

Consolidated Financial Results for the Second Quarter of Fiscal Year 2015 [Japanese GAAP]

November 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 : November 12, 2015

Scheduled date of commencement of dividend payments : December 7, 2015

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 2015 (From April 1, 2015 to September 30, 2015)

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

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %
2Q of FY2015	4,552,555 (16.4)	(45,450) —	(27,665) —	(44,945) —
2Q of FY2014	5,442,426 (5.8)	14,266 (89.8)	41,990 (76.2)	17,659 (80.3)

(Note) Comprehensive income : 2Q of FY2015: ¥ (69,468) million < — % >

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

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY2015	(18.08)	—
2Q of FY2014	7.10	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
2Q of FY2015	7,182,907	2,334,564	25.7
FY2014	7,423,404	2,429,849	26.1

(Reference) Shareholders' equity : 2Q of FY2015 ended September 30, 2015: ¥ 1,849,419 million

FY2014 ended March 31, 2015: ¥ 1,936,754 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
FY2014	—	8.00	—	8.00	16.00
FY2015	—	8.00			
FY2015(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 2015 (From April 1, 2015 to March 31, 2016)

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

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Yen
FY2015	9,350,000 (14.1)	110,000 —	150,000 —	45,000 —	18.10

(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 (FY2015) and actual results (FY2014) excluding inventory valuation factors	FY2015	190,000 1.9	230,000 (9.9)
	FY2014	186,400	255,200

* 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)

Second Quarter of FY2015 ended September 30, 2015 : 2,495,485,929 shares

FY2014 ended March 31, 2015 : 2,495,485,929 shares

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

Second Quarter of FY2015 ended September 30, 2015 : 9,089,048 shares

FY2014 ended March 31, 2015 : 9,055,789 shares

(iii) Average number of shares issued during the period

Second Quarter of FY2015 ended September 30, 2015 : 2,486,413,379 shares

Second Quarter of FY2014 ended September 30, 2014 : 2,486,482,783 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 2014 (As of March 31, 2015)	2Q of FY 2015 (As of September 30, 2015)
Assets		
Current assets:		
Cash and deposits	329,293	272,137
Notes and accounts receivable-trade	1,007,386	816,152
Inventories	1,356,648	1,343,032
Other	305,233	333,544
Allowance for doubtful accounts	(2,162)	(2,618)
Total current assets	2,996,398	2,762,247
Non-current assets:		
Property, plant and equipment:		
Machinery, equipment and vehicles, net	590,501	955,965
Land	951,647	950,029
Other, net	1,013,468	651,136
Total property, plant and equipment	2,555,616	2,557,130
Intangible assets	136,160	129,997
Investments and other assets:		
Investments in securities	823,009	787,375
Exploration and development investments	728,312	757,767
Other	195,450	193,247
Allowance for doubtful accounts	(11,541)	(4,856)
Total investments and other assets	1,735,230	1,733,533
Total non-current assets	4,427,006	4,420,660
Total assets	7,423,404	7,182,907

(Millions of yen)		
Account title	FY 2014 (As of March 31, 2015)	2Q of FY 2015 (As of September 30, 2015)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	680,551	571,480
Short-term borrowings	819,555	826,980
Commercial papers	364,000	452,000
Current portion of bonds	42,480	41,240
Accounts payable-other	797,590	637,900
Provision	38,480	28,695
Other	323,775	279,800
Total current liabilities	3,066,431	2,838,095
Non-current liabilities:		
Bonds payable	205,000	185,000
Long-term loans payable	1,189,232	1,298,044
Provision	76,676	76,236
Liability for retirement benefits	116,875	111,903
Asset retirement obligations	117,433	118,546
Other	221,908	220,519
Total non-current liabilities	1,927,124	2,010,248
Total liabilities	4,993,555	4,848,343
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,711	746,420
Retained earnings	783,615	718,752
Treasury stock	(3,926)	(3,943)
Total shareholders' equity	1,626,400	1,561,229
Accumulated other comprehensive income:		
Unrealized gain on securities	87,008	67,799
Unrealized gain on hedging derivatives	1,083	3,510
Foreign currency translation adjustment	218,413	213,114
Retirement benefits liability adjustment	3,850	3,767
Total accumulated other comprehensive income	310,354	288,190
Non-controlling interests	493,095	485,145
Total net assets	2,429,849	2,334,564
Total liabilities and net assets	7,423,404	7,182,907

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Account title	2Q of FY 2014 (from April 1, 2014 to September 30, 2014)	2Q of FY 2015 (from April 1, 2015 to September 30, 2015)
Net sales	5,442,426	4,552,555
Cost of sales	5,157,390	4,316,867
Gross profit	285,036	235,688
Selling, general and administrative expenses	270,770	281,138
Operating income (loss)	14,266	(45,450)
Non-operating income:		
Interest income	1,424	1,178
Dividend income	20,385	20,517
Equity in earnings of affiliates	24,395	4,939
Other	11,800	14,675
Total non-operating income	58,004	41,309
Non-operating expenses:		
Interest expense	12,972	12,234
Foreign currency exchange loss	5,968	2,042
Other	11,340	9,248
Total non-operating expenses	30,280	23,524
Ordinary income (loss)	41,990	(27,665)
Special gain:		
Gain on sales of non-current assets	24,949	2,636
Other	2,174	1,086
Total special gain	27,123	3,722
Special loss:		
Loss on sales of non-current assets	311	413
Loss on disposal of non-current assets	3,648	4,442
Impairment loss	10,899	4,293
Loss on valuation of investments in securities	6,201	93
Restructuring cost	8,191	5,712
Other	3,759	2,222
Total special loss	33,009	17,175
Income (loss) before income taxes	36,104	(41,118)
Income taxes	12,427	4,425
Profit (loss)	23,677	(45,543)
Profit (loss) attributable to non-controlling interests	6,018	(598)
Profit (loss) attributable to owners of parent	17,659	(44,945)

Consolidated Statements of Comprehensive Income

(Millions of yen)

Account title	2Q of FY 2014 (from April 1, 2014 to September 30, 2014)	2Q of FY 2015 (from April 1, 2015 to September 30, 2015)
Profit (loss)	23,677	(45,543)
Other comprehensive income:		
Unrealized gain (loss) on securities	19,710	(20,920)
Unrealized gain (loss) on hedging derivatives	(4,250)	3,185
Foreign currency translation adjustment	(28,852)	(4,592)
Retirement benefits liability adjustment	(783)	(146)
Share of other comprehensive income of affiliates accounted for by equity method	(3,433)	(1,452)
Total other comprehensive income	(17,608)	(23,925)
Comprehensive income	6,069	(69,468)
Comprehensive income attributable to:		
Owners of parent	8,732	(67,151)
Non-controlling interests	(2,663)	(2,317)

(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 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 and Transfers	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 2,235 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 2,091 million yen.

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

II. Second Quarter of FY 2015 (April 1, 2015 - September 30, 2015)

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	3,739,099	90,322	561,072	162,062	4,552,555	-	4,552,555
In-house Intersegment Sales and Transfers	3,424	-	2,177	27,616	33,217	(33,217)	-
Total	3,742,523	90,322	563,249	189,678	4,585,772	(33,217)	4,552,555
Segment Income (Loss)	(72,435)	17,334	10,571	15,574	(28,956)	1,291	(27,665)

(Note 1) The segment income (loss) adjustments of 1,291 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 1,262 million yen.

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

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