

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 <under Japanese GAAP>

May 10, 2019

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 27, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 Scheduled date to file Securities Report: June 27, 2019
 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, 2019 (April 1, 2018 – March 31, 2019)

(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, 2019	267,980	16.2	2,313	(73.6)	12,523	227.1	14,770	–
March 31, 2018	230,629	11.3	8,764	–	3,828	72.3	(30,959)	–

Note: Comprehensive income: FY2019/3: (7,804) million yen (– %) FY2018/3: (50,730) 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, 2019	258.44	–	3.5	1.8	0.9
March 31, 2018	(541.70)	–	(7.2)	0.5	3.8

Reference: Equity in earnings (losses) of affiliates: FY2019/3: 12,550 million yen FY2018/3: (2,601) 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, 2019	655,288	450,156	63.6	7,287.32
As of March 31, 2018	699,536	459,255	60.8	7,438.23

Reference: Equity As of March 31, 2019: 416,488 million yen As of March 31, 2018: 425,114 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, 2019	30,970	(13,969)	(15,493)	100,633
March 31, 2018	52,881	(54,218)	(1,196)	99,892

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, 2018	–	10.00	–	10.00	20.00	1,143	–	0.3
Fiscal year ended March 31, 2019	–	10.00	–	30.00	40.00	2,286	15.5	0.5
Fiscal year ending March 31, 2020 (Forecast)	–	20.00	–	20.00	40.00		20.0	

3. Consolidated financial forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	308,650	15.2	5,603	142.2	12,670	1.2	11,413	(22.7)	199.70

* 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: Yes
 - 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, 2019	57,154,776 shares
As of March 31, 2018	57,154,776 shares
 - b. Number of treasury shares at the end of the period

As of March 31, 2019	2,207 shares
As of March 31, 2018	2,139 shares
 - c. Average number of shares during the period

Fiscal year ended March 31, 2019	57,152,632 shares
Fiscal year ended March 31, 2018	57,152,637 shares

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2019
(April 1, 2018 – March 31, 2019)

(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, 2019	180,024	9.0	9,440	(18.8)	21,536	6.1	23,765	–
March 31, 2018	165,134	10.0	11,625	46.4	20,292	23.2	(26,666)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2019	415.82	–
March 31, 2018	(466.58)	–

(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, 2019	467,656	391,225	83.7	6,845.27
As of March 31, 2018	491,223	386,976	79.2	6,805.92

Reference: Equity As of March 31, 2019: 391,225 million yen As of March 31, 2018: 388,976 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.

(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, 2019, the Japanese economy remained on a moderate recovery trend, continuing from the previous fiscal year, but weakness was seen in certain exports and production at the end of the fiscal year and concerns about the trade issue between the United States and China and uncertainty of the overseas economy increased.

The Japan Crude Cocktail (JCC) price remained on a recovery path from the previous fiscal year, and rose from the high end of \$60 territory per barrel at the beginning of the fiscal year to reach the low end of the \$80 range by November 2018. However, it turned downward largely due to effects of the trade issue between the United States and China and declined to the mid-\$60 level by the end of the fiscal year.

In the currency exchange market, the yen was at the mid-¥100 level at the beginning of the fiscal year, but then a trend of yen depreciation grew. After weakening to the mid-¥110 range in December 2018, the yen remained at around ¥110 at the end of the fiscal year. As a result, the JAPEX Group's average oil sales price for the fiscal year rose compared to the previous fiscal year.

On the other hand, amid rising prices of petroleum products, etc. and LNG brought about by rising JCC prices, the JAPEX Group continued to face a severe market environment with respect to natural gas due to intensifying competition amid efforts reinforced by other companies in JAPEX's market domain to promote natural gas infrastructure projects such as LNG receiving terminals and related pipelines, progress in expansion outside traditional supply areas in the entire energy industry using the full retail liberalization of electricity and gas as an opportunity, and other factors.

Under such circumstances, the JAPEX Group has been promoting business based on "Long-Term Vision 2030 and Medium-Term Business Plan 2018-2022" announced in May, 2018.

During the fiscal year, net sales was ¥267,980 million, an increase of ¥37,350 million (+16.2%) year on year. Gross profit was ¥34,846 million, a decrease of ¥4,416 million (-11.2%) year on year. The factors behind the year-on-year increase in net sales were rises in sales price of crude oil and natural gas as well as contribution from sales of bitumen in Japan Canada Oil Sands Limited (JACOS) Hangingstone leases where production operation was started in August 2017. On the other hand, gross profit decreased year on year due to decline in profit from diluted bitumen sales stemming from the widening heavy-light differential (*1) in the oil sands business, the increase in operating costs in association with full-year operation of the Soma LNG terminal (commenced operation in March 2018), and other factors.

Exploration expenses was ¥788 million, a decrease of ¥535 million (-40.4%) year on year. Selling, general and administrative expenses was ¥31,743 million, an increase of ¥2,570 million (+8.8%) year on year. As a result, operating profit was ¥2,313 million, a decrease of ¥6,451 million (-73.6%) year on year.

Ordinary profit was ¥12,523 million, an increase of ¥8,695 million (+227.1%) year on year, due to turning of share of loss of entities accounted for using equity method into profit of entities accounted for using equity method and a decrease in depreciation of inactive non-current assets compared to the previous fiscal year (*2), among other factors, despite negative factors stemming from a turnaround from foreign exchange gains to foreign exchange losses of 5,296 million.

Profit before income taxes improved by ¥82,477 million year on year to ¥13,074 million from a loss before income taxes in the previous fiscal year due to a decrease in impairment loss compared to the previous fiscal year (*3). Profit attributable to owners of parent improved by ¥45,729 million year on year to ¥14,770 million from a loss attributable to owners of parent in the previous fiscal year.

(*1) The differential between Western Canadian Select (WCS), which is the reference price for heavy crude oil from the oil sands, and the WTI, which is the reference price of light crude oil

(*2) The property, plant and equipment relating to the 3.75 Section Area (the DEMO Area) at the Hangingstone leases was depreciated by the unit-of-production accounting method. This follows the exit from operations of bitumen production using SAGD method (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) in the area by JACOS.

(*3) An impairment loss on the asset of JAPEX Montney Ltd. relating to the shale gas project (hereinafter “the Upstream Project”) was posted in the previous fiscal year due to the development plan of the Upstream project being revised to a plan without the assumption of the Pacific NorthWest LNG Project (hereinafter “the PNW LNG Project”) following the decision not to proceed the PNW LNG Project.

Below is a breakdown of sales.

(i) Oil and Gas

Net sales from oil and gas (including liquefied natural gas (LNG) and diluted bitumen) came to ¥215,429 million, an increase of ¥39,377 million (+22.4%) year on year. This was mainly the result of rises in sales price of crude oil and natural gas, and sales of diluted bitumen by JACOS.

(ii) Contract Services

Net sales from contract services (drilling and geological surveys, etc.) came to ¥7,342 million, a decrease of ¥1,142 million (-13.5%) 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 ¥45,207 million, a decrease of ¥885 million (-1.9%) 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 ¥232,107 million, an increase of ¥12,540 million (+5.7%) year on year, due mainly to an increase in sales prices of crude oil and natural gas, despite a decrease in sales volume of crude oil and natural gas. Segment profit decreased by ¥3,188 million (-14.2%) year on year to ¥19,308 million, due to the increase in operating costs in association with full-year operation of the Soma LNG terminal (commenced operation in March 2018), and other factors.

(2) North America

Net sales in the North America segment are mainly composed of crude oil and natural gas (including diluted bitumen). In the fiscal year under review, net sales came to ¥34,270 million, an increase of ¥25,019 million (+270.5%) year on year due mainly to sales of diluted bitumen with respect to JACOS. There was a segment loss of ¥9,751 million (compared to segment loss of ¥6,615 million in the previous fiscal year) largely due to the decline in profit from diluted bitumen sales stemming from the increasing heavy-light differential in the oil sands business, and an increase in selling, general and administrative expenses.

(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 ¥157 million (compared to segment loss of ¥74 million in the previous fiscal year).

(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 ¥14,816 million, a decrease of ¥17,372 million (-54.0%) year on year, due to a decrease in sales volume, despite an increase in sales price. Segment profit came to ¥955 million, a decrease of ¥410 million year on year. This was mainly due to the above-mentioned decrease in net sales, despite a decrease 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 ¥44,248 million from the previous fiscal year-end to ¥655,288 million.

Current assets decreased by ¥3,063 million from the previous fiscal year-end, mainly due to a decrease in notes and accounts receivable - trade.

Non-current assets decreased by ¥41,184 million from the previous fiscal year-end. This was mainly due to the decrease in market values of securities held in investment securities and the decline in property, plant and equipment resulting from the impact of fluctuation in foreign exchange rates and depreciation.

Total liabilities decreased by ¥35,150 million from the previous fiscal year-end to ¥205,131 million.

Current liabilities decreased by ¥11,236 million from the previous fiscal year-end, mainly due to decreases in notes and accounts payable - trade and short-term loans payable included in other in current liabilities. Non-current liabilities decreased by ¥23,913 million from the previous fiscal year-end. This was mainly due to a decrease in deferred tax liabilities resulting from the above-mentioned mark-to-market valuation of securities held 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 ¥9,098 million from the previous fiscal year-end to ¥450,156 million. The main factor was an increase in retained earnings, despite a decrease in valuation difference on available-for-sale securities.

Please note that the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the first quarter ended June 30, 2018. Accordingly, the figures presented for the financial position for the fiscal year ended March 31, 2018 have been retrospectively adjusted to reflect the application of the standard, etc. in order to facilitate comparison and analysis against the previous fiscal year.

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

As of March 31, 2019, cash and cash equivalents (hereinafter “net cash”) increased by ¥740 million compared to the end of the previous fiscal year to ¥100,633 million. Below is a summary of cash flows for each activity.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥30,970 million. The main factors were profit before income taxes of ¥13,074 million and ¥23,296 million in depreciation.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥13,969 million. Net cash was mainly used in payments of recoverable accounts of ¥25,107 million and purchase of property, plant and equipment of ¥12,955 million, while net cash was mainly provided by interest and dividend income received of ¥16,126 million and collection of loans receivable of ¥6,912 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥15,493 million. Net cash was mainly used in decrease in short-term loans payable of ¥7,877 million, repayments of long-term loans payable of ¥4,990 million and interest expenses paid of ¥3,865 million.

Reference: Trend of cash flow indicators

Fiscal years ended March 31	2015	2016	2017	2018	2019
Equity ratio (%)	62.5	59.5	58.6	60.8	63.6
Equity ratio on mark-to-market basis (%)	31.6	20.4	19.5	19.8	20.9
Interest-bearing debt to cash flow ratio (years)	1.0	2.3	3.4	2.8	4.3
Interest coverage ratio (times)	99.4	83.6	48.7	28.4	8.0

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 “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the fiscal year under review. Accordingly, with regard to “Reference: Trend of cash flow indicators” for the previous fiscal year, the indicators represent those after this accounting standard, etc. was applied retrospectively.

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

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

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

*5. 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 \$65 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 \$71.94 per barrel and ¥110.35/\$.

Net sales for the fiscal year ending March 31, 2020 is expected to increase by ¥40,670 million (+15.2%) from the fiscal year under review to ¥308,650 million. This is due to an expected increase in sales mainly reflecting growth in sales volumes for overseas crude oil and diluted bitumen.

Operating profit is expected to increase by ¥3,289 million (+142.2%) from the fiscal year under review to ¥5,603 million. This is primarily due to the above-mentioned expected growth in sales volumes for diluted bitumen and increase in profit from sales resulting from a narrowing of the heavy-light differential.

Ordinary profit is expected to increase by ¥147 million (+1.2%) from the fiscal year under review to ¥12,670 million. This mainly reflects expectations such as that ordinary profit will no longer be impacted by the reversal of asset retirement obligations associated with the transfer of the interest, etc., in JACOS’ DEMO Area, recorded in the fiscal year under review.

Profit attributable to owners of parent is expected to decrease by ¥3,357 million (-22.7%) from the fiscal year under review to ¥11,413 million. This is primarily due to an expectation that profit attributable to owners of parent will no longer be impacted by the decrease in taxes resulting from the application of credits for foreign taxes in the Garraf project in Iraq, which was 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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	115,313	117,468
Notes and accounts receivable - trade	26,073	20,825
Securities	2,200	2,330
Merchandise and finished goods	5,447	4,559
Work in process	381	362
Raw materials and supplies	5,524	7,589
Short-term loans receivable	6,449	4,575
Other	7,796	8,410
Allowance for doubtful accounts	(34)	(33)
Total current assets	169,151	166,087
Non-current assets		
Property, plant and equipment		
Buildings and structures	328,212	335,648
Accumulated depreciation	(141,138)	(150,449)
Buildings and structures, net	187,073	185,198
Wells	116,387	116,070
Accumulated depreciation	(82,611)	(85,985)
Wells, net	33,775	30,084
Machinery, equipment and vehicles	116,313	146,276
Accumulated depreciation	(101,395)	(107,257)
Machinery, equipment and vehicles, net	14,917	39,018
Land	16,783	16,732
Construction in progress	71,936	26,825
Other	30,906	37,316
Accumulated depreciation	(25,903)	(26,062)
Other, net	5,003	11,254
Total property, plant and equipment	329,490	309,114
Intangible assets		
Other	8,226	7,399
Total intangible assets	8,226	7,399
Investments and other assets		
Investment securities	167,342	137,794
Long-term loans receivable	4,547	42
Deferred tax assets	7,818	7,713
Retirement benefit asset	1,451	1,319
Other	13,540	26,920
Allowance for doubtful accounts	(50)	(46)
Allowance for overseas investment loss	(1,982)	(1,057)
Total investments and other assets	192,667	172,686
Total non-current assets	530,384	489,200
Total assets	699,536	655,288

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,544	7,666
Provision for bonuses for directors (and other officers)	20	25
Other	30,050	24,686
Total current liabilities	43,615	32,378
Non-current liabilities		
Long-term loans payable	135,959	127,715
Deferred tax liabilities	34,833	22,330
Provision for retirement benefits for directors (and other officers)	83	86
Retirement benefit liability	3,496	3,452
Asset retirement obligations	18,664	15,335
Other	3,628	3,831
Total non-current liabilities	196,665	172,752
Total liabilities	240,281	205,131
Net assets		
Shareholders' equity		
Capital stock	14,288	14,288
Capital surplus	183	157
Retained earnings	317,679	331,306
Treasury shares	(10)	(10)
Total shareholders' equity	332,140	345,741
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86,667	66,296
Deferred gains or losses on hedges	3	(2)
Foreign currency translation adjustment	5,149	3,338
Remeasurements of defined benefit plans	1,152	1,114
Total accumulated other comprehensive income	92,973	70,747
Non-controlling interests	34,140	33,668
Total net assets	459,255	450,156
Total liabilities and net assets	699,536	655,288

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	230,629	267,980
Cost of sales	191,366	233,133
Gross profit	39,263	34,846
Exploration expenses		
Exploration expenses	1,380	788
Exploration subsidies	(55)	–
Total exploration expenses	1,324	788
Selling, general and administrative expenses	29,173	31,743
Operating profit	8,764	2,313
Non-operating income		
Interest income	1,382	1,598
Dividend income	2,422	2,102
Gain on sales of securities	1,350	2
Share of profit of entities accounted for using equity method	–	12,550
Foreign exchange gains	2,710	–
Gain on reversal of asset retirement obligations	–	3,293
Other	940	1,258
Total non-operating income	8,806	20,804
Non-operating expenses		
Interest expenses	2,178	4,130
Loss on sales of securities	0	–
Share of loss of entities accounted for using equity method	2,601	–
Foreign exchange losses	–	5,296
Depreciation of inactive non-current assets	7,797	–
Other	1,165	1,167
Total non-operating expenses	13,743	10,594
Ordinary profit	3,828	12,523
Extraordinary income		
Gain on sales of non-current assets	2	716
Subsidy income	5,000	–
Total extraordinary income	5,002	716
Extraordinary losses		
Loss on sales of non-current assets	5	60
Loss on retirement of non-current assets	74	74
Impairment loss	67,721	30
Other	10,431	–
Total extraordinary losses	78,234	165
Profit (loss) before income taxes	(69,403)	13,074
Income taxes - current	4,392	3,925
Income taxes - deferred	(4,152)	(5,179)
Total income taxes	240	(1,254)
Profit (loss)	(69,643)	14,328
Loss attributable to non-controlling interests	(38,683)	(441)
Profit (loss) attributable to owners of parent	(30,959)	14,770

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit (loss)	(69,643)	14,328
Other comprehensive income		
Valuation difference on available-for-sale securities	16,791	(20,366)
Deferred gains or losses on hedges	242	(5)
Foreign currency translation adjustment	32	(1,705)
Remeasurements of defined benefit plans, net of tax	632	(38)
Share of other comprehensive income of entities accounted for using equity method	(826)	(16)
Changes in equity interest	2,040	–
Total other comprehensive income	18,912	(22,132)
Comprehensive income	(50,730)	(7,804)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(13,308)	(7,455)
Comprehensive income attributable to non- controlling interests	(37,421)	(348)

(3) Consolidated statement of changes in equity

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
Cumulative effects of changes in accounting policies			2,048		2,048
Restated balance	14,288	183	347,741	(10)	362,203
Changes of items during period					
Dividends of surplus			(1,143)		(1,143)
Profit (loss) attributable to owners of parent			(30,959)		(30,959)
Change in ownership interest of parent due to transactions with non-controlling interests					
Purchase of treasury shares					
Changes in equity interest			2,040		2,040
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(30,062)	–	(30,062)
Balance at end of current period	14,288	183	317,679	(10)	332,140

	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
Cumulative effects of changes in accounting policies							2,048
Restated balance	69,832	(226)	7,301	455	77,363	73,091	512,658
Changes of items during period							
Dividends of surplus							(1,143)
Profit (loss) attributable to owners of parent							(30,959)
Change in ownership interest of parent due to transactions with non-controlling interests							
Purchase of treasury shares							
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	459,255

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	317,679	(10)	332,140
Cumulative effects of changes in accounting policies					
Restated balance	14,288	183	317,679	(10)	332,140
Changes of items during period					
Dividends of surplus			(1,143)		(1,143)
Profit (loss) attributable to owners of parent			14,770		14,770
Change in ownership interest of parent due to transactions with non-controlling interests		(26)			(26)
Purchase of treasury shares				(0)	(0)
Changes in equity interest					
Net changes of items other than shareholders' equity					
Total changes of items during period		(26)	13,627	(0)	13,600
Balance at end of current period	14,288	157	331,306	(10)	345,741

	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	86,667	3	5,149	1,152	92,973	34,140	459,255
Cumulative effects of changes in accounting policies							
Restated balance	86,667	3	5,149	1,152	92,973	34,140	459,255
Changes of items during period							
Dividends of surplus							(1,143)
Profit (loss) attributable to owners of parent							14,770
Change in ownership interest of parent due to transactions with non-controlling interests							(26)
Purchase of treasury shares							(0)
Changes in equity interest							
Net changes of items other than shareholders' equity	(20,370)	(5)	(1,810)	(38)	(22,225)	(472)	(22,698)
Total changes of items during period	(20,370)	(5)	(1,810)	(38)	(22,225)	(472)	(9,098)
Balance at end of current period	66,296	(2)	3,338	1,114	70,747	33,668	450,156

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit (loss) before income taxes	(69,403)	13,074
Depreciation	23,370	23,296
Impairment loss	67,721	30
Loss on retirement of property, plant and equipment	46	74
Loss (gain) on valuation of short-term and long-term investment securities	284	4
Increase (decrease) in allowance for doubtful accounts	1	(4)
Decrease (increase) in retirement benefit asset	(497)	132
Increase (decrease) in retirement benefit liability	(76)	(43)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	2
Increase (decrease) in allowance for overseas investment loss	(566)	(924)
Gain on reversal of asset retirement obligations	–	(3,293)
Interest and dividend income	(3,805)	(3,700)
Interest expenses	2,178	4,130
Foreign exchange losses (gains)	(3,003)	5,444
Loss (gain) on sales of short-term and long-term investment securities	(1,349)	(2)
Share of loss (profit) of entities accounted for using equity method	2,601	(12,550)
recovery of recoverable accounts	27,381	11,118
Decrease (increase) in notes and accounts receivable - trade	2,209	5,217
Decrease (increase) in inventories	(1,571)	(1,188)
Increase (decrease) in notes and accounts payable - trade	844	(11,131)
Increase (decrease) in accrued consumption taxes	481	970
Other, net	2,742	8,443
Subtotal	49,602	39,101
Proceeds from subsidy income	5,000	–
Income taxes (paid) refund	(1,721)	(8,130)
Net cash provided by (used in) operating activities	52,881	30,970

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Payments into time deposits	(28,458)	(68,859)
Proceeds from withdrawal of time deposits	18,228	66,992
Purchase of securities	–	(30)
Proceeds from sales and redemption of securities	0	500
Purchase of property, plant and equipment	(42,534)	(12,955)
Proceeds from sales of property, plant and equipment	94	1,337
Purchase of intangible assets	(290)	(734)
Payments for asset retirement obligations	(712)	(221)
Purchase of investment securities	(70)	(52)
Proceeds from sales and redemption of investment securities	1,350	2
Payments for investments in capital	(198)	–
Payments of recoverable accounts	(15,091)	(25,107)
Payments of loans receivable	(20)	(26)
Collection of loans receivable	4,456	6,912
Interest and dividend income received	8,873	16,126
Proceeds from dividends of residual property	9	21
proceeds from capital reduction of investments	208	1,636
Proceeds from transfer of mining rights	–	543
Other, net	(63)	(56)
Net cash provided by (used in) investing activities	(54,218)	(13,969)
Cash flows from financing activities		
Increase in short-term loans payable	5,455	2,939
Decrease in short-term loans payable	–	(7,877)
Proceeds from long-term loans payable	3,221	–
Repayments of long-term loans payable	(4,760)	(4,990)
Purchase of treasury shares	–	(0)
Cash dividends paid	(1,144)	(1,143)
Dividends paid to non-controlling interests	(1,529)	(183)
Interest expenses paid	(1,862)	(3,865)
Repayments of lease obligations	(577)	(404)
Proceeds from share issuance to non-controlling shareholders	–	32
Net cash provided by (used in) financing activities	(1,196)	(15,493)
Effect of exchange rate change on cash and cash equivalents	(1,204)	(766)
Net increase (decrease) in cash and cash equivalents	(3,737)	740
Cash and cash equivalents at beginning of period	103,630	99,892
Cash and cash equivalents at end of period	99,892	100,633

4. Others

Status of production and sales

1. Production

		Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)
Oil and gas	Crude oil (kl)	1,272,188 (977,887)	1,157,037 (892,535)
	Natural gas (thousand m ³)	1,263,648 (494,680)	1,170,457 (488,436)
	LNG (t)	8,391	5,600
	Bitumen (kl)	143,152 (143,152)	812,720 (812,720)

- 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, 2018 (April 1, 2017 – March 31, 2018)		Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
Oil and gas	Crude oil (kl)	2,346,258	89,173	1,888,653	94,579
	Natural gas (thousand m ³)	1,773,035	60,431	1,731,141	67,820
	LNG (t)	380,955	21,935	322,331	22,913
	Diluted bitumen (kl)	160,203	4,512	1,176,091	30,116
Subtotal			176,051		215,429
Contract services			8,484		7,342
Other businesses	Oil products/merchandise		40,162		39,820
	Others		5,930		5,387
Subtotal			46,093		45,207
Total			230,629		267,980

- 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.