



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

**Consolidated Financial Results**  
**for the Nine Months Ended December 31 , 2013**  
**<Supplementary Material>**

**February 7 , 2014**

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.

The provision of this document should not be construed as a solicitation for investment.

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**Note:** Abbreviations used herein are as follows:

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

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

(a) = Actual result

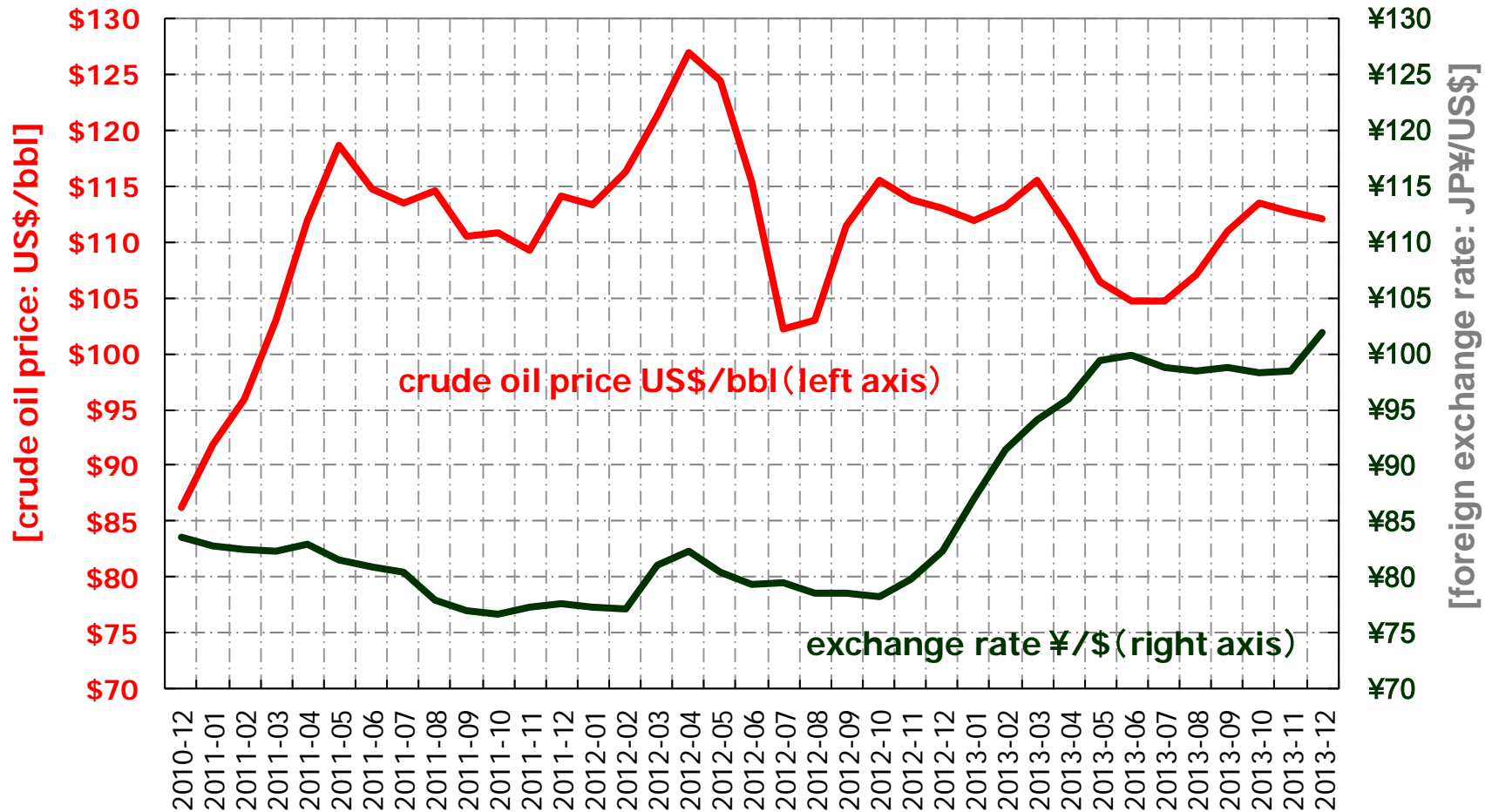
(e) = Estimate

FY = Fiscal Year (FY2014, for instance, means 12 months ending March 31, 2014)

Any inquiries about the information contained herein or other Investor Relations questions are requested to be directed to:

Investor Relations Group,  
Media & Investor Relations Department,  
Japan Petroleum Exploration Co., Ltd.  
Tokyo, JAPAN  
TEL: +81-3-6268-7111

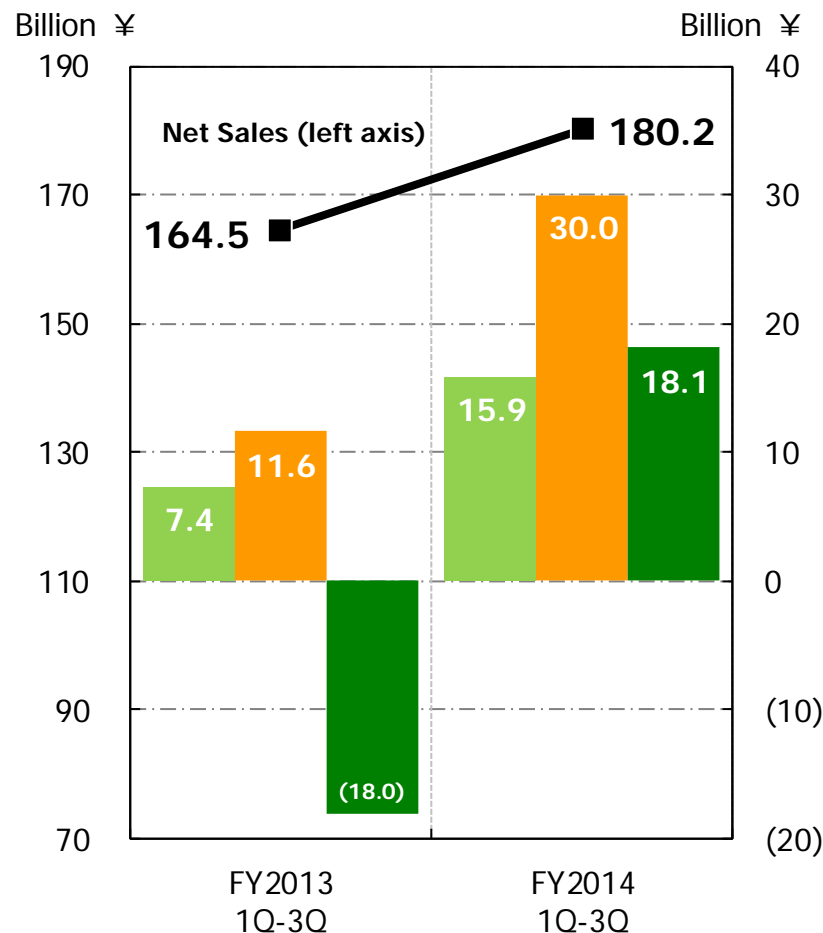
# Trends in Crude Oil Price and Foreign Exchange Rate



Japan Crude Cocktail (JCC) Price in the first 10 days of January 2014  
on a prompt report basis : **US\$ 113.00/bbl**    **JP¥ 104.08US\$**

# Actual Results for 1Q-3Q FY2014 (Summary)

[ Billion ¥ ]	FY2013 1Q-3Q (a)	FY2014 1Q-3Q (a)	change	% Change
Net sales	164.5	180.2	+15.7	+9%
Operating income	7.4	15.9	+8.5	+113%
Ordinary income	11.6	30.0	+18.3	+157%
Net income	(18.0)	18.1	+36.2	-%
JCC price US\$/bbl	115.36	109.91	(5.45)	
Exchange rate JP¥/US\$	79.93	97.92	+17.99	
Bitumen price CA\$/bbl	51.05	53.93	+2.88	
Exchange rate JP¥/CA\$	79.14	94.83	+15.69	



## Main points of difference with FY2013

- Operating income + ¥ 8.5 billion
  - Gross profit + ¥ 7.6 billion
  - Exploration expenses + ¥ 1.6 billion
- Ordinary income + ¥ 18.3 billion
  - Equity in earnings of affiliates + ¥ 7.9 billion
  - Foreign exchange profit + ¥ 0.8 billion
- Net income + ¥ 36.2 billion
  - Extraordinary income(losses) + ¥ 26.6 billion
  - Income taxes etc. - ¥ 9.3 billion

■ Operating income (right axis)  
■ Ordinary income (right axis)  
■ Net income (right axis)

# Actual Sales of Natural Gas for 1Q-3Q FY2014

Sales volume : Million M3		FY2013	FY2014	change
Net sales : Million ¥		1Q-3Q	1Q-3Q	
		(a)	(a)	
Natural gas :	Sales volume	1,067	985	(81)
	Net sales	47,377	49,760	+2,382

## Breakdown of equity natural gas

Domestically produced gas:	Sales volume	753	621	(131)
Overseas subsidiary gas:	Sales volume	0	94	+94

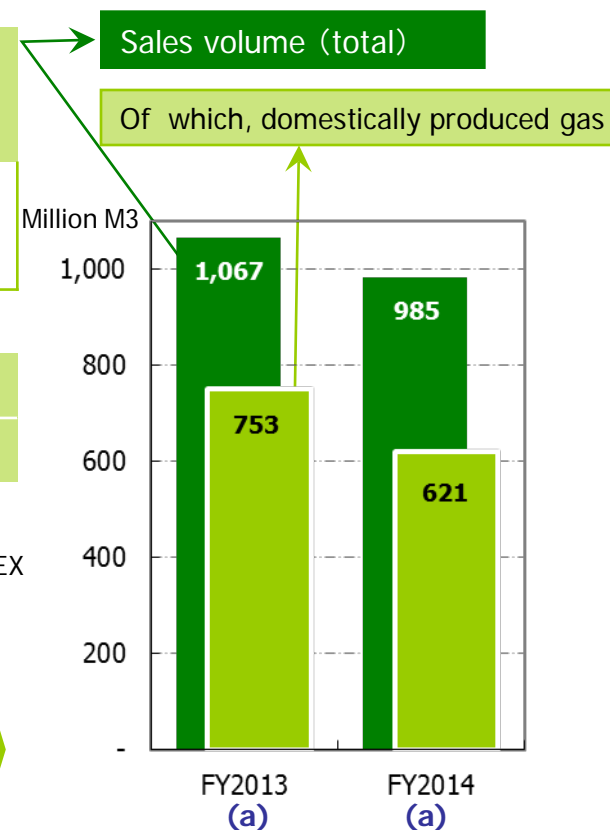
Sales volume of "Domestically produced gas" stated herein does not include purchased gas.

Sales volume of "Overseas subsidiary gas" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd..

**Sales volume decreased by 81 million M3 (-7%) vs FY2013**

**Net sales increased by ¥2.3 billion (+5%) vs FY2013**

- Increase in sales price
- Increase in sales volume of overseas subsidiary gas



# Actual Sales of Crude Oil for 1Q-3Q FY2014

Sales volume : Thousand KL Net sales : Million ¥		FY2013 1Q-3Q (a)	FY2014 1Q-3Q (a)	change
Crude oil:	Sales volume	1,351	1,212	(138)
	Net sales	69,227	74,666	+5,439

- Rise in sales price.

## Breakdown of equity oil

Domestically produced crude oil:	Sales volume	349	292	(56)
	Net sales	20,559	20,180	(379)
Overseas subsidiary crude oil:	Sales volume	2	17	+14
	Net sales	121	954	+832
Bitumen:	Sales volume	262	257	(5)
	Net sales	6,663	8,277	+1,613

## Oil price and Exchange rate assumptions

JCC price	US\$/bbl	115.36	109.91	(5.45)
Exchange rate	JP¥/US\$	79.93	97.92	+17.99
Bitumen price	CA\$/bbl	51.05	53.93	+2.88
Exchange rate	JP¥/CA\$	79.14	94.83	+15.69

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" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd..

# Actual Results for 1Q-3Q FY2014 (vs FY2013)

[ Million ¥ ]	FY2013 1Q-3Q	FY2014 1Q-3Q	Change
	(a)	(a)	
Net sales	164,519	180,259	+15,740
Gross profit	39,220	46,874	+7,653
Exploration expenses	9,374	7,692	(1,681)
SG&A expenses	22,369	23,204	+834
Operating income	7,477	15,977	+8,500
Non-operating income (expenses)	4,167	14,052	+9,885
Ordinary income	11,644	30,030	+18,385
Extraordinary income (losses)	(34,708)	(8,052)	+26,656
Income taxes	(5,566)	3,797	+9,363
Minority interests in income	586	19	(566)
Net income	(18,083)	18,161	+36,245

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

## Gross profit

Domestic crude oil and natural gas	+¥7.5 billion
LNG substitution expense	+¥1.9 billion
Asset retirement obligations	- ¥2.4 billion
Overseas consolidated subsidiaries	+¥ 0.4 billion

## Exploration expenses

Overseas exploration	+¥2.7 billion
Domestic exploration	- ¥1.0 billion

## Non-operating income (expenses)

Equity in earnings of affiliates	+¥7.9 billion
Foreign exchange profit	+¥0.8 billion

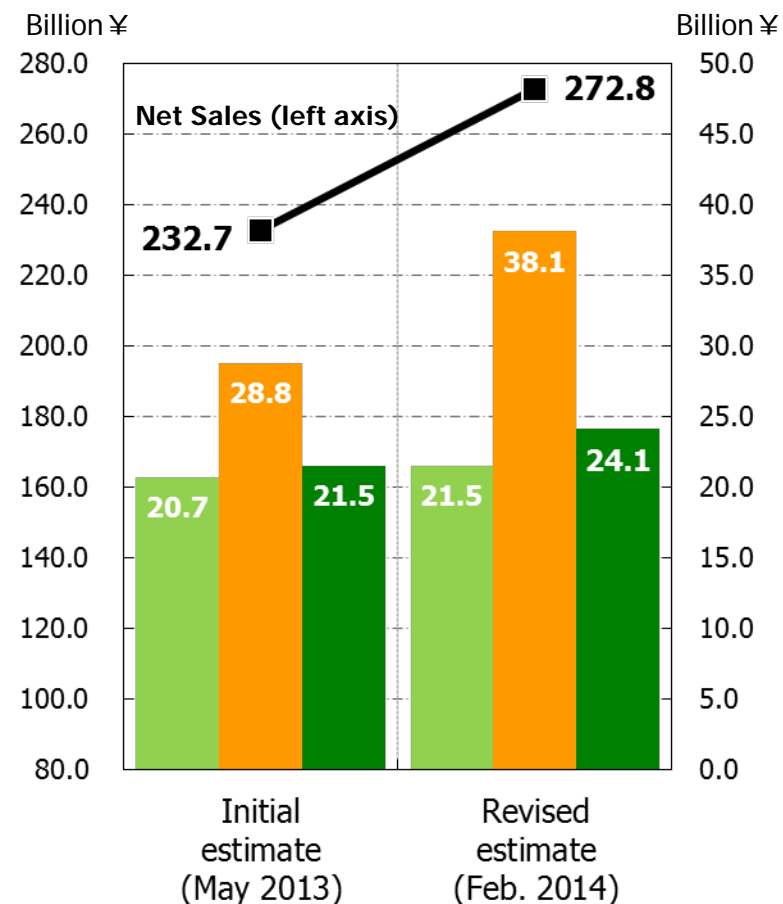
## Extraordinary income (losses)

Gain on transfer of mining rights	- ¥2.5 billion
Decreased of an impairment loss on business assets for production operation of Yufutsu oil & gas field *	+¥29.0 billion

\* Please refer to the "Notice of Financial Forecast Revision and Recording of an Impairment Loss on Business Assets" released on the same day of this material, February 7, 2014.

# Revised Estimates in FY2014 (Summary)

[ Billion ¥ ]	FY2014 Initial Estimate	FY2014 Revised Estimate	change	% change
Net Sales	232.7	272.8	+40.1	+17%
Operating income	20.7	21.5	+0.8	+4%
Ordinary income	28.8	38.1	+9.3	+32%
Net income	21.5	24.1	+2.6	+12%
JCC price US\$/bbl	100.00	109.93	+9.93	
Exchange rate JP¥/US\$	90.00	98.43	+8.43	
Bitumen price CA\$/bbl	45.87	51.58	+5.71	
Exchange rate JP¥/CA\$	90.00	98.42	+8.42	
	1Q (a)	2Q (a)	3Q (a)	4Q (e)
JCC price US\$/bbl	111.17	105.49	112.37	110.00
Bitumen price CA\$/bbl	46.52	58.62	57.01	44.53



## Main points of revised estimate : causes of increase(+) or decrease(-)

□ Operating income	+¥0.8 billion (+4%)	+Rise in crude oil prices -Record of an asset retirement obligations
□ Ordinary income	+¥9.3 billion (+33%)	+Equity in earnings in affiliates +Increase of foreign exchange profit
□ Net income	+¥2.6 billion (+12%)	-Record of an impairment loss on business assets

■ Operating income (right axis)  
■ Ordinary income (right axis)  
■ Net income (right axis)



## Revised Estimated Natural Gas Sales in FY2014 (vs Initial Estimate)

Sales volume : Million M3 Net sales : Million ¥		FY2014 Initial Estimate (May 2013)	FY2014 Revised Estimate (Feb.2014)	change
Natural gas :	Sales volume	1,289	1,418	+129
	Net sales	68,478	71,759	+3,282

### Breakdown of equity natural gas

Domestically produced gas:	Sales volume	887	849	(38)
Overseas subsidiary gas:	Sales volume	4	168	+163

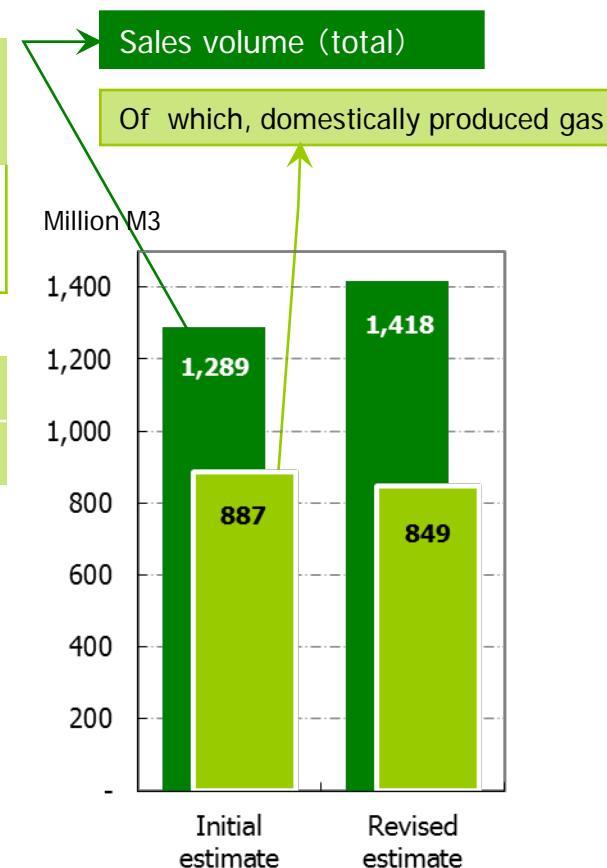
Sales volume of "Domestically produced gas" stated herein does not include purchased gas.

Sales volume of "Overseas subsidiary gas" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd..

**Sales volume increased by 129 million M3 (+10%) vs initial estimate**

**Net sales increased by ¥3.2 billion (+5%) vs initial estimate**

- Rise in sales price
- Increase in sales volume of overseas subsidiary gas



## Revised Estimated Crude Oil Sales in FY2014 ( vs Initial Estimate)

Sales volume : Thousand KL Net sales : Million ¥		FY2014 Initial Estimate (May 2013)	FY2014 Revised Estimate (Feb.2014)	change
Crude oil:	Sales volume	1,897	1,897	—
	Net sales	95,935	118,570	+22,635

- Rise in sales price.

### Breakdown of equity oil

Domestically produced crude oil:	Sales volume	384	385	+1
	Net sales	22,159	26,708	+4,549
Overseas subsidiary crude oil:	Sales volume	369	284	(84)
	Net sales	19,881	18,619	(1,262)
Bitumen:	Sales volume	371	343	(28)
	Net sales	9,623	10,951	+1,328

- Decrease in sales volume of  
crude oil from Japex Garraf Ltd.

### Oil price and Exchange rate assumptions

JCC price	US\$/bbl	100.00	109.93	+9.93
Exchange rate	JP¥/US\$	90.00	98.43	+8.43
Bitumen price	CA\$/bbl	45.87	51.58	+5.71
Exchange rate	JP¥/CA\$	90.00	98.42	+8.42

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" stated herein are amounts of Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd., overseas consolidated subsidiaries.

## Revised Estimates in FY2014 ( vs Initial Estimate)

[ Million ¥]	FY2014 Initial Estimate (May 2013)	FY2014 Revised Estimate (Feb.2014)	Change	« Causes of increase(+) or decrease(-) »
Net sales	232,692	272,802	+40,110	
Gross profit	61,972	64,161	+2,189	<b>Gross profit</b> Domestic crude oil and natural gas +¥2.2 billion Asset retirement obligations - ¥2.4 billion Overseas consolidated subsidiaries +¥ 2.3 billion
Exploration expenses	9,184	10,251	+1,068	<b>Exploration expenses</b> Overseas exploration - ¥0.6 billion Domestic exploration - ¥0.5 billion
SG&A expenses	32,066	32,369	+303	
Operating income	20,722	21,540	+818	<b>Non-operating income (expenses)</b> Equity in earnings of affiliates +¥6.1 billion Foreign exchange profit +¥1.4 billion
Non-operating income (expenses)	8,062	16,543	+8,481	
Ordinary income	28,783	38,083	+9,300	<b>Extraordinary income (losses)</b> Impairment loss on business assets for production operation of Yufutsu oil & gas field * - ¥7.9 billion
Extraordinary income (losses)	(90)	(8,059)	(7,969)	
Income taxes	6,502	5,158	(1,344)	
Minority interests in income	680	777	+97	
Net income	21,511	24,089	+2,578	

\* Please refer to the "Notice of Financial Forecast Revision and Recording of an Impairment Loss on Business Assets" released on the same day of this material, February 7, 2014.

# Revised Estimated Natural Gas Sales in FY2014 (vs FY2013)

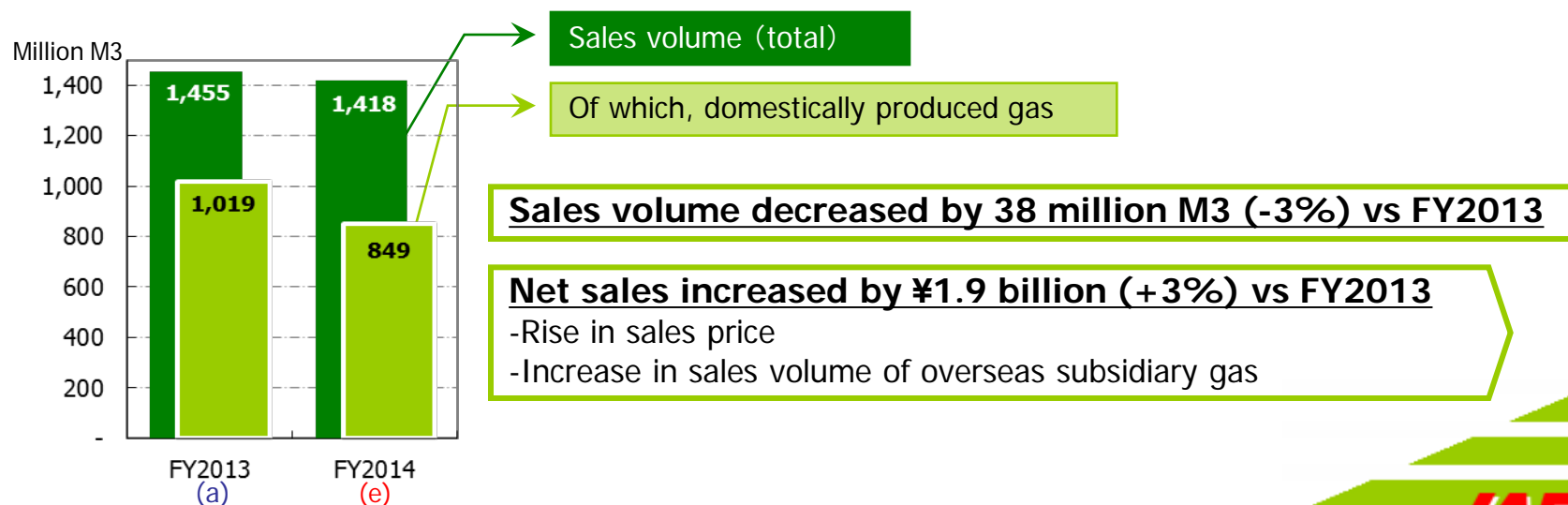
Sales volume : Million M3 Net sales : Million ¥		FY2013	FY2014 Revised estimate (Feb. 2014)			change (vs FY2013)
		Full (a)	1Q-3Q(a)	4Q(e)	Full (e)	
Natural gas:	Sales volume	1,455	985	432	1,418	(38)
	Net sales	69,795	49,760	21,999	71,759	+1,964

## Breakdown of Natural gas

Domestically produced gas:	Sales volume	1,019	621	228	849	(171)
Overseas subsidiary gas:	Sales volume	1	94	73	168	+166

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

Sales volume of "Overseas subsidiary gas" stated herein are amounts of Japex (U.S.) Corp. and JAPEX Montney Ltd..



## Revised Estimated Crude Oil Sales in FY2014 (vs FY2013)

Sales volume : Thousand KL Net sales : Million ¥		FY2013	FY2014 Revised estimate (Feb. 2014)			change (vs FY2013)
		Full (a)	1Q-3Q(a)	4Q (e)	Full (e)	
Crude oil:	Sales volume	1,684	1,212	684	1,897	+212
	Net sales	88,529	74,666	43,904	118,570	+30,041

### Breakdown of equity oil

Domestically produced crude oil:	Sales volume	468	292	93	385	(83)
	Net sales	28,167	20,180	6,528	26,708	(1,460)
Overseas subsidiary crude oil:	Sales volume	5	17	266	284	+278
	Net sales	290	954	17,665	18,619	+18,329
Bitumen:	Sales volume	349	257	86	343	(6)
	Net sales	9,694	8,277	2,674	10,951	+1,256

### Oil price and Exchange rate assumptions

JCC price	US\$/bbl	114.67	109.91	110.00	109.93	(4.74)
Exchange rate	JP¥/US\$	81.71	97.92	100.00	98.43	+16.72
Bitumen price	CA\$/bbl	50.71	53.93	44.53	51.58	+0.87
Exchange rate	JP¥/CA\$	87.05	94.83	98.42	98.42	+11.37

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" stated herein are amounts of Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd., overseas consolidated subsidiaries.

## Revised Estimates in FY2014 (vs FY2013)

[ Million ¥]	FY2013	FY2014	Change
	(a)	(e)	
Net sales	231,086	272,802	+41,716
Gross profit	59,010	64,161	+5,150
Exploration expenses	13,086	10,251	(2,835)
SG&A expenses	32,017	32,369	+352
Operating income	13,906	21,540	+7,634
Non-operating income (expenses)	14,176	16,543	+2,366
Ordinary income	28,082	38,083	+10,000
Extraordinary income (losses)	(34,522)	(8,059)	+26,464
Income taxes	(6,927)	5,158	+12,085
Minority interests in income	1,352	777	(576)
Net income	(865)	24,089	+24,954

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

### Gross profit

Domestic crude oil and natural gas	+¥3.2 billion
LNG substitution expense	+¥2.0 billion
Asset retirement obligations	- ¥2.4 billion
Overseas consolidated subsidiaries	+¥2.3 billion

### Exploration expenses

Overseas exploration	+¥3.5 billion
Domestic exploration	- ¥0.7 billion

### Non-operating income (expenses)

Equity in earnings of affiliates	+¥8.4 billion
Dividends income	- ¥7.2 billion

### Extraordinary income (losses)

Gain on transfer of mining rights	- ¥2.8 billion
Decreased of an impairment loss on business assets for production operation of Yufutsu oil & gas field *	+¥29.0 billion

\* Please refer to the "Notice of Financial Forecast Revision and Recording of an Impairment Loss on Business Assets" released on the same day of this material, February 7, 2014.