



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

**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2017
<Supplementary material>**

May 12, 2017

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 ended March 31, 2017)

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

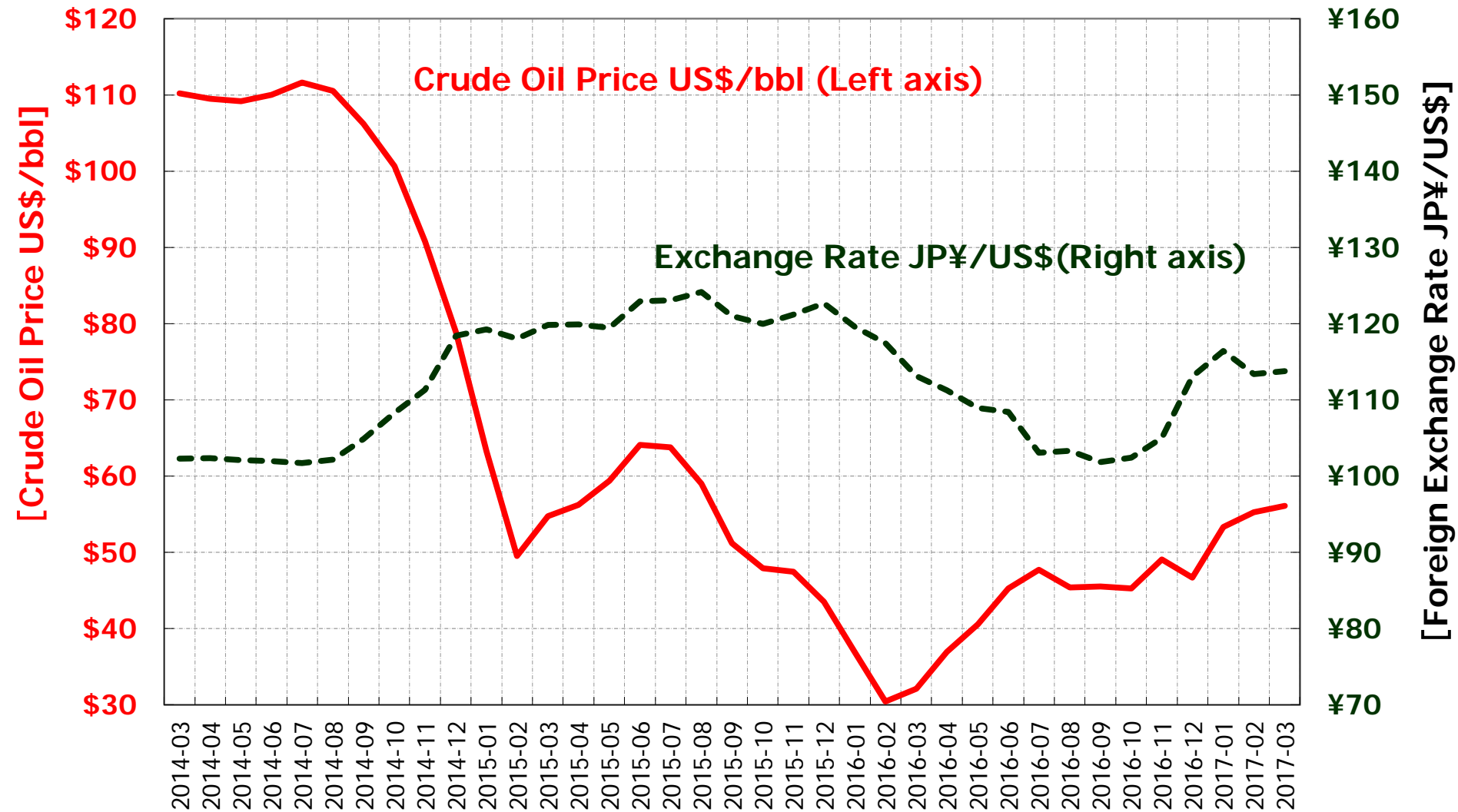
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Trends in Crude Oil Prices and Foreign Exchange Rate



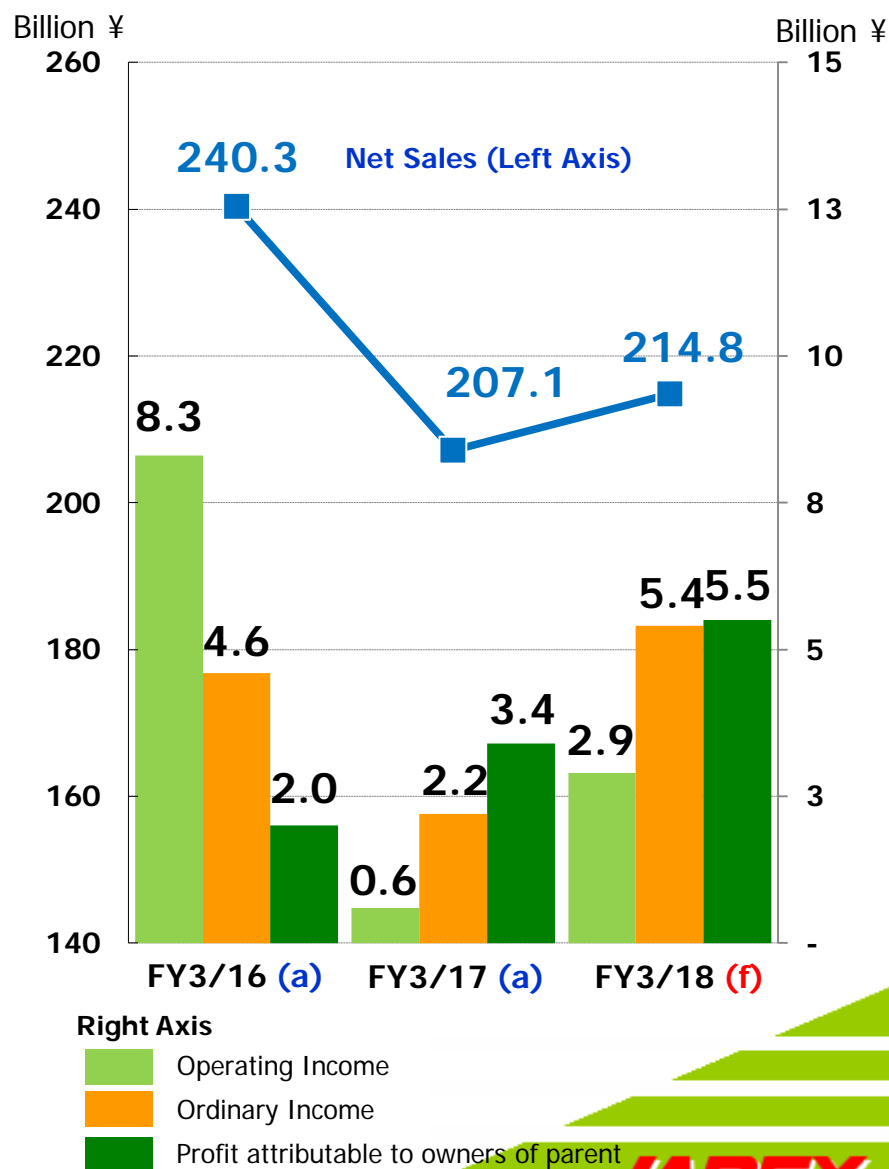
Actual Results for FY3/17 and Forecasts for FY3/18 (Highlight)

Actual Results for FY3/17 (vs FY3/16)

Billion JP¥	FY3/16 (a)	FY3/17 (a)	Change	
Net Sales	240.3	207.1	-33.1	-13%
Operating Income	8.3	0.6	-7.6	-91%
Ordinary Income	4.6	2.2	-2.4	-52%
Profit attributable to owners of parent	2.0	3.4	+1.3	+64%
JCC Price (US\$/bbl)	51.48	45.60	-5.88	-11%
Exchange Rate (JP¥/US\$)	121.06	108.53	-12.53	-10%

Forecasts for FY3/18 (vs FY3/17)

Billion JP¥	FY3/17 (a)	FY3/18 (f)	Change	
Net Sales	207.1	214.8	+7.7	+3%
Operating Income	0.6	2.9	+2.3	+336%
Ordinary Income	2.2	5.4	+3.2	+144%
Profit attributable to owners of parent	3.4	5.5	+2.1	+61%
JCC Price (US\$/bbl)	45.60	50.00	+4.40	+9%
Exchange Rate (JP¥/US\$)	108.53	110.00	+1.47	+1%



Actual Results for FY3/17 (Highlight)

Billion JP¥	FY3/16 (a)	FY3/17				(a)
		Initial Forecasts (f) (May 12, 2016)	Revised Forecasts (f) (Nov.8, 2016)	Revised Forecasts (f) (Feb.8, 2017)		
Net Sales	240.3	194.5	189.5	210.3	207.1	
Operating Income	8.3	0.4	-1.2	-0.8	0.6	
Ordinary Income	4.6	1.0	-3.7	3.5	2.2	
Profit attributable to owners of parent	2.0	1.9	-0.3	4.9	3.4	
Assumptions						
JCC Price (US\$/bbl)	51.48	45.00	43.34	45.09	45.60	
Exchange Rate (JP¥/US\$)	121.06	115.00	103.63	107.20	108.53	

◆ Initial Forecasts (May 2016) → Revised Forecasts (November 2016) → Revised Forecasts (February 2017)

【-】Decline in selling price, Fluctuation in foreign currency exchange gains/losses (Reason for revision in November 8, 2016).

【+】Rising selling price, Increase in crude oil sales volume from overseas, Fluctuations in foreign exchange gains/losses, Sales of real estate (Reason for revision in February 8, 2017).

◆ Revised Forecasts (February 2017) → Second revision (April 2017) and Actual Result (May 2017)

【+】Rising selling price, Increase in sales volume of domestic crude oil, Improvement of income balance of domestic contracting business.

【-】Decrease of crude oil sales volume from overseas, Recognizing non-operating expenses based on equity in loss of affiliates.

Actual Sales of Natural Gas for FY3/17 (year-on-year)

Sales volume : Million M3 Net sales : Million JP¥		FY3/16	FY3/17	Change
		Full (a)	Full (a)	Full
Natural gas	Sales volume	1,780	1,864	+84
	Net sales	68,469	55,329	-13,139

Decline in selling price

Breakdown

Domestic gas	Sales volume	1,275	1,265	-10
(Domestically produced gas)	Sales volume	(769)	(744)	(-24)
Overseas gas	Sales volume	504	599	+95

(Million M3)

2,000

1,600

1,200

800

400



Sales volume of overseas gas

Increase in shale gas sales volume in Canada

Sales volume of domestic gas

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

Actual Sales of Crude Oil for FY3/17 (year-on-year)

Sales volume : Thousand KL Net sales : Million JP¥		FY3/16 Full (a)	FY3/17 Full (a)	Change Full
Crude oil	Sales volume	3,233	2,762	-470
	Net sales	102,918	82,098	-20,820

Breakdown

Domestic crude oil (*)	Sales volume	340	301	-38
	Net sales	13,815	10,273	-3,541
Overseas crude oil (**)	Sales volume	1,616	1,181	-434
	Net sales	48,384	28,653	-19,730
Bitumen (***)	Sales volume	306	91	-214
	Net sales	4,894	669	-4,225

Decrease in crude oil sales volume from Garraf Oil Field, Iraq.

Decrease in sales volume due to the temporary suspension of the production operation at the Hangingstone Demonstration area in Canada.

Assumptions

JCC price	US\$/bbl	51.48	45.60	-5.88
Bitumen price (***)	US\$/bbl	21.05	9.94	-11.11
Exchange rate	JP¥ / US\$	121.06	108.53	-12.53

(*) 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 FY3/17 (year-on-year)

Million JP¥	FY3/16 (a)	FY3/17 (a)	Change
Net sales	240,302	207,130	-33,171
Gross profit	47,279	32,172	-15,107
Exploration expenses	6,516	1,512	-5,003
SG&A expenses	32,426	29,975	-2,451
Operating income (loss)	8,336	685	-7,651
Non-operating income (expenses)	-3,684	1,537	+5,221
Ordinary income (loss)	4,652	2,222	-2,429
Extraordinary income (loss)	-3,143	970	+4,113
Income taxes	6,388	1,642	-4,746
Profit (loss) attributable to non-controlling interests	-6,970	-1,892	+5,077
Profit (loss) attributable to owners of parent	2,090	3,443	+1,352

Main factors for change

Increase factor (+) / Decreasing factor (-)

Gross profit

Domestic crude oil and natural gas	- ¥7.0 billion
Overseas consolidated subsidiaries	- ¥7.0 billion
Reduction of consignment revenue	- ¥2.8 billion
Other	+ ¥1.4 billion

Exploration expenses

Reduction of domestic exploration	+ ¥1.4 billion
Reduction of overseas exploration	+ ¥3.5 billion

SG&A expenses

Reduction of G&A expenses of JAPEX (Non-consolidated)	+ ¥0.5 billion
Decrease in domestic selling expenses	+ ¥2.5 billion

Non-operating income (expenses)

Equity in earnings of affiliates	- ¥5.8 billion
Foreign currency translation adjustments on debt, foreign currency exchange gains and losses	Losses ¥8.8 billion (FY3/16) → Gains ¥3.4 billion (FY3/17)
	+ ¥ 12.2 billion

Extraordinary income (loss)

Decrease in FY3/16 impairment loss	+ ¥3.0 billion
Sales of real estate	+ ¥0.8 billion

Full Year Forecasts for FY3/18

[Assumptions for Crude Oil Prices and Exchange Rate]

Upper: from January 2016 to March 2017. Lower: from January 2017 to March 2018.					Full year
Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	

JCC price	US\$/bbl	2016(a)		37.17	45.92	46.72	52.00	45.60
		2017(f)		50.00	50.00	50.00	50.00	50.00
Exchange rate	JP¥/US\$	2016(a)		110.71	105.32	103.24	114.38	108.53
		2017(f)		110.00	110.00	110.00	110.00	110.00

JACOS Bitumen	US\$/bbl	2016(a)	7.12	16.95	-	-		9.94
		2017(f)	-	-	-	-		-
JACOS Diluted bitumen	US\$/bbl	2016(a)	-	-	-	-		-
		2017(f)	-	-	33.78	33.65		33.81
JML Gas	C\$/mcf	2016(a)	1.58	1.36	2.20	2.73		1.95
		2017(f)	2.23	2.23	2.23	2.23		2.23

1. "JACOS Bitumen" stated herein bitumen selling price of Japan Canada Oil Sands Ltd. (Deduction of Royalty). Assuming a temporary suspension of the production operation at the Hangingstone Demonstration Project area from May 2016, not estimate FY3/18 sales.
2. "JACOS Diluted bitumen" stated herein diluted bitumen selling price of Japan Canada Oil Sands Ltd. (Deduction of Royalty). Assuming a commencement of production operation at the "Hangingstone expansion area" from the middle of 2017, estimate 2H sales.
3. "JML Gas" stated herein gas selling price of JAPEX Montney Ltd. (Deduction of Royalty)

Natural Gas Sales Forecasts for FY3/18

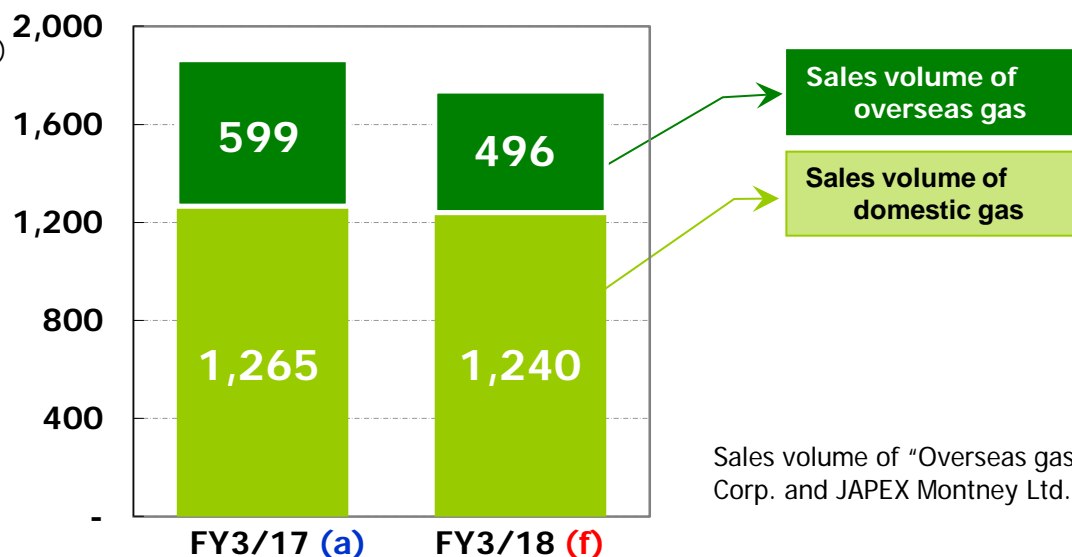
Sales volume : Million M3 Net sales : Million JP¥		FY3/17 Full (a)	FY3/18 Full (f)	Change Full
Natural gas :	Sales volume	1,864	1,736	-129
	Net sales	55,329	56,572	+1,242

Rising selling price

Breakdown

Domestic gas	Sales volume	1,265	1,240	-26
(Domestically produced gas)	Sales volume	(744)	(713)	(-32)
Overseas gas	Sales volume	599	496	-103

(Million M3)



Reduction in shale gas sales volume in Canada

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

Crude Oil Sales Forecasts for FY3/18

Sales volume : Thousand KL		FY3/17	FY3/18	Change
Net sales : Million JP¥		Full (a)	Full (f)	Full
Crude oil	Sales volume	2,762	2,898	+136
	Net sales	82,098	93,230	+11,132

Breakdown

Domestic crude oil (*)	Sales volume	301	271	-31
	Net sales	10,273	9,993	-281
Overseas crude oil (**)	Sales volume	1,181	1,329	+147
	Net sales	28,653	40,501	+11,848
Bitumen (***)	Sales volume	91	—	-91
	Net sales	669	—	-669
Diluted bitumen (****)	Sales volume	—	339	+339
	Net sales	—	7,929	+7,929

Assumptions

JCC price	US\$/bbl	45.60	50.00	+4.40
Bitumen price (***)	US\$/bbl	9.94	—	-9.94
Diluted bitumen (****)	US\$/bbl	—	33.81	+33.81
Exchange rate	JP¥ /US\$	108.53	110.00	+1.47

Rising selling price

Increase in crude oil sales volume from Garraf Oil Field, Iraq.

Decrease in sales volume due to the temporary suspension of the production operation at the Hangingstone Demonstration area in Canada.

Increase sales volume because of the commencement of production operation at the Hangingstone Expansion Project in Canada.

(*) 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 both Bitumen and Diluted bitumen.

Forecasts for FY3/18

Million JP¥	FY3/17	FY3/18	Change
	(a)	(f)	
Net sales	207,130	214,878	+7,747
Gross profit	32,172	32,660	+487
Exploration expenses	1,512	1,373	-140
SG&A expenses	29,975	28,300	-1,675
Operating income (loss)	685	2,988	+2,303
Non-operating income (expenses)	1,537	2,437	+900
Ordinary income (loss)	2,222	5,424	+3,202
Extraordinary income (loss)	970	-31	-1,002
Income taxes	1,642	2,301	+659
Profit (loss) attributable to non-controlling interests	-1,892	-2,472	-579
Profit (loss) attributable to owners of parent	3,443	5,564	+2,121

Main factors for change

Increase factor (+) / Decreasing factor (-)

Gross profit

Domestic crude oil and natural gas	- ¥2.0 billion
Overseas consolidated subsidiaries	+ ¥3.5 billion
Other	- ¥1.6 billion

SG&A expenses

Reduction of G&A expenses of JAPEX (Non-consolidated)	+ ¥1.0 billion
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Non-operating income (expenses)

Equity in earnings of affiliates	- ¥5.6 billion
Foreign currency translation adjustments on debt, foreign currency exchange gains and losses	Gains ¥3.4 billion (FY3/17) → Gains ¥0 billion (FY3/18)
	- ¥ 3.4 billion

Extraordinary income (loss)

Sales of real estate in FY3/17	- ¥0.8 billion
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Assumptions and Impact on Profits

Assumptions	JCC price US\$50.00/bbl	Exchange rate JP¥110.00 / US\$	Canadian gas prices C\$2.23/mcf (JP¥85.00/C\$)
FY3/18 Impact on Profits	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...	C\$1/mcf increase in gas prices would push profits up by...
Operating income	JP¥ 530 million	JP¥ 230 million	JP¥ 1,740 million
Profit (loss) attributable to owners of parent	JP¥ 380 million	JP¥ 130 million	JP¥ 760 million

Assumptions		FY3/17	FY3/18	Change
		Full (a)	Full (f)	
JCC price	US\$/bbl	45.60	50.00	+4.40
Exchange rate	JP¥/US\$	108.53	110.00	+1.47
Canadian gas prices	C\$/mcf	1.95	2.23	+0.28

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.