

Note: The following report is an English translation of the Japanese-language original.

# Consolidated financial results ended March 31, 2012

<Supplementary material>

May 11, 2012

Japan Petroleum Exploration Co., Ltd.

## **Cautionary statement**

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Note: The following abbreviations are used within this document:

1H = First half (1Q-2Q)

2H = Second half (3Q-4Q)

(a) = Actual result

(e) = Estimate

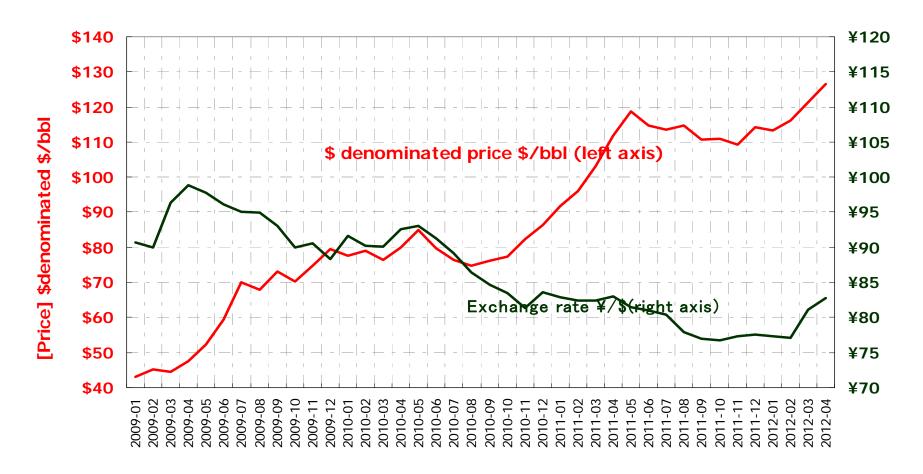
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# Trends in Crude oil prices and Foreign exchange rates

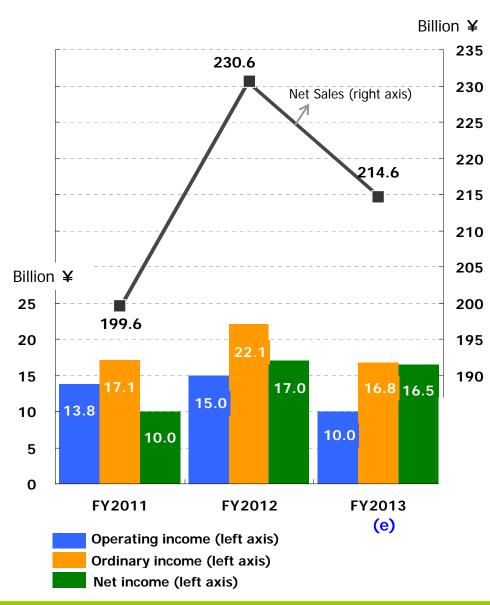


Japan Crude Cocktail (JCC) Price in the first 20 days of April 2012

on a prompt report basis: USD 126.54/bbl

Yen 82.80/USD

## Actual results for FY2012 and Estimate for FY2013 (Highlight)



#### ■ Actual results for FY2012 (vs FY2011)

[ Billion ¥]	FY2011 (a)	FY2012 (a)	change	
Net Sales	199.6	230.6	30.9	16%
Operating income	13.8	15.0	1.2	9%
Ordinary income	17.1	22.1	5.0	29%
Net income	10.0	17.0	7.0	70%
JCC price USD/bbl	82.69	112.43	29.74	36%
Exchange rate Yen/USD	86.24	78.93	(7.31)	(8%)

#### ■ Estimate for FY2013 (vs FY2012)

[ Billion ¥]	FY2012 (a)	FY2013 (e)	change	
Net Sales	230.6	214.6	(16.0)	(7%)
Operating income	15.0	10.0	(5.0)	(33%)
Ordinary income	22.1	16.8	(5.3)	(24%)
Net income	17.0	16.5	(0.5)	(3%)
JCC price USD/bbl	112.43	100.00	(12.43)	(11%)
Exchange rate Yen/USD	78.93	80.00	1.07	1%

## Actual results for FY2012 (Highlight)

	FY2011				FY2012
[ Million ¥]	Actual	Initial estimate (May 2011)	Revised estimate ① (Nov. 2011)	Revised estimate ② (Feb. 2012)	Actual
Net Sales	199,651	223,479	229,031	226,227	230,638
Operating income	13,849	11,757	8,365	12,214	15,045
Ordinary income	17,122	15,634	12,974	17,932	22,159
Net income	10,010	11,528	10,175	13,805	17,027
JCC price USD/bbl	82.69	90.00	105.66	111.13	112.43
Exchange rate Yen/USD	86.24	85.00	80.52	79.69	78.93
Bitumen price CAD/bbl	48.32	47.82	46.25	49.71	49.81
Exchange rate Yen/CAD	81.47	85.00	80.00	76.22	76.22

Initial estimate (May 2011) Revised estimate (1) (Nov. 2011)

[+] Rise in crude oil prices

[ - ] Downward revision of the production and sales plans for natural gas & crude oil

Revised estimate ① (Nov. 2011) Revised estimate ② (Feb. 2012)

[+] Rise in crude oil prices [+] Decrease in exploration expenses [+] Increase in non-operating income (expenses)

Revised estimate ② (Feb. 2012) Actual results

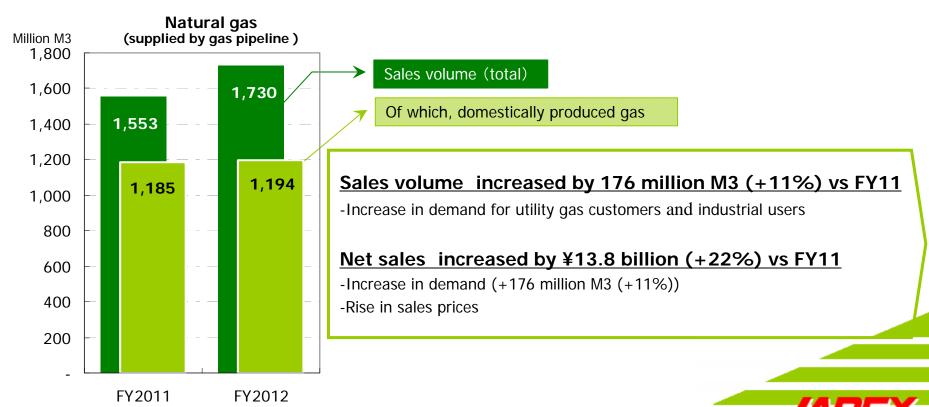
[+] Rise in natural gas prices & crude oil prices [+] Increase in demand [-] Increase in non-operating income (expenses)

Ordinary income ¥ 22.1 billion (+¥4.2billion) Net income ¥17.0 billion (+¥3.2billion)

# Actual sales of Natural gas in FY2012(vs FY2011)

			FY2	011	FY2	012	cha	change	
		_	1H (a)	Full (a)	1H (a)	Full (a)	1H	Full	
Ni. A I	Sales volume	million M3	696	1,553	742	1,730	45	176	
Natural gas:	Net sales	million ¥	27,039	61,090	31,170	74,957	4,130	13,867	
Of which, Domestically produced gas:	Sales volume	million M3	529	1,185	522	1,194	(7)	9	

Sales volume of "Domestically produced gas" stated herein does not include purchased gas.

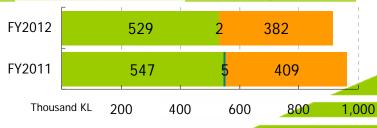


# Actual sales of Crude oil in FY2012 (vs FY2011)

Sales volume : Thou	sand KL	FY 2	011	FY 2	012	change	
Net sales : Million ¥		1H (a)	Full (a)	1H (a)	Full (a)	1H	Full
Crude oil:	Sales volume	946	1,899	896	1,778	(50)	(120)
Crude oii:	Net sales	38,242	77,629	46,649	89,891	8,406	12,262
Breakdown of equity oil							
Domestically produced	Sales volume	246	547	239	529	(6)	(18)
crude oil:	Net sales	11,083	25,777	13,925	30,351	2,841	4,573
Overseas subsidiary	Sales volume	3	5	1	2	(1)	(2)
crude oil:	Net sales	117	187	84	128	(33)	(59)
B.U	Sales volume	197	409	175	382	(21)	(26)
Bitumen:	Net sales	5,512	10,141	4,207	9,137	(1,304)	(1,003)
Oil price and Exchange rate	assumptions						
JCC price	USD/bbl	78.95	82.69	112.38	112.43	33.43	29.74
Exchange rate	Yen/USD	90.71	86.24	81.07	78.93	(9.64)	(7.31)
Bitumen price	CAD/bbl	52.98	48.32	45.70	49.81	(7.28)	1.49
Exchange rate Yen/CAD		83.76	81.47	83.38	76.22	(0.38)	(5.25)
Domestically produced crude oil: [+] Rise in crude oil prices FY2012 529 2 382							
Bitumen: [—]Decrease in production volume and Strong yen FY2011 547 5 409							

Sales volume and net sales of "Domestically produced crude oil" stated herein do not include purchased crude oil. Royalty is excluded in the net sales and price of Bitumen.

Sales volume and net sales of "Overseas subsidiary crude oil" stated herein are amounts of Japex (U.S.) Corp., an overseas consolidated subsidiary.



■ Domestically produced crude oil ■ Overseas subsidiary crude oil ■ Bitumen



# **Actual results for FY2012 (vs FY2011)**

[ Million ¥]	FY2011 (a)	FY2012 (a)	change
Net sales	199,651	230,638	30,986
Gross profit	54,732	56,278	1,545
Exploration expenses	9,798	7,805	(1,992)
SG&A expenses	31,084	33,426	2,342
Operating income	13,849	15,045	1,195
Non-operating income (expenses)	3,272	7,114	3,842 /
Ordinary income	17,122	22,159	5,037
Extraordinary income (losses)	(4,166)	311	4,477
Income taxes	2,161	4,746	2,585
Minority interests in income	783	696	(86)
Net income	10,010	17,027	7,016

«Causes of increase(+) or decrease(-) »

#### **Gross profit**

Domestic crude oil and natural gas

+ ¥5.8 billion

LNG substitution expence - **¥2.3 billion** 

Transportation fee of natural gas

- ¥2.0 billion

#### **Exploration expenses**

Domestic exploration + ¥1.8 billion

#### **Non-operating income (expenses)**

Dividends income + ¥2.4 billion

Gain on sales of securities + ¥0.7 billion

#### **Extraordinary income (losses)**

#### (Impact on FY2011)

Loss on adjustment for changes of accounting standard for asset retirement obligations

+ ¥2.3 billion

Loss on Great East Japan Earthquake

+ ¥1.5 billion

#### (Impact on FY2012)

Insurance income regarding Great East Japan Earthquake + ¥0.6 billion



# **Estimates for FY2013 (Point)**

[ Million	V1	FY2	012	FY2	013	change		
[ Million	<b>‡</b> ]	1H (a)	Full (a)	1H (e)	Full (e)	1H	Full	
Net Sales	e	104,596	230,638	95,823	214,653	(8,773)	(15,985)	
Operating income		6,219	15,045	4,858	10,003	(1,361)	(5,042)	
Ordinary income		7,887	22,159	5,503	16,819	(2,385)	(5,341)	
Net income	E.	6,333	17,027	6,441	16,526	107	(501)	
JCC price	USD/bbl	112.38	112.43	100.00	100.00	(12.38)	(12.43)	
Exchange rate	Yen/USD	81.07	78.93	80.00	80.00	(1.07)	1.07	
Bitumen price	CAD/bbl	45.70	49.81	54.12	52.91	8.42	3.10	
Exchange rate	Yen/CAD	83.38	76.22	80.00	80.00	(3.38)	3.78	

#### Point

#### FY2013 vs FY2012

Operating income > Exploration expenses -¥ 6.0 billion -¥ 5.0 billion

Ordinary income -¥ 5.3 billion	Non-operating income (expenses)	-¥ 0.3 billion	: Dividends income
Net income -¥ 0.5 billion	<ul><li>Extraordinary income (losses)</li></ul>	+¥ 2.0 billion	

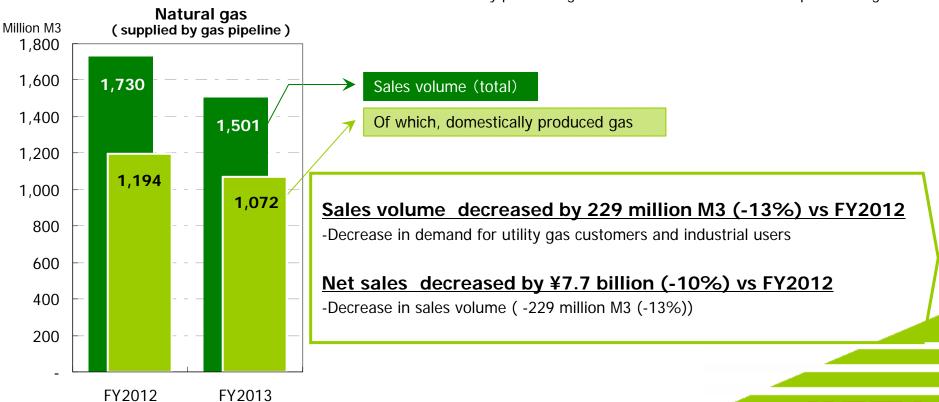
> Income taxes +¥ 2.7 billion



# **Estimated Natural gas sales in FY2013**

			FY2012		FY2013		change	
			1H (a)	Full (a)	1H (e)	Full (e)	1H	Full
Notional was	Sales volume	Million M3	742	1,730	698	1,501	(45)	(229)
Natural gas:	Net sales	Million ¥	31,170	74,957	31,385	67,225	215	(7,733)
Of which, Domestically produced gas:	Sales volume	Million M3	522	1,194	519	1,072	(4)	(123)

Sales volume of "Domestically produced gas" stated herein does not include purchased gas.



## **Estimated Crude oil sales in FY2013**

Sales volume : Thous	sand KL	FY 2	:012	FY 2	2013	char	change	
Net sales : Million ¥		1H (a)	Full (a)	1H (e)	Full (e)	1H	Full	
Crude oil:	Sales volume	896	1,778	80	1,763	(92)	(15)	
Crude oii:	Net sales	46,649	89,891	37,57	7 81,603	(9,072)	(8,288)	
Breakdown of equity oil								
Domestically produced	Sales volume	239	<i>529</i>	251	489	11	(40)	
crude oil:	Net sales	13,925	30,351	12,920	25,146	(1,006)	(5,205)	
Overseas subsidiary	Sales volume	1	2	1	2	(1)	(1,	
crude oil:	Net sales	84	128	48	91	(36)	(37)	
D.	Sales volume	175	382	173	380	(3)	(3)	
Bitumen:	Net sales	4,207	9,137	4,705	10,103	498	966	
Oil price and Exchange rate a	assumptions							
JCC price	USD/bbl	112.38	112.43	100.0	0 100.00	(12.38)	(12.43)	
Exchange rate	Yen/USD	81.07	78.93	80.0	0 80.00	(1.07)	1.07	
Bitumen price	CAD/bbl	45.70	49.81	54.1	2 52.91	8.42	3.10	
Exchange rate	Yen/CAD	83.38	76.22	80.0	0 80.00	(3.38)	3.78	
Domestically produced crude oil : [-]Fall in crude oil prices FY2013 489 2 380								
Bitumen : [+]Increase in	sales price and Weaken	ing of the yen	FY20	112	529	2 382	2	
volume and net sales of "Domestical ased crude oil. Royalty is excluded in	ly produced crude oil" stated h	erein do not includ	e ■ Dome		200 400 I crude oil • Ove	600 rseas subsidiary cr	800 1	

purchased crude oil. Royalty is excluded in the net sales and price of Bitumen.

Sales volume and net sales of "Overseas subsidiary crude oil" stated herein are amounts of Japex (U.S.) Corp., an overseas consolidated subsidiary.



### **Estimates for FY2013**

[ Million ¥]	FY2012 (a)	FY2013 (e)	change
Net sales	230,638	214,653	(15,985)
Gross profit	56,278	54,865	(1,413)
Exploration expenses	7,805	13,896	6,090
SG&A expenses	33,426	30,966	(2,461)
Operating income	15,045	10,003	(5,042)
Non-operating income (expenses)	7,114	6,816	(299)
Ordinary income	22,159	16,819	(5,341)
Extraordinary income (losses)	311	2,378	2,067
Income taxes	4,746	1,969	(2,778)
Minority interests in income	696	702	5
Net income	17,027	16,526	(501)

 $\ll$  Causes of increase(+) or decrease(-)  $\gg$ 

#### **Gross profit**

Domestic crude oil and natural gas

- ¥4.0 billion

Transportation on consignment income

+ ¥2.1 billion

#### **Exploration expenses**

Domestic exploration - ¥4.2 billion

Overseas exploration

- ¥1.8 billion

#### Non-operating income (expenses)

Dividends income - ¥0.5 billion



# Oil price and Exchange rate assumptions and impact on profits

		JCC price		Exchange rate			Bitumen price			
Assumption	usD		bbl	Yen 80 /USD			CAD <b>52.91</b> /bbl (Yen 80 /CAD)			
Impact on Profits	crude o	crude oil prices would push			A weakening in the yen to Yen 5/USD would push profits up by			CAD 1/bbl increase in bitumen prices would push profits up by		
Operating income	20	200 million Yen			890 million Yen			( 2.38 billiion CAD ) 190 million Yen		
Net income	13	0 million	Yen	620 m	illion Yen		(2.09 billion CAD ) 170 million Yen			
			FY2012	2		FY2	013		o <b>h</b> anga	
		1H (a)	2H (a)	Full (a)	1H (e)	2H	(e)	Full (e)	change	
JCC price	USD/bbl	112.38	112.48	112.43	100.00	100	0.00	100.00	(12.43)	
Exchange rate	Yen / USD	81.07 77.17		78.93	80.00	80	0.00	80.00	1.07	
Bitumen price	CAD/bbl	45.70 43.98		49.81	54.12	51	1.89	52.91	3.01	
Exchange rate	Yen /CAD	83.38	81.47	76.22	80.00	80	0.00	80.00	3.78	

Note1: Royalty is excluded in "Bitumen price".

Note2: In addition to the impact of exchange rate fluctuations shown on the above, translation adjustments of foreign-currency- denominated receivables and payables also occur.

Actual profits are influenced by a variety of other factors besides crude oil prices and exchange rates.

