 billion, and ordinary income excluding inventory valuation factors stood at ¥291.3 billion. Net income came to ¥170.6 billion.

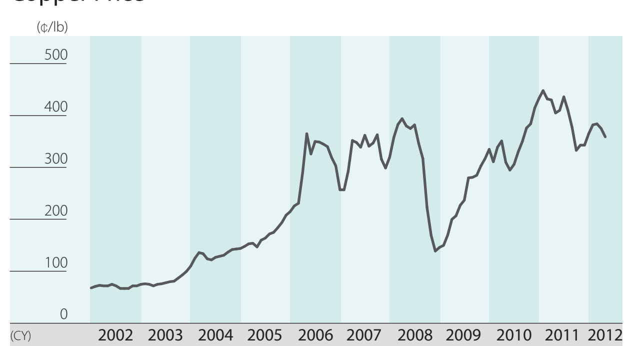
With a forecast for ordinary income excluding inventory valuation factors of ¥300.0 billion in fiscal 2012, we expect to meet the objective set out in the current Medium-Term Management Plan, which covers the period from fiscal 2010 to fiscal 2012. Under the plan, we have faced an extremely challenging operating environment, which included the Great East Japan Earthquake, the historic appreciation of the yen, and fluctuations in the price of crude oil. Nonetheless, we expect to achieve profit of ¥300.0 billion in each of the years covered by the plan. These results are attributable to the operational reforms we have steadily implemented in accordance with our basic strategy of the Medium-Term Management Plan since the establishment of the JX Group.

In regard to financial indicators, ROE in fiscal 2011 was 10.1%, and the net D/E ratio was 1.17 times. Moving forward in 2012, we will endeavor to meet the goals of the Medium-Term Management Plan for ROE, 10.0% or more, and for a net D/E ratio of 1.0 time.

Crude Oil Price

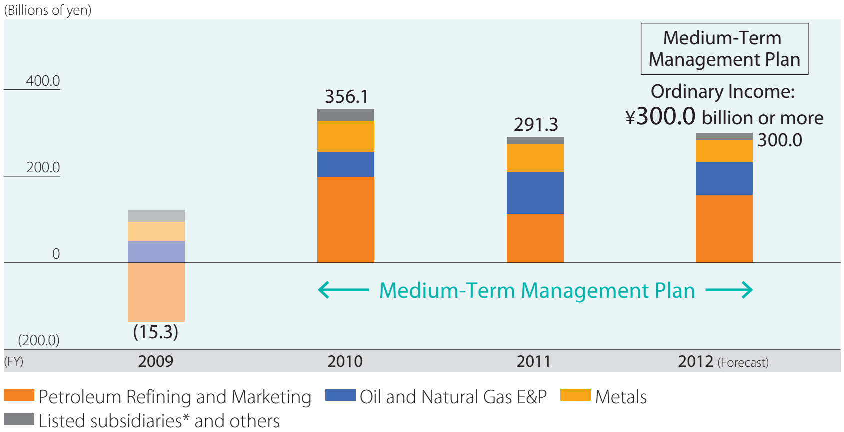


Copper Price



Progress with the Medium-Term Management Plan

Ordinary Income (Excluding Inventory Valuation Factors)



* NIPPO, Toho Titanium

Key Factors

	FY2009	FY2010	FY2011	FY2012 (Forecast)*2
Dubai crude oil price*1 ($/bbl)	67	82	109	103
LME copper price (Jan.-Dec.) (¢/lb)	234	342	400	358
Foreign exchange rate (Jan.-Dec.) (¥/$)	93	86	79	80

*1. Average from March to February of the next year (nearly equal to arrived crude cost)
*2. Figures announced August 3, 2012

PROGRESS WITH THE MEDIUM-TERM MANAGEMENT PLAN

The basic strategy of the current Medium-Term Management Plan is to maximize corporate value by "dramatically transforming the Petroleum Refining and Marketing Business," and "allocating management resources to highly profitable business fields on a priority basis." Under these policies, each core operating subsidiary is proceeding with various projects in accordance with its own operating environment.

Petroleum Refining and Marketing Business

With a background marked by energy conservation initiatives and the shift to alternative energy sources, domestic demand for petroleum products is declining, and this trend is expected to continue. Overseas, on the other hand, demand for petroleum and petrochemical products is expected to be firm, centered on emerging countries in Asia. Furthermore, a shift toward natural gas and renewable energy is proceeding worldwide.

In view of these business circumstances, aiming to establish the most-competitive structure for refining and marketing in Japan, we have worked to reduce refining capacity, generate integration synergies, and enhance the efficiency of refineries. As for refining capacity, we completed a reduction of 400 thousand barrels per day in fiscal 2010, and we will implement an additional reduction of 200 thousand barrels per day by the end of March 2014. Other companies in the industry are also reducing their capacity in response to lower domestic demand and the Act on the Sophistication of the Energy Supply Structure, which has a deadline of March 2014. Overall, the supply-demand balance will be rectified in the industry. Moreover, with regard to generating integration

We are aiming to establish the most-competitive structure for petroleum refining and marketing in Japan, and we took steps to strengthen our overseas business operations, focusing on capturing demand in the Asian region.

Paraxylene Project

For further information, please refer to page 28.

Establish the Most-Competitive Structure for Petroleum Refining and Marketing in the Domestic Market

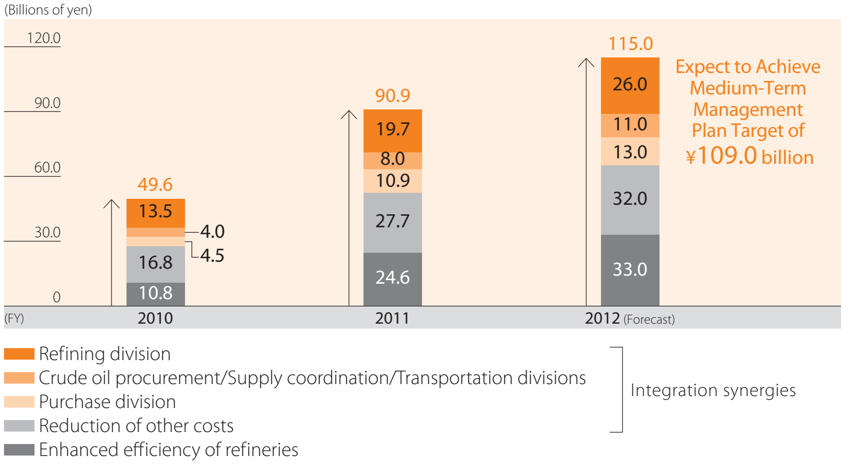
Reducing the JX Group's Refining Capacity

	Deadline	Reduction in Capacity	Implementation
STEP 1	March 31, 2011	400 Thousands of BD	October 31, 2010
STEP 2	March 31, 2014	200 Thousands of BD	

Act on the Sophistication of the Energy Supply Structure

Effective from August 2009, this is an act to increase the use of non-fossil-fuel energy sources and promote the effective use of oil and natural gas by suppliers of energy, such as electricity, oil, and gas. Petroleum refining companies are required to increase the ratio of cracking capacity to crude oil distillation capacity by March 2014. It will be necessary to newly install or expand this capacity or reduce crude oil distillation capacity.

Integration Synergies and Enhanced Efficiency of Refineries (compared with fiscal 2009)



synergies and enhancing efficiency of refineries, by fiscal 2011 we achieved an improvement in profits of ¥90.9 billion, more than 80% of our initial plan, and we expect to attain our goal for the third year of ¥109.0 billion.

In parallel with these achievements, we took steps to enhance our overseas business to promote further growth to meet increasing demand within the Asian region. In the chemicals business, as a joint venture with SK Global Chemical Co., Ltd., of South Korea, we have decided to build a paraxylene plant with an annual production capacity of one million tons, which will be among the largest in the world. In the lubricants business, we have reached a basic agreement with SK Lubricants Co., Ltd., of South Korea, to establish a joint venture for lubricant base oil production. Also, in the coal business, we acquired ownership rights in a coal company in Indonesia. Furthermore, we have successfully launched the JX Group's first full-scale coking coal business, which we acquired from Xstrata Coal of Australia as well as a 25% share of the concessions in mining areas in Canada that yield "heavy coking coal," a high-quality coking coal used for steel manufacturing.

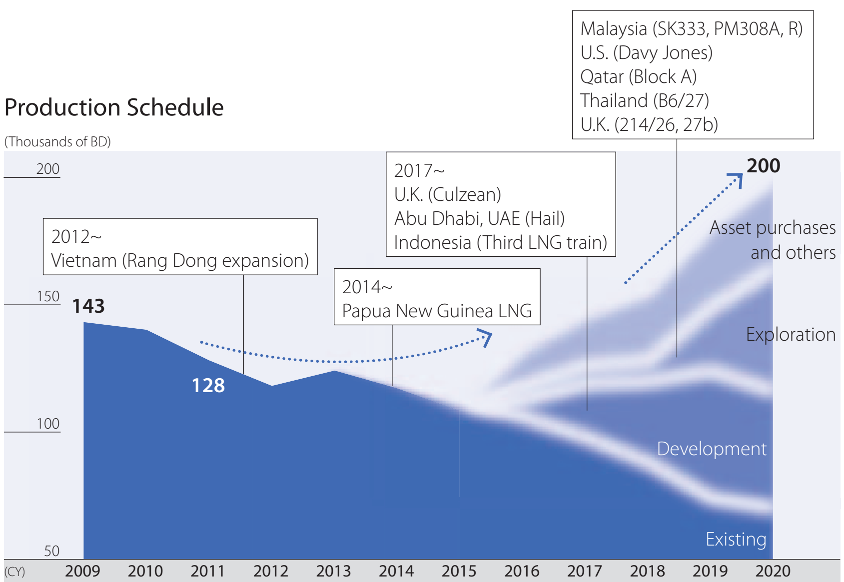
In the field of renewable energy, fuel cells are drawing attention, and we have commenced sales of the Solid Oxide Fuel Cell (SOFC) system for residential use, which is compact and has high electrical efficiency. With continued attention on renewable energy after the Great East Japan Earthquake, unit sales of fuel cells are recording steady growth.

Oil and Natural Gas E&P Business

In the midst of rising resource nationalism and escalating competition for natural resources with China and other countries, we are working to maintain and expand production volumes over the medium to long term, centered on core countries. To that end, we have worked to supplement and expand the amount of reserves by participating from the exploration stage, pursuing additional development projects, and taking steps to leverage new technologies.

In exploration activities, we have discovered crude oil in Papua New Guinea and crude oil and natural gas in Australia and acquired rights in an offshore area in Qatar and in a deep-sea area in Malaysia. In development activities, Papua New Guinea's first LNG project is making steady progress toward the start of production in 2014. Further, we have decided to move the Finucane South Field (Australia) on to the development stage, and the start of production is planned for the second half of 2013. Moreover, we successfully concluded a pilot test of the CO_2 injection enhanced oil recovery method at the Rang Dong Oil Field, in Vietnam, which is already in production. We are also beginning to see results with new technologies, such as the successful demonstration of natural gas flow in an ultra-deep high-pressure high-temperature prospect in the U.S. Gulf of Mexico.

Maintaining and Expanding Production Volume over the Medium Term



Papua New Guinea LNG Project

For further information, please refer to page 29.

Working to maintain and expand production volumes over the medium to long term, we will move ahead with initiatives in the areas of exploration, development, and new technologies, centered on core countries.

Metals Business

Expansion of demand for copper in China and other countries and a shortage of copper concentrate are expected to continue in the foreseeable future. In view of these business circumstances, we are establishing a highly profitable and well-balanced structure between the resources development and the smelting and refining businesses, which is minimally affected by fluctuations in the treatment charges and refining charges. Favorable progress is being made with the development of the Caserones Copper Mine in Chile, for the

The Caserones Copper Mine Development Project

For further information, please refer to page 30.

We are establishing a highly profitable and well-balanced structure between the resources development and the smelting and refining businesses, which is minimally affected by fluctuations in the treatment charges and refining charges.

commencement of production in early 2013. The start of the operation will increase the ratio of equity entitlement copper mine production* from less than 20% to about 50%. In addition, we are moving ahead with initiatives to commercialize next-generation smelting technologies that will enable us to efficiently extract value-bearing metals from low-grade copper ore.

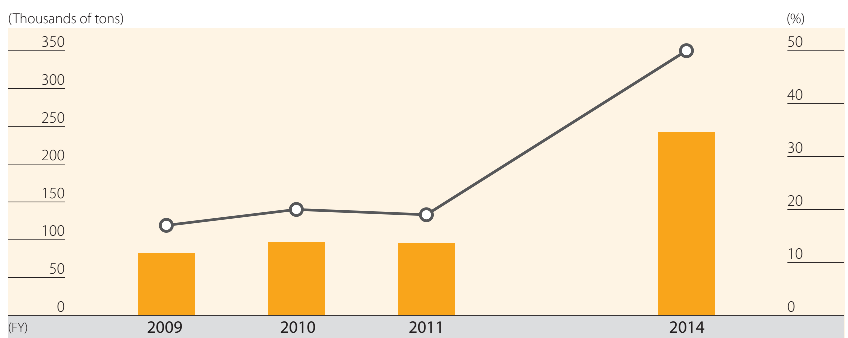
In the electronic materials business and the recycling and environmental services business, we are working to boost profitability to meet various market needs. Under this approach, in the electronic materials business, we will complete the work for expanding our production capacity for cathode materials for lithium-ion batteries that will be used in electric automobiles in fiscal 2012. At the same time, we are constructing a plant for manufacturing precision components and materials for use in car electronic parts. Furthermore, in the recycling and environmental services business, we are going to launch the business to recover rare metals from used lithium-ion batteries and recycle them.

* The ratio of equity entitlement copper mine production: the ratio of copper concentrate from sources where we own mining rights divided by the total copper concentrate requirements for our smelting and refining operation

Establishing a Highly Profitable and Well-Balanced Structure between the Resources Development and the Smelting and Refining Businesses by Increasing the Ratio of Equity Entitlement Copper Mine Production

- Caserones Copper Mine: Construction work is making favorable progress toward the start of production in early 2013.

Equity Entitled Copper Concentrate Production Volume and Ratio of Equity Entitlement Copper Mine Production



Equity entitled copper concentrate production volume (total for JX Nippon Mining & Metals and Pan Pacific Copper Co., Ltd.) (left scale)
Ratio of equity entitlement copper mine production (right scale)

Improving Earnings Capacity Through Business Development That Meets Market Needs

- Cathode materials for automotive lithium-ion batteries: In fiscal 2012, establish a mass production system with a capacity of 5,000 tons per year.
- Precision components for use in car electronic parts: Manufacturing plant under construction calls for start of operations in 2013.
- Recycling of rare metals from used lithium-ion batteries: In April 2012, the construction of new facilities were completed to launch the operation early.

CORPORATE GOVERNANCE

The news has recently included a number of corporate scandals that are thought to have arisen from inadequate or insufficient corporate governance.

Our basic approach to corporate governance is to make decisions and execute operational activities quickly and flexibly to implement growth strategies for the JX Group as a whole and make appropriate responses to changes in the business environment. In addition, the Company endeavors to secure the soundness and transparency of its management to respond to the trust and confidence from all its stakeholders. We have established systems to implement this approach.

To ensure management soundness and transparency, among the total of 14 directors, four outside directors are appointed. Through these outside directors, we have strengthened the supervision of the management of the Company from an independent and objective perspective. Moreover, our four outside corporate auditors comprise a majority of the total of six corporate auditors, thereby securing the effectiveness of the audits of operational execution by the directors. We are also working to rapidly and accurately obtain and manage information on the Company and Group companies and provide prompt and appropriate disclosure.

Furthermore, we have prepared the Basic Policy for the Establishment and Operation of Internal Control System. Under this policy framework, we have established and continued to operate the internal control system for assuring the proper conduct of our business activities. We have established the JX Group Internal Control Council and the JX Group Internal Control Committee, and, by periodically monitoring the operation of the system and making improvements as needed, we have heightened the effectiveness and efficiency of internal control.

Corporate Governance

For further information, please refer to page 52.

SHAREHOLDER RETURN

The basic dividend policy of the Company is to redistribute profits reflecting consolidated operating results while striving to maintain stable dividends. In accordance with this policy, we paid dividends of ¥15.5 per share in fiscal 2010, the first fiscal year after the establishment of the JX Group, and ¥16.0 per share in fiscal 2011.

Dividends

(Yen)

	Interim	Year-End	Total
FY2010	7.5	8.0	15.5
FY2011	8.0	8.0	16.0
FY2012 (Forecast)	8.0	8.0	16.0

In closing, I would like to ask our shareholders and other stakeholders for their ongoing understanding and support as we continue to resolutely take on the challenges of becoming a "world-leading integrated energy, resources, and materials business group."

Please look forward to further growth from the Company as we continue to take on challenges.

Overseas Strategies of the JX Group

EXPANDING OUR GLOBAL PRESENCE

The JX Group, which has 66 consolidated overseas subsidiaries, is actively developing overseas businesses in energy, resources, and materials. Each of these businesses has a significant role and mission. This feature introduces some of the key projects that will support the future growth of the JX Group.

Oil and Natural Gas Exploration and Production Business

LNG PROJECT

LNG development project with full support of Papua New Guinea (PNG)'s government

Production volume:	6.6 million tons per year
Reserves:	Approximately 200 million tons
Amount of investment:	Approximately US$700 million*

* Merlin Petroleum Company's investment up to the start of production

1990: Acquired working interests in various onshore blocks through purchase of shares of Merlin Petroleum.

2008: Acquired the PNG LNG Project and oil field equities from AGL Energy.

2009: Made a final investment decision for the PNG LNG Project.

2014: Production is scheduled to start.

Petroleum Refining and Marketing Business

PARAXYLENE PROJECT

Construction of a new paraxylene plant through a joint venture between JX Nippon Oil & Energy and SK Global Chemical Co., Ltd. of South Korea

Production capacity:	1.0 million tons per year
Equity interest:	JX Nippon Oil & Energy, 50% –1 share; SK Global Chemical, 50% + 1 share
Amount of investment:	Approximately 1 trillion won

2007: Strategic business alliance signed by Nippon Oil Corporation and SK Group.

2011: The two parties agreed to establish a joint venture for the construction of a new paraxylene plant.

2012: Ulsan Aromatics Co., Ltd. was established as a joint venture.

2014: Production is scheduled to start.

Metals Business

CASERONES COPPER MINE DEVELOPMENT PROJECT

Large-scale project in which Japanese companies hold 100% mining concession

Copper production volume:	Approximately 3,550 thousand tons*1 (approximately 180 thousand tons per year)*2
Molybdenum production volume:	Approximately 87 thousand tons*1 (approximately 3 thousand tons per year)
Estimates of capital expenditure:	Approximately US$3.0 billion

*1. Production volume in 28 years of mine life
*2. Average for the first 10 years

2006: Pan Pacific Copper Co., Ltd. acquired the mining concession of the Caserones Copper Deposit.

2010: Pan Pacific Copper decided to advance the project to the full-fledged development stage. At the same time, Mitsui & Co., Ltd. began participating in the project.

2011: Estimates for capital expenditure increased to approximately US$3.0 billion from original estimates of US$2.0 billion.

2013: Production is scheduled to start.

PETROLEUM REFINING AND MARKETING BUSINESS

JX NIPPON OIL & ENERGY GROUP

PARAXYLENE PROJECT

Reinforcing Our Position as the No. 1 Supplier in Asia, Where Demand Is Growing

In August 2011, JX Nippon Oil & Energy (NOE) reached an agreement with SK Global Chemical Co., Ltd., of South Korea, to establish a joint venture company and invest about one trillion won to construct a new paraxylene plant in Ulsan Metropolitan City, South Korea. The plan calls for an annual production capacity of one million tons, which will make the new plant one of the biggest in the world. The existing paraxylene supply capacity of the NOE Group is 2,620 thousand tons, and its share of the new plant's output, which will correspond to its equity interest in the project, will add another 500 thousand tons to the NOE Group's capacity when production begins in 2014.

Steadily Capturing Demand in the Rapidly Growing Asian Market

Asia accounts for about 80% of global demand for paraxylene, which is a raw material for synthetic fibers and polyethylene terephthalate (PET) containers. Due to economic growth in the emerging countries, demand in Asia is expected to increase at about 6% per year, with the scale of the market reaching nearly 40 million tons by 2020, compared with about 20 million tons in 2010. The NOE Group currently has the largest paraxylene supply capacity in Asia, and the launch of this new project will enable us to reinforce its market position by steadily capturing demand in this growing market.

Dominant Competitiveness Based on Economies of Scale

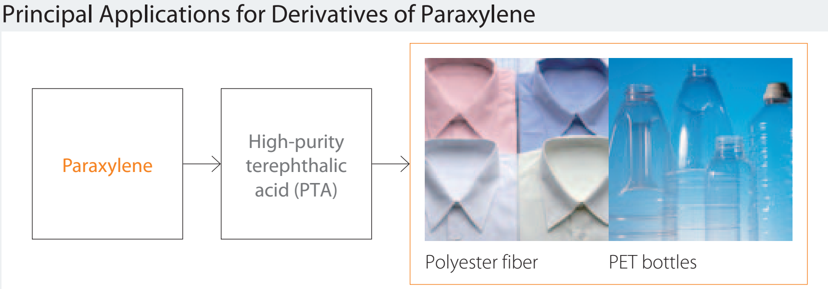
The new plant will enable us to realize dominant cost-competitiveness by leveraging one of the world's largest production capacities. In the production of basic chemical products, such as paraxylene, the reduction of costs through economies of scale is a major source of competitiveness. The two joint venture partners are corporate groups with the largest petroleum-refining capacities in their respective countries, and they can provide a stable supply of aromatic products, which are the principal raw materials for paraxylene.

Making Progress Toward Higher-Value-Added Chemicals

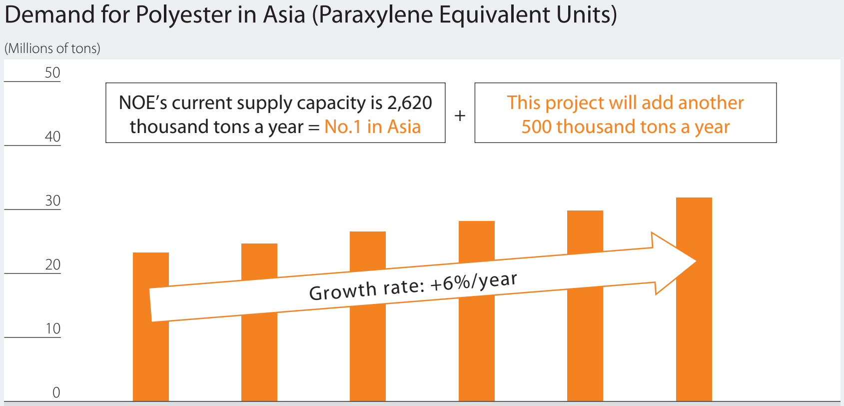
In Japan, demand for gasoline is expected to gradually decline in the years ahead due to the trend toward an aging population as well as the growing use of fuel-efficient vehicles. The start-up of this paraxylene project will enable us to shift aromatic products from their primary use for gasoline to that of a raw material for higher value-added paraxylene.

Moving forward, the NOE Group will continue striving to enhance the efficient use of resources by "turning refineries into chemical plants."

Principal Applications for Derivatives of Paraxylene



Demand for Polyester in Asia (Paraxylene Equivalent Units)



Source: NOE

LNG PROJECT

Providing a Stable Supply of LNG, Which Is Drawing Attention as a Clean Source of Energy

The Papua New Guinea LNG Project is making steady progress toward the start of production in 2014. Merlin Petroleum Company (Merlin), a subsidiary of JX Nippon Oil & Gas Exploration (NOEX), owns 4.68% of the project. This is the first LNG project in Papua New Guinea. The plan calls for the production of 6.6 million tons of LNG per year starting in 2014.

Final Investment Decision Made after Careful Consideration

NOEX participated in oil exploration in Papua New Guinea after the acquisition of Merlin in 1990 and has been producing crude oil since 1992. Subsequently, the challenging tasks of developing the gas fields discovered afterward as well as the use of associated gas from crude oil fields have been shared with other oil companies who have interests in nearby blocks. Accordingly, earnest discussions among related parties were commenced in April 2007, and the final investment decision on the LNG project was made in December 2009.

Providing a Stable Supply of LNG to End Users in East Asia

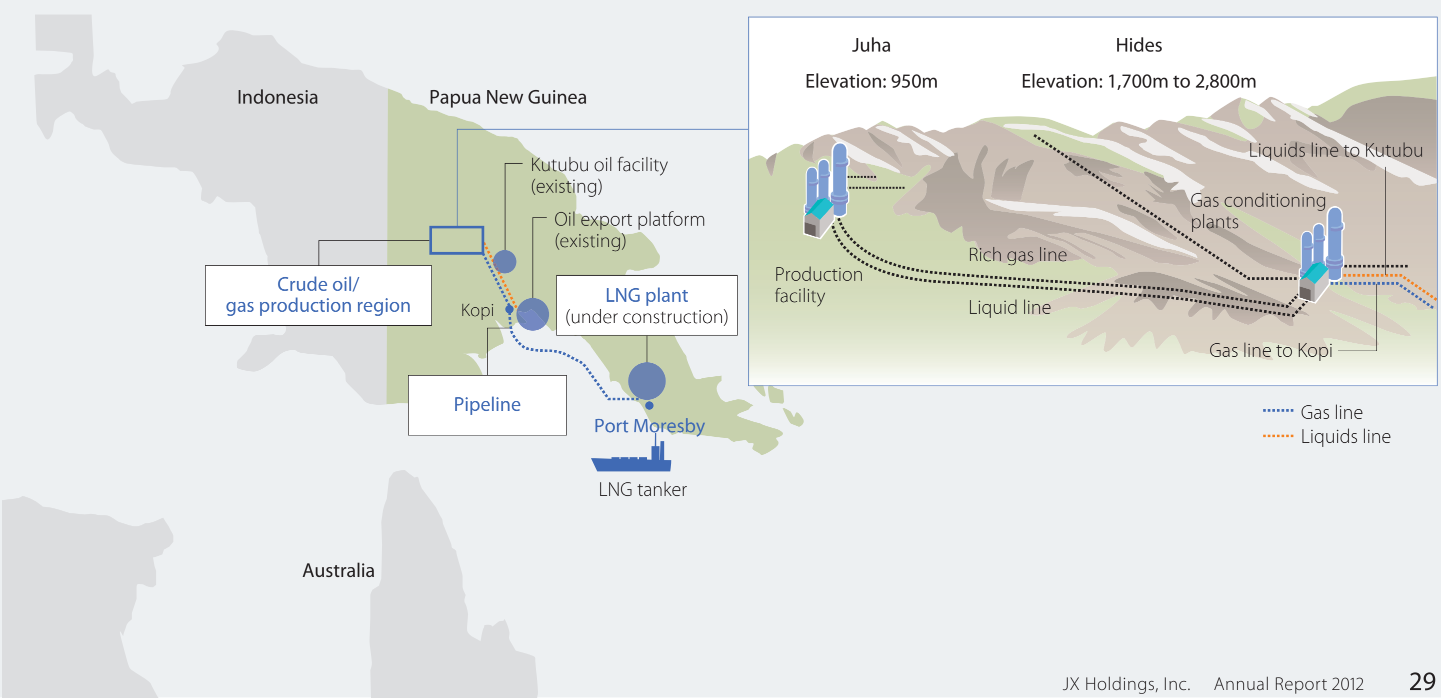
This project will involve both natural gas from onshore gas fields and associated gas from oil fields. The gas will be transferred to the outskirts of the capital, Port Moresby, through a pipeline with a total length of 700 kilometers, of which 290 kilometers will be onshore and 410 kilometers offshore. The gas will then be liquefied at a two-train LNG plant. The LNG

Overview of Papua New Guinea LNG Project

Oil and gas fields	Gas fields in Hides, Angore, Juha Oil fields in Kutubu, Moran, Gobe (using associated gas)	
Pipeline	Onshore: about 290km, offshore: about 410km	
LNG plant production capacity	6.6 million tons / year (3.3 million tons / year × two trains)	
LNG purchaser	Tokyo Electric Power Company, Incorporated:	1.8 million tons / year
	Osaka Gas Co., Ltd.:	1.5 million tons / year
	Sinopec (China):	2.0 million tons / year
	CPC (Taiwan):	1.2 million tons / year
	Total:	6.5 million tons / year

Composition of Investment

ExxonMobil: 33.20% (operator)
Oil Search: 29.00%
Santos: 13.53%
Merlin Petroleum: 4.68%
Papua New Guinea government/landowners: 19.58%



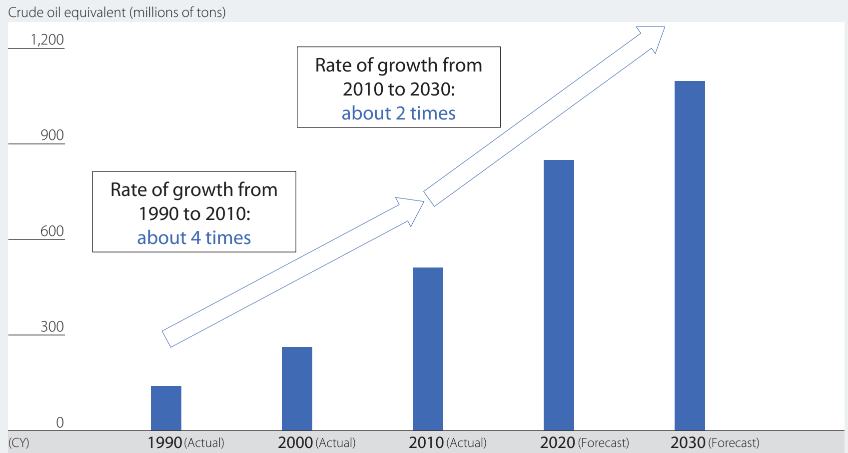
is already committed to be exported to utility companies and oil and gas companies in Japan, China, and Taiwan.

Stepping Up Our Initiatives in the LNG Business, an Important Source of Clean Energy

The Papua New Guinea project will be the NOEX Group's third LNG project, after Tiga, in Malaysia, and Tangguh, in Indonesia, which are already on stream.

Natural gas is a clean source of energy, and its use results in low emissions of greenhouse gases. It is widely expected to play a key role in meeting growing energy demand in the Asian region. In particular, the Great East Japan Earthquake, which occurred in March 2011, has focused further attention on natural gas as an alternative to nuclear power that has a lower environmental burden. The NOEX Group has interests in projects that are expected to have substantial reserves, including in the U.K. North Sea, the U.S. Gulf of Mexico, and Qatar. Moving forward, we will strengthen our initiatives targeting the future development of these projects.

Demand for Natural Gas in Asia



Source: BP

METALS BUSINESS | JX NIPPON MINING & METALS GROUP

THE CASERONES COPPER MINE DEVELOPMENT PROJECT

Establishing a Highly Profitable and Well-Balanced Structure between the Resources Development and the Smelting and Refining Businesses through Developing Our Own Copper Mines

Pan Pacific Copper Co., Ltd. (PPC), a subsidiary of JX Nippon Mining & Metals (NMM), is developing the Caserones Copper Mine, in Chile, with approximately US$3.0 billion. With operation beginning in 2013, the project is expected to produce about 180 thousand tons of copper per year for the first 10 years.

Achieving a Well-Balanced Structure between the Resources Development and the Smelting and Refining Businesses by Increasing the Ratio of Equity Entitlement Copper Mine Production

From the late 1990s to the early 2000s, the copper price hovering at a low level stagnated new copper mine developments around the world. As a result, since the mid-2000s, a short supply of copper concentrate, the raw material for smelting and refining operations, has been depressing the treatment charges and refining charges (TC/RC). In order to respond to this situation, the NMM Group has been working to acquire and expand interests in copper mines. The start of production at the Caserones Copper Mine will increase the ratio of equity entitlement copper mine production* from less than 20% to about 50%, and this project will enable us to conclude a major step toward the establishment of a highly profitable and well-balanced structure between the resources development and the smelting and refining businesses, which is minimally affected by fluctuations in TC/RC.

* The ratio of equity entitlement copper mine production: the ratio of copper concentrate from sources where we own mining rights divided by the total copper concentrate requirements for smelting and refining operations

Steady Progress in Development

The Caserones Copper Mine Development Project is the first project of the NMM Group to be promoted in the last three decades. After acquiring the mining concessions in May 2006, we have been smoothly moving ahead with the project. Starting with a feasibility study in September 2008, the decision was made to advance the project into the full-fledged development stage in February 2010. In July 2011, we signed loan agreements with related financial institutions for a total of US$1.4 billion. We are accelerating construction work to prepare for the start of operation in early 2013.

Acquiring New Mining Concessions by Leveraging Next-Generation Smelting Technologies

As a raw material for electric wires and electronic components, demand for refined copper, especially in emerging countries, is expected to further increase in the years ahead. On the other hand, deepening mine pits and the deteriorating grade of copper concentrate with rises in impurities has been depressing the capacity of copper mines. As a result, international competition to secure mining concessions is expected to become increasingly intense. This business environment has been encouraging us to find new methods in resources development. For this purpose, NMM is leveraging such next-generation smelting technologies as the Nikko Chloride (N-Chlo) Process, which has been uniquely developed and is currently under demonstration tests for commercial application in Australia, and a bio-leaching technology developed in collaboration with CODELCO, the Chilean state-owned copper company. Efficiently recovering value-bearing metals from low-grade copper ore, these technologies will extend the lifetimes of existing mines as well as develop low-grade copper deposits that we have not expected sufficient return on investment. Moreover, these technologies will enable us to have a competitive edge in acquiring new mining concessions, make a significant contribution to environmental conservation, and at the same time, boost Japan's ability to secure natural resources.

Overview of the Caserones Copper Mine Development Project

Acquisition of concession	May 2006
Amount paid to acquire concession	US$137 million
Amount of development investment	About US$3.0 billion (amount of initial investment in production facilities, etc.)
Ownership ratio	PPC: 75% MITSUI & CO., LTD.: 25%

Period for production	2013 to 2040 (28 years)
Commencement of production	Refinedc opper (SX-EW process*): From January 2013
	Copper and molybdenum concentrate: From September 2013

(Thousands of tons)		Annual average for first 10 years	Annual average for 28 years	Total for 28 years
Copper production volume	Copper content in copper concentrate	150/year	110/year	3,140
	Refined copper (SX-EW process*)	30/year	10/year	410
	Total	180/year	120/year	3,550
Molybdenum concentrate production volume		3/year	3/year	87

* SX-EW (solvent extraction-electrowinning): A copper production method by first making a copper sulfate solution by selectively extracting copper ions from a copper leaching solution (solvent extraction) and subsequently producing refined copper from the copper sulfate solution through electrowinning.

Plans for Major Facilities for Caserones Copper Mine Development Project

At a Glance

Petroleum Refining and Marketing Business

JX NIPPON OIL & ENERGY GROUP

Main Products

Petroleum products	Gasoline, kerosene, diesel fuel, heavy fuel oil, naphtha, lubricants, asphalt, etc.
Basic chemical products	Paraxylene, benzene, propylene, etc.
Specialty and performance chemical products	Ethylidene norbornene (ENB), functional films, cell culture, liquid crystal polymers, etc.
Other products	Liquefied natural gas (LNG), coal, electric power, fuel cells, etc.

Domestic Manufacturing Bases

Domestic refineries	Muroran, Sendai, Kashima, Negishi, Osaka, Mizushima, Marifu, Oita
Domestic plants	Kawasaki, Yokohama, Chita

Oil and Natural Gas Exploration and Production Business

JX NIPPON OIL & GAS EXPLORATION GROUP

Main Products

Crude oil, natural gas

Worksites

U.S. Gulf of Mexico, Canada, U.K. North Sea, Vietnam, Myanmar, Malaysia, Indonesia, Thailand, East Timor, Papua New Guinea, Australia, UAE, Qatar, Japan

Metals Business

JX NIPPON MINING & METALS GROUP

Main Products

Resources development	Copper concentrate, molybdenum concentrate
Copper smelting and refining	Refined copper, precious metals, rare metals, sulfuric acid
Recycling and environmental services	Precious metals, rare metals
Electronic materials	Electro-deposited copper foil, treated rolled copper foil, precision rolled products, thin-film materials, cathode materials for lithium-ion batteries

Principal Worksites

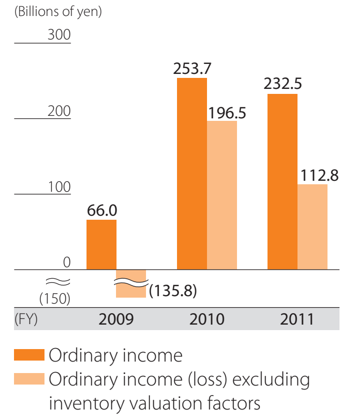
Resources development	Los Pelambres Copper Mine, Collahuasi Copper Mine, Escondida Copper Mine
Copper smelting and refining	Pan Pacific Copper Co., Ltd. (Saganoseki Smelter & Refinery, Hitachi Refinery, Tamano Refinery of Hibi Kyodo Smelting Co., Ltd.), LS-Nikko Copper Inc. (South Korea)
Recycling and environmental services	HMC (Hitachi Metal Recycling Complex) Department of the Hitachi Works, JX Nippon Environmental Services Co., Ltd.
Electronic materials	Isohara Works, Hitachi Works, Kurami Works, Isohara Fabricating Works

REVIEW OF FINANCIAL RESULTS

(FY)	2011	2010	Change
Net sales (Billions of yen)	**9,147.5**	8,131.9	+1,015.6
Operating income (Billions of yen)	**208.2**	239.1	–30.9
Ordinary income (Billions of yen)	**232.5**	253.7	–21.2
Ordinary income excluding inventory valuation factors (Billions of yen)	**112.8**	196.5	–83.7
Domestic fuel oil sales volume (Millions of KL)	**59.45**	57.50	+1.95
Dubai crude oil price* ($/bbl)	**109**	82	+27
Paraxylene price in Asia ($/ton)	**1,555**	1,162	+393
Foreign exchange rate (¥/$)	**79**	86	–7

* Average from March to February of the next year (nearly equal to arrived crude cost)

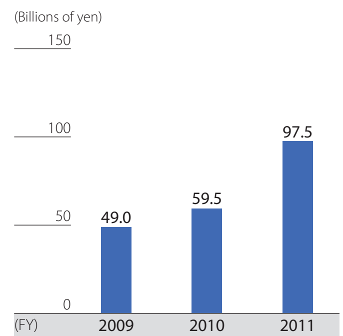
Ordinary Income



REVIEW OF FINANCIAL RESULTS

(FY)	2011	2010	Change
Net sales (Billions of yen)	**187.8**	148.8	+39.0
Operating income (Billions of yen)	**90.5**	51.9	+38.6
Ordinary income (Billions of yen)	**97.5**	59.5	+38.0
Crude oil equivalent sales volume (Thousands of BD)	**128**	140	–12
Brent crude oil price (Jan.-Dec.) ($/bbl)	**111**	80	+31
Dubai crude oil price (Jan.-Dec.) ($/bbl)	**106**	78	+28
Foreign exchange rate (Jan.-Dec.) (¥/$)	**80**	88	–8

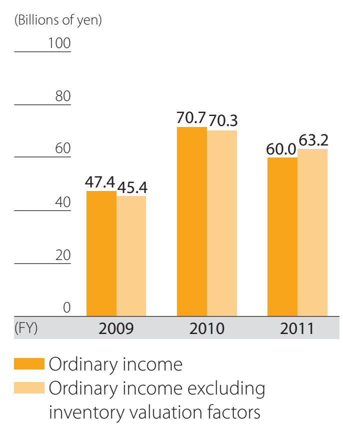
Ordinary Income



REVIEW OF FINANCIAL RESULTS

(FY)	2011	2010	Change
Net sales (Billions of yen)	**997.2**	940.6	+56.6
Operating income (Billions of yen)	**14.5**	20.7	–6.2
Ordinary income (Billions of yen)	**60.0**	70.7	–10.7
Ordinary income excluding inventory valuation factors (Billions of yen)	**63.2**	70.3	–7.1
(Resources development) **Copper production volume from equity entitled copper mine** (Thousands of tons/year)	**95**	97	–2
(Smelting and refining) **PPC refined copper sales volume** (Thousands of tons/year)	**566**	588	–22
(Recycling and environmental services) **Gold recovery volume** (ton/year)	**7.0**	6.5	+0.5
(Electronic materials) **Treated rolled copper foil sales volume** (Thousands of km/month)	**2.6**	3.3	–0.7
Precision rolled products sales volume (Thousands of tons/month)	**3.5**	3.8	–0.3
LME copper price (Jan.-Dec.) (¢/lb)	**400**	342	+58
Foreign exchange rate (Jan.-Dec.) (¥/$)	**80**	88	–8

Ordinary Income



JX Nippon Oil & Energy Group

As an integrated energy company, the JX Nippon Oil & Energy (NOE) Group engages in a wide range of business activities, centered on petroleum and chemicals and including natural gas, coal, electric power, and renewable energy. Moving forward, the NOE Group will strive to contribute to the development of a sustainable economy and society through the stable supply and efficient use of limited energy resources.

BUSINESS ENVIRONMENT / PROGRESS WITH THE STRATEGIES AND MEASURES OF THE MEDIUM-TERM MANAGEMENT PLAN (2010-2012)

Business Environment:
Domestic demand for fuel oils is gradually declining as a result of energy conservation initiatives and the shift toward alternative energy sources.

Medium-Term Strategy:
Establish the most-competitive structure for petroleum refining and marketing in the domestic market

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Realize ¥109.0 billion in positive benefits by generating integration synergies and enhancing refinery efficiency	By accelerating the implementation of these initiatives, we have achieved ¥90.9 billion in positive benefits, 83% of the three-year goal.
Implement refining capacity reduction of 600 thousand barrels per day by the end of March 2014	Completed a reduction of 400 thousand barrels per day in fiscal 2010. Plan to complete the remaining reduction of 200 thousand barrels per day by the end of March 2014.
Proceed with Hachinohe and Kushiro LNG terminal projects	Have made favorable progress with construction work and LNG procurement contracts, targeting the start of operations in fiscal 2015.

Business Environment:
World demand for petroleum and chemical products is firm, especially in the Asian region.

Medium-Term Strategy:
Strengthen overseas business operations, focusing on growing demand in the Asian region

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Increase production of chemicals	Reached an agreement with SK Global Chemical Co., Ltd., of South Korea, on a paraxylene joint venture with an annual production capacity of one million tons. (Joint venture established in June 2012.)
Expand lubricants business overseas	Reached a basic agreement with SK Lubricants Co., Ltd., of South Korea, to establish a joint venture for lubricant base oil production.
Promote the acquisition of additional E&P rights for coal	Participating with Xstrata Coal, of Australia, in a coking coal exploration project in Canada.

Business Environment:
Accelerating trend toward the establishment of a low-carbon, recycling-oriented society

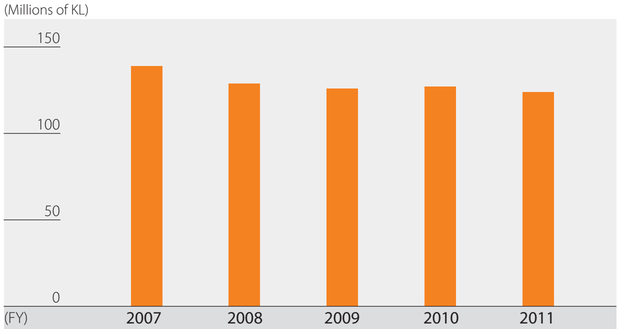
Medium-Term Strategy:
Aggressive initiatives in renewable energy and other fields

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Cultivate business in residential-use fuel cells, photovoltaic cells, and power storage batteries	Launched sales of Solid Oxide Fuel Cell (SOFC) system in October 2011. Moving forward with R&D in other areas.

Seiichi Isshiki
Representative Director and President
JX Nippon Oil & Energy Corporation

Demand for Petroleum Products in Japan

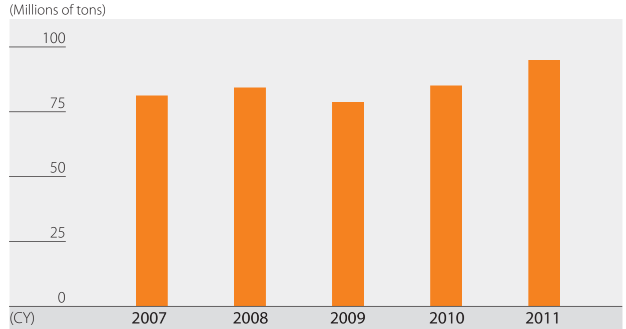
(Millions of KL)



Source: Petroleum Association of Japan

Demand for Natural Gas in Japan

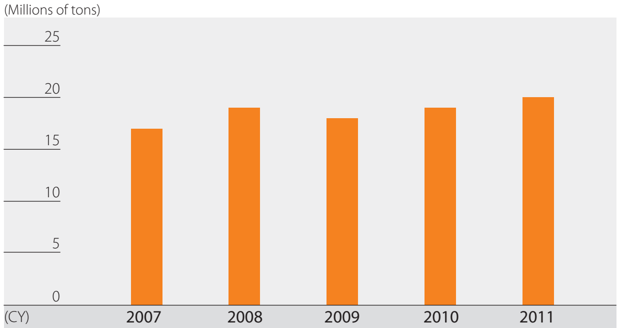
(Millions of tons)



Source: BP

Demand for Paraxylene in Asia

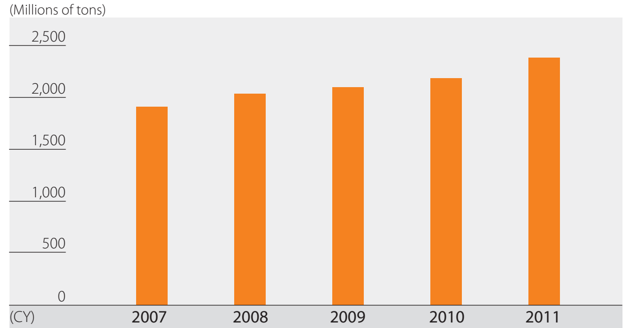
(Millions of tons)



Source: NOE

Demand for Coal in Asia

(Millions of tons)



Source: BP

PRODUCTS

Petroleum Products

Through the management integration in April 2010, the NOE Group achieved a dominant leading position in the domestic market in terms of share of fuel oil sales and the number of service stations. However, domestic demand for petroleum products is declining due to the growing use of fuel-efficient vehicles and the progress in the shift to alternative energy sources, such as gas and electricity. In this setting, to ensure a sustainable, stable earnings capacity, the NOE Group is moving ahead with initiatives targeting the establishment of the most-competitive structure for petroleum refining and marketing in the domestic market, as is appropriate for the industry leader. At the same time, the NOE Group is moving forward with the aggressive overseas development of petroleum products that are expected to record growth outside of Japan, centered on Asia.

Establish the most-competitive structure for petroleum refining and marketing in the domestic market

Reduce Crude Oil Refining Capacity

The Kashima and Sendai refineries, which suffered damage from the Great East Japan Earthquake, restarted production in June 2011 and March 2012, respectively. In the short term, the demand for fuel oil for thermal power generation (heavy fuel oil, crude oil) is likely to increase due to the suspension of operations at nuclear power plants. However, over the medium to long term, the trend of declining demand for petroleum products will continue, and consequently we will proceed with the reduction of refining capacity as planned. In addition to the reduction of 400 thousand barrels per day that was completed in fiscal 2010, we will implement a further reduction of 200 thousand barrels per day by the end of March 2014.

Generate Integration Synergies and Enhance Efficiency of Refineries

As a result of accelerated implementation, the NOE Group achieved an improvement in profit of ¥90.9 billion in fiscal 2011, which is about 83% of its three-year goal of ¥109.0 billion and, consequently, has steadily boosted its competitiveness.

Strengthen overseas business operations, focusing on growing demand in the Asian region

Expand Lubricants Business

Against a background of progress in motorization in emerging countries, substantial growth is expected in worldwide lubricants markets, especially in Asia. The NOE Group has taken steps to steadily expand its operations. These steps have included establishing a sales company in Dubai of the United Arab Emirates in July 2011, starting the operation of a new plant in Indonesia in April 2012, and executing a basic agreement with SK Lubricants of South Korea in August 2011 for the establishment of a joint venture to produce base oil for high-quality lubricants.

Chemicals (Basic Chemical Products and Specialty and Performance Chemical Products)

In the basic chemical products field, the NOE Group is highly competitive in Asia, its principal market, with supply capacities of 990 thousand tons of propylene and 2,620 thousand tons of paraxylene, the highest paraxylene supply capacity in Asia. In the specialty and performance chemical products field, the NOE Group provides distinctive products that claim high shares in the global market. These products include ethylidene norbornene (ENB), a raw material for synthetic rubber; functional films and liquid crystal polymers for use in mobile phones and other IT products; cell incubation mediums for industrial cell cultures and assisted reproductive technology; and the nonwoven fabrics CLAF and MILIFE.

Strengthen overseas business operations, focusing on growing demand in the Asian region

Increase Production of Paraxylene

Paraxylene is a raw material for synthetic fibers and polyethylene terephthalate (PET) containers. Demand for paraxylene is expected to remain strong, centered on China. Based on this outlook, in August 2011, the NOE Group reached an agreement with SK Global Chemical of South Korea to establish a joint venture company to produce paraxylene. Consequently, Ulsan Aromatics Co., Ltd., was established in June 2012. The plan calls for Ulsan Aromatics to have a production capacity of one million tons per year, among the largest in the world, of which the NOE Group's share will be 500 thousand tons. Ulsan Aromatics is expected to enhance the presence of the NOE Group in Asian markets.

For further information, please refer to page 28.

Other Products

As an integrated energy company, the NOE Group engages in a variety of business activities, centered on petroleum and chemical products, as well as LNG, coal, electric power, and new energy.

Establish the most-competitive structure for petroleum refining and marketing in the domestic market

Proceed with LNG Terminal Project

To respond to the needs of conventional petroleum product users for fuel conversion, the NOE Group is moving ahead with an LNG terminal project. Targeting the start of operations in fiscal 2015, the NOE Group is making favorable progress with the construction of terminals in Hachinohe and Kushiro, in the northern part of the Tohoku district and the eastern part of Hokkaido, respectively. The NOE Group has also moved ahead in LNG procurement by concluding contracts with Chevron Australia Pty Ltd. and Shell Eastern Trading (Pte) Ltd. of Singapore.

Strengthen overseas business operations, focusing on growing demand in the Asian region

Acquisition of Additional E&P Rights for Coal

In June 2011, the NOE Group acquired 5% of the shares of PT. Horna Inti Mandiri, which has coal mine holdings in Indonesia, and also secured sales rights for coal in Japan. In March 2012, the NOE Group acquired from Xstrata Coal, of Australia, 25% of the concessions in mining areas in Canada that yield coking coal as well as sales rights in Japan. Coking coal is a raw material used to produce coke, which is indispensable for the production of iron and steel. Demand for coking coal is expected to increase due to higher production of iron and steel in the Asian region including Japan. Currently, as the production of coking coal is concentrated in certain parts of Australia, there are concerns regarding an interruption in the supply due to such factors as unseasonable weather. Accordingly, the NOE Group expects these acquisitions of E&P rights for coal to play a significant role in distributing that risk.

Aggressive initiatives in renewable energy and other fields

Start of Sales of SOFC Type of Fuel Cells

The NOE Group is developing fuel cells as a pillar of its operations in renewable energy. In October 2011, the NOE Group launched sales of a new type of Solid Oxide Fuel Cell (SOFC) system for residential use. This fuel cell offers the world's smallest size, about 40% smaller than the conventional Polymer Electrolyte Membrane Fuel Cell (PEMFC) system. In addition, with an electrical efficiency of 45%, the highest in the world, the SOFC has the distinctive feature of being able to cover 70% of the electric power used by a typical household. Through additional cost reductions and a focus on stand-alone electric power source systems comprising a combination of fuel cells, photovoltaic cells, and storage batteries, the NOE Group will work to promote further use of this product.

Research & Development (R&D)

R&D is being advanced in line with the strategies outlined in the Medium-Term Management Plan, centered on the Research & Development division.

Strategies of the Medium-Term Management Plan	R&D Initiatives
Establish the most-competitive structure for petroleum refining and marketing in the domestic market	Development of the HS-FCC process with the objective of a high-level usage of oil and correspondence to changes in demand structures (see column below).
Strengthen overseas business operations, focusing on growing demand in the Asian region	Development of lubricants and specialty and performance chemical products that meet market needs.
Aggressive initiatives in renewable energy and other fields	Progress in reducing fuel cell costs and in promoting distributed power sources
	Initiatives targeting the realization of a hydrogen society: developing a hydrogen production catalyst and opening up the market
	Developing a method of producing ethanol from biomass
	Developing technology to turn natural gas into liquid fuel

HS-FCC

In comparison with conventional Fluid Catalytic Cracking (FCC), High Severity Fluid Catalytic Cracking (HS-FCC) makes it possible to more efficiently produce propylene, a high-value-added chemical, from heavy fuel oil and to produce higher-octane gasoline. In May 2011, the NOE Group commenced the operation of a system at the Mizushima Refinery for the empirical study of HS-FCC. The equipment can produce 3,000 barrels a day.

JX Nippon Oil & Gas Exploration Group

The JX Nippon Oil & Gas Exploration (NOEX) Group is engaged in oil and natural gas exploration, development, and production activities in 14 countries around the world. The NOEX Group acts as an operator and takes a leadership role in the implementation of projects in such areas as Vietnam, Malaysia, and the U.K. North Sea. Aiming to increase reserves and production volume over the medium to long term, the NOEX Group is allocating management resources to core countries on a priority basis.

BUSINESS ENVIRONMENT / PROGRESS WITH THE STRATEGIES AND MEASURES OF THE MEDIUM-TERM MANAGEMENT PLAN (2010-2012)

Business Environment:
Rise of resource nationalism, escalating competition for natural resources

Medium-Term Strategy:
Priority allocation of management resources to core countries

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Core countries: Vietnam, Malaysia, and the U.K. North Sea Core candidate countries: UAE, Qatar, Indonesia, Papua New Guinea	Please refer to the table on the right.

Business Environment:
Increase in prices of resource acquisitions as a result of higher crude oil prices

Medium-Term Strategy:
Expand reserves and production volume over the medium to long term, mainly through participation from the exploration stage

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Of a total investment of ¥320.0 billion, exploration activities accounted for ¥75.0 billion.	Please refer to the table on the right.

Business Environment:
Rise in the number of projects with challenging conditions and high E&P costs

Medium-Term Strategy:
Promotion of new technologies

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Develop and promote new technologies, such as the enhanced oil recovery method	Successful pilot test of CO_2 injection enhanced oil recovery method at the Rang Dong oil field. Successful confirmation of natural gas flow in a shallow-water, ultra-deep, high-pressure high-temperature prospect in the U.S. Gulf of Mexico.

Shigeo Hirai
Representative Director and President
JX Nippon Oil & Gas Exploration Corporation

Major Results to Fiscal 2011

	Country (Block)	Type	Acquisition of interests	Discovery of oil and/ or gas reservoir	Confirmation of the spread of hydrocarbon	Success of flow test	Renewal of contract for producing oil field
Oct. 2010	U.K. North Sea (new)		●				
Jan. 2011	Vietnam (16-2)	Natural gas		◆			
Feb. 2011	UAE (new + renewed)	Crude oil	●				■
	U.S. Gulf of Mexico (Davy Jones)	Natural gas			💧		
	Vietnam (05-1b/1c)	Crude oil/ natural gas		◆			
Mar. 2011	U.K. North Sea (Culzean)	Natural gas			💧		
Apr. 2011	Australia (WA-290-P)	Natural gas		◆			
	Papua New Guinea (PPL219)	Crude oil		◆			
May 2011	Qatar (Block A)	Natural gas	●				
	Australia (WA-191-P)	Crude oil		◆ Jan. 2012: Made decision to move to development			
Jul. 2011	Vietnam (101-100/04)	Crude oil	●				
Jan. 2012	Malaysia (Deepwater Block R)	Crude oil	●				
Mar. 2012	U.S. Gulf of Mexico (Davy Jones)	Natural gas				◆	

Oil and Natural Gas Development Projects

*1. Core countries
*2. Core candidate countries

STATUS BY ACTIVITY

Production Activities

The NOEX Group is engaged in oil and natural gas production activities in 12 countries around the world, including Vietnam and Malaysia, where the Group acts as operator. The NOEX Group is working to ensure stable, safe operations while establishing strong relationships with host country governments and business partners. In fiscal 2011, the NOEX Group produced and sold around 130 thousand BOED.

Country and region	Project company	NOEX ownership ratio	Ownership in oil/ natural gas/LNG project	Fiscal 2011 sales volume (Thousand BOED*)	Fiscal 2011 reserves (Million BOE*)
U.S. Gulf of Mexico	JX Nippon Oil Exploration U.S.A. Limited	100.0%	11.6%~100%	4	25
	JX Nippon Oil Exploration (Gulf) Limited				
Canada	Japan Canada Oil Company Limited	100.0%	5%	14	251
U.K. North Sea	JX Nippon Exploration and Production (U.K.) Limited	100.0%	2.1%~45%	9	47
Vietnam	Japan Vietnam Petroleum Company, Limited	97.1%	46.5%~64.5%	8	259
Myanmar	Nippon Oil Exploration (Myanmar) Limited	50.0%	19.3%	9	
Malaysia	JX Nippon Oil & Gas Exploration (Malaysia) Limited	78.7%	75%	19	
	JX Nippon Oil & Gas Exploration (Sarawak) Limited	76.5%	37.5%	27	
Indonesia	Nippon Oil Exploration (Berau) Limited	51.0%	12.2%~17.1%	17	
Papua New Guinea	Merlin Petroleum	79.0%	4.7%~73.5%	6	99
	Southern Highlands Petroleum Co., Ltd.	80.0%			
Australia	JX Nippon Oil & Gas Exploration (Australia) Pty Ltd.	100.0%	15%~25%	1	
UAE, Qatar, and others	United Petroleum Development Co., Ltd.	45.0%	97%	12	69
	Abu Dhabi Oil Co., Ltd.	31.5%	100%		
Total				128	749

* NOEX net sales volume. Crude oil equivalent

Exploration and Development Activities

Reserves and production volumes at existing oil and gas fields will decline in accordance with production advances.

In recent years, a number of factors have combined to make it extremely difficult to acquire assets at the development and production stages. These factors include an increase in resource nationalism in resource-rich countries, escalating competition with China and other countries to secure resources, and the rising price of crude oil. Accordingly, to expand reserves and production volume over the medium to long term, participation in projects from the exploration stage has become a necessary precondition. In the future, an increase is expected in the number of projects with more difficult technical conditions and therefore higher development costs, such as deep sea and deep underground prospects, and as a result bolstering technical capabilities and controlling risk appropriately have become essential.

In response to these challenges, management resources are allocated on a priority basis to core countries where the NOEX Group has region-specific knowledge and know-how. The core countries are Vietnam, Malaysia, and the U.K. North Sea, and the core candidate countries are the UAE, Qatar, Indonesia, and Papua New Guinea. In addition, the NOEX Group is moving ahead with the promotion of new technologies. The Group's long-term vision is to secure a production volume of 200 thousand BOED in 2020.

Expand reserves and production volume over the medium to long term, mainly through participation from the exploration stage

Qatar Block A

In May 2011, the NOEX Group acquired 100% working interest and operatorship in Block A offshore Qatar, which is the world's largest exporter of LNG. This block is in a lower layer of the North Field Gas Field, which is the world's largest gas field, and is expected to be the site of the discovery of new gas fields. In the future, the NOEX Group will move ahead with exploration activities as an operator.

Malaysia Block R

In January 2012, we acquired 37.5% working interest in deepwater Block R offshore Sabah, Malaysia. Block R is a deepwater block with a depth ranging from 100 meters to 1,400 meters. A number of large oil fields have been discovered in surrounding areas. This project is the first deepwater project overseas for which the NOEX Group will serve as an operator. In the future, this project will also contribute to the Group's accumulation of technical capabilities.

Papua New Guinea LNG Project

Merlin Petroleum owns about 4.7% of this project, which is Papua New Guinea's first LNG project. Progress is being made toward the start of production in 2014. The plan calls for the production of 6.6 million tons of LNG a year, and sales contracts have already been concluded with purchasers. A portion of the production will be sold to electric power and gas companies in Japan.

For further information, please refer to page 29.

Finucane South Oil Field in Australia

In May 2011, the NOEX Group confirmed the presence of oil in the Finucane South prospect in Block WA-191-P in Australia's North West Shelf region. In January 2012, the NOEX Group made the final investment decision on the development of this project. Production is expected to start in the second half of 2013, in a relatively short period of time, by using the existing production facilities installed in a neighboring area.

Promotion of new technologies

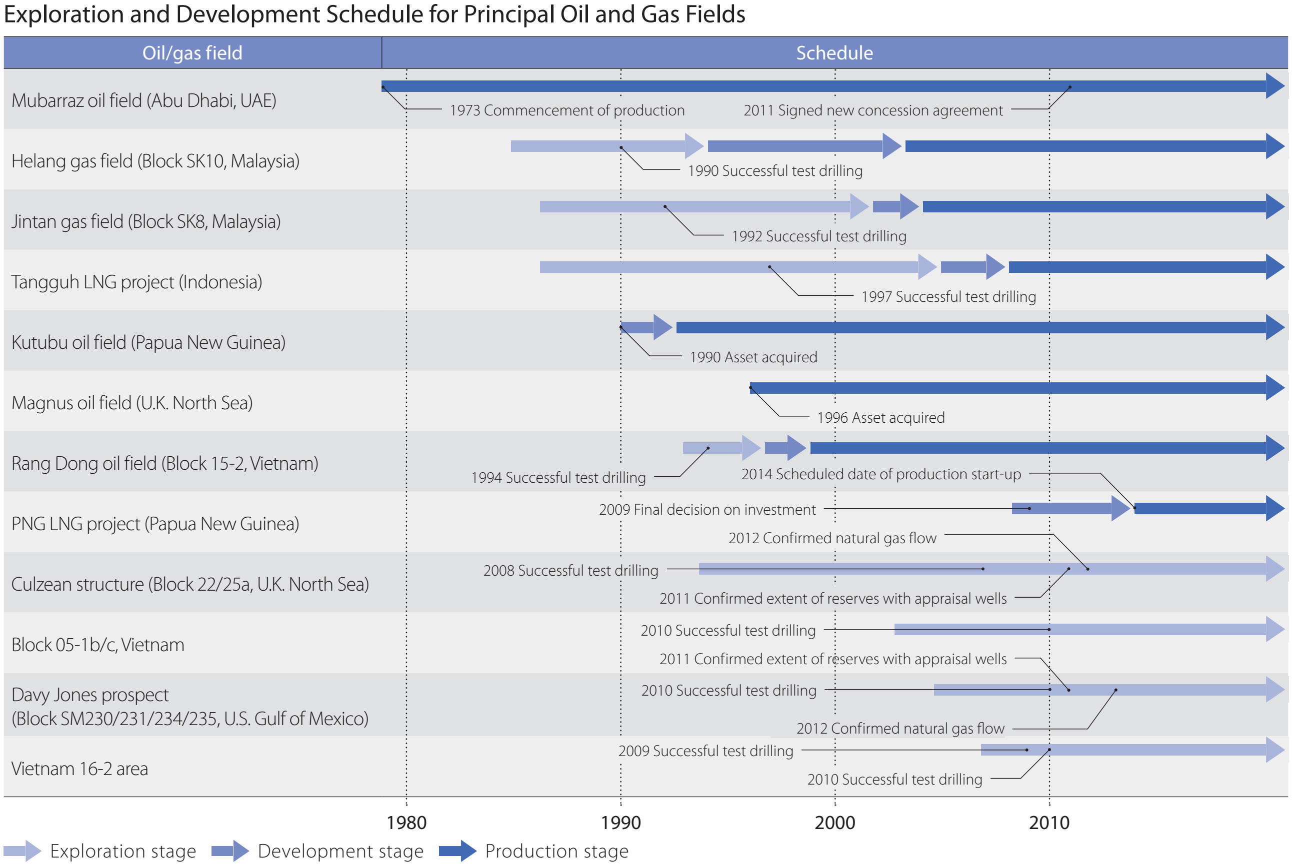
CO_2 Injection Enhanced Oil Recovery Method

From May to June 2011, in cooperation with Japan Oil, Gas and Metals National Corporation (JOGMEC) and the Vietnamese National Oil Company, the NOEX Group conducted a pilot test of CO_2 EOR at the Rang Dong oil field, in Vietnam. The test confirmed a sufficient increase in production. This was the first successful test of offshore CO_2 EOR in Southeast Asia, and the Group is now considering the commercialization of this technique in the future.

Natural Gas Development in Shallow Water Ultra-Deep Prospect

In March 2012, natural gas flow was confirmed from the Davy Jones prospect in the U.S. Gulf of Mexico. This prospect is a natural gas strata in an ultra-deep section (measured depth: about 8,800 meters) off Louisiana. In cooperation with operator McMoRan Oil & Gas LLC, of the U.S., the NOEX Group is moving ahead with exploration activities. The technologies that are developed here are expected to find growing uses in advancing exploration in ultra-deep prospects in challenging high-temperature high-pressure environments.

Exploration and Development Schedule for Principal Oil and Gas Fields



JX Nippon Mining & Metals Group

The JX Nippon Mining & Metals (NMM) Group engages in integrated copper and other non-ferrous metals operations extending from its business in resources development, smelting and refining, recycling and environmental services, and electronic materials. By pursuing a stable supply and the effective use of value-bearing metal resources, the NMM Group will dedicate itself to developing a sustainable economy and society.

BUSINESS ENVIRONMENT / PROGRESS WITH THE STRATEGIES AND MEASURES OF THE MEDIUM-TERM MANAGEMENT PLAN (2010-2012)

Business Environment:
Further expanding demand for refined copper, especially in China, and addressing the continuing shortage of copper concentrate

Medium-Term Strategy:
Establishing a highly profitable and well-balanced business structure between the resources development and the smelting and refining businesses

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Increasing the ratio of equity entitlement copper mine production by developing the Caserones Copper Mine	Constructing facilities and progressing with preparations of the project for commencement of operation in 2013
Acquiring new mining concessions by leveraging next-generation smelting technologies	Developing the Nikko Chloride (N-Chlo) Process in Australia and bio-leaching technologies in Chile

Business Environment:
Further competition for natural resources and an increasing need for recycling resources

Medium-Term Strategy:
Reinforcing the recycling and environmental services business that meets social and market needs

Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Strengthening ability to collect recycled materials by leveraging functions of overseas recycling centers	Placed Chiongpin Recycling Center in Taiwan into full-scale operation and bolstered a system to accept recycled materials in Japan
Developing for early commercialization of technologies to recycle used automotive lithium-ion batteries	Completed the construction of new facilities in the Tsuruga Plant for early commercialization

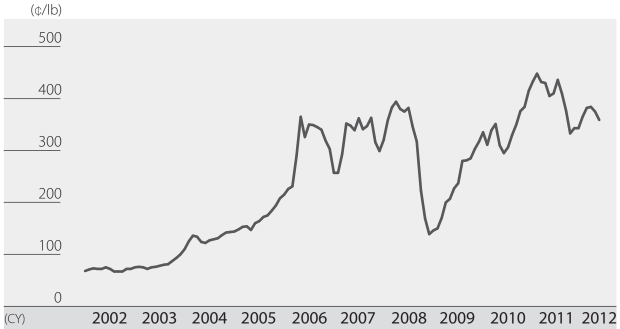
Business Environment:
New markets for smartphones, tablet PCs, eco-cars, and other growing markets

Medium-Term Strategy:
Developing electronic materials used in growing markets as well as creating new markets

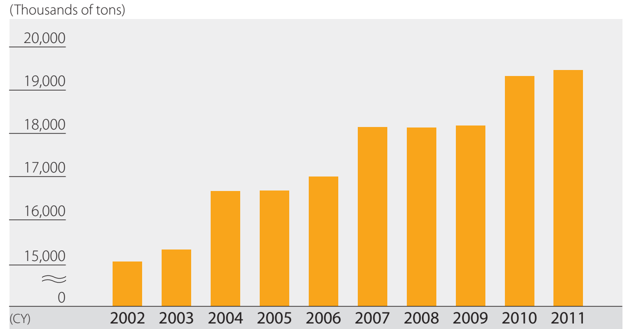
Specific Measures in the Medium-Term Management Plan (Three Years)	Major Achievements in the Two Years to Fiscal 2011
Developing high-performance products that meet market needs	Developing highly flexible treated rolled copper foil, precision rolled copper alloy products with high mechanical properties and conductivity, and next-generation sputtering targets for semiconductors
Reinforcing the integrated structure of precision rolling and precision fabricating operations	Enhancing precision fabricating technologies through the acquisition of Suzuki Manufacturing Co., Ltd., and Sanyu Electronic Industry Co., Ltd., and constructing a manufacturing plant for precision fabricated materials for use in car electronic parts in Kakegawa City, Shizuoka Prefecture
Launching new facilities to produce cathode materials for automotive lithium-ion batteries	In fiscal 2012, establishing a mass production system with a capacity of 5,000 tons per year and commencing operations

Yoshimasa Adachi
Representative Director and President
JX Nippon Mining & Metals Corporation

LME Copper Price

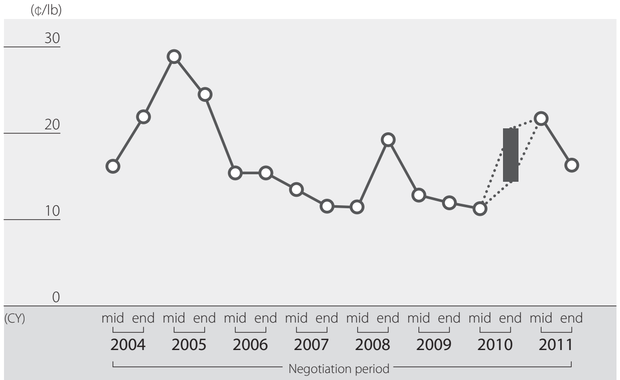


Global Demand for Refined Copper



Source: WBMS

Treatment Charge/Refining Charge (TC/RC*)



* TC/RC: smelting and refining margin (Treatment Charge/Refining Charge). Purchasing term decided through negotiations between smelters and mining companies, with the smelter paying to the mining company, as payment for copper concentrate, an amount calculated by subtracting the TC/RC from the LME copper price.

Principal Electronic Materials

Product name	Worldwide market share (As of 2011)		Primary uses
Treated rolled copper foil	No. 1	75%	Flexible printed circuit boards
Sputtering targets for LSIs	No. 1	60%	CPUs, memory chips, etc.
Sputtering targets for FPDs*	No. 1	30%	Transparent electrodes
Sputtering targets for magnetic applications	No. 2	30%	HDDs (Hard disk drives), etc.
Corson alloys (C7025)	No. 1	45%	Lead frames, connectors
Titanium copper alloys	No. 1	70%	High-quality connectors, etc.
Phosphor bronze alloys	No. 1	20%	Connectors, springs for electronic components

* FPDs: Flat panel displays

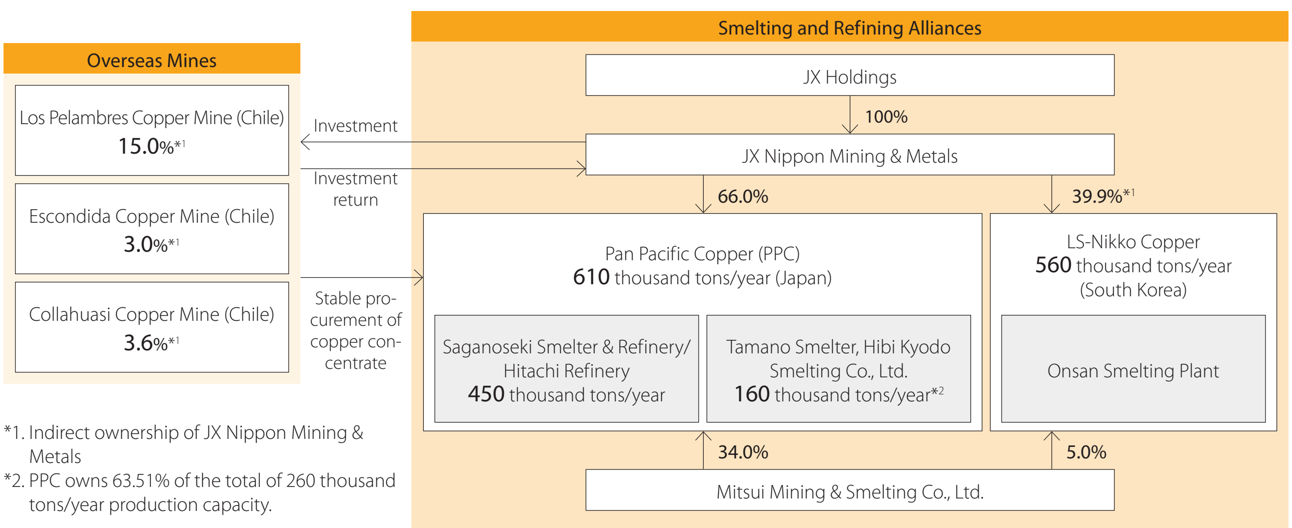
STATUS BY BUSINESS

Resources Development and Smelting and Refining Businesses

In the resources development business, the NMM Group has taken equity stakes in the Escondida Mine, the Collahuasi Mine, and the Los Pelambres Mine, which started operations in 1990, 1999, and 2000, respectively, to secure a stable supply of copper concentrate for our smelting and refining operations. In 2011, copper production volume in equity entitled copper concentrate was about 100 thousand tons. With the recent copper price hike, these equity stakes have made a significant contribution to the NMM Group's earnings.

In the smelting and refining business, Pan Pacific Copper (PPC)—a joint venture with Mitsui Mining & Smelting Co., Ltd.—and LS-Nikko Copper Inc., of South Korea, have a combined annual production capacity of 1,170 thousand tons of refined copper. Thanks to economic growth in China and other emerging countries, demand for refined copper is increasing, and the copper price has been showing healthy movement. On the other hand, the weak copper price from the late 1990s to the early 2000s thwarted new copper mine developments. As a result, the disparity between copper concentrate supply and demand situation has remained tight. In addition to the rapid appreciation of the yen, the low treatment charges and refining charges (TC/RC) have forced the NMM Group to decrease refined copper production since 2009 and have encouraged further reductions of smelting and refining costs to bolster its competitiveness.

Outline of Resources Development and Smelting and Refining Businesses



*1. Indirect ownership of JX Nippon Mining & Metals
*2. PPC owns 63.51% of the total of 260 thousand tons/year production capacity.

Establishing a highly profitable and well-balanced business structure between the resources development and the smelting and refining businesses

Caserones Copper Mine Development

Due to the tight relationship between copper concentrate supply and demand, the NMM Group is moving ahead to acquire additional mining concessions and increase the ratio of equity entitlement copper mine production*1, to establish the business structure to mitigate fluctuations in TC/RC. The construction work for the Caserones Copper Mine Development Project is making considerable progress toward the start of its operation in early 2013. With the commencement of production at full capacity in 2014, copper production volume will reach a total of 180 thousand tons (150 thousand tons of copper concentrate and 30 thousand tons of refined copper through the SX-EW method*2) per year. As a result, the NMM Group's ratio of equity entitlement copper mine production will improve to more than 50% from its current level of less than 20%.

For further information, please refer to page 30.

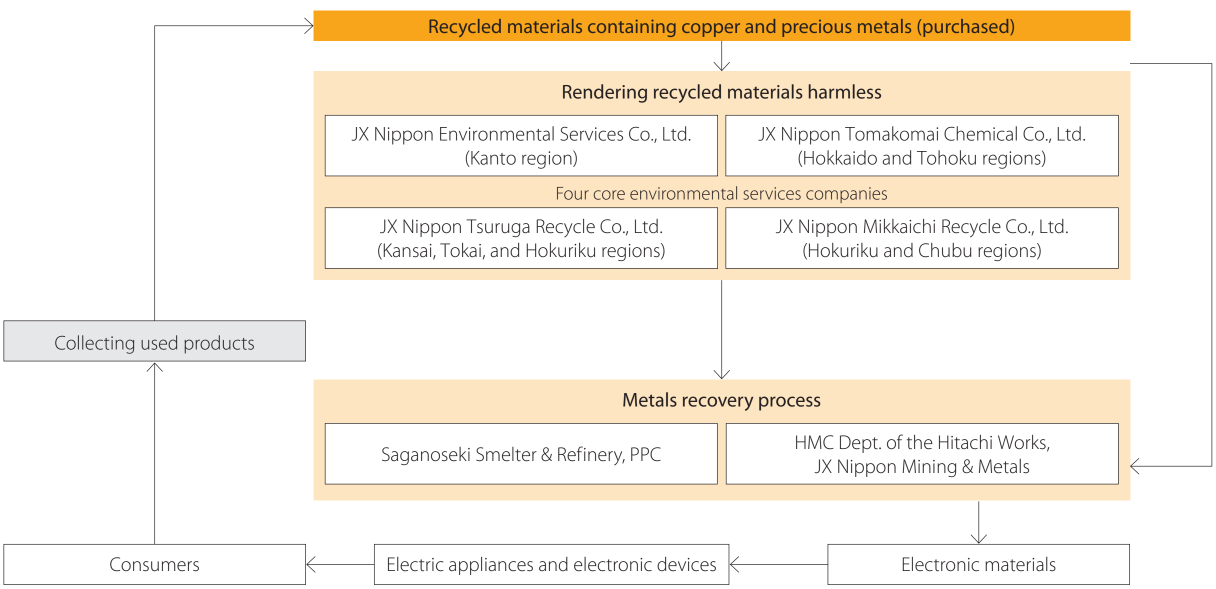
*1. The ratio of equity entitlement copper mine production: the ratio of copper concentrate from sources where we own mining rights divided by the total copper concentrate requirements for our smelting and refining operation
*2. SX-EW (solvent extraction-electrowinning): A copper production method by first making a copper sulfate solution by selectively extracting copper ions from a copper leaching solution (solvent extraction) and subsequently producing refined copper from the copper sulfate solution through electrowinning.

Recycling and Environmental Services Business

Intensifying worldwide competition for natural resources and the necessity to reduce the environmental burden has led to increasing importance of recycling metal resources. In the recycling and environmental services business, the NMM Group efficiently recovers copper and precious and other value-bearing metals by utilizing its copper smelting and refining facilities. The NMM Group has expanded the scope of the recycling and environmental services business, with the HMC (Hitachi Metal Recycling Complex) Department of the Hitachi Works starting operations to recover 16 types of non-ferrous metals.

To obtain recycled materials, the NMM Group has built a nationwide collection network that comprises operating sites extending from Hokkaido to Kyushu. In recent years, a rising number of electronic component companies shifting their operations overseas has reinforced the tendency to lower the volume of recycled materials generated in Japan. In this environment, the NMM Group is enhancing its ability to collect recycled materials overseas and advancing into such new fields as the recycling of automobile lithium-ion batteries to ultimately strengthen its earnings capacity.

Flow of the Recycling and Environmental Services Business



Reinforcing the recycling and environmental services business that meets social and market needs

Utilizing Overseas Recycling Centers

To handle decreasing quantities of recycled materials generated in Japan and the globally growing need for recycling, the NMM Group is aggressively collecting recycled materials overseas. In 2010, the operating sites for recycling and environmental services in Japan began to receive recycled materials that were collected by the Chiongpin Recycling Center in Taiwan. At the same time, the NMM Group is strengthening its ability to collect recycled materials in North America. To accommodate an increase in materials collected, the NMM Group is improving its capabilities in pretreatment, sampling, and analysis at PPC's Saganoseki Smelter & Refinery.

Recycling of Lithium-Ion Automotive Batteries

Please refer to the R&D section on page 46.

Electronic Materials Business

In the electronic materials business, the NMM Group manufactures a diverse range of electronic materials by drawing on such advanced technologies as high-purification, high-density sintering, surface treatment, and precision rolling and processing. By developing and supplying high-quality and highly functional products that meet market needs, the NMM Group commands large shares in the global market. On the other hand, since approximately 95% of our electronic materials are used for IT-related products, our operations are significantly affected by fluctuations in demand for PCs, mobile phones, LCD TVs, and others. In order to mitigate the fluctuations in the IT-related products market, the NMM Group is increasing the production of electronic materials used in the automotive field, where demand for eco-friendly cars is growing.

Developing electronic materials used in growing markets as well as creating new markets

Strengthening the Integrated Production System for Precision Rolling and Fabricating Businesses

To reinforce the operation of the businesses for electronic materials used in the automotive field, the NMM Group is moving forward with the construction of a new plant in Kakegawa City, Shizuoka Prefecture, for precision components for car electronic parts. The plant, which is scheduled to begin operation in 2013, will enable the NMM Group to further leverage the precision plating and stamping technologies of Sanyu Electronic Industry Co., Ltd., and Suzuki Manufacturing Co., Ltd.—these companies were affiliated with the Group in 2010 and 2011, respectively, to enhance the Group's competitiveness in this business field.

Cathode Materials for Automotive Lithium-Ion Batteries

The NMM Group is expanding its production capacity for cathode materials for lithium-ion batteries, which will be used in the rapidly growing electric automobile market. The newly established production facilities will begin operation in fiscal 2012 with an annual capacity of 5,000 tons. The ternary-system cathode materials that the NMM Group produces consist of cobalt, manganese, and nickel. Fine-turning the composition of these elements allows our cathode materials to meet customers' requirements regarding capacity, life, and safety of the battery. Also, our proprietary integrated manufacturing process reduces impurities and ensures homogeneity of the cathode materials to offer excellent life expectancy and safety.

R&D

In the NMM Group, the Technology Development Group and the Technology Development Center play a key role in advancing research and development in line with the strategy outlined in the Group's Medium-Term Management Plan.

Establishing a highly profitable and well-balanced business structure between the resources development and the smelting and refining businesses

Developing Next-Generation Smelting Technologies

Currently, the NMM Group is developing the Nikko Chloride Process (N-Chlo Process) in Australia and bio-leaching technology in Chile. These technologies will make it possible to efficiently extract value-bearing metals from low-grade copper ore that has not been used, thereby making a contribution to the effective use of resources and a reduction in the environmental burden. Furthermore, the use of these new technologies is expected to raise the possibility of the new development of copper mines and will bring additional opportunities for acquisition of mining concessions.

Reinforcing the recycling and environmental services business that meets social and market needs

Recycling of Automotive Lithium-Ion Batteries

Electric automobiles are expected to rapidly spread. In view of securing a stable supply of raw materials and reducing the environmental burden, recycling lithium-ion batteries will be an immense challenge to the spread of these automobiles. Demonstration trials, which the NMM Group conducted since April 2010 in Tsuruga City, Fukui Prefecture, have verified the efficiency of our proprietary solvent extraction technology to recover cobalt, nickel, manganese, and lithium from used lithium-ion batteries. Based on these results, in April 2012 the NMM Group set up new facilities to improve processes and reduce costs of recovery in our value-bearing metals operation to launch the automotive lithium-ion batteries recycling business at an early date.

JX Group CSR

JX GROUP MISSION STATEMENT

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

About JX

The name "JX" is a brand that symbolizes the JX Group's existence and presence. The letter "J" represents our position as one of the world's largest integrated energy, resources and materials business groups from Japan, while the letter "X" represents our willingness to pioneer new frontiers, our future growth and development potential, and our pursuit of creativity and innovation.

About the JX Corporate Brand Mark

The JX corporate brand mark symbolizes the continuity of the global environment and the JX Group based on the JX Group's mission statement. The design, in which the "JX" logo overlaps with a sphere, represents the JX Group's commitment to a green earth—i.e., our contribution to the development of a sustainable economy and society, through innovation in the areas of energy, resources and materials.

* The JX corporate brand mark is common to JX Holdings, Inc., JX Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation and JX Nippon Mining & Metals Corporation.

BASIC APPROACH

The Board of Directors formulated the JX Group Mission Statement when JX Holdings was formed in April 2010. The Management Council meeting held on the same day determined the JX Group's basic policy for CSR, priority fields, and the structure for promoting CSR across the JX Group. The Management Council is a body that assists decision-making by the president.

As a company involved in the energy, resources, and materials fields, which are vital for people's lives and economic activity, we believe that the embodiment of CSR is to ensure a stable and efficient supply of energy, resources, and materials and the implementation of the Mission Statement by every employee in the course of executing business operations. This is the JX Group's social responsibility. Based on this belief, we aim to establish a corporate group worthy of the trust of stakeholders, including shareholders and other investors, customers, and employees.

JX Group's Basic Approach to CSR

We will steadily fulfill our responsibility to society through faithful implementation of the JX Group Mission Statement by every officer and employee in order to establish a corporate group worthy of the trust of our stakeholders.

JX Group Mission Statement and CSR

JX Group Mission Statement

- JX Group slogan (The essence of the JX Group mission)
- JX Group mission statement (JX Group's raison d'être)
- JX Group values (Values that are grounds for corporate officers and employees)

↓↑

JX Group Long-Term Vision and Medium-Term Management Plan

↓↑

Putting the mission statement into practice in business operations = CSR

PRIORITY FIELDS AND PROMOTION STRUCTURE

We established the JX Group CSR Council, which is chaired by the president of JX Holdings, to formulate and promote the JX Group's basic policy on CSR and to manage and coordinate CSR activities across the JX Group. We have specified three priority areas for CSR: 1) compliance (including information security and human rights), 2) social contribution, and 3) the environment. JX Group CSR committees have been established for each field, and these committees act as advisory bodies to the chairman of the JX Group CSR Council. Each committee deliberates and reports on actual business operations and shares information. This promotional structure leverages the different business characteristics of each company in the JX Group while ensuring the CSR activity PDCA cycle functions in the whole Group.

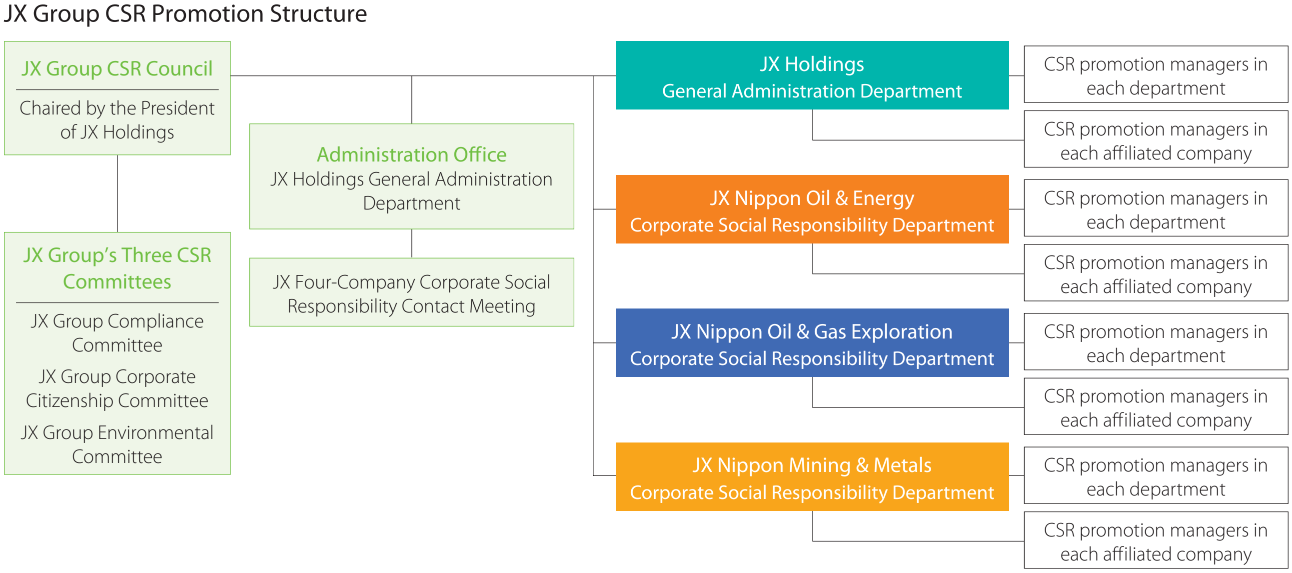
The office responsible for the council and these committees in JX Holdings serves as the Administration Office.

GROUP CSR PROMOTION MANAGERS

Each workplace leads the way in putting the JX Group Mission Statement into practice. Given that the main players are the individuals who work there, Group CSR promotion managers have been assigned to each workplace in the JX Group.

The Group CSR promotion managers cooperate with the department responsible for CSR in each company, working at the frontline of CSR promotion to manage CSR in the workplace. Group CSR promotion managers gather once a year for a conference at which they learn about the direction and vision of the Group's CSR activities and share opinions.

JX Group CSR Promotion Structure



SPECIFIC INITIATIVES

Targeting the realization of the JX Group Mission Statement, the JX Group is implementing a range of activities on a daily basis, including operating, environmental conservation, and CSR activities, as described below.

Disaster-Resistant Service Stations

Petroleum Refining and Marketing Business

- Rigorous approach to safe, stable operations at refineries and other facilities
- Development of service stations that can supply fuel in times of disaster
- Development and sales of environment-friendly products and services, such as high-octane gasoline, residential-use fuel cells, and photovoltaic power generation systems

Rang Dong Oil Field (Vietnam)

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

- Safe operations, centered on projects for which we act as operator
- Stable production of oil and natural gas
- Activities to reduce emissions of greenhouse gases, such as a clean development mechanism (CDM) at the Rang Dong Oil Field

HMC (Hitachi Metal Recycling Complex) Department of the Hitachi Works

Metals Business

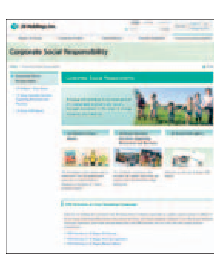
- Ensuring safety and disaster prevention at smelters and refineries and other facilities
- Efficient mining, smelting and refining, processing, and recycling of non-ferrous metal resources
- Launching the business to recover rare metals from used lithium-ion batteries

Bouquet of Children's Stories

Other Operations

- Support for nurturing the next generation through sports and the advancement of culture
- JX Children's Story Award activities, which include the issuance of books of original children's stories, the donation of copies of these books, and the provision of scholarships
- Environmental conservation and volunteer activities closely linked to local communities

The latest information on CSR-related initiatives is available on the Company's website. In addition, the Company publishes a CSR report.



WEB http://www.hd.jx-group.co.jp/english/csr/

Board of Directors and Auditors

(As of July 1, 2012)

Representative Director, Chairman of the Board
Yasushi Kimura
Representative Director, Chairman of the Board, JX Nippon Oil & Energy Corporation

Representative Director, President
Isao Matsushita

Director, Senior Vice President
Ichiro Uchijima
Responsible for Corporate Planning Department II and Finance & Investor Relations Department

Director, Senior Vice President
Junichi Kawada
Responsible for General Administration Department and Legal Affairs Department

Director, Senior Vice President
Rentaro Tonoike
Responsible for Corporate Planning Department I

Director, Senior Vice President
Akira Omachi
Responsible for Internal Audit Department and Controller Department

Director
Seiichi Isshiki
Representative Director, President, JX Nippon Oil & Energy Corporation

Director
Yukio Uchida
Director, Executive Vice President, JX Nippon Oil & Energy Corporation

Director
Shigeo Hirai
Representative Director, President, JX Nippon Oil & Gas Exploration Corporation

Director
Yoshimasa Adachi
Representative Director, President, JX Nippon Mining & Metals Corporation

Outside Director
Etsuhiko Shoyama

2009 Senior Corporate Advisor, Hitachi, Ltd. (current)
2006 Director, Representative Executive Officer and Chairman, Hitachi, Ltd.

Outside Director
Masahiro Sakata

2006 Registered as Attorney-at-law (current)
Council, Anderson Mori & Tomotsune (current)
2004 Director-General of the Cabinet Legislation Bureau

Outside Director
Hiroshi Komiyama

2009 Chairman, Mitsubishi Research Institute, Inc. (current)
2005 President of the University of Tokyo
1988 Professor, Department of Chemical Engineering, Faculty of Engineering, the University of Tokyo

Outside Director
Hiroko Ota

2008 Professor, National Graduate Institute for Policy Studies (current)
2006 Minister of State for Economic and Fiscal Policy

Corporate Auditor
Fumio Ito

Corporate Auditor
Hideo Tabuchi

Outside Corporate Auditor
Hidehiko Haru

2002 Member of the Policy Board of the Bank of Japan
2000 Representative Director and Executive Vice President, The Tokyo Electric Power Company, Inc.

Outside Corporate Auditor
Hiroyasu Watanabe

2004 Professor, Graduate School of Finance, Accounting and Law, Waseda University (current)
2002 Director-General, Japan's National Tax Agency

Outside Corporate Auditor
Mitsudo Urano

2007 Representative Director and Chairman, Nichirei Corporation (current)

Outside Corporate Auditor
Hideki Nakagome

2006 Registered as Attorney-at-law (current)
Partner, Fuji Partnership Law Office (*Fuji Godo Houritsujimusho*) (current)
2005 President, The Nagoya High Court

Corporate Governance

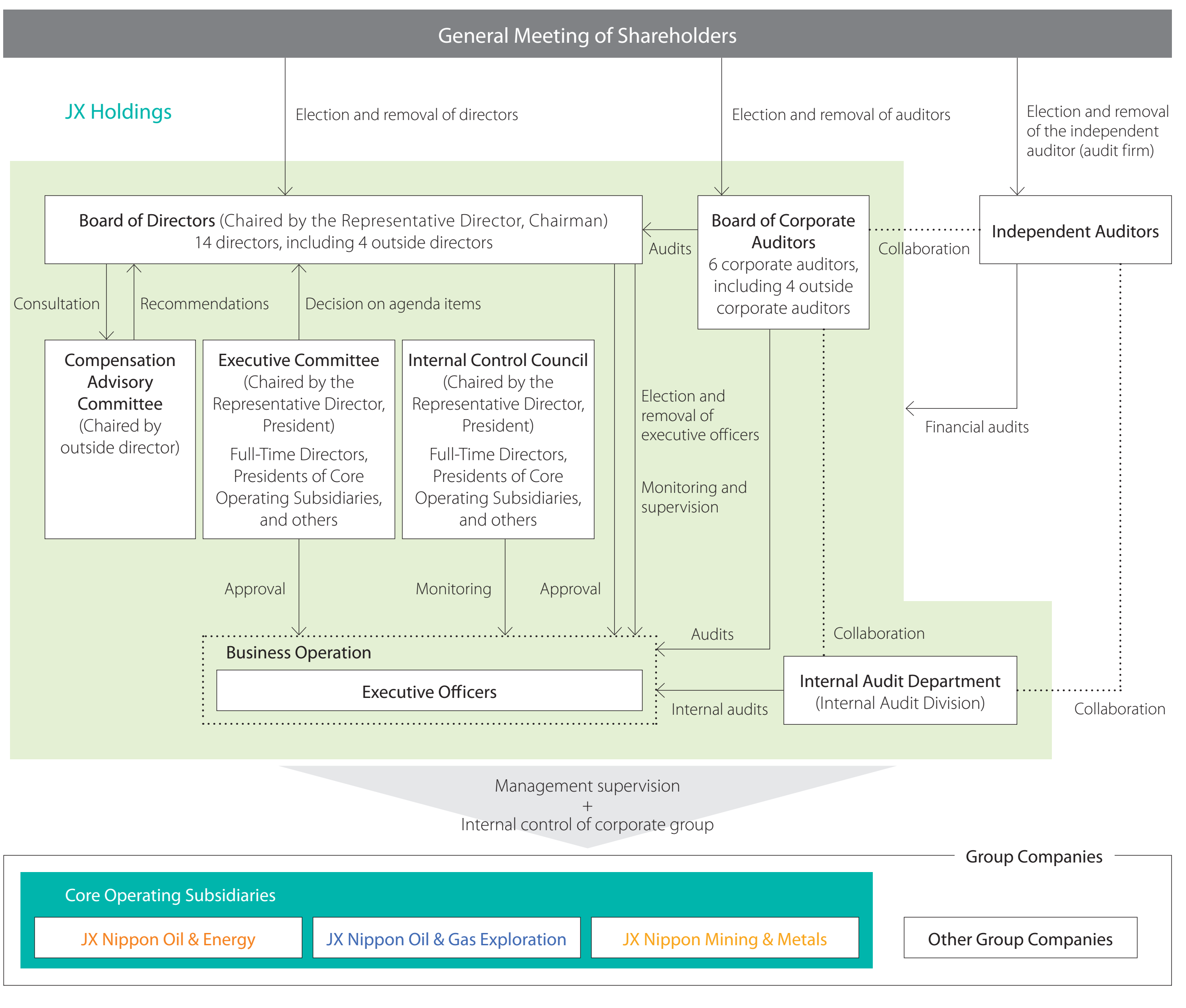
BASIC APPROACH TO CORPORATE GOVERNANCE

JX Holdings ("the Company") is aware that its mission is to contribute to sustainable economic and social development through creation and innovation in the fields of energy, resources, and materials. In addition, the Company is cognizant of the importance of promoting all its business activities as a fair and responsible player and maximizing its corporate value.

The basic approach to corporate governance of the Company is to make decisions and execute operational activities quickly and flexibly to implement growth strategies for the JX Group as a whole and make appropriate responses to changes in the business environment. In addition, the Company endeavors to secure the soundness and transparency of its management to respond to the trust and confidence of all its stakeholders.

CORPORATE GOVERNANCE SYSTEM AND ACTIVITIES

As the holding company, JX Holdings focuses especially on formulating medium- to long-term strategies for the JX Group and strategically allocating management resources to implement these strategies. Under the holding company, the core operating subsidiaries are responsible for actual business activities in the JX Group in the Petroleum Refining and Marketing Business, the Oil and Natural Gas Exploration and Production (E&P) Business, and the Metals Business.



Board of Directors

The Board of Directors as a statutory body makes decisions and reports on matters stipulated in the related laws, including the Companies Act and the Articles of Incorporation as well the Rules for the Board of Directors. In principle, the meetings of the Board of Directors are held once a month. After due deliberation, the board makes decisions on important matters and receives reports from other directors regarding the conduct of business activities.

Directors are elected for a term of one year and must be approved each year by the General Meeting of Shareholders. In addition, to strengthen the supervision of management from an independent and objective perspective, among the total of 14 directors, four outside directors are appointed, who are selected on the basis of their deep management insight and extensive experience. These four outside directors meet the criteria for independent officers of each of the stock exchanges on which the Company is listed—Tokyo, Osaka, and Nagoya. In fiscal 2011, one outside director attended all of the 13 meetings of the Board of Directors, two outside directors attended 12 of the 13 meetings, and one outside director attended 11 of the 13 meetings. At these meetings, the outside directors utilized their extensive specialized knowledge and experience and, from an objective and impartial viewpoint, posed questions and expressed their opinions regarding resolution matters, such as on important investments, and regarding reports, such as those on the status of operational execution.

In addition, the presidents of core operating subsidiaries are appointed as directors of the Company, and, in the Board of Directors' meetings, they participate in deliberations and decision making with respect to business strategy for the JX Group as a whole.

Information Regarding Outside Directors

Name	Position and important concurrent office	Reasons for election as outside directors and reasons for designating as independent directors
Etsuhiko Shoyama	Independent Director Senior Corporate Advisor of Hitachi, Ltd.	Mr. Etsuhiko Shoyama served in management positions in Hitachi, Ltd., for many years and has strong insight, extensive experience, and a solid record of accomplishments in corporate management. He was elected as outside director because, by drawing on his background, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective. In fiscal 2011, the Company and its core operating subsidiaries engaged in transactions with Hitachi where Mr. Shoyama had served as chairman until March 2009, such as the purchase of equipment from Hitachi, and system maintenance by Hitachi as well as the sale by the Company's core operating subsidiaries of specimens and products. Nonetheless, the total amount of these transactions is insignificant in comparison with the consolidated net sales of Hitachi and the Company (less than 0.1%) and does not have an influence on his independence as outside director. Accordingly, in the Company's judgment there are no problems with the independence of Mr. Shoyama.
Masahiro Sakata	Independent Director Attorney-at-law; Of Counsel at Anderson Mori & Tomotsune	Mr. Masahiko Sakata served for many years in the Ministry of Finance and held other key positions, including that of Director-General of the Cabinet Legislation Bureau. He was elected as an outside director because, based on his extensive specialized knowledge and experience in administrative and legal matters, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective.
Hiroshi Komiyama	Independent Director Chairman of Mitsubishi Research Institute, Inc.	Mr. Hiroshi Komiyama's fields of specialization are chemical systems engineering, functional materials chemistry, and global environmental engineering. He held the position of professor and conducted research for many years at the University of Tokyo and later served as president of that institution. He was elected as an outside director because, based on his extensive specialized knowledge and experience in the management of a major university, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective. In fiscal 2011, to advance education and research, the Company's core operating subsidiaries made donations to the University of Tokyo, where Mr. Komiyama served as president to March 2009. Nonetheless, the amount of these donations is insignificant in comparison with the average annual revenues (ordinary revenues) of the University of Tokyo over the period from fiscal 2008 to fiscal 2010 (less than 0.1%) and does not have an influence on his independence as outside director. Accordingly, in the Company's judgment there are no problems with the independence of Mr. Komiyama.
Hiroko Ota	Independent Director National Graduate Institute for Policy Studies, Professor	Ms. Hiroko Ota specializes in public economics and economic policies and has long been engaged in education and research at the National Graduate Institute for Policy Studies. In addition, she has held such positions as Director General for Economic Research in Cabinet Office and Minister of State for Economic and Fiscal Policy. She was elected as an outside director because, based on her extensive experience in economy and finance, she is able to provide proper guidance and advice and supervise the management of the Company from her outside perspective.

Board of Corporate Auditors

Under the Companies Act, the Rules for the Board of Corporate Auditors and Auditing Standards for the Corporate Auditors, the Board of Corporate Auditors prepares systems for comprehensively conducting audits by the corporate auditors and routinely audits the status of operational execution by the directors. Reports are made regarding the progress and results of audits of matters for which each corporate auditor is responsible at the regular meetings of the Board of Corporate Auditors, which are held once each month; these results are shared among the corporate auditors.

To enhance the effectiveness of audits, the corporate auditors attend the meetings of the Board of Directors and the Executive Council as well as other important meetings and express their opinions as deemed necessary. In addition, the corporate auditors work to ascertain the conduct of business activities of officers and employees by reading through important documents and conducting interviews with officers and employees of the Company and its subsidiaries. Furthermore, the corporate auditors receive auditing plans, progress reports on auditing activities, and information on results as well as other matters from the Internal Audit Department, and the independent auditors periodically and exchange opinions and information with them. In addition, full-time corporate auditors of the Company serve as auditors of the core operating subsidiaries of the JX Group.

Among the total of six corporate auditors, four outside corporate auditors, who constitute the majority, are appointed on the basis of their deep management insight and extensive experience. Within this structure, under Japan's Companies Act, which has strengthened and expanded the authority of the corporate auditors and the Board of Corporate Auditors, the Company secures the effectiveness of their audits. During fiscal 2011, three of the outside corporate auditors attended all 15 of the meetings of the Board of Corporate Auditors held during the year, and one attended 14 of those meetings. At the meetings, the outside corporate auditors asked questions and expressed their opinions regarding such matters as the status of the operations and management of the Company and Group companies. Also, three of the outside corporate auditors attended all 13 meetings of the Board of Directors held during the year, and one attended 12 of these meetings. All of the four outside corporate auditors meet the criteria for independent corporate auditors of each of the stock exchanges on which the Company is listed—Tokyo, Osaka, and Nagoya.

To further upgrade the auditing functions that are performed by all the corporate auditors, the Auditors' Affairs Office has been established as an organization that is independent from the business execution sections. Dedicated staff are assigned to this office to assist the auditors in the conduct of their duties.

Information Regarding Outside Corporate Auditors

Name	Position and important concurrent office	Reasons for election as outside corporate auditors and reasons for designating as independent auditors
Hidehiko Haru	Independent Auditor	Mr. Hidehiko Haru served for many years with the Tokyo Electric Power Company, Incorporated, and on the Deliberation Committee of the Policy Board of the Bank of Japan. Therefore, he has extensive specialized knowledge and experience regarding corporate management and monetary policy. He was elected as an outside corporate auditor because from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of its duties.
Hiroyasu Watanabe	Independent Auditor Professor of Graduate School of Finance, Accounting and Law, Waseda University	Mr. Hiroyasu Watanabe served in key positions in the Ministry of Finance, including Director-General of the National Tax Agency, and subsequently became a professor in the graduate schools of Waseda University and the University of Tokyo. Therefore, he has sophisticated and specialized know-how and deep insight into corporate management. He was elected as an outside corporate auditor because from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of its duties.
Mitsudo Urano	Independent Auditor Representative Director and Chairman of Nichirei Corporation	Mr. Mitsudo Urano served in the management of Nichirei Corporation for many years and has strong insight into corporate management, extensive experience, and a solid record of accomplishments. He was elected as an outside corporate auditor because from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of its duties.
Hideki Nakagome	Independent Auditor Attorney-at-law, Partner at Fuji Partnership Law Office (*Fuji Godo Houritsujimusho*)	Mr. Hideki Nakagome has long worked as a judge, serving as the president of the Mito District Court and the president of the Nagoya High Court and later served as a committee member of an independent panel of a company in the capacity of an attorney. Therefore, he has extensive specialized knowledge and experience regarding legal and corporate governance. He was elected as an outside corporate auditor because from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of its duties.

Executive Officers

Executive Officers are appointed and are responsible for operational execution, based on the authority of the Board of Directors.

Executive Council

Matters to be decided by the Board of Directors must, in principle, be approved by the president in advance. The Executive Council has been formed to discuss matters related to operational execution that require the approval of the president. This council is composed of full-time directors, the presidents of core operating subsidiaries, and other executive officers, and it is convened periodically and at other times when deemed necessary. Thus, at the Executive Council, through team discussions and deliberation by executive members of the Company and the core operating subsidiaries, appropriate and efficient decisions by the president are secured.

Internal Control Council

Our internal control system works to ensure appropriate operational execution. In regard to the operation of this system, the Internal Control Council has been established to provide advice to the president to implement the system on a Groupwide basis. This council, which is composed of the same members as the Executive Council, confirms and reviews the results of the annual monitoring of the operation of the system and proposes an enhanced plan for the next year's operation of the autonomous self-control systems.

Compensation Advisory Committee

To ensure the transparency and objectivity of the process of determining the compensation and other benefits for directors and executive officers, the Compensation Advisory Committee has been formed to provide advice to the Board of Directors. The Compensation Advisory Committee comprises two outside directors and two representative directors, and one of the outside directors on the committee acts as chairman. The Compensation Advisory Committee is responsible for deliberating the policies for deciding the compensation and other benefits of directors and executive officers as well as other related matters. The results of the committee's deliberations are reported to the Board of Directors.

Executive Compensation

The total amount of compensation to be paid to directors and corporate auditors was decided at the first Ordinary General Meeting of Shareholders held on June 27, 2011.

(1) The total amount of compensation for all directors: Equal to or less than ¥1,100 million (inclusive of compensation to outside directors equal to or less than ¥200 million) in one fiscal year. If directors also hold positions as employees, the salary and bonuses to be paid in compensation for these services are not included.

(2) The total amount of compensation for all corporate auditors: Equal to or less than ¥200 million in one fiscal year.

Compensation paid to directors is divided into two components. The first component is basic compensation, which is determined in consideration of the roles undertaken by individual directors and paid in fixed amounts each month. The second component is in the form of a bonus, which varies according to the level of consolidated ordinary income, and, therefore, reflects performance during the relevant fiscal year. The policy for the determination of this compensation is for the decision to be made by resolution of the Board of Directors after deliberations and reporting by the Compensation Advisory Committee. Compensation paid to corporate auditors is fixed in consideration of the independence of their duties. Based on the deliberations of the corporate auditors, this compensation is paid within the limits stated above.

Amount of Compensation Paid to Directors and Auditors (Fiscal 2011)

Grantee	Total amount of compensation (Millions of yen)	Total amount of compensation by type (Millions of yen)		Number of grantees (persons)
		Basic compensation	Bonus	
Directors (excluding outside directors)	506	325	181	12
Corporate auditors (excluding outside corporate auditors)	72	72	—	2
Outside directors and corporate auditors	105	93	12	8

Internal Audits

For the conduct of internal audits, the Company has formed its Internal Audit Department, which is in overall charge of internal auditing and the internal control system that is necessary for ensuring the accuracy of financial reporting. Internal audits are for the entire JX Group, and the Internal Audit Department, by collaborating and sharing tasks with the core operating subsidiaries and the listed subsidiaries of the JX Group, conducts standard audits under the internal audit program and audits on a special mission from the president. The results of the internal audits are reported periodically at the meetings of the Executive Council and Board of Directors.

Accounting Audits

The Company has selected Ernst & Young ShinNihon LLC as its independent auditor, and this firm conducts the accounting audits.

Amount of Remunerations (Fiscal 2011)	Millions of yen
Amount of remunerations as an accounting auditor of the Company	106
Total amount of monies and other property benefits to be paid by the Company and its subsidiaries	718

Note: In the contract between the Company and the independent auditor, the amount of compensation for audits is not broken down into the amount for audits based on the Companies Act and the amount for audits based on Japan's Financial Instruments and Exchange Act—in reality, these amounts cannot be separated. For this reason, the amount of compensation stated above includes the auditor's compensation for audits under the Financial Instruments and Exchange Act. The Company does not call on Ernst & Young ShinNihon for any services other than auditing.

INTERNAL CONTROL SYSTEM

The Mission Statement of the JX Group is "The JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources, and materials." The JX Group Values are "Our actions will respect the EARTH: Ethics, Advanced ideas, Relationship with society, Trustworthy products/services, and Harmony with the environment." To provide a policy framework for management to supervise the conduct of business, the Company has prepared its Basic Policy for the Establishment and Operation of Internal Control System, which covers such matters as corporate governance, risk management, compliance, information disclosure, and internal audits. Under this policy framework, the JX Group has established and continued to operate its internal control system for assuring the proper conduct of its business activities.

In the operation of our internal control system, the JX Group Internal Control Council has been established to provide advice to the president to implement the system in a Groupwide and an effective manner. This council, which is composed of the same members of the Executive Council, confirms and reviews the result of the annual monitoring of the operation of the system and proposes the enhanced plan for the next year's operation of the autonomous self-control systems.

Furthermore, as a sub-body of the Group Internal Control Council, the JX Group Internal Control Committee has been established to provide advice and practical assistance to the Group Internal Control Council. This committee is overseen by the director supervising the Legal Affairs Department and is composed of general managers in the areas related to internal control activities and the general managers of the General Administration Departments of core operating subsidiaries. In regard to internal control activities related to each organizational area, the committee deliberates on such matters as the status of the accomplishment of basic policy, instructions or advice in the event that there is a deficiency discovered in monitoring results, and the reevaluation of basic policy. The results of those deliberations are reported to the Group Internal Control Council.

RISK MANAGEMENT

In the JX Group, each company has prepared risk management systems appropriate for their respective lines of business and implements measures in consideration of such individual risk related to compliance and occupational safety, environment, and other.

Crisis Management

When crises or emergency situations arise that may significantly affect the management of the JX Group, the Company exercises overall control and has prepared its Rules for Responding to Crises and Emergency Situations, which specifies measures to be taken to minimize the damage that may occur.

The General Administration Department of the Company functions as the standing organizational unit in charge of crisis response and management. The general manager of this department acts as head of this crisis response unit, and, when such situations arise, operating procedures require that the situation and measures to be taken be reported immediately to the head of the crisis response unit.

Also, depending on the magnitude of the crisis, at its discretion, the Company may form a crisis response headquarters or a joint crisis response headquarters with JX Group companies to respond quickly and appropriately to the crisis and, thereby, fulfill the social mission of the JX Group.

Information Security Management

Based on its Basic Rules for Information Security, the JX Group works to prevent the improper usage or disclosure, including leakage, of company information, which is a corporate asset. The JX Group also strives to maintain the accuracy and reliability of its corporate information as well as prevent falsification or erroneous handling while making it possible for authorized users of information to have constant access to information when they need it.

COMPLIANCE

The JX Group has adopted "Ethics" in its JX Group Values, and thorough measures are taken to ensure directors and employees remain in compliance with laws and regulations. To conduct fair corporate activities and increase social trust in the JX Group, the JX Group has a policy of abiding by all relevant laws, the Articles of Incorporation, and other rules and regulations in all its work activities and has prepared rules to maintain high standards of compliance at each company of the JX Group.

To set directions for compliance activities of the JX Group and consider matters the JX Group as a whole must address, the JX Group Compliance Committee has been formed. Its responsibilities are to adopt policies for action related to compliance matters that must be addressed by the JX Group as a whole and make reports on the results of these activities.

Also, to discover a violation of laws at an early stage and take prompt corrective action as well as give protection to persons who provide information on legal violations, principal JX Group companies have a whistle-blowing system (compliance hotline), and in addition to each company's section in charge of the system, attorneys-at-law accept information from whistle-blowers.

INFORMATION DISCLOSURE

Disclosure Policy

The Company is fully aware that the timely and proper disclosure of corporate information is a core issue of healthy capital markets and, to promote transparency in management, works to provide prompt, appropriate, and fair disclosure of information to shareholders and investors.

Systems have been prepared to obtain, manage, and disclose information on the Company as well as information on JX Group companies quickly and accurately. Information that is subject to Timely Disclosure Rules is made public through the timely disclosure system (TDnet) provided by the Tokyo Stock Exchange and others, and the same information is made available on the Company's website. Information that is not subject to Timely Disclosure Rules is disclosed proactively based on basic policies and disclosure standards.

The Company has prepared its Regulations for Prevention of Insider Trading, and systems that have been created abide by regulations regarding insider trading throughout the JX Group.

Overview of the Timely Disclosure System

Decisions | Events | Information on financial results

Individual units of the Company / Group companies

↓ Report

Director responsible

↓ Discussion / Report *2

Representative Director *1

Board of Directors

↓ Disclosure directive

Information disclosure officer
(General manager of Finance & Investor Relations Department)

↓ Disclosure execution

Securities exchanges

(Followed promptly by disclosure on the Company's website)

*1. Disclosure of information regarding events that require urgent disclosure may be made on the authority of a representative director without being reported to the Board of Directors.

*2. Whether timely disclosure is required is determined through consultation among the director responsible, the general managers of the General Administration, Legal Administration, and Controller Departments, the information disclosure officer (general manager of the Finance & Investor Relations Department), and the general managers of any other concerned departments or offices.

Investor Relations (IR) Activities

To improve understanding of the business activities of the JX Group, the Company proactively disseminates information on management policies, performance, and other matters.

For analysts and institutional investors in Japan, the Company holds presentation meetings on financial results that are attended by management on a quarterly basis. The presentation materials, videos, and other information presented at the meetings can be accessed on the Company's website. Also, through visits to investors, participation in investment conferences, and other IR activities, the chairman, president, director responsible for IR, and others hold one-on-one meetings on a regular basis, and visits to the JX Group's refineries, smelters, and other facilities are arranged about twice each year. For overseas investors, the chairman, president, director responsible for IR, and others have one-on-one meetings by making periodic visits to investors and participating in investment conferences. Also, following the announcement of the financial results, the Company arranges for timely teleconferences. For individual investors, the Company holds periodic presentations in major cities throughout Japan, and the president, the director responsible for IR, and others provide explanations on the overview of the Group's business situation. In fiscal 2011, these presentations were held 18 times in a total of 15 cities and were attended by approximately 1,730 individual investors.

The "Investor Relations" section of the Company's website contains useful materials for investors such as annual reports, financial results, and presentation materials used at the meetings as described above.

In fiscal 2011, the JX Group received a number of awards for its IR activities:

- Securities Analysts Association of Japan: 2011 Awards for Excellence in Corporate Disclosure
- Nikko Investor Relations: Best Company Surveyed Award (in Nikko Investor Relations' ranking of the websites of listed companies in fiscal 2011)
- Daiwa Investor Relations: Internet IR Best Company Award
- Morningstar: Gomez Investor Relations Site Ranking 2012, Silver Prize

Message from Outside Director

Masahiro Sakata
Outside Director
(Independent Director)

Following a series of scandals involving corporate leaders, the best way to implement corporate governance is currently an important subject. The JX Group has four outside directors, who have been selected on the basis of their management insight, extensive experience, and specialized knowledge. These directors supervise the management of the Company from an outside perspective.

Earlier in my career, I worked exclusively in the areas of administration and lawmaking, principally in the Ministry of Finance and the Cabinet Legislation Bureau. My connection with the world of industry began with my appointment as an outside director of Nippon Oil Corporation in 2008. For some time, everything I observed was fresh to me, and I spent tense days that were filled with study. However, I believe, as outside directors, we need to provide opinions based on the experience and knowledge we have acquired. Thus, at meetings of the Board of Directors, we need to prioritize the provision of outside viewpoints and do our utmost to communicate our observations without being constrained by the conventional wisdom of the company or industry.

The business environment for the JX Group is becoming more severe, but I am confident that the JX Group's long-term perspective and flexible mind-set will open the way through to a bright future. The JX Group is striving to generate strong growth and become one of the world's leading energy, resources, and materials business groups, and we, the outside directors, shall work to the best of our abilities to support the JX Group in those endeavors by leveraging our knowledge and experience.

Financial **Section**

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Five-Year Financial Summary

JX Holdings, Inc. and Consolidated Subsidiaries
(Nippon Oil Corporation and Consolidated Subsidiaries)
(Nippon Mining Holdings, Inc. and Consolidated Subsidiaries)

	Thousands of U.S. dollars	Millions of yen				
Years ended March 31	2012	2012	2011	2010*	2009	2008
Operating Results (For the Year)						
Net sales						
JX Holdings	$130,476,810	¥10,723,889	¥9,634,396	¥9,008,017	¥ —	¥ —
Nippon Oil	—	—	—	5,774,279	7,389,234	7,523,990
Nippon Mining Holdings	—	—	—	3,233,738	4,065,059	4,339,472
Operating income (loss)						
JX Holdings	3,988,855	327,844	334,402	130,473	—	—
Nippon Oil	—	—	—	86,735	(312,506)	263,962
Nippon Mining Holdings	—	—	—	43,738	(101,667)	103,186
Ordinary income (loss)						
JX Holdings	4,961,248	407,765	413,667	187,269	—	—
Nippon Oil	—	—	—	113,302	(275,448)	275,666
Nippon Mining Holdings	—	—	—	73,967	(67,433)	192,026
Net income (loss)						
JX Holdings	2,075,617	170,595	311,736	73,106	—	—
Nippon Oil	—	—	—	43,295	(251,613)	148,306
Nippon Mining Holdings	—	—	—	29,811	(40,794)	99,299
Financial Position (At Year-End)						
Total assets						
JX Holdings	$ 81,401,862	¥ 6,690,419	¥6,259,958	¥6,196,739	¥ —	¥ —
Nippon Oil	—	—	—	4,129,232	3,969,730	4,594,197
Nippon Mining Holdings	—	—	—	2,067,507	1,886,083	2,251,208
Net assets						
JX Holdings	24,878,355	2,044,752	1,886,241	1,765,652	—	—
Nippon Oil	—	—	—	1,059,089	1,016,306	1,429,266
Nippon Mining Holdings	—	—	—	706,563	659,938	765,264
Cash Flows (For the Year)						
Cash flows from operating activities						
JX Holdings	$ 3,000,876	¥ 246,642	¥ 211,408	¥ 40,674	¥ —	¥ —
Nippon Oil	—	—	—	30,982	441,202	103,216
Nippon Mining Holdings	—	—	—	9,692	275,068	56,830
Cash flows from investing activities						
JX Holdings	(2,416,292)	(198,595)	(170,908)	(241,339)	—	—
Nippon Oil	—	—	—	(145,531)	(324,641)	(199,709)
Nippon Mining Holdings	—	—	—	(95,808)	(93,775)	(114,391)
Cash flows from financing activities						
JX Holdings	(454,046)	(37,318)	(71,228)	113,610	—	—
Nippon Oil	—	—	—	62,499	(86,836)	6,374
Nippon Mining Holdings	—	—	—	51,111	(124,280)	74,418

Note: U.S. dollar amounts have been converted at the rate prevailing on March 31, 2012.
* Figures for JX Holdings for the fiscal year ended March 31, 2010 are on a pro-forma basis for Nippon Oil and consolidated subsidiaries and Nippon Mining Holdings and consolidated subsidiaries.

Years ended March 31	U.S. dollars 2012	Yen 2012	2011	2010	2009	2008
Per Share						
Net income (loss)						
JX Holdings	$0.83	¥ 68.60	¥125.35	¥ —	¥ —	¥ —
Nippon Oil	—	—	—	29.70	(172.42)	101.49
Nippon Mining Holdings	—	—	—	32.17	(44.02)	107.14
Net assets						
JX Holdings	8.53	701.31	654.77	—	—	—
Nippon Oil	—	—	—	658.54	627.90	896.06
Nippon Mining Holdings	—	—	—	646.04	612.44	735.22
Cash dividends						
JX Holdings	0.19	16.00	15.50	—	—	—
Nippon Oil	—	—	—	18.00	20.00	12.00
Nippon Mining Holdings	—	—	—	15.00	14.00	16.00

Years ended March 31	% 2012	2011	2010	2009	2008
Ratios					
ROE					
JX Holdings	10.1%	19.1%	—%	—%	—%
Nippon Oil	—	—	4.6	(22.6)	11.8
Nippon Mining Holdings	—	—	5.1	(6.5)	15.2
Shareholders' equity ratio					
JX Holdings	26.1	26.0	—	—	—
Nippon Oil	—	—	23.2	23.1	28.5
Nippon Mining Holdings	—	—	29.0	30.1	30.3
Market Data					
Exchange rate (¥/$)	¥ 79	¥ 86	¥ 93	¥101	¥114
Crude oil price (Dubai spot price) ($/bbl)	$110	$ 84	$ 70	$ 82	$ 77
Copper price (LME) (¢/lb)	385¢	369¢	277¢	266¢	344¢

Analysis of Results and Financial Position in Fiscal 2011

By establishing a stronger financial position, the JX Group will be able to achieve growth in the future as it absorbs the effects of changes in the business environment.

Ichiro Uchijima
Director, Senior Vice President
Responsible for Finance & Investor Relations Department

1 CONSOLIDATED OPERATING RESULTS IN FISCAL 2011

In fiscal 2011, the JX Group's net sales were ¥10,723.9 billion, and ordinary income amounted to ¥407.8 billion. After the exclusion of inventory valuation factors, ordinary income was ¥291.3 billion. Net income came to ¥170.6 billion, and ROE was 10.1%. Rising crude oil prices led to substantial increases in gain on inventory valuation in the Petroleum Refining and Marketing Business and in ordinary income in the Oil and Natural Gas Exploration and Production (E&P) Business. However, in the Petroleum Refining and Marketing Business and the Metals Business, ordinary income after excluding inventory valuation factors decreased year on year.

Market Data

	FY2011		FY2010		Change	
Crude oil price (Dubai)*1 ($/bbl)		109		82		+27
Copper price (LME) (¢/lb)	400*2	385	342*2	369	+58*2	+16
Exchange rate (¥/$)	80*2	79	88*2	86	–8*2	–7

*1. Figures for fiscal 2010 are the average from March 2010 to February 2011, and figures for fiscal 2011 are the average from March 2011 to February 2012 (nearly equal to arrived crude cost).
*2. Figures are averages for the calendar years.

Consolidated Financial Results Summary

	Billions of yen		Billions of yen
	FY2011	FY2010	Change
Net sales	**10,723.9**	9,634.4	+1,089.5
Ordinary income	**407.8**	413.7	–5.9
Ordinary income (excluding inventory valuation factors)	**291.3**	356.1	–64.8
Petroleum Refining and Marketing	**112.8**	196.5	–83.7
Oil and Natural Gas E&P	**97.5**	59.5	+38.0
Metals	**63.2**	70.3	–7.1
Listed subsidiaries and others	**17.8**	29.8	–12.0
Special loss	**(53.3)**	(6.5)	–46.8
Net income	**170.6**	311.7	–141.1

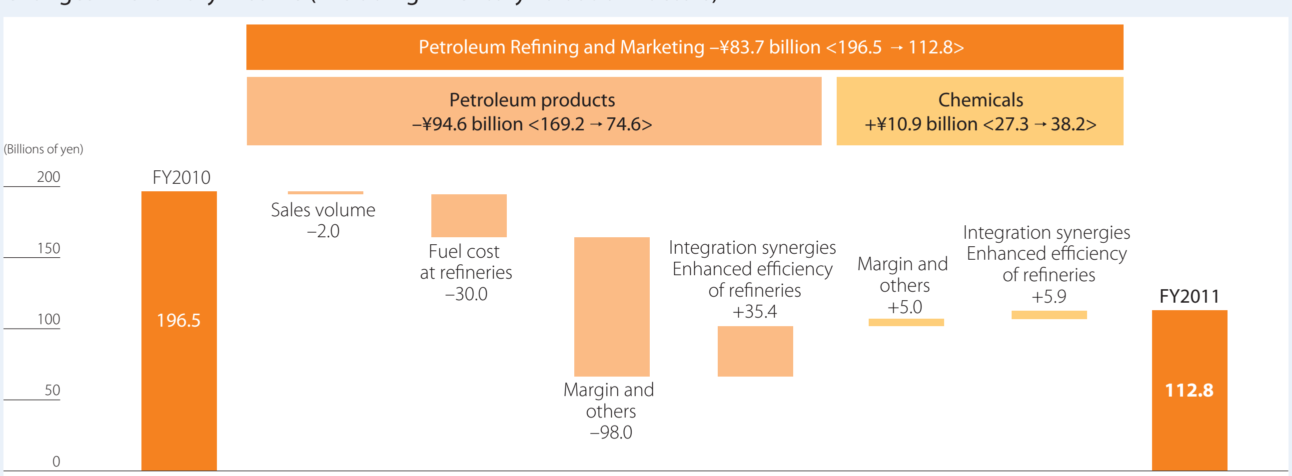
Petroleum Refining and Marketing Business

The sales volume of petroleum products supplied for thermal power plants moved up substantially due to the suspension of operations at a series of nuclear power plants. However, sales of gasoline, kerosene, and diesel fuel declined, reflecting the medium- to long-term trends of energy conservation initiatives and a shift toward alternative energy sources as well as a rebound from the intensely hot summer in 2010 and a halt in production and distribution activities immediately after the earthquake. Although sales margins were down slightly year on year, we were able to secure margins that were in line with the levels forecast in the Medium-Term Management Plan. Moreover, higher crude oil prices pushed up the fuel cost at refineries, which had an adverse effect on ordinary income. On the other hand, the effects of integration synergies and enhanced efficiency of refineries totaled ¥41.3 billion in fiscal 2011, including those for chemicals.

In the chemicals business, demand for end products was relatively strong and the paraxylene margin remained at a high level. However, this positive factor was partially offset by the higher fuel cost at refineries, as with petroleum products, and by the strong yen.

Consequently, after the exclusion of inventory valuation factors, ordinary income decreased to ¥112.8 billion, compared with ¥196.5 billion in the previous fiscal year.

Changes in Ordinary Income (Excluding Inventory Valuation Factors)

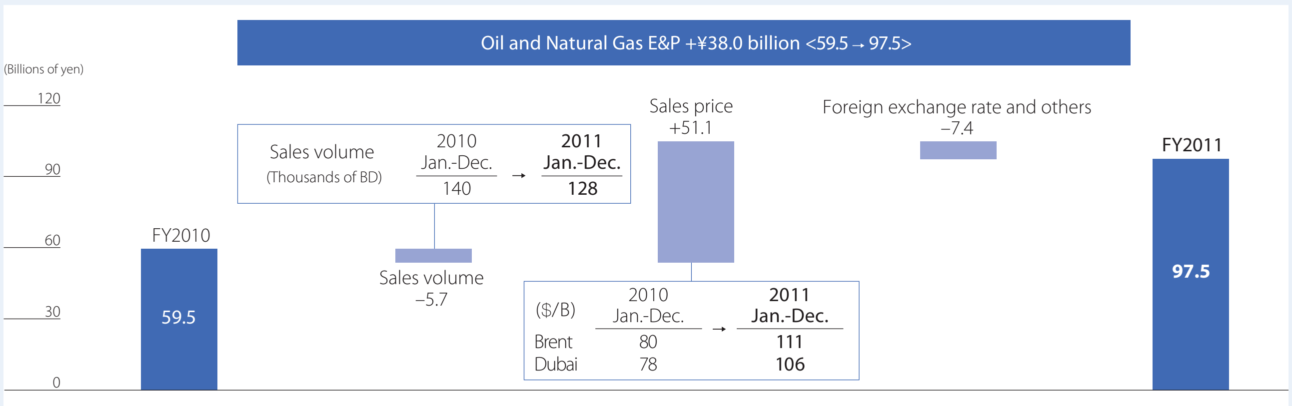


Analysis of Results and Financial Position in Fiscal 2011

Oil and Natural Gas E&P Business

The sales volume of oil and natural gas fell to 128 thousand barrels of oil equivalent per day, mainly due to lower production volume at existing oil and gas fields and the sale of assets in the United States. In addition, the strong yen had an adverse effect on profits, while the rise in crude oil prices had an offsetting positive impact. Ordinary income increased to ¥97.5 billion, compared with ¥59.5 billion in the previous fiscal year.

Changes in Ordinary Income



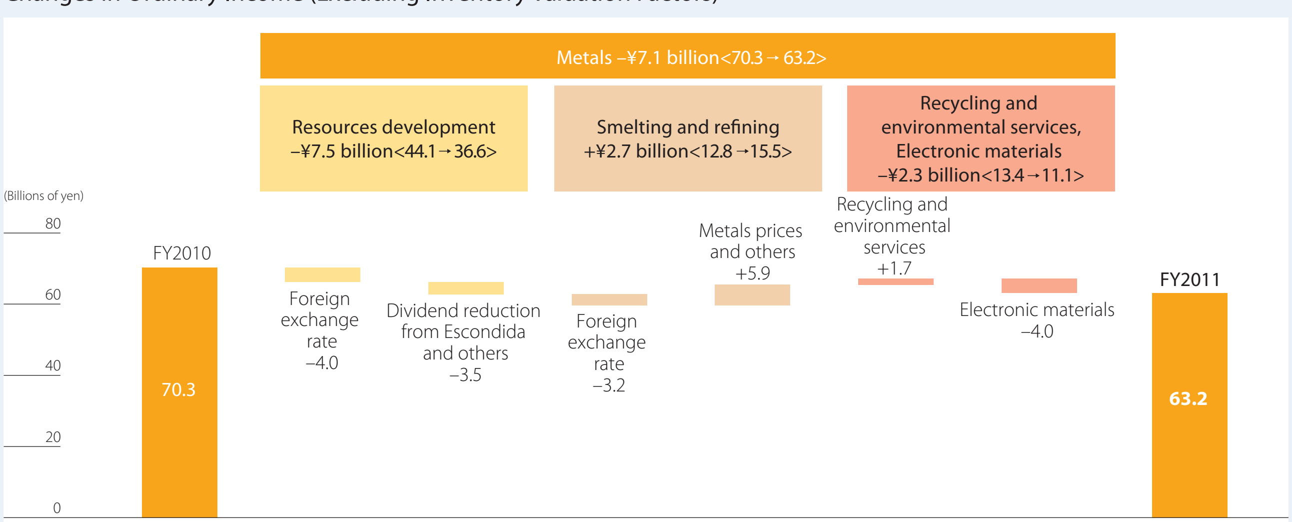
Metals Business

In the resources development business, the production volume on an equity-entitlement basis (copper content in copper concentrate) at mines in which we participate decreased from the previous year, reaching 95 thousand tons. Due to the strong yen and reduced dividends accompanying investment to expand production capacity at the Escondida Copper Mine, ordinary income was down year on year.

In the copper smelting and refining business, higher prices for copper and by-products were able to absorb the influence of the strong yen, and ordinary income increased. Further, in the recycling and environmental services business, ordinary income advanced due to such factors as higher prices for precious metals and increased collection of recycled materials. On the other hand, ordinary income for the electronic materials business declined due to the strong yen as well as the lower demand in the IT field that resulted from the Great East Japan Earthquake and flood damage in Thailand.

As a consequence, after the exclusion of inventory valuation factors, ordinary income decreased to ¥63.2 billion, compared with ¥70.3 billion in the previous fiscal year.

Changes in Ordinary Income (Excluding Inventory Valuation Factors)



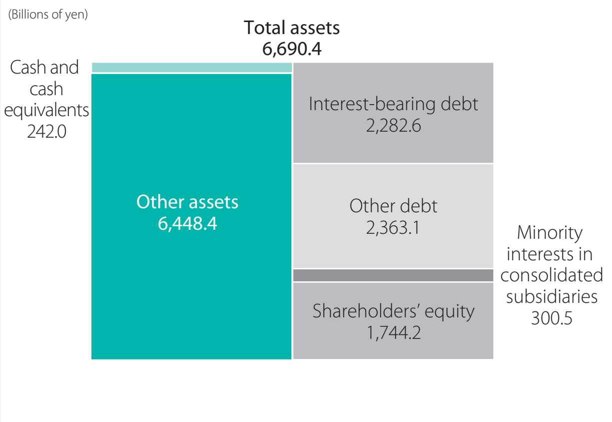
2 FINANCIAL POSITION

As of the fiscal 2011 year-end, the JX Group had consolidated total assets of ¥6,690.4 billion and net assets of ¥2,044.8 billion including shareholders' equity of ¥1,744.2 billion, and as a result, the shareholders' equity ratio was 26.1%. As for financial indicators, interest-bearing debt amounted to ¥2,282.6 billion, and the total of cash and cash equivalents as well as time deposits stood at ¥242.0 billion. As a result, the net debt-to-equity ratio was 1.17 times.

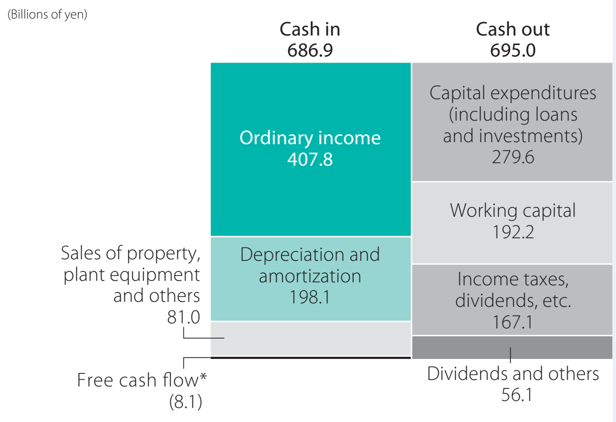
In fiscal 2011, free cash flow was negative ¥8.1 billion; however, excluding the effect of postponed tax payment of gasoline and others, free cash flow was negative ¥60.3 billion. Free cash flow was significantly affected by restoration costs attributable to the Great East Japan Earthquake and the increase in working capital due to higher crude oil prices. In this challenging operating environment, we will continue working to achieve our goal of a net debt-to-equity ratio of 1.0 time at the fiscal 2012 year-end, as outlined in the Medium-Term Management Plan.

Substantial financial resources will be necessary for upstream development in both the Oil and Natural Gas E&P Business and the Metals Business, which will be sources of growth for the JX Group in the years ahead. Nevertheless, the income structure of the JX Group, which operates in the business domains of energy, resources, and materials, is strongly influenced by the business cycle, movement in crude oil and copper prices, and foreign exchange rates. By establishing a stronger financial position, the JX Group will be able to achieve growth in the future as it absorbs the effects of changes in such a business environment. Moreover, the JX Group will work to enhance its corporate value by using its assets efficiently and creating a business structure that will be able to generate an ROE of 10% or more on a sustained basis.

Consolidated Balance Sheet (As of March 31, 2012)



Consolidated Cash Flows (Fiscal 2011)



* Free cash flow excluding the effect of the postponed tax payment of gasoline and others was negative ¥60.3 billion.

Management's Discussion and Analysis of Operations

JX Holdings, Inc., and Consolidated Subsidiaries

1 PERFORMANCE DURING THE YEAR

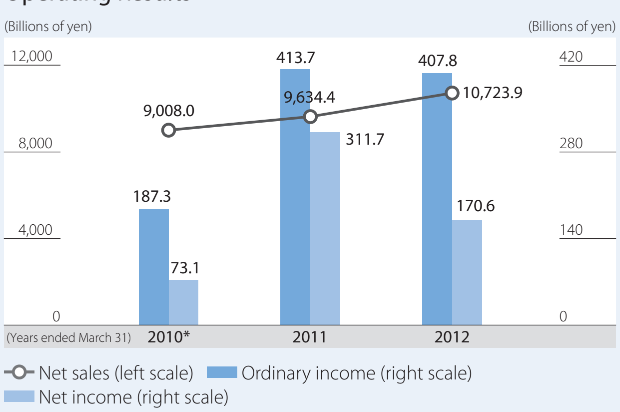
(1) Consolidated Operating Results

On a consolidated basis, the net sales of the JX Holdings Group ("JX Group") in the fiscal year ended March 31, 2012, were ¥10,723.9 billion, an increase of 11.3% year on year. Ordinary income was down 1.4%, to ¥407.8 billion, and net income declined 45.3%, to ¥170.6 billion. Ordinary income after excluding inventory valuation factors (the impact of inventory valuation on the cost of sales under the periodic average method) was ¥291.3 billion, an 18.2% decline year on year.

Special profits totaled ¥37.5 billion, including ¥13.0 billion in gain on sales of property, plant and equipment and ¥9.4 billion in gain on negative goodwill resulting from the acquisition of additional shares of an oil and natural gas development company. Special losses totaled ¥90.8 billion including ¥36.5 billion in restructuring costs of a silicon wafers business for photovoltaic cells; ¥27.6 billion in impairment loss on goodwill due to the fall in the share prices of listed subsidiaries and others; ¥7.4 billion in loss on disposal of property, plant and equipment; and ¥6.4 billion in loss on step acquisitions due to the acquisition of additional shares of an oil and natural gas development company.

As a consequence, income before income taxes and minority interests was ¥354.5 billion. After the subtraction of ¥148.1 billion in income taxes and ¥35.8 billion in minority interests, net income amounted to ¥170.6 billion, a year-on-year decrease of 45.3%. In the previous fiscal year, net income of ¥311.7 billion included gain on negative goodwill of ¥226.5 billion due to the management integration.

Operating Results



* Figures are on a pro-forma basis for Nippon Oil Corporation and consolidated subsidiaries and Nippon Mining Holdings, Inc. and consolidated subsidiaries.

(2) General Economic Climate and the Operating Environment Surrounding the Group

Overall, the global economy remained sluggish during the fiscal year under review. Major factors included the slow recovery in the U.S. economy and the escalation of debt issues in Europe, which led to a slowdown in growth in emerging nations. The Japanese economy temporarily turned downward due to the Great East Japan Earthquake, which occurred on March 11, 2011, but it subsequently turned toward recovery. Nonetheless, production and exports declined, due in part to flood damage in Thailand and foreign exchange rate trends, which led to record-high appreciation of the yen. Consequently, the Japanese economy did not shake off the challenging conditions that it faced.

Global oil demand continued to grow, mainly in Asia, and crude oil prices were high throughout the fiscal year. In March 2012, due partly to the influence of escalating tension in Iran, the price of Dubai crude oil reached a high level exceeding $120 per barrel. In addition, global copper demand increased, centered on China. Copper prices dropped at one point due to concerns about the future course of the global economy but subsequently recovered after the turn of the year. The average copper price for the fiscal year was high, with the price per ton at around the mid-$8,000 level, about the same as in the previous fiscal year.

On the other hand, domestic demand for petroleum products moved up year on year due to the increase of heavy fuel oil C and crude oil for thermal power generation, although demand for gasoline, kerosene, and diesel fuel declined, reflecting the spread of fuel-efficient vehicles and the progress of fuel conversion as well as a rebound from the intensely hot summer in 2010 and a halt in production and distribution activities immediately after the earthquake.

(3) Business Activities and Results of Operations

The JX Group has marked the second anniversary of its foundation. While doing our utmost to support rehabilitation and reconstruction initiatives following the Great East Japan Earthquake, we have steadily implemented a range of measures in each of our business fields in accordance with the Medium-Term Management Plan (fiscal 2010 to fiscal 2012). In this way, we are working to make rapid progress toward becoming a world-leading "integrated energy, resources, and materials business group."

Basic Policy of the Medium-Term Management Plan

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

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

<Rehabilitation and Reconstruction following the Great East Japan Earthquake>

The Great East Japan Earthquake damaged facilities and offices, including both the Sendai Refinery and the Kashima Refinery. In addition, production at the Negishi Refinery was temporarily suspended. Since railways and roads were also damaged, it was difficult to supply petroleum products in disaster-stricken areas for a certain period after the disaster. In response, we used our comprehensive strengths to implement extensive measures, such as resuming production at the Negishi Refinery at an early stage, shifting products from export to supply in Japan, and forwarding products and transferring tank trucks to the Tohoku region. As a result, by mid-April 2011, we were able to provide a stable supply of products.

Subsequently, at the Kashima Refinery, we implemented step-by-step rehabilitation of damaged receiving and shipping facilities, such as piers. Production was resumed at the beginning of June 2011, and rehabilitation progressed to that point that full production became possible in late October. At the Sendai Refinery, product shipments were partially resumed at the beginning of May 2011, and we subsequently proceeded with the rehabilitation of each facility. Full-scale production was resumed in March 2012. In conjunction with the rehabilitation of the refinery, tsunami countermeasures were enhanced, including the relocation of unloading and shipping facilities to a higher elevation. In the future, we will proceed with work to achieve complete rehabilitation of each damaged facility, such as shore protection measures. Furthermore, when reconstructing damaged offices we will strengthen disaster prevention functions. We plan to secure evacuation locations on office building roofs and install stand-alone electric power source systems comprising a combination of fuel cells, photovoltaic cells, and storage batteries.

<Measures Based on the Medium-Term Management Plan>

■ Improved Income Resulting from Integration Synergies and Enhanced Efficiency of Refineries

We have set a target of improving income by ¥109.0 billion—¥80.0 billion from integration synergies and ¥29.0 billion from enhanced efficiency of refineries—by the end of fiscal 2012, which is the final year of the Medium-Term Management Plan. To that end, we have taken steps to rationalize operations and increase efficiency in a range of departments, such as refining, procurement, supply, logistics, and purchasing. As a result, by the end of the fiscal year under review, we had realized improvements in income of ¥90.9 billion—¥66.3 billion from integration synergies and ¥24.6 billion from improvements in enhanced efficiency of refineries.

■ Petroleum Product Production and Sales Business

In terms of production, in addition to rehabilitation and reconstruction following the earthquake, we endeavored to thoroughly improve production efficiency and reduce costs at each refinery and plant. We also put into operation a system for the empirical study of the High Severity Fluid Catalytic Cracking (HS-FCC) process* at the Mizushima Refinery. Through these initiatives, our aim is to establish optimal production systems that correspond to changes in the structure of demand.

In terms of sales, to improve the competitiveness of our service station network, we focused on efficiently allocating self-service stations and closing unprofitable service stations. In addition, we held a sales promotion for "ENEOS Premium Motor Oil SUSTINA," a high-value-added lubricant with superior fuel-efficiency and engine-detergency. Moreover, we promoted the issuance of "ENEOS Cards" and other activities to enhance the ability of service stations to attract customers.

* Technology that enables higher yields of propylene (a raw material for synthetic resins and fibers and others) and high-octane gasoline from heavy oil.

■ Chemicals, Lubricants, and Coal Businesses Overseas

Demand for paraxylene (a raw material for synthetic fibers, polyethylene terephthalate (PET) containers, and others) is expected to increase, mainly in Asia. To improve income by reducing manufacturing costs, we reached an agreement with the SK Group, of South Korea, to build a plant with the world's largest manufacturing capacity in Ulsan Metropolitan City, South Korea, and carry out manufacturing operations through a joint venture.

In addition, given the prospect of growing demand for high-quality lubricants for automobile engines, we reached a basic agreement with the SK Group to manufacture base oil, which is the core material for these lubricants, through a joint venture in Ulsan Metropolitan City.

Furthermore, we decided to work together with Xstrata Coal, of Australia, to develop and produce coking coal, which is used to produce coke for iron making. These operations will be based in Canada. Accordingly, we acquired from the Xstrata Coal Group a portion of the concessions in mining areas that yield heavy coking coal, which is high-quality coking coal. In this way, we succeeded in launching the JX Group's first full-scale coking coal business. Due to increasing global demand for iron and steel, demand for heavy coking coal is rising and its price is expected to remain firm. Consequently, we expect to obtain stable income from this business.

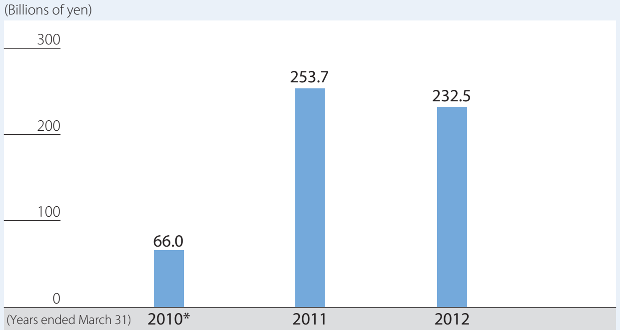
■ Renewable Energy Business

In the renewable energy business field, demand for environment-friendly, independent, and distributed-type energy systems is expected to increase. In this setting, we are promoting the fuel cell, photovoltaic cell, and storage battery businesses.

In regard to the "ENE-FARM" residential-use fuel cell, we commenced sales of the Solid Oxide Fuel Cell (SOFC) system, which is compact and has high electrical efficiency. Further, while working to promote sales of photovoltaic cells, principally for residential use, we have completed the construction of a plant for manufacturing anode materials for lithium-ion batteries, which we have tackled through a joint venture with GS Caltex Corporation, of South Korea. We started commercial production from summer 2012.

Ordinary Income in the Petroleum Refining and Marketing Business

(Billions of yen)



* Figures are on a pro-forma basis for Nippon Oil Corporation and consolidated subsidiaries and Nippon Mining Holdings, Inc. and consolidated subsidiaries.

<Operating Results of the Petroleum Refining and Marketing Business>

In the operating environment described above, the net sales of the Petroleum Refining and Marketing Business were ¥9,147.5 billion, a 12.5% increase year on year, and ordinary income was ¥232.5 billion, down 8.4%. Ordinary income excluding inventory valuation factors was ¥112.8 billion, a 42.6% decrease year on year. This decline was due in part to deterioration in petroleum product margins.

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

<Measures Based on the Medium-Term Management Plan>

■ Exploration activities (geophysical prospecting and drilling exploration and appraisal wells)

To supplement and expand the amount of reserves in oil and gas fields in which we have working interests and to strengthen the foundation for sustained growth, we have worked actively to acquire new license blocks in various parts of the world. We have also promoted our exploration activities in existing projects. During the fiscal year under review, we discovered crude oil in a project offshore Australia and in a project onshore Papua New Guinea as well as natural gas in another project offshore Australia. Further, we are preparing to carry out exploration activities as an operator in the following newly acquired projects. The block offshore Qatar is located under the North Field Gas Field—the world's largest gas field—and the block offshore Malaysia is located in a sea area in which some major oil fields have been discovered.

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

To maintain and increase production volume in existing oil and gas fields—including the Rang Dong Oil Field (Vietnam) and the Yetagun Gas Field (Myanmar)—we tackled further development activities. In addition, we made the final investment decision to develop the Finucane South Oil Field (Australia), in which crude oil was discovered during the fiscal year under review. In developing this oil field, to start production earlier (planned for the second half of fiscal year 2013) and reduce the amount of the development costs, we plan to use the existing production facilities in the adjacent Mutineer-Exeter Oil Field, in which we hold working interest. Further, the joint use of these facilities is expected to result in a reduction in operational costs for both oil fields. We are also participating in a large-scale liquefied natural gas (LNG) project in Papua New Guinea, and we are constructing an LNG plant in an effort to launch production in 2014.

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

We worked to ensure safe and stable operations at our projects, which are located in 12 countries around the world, including projects for which we are acting as an operator in Vietnam and Malaysia. At the same time, we implemented various measures to prevent spontaneous reductions in oil and gas field production volumes, and the amount of crude oil and natural gas that we produced is 130,000 barrels of crude oil equivalent per day. As one of the measures to prevent spontaneous reduction, we have carried out a pilot test of the Enhanced Oil Recovery (EOR) method* in the Rang Dong Oil Field offshore Vietnam to confirm an increase in oil production.

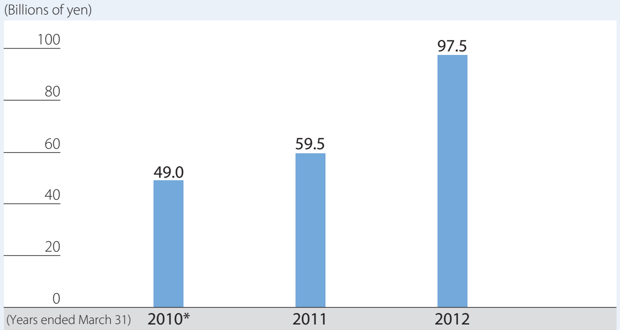
* The EOR method to improve the crude oil recovery rate involves the application of heat, gas, etc., to oil strata in the ground, thereby physically and chemically changing the nature of the crude oil.

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

Under the circumstances described above, the net sales of the Oil and Natural Gas E&P business were ¥187.8 billion, a 26.3% increase year on year. Due in part to gains in crude oil prices, ordinary income was up 64.0%, to ¥97.5 billion.

Ordinary Income in the Oil and Natural Gas E&P Business

(Billions of yen)



* Figures are on a pro-forma basis for Nippon Oil Corporation and consolidated subsidiaries and Nippon Mining Holdings, Inc. and consolidated subsidiaries.

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

<Rehabilitation and Reconstruction following the Great East Japan Earthquake>

Our works and plants located in the Tohoku and North Kanto region—including the Hitachi Works and the Isohara Works—were damaged by the Great East Japan Earthquake, and we were forced to suspend their operation. However, excluding part of the Isohara Works, major production facilities had been rehabilitated by early May 2011, and the rehabilitation of the Isohara Works was completed in July 2011. Further, we implemented a range of measures in preparation for major earthquakes that could occur in the future. Based on the assumption there could be a stoppage of essential utilities, we reviewed preparations for communications and emergency supplies, and we installed in-house power generating equipment.

<Measures Based on the Medium-Term Management Plan>

■ Copper business

In the resources development business, we are working to construct a highly profitable and well-balanced business structure by increasing the ratio of entitlement copper mine production.*1 To that end, we made steady progress with production-infrastructure construction work at the Caserones Copper and Molybdenum Deposit (Chile), with a target of fiscal 2013 for the start of production. In the smelting and refining business, margins have been squeezed by severe conditions for purchasing copper concentrate and the continually strong yen, and in response we took steps to improve income. For example, we worked to reduce costs and enhance the recovery ratio at the Saganoseki Smelter & Refinery, the Tamano Smelter, and the Onsan Plant of LS-Nikko Copper Inc.*2 in South Korea. We also increased the sales prices of by-products as well as the production of rare metals.

*1. The ratio of copper concentrate from sources where we own mining rights divided by the total copper concentrate requirements for our smelting and refining operation.
*2. A copper-smelting joint venture company by LS Holdings of South Korea; JX Nippon Mining & Metals Corporation; Mitsui Mining & Smelting Co., Ltd.; and Marubeni Corporation.

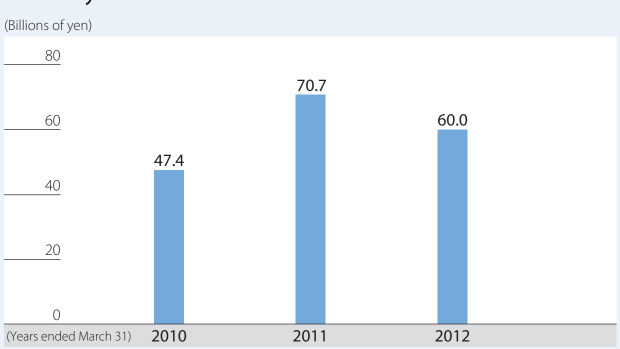
■ Recycling and environmental services business

By leveraging the metal extraction technologies that we have cultivated over many years, we are developing businesses based on the effective recovery of valuable metals from so-called urban mines. These urban mines comprise the metal resources that are included in the waste accumulated by society as a result of the widespread use of electronic equipment, household electrical appliances, and other products. During the fiscal year under review, we worked to increase capacity utilization, improve recovery ratios, and achieve other goals. These initiatives were implemented at the HMC (Hitachi Metal Recycling Complex) Department of the Hitachi Works, which recovers a wide variety of non-ferrous metals from various materials for recycling, and at subsidiaries that conduct recycling and industrial-waste treatment. Further, to improve our recycling-material collection capacity, we worked to strengthen our overseas collection network and enhance our materials evaluation and treatment systems. In addition, at the Tsuruga Plant, we are moving ahead with efforts to commercialize technologies for the recycling of rare metals in used lithium-ion batteries.

■ Electronic materials business

The operating environment for the electronic materials business was challenging, with adverse factors including inventory adjustments for such products as PCs and LCD TVs, the strong yen, and shifting users' production overseas. In this setting, we stepped up our overseas business development and worked to expand our integrated production system for the precision-processing business, which extends from precision rolling through to press and plating processes. In addition to our business in electronic materials for IT products, for which demand fluctuates substantially, we are working to strengthen our business in electronic materials for use in automobiles, for which demand is relatively stable. To that end, we are moving ahead with the construction of a new plant in Kakegawa, Shizuoka Prefecture, for the production of precision materials (press and plate-processed precision-rolled products) for use in automotive electronic components. Moreover, at the Isohara Works, we took steps to enhance manufacturing facilities for cathode materials for lithium-ion batteries that will be installed in electric vehicles and other next-generation, eco-friendly vehicles.

Ordinary Income in the Metals Business



<Operating Results of the Metals Business>

In the operating environment described above, net sales of the Metals Business were ¥997.2 billion, a 6.0% increase year on year. Due in part to the continued strength of the yen, ordinary income was ¥60.0 billion, down 15.1%.

Other Business

Net sales in the Other segment were ¥464.5 billion, a 1.8% decrease from the previous fiscal year, and ordinary income was ¥16.0 billion, down 36.5%. In the previous fiscal year, ordinary income of ¥25.1 billion included profit from a valuation in market value of ¥6.5 billion due to the management integration.

<NIPPO Corporation>

In pavement construction and other civil engineering work, there were signs of recovery in public works, but the recovery in private-sector capital investment was weak. Consequently, NIPPO Corporation continued to face a challenging operating environment. In this setting, NIPPO worked aggressively to improve profitability by leveraging its superior technologies to obtain orders and strengthening sales of its asphalt mixture and other products as well as reducing costs and expanding operational efficiency.

<Toho Titanium Co., Ltd.>

Demand for titanium metals recovered in not only the aircraft sector but also the general industrial sector, such as in seawater desalination plants. Accordingly, in February 2012 Toho Titanium Co., Ltd., completed work to increase its production capacity for titanium sponges in the Wakamatsu Works. Further, in March 2012, to step up its production capacity for titanium ingots, Toho Titanium decided to expand a large-size electronic beam-melting furnace in the Yahata Works. The demand for titanium metals is expected to continue to grow in the future. Accordingly, to improve its financial base in preparation for future investments, in March 2012 Toho Titanium decided to allocate new shares to third parties, with shares allocated to JX Holdings, Inc., and Nippon Steel Corporation. Furthermore, Toho Titanium completed a capital increase of ¥14.3 billion in May 2012. Consequently, JX Holdings' voting rights ratio has increased from 42.6% to 50.4%.

Net sales by each segment specified above include in-house intersegment sales and transfers of ¥73.0 billion, compared with ¥59.5 billion in the previous fiscal year.

(1) Consolidated Balance Sheet Analysis

Assets: Total assets at the end of the fiscal year were ¥6,690.4 billion, an increase of ¥430.5 billion from the end of the previous fiscal year. This increase was attributable to such factors as an increase in current assets due to a rise in raw material prices.

Liabilities: Total liabilities at the end of the fiscal year were ¥4,645.7 billion, an increase of ¥272.0 billion from the end of the previous fiscal year. Interest-bearing debt at fiscal year-end was ¥2,282.6 billion, an increase of ¥18.0 billion from the end of the previous fiscal year.

Net assets: Total net assets at the end of the fiscal year were ¥2,044.8 billion, an increase of ¥158.5 billion from the end of the previous fiscal year.

The shareholders' equity ratio was up 0.1 percentage point from the end of the previous fiscal year, to 26.1%. Net assets per share were ¥701.31, a ¥46.54 increase from the end of the previous fiscal year, and the net D/E (debt to equity) ratio was 1.17 times, an improvement of 0.08 percentage points from the end of the previous fiscal year.

(2) Consolidated Cash Flow Analysis

At the end of the fiscal year under review, cash and cash equivalents (hereinafter "cash") totaled ¥241.0 billion, an increase of ¥8.6 billion from the beginning of the fiscal year. Cash flows and factors affecting cash flows are discussed below.

Net cash provided by operating activities was ¥246.6 billion. Factors contributing to cash from operating activities, such as income before income taxes and minority interests of ¥354.5 billion and increase in notes and accounts payable-trade and excise taxes payable of ¥248.8 billion, were greater than factors contributing to a decline in cash from operations, such as increase in notes and accounts receivable-trade of ¥237.8 billion and increase in inventories of ¥203.2 billion.

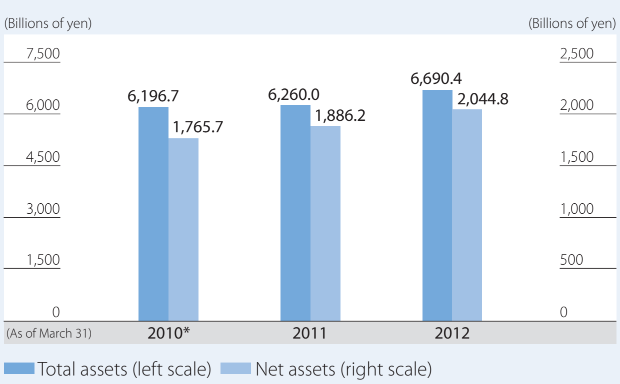
Net cash used in investing activities was ¥198.6 billion. Factors accounting for this cash outflow included investments in the copper and molybdenum mine development project, the acquisition of concessions in mining areas for coking coal development in Canada, and investments in the oil and natural gas development business.

Net cash used in financing activities amounted to ¥37.3 billion. This was attributable in part to cash dividends paid of ¥39.8 billion.

(3) Commitment Line Contracts

To raise working capital efficiently, the JX Group has concluded a commitment line contract with a syndicate of seven financial institutions. The maximum amount that can be made available under this contract is ¥430.0 billion. At the end of the fiscal year under review, there were no borrowings under the commitment line. In addition, a commitment line contract has been concluded, jointly with one foreign subsidiary of the Group, with a syndicate of three financial institutions. The maximum amount under this contract is US$200 million. At the end of the fiscal year under review, there were no borrowings under this commitment line.

Total Assets and Net Assets



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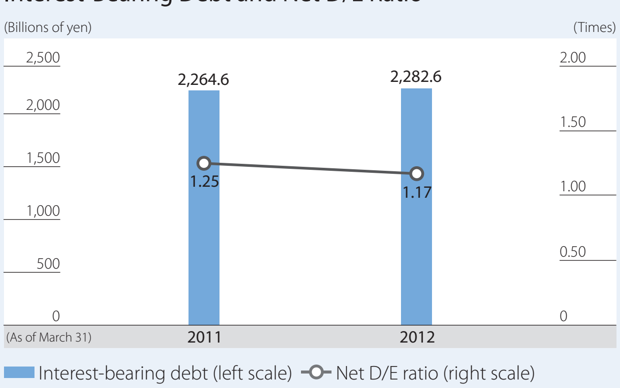
Interest-Bearing Debt and Net D/E Ratio



3 DIVIDEND POLICY

The basic policy of the Company is to continue to redistribute profits by reflecting consolidated operating results while striving to maintain stable dividends. Under this policy, after giving due consideration to performance, the balance of funds, and other factors, the Company has decided to pay a year-end dividend for the fiscal year under review of ¥8 per share to offer a total annual dividend of ¥16 per share when combined with the interim dividend.

The Company has a basic policy of paying dividends from surplus twice a year in the form of an interim dividend and a year-end dividend. The final decision regarding the interim dividend is made by the Board of Directors, and the decision on the year-end dividend is made by the General Meeting of Shareholders. The Articles of Incorporation of the Company state: "The Company can pay a dividend (interim dividend) from surplus with a base date of September 30 based on a decision by the Board of Directors."

Dividends from Surplus for the Fiscal Year under Review

Date of decision	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
November 4, 2011, by the Board of Directors	19,919	8.0
June 27, 2012, by the General Meeting of Shareholders	19,919	8.0

Business and Other Risks

The JX Holdings Group (hereinafter, the JX Group) faces a variety of risks that may have an important impact on its business performance. The principal risks are those outlined below. Please note that forward-looking statements made in this section are, unless otherwise stated, judgments made by JX Holdings, Inc., as of the date of the presentation of this report.

RISKS OF THE MANAGEMENT INTEGRATION

Risks of not attaining the anticipated positive effects of the integration

JX Holdings, Inc., was established on April 1, 2010, through a joint share transfer between Nippon Oil Corporation and Nippon Mining Holdings, Inc., as the first step in the management integration. On July 1, 2011, as the second step in the management integration, the JX Group made up its Group organization with JX Holdings as the holding company and three core operating subsidiaries of the Petroleum Refining and Marketing Business, the Oil and Natural Gas Exploration and Production (E&P) Business, and the Metals Business.

The JX Group is taking initiatives to realize integration synergies and implanting thoroughgoing measures to reduce costs. However, in the event that the JX Group cannot deal with the range of issues it will confront in the process of integration, there is a possibility that the JX Group will not be able to attain the positive effects of the integration. The principal issues that must be addressed are as follows.

- Integration of the organizations and cultures
- Rationalization of redundant equipment and facilities, including a reduction of petroleum refining capacity and related issues
- Rapid and efficient unification of products and services
- Efficient allocation of management resources
- Integration of information systems

RISKS AFFECTING THE ENTIRE JX GROUP

(1) Country risks relating to sources of raw material supplies

The JX Group procures large quantities of raw materials outside Japan. In particular, it is almost entirely dependent on limited crude oil reserves in the Middle East as well as on limited copper concentrate sources in South America, Southeast Asia, and Australia. Country risks in those countries or regions—for example, involving political instability, social unrest, deterioration in economic conditions, or changes in laws or policies—may have an impact on the JX Group's performance.

(2) Risks relating to business operations in China and other East Asian countries

Sales of such products as refined copper, chemicals, and electronic materials made by the JX Group depend heavily on demand in Asian countries, notably China, and the JX Group is expected to undertake further business expansion in those regions.

In the event that for whatever reason, there is a decline or other changes in demand for the JX Group's products in these areas, it may have an impact on the JX Group's financial position and business performance.

(3) Risks relating to foreign exchange rate fluctuations

Portions of the JX Group's receipts and payments arise from business transactions denominated in foreign currencies, and the JX Group also has substantial assets and liabilities denominated in foreign currencies. Consequently, fluctuations in foreign exchange rates may affect the value of assets, liabilities, receipts, and payments when converted into yen.

In addition, fluctuations in foreign exchange rates may have an impact when the financial statements of overseas consolidated subsidiaries or affiliates accounted for by the equity method are converted into yen.

(4) Risks relating to collaboration with third parties and business investments

In a variety of business fields, the JX Group collaborates with third parties through joint ventures and other arrangements and also makes strategic investments in other companies. These partnerships and investments play an important role in the JX Group's businesses, and, in the event that key joint ventures experience financial difficulties for any reason, or it is not possible to achieve the desired results from collaborative relationships or investments, this may have an impact on the JX Group's financial position and business performance.

(5) Risks relating to business restructuring

The JX Group is taking steps to reduce costs, concentrate its business activities, and enhance efficiency. However, it is possible that substantial special losses related to such restructuring may occur.

In the event that the JX Group is unable to execute business restructuring appropriately, or that the restructuring does not achieve the envisaged improvements in the JX Group's business operations, this may have an impact on the JX Group's financial position and business performance.

(6) Risks relating to capital expenditures, investments, and loans

Continuing capital expenditures, including investments and loans, are necessary for the ongoing maintenance and growth of the JX Group's businesses. However, it is possible that for such reasons as inadequacy of cash flows, it may become difficult to implement these plans. In addition, it is possible that actual investment amounts will greatly exceed projections, or that projected earnings will not materialize.

(7) Risks relating to resource development

The JX Group conducts exploration and development activities related to oil and natural gas fields and copper deposits. At present, these activities are in various stages on the way toward full commercial operation. The success of exploration and development is influenced by a wide range of factors, including the choice of areas for exploration and development, the construction cost of equipment, permits that must be received from governments, and fund-raising. In the event that individual projects do not reach the commercial viability stage and funds invested cannot be recovered, this may have an impact on the JX Group's financial position and business performance. In addition, recruiting personnel with high-level specialized expertise and broad experience is vital to the exploration and development business; however, the competition in obtaining top-quality personnel is becoming extremely intense in this industry. Therefore, in the event that the JX Group is unable to recruit enough top-quality personnel, this may result in the loss of profit-making opportunities and a decline in competitiveness.

(8) Risks relating to environmental regulations

The JX Group's businesses are subject to a wide range of environmental regulations. These regulations impose expenses for environmental cleanups, and, if environmental pollution were to occur, the payment of fines and compensation would be required, making it difficult for the JX Group to continue its operations.

The JX Group's operations give rise to considerable quantities of wastewater, gas emissions, and waste materials, and unforeseen circumstances may cause the volumes of these discharges to rise above their permitted levels. It is also possible that in the future environmental regulations may be tightened. The obligations and burdens imposed on the JX Group by these environmental regulations and standards may have an impact on the JX Group's financial position and business performance.

(9) Risks relating to operations

Businesses of the JX Group are exposed to a variety of risks relating to its operations, such as risks of fire, explosions, accidents, import or export restrictions, natural disasters, mine collapses, climatic or other natural phenomena, labor disputes, and restrictions on the transportation of raw materials or products. If such accidents or disasters were to occur, considerable losses may ensue.

The JX Group obtains insurance coverage for accidents, disasters, and other contingencies to the possible and appropriate extent, but it is possible that compensation may not cover the full cost of any damages that occur.

(10) Risks relating to intellectual property rights

In the execution of its businesses, the JX Group owns patents and other intellectual property rights of various kinds, but, in certain circumstances, it is possible that intellectual property rights may be difficult to obtain or their validity may be contested. It is also possible that the JX Group's corporate secrets may be disclosed or misused by a third party, or that owing to the speed of technical progress, the protection afforded by intellectual property rights becomes inadequate with respect to technologies vital to the JX Group's businesses.

In addition, a claim from a third party of infringement of intellectual property rights in regard to the JX Group's technologies may lead to the payment of substantial royalties or to the prohibition of the use of the relevant technologies.

In such cases as those referred to above, in which the JX Group is unable to obtain or make adequate use of intellectual property rights for the conduct of its businesses, the JX Group's business performance may be affected.

(11) Risks relating to interest-bearing debt

The large size of its interest-bearing debt may restrict the business activities of the JX Group. In addition, to make repayments of principal and interest relating to this debt, it may be necessary for the JX Group to raise funds through additional borrowings or the sale of assets. However, the JX Group's ability to conduct such fund-raising may depend upon a variety of factors, such as the state of financial markets, the JX Group's share price, and whether or not there are buyers for the assets. Additionally, if interest rates rise—either within Japan or overseas—the resultant increase in interest burden may have an impact on the JX Group's financial position and business performance.

(12) Risks relating to write-down of inventories owing to decreased profitability

The JX Group has large amounts of inventories. In the event that the net market value of inventories at the end of the fiscal period is lower than the corresponding book value owing mainly to declines in market prices of crude oil, petroleum products, and rare metals, the book value must be reduced in line with net market value. The difference between book values and net market value must be charged to cost of sales and will result in a decline in profitability. Such write-down of inventories may have an impact on the JX Group's financial position and business performance.

(13) Risks relating to the impairment of fixed assets

The JX Group has substantial fixed assets. In the future, if such factors as changes in the business environment cause the profitability of fixed assets to decline and make it unlikely that funds invested can be recovered, their book value will be reduced to reflect the likelihood of recovery, and it will be necessary to post the amount of the reduction as an impairment loss. This may affect the JX Group's financial position and business performance.

(14) Risks relating to information system

Information system may become inoperative as a result of an earthquake or other natural disaster or an accident, and business operations may have to be suspended. In such an event, this may disrupt the production and marketing activities of the JX Group and have a serious impact on the operations of business partners.

(15) Risks relating to the establishment of internal control system

The JX Group is making every effort to enhance compliance, risk management, and other functions as well as strengthen its internal control system including the internal financial reporting system. In the event that the JX Group's internal control system does not function effectively and such situations occur as breach of compliance, the manifestation of risk of loss in a significant amount, or damage to disclosure credibility, there is a risk that confidence among its stakeholders may be significantly impaired, which may affect the financial position and business performance of the JX Group.

(16) Risks relating to the management of personal information

The JX Group manages personal information in relation to such services as petroleum product sales and periodic precious metal investment plans. The implementation of measures necessary to protect that information may require considerable expenses going forward. Furthermore, the leakage or misuse of customers' personal information may have an impact on the aforementioned business activities.

RISKS BY SEGMENT

Petroleum Refining and Marketing Business

(1) Risks relating to fluctuations in margins in the Petroleum Refining and Marketing Business

The margins for petroleum products are determined by factors beyond the control of the JX Group, largely due to the difference between crude oil prices and the prices of petroleum products. Factors influencing crude oil prices include the Japanese yen to U.S. dollar exchange rate, the political situation in oil-producing regions, production adjustments by the Organization of the Petroleum Exporting Countries (OPEC), and global demand for crude oil. Factors that influence the prices of petroleum products include demand for petroleum products, overseas petroleum product market conditions, domestic petroleum-refining capacity and capacity utilization ratios, and the total number of service stations in Japan. The JX Group determines petroleum product prices by appropriately reflecting the supply and demand conditions or market trends of petroleum products; however, margins may worsen considerably depending on crude oil prices or the market trend of petroleum products, and this may have an impact on the JX Group's financial position and business performance.

Furthermore, margins for chemicals are affected by the difference between prices for crude oil and major raw materials, such as naphtha, and prices for chemicals. These margins are determined by factors beyond the control of the JX Group. Chemical prices are affected by such factors as increases in supply capacity through the construction of new production facilities or the expansion of existing facilities and demand trends for apparel, automobiles, home electronics, and other goods. Owing to weak market conditions, it may be difficult to pass on cost increases stemming from higher crude oil and other raw materials to product prices. This may have an impact on the JX Group's financial position and business performance.

(2) Risks relating to demand fluctuations and competition in the domestic petroleum business

Mainly in the industrialized countries, initiatives related to the Earth's environment have been stepped up, with the aim of accelerating the development of a "low carbon society." These initiatives include making reductions in greenhouse gas emissions and promoting the saving of energy and natural resources. Amid these developments, the demand for petroleum products in Japan is expected to continue to decline along with the trends toward the wider use of fuel-efficient automobiles and the transition toward other energy sources, such as gas and electricity. In the event that this decline in domestic demand continues or accelerates, this may have an impact on the JX Group's financial position and business performance. Moreover, in the domestic Petroleum Refining and Marketing Business, competition among industry participants at present is intense, and there is a possibility that the trend toward lower demand in the domestic market may accelerate such competition. More-intense competition may have an impact on the JX Group's financial position and business performance.

(3) Risks relating to sources of procurement of crude oil and petroleum products

The JX Group procures all its crude oil from overseas, primarily from the Middle East, and some petroleum products are procured abroad and in Japan. Such factors as changes in the political situation in oil-producing countries, and changes in the supply and demand balance for petroleum products in Japan and abroad, may hamper the procurement of crude oil and petroleum products. Inability to secure an appropriate alternative supply source may have an impact on the JX Group's financial position and business performance.

(4) Risks relating to inventory valuation

The JX Group values inventories, including crude oil and petroleum products, by the average cost method. During a phase of rising crude oil prices, inventories initially valued at a comparatively low level will act to increase profits by pushing down the cost of sales. However, in a phase of falling crude oil prices, inventories initially valued at a comparatively high level will act to decrease profits by pushing up the cost of sales. This may have an impact on the JX Group's financial position and business performance.

Oil and Natural Gas E&P Business

(1) Risks relating to crude oil and gas prices and currency exchange rate fluctuations in oil and natural gas E&P

Sales in the Oil and Natural Gas E&P Business fluctuate along with changes in crude oil and gas prices and movements in foreign currency exchange rates. When crude oil and gas prices are rising and the value of the yen is declining, sales in yen terms increase. When the crude oil and gas prices are falling and the yen is appreciating, sales in yen terms decrease. Therefore, during times when crude oil and gas prices move downward and the yen is appreciating, the performance of the JX Group is adversely affected because of the decline in sales in yen terms.

(2) Risks relating to securing reserves

As a result of international competition for resources, competitive conditions for the JX Group to secure reserves have become substantially more challenging. The future oil and gas output of the JX Group will depend on the extent to which it can secure reserves through exploration, development, and the acquisition of resource rights that make possible production on a commercial basis. In the event that the JX Group cannot supplement its reserves of oil and gas, its production volume may decline in the future, and this may have an impact on the JX Group's financial position and business performance.

(3) Risk relating to equipment for oil and natural gas E&P

To conduct exploration and the production of oil and natural gas, the JX Group must obtain drilling and other equipment and related services from third parties. When the price of crude oil is rising and in similar circumstances, such equipment and services are in short supply. In the event that the JX Group cannot obtain such equipment and services with the proper timing and on economical conditions, this may have an impact on the JX Group's financial position and business performance.

Metals Business

(1) Risks relating to fluctuations in market conditions in the copper business

The JX Group's copper business mainly derives profit from its copper smelting and refining business and investments in overseas copper mines. Any changes in related market prices, as listed below, could have an impact on the financial position and business performance of the JX Group.

The JX Group's copper smelting and refining business operates as a custom smelter that purchases copper concentrate from overseas copper mines and produces and sells refined copper. The gross margin mainly comprises smelting and refining margins and sales premiums.

Smelting and refining margins are determined by negotiations with copper mines, but in recent years the supply of copper concentrate to the market has tended to be inadequate owing to such factors as a lower concentrate grade, the emergence of an oligopoly of mining majors, and increasing demand in China, India, and other emerging economies. In addition, the smelting and refining margins have been concluded in U.S. dollars. As a result, in the event that the yen appreciates, the smelting and refining margins will decline.

Sales premiums, which are added to the international refined copper price, are determined through negotiations with customers in consideration of a variety of factors, such as importation costs and product quality. Depending on the outcome of such talks, sales premiums could be adversely affected.

The JX Group is also exposed to the risk of decrease in equity in earnings of unconsolidated subsidiaries and affiliates should there be any fall in international prices of refined copper, since prices of copper concentrate sold by the mines in which the JX Group has invested are based on international prices of refined copper.

(2) Risks relating to the stable procurement of copper concentrate

In view of the tight supply and demand conditions for copper concentrate, the JX Group has been investing in and financing overseas copper mines with the objective of securing stable supplies of copper concentrate. However, if the JX Group is unable to procure the copper concentrate its smelting and refining business needs at the appropriate time, owing to any disruption of operations of the overseas copper mines, which are the JX Group's procurement sources, including those in which the JX Group has invested, the financial position and business performance of the JX Group could be affected.

(3) Risks relating to fluctuations in market conditions in the recycling and environmental services business

Margins for the recycling and environmental services business are affected by fluctuations in such factors as metal prices and foreign exchange rates. Therefore, in the event that metal prices decline or the yen appreciates, this may have an impact on the JX Group's business performance.

(4) Risks relating to the procurement of raw materials for the recycling and environmental services business

In the collection of raw materials for recycling in the recycling and environmental services business, competition is becoming intense because primary suppliers, including electronic device parts manufacturers, are shifting from Japan to overseas and entering the recycling business. The JX Group is taking steps in response to this situation, such as expanding overseas procurement. However, in the event that the JX Group is unable to procure the raw materials for recycling that are necessary for its recycling and environmental services business, this may have an impact on the JX Group's business performance.

(5) Risks relating to such factors as demand fluctuations and technical innovation in the electronic materials business

Many customers of the electronic materials business are in the IT-related products and consumer electronics industries. Consequently, such factors as supply and demand situations and price movements in those industries may have an impact on the JX Group's business performance. Additionally, the electronic materials business is in the midst of intense competition. Therefore, if the JX Group is unable to respond appropriately to rapid technical innovation or changes in customer needs, this may have an impact on the JX Group's financial position and business performance.

(6) Risks relating to fluctuations in procurement prices of raw materials in the electronic materials business

The prices of the raw materials used in electronic materials fluctuate in accordance with the market prices of metals and other materials. If increases in the costs of these raw materials cannot be passed on in the product prices, or if there is some extent of decline in the market value of inventories compared with the corresponding book value at the beginning of the fiscal period, there may be an impact on the JX Group's business performance.

(7) Risks relating to environmental issues surrounding Gould Electronics, Inc. (a U.S. subsidiary)

In relation to environmental problems that arose in the past in its business activities, Gould Electronics, Inc., a U.S.-based subsidiary, is a potential responsible party with regard to specific designated areas within the United States under U.S. environmental laws, such as the Superfund Act. The ultimate financial burden the subsidiary will bear may depend on numerous factors, including the quantity of the substance and its toxicity for which the areas were designated, the total number of other potential responsible parties and their financial position, and remedial methods and technologies.

In relation to this matter, Gould Electronics, Inc., is providing reserves that it considers appropriate, but owing to the factors referred to above the actual amount of the burden may exceed these reserves, in which case the JX Group's business performance may be affected.

Other Businesses

(1) Risks relating to fluctuating demand in the construction business

The JX Group's construction business relies heavily on demand for contracted paving, civil engineering, and construction projects. Therefore, declines in public investment and private capital investment, including residential investment, may have an impact on the JX Group's construction business.

(2) Risks relating to fluctuating demand in the titanium business

The demand for titanium metals (titanium sponge and titanium ingots) is linked primarily to demand for specific purposes, such as for aircraft, electric power plants, chemical plants, and seawater desalination plants. Moreover, its use in catalysts is almost entirely confined to propylene polymerization.

If demand for titanium in these specific applications fluctuates substantially, due to changes in domestic or overseas political and economic conditions, or due to major changes in related consuming industries, it may have an impact on the JX Group's business performance, since such fluctuations in demand tend to have a substantial impact on the sales volume and prices of titanium products.

Consolidated Balance Sheets

JX Holdings, Inc. and Consolidated Subsidiaries
As of March 31, 2012 and 2011

Assets	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 2) 2012
Current assets:			
Cash and cash equivalents	¥ 241,035	¥ 232,438	$ 2,932,656
Time deposits	943	1,033	11,473
Notes and accounts receivable (Note 11):			
Trade	1,308,111	1,065,973	15,915,695
Other	107,756	92,559	1,311,060
Less: Allowance for doubtful accounts	(2,290)	(2,997)	(27,862)
Inventories (Note 5)	1,694,395	1,484,879	20,615,586
Deferred tax assets (Note 20)	79,184	91,492	963,426
Other current assets	125,487	102,354	1,526,792
Total current assets	3,554,621	3,067,731	43,248,826
Investments and long-term receivables:			
Investments in unconsolidated subsidiaries and affiliates	325,470	363,669	3,959,971
Investments in securities (Notes 6, 10 and 11)	243,531	281,200	2,963,025
Long-term receivables	25,187	23,136	306,448
Total investments and long-term receivables	594,188	668,005	7,229,444
Property, plant and equipment (Notes 7, 8,10 and 14):			
Land	946,285	961,205	11,513,384
Buildings, structures and oil tanks	1,525,342	1,522,578	18,558,730
Machinery, equipment, vehicles and other	2,808,235	2,753,727	34,167,599
Construction in progress	119,370	55,430	1,452,366
	5,399,232	5,292,940	65,692,079
Less: Accumulated depreciation	(3,458,856)	(3,352,649)	(42,083,660)
Property, plant and equipment, net	1,940,376	1,940,291	23,608,420
Goodwill and other intangible assets:			
Goodwill (Note 4)	28,103	50,966	341,927
Other	109,110	115,181	1,327,534
Total intangible assets	137,213	166,147	1,669,461
Deferred tax assets (Note 20)	50,246	120,716	611,340
Exploration and development investments	335,402	205,294	4,080,813
Other assets	78,373	91,774	953,559
Total assets (Note 24)	¥ 6,690,419	¥ 6,259,958	$ 81,401,862

The accompanying notes are an integral part of these consolidated financial statements.

Liabilities and Net Assets	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 2) 2012
Current liabilities:			
Notes and accounts payable (Note 11):			
Trade	¥ 917,955	¥ 739,855	$11,168,694
Other	369,049	316,807	4,490,193
Short-term borrowings (Notes 9, 10 and 11)	546,219	589,001	6,645,808
Current portion of bonds	45,452	60	553,011
Current portion of long-term loans (Notes 9, 10 and 11)	168,811	127,560	2,053,912
Commercial papers (Note 11)	404,000	388,000	4,915,440
Excise taxes payable (Notes 10 and 11)	338,547	268,591	4,119,078
Income taxes payable	28,005	33,548	340,735
Provision for loss on disaster (Note 18)	17,651	109,106	214,758
Other provision	76,627	46,465	932,315
Accrued expenses	46,458	42,126	565,251
Asset retirement obligations (Note 14)	4,578	7,418	55,700
Deferred tax liabilities (Note 20)	1,251	1,460	15,221
Other current liabilities	188,994	180,163	2,299,477
Total current liabilities	3,153,597	2,850,160	38,369,595
Long-term liabilities:			
Bonds payable	206,187	251,131	2,508,663
Long-term loans, less current portion (Notes 9, 10 and 11)	911,930	908,832	11,095,389
Provision for retirement benefits (Note 13)	91,004	88,920	1,107,239
Provision for repairs	50,474	51,856	614,114
Deferred tax liabilities (Note 20)	122,038	106,291	1,484,828
Other provision	6,974	7,608	84,852
Asset retirement obligations (Note 14)	49,047	47,140	596,751
Other long-term liabilities (Note 10)	54,416	61,779	662,076
Total long-term liabilities	1,492,070	1,523,557	18,153,912
Commitments and contingencies (Note 15)			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized – 8,000,000,000 shares in 2012 and 2011			
Issued – 2,495,485,929 shares in 2012 and 2011	100,000	100,000	1,216,693
Capital surplus	746,711	746,693	9,085,181
Retained earnings	933,573	801,567	11,358,718
Less: Treasury stock, at cost – 8,408,232 shares in 2012 and 8,643,201 shares in 2011	(3,722)	(3,802)	(45,285)
Total shareholders' equity	1,776,562	1,644,458	21,615,306
Accumulated other comprehensive income (loss):			
Unrealized gain on securities	24,802	35,524	301,764
Unrealized gain on hedging derivatives	5,928	6,666	72,126
Foreign currency translation adjustments	(63,089)	(58,327)	(767,599)
Total accumulated other comprehensive loss	(32,359)	(16,137)	(393,710)
Minority interests (Note 21)	300,549	257,920	3,656,759
Total net assets (Note 21)	2,044,752	1,886,241	24,878,355
Total liabilities and net assets	¥6,690,419	¥6,259,958	$81,401,862

Consolidated Statements of Income

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2012	2011	2012
Net sales (Note 24)	¥10,723,889	¥9,634,396	$130,476,810
Cost of sales (Note 16)	9,879,579	8,805,610	120,204,246
Gross profit	844,302	828,786	10,272,564
Selling, general and administrative expenses (Notes 16 and 17)	516,458	494,384	6,283,708
Operating income	327,844	334,402	3,988,855
Non-operating income (expense):			
Interest and dividends income	29,932	23,836	364,181
Interest expense	(26,925)	(27,302)	(327,595)
Foreign currency exchange loss, net	(2,136)	(766)	(25,989)
Equity in earnings of affiliates	62,069	75,974	755,189
Other, net	16,981	7,523	206,607
	79,921	79,265	972,393
Ordinary income (Note 24)	407,765	413,667	4,961,248
Special profit (loss):			
Gain (loss) on sales and disposal of property, plant and equipment, net	3,588	(4,151)	43,655
Gain on sales of investments in securities	4,074	1,198	49,568
Impairment loss (Notes 7 and 24)	(27,608)	(41,652)	(335,905)
Gain on negative goodwill (Note 4)	9,393	226,537	114,284
Loss on valuation of investments in securities (Note 6)	(783)	(7,380)	(9,527)
Gain on change in equity	—	11,529	—
Loss on adjustment for changes in accounting standard for asset retirement obligations (Note 14)	—	(4,468)	—
Special extra retirement payments	—	(30,539)	—
Loss on disaster (Note 18)	—	(126,022)	—
Loss on step acquisitions	(6,431)	—	(78,246)
Restructuring cost (Note 19)	(36,514)	—	(444,263)
Gain on reversal of loss on disaster (Note 18)	7,220	—	87,845
Other, net	(6,197)	(31,496)	(75,398)
	(53,258)	(6,444)	(647,986)
Income before income taxes and minority interests	354,507	407,223	4,313,262
Income taxes (Note 20):			
Current	63,652	54,574	774,449
Deferred	84,420	14,926	1,027,132
Income before minority interests	206,435	337,723	2,511,680
Minority interests in income	(35,840)	(25,987)	(436,063)
Net income	¥ 170,595	¥ 311,736	$ 2,075,617

	Yen		U.S. dollars (Note 2)
Net income per share – basic (Note 21)	¥68.60	¥125.35	$0.83
Cash dividends per share attributable to the year (Note 21)	16.00	15.50	0.19

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2012	2011	2012
Income before minority interests	¥206,435	¥337,723	$2,511,680
Other comprehensive income (loss):			
Unrealized loss on securities	(10,323)	(3,779)	(125,599)
Unrealized loss on hedging derivatives	(2,240)	(5,880)	(27,254)
Foreign currency translation adjustments	(2,423)	(18,139)	(29,480)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(3,471)	(24,258)	(42,231)
Total other comprehensive income (loss)	(18,457)	(52,056)	(224,565)
Comprehensive income	¥187,978	¥285,667	$2,287,115
Comprehensive income attributable to:			
Shareholders of JX Holdings, Inc.	¥153,021	¥265,892	$1,861,796
Minority interests	34,957	19,775	425,319

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Net Assets

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal years ended March 31, 2012 and 2011

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on securities	Unrealized gain on hedging derivatives	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Year ended March 31, 2012											
Beginning of year	¥100,000	¥746,693	¥801,567	¥(3,802)	¥1,644,458	¥ 35,524	¥6,666	¥(58,327)	¥(16,137)	¥257,920	¥1,886,241
Dividends from surplus	—	—	(39,838)	—	(39,838)	—	—	—	—	—	(39,838)
Net income	—	—	170,595	—	170,595	—	—	—	—	—	170,595
Change of scope of consolidation	—	—	1,348	—	1,348	—	—	—	—	—	1,348
Increase by merger	—	—	(99)	—	(99)	—	—	—	—	—	(99)
Purchase of treasury stock	—	—	—	(23)	(23)	—	—	—	—	—	(23)
Disposal of treasury stock	—	18	—	103	121	—	—	—	—	—	121
Net changes of items other than shareholders' equity	—	—	—	—	—	(10,722)	(738)	(4,762)	(16,222)	42,629	26,407
End of year	¥100,000	¥746,711	¥933,573	¥(3,722)	¥1,776,562	¥ 24,802	¥5,928	¥(63,089)	¥(32,359)	¥300,549	¥2,044,752

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on securities	Unrealized gain on hedging derivatives	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Year ended March 31, 2011											
Beginning of year	¥139,437	¥275,697	¥519,572	¥(4,507)	¥ 930,199	¥38,774	¥13,322	¥(22,389)	¥ 29,707	¥ 99,183	¥1,059,089
Dividends from surplus	—	—	(30,352)	—	(30,352)	—	—	—	—	—	(30,352)
Net income	—	—	311,736	—	311,736	—	—	—	—	—	311,736
Increase by share transfers	(39,437)	470,996	—	780	432,339	—	—	—	—	—	432,339
Change of scope of consolidation	—	—	528	—	528	—	—	—	—	—	528
Change of scope of equity method	—	—	83	—	83	—	—	—	—	—	83
Change in equity in affiliates accounted for by equity method-treasury stock	—	—	—	(11)	(11)	—	—	—	—	—	(11)
Purchase of treasury stock	—	—	—	(68)	(68)	—	—	—	—	—	(68)
Disposal of treasury stock	—	—	—	4	4	—	—	—	—	—	4
Net changes of items other than shareholders' equity	—	—	—	—	—	(3,250)	(6,656)	(35,938)	(45,844)	158,737	112,893
End of year	¥100,000	¥746,693	¥801,567	¥(3,802)	¥1,644,458	¥35,524	¥ 6,666	¥(58,327)	¥(16,137)	¥257,920	¥1,886,241

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on securities	Unrealized gain on hedging derivatives	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Year ended March 31, 2012											
Beginning of year	$1,216,693	$9,084,962	$ 9,752,610	$(46,259)	$20,008,006	$432,218	$81,105	$(709,661)	$(196,338)	$3,138,095	$22,949,763
Dividends from surplus	—	—	(484,706)	—	(484,706)	—	—	—	—	—	(484,706)
Net income	—	—	2,075,617	—	2,075,617	—	—	—	—	—	2,075,617
Change of scope of consolidation	—	—	16,401	—	16,401	—	—	—	—	—	16,401
Increase by merger	—	—	(1,205)	—	(1,205)	—	—	—	—	—	(1,205)
Purchase of treasury stock	—	—	—	(280)	(280)	—	—	—	—	—	(280)
Disposal of treasury stock	—	219	—	1,253	1,472	—	—	—	—	—	1,472
Net changes of items other than shareholders' equity	—	—	—	—	—	(130,454)	(8,979)	(57,939)	(197,372)	518,664	321,292
End of year	$1,216,693	$9,085,181	$11,358,718	$(45,285)	$21,615,306	$301,764	$72,126	$(767,599)	$(393,710)	$3,656,759	$24,878,355

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 354,507	¥ 407,223	$ 4,313,262
Depreciation and amortization	198,073	206,553	2,409,940
Amortization of goodwill	3,468	4,560	42,195
Gain on negative goodwill	(9,393)	(226,537)	(114,284)
Increase (decrease) in provision for loss on disaster	(21,723)	109,106	(264,302)
Increase (decrease) in provision for repairs	(2,683)	(3,452)	(32,644)
Interest and dividends income	(29,932)	(23,836)	(364,181)
Interest expenses	26,925	27,302	327,595
Equity in (earnings) losses of affiliates	(62,069)	(75,974)	(755,189)
Loss (gain) on valuation of investments in securities	783	7,380	9,527
Loss (gain) on sales and disposal of property, plant and equipment, net	(3,588)	4,151	(43,655)
Loss (gain) on change in equity	—	(11,529)	—
Special extra retirement payments	—	30,539	—
Impairment loss	27,608	41,652	335,905
Decrease (increase) in notes and accounts receivable – trade	(237,824)	(979)	(2,893,588)
Decrease (increase) in inventories	(203,158)	(204,781)	(2,471,809)
Increase (decrease) in notes and accounts payable – trade and excise taxes payable	248,819	(137,971)	3,027,363
Restructuring cost	36,514	—	444,263
Other, net	39,477	57,026	480,314
Subtotal	365,804	210,433	4,450,712
Interest and dividends income received	74,078	72,071	901,302
Interest expenses paid	(26,700)	(29,156)	(324,857)
Income taxes paid	(78,763)	(41,940)	(958,304)
Payments for loss on disaster	(65,569)	—	(797,773)
Payments for special extra retirement payments	(22,208)	—	(270,203)
Net cash provided by operating activities	246,642	211,408	3,000,876
Cash flows from investing activities:			
Purchase of investments in securities	(45,783)	(20,455)	(557,039)
Proceeds from sales of investments in securities	22,342	6,878	271,834
Purchase of property, plant and equipment	(157,125)	(136,552)	(1,911,729)
Proceeds from sales of property, plant and equipment	26,922	27,303	327,558
Purchase of intangible assets	(12,837)	(16,979)	(156,187)
Decrease (increase) in short-term receivables, net	(9,802)	(8,560)	(119,260)
Payments of long-term receivables	(6,712)	(5,366)	(81,664)
Collection of long-term receivables	4,806	7,658	58,474
Increase in cost of exploration and production of oil and related assets	(44,367)	(27,814)	(539,810)
Purchase of investments in subsidiaries resulting in change of scope of consolidation	(1,636)	—	(19,905)
Other, net	25,597	2,979	311,437
Net cash used in investing activities	(198,595)	(170,908)	(2,416,292)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	(33,481)	(126,230)	(407,361)
Increase (decrease) in commercial papers, net	16,000	36,000	194,671
Proceeds from long-term loans	177,161	172,803	2,155,506
Repayment of long-term loans	(140,617)	(152,193)	(1,710,877)
Proceeds from issuance of bonds	—	50,000	—
Redemption of bonds	(242)	(20,060)	(2,944)
Proceeds from stock issuance to minority shareholders	6,158	7,685	74,924
Cash dividends paid	(39,838)	(30,352)	(484,706)
Cash dividends paid to minority shareholders	(16,241)	(19,129)	(197,603)
Proceeds from stock issuance of consolidated subsidiary to minority shareholders	—	16,232	—
Other, net	(6,218)	(5,984)	(75,654)
Net cash used in financing activities	(37,318)	(71,228)	(454,046)
Effect of exchange rate changes on cash and cash equivalents	(4,858)	(3,866)	(59,107)
Net increase (decrease) in cash and cash equivalents	5,871	(34,594)	71,432
Cash and cash equivalents at beginning of year	232,438	183,992	2,828,057
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	2,252	10	27,400
Increase in cash and cash equivalents resulting from share transfer	—	82,514	—
Increase (decrease) in cash and cash equivalents resulting from corporate division	(20)	510	(243)
Increase in cash and cash equivalents resulting from merger	494	6	6,010
Cash and cash equivalents at end of year	¥ 241,035	¥ 232,438	$ 2,932,656

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

JX Holdings, Inc. and Consolidated Subsidiaries

Note 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation—Consolidated Financial Statements

The accompanying consolidated financial statements of JX Holdings, Inc. (the "Company") and its subsidiaries are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In presenting the accompanying consolidated financial statements, certain accounts and items reported in the consolidated financial statements that have been filed with the Financial Services Agency in Japan have been reclassified for the convenience of readers outside Japan.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries that are controlled by the Company (hereinafter collectively referred to as the "JX Group"). As of March 31, 2012, the Company had 134 consolidated subsidiaries.

For the year ended March 31, 2012, the Company added Caserones Finance Netherlands B.V. and two other companies to the scope of consolidation due to incorporation. The Company also added SANKYO YUKA KOGYO K.K. and SANYU ELECTRONIC INDUSTRY CO., LTD. to the scope of consolidation due to their increased materiality, and Nippon Papua New Guinea LNG LLC was newly consolidated as a result of the additional acquisition of stocks. Japan Papua New Guinea Petroleum Co., Ltd. and Merlin Petroleum Company became consolidated subsidiaries from affiliates accounted for by the equity method as a result of the additional acquisition of stocks.

Nikko Real Estate Co., Ltd., which merged with JX Nippon Real Estate Corporation (formerly Nippon Oil Real Estate Company, Limited), was excluded from the scope of consolidation. In addition, the Company also excluded Nippon Oil LC Film (Suzhou) Corporation and two other companies from the scope of consolidation due to liquidation.

The consolidated financial statements for the year ended March 31, 2012 do not include the accounts of SHIBUSHI OIL STORAGE COMPANY, LTD., and other certain subsidiaries, as they are considered immaterial in terms of the JX Group's total assets, net sales, net income and retained earnings.

Investments in certain unconsolidated subsidiaries and affiliates over which the JX Group has significant influence are accounted for under the equity method. The JX Group's consolidated income includes equity in net income of those unconsolidated subsidiaries and affiliates, after elimination of unrealized intercompany profits. As of March 31, 2012, the Company has 2 unconsolidated subsidiaries and 30 affiliates that are accounted for under the equity method.

Japan Papua New Guinea Petroleum Co., Ltd. and Merlin Petroleum Company were changed to consolidated subsidiaries from affiliates accounted for by the equity method as a result of additional acquisition of stocks.

The Company does not apply the equity method to its investments in certain unconsolidated subsidiaries and certain affiliates, including SAIBUNISSOU CO., LTD., as they are considered immaterial in terms of the JX Group's net income and retained earnings. The investments in these unconsolidated subsidiaries and affiliates are carried at cost, less any write-down due to impairment deemed necessary.

Japan Vietnam Petroleum Co., Ltd., JX Nippon Exploration and Production (U.K.) Limited, and 45 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end, which is December 31, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.

Goodwill at the dates of acquisition of the major consolidated subsidiaries is amortized by the straight-line method over the period during which the influence of the goodwill shall apply.

(c) Foreign Currency Translation

The monetary accounts receivable and accounts payable in foreign currencies 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents 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.

(e) Investments in Securities

Investments in securities are required to be classified into three categories: trading, held-to-maturity or other. Held-to-maturity investment securities are stated at their amortized cost. The Company Group does not classify any of its investment securities as trading securities. Marketable securities classified as other securities have been stated at fair value with any changes in unrealized gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities have been stated at cost. Cost of securities sold has been determined by the moving-average method. Significant declines in the value of other securities that are deemed unrecoverable are charged to income.

(f) Inventories

Inventories are 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).

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Significant renewals and improvements are capitalized at cost. Maintenance and repairs are charged to income as incurred.

Depreciation of property, plant and equipment is primarily calculated based on the straight-line method, over the estimated useful lives as summarized below:

• Buildings, structures and oil tanks	2 – 50 years
• Machinery and equipment	2 – 20 years

(h) Intangible Assets

Amortization of intangible assets, including software for internal use, is primarily computed using the straight-line method over the estimated useful lives. Mineral rights are primarily amortized using the units-of-production method.

(i) Leases

Depreciation of leased assets under finance lease transactions that do not transfer ownership and whose contract date falls on or after April 1, 2008, is calculated based on the straight-line method over the lease term assuming no residual value.

Finance lease transactions that do not transfer ownership and whose contract date falls prior to April 1, 2008, continue to be accounted for as operating leases.

(j) Exploration and Development Investment

Regarding the oil 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.

(k) 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.

(l) Provision for Loss on Disaster

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

(m) Provision for Retirement Benefits

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

(n) 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.

(o) Income Taxes

Provision for income taxes is computed based on income before income taxes and minority interests. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying value amounts and the tax bases of assets and liabilities.

A valuation allowance is established against deferred tax assets to the extent that it is more likely than not that the deferred tax assets may not be realized within the foreseeable future.

The Company and certain domestic wholly-owned subsidiaries adopted the consolidated tax return system in Japan starting the year ended March 31, 2011.

(p) Research and Development Costs

Research and development costs are expensed as incurred.

(q) Derivative Instruments

The JX Group utilizes derivative instruments to manage its exposure to fluctuations in commodity prices, foreign currency exchange rates and interest rates. The JX Group does not utilize derivative instruments for speculation, in accordance with the Company's internal policy.

Hedge accounting is primarily applied to derivative instruments and loans in foreign currencies used as hedging instruments. With respect to qualifying foreign exchange forward contracts and currency swap contracts, the designation "Furiate-shori" is applied. The exception method is applied to interest rate swap contracts that meet the requirements for exceptional treatments.

Hedging instruments are foreign exchange forward contracts, interest rate swap contracts, commodity forwards, commodity swaps and loans in foreign currencies. Hedged items that have a risk of losses due to fluctuations in market prices, and of which fluctuations in market prices are not reflected in the valuations or of which fluctuations are avoided by fixing cash flow.

The JX Group utilizes hedging instruments within the amount of assets and liabilities exposed to market risks. The objective of the hedging policy is to manage exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices corresponding to the underlying assets and liabilities.

With respect to foreign exchange forward contracts, commodity forwards, commodity swaps and loans in foreign currencies as hedging instruments, the JX Group performs an effectiveness assessment to confirm if the critical terms of the hedging instruments and those of the underlying hedged items are continuously the same during the hedging period and, as such, the hedge is expected to be highly effective.

In addition, with respect to interest rate swap contracts, the JX Group performs an effectiveness assessment comparing the accumulated cash flow fluctuation of hedged items with those of the hedging instruments. The testing of hedge effectiveness of interest rate swap contracts that meet the criteria for the exception method is omitted.

Derivative instruments that are not designated as hedges are carried at market value, with changes in market value charged or credited to income for the period in which they arise.

(r) Net Income per Share

Net income per share is determined based on the weighted-average number of shares of common stock outstanding during the relevant fiscal year.

Note 2 U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥82.19 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2012. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

Note 3 ADDITIONAL INFORMATION

Effective April 2011, the Company adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and corrections of prior period errors.

Note 4 BUSINESS COMBINATIONS

(Application of Purchase Method)

(a) Outline of business combination

1. Name and business of acquired company
   Name: Japan Papua New Guinea Petroleum Co., Ltd.
   Business: Oil and natural gas exploration, development, production and sales
2. Primary objective of business combination
   In order to expand the Oil and Natural Gas Exploration and Production business in Papua New Guinea
3. Date of business combination
   May 13, 2011
4. Legal form of business combination
   Acquisition of shares by cash
5. Name of combined company
   Japan Papua New Guinea Petroleum Co., Ltd.
6. Ratio of voting rights held prior to the business combination: 36.4%
   Ratio of voting rights acquired at the date of the business combination: 62.0%
   Ratio of voting rights held subsequent to the business combination: 98.4%
7. Principal basis for determination of acquiring company
   JX Nippon Oil & Gas Exploration Corporation, a subsidiary of the Company, held a majority of the voting rights of Japan Papua New Guinea Petroleum Co., Ltd. in accordance with the acquisition of shares by cash

(b) Period for which the performance of the acquired company is reflected in the consolidated financial statements

From January 1, 2011 to December 31, 2011, as a result of the date of the business combination being deemed January 1, 2011 in consideration that the acquired company's fiscal year end date is December 31

(c) Details on the acquisition cost of the acquired company

	Millions of yen	Thousands of U.S. dollars
Fair value of common shares of Japan Papua New Guinea Petroleum Co., Ltd. held prior to the business combination	¥ 81,530	$ 991,970
Fair value of common shares of Japan Papua New Guinea Petroleum Co., Ltd. acquired at the date of the business combination	19,000	231,172
Acquisition cost	¥100,530	$1,223,142

(d) Difference between acquisition cost of the acquired company and aggregate acquisition cost of each transaction until the company was acquired

¥6,431 million ($78,246 thousand)

(e) Amount and reason for gain on negative goodwill

1. Amount
   ¥9,393 million ($114,284 thousand)
2. Reason
   The negative goodwill was generated because the fair value of the net assets acquired on the date of the business combination exceeded the acquisition cost

(f) Details on assets acquired and liabilities assumed as of the business combination date are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 19,100	$ 232,388
Non-current assets	136,881	1,665,422
Total assets	¥155,981	$1,897,810
Current liabilities	¥ 2,872	$ 34,943
Non-current liabilities	42,480	516,851
Total liabilities	¥ 45,352	$ 551,795

Note 5 INVENTORIES

Inventories as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Merchandise and finished goods	¥ 617,315	¥ 565,219	$ 7,510,829
Work in process	113,156	140,792	1,376,761
Raw materials and supplies	963,924	778,868	11,727,996
Total	¥1,694,395	¥1,484,879	$20,615,586

Note 6 INVESTMENTS IN SECURITIES

(a) Held-to-maturity securities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		
As of March 31, 2012	Carrying value	Market value	Net unrealized gain (loss)
Securities with market value exceeding their carrying value:			
Government and municipal bonds	¥64	¥65	¥1
Total	¥64	¥65	¥1

	Millions of yen		
As of March 31, 2011	Carrying value	Market value	Net unrealized gain (loss)
Securities with market value exceeding their carrying value:			
Government and municipal bonds	¥64	¥65	¥1
Total	¥64	¥65	¥1

	Thousands of U.S. dollars		
As of March 31, 2012	Carrying value	Market value	Net unrealized gain (loss)
Securities with market value exceeding their carrying value:			
Government and municipal bonds	$779	$791	$12
Total	$779	$791	$12

(b) Other securities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		
As of March 31, 2012	Carrying value	Acquisition cost	Net unrealized gain (loss)
Securities with carrying value exceeding their acquisition cost:			
Stock	¥166,724	¥114,838	¥51,887
Bonds:			
Government and municipal bonds	61	60	1
Subtotal	166,785	114,898	51,887
Securities with carrying value not exceeding their acquisition cost:			
Stock	35,505	43,725	(8,220)
Bonds:			
Corporate bonds	5,684	5,684	—
Others	501	519	(18)
Subtotal	41,690	49,928	(8,238)
Total	¥208,475	¥164,825	¥43,649

As of March 31, 2011	Millions of yen Carrying value	 Acquisition cost	 Net unrealized gain (loss)
Securities with carrying value exceeding their acquisition cost:			
Stock	¥204,042	¥132,707	¥71,335
Bonds:			
Government and municipal bonds	81	80	1
Subtotal	204,123	132,787	71,337
Securities with carrying value not exceeding their acquisition cost:			
Stock	35,085	42,750	(7,665)
Bonds:			
Corporate bonds	5,708	5,708	—
Others	480	500	(20)
Subtotal	41,273	48,957	(7,685)
Total	¥245,396	¥181,744	¥63,652

As of March 31, 2012	Thousands of U.S. dollars Carrying value	 Acquisition cost	 Net unrealized gain (loss)
Securities with carrying value exceeding their acquisition cost:			
Stock	$2,028,520	$1,397,220	$ 631,300
Bonds:			
Government and municipal bonds	740	731	9
Subtotal	2,029,260	1,397,951	631,309
Securities with carrying value not exceeding their acquisition cost:			
Stock	431,987	531,999	(100,012)
Bonds:			
Corporate bonds	69,157	69,157	—
Others	6,096	6,315	(219)
Subtotal	507,239	607,470	(100,231)
Total	$2,536,501	$2,005,414	$ 531,074

Note: Unlisted equity securities of ¥35,056 million ($426,524 thousand) and ¥35,777 million as of March 31, 2012 and 2011, respectively, are excluded from the above table.

(c) Sales of securities classified as other securities for the years ended March 31, 2012 and 2011 are as follows:

Year ended March 31, 2012	Millions of yen Proceeds from sales	 Gain on sales	 Loss on sales
Type of securities:			
Stock	¥20,902	¥3,371	¥258
Total	¥20,902	¥3,371	¥258

Year ended March 31, 2011	Millions of yen Proceeds from sales	 Gain on sales	 Loss on sales
Type of securities:			
Stock	¥6,260	¥1,047	¥202
Total	¥6,260	¥1,047	¥202

Year ended March 31, 2012	Thousands of U.S. dollars Proceeds from sales	 Gain on sales	 Loss on sales
Type of securities:			
Stock	$254,313	$41,015	$3,139
Total	$254,313	$41,015	$3,139

(d) Loss on valuation of investments in securities

Loss on valuation of investments in securities amounted to ¥783 million ($9,527 thousand) and ¥7,380 million for the years ended March 31, 2012 and 2011, respectively.

Note 7 IMPAIRMENT LOSS

Recognition of impairment losses on fixed assets for the years ended March 31, 2012 and 2011 resulted primarily from the deterioration of the business environment.

The impairment losses for the years ended March 31, 2012 and 2011 are as follows:

		Millions of yen		Thousands of U.S. dollars
		2012	2011	2012
Service stations	Land	¥ 549	¥ 630	$ 6,680
	Buildings	39	1	475
	Others	21	30	256
		609	661	7,410
Oil tank facilities	Land	—	2,941	—
	Buildings	—	1,527	—
	Machinery and equipment	—	971	—
	Others	—	48	—
		—	5,487	—
Plants	Land	722	—	8,785
	Buildings	2,015	5,428	24,516
	Machinery and equipment	1,766	20,717	21,487
	Others	1,915	1,312	23,300
		6,418	27,457	78,087
Assets for exploration and production of oil and natural gas	Exploration and development investment	—	5,036	—
Other business	Land	1,815	224	22,083
	Buildings	591	15	7,191
		2,406	239	29,274
Idle properties and others	Land	3,182	2,225	38,715
	Buildings	447	430	5,439
	Machinery and equipment	81	83	986
	Others	28	34	341
		3,738	2,772	45,480
Other	Goodwill	19,446	—	236,598
Total		¥32,617	¥41,652	$396,849

The recoverable amounts of service stations, plants and other business are estimated by discounting future cash flows at a rate of 4.5%.

The recoverable amounts of assets for exploration and production of oil and natural gas are estimated by discounting future cash flows generated by proved oil and natural gas reserves at a rate of 10.0%.

The recoverable amounts of oil tank facilities, idle properties and others approximate their estimated fair value. The estimated fair value of land is determined through the use of real estate appraisal standards.

Note 8 LEASES

Lessee

(a) Finance leases (Accounted for as operating leases)

Finance leases that were entered into prior to April 1, 2008 and do not transfer ownership:

(1) Estimated acquisition cost (inclusive of related interest expenses), estimated accumulated depreciation and estimated book value of leased assets as of March 31, 2012 and 2011 are as follows:

	Millions of yen		
As of March 31, 2012	Acquisition cost	Accumulated depreciation	Net book value
Buildings, structures and oil tanks	**¥16,438**	**¥13,054**	**¥3,384**
Machinery and vehicles	**6,007**	**3,313**	**2,694**
Other	**1,240**	**1,084**	**156**
Total	**¥23,685**	**¥17,451**	**¥6,234**

	Millions of yen		
As of March 31, 2011	Acquisition cost	Accumulated depreciation	Net book value
Buildings, structures and oil tanks	¥18,057	¥13,756	¥4,301
Machinery and vehicles	9,103	5,187	3,916
Other	2,736	2,208	528
Total	¥29,896	¥21,151	¥8,745

	Thousands of U.S. dollars		
As of March 31, 2012	Acquisition cost	Accumulated depreciation	Net book value
Buildings, structures and oil tanks	**$200,000**	**$158,827**	**$41,173**
Machinery and vehicles	**73,087**	**40,309**	**32,778**
Other	**15,087**	**13,189**	**1,898**
Total	**$288,174**	**$212,325**	**$75,849**

(2) Future minimum lease payments (inclusive of related interest expenses) as of March 31, 2012 are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	**¥1,759**	**$21,402**
2014 and thereafter	**5,243**	**63,791**
Total	**¥7,002**	**$85,193**

(3) Lease payments, reversal of the allowance for impairment losses on leased assets, estimated depreciation and estimated interest expense for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Lease payments	**¥2,196**	¥3,098	**$26,719**
Reversal of allowance for impairment losses on leased assets	**—**	5	**—**
Estimated depreciation	**2,030**	2,880	**24,699**
Estimated interest expense	**133**	161	**1,618**

(4) Method of calculating estimated depreciation

Depreciation is calculated using the straight-line method over the lease term of the leased assets assuming no residual value.

(5) Method of calculating estimated interest expense

Interest expense is computed and allocated to each period using the interest method assuming interest expense to be the excess of total lease payments over the acquisition cost.

(b) Operating leases

Future minimum lease payments for non-cancelable operating leases as of March 31, 2012 are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 7,086	$ 86,215
2014 and thereafter	38,331	466,371
Total	¥45,417	$552,585

Lessor

(a) Finance leases (Accounted for as operating leases)

Finance leases that were entered into prior to April 1, 2008 and do not transfer ownership:

(1) Acquisition cost, accumulated depreciation, and net book value of the leased assets as of March 31, 2012 and 2011 are as follows:

	Millions of yen		
As of March 31, 2012	Acquisition cost	Accumulated depreciation	Net book value
Buildings, structures and oil tanks	¥1,242	¥770	¥472
Machinery and vehicles	—	—	—
Other	—	—	—
Total	¥1,242	¥770	¥472

	Millions of yen		
As of March 31, 2011	Acquisition cost	Accumulated depreciation	Net book value
Buildings, structures and oil tanks	¥1,242	¥ 711	¥531
Machinery and vehicles	184	144	40
Other	1,213	823	390
Total	¥2,639	¥1,678	¥961

	Thousands of U.S. dollars		
As of March 31, 2012	Acquisition cost	Accumulated depreciation	Net book value
Buildings, structures and oil tanks	$15,111	$9,369	$5,743
Machinery and vehicles	—	—	—
Other	—	—	—
Total	$15,111	$9,369	$5,743

(2) Future minimum lease revenues (inclusive of related interest income) as of March 31, 2012 are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥399	$ 4,855
2014 and thereafter	486	5,913
Total	¥885	$10,768

The above table includes future minimum lease revenues under non-cancelable sub-leases as of March 31, 2012 as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥340	$4,137
2014 and thereafter	81	986
Total	¥421	$5,122

Leased assets are sub-leased under the same terms. Therefore, approximately the same amount of the future minimum lease revenues under the sub-lease transactions is included in the lessee's future lease payments.

(3) Lease income, depreciation and interest income for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Lease income	¥276	¥325	$3,358
Depreciation	266	301	3,236
Interest income	10	24	122

(b) Operating leases

Future minimum lease revenues for non-cancelable operating leases as of March 31, 2012 are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 461	$ 5,609
2014 and thereafter	6,535	79,511
Total	¥6,996	$85,120

Note 9 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Loans principally from banks at a weighted-average interest rate of 0.52%	¥546,219	¥589,001	$ 6,645,808
Commercial papers maturing within one year	404,000	388,000	4,915,440
Total	¥950,219	¥977,001	$11,561,248

(b) Long-term debt as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Unsecured bonds in yen, due through 2020, at interest rates ranging from 0.73% to 2.38%	¥ 246,620	¥ 246,180	$ 3,000,608
Unsecured Eurobonds in yen, due through 2013, at interest rates ranging from 1.16% to 1.62%	5,019	5,011	61,066
Loans from banks, life insurance companies and government agencies, due through 2026, at the weighted-average interest rates of 1.39%:			
Secured	54,132	34,820	658,620
Unsecured	1,026,609	1,001,572	12,490,680
Lease obligations	18,398	20,725	223,847
Subtotal	1,350,778	1,308,308	16,434,822
Less current portion	(218,898)	(132,336)	(2,663,317)
Total	¥1,131,880	¥1,175,972	$13,771,505

Annual maturities of long-term debt as of March 31, 2012 are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 218,898	$ 2,663,317
2014	177,692	2,161,966
2015	191,509	2,330,077
2016	174,894	2,127,923
2017	126,019	1,533,264
2018 and thereafter	461,766	5,618,275
Total	¥1,350,778	$16,434,822

Note 10 ASSETS PLEDGED AS COLLATERAL AND SECURED LIABILITIES

Assets pledged as of March 31, 2012 and 2011 as collateral for long-term loans or other debts are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Land	¥334,558	¥423,645	$4,070,544
Other property, plant and equipment (at net book value)	374,831	362,045	4,560,543
Investments in securities	4,450	5,044	54,143
Other	36,147	3,900	439,798
Total	¥749,986	¥794,634	$9,125,027

In addition, stock of consolidated subsidiaries used as collateral amounted to ¥66,357 million ($807,361 thousand) and ¥36,496 million as of March 31, 2012 and 2011, respectively, which have been eliminated in the consolidated financial statements.

Secured liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Short-term borrowings	¥ 927	¥ 2,829	$ 11,279
Excise taxes payable	147,460	153,511	1,794,136
Long-term loans (inclusive of current portion)	54,132	34,820	658,620
Other	2,100	2,400	25,551
Total	¥204,619	¥193,560	$ 2,489,585

In addition, there are secured liabilities corresponding to assets pledged as collateral, such as performance guarantees and loans of JX Group companies as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Performance guarantees	¥ 822	¥ 953	$ 10,001
Loans of JX Group companies	19,747	20,142	240,260

Note 11 FINANCIAL INSTRUMENTS

(a) Status of financial instruments

(1) Management policy for financial instruments

The Company raises funds that are required in light of investment plans mainly through bank loans and issuing bonds. Temporary surplus funds are managed by only highly safe financial instruments. Short-term operating funds are raised through bank loans or issuing commercial papers. Derivative transactions are used to hedge risks as described below, and speculative transactions are not undertaken.

(2) Types of financial instruments and related risks

Trade receivables such as notes and accounts receivable – trade are exposed to credit risk of customers. In order to minimize such risk, the Company properly analyzes major customers' credit status and manages customers' accounts for early detection and reduction of default risks.

Trade receivables denominated in foreign currencies and derived from export sales of products, etc., are exposed to exchange rate fluctuation risk, however the balance is constantly within the outstanding balance of notes and accounts payable – trade denominated in the same foreign currencies.

Investment securities are exposed to market price fluctuation risk. The Company mainly holds the shares of business partners, regularly analyzes market prices of those shares and the financial position of business partners, and ownership status is reviewed continuously, considering relationships with business partners.

Trade payables such as notes and accounts payable – trade are due mostly within one year. Some of those payables denominated in foreign currencies and derived from import purchases of raw materials are exposed to exchange rate fluctuation risk, however the net position after netting trade receivables denominated in foreign currencies is generally hedged by forward foreign exchange contracts.

Short-term borrowings and commercial papers are raised mainly for operating transactions, and long-term loans are raised mainly for expenditure in property, plant and equipment, investment and long-term receivables. Loans with variable interest rates are exposed to interest rate fluctuation risk, and interest rate swaps are used for certain long-term loans in order to hedge this risk.

Regarding derivative transactions, in addition to forward foreign exchange contracts and interest-rate swaps noted above, commodity forward and commodity swaps are used in order to hedge market price fluctuation risk of crude oil and the mines that produce copper concentrate as main raw materials.

The Company complies with the management policy which clarifies the authorization to execute derivative transactions. Further, the Company only makes transactions with counterparties with high credit ratings to minimize credit risks for using derivatives.

Please see Note 1 (q) for information on derivative instruments, hedged items, hedging policy, the method for the assessment of the effectiveness of hedging.

The Company manages liquidity risk through controlling cash management based on a monthly financing plan prepared by each JX Group company.

(3) Supplementary explanation of items related to fair value of financial instruments

Fair value of financial instruments is measured based on the quoted market prices, if available, or reasonably estimated value if quoted market prices are not available. Since various assumptions and factors are used in estimating fair value, different assumptions and factors could result in different fair values. In addition, the notional amount of the derivative transactions in Note 12 does not represent the market risk of such derivative transactions.

(b) Fair value of financial instruments

The following tables represent the carrying value, fair value, and unrealized gain (loss) as of March 31, 2012 and 2011. Financial instruments for which it is extremely difficult to determine the fair value have been excluded from the tables below (please see (Note)-2).

	Millions of yen		
As of March 31, 2012	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
(1) Notes and accounts receivable – trade	¥1,308,111	¥1,308,111	¥ —
(2) Investments in securities	208,475	208,475	—
Total assets	¥1,516,586	¥1,516,586	¥ —
Liabilities:			
(1) Notes and accounts payable – trade	¥ 917,955	¥ 917,955	¥ —
(2) Short-term borrowings*1	546,219	546,219	—
(3) Commercial papers	404,000	404,000	—
(4) Notes and accounts payable – other	369,049	369,049	—
(5) Excise taxes payable	338,547	338,547	—
(6) Long-term loans*1	1,080,741	1,096,197	15,456
Total liabilities	¥3,656,511	¥3,671,967	¥ 15,456
Derivatives*2	¥ 7,065	¥ (8,690)	¥(15,755)

	Millions of yen		
As of March 31, 2011	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
(1) Notes and accounts receivable – trade	¥1,065,973	¥1,065,973	¥ —
(2) Investments in securities	245,376	245,376	—
Total assets	¥1,311,349	¥1,311,349	¥ —
Liabilities:			
(1) Notes and accounts payable – trade	¥ 739,855	¥ 739,855	¥ —
(2) Short-term borrowings*1	589,001	589,001	—
(3) Commercial papers	388,000	388,000	—
(4) Notes and accounts payable – other	316,807	316,807	—
(5) Excise taxes payable	268,591	268,591	—
(6) Long-term loans*1	1,036,392	1,048,465	12,073
Total liabilities	¥3,338,646	¥3,350,719	¥12,073
Derivatives*2	¥ 11,558	¥ 2,992	¥ (8,566)

	Thousands of U.S. dollars		
As of March 31, 2012	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
(1) Notes and accounts receivable – trade	$15,915,695	$15,915,695	$ —
(2) Investments in securities	2,536,501	2,536,501	—
Total assets	$18,452,196	$18,452,196	$ —
Liabilities:			
(1) Notes and accounts payable – trade	$11,168,694	$11,168,694	$ —
(2) Short-term borrowings*1	6,645,808	6,645,808	—
(3) Commercial papers	4,915,440	4,915,440	—
(4) Notes and accounts payable – other	4,490,193	4,490,193	—
(5) Excise taxes payable	4,119,078	4,119,078	—
(6) Long-term loans*1	13,149,300	13,337,352	188,052
Total liabilities	$44,488,514	$44,676,566	$ 188,052
Derivatives*2	$ 85,959	$ (105,731)	$(191,690)

*1 The current portion of long-term loans is included in (6) Long-term loans.
*2 The value of assets and liabilities from derivative instruments is shown at a net amount, with the amount in parentheses representing a net liability position.

(Notes)

1. Method to determine the fair value of financial instruments and matters related to securities and derivative transactions

Assets

(1) Notes and accounts receivable – trade

The carrying value approximates fair value because of their short-term nature.

(2) Investments in securities

The fair value of equity securities is based on their quoted market price. The fair value of bonds is based on their quoted market price, or the price provided by financial institutions. Please see Note 6 for information on securities classified by holding purpose.

Liabilities

(1) Notes and accounts payable – trade, (2) Short-term borrowings, (3) Commercial papers, (4) Notes and accounts payable – other, and (5) Excise taxes payable

The carrying value approximates fair value because of their short-term nature.

(6) Long-term loans

The fair value of long-term loans is based on the present value of the principal amount and interest discounted using the interest rates for instruments with similar terms and maturities.

Derivatives

Please see Note 12.

2. Unlisted equity securities and bonds, including investments in unlisted unconsolidated subsidiaries and affiliates, in the amount of ¥338,699 million ($4,120,927 thousand) and ¥378,480 million as of March 31, 2012 and 2011, respectively, are not included in investments in securities in the above tables because it is not practicable to estimate their fair value due to the lack of public market price and difficulty in estimating future cash flow.

3. The redemption schedule as of March 31, 2012 and 2011 for monetary receivables and investments in securities with maturities

	Millions of yen			
As of March 31, 2012	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Notes and accounts receivable – trade	¥1,305,627	¥2,484	¥—	¥—
Investments in securities:				
Held-to-maturity debt securities:				
(1) Government and municipal bonds	65	—	—	—
Other securities with maturities:				
(1) Government and municipal bonds	—	60	—	—
(2) Other bonds	—	6,023	—	—
Total	¥1,305,692	¥8,567	¥—	¥—

	Millions of yen			
As of March 31, 2011	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Notes and accounts receivable – trade	¥1,062,143	¥3,786	¥44	¥—
Investments in securities:				
Held-to-maturity debt securities:				
(1) Government and municipal bonds	—	60	—	—
Other securities with maturities:				
(1) Government and municipal bonds	—	65	—	—
(2) Other bonds	—	6,005	—	—
Total	¥1,062,143	¥9,916	¥44	¥—

	Thousands of U.S. dollars			
As of March 31, 2012	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Notes and accounts receivable – trade	$15,885,473	$ 30,223	$—	$—
Investments in securities:				
Held-to-maturity debt securities:				
(1) Government and municipal bonds	791	—	—	—
Other securities with maturities:				
(1) Government and municipal bonds	—	730	—	—
(2) Other bonds	—	73,281	—	—
Total	$15,886,264	$104,234	$—	$—

4. Refer to Note 9 for the redemption schedule as of March 31, 2012 for long-term loans.

Note 12 DERIVATIVE INSTRUMENTS

The JX Group primarily utilizes various derivative instruments in order to hedge the exposure of assets and liabilities due to risks of fluctuations in commodity prices, foreign currency exchange rates and interest rates. Hedge accounting is applied to qualifying derivative instruments. The JX Group does not utilize derivative instruments for speculative purposes.

Principal derivative instruments and hedged items are as follows:

Derivative instruments	Hedged items
• Foreign exchange forward contracts	• Imports of raw materials and exports of products
• Interest rate swap contracts	• Long-term loans
• Commodity forward and commodity swaps	• Purchases of raw materials and sales of products

(a) Hedge accounting not applied

The notional amount, fair value and unrealized gain (loss) on derivatives to which hedge accounting is not applied as of March 31, 2012 and 2011 are as follows:

	Millions of yen			
As of March 31, 2012	Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:				
To sell (U.S. dollars)	¥ 54,724	¥ —	¥ (533)	¥ (533)
To buy (U.S. dollars)	170,675	18	(924)	(924)
To buy (Euro)	1,116	—	(1)	(1)
Currency swap:				
Receipt by U.S. dollars, payment by yen	665	665	(330)	(330)
Total	¥227,180	¥683	¥(1,788)	¥(1,788)
Commodity-related transactions (forward transactions):				
To sell	1,286	—	2	2
To buy	1,046	—	20	20
Total	¥ 2,332	¥ —	¥ 22	¥ 22

As of March 31, 2011	Millions of yen Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:				
To sell (U.S. dollars)	¥ 18,922	¥ —	¥ (202)	¥ (202)
To buy (U.S. dollars)	137,099	538	1,579	1,579
To buy (Euro)	244	—	5	5
To buy (Australian dollars)	33	—	1	1
Currency swap:				
Receipt by U.S. dollars, payment by yen	697	697	(280)	(280)
Total	¥156,995	¥1,235	¥ 1,103	¥ 1,103
Commodity-related transactions (swaps):				
Receiving fixed rate and paying floating rate	¥ 9,728	¥5,679	¥(3,675)	¥(3,675)
Commodity-related transactions (forward transactions):				
To sell	2,453	—	(318)	(318)
To buy	458	—	11	11
Total	¥ 12,639	¥5,679	¥(3,982)	¥(3,982)

As of March 31, 2012	Thousands of U.S. dollars Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:				
To sell (U.S. dollars)	$ 665,823	$ —	$ (6,485)	$ (6,485)
To buy (U.S. dollars)	2,076,591	219	(11,242)	(11,242)
To buy (Euro)	13,578	—	(12)	(12)
Currency swap:				
Receipt by U.S. dollars, payment by yen	8,091	8,091	(4,015)	(4,015)
Total	$2,764,083	$8,310	$(21,754)	$(21,754)
Commodity-related transactions (forward transactions):				
To sell	15,647	—	24	24
To buy	12,727	—	243	243
Total	$ 28,373	$ —	$ 268	$ 268

(b) Hedge accounting

The notional amounts and fair values of derivative instruments to which hedge accounting is applied as of March 31, 2012 and 2011 are as follows:

As of March 31, 2012		Main hedged items	Notional amount (Millions of yen)	Notional amount due after one year (Millions of yen)	Fair value (Millions of yen)
Foreign exchange forward contracts:					
To sell (U.S. dollars)	(deferral hedge accounting)	Accounts receivable	¥ 60,411	¥ —	¥ (1,924)
To sell (Euro)	(deferral hedge accounting)	Accounts receivable	3	—	0
To buy (U.S. dollars)	(deferral hedge accounting)	Accounts payable	23,695	16,045	(237)
To sell (U.S. dollars)	(designation method)	Accounts receivable	99,033	—	(2,430)
To sell (Euro)	(designation method)	Accounts receivable	522	—	(5)
To buy (U.S. dollars)	(designation method)	Accounts payable	393,470	—	146
Total			¥577,134	¥ 16,045	¥ (4,450)
Interest swaps:					
Receiving floating rate and paying fixed rate	(deferral hedge accounting)	Long-term loans	¥ 4,000	¥ 4,000	¥ (245)
Receiving fixed rate and paying floating rate	(deferral hedge accounting)	Long-term loans	687	375	14
Receiving floating rate and paying fixed rate	(exception method)	Long-term loans	425,454	377,554	(13,565)
Receiving fixed rate and paying floating rate	(exception method)	Long-term loans	3,640	2,892	99
Total			¥433,781	¥384,821	¥(13,697)
Commodity-related transactions (swaps):					
Receiving floating rate and paying fixed rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	¥ 18,983	¥ 7,048	¥ 11,683
Receiving fixed rate and paying floating rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	4,469	—	113
Commodity-related transactions (forward transactions):					
To sell	(deferral hedge accounting)	Raw materials and finished goods	129,532	—	(2,653)
To buy	(deferral hedge accounting)	Raw materials and finished goods	32,629	—	2,080
Total			¥185,613	¥ 7,048	¥ 11,223

As of March 31, 2011		Main hedged items	Millions of yen Notional amount	Millions of yen Notional amount due after one year	Millions of yen Fair value
Foreign exchange forward contracts:					
To sell (U.S. dollars)	(deferral hedge accounting)	Accounts receivable	¥ 73,958	¥ —	¥ (997)
To buy (U.S. dollars)	(deferral hedge accounting)	Accounts payable	33,593	—	403
To buy (Singapore dollars)	(deferral hedge accounting)	Accounts payable	80	—	2
To buy (yen)	(deferral hedge accounting)	Accounts payable	549	—	11
To sell (U.S. dollars)	(designation method)	Accounts receivable	102,084	—	(1,009)
To buy (U.S. dollars)	(designation method)	Accounts payable	290,960	—	4,290
Total			¥501,224	¥ —	¥ 2,700
Interest swaps:					
Receiving floating rate and paying fixed rate	(deferral hedge accounting)	Long-term loans	¥ 7,084	¥ 4,000	¥ (422)
Receiving fixed rate and paying floating rate	(deferral hedge accounting)	Long-term loans	999	687	26
Receiving floating rate and paying fixed rate	(exception method)	Long-term loans	448,501	419,946	(11,970)
Receiving fixed rate and paying floating rate	(exception method)	Long-term loans	5,012	3,640	123
Total			¥461,596	¥428,273	¥(12,243)
Commodity-related transactions (swaps):					
Receiving floating rate and paying fixed rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	¥ 15,595	¥ 9,749	¥ 19,618
Receiving fixed rate and paying floating rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	2,329	—	(203)
Commodity-related transactions (forward transactions):					
To sell	(deferral hedge accounting)	Raw materials and finished goods	135,457	—	(6,071)
To buy	(deferral hedge accounting)	Raw materials and finished goods	31,752	1,421	2,070
Total			¥185,133	¥ 11,170	¥ 15,414

As of March 31, 2012		Main hedged items	Thousands of U.S. dollars		
			Notional amount	Notional amount due after one year	Fair value
Foreign exchange forward contracts:					
To sell (U.S. dollars)	(deferral hedge accounting)	Accounts receivable	$ 735,016	$ —	$ (23,409)
To sell (Euro)	(deferral hedge accounting)	Accounts receivable	37	—	0
To buy (U.S. dollars)	(deferral hedge accounting)	Accounts payable	288,295	195,218	(2,884)
To sell (U.S. dollars)	(designation method)	Accounts receivable	1,204,928	—	(29,566)
To sell (Euro)	(designation method)	Accounts receivable	6,351	—	(61)
To buy (U.S. dollars)	(designation method)	Accounts payable	4,787,322	—	1,776
Total			$7,021,949	$ 195,218	$ (54,143)
Interest swaps:					
Receiving floating rate and paying fixed rate	(deferral hedge accounting)	Long-term loans	$ 48,668	$ 48,668	$ (2,981)
Receiving fixed rate and paying floating rate	(deferral hedge accounting)	Long-term loans	8,359	4,563	170
Receiving floating rate and paying fixed rate	(exception method)	Long-term loans	5,176,469	4,593,673	(165,044)
Receiving fixed rate and paying floating rate	(exception method)	Long-term loans	44,288	35,187	1,205
Total			$5,277,783	$4,682,090	$(166,650)
Commodity-related transactions (swaps):					
Receiving floating rate and paying fixed rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	$ 230,965	$ 85,753	$ 142,146
Receiving fixed rate and paying floating rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	54,374	—	1,375
Commodity-related transactions (forward transactions):					
To sell	(deferral hedge accounting)	Raw materials and finished goods	1,576,007	—	(32,279)
To buy	(deferral hedge accounting)	Raw materials and finished goods	396,995	—	25,307
Total			$2,258,340	$ 85,753	$ 136,549

Note 13 RETIREMENT BENEFITS

The Company's domestic consolidated subsidiaries have defined benefit plans and severance indemnity plans. Certain domestic consolidated subsidiaries also have defined contribution pension plans. A premium on employees' retirement benefits may be additionally provided upon retirement of an employee. Certain of the Company's foreign consolidated subsidiaries have defined benefit plans and defined contribution pension plans.

Retirement benefits obligation as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥(312,799)	¥(321,362)	$(3,805,804)
Plan assets at fair value	200,573	214,556	2,440,358
Unfunded retirement benefit obligation	(112,226)	(106,806)	(1,365,446)
Unrecognized net transition liabilities	—	3	—
Unrecognized actuarial gain	23,467	18,965	285,521
Unrecognized prior service cost	(1,958)	(743)	(23,823)
Prepaid pension cost	(287)	(339)	(3,492)
Accrued retirement benefits	¥ (91,004)	¥ (88,920)	$(1,107,239)

Net retirement benefit expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	¥ 9,666	¥ 9,181	$117,606
Interest cost	6,167	5,728	75,033
Expected return on plan assets	(4,064)	(3,374)	(49,446)
Amortization of unrecognized net transition liabilities	3	15	37
Amortization of unrecognized actuarial gain	6,924	1,107	84,244
Amortization of unrecognized prior service cost	(508)	(238)	(6,181)
Payment of contributions to defined contribution pension plan	1,775	575	21,596
Net retirement benefit expenses*	¥19,963	¥12,994	$242,888

* In addition to the above "net retirement benefit expenses," extra retirement payments of ¥702 million ($8,541 thousand) are charged to income for the year ended March 31, 2012.

The assumptions used in the calculation of the above information are as follows:

	2012	2011
Discount rate	Mainly 2.0%	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.0%	Mainly 2.0%

Amortization period of net actuarial gain: Mainly 5 years (from next fiscal year)

Amortization period of prior service cost: Mainly 5 years

Note 14 ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations recognized on the balance sheets

(a) Overview of asset retirement obligations

Asset retirement obligations include the Company's obligation to restore real estate under lease agreements entered into in connection with land used for service stations. Such obligations also include decommissioning obligations upon the termination of production at oil development facilities.

(b) Method of calculating asset retirement obligations

Estimated lease period and discount rate in calculating asset retirement obligations for the years ended March 31, 2012 and 2011 are as follows:

	2012		2011	
	Estimated lease period	Discount rate	Estimated lease period	Discount rate
Land for service stations	Mainly 15 years	Mainly 2.0%	Mainly 15 years	Mainly 2.0%
Oil development facilities	1 – 57 years	1.0 – 6.5%	4 – 70 years	3.5 – 6.5%

(c) Reconciliations of beginning to ending balances of the total asset retirement obligations for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Balance at beginning of year*	¥54,558	¥50,440	$663,803
Increase due to business combination	—	9,969	—
Increase due to inclusion of new consolidated subsidiaries	1,559	—	18,968
Increase due to purchase of property, plant and equipment	3,022	1,773	36,768
Accretion adjustment	1,788	1,970	21,754
Decrease due to settlement	(7,867)	(7,495)	(95,717)
Other changes	565	(2,099)	6,874
Balance at end of year	¥53,625	¥54,558	$652,452

* The beginning balance of the previous fiscal year represents the balance after adopting the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Implementation Guidance for Asset Retirement Obligations" (ASBJ Implementation Guidance No. 21, March 31, 2008), which are effective from the year ended March 31, 2011.

Note 15 CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries have the following contingent liabilities as of March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Debt guarantees:			
Unconsolidated subsidiaries and affiliates	¥54,874	¥55,223	$667,648
Other companies and employees	26,188	29,442	318,628
	¥81,062	¥84,665	$986,276

Note 16 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing cost and selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are ¥26,108 million ($317,654 thousand) and ¥24,841 million, respectively.

Note 17 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The components of selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Freight	¥153,980	¥147,223	$1,873,464
Personnel expenses	114,029	112,229	1,387,383
Retirement benefits expenses	9,539	6,784	116,060
Rental expenses	39,138	38,173	476,189
Depreciation	31,311	31,618	380,959
Other	168,461	158,357	2,049,653
Total	¥516,458	¥494,384	$6,283,708

Note 18 LOSS ON DISASTER (GAIN ON REVERSAL OF LOSS ON DISASTER)

Loss on disaster (Gain on Reversal of Loss on Disaster) for the years ended March 31, 2012 and 2011 attributable to the Great East Japan Earthquake consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Provision for loss on disaster (Restoration costs and others)	¥ —	¥109,106	$ —
Reversal of provision for loss on disaster	(21,723)	—	(264,302)
Loss on damages to inventories and fixed assets	—	6,766	—
Fixed costs incurred during the suspension of operations	14,503	10,150	176,457
Total	¥ (7,220)	¥126,022	$ (87,845)

Note 19 RESTRUCTURING COST

Restructuring cost includes ¥31,505 million ($383,319 thousand) as a provision for losses and ¥5,009 million ($60,944 thousand) in impairment losses on fixed assets and leased assets as accrued expenses in relation to the manufacturing and marketing business for silicon wafers for photovoltaic cells.

Note 20 INCOME TAXES

The Company and its domestic consolidated subsidiaries in Japan are subject to corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of 40.7% for the years ended March 31, 2012 and 2011.

(a) The components of deferred tax assets and liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Impairment loss	¥ 64,576	¥ 69,842	$ 785,692
Loss on valuation of investments in securities	47,174	57,187	573,963
Accrued retirement benefits	34,054	35,520	414,333
Asset retirement obligations	20,710	20,237	251,977
Depreciation	13,116	16,519	159,581
Provision for bonuses to employees	12,133	12,617	147,621
Provision for repairs	8,848	12,220	107,653
Loss on disaster	6,709	46,722	81,628
Operating loss carryforwards	223,543	274,321	2,719,832
Other	129,631	126,235	1,577,211
Subtotal	560,494	671,420	6,819,491
Valuation allowance	(268,789)	(268,866)	(3,270,337)
Total deferred tax assets	291,705	402,554	3,549,154
Deferred tax liabilities:			
Unrealized gain on land	(103,807)	(114,012)	(1,263,013)
Tax reserves taken against differences in basis for depreciation	(29,949)	(32,541)	(364,387)
Undistributed earnings of foreign subsidiaries and others	(18,529)	(25,215)	(225,441)
Unrealized gain on securities	(13,669)	(23,726)	(166,310)
Fair value of subsidiaries on consolidation	(20,463)	(9,017)	(248,972)
Other	(99,147)	(93,586)	(1,206,315)
Total deferred tax liabilities	(285,564)	(298,097)	(3,474,437)
Net deferred tax assets	¥ 6,141	¥ 104,457	$ 74,717

(b) A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2012 is omitted due as the difference was immaterial. A corresponding analysis for the year ended March 31, 2011 is as follows:

Statutory tax rate	40.7%
Increase (decrease) in taxes resulting from:	
Entertainment and other permanently non-deductible expenses	1.0
Dividend and other permanently non-taxable income	(1.2)
Equity in income of non-consolidated subsidiaries and affiliates	(7.5)
Increase of valuation allowance	5.2
Gain on negative goodwill	(22.6)
Other	1.5
Effective income tax rate	17.1%

(c) The "Act for Partial Revision of the Income Tax Act, Etc. for the Purpose of a Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011. As a result of these promulgations, the corporate income tax rates applicable for fiscal years beginning on or after April 1, 2012 were changed.

Consequently, the effective statutory tax rates applicable to the calculation of deferred tax assets and deferred tax liabilities were changed in accordance with following respective elimination periods of temporary differences:

Fiscal year ending March 31, 2013 through fiscal year ending March 31, 2015:	38.0%
Fiscal year ending March 31, 2016 and thereafter:	35.6%

As a result of these changes, net deferred tax assets increased ¥4,773 million ($58,073 thousand), and deferred income taxes decreased ¥1,997 million ($24,297 thousand) as of and for the year ended March 31, 2012.

Note 21 PER SHARE DATA

Net income per share and net assets per share as of and for the years ended March 31, 2012 and 2011 are as follows:

(a) Net income per share

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net income	¥ 170,595	¥ 311,736	$2,075,617
Weighted-average number of shares issued during the year (Thousands of shares)	2,486,912	2,486,893	
	Yen		U.S. dollars
Net income per share	¥68.60	¥125.35	$0.83

Diluted net income per share is not stated herein since the Company did not have any potential shares that could have had a dilutive effect by issuing the conversion of convertible bonds outstanding for the years ended March 31, 2012 and 2011.

(b) Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Total net assets	¥2,044,752	¥1,886,241	$24,878,355
Minority interests deducted from total net assets	300,549	257,920	3,656,759
Net assets attributable to shares of common stock	1,744,203	1,628,321	21,221,596
Number of shares of common stock used for the calculation of net assets per share (Thousands of shares)	2,487,078	2,486,843	
	Yen		U.S. dollars
Net assets per share	¥701.31	¥654.77	$8.53

Note 22 RELATED PARTY TRANSACTIONS

There are no material related party transactions or applicable notes on the parent company or its affiliated companies for the years ended March 31, 2012 and 2011.

Note 23 CASH FLOW INFORMATION

The following is a breakdown of the assets and liabilities and the relation between the acquisition cost of shares and net payment amounts as of the date of acquisition of Japan Papua New Guinea Petroleum Co., Ltd., Merlin Petroleum Company and Nippon Papua New Guinea LNG LLC.

Year ended March 31, 2012	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 19,100	$ 232,388
Fixed assets	136,881	1,665,422
Current liabilities	(2,872)	(34,943)
Long-term liabilities	(42,480)	(516,851)
Minority interests in consolidated subsidiaries	(706)	(8,590)
Gain on negative goodwill	(9,393)	(114,284)
Loss on step acquisitions	6,431	78,246
Acquisition cost of shares prior to acquisition	(87,961)	(1,070,215)
Acquisition cost of shares	19,000	231,172
Cash and cash equivalents	(17,364)	(211,267)
Net: payment for acquisition	¥ (1,636)	$ (19,905)

Note 24 SEGMENT INFORMATION

(a) 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 "Petroleum Refining and Marketing," "Oil and Natural Gas Exploration and Production ("E&P")," and "Metals" as the reporting segments. The businesses not included in the reporting segments are collectively contained in the "Other" category.

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

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

(b) 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 in Note 1 "Significant Accounting Policies." In-house intersegment sales and transfers are based on prevailing market prices.

(c) Information on net sales, income and loss, assets, liabilities, and other items from each reporting segment for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen						
Year ended March 31, 2012	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments*1	Recorded Amount on Consolidated Financial Statements
Net sales:							
Sales to outside customers	¥9,138,266	¥187,809	¥996,515	¥ 401,299	¥10,723,889	¥ —	¥10,723,889
In-house intersegment sales and transfers	9,205	—	643	63,156	73,004	(73,004)	—
Total	9,147,471	187,809	997,158	464,455	10,796,893	(73,004)	10,723,889
Segment income	232,450	97,514	60,041	15,952	405,957	1,808	407,765
Segment assets	4,526,682	634,679	913,328	2,317,953	8,392,642	(1,702,223)	6,690,419
Segment liabilities	3,456,505	354,910	525,237	2,034,589	6,371,241	(1,725,574)	4,645,667
Other items:							
Depreciation and amortization*2	¥ 121,776	¥ 34,416	¥ 25,532	¥ 14,117	¥ 195,841	¥ 2,232	¥ 198,073
Amortization of goodwill	72	1,118	—	2,278	3,468	—	3,468
Interest income	1,169	465	312	15,399	17,345	(15,226)	2,119
Interest expenses	16,555	3,316	3,900	15,165	38,936	(12,011)	26,925
Equity in earnings of affiliates	3,596	6,402	51,010	1,061	62,069	—	62,069
Increase in fixed assets*3	86,851	52,414	90,478	12,728	242,471	10,720	253,191

	Thousands of U.S. dollars						
Year ended March 31, 2012	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments*1	Recorded Amount on Consolidated Financial Statements
Net sales:							
Sales to outside customers	$111,184,645	$2,285,059	$12,124,529	$ 4,882,577	$130,476,810	$ —	$130,476,810
In-house intersegment sales and transfers	111,997	—	7,823	768,415	888,235	(888,235)	—
Total	111,296,642	2,285,059	12,132,352	5,650,992	131,365,044	(888,235)	130,476,810
Segment income	2,828,203	1,186,446	730,515	194,087	4,939,251	21,998	4,961,248
Segment assets	55,075,824	7,722,095	11,112,398	28,202,373	102,112,690	(20,710,829)	81,401,862
Segment liabilities	42,055,055	4,318,165	6,390,522	24,754,703	77,518,445	(20,994,939)	56,523,507
Other items:							
Depreciation and amortization*2	$ 1,481,640	$ 418,737	$ 310,646	$ 171,761	$ 2,382,784	$ 27,157	$ 2,409,940
Amortization of goodwill	876	13,603	—	27,716	42,195	—	42,195
Interest income	14,223	5,658	3,796	187,359	211,035	(185,254)	25,782
Interest expenses	201,424	40,346	47,451	184,511	473,732	(146,137)	327,595
Equity in earnings of affiliates	43,752	77,893	620,635	12,909	755,189	—	755,189
Increase in fixed assets*3	1,056,710	637,717	1,100,840	154,861	2,950,128	130,429	3,080,557

(Notes)

1. The adjustments include the following:
   (1) The segment income adjustment of ¥1,808 million ($21,998 thousand) includes the net amount of ¥2,096 million ($25,502 thousand), which is the income and expenses of the entire Company not allocated to the reporting segments or the "Other" category.
   (2) The loss of ¥1,702,223 million ($20,710,829 thousand) in the segment assets adjustment is due primarily to eliminating intersegment receivables by offsetting.
   (3) The loss of ¥1,725,574 million ($20,994,939 thousand) in the segment liabilities adjustment is due primarily to eliminating intersegment liabilities by offsetting.
   (4) The depreciation and amortization adjustment of ¥2,232 million ($27,157 thousand) includes ¥1,788 million ($21,754 thousand) in asset retirement obligations adjusted due to passage of time (interest costs).
   (5) The increase in fixed assets adjustment of ¥10,720 million ($130,429 thousand) includes ¥5,939 million ($72,259 thousand) in assets that correspond to asset retirement obligations.
2. Depreciation and amortization includes ¥31,696 million ($385,643 thousand) in amortization costs for exploration and development investments (¥30,381 million ($369,644 thousand) for "Oil and Natural Gas E&P"; ¥1,315 million ($16,000 thousand) for "Adjustments").
3. The increase in fixed assets includes the ¥44,373 million ($539,883 thousand) 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.

Year ended March 31, 2011	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments*1	Recorded Amount on Consolidated Financial Statements
	Millions of yen						
Net sales:							
Sales to outside customers	¥8,121,988	¥148,657	¥939,382	¥ 424,369	¥9,634,396	¥ —	¥9,634,396
In-house intersegment sales and transfers	9,874	100	1,174	48,400	59,548	(59,548)	—
Total	8,131,862	148,757	940,556	472,769	9,693,944	(59,548)	9,634,396
Segment income	253,682	59,458	70,713	25,134	408,987	4,680	413,667
Segment assets	4,167,403	527,777	814,804	2,141,002	7,650,986	(1,391,028)	6,259,958
Segment liabilities	3,186,525	322,943	435,289	1,835,841	5,780,598	(1,406,881)	4,373,717
Other items:							
Depreciation and amortization*2	¥ 128,458	¥ 33,548	¥ 25,723	¥ 16,872	¥ 204,601	¥ 1,952	¥ 206,553
Amortization of goodwill	1,162	1,109	—	2,289	4,560	—	4,560
Interest income	1,378	406	438	13,776	15,998	(13,500)	2,498
Interest expenses	18,923	3,122	3,968	13,046	39,059	(11,757)	27,302
Equity in earnings of affiliates	5,358	7,817	55,774	7,025	75,974	—	75,974
Increase in fixed assets*3	78,922	34,412	37,444	18,152	168,930	21,611	190,541

(Notes)
1. The adjustments include the following:
   (1) The segment income adjustment of ¥4,680 million includes an unrealized gain adjustment amount and the like of ¥2,073 million, and the net amount of ¥2,607 million, which is the income and expenses of the entire Company not allocated to the reporting segments or the "Other" category.
   (2) The loss of ¥1,391,028 million in the segment assets adjustment is due primarily to eliminating intersegment receivables by offsetting.
   (3) The loss of ¥1,406,881 million in the segment liabilities adjustment is due primarily to eliminating intersegment liabilities by offsetting.
   (4) The depreciation and amortization adjustment of ¥1,952 million includes ¥1,970 million in asset retirement obligations adjusted due to passage of time (interest costs).
   (5) The increase in fixed assets adjustment of ¥21,611 million includes ¥19,231 million in assets that correspond to asset retirement obligations.
2. Depreciation and amortization includes ¥31,031 million in amortization costs for exploration and development investments (¥29,542 million for "Oil and Natural Gas E&P"; ¥1,489 million for "Adjustments").
3. The increase in fixed assets includes the ¥36,352 million (¥27,814 million for "Oil and Natural Gas E&P"; ¥8,538 million for "Adjustments") 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.

[Related information]

(a) Information by product and service

This information is omitted as it corresponds to the reporting segments disclosed above.

(b) Information by region

(1) Net sales

	Millions of yen		Thousands of U.S. dollars
Years ended March 31	2012	2011	2012
Japan	¥ 9,277,317	¥8,277,883	$112,876,469
China	579,788	433,147	7,054,240
Other	866,784	923,366	10,546,100
Total	¥10,723,889	¥9,634,396	$130,476,810

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

(2) Property, plant and equipment

The description of property, plant and equipment is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment stated in the consolidated balance sheets as of March 31, 2012 and 2011.

[Information on impairment loss]

	Millions of yen					
Year ended March 31, 2012	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	¥9,877	¥—	¥888	¥21,852	¥—	¥32,617

Note: In the "Petroleum Refining and Marketing" segment ¥5,009 million ($60,944 thousand) is included in "Restructuring Cost" on the consolidated statement of income.

	Millions of yen					
Year ended March 31, 2011	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	¥26,946	¥5,036	¥9,568	¥101	¥1	¥41,652

	Thousands of U.S. dollars					
Year ended March 31, 2012	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Impairment loss	$120,173	$—	$10,804	$265,872	$—	$396,849

[Information on the amortized amounts and unamortized balances of goodwill]

	Millions of yen					
Year ended March 31, 2012	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Amortized amount	¥ 72	¥1,118	¥—	¥ 2,278	¥—	¥ 3,468
Unamortized balance	1,169	8,036	—	18,898	—	28,103

	Millions of yen					
Year ended March 31, 2011	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Amortized amount	¥1,162	¥1,109	¥—	¥ 2,289	¥—	¥ 4,560
Unamortized balance	1,232	9,144	—	40,590	—	50,966

	Thousands of U.S. dollars					
Year ended March 31, 2012	Petroleum Refining and Marketing	Oil and Natural Gas E&P	Metals	Other	Corporate Total, or Eliminations	Total
Amortized amount	$ 876	$13,603	$—	$ 27,716	$—	$ 42,195
Unamortized balance	14,223	97,773	—	229,931	—	341,927

Note 25 SUBSEQUENT EVENTS

There are no significant subsequent events for the years ended March 31, 2012 and 2011.

ERNST & YOUNG

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Independent Auditor's Report

The Board of Directors
JX Holdings, Inc.

We have audited the accompanying consolidated financial statements of JX Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JX Holdings, Inc. and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 27, 2012
Tokyo, Japan

Fact Data

MARKET DATA (Petroleum Refining and Marketing Business, Oil and Natural Gas E&P Business)

1. Structures of Primary Energy Consumption in Major Industrialized Countries

	%						Crude Oil Conversion Basis (millions of tons)
(Calendar 2011)	Oil	Coal	Natural Gas	Nuclear	Hydroelectric	Total	Total
Japan	**42.8**	**25.0**	**20.2**	**7.8**	**4.1**	**100**	**470**
United States	37.5	22.6	28.1	8.5	3.3	100	2,224
United Kingdom	37.4	16.1	37.7	8.1	0.7	100	192
Germany	39.4	27.4	23.1	8.6	1.6	100	283
France	34.8	3.8	15.2	41.9	4.3	100	239
China*	17.8	70.9	4.5	0.8	6.0	100	2,595
Russia	19.8	13.3	55.7	5.7	5.4	100	686
World	33.6	30.8	24.1	5.0	6.6	100	12,080

* China does not include Hong Kong.
Source: BP

2. Global Oil Consumption Trends and Growth Rate

Global Oil Consumption Volume

Thousands of barrels per day (BD)

(Calendar Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
North America	23,676	24,057	24,945	25,061	24,953	25,070	23,841	22,945	23,491	**23,156**
Europe	19,571	19,776	19,935	20,095	20,342	19,984	20,002	19,123	19,039	**18,924**
Asia/Pacific	**21,983**	**22,738**	**24,053**	**24,429**	**24,875**	**25,783**	**25,720**	**26,047**	**27,563**	**28,301**
Middle East	5,467	5,707	6,100	6,365	6,615	6,895	7,270	7,510	7,890	**8,076**
Africa	2,560	2,629	2,747	2,864	2,855	3,006	3,150	3,243	3,377	**3,336**
Latin America	4,930	4,778	4,966	5,111	5,233	5,582	5,786	5,763	6,079	**6,241**
Total	78,187	79,686	82,746	83,925	84,873	86,321	85,768	84,631	87,439	**88,034**

Growth in Global Oil Consumption Volume

%

(Calendar Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
North America/Europe	100.0	101.4	103.8	104.4	104.7	104.2	101.4	97.3	98.3	**97.3**
Asia/Pacific	**100.0**	**103.4**	**109.4**	**111.1**	**113.2**	**117.3**	**117.0**	**118.5**	**125.4**	**128.7**
World	100.0	101.9	105.8	107.3	108.6	110.4	109.7	108.2	111.8	**112.6**

Note: Growth in global oil consumption figures are percentages of 2002 levels.
Source: BP

3. Japanese Consumption by Type of Petroleum Products

Japan

	Tens of thousands of BD										%
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**	**2010**
Gasoline	102	103	103	105	105	103	102	98	99	**100**	**22**
Kerosene & jet fuel	74	73	73	70	74	69	63	59	55	**55**	**12**
Diesel fuel	124	121	119	117	115	108	100	92	84	**84**	**19**
Heavy fuel oil	60	57	66	59	58	55	52	54	40	**40**	**9**
Others	181	178	182	181	181	185	187	176	160	**166**	**37**
Total	541	532	543	532	533	520	504	479	438	**445**	**100**

(Reference)

United States

	Tens of thousands of BD	%
Gasoline	900	48
Kerosene & jet fuel	141	8
Diesel fuel	363	19
Heavy fuel oil	51	3
Others	422	22
Total	1,877	100

Western Europe

	Tens of thousands of BD	%
Gasoline	221	15
Kerosene & jet fuel	127	9
Diesel fuel	613	42
Heavy fuel oil	127	9
Others	370	25
Total	1,458	100

Asia

	Tens of thousands of BD	%
Gasoline	454	18
Kerosene & jet fuel	207	8
Diesel fuel	754	29
Heavy fuel oil	296	11
Others	874	34
Total	2,585	100

Note: Data for the United States and Europe is for calendar 2010, while data for Asia is for calendar 2009.
Source: International Energy Agency (IEA)

4. Supply and Demand for Petrochemical Products in Asia*

(Calendar Years)		2006	2007	2008	2009	**2010**
Ethylene	Demand	34,726	38,596	37,674	39,452	**43,127**
	Production	34,286	38,030	36,514	38,560	**42,066**
Propylene	Demand	26,571	28,710	28,825	30,751	**32,380**
	Production	26,592	28,700	28,609	30,271	**31,791**
Benzene	Demand	15,806	17,877	17,077	18,696	**19,218**
	Production	16,485	18,626	18,032	19,171	**20,648**
Paraxylene	Demand	16,252	18,666	17,880	19,960	**20,966**
	Production	16,324	18,063	17,606	19,860	**20,252**

* The Middle East is not included in Asia.
Source: Ministry of Economy, Trade and Industry (METI)

MARKET DATA (Metals Business)

5. Metals Prices

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
LME copper price (Calendar years) (¢/lb)	71	81	130	167	305	323	316	234	342	**400**
LME copper price (Fiscal years) (¢/lb)	72	93	136	186	316	344	266	277	369	**385**
Gold price (Fiscal years) ($/troy oz)	326	378	414	477	654	766	867	1,023	1,294	**1,646**

6. Copper Mine Production of Principal Countries

Thousands of tons

(Calendar Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
China	568	604	742	762	873	928	1,076	1,045	1,156	**1,267**
Indonesia	1,163	1,003	842	1,064	817	789	651	997	871	**526**
Chile	4,581	4,904	5,413	5,321	5,361	5,557	5,328	5,394	5,419	**5,263**
Peru	845	843	1,036	1,010	1,049	1,190	1,268	1,275	1,247	**1,235**
Australia	879	830	854	930	875	871	886	854	870	**957**
United States	1,140	1,116	1,160	1,140	1,197	1,168	1,310	1,181	1,109	**1,138**
World	13,559	13,654	14,681	15,150	15,181	15,548	15,695	15,882	16,134	**16,242**

Source: WBMS

7. Refined Copper Production of Principal Countries

Thousands of tons

(Calendar Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Japan	**1,401**	**1,430**	**1,380**	**1,395**	**1,532**	**1,577**	**1,540**	**1,440**	**1,549**	**1,328**
China	1,633	1,836	2,199	2,600	3,003	3,499	3,795	4,051	4,540	**5,197**
India	374	391	419	518	627	719	669	721	648	**662**
United States	1,512	1,310	1,310	1,260	1,250	1,326	1,280	1,157	1,093	**1,031**
Chile	2,850	2,902	2,837	2,824	2,811	2,937	3,058	3,277	3,244	**3,092**
Germany	696	598	653	638	662	666	690	669	704	**709**
Russia	861	855	909	968	959	923	913	874	910	**910**
World	15,336	15,221	15,832	16,651	17,353	18,044	18,501	18,613	19,177	**19,791**

Source: WBMS

8. Refined Copper Consumption of Principal Countries

Thousands of tons

(Calendar Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Japan	**1,164**	**1,202**	**1,279**	**1,229**	**1,282**	**1,252**	**1,184**	**875**	**1,060**	**1,007**
China	2,737	3,084	3,364	3,656	3,614	4,863	5,149	7,086	7,385	**7,915**
India	295	308	335	397	407	516	515	552	514	**402**
Other Asia	2,764	2,720	3,058	2,967	3,036	3,124	3,063	3,123	3,169	**2,972**
United States	2,364	2,290	2,410	2,257	2,096	2,123	2,007	1,637	1,751	**1,756**
Chile	81	96	100	103	111	105	103	91	100	**96**
Europe total	4,312	4,284	4,664	4,580	4,995	4,793	4,625	3,569	3,970	**4,055**
World	15,037	15,315	16,671	16,680	17,007	18,143	18,138	18,178	19,332	**19,472**

Source: WBMS

9. Global Copper Demand by Product

Thousands of tons

(Calendar Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Electric wire	10,316	10,688	11,669	11,607	12,047	12,414	12,250	11,636	13,080	**13,482**
Copper and copper alloy fabricated products	7,129	7,461	8,847	8,858	9,251	9,541	9,119	8,587	9,513	**9,906**
Other	794	900	904	976	1,018	1,073	1,117	1,246	1,332	**1,215**
Total	18,239	19,050	21,419	21,441	22,315	23,028	22,486	21,469	23,925	**24,603**

Note: Figures include direct use of scrap, direct copper scrap consumption
Source: *Metals Market Service-Long Term Outlook, June 2012* (A Wood Mackenzie Company)

OPERATING DATA (Petroleum Refining and Marketing Business, Oil and Natural Gas E&P Business)

1. Crude Oil Prices

(Fiscal Years)		2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
Crude oil (CIF*) price	($/bbl)	27.40	29.43	38.77	55.81	63.50	78.72	90.52	69.40	84.16	**114.18**
	(¥/KL)	21,034	20,955	26,158	39,736	46,659	56,335	58,541	40,373	45,373	**56,680**

* CIF = Cost, Insurance and Freight
Source: "Customs Clearance Statistics," Ministry of Finance (MOF)

2 . Comparison with Other Major Oil Companies in Japan

Refining Capacity

	Tens of thousands of BD
JX Group	**163**
ExxonMobil Group	84
Idemitsu Kosan	64
Cosmo Oil	64
Showa Shell Sekiyu Group	40
Other	37
Total	450

Note: Figures represent capacities as of March 31, 2012.

Paraxylene Production Capacity

	Tens of thousands of tons
JX Group	**262**
ExxonMobil Group	49
Idemitsu Kosan	48
Other	31
Total	390

Note: Figures represent capacities as of December 31, 2010.

3. Sales Volumes of Principal Products and Number of Stationary Service Stations

Sales Volumes of Principal Products

Japan

(Fiscal Year)	Millions of KL **2011**
Gasoline/naphtha	**100.9**
Middle distillates*1	**71.4**
Heavy fuel oil*2	**23.7**
Total	**196.0**

JX Group

(Fiscal Year)	Millions of KL **2011**
Gasoline/naphtha	**33.3**
Middle distillates*1	**27.9**
Heavy fuel oil*2	**9.1**
Total	**70.3**

Note: Figures represent domestic sales volumes of petroleum products.
*1. Total of kerosene, jet fuel, diesel fuel, and fuel oil A
*2. Total of heavy fuel oils B and C

Number of Stationary Service Stations

	Service stations				
(Fiscal Years)	2007	2008	2009	2010	**2011**
Industry total in Japan*	43,000	41,000	39,000	37,800	**36,400**
JX Group	**14,144**	**13,318**	**12,687**	**12,149**	**11,730**
Company-owned	3,375	3,140	2,893	2,701	**2,573**
Company-owned proportion (%)	23.9	23.6	22.8	22.2	**21.9**

* JX Holdings estimations

4. JX Group's Oil and Natural Gas Production Volume in Principal Locations

	Production Volume on Project Companies' Entitlement Basis					Total Reserves
	BOED*1					Millions of BOE*2
(Calendar Years)	2007	2008	2009	2010	**2011**	**Reserves as of December 31, 2011**
United States	13,200	8,900	11,700	10,000	**4,400**	**25**
Canada*3	15,200	14,400	14,000	14,700	**14,400**	**251**
United Kingdom (North Sea)	12,500	14,600	12,700	11,300	**9,300**	**47**
Southeast Asia	94,500	83,600	81,600	82,900	**80,800**	**259**
Oceania	11,400	6,100	10,200	8,000	**7,200**	**99**
Middle East, etc.	14,400	13,700	12,900	13,300	**12,100**	**69**
Total	161,200	141,300	143,100	140,200	**128,200**	**749**

*1. BOED = Barrels of oil equivalent per day
*2. BOE = Barrels of oil equivalent
*3. Synthetic crude oil

OPERATING DATA (Metals Business)

5. Resources Development Business

Copper Concentrate Sales Volume*

(Calendar Years)	% Investment ratio	Thousands of tons 2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
Escondida Mine	3.0	599	824	984	1,066	1,121	1,190	958	766	757	**515**
Los Pelambres Mine	15.0	318	333	352	319	325	289	341	313	379	**416**
Collahuasi Mine	3.6	362	314	408	350	368	377	394	461	444	**413**

* Volume of content in copper

(Reference) Global Ranking of Copper Mines

(Calendar Year) Rank	Country	Thousands of tons Production volume 2011
1. Escondida	Chile	**814**
2. Collahuasi	Chile	**453**
3. Chuquicamata	Chile	**433**
4. Los Pelambres	Chile	**426**
5. PT Freeport Indonesia	Indonesia	**415**
6. El Teniente	Chile	**408**
7. Norilsk	Russia	**360**
8. Antamina	Peru	**334**
9. Radomiro Tomic	Chile	**323**
10. Cerro Verde	Peru	**303**

Note: Including refined copper production by SX-EW process
Source: *Metals Market Service-Long Term Outlook, June 2012* (A Wood Mackenzie Company)

6. Copper Smelting and Refining Business

(Fiscal Years)	Thousands of tons 2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
Refined copper sales volume*	583	622	607	588	645	660	619	605	588	**566**

* Figures for Pan Pacific Copper (PPC)

(Reference) Global Ranking of Refined Copper Producers

(Calendar Year) Rank	Thousands of tons Production volume 2011
1. Codelco	**1,773**
2. Aurubis	**1,153**
3. PPC+LS-Nikko Copper (JX Group)*	**1,091**
4. Freeport McMoRan Copper & Gold	**1,004**
5. Jiangxi Copper Company	**940**
6. Xstrata	**688**
7. BHP Billiton	**641**
8. Tongling	**581**
9. KGHM Polska Miedz	**571**
10. Southern Copper	**571**

* This figure was compiled by JX Holdings.
Source: A Wood Mackenzie Company estimations

7. Recycling and Environmental Services Business

(Fiscal Years)	Tons 2007	2008	2009	2010	**2011**
Volume of gold recovered	7.2	7.0	6.3	6.5	**7.0**

8. Electronic Materials Business

(Fiscal Years)	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
Treated rolled copper foil sales volume (km/month)	2,009	3,097	3,393	3,794	3,588	3,509	2,554	2,724	3,255	**2,598**
Precision rolled products sales volume (tons/month)	4,107	3,954	3,798	3,407	3,600	3,721	2,714	3,507	3,847	**3,492**

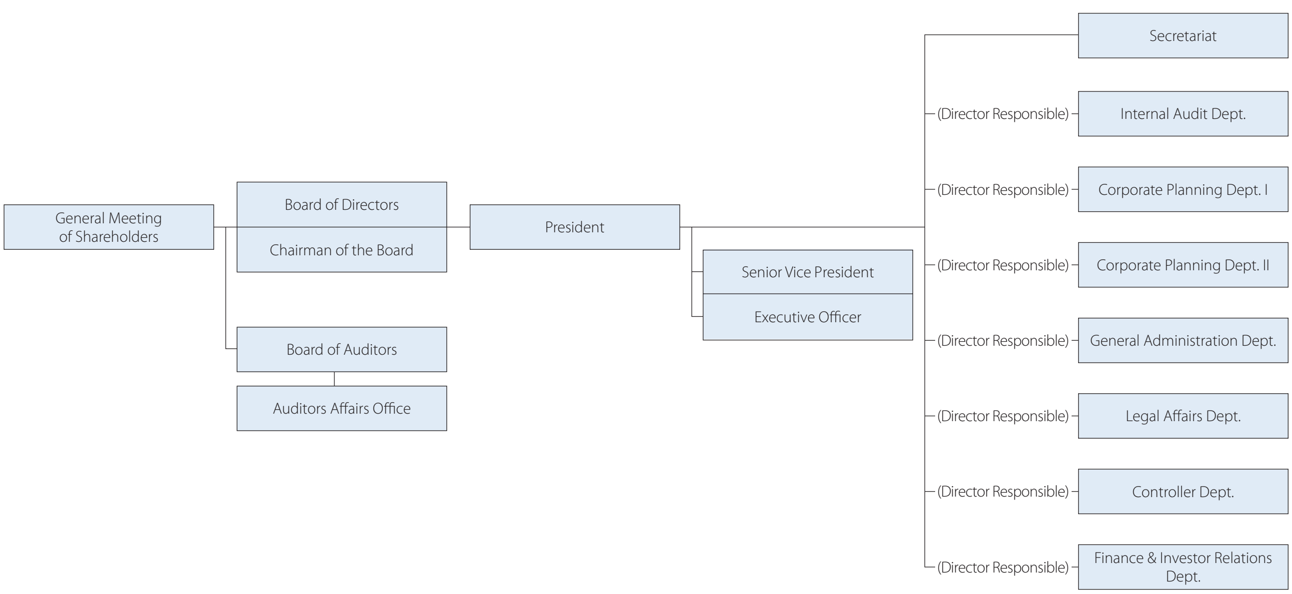
Corporate Profile/Organization Chart

(As of July 1, 2012)

JX HOLDINGS

Corporate Name	JX Holdings, Inc.
Representative Directors	Yasushi Kimura, Chairman of the Board Isao Matsushita, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8161, Japan
Date of Establishment	April 1, 2010
Capital	¥100.0 billion
Number of Employees	24,236 (consolidated) (As of March 31, 2012)
Securities Code	5020
Website	www.hd.jx-group.co.jp/english

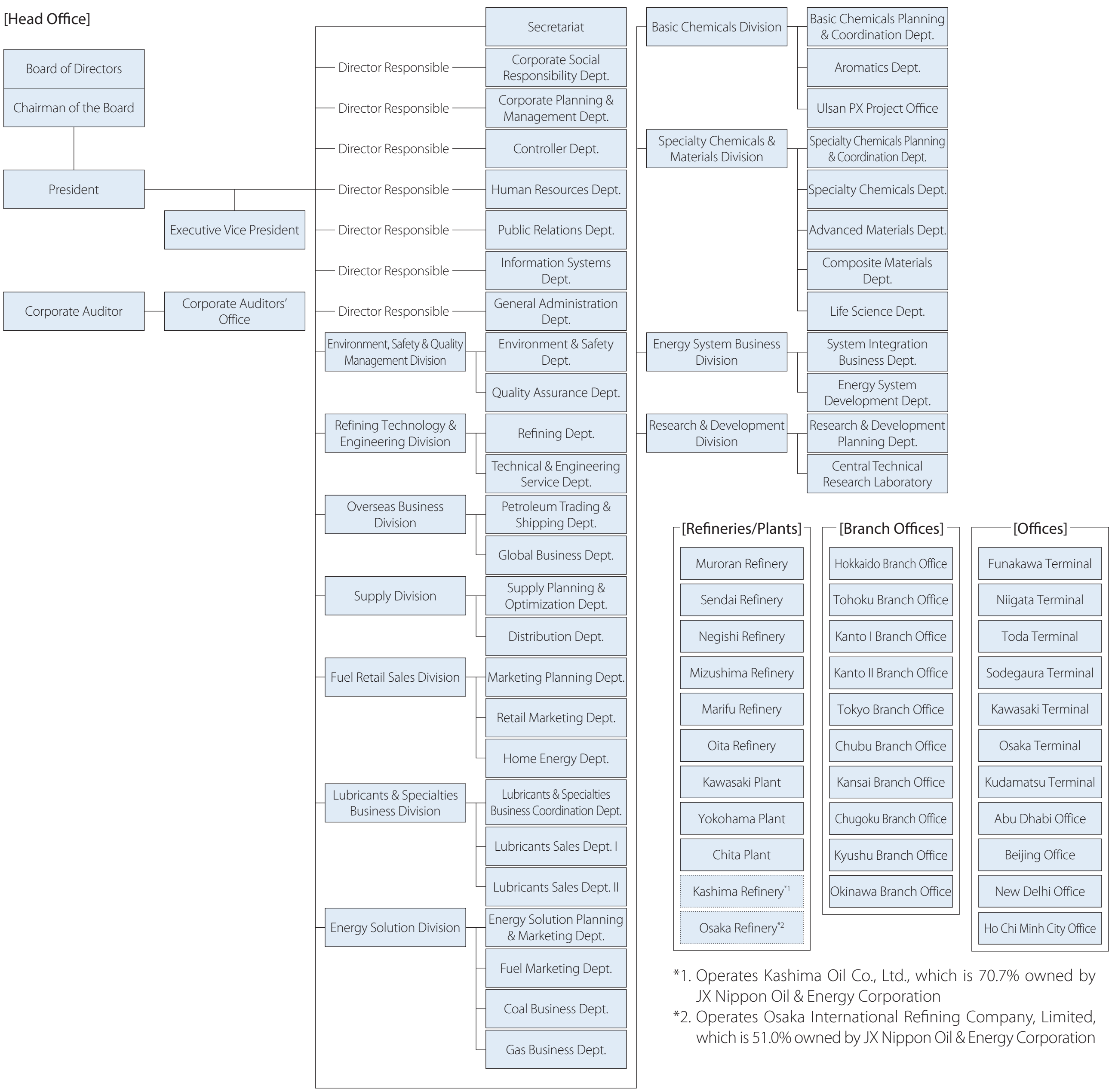
Organization Chart



JX NIPPON OIL & ENERGY

Corporate Name	JX Nippon Oil & Energy Corporation
Representative Directors	Yasushi Kimura, Chairman of the Board Seiichi Isshiki, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8162, Japan
Capital	¥139.4 billion (100% investment of JX Holdings, Inc.)
Principal Business	Refining and marketing of petroleum products (gasoline, kerosene, lubricants, etc.), manufacturing and marketing of petrochemical products, import and marketing of gas (LPG and LNG), import and marketing of coal, supplying electric power, and developing, manufacturing and marketing residential-use fuel cells, photovoltaic cells, power storage batteries, and other products
Website	www.noe.jx-group.co.jp/english

Organization Chart



*1. Operates Kashima Oil Co., Ltd., which is 70.7% owned by JX Nippon Oil & Energy Corporation

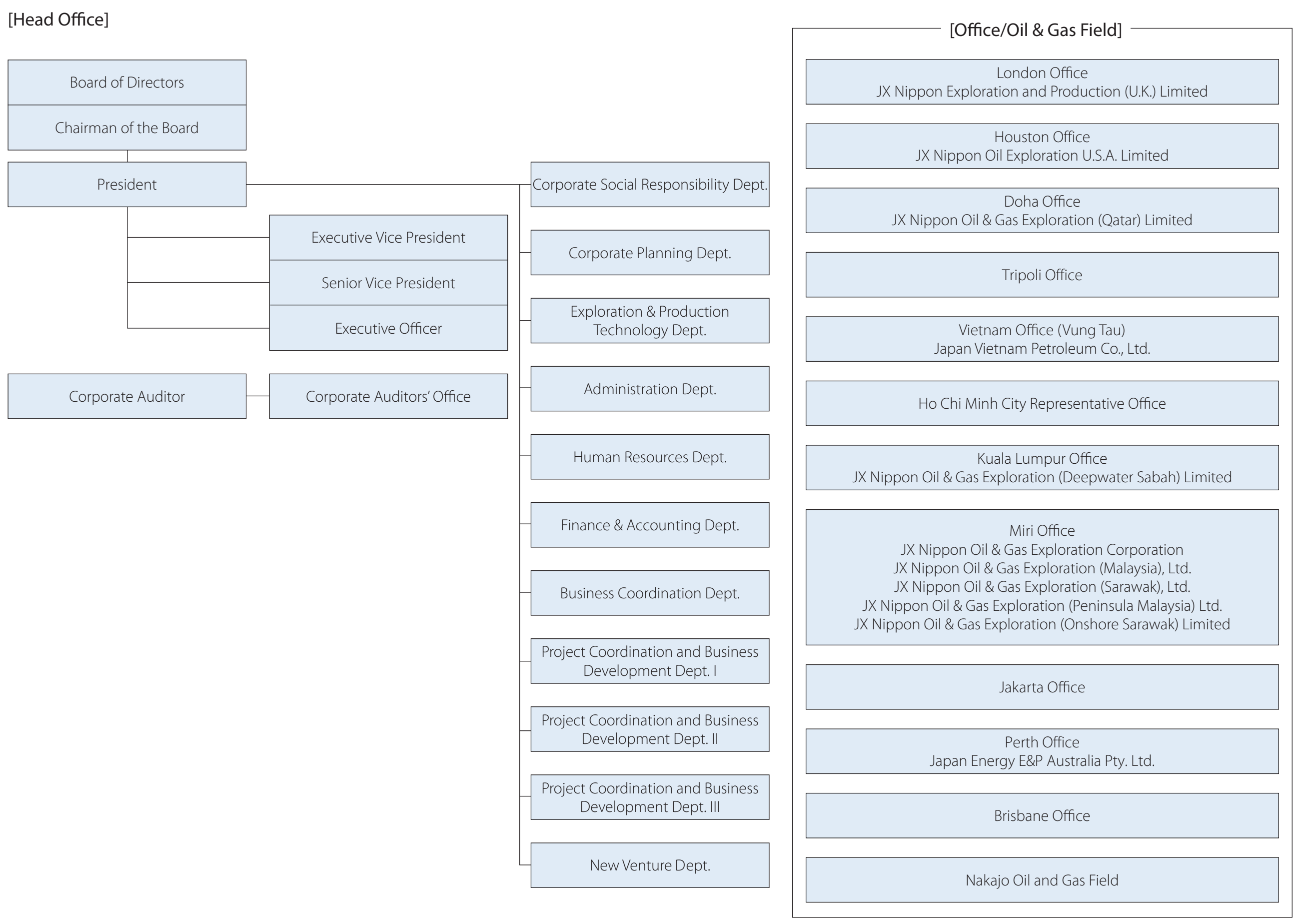
*2. Operates Osaka International Refining Company, Limited, which is 51.0% owned by JX Nippon Oil & Energy Corporation

Corporate Profile/Organization Chart

JX NIPPON OIL & GAS EXPLORATION

Corporate Name	JX Nippon Oil & Gas Exploration Corporation
Representative Director	Shigeo Hirai, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8163, Japan
Capital	¥9.8 billion (100% investment of JX Holdings, Inc.)
Principal Business	Exploration for and development of oil, natural gas, and other mineral resources and extraction, processing, storage, marketing, and shipment of oil, natural gas, and other mineral resources and their secondary products
Website	www.nex.jx-group.co.jp/english

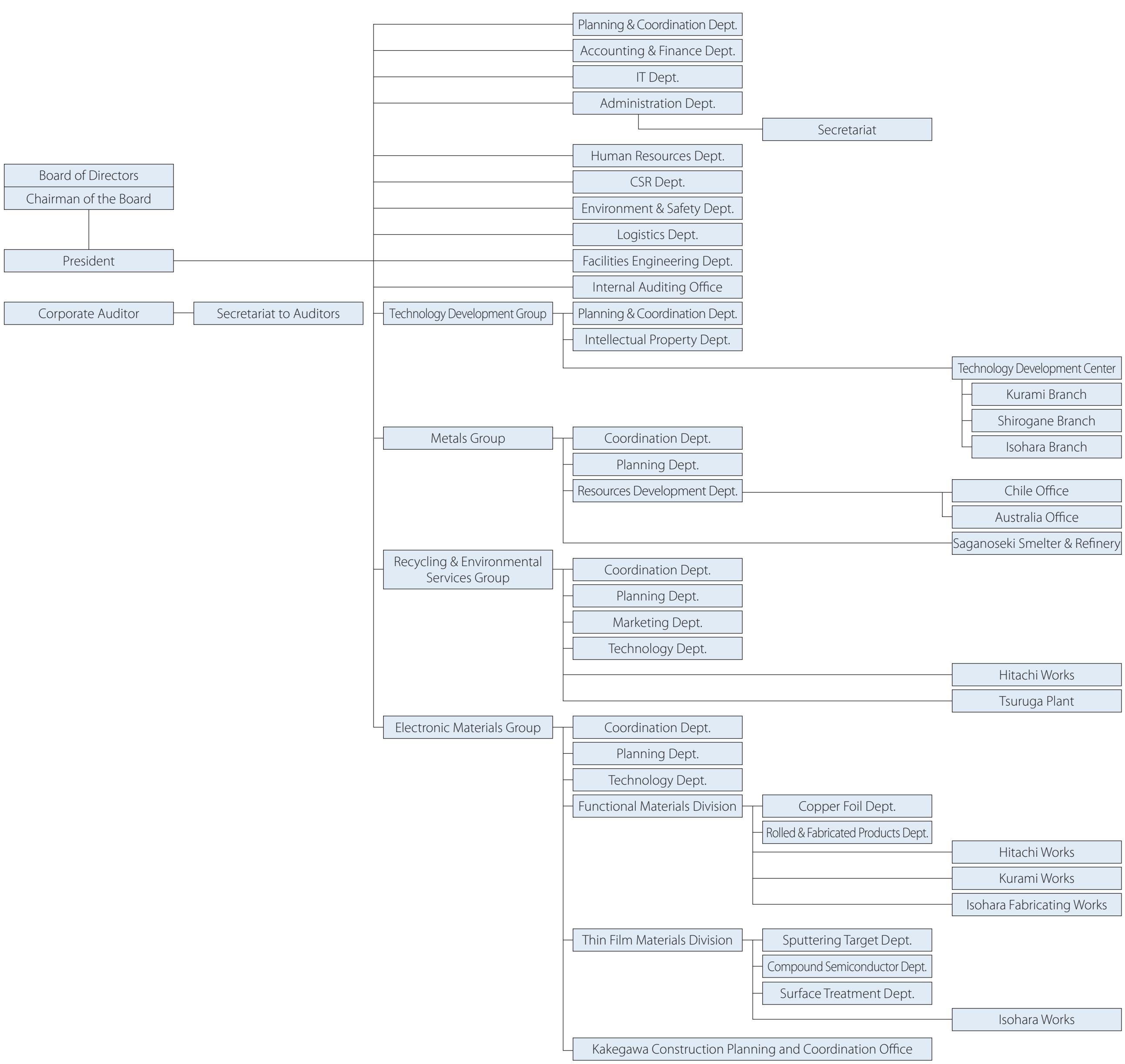
Organization Chart



JX NIPPON MINING & METALS

Corporate Name	JX Nippon Mining & Metals Corporation
Representative Director	Yoshimasa Adachi, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8164, Japan
Capital	¥40.0 billion (100% investment of JX Holdings, Inc.)
Principal Business	Development and mining of non-ferrous metal resources, smelting and refining, and marketing of non-ferrous metals (copper, gold, silver, etc.), manufacturing and marketing of electronic materials, recycling of non-ferrous metal materials, and treatment of industrial waste for reuse
Website	www.nmm.jx-group.co.jp/english

Organization Chart



Principal Group Companies

(As of March 31, 2012)

PETROLEUM REFINING AND MARKETING BUSINESS

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
JX Nippon Oil & Energy Corporation	Marketing of petroleum and petrochemical products	100.0
Kashima Oil Co., Ltd.	Manufacturing of petroleum and petrochemical products	70.7
Osaka International Refining Company, Limited	Manufacturing and marketing of petroleum and petrochemical products	51.0
Wakayama Petroleum Refining Co., Ltd.	Manufacturing and sales of petroleum products	99.8
Kashima Aromatics Co., Ltd.	Manufacturing of petroleum and petrochemical products	80.0
JX Nippon ANCI Corporation	Manufacturing of synthetic resin processed products	100.0
JX Nippon Oil & Energy Staging Terminal Corporation	Storage, receiving, and shipment of petroleum products	100.0
JX Tanker Company Limited	Sea transport of crude oil and petroleum products	100.0
Nippon Global Tanker Co., Ltd.	Sea transport of crude oil	65.0
Nissho Shipping Co., Ltd. *1	Sea transport of crude oil and petroleum products	72.4
Nippon Tanker Co., Ltd. *2	Sea transport of petroleum products	100.0
JX Nippon Oil & Energy USA Inc.	Sales of petroleum products	100.0
JX Nippon Oil & Energy Lubricants America LLC	Manufacturing and sales of lubricants	100.0
JX Nippon Oil & Energy Asia Pte. Ltd.	Sales of petroleum products	100.0
JX Nippon Oil & Energy (Australia) Pty Limited	Making investments in companies extracting coal and sales	100.0
ENEOS Frontier Company, Limited	Sales of petroleum products	100.0
JOMO-Net Co., Ltd.	Sales of petroleum products	100.0
JOMO Retail Service Co., Ltd.	Sales of petroleum products	100.0
JX Nippon Sun Energy Co., Ltd.	Sales of petroleum products	100.0
J-Quest Co., Ltd.	Sales of petroleum products	100.0
ENEOS GLOBE CO., Ltd.	Sales of LP gas	50.0
Japan Gas Energy Corporation	Sales of LP gas	51.0
Kawasaki Natural Gas Generation Co., Ltd.	Generation and supply of electric power	51.0
ENEOS CELLTECH Co., Ltd.	Manufacturing and marketing of fuel cells	81.0
Space Energy Corporation	Manufacturing and marketing of silicon wafers for photovoltaic cells	85.1
Nippon Oil Finance (Netherlands) B.V.	Making investments in LNG developments and providing finance to subsidiaries and affiliates	100.0
JX Nippon Oil & Energy Trading Corporation	Sales and lease of automobile-related parts	100.0
Japan Oil Transportation Co., Ltd.	Overland transportation of petroleum products	29.1

*1. In April 2012, Nissho Shipping Co., Ltd. merged with Yuyo Steamship Co., Ltd., and changed its company name to JX Shipping Co., Ltd.
*2. In April 2012, Nippon Tanker Co., Ltd. merged with Showa Yusosen Co., Ltd., and changed its company name to Showa Nittan Corp.

OIL AND NATURAL GAS E&P BUSINESS

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
JX Nippon Oil & Gas Exploration Corporation	Overall management of the oil and natural gas development business	100.0
Japan Vietnam Petroleum Co., Ltd.	Exploration, development, production, and marketing of oil and natural gas	97.1
JX Nippon Oil & Gas Exploration (Malaysia), Ltd.	Exploration, development, production, and marketing of oil and natural gas	78.7
JX Nippon Oil & Gas Exploration (Sarawak), Ltd.	Exploration, development, production, and marketing of oil and natural gas	76.5
Nippon Exploration (Berau), Limited	Exploration, development, production, and marketing of oil and natural gas	51.0
Nippon Oil Exploration (Myanmar), Ltd.	Exploration, development, production, and marketing of oil and natural gas	50.0
JX Nippon Exploration and Production (U.K.) Limited	Exploration, development, production, and marketing of oil and natural gas	100.0
Mocal Energy Limited	Exploration, development, production, and marketing of oil	100.0
Merlin Petroleum Company	Exploration, development, production, and marketing of oil and natural gas	79.6
Abu Dhabi Oil Co., Ltd.	Exploration, development, production, and marketing of oil	31.5
United Petroleum Development Co., Ltd.	Exploration, development, production, and marketing of oil	45.0

METALS BUSINESS

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
JX Nippon Mining & Metals Corporation	Manufacturing and marketing of non-ferrous metals and electronic materials as well as recycling of non-ferrous metal materials	100.0
JX Metals Trading Co., Ltd.	Marketing of non-ferrous metal products, etc.	100.0
Pan Pacific Copper Co., Ltd.	Manufacturing and marketing of non-ferrous metals	66.0
Hibi Kyodo Smelting Co., Ltd.	Smelting and refining of copper	63.5
Changzhou Jinyuan Copper Co., Ltd.	Manufacturing and marketing of copper wire rods	61.4
SCM Minera Lumina Copper Chile	Development of Caserones Copper and Molybdenum Deposit	75.0
JX Nippon Environmental Services Co., Ltd.	Recycling and environmental services	100.0
Nikko Metals Taiwan Co., Ltd.	Manufacturing and marketing of electronic materials, etc., collection of materials for non-ferrous metal recycling	100.0
JX Nippon Mining & Metals Philippines, Inc.	Manufacturing and marketing of copper foil	100.0
Gould Electronics GmbH	Manufacturing and marketing of copper foil	100.0
JX Nippon Mining & Metals USA, Inc.	Manufacturing and marketing of thin-film forming materials	100.0
Nippon Mining & Metals (Suzhou) Co., Ltd.	Manufacturing and marketing of precision rolled and pressing products	100.0
Nippon Marine Co., Ltd.	Sea transport for non-ferrous metal products, etc.	100.0
LS-Nikko Copper Inc.	Smelting and refining of copper	49.9
Minera Los Pelambres	Copper ore mining	25.0
Japan Collahuasi Resources B.V.	Making investments in Collahuasi Copper Mine	30.0
JECO Corp.	Making investments in Escondida Copper Mine	20.0
JECO 2 Ltd.	Making investments in Escondida Copper Mine	40.0

OTHERS

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
NIPPO CORPORATION	Planning, design, and construction of roads, pavement, civil engineering works, and petroleum-related facilities	57.2
Dai Nippon Construction Co., Ltd.	Subcontracting for building and civil engineering construction	79.5
Nichiyo Engineering Corp. *3	Design, construction, and supervision of construction for machinery, electricity, civil engineering, and building construction as well as maintenance	100.0
Toho Titanium Co., Ltd. *4	Manufacturing and marketing of titanium	42.6
JX Nippon Real Estate Corporation	Sales, rental, and management of real estate	100.0
JX Nippon Procurement Corporation	Performance of procurement work on a subcontracting basis	100.0
JX Nippon Finance Corporation	Performance of finance-related work on a subcontracting basis	100.0
JX Nippon Business Services Corporation	Performance of accounting, payroll, and welfare-related work on a subcontracting basis	100.0
JX Nippon Research Institute, Ltd.	Survey, research, and consulting services, etc.	100.0
Tatsuta Electric Wire and Cable Co., Ltd.	Manufacturing and marketing of wire and cable	35.8
Maruwn Corp.	Overland transportation	38.3

*3. In April 2012, Nichiyo Engineering Corp. succeeded to NIPPO CORPORATION's energy business division through an absorption-type company split and changed its company name to JX Engineering Corporation.
*4. In May 2012, the Company's voting rights ratio in Toho Titanium Co., Ltd. increased to 50.4% by accepting newly issued shares through a third-party allotment.

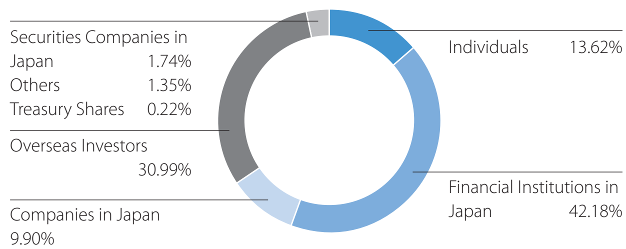
Investor Information

(As of March 31, 2012)

Share Information

Securities Code	5020
Number of Shares Issued	2,495,485,929
Number of Shareholders	174,195
Stock Exchange Listings	Tokyo, Osaka, Nagoya

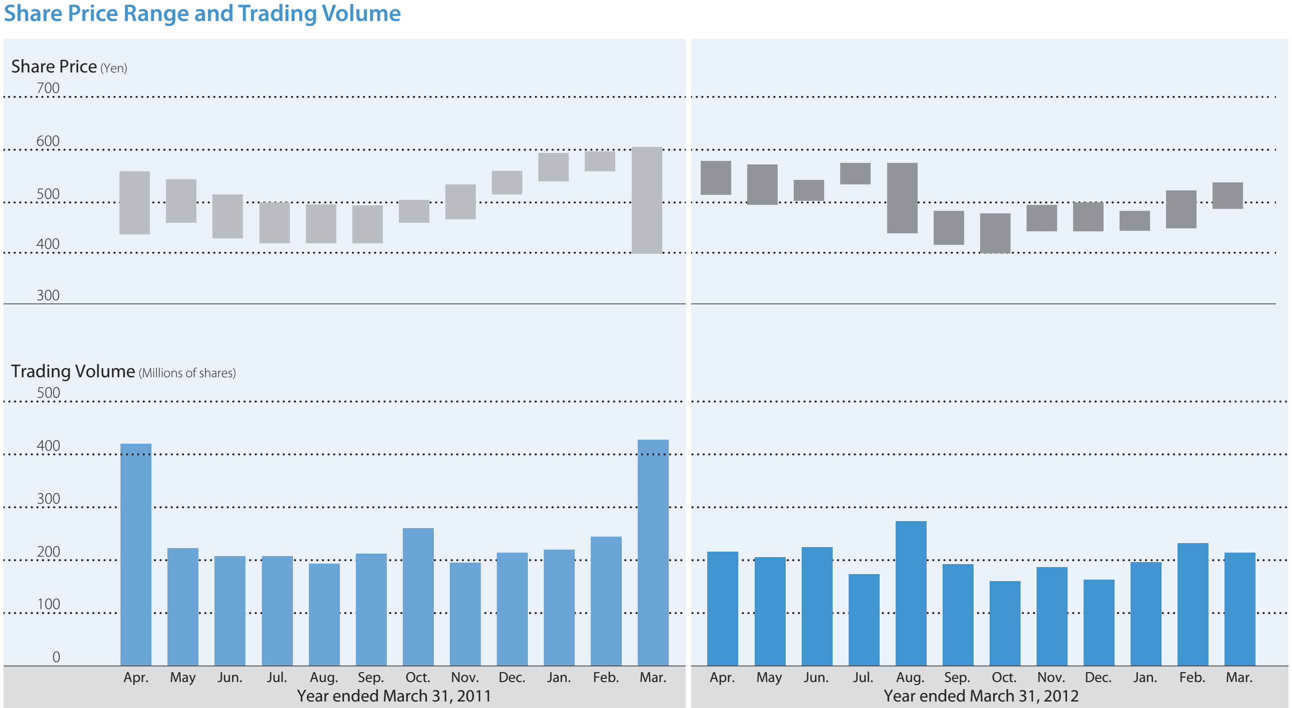
Distribution of Shareholders



Major Shareholders

Name of shareholders	Number of shares held	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (held in trust account)	160,188,000	6.42
The Master Trust Bank of Japan, Ltd. (held in trust account)	149,090,200	5.97
Japan Trustee Services Bank, Ltd. (held in trust account 9)	68,749,300	2.75
Mizuho Corporate Bank, Ltd.	65,451,258	2.62
Sumitomo Mitsui Banking Corporation	65,398,360	2.62
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	57,232,670	2.29
Mitsubishi Corporation	48,615,792	1.95
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	38,920,444	1.56
INPEX Corporation	33,264,732	1.33
STATE STREET BANK AND TRUST COMPANY	33,232,851	1.33

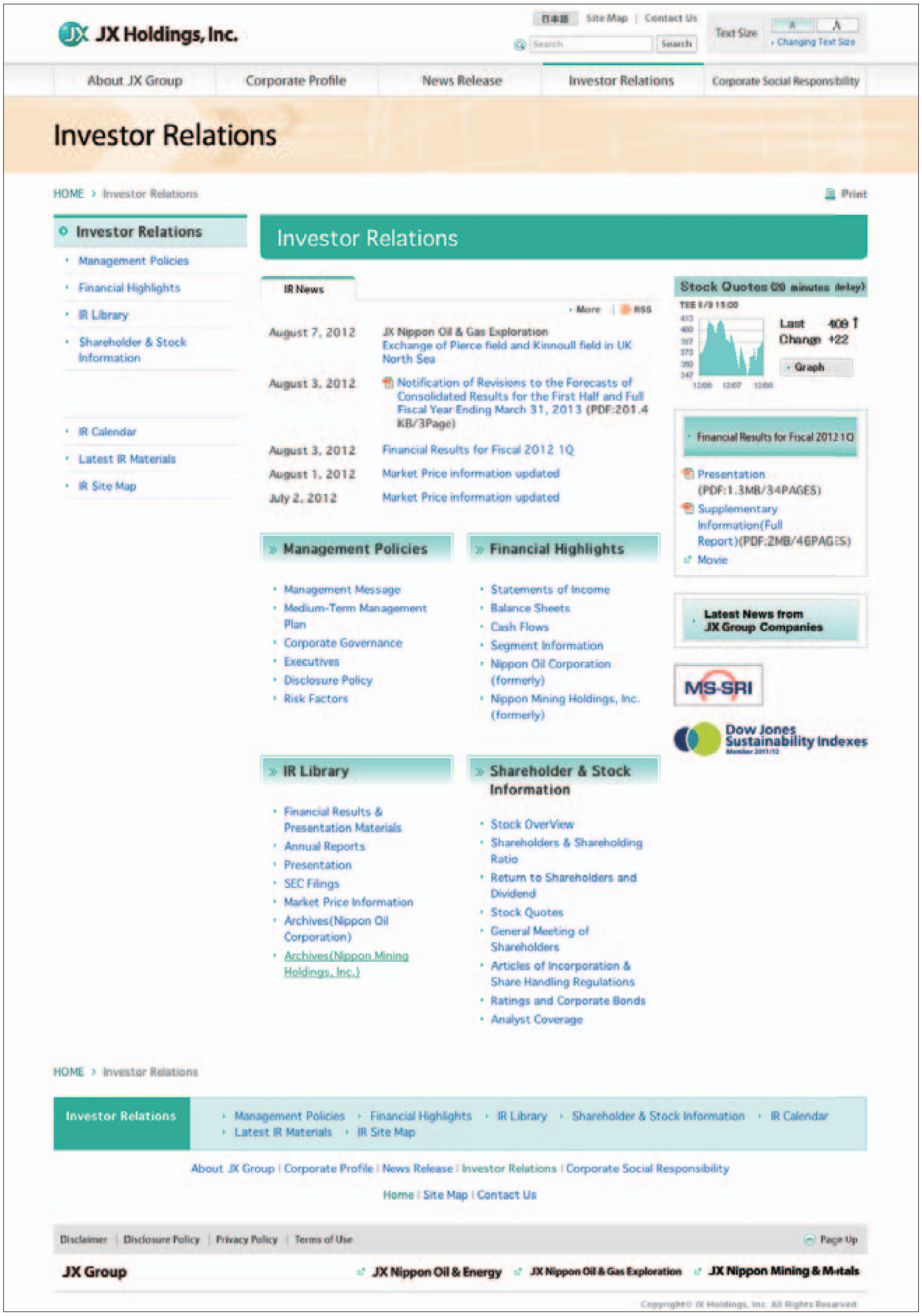
Share Price Range and Trading Volume



IR Website Guide

Please use the IR website together with the annual report.

http://www.hd.jx-group.co.jp/english/ir/



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JX Holdings, Inc.

VEGETABLE OIL INK

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