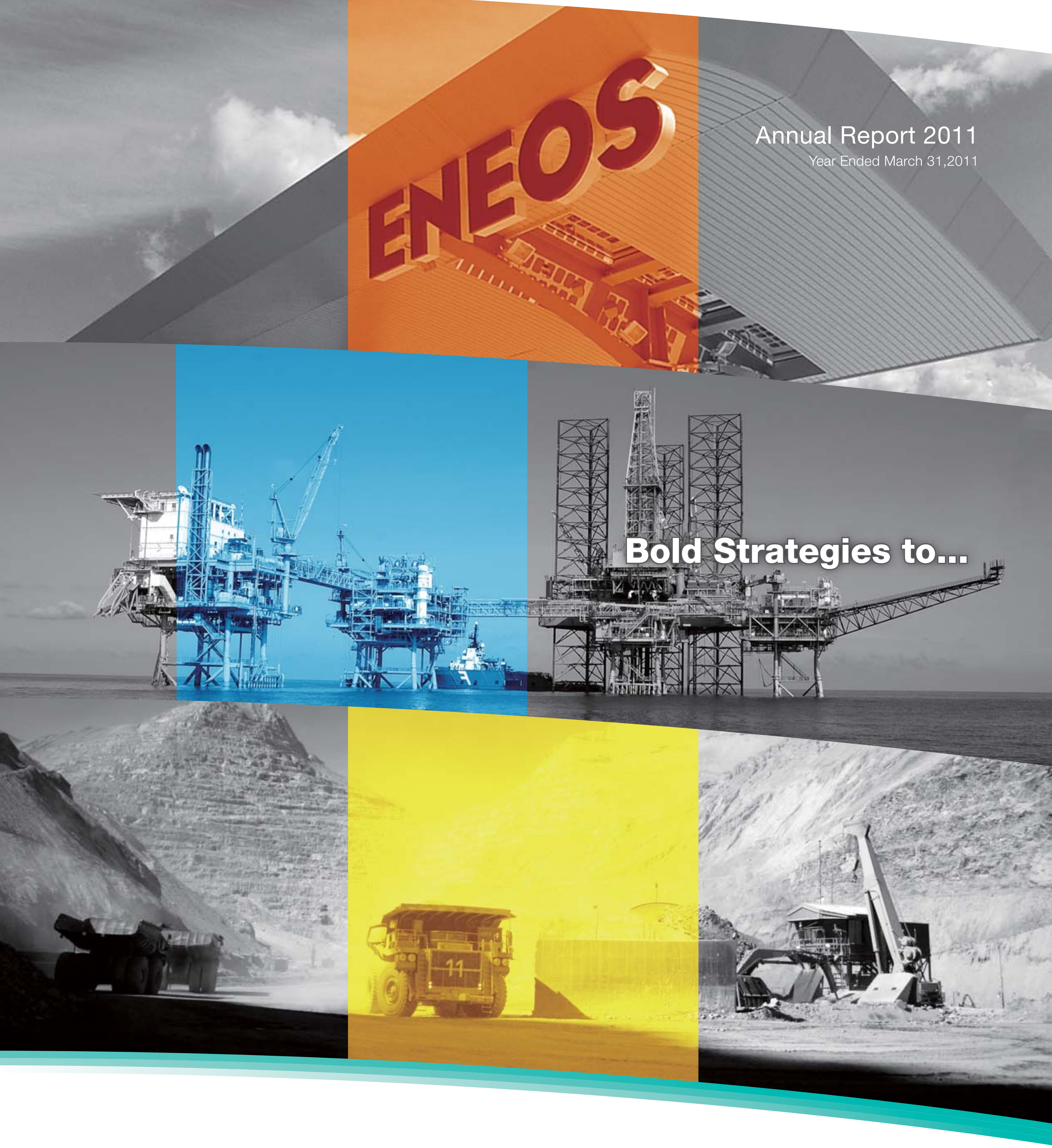
Annual Report 2011

Year Ended March 31,2011



JX Holdings, Inc.

Build Our Global Presence

JX Holdings, Inc. came into being on April 1, 2010, accompanying the management integration of Nippon Oil Corporation and Nippon Mining Holdings, Inc., both enterprises with more than 100 years of history. These two companies supported Japan's development and established a strong presence in the fields of energy, resources, and materials. We have inherited assets, technologies, and know-how in many areas accumulated over many long years, and excellent brands. The JX Group comprises three core companies operating in the fields of Petroleum Refining and Marketing, Oil and Natural Gas Exploration and Production, and Metals. In each of their respective fields, the JX Group conducts operations integrated from upstream resource development to petroleum refining and marketing, chemicals, copper smelting and refining, recycling and environmental services, and electronic materials.

JX Holdings has made a preemptive move ahead of changes in the operating environment and secured a substantially stronger base as a result of the management integration. On experiencing the earthquake of enormous magnitude that occurred in March 2011, we, of the JX Group, have a renewed awareness of the importance of stable supplies of energy as our social responsibility. We want to fulfill our mission of providing supplies of energy, resources, and materials, stably and efficiently, to Japan and the other countries of the world. JX Holdings will sustain its growth into the future by establishing strong business models that maximize the potential value in each of our businesses and implementing aggressive strategies on a global scale.

Operational Roots of the Three Businesses

The JX Group has contributed to Japan's development for more than 100 years by providing stable supplies of petroleum products and copper, both of which are indispensable for our lives. Today, we are facing the need to create a sustainable society. As a leading Japanese company, we continue to evolve as a world-leading "integrated energy, resources, and materials business group."

1900 1920 1940 1960

Meiji Restoration—Modernization of Japan

Founded with the mission of securing the natural resources necessary for Japan's modernization

Postwar Recovery—Era of Rapid Growth

Development of supply capabilities in response to the rapid rise in demand for natural resources

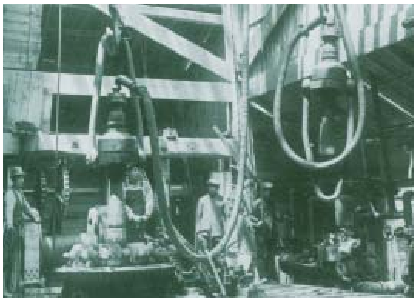
Nippon Oil Corporation

O Establishment

1888 Nippon Oil Co., Ltd. established and began the production of crude oil in Niigata Prefecture

P Expansion of the Petroleum Refining and Marketing business

1919 Japan's first service station completed
1931 Mitsubishi Oil Co., Ltd. established
1933 Koa Oil Co., Ltd. established
1945 Marifu Refinery opened
1951 Nippon Petroleum Refining Co., Ltd. established as a 50-50 joint venture with Caltex Petroleum Corporation
1956 Muroran Refinery opened
1960 Kyushu Oil Co., Ltd. established
1961 Mizushima Refinery opened
1964 Oita Refinery opened
1964 Negishi Refinery opened
1968 Tohoku Oil Co., Ltd. established
1971 Osaka Refinery opened
1971 Sendai Refinery opened



Nippon Mining Holdings, Inc.

M Establishment

1905 Hitachi Mine opened
1912 Kuhara Mining Co., Ltd. established
1916 Saganoseki Smelter & Refinery opened
1929 Nippon Mining Co., Ltd. established

O Expansion of the Oil and Natural Gas Exploration and Production business

1914 Began oil exploration
1933 Succeeded in oil production in Akita Prefecture

P Expansion of the Petroleum Refining and Marketing business

1939 Began marketing of petroleum products
1961 Mizushima Refinery opened
1965 Kyodo Oil Co., Ltd. established to amalgamate marketing departments
1967 Kashima Oil Co., Ltd. established

M Downstream development of Metals business (Electronic materials business)

1964 Kurami Works opened
1985 Isohara Works opened

P Petroleum Refining and Marketing Business

O Oil and Natural Gas Exploration and Production Business

M Metals Business

1980 | 2000

Oil Crisis—Globalization

Aimed for securing stable supplies of natural resources

Maturing of the Domestic Market—Working to Realize a Sustainable Society

Implementing business restructuring to prevail over increasingly intense competition in a mature domestic market

O Drive to develop oil sources overseas

1990 Acquired Merlin, owner of rights for exploration in Papua New Guinea

1990 Natural gas discovered in the Helang gas field in Malaysia

1994 Acquired exploration and development rights in the United Kingdom from Petrofina

1994 Oil discovered in the Rang Dong oil field offshore Vietnam

1997 Natural gas discovered in the Berau Block in Indonesia

P Strengthening of the Petroleum Refining and Marketing business

1999 Nippon Oil and Mitsubishi Oil merged to form Nippon Mitsubishi Oil Corporation

2001 Launched the ENEOS brand

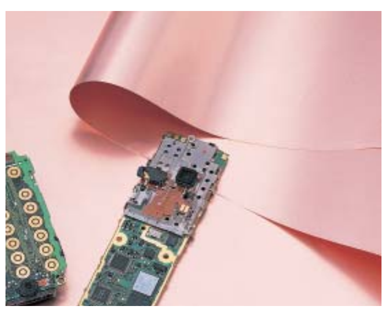
2002 Name changed from Nippon Mitsubishi Oil Corporation to Nippon Oil Corporation

2002 Nippon Mitsubishi Petroleum Refining Co., Ltd., Koa Oil and Tohoku Oil merged to form Nippon Petroleum Refining Co., Ltd.

2005 Nippon Oil and Nippon Petroleum Gas Co., Ltd. merged

2008 Nippon Petroleum Refining and Nippon Petrochemicals Co., Ltd. merged

2008 Nippon Oil and Kyushu Oil merged



O Drive to develop oil sources overseas

1973 Started production in the Mubarraz oil field (UAE)

M Participation in overseas mining projects

1990 Began production at the Escondida Copper Mine (Chile)

1999 Began production at the Collahuasi Copper Mine (Chile)

2000 Began production at the Los Pelambres Copper Mine (Chile)

P Strengthening of the Petroleum Refining and Marketing business

1992 Refining division (of Nippon Mining) and marketing division (of Kyodo Oil) integrated to form Nikko Kyodo Co., Ltd.

1993 Nikko Kyodo renamed Japan Energy Corporation, and adopted the JOMO brand

1999 Kashima Oil became a subsidiary.

M Restructuring of the Metals business

1992 Metals business split off to form Nippon Mining & Metals Co., Ltd.

1999 Formed a joint venture copper smelter with a South Korean company (currently LS-Nikko Copper Inc.)

2000 Formed an alliance with Mitsui Mining & Smelting Co., Ltd. in the copper smelting and refining business and formed Pan Pacific Copper Co., Ltd.

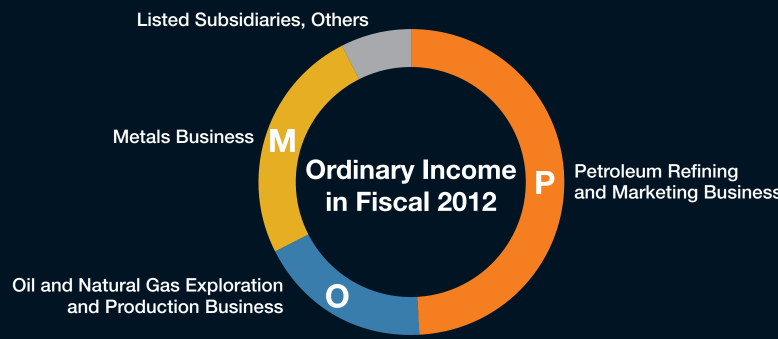
P M **2002** Nippon Mining Holdings, Inc. established as joint holding company of Japan Energy and Nippon Mining & Metals

The Birth of JX Group and Its Clear Strategies

The JX Group, which comprises the Petroleum Refining and Marketing, Oil and Natural Gas Exploration and Production, and Metals businesses, came into being in April 2010. The Group has established management objectives and strategies in its three-year Medium-Term Management Plan that began in fiscal 2010 and is implementing initiatives in line with this plan with the aim of attaining long-term, sustainable growth.

2010

Three Core Businesses	Business Overview
Petroleum Refining and Marketing Business **JX Nippon Oil & Energy**  Please refer to ☛ Page 29	▶ **Market share of domestic sales of petroleum products (gasoline, kerosene, diesel fuel, fuel oil A)** 37% (No.1 in Japan) ▶ **Paraxylene supply capacity** 2.62 million tons/year (No.1 in Asia) ▶ **Main products** **Petroleum products:** Gasoline, kerosene, diesel fuel, heavy fuel oil, lubricants, etc. **Petrochemical products:** Paraxylene, benzene, propylene, etc.
Oil and Natural Gas Exploration and Production (E&P) Business **JX Nippon Oil & Gas Exploration**  Please refer to ☛ Pages 20 and 32	▶ **Production volume of crude oil and natural gas** 140 thousand BOED*1 (a project company basis) ▶ **Main Operating Areas** The U.K. North Sea, the U.S. Gulf of Mexico, Canada, UAE, Indonesia, Malaysia, Vietnam, and Papua New Guinea *1 BOED: Barrels of oil equivalent per day
Metals Business **JX Nippon Mining & Metals**  Please refer to ☛ Pages 24 and 34	▶ **Mine production volume** 100 thousand tons/year*2 ▶ **Refined copper production capacity** 1,170 thousand tons/year*3 ▶ **Manufacture and sale of electronic materials** Product groups with market share of No.1 in the world *2 Sum of equity entitled copper production in copper concentrate at invested mines *3 This figure is the sum of Pan Pacific Copper (66% owned by JX Nippon Mining & Metals), 610 thousand tons per year, and LS-Nikko Copper (39.9% owned by JX Nippon Mining & Metals), 560 thousand tons per year.

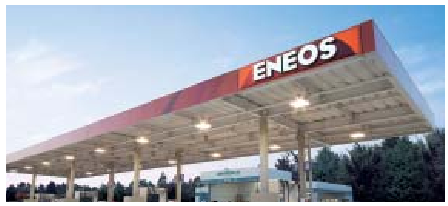


Composition of ordinary income in fiscal 2012 under the Medium-Term Management Plan

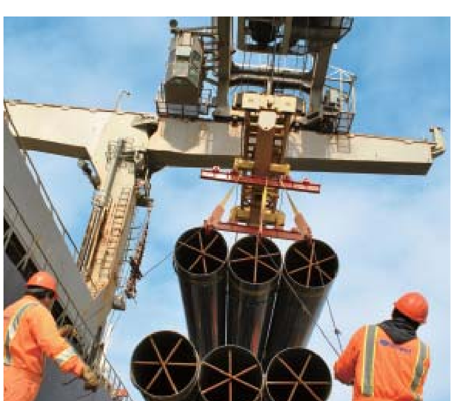
2012

Business Environment	Medium-Term Management Plan Business Strategies
▶ **Domestic demand for fuel oils is gradually declining as a result of energy conservation and the shifts toward alternative fuels.**	▶ **Build the Most-Competitive Structure for Petroleum Refining and Marketing in Japan** • Realize ¥109.0 billion in positive benefits by fiscal 2012 through creating the synergies of the integration and increasing the efficiency in refining operations • Reduce refining capacity by 600 thousand barrels per day by March 2014 (compared with March 2009) in response to the decrease in domestic demand • Proceed with LNG terminal project
▶ **World demand is firm, especially in the rest of Asia, for petroleum products and petrochemical products.**	▶ **Develop Overseas Business Operations, Focusing on Capturing Demand in Other Asian Countries** • Expand supplies of petrochemicals (paraxylene and high-performance functional chemicals) • Expand lubricants business overseas • Promote the acquisition of additional E&P rights for coal
▶ **A shift toward renewable energy is proceeding worldwide.**	▶ **Implement Aggressive Initiatives in New Energy** • New energy businesses: Residential-use fuel cells, photovoltaic cells, and power storage batteries
▶ **Rise of resource nationalism, more-intense competition for natural resources** ▶ **Increase in prices of resource acquisitions as a result of higher crude oil prices**	▶ **Expand Reserves and Production in the Medium-to-Long Term Mainly through Positioning Exploration Activities as the Basis for Growth** • Of the total of ¥320.0 billion in investments scheduled for three years under the Medium-Term Management Plan, spend ¥75.0 billion on exploration activities
▶ **Rise in number of projects with difficult conditions and high E&P costs**	▶ **Reduce Risk by Focusing on Core Countries and Accumulating Knowledge** • **Core countries:** Vietnam, Malaysia, and the United Kingdom (North Sea) • **Core candidate countries:** Abu Dhabi, Qatar, Indonesia, Papua New Guinea ▶ **Promotion of New Technologies** • Develop and promote new technologies, such as enhanced oil recovery
▶ **Expansion in demand for refined copper, especially in China, and continuing shortage of copper concentrate**	▶ **Establish a Highly Profitable Business Structure with Balanced Resource Development and Smelting and Refining Businesses** • Increase the ratio of equity entitlement copper mine production of copper concentrate by proceeding with the development of the Caserones Copper Mine (in Chile) • Expand mining concession acquisition targets by leveraging new smelting technology
▶ **More-intense competition for natural resources and increasing need in society for recycling**	▶ **Expand Environmental Recycling Business to Meet Market Needs** • Bring the HMC (Hitachi Metal Recycling Complex) into full production • Strengthen collection of materials for recycling through the use of overseas recycle centers • Develop and commercialize recycling technologies for used automotive lithium-ion batteries
▶ **Expansion in the markets for smartphones, tablet PCs, eco-cars, and other cutting-edge products**	▶ **Develop Electronic Materials Targeted at Growth Fields and Create New Markets** • Enhance functionality of treated rolled copper foil • Win market share in sputtering targets for leading-edge semiconductor production lines • Strengthen fully integrated systems for precision rolling and precision processing (press and plating processes) • Commercialize under-bump metallurgy (UBM) formation services, cathode materials for automotive lithium-ion batteries, and other advanced uses

Contents



Special Feature



The JX Group is proceeding with resource development projects around the world aimed at securing a stable supply of resources as it also undertakes new exploration work and seeks to secure rights in promising projects. This year's special feature spotlights the Rang Dong oil field project in Vietnam, which is one of the Group's principal undertakings, and the Caserones Copper Mine in Chile, which is scheduled to go into operation in 2013.

Cautionary Statement Regarding Forward-Looking Statements

This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statement, due to various factors, including but not limited to, the following:
(1) macroeconomic conditions and changes in the competitive environment in the energy, resources, and materials industries;
(2) changes in laws and regulations; and
(3) risks related to litigation and other legal proceedings.

Financial Highlights

JX Holdings, Inc. and Consolidated Subsidiaries
(Nippon Oil Corporation and Consolidated Subsidiaries)
(Nippon Mining Holdings, Inc. and Consolidated Subsidiaries)

Fiscal years ended March 31

	Millions of U.S. dollars	Billions of yen		
	2011	**2011**	2010*	2009
Operating Results (For the Year)				
Net sales				
JX Holdings, Inc.	**115,868**	**9,634.4**	9,008.0	—
Nippon Oil Corporation	**—**	**—**	5,774.3	7,389.2
Nippon Mining Holdings, Inc.	**—**	**—**	3,233.7	4,065.1
Operating income (loss)				
JX Holdings, Inc.	**4,022**	**334.4**	130.5	—
Nippon Oil Corporation	**—**	**—**	86.7	(312.5)
Nippon Mining Holdings, Inc.	**—**	**—**	43.7	(101.7)
Ordinary income (loss)				
JX Holdings, Inc.	**4,975**	**413.7**	187.3	—
Nippon Oil Corporation	**—**	**—**	113.3	(275.4)
Nippon Mining Holdings, Inc.	**—**	**—**	74.0	(67.4)
Ordinary income (loss) (excluding inventory valuation factors)				
JX Holdings, Inc.	**4,283**	**356.1**	(15.3)	—
Nippon Oil Corporation	**—**	**—**	(43.5)	171.6
Nippon Mining Holdings, Inc.	**—**	**—**	28.1	92.1
Net income (loss)				
JX Holdings, Inc.	**3,749**	**311.7**	73.1	—
Nippon Oil Corporation	**—**	**—**	43.3	(251.6)
Nippon Mining Holdings, Inc.	**—**	**—**	29.8	(40.8)
Financial Position (At Year-End)				
Total assets				
JX Holdings, Inc.	**75,285**	**6,260.0**	6,196.7	—
Nippon Oil Corporation	**—**	**—**	4,129.2	3,969.7
Nippon Mining Holdings, Inc.	**—**	**—**	2,067.5	1,886.1
Net assets				
JX Holdings, Inc.	**22,685**	**1,886.2**	1,765.7	—
Nippon Oil Corporation	**—**	**—**	1,059.1	1,016.3
Nippon Mining Holdings, Inc.	**—**	**—**	706.6	659.9
	U.S. dollars	Yen		
Per Share Data (For the Year)				
Net income (loss)				
JX Holdings, Inc.	**1.51**	**125.35**	—	—
Nippon Oil Corporation	**—**	**—**	29.70	(172.42)
Nippon Mining Holdings, Inc.	**—**	**—**	32.17	(44.02)
Cash dividends				
JX Holdings, Inc.	**0.19**	**15.50**	—	—
Nippon Oil Corporation	**—**	**—**	18	20
Nippon Mining Holdings, Inc.	**—**	**—**	15	14

Note: U.S. dollar amounts have been converted at the rate of March 31, 2011.
* Figures for JX Holdings, Inc. for the fiscal year ended March 31, 2010 are on a pro-forma basis for Nippon Oil Corporation and consolidated subsidiaries and Nippon Mining Holdings, Inc. and consolidated subsidiaries.

Operating Highlights

JX Holdings **J**
P Petroleum Refining and Marketing Business
O Oil and Natural Gas Exploration and Production Business
M Metals Business

August 2011	P	Agreement reached to establish a joint venture for paraxylene with SK Global Chemical Co., Ltd., of South Korea
	P	Reached basic agreement to establish a joint venture for lubricant base oil with SK Lubricants Co., Ltd., of South Korea
July	O	Acquired rights to new oil exploration block offshore Vietnam
	M	Signed loan agreements for a total of US$1.4 billion for financing the development of the Caserones Copper Mine project
June	J	Held the First General Meeting of Shareholders
	O	Conducted pilot test of CO_2EOR* at the Rang Dong oil field offshore Vietnam
May	P	Completed research facility for testing the High Severity Fluid Catalytic Cracking (HS-FCC) process
	P	Power Carbon Technology Co., Ltd., a joint venture with GS Caltex Corporation, began construction of a plant for anode materials for lithium-ion batteries
	O	Discovered oil in Block WA-191-P of Australia's Northwest Shelf
	O	Acquired a new block for exploration offshore Qatar
April	O	Discovered natural gas in Block WA-290-P of Australia's Northwest Shelf
	O	Discovered oil in Block PPL219 in Papua New Guinea
March	P M	Refineries, works, and other business locations of the JX Group suffered damage from the Great East Japan Earthquake.
	P	Integrated Mitsui Marubeni Liquefied Gas Co., Ltd. and the JX Group's LP gas business, and formed ENEOS GLOBE Corporation
	O	Confirmed natural gas and condensate in Block 22/25a of the U.K. North Sea
February	O	Discovered oil and gas in Block 05-1b/c offshore southern Vietnam
	O	Confirmed a spread of hydrocarbon in the ultradeep sea prospect of the U.S. Gulf of Mexico
	O	Abu Dhabi Oil Co., Ltd. signed a new concession agreement covering the existing fields and an additional concession area.
	M	Made decision to construct a new work in Kakegawa, Shizuoka for pressing and plating of precision components and materials for use in car electronic parts
January	O	Discovered gas and condensate in Block 16-2 offshore Vietnam
	P	The Russian government issued its first emission rights in connection with a joint implementation project with the participation of Mitsubishi Corporation and the Gazprom Group for the recovery and effective use of oil field flare gas.
	M	Made the decision to substantially expand the capacity of manufacturing facilities for cathode materials for automotive lithium-ion batteries
December 2010	P	Established PT. JX Nippon Oil & Energy Lubricants Indonesia for manufacturing lubricants
October	P	Established Osaka International Refining Company, Limited (OIREC), a joint venture with China National Petroleum Corporation's subsidiary in Japan
	O	New licenses awarded in the U.K. North Sea
July	J	**Founded the three core operating companies in the JX Group**
	P	Made the decision to build an LNG satellite terminal in Kushiro, Hokkaido
May	J	Prepared the JX Group Medium-Term Management Plan and Long-Term Vision
	M	Acquired additional equities to the Escondida Copper Mine in Chile
	M	Began operations of a pilot plant for recovering valuable metals from used lithium-ion batteries and other sources
April	J	**Established JX Holdings, Inc.**

Facility located at the Mizushima Refinery in Okayama Prefecture for testing and research on the HS-FCC process

Signing ceremony for acquisition of new rights offshore Qatar

Decided to expand production capacity for cathode materials for use in automotive lithium-ion batteries (at the Isohara Works in Ibaraki Prefecture)

Birth of JX Holdings

* CO_2EOR: CO_2 Enhanced Oil Recovery. Technology for injecting CO_2 under pressure into underground oil layers to improve recovery

To Our Shareholders and Investors

Shinji Nishio

Representative Director
and Chairman of the Board

JX Holdings was created in April 2010 through the management integration of Nippon Oil Corporation and Nippon Mining Holdings, Inc., with the aim of making a preemptive move ahead of structural changes in the business environment and competing successfully in the fields of energy, resources, and materials.

The biggest issue to be addressed by the management integration is the creation of the most-competitive manufacturing and marketing structure in Japan through the dramatical transformation of the JX Group's Petroleum Refining and Marketing business. Fiscal 2010, ended March 31, 2011, was the first year under the integrated structure. To respond to the decline in demand for petroleum products in Japan, we completed a reduction in oil refining capacity of 400 thousand barrels per day. Also, we were able to realize synergies as a result of the integration, ahead of schedule. During this period, margins on petroleum products remained robust and our Petroleum Refining and Marketing business effectively moved out of its former loss-making position, and we were able to report ordinary income substantially above our initial forecast.

In the Oil and Natural Gas Exploration and Production (E&P) business, we are aiming to expand production positioning exploration activities as the basis. We are making a series of promising discoveries and confirmations of reserves in Vietnam, the U.S. Gulf of Mexico, the U.K. North Sea, and elsewhere, while also acquiring promising fields rights in Qatar and other areas. In addition, Abu Dhabi Oil Co., Ltd., which is an affiliate accounted for under the equity method, signed the new concession agreement valid for 30 years after the expiration of the current concession agreement covering the three existing fields and an additional concession area.

In the Metals business, we proceeded to strengthen our resource development business, aiming to increase our ratio of equity entitlement copper mine production of copper concentrate, through the acquisition of additional equities to the Escondida

Copper Mine in Chile. We also proceeded with construction work on the Caserones Copper Mine in Chile, which is scheduled to begin production in 2013. In our recycling and environmental services business, we brought the HMC (Hitachi Metal Recycling Complex) into full operation. In the electronic materials business, we made the decision to expand capacity for the production of cathode materials for automotive lithium-ion batteries. All of these developments reflect our aggressive implementation of initiatives under our future-oriented growth strategies.

Reflecting the progress we made during the fiscal year, consolidated net sales of the JX Group were ¥9,634.4 billion and ordinary income amounted to ¥413.7 billion. After excluding inventory valuation factors, ordinary income was ¥356.1 billion. Consolidated net income amounted to ¥311.7 billion.

Although the JX Group made a smooth start in its first year, our Sendai Refinery and Kashima Refinery suffered severe damage as a result of the Great East Japan Earthquake, which occurred on March 11, 2011. Management and staff of the Group responded by uniting all the efforts in the organization to achieve recovery at the earliest possible date, and, as a result, the Kashima Refinery began operations again in June 2011. The Sendai Refinery recovered its receiving and shipping capabilities in May, and work is now in progress to bring that refinery back into refining operations by the end of March 2012. Fiscal 2011 will be a year of crucial testing of the true value of the newly created JX Group.

The earthquake has reconfirmed the vital importance of stable supplies of petroleum and other energy sources. The JX Group will continue its business reform efforts without letup with the goal to be a world-leading “integrated energy, resources, and materials group.” As we continue to move toward this goal, we ask for the understanding and support of all the shareholders and investors.

Interview with the President

Mitsunori Takahagi
Representative Director
and President

About one year has passed since the establishment of the JX Group. As the Group has been faced with a severe crisis in the form of a major earthquake, it has responded with all its capabilities to fulfill its mission of providing stable supplies of energy and materials, and, as an organization, the JX Group has been able to become even more closely united. Implementation of the Medium-Term Management Plan is proceeding smoothly, and the Group is realizing the maximum benefits of the management integration. The JX Group will continue to advance toward its objective without letup.

Question

It has been about one year since you embarked on the management integration with the watchwords of "best practices." What are your thoughts now that you look back over the first year? Could you give us your summary appraisal of the financial results, including progress toward the objectives of the Medium-Term Management Plan?

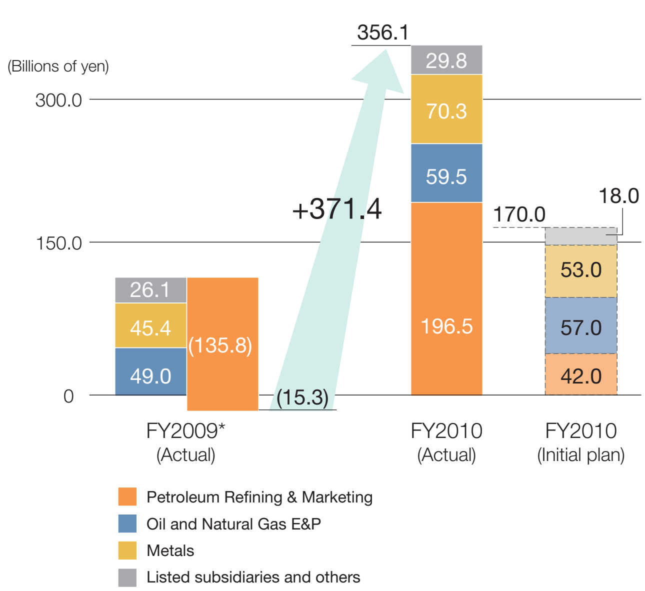
We reported good results and made a smooth start in fiscal 2010. We have also made steady progress toward addressing the main themes of our Medium-Term Management Plan.

All of the three core operating companies reported increases in profit in fiscal 2010, ended March 31, 2011, which was the first year for JX Holdings. After excluding inventory valuation factors, ordinary income was ¥356.1 billion, which was ahead of our original plan and, we believe, was a smooth start for the operations of the JX Group. We made a smooth transition toward the integration of our organization and personnel, and we all worked together to overcome the crisis conditions following the Great East Japan Earthquake.

We also achieved major results in addressing the key theme of our Medium-Term Management Plan, which is to make a dramatical transformation in our Petroleum Refining and Marketing business. First, to take appropriate measures for dealing with the decline in domestic demand for petroleum products in Japan, we reduced refining capacity by 400 thousand barrels per day and created the structure that will increase refinery utilization. Moreover, we were able to realize a positive impact of ¥49.6 billion by promoting integration synergies and improvements in refining efficiency, which we had initially estimated at ¥30.0 billion. We also made steady progress, in spite of the aftereffects of the earthquake, toward dealing with another major theme of the Medium-Term Management Plan, which is to allocate management resources on a priority basis to highly profitable business areas.

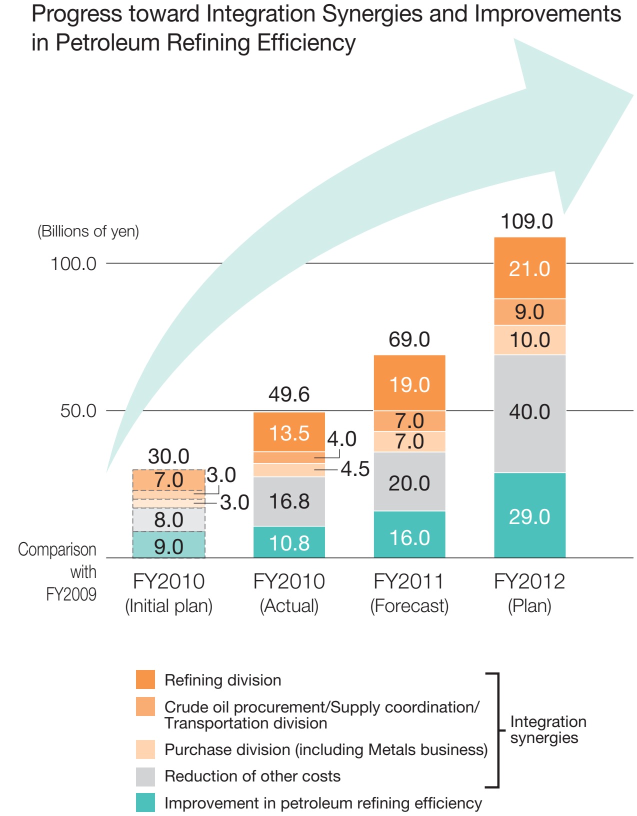
Nevertheless, we cannot let up on our reform efforts. I believe, although the JX Group reported steady results in our first year, fiscal 2011, our second year, will be a crucial time for us to attain major growth and development in the years ahead.

Ordinary Income Excluding Inventory Valuation Factors



* Unaudited pro forma combined consolidated financial results of Nippon Oil and Nippon Mining

Progress toward Integration Synergies and Improvements in Petroleum Refining Efficiency



Question

How much damage did the Group suffer as a result of the Great East Japan Earthquake? Will this have an impact on capital expenditures and cash flow plans?

Total special losses as a result of the disaster in fiscal 2010 and fiscal 2011 will come to ¥156.0 billion. However, we have not revised the plans for strategic growth investments nor financial objectives of the Medium-Term Management Plan.

Facilities damaged by the earthquake in our Petroleum Refining and Marketing business were the Sendai Refinery and the Kashima Refinery. In the Metals business, our Hitachi Works and Isohara Works also suffered major damage. As a consequence, we reported a special loss of ¥126.0 billion in fiscal 2010, and will post a further loss of ¥30.0 billion in the fiscal 2011 forecast. Of this total, about ¥100.0 billion will be used for the reconstruction of facilities. While this is hardly a small sum, we are viewing this as an opportunity for creating an even stronger JX. The Hitachi Works and the Isohara Works reopened for production by May 2011, and the Kashima Refinery recommenced production in June. In addition, we are aiming to recommence production at the Sendai Refinery by the end of March 2012.

While we will make these expenditures for the reconstruction of facilities to operating condition, we will maintain our positive free cash flow in the period of the Medium-Term Management Plan by reducing conventional investments, promoting additional sales of idle assets, and adopting other measures. This will enable us to sustain our strategic investments for future growth and make it possible to attain our targeted net debt-to-equity ratio of 1.0.

Special Losses due to the Earthquake

(Billions of yen)

		FY2010	FY2011 (Forecast)	Total
Petroleum Refining & Marketing	Sendai Refinery, Kashima Refinery, and others	117.0	30.0	147.0
Metals	Hitachi Works, Isohara Works, and others	8.0	0	8.0
Listed Subsidiaries and Others		1.0	0	1.0
JX Group Total		126.0	30.0	156.0

Question

You have reported major results in your dramatical transformation in the Petroleum Refining and Marketing business, but could you please comment on your growth strategy going forward?

We are making aggressive investments in businesses that are expected to grow, including petrochemicals, lubricants, and new energy sources, and we are working to expand them.

As demand is declining gradually in the domestic market, we are making steady progress in capturing demand within the Asian region. In the petrochemical business, we reached agreement in August 2011 with SK Global Chemical Co., Ltd., of South Korea, to build a paraxylene plant in Ulsan, South Korea, with a target start-up in 2014. The annual production capacity of this plant is planned to be one million tons, which will make it the largest of its kind in the world. Demand in Asian markets, especially in China, is expected to increase steadily, and we anticipate that this plant will strengthen our presence in the region. Also, in the lubricants business, we established a lubricant production company in Indonesia in fiscal 2010, and in August 2011, we reached basic agreement with SK Lubricants Co., Ltd., of South Korea, to establish a joint venture for lubricant base oil production.

As for the new energy field, residential-use fuel cells, which are our core business, have been receiving considerable attention as a strong candidate for stand-alone electric power sources ever since the major earthquake in March 2011. In October 2011, we are scheduled to launch the Solid Oxide Fuel Cell (SOFC) system, in addition to the Polymer Electrolyte Membrane Fuel Cell (PEMFC) system, which we have been supplying to the market so far. Reducing manufacturing cost is the key to developing a wider market. The SOFC system, smaller in size and higher in electrical efficiency, with fewer parts than the PEMFC system, is expected to achieve further cost reductions in the long run.

Among our other activities, in the LNG-related area, we are moving forward with the construction of LNG terminals in Hachinohe in Aomori Prefecture and Kushiro in Hokkaido. These are scheduled to go into service in fiscal 2015.

Question

As competition for resources becomes even more intense, especially among the emerging countries, what are the prospects for your Oil and Natural Gas Exploration and Production business?

As competition for resources becomes even more intense, we are expanding reserves with a basic policy of positioning exploration activities. We reported many successful results in our exploration activities in fiscal 2010, and we are finding seeds for new growth one after another.

As competition for resources intensifies, especially among the emerging countries, and as acquiring rights in the oil and gas fields that are under development or are already producing becomes increasingly difficult, we are working to expand reserves with a basic policy of positioning exploration activities.

Since the volume of output from existing oil fields declines over time, we anticipate declines in production volume of our existing oil fields during the period of the Medium-Term Management Plan. However, we are working steadily to achieve positive results in our exploration activities, which we are conducting in Vietnam, Papua New Guinea, Australia, the U.S. Gulf of Mexico, and the U.K. North Sea, and have acquired new rights in the U.K. North Sea and in Qatar. In addition, Abu Dhabi Oil Co., Ltd., which is an affiliate accounted for under the equity method, signed the new concession agreement with Abu Dhabi valid for 30 years after the expiration of the current concession agreement covering the three existing fields and an additional concession area. Through these and other activities, we are finding new opportunities to prepare for future growth.

Other activities in the development stage include the Papua New Guinea LNG project, which is proceeding with a target date for the commencement of production in 2014.

Question

Judging from the copper price, it appears that you can look forward to major contributions to profitability from the Caserones Copper Mine. Is the project moving toward completion on schedule?

Construction work and funding for the project are moving forward smoothly, and production is scheduled to begin in 2013. In additon to the sufficient return on investment from this project, the Caserones Copper Mine is going to make a major contribution to our stable procurement of copper concentrate for our smelting and refining business.

The opening date of the Caserones Copper Mine is approaching, and production will begin in 2013. For the first 10 years after production begins, this mine is scheduled to provide 180 thousand tons of copper and 3,000 tons of molybdenum annually. In July 2011, loan agreements have been signed for a total of US$1.4 billion with financial institutions. Electric power and water supply contracts have already been concluded, and we are moving forward with construction work and placement of purchase orders for necessary materials and equipment. The copper price remains at a high level, and we are looking forward to the start-up of production.

When the copper mine goes into operation, it will raise our ratio of equity entitlement copper mine production of copper concentrate* to about 50%. In addition to the sufficient return on investment from this project, the Caserones Copper Mine is going to make a major contribution to our stable procurements of copper concentrate for our smelting and refining business.

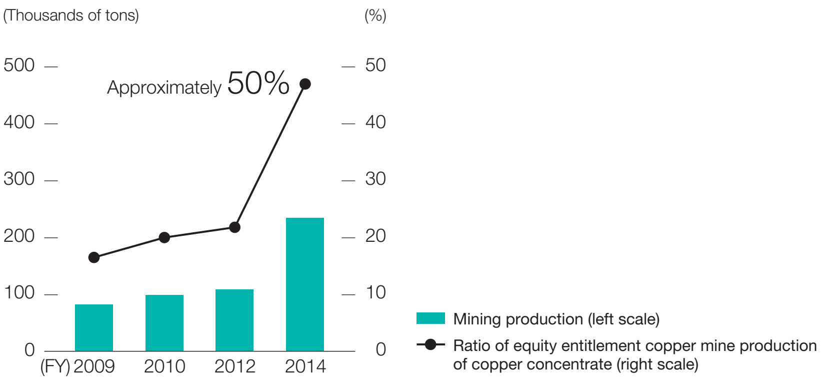
* Equity entitled copper production content in copper concentrate divided by the volume of the same necessary for the domestic smelters and refineries of the JX Group.

Copper Price (Average for the fiscal year)

(¢/lb)

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Copper Price	136	186	316	344	266	277	369

Mining Production* and Ratio of Equity Entitlement Copper Mine Production of Copper Concentrate



* Sum of equity entitled copper production in copper concentrate produced at the mines that JX Nippon Mining & Metals and Pan Pacific Copper have invested in

Question

As a final question, what will be the policy of JX Holdings regarding dividends?

Our fundamental policy will be to redistribute profits reflecting consolidated business results while striving to maintain stable dividends. Based on this policy, we have increased our dividend for fiscal 2010 by a half yen per share compared with our original plan of ¥15 per share, resulting in ¥15.5 per share. Our current plan for fiscal 2011 is ¥16 per share.

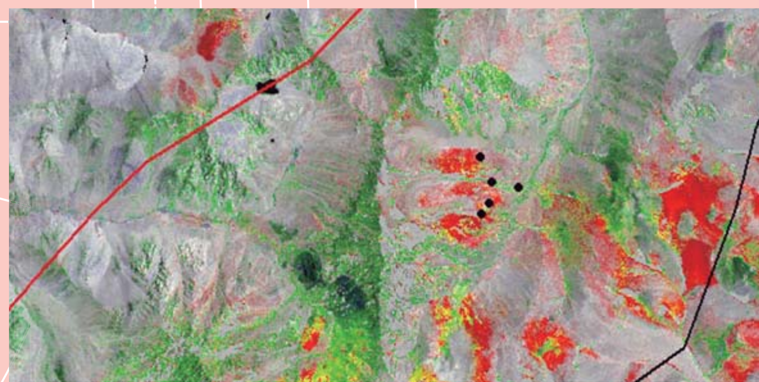
Dividend

(Yen)

	Interim dividend	Year-end dividend	Total
Fiscal 2010 (Actual)	7.50	8.00	15.50
Fiscal 2011 (Forecast)	8.00	8.00	16.00

Special Feature

Upstream Projects



Major JX Group Resource Development Projects

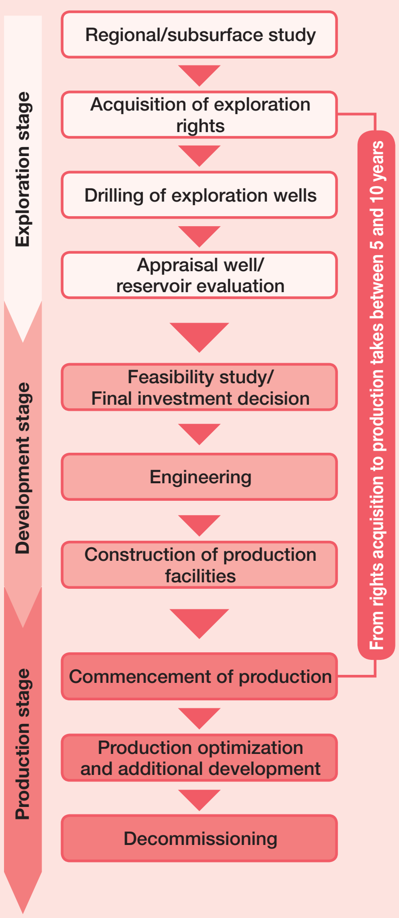
The world's consumption of petroleum and copper is forecasted to rise steadily as economic growth continues, especially in the emerging countries. The prices of petroleum and copper are continuing at high levels, and the development of such natural resources is expected to hold particular promise in the years to come.

The JX Group positions resource development as an important activity for realizing sustainable growth and is pursuing development projects in many parts of the world with the aim of securing stable supplies of resources. The Group is also continuing to take aggressive development initiatives that include exploration in new regions, acquiring rights in promising development projects, and other activities.

The Rang Dong Oil Field Project

The JX Group Is Expanding Its Exploration and Production (E&P) Initiatives to Provide Stable Oil and Gas Supplies.

Oil and Natural Gas E&P Process



The world's demand for energy is continuing to expand, especially in Asia, and international competition for oil and natural gas resources development rights is becoming ever more intense. In Japan, which has few natural resources, it has become a social imperative for oil E&P companies to secure and develop overseas oil and gas fields on their own initiative to contribute to providing stable supplies of resources.

Taking a Leadership Position as Operator in the Vietnam Rang Dong Oil Field Project

The JX Group has positioned Vietnam as a core country in its E&P activities. Among these initiatives, the Rang Dong oil field project, which is located offshore the southern coast of Vietnam, is one of the projects that the JX Group began at an early date. At present, the JX Group acts as operator, undertaking exploration, development, and production, and Rang Dong is one of the foremost oil development projects of the JX Group.

Rights Acquisition through Precise Information Analysis

Exploration and development of crude oil and natural gas require vast amounts of financial resources. Recently, along with the tightening of safety restrictions, the costs of development are continuing to increase. To undertake development activities, the first step is to acquire rights to resources in areas set aside by the resource-producing countries, and this is followed by exploration to discover underground oil and natural gas resources. However, if developers are unable to discover oil and gas in the exploration stage, it is impossible for them to recover their investments, which may run between several billion and several tens of billions of yen. To reduce this risk of development initiatives, developers must exert their fullest efforts.

In the Rang Dong oil field, crude oil has been found in a fracture of granite rocks at a depth of more than 3,000 meters, which is one of the most unusual oil strata in the world.

oil field project

Following precise research of information, the JX Group became confident that this undersea area probably contained vast amounts of crude oil and decided to obtain exploration rights to the area. Although the JX Group was unable to bid successfully for rights the first time it participated in the bidding in 1991, as a result of intensive preparation, it succeeded in winning its bid for Block 15-2 in 1992.

First Test Drilling a Success, Early Start-Up of Production

The first steps following acquisition of exploration rights are generally for the developer to gather and analyze a range of data obtained from geological, gravity/magnetic, seismic, and other surveys. Based on this research, developers identify promising regions and consider the best test drilling methods to use. How to carry out this test drilling efficiently and successfully depends on the developer's capabilities for conducting survey work accurately and in depth, and then analyzing vast amounts of data obtained. In the case of the Rang Dong oil field project, the JX Group established the Japan Vietnam Petroleum Company, Limited (97.1% owned by JX Nippon Oil & Gas Exploration), set up offices in Ho Chi Minh City and in Vung Tau, a town in the vicinity of the field, and then spent two years gathering information and analyzing data.

As a result, in June 1994, in the first test drilling the JX Group was able to hit the bull's eye and discovered the Rang Dong oil field. The JX Group's technology for assessing the fracture and deciding on the probable location of the Rang Dong oil field has been highly appraised internationally.

The Challenge of Unknown Possibilities Sleeping under the Sea

To confirm the volume of reserves in the oil strata, developers drill appraisal wells in the vicinity of the successful test drill. Based on the results, they then make judgments about the commercial production of the field and begin preparation for production. In locations several thousand meters below the seabed, drilling wells is not an easy task. In offshore areas far from land, the developing proceeds step by step, and difficulties encountered are dealt with one by one.

In the Rang Dong oil field, after making judgments about the possibilities for production, for about one and half years, the JX Group drilled production wells that would be used for extracting the oil, erected a platform, installed equipment for crude oil separation,

Name of rights area:
"Block 15-2" Located offshore southern Vietnam (130km from Vung Tau)

Percentage of rights ownership:

Japan Vietnam Petroleum (97.1% owned by JX Nippon Oil & Gas Exploration):	46.5%
ConocoPhillips (U.K.) Gama Limited:	36.0%
PetroVietnam Exploration Production Corporation:	17.5%

Production volume (rights ownership portion): 16.2 thousand BOED*

*BOED: Barrels of oil equivalent per day

JX Nippon Oil & Gas Exploration
General Director, Vietnam Office
Takao Hashimoto

Nineteen years have passed since we acquired Block 15-2, offshore Vietnam. During this time, as operator we have continued to explore for and develop reserves within this block. Following the success of our first exploration well in this block, RD-1X, which was drilled in 1994, oil production commenced from the Rang Dong oil field in 1998. Thereafter, we have continued to efficiently expand the development area following further successful appraisal wells until reaching the present full field development. Our 140 employees (including 120 Vietnamese) ensure our petroleum operations continue smoothly. At present, we are implementing initiatives designed to further increase oil recovery from the field, such as carrying out the first tests in Vietnam of Enhanced Oil Recovery technology. As one of the company's major projects, our operations in this block continue to generate significant cash flows. Please continue to follow our progress.

constructed a pipeline along the seabed, and readied other necessary facilities and equipment. Crude oil production began in September 1998. Thereafter, the JX Group conducted exploration activities in the vicinity of the Rang Dong oil field, and, as a result, the Fundon oil field, which is located northeast of the Rang Dong oil field, was discovered, and production there began in September 2008. In more recent drilling activities, in January 2011, natural gas condensate was discovered in Block 16-2, and, in February 2011, an oil and gas layer was found in Block 05-1b/c. At present, the JX Group is assessing and considering the reserve volume in more detail.

Aiming for Harmony with the Natural Environment

One of the features of the Rang Dong oil field is that the JX Group has followed global quality environmental best practices. Methane, propane, and other gaseous by-products of the crude oil production are recovered and supplied through an undersea pipeline as fuel for electric power generation in Vietnam. Formerly, such gases were burned at the production site. As a result of these environmental initiatives, it has been possible to reduce the volume of CO_2 emissions from the site by 800 thousand tons per year. This "Rang Dong Oil Field Associated Gas Recovery and Effective Use Project" was recognized by a United Nations organization as a clean development mechanism (CDM), and it has been applied as a CDM method in projects throughout the world.

The cumulative production of the Rang Dong oil field has exceeded 170 million barrels. To extract as much of the oil as possible, highly sophisticated technology is needed. At the same time, an urgent task is to develop technology that keeps the environmental impact to a minimum. The JX Group is making the efficient use of cutting-edge technologies to increase production capacity, such as lateral drilling techniques to remove the crude oil deposits that run horizontally through the strata. Also, at the Rang Dong oil field, the JX Group is conducting pilot tests of the CO_2 Enhanced Oil Recovery (CO_2EOR) method, which involves injecting CO_2 into the oil strata under pressure to increase recovery efficiency.

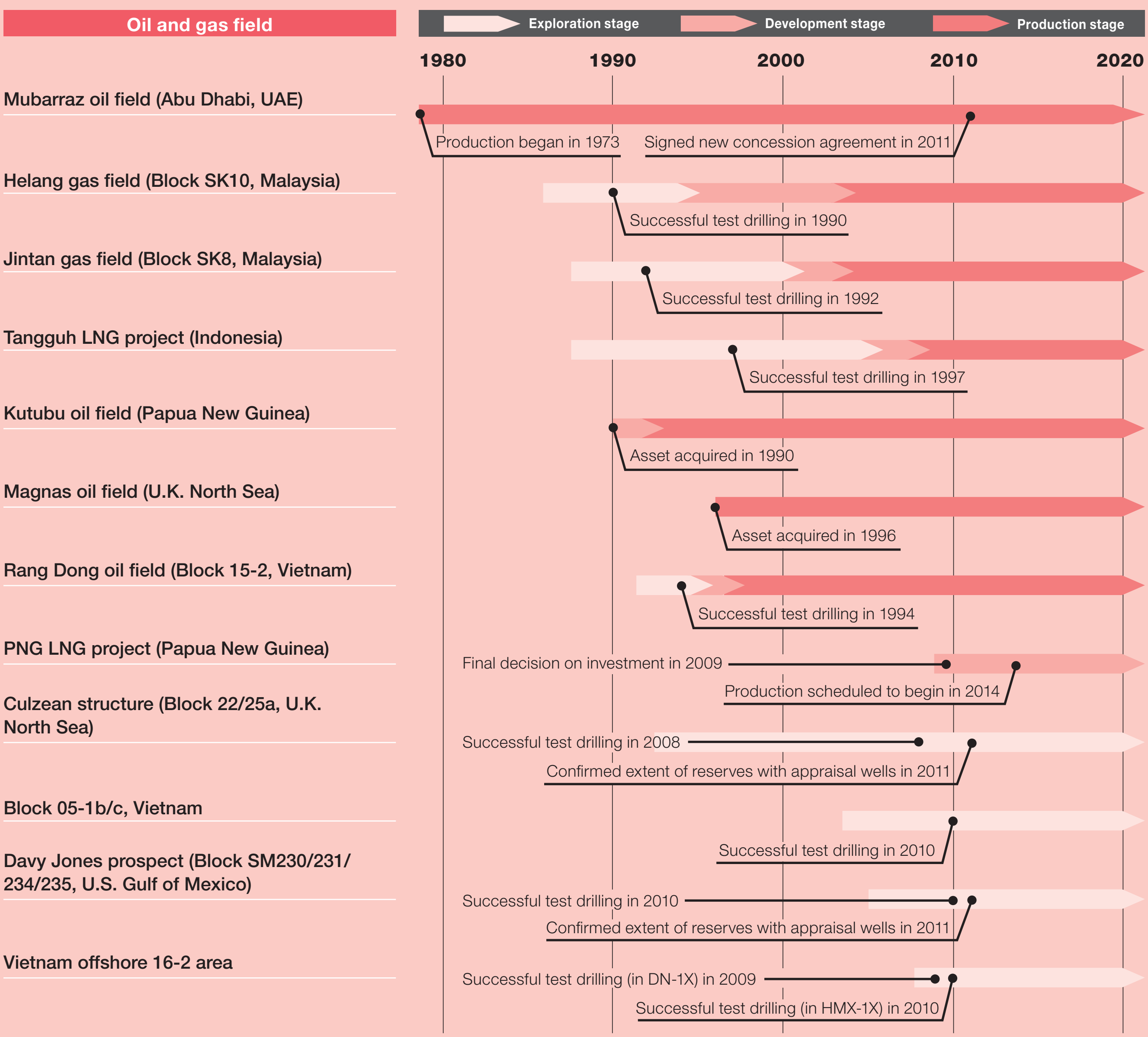
The JX Group aims to proceed with its exploration activities to find heretofore undiscovered sources and develop new crude oil and gas fields while minimizing the environmental impact of its activities.

Strategy & Technology

Strategy for Oil and Gas E&P

The JX Group is continuing to make aggressive investments to develop oil and gas fields overseas with the goal of maintaining and expanding production volume in the medium-to-long term. Currently, JX is engaged in oil and gas development projects in 14 countries around the world. In its targeted core regions, which are Vietnam, Malaysia, and the U.K. North Sea, JX's basic strategy is to participate from the exploration stage, and it is working to increase its role as operator. In addition, JX participated in the LNG development project in Papua New Guinea that is scheduled to begin production in 2014. JX anticipates that this project will bring further growth of E&P business.

Production Schedule for Principal Exploration and Development Projects



The Caserones Copper Mine Project

To Secure Stable Supplies of High-Grade Copper Concentrate, the JX Group Is Increasing Its Ratio of Equity Entitlement Copper Mine Production.

Caserones Copper Mine Project Timeline

Mar. 2006: Decided to acquire rights to the Caserones Copper Deposit (formerly the Regalito Copper Deposit)

May 2006: Succeeded in acquiring mining concessions by a takeover bid

Sept. 2008: Began feasibility study

Feb. 2010: Decided to proceed with the development, announced the participation of Mitsui & Co. in the project

Mar. 2010: Began construction of production facilities

July 2011: Signed loan agreements for US$1.4 billion with financial institutions and others

Jan. 2013: Commencement of production of refined copper using the SX-EW (solvent extraction-electrowinning) process (Scheduled)

Sept. 2013: Commencement of production of copper and molybdenum concentrate (Scheduled)

In recent years, the volume of copper consumption has continued to expand, and China, India, and other emerging countries have increased their smelting capacity. On the other hand, since the development of new copper mines is limited, the supply and demand situation for copper concentrate has tightened worldwide. Under such circumstances, it is extremely important for the JX Group to increase the ratio of copper concentrate from sources developed by itself to ensure the stable procurement of copper concentrate for its copper smelting and refining operations.

Further Development of the Copper Business

The South American continent has rich untapped mineral resources. The JX Group is implementing the Caserones Copper Mine project in Chile, which is the world's largest producer of copper. This will be the first overseas mine development project that the JX Group has independently undertaken in about 30 years. Work on the project is moving forward at full speed, and production is scheduled to begin in 2013.

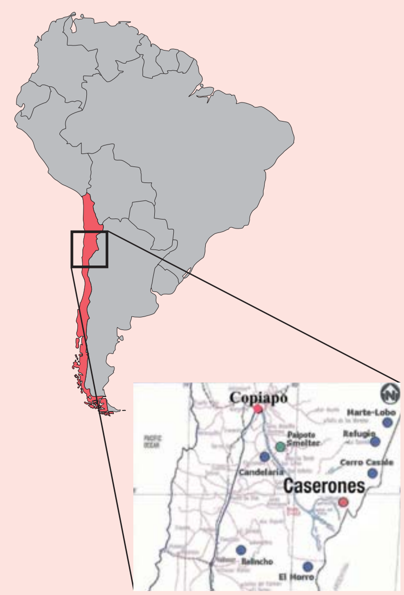
Identifying Promising Deposits in Vast Regions

Conducting remote sensing research in Chile, Pan Pacific Copper Co., Ltd. (PPC), which is 66% owned by JX Nippon Mining & Metals, found the Caserones Deposit's prospect. In May 2006, PPC made a takeover bid to a company owning the mining concession of the deposit to make it a wholly owned subsidiary, thus securing 100% of owner interest (Subsequently, 25% of the interest was sold to Mitsui & Co., Ltd.).

Copper project

At the first stage of copper mine development, remote sensing research is usually carried out. Sensors equipped with satellites or aircraft gather information about the geology and configuration of the earth's surface over about 100 thousand square kilometer areas. The Caserones Mine's prospect was identified through remote sensing surveys of such vast areas.

After remote sensing, geological surveys and geophysical prospecting are conducted to specify probable mining locations, and then drilling holes are made to confirm the presence of deposits. Securing development concessions of overseas mines requires us to participate in these projects from the exploratory stage. Upon receipt of the results of research and prospecting at the Caserones Deposit, PPC successfully acquired the mining concessions of it.



Location: 162 kilometers southeast of Copiapo, capital of the Atacama region of Chile, 15 kilometers from the border with Argentina

Elevation: 4,200 to 4,600 meters

Initial development cost: US$2.0 billion

Ownership ratio: PPC 75%
Mitsui & Co. 25%

Period for production: 2013 to 2040 (for 28 years)

Expected annual output:
(Annual average for 10 years following start-up)

Copper concentrate (copper content):	About 150 thousand tons/year
Refined copper:	About 30 thousand tons/year
Molybdenum:	About 3,000 tons/year

(Annual average for 28 years)

Copper concentrate (copper content):	About 110 thousand tons/year
Refined copper:	About 10 thousand tons/year
Molybdenum:	About 3,000 tons/year

Looking Beyond Japan to the World Market

Feasibility studies are conducted to make a decision whether to develop a promising deposit. These studies involve additional drillings for underground exploration to confirm the volume of reserves and the grade of copper. At the same time, construction costs of necessary facilities for mining and SX-EW (solvent extraction-electrowinning) and other related costs are estimated. Gathering such information, the profitability of a mining development project is comprehensively judged. Additionally, taking into consideration a country risk, a forecast of the copper price, and other necessary factors, the final decision is made.

Since the presence of molybdenum was also confirmed, the mine will produce both copper and molybdenum concentrates. In addition to production of the concentrates, the mine will produce refined copper applying the SX-EW process. The Caserones Mine will ship copper concentrate to the smelters and refineries of the PPC Group and refined copper to customers in China and other Asian countries, aiming to globally develop its business by creating a business model encompassing production in Chile and optimal sales of the output in Japan and other countries around the world.

JX Nippon Mining & Metals
General Manager, Resource Development Dept., Metals Group
Susumu Kubo (far left)

In a world where competition for natural resources is growing tougher, the success or failure of this project, in which Japanese companies own 100% of the mining concession, will receive a lot of attention. In other words, the success of the project will show Japan's ability to secure stable supplies of natural resources. This is the first overseas mine development project that the JX Group has independently undertaken in about 30 years, and the JX Group is devoting all its efforts for the success of this project. Thus far, construction work has been going on track. We would like you, too, to look forward together with us to the start-up of production in 2013.

Developing a Copper Mine with 100% Japanese Capital

In the field of resource development projects, including those for oil and natural gas, it is exceedingly unusual that overseas resource development is implemented with 100% Japanese ownership of a concession. In view of that, the Caserones Copper Mine project is the first major test of Japan's capability for securing stable sources of copper in the years to come.

For this reason, this project has received the full support of the Japanese government and government-affiliated agencies. In the loan agreements that were concluded in July 2011, a total of US$1,100 million in project finance from the Japan Bank for International Cooperation (JBIC) and four private banks and a total of US$300 million in long-term loans from five private banks were provided. Nippon Export and Investment Insurance (NEXI) is to provide the private banks with investment and loan insurance for natural resources and energy, while the Japan Oil, Gas and Metals National Corporation (JOGMEC) is to assume the project risk and provide the private banks with liability guarantees for overseas development funds. The Caserones Copper Mine is, indeed, a major national project, and the JX Group is devoting its fullest energies to making it a success.

Aiming for a Harmonious Relationship with the Local Community

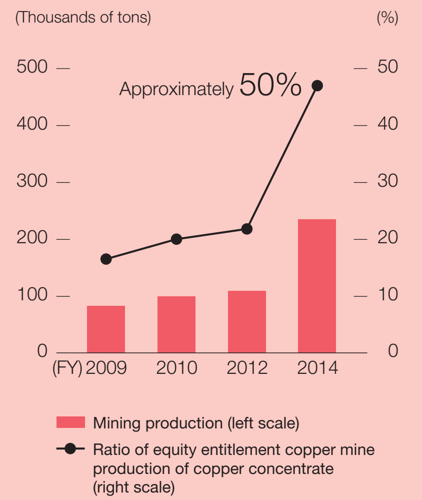
Construction work for roads, water pipelines, and other facilities in the site of the Caserones Copper Mine project is currently under way. In carrying out this development work, the JX Group is paying attention to three aspects in particular. These are "water management," which is indispensable because the Caserones Mine is located in the dry northern part of Chile; "transportation safety" of the highway from the mine to the shipping port; and "regional employment," for the development of the local community. Without mutual benefits with members of the local community and other stakeholders, the mine development project gets nowhere. The JX Group is working to build ties of trust with the local community and, eventually, with Chile, a major mining nation.

Strategy & Technology

Copper Mine Development Strategy

The JX Group invests and finances in copper mines and undertakes its own copper mine development projects, principally in South America. The Group's goal is to increase its ratio of equity entitlement copper mine production of copper concentrate and create a fully integrated operation system from copper mining to smelting and refining. This system will provide the JX Group with a stronger business base that is hardly affected by the market condition of copper concentrate. The JX Group is working to secure long-term, stable supplies of high-grade copper concentrate through increasing the ratio of procurement from the copper mines in which the Group has equities. Going forward, the JX Group will pursue its own exploratory activities, secure mining concessions in promising copper mine projects, and acquire equities in developed copper mines.

Mining Production*1 and Ratio of Equity Entitlement Copper Mine Production of Copper Concentrate*2



*1. Sum of equity entitled copper production in copper concentrate produced at the mines that JX Nippon Mining & Metals and Pan Pacific Copper have invested in
*2. Equity entitled copper production in copper concentrate (as in *1) divided by the volume of the same necessary for the domestic smelters and refineries of the JX Group

Leveraging Superior New Smelting Technology to Expand the Scope of Rights Acquisitions

The JX Group has, thus far, invested in the world's top-level copper mines, such as the Los Pelambres, Collahuasi, and Escondida Copper mines in Chile, and these investments have provided sources of copper concentrate and solid returns on the Group's invested capital. However, even in Chile, which is blessed with mineral resources, about 70% of copper production comes from mines that have been in operation for 20 years or more. As a result, such serious problems as deeper open pits at mines, deteriorating grade of copper ore, and increases in impurities are arising.

While countries rich in natural resources are now seeking new investment and technologies for innovation in productivity, to further expand production, the JX Group is taking on new challenges. One is developing "bio-leaching technology" in collaboration with CODELCO, the Chilean state-owned copper company. The other is to uniquely develop "the Nikko Chloride (N-Chlo) Process". These new technologies will allow us to recover value-bearing metals from low-grade copper ore, and, consequently, effectively use valuable resources. As a result, these technologies may extend lifetimes of existing mines, and enable us to develop low-grade copper deposits, of which developments have been thought uneconomical.

The N-Chlo Process

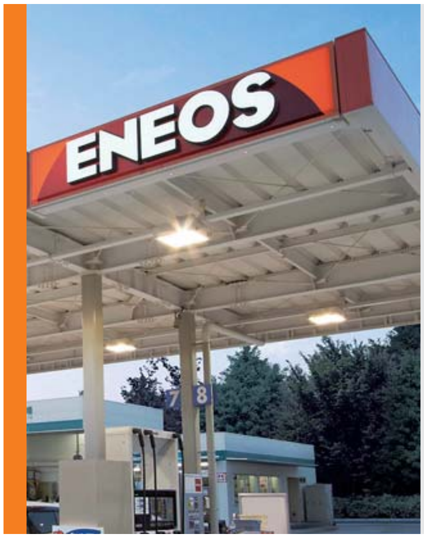
JX Nippon Mining & Metals has been uniquely developing this hydro-metallurgical process using chloride. The N-Chlo Process applies to copper sulfide, which accounts for the vast majority of copper ore, and existing hydro-metallurgical processes employing sulfuric acid could hardly deal with. This process can recover not only copper but also such precious metals as gold and silver. The N-Chlo Process is receiving strong attention as a technology that may contribute to bringing a revolution in resource extraction productivity.

Pilot plant in Perth, Australia for testing the N-Chlo Process

Operating scale:
Copper volume of 100 tons per year

Principal types of equipment:
Cu/Au hydro-metallurgical leaching equipment
Cu/Ag solvent extraction equipment
Cu electrowinning equipment, etc.

Review of Operations



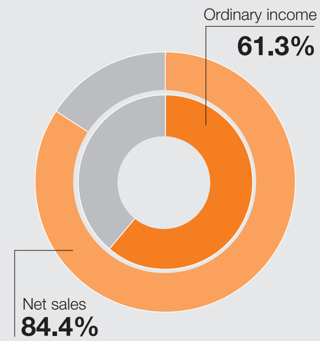
Petroleum Refining and Marketing Business

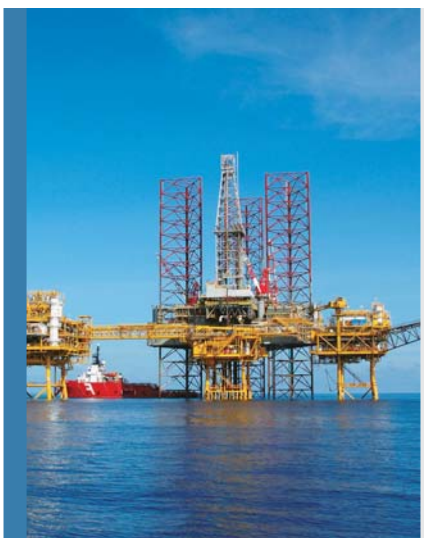
JX Nippon Oil & Energy

(Billions of yen)

	FY2010
Net sales	8,131.9
Operating income	239.1
Ordinary income	253.7
Ordinary income (Excluding inventory valuation factors)	196.5

Percentage Composition





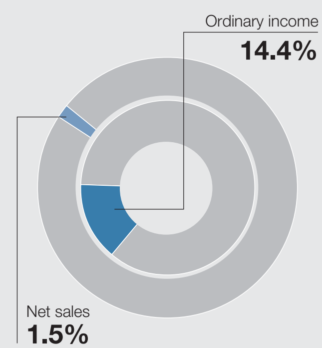
Oil and Natural Gas Exploration and Production Business

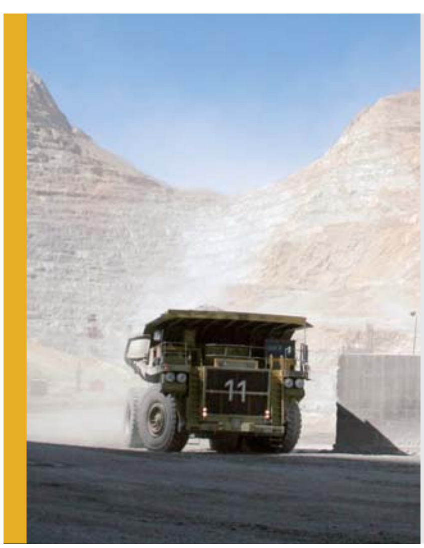
JX Nippon Oil & Gas Exploration

(Billions of yen)

	FY2010
Net sales	148.8
Operating income	51.9
Ordinary income	59.5

Percentage Composition





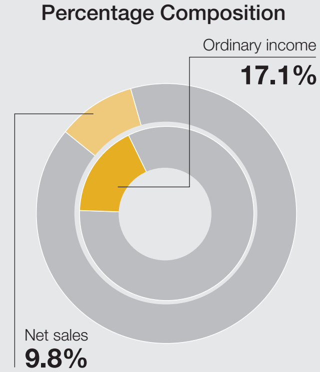
Metals Business

JX Nippon Mining & Metals

(Billions of yen)

	FY2010
Net sales	940.6
Operating income	20.7
Ordinary income	70.7
Ordinary income (Excluding inventory valuation factors)	70.3

Percentage Composition



In addition to the amounts shown above, listed subsidiaries and others had net sales of ¥413.1 billion and ordinary income of ¥29.8 billion. The denominators used in the calculation of “Percentage Composition” above are the consolidated figures for net sales and ordinary income, including listed subsidiaries and others.

Petroleum Refining and Marketing Business

JX Nippon Oil & Energy Group

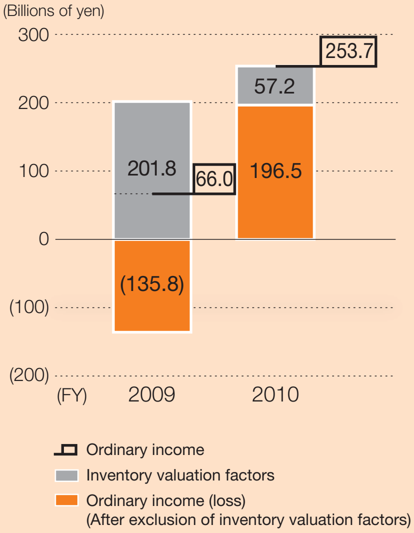
Yasushi Kimura
Representative Director and President
JX Nippon Oil & Energy Corporation

JX Nippon Oil & Energy ("NOE") is the core operating company of the JX Group in the Petroleum Refining and Marketing business. The NOE Group operates eight oil refineries* and three plants in Japan. With approximately 1.63 million barrels per day (BD)* capacity, which is the largest refining capacity in Japan, and, in the petrochemical industry, the NOE Group has paraxylene supply capacity of 2.62 million tons annually, the largest in Asia. The NOE Group also has a domestic network of approximately 12 thousand service stations operating under the ENEOS brand, accounting for approximately 37% of domestic petroleum products (gasoline, kerosene, diesel fuel, and fuel oil A) sales. By all these measures, the NOE Group has a clearly dominant presence.

In the lubricants and speciality and performance chemical businesses, the NOE Group is aggressively expanding its overseas presence, focusing especially on the high-growth Asia region. As the awareness of environmental issues grows worldwide and LNG becomes even more important as a source of clean energy, the NOE Group is constructing additional LNG terminal facilities and is working aggressively to develop new sources of energy, focusing particularly on the development of its residential-use fuel cells, which are attracting growing attention as a distributed source of electric power.

* As of March 31, 2011. Includes the capacity of the Osaka Refinery, which specializes in exports, and the condensate splitters of the Kashima and Mizushima refineries.

Ordinary Income (Loss)



Review of Fiscal 2010

Domestic demand for petroleum products is on a gradual declining trend. However, during 2010, because of the recovery in the economy, hot summer weather, and other factors, overall demand was at about the same level as in the previous fiscal year. Margins of petroleum products showed major improvement over the prior fiscal year. Demand for petrochemical products in Asia continued to be generally firm, particularly in China.

During this period, the price of Dubai crude oil rose substantially in the latter half of the fiscal year, reaching US$110 per barrel at fiscal year-end and averaging US$84 for the fiscal year as a whole, compared with US$70 for the previous fiscal year. Foreign exchange rates moved toward substantial appreciation of the yen in the first half of the fiscal year, and, for the year as a whole, the yen averaged ¥86 to one U.S. dollar (compared with ¥93 in the prior fiscal year).

Amid this operating environment, the NOE Group reported consolidated net sales of ¥8,131.9 billion, and after the exclusion of inventory valuation factors of ¥57.2 billion, ordinary income amounted to ¥196.5 billion, an improvement of ¥332.3 billion from the previous fiscal year.

Petroleum Refining and Marketing Business

Petroleum Refining and Marketing

In the medium-to-long term, the outlook for domestic demand for petroleum products is expected to decline gradually as more fuel-efficient automobiles come into wider use and the shift toward gas, electric power, and other energy sources continues. As a leading company in its industry, the NOE Group is responding properly to those trends and is taking steps to reduce its oil refining capacity in order to develop the most-competitive structure for petroleum refining as well as marketing in Japan. In fiscal 2010, the NOE Group progressively reduced capacity at its refineries in Kashima, Negishi, Mizushima, and Oita. The NOE Group also established a joint venture, Osaka International Refining Company, Limited (OIREC), with the China National Petroleum Corporation Group and redefined the role of its Osaka Refinery to specialize in exports to the Asian and Pacific markets. As a result of these measures, the NOE Group attained its objective of reducing refining capacity by 400 thousand BD. The NOE Group will make a further reduction of 200 thousand BD in advance of the projected declines in demand by the end of fiscal 2013 and thereby maintain a high utilization rate.

During fiscal 2010, the NOE Group reported a positive impact of ¥49.6 billion, compared with an initial target of ¥30.0 billion, in its initiatives to realize integration synergies and increase the efficiency of its refineries' operations. These included adopting ENEOS as the unified brand, integrating delivery terminals and branches, making reductions in expenses throughout the Group, and implementing other measures. The NOE Group is now making smooth progress toward attaining its goal of realizing a positive impact of ¥109.0 billion by fiscal 2012.

The NOE Group is taking active steps toward building its overseas business activities. In the lubricants business, the NOE Group established a lubricants production company in Indonesia in December 2010. In addition, in August 2011, basic agreement was reached with SK Lubricants Co., Ltd., of South Korea to establish a joint venture for production of lubricant base oil.

To strengthen the business base for liquefied petroleum gas (LPG), in March 2011, the NOE Group launched a new company "ENEOS GLOBE Corporation" by spinning off its LPG operations and integrating with Mitsui Marubeni Liquefied Gas Co., Ltd. Moreover, in the business of importing liquefied natural gas (LNG), which is becoming increasingly important as a clean source of energy, the NOE Group completed construction of its second LNG tank at the Mizushima LNG import terminal area and made the decision to build an LNG import terminal in Hachinohe and an LNG satellite terminal in Kushiro.

Osaka International Refining Company
(located in Takaishi, Osaka Prefecture)

The ENEOS brand has been adopted uniformly for all NOE Group service stations.

■ Response to the Great East Japan Earthquake

The Great East Japan Earthquake, which occurred on March 11, 2011, caused damage at the Sendai and Kashima refineries. Other facilities located mainly on the Pacific coastal areas in the Tohoku region, including delivery terminals, tanker trucks, and service stations, also suffered damage. The earthquake also crippled rail and highway distribution networks, and for a time following the disaster, the stricken areas were cut off from petroleum product supplies.

To respond to the stoppage of operations at the Sendai and Kashima refineries, the NOE Group immediately increased production at its other refineries, suspended product exports, and arranged for emergency imports. Other measures included supplying the stricken Tohoku region with products from Hokkaido and the Kanto area. Tanker trucks were transferred on an emergency basis from western Japan, and through these various measures, the NOE Group devoted its fullest resources to restore fuel supplies to the stricken region. As a result, from mid-April onward, it became possible to provide stable supplies of products to the stricken region once again.

In the beginning of May, shipments from the damaged Sendai Refinery were resumed after the installation of a temporal system for loading onto tanker trucks. In June, production was resumed at the Kashima Refinery. The Sendai Refinery is scheduled to resume regular production by March 2012, and reconstruction and recovery work on refinery facilities is now in progress. The NOE Group is also taking initiatives to restore operations at its delivery terminals and service stations as quickly as possible.

Chemicals

On an annual basis, the NOE Group has the capacity for supply of 990 thousand tons of propylene and 2,620 thousand tons of paraxylene. A high percentage of the output of these products is exported, and to compete effectively in the whole of the Asian market, NOE capitalizes on the strengths of the largest petroleum refineries' network in Japan, using their equipment, infrastructure, and other facilities. In August 2011, the NOE Group reached agreement with SK Global Chemical Co., Ltd., of South Korea, to build a paraxylene plant with an annual production capacity of one million tons, which will be the largest of its kind in the world (target start-up will be in 2014). The NOE Group will work to build an even stronger presence in the Asian markets, where robust growth is expected, especially in China.

In parallel with these activities, the NOE Group is working to aggressively develop its specialty and performance chemical business through further expanding sales of ethylidene norbornene (ENB), which is a raw material for synthetic rubber; functional films for use in conventional mobile phones and smartphones; cell incubation mediums; liquid crystal polymers; and nonwoven fabrics CLAF and MILIFE. Although the sales of these products are relatively small, the NOE Group has high global market shares and is striving to expand its positions in these high performance functional petrochemical products.

Demand for paraxylene, which is used to produce apparel fabrics, PET bottles, and other items, is expanding.

ENB, which is used in rubber parts for automobiles

Principal Uses of Functional Petrochemical Products

	Principal Final Products
ENB	Rubber automotive parts (wiper rubber blades, window frame rubber, etc.)
Functional films	Mobile phones, smartphones
Cell culture media	Media for industrial cell cultures, assisted reproductive technology (ART) products
Liquid crystal polymers	PCs, mobile phones, digital appliances and other electric components, connector parts
CLAF and MILIFE	Produce bags, housewrap, blinds, wallpaper

New Energy

In the residential-use fuel cell business, the NOE Group is scheduled to launch the all-new Solid Oxide Fuel Cell (SOFC) system, in October 2011. As an eco-friendly distributed power source, the demand for the SOFC system is expected to grow in the years ahead, owing to its higher electrical efficiency compared to the conventional Polymer Electrolyte Membrane Fuel Cell (PEMFC) system. Furthermore, the SOFC system is smaller in size with fewer parts than the PEMFC system and is expected to achieve further manufacturing cost reductions.

In the field of storage batteries, which is another area where growth in demand is expected, the NOE Group has established Power Carbon Technology Co., Ltd., a joint venture with GS Caltex Corporation, of South Korea, and it has commenced sales of carbon materials for capacitor electrodes. The NOE Group has also reached agreement with GS Caltex to establish a joint venture for the manufacturing and marketing of anode materials for use in lithium-ion batteries, and construction of a plant facility is now under way and is scheduled to be completed in March 2012.

New-type Solid Oxide Fuel Cell (SOFC) system

Plant for production of lithium-ion battery anodes under construction in South Korea

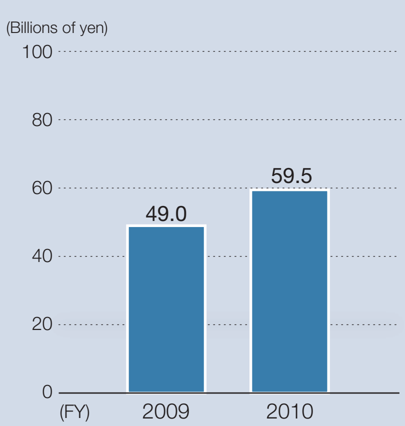
Oil and Natural Gas Exploration and Production (E&P) Business

JX Nippon Oil & Gas Exploration Group

Makoto Koseki
Representative Director and President
JX Nippon Oil & Gas Exploration Corporation

JX Nippon Oil & Gas Exploration ("NOEX") is the core operating company of the JX Group in charge of the Oil and Natural Gas E&P business. In fiscal 2010, the NOEX Group produced oil and natural gas amounting to 140 thousand barrels of oil equivalent per day (BOED). The NOEX Group has positioned Vietnam, Malaysia, and the U.K. North Sea as its three core business geographic areas, and it acts as operator and takes a leadership role in the implementation of projects in these areas. In the long term, the NOEX Group has set an objective of producing 200 thousand BOED and is taking aggressive initiatives to develop new possibilities, particularly exploration activities in promising areas.

Ordinary Income



Review of Fiscal 2010

In fiscal 2010, crude oil and gas prices increased over the previous year. The volume of sales decreased about 3 thousand BOED in part because of the natural depletion of reserves at existing oil fields. Under these circumstances, sales of the NOEX Group rose to ¥148.8 billion, and ordinary income was ¥59.5 billion, representing an increase of ¥10.5 billion over the prior fiscal year.

As competition for natural resources grows more intense, the NOEX Group is conducting thorough risk management as it makes aggressive investments to maintain and expand medium- to long-term production volume.

First, in its exploration activities, which the NOEX Group positions as the basis for growth, work is under way to replenish and expand reserves. From January to February 2011, oil and natural gas were discovered as a result of two test drillings offshore Vietnam. Also, among exploration areas where natural gas has already been found, the NOEX Group has confirmed a natural gas reservoir that we have confidence to commercialize from natural gas strata in the U.S. Gulf of Mexico and the natural gas and condensate strata in the U.K. North Sea. The next steps will include continued activities to assess the level of reserves in these areas and then move forward to the consideration of development plans. In addition to these activities, the NOEX Group awarded licenses in the U.K. North Sea. Early in fiscal 2011, natural gas and crude oil were discovered in Papua New Guinea and Australia. In May 2011, the NOEX Group also acquired rights to deeper strata in Qatar's North Field Gas Field, which is the world's largest gas area.

In terms of the development of production activities, the NOEX Group is moving forward with work on the Papua New Guinea LNG project. Plant construction is under way with a target date for the commencement of shipments in 2014. Abu Dhabi Oil Co., Ltd., in which NOEX holds a 31.5% equity stake, signed the new concession agreement valid for 30 years after the expiration of the current concession agreement covering the three existing fields and an additional concession area, namely, the Hail oil field. Since existing equipment can be used in this new area, the development and production activities are expected to be highly economical.

Among oil and gas fields already in production, including projects where the NOEX Group acts as operator in Vietnam and Malaysia, the Group is exerting maximum efforts to ensure the safety and stability of operations.

Helang gas field currently in production (Malaysia)

Floating storage and offloading unit

Recent Results of Crude Oil and Natural Gas E&P

	Country	Concession	Type	Acquisition of rights	Discovery of oil and gas strata	Extent of strata confirmed	Renewed rights to oil fields in production
October 2010	U.K.	214/26 and 11 other blocks		●			
January 2011	Vietnam	16-2	Natural gas		●		
February 2011	UAE	Mubarraz oil field and 2 other blocks	Crude oil				●
	UAE	Hail oil field	Crude oil	●			
	U.S.	Davy Jones	Natural gas			●	
	Vietnam	05-1b/c	Crude oil/ Natural gas		●		
March 2011	U.K.	Culzean	Natural gas			●	
April 2011	Australia	WA-290-P	Natural gas		●		
	Papua New Guinea	PPL219	Crude oil		●		
May 2011	Qatar	Block A	Natural gas	●			
	Australia	WA-191-P	Crude oil		●		
July 2011	Vietnam	101-100/04		●			

Metals Business

JX Nippon Mining & Metals Group

Masanori Okada
Representative Director and President
JX Nippon Mining & Metals Corporation

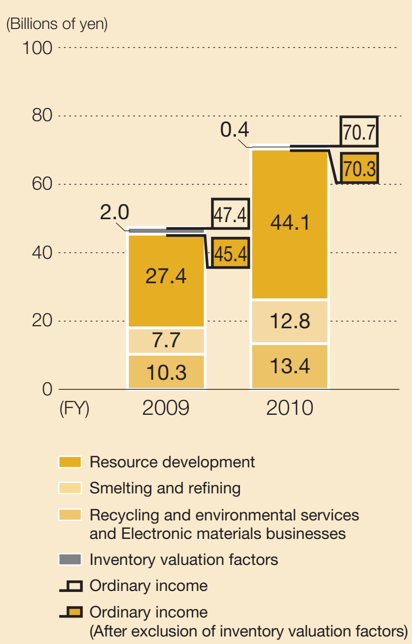
JX Nippon Mining & Metals ("NMM") is the core operating company of the JX Group in charge of the Metals business. The NMM Group engages in integrated operations for copper and other non-ferrous metals, encompassing resource development, smelting and refining, recycling and environmental services, and electronic materials businesses.

In the resource development business, the NMM Group owns equities of the world's leading mines, while Pan Pacific Copper Co., Ltd. (PPC)—a joint venture between NMM and Mitsui Mining & Smelting Co., Ltd.—is engaged in the development of copper mines in Chile. In the smelting and refining business, PPC's domestic smelters and refineries, together with LS-Nikko Copper Inc., a joint venture in South Korea, have an annual capacity for production of refined copper of 1,170 thousand tons.

In its recycling and environmental services business, the NMM Group leverages the technologies developed in its smelting and refining business to recover such value-bearing metals as copper, precious metals, and rare metals from used electric appliances, electronic devices, and others. The NMM Group also offers environmental services that involve the processing of industrial wastes to render them harmless.

In the electronic materials business, the NMM Group manufactures a diverse range of electronic materials by drawing on its advanced technologies in the fields of high-purification, high-density sintering, surface treatment, and precision rolling and processing as well as other technologies. Based on these strengths, the NMM Group has attained high global market shares for many of these materials.

Ordinary Income



Review of Fiscal 2010

In fiscal 2010, the price of copper was on a rising trend, and the average price per pound for the year was 369 U.S. cents, markedly higher than the average of 277 cents for the prior year. In the resource development business, output of the mines in which the NMM Group has investments was generally smooth. On the other hand, in the smelting and refining business, although demand for refined copper held firm, the NMM Group was obliged to reduce production because of the low levels of the treatment charge and refining charge and tightness in the market for secondary raw materials. In the electronic materials business, although there was an adjustment phase in the latter half of the fiscal year, sales volume of major items was above the previous year because of the contribution of strong final demand, mainly from overseas.

Amid this operating environment, consolidated net sales in this business in fiscal 2010 amounted to ¥940.6 billion, and, after excluding the impact of inventory valuation factors, ordinary income was ¥70.3 billion, a year-on-year increase of ¥24.9 billion.

Resource Development and Smelting and Refining Business

Demand for refined copper in the emerging countries, particularly China, is expanding along with their economic development. In view of this, the copper price will continue to be strong. On the other hand, increased smelting and refining capacity in China has made the supply and demand situation of copper concentrate tight, and consequently kept down the so-called treatment charge and refining charge. In addition to that, limited supply of secondary raw materials is another factor to force smelters and refineries to reduce output of refined copper.

Amid these conditions, the NMM Group is moving ahead with its resource development business in order to increase its ratio of equity entitlement copper mine production*. In April 2010, work on capacity expansion at the Los Pelambres Copper Mine in Chile was completed. Also, in May, the NMM Group acquired additional equities of the Escondida Copper Mine in Chile, to hold a 3.0% ownership. Construction work in the Caserones Copper Mine in Chile, which is 75% owned by PPC, is proceeding smoothly to commence production in 2013.

With these initiatives, the ratio of equity entitlement copper mine production of the NMM Group, which is currently about 20%, will increase to approximately 50% in fiscal 2014. As a result, the NMM Group can establish a well-balanced business structure between the output from these mines and smelting and refining capacity. In other words, the NMM Group can create a business model with high profitability, which is hardly affected by fluctuation of the treatment charge and refining charge.

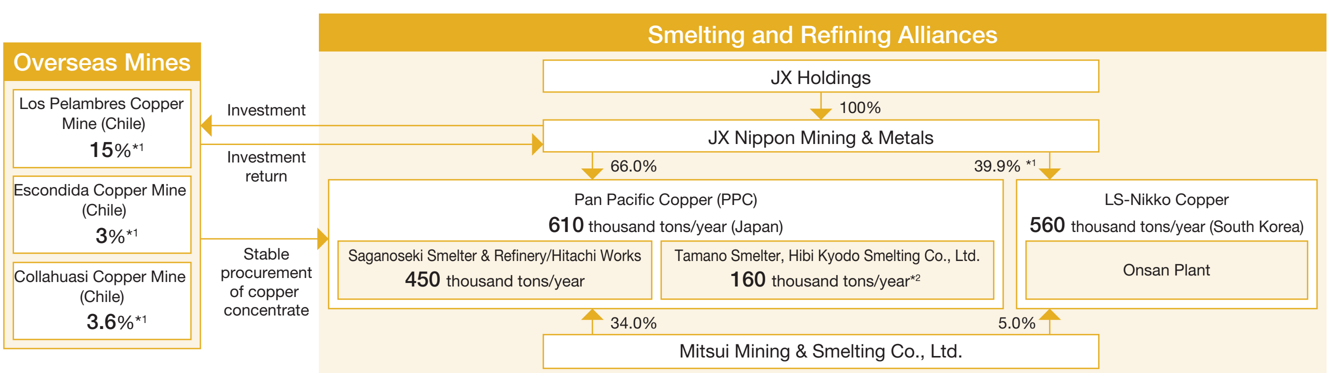
Moreover, such new smelting technologies as the bio-leaching technology and the Nikko Chloride Process (N-Chlo Process), which are currently under development, will extract metals from low-grade copper ore more efficiently, and, at the same time, make a contribution for reducing the environmental impact. Going forward, the NMM Group will leverage the advantages of these technologies to obtain new mining concessions.

* Equity entitled copper production content in copper concentrate divided by the volume of the same necessary for the domestic smelters

Escondida Copper Mine (Chile)

Saganoseki Smelter & Refinery (located in Oita City, Oita Prefecture)

Outline of Resource Development and Smelting and Refining Business



*1: Indirect ownership portion of JX Nippon Mining & Metals *2: PPC owns 63.51% of the total of 260 thousand tons/year production capacity.

Outline of Caserones Copper Mine Project

	Expected annual output: Annual average for 10 years following start-up	Expected annual output: Annual average for 28 years	Scheduled date of production start-up	Period for production	Ownership ratio
Copper concentrate (copper content)	About 150 thousand tons/year	About 110 thousand tons/year	September 2013	2013 to 2040 (28 years)	PPC 75% Mitsui & Co. 25%
Refined copper (SX-EW process*)	About 30 thousand tons/year	About 10 thousand tons/year	January 2013		
Molybdenum	About 3,000 tons/year	About 3,000 tons/year	September 2013		

* SX-EW process: Solvent extraction electrowinning process

Metals Business

Recycling and Environmental Services Business

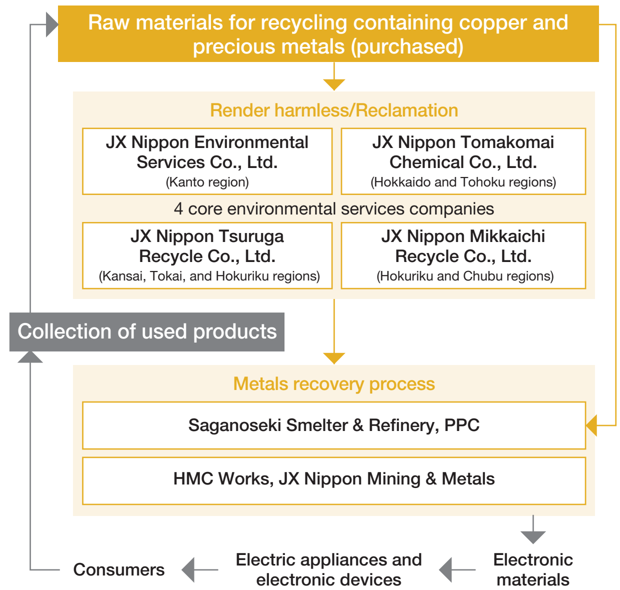
Under such circumstances as globally growing awareness of the environment and scarcity of natural resources, the NMM Group's recycling and environmental services business is in the spotlight.

The HMC (Hitachi Metal Recycling Complex) Department of the Hitachi Works began its operations in 2009 to efficiently recover 16 kinds of rare, precious, and other value-bearing metals, and is making every effort to raise its capacity utilization and recovery ratios. At the same time, the NMM Group is enhancing its capabilities of acceptance, pretreatment, and analysis systems at other existing operating sites and bolstering its domestic network for this business.

In line with its strategy to increase overseas sources of recycled materials, the NMM Group began to receive shipments of materials from the Chiongpin Recycling Center in Taiwan.

Besides these initiatives, the NMM Group has almost completed demonstration trials of technologies to recover rare metals from used lithium-ion automotive batteries. At present, the JX Group is additionally constructing the necessary facilities to begin commercial operations in October 2012.

Flowchart of the Recycling and Environmental Services Business

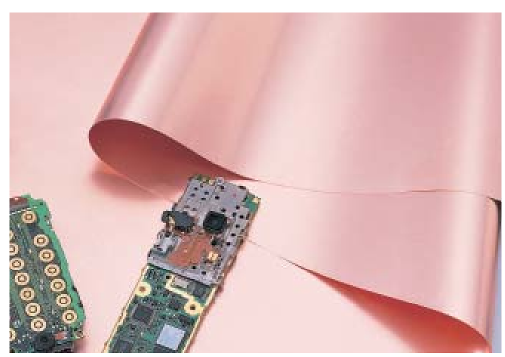


Electronic Materials Business

In the electronic materials business field, the NMM Group is constantly reviewing its business structure and seeking to achieve the optimal allocation of management resources with the aim of responding accurately to rapid changes in market needs.

In order to establish an integrated manufacturing system involving precision rolling, pressing, and plating, the NMM Group has acquired a 100% equity stake in Suzuki Manufacturing Co., Ltd., and Sanyu Electronics Co., Ltd. In addition to that, the NMM Group is expanding this business into new fields besides IT, including the auto, new energy, and healthcare applications, of which expanding demands are expected, and moving ahead with the development of new products for these new applications. In line with this business strategy, the NMM Group decided to substantially expand its production capacity for cathode materials used in lithium-ion automotive batteries in January 2011, and to construct a new works for precision components and materials (pressed and plated rolled products) for use in automotive electronics parts in February 2011. The cathode materials facility and the manufacture of precision components and materials are scheduled to go into operation in 2012 and in 2013, respectively.

On the other hand, the principal operating sites located in Ibaraki Prefecture, dealing with treated rolled copper foil, sputtering targets for semiconductors and flat panel displays, and other products, were damaged by the Great East Japan Earthquake. These operating sites have resumed their operations by July 2011. Looking ahead, the NMM Group will move forward with the development of products that can respond to growth in the markets for smart phones and other end products and work to increase profitability.



Treated rolled copper foil

Principal Electronic Materials

Product name	Worldwide market share (As of 2010)		Primary uses
Treated rolled copper foil	1st	75%	Flexible printed circuit boards
Electro-deposited copper foil	3rd	12%	Rigid printed circuit boards
Sputtering targets for LSIs	1st	60%	CPUs, memory chips, etc.
Sputtering targets for FPDs*1	1st	45%	Transparent electrodes
Sputtering targets for magnetic applications	2nd	30%	HDDs (Hard disk drives), etc.
Corson alloys (C7025)	1st	45%	Lead frames, connectors
Titanium copper alloys	1st	70%	High-quality connectors, etc.
Phosphor bronze alloys	1st	20%*2	Connectors, springs for electronic components

*1 FPDs: Flat panel displays *2 Share in Asia

Management Systems

JX Group Slogan

"The Future of Energy, Resources and Materials"

JX Group Mission Statement

The JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources and materials.

JX Group Values

"Our actions will respect the **EARTH**"

Ethics

Advanced ideas

Relationship with society

Trustworthy products/services

Harmony with the environment

Board of Directors and Auditors

As of July 1, 2011

Representative Director,
Chairman of the Board

Shinji Nishio

Representative Director,
President

Mitsunori Takahagi

Director,
Executive Vice President

Shigeo Hirai

In overall charge of Post-merger Integration Department and Corporate Planning Department Ⅰ, and responsible for Finance & Investor Relations Department

Director,
Senior Vice President

Kiyonobu Sugiuchi

In overall charge of Corporate Planning Department Ⅱ, and responsible for Controller Department

Director,
Senior Vice President

Yukio Yamagata

Responsible for Internal Audit Department

Director,
Senior Vice President

Kazuo Kagami

Responsible for General Administration Department

Director,
Senior Vice President

Ichiro Uchijima

Responsible for Post-merger Integration Department and Corporate Planning Department

Director,
Senior Vice President

Junichi Kawada

Responsible for Corporate Social Responsibility Department and Legal Affairs Department, appointed as General Manager of Legal Affairs Department

Director

Yasushi Kimura

Representative Director,
President, JX Nippon Oil & Energy Corporation

Director

Isao Matsushita

Representative Director,
Executive Vice President,
JX Nippon Oil & Energy Corporation

Director

Makoto Koseki

Representative Director,
President, JX Nippon Oil & Gas Exploration Corporation

Director

Masanori Okada

Representative Director,
President, JX Nippon Mining & Metals Corporation

Outside Director
Etsuhiko Shoyama
2009 Senior Corporate Advisor, Hitachi, Ltd. (current)

2006 Director, Representative Executive Officer and Chairman, Hitachi, Ltd.

Outside Director
Juichi Takamura
2008 Professor Emeritus, Musashino University (current)

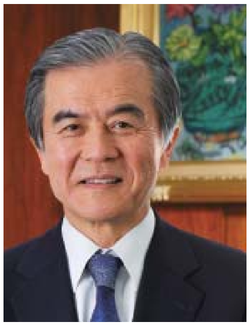
1998 Professor, Department of Contemporary Sociology, Musashino Women's University, currently called Musashino University

1991 Editorial Director, Nikkei Inc. *(Nihon Keizai Shimbun)*

Outside Director
Masahiro Sakata
2006 Registered as Attorney-at-law (current)

Council, Anderson Mori & Tomotsune (current)

2004 Director-General of the Cabinet Legislation Bureau



Outside Director
Hiroshi Komiyama
2009 Chairman, Mitsubishi Research Institute, Inc. (current)

2005 President of the University of Tokyo

1998 Professor, Department of Chemical Engineering, Faculty of Engineering, the University of Tokyo

Corporate Auditor
Fumio Ito

Corporate Auditor
Hideo Tabuchi

Outside Corporate Auditor
Masao Fujii
2003 Registered as Attorney-at-law (current)

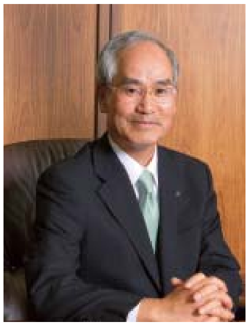
1995 Justice of Japan's Supreme Court

Outside Corporate Auditor
Hidehiko Haru
2002 Member of the Policy Board of the Bank of Japan

2000 Representative Director and Executive Vice President, The Tokyo Electric Power Company, Inc.

Outside Corporate Auditor
Hiroyasu Watanabe
2004 Professor, Graduate School of Finance, Accounting and Law, Waseda University (current)

2002 Director-General, Japan's National Tax Agency



Outside Corporate Auditor
Mitsudo Urano
2007 Representative Director and Chairman, Nichirei Corporation (current)

Corporate Governance

Basic Approach to Corporate Governance

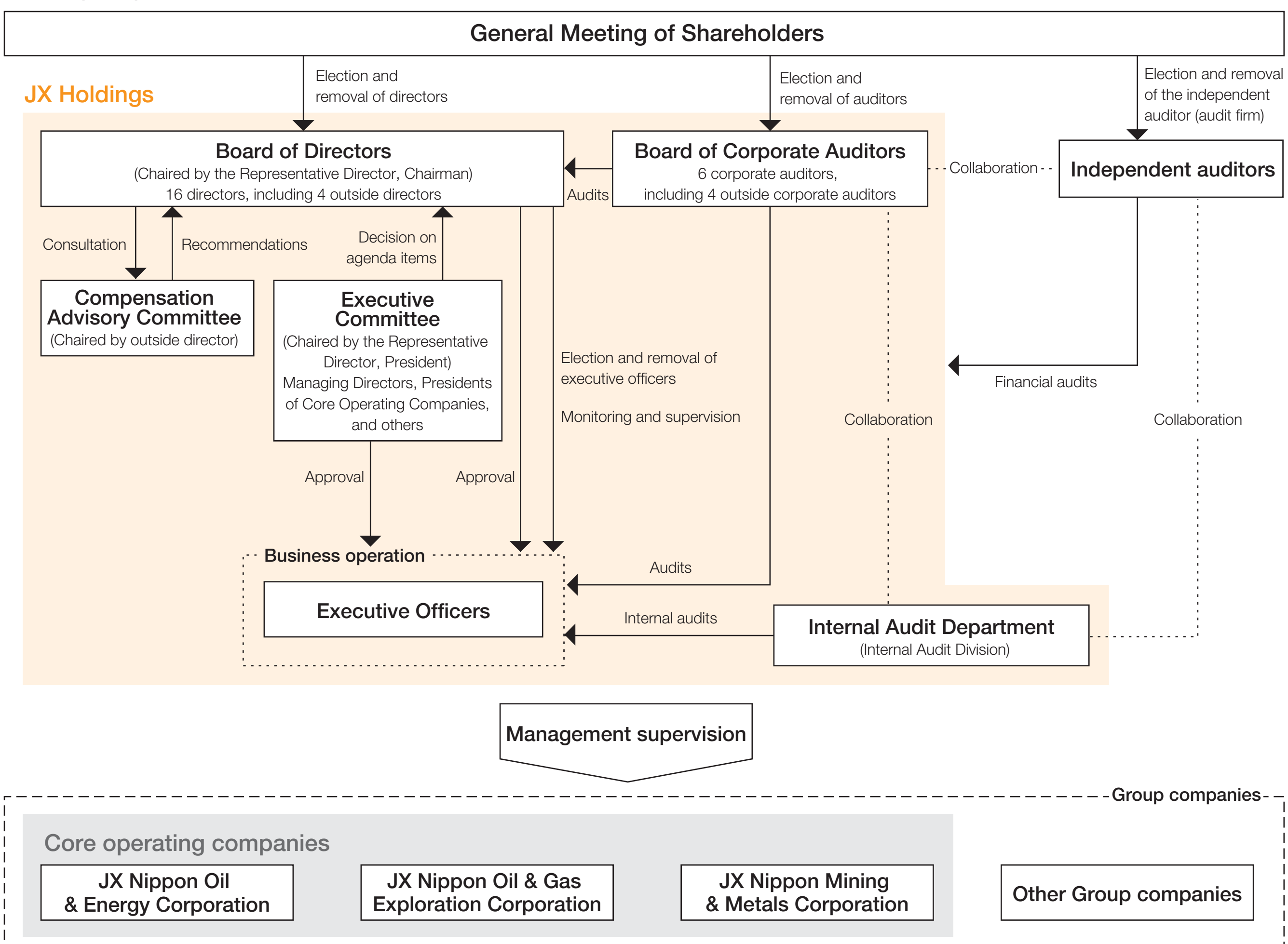
JX Holdings ("the Company") is aware that its mission is to contribute to sustainable economic and social development through creation and innovation in the fields of energy, resources, and materials. In addition, the Company is cognizant of the importance of promoting all of its business activities as a fair and responsible player and maximizing its corporate value.

The basic approach to corporate governance of the Company is to make decisions and execute operational activities quickly and flexibly to implement growth strategies for the JX Group as a whole and to make appropriate responses to changes in the business environment. In addition, the Company endeavors to secure the soundness and transparency of its management to respond to the trust and confidence from all its stakeholders.

Corporate Governance System and Activities

As the holding company, JX Holdings focuses especially on formulating medium- to long-term strategies for the JX Group and strategically allocating management resources to implement these strategies. Under the holding company, the core operating companies are responsible for actual business activities in the JX Group in the Petroleum Refining and Marketing business, the Oil and Natural Gas Exploration and Production (E&P) business, and the Metals business.

JX Group Corporate Governance Framework



Board of Directors

The Board of Directors makes decisions and reports on matters specified in the related laws, in the *Articles of Incorporation,* and in the Rules for the Board of Directors. In principle, the meetings of the Board of Directors are held once a month. After due deliberation, the Board makes decisions on important matters and receives reports from other directors regarding the conduct of business activities.

Directors are elected for a term of one year and must be approved each year by the General Meeting of Shareholders. In addition, to strengthen the supervision of management from an objective perspective, among the total of 16 directors, 4 outside directors are appointed, who are selected on the basis of their management insight and extensive experience. In fiscal 2010, all the outside directors attended all 13 meetings of the Board of Directors. At these meetings, the outside directors posed questions and expressed their opinions regarding decisions on important investments and other matters and reports related to the conduct of business activities.

In addition, the presidents and other officers of core operating companies are appointed as directors of JX Holdings and, in the Board of Directors' meetings, they participate in deliberations and decision making with respect to business strategy for the JX Group as a whole.

Executive Officers

Executive Officers are appointed who are responsible for operational execution, based on the decisions made by the Board of Directors.

Executive Committee

Matters to be decided by the Board of Directors must, in principle, be approved by the President in advance. The Executive Committee has been formed to discuss matters related to operational execution that require the approval of the President, and it meets periodically and at other times when deemed necessary. In the Executive Committee, through group consideration and discussion by management of the holding company and the core operating companies, decisions are made appropriately and efficiently.

Information Regarding Outside Directors

Name	Position, background, and other information	Reasons for election of outside auditors and reasons for designating independent directors
Etsuhiko Shoyama	Senior Corporate Advisor of Hitachi, Ltd.	Mr. Shoyama served in management positions in Hitachi for many years and has strong insight, extensive experience, and a solid record of accomplishments in corporate management. He was elected as Outside Director because, by drawing on his background, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective.
Juichi Takamura	Professor Emeritus of Musashino University	Mr. Takamura's prior experience includes serving as a member of senior management and editorial director of Nikkei Inc. (*Nihon Keizai Shimbun*). Subsequently, he was appointed to lecture at Musashino Women's University (currently, Musashino University) and served as a member of the textiles and coal subcommittees of Japan's Industrial Structure Council. He was elected as Outside Director because, by drawing on his sophisticated professional knowledge and strong insight into corporate management, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective.
Masahiro Sakata	Attorney-at-law of Council to Anderson Mori & Tomotsune	Mr. Sakata served for many years in the Ministry of Finance and held other key positions, including that of Director-General of the Cabinet Legislation Bureau. He was elected as Outside Director because, based on his extensive specialized knowledge and experience in administrative and legal matters, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective.
Hiroshi Komiyama	Chairman of Mitsubishi Research Institute, Inc.	Mr. Komiyama's fields of specialization are chemical systems engineering, functional materials chemistry, and global environmental engineering. He held the position of professor and conducted research for many years at the University of Tokyo and later served as president of that institution. He was elected as Outside Director because, based on his extensive specialized knowledge and experience in the management of a major university, he is able to provide proper guidance and advice and supervise the management of the Company from his outside perspective.

Compensation Advisory Committee

To ensure the transparency and objectivity of the process of determining the compensation and other benefits for directors and executive officers, the Compensation Advisory Committee has been formed to provide advice to the Board of Directors. The Compensation Advisory Committee comprises two outside directors and two representative directors, and one of the outside directors on the committee acts as chairman. The Compensation Advisory Committee is responsible for deliberating the policies for deciding on the compensation and other benefits of directors and executive officers as well as other related matters. The results of the committee's deliberations are reported to the Board of Directors.

Board of Corporate Auditors

The Board of Corporate Auditors, under the Rules for the Board of Corporate Auditors and Auditing Standards for the Corporate Auditors, prepares systems for conducting audits by the corporate auditors and audits the day-to-day execution by directors in the conduct of their duties. Reports are made regarding the progress and results of audits of matters for which each corporate auditor is responsible at the regular meetings of the Board of Corporate Auditors, which are held once each month, and these are shared among the corporate auditors.

To enhance the effectiveness of audits, the corporate auditors attend the meetings of the Board of Directors and the Executive Committee as well as other important meetings, receive reports, and express their opinions as deemed necessary. The corporate auditors also receive auditing plans, progress reports on auditing activities, and information on results as well as other matters from the Internal Audit Department and the independent auditors periodically and exchange opinions and information with them.

Among the total of six corporate auditors, a majority, or four outside corporate auditors, are appointed who are selected on the basis of their management insight and extensive experience. This structure is in accordance with Japan's Companies Act, in which the authority of the corporate auditors and the Board of Corporate Auditors has been strengthened and expanded to secure the effectiveness of their audits of the performance of management duties by the directors. During fiscal 2010, two of the outside corporate auditors attended all 14 of the meetings of the Board of Corporate Auditors held during the year, and two attended 13 of those meetings. At the meetings, the outside corporate auditors asked questions and expressed their opinions regarding the status of governance in the holding company, progress of the integration of the JX Group, and other matters. Also, one of the outside corporate auditors attended all 13 meetings of the Board of Directors held during the year and three attended 12 of these

Information Regarding Outside Corporate Auditors

Name	Position, background, and other information	Reasons for election of outside auditors and reasons for designating independent directors
Masao Fujii	Attorney-at-law	Mr. Fujii served for many years as a court judge, including the position of Chief Justice of the Osaka High Court and as a member of the Supreme Court and in other capacities. He, therefore, has extensive specialized knowledge and experience regarding legal matters. He was elected as Outside Corporate Auditor because, from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of their duties.
Hidehiko Haru		Mr. Haru served for many years with The Tokyo Electric Power Company, Inc., and on the Deliberation Committee, the Policy Board of the Bank of Japan. He, therefore, has extensive specialized knowledge and experience regarding corporate management and monetary policy. He was elected as Outside Corporate Auditor because, from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of their duties.
Hiroyasu Watanabe	Professor of Graduate School of Finance, Accounting and Law, Waseda University	Mr. Watanabe served in key positions in the Ministry of Finance for many years, including Director-General of National Tax Agency, and, subsequently, became a professor in the Graduate School of Waseda University, and that of University of Tokyo. He, therefore, has sophisticated specialized know-how and deep insight into corporate management. He was elected as Outside Corporate Auditor because, from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of their duties.
Mitsudo Urano	Representative Director and Chairman of Nichirei Corporation	Mr. Urano served in the management of Nichirei Corporation for many years and has strong insight into corporate management, extensive experience, and a solid record of accomplishments. He was elected as Outside Corporate Auditor because, from his objective, outside, and fair perspective, he is able to audit the management of the Company in the conduct of their duties.

meetings. In addition, full-time corporate auditors of the holding company serve as auditors of the core operating companies of the JX Group.

To further enhance the auditing functions that are performed by all the corporate auditors, including outside corporate auditors, an Auditors' Affairs Office has been formed, which is clearly independent of the business execution departments. Dedicated staff are assigned to this office to assist the auditors in the conduct of their duties.

Executive Compensation

The ceiling on the total amount of compensation to be paid to directors and corporate auditors was decided at the first General Meeting of Shareholders held on June 27, 2011.

(1) The total amount of compensation for all directors: Equal to or less than ¥1,100 million (inclusive of ¥200 million for compensation to outside directors) in one fiscal year (However, if directors also hold positions as employees, the salary and bonuses to be paid in compensation for these services are not included).

(2) The total amount of compensation for all corporate auditors: Equal to or less than ¥200 million in one fiscal year

Compensation paid to directors is divided into two components. The first component is basic compensation, which is determined in consideration of the roles played by individual directors and is paid in fixed amounts each month. The second component is in the form of a bonus, which varies according to the level of consolidated ordinary income, and, therefore, reflects performance during the relevant fiscal year.

Amounts of Compensation Paid to Directors and Auditors (Fiscal 2010)

Corporate Officer Classification	Total amount of compensation (Millions of yen)	Total amount of compensation by type (Millions of yen)		Number of officers receiving (persons)
		Basic compensation	Bonus	
Directors (excluding outside directors)	¥456	¥297	¥158	12
Corporate auditors (excluding outside corporate auditors)	67	67	—	2
Outside directors/corporate auditors	102	91	10	8

Note: The above figures do not include compensation and other amounts (totaling ¥19 million) that two outside directors and four outside auditors received from Nippon Oil Corporation and Nippon Mining Holdings, Inc., where they had served until June 30, 2010.

Accounting Audits

JX Holdings has selected Ernst & Young ShinNihon LLC as its independent auditor and that firm conducts the accounting audits.

Amount of Compensation (Fiscal 2010)

The compensation paid by the Company to the independent auditor was ¥470 million. The total monetary amount paid and the value of other forms of property benefit from the Company and its subsidiaries to the accounting auditor was ¥1,094 million.

Note: In the contract between JX Holdings and the independent auditor, the amount of compensation for audits is not broken down by the amount for audits based on the Companies Act and audits based on Japan's Financial Instruments and Exchange Act, and, in reality, these amounts cannot be separated. For this reason, the amount of compensation includes the auditor's compensation for audits under the Financial Instruments and Exchange Act. JX Holdings does not call on Ernst & Young ShinNihon for any services other than auditing.

Risk Management

In the JX Group, each company has prepared risk management systems appropriate for their respective lines of business and implements measures for their individual risks, including compliance risk, labor safety risk, as well as environmental and other forms of risk.

Crisis Management

When crises or emergency situations emerge that may affect the management of the JX Group, JX Holdings exercises overall control and has prepared its *Rules for Responding to Crises and Emergency Situations,* which specifies measures to be taken to minimize the damage that may occur.

The General Administration Department of the Company acts as the organizational unit in permanent charge of crisis response and management. The general manager of this department acts as head of this crisis response unit, and, when such situations arise, operating procedures require that the situation and measures to be taken be reported immediately to the head of the crisis response unit.

Also, depending on the magnitude of the crisis, at its discretion, the Company may form a crisis management headquarters or a joint crisis management headquarters with the JX Group companies to respond quickly and appropriately to the crisis and, thereby, fulfill the social mission of the JX Group.

Information Security

Based on its *Basic Rules for Information Security*, the JX Group works to prevent improper usage or disclosure, including the leakage of Company information, which is a corporate asset. The JX Group also strives to maintain the accuracy and reliability of its corporate information as well as prevent falsification or incorrect processing, while also making it possible for authorized users of information to always have access to information when they need it.

Compliance

The Group Values statement of the JX Group lists “Ethics” as one of the Group’s most-valued qualities, and it takes thorough measures to ensure that its management and staff remain in compliance with laws and regulations. To conduct its corporate activities fairly and increase the trust placed in the JX Group by society, the policy of the JX Group is to have all JX Group companies prepare rules to maintain high standards of compliance in all work activities and abide by all relevant laws, the Articles of Incorporation, and other rules and regulations.

To set directions for compliance activities of the JX Group and to consider matters that the JX Group as a whole must address, the JX Group Compliance Committee has been formed. Its responsibilities are to adopt policies for action related to compliance matters that must be addressed by the Group as a whole and make reports on the results of these activities.

Also, to discover behavior that is in violation of laws and take prompt corrective action as well as give protection to persons who provide information on legal violations, principal JX Group companies have arranged for an internal whistle-blower function (compliance hotline). Internal reports are received by the organizational unit in charge and may be communicated through external legal counsel.

Information Disclosure

Basic Policy

JX Holdings is fully aware that the timely and proper disclosure of corporate information is a core issue of healthy capital markets, and, to promote transparency in management, works to provide prompt, appropriate, and fair disclosure of information to shareholders and investors.

Systems have been put in place to obtain, manage, and disclose information on the Company as well as information on JX Group companies promptly and accurately. Information that is subject to timely disclosure rules is made public through the timely disclosure system (TDnet) provided by the Tokyo Stock Exchange, and the same information is made available on the Company’s website. Information that is not subject to timely disclosure rules is also disclosed proactively based on basic policies and disclosure standards.

The Company has also prepared its *Regulations for Prevention of Insider Trading*, and systems have been created to disseminate information on insider trading throughout the JX Group.

Investor Relations (IR) Activities

To improve understanding of the activities of the JX Group, the Company proactively disseminates information on management policies, performance, and other matters. For analysts and institutional investors in Japan, JX Holdings holds presentation meetings on financial results that are attended by management four times a year. The presentation materials, videos, and other items of the meetings can be accessed on the Company's website. Also, through visits to investors, participation in investor conferences, and other IR activities, the Chairman, President, and Executive Vice President as well as the Executive Officer in charge of IR hold one-on-one meetings and arrange for visits to the JX Group's refineries, smelters, and other facilities about twice each year. Similarly, for overseas investors, the Chairman, President, and Executive Vice President as well as the Executive Officer in charge of IR make periodic visits to investors, participate in investor conferences, and arrange other IR activities. Also, following the announcement of the financial statements, the Company arranges for timely teleconferences. For individual investors, the Company holds periodic presentations in major cities throughout Japan, and the President, Executive Vice President, and the Executive Officer in charge of IR provide explanations on overview of the Group's business situation. In fiscal 2010, these presentations were held 16 times in a total of 11 cities and were attended by approximately 1,640 individual investors.

In fiscal 2010, the JX Group received a number of awards and recognitions for its IR activities:

- Securities Analysts Association of Japan: Award for Excellence in Disclosure
- Nikko Investor Relations: Best Company Surveyed Award (in Nikko Investor Relations' ranking of the websites of listed companies in fiscal 2010)
- Daiwa Investor Relations: Internet IR Best Company Award

Internal Audits

For the conduct of internal audits, JX Holdings has formed its Internal Audit Department (with 11 members), which is in overall charge of internal auditing and internal control systems for ensuring the accuracy of financial reporting. Internal audits are for the whole JX Group, and the Internal Audit Department, collaborating and sharing tasks with core operating companies and listed subsidiaries of the JX Group, conducts the standard audits under the internal audit program and the audits on a special mission from the President. The results of the internal audits are reported periodically at the meetings of the Executive Committee and Board of Directors.

Internal Control

The Mission Statement of the JX Group is "The JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources, and materials." The JX Group Values are "Our actions will respect the EARTH: Ethics, Advanced ideas, Relationship with society, Trustworthy products/services, and Harmony with the environment. To provide a policy framework for management to supervise the conduct of business, the Company has also prepared its *Basic Policy for Structuring Internal Control Systems*, which covers the matters discussed in the previous sections entitled Corporate Governance, Risk Management, Compliance, Information Disclosure, and Internal Audits. Under this policy framework, the JX Group has developed internal control systems for assuring the proper conduct of its activities.

Readers can access and download the JX Group's *Corporate Governance Report* (Japanese only) at the following URL:
http://www.hd.jx-group.co.jp/ir/system/governance.html

Working to Create a Better Natural Environment

CSR Activities of the JX Group

As the requirements grow for structuring a low-carbon, recycling-oriented society, the roles performed by the energy, resources, and materials industries are becoming increasingly important than ever before. The JX Group is proceeding with research and technology development in many fields that will contribute to the development of a sustainable economy and society. The following paragraphs introduce a portion of these R&D projects.

The *JX Group CSR Report 2011*
http://www.hd.jx-group.co.jp/english/csr/report

The Challenges of the Low-Carbon Society

The JX Group, as an integrated energy company, is accelerating its initiatives to provide new sources of energy that will lead to reduction in the impact on the natural environment and contribute to the development of a low-carbon society.

We are aware that the various issues related to the earth's environment, such as policies to prevent global warming and the effective use of natural resources, are global in scope. The JX Group is boldly taking initiatives in the field of next-generation energy sources, including those that are infinitely renewable, such as photovoltaic power generation and fuel cells. Moreover, the JX Group is conducting research on even more innovative technology, including membrane technology to extract hydrogen and CO_2, and is providing support for basic research that is original and advanced through its ENEOS Hydrogen Trust Fund, and participating in the development of technologies for separating and recovering of large volumes of CO_2 emitted by factories and thermal power generation plants and burying it deeply in the earth.

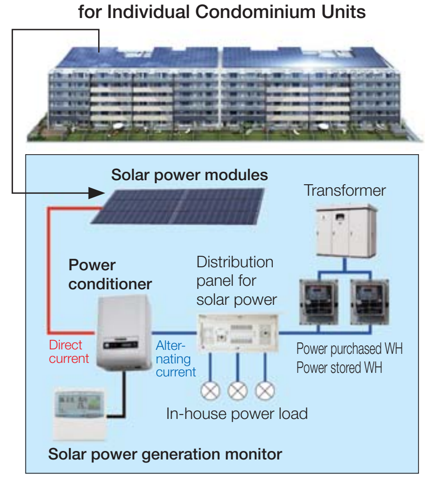
Contributing to the Recycling-Oriented Society

To make effective use of resources, the JX Group is actively engaged in initiatives to make the resource recycling-oriented society a reality and contribute to creating a sustainable society.

At the JX Group, which is a corporate group engaging in businesses that make use of resources, one of the major responsibilities is to structure a virtuous cycle of energy, resources, and materials through recycling. Japan is a country with few mineral resources, but Japan's "urban mine"* is one of the world's richest in terms of metals. Recycling materials from this urban mine and using them again as new resources will be an important step toward creating the recycling society. This is where the network and technologies of the JX Group developed through mining and smelting and refining businesses are applied.

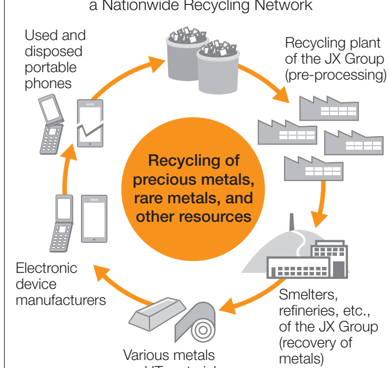
* Urban mine is a metaphor for the valuable resources contained in discarded electronic devices, electric appliances, and other products.

Outline of Solar Power Generating System for Individual Condominium Units



The JX Group has begun to sell solar power generation systems for condominiums and other communal housing projects. Electric power generated by solar modules on the roof of the buildings is supplied to individual housing units, and it is also possible to sell unused electric power to outside users.

Separation and Recovery through a Nationwide Recycling Network



Size of Japan's Domestic "Urban Mines" (Estimates)

Copper	Silver
38,000,000t	60,000t
Gold	**Indium**
6,800t	1,700t

Source: Estimates prepared by the National Institute for Materials Science (NIMS)

Financial Section

Message from the Executive Vice President

Shigeo Hirai

Director, Executive Vice President
(Responsible for Finance & Investor Relations Department)

1. Consolidated Performance in Fiscal 2010

Sales of the JX Group in fiscal 2010, which was the initial year after the Group's formation, were ¥9,634.4 billion, and ordinary income amounted to ¥413.7 billion. After the exclusion of inventory valuation factors, ordinary income was ¥356.1 billion, and net income came to ¥311.7 billion. As a result of the "fundamental reforms in the Petroleum Refining and Marketing business," which is the key theme of the Medium-Term Management Plan, as well as increases in the prices of crude oil and copper, all of the three core businesses were able to report ordinary income above the level of the previous fiscal year. Special loss includes a gain on lump-sum amortization of negative goodwill of ¥226.5 billion related to the business integration and a loss on disaster attributable to the Great East Japan Earthquake of ¥126.0 billion.

Market Date

		FY2009		**FY2010**		Changes	
Crude oil price (Dubai)*1	($/bbl)		67		**82**		+15
Copper price	(¢/lb)	234*2	277	**342*2**	**369**	+108*2	+92
Exchange rate	(¥/$)	94*2	93	**88*2**	**86**	–6*2	–7

*1 Figures for fiscal 2009 are the average from March 2009 to February 2010, and figures for fiscal 2010 are the average from March 2010 to February 2011 (on an arrivals basis).
*2 Figures are averages for the calender year.

Consolidated Financial Results Summary

(Billions of yen)

	FY2009*	**FY2010**	Changes
Net sales	9,008.0	**9,634.4**	+626.4
Ordinary income	187.3	**413.7**	+226.4
Ordinary income (loss) (Excluding inventory valuation factors)	(15.3)	**356.1**	+371.4
Petroleum Refining and Marketing	(135.8)	**196.5**	+332.3
Oil and Natural Gas E&P	49.0	**59.5**	+10.5
Metals	45.4	**70.3**	+24.9
Listed subsidiaries and others	26.1	**29.8**	+3.7
Special loss	(35.3)	**(6.5)**	+28.8
Net income	73.1	**311.7**	+238.6

* Unaudited pro forma combined consolidated financial results of Nippon Oil and Nippon Mining

Petroleum Refining and Marketing

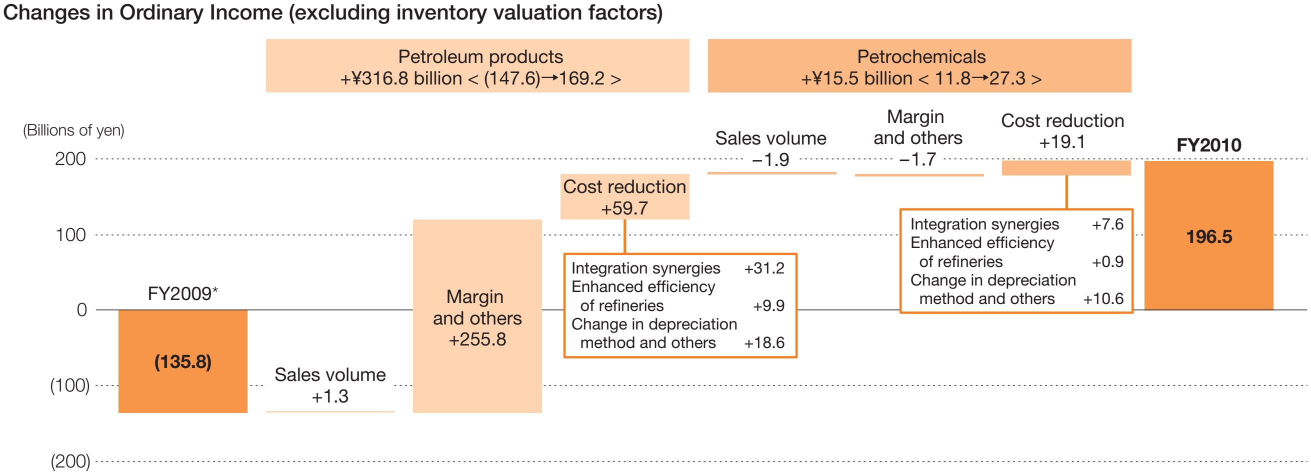
Sales volume of petroleum products was at approximately the same level as in the previous fiscal year, because of the recovery in the economy, hot weather during the summer, and other factors. However, in the medium-to-long term, domestic demand is on a gradually declining trend, and, to respond to this trend properly, the JX Group reduced its refining capacity by 400 thousand barrels per day. Sales margins improved significantly.

In the petrochemical business, paraxylene margins, which were stagnant in the first half of the fiscal year because of weak demand versus supply conditions, recovered in the second half of the fiscal year, and, for the full fiscal year, were above the previous year's levels. However, this positive effect was offset because of higher energy costs owing to the rise in crude oil prices and the appreciation of the yen.

In addition, the JX Group realized both integration synergies and improvements in refinery efficiency ahead of the original schedule, and this had a positive impact of ¥49.6 billion. Other cost reductions were also achieved, due to changes in depreciation methods and other measures.

As a consequence of these factors, after the exclusion of inventory valuation factors, ordinary income improved substantially, rising to ¥196.5 billion, compared with an ordinary loss of ¥135.8 billion in the previous fiscal year.

Changes in Ordinary Income (excluding inventory valuation factors)

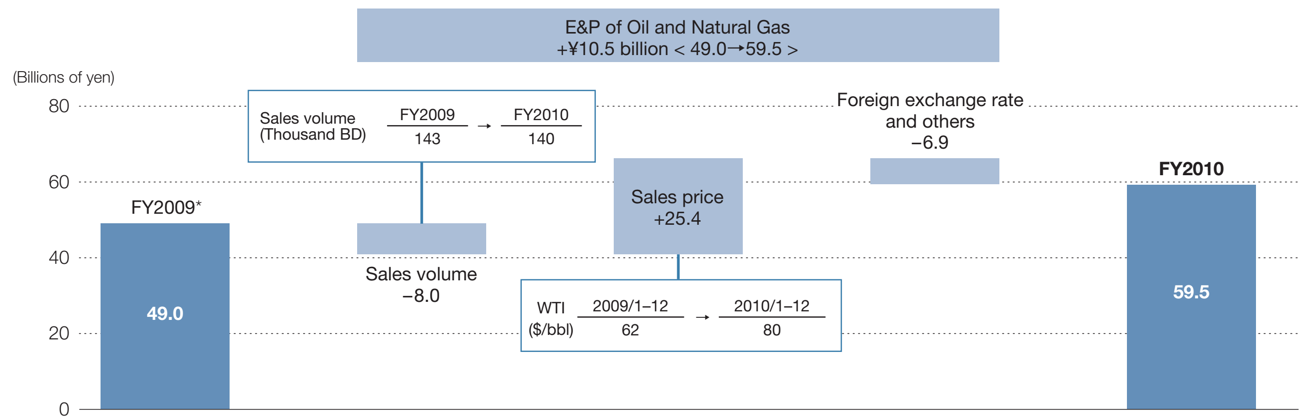


* Unaudited pro forma combined consolidated financial results of Nippon Oil and Nippon Mining

Oil and Natural Gas Exploration and Production (E&P)

The sales volume of oil and natural gas declined slightly, to 140 thousand barrels of oil equivalent per day, mainly because of lower production volume at existing oil and gas fields. Although there was some negative impact from the foreign exchange rate, the rise in crude oil prices had an offsetting positive impact, and ordinary income rose to ¥59.5 billion, compared with ¥49.0 billion in the previous fiscal year.

Changes in Ordinary Income



* Unaudited pro forma combined consolidated financial results of Nippon Oil and Nippon Mining

Metals

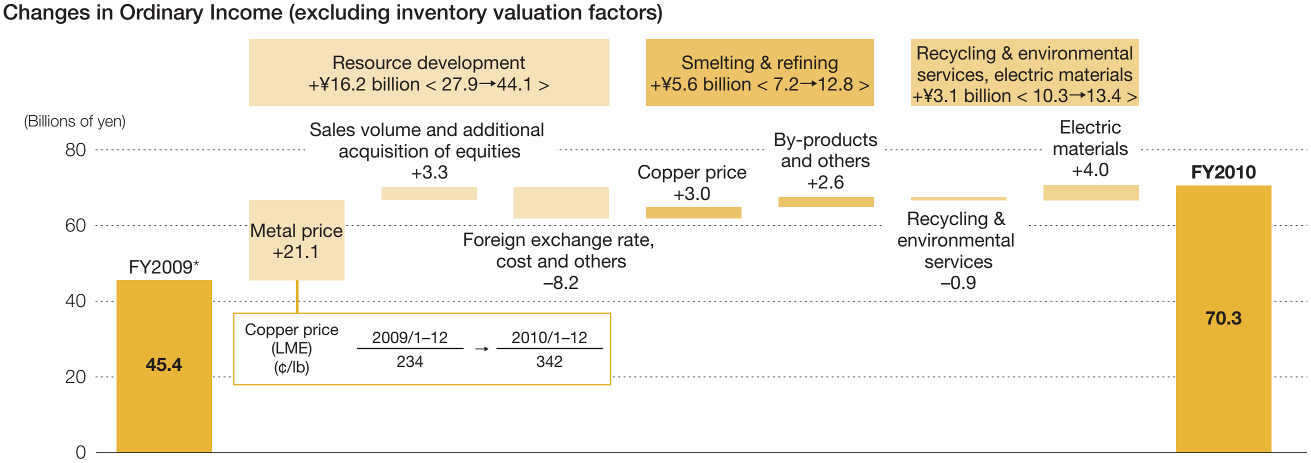
In the resource development business, output of copper mines in which the JX Group owns interests proceeded smoothly. Due to an expansion in the output of the Los Pelambres Copper Mine and the purchase of additional equities in the Escondida Copper Mine, production volume on an equity entitlement volume basis increased to 97 thousand tons, compared with 82 thousand tons in the previous fiscal year. In spite of the negative impact from the foreign exchange rate, ordinary income rose substantially due to the rise of copper prices.

In the copper smelting and refining business, the treatment charge and refining charge remained at low levels, but ordinary income rose because of higher prices of copper and its by-products.

In the recycling and environmental services business, ordinary income declined because of the effects of damage sustained by the Hitachi Works. On the other hand, in the electronic materials business, there was some negative impact from the foreign exchange rate and the earthquake, but in final demand fields, the IT-related product market staged a recovery from the slump that followed the Lehman Shock, resulting in increases in sales and ordinary income in this business.

As a result, after the exclusion of inventory valuation factors, ordinary income rose to ¥70.3 billion, compared with ¥45.4 billion in the previous fiscal year.

Changes in Ordinary Income (excluding inventory valuation factors)



* Unaudited pro forma combined consolidated financial results of Nippon Oil and Nippon Mining

2. Financial Position

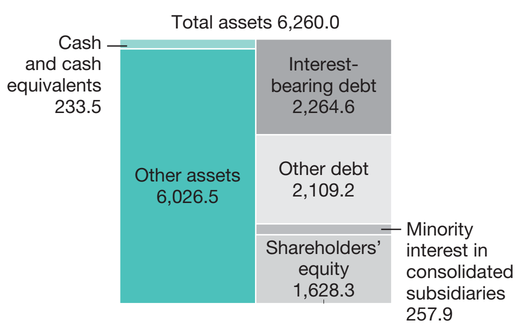
As of fiscal 2010 year-end, the JX Group had consolidated total assets of ¥6,260.0 billion, consolidated net assets of ¥1,886.2 billion, including shareholders' equity of ¥1,628.3 billion, and a shareholders' equity ratio of 26.0%. Interest-bearing debt amounted to ¥2,264.6 billion, a total of cash and cash equivalents as well as time deposits were ¥233.5 billion, and the net D/E (debt to equity) ratio was 1.25 times.

In fiscal 2010, in connection with the Great East Japan Earthquake, the JX Group reported special losses of ¥126.0 billion and forecasts it will report another ¥30.0 billion in fiscal 2011 for the same reason. However, the JX Group believes these special losses can be absorbed because of higher than initially forecasted net income, reductions in investments for maintenance, the additional sale of certain assets, and through other measures. The JX Group will work to improve its financial position and attain its objective of a net D/E ratio of 1.0 times by the end of fiscal 2012 while also sustaining the strategic investments for future growth contained in its Medium-Term Management Plan.

Large amounts of financial resources will be necessary for the upstream development of petroleum and copper sources, which will be the sources of growth for the JX Group in the years ahead. Nevertheless, the income of the JX Group, which operates in the business domains of energy, resources, and materials, is strongly influenced by the business cycle, crude oil and copper market conditions, and foreign exchange rates. By creating a stronger financial position, the JX Group will be able to attain growth into the future as it absorbs the effects of changes in the business environment. Also, at the same time, the JX Group will work to increase its corporate value by using its assets efficiently and creating the business structure that will be able to attain an ROE of 10% or more on a sustained basis.

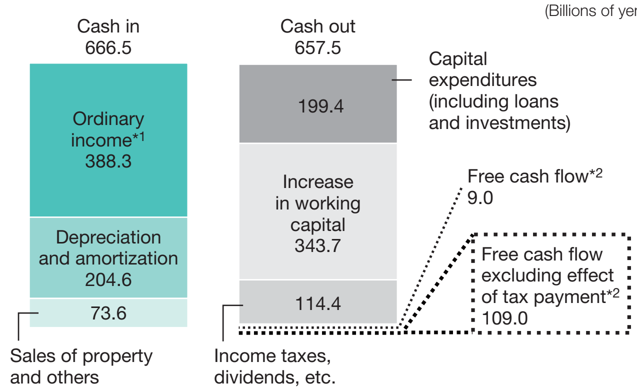
Consolidated Balance Sheet

(Billions of yen)



Consolidated Cash Flows

(Billions of yen)



*1 Excluding equity in earnings of unconsolidated subsidiaries and affiliates and including dividends from affiliates accounted for by equity method.
*2 Falling of the last day of 2009 on a weekend, which resulted in a large increase in unpaid gasoline and other taxes and cash out in fiscal 2010 increased ¥100 billion.

Five-Year Financial Summary

JX Holdings, Inc. and Consolidated Subsidiaries
(Nippon Oil Corporation and Consolidated Subsidiaries)
(Nippon Mining Holdings, Inc. and Consolidated Subsidiaries)

Fiscal years ended March 31

	Thousands of U.S. dollars	Millions of yen				
	2011	2011	2010*	2009	2008	2007
For the Year						
Net sales						
JX Holdings, Inc.	$115,867,661	¥9,634,396	¥9,008,017	¥ —	¥ —	¥ —
Nippon Oil Corporation	—	—	5,774,279	7,389,234	7,523,990	6,624,256
Nippon Mining Holdings, Inc.	—	—	3,233,738	4,065,059	4,339,472	3,802,447
Operating income (loss)						
JX Holdings, Inc.	4,021,672	334,402	130,473	—	—	—
Nippon Oil Corporation	—	—	86,735	(312,506)	263,962	159,684
Nippon Mining Holdings, Inc.	—	—	43,738	(101,667)	103,186	132,258
Ordinary income (loss)						
JX Holdings, Inc.	4,974,949	413,667	187,269	—	—	—
Nippon Oil Corporation	—	—	113,302	(275,448)	275,666	186,611
Nippon Mining Holdings, Inc.	—	—	73,967	(67,433)	192,026	224,236
Net income (loss)						
JX Holdings, Inc.	3,749,080	311,736	73,106	—	—	—
Nippon Oil Corporation	—	—	43,295	(251,613)	148,306	70,221
Nippon Mining Holdings, Inc.	—	—	29,811	(40,794)	99,299	106,430
At Year-End						
Total assets						
JX Holdings, Inc.	$ 75,285,123	¥6,259,958	¥6,196,739	¥ —	¥ —	¥ —
Nippon Oil Corporation	—	—	4,129,232	3,969,730	4,594,197	4,385,533
Nippon Mining Holdings, Inc.	—	—	2,067,507	1,886,083	2,251,208	2,056,407
Net assets						
JX Holdings, Inc.	22,684,798	1,886,241	1,765,652	—	—	—
Nippon Oil Corporation	—	—	1,059,089	1,016,306	1,429,266	1,331,981
Nippon Mining Holdings, Inc.	—	—	706,563	659,938	765,264	701,064
Cash Flows						
Cash flows from operating income						
JX Holdings, Inc.	$ 2,542,490	¥ 211,408	¥ 40,674	¥ —	¥ —	¥ —
Nippon Oil Corporation	—	—	30,982	441,202	103,216	205,867
Nippon Mining Holdings, Inc.	—	—	9,692	275,068	56,830	41,200
Cash flows from investing activities						
JX Holdings, Inc.	(2,055,418)	(170,908)	(241,339)	—	—	—
Nippon Oil Corporation	—	—	(145,531)	(324,641)	(199,709)	(143,487)
Nippon Mining Holdings, Inc.	—	—	(95,808)	(93,775)	(114,391)	(97,576)
Cash flows from financing activities						
JX Holdings, Inc.	(856,621)	(71,228)	113,610	—	—	—
Nippon Oil Corporation	—	—	62,499	(86,836)	6,374	44,408
Nippon Mining Holdings, Inc.	—	—	51,111	(124,280)	74,418	37,401

Note: U.S. dollar amounts have been converted at the rate of March 31, 2011.

* Figures for JX Holdings, Inc. for the fiscal year ended March 31, 2010 are on a pro-forma basis for Nippon Oil Corporation and consolidated subsidiaries and Nippon Mining Holdings, Inc. and consolidated subsidiaries.

	U.S. dollars	Yen				
	2011	2011	2010	2009	2008	2007
Per Share						
Net income (loss)						
JX Holdings, Inc.	$ 1.51	¥ 125.35	¥ —	¥ —	¥ —	¥ —
Nippon Oil Corporation	—	—	29.70	(172.42)	101.49	48.12
Nippon Mining Holdings, Inc.	—	—	32.17	(44.02)	107.14	117.91
Shareholders' equity						
JX Holdings, Inc.	19,582.93	1,628,321	—	—	—	—
Nippon Oil Corporation	—	—	658.54	627.90	896.06	829.64
Nippon Mining Holdings, Inc.	—	—	646.04	612.44	735.22	671.56
Cash dividends						
JX Holdings, Inc.	0.19	15.50	—	—	—	—
Nippon Oil Corporation	—	—	18	20	12	12
Nippon Mining Holdings, Inc.	—	—	15	14	16	16

	%				
	2011	2010	2009	2008	2007
Ratio					
ROE					
JX Holdings, Inc.	19.1%	—	—	—	—
Nippon Oil Corporation	—	4.62%	(22.62)%	11.76%	5.94%
Nippon Mining Holdings, Inc.	—	5.1	(6.5)	15.2	19.5
Shareholders' equity ratio					
JX Holdings, Inc.	26.0	—	—	—	—
Nippon Oil Corporation	—	23.2	23.1	28.5	27.7
Nippon Mining Holdings, Inc.	—	29.0	30.1	30.3	30.3

Market Date					
Exchange rate (¥/$)	¥86	¥93	¥101	¥114	¥117
Crude oil price (Dubai spot price) ($/bbl)	$84	$70	$82	$77	$61
Copper price (LME) (¢/lb)	369¢	277¢	266¢	344¢	316¢

Management's Discussion and Analysis of Operations

JX Holdings, Inc. and Consolidated Subsidiaries

1. PERFORMANCE DURING THE YEAR

JX Holdings, Inc. ("the Company"), was established on April 1, 2010, through the management integration of Nippon Oil Corporation and Nippon Mining Holdings, Inc. Since this is the Company's first fiscal year, no comparative analysis with the previous year's results has been presented in this section.

(1) Consolidated Financial Results

On a consolidated basis, the net sales of the JX Holdings Group ("JX Group") in the fiscal year ended March 31, 2011, were ¥9,634.4 billion, ordinary income amounted to ¥413.7 billion, and ordinary income after excluding inventory valuation factors was ¥356.1 billion.

Special profits included a lump-sum amortization of the negative goodwill resulting from the management integration (gain on negative goodwill) of ¥226.5 billion, a ¥14.5 billion gain on sales of property, plant and equipment, and ¥11.5 billion in gain on change in equity of consolidated subsidiaries, for a total of ¥257.6 billion. Special losses included ¥126.0 billion due to a loss on disaster, ¥41.7 billion in loss on impairment of fixed assets, ¥30.5 billion in special extra retirement payments, and a ¥14.3 billion loss on disposal of property, plant and equipment for a total of ¥264.1 billion.

As a consequence, income before income taxes and minority interests came to ¥407.2 billion. After the subtraction of income taxes totaling ¥69.5 billion and income of ¥26.0 billion in minority interests, net income amounted to ¥311.7 billion.

(2) General Economic Climate and the Operating Environment Surrounding the Group

During the fiscal year under review, the world economy generally recovered at a moderate pace driven by the continued recovery trend in the United States, which was supported by the government stimulus measures, and high growth in the emerging economies, including China, which was driven by expansion in exports and domestic demand in those countries. In Japan, although the economy was moving out of a temporary lull caused by the appreciation of the yen as exports remained generally firm, the impact of the Great East Japan Earthquake caused concern about a downturn in the economy.

In the markets for energy and other resources, although the price of crude oil was stable during the first half of the fiscal year under review, during the latter half, as the outlook for the world economy brightened, speculative funds flowed into the markets, and crude oil prices began to rise gradually. In addition, as a result of the effects of unsettled political conditions in the Middle East and North Africa, which were triggered by political turmoil in Tunisia, the price of Dubai crude oil rose to about US$110 a barrel in March 2011. The price of copper also was on a rising trend along with the recovery in global demand, and in February 2011 its price on the LME (London Metal Exchange) rose to its highest level in history, exceeding US$10,000 per ton.

In foreign exchange markets, the yen-dollar rate stood at around ¥93 to US$1 at the beginning of the fiscal year, but, thereafter, the yen was generally on a rising trend, ending the fiscal year in March 2011 at levels that were temporarily below ¥80.

(3) Business Activities and Results of Operations

Impact of the Great East Japan Earthquake and Response

Following the Great East Japan Earthquake, which occurred on March 11, 2011, the Company and the core operating companies of the JX Group appraised the scope of the damage from the earthquake as major, and each core operating company president immediately formed emergency headquarters units and collected information on the status of the damage, and, in each business field, emergency initiatives were taken to fulfill the JX Group's mission of providing stable supplies of energy and materials.

Petroleum Refining and Marketing Business: The magnitude of the Great East Japan Earthquake was measured at 9.0, making it the most-powerful tremor ever recorded in Japan, and it was followed by a massive tsunami. As a result, the JX Group's Sendai and Kashima refineries suffered damage, and the Negishi Refinery suspended production temporarily. In the area hardest hit by the disaster, the northeastern part of Japan facing the Pacific Ocean (the Tohoku region), the JX Group's oil and gas storage tanks, tank trucks, and service stations were also damaged. The distribution network, including railways and roads, was disrupted, and for a time following the earthquake and tsunami, the stricken areas were cut off from supplies of petroleum products.

Amid these operating conditions, the JX Group responded by restarting production at the Negishi Refinery as quickly as possible, increased refining capacity at the Mizushima Refinery, rerouted product exports to the domestic market, and adopted other measures in the production and procurement areas. In parallel with these initiatives, the JX Group exerted full efforts to take logistics measures to restore supply to the stricken region. These included transporting petroleum products from the Muroran Refinery and the Negishi Refinery to the Tohoku region, moving tank trucks from western Japan to the region on an emergency basis, and taking steps to put storage tanks and related facilities back into working condition. As a result, from mid-April onward, it was possible to provide stable supplies of products to the affected region.

The Kashima Refinery began production again on June 4, 2011, and, at present, specific recovery plans are being prepared to bring the Sendai Refinery back into production by the end of March 2012.

Metals Business: Portions of the facilities and equipment at the JX Group's business locations in the Tohoku and northern Kanto regions were damaged by the earthquake. Damaged facilities included the Hitachi Works, which produces refined copper; the Shirogane Works (currently, Hitachi Works), which is responsible for the final processing of treated rolled copper foil (an electronic material product used in the flexing portions of mobile phones and other products (a product in which the JX Group has the leading global market share)); and the Isohara Works, which produces sputtering targets for flat panel displays (an electronic material product used in the production of LCD panels (a product in which the JX Group has the leading global market share)). The damaged equipment at these business locations, where production was suspended because of electric power outages, stoppage of water supply, or for other reasons, has been repaired, and production of refined copper and electronic materials has been restarted.

Following the earthquake, the Company and the core operating companies of the JX Group have provided relief donations through the Japanese Red Cross Society amounting to ¥300 million. Also, to provide assistance to agricultural producers in the Tohoku and northern Kanto regions, which have suffered reputational damage, the JX Group is using food products from these regions in its company cafeteria and has held special sales of agricultural products from the regions for JX Group employees. Also, with the belief that it may provide post-disaster psychological care for children, the JX

Group has distributed a booklet with a collection of children's stories that it has issued entitled "The Bouquet of Children's Stories."

The JX Group would like to take this opportunity to express its condolences again to those affected by the disaster and give its prayers for early reconstruction and recovery of the stricken regions.

Petroleum Refining and Marketing Business —JX Nippon Oil & Energy (NOE) Group

Domestic demand for petroleum products overall was at about the same level as in the previous fiscal year. Although demand for gasoline, diesel fuel, and heavy fuel oil C for power generation increased from the previous year because of record-breaking hot weather during the summer months, demand for fuel oil A decreased because of fuel conversion, leaving total demand virtually unchanged. Demand for petrochemical products in Asia held firm.

Amid these operating conditions, the Petroleum Refining and Marketing business implemented a number of reforms that became possible following the management integration.

Production-Side Measures: The NOE Group dealt properly with the decline in domestic demand by taking the initiative in reducing its refining capacity and increasing the efficiency of its refineries to create the most-competitive petroleum refining structure in Japan. Specifically, a series of reductions in refining capacity were made at the Kashima, Negishi, Mizushima, and Oita refineries. In addition, a joint venture, Osaka International Petroleum Refining Co., Ltd. was formed with the China National Oil and Natural Gas Corporation Group, and the NOE Group's Osaka Refinery shifted its business focus to exports to the rest of Asia and the Pacific market. Through these measures, the NOE Group as a whole was able to meet its objective of reducing oil refining capacity by 400 thousand barrels per day and increased the utilization rate of its refineries. In addition, in each of the refineries, emphasis was placed on increasing production of propylene (a raw material for synthetic resins and fiber) and other petrochemical products, increasing the in-house efficiency of energy usage, and improving the operating efficiency of the refineries.

Marketing-Side Measures: To attain the positive results of the management integration at an early date, first, the NOE Group adopted "ENEOS" as the unified brand (trademark) of the Petroleum Marketing and Refining business and converted the symbol marks at all associated service stations to this single brand. In addition, in November 2010, the NOE Group launched the "ENEOS Premium Motor Oil SUSTINA" line of lubricants, which excel in fuel economy and engine-cleaning performance, as a new product lineup following the adoption of a single brand. As a further step, to strengthen the business base in the liquefied petroleum gas (LPG) business, which confronts severe competition from electric power, natural gas, and other energy sources, the NOE Group demerged and integrated its LPG business with Mitsui Marubeni Liquefied Gas Co., Ltd., in March 2011 and the newly formed company has been named ENEOS GLOBE Corporation. On the other hand, in the petrochemical products business, through integration, the NOE Group has an annual capacity of 2.62 million tons of paraxylene (a raw material for polyethylene terephthalate (PET) containers and other products), the largest supplier in Asia, and it worked to supply mainly paraxylene and propylene to Asia.

International Operations: In December 2010, the NOE Group formed a new lubricants manufacturing company in Indonesia, and, currently, intensive preparations are under way to commence production in March 2012. Thus far, the NOE Group established lubricants manufacturing companies in five locations in three countries: namely, China, Singapore, and the United States. As a result of the formation of the new manufacturing company in Indonesia, the NOE Group will be in a substantially stronger position to capture rising demand for lubricants in Asia.

New Energy Businesses: In the residential-use fuel cell business, in addition to the Polymer Electrolyte Membrane Fuel Cell (PEMFC) system sold thus far, the NOE Group is scheduled to launch the Solid Oxide Fuel Cell (SOFC) system, a new type of fuel cell, in October 2011. Compared with the previous PEMFC system, the SOFC system is more compact and offers more-efficient power generation. In addition, the SOFC system can provide eco-friendly, distributed electric power sources, and demand for these units is expected to grow in the years ahead. In the field of storage batteries, which is another area where growth in demand is expected, the NOE Group has established Power Carbon Technology Co., Ltd., a joint venture with GS Caltex Corporation, of South Korea. This venture began the production and marketing of carbon materials for electrodes used in capacitors (which are an efficient type of battery that allows taking out large amounts of electricity in short periods). The NOE Group also reached agreement with GS Caltex in February 2011 to manufacture and market anodes for use in lithium-ion batteries. At present, the construction of a plant facility is under way and is scheduled to be completed in March 2012.

Under the JX Group's Medium-Term Management Plan, the Petroleum Refining and Marketing business has a target of realizing management integration synergies of ¥80.0 billion within three years from the time of the integration and benefits from improving refinery efficiency of ¥29.0 billion, for a total of ¥109.0 billion in profitability gains. During the fiscal year under review, which was the first full year of operations for JX Holdings, improvements of ¥49.6 billion were reported (¥38.8 billion in synergies from management integration and ¥10.8 billion from improvements in refinery efficiency) through such measures as optimization and energy conservation at refineries and other manufacturing facilities, improvements in the efficiency of distribution, and cost-cutting in various departments.

Amid these conditions, sales of the Petroleum Refining and Marketing business amounted to ¥8,131.9 billion. Ordinary income amounted to ¥253.7 billion. This was the result of a combination of an increase of ¥57.2 billion due to inventory valuation factors accompanying the increase in the price of crude oil (by which inventory valuation under the average method reduced the cost of sales), firm margins on petroleum products, and other factors.

Oil and Natural Gas E&P Business —JX Nippon Oil & Gas Exploration (NOEX) Group

Since world demand for crude oil and natural gas is on a recovery trend and is expected to increase in the medium-to-long term, competition for the acquisition of oil fields and gas fields is intense. Moreover, as a result of a major oil leakage accident in the Gulf of Mexico, operating restrictions in the United States have been tightened, development costs have risen, and the operating environment for oil development has become more difficult.

Within this operating environment, in its E&P segment, the NOEX Group has set a long-term target of producing 200 thousand barrels of oil equivalent per day of crude oil and natural gas and, in line with the JX Holdings' Medium-Term Management Plan, is implementing the initiatives outlined in the following paragraphs.

In **exploration activities**, which will be a basis for the reserve replacement and additions, oil and natural gas were discovered as a result of two test drillings in the oil fields offshore Vietnam. In addition, among exploration areas where natural gas has already been found, the NOEX Group has confirmed a natural gas reservoir that we have confidence to commercialize in the U.S. Gulf of Mexico and the natural gas and condensate strata in the U.K. North Sea. The NOEX Group will proceed with activities to assess the levels of reserves in these areas and then move forward to the consideration of development plans. In addition to these activities, the NOEX Group was awarded licenses in the U.K. North Sea.

Among **development activities** in the preparatory stages for commercial production, the NOEX Group is proceeding with work on the Papua New Guinea LNG Project. Plant construction is under way with a target date for the first shipment in 2014. The NOEX Group also has rights to the output of three oil fields currently operated by Abu Dhabi Oil Co., Ltd., in the United Arab Emirates, in which NOEX has a 31.5% stock ownership, and has successfully signed 30-year contracts for rights in the undeveloped Hail oil field. Since existing equipment can be used in this new area, the development and production are expected to proceed economically and efficiently.

Among oil and gas fields already in **production**, including projects where the NOEX Group acts as operator in Vietnam and Malaysia, the Group exerted maximum efforts to ensure the safety and stability of operations and produced 140 thousand barrels per day of oil and gas.

Along with these activities, as part of initiatives to restructure the asset portfolio (by exercising selectivity and focus to optimize asset holdings), the NOEX Group sold a portion of its oil field and gas field holdings located in the U.S. Gulf of Mexico. Among initiatives to develop new technologies, in collaboration with Japan Oil, Gas and Metals National Corporation (JOGMEC), and PetroVietnam (the Vietnamese national oil corporation), the NOEX Group has decided to carry out the verification of technology for injecting CO_2 into oil strata to improve crude oil recovery ratios at the Rang Dong oil field, which is currently in production in Vietnam. This technology will not only make use of CO_2 emitted from industrial activities and increase the production of crude oil but also, at the same time, result in the effective storage of CO_2 and is, therefore, expected to be useful in deterring global warming.

As a result of these initiatives, firm crude oil prices, and other factors, net sales in the Oil and Natural Gas E&P business in the fiscal year were ¥148.8 billion and ordinary income amounted to ¥59.5 billion.

Metals Business
—JX Nippon Mining & Metals (NMM) Group

World demand for copper continued to be firm during the fiscal year under review, especially in China, where economic growth continued. In the electronic materials business (which includes functional materials (copper foil, precision rolled products, and precision fabricated products) as well as thin-film forming materials), demand was favorable in the first half of the fiscal year, as overseas manufacturing of final products rose, but, in the latter half, demand for electronic materials weakened because of adjustments in inventories for certain final products.

Amid these operating conditions, the Metals business implemented the following measures based on the Medium-Term Management Plan of the JX Group.

Resource Development and Smelting and Refining Business: In the resource development business, the NMM Group acquired additional equities in the Escondida Copper Mine in Chile as part of its initiatives to increase its ratio of equity entitlement copper mine production of copper concentrate divided by the volume of the same necessary for the domestic NMM Group's smelters and refineries. In addition, construction work at the Caserones Copper and Molybdenum Deposit in Chile, which is scheduled to begin production in fiscal 2013, proceeded during the fiscal year. On the other hand, in the smelting and refining business, production proceeded smoothly at the Saganoseki and Tamano smelters and refineries as well as at the joint venture smelter and refinery in South Korea. In addition, in China, work on a state-of-the-art copper wire rod facility at subsidiary Changzhou Jinyuan Copper Co., Ltd., with annual production capacity of 300 thousand tons, was completed, and production commenced in March 2010.

Recycling and Environmental Services Business: The HMC (Hitachi Metal Recycling Complex), which can efficiently recover a wide range of rare, precious, and other valuable metals, has gone into full-scale operation and is working to strengthen its business base. Also, to strengthen capabilities for the collection and processing of recycled materials, the Saganoseki Smelter and Refinery began to receive materials collected by the NMM Group's subsidiary in Taiwan and commenced recovery of valuable metals. In addition to these activities, the NMM Group is developing technologies for the recovery of rare metals from used automotive lithium-ion batteries. The effectiveness of verification tests of this technology has been confirmed, and, at present, additional tests are under way, and consideration is being given to commercialization of the recovery technology.

Electronic Materials Business: The NMM Group acquired all the outstanding shares of Sanyu Electronic Industrial Co., Ltd., which specializes in plating operations. In addition to working to strengthen the plating capabilities of this company in stages after precision processing, the NMM Group also made Suzuki Manufacturing Co., Ltd. a wholly owned subsidiary. Suzuki Manufacturing is a precision press processing company. These acquisitions have established the NMM Group's capabilities for integrated production, from the manufacture of precision rolled products to press and plate processing. In 2011, the NMM Group will begin construction work on a plant in Kakegawa, Shizuoka Prefecture, for the production of precision materials (press and plate processed precision rolled products) for use in automotive electronic components, and this is scheduled to substantially strengthen the NMM Group's systems for supplying precision materials. Also, at the Isohara Works, the NMM Group has begun construction work on equipment for mass-producing high-quality cathode materials for use in lithium-ion batteries that will be installed in next-generation, eco-friendly electric automobiles.

As a result of these various factors, firm metal prices, and other factors, net sales in the Metals business were ¥940.6 billion and ordinary income amounted to ¥70.7 billion.

Other Business

Net sales in the Other segment in the fiscal year under review were ¥472.8 billion and ordinary income was ¥25.1 billion.

NIPPO CORPORATION is responsible for the construction business, including road paving and civil engineering works. Although private capital investment showed some improvement during the fiscal year under review, public works construction continued to be stagnant, and the environment for NIPPO's business operations continued to be challenging. During the year, NIPPO focused on increasing profitability by obtaining orders based on its technological superiority, reducing costs, and increasing efficiency.

Toho Titanium Co., Ltd., is responsible for the titanium business. During the fiscal year under review, demand for titanium from the aircraft industry and general industrial users showed a recovery trend. Toho Titanium began operations at a new titanium sponge plant (Wakamatsu Works) located in Kita-Kyushu, which led to a major rise in its production capacity for titanium sponge. In addition, since world demand for titanium is expected to rise, work has begun on expanding the production capacity at the works, and production is scheduled to begin in April 2012.

Please note that the net sales figures cited in the previous paragraphs include intersegment transactions of ¥59.5 billion.

2. ANALYSIS OF FINANCIAL POSITION

(1) Consolidated Balance Sheet Analysis

Assets: Total assets at the end of the fiscal year under review were ¥6,260.0 billion.

Liabilities: Total liabilities at the end of the fiscal year under review amounted to ¥4,373.7 billion. Please note that interest-bearing debt was ¥2,264.6 billion.

Net assets: Net assets at the end of the fiscal year under review amounted to ¥1,886.2 billion.

The shareholders' equity ratio stood at 26.0%, net assets per share were ¥654.77, and the net D/E (debt to equity) ratio was 1.25 times.

(2) Consolidated Cash Flow Analysis

At the end of the fiscal year under review, cash and cash equivalents (hereinafter "cash") totaled ¥232.4 billion, which was ¥48.4 billion higher than at the beginning of the fiscal year. Cash flows and factors affecting cash flows are discussed below.

Net cash provided by operating activities was ¥211.4 billion. Factors contributing to cash from operating activities—such as income before income taxes and minority interests of ¥407.2 billion, depreciation and amortization of ¥206.6 billion, and a gain on negative goodwill of ¥226.5 billion—were greater than factors contributing to a decline in cash from operations—such as the increase in inventories of ¥204.8 billion.

Net cash used in investing activities amounted to ¥170.9 billion. Factors accounting for this cash outflow included investments in refineries and investments in oil and natural gas development projects.

Net cash used in financing activities amounted to ¥71.2 billion. This was attributable to a reduction in interest-bearing debt of ¥39.7 billion and cash dividends paid of ¥30.4 billion. The share transfer resulted in an increase in cash of ¥82.5 billion.

The following table shows the principal cash flow related indices for the Group.

	Year ended March 31, 2011
Shareholders' equity ratio (%)	26.0
Shareholders' equity ratio at market value (%)	22.2
Debt service years (%)	10.7
Interest coverage ratio (times)	7.3

Notes:
1. Definitions of indicators are as follows:
   Shareholders' equity ratio: Equity/Total assets
   Shareholders' equity ratio at market value: Total market capitalization/Total assets
   Debt service years: Interest-bearing debt/Operating cash flow
   Interest coverage ratio: Cash flow/Interest paid
2. All indicators have been calculated based on consolidated financial data.
3. The total value of stock at the market price has been calculated on a basis of the number of shares outstanding after excluding treasury stock.
4. Cash flow is the net cash provided by operating activities shown in the Consolidated Statement of Cash Flows.
5. As for interest-bearing debt, the amount of short-term borrowings, commercial paper, and long-term loans, less current portion shown on the Consolidated Balance Sheet is used, and as for interest paid, payments for interest shown in the Consolidated Statement of Cash Flow is used.

(3) Commitment Line Contracts

To raise working capital efficiently, the JX Group has concluded a commitment line contract with a syndicate of six banks. The maximum amount that can be made available under this contract is ¥255 billion. At the end of the fiscal year under review, there were no borrowings under the commitment line.

In addition, a commitment line contract has been concluded, jointly with two foreign subsidiaries of the Group, with a syndicate of three banks. The maximum amount under this contract is US$200 million. At the end of the fiscal year under review, there were no borrowings under this commitment line.

3. DIVIDEND POLICY

The basic policy of the Company is to continue to pay stable cash dividends as it allocates profits to reflect consolidated performance. Under this policy, after giving due consideration to performance, the balance of funds, and other factors, the Company has decided to pay a year-end dividend for the fiscal year under review of ¥8 per share to give a total annual dividend of ¥15.5 per share when combined with the interim dividend.

The Company has a basic policy of paying dividends from surplus twice a year in the form of an interim dividend and a year-end dividend. The final decision regarding the interim dividend is made by the Board of Directors, and the decision on the year-end dividend is made by the General Meeting of Shareholders. The Articles of Incorporation of the Company state "The Company can pay a dividend (interim dividend) from surplus with a base date of September 30 based on a decision by the Board of Directors."

Dividends from Surplus for the Fiscal Year under Review

Date of decision	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
November 29, 2010, by the Board of Directors	18,675	7.5
June 27, 2011, by the General Meeting of Shareholders	19,919	8.0

Business and Other Risks

The JX Holdings Group (hereinafter, JX Group) faces a variety of risks that may have an important impact on its business performance. The principal risks are those outlined below. Please note that forward-looking statements made in this section are, unless otherwise stated, judgments made by JX Holdings, Inc., as of the date of presentation of this report.

RISKS OF THE MANAGEMENT INTEGRATION

(1) Risks of not attaining the anticipated positive effects of the integration

JX Holdings, Inc., was established on April 1, 2010, through a joint share transfer between Nippon Oil Corporation and Nippon Mining Holdings, Inc., as the first step in the management integration. On July 1, 2011, as the second step in the management integration, the JX Group made up its Group organization with JX Holdings as the holding company and three core operating companies of the Petroleum Refining and Marketing business, the Oil and Natural Gas Exploration and Production business, and the Metals business.

The JX Group is taking initiatives to realize integration synergies and implanting thoroughgoing measures to reduce costs. However, in the event that the JX Group cannot deal with the range of issues it will confront in the process of integration, there is a possibility that the JX Group will not be able to attain the positive effects of the integration. The principal issues that must be addressed are as follows.

- Integration of the organizations and cultures
- Rationalization of redundant equipment and facilities, including reduction of petroleum refining capacity and related issues
- Rapid and efficient unification of products and services
- Efficient allocation of management resources
- Integration of information systems

(2) Risks of changes in relationships with customers and business partners as a result of the integration

Since the JX Group has become a holding company group, there may be requests from customers, suppliers, and business partners of the Nippon Oil Group and the Nippon Mining Holdings Group to delay or suspend transactions or dissolve joint business relationships. As a result, if relationships with such customers, suppliers, and/or business partners change, this may have a material impact on the JX Group's financial position and business performance.

RISKS AFFECTING THE ENTIRE JX GROUP

(1) Country risks relating to sources of raw material supplies

The JX Group procures large quantities of raw materials outside Japan. In particular, it is almost entirely dependent on limited crude oil reserves in the Middle East as well as on limited copper concentrate sources in South America, Southeast Asia, and Australia. Country risks in those countries or regions—for example, involving political instability, social unrest, deterioration in economic conditions, or changes in laws or policies—may have an impact on the JX Group's performance.

(2) Risks relating to business operations in China and other East Asian countries

Sales of such products as refined copper, petrochemical products, and electronic materials made by the JX Group depend heavily on demand in Asian countries, notably China, and the JX Group is expected to undertake further business expansion in those regions.

In the event that, for whatever reason, there is a decline or other changes in demand for the JX Group's products in these areas, it may have a material impact on the JX Group's financial position and business performance.

(3) Risks relating to foreign exchange rate fluctuations

Portions of the JX Group's receipts and payments arise from business transactions denominated in foreign currencies, and the JX Group also has substantial assets and liabilities denominated in foreign currencies. Consequently, fluctuations in foreign exchange rates may affect the value of assets, liabilities, receipts, and payments when converted into yen.

In addition, fluctuations in foreign exchange rates may also have a material impact when the financial statements of overseas consolidated subsidiaries or affiliates accounted for by the equity method are converted into yen.

(4) Risks relating to collaboration with third parties and business investments

In a variety of business fields, the JX Group collaborates with third parties through joint ventures and other arrangements, and also makes strategic investments in other companies. These partnerships and investments play an important role in the JX Group's businesses, and, in the event that, for various reasons, key joint ventures experience financial difficulties, or it is not possible to achieve the desired results from collaborative relationships or investments, this may have a material impact on the JX Group's financial position and business performance.

(5) Risks relating to business restructuring

The JX Group is taking steps to reduce costs, concentrate its business activities, and enhance efficiency. However, it is possible that substantial special losses related to such restructuring may occur.

In the event that the JX Group is unable to execute business restructuring appropriately, or that the restructuring does not achieve the envisaged improvements in the JX Group's business operations, this may have a material impact on the JX Group's financial position and business performance.

(6) Risks relating to capital expenditures, investments, and loans

Continuing capital expenditures, including investments and loans, are necessary for the ongoing maintenance and growth of the JX Group's businesses. However, it is possible that, for such reasons as inadequacy of cash flows, it may become difficult to implement these plans. In addition, it is possible that actual investment amounts will greatly exceed projections, or that projected earnings will not materialize.

(7) Risks relating to resource development

The JX Group conducts exploration and development activities related to oil and natural gas fields and copper deposits. At present, these activities are in various stages on the way toward full commercial operation. The success of exploration and development is influenced by a wide range of factors, including the choice of areas for exploration and development, the construction cost of equipment, permits that must be received from governments, and fund-raising. In the event that individual projects do not reach the commercial viability stage and funds invested cannot be recovered, this may have a material impact on the JX Group's financial position and business performance.

(8) Risks relating to environmental regulations

The JX Group's businesses are subject to a wide range of environmental regulations. These regulations impose expenses for environmental cleanups, and, if environmental pollution were to occur, the payment of fines and compensation would be required, making it difficult for the JX Group to continue its operations.

The JX Group's operations give rise to considerable quantities of wastewater, gas emissions, and waste materials, and unforeseen circumstances may cause the volumes of these discharges to rise above their permitted levels. It is also possible that in the future environmental regulations may be tightened. The obligations and burdens imposed on the JX Group by these environmental regulations and standards may have a material impact on the JX Group's financial position and business performance.

(9) Risks relating to operations

The JX Group's businesses are exposed to a variety of risks relating to its operations, such as risks of fire, explosions, accidents, import or export restrictions, natural disasters, mine collapses, climatic or other natural phenomena, labor disputes, and restrictions on the transportation of raw materials or products. If such accidents or disasters were to occur, considerable losses may ensue.

The JX Group obtains insurance coverage for accidents, disasters, and other contingencies, to the possible and appropriate extent, but it is possible that compensation may not cover the full cost of any damages that occur.

(10) Risks relating to intellectual property rights

In the execution of its businesses, the JX Group owns patents and other intellectual property rights of various kinds, but, in certain circumstances, it is possible that intellectual property rights may be difficult to obtain or their validity may be contested. It is also possible that the JX Group's corporate secrets may be disclosed or misused by a third party, or that owing to the speed of technical progress, the protection afforded by intellectual property rights becomes inadequate with respect to technologies vital to the JX Group's businesses.

In addition, a claim from a third party of infringement of intellectual property rights in regard to the JX Group's technologies may lead to the payment of substantial royalties or to the prohibition of use of the relevant technologies.

In such cases as those referred to above, in which the JX Group is unable to obtain or make adequate use of intellectual property rights for the conduct of its businesses, the JX Group's business performance may be affected.

(11) Risks relating to interest-bearing debt

The large size of its interest-bearing debt may restrict the business activities of the JX Group. In addition, to make repayments of principal and interest relating to this debt, it may be necessary for the JX Group to raise funds through additional borrowings or the sale of assets. However, the JX Group's ability to conduct such fund-raising may depend upon a variety of factors, such as the state of financial markets, the JX Group's share price, and whether or not there are buyers for the assets. Additionally, if interest rates rise—either within Japan or overseas—the resultant increase in interest burden may have a material impact on the JX Group's financial position and business performance.

(12) Risks relating to write-down of inventories owing to decreased profitability

The JX Group has large amounts of inventories. In the event that the net market value of inventories at the end of the fiscal period is lower than the corresponding book value owing mainly to declines in market prices of crude oil, petroleum products, and rare metals, the book value must be reduced in line with net market value. The difference between book values and net market value must be charged to cost of sales and will result in a decline in profitability. Such write-down of inventories may have an impact on the JX Group's financial position and business performance.

(13) Risks relating to the impairment of fixed assets

The JX Group has substantial fixed assets. In the future, if such factors as changes in the business environment cause the profitability of fixed assets to decline and make it unlikely that funds invested can be recovered, their book value will be reduced to reflect the likelihood of recovery, and it will be necessary to post the amount of the reduction as an impairment loss. This may affect the JX Group's financial position and business performance.

(14) Risks relating to information systems

Information systems may become inoperative, as a result of earthquake and other natural disasters as well as accidents, and business operations may have to be suspended. In such an event, this may disrupt the production and marketing activities of the JX Group and have a serious impact on the business of business partners.

(15) Risks relating to the establishment of internal control systems

The JX Group is making every effort to enhance compliance, risk management, and other functions as well as to strengthen its internal control systems, including internal financial reporting systems.

In cases where the JX Group's internal control systems do not function effectively, or situations arise in which the reliability of disclosure cannot be guaranteed, there is a risk that confidence among its stakeholders may be significantly impaired, and this may materially affect the financial position and business performance of the JX Group.

(16) Risks relating to the management of personal information

The JX Group manages personal information in relation to such services as petroleum product sales and periodic precious metal investment plans. The implementation of measures necessary to protect that information may require considerable expenses going forward. Furthermore, the leakage or misuse of customers' personal information may have a material impact on the aforementioned business activities.

RISKS BY SEGMENT

Petroleum Refining and Marketing

(1) Risks relating to fluctuations in margins in the Petroleum business

The margins for petroleum products are determined by factors beyond the control of the JX Group, largely by the difference between crude oil prices and the prices of petroleum products.

Factors influencing crude oil prices include the Japanese yen to U.S. dollar exchange rate, the political situation in oil-producing regions, production adjustments by the Organization of the Petroleum Exporting Countries (OPEC), and global demand for crude oil. Factors that influence the prices of petroleum products include demand for petroleum products, overseas petroleum product market conditions, domestic petroleum-refining capacity and capacity utilization ratios, and the total number of service stations in Japan.

Previously, the JX Group had decided to link the prices of petroleum products to fluctuations in crude oil prices, but in order to construct a fair and transparent price system that appropriately reflects petroleum product supply and demand conditions and market trends, from November 2008, the JX Group changed to a price system reflecting the petroleum product market. Accordingly, changes in crude oil prices or petroleum product market conditions may have a significantly adverse effect on margins, thereby resulting in a material impact on the JX Group's financial position and business performance.

Furthermore, margins for petrochemical products are affected by the difference between prices for crude oil and major raw materials, such as naphtha, and prices for petrochemical products. These margins are determined by factors beyond the control of the JX Group. Petrochemical product prices are affected by such factors as increases in supply capacity through the construction of new production facilities or the expansion of existing facilities, and demand trends for apparel, automobiles, home electronics, and other goods. Owing to weak market conditions, it may be difficult to pass on cost increases stemming from higher crude oil and other raw materials to product prices. This may have a material impact on the JX Group's financial position and business performance.

(2) Risks relating to demand fluctuations and competition in domestic petroleum products

Mainly in the industrialized countries, initiatives related to the Earth's environment have been stepped up, with the aim of accelerating the development of a "low carbon society." These initiatives include making reductions in greenhouse gas emissions and promoting the saving of energy and natural resources. Amid these developments, the demand for petroleum products in Japan is expected to continue to decline along with the trends toward the wider use of fuel-efficient automobiles and the progress toward transition to other energy sources, such as gas and electricity. In the event that this decline in domestic demand continues or accelerates, this may have a negative impact on the JX Group's financial position and business performance. Moreover, in the domestic petroleum refining and marketing business, competition among industry participants at present is intense, and there is a possibility that the trend toward lower demand in the domestic market may accelerate such competition. More-intense competition may have a material impact on the JX Group's financial position and business performance.

(3) Risks relating to sources of procurement of crude oil and petroleum products

The JX Group procures all its crude oil from overseas, primarily from the Middle East, and some petroleum products are procured abroad and in Japan. Such factors as changes in the political situation in oil-producing countries, and changes in the supply and demand balance for petroleum products in Japan and abroad, may hamper the procurement of crude oil and petroleum products. Inability to secure an appropriate alternative supply source may have a material impact on the JX Group's financial position and business performance.

(4) Risks relating to inventory valuation

The JX Group values inventories, including crude oil and petroleum products, by the average cost method. During a phase of rising crude oil prices, inventories initially valued at a comparatively low level will act to increase profits by pushing down the cost of sales. However, in a phase of falling crude oil prices, inventories initially valued at a comparatively high level will act to decrease profits by pushing up the cost of sales. This may have a material impact on the JX Group's financial position and business performance.

Oil and Natural Gas Exploration and Production (E&P)

(1) Risks relating to crude oil prices and currency exchange rate fluctuations in oil and natural gas E&P

Sales in the Oil and Natural Gas E&P business fluctuate along with changes in crude oil prices and movements in foreign currency exchange rates. When crude oil prices are rising and the value of the yen is declining, sales in yen terms increase. When the crude oil prices are falling and the yen is appreciating, sales in yen terms decrease. Therefore, during times when crude oil prices move downward and when the yen is appreciating, the performance of the JX Group is adversely affected because of the decline in sales in yen terms.

(2) Risks relating to securing human resources

For the JX Group to show sustained growth in its Oil and Natural Gas E&P business, it must recruit personnel with high-level specialized expertise and broad experience. On the other hand, the competition for recruiting top-quality personnel in the industry is intense, and there are no guarantees that the JX Group can secure such personnel. If the JX Group cannot hire such personnel, it may lose profit-making opportunities and its competitiveness may decline. This may have a negative impact on the JX Group's financial position and business performance.

(3) Risks relating to securing reserves

As a result of international competition for resources, competitiveness conditions for the JX Group to secure reserves have become substantially more challenging. The future oil and gas output of the JX Group will depend on the extent to which it can secure reserves through exploration, development, and acquisition of resources rights that make possible production on a commercial basis. In the event that the JX Group cannot supplement its reserves of oil and gas, its production volume may decline in the future, and this may have a negative impact on the JX Group's financial position and business performance.

(4) Risk relating to equipment for oil and natural gas E&P

To conduct exploration and production of oil and natural gas, the JX Group must obtain drilling and other equipment and related services from third parties. When the price of crude oil is rising and in similar circumstances, such equipment and services are in short supply. In the event that the JX Group cannot obtain such equipment and services with the proper timing and on economical conditions, this may have a negative impact on the JX Group's financial position and business performance.

Metals

(1) Risks relating to fluctuations in market conditions in the copper business

The JX Group's copper business mainly derives its profit from its copper smelting and refining business and investments in overseas copper mines. Any changes in related market prices, as listed below, could have a material impact on the financial position and business performance of the JX Group.

The JX Group's copper smelting and refining business operates as a custom smelter that purchases copper concentrate from overseas copper mines and produces and sells refined copper. The gross margin mainly comprises smelting and refining margins and sales premiums.

Smelting and refining margins are determined by negotiations with copper mines, but in recent years, the supply of copper concentrate to the market has tended to be inadequate owing to such factors as a lower concentrate grade, the emergence of an oligopoly of mining majors, and increasing demand in China, India, and other emerging economies. With these factors, the supply and demand situation of copper concentrate remains tight, placing downward pressure on smelting and refining margins. In addition, the smelting and refining margins have been concluded in U.S. dollars, and in some contracts must partially reflect fluctuations in the international refined copper price. Therefore, smelting and refining margins decline when the yen appreciates in value and when international copper prices fall.

Sales premiums, which are added to the international refined copper price, are determined through negotiations with customers in consideration of a variety of factors, such as importation costs and product quality. Depending on the outcome of such talks, sales premiums could be adversely affected.

The JX Group is also exposed to the risk of decrease in equity in earnings of unconsolidated subsidiaries and affiliates, should there be any fall in international prices of refined copper, since prices of copper concentrate sold by the mines in which the JX Group has invested are based on international prices of refined copper.

(2) Risks relating to the stable procurement of copper concentrate

In view of the tight supply and demand conditions for copper concentrate, the JX Group has been investing in and financing overseas copper mines with the objective of securing stable supplies of copper concentrate. However, if the JX Group is unable to procure the copper concentrate its smelting and refining business needs at the appropriate time, owing to any disruption of operations of the overseas copper mines, which are the JX Group's procurement sources, including those in which the JX Group has invested, the financial position and business performance of the JX Group could be materially affected.

(3) Risks relating to such factors as demand fluctuations and technical innovation in the electronic materials business

Many customers of the electronic materials business are in the IT-related products and consumer electronics industries. Consequently, such factors as supply and demand situations and price movements in those industries may have a material impact on the JX Group's business performance. Additionally, if the JX Group is unable to respond appropriately to rapid technical innovation or changes in customer needs, this may have a material impact on the JX Group's financial position and business performance.

(4) Risks relating to competition in the electronic materials business

The electronic materials business is facing fierce competition, and some competitors in this field have powerful corporate strengths in comparison with those of the JX Group. This competition may have a material impact on the JX Group's business performance.

(5) Risks relating to fluctuations in procurement prices of raw materials in the electronic materials business

The prices of the raw materials used in electronic materials fluctuate in accordance with the market prices of metals and other materials. If increases in the costs of these raw materials cannot be passed on in the product prices, or if there is some extent of decline in the market value of inventories compared with the corresponding book value at the beginning of the fiscal period, there may be a material impact on the JX Group's business performance.

(6) Risks relating to environmental issues surrounding Gould Electronics, Inc. (a U.S. subsidiary)

In relation to environmental problems that arose in the past in its business activities, Gould Electronics, Inc., a U.S.-based subsidiary, is a potential responsible party with regard to specific designated areas within the United States under U.S. environmental laws, such as the Superfund Act. The ultimate financial burden the subsidiary will bear may depend on numerous factors, including the quantity of the substance and its toxicity for which the areas were designated, the total number of other potential responsible parties and their financial position, and remedial methods and technologies.

In relation to this matter, Gould Electronics, Inc., is providing reserves that it considers appropriate, but owing to the factors referred to above, the actual amount of the burden may exceed these reserves, in which case the JX Group's business performance may be affected.

Other Operations

(1) Risks relating to fluctuating demand in the construction business

The JX Group's construction business relies heavily on the demand for contracted paving, civil engineering, and construction projects. Therefore, declines in public investment and private capital investment (including residential investment) may have a negative impact on the JX Group's construction business.

(2) Risks relating to fluctuating demand in titanium business

The demand for titanium metals (titanium sponge and titanium ingots) is linked primarily to demand for specific purposes, such as for aircraft, electric power plants, chemical plants, and seawater desalination plants. Moreover, its use in catalysts is almost entirely confined to propylene polymerization.

If demand for titanium in these specific applications fluctuates substantially, due to changes in domestic or overseas political and economic conditions, or due to major changes in related consuming industries, it may have an impact on the JX Group's business performance, since such fluctuations in demand tend to have a big impact on the sales volume and prices of titanium products.

Consolidated Balance Sheet

JX Holdings, Inc. and Consolidated Subsidiaries
As of March 31, 2011

	2011	
Assets	Millions of yen	Thousands of U.S. dollars (Note 2)
Current assets:		
Cash and cash equivalents	¥ 232,438	$ 2,795,406
Time deposits	1,033	12,423
Notes and accounts receivable (Note 13):		
Trade	1,065,973	12,819,880
Other	92,559	1,113,157
Less: Allowance for doubtful accounts	(2,997)	(36,043)
Inventories (Note 7)	1,484,879	17,857,835
Deferred income taxes (Note 21)	91,492	1,100,325
Other current assets	102,354	1,230,956
Total current assets	3,067,731	36,893,939
Investments and long-term receivables:		
Investments in unconsolidated subsidiaries and affiliates	363,669	4,373,650
Investments in securities (Notes 8, 12 and 13)	281,200	3,381,840
Long-term receivables	23,136	278,244
Total investments and long-term receivables	668,005	8,033,734
Property, plant and equipment (Notes 9, 10, 12 and 16):		
Land	961,205	11,559,892
Buildings, structures and oil tanks	1,522,578	18,311,221
Machinery, equipment, vehicles and other	2,753,727	33,117,583
Construction in progress	55,430	666,626
	5,292,940	63,655,322
Less: Accumulated depreciation	(3,352,649)	(40,320,493)
Property, plant and equipment, net	1,940,291	23,334,829
Goodwill and other intangible assets:		
Goodwill (Note 6)	50,966	612,941
Other	115,181	1,385,219
Total intangible assets	166,147	1,998,160
Deferred income taxes (Note 21)	120,716	1,451,786
Exploration and development investment	205,294	2,468,959
Other assets	91,774	1,103,716
Total assets (Note 25)	¥6,259,958	$75,285,123

The accompanying notes are an integral part of these consolidated financial statements.

Liabilities and Net Assets	2011 Millions of yen	2011 Thousands of U.S. dollars (Note 2)
Current liabilities:		
Notes and accounts payable (Note 13):		
Trade	¥ 739,855	$ 8,897,835
Other	316,807	3,810,066
Short-term borrowings (Notes 11, 12 and 13)	589,001	7,083,596
Current portion of corporate bonds	60	722
Current portion of long-term loans (Notes 11, 12 and 13)	127,560	1,534,095
Commercial paper (Note 13)	388,000	4,666,266
Excise taxes payable (Notes 12 and 13)	268,591	3,230,198
Accrued income taxes	33,548	403,464
Provision for loss on disaster (Note 20)	109,106	1,312,159
Other provision	46,465	558,809
Accrued expenses	42,126	506,626
Asset retirement obligations (Note 16)	7,418	89,212
Deferred income taxes (Note 21)	1,460	17,559
Other current liabilities	180,163	2,166,723
Total current liabilities	2,850,160	34,277,330
Long-term liabilities:		
Corporate bonds	251,131	3,020,217
Long-term loans, less current portion (Notes 11, 12 and 13)	908,832	10,930,030
Accrued retirement benefits (Note 15)	88,920	1,069,393
Provision for repair works	51,856	623,644
Deferred income taxes (Note 21)	106,291	1,278,304
Other provision	7,608	91,497
Asset retirement obligations (Note 16)	47,140	566,927
Other long-term liabilities (Note 12)	61,779	742,983
Total long-term liabilities	1,523,557	18,322,995
Commitments and contingencies (Note 17)		
Net assets:		
Stockholders' equity:		
Common stock:		
Authorized—8,000,000 thousand shares		
Issued—2,495,486 thousand shares	100,000	1,202,646
Capital surplus	746,693	8,980,072
Retained earnings	801,567	9,640,012
Less: Treasury stock, at cost—8,643 thousand shares	(3,802)	(45,725)
Total stockholders' equity	1,644,458	19,777,005
Accumulated other comprehensive income (loss):		
Unrealized gain on securities	35,524	427,228
Unrealized gain on hedging derivatives	6,666	80,168
Foreign currency translation adjustments	(58,327)	(701,467)
Total accumulated other comprehensive loss	(16,137)	(194,071)
Minority interests in consolidated subsidiaries (Note 22)	257,920	3,101,864
Total net assets (Note 22)	1,886,241	22,684,798
Total liabilities and net assets	¥6,259,958	$75,285,123

Consolidated Statement of Income

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal year ended March 31, 2011

	2011	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Net sales (Note 25)	¥9,634,396	$115,867,661
Cost of sales (Note 18)	8,805,610	105,900,301
Gross profit	828,786	9,967,360
Selling, general and administrative expenses (Notes 18 and 19)	494,384	5,945,688
Operating income	334,402	4,021,672
Non-operating income (expense):		
Interest and dividend income	23,836	286,663
Interest expense	(27,302)	(328,347)
Foreign currency exchange loss, net	(766)	(9,212)
Equity in earnings of unconsolidated subsidiaries and affiliates	75,974	913,698
Other, net	7,523	90,475
	79,265	953,277
Ordinary income (Note 25)	413,667	4,974,949
Special profit (loss):		
Loss on sales and disposal of property, plant and equipment, net	(4,151)	(49,922)
Loss on impairment of fixed assets (Notes 9 and 25)	(41,652)	(500,926)
Gain on negative goodwill (Note 6)	226,537	2,724,438
Loss on write-down of investments in securities (Note 8)	(7,380)	(88,755)
Gain on change in equity of consolidated subsidiaries	11,529	138,653
Loss on adjustment due to adoption of accounting standard for asset retirement obligations (Note 16)	(4,468)	(53,734)
Special extra retirement payments	(30,539)	(367,276)
Loss on disaster (Note 20)	(126,022)	(1,515,599)
Other, net	(30,298)	(364,378)
	(6,444)	(77,499)
Income before income taxes and minority interests	407,223	4,897,450
Income taxes (Note 21):		
Current	54,574	656,332
Deferred	14,926	179,507
Income before minority interests	337,723	4,061,611
Minority interests in earnings of consolidated subsidiaries	(25,987)	(312,531)
Net income	¥ 311,736	$ 3,749,080

	Yen	U.S. dollars (Note 2)
Net income per share—basic (Note 22)	¥125.35	$1.51
Cash dividends per share attributable to the year (Note 22)	15.50	0.19

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal year ended March 31, 2011

	2011	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Income before minority interests	¥337,723	$4,061,611
Other comprehensive income (loss):		
Unrealized loss on securities	(3,779)	(45,448)
Unrealized loss on hedging derivatives	(5,880)	(70,715)
Foreign currency translation adjustments	(18,139)	(218,148)
Share of other comprehensive income of affiliates accounted for by the equity method	(24,258)	(291,738)
Total other comprehensive income (loss)	¥ (52,056)	$ (626,049)
Comprehensive income:	¥285,667	$3,435,562
Comprehensive income attributable to:		
Shareholders of JX Holdings, Inc.	¥265,892	$3,197,739
Minority interests	19,775	237,823

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal year ended March 31, 2011

	Millions of yen										
	Stockholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on securities	Unrealized gain on hedging derivatives	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Year ended March 31, 2011											
Beginning of year	¥139,437	¥275,697	¥519,572	¥(4,507)	¥ 930,199	¥38,774	¥13,322	¥(22,389)	¥ 29,707	¥ 99,183	¥1,059,089
Cash dividends paid	—	—	(30,352)	—	(30,352)	—	—	—	—	—	(30,352)
Net income	—	—	311,736	—	311,736	—	—	—	—	—	311,736
Increase due to share transfers	(39,437)	470,996	—	780	432,339	—	—	—	—	—	432,339
Change of scope of consolidation	—	—	528	—	528	—	—	—	—	—	528
Change of scope of equity method	—	—	83	—	83	—	—	—	—	—	83
Change in equity in affiliates accounted for by the equity method-treasury stock	—	—	—	(11)	(11)	—	—	—	—	—	(11)
Purchase of treasury stock	—	—	—	(68)	(68)	—	—	—	—	—	(68)
Disposal of treasury stock	—	—	—	4	4	—	—	—	—	—	4
Net changes of items other than stockholders' equity	—	—	—	—	—	(3,250)	(6,656)	(35,938)	(45,844)	158,737	112,893
End of year	¥100,000	¥746,693	¥801,567	¥(3,802)	¥1,644,458	¥35,524	¥ 6,666	¥(58,327)	¥(16,137)	¥257,920	¥1,886,241

	Thousands of U.S. dollars										
	Stockholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Unrealized gain on securities	Unrealized gain on hedging derivatives	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Year ended March 31, 2011											
Beginning of year	$1,676,933	$3,315,658	$6,248,611	$(54,203)	$11,186,999	$466,314	$160,216	$(269,260)	$ 357,270	$1,192,820	$12,737,089
Cash dividends paid	—	—	(365,027)	—	(365,027)	—	—	—	—	—	(365,027)
Net income	—	—	3,749,080	—	3,749,080	—	—	—	—	—	3,749,080
Increase due to share transfers	(474,287)	5,664,414	—	9,381	5,199,508	—	—	—	—	—	5,199,508
Change of scope of consolidation	—	—	6,350	—	6,350	—	—	—	—	—	6,350
Change of scope of equity method	—	—	998	—	998	—	—	—	—	—	998
Change in equity in affiliates accounted for by the equity method-treasury stock	—	—	—	(133)	(133)	—	—	—	—	—	(133)
Purchase of treasury stock	—	—	—	(818)	(818)	—	—	—	—	—	(818)
Disposal of treasury stock	—	—	—	48	48	—	—	—	—	—	48
Net changes of items other than stockholders' equity	—	—	—	—	—	(39,086)	(80,048)	(432,207)	(551,341)	1,909,044	1,357,703
End of year	$1,202,646	$8,980,072	$9,640,012	$(45,725)	$19,777,005	$427,228	$ 80,168	$(701,467)	$(194,071)	$3,101,864	$22,684,798

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

JX Holdings, Inc. and Consolidated Subsidiaries
Fiscal year ended March 31, 2011

	2011	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥407,223	$4,897,450
Depreciation and amortization	206,553	2,484,101
Amortization of goodwill	4,560	54,841
Gain on negative goodwill	(226,537)	(2,724,438)
Increase in provision for loss on disaster	109,106	1,312,159
Reversal of provision for repair works	(3,452)	(41,515)
Interest and dividend income	(23,836)	(286,663)
Interest expense	27,302	328,347
Equity in earnings of unconsolidated subsidiaries and affiliates	(75,974)	(913,698)
Loss on write-down of investments in securities	7,380	88,755
Loss on sales and disposal of property, plant and equipment, net	4,151	49,922
Gain on change in equity of consolidated subsidiaries	(11,529)	(138,653)
Special extra retirement payments	30,539	367,276
Loss on impairment of fixed assets	41,652	500,926
Increase in notes and accounts receivable-trade	(979)	(11,774)
Increase in inventories	(204,781)	(2,462,790)
Decrease in notes and accounts payable–trade and excise taxes payable	(137,971)	(1,659,303)
Other, net	57,026	685,821
Subtotal	210,433	2,530,764
Receipts of interest and dividends	72,071	866,759
Payments for interest	(29,156)	(350,643)
Payments for income taxes	(41,940)	(504,390)
Net cash provided by operating activities	211,408	2,542,490
Cash flows from investing activities:		
Payments for acquisition of investments in securities	(20,455)	(246,001)
Proceeds from sales of investment in securities	6,878	82,718
Payments for acquisition of property, plant and equipment	(136,552)	(1,642,237)
Proceeds from sales of property, plant and equipment	27,303	328,358
Payments for acquisition of intangible assets	(16,979)	(204,197)
Increase in short-term receivables, net	(8,560)	(102,947)
Payments of long-term receivables	(5,366)	(64,534)
Collection of long-term receivables	7,658	92,099
Increase in cost of exploration and development investment	(27,814)	(334,504)
Other, net	2,979	35,827
Net cash used in investing activities	(170,908)	(2,055,418)
Cash flows from financing activities:		
Decrease in short-term borrowings, net	(126,230)	(1,518,100)
Increase in commercial paper, net	36,000	432,953
Proceeds from long-term loans	172,803	2,078,208
Repayment of long-term loans	(152,193)	(1,830,343)
Proceeds from issuance of corporate bonds	50,000	601,323
Redemption of corporate bonds	(20,060)	(241,251)
Proceeds from stock issuance to minority stockholders	7,685	92,423
Cash dividends paid	(30,352)	(365,027)
Cash dividends paid to minority stockholders	(19,129)	(230,054)
Proceeds from stock issuance of consolidated subsidiary to minority stockholders	16,232	195,213
Other, net	(5,984)	(71,966)
Net cash used in financing activities	(71,228)	(856,621)
Effect of exchange rate changes on cash and cash equivalents	(3,866)	(46,494)
Net decrease in cash and cash equivalents	(34,594)	(416,043)
Cash and cash equivalents at beginning of year	183,992	2,212,772
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	10	120
Increase in cash and cash equivalents resulting from share transfer	82,514	992,351
Increase in cash and cash equivalents resulting from corporate division	510	6,134
Increase in cash and cash equivalents resulting from merger of companies	6	72
Cash and cash equivalents at end of year	¥232,438	$2,795,406

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

JX Holdings, Inc. and Consolidated Subsidiaries
March 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation— Consolidated Financial Statements

On April 1, 2010, JX Holdings, Inc. (the "Company") was created upon the completion of a joint share transfer agreement between Nippon Oil Corporation ("Nippon Oil") and Nippon Mining Holdings, Inc. ("Nippon Mining"). As such, comparative information for the prior year has not been presented.

The accompanying consolidated financial statements of the Company and its subsidiaries are prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In presenting the accompanying consolidated financial statements, certain accounts and items reported in the consolidated financial statements that have been filed with the Financial Services Agency in Japan have been reclassified for the convenience of readers outside Japan.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries that are controlled by the Company (hereinafter referred to as the "Company Group"). As of March 31, 2011, the Company had 130 consolidated subsidiaries.

For the year ended March 31, 2011, the Company added Osaka International Refining Company, Limited to the scope of consolidation and one other company due to incorporation. The Company also added JX Nippon Research Institute, Ltd. (formerly Nippon Oil Research Institute Co., Ltd.) to the scope of consolidation due to its increased materiality resulting from business expansion following a merger and ENEOS GLOBE Corporation was newly consolidated as a subsidiary as a result of a demerger.

Japan Energy Corporation and Nippon Petroleum Refining Co., Ltd. merged with Nippon Oil Corporation, Japan Energy Development Co., Ltd. with Nippon Oil Exploration Limited, Nippon Mining & Metals Co., Ltd. with Nippon Mining Holdings, Inc., Nippon Mining Business Support Co., Ltd. with Nippon Oil Business Services Co., Ltd., Japan Energy (Singapore) Pte. Ltd. with Nippon Oil (Asia) Pte. Ltd., JOMO Support System Co., Ltd. with Nippon Oil Trading Corporation and Nippon Mining Research & Technology Co., Ltd. with Nippon Oil Research Institute Co., Ltd.; and thereby were scoped out from the consolidation of the Company. In addition, the Company also excluded from the scope of consolidation Nippon Mining IT Co., Ltd. and 2 other companies due to liquidation and Petrocokes Japan, Ltd. due to a decrease in the Company's ownership percentage from sales of its stock.

The consolidated financial statements for the year ended March 31, 2011 do not include the accounts of Shibushi Oil Storage Company Ltd., and other certain subsidiaries, as they are considered immaterial in terms of the Company Group's total assets, net sales, net income and retained earnings.

Investments in certain unconsolidated subsidiaries and affiliates over which the Company Group has significant influence are accounted for under the equity method. The Company Group's consolidated income includes equity in net income of those unconsolidated subsidiaries and affiliates, after elimination of unrealized intercompany profits. As of March 31, 2011, the Company has 2 unconsolidated subsidiaries and 32 affiliates that are accounted for under the equity method.

Nextage Co., Ltd. (formerly Nextage Chugoku Co., Ltd.) became the Company's affiliate accounted for by the equity method due to increased materiality while Globe Energy Co., Ltd. became the Company's subsidiary accounted for by the equity method as a result of a becoming a subsidiary through demerger. On the other hand, Nextage Chubu Co., Ltd., Nextage Kansai Co., Ltd. and Nextage Kyushu Co., Ltd. are excluded from the scope of affiliates accounted for by the equity method because of their merger with Nextage Co., Ltd.

The Company does not apply the equity method to its investments in certain unconsolidated subsidiaries and certain affiliates, including Seibu Nisso Company Ltd., as they are considered immaterial in terms of the Company Group's net income and retained earnings. The investments in these unconsolidated subsidiaries and affiliates are carried at cost, less any write-down due to impairment deemed necessary.

Japan Vietnam Petroleum Co., Ltd., JX Nippon Exploration and Production (U.K.) Ltd., and 44 other subsidiaries are consolidated by using their financial statements as of their respective fiscal year end which is December 31, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.

Goodwill at the dates of acquisition of the major consolidated subsidiaries whose amortization period can be reasonably estimated is amortized over the estimated period. Otherwise goodwill is amortized by the straight-line method over 5 years.

(c) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies included in the current and non-current foreign currency accounts are translated into yen using foreign exchange rates prevailing at the balance sheet date. Translation differences are charged or credited to income.

Revenues and expenses of foreign consolidated subsidiaries are translated into yen using the average exchange rates for the period.

Assets and liabilities are translated into yen using the foreign exchange rates prevailing at the balance sheet date, and equity accounts are translated using historical rates. The resulting translation difference is presented as accumulated translation adjustment and minority interests in consolidated subsidiaries in a separate component of net assets.

(Additional Information)

Nippon Oil translated revenues and expenses of foreign consolidated subsidiaries to yen using the spot exchange rates prevailing at the respective balance sheet date. Upon the business integration with Nippon Mining, the Company translates such revenues and expenses using the average exchange rates for the fiscal year. Please refer to Note 3 (e).

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits in banks and investments with original maturities of three months or less and which represent high liquidity and minor risks of fluctuations in value.

(e) Investments in Securities

Investments in securities are required to be classified into three categories: trading, held-to-maturity or other. Held-to-maturity investment securities are stated at their amortized cost. The Company Group does not classify any of its investment securities as trading securities. Marketable securities classified as other securities have been stated at fair value with any changes in unrealized gain or loss, net of the applicable income taxes, included directly in stockholders' equity. Non-marketable securities classified as other securities have been stated at cost. Cost of securities sold has been determined by the moving average method. Significant declines in the value of other securities that are deemed unrecoverable are charged to income.

(f) Inventories

Inventories are stated mainly at cost determined principally by the average method. (Balance sheet values are stated using the lower of cost or market method.)

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Significant renewals and improvements are capitalized at cost. Maintenance and repairs are charged to income as incurred.

Depreciation of property, plant and equipment is primarily calculated based on the straight-line method, over the estimated useful lives as summarized below:

• Buildings, structures and oil tanks	2 – 50 years
• Machinery and equipment	2 – 20 years

(Additional Information)

Nippon Oil primarily used the declining-balance method for the depreciation of property, plant and equipment, such as oil tanks and machinery, except for the buildings used by the Petroleum Refining and Marketing segment. Upon the business integration with Nippon Mining in April 2010, the Company changed the depreciation method for these assets from the declining-balance method to the straight-line method from the year ended March 31, 2011. Please refer to Note 3 (d) for more detail.

(h) Intangible Assets

Amortization of intangible assets, including software for internal use, is primarily computed using the straight-line method over the estimated useful lives. Mineral rights are primarily amortized using the units-of-production method.

(i) Leases

Depreciation of leased assets under finance lease transactions that do not transfer ownership and whose contract date falls on or after April 1, 2008, is calculated based on the straight-line method over the lease term assuming no residual value.

Finance lease transactions that do not transfer ownership and whose contract date falls prior to April 1, 2008, continue to be accounted for as operating leases.

(j) Exploration and Development Investment

Expenditures relating to exploration and development of oil and natural gas reserves under certain agreements are capitalized and amortized in accordance with the terms of the respective agreements.

(k) Allowance for Doubtful Accounts

The allowance for doubtful accounts is calculated based on the aggregate amount of individually estimated credit losses for doubtful receivables plus an amount calculated using historical write-off experience over a certain period for remaining receivable balance.

(l) Provision for Loss on Disaster

The provision for loss on disaster is calculated based on estimated future expenditures for recovery costs attributable to the Great East Japan Earthquake.

(m) Accrued Retirement Benefits

Accrued retirement benefits, which are provided for future pension and severance to be paid at retirement, are recorded at the amount actuarially computed based on the projected benefit obligation and the estimated fair value of plan assets at the end of the fiscal year. Prior service cost is amortized as incurred using the straight-line method, principally over 5 years. Actuarial gain or loss is amortized commencing in the subsequent period by the straight-line method, principally over 5 years.

(n) Provision for Repair Works

The Company and its domestic consolidated subsidiaries are periodically required to inspect their oil tanks, machinery and equipment of their oil refineries, and vessels. A reserve for the inspection of oil tanks, machinery and equipment, and vessels is provided for the current portion of the estimated total cost for such work.

(o) Income Taxes

Provision for income taxes is computed based on income before income taxes and minority interests. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying value amounts and the tax bases of assets and liabilities.

A valuation allowance is established against deferred tax assets to the extent that it is more likely than not that the deferred tax assets may not be realized within the foreseeable future.

The Company and its certain domestic wholly-owned subsidiaries commence filing a consolidated corporate tax return in Japan starting the year ended March 31, 2011.

(p) Research and Development Costs

Research and development costs are expensed as incurred.

(q) Derivative Instruments

The Company Group utilizes derivative instruments to manage its exposure to fluctuations in commodity prices, variability in foreign currency exchange rates and changes in interest rates. The Company Group does not utilize derivative instruments for speculation, in accordance with the Company's internal policy.

Hedge accounting is primarily applied to derivative instruments and loans in foreign currencies as hedging instruments. With respect to qualifying foreign exchange forward contracts and currency swap contracts, the designation ("*Furiate-shori*") is applied. The exception method is applied to interest rate swap contracts that meet the requirements for exceptional treatments.

Hedging instruments are foreign exchange forward contracts, interest rate swap contracts, commodity forwards, commodity swaps and loans in foreign currencies. Hedged items are that have a risk of losses due to fluctuation in foreign exchange rate, and of which fluctuation in foreign exchange rate is not reflected in the valuations or of which fluctuation is avoided by fixing cash flow.

The Company Group utilizes derivative instruments within assets and liabilities under market risks. The objective of hedging policy is to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices that assets and liabilities are taken.

With respect to foreign exchange forward contracts, commodity forwards, commodity swaps and loans in foreign currencies as hedging instruments, the Company Group performs an effectiveness assessment to confirm if the critical terms of the derivative instruments and those of the hedged items are continuously the same during the period of hedging and, as such, the hedging is expected to be highly effective.

In addition, with respect to interest rate swap contracts, the Company Group performs an effectiveness assessment to confirm comparing the accumulated cash flow fluctuation of hedged items with those of hedging instruments. Interest rate swap contracts that already confirmed meeting the exception method terms are omitted to measure their effectiveness.

Derivative instruments that are not designated as hedges are carried at market value, with changes in market value charged to income for the period in which they arise.

(r) Net Income per Share

Net income per share is determined based on the weighted average number of shares of common stock outstanding during the relevant fiscal year.

2. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥83.15=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2011. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3. CHANGE IN ACCOUNTING POLICIES

The year ended March 31, 2011 represents the first fiscal year of the Company. In preparing the consolidated financial statements for its first fiscal year, the Company has made some changes in respect of accounting policies from those that had been applied by Nippon Oil, which is deemed to be the acquiring company under the "Accounting standard for business combinations."

(a) Application of Accounting Standard for Asset Retirement Obligations

Effective the year ended March 31, 2011, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 18 issued on March 31, 2008) and the "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

As a result of this adoption, operating income and ordinary income decreased by ¥1,567 million ($18,845 thousand), respectively, and income before income taxes and minority interests decreased by ¥6,035 million ($72,580 thousand). Accrued estimated cost for abandonment of wells recognized in prior fiscal years is reclassified as asset retirement obligations.

(b) Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective the year ended March 31, 2011, the Company adopted the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16; issued on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24; issued on March 10, 2008), making necessary adjustments in preparing the consolidated financial statements.

These adjustments had an immaterial impact on the Company's consolidated financial results for the year ended March 31, 2011.

(c) Application of Accounting Standard for Business Combinations

Effective the year ended March 31, 2011, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; issued on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; issued on December 26, 2008), the partial amendments to the "Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23; issued on December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; revised on December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16; revised on December 26, 2008) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; revised on December 26, 2008).

(d) Changes in Depreciation Method

Nippon Oil primarily used the declining-balance method for the depreciation of property, plant and equipment, such as oil tanks and machinery, except for the buildings used by the Petroleum Refining and Marketing segment. Upon the business integration with Nippon Mining on April 1, 2010, the Company reviewed its depreciation method and concluded that changing the depreciation method for all its property, plant and equipment to the straight-line method was reasonable. Therefore, fixed assets of Nippon Oil that had been depreciated using the declining-balance method are depreciated using the straight-line method from the year ended March 31, 2011.

This decision has taken into account the fact that the Petroleum Refining and Marketing segment completed capital investments for upgrading refineries or other facilities and will focus on investments for the purpose of recurring maintenance/renewals. In addition, obsolescence of the upgraded refineries is considered to be limited, and such investments are expected to generate positive effects and revenue consistently over a long term. All things considered, the Company judged that allocating the acquisition cost equally to the periods over the useful life will enable more appropriate matching of revenues and expenses and reflect the business results more precisely.

As a result of this change, operating income increased by ¥25,464 million ($306,242 thousand), and ordinary income and income before income taxes and minority interests increased by ¥25,488 million ($306,530 thousand), respectively.

(e) Changes in Translation Method of Revenues and Expenses of Foreign Consolidated Subsidiaries

Nippon Oil translated revenues and expenses of foreign consolidated subsidiaries to yen using the spot exchange rate prevailing at their respective balance sheet dates. Effective the year ended March 31, 2011, the Company has changed to a method which translates such revenues and expenses using the average exchange rates for the period.

Upon the business integration with Nippon Mining, the Company reviewed its translation method of the revenues and expenses arisen from the foreign consolidated subsidiaries and identified that such revenues and expenses continue to represent significant portion of the Company's consolidated financial statements. Therefore, the Company concluded that changing the translation method would minimize the impact of the exchange rate fluctuations over a short period and thereby more properly reflect financial results to the consolidated financial statements.

This change had an immaterial impact on the Company's consolidated financial results for the year ended March 31, 2011.

4. CHANGES IN PRESENTATION

Effective for the year ended March 31, 2011, the Company adopted the "Cabinet Office Ordinance on Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5 of March 24, 2009) in accordance with the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; issued on December 26, 2008). Pursuant to this cabinet office ordinance, the Company additionally presents income before minority interests.

5. ADDITIONAL INFORMATION

Effective for the year ended March 31, 2011, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25; issued on June 30, 2010).

6. BUSINESS COMBINATIONS

(Application of Purchase Method)

a) Outline of the business combination

1. Name and Business of Acquired Company
   Name: Nippon Mining Holdings, Inc. ("Nippon Mining")
   Business: Manufacturing and sale of petroleum products, manufacturing and marketing of nonferrous metal products and electronic materials products
2. Primary Objective of the Business Combination
   In order to anticipate future structural changes in the business environment for each of the energy, resources and materials industries, and to be successful amidst intensifying competition, Nippon Oil and Nippon Mining conducted a business integration for the purpose of further strengthening their management base and progressing under a new management philosophy, consequently leading to a stable and efficient supply of energy, resources and materials domestically and internationally.
3. Date of Business Combination
   April 1, 2010
4. Legal Form of Business Combination
   Joint share transfer
5. Name of Combined Company
   JX Holdings, Inc.
6. Ratio of Voting Rights Acquired
   100%
7. Principal Basis for Determination of Acquiring Company
   The shareholders of Nippon Oil will hold a majority of the voting rights of the Company established by the joint share transfer. Therefore, Nippon Oil is deemed to be the acquiring company whereas Nippon Mining is deemed to be the acquired company under the accounting standard for business combinations.

b) Period during which performance of the acquired company is reflected in the consolidated financial statements
From April 1, 2010 to March 31, 2011

c) Acquisition cost of the acquired company and its breakdown

March 31, 2011		Millions of yen	Thousands of U.S. dollars
Consideration transferred	Fair value of the common stock of JX Holdings, Inc. issued on the date of the business combination	¥431,735	$5,192,243
Expenses directly related to the acquisition	Advisory fees and others	1,646	19,796
Acquisition cost		¥433,381	$5,212,039

d) Exchange ratio by type of stock, calculation method and the number of shares of common stock issued

1. Exchange Ratio by Type of Stock

   1.07 shares of the common stock of the combined holding company were allotted per share of the common stock of Nippon Oil, and 1.00 share of the common stock of the combined holding company were allotted per share of the common stock of the Nippon Mining.

2. Calculation Method of Stock Exchange Ratio

   (i) Basis of Calculation

   In order to ensure the fairness of the calculation of the exchange ratio, Nippon Oil requested Mizuho Securities Co., Ltd. ("Mizuho Securities"), JPMorgan Securities Japan Co., Ltd. ("J.P. Morgan") and Nomura Securities Co., Ltd. ("Nomura Securities") to perform financial analyses with respect to the exchange ratio.

   In order to support its efforts to ensure the fairness of the calculation of the exchange ratio, Nippon Mining primarily requested UBS Securities Japan Ltd. ("UBS"), as well as Merrill Lynch Japan Securities Co., Ltd. ("BofA Merrill Lynch") and Daiwa Securities Capital Markets Co. Ltd. ("Daiwa Securities") to perform financial analyses relating to the exchange ratio.

   (ii) Background of Calculation

   Nippon Oil referred to the analyses of the exchange ratio rendered by Mizuho Securities, J.P. Morgan and Nomura Securities in its consideration of the exchange ratio, and Nippon Mining referred to the analyses of the exchange ratio rendered by UBS, BofA Merrill Lynch and Daiwa Securities in its consideration of the exchange ratio. The comprehensive considerations both the companies conducted in respect of the exchange ratio included such factors as the financial and asset conditions of each company and their future forecasts. As a result of thorough negotiations and discussions concerning the exchange ratio, Nippon Oil and Nippon Mining reached the conclusion that the exchange ratio set forth above is appropriate and formally agreed upon and resolved to apply such exchange ratio in the share transfer on October 30, 2009.

   Nippon Oil received separate opinions dated October 29, 2009 from J.P. Morgan and Nomura Securities, and a separate opinion dated October 30, 2009 from Mizuho Securities, to the effect that, subject to specific conditions, the agreed-upon exchange ratio was fair, from a financial point of view, to the common stock shareholders of Nippon Oil. Nippon Mining received separate opinions, each dated October 30, 2009, from UBS, BofA Merrill Lynch and Daiwa Securities to the effect that, subject to specific conditions, the agreed-upon exchange ratio was fair, from a financial point of view, to the common stock shareholders of Nippon Mining.

3. Number of Shares of Common Stock Issued

   928,462,002 shares

e) The amount and reasons for goodwill, and the amortization method and period

1. Amount

   ¥42,312 million ($508,863 thousand)

2. Reasons

   The goodwill was generated because the acquisition cost exceeded the fair value of the net assets on the date of the business combination.

3. Amortization Method and Period

   The goodwill is being amortized by the straight-line method over 20 years.

f) The amount and reasons for gain on negative goodwill

1. Amount

   ¥226,537 million ($2,724,438 thousand)

2. Reasons

   The negative goodwill was generated because the fair value of the net assets on the date of the business combination exceeded the acquisition cost.

g) Estimated amount of impact on the consolidated statement of income for the year ended March 31, 2011 under the assumption that the business combination was completed on April 1, 2010.

   There is no applicable information to be disclosed as the business combination was conducted on April 1, 2010.

(Application of Purchase Method)

a) Outline of business combination

1. Name and business of acquired company

   Name

   Mitsui Marubeni Liquefied Gas Co., Ltd.

   Business

   Purchasing and marketing of LPG

2. Primary objective of business combination

   An objective of the business integration is to streamline the whole supply chain of the LPG business, strengthening the management base as an LPG supplier.

3. Date of business combination

   March 1, 2011

4. Legal form of business combination

   An absorption demerger where JX Nippon Oil & Energy Corporation ("JX Energy") is defined as the demerged company and Mitsui Marubeni Liquefied Gas Co., Ltd. ("MLG") is defined as the successor company.

5. Name of combined company

   ENEOS GLOBE Corporation

6. Ratio of voting rights acquired

   50.0004%

7. Principal basis for determination of acquiring company

   While JX Energy is defined as the demerged company and MLG as the successor company under this absorption demerger, JX

Energy acquired a majority of the stock of the combined company. Given this, this business combination qualified as a reverse acquisition where JX Energy is deemed as the acquiring company and MLG as the acquired company pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; issued on December 26, 2008) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; revised on December 26, 2008).

b) Period for which performance of the acquired company is reflected in the consolidated financial statements

From March 1, 2011 to March 31, 2011

c) Acquisition cost of the acquired company and its breakdown

Consideration transferred: ¥32,372 million ($389,321 thousand)

Acquisition cost: ¥32,372 million ($389,321 thousand)

d) Class of stock, the number of shares allotted and calculation method

1. Class of stock and the number of shares allotted: 66,668 shares of common stock
2. Calculation method

Class of stock and the number of shares allotted were determined by the agreement of all parties involved based on financial position, business plan and other related information of the both companies and referring to the results of calculation made by Nikko Cordial Securities Inc.(currently, SMBC Nikko Securities Inc.) and Daiwa Securities Capital Markets Co. Ltd.

e) The amount and reasons for goodwill, and the amortization method and period

1. Amount

¥6,645 million ($79,916 thousand)

2. Reasons

The goodwill was generated because the acquisition cost exceeded the fair value of the net assets as of the date of the business combination.

3. Amortization Method and Period

The goodwill is amortized using the straight-line method over 20 years.

f) Assets acquired and liabilities assumed as of the business combination date and their main breakdowns are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥43,875	$527,661
Non-current assets	18,853	226,735
Total assets	¥62,728	$754,396
Current liabilities	¥34,544	$415,442
Non-current liabilities	14,078	169,308
Total liabilities	¥48,622	$584,750

g) Estimated impact on the consolidated statement of income for the year ended March 31, 2011 under the assumption that the business combination was completed on April 1, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
Net sales	¥154,419	$1,857,114
Operating income	5,032	60,517
Ordinary income	4,831	58,100

The estimated impact is the difference between net sales and profit and loss has been calculated under the assumption that the business combination was completed on April 1, 2010 and those reported in the consolidated statements of income. This estimated amount has not being audited.

7. INVENTORIES

Inventories as of March 31, 2011 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Merchandise and finished goods	¥ 565,219	$ 6,797,583
Work in process	140,792	1,693,229
Raw materials and supplies	778,868	9,367,023
Total	¥1,484,879	$17,857,835

8. INVESTMENTS IN SECURITIES

a) Held-to-maturity securities as of March 31, 2011 are as follows:

	Millions of yen		
	Carrying value	Market value	Net unrealized gain (loss)
Securities with market value exceeding their carrying value:			
Government and municipal bonds	¥64	¥65	¥1
Total	¥64	¥65	¥1

	Thousands of U.S. dollars		
	Carrying value	Market value	Net unrealized gain (loss)
Securities with market value exceeding their carrying value:			
Government and municipal bonds	$770	$782	$12
Total	$770	$782	$12

b) Other securities as of March 31, 2011 are as follows:

	Millions of yen		
	Carrying value	Acquisition cost	Net unrealized gain (loss)
Securities with carrying value exceeding their acquisition costs:			
Stock	¥204,042	¥132,707	¥71,335
Bonds:			
Government and municipal bonds	81	80	1
Sub-total	204,123	132,787	71,337
Securities with carrying value below their acquisition costs:			
Stock	35,085	42,750	(7,665)
Bonds:			
Corporate bonds	5,708	5,708	—
Others	480	500	(20)
Sub-total	41,273	48,957	(7,685)
Total	¥245,396	¥181,744	¥63,652

	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Net unrealized gain (loss)
Securities with carrying value exceeding their acquisition costs:			
Stock	$2,453,903	$1,595,995	$857,907
Bonds:			
Government and municipal bonds	974	962	12
Sub-total	2,454,877	1,596,957	857,931
Securities with carrying value below their acquisition costs:			
Stock	421,948	514,131	(92,183)
Bonds:			
Corporate bonds	68,647	68,647	—
Others	5,773	6,013	(241)
Sub-total	496,368	588,779	(92,423)
Total	$2,951,245	$2,185,736	$765,508

Note: Unlisted equity securities of ¥35,777 million ($430,271 thousand) are excluded from the above table.

c) Sales of securities classified as other securities for the year ended March 31, 2011 are as follows:

	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
Type of securities			
Stock	¥6,260	¥1,047	¥202
Total	¥6,260	¥1,047	¥202

	Thousands of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales
Type of securities			
Stock	$75,286	$12,592	$2,429
Total	$75,286	$12,592	$2,429

d) Loss on write-down of investments in securities

Loss on write-down of investments in securities amounted to ¥7,380 million ($88,755 thousand) for the year ended March 31, 2011.

9. LOSS ON IMPAIRMENT OF FIXED ASSETS

Recognition of impairment losses on fixed assets for the year ended March 31, 2011 resulted primarily from the deterioration of the business environment.

The impairment losses for the year ended March 31, 2011 is as follows:

		Millions of yen	Thousands of U.S. dollars
Service stations	Land	¥ 630	$ 7,577
	Buildings	1	12
	Others	30	361
		661	7,950
Oil tank facilities	Land	2,941	35,370
	Buildings	1,527	18,364
	Machinery and equipment	971	11,678
	Others	48	577
		5,487	65,989
Plants	Buildings	5,428	65,280
	Machinery and equipment	20,717	249,152
	Others	1,312	15,779
		27,457	330,211
Assets for exploration and production of oil and natural gas	Exploration and development investment	5,036	60,565
Other business	Land	224	2,694
	Buildings	15	180
		239	2,874
Idle properties and others	Land	2,225	26,759
	Buildings	430	5,171
	Machinery and equipment	83	998
	Others	34	409
		2,772	33,337
Total		¥41,652	$500,926

The recoverable amounts of assets' groups in service stations, plants and other business are estimated using future cash flows, discounted by interest rate of 4.5%.

The recoverable amount of assets' groups in exploration and production of oil and natural gas are estimated using future cash flows generated by proved oil and natural gas reserve, discounted by interest rate of 10.0%.

The recoverable amounts of oil tank facilities, idle properties and others approximate their estimated fair value. The estimated fair value of land is determined through the use of real estate appraisal standards.

10. LEASES

Lessee

(a) Finance Leases (Accounted for as Operating Leases)

Finance leases that were entered into prior to April 1, 2008 and do not transfer ownership.

(1) Estimated acquisition cost (inclusive of related interest expenses), estimated accumulated depreciation and estimated book value of leased assets as of March 31, 2011 are as follows:

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Book value
Buildings, structures and oil tanks	¥18,057	¥13,756	¥4,301
Machinery and vehicle	9,103	5,187	3,916
Other	2,736	2,208	528
Total	¥29,896	¥21,151	¥8,745

	Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Book value
Buildings, structures and oil tanks	$217,162	$165,436	$ 51,726
Machinery and vehicle	109,477	62,381	47,095
Other	32,904	26,555	6,350
Total	$359,543	$254,372	$105,171

(2) Future minimum lease payments (inclusive of related interest expenses) as of March 31, 2011 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 2,934	$ 35,286
2013 and thereafter	7,691	92,495
Total	¥10,625	$127,781

(3) Lease payments, reversal of the allowance for impairment losses on leased assets, estimated depreciation and estimated interest expense for the year ended March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Lease payments	¥3,098	$37,258
Reversal of allowance for impairment losses on leased assets	5	60
Estimated depreciation	2,880	34,636
Estimated interest expense	161	1,936

(4) Method of calculation of amount of estimated depreciation

Depreciation is calculated using the straight-line method over the lease term of the leased assets assuming no residual value.

(5) Method of calculation of amount of estimated interest expense

Interest expense is computed and allocated to each period using the interest method assuming interest expense to be the excess of total lease payments over the acquisition cost.

(b) Operating Leases

Future minimum lease payments for non-cancelable operating leases as of March 31, 2011 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 4,128	$ 49,645
2013 and thereafter	26,557	319,387
Total	¥30,685	$369,032

Lessor

(a) Finance Leases (Accounted for as Operating Leases)

Finance leases that were entered into prior to April 1, 2008 and do not transfer ownership.

(1) Acquisition cost, accumulated depreciation, and book value of the leased assets as of March 31, 2011 are as follows:

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Book value
Buildings, structures and oil tanks	¥1,242	¥ 711	¥531
Machinery and vehicle	184	144	40
Other	1,213	823	390
Total	¥2,639	¥1,678	¥961

	Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Book value
Buildings, structures and oil tanks	$14,937	$ 8,551	$ 6,386
Machinery and vehicle	2,213	1,732	481
Other	14,588	9,898	4,690
Total	$31,738	$20,181	$11,557

(2) Future minimum lease revenues (inclusive of related interest income) as of March 31, 2011 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥1,054	$12,676
2013 and thereafter	1,271	15,286
Total	¥2,325	$27,962

The above figure includes future minimum lease revenues under non-cancelable subleases as of March 31, 2011 as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 811	$ 9,753
2013 and thereafter	518	6,230
Total	¥1,329	$15,983

Leased assets are subleased under the same terms. Therefore, approximately same amount of the future minimum lease revenues under the sublease transactions is included in the lessee's future lease payments.

(3) Lease incomes, depreciation and interest income for the year ended March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Lease income	¥325	$3,909
Depreciation	301	3,620
Interest income	24	289

(b) Operating Leases

Future minimum lease revenues for non-cancelable operating leases as of March 31, 2011 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 550	$ 6,614
2013 and thereafter	7,440	89,477
Total	¥7,990	$96,091

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings as of March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Loans principally from banks at a weighted average interest rate of 0.62%	¥589,001	$ 7,083,596
Commercial paper maturing within one year	388,000	4,666,266
Total	¥977,001	$11,749,862

(b) Long-term debt as of March 31, 2011 is as follows:

	Millions of yen	Thousands of U.S. dollars
Unsecured bonds in yen, due through 2020, at interest rates ranging from 0.73% to 2.32%	¥ 246,180	$ 2,960,673
Unsecured Eurobonds in yen, due through 2013, at interest rates ranging from 1.16% to 1.62%	5,011	60,265
Loans from banks, life insurance companies and government agencies, due through 2025, at the weighted-average interest rates of 1.35%:		
Secured	34,820	418,761
Unsecured	1,001,572	12,045,364
Lease obligations	20,725	249,248
Subtotal	1,308,308	15,734,311
Less current portion	(132,336)	(1,591,533)
Total	¥1,175,972	$14,142,778

Annual maturities of long-term debt as of March 31, 2011 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 132,336	$ 1,591,533
2013	222,539	2,676,356
2014	181,744	2,185,737
2015	185,925	2,236,019
2016	158,089	1,901,251
2017 and thereafter	427,675	5,143,415
Total	¥1,308,308	$15,734,311

12. ASSETS PLEDGED AS COLLATERAL AND SECURED LIABILITIES

Assets pledged as of March 31, 2011 as collateral for long-term loans or other debts are as follows:

	Millions of yen	Thousands of U.S. dollars
Land	¥423,645	$5,094,949
Other property, plant and equipment (at net book value)	362,045	4,354,119
Investments in securities	5,044	60,662
Other	3,900	46,903
Total	¥794,634	$9,556,633

In addition, the stock of consolidated subsidiaries used as collateral as of March 31, 2011 amounted to ¥36,496 million ($438,918 thousand), which has been eliminated in the consolidated financial statements.

Secured liabilities as of March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Short-term borrowings	¥ 2,829	$ 34,023
Excise taxes payable	153,511	1,846,194
Long-term loans (inclusive of current portion)	34,820	418,761
Other	2,400	28,863
Total	¥193,560	$2,327,841

In addition, the secured liabilities corresponding with assets pledged as collateral also include performance guarantees amounted to ¥953 million ($11,461 thousand) and loans of group companies amounted to ¥20,142 million ($242,237 thousand).

13. FINANCIAL INSTRUMENTS

(a) Status of Financial Instruments

(1) Management policy for financial instruments

The Company raises funds that are required in light of investment plans mainly through bank loans and issuing bonds. Temporary surplus funds are managed by only highly safe financial instruments. Short-term operating funds are raised through bank loans or issuing commercial papers. Derivative transactions shall be used to hedge risks as described below, and speculative transactions shall not be undertaken.

(2) Types of financial instruments and related risks

Trade receivables such as notes and accounts receivable-trade are exposed to credit risk of customers. In order to minimize such risk, the Company properly analyzes major customers' credit status and manages customers' accounts for early detection and reduction of default risks.

Trade receivables denominated in foreign currencies and derived from export sales of products, etc. are exposed to exchange rates fluctuation risk, however the balance is constantly within outstanding balance of notes and accounts payable–trade denominated in the same foreign currencies.

Investment securities are exposed to market price fluctuation risk. The Company mainly holds the shares of business partners, regularly analyzes market prices of the shares and financial position of business partners, and ownership status is reviewed continuously, considering relationships with business partners.

Trade payables such as notes and accounts payable–trade are due mostly within one year. Some of those payables denominated in foreign currencies and derived from import purchases of raw materials are exposed to exchange rates fluctuation risk, however the net position after netting trade receivables denominated in foreign currencies is generally hedged by forward foreign exchange contracts.

Short-term borrowings and commercial papers are raised mainly for operating transactions, and long-term loans are raised mainly for expenditure in property, plant and equipment, investment and long-term receivables. Loans with variable interest rates are exposed to interest rate fluctuation risk, and interest rate swaps are used for certain long-term loans in order to hedge this risk.

Regarding derivative transactions, in addition to forward foreign exchange contracts and interest-rate swaps noted above, commodity forward and commodity swaps are used in order to hedge market price fluctuation risk of crude oil and the mines that produce copper concentrate as main raw materials.

The Company complies with the management policy which clarifies the authorization to execute derivative transactions. Further, the

Company only makes transactions with counterparties with high credit ratings to minimize credit risks for using derivatives.

Please see Note 1 (q) for information on hedging instruments, hedged items, hedging policy, the method for assessment of the effectiveness of hedging.

The Company manages liquidity risk through controlling cash management based on monthly financing plan prepared by each group company.

(3) Supplementary explanation of items related to fair value of financial instruments

Fair value of financial instruments is measured based on the quoted market prices, if available, or reasonably estimated value if quoted market prices are not available. Since various assumptions and factors are used in estimating fair value, different assumptions and factors could result in different fair values. In addition, the notional amount of the derivative transactions in Note 14 does not represent the market risk of such derivative transactions.

(b) Fair Value of Financial Instruments

Following tables represent carrying value, fair value, and unrealized gain (loss) as of March 31, 2011. Financial instruments, for which it is extremely difficult to determine the fair value, have been excluded from the tables below (Please see Note 2).

	Millions of yen		
	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
(1) Notes and accounts receivable—trade	¥1,065,973	¥1,065,973	¥ —
(2) Investments in securities	245,376	245,376	—
Assets total	¥1,311,349	¥1,311,349	¥ —
Liabilities:			
(1) Notes and accounts payable—trade	¥ 739,855	¥ 739,855	¥ —
(2) Short-term borrowings*1	589,001	589,001	—
(3) Commercial paper	388,000	388,000	—
(4) Notes and accounts payable—other	316,807	316,807	—
(5) Excise taxes payable	268,591	268,591	—
(6) Long-term loans*1	1,036,392	1,048,465	12,073
Liabilities total	¥3,338,646	¥3,350,719	¥12,073
Derivatives*2	¥ 11,558	¥ 2,992	¥ (8,566)

	Thousands of U.S. dollars		
	Carrying value	Fair value	Unrealized gain (loss)
Assets:			
(1) Notes and accounts receivable—trade	$12,819,880	$12,819,880	$ —
(2) Investments in securities	2,951,004	2,951,004	—
Assets total	$15,770,884	$15,770,884	$ —
Liabilities:			
(1) Notes and accounts payable—trade	$ 8,897,835	$ 8,897,835	$ —
(2) Short-term borrowings*1	7,083,596	7,083,596	—
(3) Commercial paper	4,666,266	4,666,266	—
(4) Notes and accounts payable—other	3,810,066	3,810,066	—
(5) Excise taxes payable	3,230,198	3,230,198	—
(6) Long-term loans*1	12,464,125	12,609,321	145,195
Liabilities total	$40,152,086	$40,297,282	$ 145,195
Derivatives*2	$ 139,002	$ 35,983	$(103,019)

*1. The current portion of long-term loans is included in (6) Long-term loans.
*2. The value of assets and liabilities from derivative instruments is shown at a net amount, with the amount in parentheses representing a net liability position.

Notes:
1. Method to determine the fair value of financial instruments and matters related to securities and derivative transactions

Assets

(1) Notes and accounts receivable—trade

The carrying value approximates fair value because of their short-term nature.

(2) Investments in securities

The fair value of equity securities is based on their quoted market price. The fair value of bonds is based on their quoted market price, or the price provided by financial institutions. Please see Note 8 for information on securities classified by holding purpose.

Liabilities

(1) Notes and accounts payable—trade, (2) Short-term borrowings, (3) Commercial paper,
(4) Notes and accounts payable—other, and (5) Excise taxes payable

The carrying value approximates fair value because of their short-term nature.

(6) Long-term loans

The fair value of long-term loans is based on the present value of principal amount and interest discounted using the interest rates for instruments with similar terms and maturities.

Derivatives

Please see Note 14.

2. As of March 31, 2011, unlisted equity securities and bonds including investments in unlisted unconsolidated subsidiaries and affiliates (¥378,480 million ($4,551,774 thousand)) are not included in investments in securities in the above tables because it is not practicable to estimate their fair value due to the lack of public market price and difficulty in estimating future cash flow.

3. The redemption schedule as of March 31, 2011 for monetary receivable and investments in securities with maturity date

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Notes and accounts receivable—trade	¥1,062,143	¥3,786	¥44	¥—
Investments in securities:				
Held-to-maturity debt securities:				
(1) Government and municipal bonds	—	60	—	—
Other securities with maturity date:				
(1) Government and municipal bonds	—	65	—	—
(2) Other bonds	—	6,005	—	—
Total	¥1,062,143	¥9,916	¥44	¥—

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Notes and accounts receivable—trade	$12,773,818	$ 45,532	$529	$—
Investments in securities:				
Held-to-maturity debt securities:				
(1) Government and municipal bonds	—	721	—	—
Other securities with maturity date:				
(1) Government and municipal bonds	—	782	—	—
(2) Other bonds	—	72,219	—	—
Total	$12,773,818	$119,254	$529	$—

4. Refer to Note 11 for the redemption schedule as of March 31, 2011 for long-term loans.

14. DERIVATIVE INSTRUMENTS

The Company Group primarily utilizes various derivative financial instruments in order to offset the risks of assets and liabilities due to fluctuations in commodity prices, foreign currency exchange rates, interest rates and applies hedge accounting. The Company Group does not utilize derivative financial instruments for speculative purposes.

Principal derivative instruments and hedged items are as follows:

Derivative instruments	Hedged items
• Foreign exchange forward contracts	• Imports of raw materials and exports of products
• Interest rate swap contracts	• Long-term loans
• Commodity forward and commodity swap	• Purchases of raw materials and sales of products

(a) Non-Hedge Accounting

The notional amounts, fair values and unrealized gains (losses) on derivatives to which hedge accounting is not applied as of March 31, 2011 are as follows:

	Millions of yen			
	Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:				
To sell (U.S. dollars)	¥ 18,922	¥ —	¥ (202)	¥ (202)
To buy (U.S. dollars)	137,099	538	1,579	1,579
To buy (Euro)	244	—	5	5
To buy (Australian dollars)	33	—	1	1
Currency swap:				
Receipt by U.S. dollars, Payment by yen	697	697	(280)	(280)
Total	¥156,995	¥1,235	¥ 1,103	¥ 1,103
Commodity-related transactions (swaps):				
Receiving fix rate and paying floating rate	¥ 9,728	¥5,679	¥(3,675)	¥(3,675)
Commodity-related transactions (forward transactions):				
To sell	2,453	—	(318)	(318)
To buy	458	—	11	11
Total	¥ 12,639	¥5,679	¥(3,982)	¥(3,982)

	Thousands of U.S. dollars			
	Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts:				
To sell (U.S. dollars)	$ 227,565	$ —	$ (2,429)	$ (2,429)
To buy (U.S. dollars)	1,648,815	6,470	18,990	18,990
To buy (Euro)	2,934	—	60	60
To buy (Australian dollars)	397	—	12	12
Currency swap:				
Receipt by U.S. dollars, Payment by yen	8,383	8,383	(3,368)	(3,368)
Total	$1,888,094	$14,853	$ 13,265	$ 13,265
Commodity-related transactions (swaps):				
Receiving fix rate and paying floating rate	$ 116,993	$68,298	$(44,197)	$(44,197)
Commodity-related transactions (forward transactions):				
To sell	29,501	—	(3,824)	(3,824)
To buy	5,508	—	132	132
Total	$ 152,002	$68,298	$(47,889)	$(47,889)

(b) Hedge Accounting

The notional amounts and fair values of derivative instruments to which hedge accounting is applied as of March 31, 2011 are as follows:

			Millions of yen		
		Main hedged items	Notional amount	Notional amount due after one year	Fair value
Foreign exchange forward contracts:					
To sell (U.S. dollars)	(deferral hedge accounting)	Accounts receivable	¥ 73,958	¥ —	¥ (997)
To buy (U.S. dollars)	(deferral hedge accounting)	Accounts payable	33,593	—	403
To buy (Singapore dollars)	(deferral hedge accounting)	Accounts payable	80	—	2
To buy (yen)	(deferral hedge accounting)	Accounts payable	549	—	11
To sell (U.S. dollars)	(designation method)	Accounts receivable	102,084	—	(1,009)
To buy (U.S. dollars)	(designation method)	Accounts payable	290,960	—	4,290
Total			¥501,224	¥ —	¥ 2,700
Interest swaps:					
Receiving floating rate and paying fix rate	(deferral hedge accounting)	Long-term loans	¥ 7,084	¥ 4,000	¥ (422)
Receiving fix rate and paying floating rate	(deferral hedge accounting)	Long-term loans	999	687	26
Receiving floating rate and paying fix rate	(exception method)	Long-term loans	448,501	419,946	(11,970)
Receiving fix rate and paying floating rate	(exception method)	Long-term loans	5,012	3,640	123
Total			¥461,596	¥428,273	¥(12,243)
Commodity-related transactions (swaps):					
Receiving floating rate and paying fix rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	¥ 15,595	¥ 9,749	¥ 19,618
Receiving fix rate and paying floating rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	2,329	—	(203)
Commodity-related transactions (forward transactions):					
To sell	(deferral hedge accounting)	Raw materials and finished goods	135,457	—	(6,071)
To buy	(deferral hedge accounting)	Raw materials and finished goods	31,752	1,421	2,070
Total			¥185,133	¥ 11,170	¥ 15,414

		Main hedged items	Thousands of U.S. dollars Notional amount	Notional amount due after one year	Fair value
Foreign exchange forward contracts:					
To sell (U.S. dollars)	(deferral hedge accounting)	Accounts receivable	$ 889,453	$ —	$ (11,990)
To buy (U.S. dollars)	(deferral hedge accounting)	Accounts payable	404,005	—	4,847
To buy (Singapore dollars)	(deferral hedge accounting)	Accounts payable	962	—	24
To buy (yen)	(deferral hedge accounting)	Accounts payable	6,602	—	132
To sell (U.S. dollars)	(designation method)	Accounts receivable	1,227,709	—	(12,135)
To buy (U.S. dollars)	(designation method)	Accounts payable	3,499,218	—	51,593
Total			$6,027,949	$ —	$ 32,471
Interest swaps:					
Receiving floating rate and paying fix rate	(deferral hedge accounting)	Long-term loans	$ 85,195	$ 48,106	$ (5,075)
Receiving fix rate and paying floating rate	(deferral hedge accounting)	Long-term loans	12,014	8,262	313
Receiving floating rate and paying fix rate	(exception method)	Long-term loans	5,393,879	5,050,463	(143,957)
Receiving fix rate and paying floating rate	(exception method)	Long-term loans	60,277	43,776	1,479
Total			$5,551,365	$5,150,607	$(147,240)
Commodity-related transactions (swaps):					
Receiving floating rate and paying fix rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	$ 187,552	$ 117,246	$ 235,935
Receiving fix rate and paying floating rate	(deferral hedge accounting)	Raw materials, merchandise and finished goods	28,010	—	(2,441)
Commodity-related transactions (forward transactions):					
To sell	(deferral hedge accounting)	Raw materials and finished goods	1,629,068	—	(73,013)
To buy	(deferral hedge accounting)	Raw materials and finished goods	381,864	17,090	24,895
Total			$2,226,494	$ 134,336	$ 185,376

* Fair values of foreign exchange forward contracts using alternative methods are not shown in the above tables, but included in relevant items in the tables of Note 13-(b).

15. RETIREMENT BENEFITS

The Company's domestic consolidated subsidiaries have defined benefit plans and severance indemnity plans. Certain domestic consolidated subsidiaries also have defined contribution pension plans. A premium on employees' retirement benefits may be added upon retirement of the employee. Certain of the Company's foreign consolidated subsidiaries have defined benefit plans and defined contribution pension plans.

Retirement benefits obligation as of March 31, 2011 is as follows:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligation	¥(321,362)	$(3,864,847)
Plan assets at fair value	214,556	2,580,349
Unfunded retirement benefit obligation	(106,806)	(1,284,498)
Unrecognized net transition liabilities	3	36
Unrecognized actuarial gain	18,965	228,082
Unrecognized prior service cost	(743)	(8,936)
Prepaid pension cost	(339)	(4,077)
Accrued retirement benefits	¥ (88,920)	$(1,069,393)

Net retirement benefit expenses for the year ended March 31, 2011 is as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 9,756	$117,330
Interest cost	5,728	68,888
Expected return on plan assets	(3,374)	(40,577)
Amortization of unrecognized net transition liabilities	15	180
Amortization of unrecognized actuarial gain	1,107	13,313
Amortization of unrecognized prior service cost	(238)	(2,862)
Net retirement benefit expenses*	¥12,994	$156,272

* In addition to the above "net retirement benefit expenses," special retirement benefit costs of ¥30,539 million ($367,276 thousand) are charged to income for the year ended March 31, 2011.

The assumptions used in the calculation of the above information are as follows:

Discount rate	Mainly 2.0%
Expected rate of return on plan assets	Mainly 2.0%
Amortization period of net actuarial gain	Mainly 5 years (from next fiscal year)
Amortization period of prior service cost	Mainly 5 years

16. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations recognized in the balance sheet

a) Overview of asset retirement obligations

Asset retirement obligations include the Company's obligation to restore under the lease agreements of real estate entered into in connection with land used for Service Station purposes. Such obligation includes decommissioning obligations upon the termination of oil development facilities production.

b) Method of calculating asset retirement obligations.

Estimated lease period and discount rate in calculating asset retirement obligations for the year ended March 31, 2011 are as follows:

	Estimated lease period	Discount rate
Lands for Service Station	Mainly 15 years	Mainly 2.0%
Facilities for E&P of Oil and Natural Gas	4 – 70 years	3.5 – 6.5%

c) The reconciliation of beginning to ending balances of the total asset retirement obligations for the year ended March 31, 2011 is as follows:

	Millions of yen	Thousands of U.S. dollars
Beginning balance*:	¥50,440	$606,614
Increase due to business combination	9,969	119,892
Increase due to purchase of property, plant and equipment	1,773	21,323
Adjustment to reflect the passage of time	1,970	23,692
Decrease due to settlement of asset retirement obligations	(7,495)	(90,138)
Other changes	(2,099)	(25,244)
Ending balance	¥54,558	$656,139

* The beginning balance represents the balance after adopting the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 March 31, 2008) and "Implementation Guidance for Asset Retirement Obligations" (ASBJ Implementation Guidance No. 21 March 31, 2008) which are effective for the year ended March 31, 2011.

17. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries have the following contingent liabilities as of March 31, 2011:

	Millions of yen	Thousands of U.S. dollars
Debt guarantees:		
Unconsolidated subsidiaries and affiliates	¥55,223	$ 664,137
Other companies and employees	29,442	354,083
	¥84,665	$1,018,220

18. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing cost and selling, general and administrative expenses for the year ended March 31, 2011 are ¥24,841 million ($298,749 thousand).

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The components of selling, general and administrative expenses for the year ended March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Freight	¥147,223	$1,770,571
Personnel expenses	112,229	1,349,717
Retirement benefits expenses	6,784	81,587
Rental expenses	38,173	459,086
Depreciation	31,618	380,253
Other	158,357	1,904,474
Total	¥494,384	$5,945,688

20. LOSS ON DISASTER

Loss on disaster attributable to the Great East Japan Earthquake consists of the following:

March 31, 2011	Millions of yen	Thousands of U.S. dollars
Provision for loss on disaster (Restoration costs and others)	¥109,106	$1,312,159
Loss on damage of inventories and fixed assets	6,766	81,371
Fixed costs incurred during the inactive period	10,150	122,069
Total	¥126,022	$1,515,599

21. INCOME TAXES

The Company and its domestic consolidated subsidiaries in Japan are subject to corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of 40.7% for the year ended March 31, 2011.

a) The components of deferred tax assets and liabilities as of March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Loss on impairment of fixed assets	¥ 69,842	$ 839,952
Loss on write-down of investments in securities	57,187	687,757
Accrued retirement benefits	35,520	427,180
Asset retirement obligations	20,237	243,380
Depreciation	16,519	198,665
Provision for bonuses to employees	12,617	151,738
Provision for repair works	12,220	146,963
Loss on disaster	46,722	561,900
Operating loss carryforwards	274,321	3,299,110
Other	126,235	1,518,160
Subtotal	671,420	8,074,805
Valuation allowance	(268,866)	(3,233,506)
Total deferred tax assets	402,554	4,841,299
Deferred tax liabilities:		
Unrealized gain on land	(114,012)	(1,371,160)
Tax reserves taken against differences in basis for depreciation	(32,541)	(391,353)
Undistributed earnings of foreign subsidiaries and others	(25,215)	(303,247)
Unrealized gain on securities	(23,726)	(285,340)
Fair value of subsidiaries on consolidation	(9,017)	(108,443)
Other	(93,586)	(1,125,508)
Total deferred tax liabilities	(298,097)	(3,585,051)
Net deferred tax assets	¥104,457	$1,256,248

b) A reconciliation of statutory tax rate and the effective income tax rate for the year ended March 31, 2011 is as follows:

Statutory tax rate	40.7%
Increase (decrease) in taxes resulting from:	
Entertainment and other permanently non-deductible expenses	1.0
Dividend and other permanently non-taxable income	(1.2)
Equity in income of non-consolidated subsidiaries and affiliates	(7.5)
Increase (decrease) of valuation allowance	5.2
Gain on negative goodwill	(22.6)
Other	1.5
Effective income tax rate	17.1%

22. PER SHARE DATA

Net income per share and net assets per share for the year ended March 31, 2011 is as follows:

a) Net income per share

	Millions of yen	Thousands of U.S. dollars
Net income attributable to common shares	¥311,736	$3,749,080
Weighted-average number of common shares outstanding (Thousands of shares)	2,486,893	

	Yen	U.S. dollars
Net income per share	¥125.35	$1.51

Diluted net income per share is not calculated herein since the Company had no potential common shares, which could have a dilutive effect by issuing the conversion of convertible bonds outstanding for the year ended March 31, 2011.

b) Net assets per share

	Millions of yen	Thousands of U.S. dollars
Total net assets	¥1,886,241	$22,684,798
Minority interests deducted from total net assets	257,920	3,101,864
Net assets attributable to shares of common stock	1,628,321	19,582,934
The number of shares of common stock used for the calculation of net assets per share	2,486,843	

	Yen	U.S. dollars
Net assets per share	¥654.77	$7.87

23. RELATED PARTY TRANSACTIONS

There are no related party transactions and no applicable notes on the parent company and affiliated companies for the year ended March 31, 2011.

24. CASH FLOW INFORMATION

The following is a summary of the assets and liabilities acquired through the business combination with Nippon Mining, which was deemed to be the acquired company.

March 31, 2011	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 950,706	$ 11,433,626
Fixed assets	1,212,782	14,585,472
Total assets	¥ 2,163,488	$ 26,019,098
Current liabilities	¥ (909,024)	$(10,932,339)
Long-term liabilities	(491,729)	(5,913,758)
Total liabilities	¥(1,400,753)	$(16,846,097)

25. SEGMENT INFORMATION

(a) Overview of Reportable Segments

The reportable segments of the Company Group are defined as the individual components for which discrete financial information is available, and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Company Group, under which the Company has been organized as a holding company, is comprised of segments categorized by product/service reflecting the business operations of its three core operating companies. The reportable segments are categorized as the Petroleum Refining and Marketing segment, the E&P of Oil and Natural Gas segment, and the Metals segment. Other businesses not included in these reportable segments are aggregated and categorized as "Other."

Details of key products/services and the businesses of each reportable segment are as follows:

Petroleum Refining and Marketing	Gasoline, naphtha, kerosene, diesel fuel and heavy oil, petrochemical products including benzene, paraxylene and other products, liquefied petroleum gas, lubricating oil, and businesses relating to the petroleum business.
E&P of Oil and Natural Gas	Oil and natural gas exploration, development and production
Metals	Resource development, copper, gold, silver, sulfuric acid, recycling and environmental services, copper foils, precision rolled products, thin film materials, and transport of products in the Metals business.
Other	Asphalt paving, civil engineering, construction, titanium, electric wires, land transportation, real estate leasing, and common group administrative activities such as fund procurement.

(b) Method of Calculating Sales, Income or Loss, Assets and Liabilities and Other Items by Reportable Segment

The accounting treatments of the reportable segments are basically consistent with those disclosed in Note 1 "Significant accounting policies." Inter-segment sales and transfers are determined based on the prevailing market prices.

(c) Information on sales, income or loss, assets and liabilities and other items by reportable segment as of March 31, 2011 is as follows:

	Millions of yen						
March 31, 2011	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Total	Adjustments*1	Consolidated
Net sales:							
Sales to third parties	¥8,121,988	¥148,657	¥939,382	¥ 424,369	¥9,634,396	¥ —	¥9,634,396
Inter-segment sales and transfers	9,874	100	1,174	48,400	59,548	(59,548)	—
Total	8,131,862	148,757	940,556	472,769	9,693,944	(59,548)	9,634,396
Segment income	253,682	59,458	70,713	25,134	408,987	4,680	413,667
Segment assets	4,167,403	527,777	814,804	2,141,002	7,650,986	(1,391,028)	6,259,958
Segment liabilities	3,186,525	322,943	435,289	1,835,841	5,780,598	(1,406,881)	4,373,717
Other items:							
Depreciation*2	¥ 128,458	¥ 33,548	¥ 25,723	¥ 16,872	¥ 204,601	¥ 1,952	¥ 206,553
Amortization of goodwill	1,162	1,109	—	2,289	4,560	—	4,560
Interest income	1,378	406	438	13,776	15,998	(13,500)	2,498
Interest expenses	18,923	3,122	3,968	13,046	39,059	(11,757)	27,302
Equity in earnings of affiliates	5,358	7,817	55,774	7,025	75,974	—	75,974
Increase in fixed assets*3	78,922	34,412	37,444	18,152	168,930	21,611	190,541

March 31, 2011	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Total	Adjustments*1	Consolidated
	Thousands of U.S. dollars						
Net sales:							
Sales to third parties	$97,678,749	$1,787,817	$11,297,439	$ 5,103,656	$115,867,661	$ —	$115,867,661
Inter-segment sales and transfers	118,749	1,203	14,119	582,081	716,152	(716,152)	—
Total	97,797,498	1,789,020	11,311,558	5,685,737	116,583,813	(716,152)	115,867,661
Segment income	3,050,896	715,069	850,427	302,273	4,918,665	56,284	4,974,949
Segment assets	50,119,098	6,347,288	9,799,206	25,748,671	92,014,263	(16,729,140)	75,285,123
Segment liabilities	38,322,610	3,883,861	5,234,985	22,078,665	69,520,121	(16,919,796)	52,600,325
Other items:							
Depreciation*2	$ 1,544,895	$ 403,464	$ 309,356	$ 202,910	$ 2,460,625	$ 23,476	$ 2,484,101
Amortization of goodwill	13,975	13,337	—	27,529	54,841	—	54,841
Interest income	16,572	4,883	5,268	165,676	192,399	(162,357)	30,042
Interest expenses	227,577	37,547	47,721	156,897	469,742	(141,395)	328,347
Equity in earnings of affiliates	64,438	94,011	670,763	84,486	913,698	—	913,698
Increase in fixed assets*3	949,152	413,855	450,319	218,304	2,031,630	259,903	2,291,533

Notes:
1. Adjustments are as follows:
   (1) The adjustment of ¥4,680 million ($56,284 thousand) to segment income includes an adjustment of ¥2,073 million ($24,931 thousand) to unrealized gain and a net amount of ¥2,607 million ($31,353 thousand) relating to corporate profits and expenses not allocated to the reportable segments.
   (2) The adjustment of ¥1,391,028 million ($16,729,140 thousand) to segment assets mainly represents elimination of inter-segment receivables.
   (3) The adjustment of ¥1,406,881 million ($16,919,796 thousand) to segment liabilities mainly represents elimination of inter-segment payables.
   (4) The adjustment of ¥1,952 million ($23,476 thousand) to depreciation includes an adjustment of ¥1,970 million ($23,692 thousand) in relation to the accretion of interest expense on asset retirement obligations.
   (5) The adjustment of ¥21,611 million ($259,903 thousand) to increase in fixed assets includes an adjustment to property, plant and equipment and intangible assets for the recognition of asset retirement obligations amounting to ¥19,231 million ($231,281 thousand).

2. Depreciation includes amortization of exploration and development investment amounting to ¥31,031 million ($373,193 thousand), corresponding to E&P of Oil and Natural Gas in the amount of ¥29,542 million ($355,286 thousand) and an adjustment of ¥1,489 million ($17,907 thousand).

3. Increase in fixed assets includes the increase in exploration and development investment amounting to ¥36,352 million ($437,186 thousand), corresponding to E&P of Oil and Natural Gas in the amount of ¥27,814 million ($334,504 thousand) and an adjustment of ¥8,538 million ($102,682 thousand).

4. Segment income is adjusted to ordinary income reported in the consolidated statements of income.

[Related Information]

(a) Information by product and service

This information has been omitted as it is the same as the categories of reportable segments disclosed above.

(b) Information for each region

(1) Net sales

March 31, 2011	Millions of yen	Thousands of U.S. dollars
Japan	¥8,277,883	$ 99,553,614
China	433,147	5,209,224
Other	923,366	11,104,823
Total	¥9,634,396	$115,867,661

Note: Net sales are based on customer location, and are divided by country or region.

(2) Property, plant and equipment

This information has been omitted because the amount of property, plant and equipment located in Japan exceeded 90% of the amount of property, plant and equipment reported in the consolidated balance sheet as of March 31, 2011.

[Information on Loss on Impairment of Fixed Assets]

March 31, 2011	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Corporate, or eliminations	Total
	Millions of yen					
Loss on impairment	¥26,946	¥5,036	¥9,568	¥101	¥1	¥41,652

March 31, 2011	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Corporate, or eliminations	Total
	Thousands of U.S. dollars					
Loss on impairment	$324,065	$60,565	$115,069	$1,215	$12	$500,926

[Information on Amortization of Goodwill and Unamortized Balance]

March 31, 2011	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Corporate, or eliminations	Total
	Millions of yen					
Amortization	¥1,162	¥1,109	—	¥ 2,289	—	¥ 4,560
Unamortized balance	1,232	9,144	—	40,590	—	50,966

March 31, 2011	Petroleum Refining and Marketing	E&P of Oil and Natural Gas	Metals	Other	Corporate, or eliminations	Total
	Thousands of U.S. dollars					
Amortization	$13,975	$ 13,337	—	$ 27,529	—	$ 54,841
Unamortized balance	14,817	109,970	—	488,154	—	612,941

[Information on Gain on Negative Goodwill Incurred by Reportable Segment]

The Company was established as a joint holding company of Nippon Oil and Nippon Mining through a share transfer that became effective April 1, 2010. The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on December 26, 2008) is applied to account for this share transfer. Because net asset value of Nippon Mining, which is the acquired company, exceeded the acquisition cost, ¥226,537 million ($2,724,438 thousand) of negative goodwill is recognized for the difference between the net asset value and acquisition cost. Gain on negative goodwill is recognized in full in the consolidated statement of income (Special profit) in the year ended March 31, 2011. This amount has not been stated by reportable segments as it is difficult to classify according to reportable segment.

(Additional Information)

Effective the year ended March 31, 2011, the Company adopted “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17 issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 issued on March 21, 2008).

26. SUBSEQUENT EVENTS

There are no significant subsequent events.

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Report of Independent Auditors

The Board of Directors
JX Holdings, Inc.

We have audited the accompanying consolidated balance sheet of JX Holdings, Inc. and consolidated subsidiaries as of March 31, 2011, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of JX Holdings, Inc. and consolidated subsidiaries at March 31, 2011, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

1. As described in Note 3 (c) to the consolidated financial statements, the Company adopted "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; issued on December 26, 2008) effective the year ended March 31, 2011.
2. As described in Note 3 (d) to the consolidated financial statements, the Company changed the depreciation method for property, plant and equipment, such as oil tanks and machinery, except for the buildings used by the Petroleum Refining and Marketing segment from the declining-balance method to the straight-line method.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 27, 2011

Fact Data

MARKET DATA (Related to Petroleum Refining/Marketing Business and Oil & Gas Exploration Business)

1. Structures of Primary Energy Consumption in Major Industrialized Countries

	%					Crude Oil Conversion Basis (millions of tons)
(Calendar 2010)	Oil	Coal	Natural Gas	Nuclear	Hydroelectric	Total
Japan	**40.7**	**24.9**	**17.2**	**13.3**	**3.9**	**496**
United States	37.8	23.4	27.6	8.6	2.6	2,247
United Kingdom	36.1	15.3	41.4	6.9	0.4	204
France	33.5	4.9	17.0	38.9	5.7	249
China	17.7	70.8	4.1	0.7	6.7	2,420
Russia	21.4	13.6	54.0	5.6	5.5	691
World	34.0	30.0	24.1	5.3	6.5	11,844

Source: BP

2. Global Oil Consumption Trends and Growth Rate

Global Oil Consumption Volume

	Thousands of barrels per day (BD)									
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
North America	23,595	23,676	24,058	24,947	25,063	24,955	25,073	23,841	22,946	**23,418**
Europe	19,769	19,750	19,966	20,198	20,356	20,498	20,271	20,358	19,448	**19,510**
Asia/Pacific	**21,353**	**21,987**	**22,750**	**24,081**	**24,503**	**24,914**	**25,753**	**25,715**	**25,866**	**27,237**
Middle East	5,148	5,374	5,615	5,946	6,225	6,497	6,736	7,153	7,433	**7,821**
Africa	2,481	2,540	2,611	2,708	2,835	2,824	2,974	3,097	3,195	**3,291**
Latin America	4,956	4,941	4,825	4,946	5,144	5,271	5,622	5,835	5,827	**6,104**
World	77,304	78,268	79,823	82,827	84,126	84,958	86,428	85,999	84,714	**87,382**

Growth in Global Oil Consumption Volume

	%									
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
North America/Europe	100.0	100.1	101.5	104.1	104.7	104.8	104.6	101.9	97.8	**99.0**
Asia/Pacific	**100.0**	**103.0**	**106.5**	**112.8**	**114.8**	**116.7**	**120.6**	**120.4**	**121.1**	**127.6**
World	100.0	101.2	103.3	107.1	108.8	109.9	111.8	111.2	109.6	**113.0**

Note: Growth in global oil consumption figures are percentages of 2001 levels.
Source: BP

3. Japanese Consumption by Type of Petroleum Products

Japan

	Tens of thousands of BD										%
(Calendar Years)	2000	2001	2002	2003	2004	2005	2006	2007	2008	**2009**	**2009**
Gasoline	100	102	103	103	105	105	103	102	98	**99**	**23**
Kerosene & jet fuel	72	74	73	73	70	74	69	63	59	**55**	**13**
Diesel fuel	124	124	121	119	117	115	108	100	92	**84**	**19**
Heavy fuel oil	65	60	57	66	59	58	55	52	54	**40**	**9**
Others	191	181	178	182	181	181	185	187	176	**159**	**36**
Total	552	541	532	543	532	533	520	504	479	**437**	**100**

(Reference)

United States

	Tens of thousands of BD	%
Gasoline	900	48
Kerosene & jet fuel	141	8
Diesel fuel	363	19
Heavy fuel oil	51	3
Others	422	22
Total	1,877	100

Europe

	Tens of thousands of BD	%
Gasoline	229	16
Kerosene & jet fuel	127	9
Diesel fuel	602	42
Heavy fuel oil	143	10
Others	348	24
Total	1,449	100

Asia

	Tens of thousands of BD	%
Gasoline	437	17
Kerosene & jet fuel	215	8
Diesel fuel	731	29
Heavy fuel oil	335	13
Others	822	32
Total	2,540	100

Note: Data for the United States and Europe is for calendar 2009, while data for Asia is for calendar 2008.
Source: International Energy Agency (IEA)

4. Supply and Demand for Petrochemical Products in Asia

		Thousands of Tons				
(Calendar Years)		2004	2005	2006	2007	2008
Propylene	Demand	23,314	25,508	26,841	28,980	29,095
	Production	23,688	25,213	26,862	28,970	28,879
Benzene	Demand	14,132	15,022	15,883	17,894	17,107
	Production	14,526	15,518	16,505	18,606	18,028
Paraxylene	Demand	14,437	15,573	16,479	18,834	18,178
	Production	13,200	14,520	16,324	18,074	17,606

Note: Asia includes figures for Oceania.
Source: Ministry of Economy, Trade and Industry (METI)

MARKET DATA (Related to Metals Business)

5. Metals Prices

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
LME copper price (Calendar years) (¢/lb)	72	71	81	130	167	305	323	316	234	**342**
LME copper price (Fiscal years) (¢/lb)	69	72	93	136	186	316	344	266	277	**369**
Gold price (Fiscal years) ($/troy oz)	278	326	378	414	477	654	766	867	1,023	**1,294**

6. Copper Mine Production of Principal Countries

					Thousands of tons					
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
China	587	568	604	742	762	873	928	1,076	1,045	**1,156**
Indonesia	1,047	1,163	1,003	842	1,064	817	789	651	997	**854**
Chile	4,739	4,581	4,904	5,413	5,321	5,361	5,557	5,330	5,390	**5,419**
Peru	722	845	843	1,036	1,010	1,048	1,190	1,268	1,275	**1,247**
Australia	896	879	830	854	930	875	871	886	854	**849**
United States	1,340	1,140	1,120	1,160	1,140	1,197	1,168	1,310	1,204	**1,129**
World	13,755	13,566	13,713	14,710	15,188	15,180	15,548	15,670	15,887	**16,120**

Source: WBMS

7. Refined Copper Production of Principal Countries

					Thousands of tons					
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	**1,426**	**1,401**	**1,430**	**1,380**	**1,395**	**1,532**	**1,577**	**1,540**	**1,440**	**1,549**
China	1,523	1,633	1,836	2,199	2,583	3,003	3,499	3,795	4,051	**4,574**
India	325	374	391	419	518	627	719	669	721	**648**
United States	1,800	1,512	1,310	1,310	1,260	1,250	1,326	1,280	1,160	**1,093**
Chile	2,882	2,850	2,902	2,837	2,824	2,811	2,937	3,060	3,272	**3,244**
Germany	694	696	598	653	642	662	666	690	669	**704**
Russia	888	860	818	885	1,008	959	923	913	874	**864**
World	15,683	15,683	15,239	15,853	16,665	17,341	18,040	18,496	18,591	**19,172**

Source: WBMS

8. Refined Copper Consumption of Principal Countries

					Thousands of tons					
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	**1,145**	**1,164**	**1,202**	**1,279**	**1,227**	**1,282**	**1,252**	**1,184**	**875**	**1,060**
China	2,307	2,737	3,084	3,364	3,639	3,614	4,863	5,149	7,086	**7,419**
India	293	295	308	342	398	407	516	515	552	**430**
Other Asia	2,415	2,751	2,708	3,057	2,996	3,036	3,121	3,065	3,098	**3,125**
United States	2,619	2,364	2,290	2,410	2,270	2,096	2,123	2,020	1,650	**1,762**
Chile	90	81	96	100	103	111	105	103	91	**100**
Europe total	4,342	4,327	4,284	4,648	4,652	4,962	4,793	4,625	3,579	**3,947**
World	14,685	15,039	15,362	16,745	16,817	16,974	18,141	18,153	18,185	**19,129**

Source: WBMS

9. Global Copper Demand by Product

					Thousands of tons					
(Calendar Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electric wire	10,266	10,328	10,771	11,738	11,717	12,129	12,491	12,389	11,712	**13,005**
Copper and copper alloy fabricated products	7,046	7,130	7,461	8,848	8,858	9,243	9,442	9,198	8,804	**9,693**
Other	1,052	792	832	853	884	959	1,000	1,027	1,172	**1,208**
Total	18,364	18,249	19,065	21,438	21,458	22,331	22,932	22,614	21,688	**23,907**

Note: Including direct copper scrap consumption

Source: *Metals Market Services Long-Term Outlook, June 2011* (Brook Hunt—A Wood Mackenzie Company)

OPERATING DATA (Related to Petroleum Refining/Marketing Business and Oil & Gas Exploration Business)

1. Crude Oil Prices and End User Gasoline Prices

(Fiscal Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Crude Oil (CIF*) Price ($/bbl)	23.84	27.40	29.43	38.77	55.81	63.50	78.72	90.52	69.40	**84.15**
(¥/KL)	18,645	21,034	20,955	26,158	39,736	46,659	56,335	58,541	40,374	**45,374**
Regular gasoline price (¥/L)	101	100	101	115	128	136	146	146	125	**136**

Note: Regular gasoline prices since 2004 include consumption tax.
* CIF = Cost, Insurance, and Freight
Source: "Customs Clearance Statistics," Ministry of Finance (MOF), Oil Information Center

2. Comparison with Other Major Oil Companies in Japan

Refining Capacity

	Tens of thousands of BD
JX Group	**163**
ExxonMobil Group	84
Idemitsu Kosan	64
Cosmo Oil	64
Showa Shell Sekiyu Group	52
Other	37
Total	462

Note: Figures represent capacities as of March 31, 2011.

Paraxylene Production Capacity

	Tens of thousands of tons
JX Group	**262***
ExxonMobil Group	49
Idemitsu Kosan	48
Other	40
Total	399

Note: Figures represent capacities as of December 31, 2009.
* This figure was as of March 31, 2011

3. Sales Volume of Principal Products and Numbers of Service Stations

Sales Volume of Principal Products

Industry Total (Millions of KL)

(Fiscal Year)	2010
Gasoline/naphtha	**104.9**
Middle distillates*1	**73.8**
Heavy fuel oil*2	**17.3**
Total	**196.0**

JX Group (Millions of KL)

(Fiscal Year)	2010
Gasoline/naphtha	**29.6**
Middle distillates	**27.9**
Heavy fuel oil	**6.4**
Total	**64.0**

Note: Figures represent domestic sales volumes of petroleum products.
*1. Total of kerosene, diesel, jet fuel, and fuel oil A
*2. Total of heavy fuel oils B and C

Number of Stationary Service Stations

(Fiscal Years)	2006	2007	2008	2009	2010
Industry total	44,700	43,000	41,100	39,500	**37,800**
JX Group	**14,746**	**14,144**	**13,318**	**12,687**	**12,149**
Company-owned	3,541	3,375	3,140	2,893	**2,701**
Company-owned proportion (%)	24.0	23.9	23.6	22.8	**22.2**

4. JX Group's Oil/Natural Gas Production Volume in Principal Locations

	Production Volume on Project Companies' Entitlement Basis BOED*1					Total Reserves Millions of BOE*2
(Calendar Years)	2006	2007	2008	2009	**2010**	**Reserves as of December 31, 2010**
United States	10,200	13,200	8,900	11,700	**9,600**	**27**
Canada*3	12,900	15,200	14,400	14,000	**14,700**	**253**
United Kingdom (North Sea)	13,700	12,500	14,600	12,700	**9,900**	**20**
Southeast Asia	102,900	94,500	83,600	81,600	**83,600**	**319**
Oceania	14,200	11,400	6,100	10,200	**8,200**	**87**
Middle East, etc.	16,200	14,400	13,700	12,900	**13,300**	**69**
Total	170,100	161,200	141,300	143,100	**139,300**	**775**

*1. BOED = Barrels of oil equivalent per day
*2. BOE = Barrels of oil equivalent
*3. Synthetic crude oil

OPERATING DATA (Related to Metals Business)

5. Resource Development Business

Copper Concentrate Sales Volume*1

(Calendar Years)	% Investment ratio	Thousands of tons 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Escondida Mine	3.0*2	663	622	852	1,018	1,104	1,158	1,230	991	792	**757**
Los Pelambres Mine	15.0	376	328	343	364	330	336	300	353	324	**379**
Collahuasi Mine	3.6	389	377	326	424	364	381	396	412	488	**443**

*1. Volume of content in copper
*2. The investment ratio was 2.0% before acquiring additional equities in the Escondida Mine in May 2010.

(Reference)
Global Ranking of Copper Mines

Rank	Country	Thousands of tons Production volume 2010
1. Escondida	Chile	**1,087**
2. PT Freeport Indonesia	Indonesia	**625**
3. Chuquicamata	Chile	**602**
4. Collahuasi	Chile	**504**
5. El Teniente	Chile	**410**
6. Los Pelambres	Chile	**398**
7. Norilsk	Russia	**364**
8. Cerro Verde	Peru	**312**
9. Radomiro Tomic	Chile	**309**
10. Antamina	Peru	**302**

Note: Including refined copper production by SX-EW process
Source: *Metals Market Services Long-Term Outlook, June 2011* (Brook Hunt—A Wood Mackenzie Company)

6. Copper Smelting and Refining Business

(Fiscal Years)	Thousands of tons 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Refined copper sales volume*	584	583	622	607	588	645	660	619	605	**588**

* Figures for Pan Pacific Copper (PPC)

(Reference)
Global Ranking of Refined Copper Producers

Rank	Thousands of tons Production volume 2010
1. Codelco	**1,842**
2. Aurubis	**1,132**
3. PPC and LS-Nikko Copper (JX Group)	**1,088***
4. Freeport McMoRan Copper & Gold	**992**
5. Jiangxi Copper	**900**
6. Xstrata	**753**
7. BHP Billiton	**578**
8. Tongling Nonferrous Metals	**562**
9. Sumitomo Metal Mining	**550**
10. KGHM Polska Miedz	**547**

* This figure was compiled by JX Holdings.
Source: Brook Hunt—A Wood Mackenzie Company estimations

7. Recycling and Environmental Services Business

(Fiscal Years)	Tons 2007	2008	2009	2010
Volume of gold recovered	7.2	7.0	6.3	**6.5**

8. Electronic Materials Business

(Fiscal Years)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Treated rolled copper foil sales volume (km/month)	1,059	2,009	3,097	3,393	3,794	3,588	3,509	2,554	2,724	**3,255**
Precision rolled products sales volume (tons/month)	3,323	4,107	3,954	3,798	3,407	3,600	3,721	2,714	3,507	**3,847**

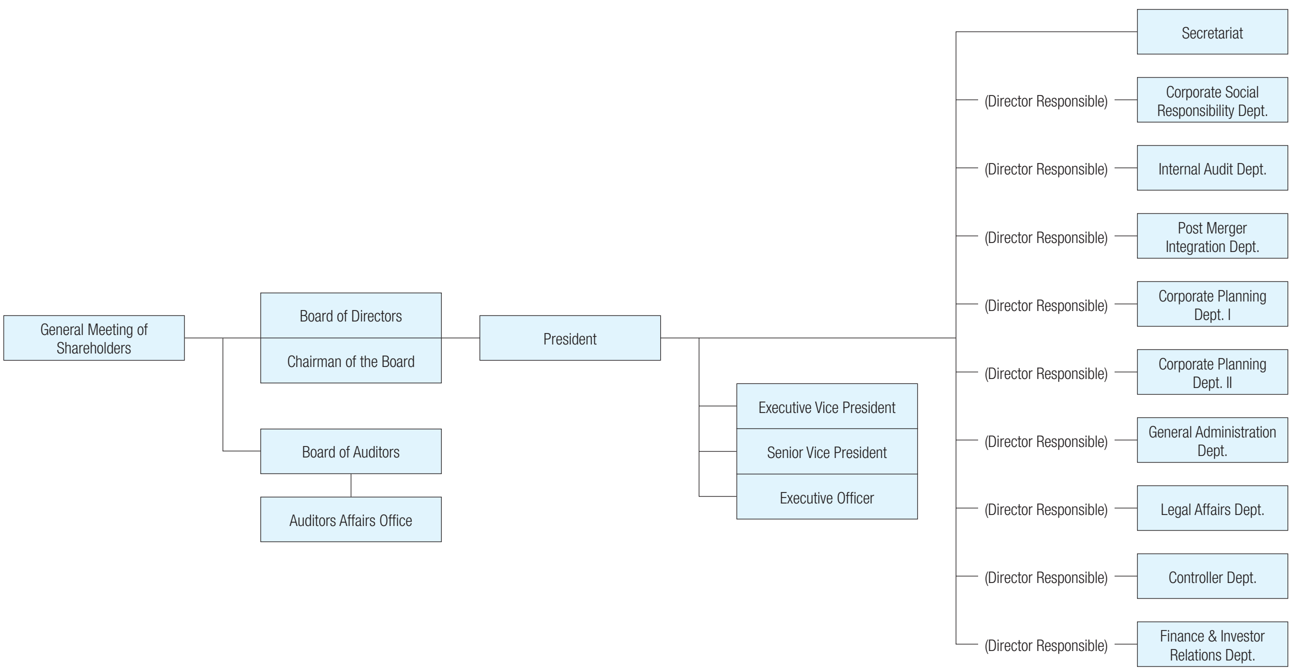
Corporate Profile/Organization Chart

JX Holdings

Corporate Name	JX Holdings, Inc.
Representative Directors	Shinji Nishio, Chairman of the Board Mitsunori Takahagi, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8161, Japan
Date of Establishment	April 1, 2010
Capital	¥100.0 billion
Number of Employees	24,691 (Consolidated) (As of June 30, 2011)
Securities Code	5020
Website	www.hd.jx-group.co.jp/english

Organization Chart

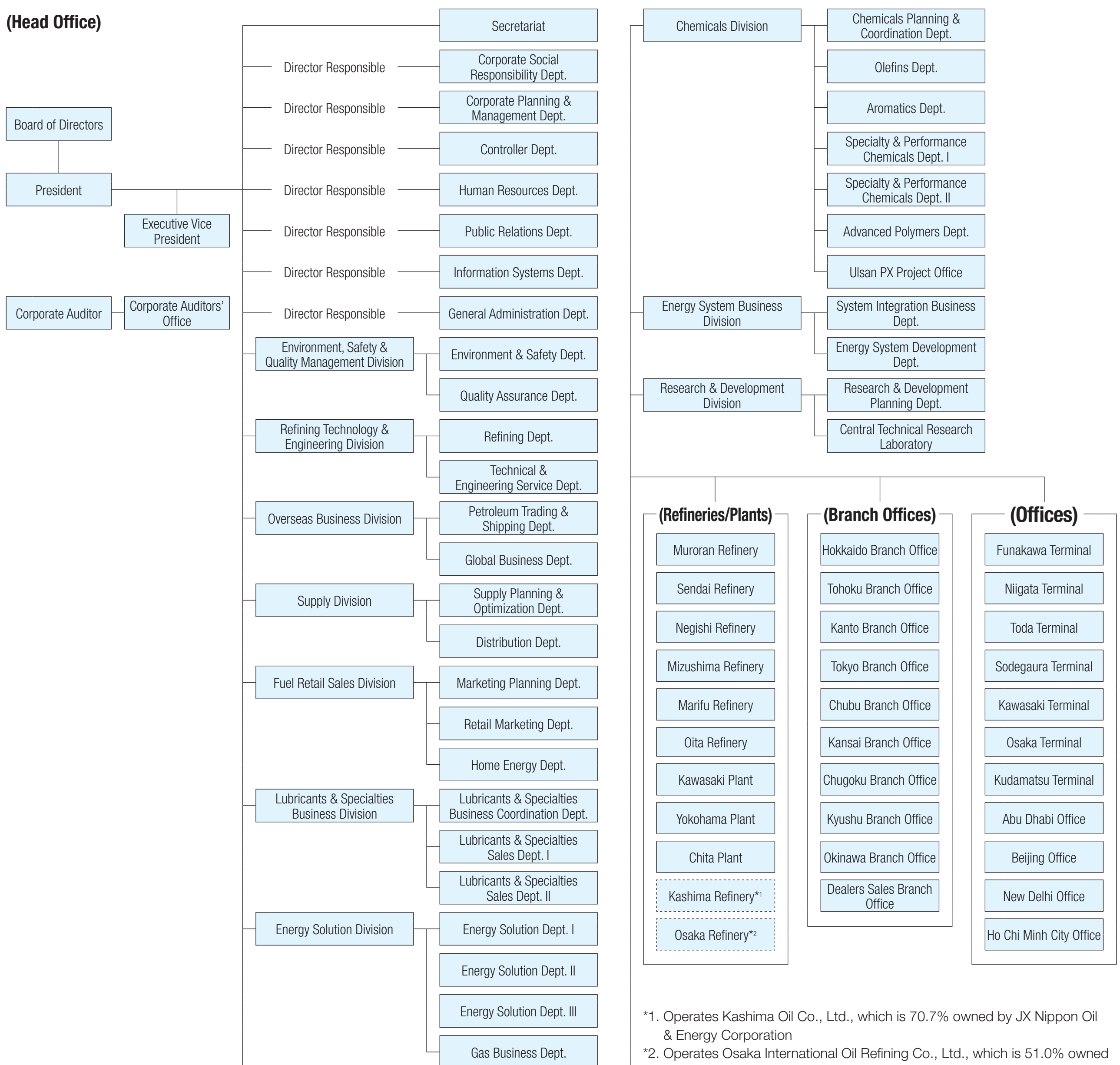
(As of September 1, 2011)



JX Nippon Oil & Energy	Corporate Name	JX Nippon Oil & Energy Corporation
	Representative Directors	Yasushi Kimura, President Isao Matsushita, Executive Vice President
	Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8162, Japan
	Capital	¥139.4 billion (100% investment of JX Holdings, Inc.)
	Principal Business	Refining and marketing of petroleum products (gasoline, kerosene, lubricant oils, etc.), manufacture and marketing of petrochemical products, import and marketing of gas (LPG and LNG), import and marketing of coal, supplying electric power, and developing and marketing residential-use fuel cells, photovoltaic cells, power storage batteries, and other products
	Website	www.noe.jx-group.co.jp/english

Organization Chart

(As of September 5, 2011)



*1. Operates Kashima Oil Co., Ltd., which is 70.7% owned by JX Nippon Oil & Energy Corporation

*2. Operates Osaka International Oil Refining Co., Ltd., which is 51.0% owned by JX Nippon Oil & Energy Corporation

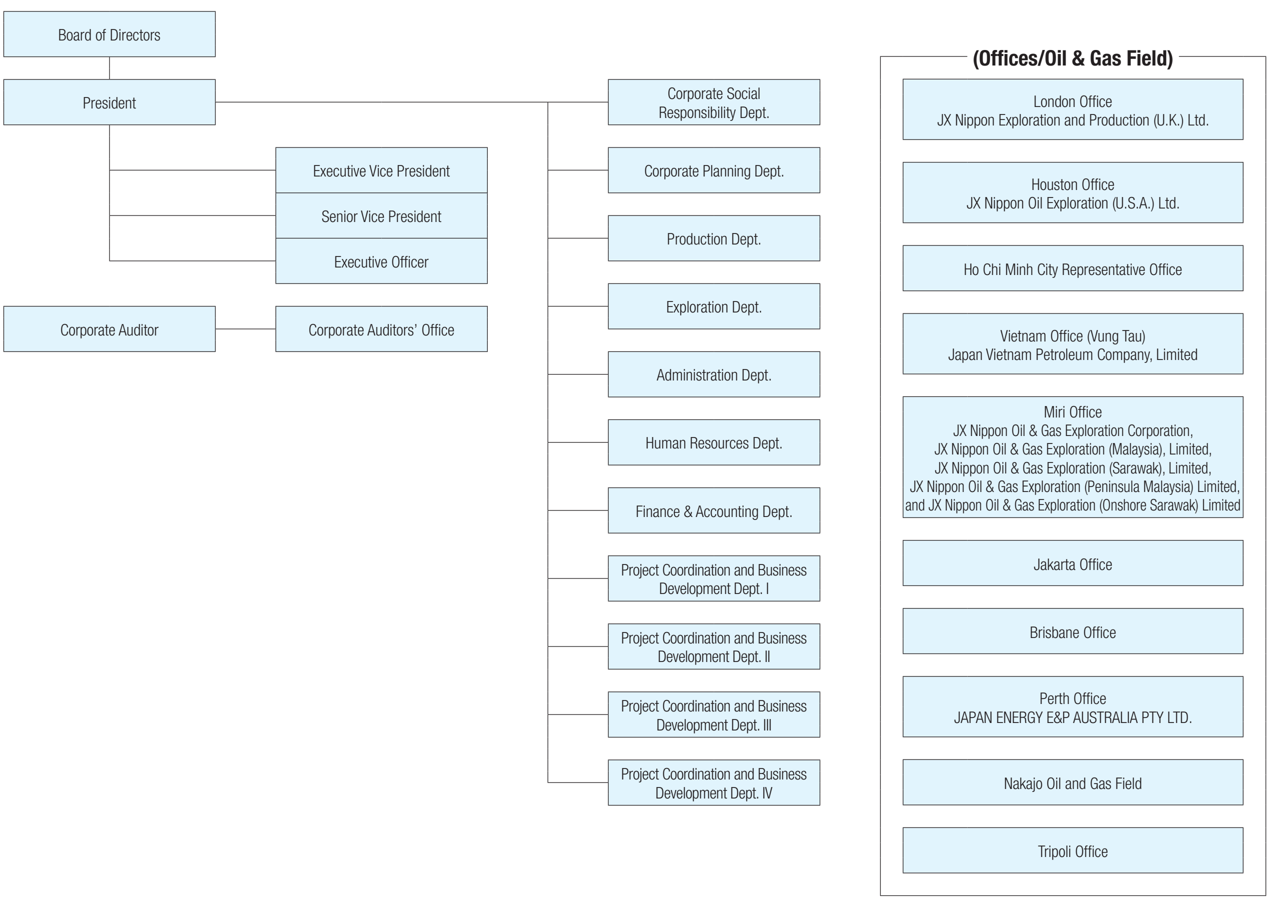
JX Nippon Oil & Gas Exploration

Corporate Name	JX Nippon Oil & Gas Exploration Corporation
Representative Director	Makoto Koseki, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8163, Japan
Capital	¥9.8 billion (100% investment of JX Holdings, Inc.)
Principal Business	Exploration for and development of oil, natural gas, and other mineral resources and extraction, processing, storage, marketing, and shipment of oil, natural gas, and other mineral resources and their secondary products
Website	www.nex.jx-group.co.jp/english

Organization Chart

(As of September 1, 2011)

(Head Office)

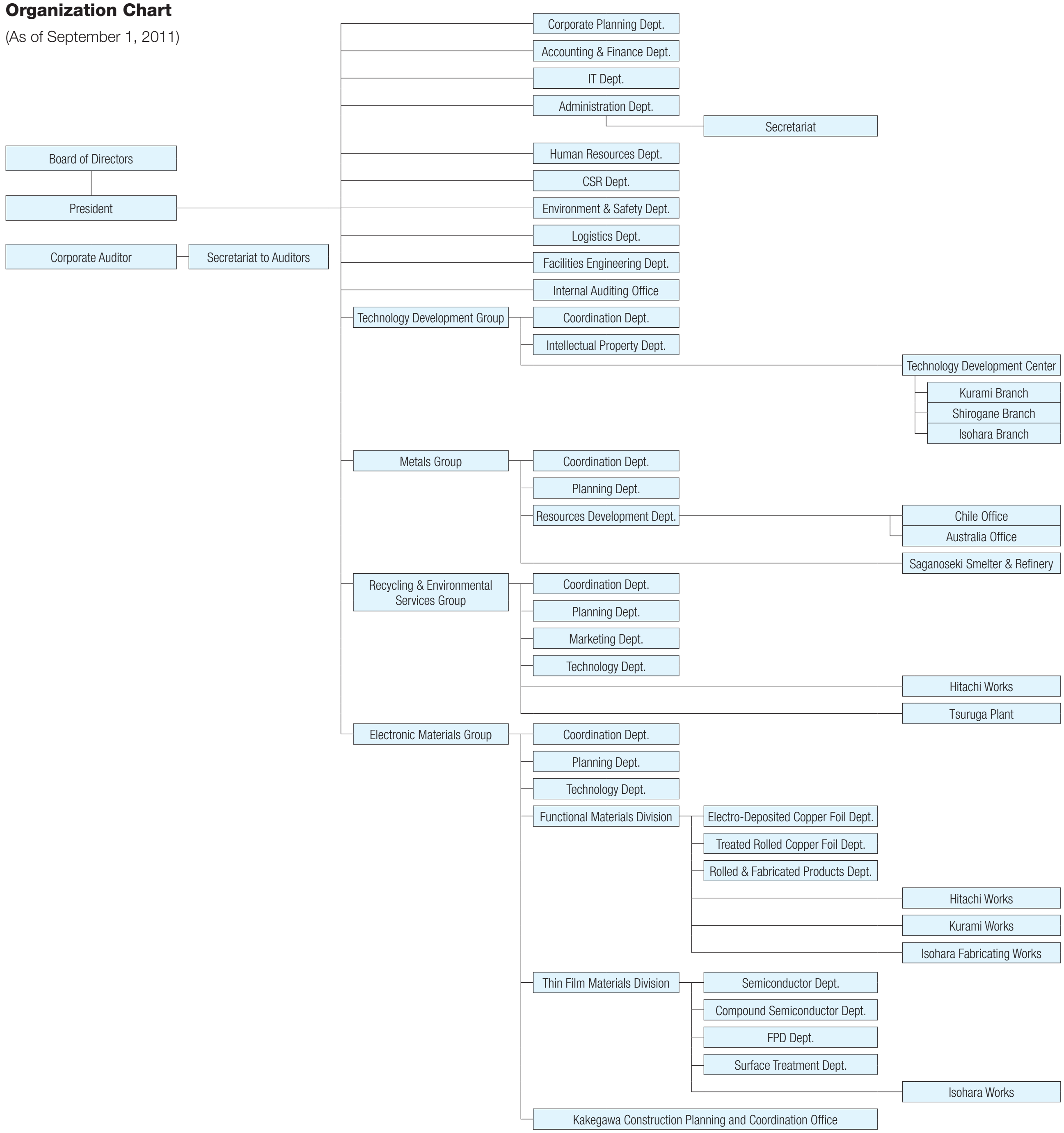


JX Nippon Mining & Metals

Corporate Name	JX Nippon Mining & Metals Corporation
Representative Director	Masanori Okada, President
Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8164, Japan
Capital	¥40.0 billion (100% investment of JX Holdings, Inc.)
Principal Business	Development and mining of non-ferrous metal resources, smelting and refining, marketing of non-ferrous metal products (copper, gold, silver, etc.), manufacturing and marketing of electronic materials, recycling of non-ferrous metal materials, and treatment of industrial waste for reuse
Website	www.nmm.jx-group.co.jp/english

Organization Chart

(As of September 1, 2011)



Principal Group Companies

As of March 31, 2011

Petroleum Refining and Marketing Business

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
JX Nippon Oil & Energy Corporation	Manufacturing and marketing of petroleum and petrochemical products	100.0
Kashima Oil Co., Ltd.	Manufacturing of petroleum and petrochemical products	70.7
Osaka International Refining Company, Limited	Manufacturing and marketing of petroleum and petrochemical products	51.0
Wakayama Petroleum Refining Co., Ltd.	Manufacturing and sale of petroleum products	99.8
Kashima Aromatics Co., Ltd.	Manufacturing of petroleum and petrochemical products	80.0
JX Nippon ANCI, Inc.	Manufacturing and selling/purchasing of synthetic resin products	100.0
Nippon Oil Staging Terminal Company, Limited*1	Storage, receiving, and shipment of petroleum products	100.0
Nippon Oil Tanker Corporation*1	Sea transport of crude oil and petroleum products	100.0
Nippon Global Tanker Co., Ltd.	Sea transport of crude oil	65.0
Nissho Shipping Co., Ltd.	Sea transport of crude oil and petroleum products	72.5
Nippon Tanker Co., Ltd.	Sea transport of petroleum products	100.0
JX Nippon Oil & Energy USA Inc.	Sale of petroleum products	100.0
JX Nippon Oil & Energy Lubricants America LLC	Manufacturing and sale of lubricants	100.0
JX Nippon Oil & Energy Asia Pte. Ltd.	Sale of petroleum products	100.0
JX Nippon Oil & Energy (Australia) Pty. Ltd.	Making investments in companies extracting coal and sales	100.0
ENEOS Frontier Company, Limited	Sale of petroleum products	100.0
JOMO-NET Co., Ltd.	Sale of petroleum products	100.0
JOMO Retail Service Co., Ltd.	Sale of petroleum products	100.0
JOMO Sun Energy Co., Ltd.	Sale of petroleum products	100.0
J-Quest, Inc.	Sale of petroleum products	100.0
ENEOS GLOBE Corporation	Sales of LP gas products	50.0
Japan Gas Energy Corporation	Sales of LP gas products	51.0
Kawasaki Natural Gas Generation Company, Limited	Generation and supply of electric power	51.0
ENEOS Celltech Co., Ltd.	Manufacturing and marketing of fuel cells	81.0
Space Energy Corporation	Manufacturing and marketing of silicon wafers for solar batteries	85.1
Nippon Oil Finance (Netherlands) B.V.	Making investments in LNG developments and providing finance to subsidiaries and affiliates	100.0
JX Nippon Oil & Energy Trading Corporation	Sale and lease of automobile-related parts	100.0
Japan Oil Transportation Co., Ltd.	Overland transportation of petroleum products	29.1

*1. As of April 1, 2011, the name of Nippon Oil Staging Terminal Company, Limited, was changed to JX Nippon Oil & Energy Staging Terminal Corporation. As of the same date, the name of Nippon Oil Tanker Corporation was changed to JX TANKER COMPANY LIMITED.

Oil and Natural Gas E&P Business

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
JX Nippon Oil & Gas Exploration Corporation	Overall management of the crude oil and natural gas development business	100.0
Japan Vietnam Petroleum Company, Limited	Exploration, development, production, and marketing of petroleum and natural gas	97.1
JX Nippon Oil & Gas Exploration (Malaysia), Limited	Exploration, development, production, and marketing of petroleum and natural gas	78.7
JX Nippon Oil & Gas Exploration (Sarawak), Limited	Exploration, development, production, and marketing of petroleum and natural gas	76.5
Nippon Oil Exploration (Myanmar) Limited	Exploration, development, production, and marketing of petroleum and natural gas	50.0
JX Nippon Exploration and Production (U.K.) Ltd.	Exploration, development, production, and marketing of petroleum and natural gas	100.0
Mocal Energy Ltd.	Exploration, development, production, and marketing of petroleum	100.0
Abu Dhabi Oil Co., Ltd.	Exploration, development, production, and marketing of petroleum	31.5
United Petroleum Development Co., Ltd.	Exploration, development, production, and marketing of petroleum	45.0

Metals Business

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
JX Nippon Mining & Metals Corporation	Manufacturing and marketing of non-ferrous metals and electronic materials products as well as recycling of non-ferrous metal materials	100.0
Nikko Shoji Co., Ltd.*2	Marketing of non-ferrous metal products, etc.	100.0
Pan Pacific Copper Co., Ltd.	Manufacturing and marketing of non-ferrous metals	66.0
Hibi Kyodo Smelting Co., Ltd.	Smelting and refining of copper	63.5
Changzhou Jinyuan Copper Co., Ltd.	Manufacturing and marketing of copper wire rods	61.4
SCM Minera Lumina Copper Chile	Development of Caserones Copper and Molybdenum Deposit	75.0
Nikko Environmental Services Co., Ltd.*2	Recycling and environmental services	100.0
Nikko Metals Taiwan Co., Ltd.	Manufacturing and marketing of electronic materials, etc., collection of materials for non-ferrous metal recycling	100.0
Nikko Metals Philippines, Inc.*2	Manufacturing and marketing of copper foil	100.0
Gould Electronics GmbH	Manufacturing and marketing of copper foil	100.0
Nikko Metals USA, Inc.*3	Manufacturing and marketing of thin-film forming materials	100.0
Nippon Mining & Metals (Suzhou) Co., Ltd.	Manufacturing and marketing of rolled and processed materials	100.0
Nippon Marine Co., Ltd.	Sea transport for non-ferrous metal products, etc.	100.0
LS-Nikko Copper Inc.	Smelting and refining of copper	49.9
Minera Los Pelambres	Copper ore mining	25.0
Japan Collahuasi Resources B.V.	Making investments in Collahuasi Copper Mine	30.0
JECO Corporation	Making investments in Escondida Copper Mine	20.0
JECO 2 LTD	Making investments in Escondida Copper Mine	40.0

*2. As of April 1, 2011, the name of Nikko Shoji Co., Ltd., was changed to JX Metals Trading Co., Ltd.; the name of Nikko Environmental Services Co., Ltd., was changed to JX Nippon Environmental Services Co., Ltd.; and the name of Nikko Metals Philippines, Inc., was changed to JX Nippon Mining & Metals Philippines, Inc.

*3. As of July 1, 2011, the name of Nikko Metals USA, Inc., was changed to JX Nippon Mining & Metals USA, Inc.

Others

Company Name	Principal Business Activities	Percentage of Voting Rights (%)
NIPPO CORPORATION	Planning, design, and construction of roads, pavement, civil engineering works, and petroleum-related facilities	57.0
Dai Nippon Construction	Subcontracting for building and civil engineering construction	79.5
Nichiyo Engineering Corporation	Design, construction, and supervision of construction for machinery, electricity, civil engineering, and building construction as well as maintenance	100.0
Toho Titanium Co., Ltd.	Manufacturing and marketing of titanium	42.6
Nippon Oil Real Estate Company, Limited*4	Sales, rental, and management of real estate	100.0
Nikko Real Estate Co., Ltd.*4	Sales, rental, and management of real estate	100.0
JX Nippon Procurement Corporation	Performance of procurement work on a subcontracting basis	100.0
JX Nippon Finance Corporation	Performance of finance-related work on a subcontracting basis	100.0
JX Nippon Business Services Corporation	Performance of accounting, payroll, and welfare-related work on a subcontracting basis	100.0
JX Nippon Research Institute, Ltd.	Survey, research, and consulting services, etc.	100.0
Tatsuta Electric Wire and Cable Co., Ltd.	Manufacturing and marketing of wire and cable	35.8
Maruwn Corporation	Overland transportation	38.3

*4. Nippon Oil Real Estate Company, Limited merged with Nikko Real Estate Co., Ltd. on April 1, 2011, and the new company's name became JX Nippon Real Estate Corporation.

Investor Information

As of March 31, 2011

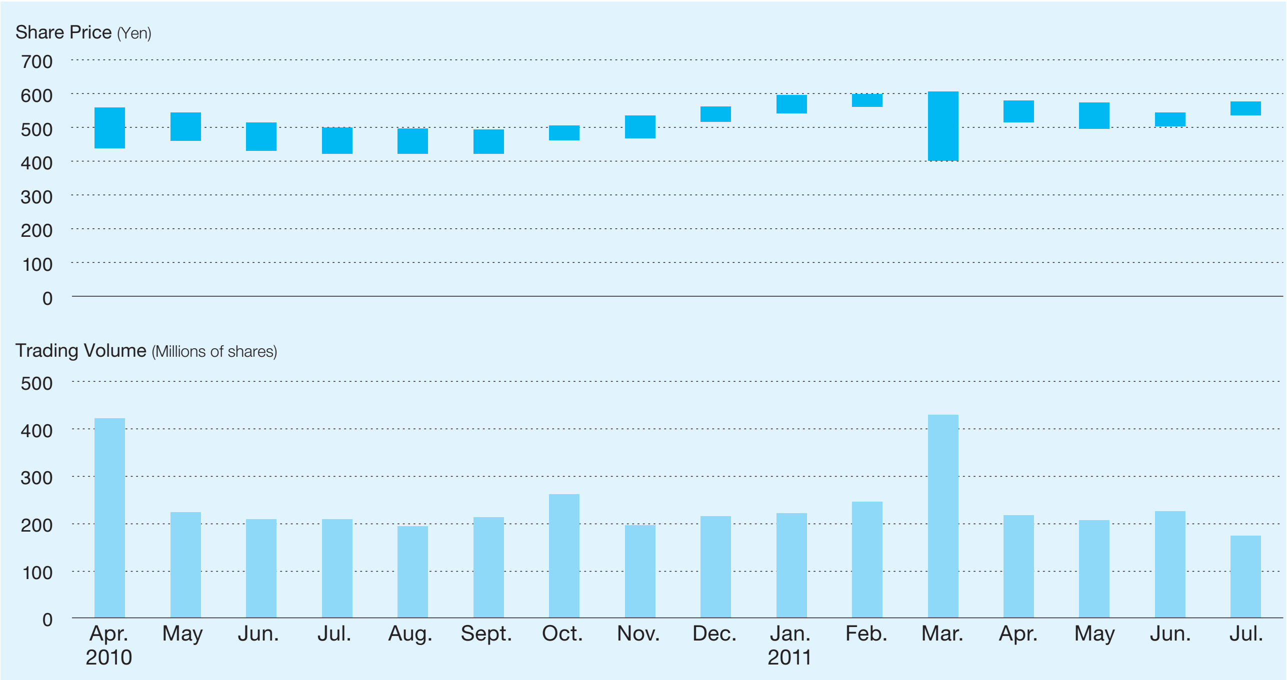
SHARE INFORMATION

Securities Code	5020
Number of Shares Issued	2,495,485,929
Number of Shareholders	176,543
Stock Exchange Listings	Tokyo, Osaka, Nagoya

MAJOR SHAREHOLDERS

Name of shareholders	Number of shares held	Percentage of total issued shares (%)
Japan Trustee Services Bank, Ltd. (held in trust account)	176,724,200	7.08
The Master Trust Bank of Japan, Ltd. (held in trust account)	156,033,700	6.25
Mizuho Corporate Bank, Ltd.	65,451,258	2.62
Sumitomo Mitsui Banking Corporation	65,398,360	2.62
Japan Trustee Services Bank, Ltd. (held in trust account 9)	51,107,700	2.05
Mitsubishi Corporation	48,882,792	1.96
SSBT OD 05 OMNIBUS ACCOUNT-TREATY CLIENTS	47,765,822	1.91
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	38,920,444	1.56
NT RE GOVT OF SPORE INVT CORP P. LTD	38,079,650	1.53
INPEX Corporation	33,264,732	1.33

SHARE PRICE RANGE AND TRADING VOLUME



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JX Holdings, Inc.

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