



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

Presentation of Consolidated financial results for ended March 31, 2011

May 16 , 2011

Japan Petroleum Exploration Co., Ltd.

Cautionary statement

Any information contained herein with respect to JAPEX's plans, estimates, strategies and other statements that are not historical facts are forward-looking statements about the future performance of JAPEX. Readers should be aware that actual results and events may differ substantially from these projections due to various factors.

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Note: The following abbreviations are used within this document:

1H = First half (1Q-2Q)

2H = Second half (3Q-4Q)

(a) = Actual result

(e) = Estimate

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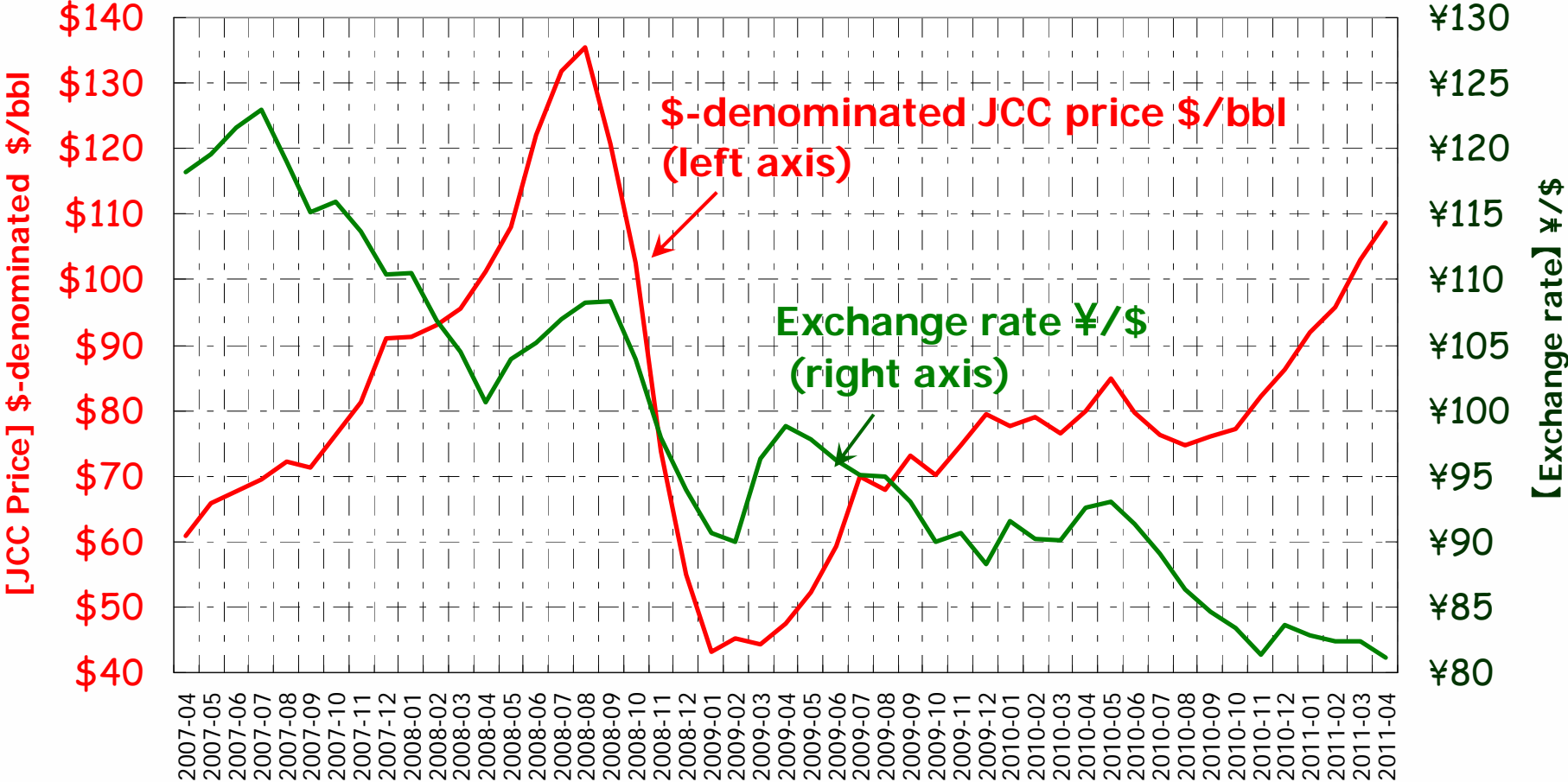
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- 4. New Medium-term Business Plan
(FY2012 - FY2016)**



Business Overview

President Osamu Watanabe

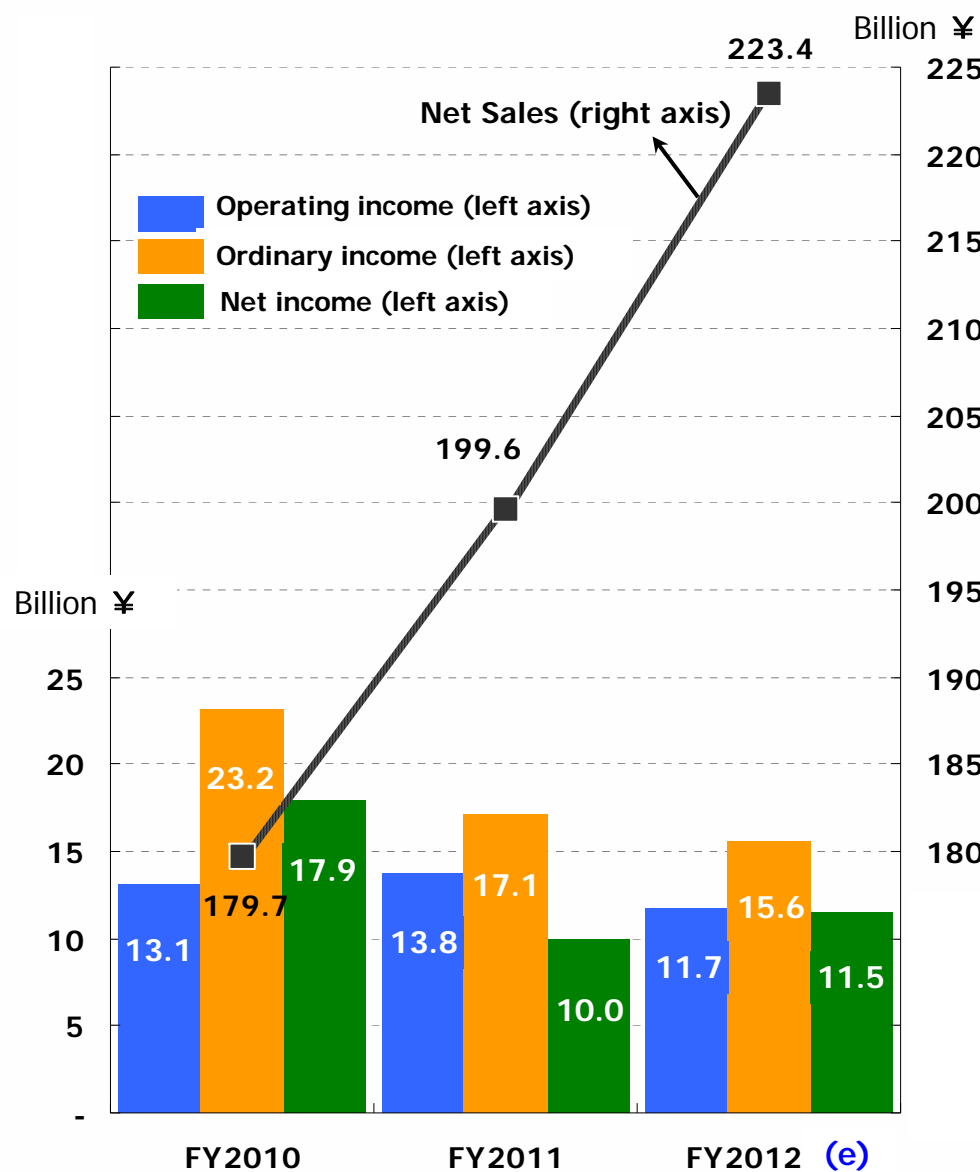
Trends in Crude oil prices and Foreign exchange rates



Japan Crude Cocktail (JCC) Price in the first 20 days of April 2011
on a prompt report basis : **USD 111.20 / bbl**
Yen 82.45 / USD



Actual results for FY2011 and Estimate for FY2012 (Highlight)



Actual results for FY2011 (vs FY2010)

[Billion ¥]	FY2010 (a)	FY2011 (a)	change	
Net Sales	179.7	199.6	19.9	11%
Operating income	13.1	13.8	0.7	5%
Ordinary income	23.2	17.1	(6.1)	(26%)
Net income	17.9	10.0	(7.9)	(44%)
JCC price USD/bbl	67.50	82.69	15.19	23%
Exchange rate Yen/USD	92.74	86.24	(6.50)	(7%)

Estimate for FY2012 (vs FY2011)

[Billion ¥]	FY2011 (a)	FY2012 (e)	change	
Net Sales	199.6	223.4	23.8	12%
Operating income	13.8	11.7	(2.1)	15%
Ordinary income	17.1	15.6	(1.5)	(9%)
Net income	10.0	11.5	1.5	15%
JCC price USD/bbl	82.69	90.00	7.31	9%
Exchange rate Yen/USD	86.24	85.00	(1.24)	(1%)

Domestic exploration plan for FY2012

◆ Exploration well drilling schedule

	Total Depth	FY2012											
		1Q			2Q			3Q			4Q		
		4	5	6	7	8	9	10	11	12	1	2	3
Akeno A1 Exploration well	5,070m												

● Exploration well: 1 well
 ■ Seismic survey : 2 sites

Akeno A1 (5,070m)

◆ Geophysical prospecting survey plan : 2sites

2D seismic survey	25km in Niigata Prefecture (Yoneyama)
2D seismic survey	39km in Yamagata Prefecture (Southern Mt. Chokai)

◇ Result for FY2011

	Total Depth	FY2011												
		1Q			2Q			3Q			4Q			
		4	5	6	7	8	9	10	11	12	1	2	3	
Akebono SK-5D Extension well	4,975m													Succeeded
Otomo SK-1D Exploration well	3,102m													Abandoned

Southern Mt. Chokai 2D (39km)

Yoneyama 2D (25km)

CAPEX plan for FY2012

[Billion ¥]	FY08	FY09	FY10	FY11	FY12 (e)
CAPEX	41.7	30.9	28.8	21.9	30.7
Depreciation and amortization	16.6	21.5	23.2	24.5	23.8

Main items of CAPEX for FY2012

Domestic CAPEX ¥ 12.0 billion

◆Hokkaido

- LNG receiving terminal for domestic vessels
- CO2 emission reduction facility
(Both projects have continued from FY2010)

◆Acquire a new facility for disaster recovery from the Great East Japan Earthquake

Overseas CAPEX ¥ 18.7 billion

◆Iraq

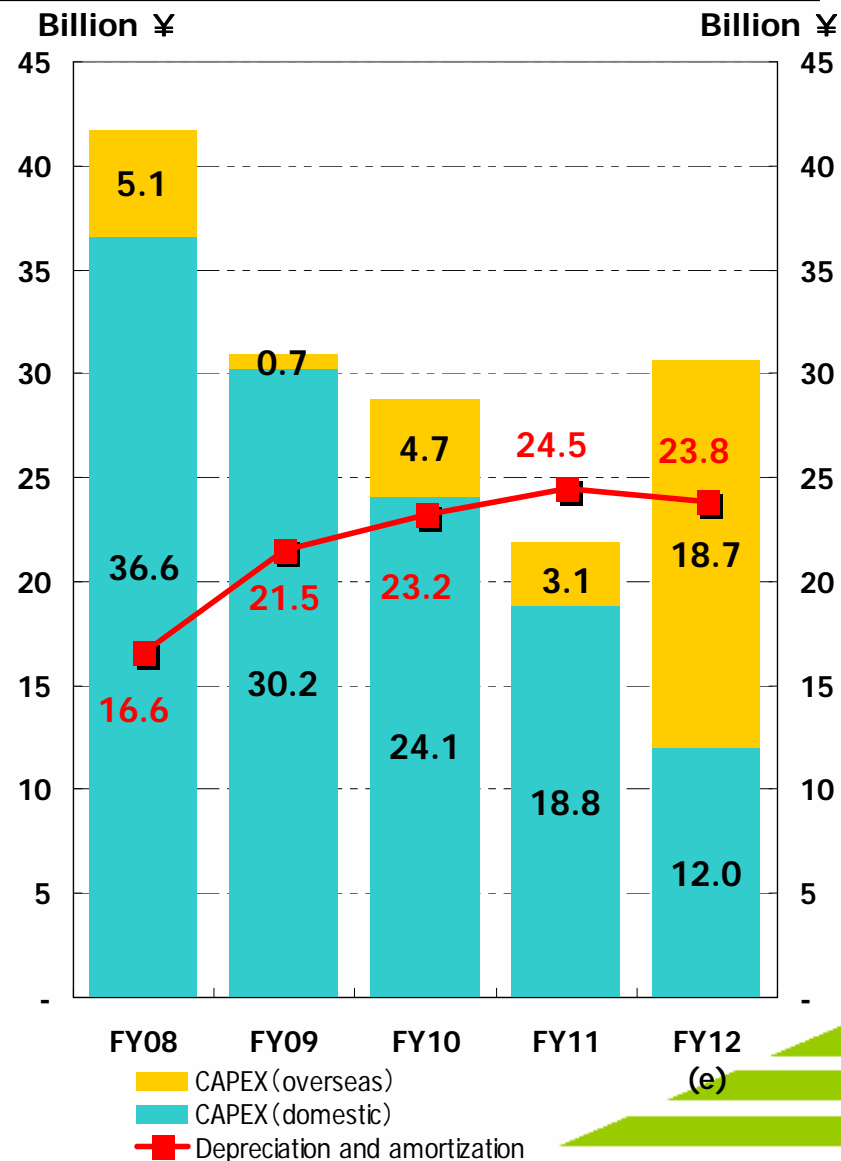
- Development of Garraf oil field

◆Canada

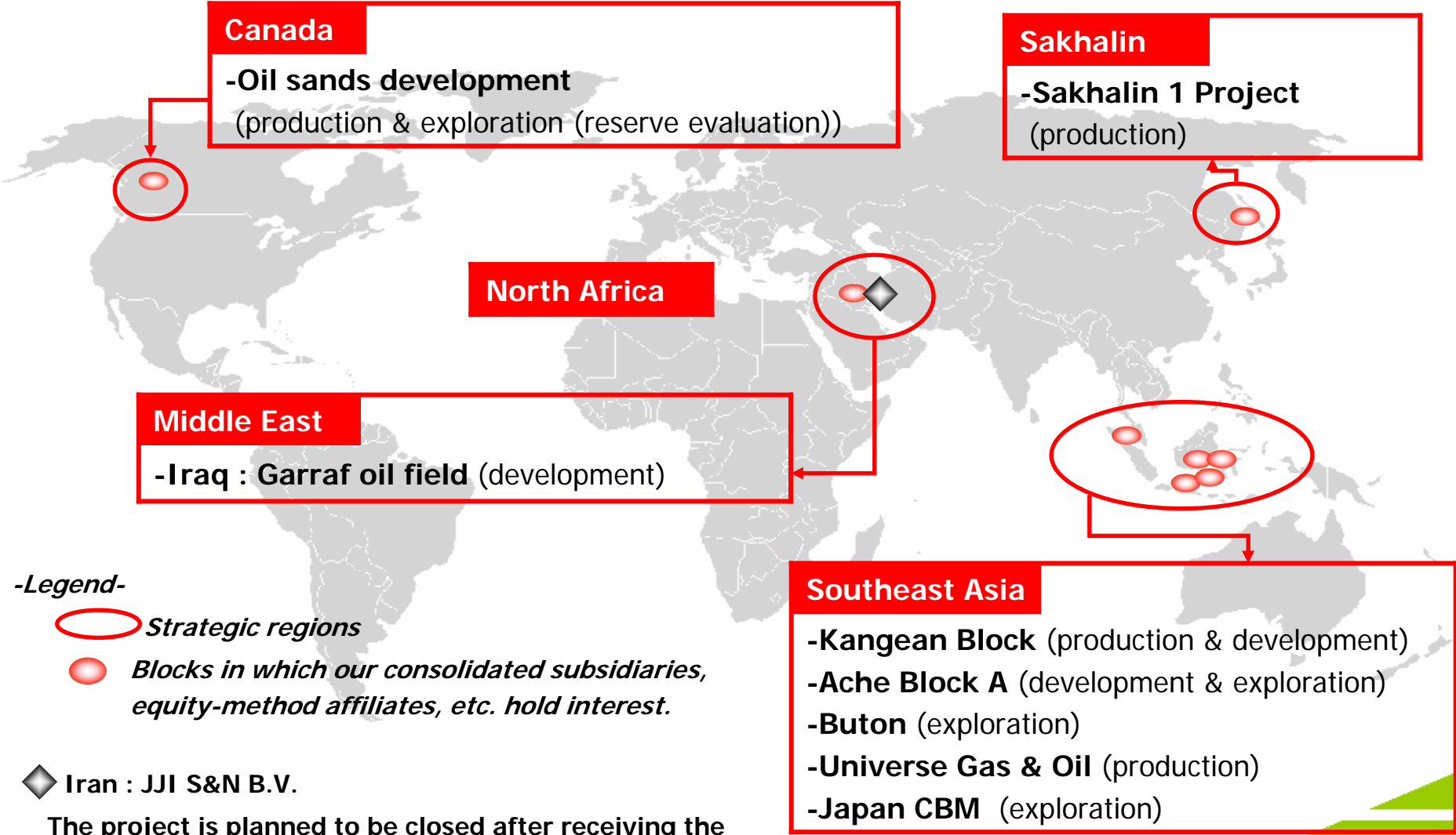
- Improvement of production facility for the oil sand project

◆Indonesia

- Development of gas field (Ache Block A)



Overseas business : Activities in strategic regions



-Legend-

-  Strategic regions
-  Blocks in which our consolidated subsidiaries, equity-method affiliates, etc. hold interest.

 Iran : JJI S&N B.V.

The project is planned to be closed after receiving the final reward from National Iranian Oil Company.

Current status of overseas business ① Canada oil sands

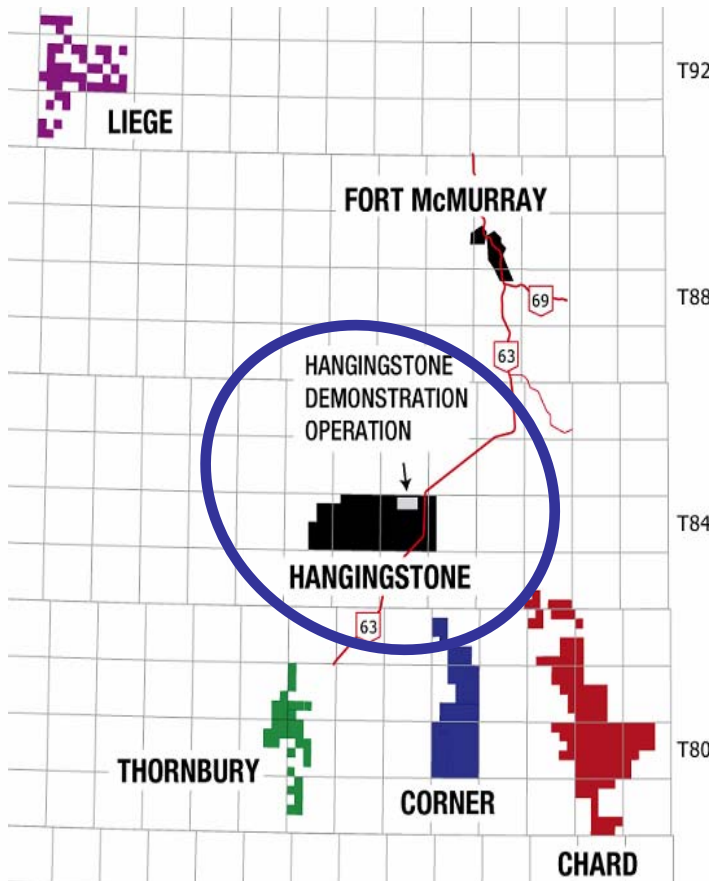
Project company	Canada Oil Sands Co., Ltd. (CANOS) (86.64% owned by JAPEX)
Operator	Japan Canada Oil Sands Ltd. (JACOS) (Local subsidiary, wholly owned by CANOS)
Block	Interest
Hangingsstone 3.75 section -Producing around 7,000 - 8,000 bbl/d -Cumulative production of 23.89 million bbl (as of end-January, 2011)	100%
Expansion project of undeveloped part of Hangingsstone area -Additional production of 35,000 bbl/d at the maximum	75%



Schedule	
Apr. 2010	Applied development approval Started FEED
2011	Make FID after acquiring development approval
Winter of 2011 to 2012	Start construction
2013	
End-2014	Plan to commence production

■ Contingent resources of undeveloped oil sands areas held by JACOS : 1,717 million bbl (as of end-December 2008)

■ Areas in which JACOS holds interest in oil sands leases



■ Areas where oil sand resources were evaluated:

The Hangingsstone area, the Chard area, the Corner area and the Thornbury area were evaluated. The evaluated areas consist of solely owned and jointly owned areas, are 788.4km² (gross) or 373.4km² (net). Bitumen also exists in the Liege area, but there is no bitumen development plan at present due to the subsurface conditions of its existence.

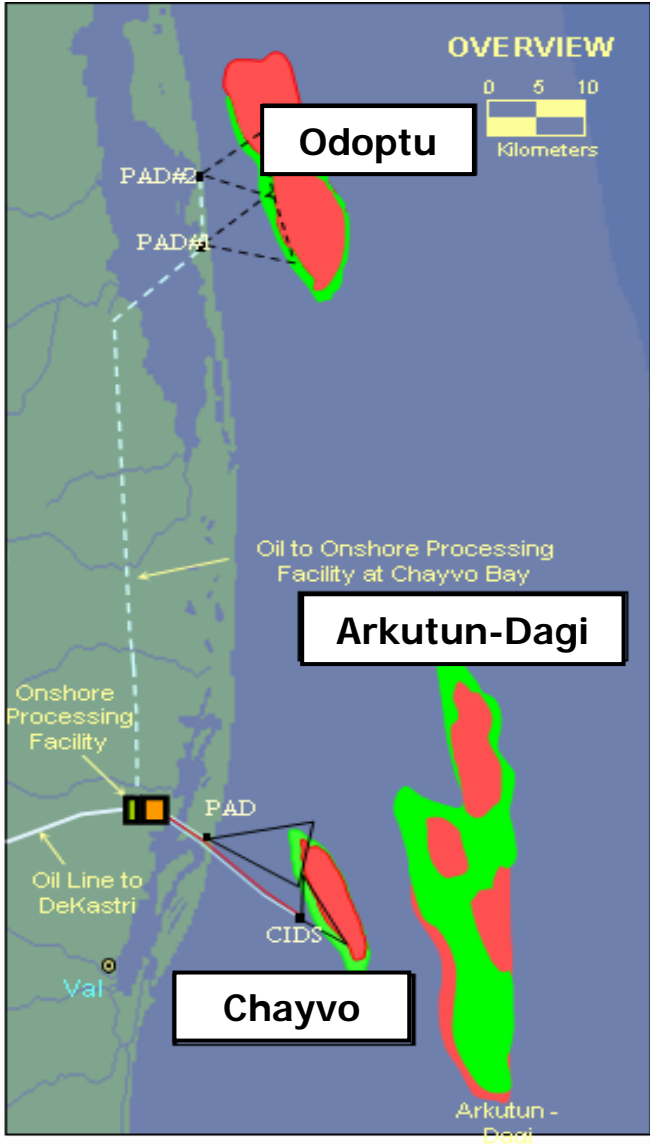


Current status of overseas business ② Sakhalin 1 Project

Sakhalin 1 Consortium		Interest
Exxon Neftegas Ltd.		30%
Sakhalin Oil and Gas Development Co., Ltd. (SODECO)		30%
Minister of Economy, Trade and Industry : 50.00%		
JAPEX : 14.46%	ITOCHU Corp. : 14.46%	
Marubeni Corp. : 11.68%	INPEX : 5.74%	
ITOCHU Oil Exploration Co., Ltd. : 3.66%		
ONGC		20%
SMNG-Shelf		11.5%
Rosneft - Astra		8.5%

Oct. 2005	Chayvo oil and gas field Commenced production of crude oil
Oct. 2006	Commenced exports of Sokol crude
Feb. 2007	Achieved peak gross production target (250,000 bbl/d)
Jun. 2008	Achieved cumulative production of 100 million bbl
Sep. 2010	Odoptu oil and gas field Commenced production of crude oil

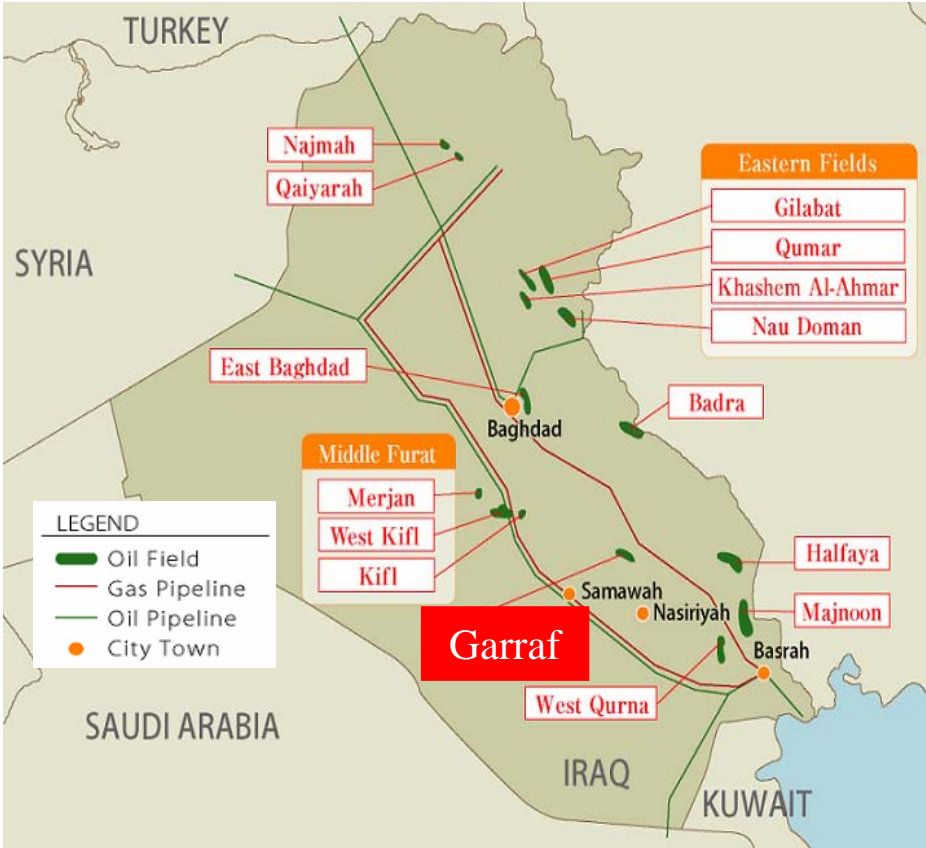
Arkutun-Dagi oil and gas field
Now under preparation for development



Current status of overseas business ③ Iraq

Garraf development project	
Contract type	Development and Production Service Contract
Counterparty	South Oil Company (SOC)
Contract term	20 years (may be extended for maximum 5 years)

Contractors	PETRONAS (Operator)	JAPEX	North Oil Company (NOC)
Payment share	60%	40%	-
Participating interest	45%	30%	25%



2010 The contract effect on Feb.10, 2010

2011

2012 Commence initial production at **50,000 bbl/d**

~ Increase production gradually

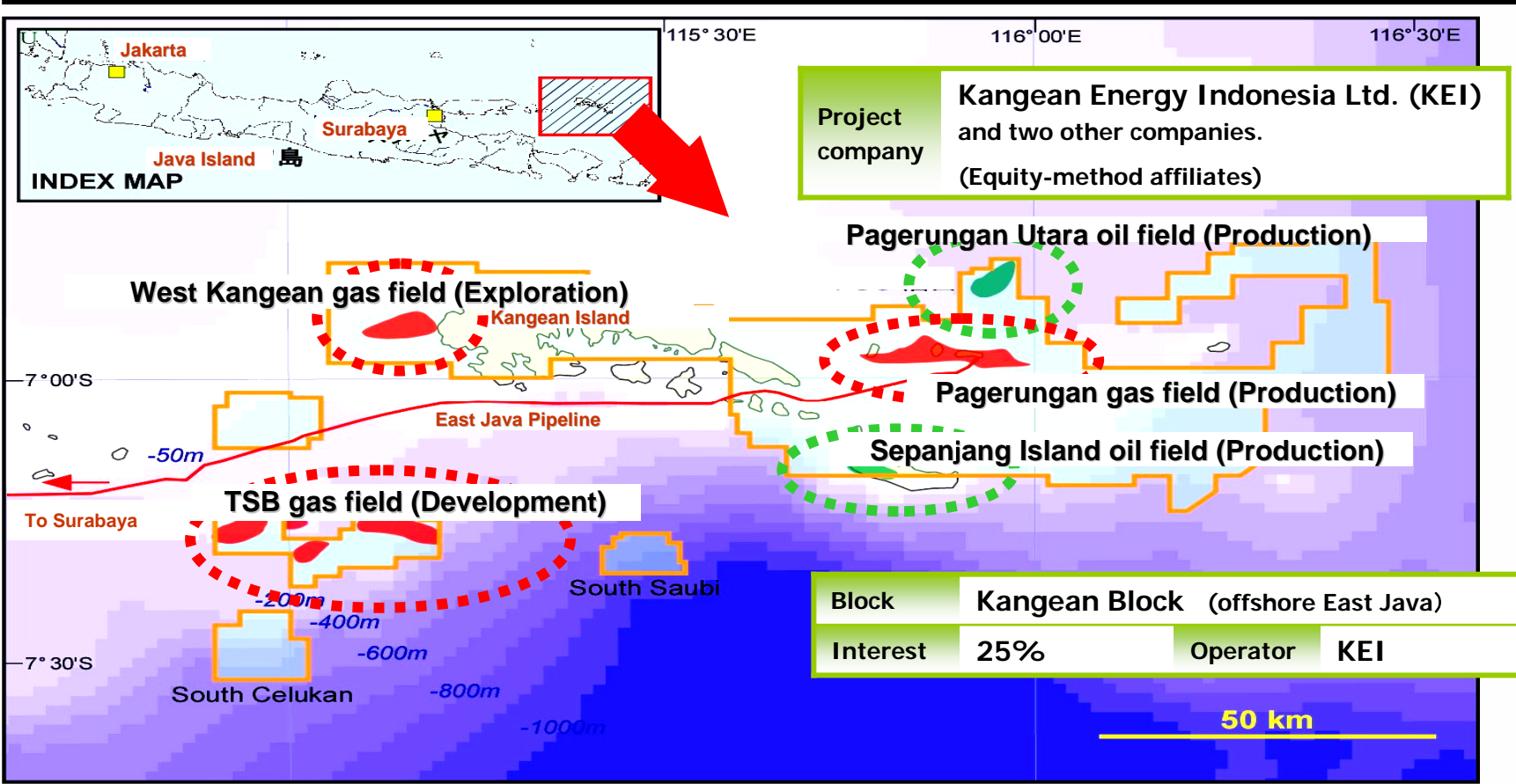
2016

2017 Achieve plateau production target of **230,000 bbl/d**

■ Expected cumulative production during the contract term : **around 1.3 billion bbl**



Current status of overseas business ④ Indonesia: Kangean Block



- Current gross production : Crude oil equivalent of around 10,000 boe/d.
- Pagerungan Utara oil field : Commenced production of 6,000 bbl/d on January 2011.
- TSB gas field : Plan to commence production of 300 million cf/d (around 50,000 boe/d in crude oil equivalent) in 1H 2012.
- Plan to expand gross production to around 60,000 boe/d through the above additional production.
- Production Sharing Contract (PSC) : Effective till 2030.

Current status of overseas business ⑤ Indonesia: Ache Block A

Project company	Japex Block A Ltd.
Interest	16.67%
Block	Ache Block A (northern Sumatra)
Operator	Medco
Gross production	Around 100 million cf/d (around 20,000 boe/d in crude oil equivalent)



2010 Approved extension PSC
Concluded extension PSC

Contract term : **20 years** from September 1, 2011

2011 Start development activities to commence gas production

2012

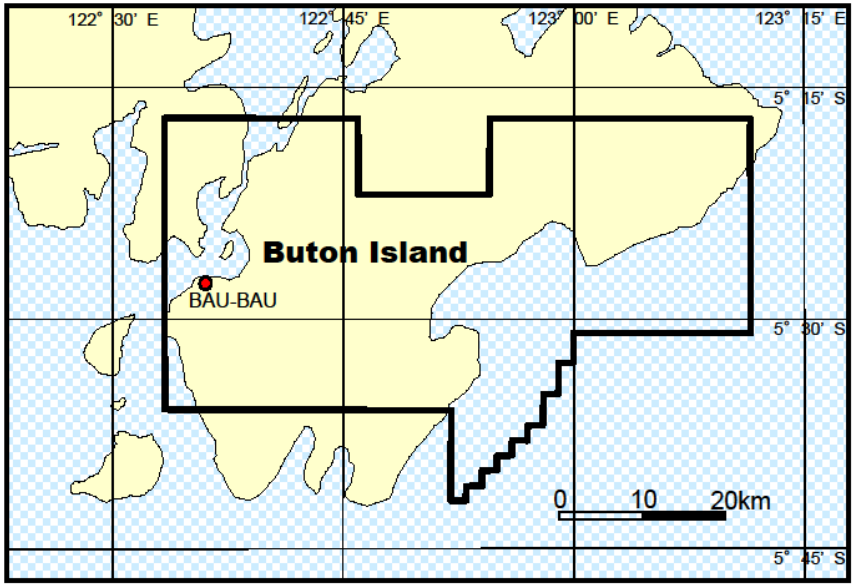
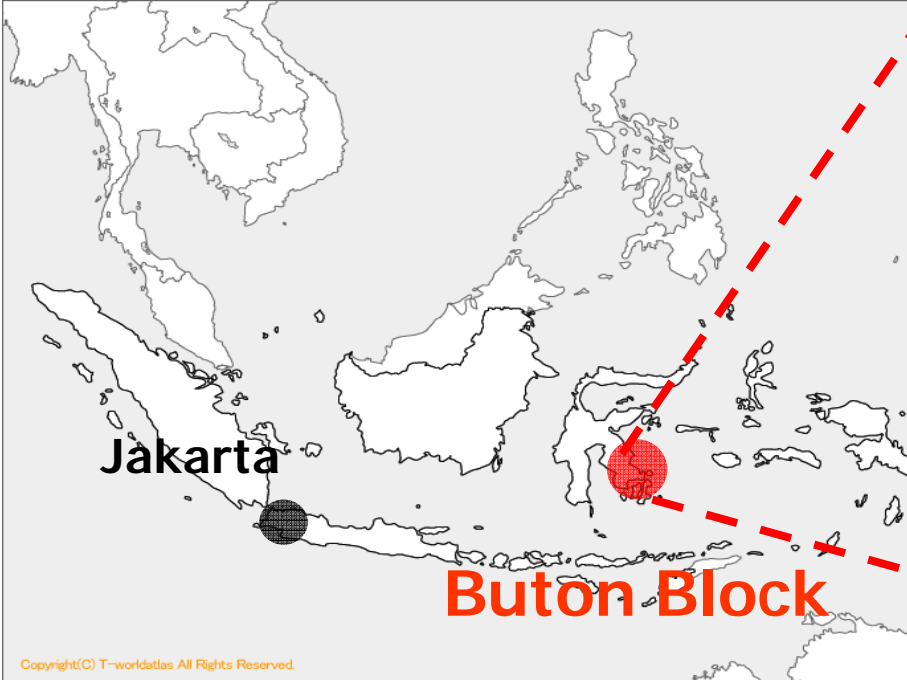
2013

Alur Rambong gas field
Julu Rayeu gas field
Alur Siwah gas field

Gross production of around **100 million cf/d**

Current status of overseas business ⑥ Indonesia: Buton Block

Project company	Japex Buton Ltd.	2008	Airborne gravity and magnetic surveys 2D seismic surveys
Interest	40%	2009	Selected the exploration well structure
Block	Buton Block (onshore/offshore block on Buton Island, Southeast Sulawesi)	2011	Plan to drill 1st exploration well



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Actual results for FY2011

Executive Vice President

Hiroshi Sato

Actual results for FY2011 (Highlight)

[Million ¥]	FY2010 Actual	FY2011			Actual
		Initial estimate (May '10)	Revised estimate ① (Nov. '10)	Revised estimate ② (Feb. '11)	
Net Sales	179,752	196,891	192,319	194,606	199,651
Operating income	13,119	13,267	8,144	9,396	13,849
Ordinary income	23,206	14,908	10,454	13,028	17,122
Net income	17,939	10,265	7,434	9,083	10,010
JCC price USD/bbl	67.50	80.00	79.53	81.62	82.69
Exchange rate Yen/USD	92.74	90.00	87.56	86.37	86.24
Bitumen price CAD/bbl	50.15	56.65	49.31	48.67	48.32
Exchange rate Yen/CAD	88.07	85.00	80.00	81.47	81.47

◆ **Initial estimate (May '10) → Revised estimate ① (Nov. '10)**

【-】 Downward revision of the production and sales plans for natural gas & crude oil

【-】 Downward revision of crude oil prices & bitumen prices

◆ **Revised estimate ① (Nov. '10) → Revised estimate ② (Feb. '11)**

【+】 Rise in crude oil prices 【+】 Decrease in exploration expenses 【+】 Improve in non-operating income (expenses)

◆ **Revised estimate ② (Feb. '11) → Actual results**

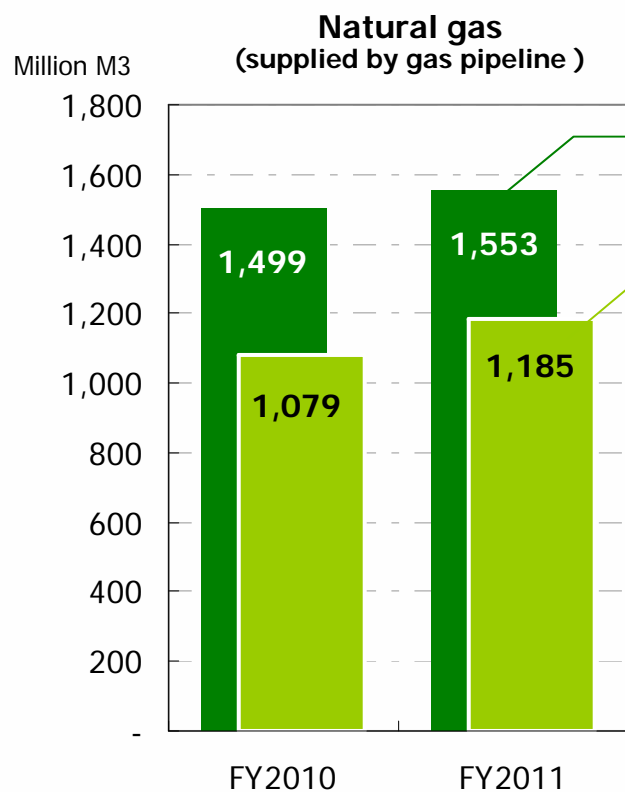
【+】 Rise in natural gas prices & crude oil prices 【+】 Increase in demand 【-】 Loss on Great East Japan Earthquake

Ordinary income ¥ 17.1 billion (+¥4.0billion) Net income ¥10.0 billion(+¥0.9billion)

Actual sales of Natural gas in FY2011 (vs FY2010)

			FY2010		FY2011		change	
			1H (a)	Full (a)	1H (a)	Full (a)	1H	Full
Natural gas:	Sales volume	Million M3	643	1,499	696	1,553	53	54
	Net sales	Million ¥	24,924	55,593	27,039	61,090	2,115	5,496
Of which, Domestically produced gas:	Sales volume	Million M3	454	1,079	529	1,185	74	105

Sales volume of "Domestically produced gas" stated herein does not include purchased gas.



Sales volume (total)

Of which, domestically produced gas

Sales volume increased by 54 million M3 (+4%) vs FY10

-Increase in demand for industrial users and commercial-scale utility gas customers

Net sales increased by ¥54 billion (+10%) vs FY10

-Increase in demand (+54 million M3 (+4%))

-Rise in sales prices

Actual sales of Crude oil in FY2011 (vs FY2010)

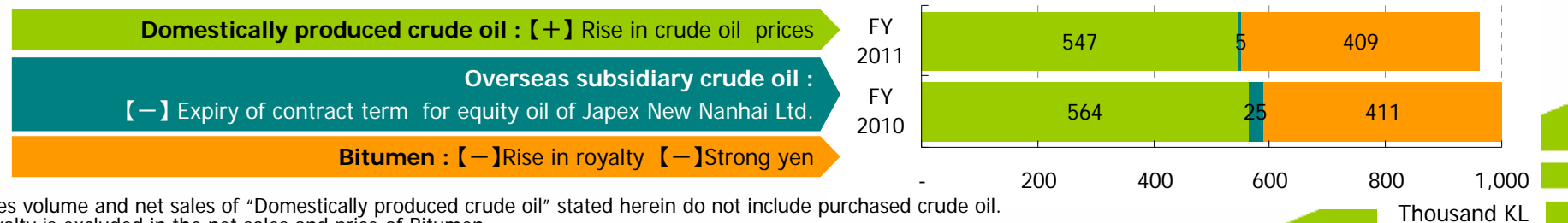
Sales volume : Thousand KL Net sales : Million ¥		FY 2010		FY 2011		change	
		1H (a)	Full (a)	1H (a)	Full (a)	1H	Full
Crude oil:	Sales volume	967	2,125	946	1899	(21)	(226)
	Net sales	33,008	80,742	38,242	77,629	5,233	(3,113)

Breakdown of equity oil

Domestically produced crude oil:	Sales volume	250	564	246	547	(4)	(16)
	Net sales	9,394	23,122	11,083	25,777	1,689	2,655
Overseas subsidiary crude oil:	Sales volume	23	25	3	5	(20)	(20)
	Net sales	598	690	117	187	(480)	(502)
Bitumen:	Sales volume	188	411	197	409	9	(2)
	Net sales	4,140	11,433	5,512	10,141	1,372	(1,292)

Oil price and Exchange rate assumptions

JCC price	USD/bbl	56.83	67.50	78.95	82.69	22.12	15.19
Exchange rate	Yen/USD	96.36	92.74	90.71	86.24	(5.65)	(6.50)
Bitumen price	CAD/bbl	42.10	50.15	52.98	48.32	10.87	(1.83)
Exchange rate	Yen/CAD	82.97	88.07	83.76	81.47	0.79	(6.60)



Sales volume and net sales of "Domestically produced crude oil" stated herein do not include purchased crude oil.

Royalty is excluded in the net sales and price of Bitumen.

Sales volume and net sales of "Overseas subsidiary crude oil" are the sum totals of the sales volumes and net sales reported by two overseas consolidated subsidiaries (Japex New Nanhai Ltd. and Japex (U.S.) Corp.).

Actual results for FY2011 (vs FY2010)

[Million ¥]	FY2010 (a)	FY2011 (a)	change
Net sales	179,752	199,651	19,898
Gross profit	54,285	54,732	447
Exploration expenses	10,396	9,798	(597)
SG&A expenses	30,769	31,084	314
Operating income	13,119	13,849	730
Non-operating income (expenses)	10,087	3,272	(6,815)
Ordinary income	23,206	17,122	(6,084)
Extraordinary income (losses)	162	(4,166)	(4,328)
Income taxes	4,443	2,161	(2,282)
Minority interests in income	986	783	(202)
Net income	17,939	10,010	(7,928)

« Causes of increase(+) or decrease(-) »

Gross profit

Domestic crude oil and natural gas
+ ¥2.1 billion
Overseas consolidated subsidiaries
- ¥1.9 billion

Exploration expenses

Domestic exploration - ¥1.8 billion
Overseas exploration + ¥2.4 billion

Non-operating income (expenses)

Dividends income - ¥5.5 billion
Loss on valuation of securities
- ¥1.0 billion

Extraordinary income (losses)

Loss on adjustment for changes of accounting
standard for asset retirement obligations
- ¥2.3 billion
Loss on Great East Japan Earthquake
- ¥1.5 billion



Estimates for FY2012

Executive Vice President **Hiroshi Sato**

Estimates for FY2012 (Point)

[Million ¥]		FY2011		FY2012		change	
		1H (a)	Full (a)	1H (e)	Full (e)	1H	Full
Net Sales		92,369	199,651	101,256	223,479	8,887	23,827
Operating income		3,845	13,849	5,722	11,757	1,876	(2,093)
Ordinary income		4,929	17,122	7,362	15,634	2,433	(1,488)
Net income		1,896	10,010	5,459	11,528	3,563	1,517
JCC price	USD/bbl	78.95	82.69	90.00	90.00	11.05	7.31
Exchange rate	Yen/USD	90.71	86.24	85.00	85.00	(5.71)	(1.24)
Bitumen price	CAD/bbl	52.98	48.32	45.48	47.82	(7.50)	(0.50)
Exchange rate	Yen/CAD	83.76	81.47	85.00	85.00	1.24	3.53

Point FY2012 vs FY2011

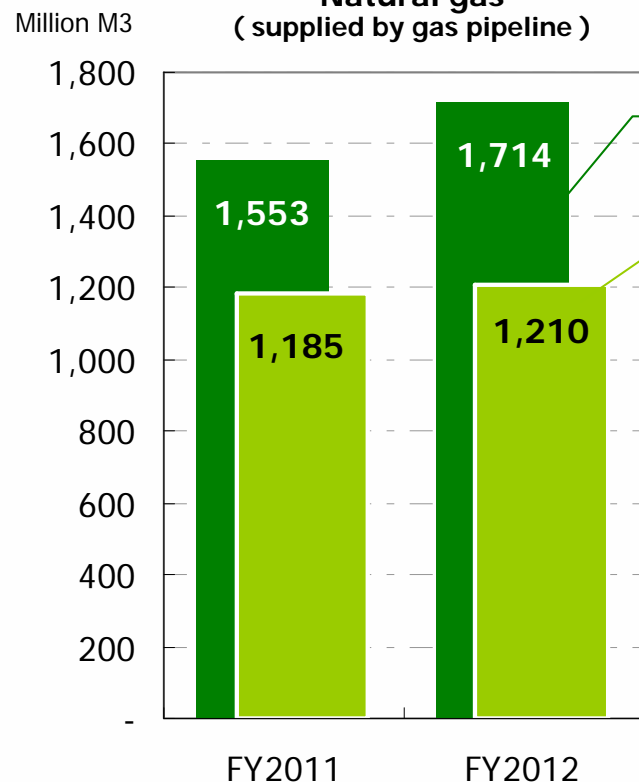
Operating income -¥ 2.0 billion	➤ Gross profit	-¥ 2.3 billion	-Transportation on consignment income
	➤ Exploration expenses	+¥ 0.3 billion	-Domestic Exploration expenses
Ordinary income -¥ 1.4 billion	➤ Non-operating income (expenses)	+¥ 0.6 billion	-Loss on valuation of securities
Net income +¥ 1.5 billion	➤ Extraordinary income (losses)	+¥ 3.9 billion	-Application of new accounting standards
	➤ Income taxes	-¥ 1.0 billion	-Loss on Great East Japan Earthquake

Estimated Natural gas sales in FY2012

			FY2011		FY2012		change	
			1H (a)	Full (a)	1H (e)	Full (e)	1H	Full
Natural gas:	Sales volume	Million M3	696	1,553	754	1,714	58	160
	Net sales	Million ¥	27,039	61,090	32,493	73,585	5,454	12,494
Of which, Domestically produced gas:	Sales volume	Million M3	529	1,185	545	1,210	15	25

Sales volume of "Domestically produced gas" stated herein does not include purchased gas.

Natural gas
(supplied by gas pipeline)



Sales volume (total)

Of which, domestically produced gas

Sales volume increased by 160 million M3 (+10%) vs FY11

-Increase in demand for utility gas customers and industrial users

Net sales increased by ¥124 billion (+20%) vs FY11

-Increase in demand (+160 million M3 (+10%))

-Rise in sales prices

Estimated Crude oil sales in FY2011

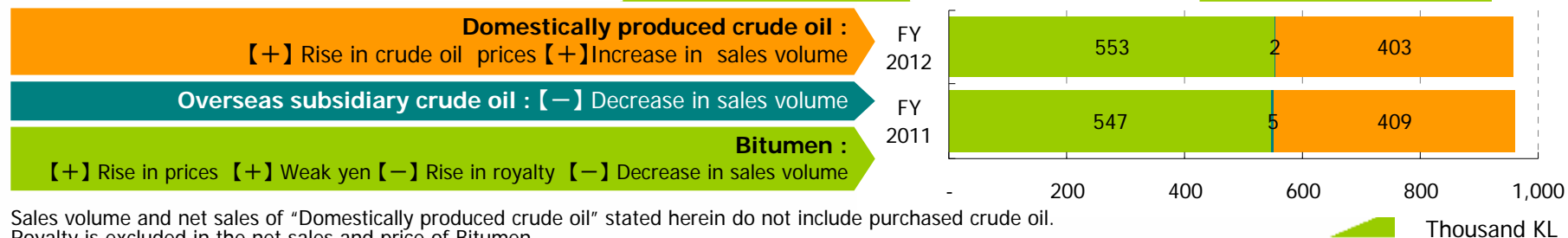
Sales volume : Thousand KL Net sales : Million ¥		FY 2011		FY 2012		change	
		1H (a)	Full (a)	1H (e)	Full (e)	1H	Full
Crude oil:	Sales volume	946	1,899	948	1,949	2	50
	Net sales	38,242	77,629	41,774	86,093	3,532	8,464

Breakdown of equity oil

Domestically produced crude oil:	Sales volume	246	547	256	553	10	6
	Net sales	11,083	25,777	12,528	26,978	1,445	1,200
Overseas subsidiary crude oil:	Sales volume	3	5	1	2	(2)	(3)
	Net sales	117	187	56	102	(61)	(85)
Bitumen:	Sales volume	197	409	191	403	(6)	(6)
	Net sales	5,512	10,141	4,645	10,323	(867)	183

Oil price and Exchange rate assumptions

JCC price	USD/bbl	78.95	82.69	90.00	90.00	11.05	7.31
Exchange rate	Yen/USD	90.71	86.24	85.00	85.00	(5.71)	(1.24)
Bitumen price	CAD/bbl	52.98	48.32	45.48	47.82	(7.50)	(0.50)
Exchange rate	Yen/CAD	83.76	81.47	85.00	85.00	1.24	3.53



Sales volume and net sales of "Domestically produced crude oil" stated herein do not include purchased crude oil.

Royalty is excluded in the net sales and price of Bitumen.

Sales volume and net sales of "Overseas subsidiary crude oil" are the sum totals of the sales volumes and net sales reported by two overseas consolidated subsidiaries (Japex New Nanhai Ltd. and Japex (U.S.) Corp.).

Estimates for FY2012

[Million ¥]	FY2011 (a)	FY2012 (e)	change
Net sales	199,651	223,479	23,827
Gross profit	54,732	52,361	(2,372)
Exploration expenses	9,798	9,446	(353)
SG&A expenses	31,084	31,158	74
Operating income	13,849	11,757	(2,093)
Non-operating income (expenses)	3,272	3,877	605
Ordinary income	17,122	15,634	(1,488)
Extraordinary income (losses)	(4,166)	(255)	3,912
Income taxes	2,161	3,245	1,084
Minority interests in income	783	607	(177)
Net income	10,010	11,528	1,517

« Causes of increase(+) or decrease(-) »

Gross profit

Domestic crude oil and natural gas
+ ¥2.7 billion

Expenses incurred in connection with increase
in purchase volume of LNG
- ¥2.2 billion

Transportation on consignment income
- ¥2.7 billion

Exploration expenses

Domestic exploration + ¥0.8 billion

Overseas exploration - ¥0.4 billion

Non-operating income (expenses)

Loss on valuation of securities
+ ¥1.0 billion

Dividends income - ¥0.3 billion

Extraordinary income (losses)

Loss on adjustment for changes of accounting
standard for asset retirement obligations
+ ¥2.3 billion

Loss on Great East Japan Earthquake
+ ¥1.5 billion

Oil price and Exchange rate assumptions and impact on profits

Assumption	JCC price USD 90 /bbl	Exchange rate Yen 85 /USD	Bitumen price CAD 47.82 /bbl (Yen 85 /CAD)
Impact on Profits	USD 1 /bbl increase in crude oil prices would push profits up by...	A weakening in the yen to Yen 5 /USD would push profits up by...	CAD 1 /bbl increase in bitumen prices would push profits up by...
Operating income	320 million Yen	1,170 million Yen	(25.4 thousand CAD) 220 million Yen
Net income	200 million Yen	800 million Yen	(22.2 thousand CAD) 190 million Yen

		FY2011			FY2012			change
		1H (a)	2H (a)	Full (a)	1H (e)	2H (e)	Full (e)	
JCC price	USD/bbl	78.95	85.67	82.69	90.00	90.00	90.00	7.31
Exchange rate	Yen / USD	90.71	82.95	86.24	85.00	85.00	85.00	(1.24)
Bitumen price	CAD/bbl	52.98	43.98	48.32	45.48	49.93	47.82	(0.50)
Exchange rate	Yen /CAD	83.76	81.47	81.47	85.00	85.00	85.00	3.53

Note1: Royalty is excluded in "Bitumen price".

Note2: 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.

New Medium-term Business Plan (FY2012 - FY2016)

President Osamu Watanabe

About the New Medium-Term Business Plan Covering the Period from FY2012 to FY2016

I . The New Medium-Term Business Plan

II . JAPEX's Perception of the Business Environment and Preconditions

(assumptions regarding crude oil prices and exchange rates)

III Corporate Vision and Basic Strategies for JAPEX Expansion

IV. Growth Initiatives

1. E&P business
2. Domestic natural gas business
3. Environment and innovative technology business

V. Consolidated Profit and Loss / Investment Portfolio

VI . Summary

I-1. The Level of Achievement against Previously Established Targets Leading into the New Medium- Business Plan

- In working toward the overarching goal of business growth and expansion, JAPEX is projected to achieve its targets for proved reserves, natural gas sales volume as well as sales of natural gas and domestically produced crude oil established under the mid-term business plan announced in May 2008 by the fiscal year ending March 31, 2012.

Target 1
Proved reserves

350 million BOE by FY2013

- Final investment decision (FID) regarding the Canada Oil Sands Hangingstone Expansion Project (FY2012)
Note: Plan to bring the proved reserves (60 million BOE) of the Garraf oilfield in Iraq to account following confirmation in fiscal 2014

* FDP: Final Development Plan

Target 2
Natural gas sales volume

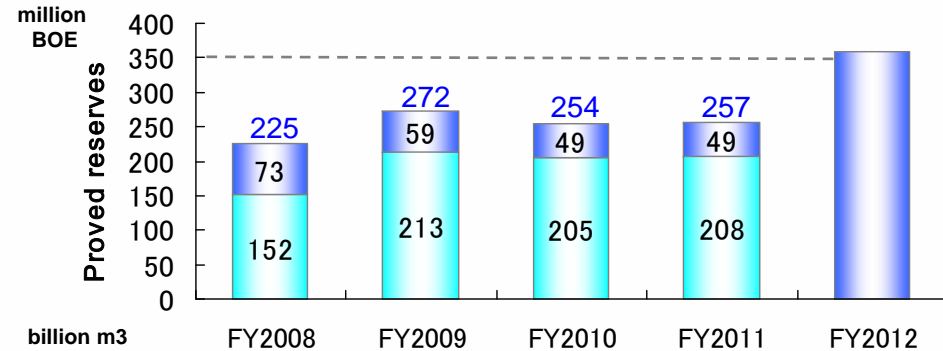
2.0 billion m3 by FY2014
(On a consolidated basis including satellite systems supply)

- Growing demand for natural gas
(Pipeline and satellite system supply)

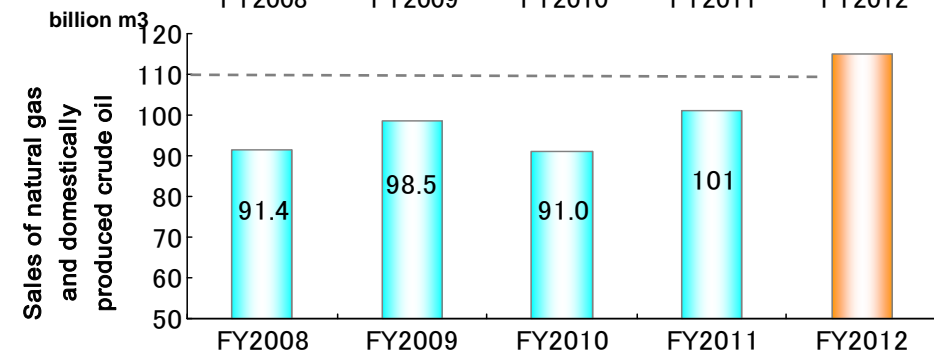
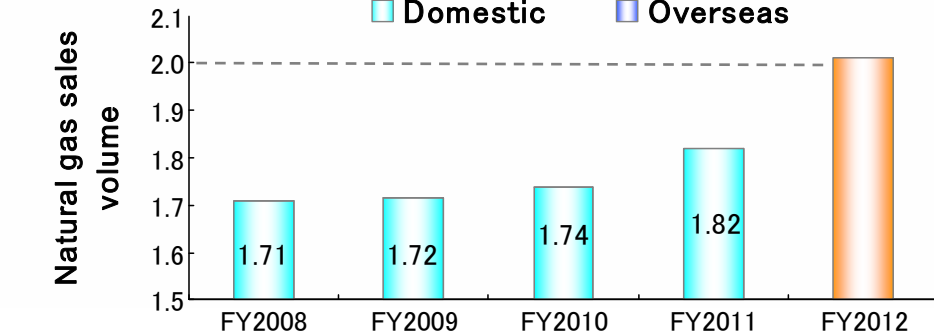
Target 3
Sales of natural gas and domestically produced crude oil

¥110 billion by FY2013
(On a consolidated basis including satellite systems supply)

- Review of the forecast crude oil price (\$80/bbl→\$90/bbl)
- Introduction of a feedstock cost adjustment systems for mixed supplies

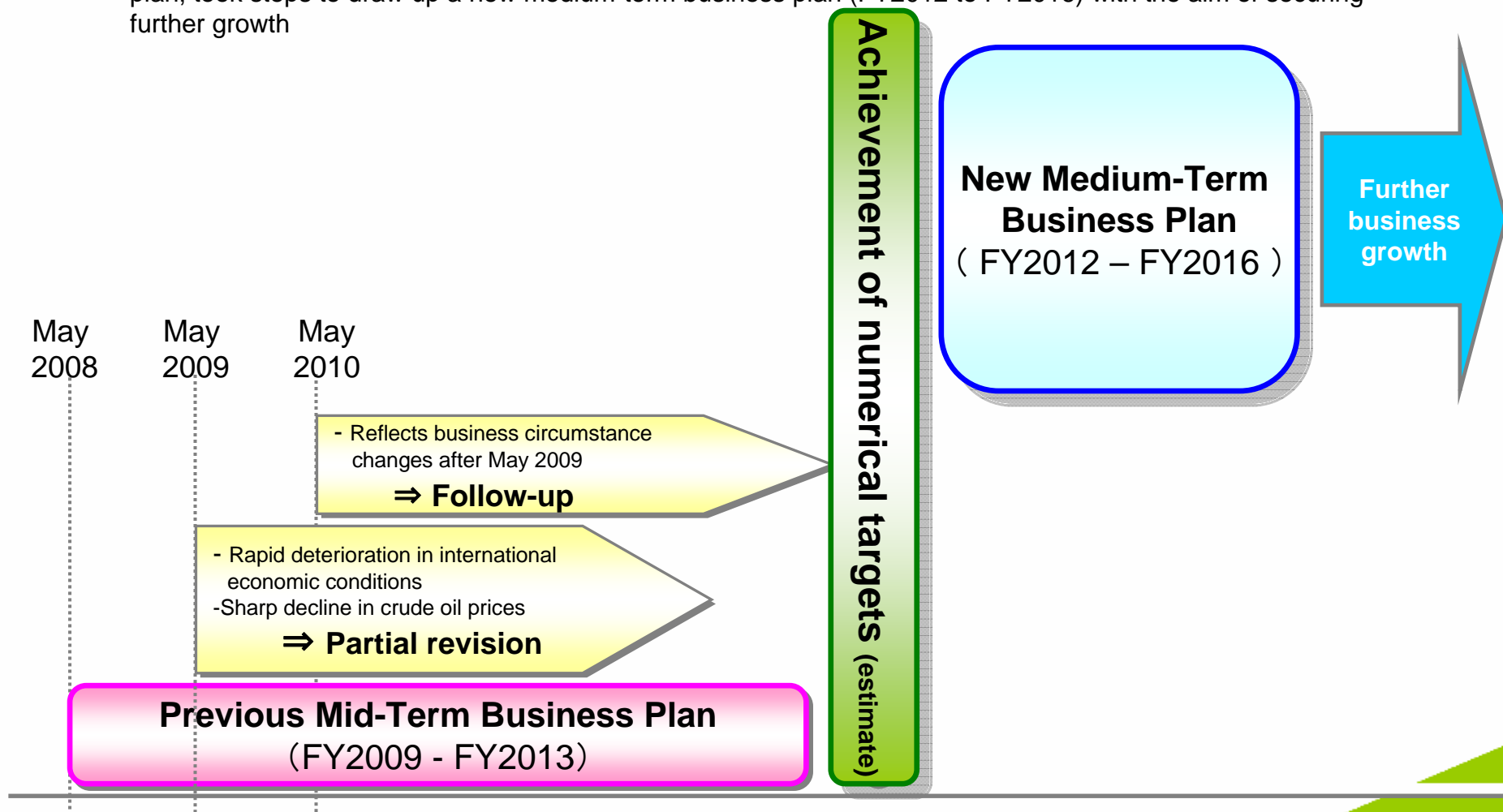


billion m3
 ■ Domestic ■ Overseas



I -2. Positioning of the New Medium-Term Business Plan

- Drawing on the level of achievement against numerical targets established under the previous mid-term business plan, took steps to draw up a new medium-term business plan (FY2012 to FY2016) with the aim of securing further growth



II-1. JAPEX' s Perception of the Business Environment and Preconditions

Perceptions of the Business Environment

An increasingly competitive resource development environment

- Growing nationalism in oil and gas producing countries
- Sharp increase in the energy prices fueled by such factors as pro-democracy movements in the Middle east and North Africa
- A return to fossil fuels in the aftermath of the Great East Japan Earthquake

Intense competition in the domestic natural gas business

- Aggressive natural gas infrastructure development by competitive companies
- Escalating difficulty in procuring supplies of LNG in the aftermath of the Great East Japan Earthquake
- Deregulation in line with structural reforms in the gas business

Trends in energy prices

- Marked increase in crude oil prices from 2004; Record high in July 2008
- A sharp drop after July 2008; indications of a steady recovery
- Increased volatility in both crude oil and LNG prices

Growing social awareness toward environmental issues

- Commonly held GHG (Greenhouse Gas) reduction goal leading up to 2050
- GHG reduction efforts triggering new opportunities for business growth
- The direction of long-term GHG reduction initiatives to remain unchanged following the Great East Japan Earthquake

Note: Taking into consideration current uncertainty surrounding the effects of the Great East Japan Earthquake on the Company's business, JAPEX has not factored in any explicit impact for the duration of the plan from fiscal 2013 and beyond.

II-2 JAPEX' s Perception of the Business Environment and Preconditions

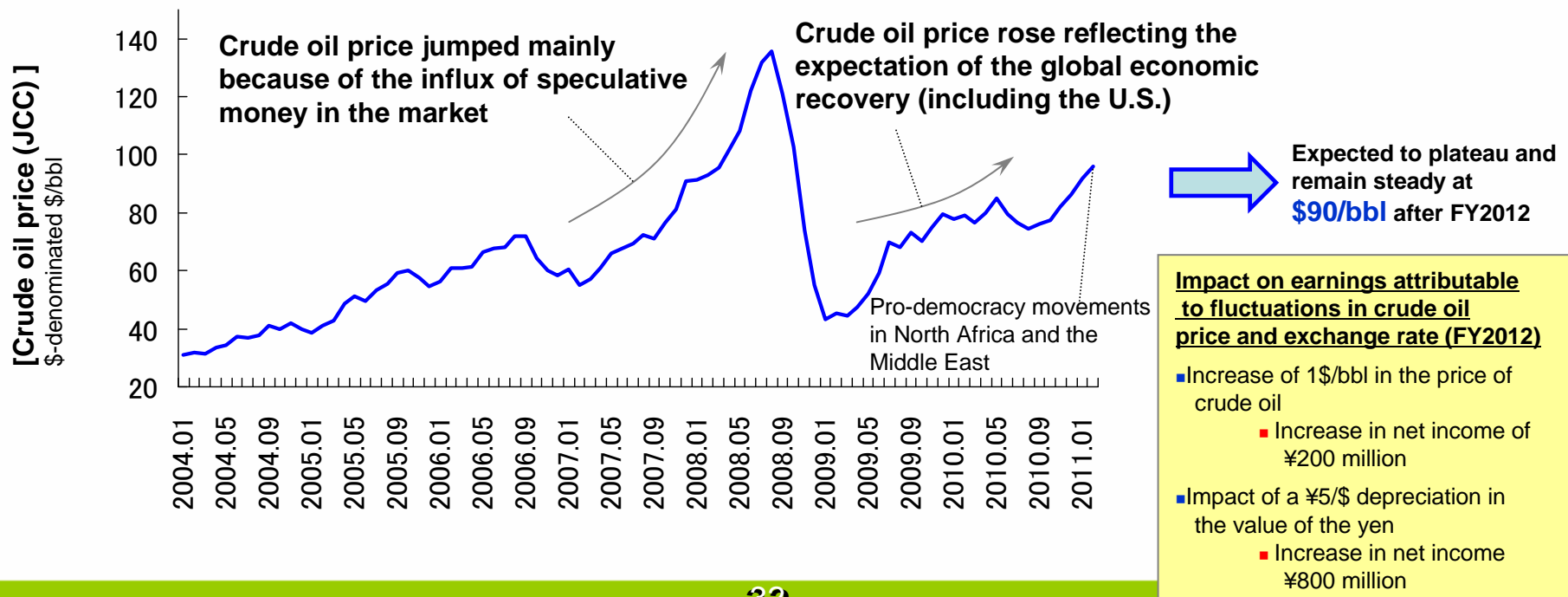
assumptions regarding crude oil price and exchange rate

■ Taking into consideration the current high level of crude oil price and the assumption that price would continue to hover at current levels for the foreseeable future, JAPEX has identified the following crude oil price and exchange rate projections:

- **Crude oil price** : Expected to plateau and remain steady at **\$90/bbl** after FY2012
- **Exchange rate** : Expected to maintain steady at **¥90/\$** after FY2013

Preconditions of the New Medium-Term Business Plan

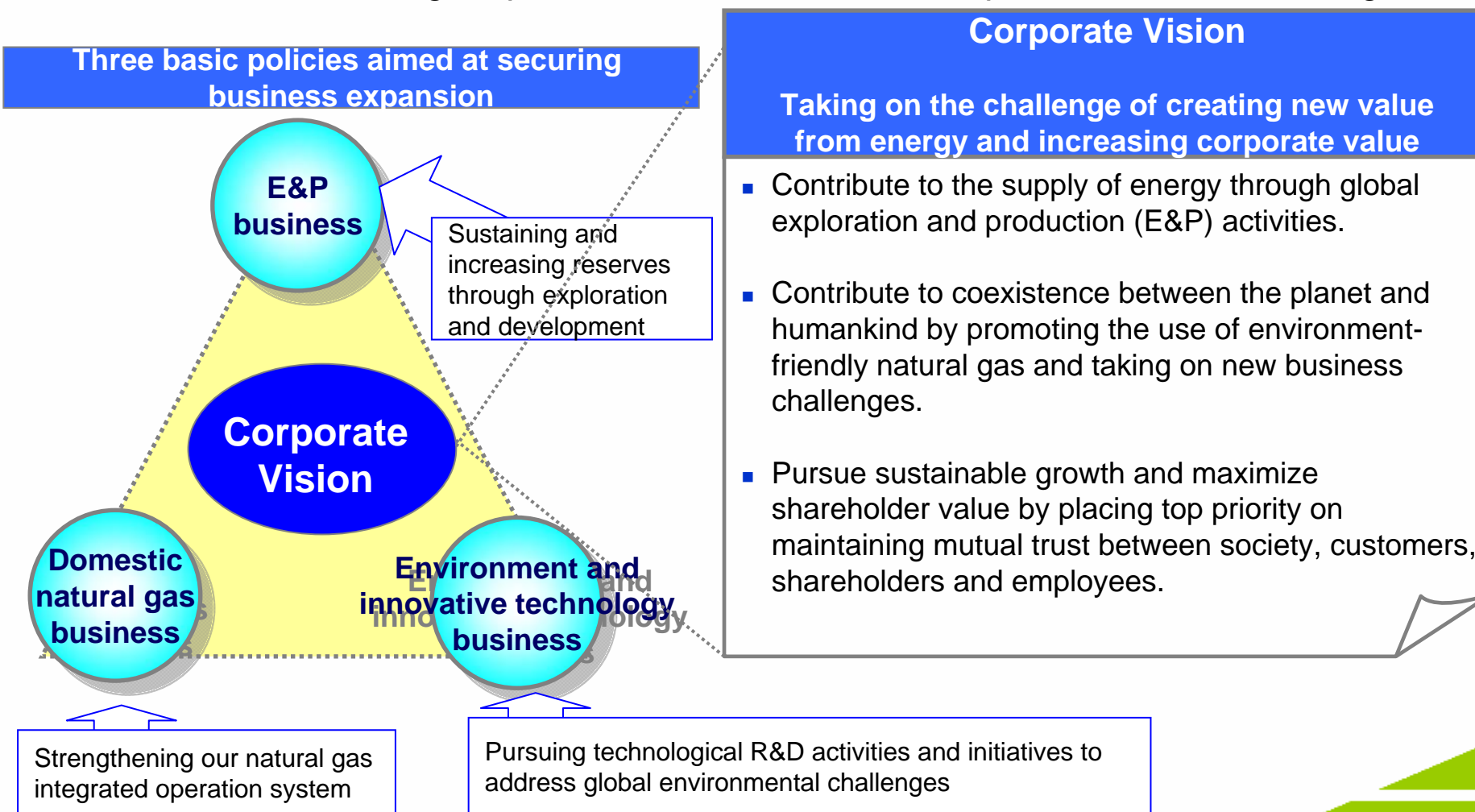
	FY11 (a)	FY12 (e)	FY13 (e)	FY14 (e)	FY15 (e)
Crude oil price (\$/bbl)	82.69	90	90	90	90
Exchange rate (¥/\$)	86.24	85	90	90	90




III-1. Corporate Vision and Basic Strategies for JAPEX Expansion

Three basic policies for JAPEX expansion

- JAPEX's overarching corporate vision and three basic policies remain unchanged



Note1)  : Business targets identified at the time the previous mid-term business plan (FY2009 to FY2013) was prepared

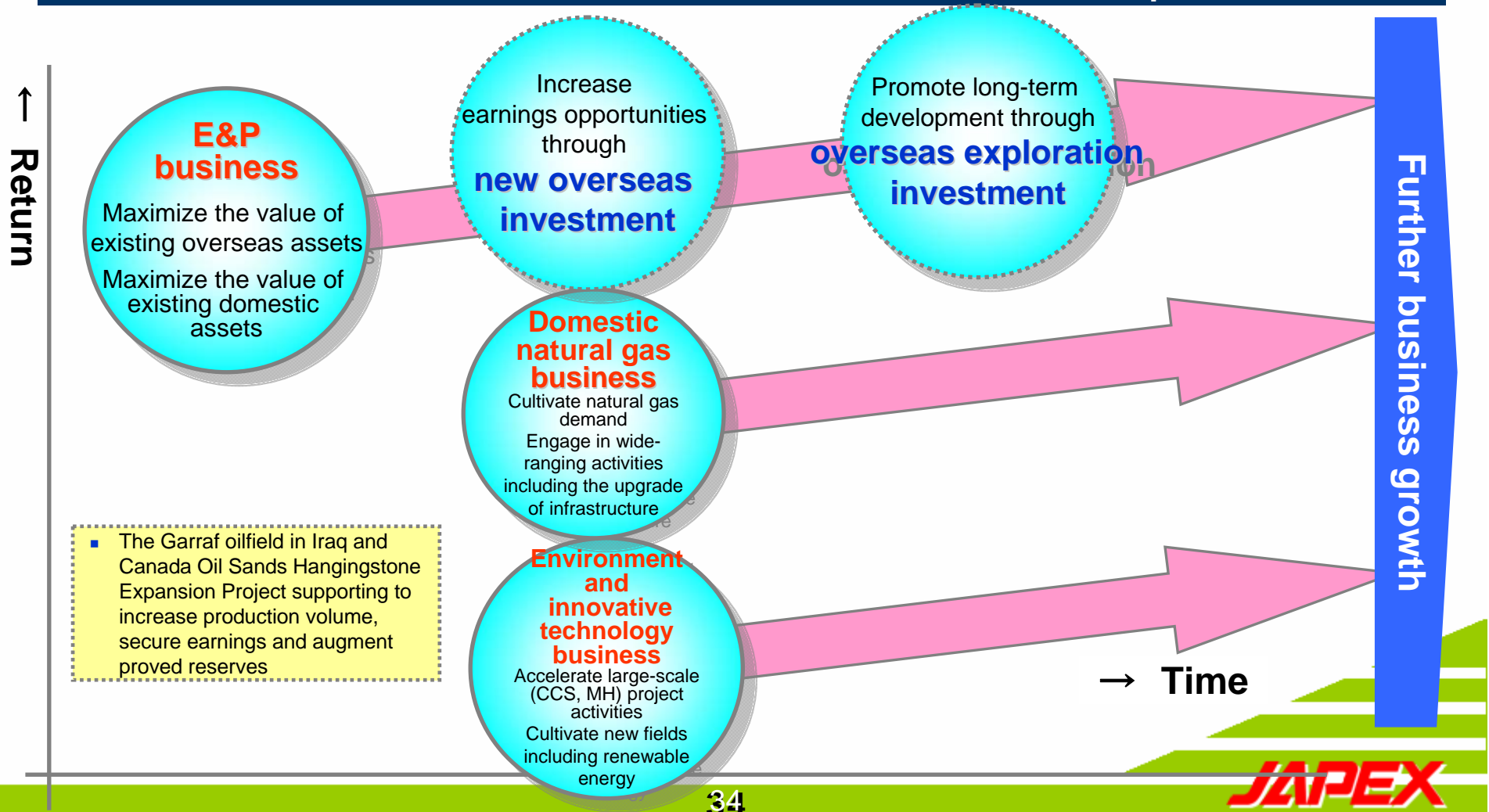
Note2) E&P: Exploration and Production

III-2. Corporate Vision and Basic Strategies for JAPEX Expansion

Growth Story

- While positioning E&P at the Company's main activities, endeavor to increase business opportunities by shifting to E&P activities overseas and pursuing new investment in domestic natural gas as well as environment and innovative technology as the means to help realize business expansion

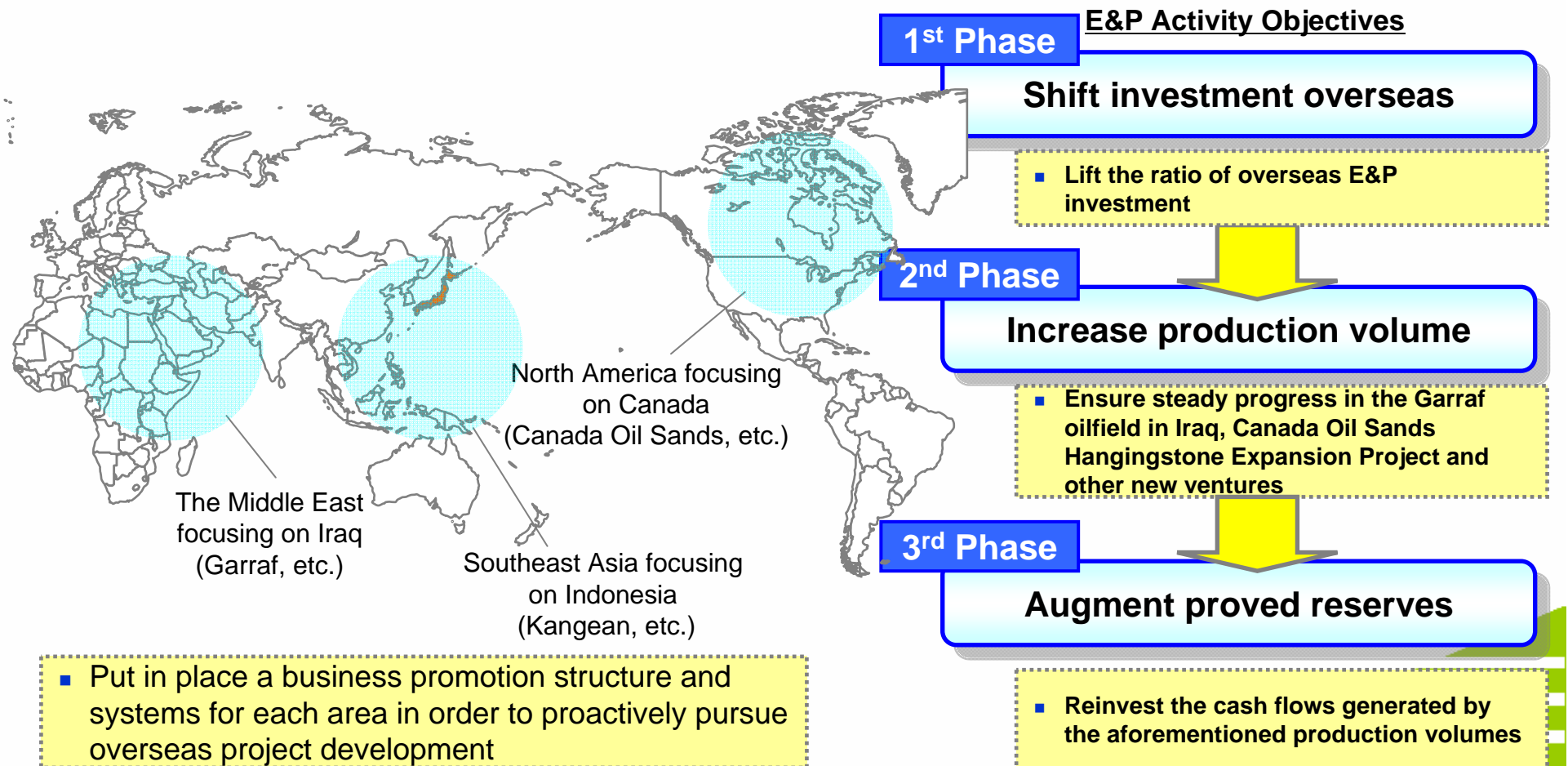
Growth scenario under the new medium-term business plan



IV-1. Growth Initiatives ① E&P Activities (1/2)

- Focusing particularly on a shift overseas, organize E&P activities into three phases over the next decade and establish clearly defined objectives for each phase

Overseas E&P activities under the new medium-term business plan



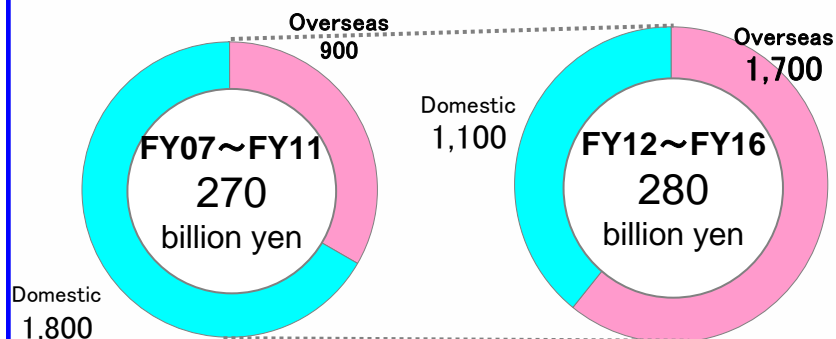
IV-2. Growth Initiative

① E&P Activities (2/2)

Objective 1:

Shift investment overseas (FY2013 to FY2016)

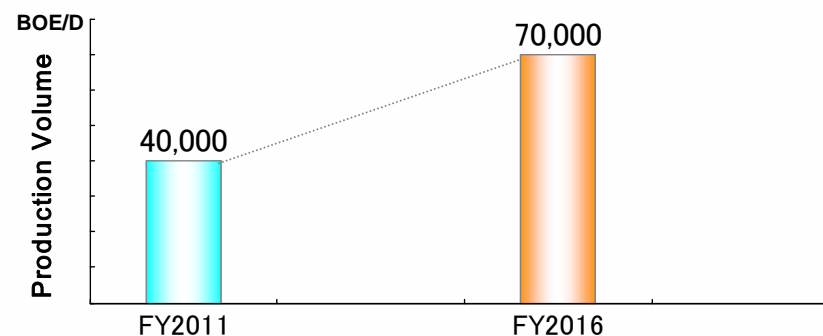
Lift overall overseas investment as a ratio of the E&P investment portfolio from the approximate 30% recorded over the past five year to around 60%



Note: Including investments through loans to equity-method affiliates

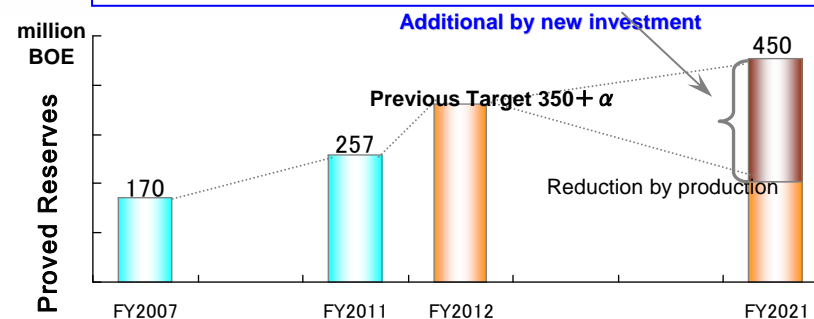
Objective 2: Increase production volumes

Ensure the shift to production and cash in from development projects slated for between fiscal 2012 and fiscal 2016



Objective 3: Increase proved reserves

Further increases in proved reserves projected through the reinvestment of cash flows generated from overseas projects

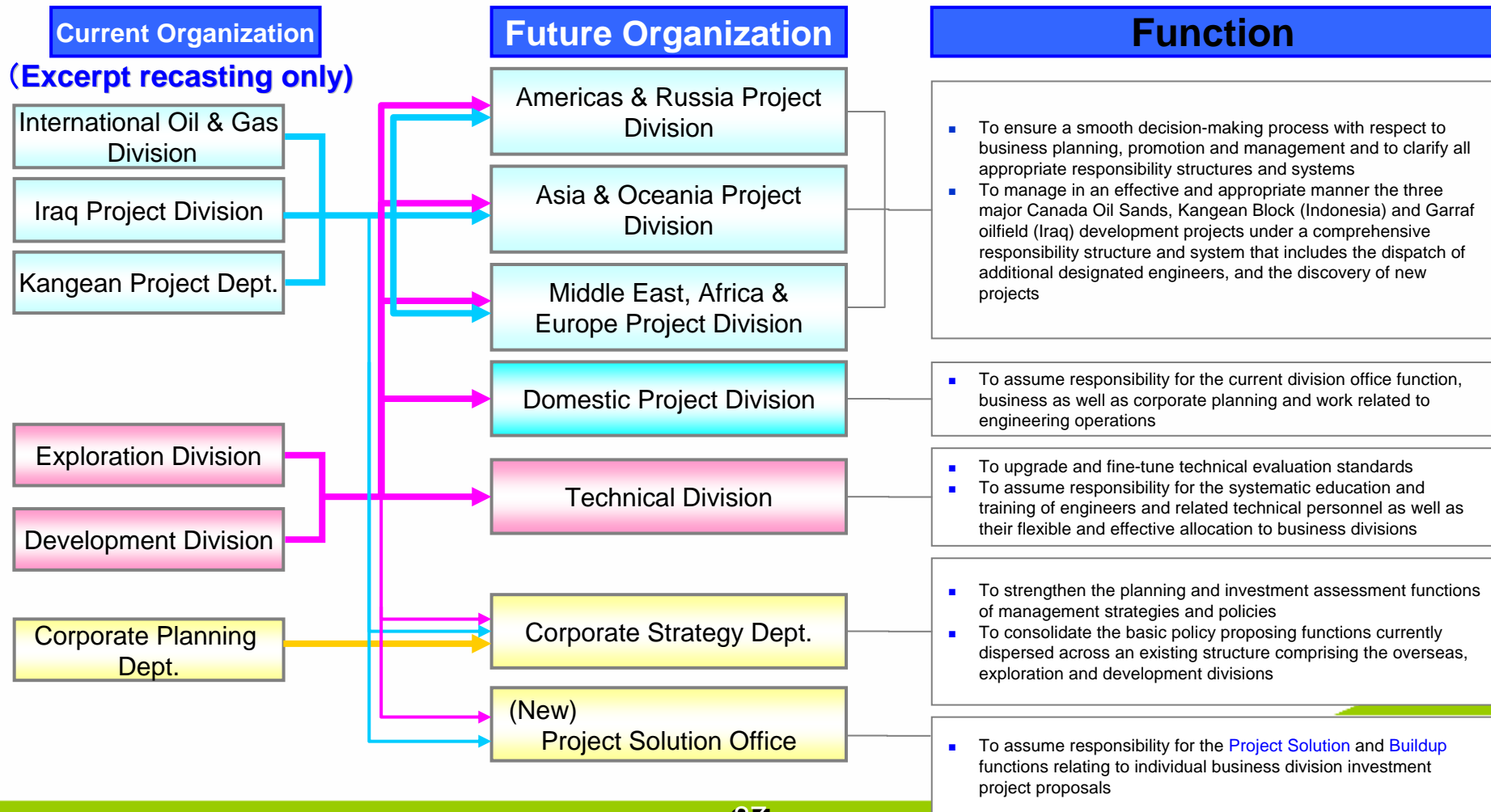


Note) Above "Production volume" and "Proved Reserves" are equivalent to JAPEX group's interest.

【Reference】 Development of the E&P business structure (Effective from June 24) or Restructuring of the E&P business organization

- Plans are in place to implement the following organizational structure as a part of efforts to expand earnings through aggressive investment in overseas E&P businesses and the establishment of a robust earnings platform

Basic concept: Development of E&P business structure

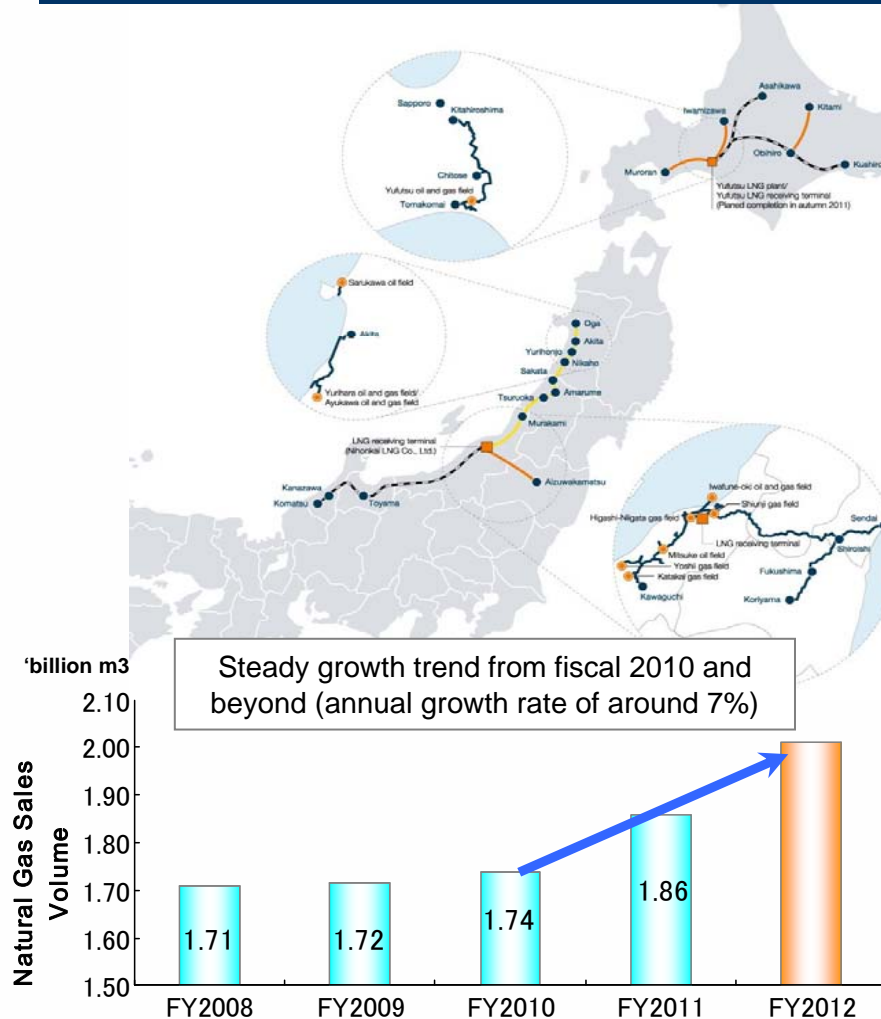


IV-3. Growth Initiatives

② Domestic Natural Gas Business

- Contribute to the growing use of natural gas (amid, however, an uncertain business environment)

Domestic natural gas business under the new medium-term business plan



Domestic natural gas activities

FY2012

Expectations of achieving a natural gas sales volume of 2.0 billion m3

Changing factors in future

Uncertainties surrounding the business environment due largely to the Great East Japan Earthquake and other factors

Decrease in Hokkaido natural gas sales volume from fiscal 2013 and beyond

Future initiatives

In order to contribute to the growing use of natural gas, cultivate demand and focus on infrastructure and other development while endeavoring to optimally adjust sales prices

IV-4. Growth Initiatives

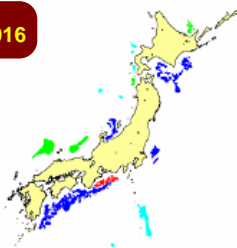
③ Environment and Innovative Technology Projects

- Engage in full-fledged commercialization activities as one of the three basic policies that underpin JAPEX's earnings platform

Environment and innovative technology activities under the new medium-term business plan

Methane hydrate Phase 2 Fiscal 2010 to Fiscal 2016


- Plans in place to conduct two offshore production tests in the Tobu Nankai trough
- Commissioned to serve as project operator, JAPEX will drive business promotion forward
- Drawing on the results of phase 2, undertake a comprehensive evaluation from fiscal 2017



2010	2011	2012	2013	2014	2015	2018	2019	2020
		★		★					
phase 2. Offshore production test					phase 3.				

CCS Demonstration Project

- Japan CCS Co., Ltd. established in 2008; Joint private- and public-sector business promotion
- Preliminary surveys undertaken in three domestic location including exploration wells off the Tomakomai coast
- Considerable emphasis placed on the early implementation of CCS demonstration tests with an eye to commercialization from 2020 and beyond



2010	2011	2012	2013	2014	2015	2018	2019	2020
Survey					CCS demonstration test				
Toward commercialization									

Note: The aforementioned schedule is based on projected scenarios by the Company based on current conditions and events. There are no definitive plans currently in place.

Environment and innovative technology activity objectives

Existing activities

- Striving to reduce the environmental impact of our operations and becoming proactively involved in tree-planting programs.
- Promoting technological R&D of CCS, methane hydrate, GTL and DME, etc.

Apr.2010

- Established the Environment and Innovative Technology Projects Division
- Strengthen project promotions and the structure for uncovering opportunities

Future strategies

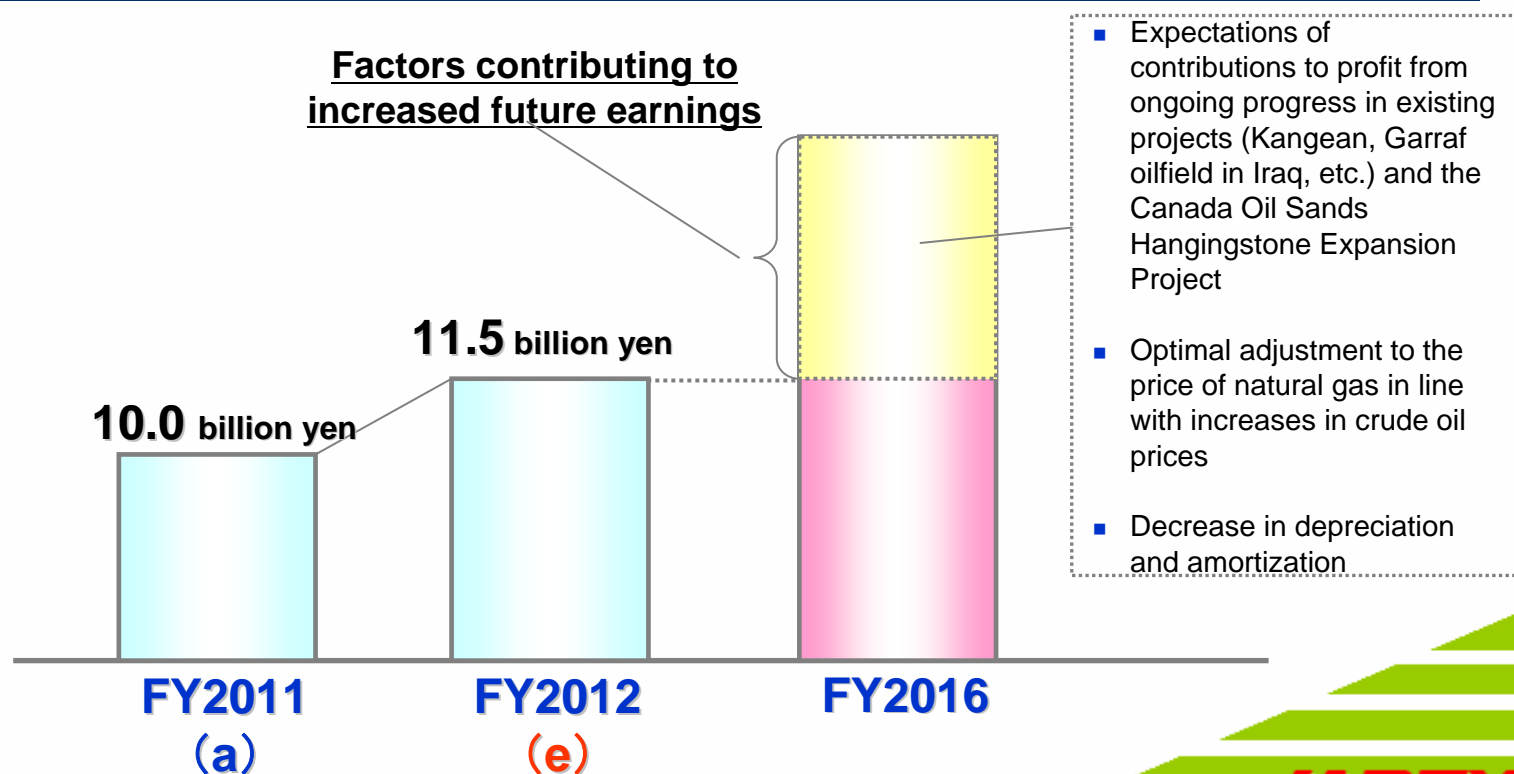
- Accelerate large-scale project-oriented activities
 - ✓ Methane hydrate phase 2
 - ✓ Pursue domestic CCS demonstration testing
 - ✓ Participate in overseas CCS projects
- Cultivate new fields including renewable energy
 - ✓ Target commercialization by fiscal 2016

V-1. Consolidated Profit and Loss / Investment Portfolio

Consolidated Profit and Loss

- Projected substantial recovery in the Company's consolidated profit and loss due to a variety of factors including the decrease in depreciation and amortization, adjustment to natural gas sales prices and contributions from the Canada Oil Sands Hangingstone Expansion Project

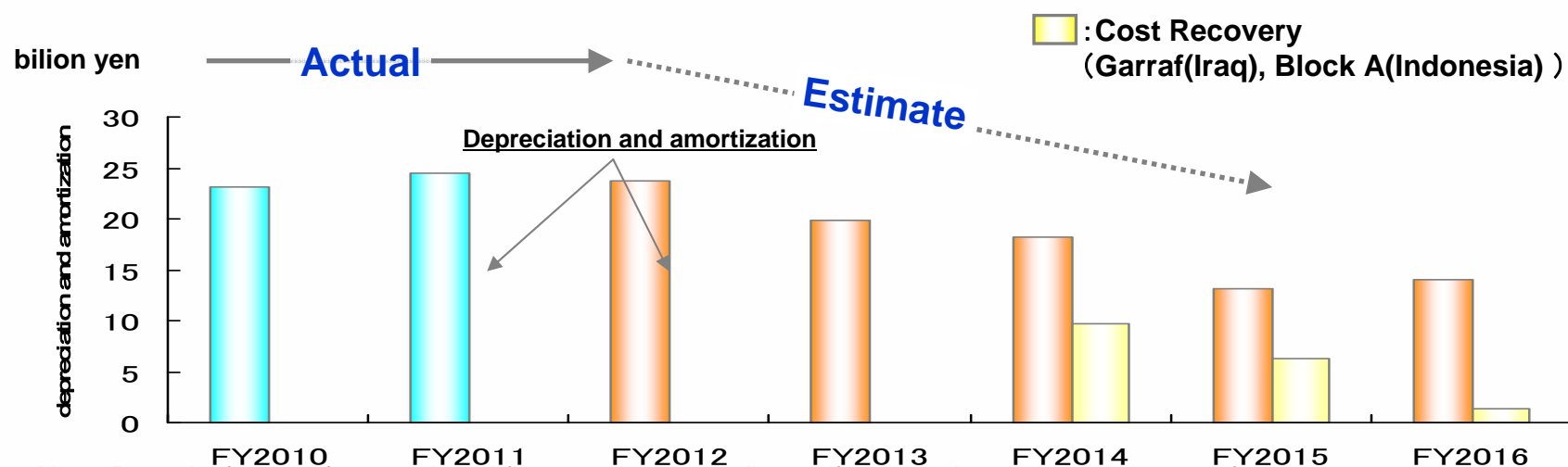
Forecast consolidated profit and loss (net income)



[Reference] Forecast Depreciation and Amortization

- Depreciation and amortization on a consolidated basis expected to peak (approximately ¥25.0 billion) leading up to fiscal 2011 and to decline thereafter
 - Due largely to the completion of a round of investment aimed at expanding domestic production capacity

Forecast Depreciation and Amortization



Note: Potential for the aforementioned figure to rise depending on future exploration investment performance

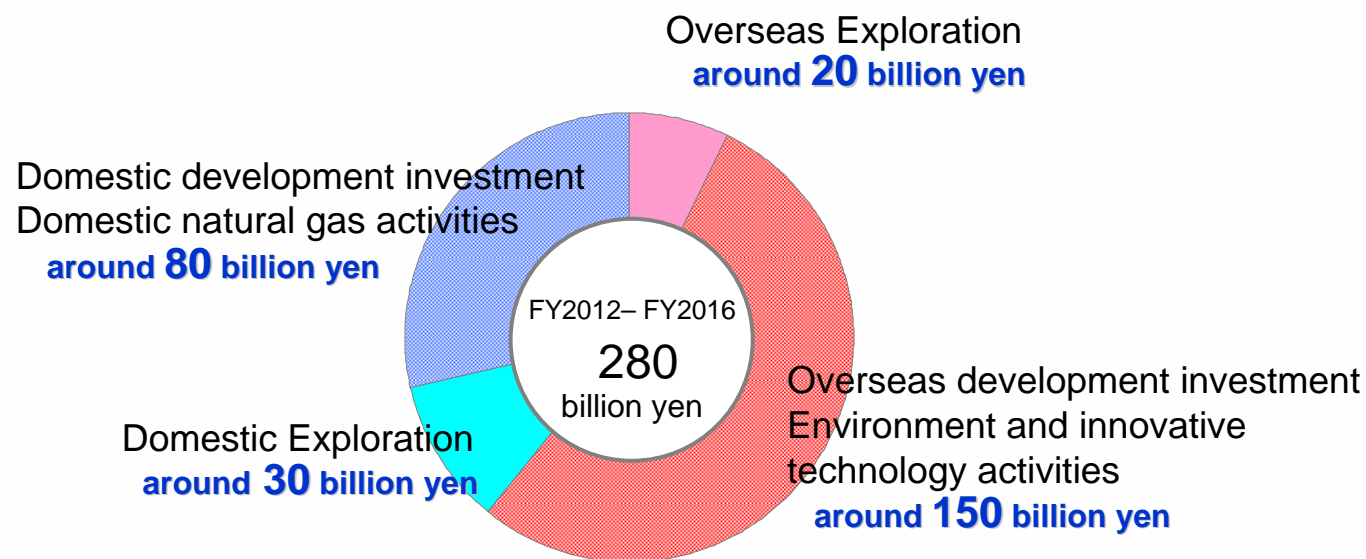
Besides depreciation and amortization, cost recovery will occur for the Garraf (Iraq) and Block A (Indonesia) when production commencement. They will offset by receiving production income.

V-2. Consolidated Profit and Loss / Investment Portfolio

Investment Portfolio

- Projected investment scale of approximately ¥280.0 billion taking into consideration free cash flows between fiscal 2012 and fiscal 2016 together with external funds procured
- The investment portfolio is presented as follows

Investment portfolio (Image)



VI . Summary

- Expectations that the objectives identified in the mid-term business plan announced in May 2008 will be achieved by fiscal 2012
- Steps taken to draw up a medium-term business plan covering the period from fiscal 2012 to fiscal 2016
- Business expansion across the three core business pillars of E&P, domestic natural gas and environment and innovative technology
- Aiming for sustainable growth particularly in E&P activities, JAPEX will pursue the following initiatives aimed at shifting business overseas
 - ◆ Lift the ratio of overseas E&P investment (approximately 60% over the next five years)
 - ◆ Increase production volume mainly overseas by ensuring steady progress in such activities as the Garraf oilfield in Iraq and the Canada Oil Sands Expansion Project as well as the shift of production overseas (70,000 BOED by fiscal 2016)
 - ◆ Further augment proved reserves by reinvesting generated cash flows in new projects(450 million BOE by fiscal 2021)
- Steadily implement domestic natural gas activities and pursue environment and innovative technology commercialization in concert with E&P activities