

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

February 4, 2015

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 : February 13, 2015

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 Third Quarter of FY 2014 (From April 1, 2014 to December 31, 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	%
3Q of FY2014	8,343,633	(7.3)	(205,360)	—	(171,471)	—	(134,015)	—
3Q of FY2013	9,003,589	11.8	201,738	49.4	255,901	36.3	131,879	43.5

(Note) Comprehensive income : 3Q of FY2014: ¥ (80,452) million < — % >

3Q of FY2013: ¥ 261,520 million < 133.5 % >

	Net income per share	Diluted net income per share
	Yen	Yen
3Q of FY2014	(53.90)	—
3Q of FY2013	53.04	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
3Q of FY2014	7,867,987	2,479,673	25.3
FY2013	7,781,775	2,626,294	27.4

(Reference) Shareholders' equity : 3Q of FY2014 ended December 31, 2014: ¥1,993,474 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	10,870,000	(12.4)	(275,000)	—	(210,000)	—	(210,000)	—	(84.46)

(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.

Due to the decline of resource prices such as crude oil, we are presently implementing revaluation work on the assets mainly in upstream businesses.

In case such impact as impairment loss occurs on the forecast, we will announce promptly, based on the result of the revaluation work.

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

Forecasts (FY2014) and actual results (FY2013) excluding inventory valuation factors		Operating income		Ordinary income	
		Millions of yen	%	Millions of yen	%
		FY2014	FY2013	FY2014	FY2013
		155,000	94,400	220,000	183,000
		64.2		20.2	

* The impact of inventory valuation on the cost of sales by using the average method and writing down the book value.

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)

Third Quarter of FY2014 ended December 31, 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

Third Quarter of FY2014 ended December 31, 2014 : 9,040,810 shares

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

(iii) Average number of shares issued during the period

Third Quarter of FY2014 ended December 31, 2014 : 2,486,474,554 shares

Third Quarter of FY2013 ended December 31, 2013 : 2,486,552,345 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)	3Q of FY 2014 (As of December 31, 2014)
Assets		
Current assets:		
Cash and deposits	281,733	243,713
Notes and accounts receivable-trade	1,401,114	1,316,833
Inventories	1,797,189	1,588,766
Other	287,744	403,214
Allowance for doubtful accounts	(2,196)	(3,955)
Total current assets	3,765,584	3,548,571
Non-current assets:		
Property, plant and equipment:		
Land	960,203	957,121
Other, net	1,428,988	1,538,925
Total property, plant and equipment	2,389,191	2,496,046
Intangible assets	132,679	130,076
Investments and other assets:		
Investments in securities	713,646	797,943
Other	791,043	905,893
Allowance for doubtful accounts	(10,368)	(10,542)
Total investments and other assets	1,494,321	1,693,294
Total non-current assets	4,016,191	4,319,416
Total assets	7,781,775	7,867,987

(Millions of yen)

Account title	FY 2013 (As of March 31, 2014)	3Q of FY 2014 (As of December 31, 2014)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	884,486	764,817
Short-term borrowings	1,079,713	1,085,040
Commercial papers	450,000	481,000
Current portion of bonds	30,480	42,480
Accounts payable-other	687,043	847,900
Provision	32,916	26,983
Other	290,250	288,986
Total current liabilities	3,454,888	3,537,206
Non-current liabilities:		
Bonds payable	187,480	205,240
Long-term loans payable	1,054,020	1,117,770
Provision	74,756	72,974
Liability for retirement benefits	89,357	119,957
Asset retirement obligations	86,763	112,697
Other	208,217	222,470
Total non-current liabilities	1,700,593	1,851,108
Total liabilities	5,155,481	5,388,314
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,711	746,711
Retained earnings	1,119,478	926,812
Treasury stock	(3,893)	(3,920)
Total shareholders' equity	1,962,296	1,769,603
Accumulated other comprehensive income:		
Unrealized gain on securities	51,312	72,676
Unrealized gain on hedging derivatives	5,551	(2,055)
Foreign currency translation adjustment	113,204	150,944
Retirement benefits liability adjustment	2,695	2,306
Total accumulated other comprehensive income	172,762	223,871
Minority interests	491,236	486,199
Total net assets	2,626,294	2,479,673
Total liabilities and net assets	7,781,775	7,867,987

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Account title	3Q of FY 2013 (from April 1, 2013 to December 31, 2013)	3Q of FY 2014 (from April 1, 2014 to December 31, 2014)
Net sales	9,003,589	8,343,633
Cost of sales	8,389,482	8,134,058
Gross profit	614,107	209,575
Selling, general and administrative expenses	412,369	414,935
Operating income (loss)	201,738	(205,360)
Non-operating income:		
Interest income	2,373	2,111
Dividend income	22,901	30,072
Foreign currency exchange gain	735	—
Equity in earnings of affiliates	39,143	32,455
Other	19,743	18,686
Total non-operating income	84,895	83,324
Non-operating expenses:		
Interest expense	18,381	19,790
Foreign currency exchange loss	—	12,765
Other	12,351	16,880
Total non-operating expenses	30,732	49,435
Ordinary income (loss)	255,901	(171,471)
Special gain:		
Gain on sales of non-current assets	10,872	25,855
Other	4,233	2,532
Total special gain	15,105	28,387
Special loss:		
Loss on sales of non-current assets	1,832	502
Loss on disposal of non-current assets	5,723	5,432
Impairment loss	6,770	11,191
Loss on valuation of investments in securities	3,824	7,708
Restructuring cost	—	18,044
Other	5,182	4,185
Total special loss	23,331	47,062
Income (loss) before income taxes and minority interests	247,675	(190,146)
Income taxes	90,893	(54,848)
Income (loss) before minority interests	156,782	(135,298)
Minority interests in income (loss)	24,903	(1,283)
Net income (loss)	131,879	(134,015)

Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	3Q of FY 2013 (from April 1, 2013 to December 31, 2013)	3Q of FY 2014 (from April 1, 2014 to December 31, 2014)
Income (loss) before minority interests	156,782	(135,298)
Other comprehensive income:		
Unrealized gain (loss) on securities	25,335	23,723
Unrealized gain (loss) on hedging derivatives	(1,163)	(8,330)
Foreign currency translation adjustment	62,200	31,980
Retirement benefits liability adjustment	—	(345)
Share of other comprehensive income of affiliates accounted for by equity method	18,366	7,818
Total other comprehensive income	104,738	54,846
Comprehensive income	261,520	(80,452)
Comprehensive income attributable to:		
Shareholders of JX Holdings, Inc.	217,850	(88,023)
Minority interests	43,670	7,571

(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. Third Quarter of FY 2013 (April 1, 2013 - December 31, 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	7,802,775	147,014	764,435	289,365	9,003,589	-	9,003,589
In-house Intersegment Sales	6,693	-	2,219	42,345	51,257	(51,257)	-
Total	7,809,468	147,014	766,654	331,710	9,054,846	(51,257)	9,003,589
Segment Income (Loss)	112,571	81,336	36,148	22,908	252,963	2,938	255,901

(Note 1) The segment income (loss) adjustments of 2,938 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 2,760 million yen.

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

II. Third Quarter of FY 2014 (April 1, 2014 - December 31, 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	7,068,654	161,484	839,937	273,558	8,343,633	-	8,343,633
In-house Intersegment Sales	6,481	-	2,019	50,408	58,908	(58,908)	-
Total	7,075,135	161,484	841,956	323,966	8,402,541	(58,908)	8,343,633
Segment Income (Loss)	(294,883)	54,962	38,488	26,219	(175,214)	3,743	(171,471)

(Note 1) The segment income (loss) adjustments of 3,743 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 3,530 million yen.

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

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