

Consolidated Financial Results for the First Quarter of Fiscal Year 2016 [Japanese GAAP]

August 4, 2016

Company name: JX Holdings, Inc.

Code number: 5020

Stock Exchange Listings: Tokyo and Nagoya

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

Representative: Yukio Uchida, Representative Director, President

Contact person: Tatsuya Higurashi, Group Manager, Investor Relations Group, Finance & Investor Relations Department

Telephone: +81-3-6257-7075

Scheduled date of filing of Quarterly Securities Report : August 10, 2016

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 2016 (From April 1, 2016 to June 30, 2016)

(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	%
1Q of FY2016	1,808,803	(21.5)	26,704	(66.5)	42,522	(56.2)	25,233	(52.7)
1Q of FY2015	2,304,083	(12.8)	79,664	—	97,024	553.4	53,293	276.4

(Note) Comprehensive income : 1Q of FY2016: ¥ (73,512) million < — % >

1Q of FY2015: ¥ 71,099 million < — % >

	Net income per share	Diluted net income per share
	Yen	Yen
1Q of FY2016	10.15	—
1Q of FY2015	21.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
1Q of FY2016	6,311,940	1,829,430	22.5
FY2015	6,724,622	1,928,460	22.3

(Reference) Shareholders' equity : 1Q of FY2016 ended June 30, 2016: ¥ 1,421,261 million

FY2015 ended March 31, 2016: ¥ 1,498,924 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
FY2015	—	8.00	—	8.00	16.00
FY2016	—	—	—	—	—
FY2016(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 2016 (From April 1, 2016 to March 31, 2017)

(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
1H of FY2016	3,970,000	(12.8)	85,000	—	110,000	—	60,000	—	24.13
FY2016	8,800,000	0.7	230,000	—	260,000	—	125,000	—	50.27

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

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 FY2016	45,000	(38.5)	70,000	(23.1)
Income excluding inventory valuation factors	FY2016	190,000	(8.3)	220,000	(15.7)

* 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 : None
- (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 FY2016 ended June 30, 2016	: 2,495,485,929 shares
FY2015 ended March 31, 2016	: 2,495,485,929 shares

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

First Quarter of FY2016 ended June 30, 2016	: 9,139,650 shares
FY2015 ended March 31, 2016	: 9,122,175 shares

(iii) Average number of shares issued during the period

First Quarter of FY2016 ended June 30, 2016	: 2,486,357,505 shares
First Quarter of FY2015 ended June 30, 2015	: 2,486,422,678 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 2015 (As of March 31, 2016)	1Q of FY 2016 (As of June 30, 2016)
Assets		
Current assets:		
Cash and deposits	492,698	298,282
Notes and accounts receivable-trade	774,970	686,615
Inventories	1,048,154	1,110,972
Other	338,225	293,017
Allowance for doubtful accounts	(2,763)	(2,725)
Total current assets	2,651,284	2,386,161
Non-current assets:		
Property, plant and equipment:		
Machinery, equipment and vehicles, net	891,083	666,859
Land	947,771	946,838
Other, net	614,622	789,490
Total property, plant and equipment	2,453,476	2,403,187
Intangible assets	117,459	110,128
Investments and other assets:		
Investments in securities	703,825	689,188
Other	803,324	728,001
Allowance for doubtful accounts	(4,746)	(4,725)
Total investments and other assets	1,502,403	1,412,464
Total non-current assets	4,073,338	3,925,779
Total assets	6,724,622	6,311,940

(Millions of yen)		
Account title	FY 2015 (As of March 31, 2016)	1Q of FY 2016 (As of June 30, 2016)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	601,322	494,921
Short-term borrowings	792,619	691,882
Commercial papers	248,000	402,000
Current portion of bonds	20,000	—
Accounts payable-other	756,380	696,917
Provision	37,001	16,868
Other	299,664	283,094
Total current liabilities	2,754,986	2,585,682
Non-current liabilities:		
Bonds payable	185,000	185,000
Long-term loans payable	1,335,747	1,225,611
Provision	76,366	76,707
Liability for retirement benefits	130,649	129,364
Asset retirement obligations	122,745	112,173
Other	190,669	167,973
Total non-current liabilities	2,041,176	1,896,828
Total liabilities	4,796,162	4,482,510
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	746,283	746,283
Retained earnings	465,268	470,724
Treasury stock	(3,959)	(3,966)
Total shareholders' equity	1,307,592	1,313,041
Accumulated other comprehensive income:		
Unrealized gain on securities	26,810	13,716
Unrealized gain on hedging derivatives	(11,953)	(10,273)
Foreign currency translation adjustment	184,136	112,159
Retirement benefits liability adjustment	(7,661)	(7,382)
Total accumulated other comprehensive income	191,332	108,220
Non-controlling interests	429,536	408,169
Total net assets	1,928,460	1,829,430
Total liabilities and net assets	6,724,622	6,311,940

(2) Consolidated Statements of Operations and Comprehensive Income (Loss)

Consolidated Statements of Operations

(Millions of yen)

Account title	1Q of FY 2015 (from April 1, 2015 to June 30, 2015)	1Q of FY 2016 (from April 1, 2016 to June 30, 2016)
Net sales	2,304,083	1,808,803
Cost of sales	2,082,289	1,642,271
Gross profit	221,794	166,532
Selling, general and administrative expenses	142,130	139,828
Operating income	79,664	26,704
Non-operating income:		
Interest income	674	774
Dividend income	14,784	7,756
Foreign currency exchange gain	—	3,749
Equity in earnings of affiliates	10,288	7,476
Other	5,002	9,047
Total non-operating income	30,748	28,802
Non-operating expenses:		
Interest expense	6,001	7,851
Foreign currency exchange loss	1,291	—
Other	6,096	5,133
Total non-operating expenses	13,388	12,984
Ordinary income	97,024	42,522
Special gain:		
Gain on sales of non-current assets	1,303	1,385
Other	292	294
Total special gain	1,595	1,679
Special loss:		
Loss on sales of non-current assets	346	359
Loss on disposal of non-current assets	3,040	1,647
Impairment loss	1,042	1,249
Restructuring cost	—	9,787
Other	1,329	532
Total special loss	5,757	13,574
Income before income taxes	92,862	30,627
Income taxes	32,419	3,551
Profit	60,443	27,076
Profit attributable to non-controlling interests	7,150	1,843
Profit attributable to owners of parent	53,293	25,233

Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

Account title	1Q of FY 2015 (from April 1, 2015 to June 30, 2015)	1Q of FY 2016 (from April 1, 2016 to June 30, 2016)
Profit	60,443	27,076
Other comprehensive income (loss):		
Unrealized gain (loss) on securities	13,879	(14,383)
Unrealized gain (loss) on hedging derivatives	1,071	1,091
Foreign currency translation adjustment	(4,093)	(74,100)
Retirement benefits liability adjustment	(88)	267
Share of other comprehensive income (loss) of affiliates accounted for by equity method	(113)	(13,463)
Total other comprehensive income (loss)	10,656	(100,588)
Comprehensive income (loss)	71,099	(73,512)
Comprehensive income (loss) attributable to:		
Owners of parent	61,476	(57,874)
Non-controlling interests	9,623	(15,638)

(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 2015 (April 1, 2015 - June 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	1,902,891	45,757	278,568	76,867	2,304,083	-	2,304,083
In-house Intersegment Sales and Transfers	1,635	-	1,178	12,211	15,024	(15,024)	-
Total	1,904,526	45,757	279,746	89,078	2,319,107	(15,024)	2,304,083
Segment Income (Loss)	60,348	12,327	15,568	6,983	95,226	1,798	97,024

(Note 1) The segment income (loss) adjustments of 1,798 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 1,793 million yen.

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

II. First Quarter of FY 2016 (April 1, 2016 - June 30, 2016)

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	1,446,863	56,127	232,666	73,147	1,808,803	-	1,808,803
In-house Intersegment Sales and Transfers	2,753	-	1,110	9,370	13,233	(13,233)	-
Total	1,449,616	56,127	233,776	82,517	1,822,036	(13,233)	1,808,803
Segment Income (Loss)	37,423	(3,334)	(1,402)	7,691	40,378	2,144	42,522

(Note 1) The segment income (loss) adjustments of 2,144 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 2,090 million yen.

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

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