



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

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Notice of Financial Forecasts Revision and Non-operating Income and Extraordinary Losses Recognition

Japan Petroleum Exploration Co., Ltd. (JAPEX) hereby revised its consolidated financial forecasts announced on November 10, 2017, and recognized non-operating income and extraordinary losses in the third quarter of the fiscal year ending on March 31, 2018 (October 1 - December 31, 2017) as follows, based on our recent business trends and performance.

1. Notice of Financial Forecasts Revision

(1) Revision to consolidated forecasts for FY2018/3 (April 1, 2017 - March 31, 2018)

	Net sales (Millions of yen)	Operating profit (loss) (Millions of yen)	Ordinary profit (loss) (Millions of yen)	Profit (loss) attributable to owners of parent (Millions of yen)	Net income (loss) per share (yen)
Previous forecasts (A)	213,802	4,314	654	1,737	30.38
Revised forecasts (B)	230,553	6,785	5,408	(28,466)	(498.07)
Difference in amount (B - A)	16,751	2,471	4,755	(30,203)	
Rate of change (%)	7.8	57.3	727.6	-	
(Reference) FY 2017/3	207,130	685	2,222	3,443	60.24

Note: FY=Fiscal Year (FY2018/3, for instance, means 12 months ending March 31, 2018)

(2) Reasons for the revision:

Net sales, operating profit, and ordinary profit are expected to increase compared to the previous announcement on November 10, 2017.

This is mainly due to increases in sales volume of purchased crude oil in overseas, and sales volume and price of domestic crude oil and natural gas, as well as increases in foreign exchange gains by recent changes of the exchange rates, and equity in gains of affiliates.

Due to the recognition of impairment loss as an extraordinary loss concerning the shale gas project in Canada, profit attributable to owners of parent is expected to turn to losses.

(3) Reference

[Crude Oil Price (CIF: Cost, Insurance and Freight)]

Previous: 52.44 US\$/bbl as the average from April 2017 to September 2017 (actual)
50.00 US\$/bbl from October 2017 to March 2018 (forecast)

Revised: 53.09 US\$/bbl as the average from April 2017 to December 2017 (actual)
55.00 US\$/bbl from January 2018 to March 2018 (forecast)

[Exchange Rate]

Previous: 111.79 yen/US\$ as the average from April 2017 to September 2017 (actual)
110.00 yen/US\$ from October 2017 to March 2018 (forecast)

Revised: 111.79 yen/US\$ as the average from April 2017 to December 2017 (actual)
110.00 yen/US\$ from January 2018 to March 2018 (forecast)

Note) The aforementioned forecasts are based on the current available information and the actual performances and other results may differ materially due to various factors in the future.

2. Recognition of Non-Operating Income (Foreign Exchange Gains)

In addition to recognizing foreign exchange gains of 962 million yen to non-operating income in the consolidated financial results for the six months ended September 30, 2017 (April 1-September 30, 2017), foreign exchange gains of 2,926 million yen was recognized as non-operating income in the third quarter of the fiscal year ending on March 31, 2018, due to recent changes of the exchange rate. As a result, foreign exchange gains of 3,889 million yen was recognized to the consolidated financial results for the nine months ended December 31, 2017 (April 1-December 31, 2017).

3. Recognition of Extraordinary Loss (Impairment Loss)

Extraordinary loss of 750 million Canadian dollars (approximately 68,000 million yen, based on the exchange rate of 90.69 yen/Canadian dollars) was recognized in the third quarter of the fiscal year ending on March 31, 2018, following the revision of the development plan on the shale gas project in Canada, referred in the announcement “Notice of Recognition of Impairment Loss (Consolidated) and Loss on Valuation of Shares of Subsidiaries and Associates (Non-Consolidated)” on January 26, 2018.

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