



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

April 26, 2018

Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
Securities Code: 1662 (First Section of Tokyo Stock Exchange)
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Notice of Recognizing Non-operating Expenses for Equity in Loss of Affiliates

Japan Petroleum Exploration Co., Ltd. (JAPEX) announced that it will recognize 7.9 billion yen of non-operating expenses in its consolidated financial forecasts ending March 31, 2018 due to equity in loss of affiliates for an equity method affiliate Japan Drilling Co., Ltd. (JDC, Securities Code: 1606, listed in the first section of the Tokyo Stock Exchange).

1. Reason of Recognition

JDC announced today that it will recognize 45.4 million yen of loss attributable to owners of parent in their consolidated financial forecasts for the fiscal year ending March 31, 2018 due to the recognition of impairment loss for fixed assets as an extraordinary loss and will be insolvent at the end of the fiscal year ending March 31, 2018.

Owing to the above, JAPEX will recognize 7.9 billion yen of equity in loss of affiliates concerning JDC as non-operating expenses for the fiscal year ending March 31, 2018.

2. Impacts on the Financial Statements

JAPEX recognized 2.6 billion yen of equity in loss of affiliates concerning JDC as non-operating expenses in the latest consolidated financial forecasts for the fiscal year ending March 31, 2018, which was announced in February 9, 2018. According to the above, it will increase by 5.3 billion yen of its non-operating expenses to the latest forecasts.

The consolidated financial forecasts for the fiscal year ending March 31, 2018 are under examination and will be disclosed promptly if and when it becomes necessary.

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