

Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 <under Japanese GAAP>

May 11, 2012

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

Company name: Japan Petroleum Exploration Co., Ltd.
 Listing: Tokyo Stock Exchange, First Section
 Securities code: 1662
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Scheduled date of ordinary general shareholders' meeting: June 26, 2012
 Scheduled date to commence dividend payments: June 27, 2012
 Scheduled date to file Securities Report: June 27, 2012
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting (for analysts and institutional investors): Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

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

| Fiscal year ended | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------|-----------------|------|------------------|-----|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2012 | 230,638 | 15.5 | 15,045 | 8.6 | 22,159 | 29.4 | 17,027 | 70.1 |
| March 31, 2011 | 199,651 | 11.1 | 13,849 | 5.6 | 17,122 | (26.2) | 10,010 | (44.2) |

Note: Comprehensive income: FY2012: 9,953 million yen (- %) FY2011: -2,592 million yen (- %)

| Fiscal year ended | Net income per share | Diluted net income per share | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to sales |
|-------------------|----------------------|------------------------------|------------------|--|------------------------------------|
| | Yen | Yen | % | % | % |
| March 31, 2012 | 297.92 | – | 4.4 | 4.2 | 6.5 |
| March 31, 2011 | 175.16 | – | 2.6 | 3.3 | 6.9 |

Reference: Equity in earnings (losses) of affiliates: FY2012: -408 million yen FY2011: 441 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, 2012 | 532,890 | 406,773 | 73.7 | 6,869.27 |
| As of March 31, 2011 | 516,098 | 393,689 | 74.7 | 6,743.83 |

Reference: Equity As of March 31, 2012: 392,597 million yen As of March 31, 2011: 385,428 million yen

(3) Consolidated cash flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) 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, 2012 | 37,172 | (13,950) | 9,856 | 99,803 |
| March 31, 2011 | 34,284 | (24,282) | (521) | 66,826 |

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, 2011 | – | 20.00 | – | 20.00 | 40.00 | 2,286 | 22.8 | 0.6 |
| Fiscal year ended March 31, 2012 | – | 20.00 | – | 20.00 | 40.00 | 2,286 | 13.4 | 0.6 |
| Fiscal year ending March 31, 2013 (Forecast) | – | 20.00 | – | 20.00 | 40.00 | | 13.8 | |

3. Consolidated financial forecasts for the fiscal year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|--|--------------------|-------|--------------------|--------|--------------------|--------|--------------------|-------|-------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| For the six months ending September 30, 2012 | 95,823 | (8.4) | 4,858 | (21.9) | 5,503 | (30.2) | 6,441 | 1.7 | 112.69 |
| Fiscal year ending March 31, 2013 | 214,653 | (6.9) | 10,003 | (33.5) | 16,819 | (24.1) | 16,526 | (2.9) | 289.15 |

* 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 of prior period financial statements after error corrections
 - 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 of prior period financial statements after error corrections: None
- (3) Number of issued shares (common stock)
 - a. Total number of issued shares at the end of the period (including treasury stock)
 - As of March 31, 2012 57,154,776 shares
 - As of March 31, 2011 57,154,776 shares
 - b. Number of treasury shares at the end of the period
 - As of March 31, 2012 2,139 shares
 - As of March 31, 2011 2,105 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - Fiscal year ended March 31, 2012 57,152,657 shares
 - Fiscal year ended March 31, 2011 57,152,736 shares

Reference: Summary of non-consolidated results1. Non-consolidated financial results for the fiscal year ended March 31, 2012
(April 1, 2011 – March 31, 2012)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| Fiscal year ended | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------|-----------------|------|------------------|--------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2012 | 173,832 | 26.3 | 10,351 | 22.7 | 18,627 | 83.1 | 16,423 | 166.2 |
| March 31, 2011 | 137,630 | 5.0 | 8,436 | (24.3) | 10,173 | (56.7) | 6,169 | (66.4) |

| Fiscal year ended | Net income per share | Diluted net income per share |
|-------------------|----------------------|------------------------------|
| | Yen | Yen |
| March 31, 2012 | 287.36 | – |
| March 31, 2011 | 107.95 | – |

(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, 2012 | 482,174 | 368,813 | 76.5 | 6,453.14 |
| As of March 31, 2011 | 470,475 | 360,752 | 76.7 | 6,312.08 |

Reference: Equity As of March 31, 2012: 368,813 million yen As of March 31, 2011: 360,752 million yen

* Indication regarding execution of audit procedures

At the time of disclosure of this financial results report, the audit procedures for the consolidated financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* 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. Actual performance and other results may differ materially from these forecasts 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 “(1) Analysis of business performance” of “1. Business results” on page 4 of the attached material to the financial results report.

(Method of accessing supplementary material on financial results and contents of presentation meeting of financial results)

On May 11, 2012 (Friday), JAPEX plans to post supplementary material on its website.

In addition, JAPEX plans to hold a presentation meeting for analysts and institutional investors on May 14, 2012 (Monday). JAPEX plans to post the material distributed at this presentation meeting on its website promptly after the meeting is held.

(Attached Material)

1. Business results

(1) Analysis of business performance

In the fiscal year ended March 31, 2012, the Japanese economy was more severe than when the fiscal year started on account of the impact of the Great East Japan Earthquake. Despite signs of a gentle recovery from the second half of the fiscal year, the economic outlook continued to be troublesome, particularly with respect to declining corporate earnings and the ongoing difficult employment environment.

The Japan Crude Cocktail (JCC) price began the fiscal year at the high level of \$110 per barrel owing to the political unrest in the Middle East and North Africa and rose to as high as \$118 per barrel in May. Since then, although the price hovered above and below the \$110 level until tensions in the Middle East pushed up the price again, and as of the end of the fiscal year, the price had reached a high level of \$120.

In the currency exchange market, the strong-yen trend of the previous fiscal year continued in this fiscal year as well. The yen's value against the US dollar was in the lower ¥80 range at the beginning of the fiscal year and rose in strength to the unprecedented higher ¥76 range in early autumn. However, with the contribution of the higher JCC price, the JAPEX Group's crude oil prices rose in terms of the average for the fiscal year compared with the previous fiscal year.

On the other hand, with regard to natural gas, against a backdrop of rising demand for natural gas, particularly as a fuel for electricity generation due to the Great East Japan Earthquake, it became increasingly difficult to procure the feedstock for liquefied natural gas (LNG). Moreover, as a result of continued movement towards entering the market, particularly with respect to the development of supply infrastructure, the JAPEX Group has faced with a difficult market environment.

Given this environment, the JAPEX Group endeavored to secure production and transportation, and focused on efficient E&P in Japan and overseas toward achieving a stable, long-term supply of energy essential for daily life.

During the fiscal year under review, net sales was at ¥230,638 million, an increase of ¥30,986 million (+15.5%) year on year. The main factors behind the year-on-year increase in net sales were the increase in sales prices due to crude oil price remaining high and an increase in sales volume of natural gas, among others. As for gross profit, despite the existence of factors pushing up earnings due to the increase in net sales mentioned above, the rise in the purchase price of LNG caused by the soaring crude oil price, and an increase in expenses involved in handling peak winter demand for natural gas in Hokkaido, as well as other factors, caused it to stay at ¥56,278 million, up ¥1,545 million (+2.8%) year on year.

Exploration expenses decreased by ¥1,992 million (-20.3%) year on year to ¥7,805 million, mainly due to a decrease in domestic expenditures, despite an increase in overseas expenditures in Canada. Selling, general and administrative expenses increased ¥2,342 million (+7.5%) year on year to ¥33,426 million, due to upgrading and expanding of the overseas business divisions and reorganization of the technical divisions as part of organizational restructuring conducted in June 2011. As a result, operating income increased ¥1,195 million (+8.6%) to ¥15,045 million.

Ordinary income increased ¥5,037 million (+29.4%) to ¥22,159 million, owing to factors such as increases in dividend income and gain on sales of securities and decreases in loss on valuation of securities and foreign exchange losses.

Income before income taxes and minority interests was ¥22,471 million, a ¥9,515 million increase (+73.4%) year on year, owing to factors such as the recording as extraordinary income of insurance income received for damages caused by the Great East Japan Earthquake, and as extraordinary losses of loss on adjustment for changes of account standard for asset retirement obligations and loss on disaster due to the Great East Japan Earthquake in the previous fiscal year.

As a result of an increase in income taxes, net income was ¥17,027 million, a ¥7,016 million increase (+70.1%) year on year.

Below is a breakdown of sales.

(i) E&P

Net sales from E&P (including liquefied natural gas (LNG) and bitumen) came to ¥180,779 million, an increase of ¥27,960 million (+18.3%) year on year. Although the absence of sales of crude oil products bought at Japan Canada Oil Sands Limited (JACOS) had a negative impact, it was outweighed by the rise in sale prices accompanying the highly remaining crude oil price, an increase in sales volume of natural gas and an increase in net sales of crude oil products bought owing to higher sales volume for Sakhalin crude oil.

(ii) Contract Services

Net sales from contract services (involved in drilling and geological surveys) came to ¥8,360 million, an increase of ¥1,329 million (+18.9%) 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 and oil products on consignment as well as other subcontracted tasks, came to ¥41,497 million, an increase of ¥1,696 million (+4.3%) year on year.

Below is a summary of performance by segment. Please take note that segment profits or losses are on the basis of operating results.

(1) Japan

Net sales from the Japan segment are mainly composed of E&P (including liquefied natural gas (LNG)), contract services, and oil products and the like. Due to the factors such as the rise in sale prices accompanying the highly remaining crude oil price, an increase in sales volume of natural gas and an increase in net sales of crude oil products bought owing to higher sales volumes for Sakhalin crude oil, net sales for the fiscal year came to ¥221,351 million, an increase of ¥38,273 million (+20.9%) year on year and segment profit came to ¥23,978 million, an increase of ¥4,180 million (+21.1%).

(2) North America

Net sales from the North America segment are mainly composed of E&P (including bitumen). Due to factors such as the absence of sales of crude oil products bought at JACOS, decrease in production volumes due to inspection of bitumen facilities, etc. in the first half of the fiscal year and the impact of the strong yen, net sales for the fiscal year came to ¥9,297 million, a decrease of ¥7,287 million (-43.9%) year on year. Segment profit came to ¥1,244 million, a decrease of ¥2,004 million (-61.7%) due to increased exploration expenses in Canada.

Outlook for the fiscal year ending March 31, 2013

Our forecast is based on a JCC price of \$100 per barrel and an exchange rate of ¥80/\$. Actual non-consolidated results for the fiscal year under review came to \$112.43 per barrel and ¥78.93/\$.

Net sales for the fiscal year ending March 31, 2013 is expected to decrease by ¥15,985 million (-6.9%) from the fiscal year under review to ¥214,653 million. This is because in addition to expecting a decrease in sales of natural gas due to weaker demand from utility gas customers, etc., we also expect a decrease in sales of crude oil due to decrease in production volumes and lower prices.

We forecast operating income to decrease ¥5,042 million (-33.5%) from the fiscal year under review to ¥10,003 million because although we expect a decline in selling, general and administrative expenses, we also expect exploration expenses to increase as a result of active exploration projects in Japan and overseas, further decreasing the profit margin.

We forecast ordinary income to decrease ¥5,341 million (-24.1%) from the fiscal year under review to ¥16,819 million as we expect a decrease in dividends income.

However, concerning net income, we forecast a decrease of ¥501 million (-2.9%) to ¥16,526 million, considering the recording of extraordinary income relating to the sale of assets etc. and a reduced decline in the profit margin accompanying lower income taxes.

(2) Analysis of financial condition

a. Balance sheet

Total assets at the end of this fiscal year stood at ¥532,890 million, an increase of ¥16,792 million (+3.3%) year on year. Of this, current assets increased ¥42,449 million (+34.6%) to ¥165,054 million, and noncurrent assets fell ¥25,657 million (-6.5%) to ¥367,836 million.

The primary changes in current assets consisted mainly of an increase in short-term investment securities from the purchase of commercial papers for short-term investment purposes and an increase in short-term loans receivable based on repo transactions.

In noncurrent assets, property, plant and equipment decreased ¥7,782 million (-5.5%), as the factors for decrease such as depreciation expenses exceeded the factors for increase, such as the construction of new facilities including a CO² emission reduction facility and an LNG receiving terminal for domestic vessels. Investments and other assets decreased ¥17,734 million (-7.2%) as a result of decreases such as in investment securities owing to a devaluation of the market value of the stock of INPEX CORPORATION and others, despite an increase in long-term loans receivable extended to Kangean Energy Indonesia Ltd. (KEI) and EMP Exploration (Kangean) Ltd. (EMPE), both of which are equity-method affiliates, and an increase in the investments relating to development of the Garraf oilfield in Iraq.

Total year-end liabilities increased ¥3,708 million (+3.0%) year on year to ¥126,117 million mainly due to factors such as an increase in long-term loans payable for the procurement of funds to be directed for investments in KEI and EMPE, the recording of lease obligations for lease of domestic vessels for LNG transportation, and increase in notes and accounts payable-trade. This was in spite of a decrease in deferred tax liabilities brought about by factors such as the aforementioned decrease in investment securities. Total year-end net assets increased ¥13,083 million (+3.3%) year on year to ¥406,773 million as a result of factors such as an increase in retained earnings and a rise in minority interests from a third-party allocation of new shares by consolidated subsidiary Japex Garraf Ltd., despite a decline in the valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result, the equity ratio at March 31, 2012 was 73.7%.

b. Cash flows

As of March 31, 2012, cash and cash equivalents (hereinafter, "net cash") totaled ¥99,803 million, up ¥32,976 million, compared to the end of the previous fiscal year. Below is a summary of cash flows for each activity.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥37,172 million. The main factors were ¥22,471 million in income before income taxes and minority interests, ¥23,902 million in depreciation and amortization, ¥6,876 million in interest and dividends income and ¥2,325 million used in the difference between notes and accounts payable-trade and notes and accounts receivable-trade.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to ¥13,950 million. This is because the main uses, namely ¥19,095 million for payments into time deposits, ¥11,618 million for purchase of property, plant and equipment, ¥6,406 million for payments of recoverable accounts and ¥8,018 million for payments of loans receivable, exceeded increasing factors such as ¥19,446 million in proceeds from withdrawal of time deposits, ¥4,194 million in proceeds from sales and redemption of investment securities and ¥7,453 million in interest and dividends income received.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities was ¥9,856 million. This was because the amount of proceeds from long-term loans payable of ¥7,895 million for the procurement of funds to be directed for loans to KEI and EMPE and proceeds from stock issuance to minority shareholders of ¥5,908 million from a third-party allocation of new shares by consolidated subsidiary Japex Garraf Ltd. were exceeded by the amount of total expenditures such as ¥2,286 million of cash dividends paid and ¥778 million of repayment of long-term loans payable.

Reference: Trend of cash flow indicators

| Fiscal years ended March 31 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------|------|-------|-------|-------|
| Equity ratio (%) | 70.8 | 74.1 | 75.0 | 74.7 | 73.7 |
| Equity ratio on mark-to-market basis (%) | 60.7 | 45.3 | 52.0 | 46.1 | 41.3 |
| Interest-bearing debt to cash flow ratio (years) | 0.7 | 0.8 | 0.7 | 0.8 | 0.9 |
| Interest coverage ratio (times) | 148.5 | 70.7 | 117.2 | 170.9 | 197.6 |

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 stock).
- *3. Cash flow here is net cash provided by operating activities.
- *4. Interest-bearing debt is all debt subject to interest payments within liabilities shown on the consolidated balance sheets.

(3) Fundamental policy on allocation of profits and dividends for this year and next year

JAPEX's basic policy is to sustain stable dividends over the long term. Taking into account the medium and long-term outlook for the business, dividend payments are set based on respect for the return of profits to shareholders. While considering the need to secure new reserves as an energy company that plays a role in providing stable supplies of oil and natural gas, indispensable resources for society, the policy also takes into account the need for retained earnings to finance the replacement of reserves and to upgrade and improve transportation systems, primarily pipelines.

Based on the above reasoning, an annual dividend of ¥40 per share (¥20 per share interim dividend and ¥20 per share year-end dividend) is planned for the current year. The same dividend of ¥40 per share (¥20 per share interim dividend and ¥20 per share year-end dividend) is planned for the following year as well.

2. Business policies**(1) Fundamental business policies**

Since its establishment in 1955, JAPEX has pursued its mission of contributing to Japan's energy supplies by securing reserves and expanding production centered on the exploration, development, and sale of oil and natural gas. Guided by this mission, JAPEX has steadily discovered oil and natural gas reserves to result in the business base of today.

In light of its expanding role as a supplier and, consequently, related increases in its responsibility to society with regard to a stable supply, the JAPEX Group is actively focused on constructing a new business model that not only relies on expanding reserves but also upgrading and expanding transportation systems for natural gas and other initiatives. As such, the Group aims to move forward as a company with the competitive capabilities required to respond to changes in its operating environment. The section below outlines the Group's business philosophy in this respect.

Taking on the challenge of new energy value creation and increasing corporate value

- Contribute to the supply of energy through global exploration and production (E&P) activities.
- Contribute to coexistence between the planet and humankind by developing and promoting the use of environment-friendly natural gas.
- Pursue sustainable growth and maximize shareholder value by placing top priority on winning and maintaining the trust of society, customers, shareholders and employees.

(2) Medium- and long-term business strategy and critical issues

The replacement and expansion of reserves, which are depleted by production and sales activities, and the formulation of a supply structure of oil and natural gas that would ensure long-term stability is of paramount importance to JAPEX, a company whose business is centered on exploration, development and sales of these resources. Additionally, with factors such as intensification in the competitive environment for the domestic natural

gas business and changes in social conditions marked by an increase in the importance of global warming countermeasures, the business environment encompassing JAPEX is undergoing a rapid transformation. JAPEX, under the policy of its previous mid-term plan, has been working on establishing a clear action plan for the attainment of important business challenges over the long term by setting the following three activities as core business objectives; “Sustaining and increasing reserves through exploration and development,” “Strengthening our natural gas integrated operation system” and “Pursuing technological R&D activities and initiatives to address global environmental challenges.” Furthermore, on May 2011, JAPEX announced a new medium-term plan that, while continuously positioning the above-mentioned three activities as the three basic policies for the purpose of the Company’s business expansion, particularly positions “Sustaining and increasing reserves through exploration and development” (E&P business) as the core for future growth and focuses on shifting investment to overseas in the E&P business.

Details of the JAPEX Group Medium-Term Business Plan (for fiscal years 2012 to 2016) released on May 13, 2011 may be accessed with the following URLs in our Website.

http://www.japex.co.jp/english/newsrelease/pdf/JAPEX_20110513c.pdf

“Notice of the Medium-Term Business Plan of the JAPEX Group” (English translation of original Japanese text)

In the new Medium-Term Business Plan, JAPEX, mindful of the growing trend towards unstable energy prices and intensifying competition for the development of global resources, aims to achieve further business growth by conducting overseas E&P investment to expand business opportunities and increase reserves while at the same time ensuring the maximization of the value of existing assets in Japan and overseas.

Below are the policies and goals by each business.

(E&P business)

During the five year period from the beginning of the fiscal year ended March 31, 2012 to the end of the fiscal year ending March 31, 2016, JAPEX will shift investment to overseas in the E&P business, aiming to allocate 60% of the ¥280,000 million total investment budgets (¥170,000 million) to overseas investments. By pursuing this policy, JAPEX will be able to increase its consolidated daily production to 70,000 barrels by the end of the fiscal year ending March 31, 2016. In addition, by re-investing the cash flows provided by production, expand the proved reserves to 450 million barrels of crude oil equivalent by fiscal year ending March 31, 2021.

(Domestic natural gas business)

Although not quantitative targets have been set for sales volumes, etc, because of the uncertain business environment, JAPEX, aiming to contribute to the continuing and growing use of natural gas, will concentrate its efforts on the generation of new demand, development of infrastructure and facilities and the adjustment of sales prices to appropriate levels.

(Environment and innovative technology projects)

While stepping up efforts in large projects such as for methane hydrate and Carbon dioxide Capture and Storage (CCS), JAPEX will be the pioneering developer in renewable energy and other new fields. JAPEX aims to make the environment and technology business a commercial business by the end of the fiscal year ending March 31, 2016.

The JAPEX Group aims to utilize these activities to further strengthen its operating base and enhance its competitiveness as well as bolster operating efficiency. The ultimate goal is to achieve sustainable development and maximize shareholder value.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2011 | As of March 31, 2012 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,042 | 29,805 |
| Notes and accounts receivable-trade | 21,235 | 27,392 |
| Short-term investment securities | 28,186 | 51,870 |
| Merchandise and finished goods | 4,535 | 4,407 |
| Work in process | 102 | 99 |
| Raw materials and supplies | 5,579 | 4,952 |
| Deferred tax assets | 2,150 | 1,722 |
| Short-term loans receivable | 24,087 | 39,295 |
| Other | 4,685 | 5,509 |
| Allowance for doubtful accounts | (1) | (1) |
| Total current assets | 122,604 | 165,054 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 151,483 | 154,526 |
| Accumulated depreciation | (104,953) | (111,594) |
| Buildings and structures, net | 46,530 | 42,932 |
| Wells | 71,395 | 71,662 |
| Accumulated depreciation | (57,811) | (62,095) |
| Wells, net | 13,583 | 9,566 |
| Machinery, equipment and vehicles | 122,785 | 133,791 |
| Accumulated depreciation | (68,397) | (77,458) |
| Machinery, equipment and vehicles, net | 54,388 | 56,332 |
| Land | 15,107 | 15,097 |
| Construction in progress | 6,816 | 708 |
| Other | 15,398 | 19,870 |
| Accumulated depreciation | (11,183) | (11,649) |
| Other, net | 4,215 | 8,221 |
| Total property, plant and equipment | 140,642 | 132,859 |
| Intangible assets | | |
| Other | 7,296 | 7,156 |
| Total intangible assets | 7,296 | 7,156 |
| Investments and other assets | | |
| Investment securities | 221,971 | 192,726 |
| Long-term loans receivable | 18,791 | 23,407 |
| Deferred tax assets | 1,101 | 878 |
| Other | 9,024 | 15,439 |
| Allowance for doubtful accounts | (42) | (38) |
| Allowance for overseas investment loss | (5,291) | (4,593) |
| Total investments and other assets | 245,554 | 227,820 |
| Total noncurrent assets | 393,493 | 367,836 |
| Total assets | 516,098 | 532,890 |

(Millions of yen)

| | As of March 31, 2011 | As of March 31, 2012 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 5,057 | 7,251 |
| Provision for directors' bonuses | 87 | 94 |
| Provision for loss on disaster | 1,444 | 115 |
| Other | 13,363 | 25,516 |
| Total current liabilities | 19,953 | 32,977 |
| Noncurrent liabilities | | |
| Long-term loans payable | 26,898 | 26,198 |
| Deferred tax liabilities | 56,531 | 42,601 |
| Provision for retirement benefits | 7,121 | 7,129 |
| Provision for directors' retirement benefits | 645 | 745 |
| Asset retirement obligations | 9,524 | 9,670 |
| Other | 1,734 | 6,795 |
| Total noncurrent liabilities | 102,455 | 93,140 |
| Total liabilities | 122,408 | 126,117 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,288 | 14,288 |
| Retained earnings | 279,582 | 294,323 |
| Treasury stock | (10) | (10) |
| Total shareholders' equity | 293,861 | 308,601 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 95,518 | 89,366 |
| Deferred gains or losses on hedges | 17 | 20 |
| Foreign currency translation adjustment | (3,968) | (5,391) |
| Total accumulated other comprehensive income | 91,566 | 83,995 |
| Minority interests | 8,261 | 14,176 |
| Total net assets | 393,689 | 406,773 |
| Total liabilities and net assets | 516,098 | 532,890 |

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

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
| Net sales | 199,651 | 230,638 |
| Cost of sales | 144,919 | 174,359 |
| Gross profit | 54,732 | 56,278 |
| Exploration expenses | | |
| Exploration expenses | 10,161 | 7,805 |
| Exploration subsidies | (362) | - |
| Total exploration expenses | 9,798 | 7,805 |
| Selling, general and administrative expenses | 31,084 | 33,426 |
| Operating income | 13,849 | 15,045 |
| Non-operating income | | |
| Interest income | 520 | 1,368 |
| Dividends income | 3,074 | 5,507 |
| Gain on sales of securities | 181 | 881 |
| Other | 1,795 | 1,199 |
| Total non-operating income | 5,572 | 8,957 |
| Non-operating expenses | | |
| Interest expenses | 199 | 219 |
| Loss on sales of securities | 2 | 407 |
| Loss on valuation of securities | 1,060 | 360 |
| Equity in losses of affiliates | - | 408 |
| Foreign exchange losses | 669 | 193 |
| Other | 369 | 254 |
| Total non-operating expenses | 2,300 | 1,843 |
| Ordinary income | 17,122 | 22,159 |
| Extraordinary income | | |
| Reversal of allowance for doubtful accounts | 14 | - |
| Gain on sales of noncurrent assets | 28 | 140 |
| Insurance income | - | 620 |
| Other | - | 17 |
| Total extraordinary income | 42 | 779 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 273 | 460 |
| Loss on disaster | 1,591 | 7 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 2,339 | - |
| Other | 4 | 0 |
| Total extraordinary losses | 4,209 | 468 |
| Income before income taxes and minority interests | 12,955 | 22,471 |
| Income taxes-current | 1,256 | 3,709 |
| Income taxes-deferred | 904 | 1,037 |
| Total income taxes | 2,161 | 4,746 |
| Income before minority interests | 10,794 | 17,724 |
| Minority interests in income | 783 | 696 |
| Net income | 10,010 | 17,027 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2011 (April 1, 2010– March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
|--|---|--|
| Income before minority interests | 10,794 | 17,724 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (11,446) | (6,191) |
| Deferred gains or losses on hedges | (7) | (10) |
| Foreign currency translation adjustment | (1,403) | (1,414) |
| Share of other comprehensive income of associates accounted for using equity method | (529) | (154) |
| Total other comprehensive income | (13,387) | (7,770) |
| Comprehensive income | (2,592) | 9,953 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | (3,156) | 9,455 |
| Comprehensive income attributable to minority interests | 563 | 497 |

(3) Consolidated statements of changes in net assets

(Millions of yen)

| | Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
|--|--|--|
| Shareholders' equity | | |
| Capital stock | | |
| Balance at the beginning of current period | 14,288 | 14,288 |
| Balance at the end of current period | 14,288 | 14,288 |
| Retained earnings | | |
| Balance at the beginning of current period | 271,858 | 279,582 |
| Changes of items during the period | | |
| Dividends from surplus | (2,286) | (2,286) |
| Net income | 10,010 | 17,027 |
| Total changes of items during the period | 7,724 | 14,740 |
| Balance at the end of current period | 279,582 | 294,323 |
| Treasury stock | | |
| Balance at the beginning of current period | (10) | (10) |
| Changes of items during the period | | |
| Purchase of treasury stock | (0) | (0) |
| Total changes of items during the period | (0) | (0) |
| Balance at the end of current period | (10) | (10) |
| Total shareholders' equity | | |
| Balance at the beginning of current period | 286,137 | 293,861 |
| Changes of items during the period | | |
| Dividends from surplus | (2,286) | (2,286) |
| Net income | 10,010 | 17,027 |
| Purchase of treasury stock | (0) | (0) |
| Total changes of items during the period | 7,723 | 14,740 |
| Balance at the end of current period | 293,861 | 308,601 |

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the beginning of current period | 106,896 | 95,518 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (11,377) | (6,152) |
| Total changes of items during the period | (11,377) | (6,152) |
| Balance at the end of current period | 95,518 | 89,366 |
| Deferred gains or losses on hedges | | |
| Balance at the beginning of current period | 24 | 17 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (7) | 3 |
| Total changes of items during the period | (7) | 3 |
| Balance at the end of current period | 17 | 20 |
| Foreign currency translation adjustment | | |
| Balance at the beginning of current period | (2,186) | (3,968) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (1,781) | (1,422) |
| Total changes of items during the period | (1,781) | (1,422) |
| Balance at the end of current period | (3,968) | (5,391) |
| Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | 104,733 | 91,566 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (13,166) | (7,571) |
| Total changes of items during the period | (13,166) | (7,571) |
| Balance at the end of current period | 91,566 | 83,995 |
| Minority interests | | |
| Balance at the beginning of current period | 7,876 | 8,261 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 384 | 5,914 |
| Total changes of items during the period | 384 | 5,914 |
| Balance at the end of current period | 8,261 | 14,176 |
| Total net assets | | |
| Balance at the beginning of current period | 398,747 | 393,689 |
| Changes of items during the period | | |
| Dividends from surplus | (2,286) | (2,286) |
| Net income | 10,010 | 17,027 |
| Purchase of treasury stock | (0) | (0) |
| Net changes of items other than shareholders' equity | (12,781) | (1,656) |
| Total changes of items during the period | (5,057) | 13,083 |
| Balance at the end of current period | 393,689 | 406,773 |

(4) Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2011 (April 1, 2010– March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
|--|---|--|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 12,955 | 22,471 |
| Depreciation and amortization | 24,587 | 23,902 |
| Loss on retirement of property, plant and equipment | 272 | 457 |
| Loss (gain) on valuation of short-term and long term investment securities | 1,060 | 360 |
| Increase (decrease) in allowance for doubtful accounts | (12) | (3) |
| Increase (decrease) in provision for retirement benefits | 691 | 7 |
| Increase (decrease) in provision for directors' retirement benefits | (44) | 99 |
| Increase (decrease) in allowance for overseas investment loss | (501) | (697) |
| Interest and dividends income | (3,595) | (6,876) |
| Interest expenses | 199 | 219 |
| Loss (gain) on redemption of investment securities | (38) | - |
| Loss (gain) on sales of short-term and long term investment securities | (178) | (474) |
| Equity in (earnings) losses of affiliates | (441) | 408 |
| Decrease (increase) in notes and accounts receivable-trade | (1,615) | (6,236) |
| Decrease (increase) in inventories | 200 | 758 |
| Increase (decrease) in notes and accounts payable-trade | 4 | 3,910 |
| Increase (decrease) in accrued consumption taxes | (879) | 74 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 2,339 | - |
| Other, net | 2,502 | 848 |
| Subtotal | 37,505 | 39,229 |
| Income taxes (paid) refund | (3,220) | (2,057) |
| Net cash provided by (used in) operating activities | 34,284 | 37,172 |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (21,262) | (19,095) |
| Proceeds from withdrawal of time deposits | 17,184 | 19,446 |
| Purchase of short-term investment securities | - | (401) |
| Proceeds from sales and redemption of securities | 510 | 1,900 |
| Purchase of property, plant and equipment | (18,799) | (11,618) |
| Proceeds from sales of property, plant and equipment | 35 | 191 |
| Purchase of intangible assets | (313) | (217) |
| Payments for asset retirement obligations | (249) | (447) |
| Purchase of investment securities | (2,073) | (1,586) |
| Proceeds from sales and redemption of investment securities | 3,388 | 4,194 |
| Payments of recoverable accounts | (2,877) | (6,406) |
| Payments of loans receivable | (4,597) | (8,018) |
| Collection of loans receivable | 53 | 115 |
| Interest and dividends income received | 4,762 | 7,453 |
| Proceeds from dividends of residual property | - | 472 |
| Other, net | (42) | 65 |
| Net cash provided by (used in) investing activities | (24,282) | (13,950) |

| | (Millions of yen) | |
|---|--|--|
| | Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from long-term loans payable | 4,508 | 7,895 |
| Repayment of long-term loans payable | (2,278) | (778) |
| Purchase of treasury stock | (0) | (0) |
| Cash dividends paid | (2,286) | (2,286) |
| Cash dividends paid to minority shareholders | (178) | (265) |
| Interest expenses paid | (200) | (188) |
| Repayments of lease obligations | (86) | (270) |
| Proceeds from stock issuance to minority shareholders | - | 5,908 |
| Repayments to minority shareholders | - | (149) |
| Other, net | - | (9) |
| Net cash provided by (used in) financing activities | (521) | 9,856 |
| Effect of exchange rate change on cash and cash equivalents | (299) | (101) |
| Net increase (decrease) in cash and cash equivalents | 9,181 | 32,976 |
| Cash and cash equivalents at beginning of period | 57,645 | 66,826 |
| Cash and cash equivalents at end of period | 66,826 | 99,803 |

4. Others

Status of Production and Sales

1. Production

| | | Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011) | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) |
|-----|--|---|---|
| E&P | Crude oil (kl) | 563,374 (5,352) | 547,777 (2,527) |
| | Natural gas (thousand m ³) | 1,268,801 (10,896) | 1,288,978 (4,435) |
| | LNG (t) | 44,565 | 22,943 |
| | Bitumen (kl) | 409,116 (409,116) | 382,394 (382,394) |

- 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, 2011 (April 1, 2010 – March 31, 2011) | | Fiscal year ended March 31, 2012 (April 1, 2011 – March 31, 2012) | |
|---------------------|--|---|-----------------------------|---|-----------------------------|
| | | Volume | Amount (Millions of yen) | Volume | Amount (Millions of yen) |
| E&P | Crude oil (kl) | 1,489,705 | 67,488 | 1,395,833 | 80,754 |
| | Natural gas (thousand m ³) | 1,553,770 | 61,090 | 1,730,381 | 74,957 |
| | LNG (t) | 209,549 | 14,100 | 216,211 | 15,930 |
| | Bitumen (kl) | 409,359 | 10,141 | 382,378 | 9,137 |
| Subtotal | | | 152,819 | | 180,779 |
| Contract services | | | 7,031 | | 8,360 |
| Other businesses | Oil products/merchandise | | 32,523 | | 36,585 |
| | Others | | 7,278 | | 4,912 |
| | Subtotal | | 39,801 | | 41,497 |
| Total | | | 199,651 | | 230,638 |

- 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 on consignment as well as other subcontracted tasks.
2. Monetary amounts in the table do not include consumption taxes.