

Consolidated Financial Results for the First Quarter of Fiscal Year 2014 [Japanese GAAP]

July 31, 2014

Company name: JX Holdings, Inc.

Code number: 5020

Stock Exchange Listings: Tokyo and Nagoya

URL: <http://www.hd.jx-group.co.jp/>

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Scheduled date of filing of Quarterly Securities Report : August 13, 2014

Scheduled date of commencement of dividend payments : —

Supplemental materials for the quarterly financial results : Yes

Quarterly financial results presentation : Yes (for institutional investors and analysts)

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

1. Consolidated Results for the First Quarter of FY 2014 (From April 1, 2014 to June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY2014	2,640,850	(4.8)	2,707	(95.0)	14,850	(79.5)	14,157	(60.3)
1Q of FY2013	2,773,797	8.7	53,606	—	72,465	—	35,671	—

(Note) Comprehensive income : 1Q of FY2014: ¥ 5,754 million < (94.3) % >

1Q of FY2013: ¥ 100,083 million < — % >

	Net income per share	Diluted net income per share
	Yen	Yen
1Q of FY2014	5.69	—
1Q of FY2013	14.35	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
1Q of FY2014	7,698,057	2,590,904	27.4
FY2013	7,781,775	2,626,294	27.4

(Reference) Shareholders' equity : 1Q of FY2014 ended June 30, 2014: ¥2,108,439 million

FY2013 ended March 31, 2014: ¥2,135,058 million

2. Dividends

	Annual cash dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2013	—	8.00	—	8.00	16.00
FY2014	—				
FY2014(Forecast)		8.00	—	8.00	16.00

(Note) Revisions of the forecast of cash dividends since the latest announcement: None

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

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

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1H of FY2014	5,700,000	(1.3)	10,000	(92.8)	45,000	(74.4)	30,000	(66.6)	12.07
FY2014	12,050,000	(2.9)	175,000	(18.1)	245,000	(19.0)	120,000	12.1	48.26

(Note) Revisions of the forecasts of consolidated results since the latest announcement: Yes

Please refer to "Notification of Revisions to the Forecasts" announced today.

As for the forecasts of income excluding inventory valuation factors*, please see the following.

		Operating income		Ordinary income	
		Millions of yen	%	Millions of yen	%
(Forecasts)	1H of FY2014	30,000	(59.9)	65,000	(41.7)
Income excluding inventory valuation factors	FY2014	200,000	111.9	270,000	47.5

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

Explanatory Notes

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

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements : Yes

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

(i) Changes in accounting policies owing to revisions in accounting standards and the like : Yes

(ii) Changes in accounting policies other than (i) above : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(4) Number of shares issued (Common stock)

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

First Quarter of FY2014 ended June 30, 2014 : 2,495,485,929 shares

FY2013 ended March 31, 2014 : 2,495,485,929 shares

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

First Quarter of FY2014 ended June 30, 2014 : 9,012,346 shares

FY2013 ended March 31, 2014 : 8,981,945 shares

(iii) Average number of shares issued during the period

First Quarter of FY2014 ended June 30, 2014 : 2,486,485,769 shares

First Quarter of FY2013 ended June 30, 2013 : 2,486,571,977 shares

Information Regarding the Status of Quarterly Review Procedures Performance

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

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

This material contains forward-looking statements; however, actual results may differ materially from those reflected in such forward-looking statements, due to various factors, including the following:

(1) changes in macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries; (2) revisions to laws and strengthening of regulations; and (3) litigation and other similar risks.

Supplemental Information

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Account title	(Millions of yen)	
	FY 2013 (As of March 31, 2014)	1Q of FY 2014 (As of June 30, 2014)
Assets		
Current assets:		
Cash and deposits	281,733	290,294
Notes and accounts receivable-trade	1,401,114	1,103,567
Inventories	1,797,189	1,930,242
Other	287,744	270,673
Allowance for doubtful accounts	(2,196)	(1,328)
Total current assets	3,765,584	3,593,448
Non-current assets:		
Property, plant and equipment:		
Land	960,203	959,132
Other, net	1,428,988	1,449,632
Total property, plant and equipment	2,389,191	2,408,764
Intangible assets	132,679	129,665
Investments and other assets:		
Investments in securities	713,646	745,765
Other	791,043	831,003
Allowance for doubtful accounts	(10,368)	(10,588)
Total investments and other assets	1,494,321	1,566,180
Total non-current assets	4,016,191	4,104,609
Total assets	7,781,775	7,698,057

(Millions of yen)

Account title	FY 2013 (As of March 31, 2014)	1Q of FY 2014 (As of June 30, 2014)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	884,486	778,893
Short-term borrowings	1,079,713	1,141,594
Commercial papers	450,000	454,000
Current portion of bonds	30,480	20,480
Accounts payable-other	687,043	633,599
Other provision	32,916	16,424
Other	290,250	293,875
Total current liabilities	3,454,888	3,338,865
Non-current liabilities:		
Bonds payable	187,480	202,480
Long-term loans payable	1,054,020	1,064,080
Provision	74,756	75,009
Liability for retirement benefits	89,357	116,736
Asset retirement obligations	86,763	102,444
Other	208,217	207,539
Total non-current liabilities	1,700,593	1,768,288
Total liabilities	5,155,481	5,107,153
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,711	746,711
Retained earnings	1,119,478	1,095,106
Treasury stock	(3,893)	(3,901)
Total shareholders' equity	1,962,296	1,937,916
Accumulated other comprehensive income:		
Unrealized gain on securities	51,312	63,572
Unrealized gain on hedging derivatives	5,551	3,871
Foreign currency translation adjustment	113,204	100,837
Retirement benefits liability adjustment	2,695	2,243
Total accumulated other comprehensive income	172,762	170,523
Minority interests	491,236	482,465
Total net assets	2,626,294	2,590,904
Total liabilities and net assets	7,781,775	7,698,057

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Account title	1Q of FY 2013 (from April 1, 2013 to June 30, 2013)	1Q of FY 2014 (from April 1, 2014 to June 30, 2014)
Net sales	2,773,797	2,640,850
Cost of sales	2,589,017	2,504,378
Gross profit	184,780	136,472
Selling, general and administrative expenses	131,174	133,765
Operating income	53,606	2,707
Non-operating income:		
Interest income	895	701
Dividend income	7,122	5,720
Foreign currency exchange gain	—	1,211
Equity in earnings of affiliates	13,435	9,655
Other	8,487	6,017
Total non-operating income	29,939	23,304
Non-operating expenses:		
Interest expense	6,171	6,186
Foreign currency exchange loss	1,377	—
Other	3,532	4,975
Total non-operating expenses	11,080	11,161
Ordinary income	72,465	14,850
Special gain:		
Gain on sales of non-current assets	7,906	23,666
Other	735	2,023
Total special gain	8,641	25,689
Special loss:		
Loss on sales of non-current assets	284	64
Loss on disposal of non-current assets	2,492	2,018
Impairment loss	653	7,046
Cancellation fees of charter contracts	1,824	—
Other	2,782	1,020
Total special loss	8,035	10,148
Income before income taxes and minority interests	73,071	30,391
Income taxes	32,008	11,938
Income before minority interests	41,063	18,453
Minority interests in income	5,392	4,296
Net income	35,671	14,157

Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	1Q of FY 2013 (from April 1, 2013 to June 30, 2013)	1Q of FY 2014 (from April 1, 2014 to June 30, 2014)
Income before minority interests	41,063	18,453
Other comprehensive income:		
Unrealized gain (loss) on securities	711	12,598
Unrealized gain (loss) on hedging derivatives	6,407	(1,649)
Foreign currency translation adjustment	44,020	(17,590)
Retirement benefits liability adjustment	—	(392)
Share of other comprehensive income of affiliates accounted for by equity method	7,882	(5,666)
Total other comprehensive income	59,020	(12,699)
Comprehensive income	100,083	5,754
Comprehensive income attributable to:		
Shareholders of JX Holdings, Inc.	81,942	6,826
Minority interests	18,141	(1,072)

(3) Explanatory Notes to Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Notes on Significant Changes in Shareholders' Equity)

None

(Segment Information, etc.)

Segment Information

I. First Quarter of FY 2013 (April 1, 2013 - June 30, 2013)

Information on Net Sales and Income (Loss) from each Reporting Segment

(Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Statements of Income (Note 2)
Net Sales							
Sales to Outside Customers	2,394,619	48,239	252,159	78,780	2,773,797	-	2,773,797
In-house Intersegment Sales	2,174	-	728	12,122	15,024	(15,024)	-
Total	2,396,793	48,239	252,887	90,902	2,788,821	(15,024)	2,773,797
Segment Income (Loss)	26,101	31,049	10,073	3,026	70,249	2,216	72,465

(Note 1) The segment income (loss) adjustments of 2,216 million yen includes the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category of 2,142 million yen.

(Note 2) Segment income (loss) is adjusted to ordinary income stated in the consolidated statement of income.

II. First Quarter of FY 2014 (April 1, 2014 - June 30, 2014)

Information on Net Sales and Income (Loss) from each Reporting Segment

(Millions of yen)

	Energy	Oil and Natural Gas E&P	Metals	Other	Total	Adjustments (Note 1)	Recorded Amount on Consolidated Statements of Income (Note 2)
Net Sales							
Sales to Outside Customers	2,230,976	54,781	267,572	87,521	2,640,850	-	2,640,850
In-house Intersegment Sales	1,906	-	642	14,646	17,194	(17,194)	-
Total	2,232,882	54,781	268,214	102,167	2,658,044	(17,194)	2,640,850
Segment Income (Loss)	(24,345)	20,020	9,741	7,357	12,773	2,077	14,850

(Note 1) The segment income (loss) adjustments of 2,077 million yen includes the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category of 2,057 million yen.

(Note 2) Segment income (loss) is adjusted to ordinary income stated in the consolidated statement of income.

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