

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <under Japanese GAAP>

May 11, 2018

Note: The following report is a summary of the Japanese-language original.

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 Listing: Tokyo Stock Exchange, First Section
 Securities code: 1662
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Scheduled date of ordinary general shareholders' meeting: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	230,629	11.3	8,764	–	3,828	72.3	(30,958)	–
March 31, 2017	207,130	(13.8)	685	(91.8)	2,222	(52.2)	3,443	64.7

Note: Comprehensive income: FY2018/3: (50,729) million yen (– %) FY2017/3: 14,191 million yen (– %)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
March 31, 2018	(541.69)	–	(7.2)	0.5	3.8
March 31, 2017	60.24	–	0.8	0.3	0.3

Reference: Equity in earnings (losses) of affiliates: FY2018/3: (2,601) million yen FY2017/3: (4,255) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	699,539	457,207	60.5	7,402.41
As of March 31, 2017	746,739	510,609	58.6	7,655.26

Reference: Equity As of March 31, 2018: 423,066 million yen As of March 31, 2017: 437,518 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	52,881	(54,218)	(1,196)	99,892
March 31, 2017	43,672	(84,686)	18,360	103,630

2. Cash dividends

	Annual dividends					Total annual cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2017	–	5.00	–	10.00	15.00	857	24.9	0.2
Fiscal year ended March 31, 2018	–	10.00	–	10.00	20.00	1,143	–	0.3
Fiscal year ending March 31, 2019 (Forecast)	–	10.00	–	10.00	20.00		12.0	

3. Consolidated financial forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2019	265,649	15.2	644	(92.7)	9,947	159.8	9,487	–	166.00

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None
- (3) Number of issued shares (common shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)
 - As of March 31, 2018 57,154,776 shares
 - As of March 31, 2017 57,154,776 shares
 - b. Number of treasury shares at the end of the period
 - As of March 31, 2018 2,139 shares
 - As of March 31, 2017 2,139 shares
 - c. Average number of shares during the period
 - Fiscal year ended March 31, 2018 57,152,637 shares
 - Fiscal year ended March 31, 2017 57,152,637 shares

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2018
(April 1, 2017 – March 31, 2018)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	165,134	10.0	11,625	46.4	20,292	23.2	(26,665)	–
March 31, 2017	150,137	(17.2)	7,938	(33.0)	16,473	4.5	15,063	46.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2018	(466.56)	–
March 31, 2017	263.57	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	491,223	386,928	78.8	6,770.10
As of March 31, 2017	493,018	397,941	80.7	6,962.79

Reference: Equity As of March 31, 2018: 386,928 million yen As of March 31, 2017: 397,941 million yen

* Financial results reports are not required to be audited by certified public accountants or an audit corporation.

* Proper use of financial forecasts, and other special matters

The forward-looking statements, including the financial forecasts shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to the section of “(4) Future outlook” of “1. Overview of operating results and others” on pages 7 of the attached material to the financial results report.

(Method of accessing supplementary material on financial results)

On May 11, 2018 (Friday), JAPEX plans to post supplementary material on its website.

In addition, JAPEX plans to hold a presentation meeting for institutional investors and analysts on May 14, 2018 (Monday). JAPEX plans to post the material distributed at this presentation meeting on its website promptly after the meeting is held.

(Attached Material)

1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

In the fiscal year ended March 31, 2018, the Japanese economy continued to recover moderately amid an ongoing trend of improvement throughout the year with respect to corporate earnings and the employment situation, despite improvement apparently lagging somewhat particularly in terms of sluggish housing construction at the start of the fiscal year.

The Japan Crude Cocktail (JCC) price slumped to the upper \$40 level by July 2017, after having gradually declined from the low end of the \$50 range per barrel at the start of the year. However, it reached the high end of \$60 territory by the end of the fiscal year largely due to an OPEC agreement to extend production cuts in November 2017.

In the currency exchange market, the yen remained largely in the lower ¥110 range against the US dollar from the start of the fiscal year, before appreciating to upper ¥100 territory in September. Subsequently, the yen shifted to a weakening trajectory at the lower ¥110 range, but beginning in February returned to a path of appreciation to levels in upper ¥100 territory through to the end of the fiscal year. As a result, the JAPEX Group's JCC price climbed as an average for the fiscal year compared to the previous fiscal year.

On the other hand, with natural gas competitive advantages prevailed against competing energy sources amid rising prices of petroleum products, etc. brought about by increasing JCC prices and the weak yen. Still, the JAPEX Group faced a severe market environment with respect to natural gas due to intensifying competition amid efforts by other companies in JAPEX's market domain to promote natural gas infrastructure projects such as LNG receiving terminals and related pipelines.

Under such circumstances, the JAPEX Group has been promoting business based on its Long-Term Business Vision for the ten years from fiscal 2015 and Medium-Term Business Plan covering the five years from fiscal 2015 through fiscal 2019 to achieve the vision.

During the fiscal year, net sales was at ¥230,629 million, an increase of ¥23,499 million (+11.3%) year on year, and gross profit was at ¥39,263 million, an increase of ¥7,090 million (+22.0%) year on year. The main factors behind the year-on-year increases in net sales and gross profit were rises in sales price of crude oil and natural gas.

Exploration expenses was ¥1,324 million, a decrease of ¥188 million (-12.4%) year on year. This was mainly the result of a considerable decrease of expenditures primarily overseas. Selling, general and administrative expenses was ¥29,173 million, a decrease of ¥801 million (-2.7%) year on year. As a result, operating profit was ¥8,764 million, an increase of ¥8,079 million (+1,179.5%) year on year.

At Japan Canada Oil Sands Limited (JACOS), following the decision not to restart operation of bitumen production using SAGD method* in the 3.75 Section Area (hereinafter "the DEMO Area") at the Hangingstone leases in the province of Alberta, Canada, the property, plant and equipment relating to the DEMO Area was depreciated by the unit-of-production method and was posted to depreciation of inactive non-current assets. Because of this and other negative factors, despite a significant increase in operating profit, ordinary profit was ¥3,828 million, an increase of ¥1,606 million (+72.3%) year on year.

Following the decision not to proceed the Pacific NorthWest LNG Project (hereinafter "the PNW LNG Project"), the development plan of the shale gas project (hereinafter "the Upstream Project") was revised without the assumption of the PNW LNG Project. As a result, due to the posting of impairment loss on the asset of JAPEX Montney Ltd. (JML) relating to the Upstream Project, and the posting of cancellation expenses of pipeline construction plan relating to the PNW LNG Project as other in extraordinary losses, loss before income taxes increased by ¥72,596 million to ¥69,403 million year on year, and profit attributable to owners of parent decreased ¥34,401 million year on year to loss attributable to owners of parent of ¥30,958 million.

* One of the methods to extract ultra-heavy crude oil by injecting steam into the formation to increase fluidity of ultra-heavy crude oil and to use the gravity effect for extraction.

Below is a breakdown of sales.

(i) E&P

Net sales from E&P (including liquefied natural gas (LNG), bitumen and diluted bitumen) came to ¥176,051 million, an increase of ¥18,345 million (+11.6%) year on year. This was mainly the result of rises in sales price of crude oil and natural gas and increases in sales volume of domestic natural gas and diluted bitumen at JACOS.

(ii) Contract Services

Net sales from contract services (involved in drilling and geological surveys) came to ¥8,484 million, a decrease of ¥1,869 million (-18.1%) year on year.

(iii) Other Businesses

Net sales from other businesses, such as the sale of oil products, including liquefied petroleum gas (LPG), fuel oil and the like, the transportation of natural gas, etc., as well as other subcontracted tasks, came to ¥46,093 million, an increase of ¥7,023 million (+18.0%) year on year.

Below is a summary of performance by segment (before elimination of intersegment transactions).

(1) Japan

Net sales in the Japan segment are mainly composed of crude oil and natural gas (including LNG), contract services, oil products and the like. In the fiscal year under review, net sales were at ¥219,566 million, an increase of ¥20,060 million (+10.1%) year on year, due mainly to an increase in sales prices of crude oil and natural gas, as well as an increase in sales volume of natural gas. Segment profit increased by ¥1,972 million (+9.6%) year on year to ¥22,497 million. This was mainly due to the above-mentioned increase in net sales, despite an increase in selling, general and administrative expenses.

(2) North America

Net sales in the North America segment are mainly composed of crude oil and natural gas (including bitumen and diluted bitumen). In the fiscal year under review, net sales came to ¥9,250 million, an increase of ¥3,561 million (+62.6%) year on year due mainly to an increase in sales volume of diluted bitumen with respect to JACOS. There was a segment loss of ¥6,615 million (compared to segment loss of ¥8,620 million in the previous fiscal year). The loss was less than in the previous fiscal year due to the decrease in selling, general and administrative expenses and the above-mentioned increase in net sales.

(3) Europe

In the Europe segment, exploration activities have been conducted in the UK North Sea block located offshore Aberdeen. In the fiscal year under review, there was segment loss of ¥74 million (compared to segment loss of ¥268 million in the previous fiscal year) as a result of a decrease in exploration expenses and others.

(4) Middle East

Net sales from the Middle East segment are mainly composed of crude oil. In the fiscal year under review, net sales came to ¥32,189 million, an increase of ¥5,010 million (+18.4%) year on year, due mainly to an increase in sales price, despite a decrease in sales volume. Segment profit came to ¥1,366 million (compared to segment loss of ¥1,120 million in the previous fiscal year). This was mainly due to the above-mentioned increase in net sales, and despite an increase in cost of sales.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of this fiscal year decreased by ¥47,200 million from the previous fiscal year-end to ¥699,539 million.

Current assets increased by ¥7,943 million from the previous fiscal year-end, mainly due to increases in cash and deposits, and in short-term loans receivable.

Non-current assets decreased by ¥55,143 million from the previous fiscal year-end. This was due to the decline in property, plant and equipment resulting from the above-mentioned impairment loss of business assets of JML, progress in the recovery of recoverable accounts included in other investments and other assets, and other factors, despite the increase in investment securities resulting from the rise in market values and other factors.

Total liabilities increased by ¥6,201 million from the previous fiscal year-end to ¥242,331 million.

Current liabilities increased by ¥7,716 million from the previous fiscal year-end, mainly due to an increase in short-term loans payable included in other current liabilities. Non-current liabilities decreased by ¥1,514 million from the previous fiscal year-end. This was mainly due to the increase of deferred tax liabilities resulting from the above-mentioned rise in market values of investment securities, despite the decrease mainly due to the impact of fluctuation in foreign exchange rates and the reclassification of loans payable with repayments due in one year or less to current liabilities in long-term loans payable.

Total net assets decreased by ¥53,402 million from the previous fiscal year-end to ¥457,207 million. The main factors were decreases in non-controlling interests and retained earnings, despite an increase in valuation difference on available-for-sale securities.

(3) Overview of cash flows for the fiscal year under review

As of March 31, 2018, cash and cash equivalents (hereinafter “net cash”) decreased by ¥3,737 million compared to the end of the previous fiscal year to ¥99,892 million. Below is a summary of cash flows for each activity.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥52,881 million. The main factors were loss before income taxes of ¥69,403 million, impairment loss of ¥67,721 million, ¥27,381 million in recovery of recoverable accounts, ¥23,370 million in depreciation, and proceeds from subsidy income related to Soma LNG terminal construction of ¥5,000 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥54,218 million. Net cash was mainly used in purchase of property, plant and equipment of ¥42,534 million, payments into time deposits of ¥28,458 million and payments of recoverable accounts of ¥15,091 million, while net cash was mainly provided by proceeds from withdrawal of time deposits of ¥18,228 million, interest and dividend income received of ¥8,873 million and collection of loans receivable of ¥4,456 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,196 million. Net cash was mainly used in repayments of long-term loans payable of ¥4,760 million and interest expenses paid of ¥1,862 million, while net cash was mainly provided by increase in short-term loans payable of ¥5,455 million.

Reference: Trend of cash flow indicators

Fiscal years ended March 31	2014	2015	2016	2017	2018
Equity ratio (%)	63.7	62.5	59.5	58.6	60.5
Equity ratio on mark-to-market basis (%)	29.6	31.6	20.4	19.5	19.8
Interest-bearing debt to cash flow ratio (years)	1.2	1.0	2.3	3.4	2.8
Interest coverage ratio (times)	53.2	99.4	83.6	48.7	28.4

Equity ratio: Equity/Total assets

Equity ratio on mark-to-market basis: Total market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flow/Interest paid

Notes:

*1. The above indicators are calculated based on consolidated financial figures.

*2. Total market capitalization is calculated based on the number of shares outstanding (excluding treasury shares).

*3. Cash flow here is cash flows from operating activities.

*4. Interest-bearing debt is all debt subject to interest payments within liabilities (excluding lease obligations) shown on the consolidated balance sheet.

(4) Future outlook

The latest financial forecasts are based on a JCC price of \$60 per barrel for the whole fiscal year, and an exchange rate of ¥110/\$ for the whole fiscal year. Actual non-consolidated results for the fiscal year under review came to \$56.20 per barrel and ¥111.67/\$.

Net sales for the fiscal year ending March 31, 2019 is expected to increase by ¥35,019 million (+15.2%) from the fiscal year under review to ¥265,649 million. This is due to an expected increase in sales mainly reflecting growth in sales volumes for diluted bitumen.

Operating profit is expected to decrease by ¥8,121 million (-92.7%) from the fiscal year under review to ¥644 million. This is primarily due to expected increases in operating costs associated with the year-round operation of the Soma LNG terminal, and in transportation costs associated with the growth in sales volumes for diluted bitumen products.

Ordinary profit is expected to increase by ¥6,119 million (+159.8%) from the fiscal year under review to ¥9,947 million. This mainly reflects expectations such as that ordinary profit will no longer be impacted by the depreciation of inactive non-current assets associated with JACOS' DEMO Area, recorded in the fiscal year under review. Expectations also include the reversal of asset retirement obligations associated with the transfer of the interest, etc., in the DEMO Area, and the shift of share of loss of entities accounted for using equity method to share of profit accounted for using equity method.

Profit attributable to owners of parent is expected to increase by ¥40,446 million from the fiscal year under review to ¥9,487 million. This is due to an expectation that profit attributable to owners of parent will no longer be impacted by the impairment loss, etc., associated with JML's Upstream Project, recorded in the fiscal year under review.

2. Basic rationale for selecting the accounting standard

The JAPEX Group currently has a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms.

Concerning the adoption of International Financial Reporting Standards (IFRS), the Group intends to respond appropriately giving due consideration to the situation in Japan and overseas.

3. Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	109,488	115,313
Notes and accounts receivable - trade	28,283	26,073
Securities	1,302	2,200
Merchandise and finished goods	4,282	5,447
Work in process	84	381
Raw materials and supplies	5,414	5,524
Deferred tax assets	143	151
Short-term loans receivable	4,348	6,449
Other	8,042	7,796
Allowance for doubtful accounts	(31)	(34)
Total current assets	161,359	169,302
Non-current assets		
Property, plant and equipment		
Buildings and structures	170,341	328,212
Accumulated depreciation	(130,907)	(141,138)
Buildings and structures, net	39,433	187,073
Wells	113,166	116,387
Accumulated depreciation	(77,400)	(82,611)
Wells, net	35,765	33,775
Machinery, equipment and vehicles	117,045	116,313
Accumulated depreciation	(99,255)	(101,395)
Machinery, equipment and vehicles, net	17,790	14,917
Mineral resources	57,955	9,312
Accumulated depreciation	(7,144)	(8,969)
Mineral resources, net	50,810	342
Land	16,736	16,783
Construction in progress	217,984	71,936
Other	21,336	21,594
Accumulated depreciation	(16,068)	(16,933)
Other, net	5,268	4,660
Total property, plant and equipment	383,790	329,490
Intangible assets		
Other	8,487	8,226
Total intangible assets	8,487	8,226
Investments and other assets		
Investment securities	148,237	167,342
Long-term loans receivable	11,672	4,547
Deferred tax assets	4,668	7,669
Net defined benefit asset	954	1,451
Other	30,171	13,540
Allowance for doubtful accounts	(51)	(50)
Allowance for overseas investment loss	(2,549)	(1,982)
Total investments and other assets	193,102	192,519
Total non-current assets	585,380	530,236
Total assets	746,739	699,539

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,634	13,544
Provision for directors' bonuses	24	20
Other	24,252	32,062
Total current liabilities	37,911	45,627
Non-current liabilities		
Long-term loans payable	141,903	135,959
Deferred tax liabilities	29,497	34,872
Provision for directors' retirement benefits	69	83
Net defined benefit liability	3,572	3,496
Asset retirement obligations	18,292	18,664
Other	4,882	3,628
Total non-current liabilities	198,218	196,704
Total liabilities	236,129	242,331
Net assets		
Shareholders' equity		
Capital stock	14,288	14,288
Capital surplus	183	183
Retained earnings	345,693	315,631
Treasury shares	(10)	(10)
Total shareholders' equity	360,155	330,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,832	86,667
Deferred gains or losses on hedges	(226)	3
Foreign currency translation adjustment	7,301	5,149
Remeasurements of defined benefit plans	455	1,152
Total accumulated other comprehensive income	77,363	92,973
Non-controlling interests	73,091	34,140
Total net assets	510,609	457,207
Total liabilities and net assets	746,739	699,539

(2) Consolidated statement of income and Consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	207,130	230,629
Cost of sales	174,957	191,366
Gross profit	32,172	39,263
Exploration expenses		
Exploration expenses	1,847	1,380
Exploration subsidies	(334)	(55)
Total exploration expenses	1,512	1,324
Selling, general and administrative expenses	29,975	29,173
Operating profit	685	8,764
Non-operating income		
Interest income	1,243	1,382
Dividend income	2,301	2,422
Gain on sales of securities	104	1,350
Foreign exchange gains	3,444	2,710
Other	920	940
Total non-operating income	8,014	8,806
Non-operating expenses		
Interest expenses	1,245	2,178
Loss on sales of securities	15	0
Share of loss of entities accounted for using equity method	4,255	2,601
Depreciation of inactive non-current assets	–	7,797
Other	961	1,165
Total non-operating expenses	6,477	13,743
Ordinary profit	2,222	3,828
Extraordinary income		
Gain on sales of non-current assets	892	2
Subsidy income	–	5,000
Gain on transfer of mining rights	403	–
Other	5	–
Total extraordinary income	1,301	5,002
Extraordinary losses		
Loss on retirement of non-current assets	90	74
Impairment loss	62	67,721
Loss on business liquidation	177	–
Other	0	10,437
Total extraordinary losses	331	78,234
Profit (loss) before income taxes	3,192	(69,403)
Income taxes - current	2,619	4,392
Income taxes - deferred	(977)	(4,153)
Total income taxes	1,642	239
Profit (loss)	1,550	(69,642)
Loss attributable to non-controlling interests	(1,892)	(38,683)
Profit (loss) attributable to owners of parent	3,443	(30,958)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit (loss)	1,550	(69,642)
Other comprehensive income		
Valuation difference on available-for-sale securities	19,302	16,791
Deferred gains or losses on hedges	(244)	242
Foreign currency translation adjustment	(4,283)	32
Remeasurements of defined benefit plans, net of tax	267	632
Share of other comprehensive income of entities accounted for using equity method	(297)	(826)
Changes in equity interest	(2,103)	2,040
Total other comprehensive income	12,640	18,912
Comprehensive income	14,191	(50,729)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,564	(13,308)
Comprehensive income attributable to non- controlling interests	(2,372)	(37,421)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,288	157	345,674	(10)	360,109
Changes of items during period					
Dividends of surplus			(1,714)		(1,714)
Profit attributable to owners of parent			3,443		3,443
Change in ownership interest of parent due to transactions with non-controlling interests		26			26
Change of scope of equity method			393		393
Changes in equity interest			(2,103)		(2,103)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	26	19	–	45
Balance at end of current period	14,288	183	345,693	(10)	360,155

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	50,554	3	10,087	253	60,899	74,308	495,317
Changes of items during period							
Dividends of surplus							(1,714)
Profit attributable to owners of parent							3,443
Change in ownership interest of parent due to transactions with non-controlling interests							26
Change of scope of equity method							393
Changes in equity interest							(2,103)
Net changes of items other than shareholders' equity	19,277	(229)	(2,786)	201	16,463	(1,216)	15,247
Total changes of items during period	19,277	(229)	(2,786)	201	16,463	(1,216)	15,292
Balance at end of current period	69,832	(226)	7,301	455	77,363	73,091	510,609

Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	14,288	183	345,693	(10)	360,155
Changes of items during period					
Dividends of surplus			(1,143)		(1,143)
Loss attributable to owners of parent			(30,958)		(30,958)
Changes in equity interest			2,040		2,040
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(30,061)	–	(30,061)
Balance at end of current period	14,288	183	315,631	(10)	330,093

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	69,832	(226)	7,301	455	77,363	73,091	510,609
Changes of items during period							
Dividends of surplus							(1,143)
Loss attributable to owners of parent							(30,958)
Changes in equity interest							2,040
Net changes of items other than shareholders' equity	16,834	229	(2,151)	697	15,610	(38,950)	(23,340)
Total changes of items during period	16,834	229	(2,151)	697	15,610	(38,950)	(53,402)
Balance at end of current period	86,667	3	5,149	1,152	92,973	34,140	457,207

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	3,192	(69,403)
Depreciation	15,690	23,370
Impairment loss	62	67,721
Loss on retirement of property, plant and equipment	86	46
Loss (gain) on valuation of short-term and long-term investment securities	10	284
Increase (decrease) in allowance for doubtful accounts	(6)	1
Decrease (increase) in net defined benefit asset	(65)	(497)
Increase (decrease) in net defined benefit liability	(1)	(76)
Increase (decrease) in provision for directors' retirement benefits	(18)	14
Increase (decrease) in allowance for overseas investment loss	(298)	(566)
Interest and dividend income	(3,545)	(3,805)
Interest expenses	1,245	2,178
Foreign exchange losses (gains)	(1,426)	(3,003)
Loss (gain) on sales of short-term and long-term investment securities	(89)	(1,349)
Share of loss (profit) of entities accounted for using equity method	4,255	2,601
Recovery of recoverable accounts	26,437	27,381
Decrease (increase) in notes and accounts receivable - trade	(3,648)	2,209
Decrease (increase) in inventories	(1,219)	(1,571)
Increase (decrease) in notes and accounts payable - trade	3,055	844
Increase (decrease) in accrued consumption taxes	(1,232)	481
Other, net	3,651	2,742
Subtotal	46,135	49,602
Proceeds from subsidy income	-	5,000
Income taxes (paid) refund	(2,463)	(1,721)
Net cash provided by (used in) operating activities	43,672	52,881

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Payments into time deposits	(7,249)	(28,458)
Proceeds from withdrawal of time deposits	946	18,228
Proceeds from sales and redemption of securities	398	0
Purchase of property, plant and equipment	(70,250)	(42,534)
Proceeds from sales of property, plant and equipment	951	94
Purchase of intangible assets	(323)	(290)
Payments for asset retirement obligations	(294)	(712)
Purchase of investment securities	(135)	(70)
Proceeds from sales and redemption of investment securities	2,645	1,350
Payments for investments in capital	(339)	(198)
Payments of recoverable accounts	(21,380)	(15,091)
Payments of loans receivable	(24)	(20)
Collection of loans receivable	1,082	4,456
Interest and dividend income received	5,511	8,873
Proceeds from dividends of residual property	–	9
Proceeds from capital reduction of investments	3,526	208
Other, net	250	(63)
Net cash provided by (used in) investing activities	(84,686)	(54,218)
Cash flows from financing activities		
Increase in short-term loans payable	–	5,455
Proceeds from long-term loans payable	20,385	3,221
Repayments of long-term loans payable	–	(4,760)
Cash dividends paid	(1,716)	(1,144)
Dividends paid to non-controlling interests	(315)	(1,529)
Interest expenses paid	(896)	(1,862)
Repayments of lease obligations	(594)	(577)
Proceeds from share issuance to non-controlling shareholders	1,498	–
Net cash provided by (used in) financing activities	18,360	(1,196)
Effect of exchange rate change on cash and cash equivalents	(286)	(1,204)
Net increase (decrease) in cash and cash equivalents	(22,940)	(3,737)
Cash and cash equivalents at beginning of period	126,570	103,630
Cash and cash equivalents at end of period	103,630	* 99,892

4. Others

Status of production and sales

1. Production

		Fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
E&P	Crude oil (kl)	1,570,228 (1,264,026)	1,272,188 (977,887)
	Natural gas (thousand m ³)	1,380,939 (600,976)	1,263,648 (494,680)
	LNG (t)	10,154	8,391
	Bitumen (kl)	90,751 (90,751)	143,152 (143,152)

- Notes: 1. The figures in parentheses represent overseas production and are included in the total.
2. Part of the natural gas production volume is used as a feedstock for LNG.
3. Bitumen is a type of extra-heavy oil extracted from oil sands.

2. Sales

		Fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)		Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
E&P	Crude oil (kl)	2,670,522	81,428	2,346,258	89,173
	Natural gas (thousand m ³)	1,864,865	55,329	1,773,035	60,431
	LNG (t)	398,295	20,278	380,955	21,935
	Bitumen (kl)	91,627	669	–	–
	Diluted bitumen (kl)	–	–	160,203	4,512
Subtotal			157,706		176,051
Contract services			10,354		8,484
Other businesses	Oil products/merchandise		33,354		40,162
	Others		5,715		5,930
Subtotal			39,069		46,093
Total			207,130		230,629

- Notes: 1. “Oil products/merchandise” includes liquefied petroleum gas (LPG), fuel oil, gas oil and kerosene, and “Others” includes the transportation of natural gas and oil products as well as other subcontracted tasks.
2. Diluted bitumen is bitumen diluted by ultra-light crude oil for pipeline transportation.
3. Monetary amounts in the table do not include consumption taxes.