



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

Consolidated Financial Results **for the Six Months Ended September 30, 2016**

November 8 , 2016

Japan Petroleum Exploration Co .,Ltd.

Cautionary Statement

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.

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Note: Abbreviations used herein are as follows:

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

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

(a) = Actual results

(f) = Forecasts

FY = Fiscal Year (FY3/17, for instance, means 12 months ending March 31, 2017)

Any inquiries about the information contained herein or other Investor Relations questions are requested to be directed to:

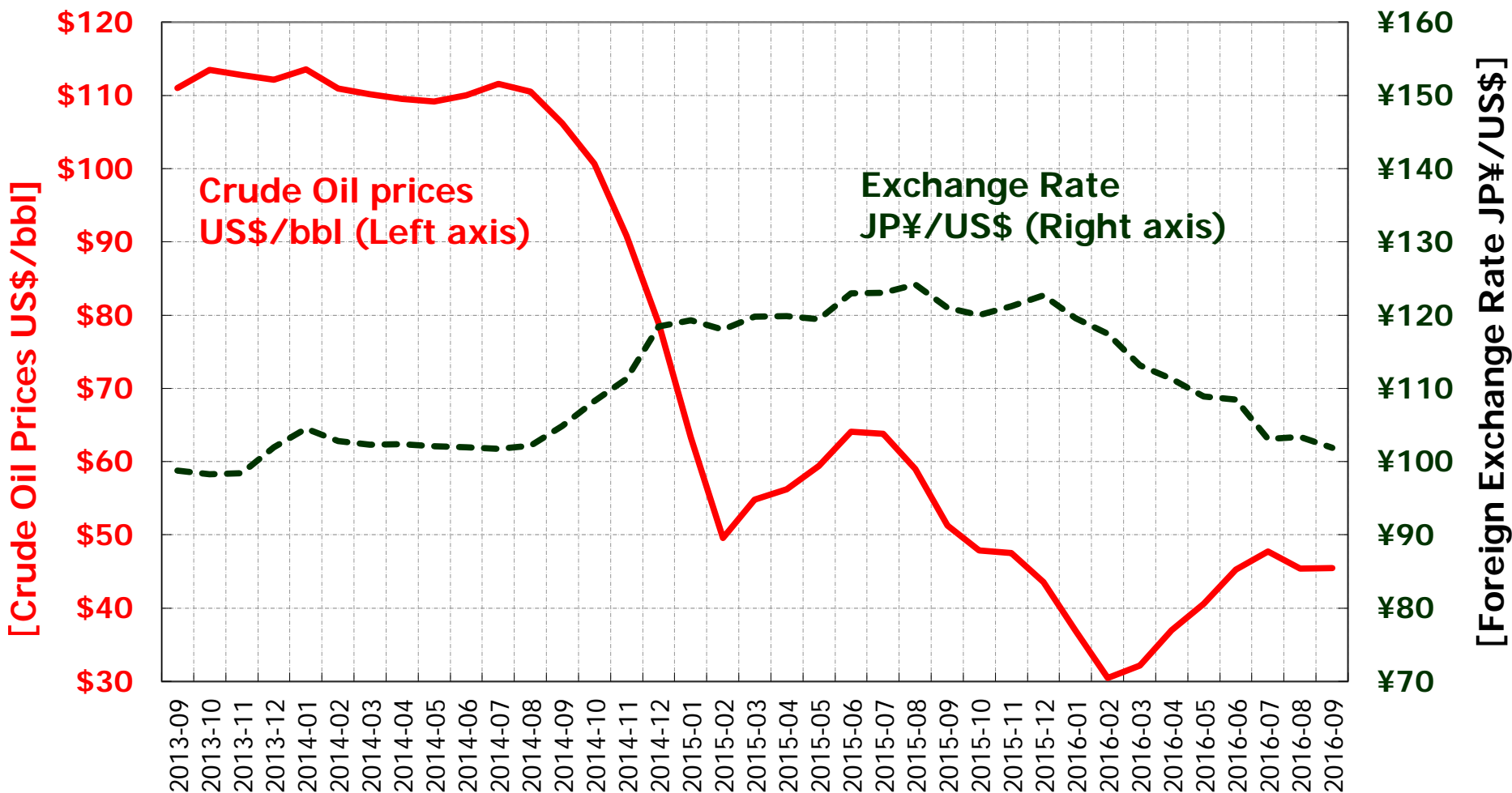
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Trends in Crude Oil Prices and Foreign Exchange Rate



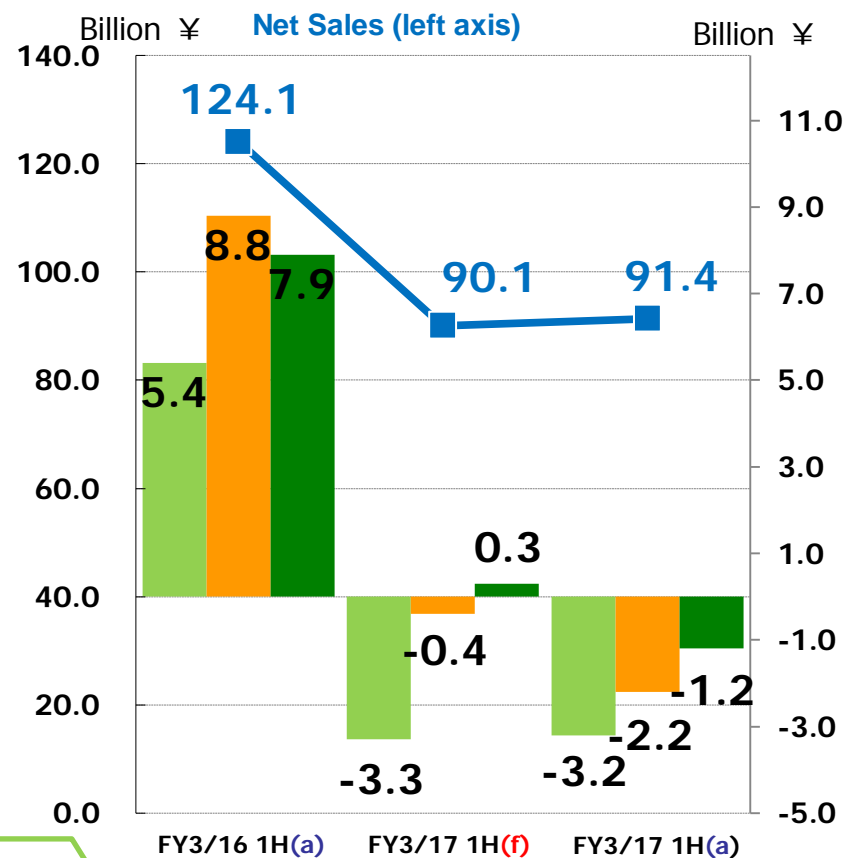
Japan Crude Cocktail (JCC) Price in the first 10 days of October 2016 on a prompt report basis: **US\$ 45.38/bbl** **JP¥ 101.53/US\$**

Revised Forecasts for FY3/17 (Highlight)

| Billion ¥ | FY3/16 | FY3/17 | | | | Difference | |
|--|----------|---|----------|---|--|-------------|---------------|
| | Full (a) | Previous forecasts 1H (f) Aug.5, 2016 ① | 1H (a) ② | Previous forecasts Full (f) Aug.5, 2016 ③ | Revised forecasts Full (f) Nov.8, 2016 ④ | 1H (②-①) | Full (④-③) |
| Net sales | 240.3 | 90.1 | 91.4 | 198.0 | 189.5 | +1.3 | -8.5 |
| Operating income (loss) | 8.3 | -3.3 | -3.2 | -0.5 | -1.2 | +0.1 | -0.7 |
| Ordinary income (loss) | 4.6 | -0.4 | -2.2 | 0.7 | -3.7 | -1.7 | -4.4 |
| Profit (loss) attributable to owners of parent | 2.0 | 0.3 | -1.2 | 1.8 | -0.3 | -1.6 | -2.2 |
| JCC price US\$/bbl | 51.48 | 43.81 | 41.64 | 46.87 | 43.34 | -2.17 | -3.53 |
| Bitumen price US\$/bbl | 21.05 | 9.90 | 9.94 | 10.31 | 10.28 | +0.04 | -0.03 |
| Exchange rate JP¥/US\$ | 121.06 | 107.34 | 107.67 | 106.10 | 103.63 | +0.33 | -2.47 |

Actual Financial Results for 1H FY3/17 (Summary)

| Billion ¥ | FY3/16 1H (a) | FY3/17 1H (f) Aug. 5, 2016 | FY3/17 1H (a) | Difference % |
|--|------------------|----------------------------------|------------------|-----------------|
| Net Sales | 124.1 | 90.1 | 91.4 | +1.5% |
| Operating income (loss) | 5.4 | -3.3 | -3.2 | + % |
| Ordinary income (loss) | 8.8 | -0.4 | -2.2 | + % |
| Profit (loss) attributable to owners of parent | 7.9 | 0.3 | -1.2 | + % |
| JCC price US\$/bbl | 59.21 | 43.81 | 41.64 | |
| Bitumen price US\$/bbl | 26.16 | 9.90 | 9.94 | |
| Exchange rate JP¥/US\$ | 121.44 | 107.34 | 107.67 | |



Main points of difference with previous forecasts (Aug.5, 2016) and actual results

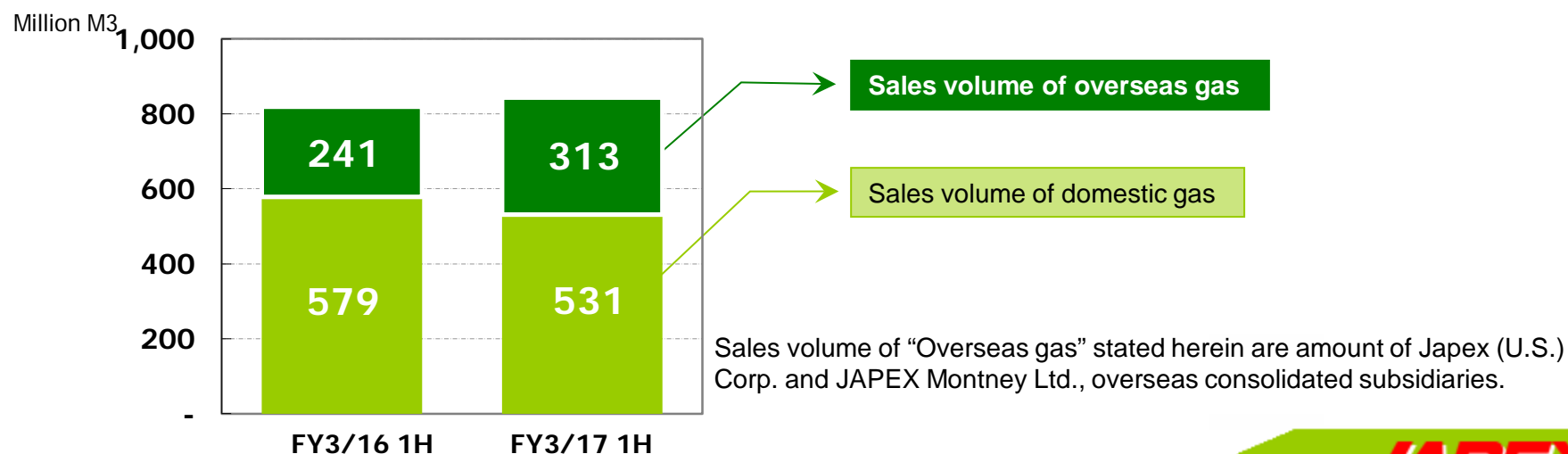
- Net Sales + ¥1.3 billion
Re-schedule of crude oil sales of Garraf Oil Field, Iraq
- Operating income + ¥0.1 billion
- Ordinary income - ¥1.7 billion
Fluctuations in foreign currency exchange rate (-2.2billion), Equity in earnings (+0.2billion)
- Profit attributable to owners of parent - ¥1.6 billion

Actual Sales of Natural Gas in 1H FY3/17 (vs 1H FY3/16)

| Sales volume : Million M3 Net sales : Million ¥ | | FY3/16 1H(a) | FY3/17 1H (a) | Difference |
|--|--------------|-----------------|------------------|------------|
| Natural gas | Sales volume | 820 | 845 | +24 |
| | Net sales | 33,031 | 23,184 | -9,846 |

Breakdown

| | | | | |
|-----------------------------|--------------|-------|-------|-------|
| Domestic gas | Sales volume | 579 | 531 | -47 |
| (Domestically produced gas) | Sales volume | (361) | (324) | (-36) |
| Overseas gas | Sales volume | 241 | 313 | +71 |



Actual Sales of Crude Oil in 1H FY3/17 (vs 1H FY3/16)

| Sales volume : Thousand KL Net sales : Million ¥ | | FY3/16 | FY3/17 | Difference |
|---|--------------|--------|--------|------------|
| | | 1H (a) | 1H (a) | |
| Crude oil | Sales volume | 1,480 | 1,715 | +235 |
| | Net sales | 57,148 | 43,792 | -13,355 |

Decline in sales prices

Breakdown

| | | | | |
|-----------------------|--------------|--------|--------|--------|
| Domestic crude oil *1 | Sales volume | 180 | 149 | -30 |
| | Net sales | 8,427 | 4,645 | -3,781 |
| Overseas crude oil *2 | Sales volume | 669 | 986 | +317 |
| | Net sales | 24,416 | 23,112 | -1,303 |
| Bitumen *3 | Sales volume | 143 | 91 | -51 |
| | Net sales | 2,927 | 589 | -2,338 |

*1 Sales volume and net sales of "Domestic crude oil" do not include purchased crude oil.

*2 Sales volume and net sales of "Overseas crude oil" are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

*3 Royalty is excluded in the net sales and price of Bitumen.

Assumptions

| | | | | |
|---------------|------------|--------|--------|--------|
| JCC price | US\$/bbl | 59.21 | 41.64 | -17.57 |
| Bitumen price | US\$/bbl | 26.16 | 9.94 | -16.22 |
| Exchange rate | JP¥ / US\$ | 121.44 | 107.67 | -13.77 |

Actual Results for 1H FY3/17 (year-on-year)

| Million ¥ | FY3/16 (a) | FY3/17 (a) | Difference | Causes of increase(+) or decrease(-) |
|---|---------------|---------------|------------|--|
| Net sales | 124,157 | 91,494 | -32,663 | Gross profit Domestic crude oil and natural gas - ¥7.6 billion Overseas consolidated subsidiaries - ¥5.3 billion Reduction of consignment revenue - ¥1.6 billion |
| Gross profit | 26,408 | 11,675 | -14,733 | |
| Exploration expenses | 4,769 | 645 | -4,124 | Exploration expenses Overseas exploration - ¥3.4 billion Domestic exploration - ¥0.6 billion |
| SG&A expenses | 16,231 | 14,243 | -1,987 | SG&A expenses Decrease of transportation cost and G&A expenses of JACOS - ¥0.4 billion Cost reduction - ¥1.5 billion |
| Operating income (loss) | 5,407 | -3,213 | -8,621 | |
| Non-operating income (loss) | 3,434 | 975 | -2,459 | Non-operating income (loss) Equity in earnings - ¥2.2 billion |
| Ordinary income (loss) | 8,842 | -2,238 | -11,081 | |
| Extraordinary income (loss) | -72 | -270 | -198 | |
| Income taxes | 3,660 | 414 | -3,245 | |
| Profit (loss) attributable to non-controlling interests | -2,853 | -1,657 | +1,196 | |
| Profit (loss) attributable to owners of parent | 7,963 | -1,267 | -9,230 | |

Assumptions of Revised Forecasts for FY3/17

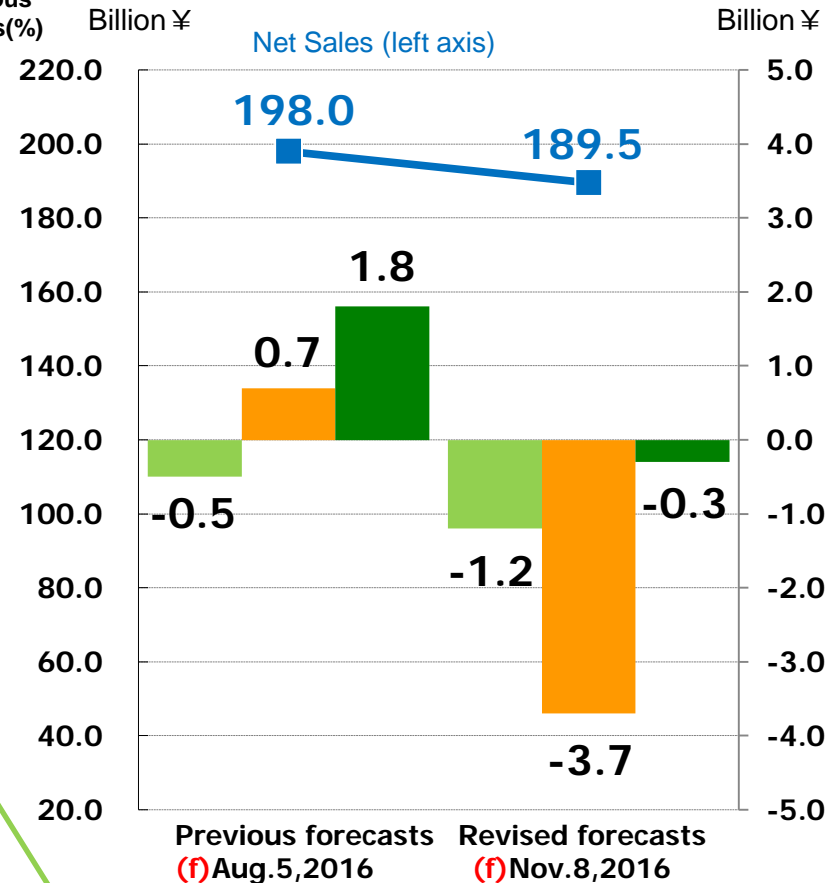
[Assumptions]

| | | | 2016 | | | | 2017 | Full year |
|------------------|----------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | Jan.-Mar. | Apr.-Jun. | Jul.-Sep. | Oct.-Dec. | Jan.-Mar. | |
| JCC price | US\$/bbl | Previous forecasts | | 37.17 | 50.00 | 50.00 | 50.00 | 46.87 |
| | | Revised forecasts | | 37.17 | 45.92 | 45.00 | 45.00 | 43.34 |
| Exchange rate | JP¥/US\$ | Previous forecasts | | 110.71 | 105.00 | 105.00 | 105.00 | 106.10 |
| | | Revised forecasts | | 110.71 | 105.32 | 100.00 | 100.00 | 103.63 |
| JACOS Bitumen | US\$/bbl | Previous forecasts | 7.12 | 16.80 | - | - | | 10.31 |
| | | Revised forecasts | 7.12 | 16.95 | - | - | | 10.28 |
| JML Gas | CA\$/mcf | Previous forecasts | 1.58 | 1.34 | 1.94 | 1.94 | | 1.68 |
| | | Revised forecasts | 1.58 | 1.36 | 2.14 | 1.94 | | 1.74 |

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 Full Year Forecasts for FY3/17 (Summary)

| Billion ¥ | Previous forecasts Full (f) Aug.5,2016 | Revised forecasts Full (f) Nov.8,2016 | Difference | Difference VS Previous Forecasts(%) |
|--|--|---|------------|---|
| Net Sales | 1,980 | 1,895 | -85 | -4.3% |
| Operating income (loss) | -5 | -12 | -7 | -% |
| Ordinary income (loss) | 7 | -37 | -44 | -% |
| Profit (loss) attributable to owners of parent | 18 | -3 | -22 | -% |
| JCC price US\$/bbl | 46.87 | 43.34 | -3.53 | |
| Bitumen price US\$/bbl | 10.31 | 10.28 | -0.03 | |
| Exchange rate JP¥/US\$ | 106.10 | 103.63 | -2.47 | |



Main points of difference with previous forecasts (Aug.5, 2016) and revised forecast (November 8, 2016) *Causes of increase (+) or decrease (-)

- Net Sales - ¥8.5 billion Decline in sales prices
- Operating income - ¥0.7 billion Decrease in gross profit (- ¥0.4 billion)
- Ordinary income - ¥4.4 billion Fluctuations in foreign currency exchange rate (-3.6 billion)
- Profit attributable to owners of parent - ¥2.2 billion Reduction of corporate tax (+0.9 billion)

right axis

- Operating income
- Ordinary income
- Profit attributable to owners of parent

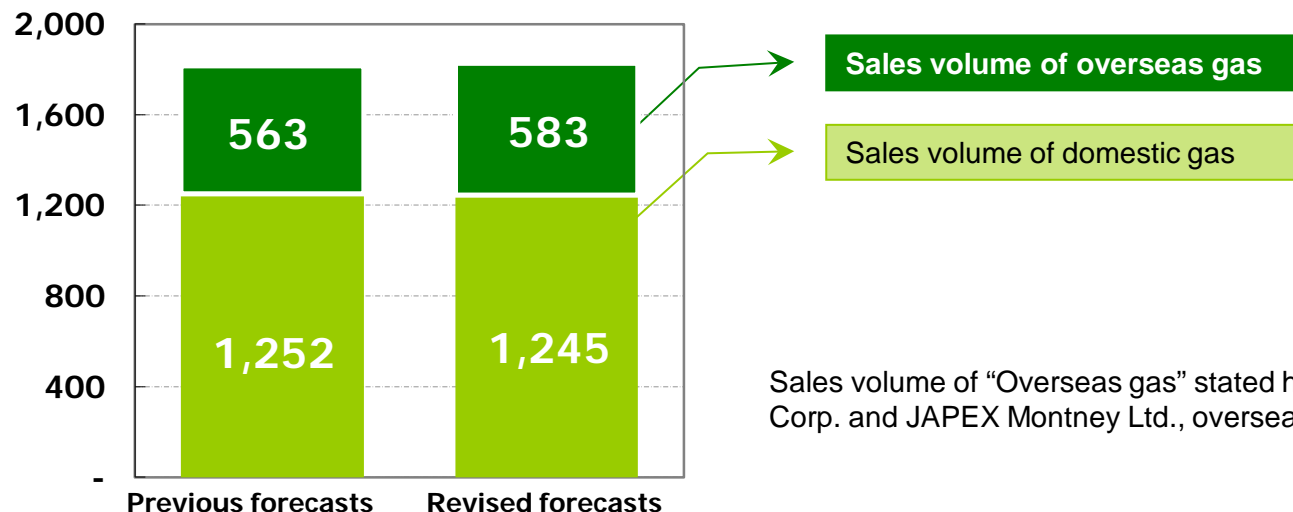
Revised Forecasts Natural Gas Sales in FY3/17 (vs Previous Forecasts)

| Sales volume : Million M3 Net sales : Million ¥ | | Previous forecasts Full(f) Aug 5, 2016 | Revised forecasts Full(f) Nov.8, 2016 | Difference |
|--|--------------|--|---|------------|
| Natural gas | Sales volume | 1,816 | 1,828 | +13 |
| | Net sales | 55,047 | 53,847 | -1,200 |

Breakdown

| | | | | |
|-----------------------------|--------------|-------|-------|------|
| Domestic gas | Sales volume | 1,252 | 1,245 | -7 |
| (Domestically produced gas) | Sales volume | (732) | (733) | (+1) |
| Overseas gas | Sales volume | 563 | 583 | +20 |

Million M3



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

Revised Forecasts Crude Oil Sales in FY3/17 (vs Previous Forecasts)

| Sales volume : Thousand KL Net sales : Million ¥ | | Previous forecasts Full(f) Aug.5, 2016 | Revised forecasts Full(f) Nov.8, 2016 | Difference |
|---|--------------|--|---|------------|
| Crude Oil | Sales volume | 2,725 | 2,852 | +127 |
| | Net sales | 79,506 | 75,000 | -4,506 |

Decline in sales prices

Breakdown

| | | | | |
|--------------------------|--------------|--------|--------|--------|
| Domestic crude oil *1 | Sales volume | 299 | 302 | +3 |
| | Net sales | 10,133 | 9,309 | -824 |
| Overseas crude oil *2 | Sales volume | 1,486 | 1,496 | +11 |
| | Net sales | 40,183 | 35,543 | -4,640 |
| Bitumen *3 | Sales volume | 92 | 92 | +0 |
| | Net sales | 624 | 592 | -31 |

*1 Sales volume and net sales of "Domestic crude oil" do not include purchased crude oil.

*2 Sales volume and net sales of "Overseas crude oil" are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

*3 Royalty is excluded in the net sales and price of Bitumen.

Assumptions

| | | | | |
|---------------|----------|--------|--------|-------|
| JCC price | US\$/bbl | 46.87 | 43.34 | -3.53 |
| Bitumen price | US\$/bbl | 10.31 | 10.28 | -0.03 |
| Exchange rate | JP¥/US\$ | 106.10 | 103.63 | -2.47 |

Revised Forecasts for FY3/17 (vs Previous Forecasts)

| Million ¥ | Previous forecasts Full(f) Aug. 5, 2016 | Revised forecasts Full(f) Nov.8, 2016 | Difference |
|--|---|---|---------------|
| Net sales | 198,057 | 189,528 | -8,529 |
| Gross profit | 29,607 | 29,154 | -454 |
| Exploration expenses | 1,839 | 1,845 | +6 |
| SG&A expenses | 28,318 | 28,594 | +276 |
| Operating income (loss) | -549 | -1,285 | -736 |
| Non-operating income | 1,274 | -2,439 | -3,714 |
| Ordinary income (loss) | 725 | -3,725 | -4,450 |
| Extraordinary income | -313 | 97 | +410 |
| Income taxes | 1,569 | 584 | -985 |
| Profit (loss) attributable to non-controlling interests | -3,031 | -3,871 | -840 |
| Profit (loss) attributable to owners of parent | 1,874 | -341 | -2,215 |

Causes of increase(+) or decrease(▲)

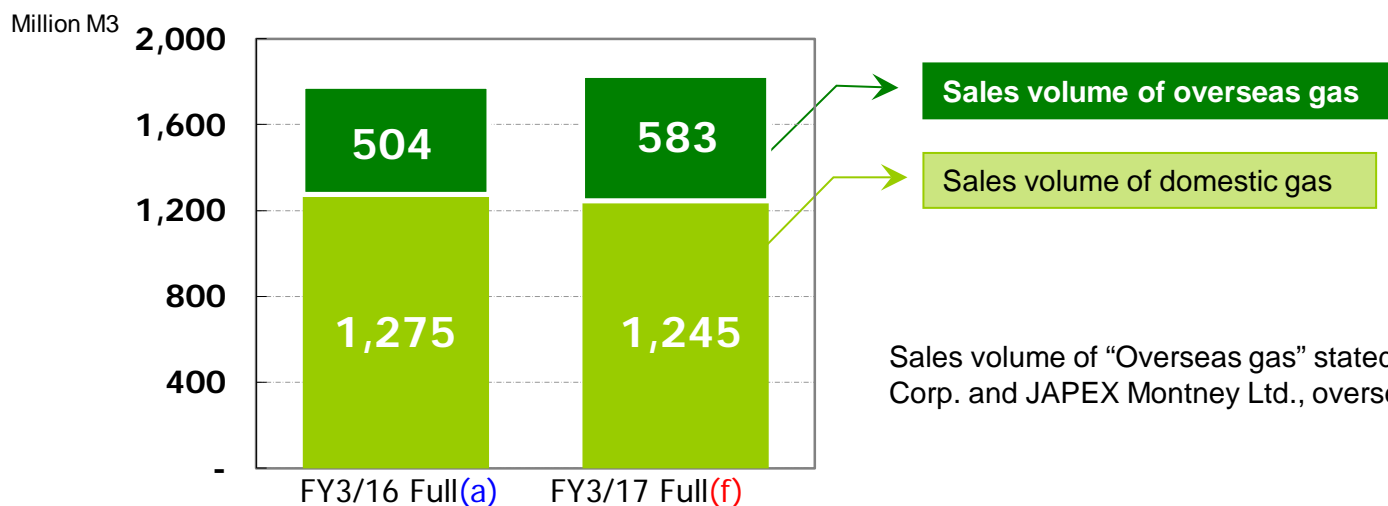
Gross profitDomestic crude oil and natural gas
- ¥1.2billionOverseas consolidated subsidiaries
+ ¥0.3billionOther
+ ¥0.5billion**Non-operating income (loss)**Foreign currency translation
adjustments on debt, foreign
exchange gains and losses
(Previous) Gains ¥1.6billion
→(Current) Losses ¥ 1.9billion
- ¥3.6billionEquity in earnings
+¥0.1billion

Revised Forecasts Natural Gas Sales in FY3/17 (vs FY3/16)

| Sales volume : Million M3 Net sales : Million ¥ | | FY3/16 | FY3/17 | Difference |
|--|--------------|----------|---|------------|
| | | Full (a) | Revised forecasts Full(f) Nov.8,2016 | |
| Natural gas | Sales volume | 1,780 | 1,828 | +47 |
| | Net sales | 68,469 | 53,847 | -14,622 |

Breakdown

| | | | | |
|-----------------------------|--------------|-------|-------|-------|
| Domestic gas | Sales volume | 1,275 | 1,245 | -31 |
| (Domestically produced gas) | Sales volume | (769) | (733) | (-35) |
| Overseas gas | Sales volume | 504 | 583 | +78 |



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

Revised Forecasts Crude Oil Sales in FY3/17 (vs FY3/16)

| | | FY3/16 | FY3/17 | Difference |
|----------------------------|--------------|----------|--|------------|
| | | Full (a) | Revised forecasts Full(e) Nov.8,2016 | |
| Sales volume : Thousand KL | | | | |
| Net sales : Million ¥ | | | | |
| Crude oil | Sales volume | 3,233 | 2,852 | -381 |
| | Net sales | 102,918 | 75,000 | -27,917 |

Decline in sales prices

Breakdown

| | | | | |
|-----------------------|--------------|--------|--------|---------|
| Domestic crude oil *1 | Sales volume | 340 | 302 | -38 |
| | Net sales | 13,815 | 9,309 | -4,506 |
| Overseas crude oil *2 | Sales volume | 1,616 | 1,496 | -119 |
| | Net sales | 48,384 | 35,543 | -12,841 |
| Bitumen *3 | Sales volume | 306 | 92 | -214 |
| | Net sales | 4,894 | 592 | -4,302 |

*1 Sales volume and net sales of "Domestic crude oil" do not include purchased crude oil.

*2 Sales volume and net sales of "Overseas crude oil" are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

*3 Royalty is excluded in the net sales and price of Bitumen.

Assumptions

| | | | | |
|---------------|----------|--------|--------|--------|
| JCC price | US\$/bbl | 51.48 | 43.34 | -8.14 |
| Bitumen | US\$/bbl | 21.05 | 10.28 | -10.77 |
| Exchange rate | JP¥/US\$ | 121.06 | 103.63 | -17.43 |

Revised Forecasts for FY3/17 (vs FY3/16)

| Million ¥ | FY3/16 Full (a) | FY3/17 Revised forecasts Full (f) Nov.8, 2016 | Difference |
|---|--------------------|---|------------|
| Net sales | 240,302 | 189,528 | -50,774 |
| Gross profit | 47,279 | 29,154 | -18,126 |
| Exploration expenses | 6,516 | 1,845 | -4,670 |
| SG&A expenses | 32,426 | 28,594 | -3,833 |
| Operating income (loss) | 8,336 | -1,285 | -9,622 |
| Non-operating income (loss) | -3,684 | -2,439 | +1,245 |
| Ordinary income (loss) | 4,652 | -3,725 | -8,376 |
| Extraordinary income | -3,143 | 97 | +3,239 |
| Income taxes | 6,388 | 584 | -5,804 |
| Profit (loss) attributable to non-controlling interests | -6,970 | -3,871 | +3,099 |
| Profit (loss) attributable to owners of parent | 2,090 | -341 | -2,431 |

Causes of increase(+) or decrease(-)

Gross profit

Domestic crude oil and natural gas
- ¥8.7billion

Overseas consolidated subsidiaries
- ¥7.5billion

Reduction of consignment revenue
- ¥2.6billion

Exploration expenses

Overseas exploration - ¥3.5billion

Domestic exploration - ¥1.1billion

SG&A expenses

Decrease of transportation cost and
G&A expenses of JACOS - ¥1.4 billion

Other
e.g. Cost reduction - ¥2.4 billion

Non-operating income (losses)

Equity in earnings - ¥4.3billion

Foreign currency translation
adjustments on debt, other foreign
exchange gains and losses
(Previous) Losses ¥8.8billion
→(Current) Losses ¥1.9billion
+ ¥6.8billion

Assumptions and Impact on Profits [2H]

| | | FY3/16 | FY3/17 | | | | |
|---------------|----------|----------|--------|--------|--------|--------|----------|
| | | 1Q-4Q(a) | 1Q(a) | 2Q(a) | 3Q(f) | 4Q(f) | 1Q-4Q(f) |
| JCC price | US\$/bbl | 51.48 | 37.17 | 45.92 | 45.00 | 45.00 | 43.34 |
| Exchange rate | JP¥/US\$ | 121.06 | 110.71 | 105.32 | 100.00 | 100.00 | 103.63 |
| Canadian gas | CA\$/mcf | 2.11 | 1.58 | 1.36 | 2.14 | 1.94 | 1.74 |

| Assumptions | JCC price (3Q-4Q) | Exchange rate (3Q-4Q) | Canadian gas (4Q) |
|-------------|----------------------|--------------------------|------------------------------|
| | US\$ 45.00/bbl | 100.00 JP¥/US\$ | CA\$ 1.94/mcf JP¥ 80/CA\$ |

| Impact on Profit | US\$ 1/bbl increase in JCC prices would push profits up by... | A weakening in JP¥ 1/US\$ exchange rates would push profits up by... | CA\$ 1/mcf increase in Canadian gas prices would push profits up by... |
|------------------|---|--|--|
|------------------|---|--|--|

| | | | |
|---|----------------|---------------|----------------|
| Operating income | JP¥ 120million | JP¥ 70million | JP¥ 520million |
| Profit attributable to owners of parent | JP¥ 90million | JP¥ 30million | JP¥ 240million |

Note: 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.