



Note: The following press release is an English translation of the Japanese-language original

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Company Name: Japan Petroleum Exploration Co., Ltd.
Securities Code: 1662
President: Osamu Watanabe
Inquiries: Shoji Mihara, General Manager, Media and Investor Relations Department
TEL: +81-3-6268-7110

**Notice of Financial Forecast Revision
and Recording of an Impairment Loss on Business Assets**

Japan Petroleum Exploration Co., Ltd. (hereinafter "the Company") hereby announces that, based on its recent business performance, it has revised its consolidated full-year financial forecast for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014) announced on May 10, 2013, as follows.

The Company also announces that it recorded an impairment loss (extraordinary loss) on business assets for the settlement of accounts for the third quarter of the fiscal year ending March 31, 2014.

1. Financial forecast revision

(1) Revision to consolidated forecast for the fiscal year ending March 31, 2014

(April 1, 2013 – March 31, 2014)

(Unit: ¥Million)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A)	232,692	20,722	28,783	21,511	¥376.39
Revised forecast (B)	272,802	21,540	38,083	24,089	¥421.49
Change in amount (B- A)	40,110	818	9,300	2,578	—
Rate of change (%)	17.2	3.9	32.3	12.0	—
(Reference)FY2013 Full Year	231,086	13,906	28,082	(865)	(¥15.14)

(2) Reason for Revision :

The Company expects its consolidated financial forecasts for net sales, operating income, ordinary income and net income in its consolidated full-year financial forecasts ending March 31, 2014 to be higher compared to the previous consolidated financial forecasts announced on May 10, 2013.

Net sales are expected to increase by 40,110 million yen, to 272,802 million yen, mainly thanks to an increase in the sales price for crude oil and natural gas.

Operating income is expected to increase by 818 million yen, to 21,540 million yen, for the reasons described above, somewhat offset by an increase in exploration costs and the posting of additional ARO (asset retirement obligations) upon a change in the estimates thereof.

Ordinary income is expected to increase by 9,300 million yen, to 38,083 million yen, mainly thanks to the equity in earnings of affiliates and an increase in foreign exchange

profits.

Net income is expected to increase by 2,578 million yen, to 24,089 million yen, with some of the increase in net income being offset by the posting of an impairment loss (7,983 million yen) on the business assets described below.

2. Recording of an impairment loss on business assets

The Company decided to record as an extraordinary loss an impairment loss on business assets for Yufutsu Oil and Gas Field (hereinafter “the Oil and Gas Field”) in Tomakomai City, Hokkaido, for the third quarter of the fiscal year ending March 31, 2014 in the amount of 7,983 million yen.

Regarding the business assets described above, the Company recorded an impairment loss of about 37,031 million yen for the second quarter of the fiscal year ended March 31, 2013 due to a decrease in the production capacity of the Oil and Gas Field. Since then the Company has attempted to secure an appropriate production rate without placing a burden on the wells, is closely monitoring the production trends and otherwise ensuring careful production operations to avoid a further decrease in production capacity.

However, after comprehensively considering the data on the production activity of the Oil and Gas Field and the wells collected by December 2013, a further decrease in its production capacity was seen, and the Company determined the need for an additional downward revision to the estimated production.

Based on the estimated production above, the future cash flow for the Oil and Gas Field was calculated, which fell below the book value of the business assets for the production operation. Therefore, the Company recorded an impairment loss of 7,983 million yen as an extraordinary loss after reducing the book value to the present value of its future cash flow according to accounting standards.

The additional downward revision to the estimated production of the Oil and Gas Field will not impair the stable supply of natural gas in Hokkaido for the long term, as a system for supplying natural gas, including the Company’s Yufutsu LNG (liquefied natural gas) receiving terminal, has already been established. The Oil and Gas Field will continue its production operations as long as possible through further cost reduction to optimize the operation system. Currently extension drilling has been conducting in the west of the Oil & Gas Field discovered as a result of exploration drilling, Akeno SK-1D well, in 2012. The Company will seek possibility of additional reserves around the Oil and Gas Field.

The Company has also been participating in the shale gas / LNG project in Canada since April 2013. In addition, it made an FID (final investment decision) on construction project of Soma LNG receiving terminal (in Shинchi Town, Fukushima Prefecture) to receive the said LNG from Canada in November 2013. The Company will continue to expand its natural gas business based in Yufutsu, Hokkaido, for the long term by securing and supplying price-competitive natural gas in a stable manner.

(Note) The forward-looking statements in this document include projections based on our assumptions, outlook, and plans as of the date of publication of this document. Actual results may be different from those statements significantly.