

Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 <under Japanese GAAP>

May 13, 2011

Note: The following report is a summary of the Japanese-language original.

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 Listing: Tokyo Stock Exchange, First Section
 Securities code: 1662
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Scheduled date of ordinary general shareholders' meeting: June 24, 2011
 Scheduled date to commence dividend payments: June 27, 2011
 Scheduled date to file Securities Report: June 27, 2011
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting (for analysts and institutional investors): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	199,651	11.1	13,849	5.6	17,122	(26.2)	10,010	(44.2)
March 31, 2010	179,752	(11.1)	13,119	(34.7)	23,206	3.8	17,939	42.8

Note: Comprehensive income: FY2011: -2,592 million yen (- %) FY2010: 23,130 million yen (- %)

Fiscal year ended	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
March 31, 2011	175.16	–	2.6	3.3	6.9
March 31, 2010	313.88	–	4.7	4.5	7.3

Reference: Equity in earnings (losses) of affiliates: FY2011: 441 million yen FY2010: 1,059 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	516,098	393,689	74.7	6,743.83
As of March 31, 2010	521,009	398,747	75.0	6,839.05

Reference: Equity As of March 31, 2011: 385,428 million yen As of March 31, 2010: 390,870 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2011	34,284	(24,282)	(521)	66,826
March 31, 2010	38,948	(29,300)	(4,054)	57,645

2. Cash dividends

	Annual dividends					Total annual cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2010	–	20.00	–	20.00	40.00	2,286	12.7	0.6
Fiscal year ended March 31, 2011	–	20.00	–	20.00	40.00	2,286	22.8	0.6
Fiscal year ending March 31, 2012 (Forecast)	–	20.00	–	20.00	40.00		19.8	

3. Consolidated financial forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 - March 31, 2012)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2011	101,256	9.6	5,722	48.8	7,362	49.4	5,459	187.9	95.52
Fiscal year ending March 31, 2012	223,479	11.9	11,757	(15.1)	15,634	(8.7)	11,528	15.2	201.70

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and procedures and methods of presentation
 - a. Changes due to revisions to accounting standards and other regulations: Yes
 - b. Changes due to other reasons: None
- (3) Number of issued shares (common stock)
 - a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2011	57,154,776 shares
As of March 31, 2010	57,154,776 shares
 - b. Number of treasury shares at the end of the period

As of March 31, 2011	2,105 shares
As of March 31, 2010	1,961 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended March 31, 2011	57,152,736 shares
Fiscal year ended March 31, 2010	57,152,903 shares

Reference: Summary of non-consolidated results1. Non-consolidated financial results for the fiscal year ended March 31, 2011
(April 1, 2010 – March 31, 2011)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	137,630	5.0	8,436	(24.3)	10,173	(56.7)	6,169	(66.4)
March 31, 2010	131,082	(16.9)	11,150	(14.5)	23,500	(7.6)	18,370	(1.1)

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2011	107.95	–
March 31, 2010	321.42	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	470,475	360,752	76.7	6,312.08
As of March 31, 2010	478,514	368,151	76.9	6,441.53

Reference: Equity As of March 31, 2011: 360,752 million yen As of March 31, 2010: 368,151 million yen

* Indication regarding execution of review procedures

At the time of disclosure of this financial results report, the review procedures for consolidated financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of financial forecasts, and other special matters

The forecast statements shown in this document are based on information that was available at the time of preparation. Actual performance may differ materially from these forecasts due to various factors. For the outlook for the fiscal year ending March 31, 2012, please refer to the section of “(1) Analysis of business performance” of “I. Business results” on page 4.

(Method of accessing supplementary material of financial results and contents of presentation meeting of financial results)

On May 13, 2011 (Friday), JAPEX plans to post supplementary material on its website.

In addition, JAPEX plans to hold a presentation meeting for analysts and institutional investors on May 16, 2011 (Monday). JAPEX plans to post the material distributed at this presentation meeting on its website promptly after the meeting is held.

I. Business results

(1) Analysis of business performance

In the fiscal year ended March 31, 2011, the Japanese economy showed movement towards recovery thanks to improvements in economic indicators such as personal consumption and corporate earnings from the start of the fiscal year. However, economic conditions remained severe, with indicators such as unemployment remaining at high levels. In addition, concerns regarding the impact of the Great East Japan Earthquake, which occurred at the end of the fiscal year, among other factors, have contributed to a sense of uncertainty regarding the future.

Although the Japan Crude Cocktail (JCC) price had generally moved within the upper \$70 range per barrel from the beginning of the fiscal year, from around the autumn, the price rose slightly, and in January it broke through the \$90 level. Following that, there was also an impact from political unrest in the Middle East and North Africa, and as of the end of the fiscal year, the price had reached a high level of \$100 per barrel.

In the currency exchange market, the yen's value against the US dollar was in the lower ¥90 range at the beginning of the fiscal year, and the yen rose gradually from then, shifting to the lower ¥80 range between early autumn and the end of the fiscal year. However, with the contribution of the higher JCC price, the JAPEX Group's crude oil prices rose in terms of the average for the fiscal year compared with the previous fiscal year.

On the other hand, with regard to natural gas, even though its attractiveness compared with other energy sources is increasing due to price rises for oil products and the like accompanying the rise in the price of crude oil, there has been an increase in uncertain factors in the market environment, including for the procurement of liquefied natural gas (LNG). This is due to the continuation of movement towards entering the market, particularly with the development of infrastructure for supply accompanying deregulation and increased demand, as well as the effects of the Great East Japan Earthquake.

Given this environment, the JAPEX Group endeavored to secure production and transportation, and focused on efficient E&P in Japan and overseas toward achieving a stable, long-term supply of energy essential for daily life.

During the fiscal year under review, net sales was at ¥199,651 million, an increase of ¥19,898 million (+11.1%) year on year. The main factors behind the year on year increase in net sales include not only an increase in net sales thanks to increases in sales volume and sales prices of natural gas, but also an increase in net sales of oil products and the like by Japex Energy Co., Ltd., which became a consolidated subsidiary of JAPEX in the third quarter of the previous fiscal year. As for gross profit, despite the existence of factors pushing up earnings due to the increase in net sales mentioned above, the increase in the cost of sales for oil products and the like, higher operating costs, such as depreciation, as well as other factors, caused it to stay at ¥54,732 million, up ¥447 million (+0.8%) year on year.

Exploration expenses decreased by ¥597 million (-5.8%) year on year to ¥9,798 million, despite an increase in domestic expenditures due to factors such as exploratory drilling activities in Hokkaido and Akita Prefecture, as the result of a decrease in expenses in Libya and Canada. Along with an increase in selling, general and administrative expenses of ¥314 million (+1.0%) year on year to ¥31,084 million, this resulted in an increase in operating income of ¥730 (+5.6%) to ¥13,849 million.

Ordinary income fell back to ¥17,122 million, declining ¥6,084 million (-26.2%) year on year, owing to factors such as a decrease in dividend income and an increase in loss on valuation of securities.

Income before income taxes and minority interests was ¥12,955 million, a ¥10,413 million decrease (-44.6%) year on year, owing to factors such as the recording as extraordinary loss of ¥2,339 million of loss on adjustment for changes of accounting standard for asset retirement obligations, and ¥1,591 million in losses from the disaster accompanying the Great East Japan Earthquake, as well as the posting in the previous fiscal year of gain on change in equity to extraordinary income as a result of the issuance of new shares on the listing of Japan Drilling Co., Ltd., an equity-method affiliate of JAPEX.

Net income was ¥10,010 million, a ¥7,928 million decrease (-44.2%) year on year. There was a reduction in the decline in the profit margin from income before income taxes and minority interests as a result of a decrease in income taxes.

Below is a breakdown of sales.

(i) E&P

Net sales from E&P (including liquefied natural gas (LNG) and bitumen) came to ¥152,819 million, an increase of ¥4,214 million (+2.8%) year on year, mainly due to increases in sales volume and sales prices of natural gas.

(ii) Contract Services

Net sales from contract services (involved in drilling and geophysical surveys) came to ¥7,031 million, an increase of ¥2,172 million (+44.7%) year on year.

(iii) Other Businesses

Net sales from other businesses, such as the sale of oil products, including liquefied petroleum gas (LPG), fuel oil and the like, the transportation of natural gas and oil products on consignment as well as other subcontracted tasks, came to ¥39,801 million, an increase of ¥13,511 million (+51.4%) year on year, partly because of an increase in net sales of oil products, etc. of Japex Energy Co., Ltd., which became a consolidated subsidiary of JAPEX in the third quarter of the previous fiscal year.

Below is a summary of performance by segment. Please take note that segment profits or losses are on the basis of operating results.

(1) Japan

Net sales from the Japan segment, which are mainly composed of E&P (including liquefied natural gas (LNG)), contract services, and oil products and the like, came to ¥183,078 million in the fiscal year, and segment profit came to ¥19,798 million.

(2) North America

Net sales from the North America segment, which are mainly composed of E&P (including bitumen), came to ¥16,585 million in the fiscal year, and segment profit came to ¥3,249 million.

Outlook for the fiscal year ending March 31, 2012

Our forecast is based on a JCC price of \$90 per barrel and an exchange rate of ¥85/\$. Actual non-consolidated results for the fiscal year under review came to \$82.69 per barrel and ¥86.24/\$.

Net sales for the fiscal year ending March 31, 2012 is expected to increase by ¥23,827 million (+11.9%) from the fiscal year under review to ¥223,479 million. Factoring in the impact of the Great East Japan Earthquake, we expect a reduction in transportation on consignments of natural gas coming in. However, we expect an increase in sales of natural gas due to higher demand for gas from local distribution companies and industrial users, as well as an increase in income due to higher sales prices. In terms of sales of crude oil, we expect income to increase due to an increase in sales of crude oil products bought overseas.

We forecast operating income to decrease ¥2,093 million (-15.1%) from the fiscal year under review to ¥11,757 million, due to an increase in cost of sales as a result of factors such as an increase in the volume of purchased liquefied natural gas (LNG) and increased operational costs, as well as the significant impact of our expectation of a decrease in transportation on consignments of natural gas coming in.

For ordinary income, we expect a reduction in declining profit margins due to factors such as a discontinuation of loss on valuation of securities and forecast a decrease of ¥1,488 million (-8.7%) from the fiscal year under review to ¥15,634 million.

However, for net income in this period, as there will no longer be effects from the application of the "Accounting Standard for Asset Retirement Obligations" or losses due to the impact of the Great East Japan Earthquake, among other factors, we expect a year on year increase of ¥1,517 million (+15.2%) to ¥11,528 million.

(2) Analysis of financial condition

a. Balance sheet

Total assets at the end of this fiscal year stood at ¥516,098 million, a decrease of ¥4,911 million (-0.9%) year on year. Of this, current assets increased ¥17,034 million (+16.1%) to ¥122,604 million, and noncurrent assets fell ¥21,945 million (-5.3%) to ¥393,493 million.

The primary change in current assets is an increase in cash and deposits along with an increase in short-term investment securities from the purchase of commercial papers, MMFs and the like, despite a decrease in short-term loans receivable based on repo transactions.

In noncurrent assets, property, plant and equipment decreased ¥4,122 million (-2.8%), as the factors for decrease such as depreciation expenses exceeded the factors for increase, such as the increase in production facilities at the Katakai gas field in Niigata. Investments and other assets decreased ¥17,668 million (-6.7%) as a result of decreases such as in investment securities owing to a devaluation of the market value of the stock of INPEX CORPORATION and others, despite an increase in long-term loans receivable extended to Kangean Energy Indonesia Ltd. (KEI) and EMP Exploration (Kangean) Ltd. (EMPE), both of which are equity-method affiliates.

Total year-end liabilities increased ¥146 million (+0.1%) year on year to ¥122,408 million due to factors such as an increase in long-term loans payable for the procurement of funds to be directed for investment in KEI and EMPE, the recording of provision for loss on disaster due to the Great East Japan Earthquake, and an increase in asset retirement obligations. This was in spite of a decrease in deferred tax liabilities brought about by factors such as the aforementioned decrease in investment securities. Please take note that provision for cost of abandonment, which was previously recorded, has been transferred to asset retirement obligations.

Total year-end net assets decreased ¥5,057 million (-1.3%) year on year to ¥393,689 million as a result of factors such as decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment, despite an increase in retained earnings.

As a result, the equity ratio at March 31, 2011 was 74.7%.

b. Cash flows

As of March 31, 2011, cash and cash equivalents (hereinafter, "net cash") totaled ¥66,826 million, up ¥9,181 million, compared to the end of the previous fiscal year. Below is a summary of cash flows for each activity.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥34,284 million. This is mainly attributable to ¥12,955 million in income before income taxes and minority interests and ¥24,587 million in depreciation and amortization, ¥3,595 million in interest and dividends income and ¥3,220 million used in payment of income taxes.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to ¥24,282 million. This is because the main uses, namely ¥21,262 million for payments into time deposits, ¥18,799 million for purchase of property, plant and equipment and ¥4,597 million for payments of loans receivable, exceeded increasing factors such as ¥17,184 million in proceeds from withdrawal of time deposits and ¥4,762 million in interest and dividends income received.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to ¥521 million. This was because the amount of proceeds from long-term loans payable of ¥4,508 million for the procurement of funds to be directed for loans to KEI and EMPE were exceeded by the amount of total expenditures such as ¥2,286 million of cash dividends paid and ¥2,278 million of repayment of long-term loans payable.

(Ref.) Trend of cash flow indicators

Fiscal years ended March 31	2007	2008	2009	2010	2011
Equity ratio (%)	71.0	70.8	74.1	75.0	74.7
Equity ratio on mark-to-market basis (%)	87.1	60.7	45.3	52.0	46.1
Interest-bearing debt to cash flow ratio (years)	0.6	0.7	0.8	0.7	0.8
Interest coverage ratio (times)	323.3	148.5	70.7	117.2	170.9

Equity ratio: Equity/total assets

Equity ratio on mark-to-market basis: Total market capitalization/total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/cash flows

Interest coverage ratio: Cash flow/interest paid

Notes:

- *1. The above indicators are calculated based on consolidated financial figures.
- *2. Total market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).
- *3. Cash flow here is net cash provided by operating activities.
- *4. Interest-bearing debt is all debt subject to interest payments within liabilities shown on the consolidated balance sheets.

(3) Fundamental policy on allocation of profits and dividends for this year and next year

JAPEX's basic policy is to sustain stable dividends over the long term. Taking into account the medium and long-term outlook for the business, dividend payments are set based on respect for the return of profits to shareholders. While considering the need to secure new reserves as an energy company that plays a role in providing stable supplies of oil and natural gas, indispensable resources for society, the policy also takes into account the need for retained earnings to finance the replacement of reserves and to upgrade and improve transportation systems, primarily pipelines.

Based on the above reasoning, an annual dividend of ¥40 per share (¥20 per share interim dividend and ¥20 per share year-end dividend) is planned for the current year. The same dividend of ¥40 per share (¥20 per share interim dividend and ¥20 per share year-end dividend) is planned for the following year as well.

II. Business policies**(1) Fundamental business policies**

Since its establishment in 1955, JAPEX has pursued its mission of contributing to Japan's energy supplies by securing reserves and expanding production centered on the exploration, development, and sale of oil and natural gas. Guided by this mission, JAPEX has steadily discovered oil and natural gas reserves to result in the business base of today.

In light of its expanding role as a supplier and, consequently, related increases in its responsibility to society with regard to a stable supply, the JAPEX Group is actively focused on constructing a new business model that not only relies on expanding reserves but also upgrading and expanding transportation systems for natural gas and other initiatives. As such, the Group aims to move forward as a company with the competitive capabilities required to respond to changes in its operating environment. The section below outlines the Group's business philosophy in this respect.

Taking on the challenge of new energy value creation and increasing corporate value

- Contribute to the supply of energy through global exploration and production (E&P) activities.
- Contribute to coexistence between the planet and humankind by developing and promoting the use of environment-friendly natural gas.
- Pursue sustainable growth and maximize shareholder value by placing top priority on winning and maintaining the trust of society, customers, shareholders and employees.

(2) Medium- and Long-term business strategy and critical issues

The replacement and expansion of reserves, which are depleted by production and sales activities, and the formulation of a supply structure of oil and natural gas that would ensure long-term stability is of paramount importance to JAPEX, a company whose business is centered on exploration, development and sales of these

resources. Additionally, with factors such as intensification in the competitive environment for the domestic natural gas business and changes in social conditions marked by an increase in the importance of global warming countermeasures, the business environment encompassing JAPEX is undergoing a rapid transformation. As such, with the aim of increasing its corporate value further, JAPEX announced in May 2008 its mid-term business plan, establishing a clear action plan for the attainment of important business challenges over the long term by setting the following three activities as core business objectives; “Exploration/ development efficiency and discovery of new resources” “Reinforcing an efficient, integrated natural gas operation system” “Corporate efforts to research and develop technology and to protect global environment.”

Details of the JAPEX Group Mid-term Business Plan (for fiscal years 2009 to 2013) released on May 21, 2008, and follow-up measures in consideration of changes in the environment, in particular the subsequent financial crisis that occurred as a result of the subprime problem in the United States, may be accessed with the following URLs in our Website.

http://www.japex.co.jp/english/newsrelease/pdf/20080521en_midtermplan_japex.pdf

“JAPEX Group Mid-term Business Plan” (Written material, English translation of original Japanese text)

http://www.japex.co.jp/newsrelease/pdf/20080521d_japex.pdf

“Supplementary materials to the Mid-term Business Plan” (Slides, Japanese only)

http://www.japex.co.jp/english/newsrelease/pdf/JAPEX_Presentation_E_20090515.pdf

“Presentation of Consolidated Financial Results for the Fiscal Year Ended March 31, 2009” (Slides, English translation of original Japanese text)

http://www.japex.co.jp/english/newsrelease/pdf/JAPEX_Presentation_E_20100517.pdf

“Presentation of Consolidated Financial Results for the Fiscal Year Ended March 31, 2010” (Slides, English translation of original Japanese text)

In the aforementioned Mid-term Business Plan, JAPEX set the fiscal year ending March 31, 2013 for its numerical targets regarding reserves, sales volume of natural gas and sales amount of natural gas and the company’s own, domestically produced crude oil (the target for sales volume of natural gas was later changed to the fiscal year ending March 31, 2014). However, owing to the efforts made since then, conditions have come to the point where JAPEX can expect to achieve each of the targets by the fiscal year ending March 31, 2012. As a result, JAPEX has formulated a new Medium-term Business Plan for the five years from the fiscal year ending March 31, 2012 to the fiscal year ending March 31, 2016.

In this Medium-term Business Plan, consideration is given to expected intensification in global competition for resource development and unstable movements in energy prices due to the effects of political unrest in the Middle East and North Africa and the Great East Japan Earthquake, and in addition, further intensification in competition in the domestic natural gas business and heightened social consciousness of environmental problems are assumed. Taking these factors into consideration, JAPEX will continue to position the E&P business, the domestic natural gas business and the environment and innovative technology business as the three focal points for the purpose of the company’s business expansion, and at the same time, with the maximization of the value of existing assets in Japan and overseas as a foundation, JAPEX will aim to expand profits through new investment into these three businesses (particularly at overseas businesses).

The JAPEX Group aims to utilize these activities to further strengthen its operating base and enhance its competitiveness as well as bolster operating efficiency. The ultimate goal is to achieve sustainable development and maximize shareholder value.

III. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	24,314	32,042
Notes and accounts receivable-trade	19,774	21,235
Short-term investment securities	17,669	28,186
Merchandise and finished goods	4,632	4,535
Work in process	386	102
Raw materials and supplies	5,398	5,579
Deferred tax assets	1,336	2,150
Short-term loans receivable	28,534	24,087
Other	3,532	4,685
Allowance for doubtful accounts	(10)	(1)
Total current assets	105,569	122,604
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	148,591	151,483
Accumulated depreciation	(97,743)	(104,953)
Buildings and structures, net	50,848	46,530
Wells	67,143	71,395
Accumulated depreciation	(47,830)	(57,811)
Wells, net	19,312	13,583
Machinery, equipment and vehicles	106,870	122,785
Accumulated depreciation	(59,330)	(68,397)
Machinery, equipment and vehicles, net	47,539	54,388
Land	14,955	15,107
Construction in progress	7,263	6,816
Other	15,130	15,398
Accumulated depreciation	(10,284)	(11,183)
Other, net	4,846	4,215
Total property, plant and equipment	144,765	140,642
Intangible assets		
Other	7,450	7,296
Total intangible assets	7,450	7,296
Investments and other assets		
Investment securities	246,141	221,971
Long-term loans receivable	15,377	18,791
Deferred tax assets	1,332	1,101
Other	6,211	9,024
Allowance for doubtful accounts	(46)	(42)
Allowance for overseas investment loss	(5,793)	(5,291)
Total investments and other assets	263,223	245,554
Total noncurrent assets	415,439	393,493
Total assets	521,009	516,098

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,914	5,057
Provision for directors' bonuses	104	87
Provision for loss on disaster	-	1,444
Other	15,966	13,363
Total current liabilities	21,986	19,953
Noncurrent liabilities		
Long-term loans payable	24,471	26,898
Deferred tax liabilities	61,386	56,531
Provision for retirement benefits	6,429	7,121
Provision for directors' retirement benefits	690	645
Provision for cost of abandonment	6,216	-
Asset retirement obligations	-	9,524
Other	1,080	1,734
Total noncurrent liabilities	100,275	102,455
Total liabilities	122,261	122,408
Net assets		
Shareholders' equity		
Capital stock	14,288	14,288
Retained earnings	271,858	279,582
Treasury stock	(10)	(10)
Total shareholders' equity	286,137	293,861
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106,896	95,518
Deferred gains or losses on hedges	24	17
Foreign currency translation adjustment	(2,186)	(3,968)
Total accumulated other comprehensive income	104,733	91,566
Minority interests	7,876	8,261
Total net assets	398,747	393,689
Total liabilities and net assets	521,009	516,098

(2) Consolidated statements of income and Consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net sales	179,752	199,651
Cost of sales	125,467	144,919
Gross profit	54,285	54,732
Exploration expenses		
Exploration expenses	10,865	10,161
Exploration subsidies	(468)	(362)
Total exploration expenses	10,396	9,798
Selling, general and administrative expenses	30,769	31,084
Operating income	13,119	13,849
Non-operating income		
Interest income	720	520
Dividends income	8,669	3,074
Gain on sales of securities	264	181
Reversal of provision for loss on business of subsidiaries and affiliates	35	-
Other	2,574	1,795
Total non-operating income	12,264	5,572
Non-operating expenses		
Interest expenses	291	199
Loss on sales of securities	88	2
Loss on valuation of securities	11	1,060
Provision for cost of abandonment	890	-
Foreign exchange losses	686	669
Other	206	369
Total non-operating expenses	2,176	2,300
Ordinary income	23,206	17,122
Extraordinary income		
Reversal of allowance for doubtful accounts	17	14
Gain on sales of noncurrent assets	0	28
Gain on change in equity	1,279	-
Other	242	-
Total extraordinary income	1,540	42
Extraordinary loss		
Loss on retirement of noncurrent assets	378	273
Impairment loss	575	-
Loss on disaster	-	1,591
Retirement benefit expenses for prior periods	265	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	2,339
Other	158	4
Total extraordinary losses	1,378	4,209
Income before income taxes and minority interests	23,368	12,955
Income taxes-current	4,135	1,256
Income taxes-deferred	307	904
Total income taxes	4,443	2,161
Income before minority interests	-	10,794
Minority interests in income	986	783
Net income	17,939	10,010

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Income before minority interests	-	10,794
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(11,446)
Deferred gains or losses on hedges	-	(7)
Foreign currency translation adjustment	-	(1,403)
Share of other comprehensive income of associates accounted for using equity method	-	(529)
Total other comprehensive income	-	(13,387)
Comprehensive income	-	(2,592)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	(3,156)
Comprehensive income attributable to minority interests	-	563

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	14,288	14,288
Balance at the end of current period	14,288	14,288
Retained earnings		
Balance at the end of previous period	255,499	271,858
Changes of items during the period		
Dividends from surplus	(2,286)	(2,286)
Net income	17,939	10,010
Change of scope of equity method	706	-
Total changes of items during the period	16,359	7,724
Balance at the end of current period	271,858	279,582
Treasury stock		
Balance at the end of previous period	(9)	(10)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(10)	(10)
Total shareholders' equity		
Balance at the end of previous period	269,778	286,137
Changes of items during the period		
Dividends from surplus	(2,286)	(2,286)
Net income	17,939	10,010
Change of scope of equity method	706	-
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	16,358	7,723
Balance at the end of current period	286,137	293,861

	(Millions of yen)	
	Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	105,430	106,896
Changes of items during the period		
Net changes of items other than shareholders' equity	1,465	(11,377)
Total changes of items during the period	1,465	(11,377)
Balance at the end of current period	106,896	95,518
Deferred gains or losses on hedges		
Balance at the end of previous period	(0)	24
Changes of items during the period		
Net changes of items other than shareholders' equity	24	(7)
Total changes of items during the period	24	(7)
Balance at the end of current period	24	17
Foreign currency translation adjustment		
Balance at the end of previous period	(4,465)	(2,186)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,278	(1,781)
Total changes of items during the period	2,278	(1,781)
Balance at the end of current period	(2,186)	(3,968)
Total accumulated other comprehensive income		
Balance at the end of previous period	100,964	104,733
Changes of items during the period		
Net changes of items other than shareholders' equity	3,769	(13,166)
Total changes of items during the period	3,769	(13,166)
Balance at the end of current period	104,733	91,566
Minority interests		
Balance at the end of previous period	7,484	7,876
Changes of items during the period		
Net changes of items other than shareholders' equity	391	384
Total changes of items during the period	391	384
Balance at the end of current period	7,876	8,261
Total net assets		
Balance at the end of previous period	378,227	398,747
Changes of items during the period		
Dividends from surplus	(2,286)	(2,286)
Net income	17,939	10,010
Change of scope of equity method	706	-
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	4,160	(12,781)
Total changes of items during the period	20,519	(5,057)
Balance at the end of current period	398,747	393,689

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	23,368	12,955
Depreciation and amortization	23,237	24,587
Impairment loss	575	-
Amortization of goodwill	1,207	-
Loss on retirement of property, plant and equipment	360	272
Loss (gain) on valuation of short-term and long term investment securities	11	1,060
Increase (decrease) in allowance for doubtful accounts	(24)	(12)
Increase (decrease) in provision for retirement benefits	695	691
Increase (decrease) in provision for directors' retirement benefits	130	(44)
Increase (decrease) in provision for cost of abandonment	395	-
Increase (decrease) in allowance for overseas investment loss and provision for loss on business of subsidiaries and affiliates	(46)	-
Increase (decrease) in allowance for overseas investment loss	-	(501)
Interest and dividends income	(9,389)	(3,595)
Interest expenses	291	199
Loss (gain) on redemption of securities	(47)	-
Loss (gain) on redemption of investment securities	-	(38)
Loss (gain) on sales of short-term and long term investment securities	(176)	(178)
Equity in (earnings) losses of affiliates	(1,059)	(441)
Loss (gain) on change in equity	(1,279)	-
Decrease (increase) in notes and accounts receivable-trade	(2,623)	(1,615)
Decrease (increase) in inventories	656	200
Increase (decrease) in notes and accounts payable-trade	(752)	4
Increase (decrease) in accrued consumption taxes	1,214	(879)
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	2,339
Other, net	733	2,502
Subtotal	37,482	37,505
Income taxes (paid) refund	1,466	(3,220)
Net cash provided by (used in) operating activities	38,948	34,284

	(Millions of yen)	
	Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net cash provided by (used in) investing activities		
Payments into time deposits	(14,892)	(21,262)
Proceeds from withdrawal of time deposits	10,368	17,184
Proceeds from sales and redemption of securities	1,159	510
Purchase of property, plant and equipment	(29,074)	(18,799)
Proceeds from sales of property, plant and equipment	12	35
Purchase of intangible assets	(4,519)	(313)
Payments for asset retirement obligations	-	(249)
Purchase of investment securities	(5,695)	(2,073)
Proceeds from sales and redemption of investment securities	5,062	3,388
Payments of recoverable accounts	-	(2,877)
Payments of loans receivable	(2,025)	(4,597)
Collection of loans receivable	58	53
Interest and dividends income received	10,523	4,762
Other, net	(276)	(42)
Net cash provided by (used in) investing activities	(29,300)	(24,282)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	1,934	4,508
Repayment of long-term loans payable	(2,278)	(2,278)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(2,284)	(2,286)
Cash dividends paid to minority shareholders	(1,038)	(178)
Interest expenses paid	(332)	(200)
Other, net	(54)	(86)
Net cash provided by (used in) financing activities	(4,054)	(521)
Effect of exchange rate change on cash and cash equivalents	75	(299)
Net increase (decrease) in cash and cash equivalents	5,669	9,181
Cash and cash equivalents at beginning of period	51,975	57,645
Cash and cash equivalents at end of period	57,645	66,826

IV. Others

Status of Production and Sales

1. Production

		Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)
E&P	Crude oil (kl)	614,401 (21,556)	563,374 (5,352)
	Natural gas (thousand m ³)	1,250,630 (48,395)	1,268,801 (10,896)
	LNG (t)	57,599	44,565
	Bitumen (kl)	411,603 (411,603)	409,116 (409,116)

- Notes: 1. The figures in parentheses represent overseas production and are included in the total.
2. Part of the natural gas production volume is used as a feedstock for LNG.
3. Bitumen is a type of extra-heavy oil extracted from oil sands.

2. Sales

		Fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010)		Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
E&P	Crude oil (kl)	1,714,012	69,308	1,489,705	67,488
	Natural gas (thousand m ³)	1,499,236	55,593	1,553,770	61,090
	LNG (t)	186,268	12,268	209,549	14,100
	Bitumen (kl)	411,394	11,433	409,359	10,141
Subtotal			148,604		152,819
Contract services			4,859		7,031
Other businesses	Oil products/merchandise		-		32,523
	Others		-		7,278
	Subtotal		26,289		39,801
Total			179,752		199,651

- Notes: 1. Effective from the fiscal year ended March 31, 2011, JAPEX changed the presentation method of “Other businesses” to disclose its sales amounts breakdown as “Oil products/merchandise” and “Others,” therefore, sales amounts relating to “Oil products/merchandise” and “Others” for the fiscal year ended March 31, 2010 are omitted.
2. “Oil products/merchandise” includes liquefied petroleum gas (LPG), fuel oil, diesel oil and kerosene, and “Others” includes the transportation of natural gas and oil products on consignment as well as other subcontracted tasks.
3. Monetary amounts in the table do not include consumption taxes.