



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

# **Consolidated Financial Results for the Three Months Ended June 30, 2016 <Supplementary Material>**

**August 5, 2016**

Japan Petroleum Exploration Co., Ltd.

# Cautionary Statement

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Any information contained herein with respect to JAPEX's plans, forecasts, strategies and other statements that are not historical facts are forward-looking statements about the future performance of JAPEX. Readers should be aware that the actual results and events may be different from these projections because of various factors that could occur in the future.

The provision of this document should not be construed as a solicitation for investment.

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Note: Abbreviations used herein are as follows:

(a) = Actual results

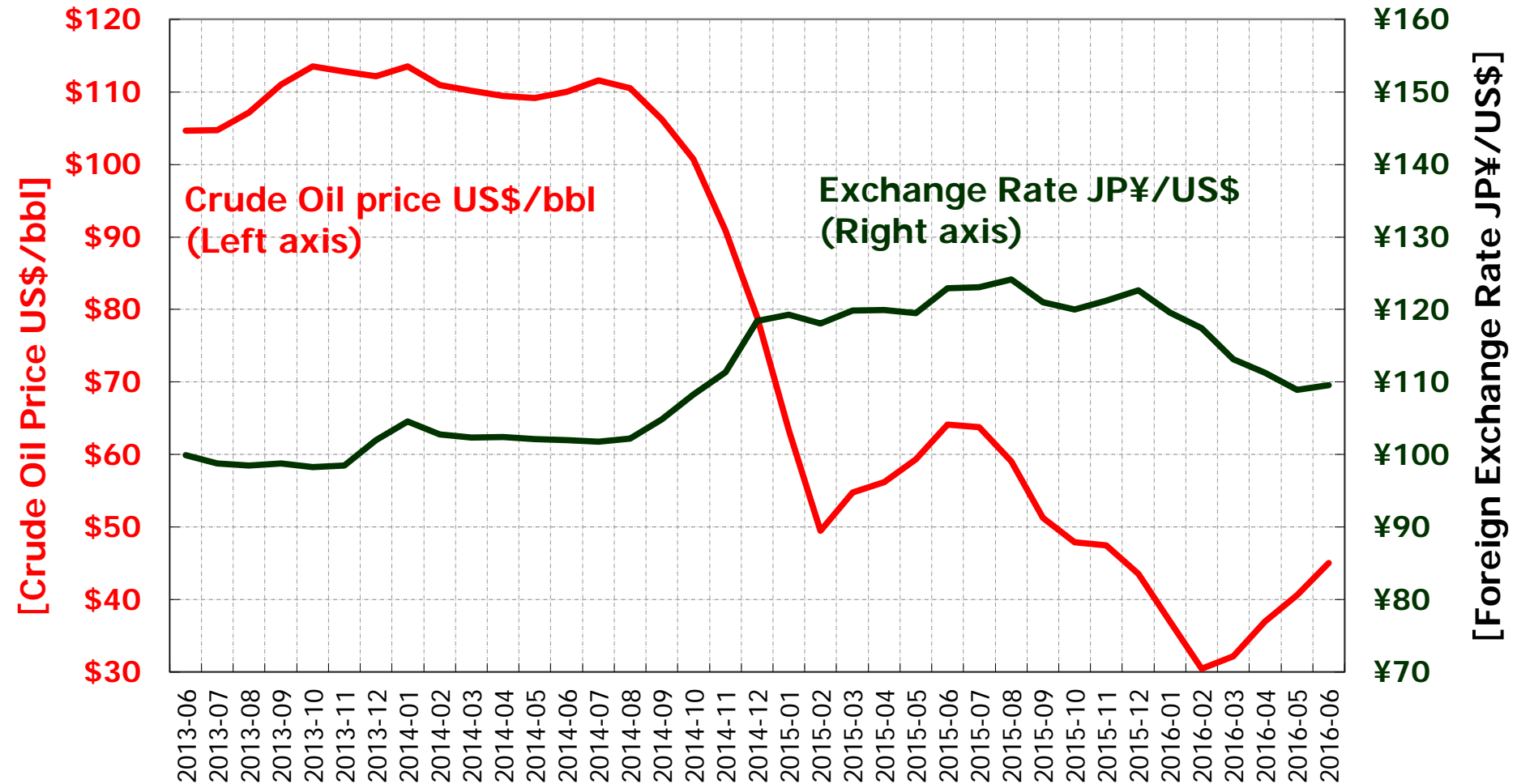
(f) = Forecasts

FY = Fiscal Year (FY03/17, for instance, means 12 months ending March 31, 2017)

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# Trends in Crude Oil Prices and Foreign Exchange Rate



Japan Crude Cocktail (JCC) Price in the first 10 days of July 2016 on a prompt report basis :  
**US\$ 47.98/bbl JP¥ 104.07/US\$**

# Consolidated Financial Forecasts for FY03/17 (Highlights)

[Billion JP¥]	FY03/16			FY03/17			Change		
	1Q (a) ①	1Q-2Q (a) ②	Full (a) ③	1Q (a) ④	1Q-2Q(f) ⑤*	Full (f) ⑥*	1Q (④-①)	2Q (⑤-②)	Full (⑥-③)
Net sales	<b>60.0</b>	<b>124.1</b>	<b>240.3</b>	<b>42.0</b>	<b>90.1</b>	<b>198.0</b>	<b>-17.9</b>	<b>-34.0</b>	<b>-42.2</b>
Operating income (expenses)	<b>5.3</b>	<b>5.4</b>	<b>8.3</b>	<b>-0.9</b>	<b>-3.3</b>	<b>-0.5</b>	<b>-6.3</b>	<b>-8.7</b>	<b>-8.8</b>
Ordinary income (losses)	<b>8.3</b>	<b>8.8</b>	<b>4.6</b>	<b>3.3</b>	<b>-0.4</b>	<b>0.7</b>	<b>-4.9</b>	<b>-9.3</b>	<b>-3.9</b>
Profit attributable to owners of parent	<b>6.8</b>	<b>7.9</b>	<b>2.0</b>	<b>1.9</b>	<b>0.3</b>	<b>1.8</b>	<b>-4.9</b>	<b>-7.5</b>	<b>-0.2</b>

## [Assumptions]

JCC price (US\$/bbl)	<b>56.49</b>	<b>59.21</b>	<b>51.48</b>	<b>37.17</b>	<b>43.81</b>	<b>46.87</b>	<b>-19.32</b>	<b>-15.40</b>	<b>-4.61</b>
Bitumen price (US\$/bbl)	<b>22.36</b>	<b>26.16</b>	<b>21.05</b>	<b>7.12</b>	<b>9.90</b>	<b>10.31</b>	<b>-15.24</b>	<b>-16.26</b>	<b>-10.74</b>
Exchange rate (JP¥/US\$)	<b>119.74</b>	<b>121.44</b>	<b>121.06</b>	<b>110.71</b>	<b>107.34</b>	<b>106.10</b>	<b>-9.03</b>	<b>-14.10</b>	<b>-14.96</b>

\* JAPEX unveiled current forecasts by "Notice of Financial Forecasts Revision" dated August 5, 2016, regarding the consolidated financial forecasts of the six months ending September 30, 2016, and the fiscal year ending March 31, 2017.

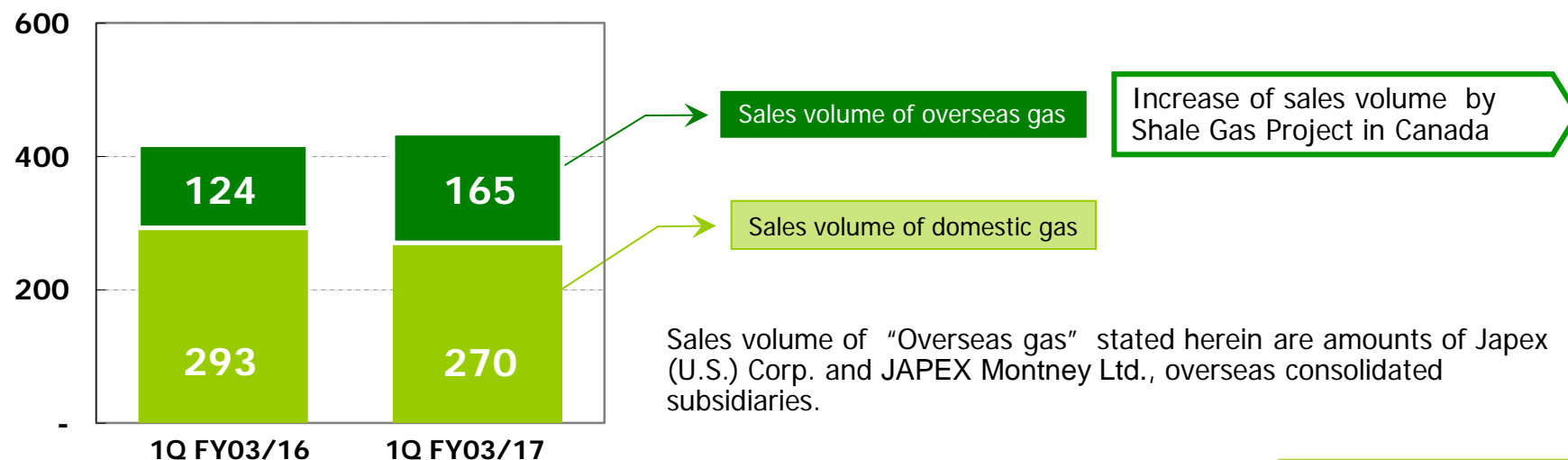
# Actual Sales of Natural Gas in 1Q FY03/17 (year-on-year)

Sales volume : Million M3 Net sales : Million JP¥		FY03/16	FY03/17	Change
		1Q (a)	1Q (a)	
Natural gas	Sales volume	418	436	+18
	Net sales	17,725	12,439	-5,285

## Breakdown

Domestic gas	Sales volume	293	270	-23
(Domestically produced gas)	Sales volume	(187)	(166)	(-20)
Overseas gas	Sales volume	124	165	+41

Million M3



# Actual Sales of Crude Oil in 1Q FY03/17 (year-on-year)

Sales volume : Thousand KL Net sales : Million JP¥		FY03/16 1Q(a)	FY03/17 1Q(a)	Change
Crude Oil	Sales volume	602	711	+108
	Net sales	24,821	18,226	-6,595

Decline of the sales price

## Breakdown

Domestic crude oil	Sales volume	97	73	-24
	Net sales	4,489	2,164	-2,324
Overseas crude oil	Sales volume	180	326	+145
	Net sales	6,823	7,732	+908
Bitumen	Sales volume	77	65	-12
	Net sales	1,303	329	-973

Increase of oil sales volume from Garraf oil field, Iraq

## Assumptions

JCC price	US\$/bbl	56.49	37.17	-19.32
Bitumen price	US\$/bbl	22.36	7.12	-15.24
Exchange rate	JP¥/CA\$	119.74	110.71	-9.03

- Sales volume and net sales of "Domestic crude oil" stated herein do not include purchased crude oil.
- Sales volume and net sales of "Overseas crude oil" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).
- Royalty is excluded in the net sales and price of Bitumen.

# Actual Results for 1Q FY03/17 ( year-on-year )

[ Million JP¥]	FY03/16 1Q (a)	FY03/17 1Q (a)	Change
Net sales	60,035	42,096	-17,938
Gross profit	13,990	6,446	-7,543
Exploration expenses	233	125	-107
SG&A expenses	8,395	7,295	-1,099
Operating income (expenses)	5,362	-974	-6,336
Non-operating income (expenses)	2,938	4,287	+1,349
Ordinary income (losses)	8,300	3,313	-4,987
Extraordinary income (losses)	-11	-253	-242
Income taxes	1,881	471	-1,409
Profit (loss) attributable to non-controlling interests	-418	678	+1,097
Profit attributable to owners of parent	6,825	1,909	-4,916

Causes of increase(+) or decrease(-)

## Gross profit

Domestic crude oil and natural gas	-JP¥5.5 billion
Overseas consolidated subsidiaries	-JP¥1.9 billion

## SG&A expenses

Decrease of transportation cost and G&A expenses of JACOS	-JP¥ 0.2 billion
Cost reduction	-JP¥ 0.8billion

## Non-operating income

Equity in earnings	-JP¥ 2.2 billion
Fluctuations in foreign currency exchange gains and losses	+JP¥ 3.7 billion

# Revised Forecasts for FY3/17

## [Assumptions]

			2016				2017	Full year
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
W T I	US\$/bbl	Previous forecasts	<b>35.00</b>	<b>40.00</b>	<b>40.00</b>	<b>50.00</b>		<b>41.25</b>
		Revised forecasts	<b>33.27</b>	<b>45.52</b>	<b>50.00</b>	<b>50.00</b>		<b>44.70</b>
JCC price	US\$/bbl	Previous forecasts		<b>40.00</b>	<b>40.00</b>	<b>50.00</b>	<b>50.00</b>	<b>45.00</b>
		Revised forecasts		<b>37.17</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>	<b>46.87</b>
Exchange rate	JP¥/US\$	Previous forecasts		<b>115.00</b>	<b>115.00</b>	<b>115.00</b>	<b>115.00</b>	<b>115.00</b>
		Revised forecasts		<b>110.71</b>	<b>105.00</b>	<b>105.00</b>	<b>105.00</b>	<b>106.10</b>
JACOS Bitumen	US\$/bbl	Previous forecasts	<b>6.35</b>	<b>11.53</b>	-	-		<b>8.39</b>
		Revised forecasts	<b>7.12</b>	<b>16.80</b>	-	-		<b>10.31</b>
JML Gas	CA\$/mcf	Previous forecasts	<b>1.95</b>	<b>1.87</b>	<b>1.85</b>	<b>1.85</b>		<b>1.88</b>
		Revised forecasts	<b>1.58</b>	<b>1.34</b>	<b>1.94</b>	<b>1.94</b>		<b>1.68</b>

1. “JACOS Bitumen” stated herein Bitumen selling price of Japan Canada Oil Sands Ltd. (Deduction of Royalty). On the premise of a temporarily suspend a production operation in Demo area from May 2016, the second half of sales does not expect.
2. “JML Gas” stated herein Gas sales price of JAPEX Montney Ltd. (Deduction of Royalty)

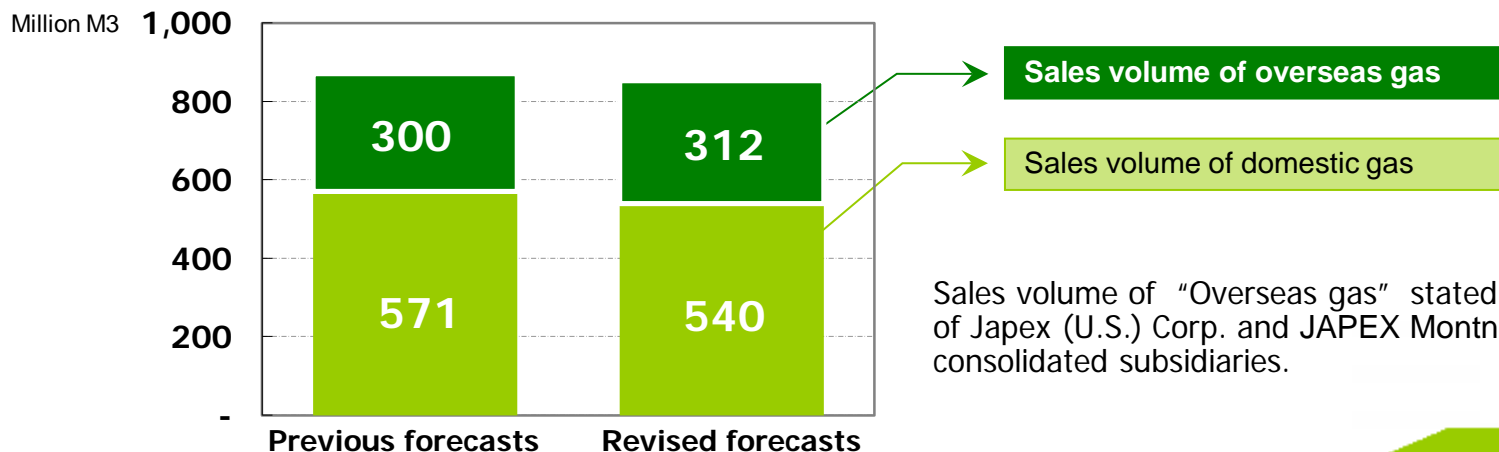


# Revised Forecasts Natural Gas Sales for 1Q-2Q in FY3/17 (vs Previous Forecasts)

		FY03/17 Previous forecasts 1Q-2Q (f) May 12, 2016	FY03/17 Revised forecasts 1Q-2Q (f) Aug. 5, 2016	Change
Sales volume : Million M3				
Net sales : Million JP¥				
Natural gas	Sales volume	871	852	-19
	Net sales	24,889	23,615	-1,274

## Breakdown

Domestic gas	Sales volume	571	540	-31
(Domestically produced gas)	Sales volume	(341)	(333)	(-9)
Overseas gas	Sales volume	300	312	+12



Sales volume of "Overseas gas" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd., overseas consolidated subsidiaries.

# Revised Forecasts Crude Oil Sales for 1Q-2Q in FY03/17 (vs Previous Forecasts)

Sales volume : Thousand KL Net sales : Million JP¥		FY03/17	FY03/17	Change
		Previous forecasts 1Q-2Q (f) May 12, 2016	Revised forecasts 1Q-2Q (f) Aug. 5, 2016	
Crude Oil	Sales volume	1,280	1,549	+270
	Net sales	32,233	43,048	+10,816

Increase of sales volume of overseas crude oil and purchased crude oil

## Breakdown

Domestic crude oil	Sales volume	150	152	+2
	Net sales	4,671	4,952	+281
Overseas crude oil	Sales volume	669	820	+151
	Net sales	15,867	21,354	+5,488
Bitumen	Sales volume	94	92	-2
	Net sales	538	587	+49

Increase of sales volume from Garraf oil field, Iraq

## Assumptions

JCC price	US\$/bbl	40.00	43.81	+3.81
Bitumen price	US\$/bbl	7.96	9.90	+1.94
Exchange rate	JP¥/US\$	115.00	107.34	-7.66

- Sales volume and net sales of "Domestic crude oil" stated herein do not include purchased crude oil.
- Sales volume and net sales of "Overseas crude oil" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).
- Royalty is excluded in the net sales and price of Bitumen.
- Bitumen production in Demo area was temporarily suspended from May 2016.

# Revised Forecasts for 1Q-2Q in FY03/17 (vs Previous Forecasts)

[ Million JP¥]	FY03/17	FY03/17	Change
	Previous forecasts 1Q-2Q (f) May 12, 2016	Revised forecasts 1Q-2Q (f) Aug. 5, 2016	
Net sales	80,596	90,129	+9,533
Gross profit	12,698	11,698	-999
Exploration expenses	868	764	-104
SG&A expenses	14,168	14,251	+82
Operating income (expenses)	-2,339	-3,316	-977
Non-operating income (expenses)	1,967	2,849	+883
Ordinary income (losses)	-372	-466	-94
Extraordinary income (losses)	-17	-256	-239
Income taxes	901	201	-699
Profit (loss) attributable to non- controlling interests	-1,947	-1,323	+624
Profit attributable to owners of parent	657	399	-258

Causes of increase(+) or decrease(-)

### Gross profit

Domestic crude oil and natural gas  
+JP¥ 0.5 billion  
Overseas consolidated subsidiaries  
-JP¥ 1.5 billion

### Non-operating income

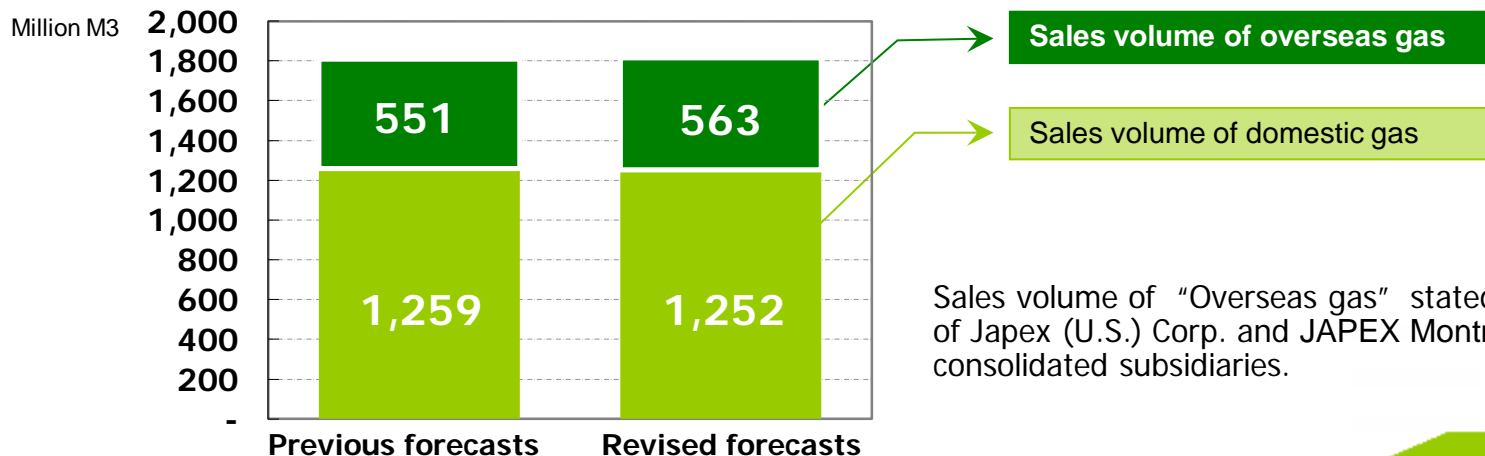
Equity in earnings -JP¥ 1.4 billion  
Fluctuations in foreign currency exchange  
gains and losses +JP¥ 2.3 billion

# Revised Forecasts Natural Gas Sales for FY3/17 (vs Previous Forecasts)

		FY03/17	FY03/17	Change
		Previous forecasts Full (f) May 12, 2016	Revised forecasts Full (f) Aug. 5, 2016	
Sales volume : Thousand KL				
Net sales : Million JP¥				
Natural gas	Sales volume	1,811	1,816	+5
	Net sales	54,607	55,047	+441

## Breakdown

Domestic gas	Sales volume	1,259	1,252	-7
(Domestically produced gas)	Sales volume	(737)	(732)	(-5)
Overseas gas	Sales volume	551	563	+12



Sales volume of "Overseas gas" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd., overseas consolidated subsidiaries.

# Revised Forecasts Crude Oil Sales for FY03/17 (vs Previous Forecasts)

		FY03/17	FY03/17	Change
Sales volume : Thousand KL Net sales : Million JP¥		Previous forecasts Full (f) May. 12, 2016	Revised forecasts Full (f) Aug. 5, 2016	
Crude Oil	Sales volume	<b>2,564</b>	<b>2,725</b>	<b>+ 161</b>
	Net sales	<b>76,286</b>	<b>79,506</b>	<b>+3,220</b>

Increase of sales volume of overseas crude oil

## Breakdown

Domestic crude oil	Sales volume	<b>296</b>	<b>299</b>	<b>+ 3</b>
	Net sales	<b>10,288</b>	<b>10,133</b>	<b>-155</b>
Overseas crude oil	Sales volume	<b>1,326</b>	<b>1,486</b>	<b>+ 160</b>
	Net sales	<b>36,182</b>	<b>40,183</b>	<b>+4,001</b>
Bitumen	Sales volume	<b>94</b>	<b>92</b>	<b>-2</b>
	Net sales	<b>568</b>	<b>624</b>	<b>+56</b>

Increase of sales volume from Garraf oil field, Iraq

## Assumptions

JCC price	US\$/bbl	<b>45.00</b>	<b>46.87</b>	<b>+ 1.87</b>
Bitumen price	US\$/bbl	<b>8.39</b>	<b>10.31</b>	<b>+ 1.92</b>
Exchange rate	JP¥/US\$	<b>115.00</b>	<b>106.10</b>	<b>-8.90</b>

- Sales volume and net sales of "Domestic crude oil" stated herein do not include purchased crude oil.
- Sales volume and net sales of "Overseas crude oil" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).
- Royalty is excluded in the net sales and price of Bitumen.
- Bitumen production in Demo area was temporarily suspended from May 2016.

# Revised Forecasts for FY03/17 (vs Previous Forecasts)

[Million JP¥]	FY03/17	FY03/17	Change
	Previous forecasts Full (e) May 12, 2016	Revised forecasts Full (e) Aug. 5, 2016	
Net sales	194,575	198,057	+3,482
Gross profit	30,547	29,607	-939
Exploration expenses	1,867	1,839	-28
SG&A expenses	28,280	28,318	+38
Operating income (expenses)	400	-549	-950
Non-operating income (expenses)	614	1,274	+660
Ordinary income (losses)	1,014	725	-289
Extraordinary income (losses)	-69	-313	-244
Income taxes	2,510	1,569	-941
Profit (loss) attributable to non-controlling interests	-3,550	-3,031	+518
Profit attributable to owners of parent	1,985	1,874	-110

Causes of increase(+) or decrease(-)

### Gross profit

Domestic crude oil and natural gas  
+JP¥ 1.0 billion  
Overseas consolidated subsidiaries  
-JP¥ 2.0 billion

### Non-operating income

Equity in earnings -JP¥ 1.6 billion  
Fluctuations in foreign currency exchange gains and losses +JP¥ 2.2 billion