

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

November 4, 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 : November 13, 2014

Scheduled date of commencement of dividend payments : December 5, 2014

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 Second Quarter of FY 2014 (From April 1, 2014 to September 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 %
2Q of FY2014	5,442,426 (5.8)	14,266 (89.8)	41,990 (76.2)	17,659 (80.3)
2Q of FY2013	5,777,689 11.3	139,429 272.8	176,115 121.2	89,706 234.2

(Note) Comprehensive income : 2Q of FY2014: ¥ 6,069 million < (96.8) % >

2Q of FY2013: ¥ 189,916 million < 897.2 % >

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY2014	7.10	—
2Q of FY2013	36.08	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
2Q of FY2014	7,887,983	2,590,117	26.8
FY2013	7,781,775	2,626,294	27.4

(Reference) Shareholders' equity : 2Q of FY2014 ended September 30, 2014: ¥2,110,359 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	—	8.00			
FY2014 (Forecast)			—	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
FY2014	11,720,000 (5.6)	105,000 (50.9)	180,000 (40.5)	70,000 (34.6)	28.15

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

Please refer to "Notification of Revisions to the Annual 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 (FY2014) and actual results (FY2013) excluding inventory valuation factors	FY2014	175,000 85.4	250,000 36.6
	FY2013	94,400	183,000

* 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)

Second Quarter of FY2014 ended September 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

Second Quarter of FY2014 ended September 30, 2014 : 9,020,557 shares

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

(iii) Average number of shares issued during the period

Second Quarter of FY2014 ended September 30, 2014 : 2,486,482,783 shares

Second Quarter of FY2013 ended September 30, 2013 : 2,486,561,541 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

(Millions of yen)		
Account title	FY 2013 (As of March 31, 2014)	2Q of FY 2014 (As of September 30, 2014)
Assets		
Current assets:		
Cash and deposits	281,733	293,644
Notes and accounts receivable-trade	1,401,114	1,145,704
Inventories	1,797,189	2,020,316
Other	287,744	255,947
Allowance for doubtful accounts	(2,196)	(3,873)
Total current assets	3,765,584	3,711,738
Non-current assets:		
Property, plant and equipment:		
Land	960,203	958,223
Other, net	1,428,988	1,476,279
Total property, plant and equipment	2,389,191	2,434,502
Intangible assets	132,679	128,492
Investments and other assets:		
Investments in securities	713,646	779,315
Other	791,043	844,311
Allowance for doubtful accounts	(10,368)	(10,375)
Total investments and other assets	1,494,321	1,613,251
Total non-current assets	4,016,191	4,176,245
Total assets	7,781,775	7,887,983

(Millions of yen)

Account title	FY 2013 (As of March 31, 2014)	2Q of FY 2014 (As of September 30, 2014)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	884,486	786,934
Short-term borrowings	1,079,713	1,269,101
Commercial papers	450,000	456,000
Current portion of bonds	30,480	21,480
Accounts payable-other	687,043	662,508
Provision	32,916	24,692
Other	290,250	290,920
Total current liabilities	3,454,888	3,511,635
Non-current liabilities:		
Bonds payable	187,480	201,240
Long-term loans payable	1,054,020	1,079,191
Provision	74,756	70,496
Liability for retirement benefits	89,357	117,499
Asset retirement obligations	86,763	105,442
Other	208,217	212,363
Total non-current liabilities	1,700,593	1,786,231
Total liabilities	5,155,481	5,297,866
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,711	746,711
Retained earnings	1,119,478	1,098,608
Treasury stock	(3,893)	(3,910)
Total shareholders' equity	1,962,296	1,941,409
Accumulated other comprehensive income:		
Unrealized gain on securities	51,312	69,886
Unrealized gain on hedging derivatives	5,551	1,325
Foreign currency translation adjustment	113,204	95,870
Retirement benefits liability adjustment	2,695	1,869
Total accumulated other comprehensive income	172,762	168,950
Minority interests	491,236	479,758
Total net assets	2,626,294	2,590,117
Total liabilities and net assets	7,781,775	7,887,983

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Account title	2Q of FY 2013 (from April 1, 2013 to September 30, 2013)	2Q of FY 2014 (from April 1, 2014 to September 30, 2014)
Net sales	5,777,689	5,442,426
Cost of sales	5,372,539	5,157,390
Gross profit	405,150	285,036
Selling, general and administrative expenses	265,721	270,770
Operating income	139,429	14,266
Non-operating income:		
Interest income	1,766	1,424
Dividend income	13,407	20,385
Foreign currency exchange gain	3,307	—
Equity in earnings of affiliates	22,579	24,395
Other	13,955	11,800
Total non-operating income	55,014	58,004
Non-operating expenses:		
Interest expense	12,145	12,972
Foreign currency exchange loss	—	5,968
Other	6,183	11,340
Total non-operating expenses	18,328	30,280
Ordinary income	176,115	41,990
Special gain:		
Gain on sales of non-current assets	8,964	24,949
Other	782	2,174
Total special gain	9,746	27,123
Special loss:		
Loss on sales of non-current assets	722	311
Loss on disposal of non-current assets	4,017	3,648
Impairment loss	3,897	10,899
Loss on valuation of investments in securities	3,338	6,201
Restructuring cost	—	8,191
Other	4,752	3,759
Total special loss	16,726	33,009
Income before income taxes and minority interests	169,135	36,104
Income taxes	65,691	12,427
Income before minority interests	103,444	23,677
Minority interests in income	13,738	6,018
Net income	89,706	17,659

Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	2Q of FY 2013 (from April 1, 2013 to September 30, 2013)	2Q of FY 2014 (from April 1, 2014 to September 30, 2014)
Income before minority interests	103,444	23,677
Other comprehensive income:		
Unrealized gain (loss) on securities	11,457	19,710
Unrealized gain (loss) on hedging derivatives	380	(4,250)
Foreign currency translation adjustment	61,728	(28,852)
Retirement benefits liability adjustment	—	(783)
Share of other comprehensive income of affiliates accounted for by equity method	12,907	(3,433)
Total other comprehensive income	86,472	(17,608)
Comprehensive income	189,916	6,069
Comprehensive income attributable to:		
Shareholders of JX Holdings, Inc.	156,430	8,732
Minority interests	33,486	(2,663)

(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. Second Quarter of FY 2013 (April 1, 2013 - September 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	5,004,928	94,140	505,176	173,445	5,777,689	-	5,777,689
In-house Intersegment Sales	4,248	-	1,366	26,919	32,533	(32,533)	-
Total	5,009,176	94,140	506,542	200,364	5,810,222	(32,533)	5,777,689
Segment Income (Loss)	91,354	53,052	19,600	9,822	173,828	2,287	176,115

(Note 1) The segment income (loss) adjustments of 2,287 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 2,272 million yen.

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

II. Second Quarter of FY 2014 (April 1, 2014 - September 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	4,612,974	104,444	548,608	176,400	5,442,426	-	5,442,426
In-house Intersegment Sales	4,006	-	1,382	33,280	38,668	(38,668)	-
Total	4,616,980	104,444	549,990	209,680	5,481,094	(38,668)	5,442,426
Segment Income (Loss)	(35,307)	34,745	23,943	16,374	39,755	2,235	41,990

(Note 1) The segment income (loss) adjustments of 2,235million yen includes the net amount of the entire Company's income and expenses not allocated to the reporting segments or the "Other" category of 2,091 million yen.

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

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