



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

**Presentation Meeting  
of Consolidated Financial Results  
for the Six Months Ended September 30, 2015**

**November 9, 2015**

Japan Petroleum Exploration Co., Ltd.

# Cautionary Statement

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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) = Estimates

FY = Fiscal Year (FY3/16, for instance, means 12 months ending March 31, 2016)

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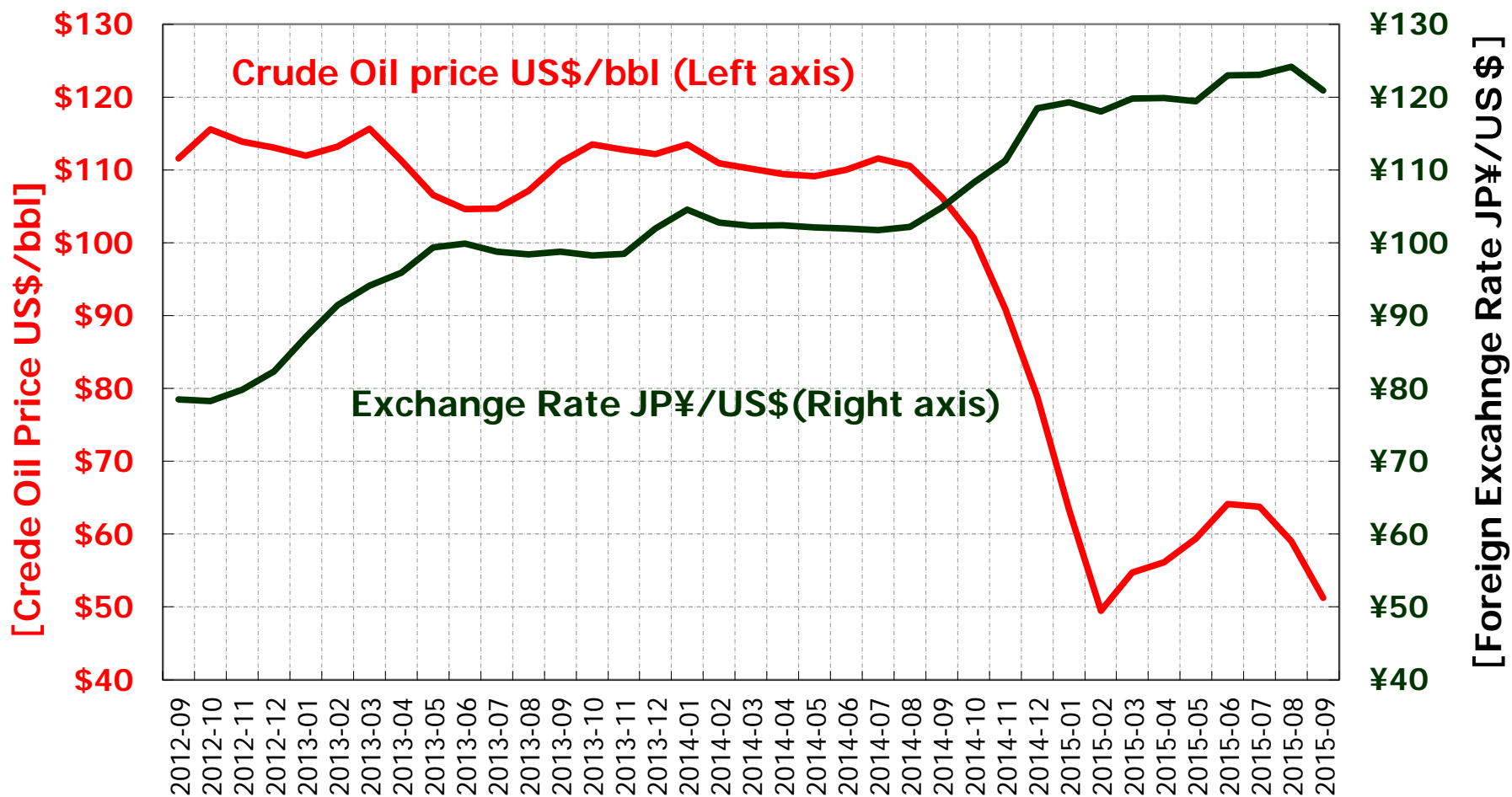
Executive Officer Michiro Yamashita

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# 1. Business Overview

President Osamu Watanabe

# Trends in Crude Oil Prices and Foreign Exchange Rate



Japan Crude Cocktail (JCC) Price in the first 10 days of October 2015  
on a prompt report basis : **US\$ 47.81/bbl**    **JP¥ 120.31/US\$**

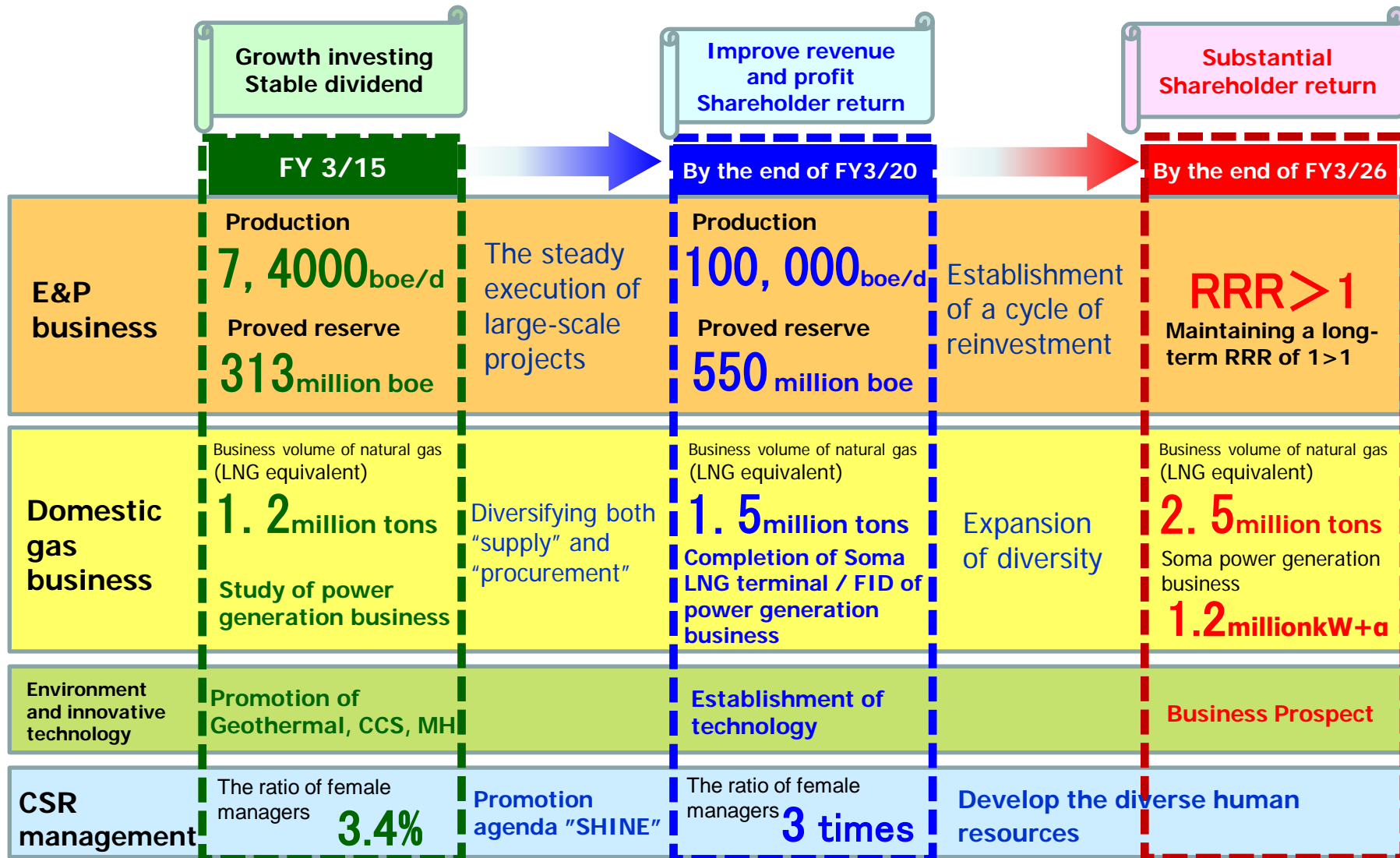
# Revised Estimates for FY3/16 (Highlight)

Billion ¥	FY3/15	FY3/16				Change	
	Full (a)	Initial estimate 1H(e) May12,'15①	1H (a) ②	Initial estimate Full (e) May12,'15③	Revised estimate Full (e) Nov.6,'15④	1H (②-①)	Full (④-③)
Net sales	304.9	144.0	124.1	271.1	257.7	▲19.8	▲13.4
Operating income	32.1	3.9	5.4	9.1	8.7	+1.5	▲0.4
Ordinary income	54.8	6.5	8.8	14.0	5.9	+2.3	▲8.1
Net income(loss)	29.5	5.8	7.9	11.7	7.0	+2.1	▲4.7
JCC price US\$/bbl	96.48	57.50	59.21	60.00	54.81	+1.71	▲5.19
Exchange rate JP¥/bbl	106.23	115.00	121.44	115.00	120.82	+6.44	+5.82
Bitumen price CA\$/bbl	55.74	29.80	32.93	32.52	27.45	+3.13	▲5.07
Exchange rate JP¥/CA\$	103.63	95.00	98.61	95.00	90.00	+3.61	▲5.00

Revised estimates Full (e) Nov.6,'15	1Q (a)	2Q (a)	3Q (e)	4Q (e)
JCC price US\$/bbl	56.49	62.50	50.00	50.00
Exchange rate JP¥/US\$	119.74	123.31	120.00	120.00

# Long-term business vision and Medium-term business plan

## Transformation to an Integrated Energy Company around Oil and Gas E&P Business



# E&P Business ①

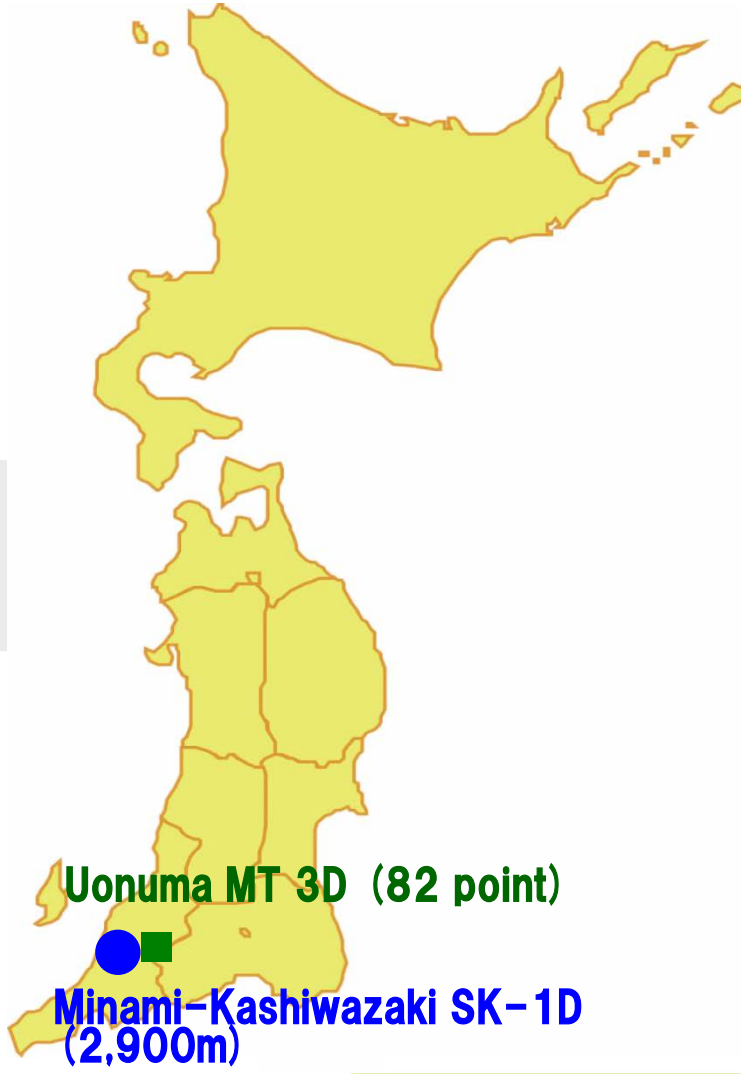
## Domestic exploration: Result for 1H & Plan for 2H

### ● Drilling schedule for FY3/16

	Total Depth	1Q			2Q			3Q			4Q			
		4	5	6	7	8	9	10	11	12	1	2	3	
		Minami-Kashiwazaki SK-1D (Exploratory Well)	2,900m											

### ■ Geophysical prospecting survey work FY3/16

Uonuma MT 3D	Nagaoka and Ojiya-city, Niigata pref. (82 point) Work planned from Sep. to Nov. (Electromagnetic survey: Investigate the electrical resistivity of the underground rock)
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# E&P Business ②

## Current status of global business

### U.K./Norway

U.K. North Sea Block  
(Exploration)

### Sakhalin

Sakhalin 1 project  
(Production & Development)

Oil Sands project  
(Production & Development)

Shale Gas/LNG project  
(Production of natural gas /  
planning of LNG plant)

### Canada

Japex (U.S.) Corp. (Production)


### Middle East

Iraq Garraf oil field  
(Production & Development)

### Southeast Asia

Indonesia Kangean Block  
(Production & Development)

 focus areas

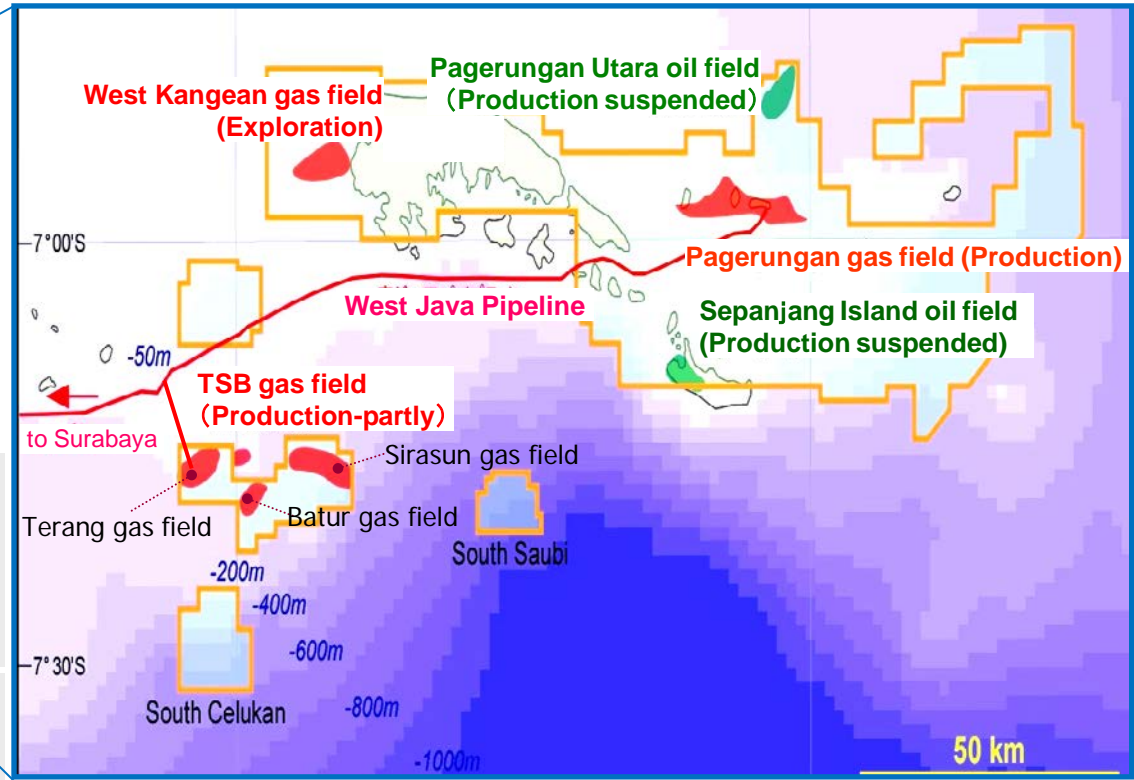
 Blocks owned by our consolidated subsidiaries or equity-method affiliates

# E&P Business ③

## Indonesia: Kangean Block



<b>Project Company</b>	<b>Kangean Energy Indonesia Ltd. (KEI)</b> + 2 other, Equity-method affiliate
<b>Interest</b>	<b>25%</b> (Operator : KEI)



- production volume : approximately **50,000boe/d**
- the TSB gas field (Phase1: *Terang*) : Production started in end-May 2012. Maximum production 0.3billion cf/d (Approximately 50,000boe/d) (Phase2: *Sirasun, Batur*) : Preparing for development
- South Saubi Structure : Preparing for prospecting in 2016

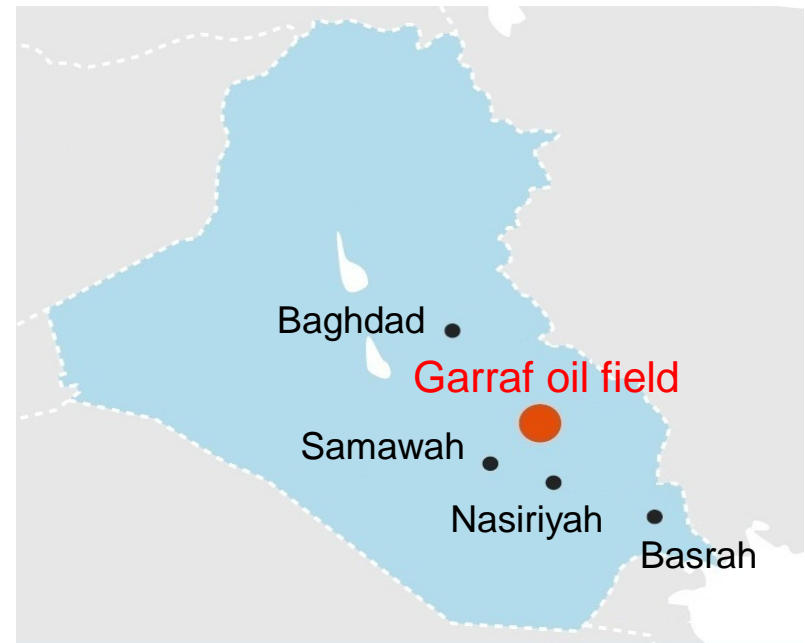


FPU (floating Production Unit) in the Terang gas field

# E&P Business ④

## Iraq : Garraf oil field

Project company	Japex Garraf Ltd.	
Interest	30% (cost share 40%) Operator : PETRONAS	
Field	Garraf	In Production
2013 ← Expected cumulative production : → 2030 <b>Around 1.3 billion bbl</b>		



### Time Schedule

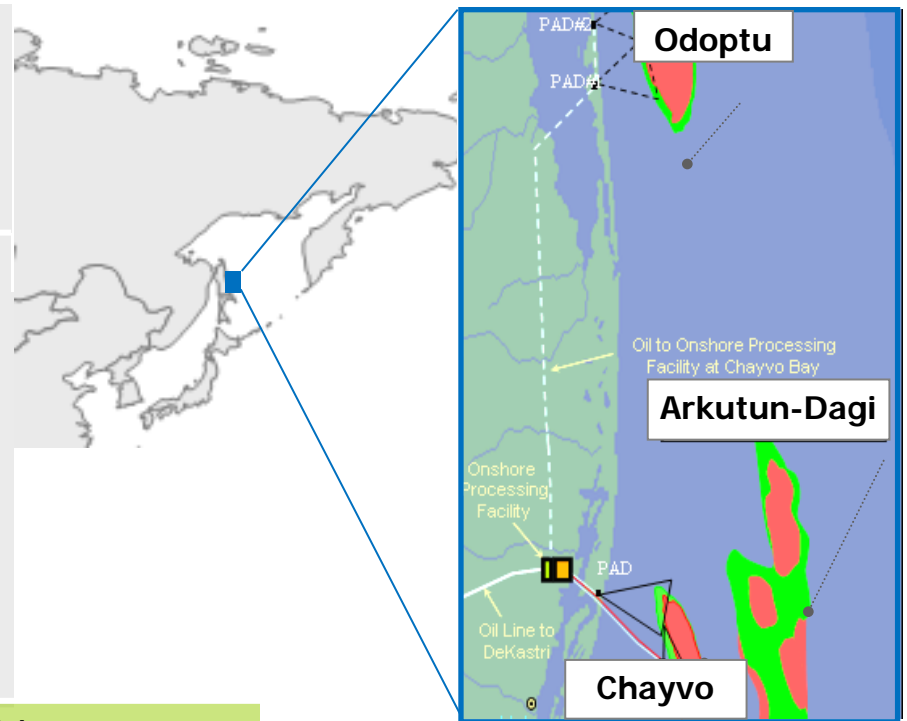
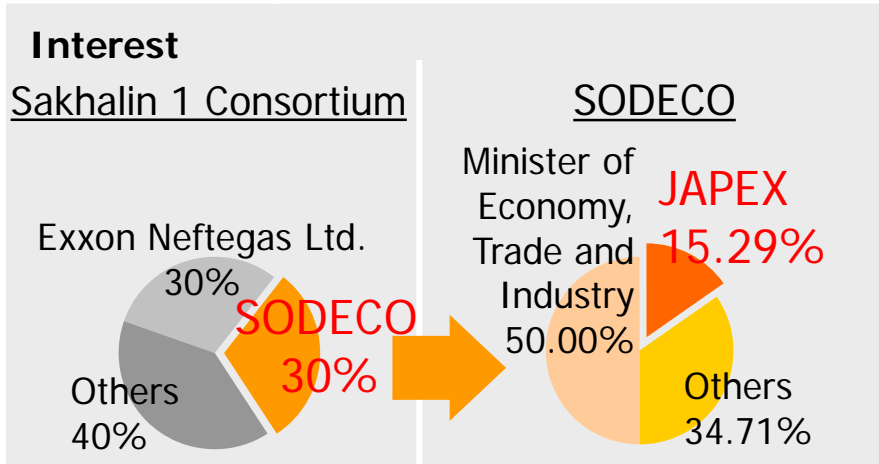
2013	<u>First oil production on August 31</u> Average daily production : Approximately 64,000 bbl/d
2014 – 2016	Average daily production Dec.31, 2014 : Approximately 84,000 bbl/d Oct. 31, 2015 : Approximately 100,000 bbl/d * Gradual increase of production volume
2017 –	Targeting Production of <b>230,000 bbl/d</b>



# E&P Business ⑤

## Sakhalin 1 project

<b>Project Company</b>	Sakhalin Oil and Gas Development Co., Ltd. (SODECO) Equity-method affiliate
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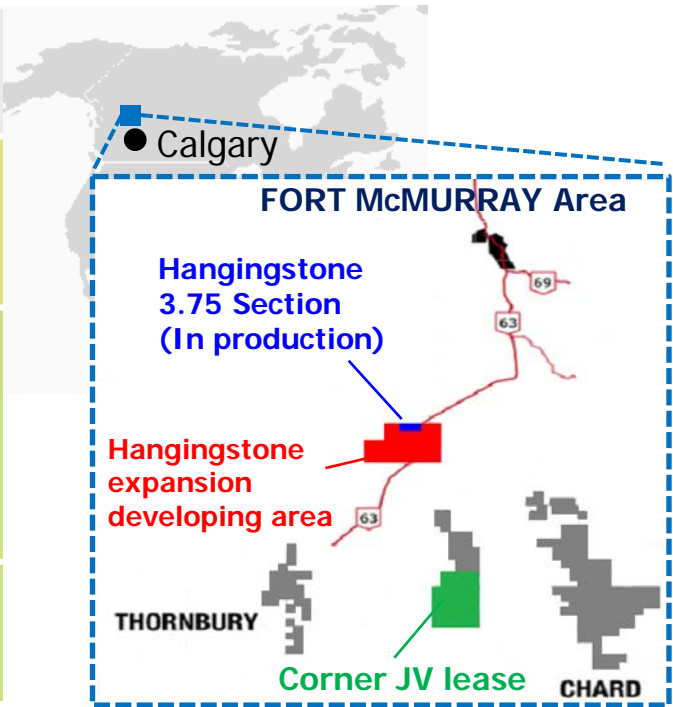
<b>Block</b>	Chayvo,	In Production at each fields
	Odoptu,	* The Arkutun-Dagi field commenced oil production in January 2015.
	Arkutun-Dagi	* The Chayvo field achieved a new world-record of extended reach drilling.
		Total production volume of Crude Oil: <b>Approximately 180,000 bbl/d*</b>
		* Average production volume per day on 2015, based on JAPEX's estimates.



# E&P Business ⑥

## Canada Oil Sands project

Project Company	Canada Oil Sands Co., Ltd. (CANOS) Operator : Japan Canada Oil Sands Ltd. (JACOS)	
Block	Hangingstone 3.75 section <b>100%</b> Interests Approximately 5,000 - 6,000 bbl/d	In production (Cumulative production : 34.13M bbl as of end of Sep. 2015)
	Expansion project of undeveloped part of Hangingstone area <b>75%</b> Interests Additional production of 20,000 bbl/d at the maximum	In development
	Corner JV lease <b>12%</b> Interests	In appraisal
	Other bitumen leases (include Corner, Chard & Thornbury)	Considering future activities



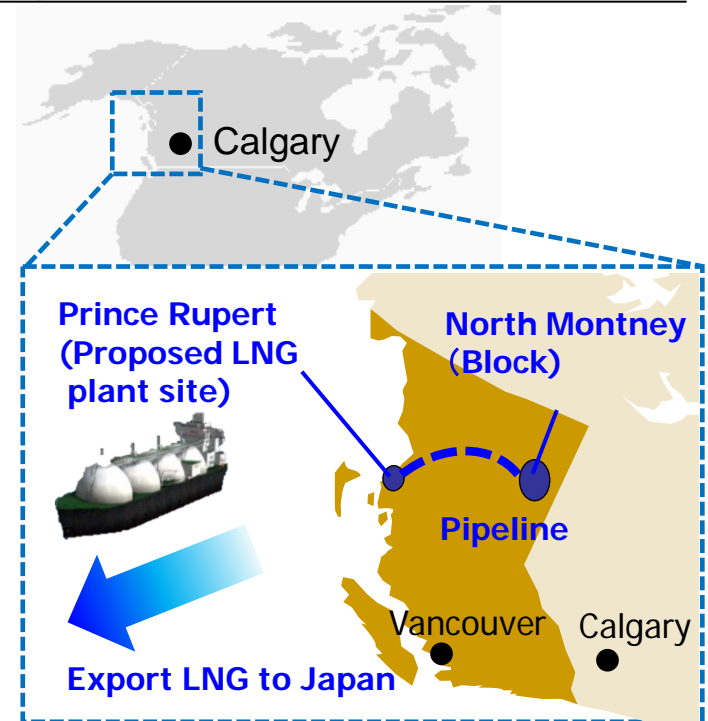
### ■ Schedule of Hangingstone Expansion

2013	Feb. : Started early civil work for construction facilities
2014	Aug. : Completed early civil work and started construction of facilities
2015	Feb. : Completed exploration of horizontal wells
End of 2016 – first half of 2017	<b>Commencement of production (Planned)</b>



## Canada Shale Gas and LNG project

	Shale Gas development and Production project (Up-stream)	LNG project (Middle-stream)
Block / Proposed site	North Montney Area, British Columbia, Canada	Lelu Island, The Port of Prince Rupert, B.C.
Interest	10% Interest	10% Equity
Operator	PETRONAS (Including subsidiaries)	PETRONAS (Including subsidiaries)
Current status	Production and sales of Natural Gas	FEED



### Project Schedule

2013	Conclusion of contract, Production and sales of Natural Gas
June, 2015	Conditional Final Investment Decision
July, 2015	Approval of the Project Development Agreement by the Legislative Assembly of B.C.
2015 - 2016	FID of LNG plant after Government Approval
2020 or later	First LNG production (12MMtonnes/y)



# Domestic supply business ①

## Construction of Soma LNG terminal

### ■ Soma LNG terminal Facilities

Site	Shinchi-Town, Fukushima Pref. (No.4 wharf area of Soma Port)
Capacity	One LNG Tank of Aboveground Style/PC type containing 230,000kl
Receiving capacity	LNG ocean-going vessel : Full set (maximum 210,000m <sup>3</sup> class) LPG domestic vessel : Full set (maximum 2,500m <sup>3</sup> class)
Vaporizers	Sending power : 7.0MPa 150t/h
Shipping facilities	LNG domestic vessel : maximum 4,800 m <sup>3</sup> class Tanker truck : 5 lanes, 30t/h
Commencement of operation	Mar. 2018 (Planned)



### ■ Connecting pipeline facilities

Starting point / End point	Starting point : Soma LNG terminal End point : Iwanuma brunch Valve station (Iwanuma city, Miyagi Pref.)
Caliber	20B
Pressure	7Mpa
Length	Around 39km
Commencement of operation	Mar. 2018 (Planned)



**Concrete placement construction work on the Soma LNG tank foundation (June 28-29)**

-The amount of concrete: 9,778m<sup>3</sup>,  
-Mixer truck: Total 2,317 cars



**Construction of the connecting pipeline (Oct. 7)**

# Domestic supply business ②

## Soma power generation

### ■ Outline of the plan of Soma natural gas power plant (provisional name)

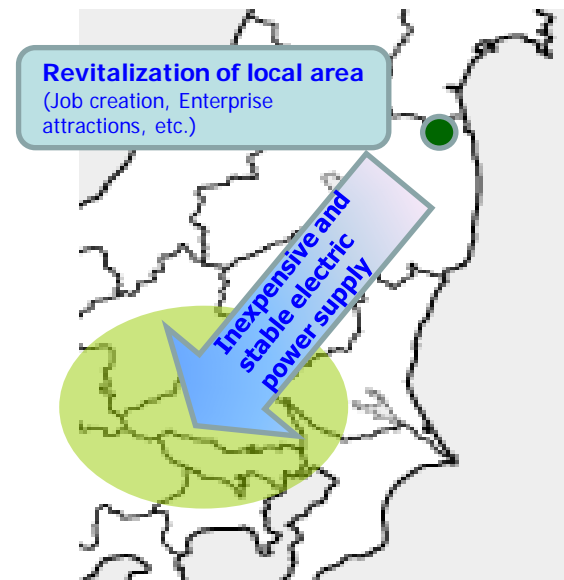
Driving force	Gas turbine and steam power (combined cycle system)
Output power	Approximately 1.2 million kW (approximately 600 thousand kW × 2)
Current status	Establishment of Fukushima Gas Power Co., Ltd. / Proceeding environmental assessment



### ■ Schedule (Planned)

Nov. 4, 2014	Submission of "the Document on Primary Environmental Impact Consideration" to the METI
Jan. 5, 2015	Written opinion issued by the METI on "the Document on Primary Environmental Impact Consideration"
Apr. 23, 2015	Establishment of Fukushima Gas Power Co., Ltd.
May. 7, 2015	Submission of "the Draft of the Assessment method" to the METI
Oct.6, 2015	Receipt of the recommendation of "the Draft of the Assessment method" from the METI
Mid 2016	Submission of "the Draft Environmental Impact Statement" to the METI
Mid 2017	Completion of procedures of the Environmental Impact Assessment / Commencement of construction
Jan. 2020	Commencement of commercial operation of No.1 plant
Apr. 2020	Commencement of commercial operation of No.2 plant

Targeting commercial operations to Tokyo metropolitan area in 2020.





# Environment and innovative technology

## Geothermal, MH, CCS, Solar power

### CCS

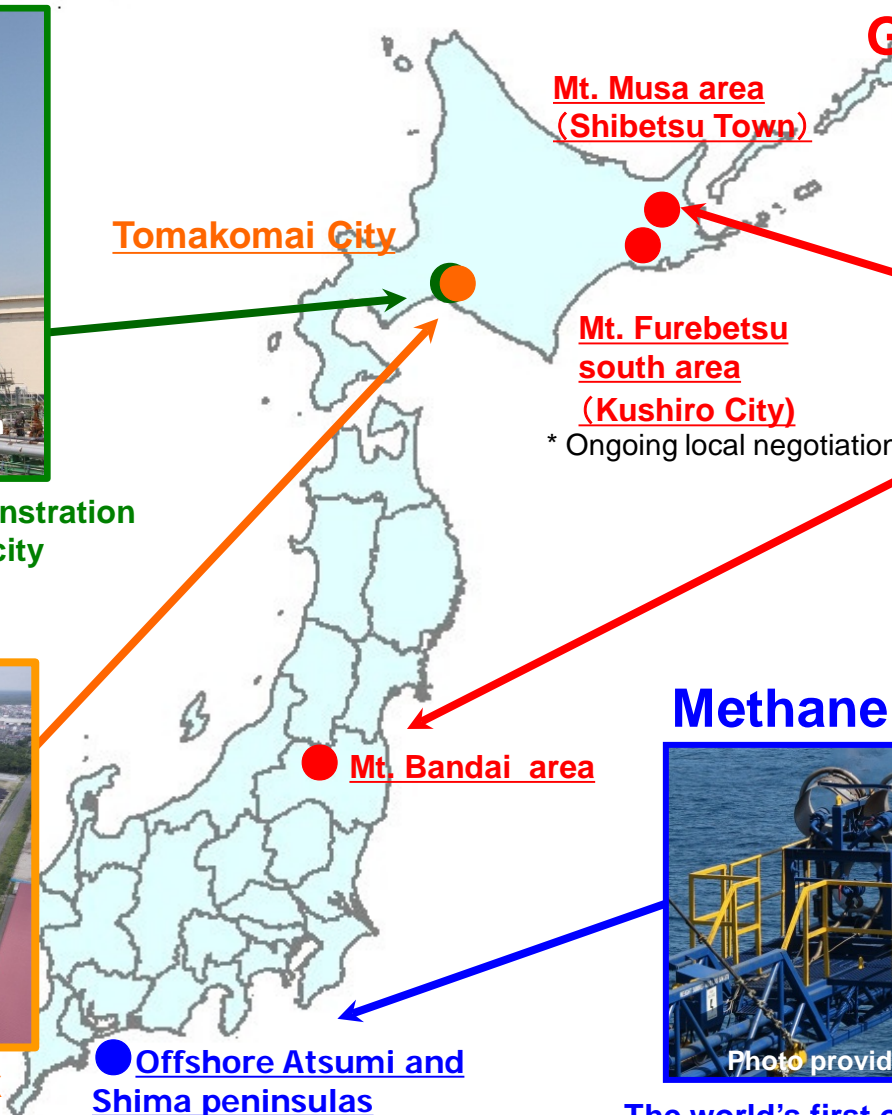


Facilities of CCS demonstration project in Tomakomai city

### Solar power



Mega-solar power station at JAPEX Hokkaido district office



### Geothermal power



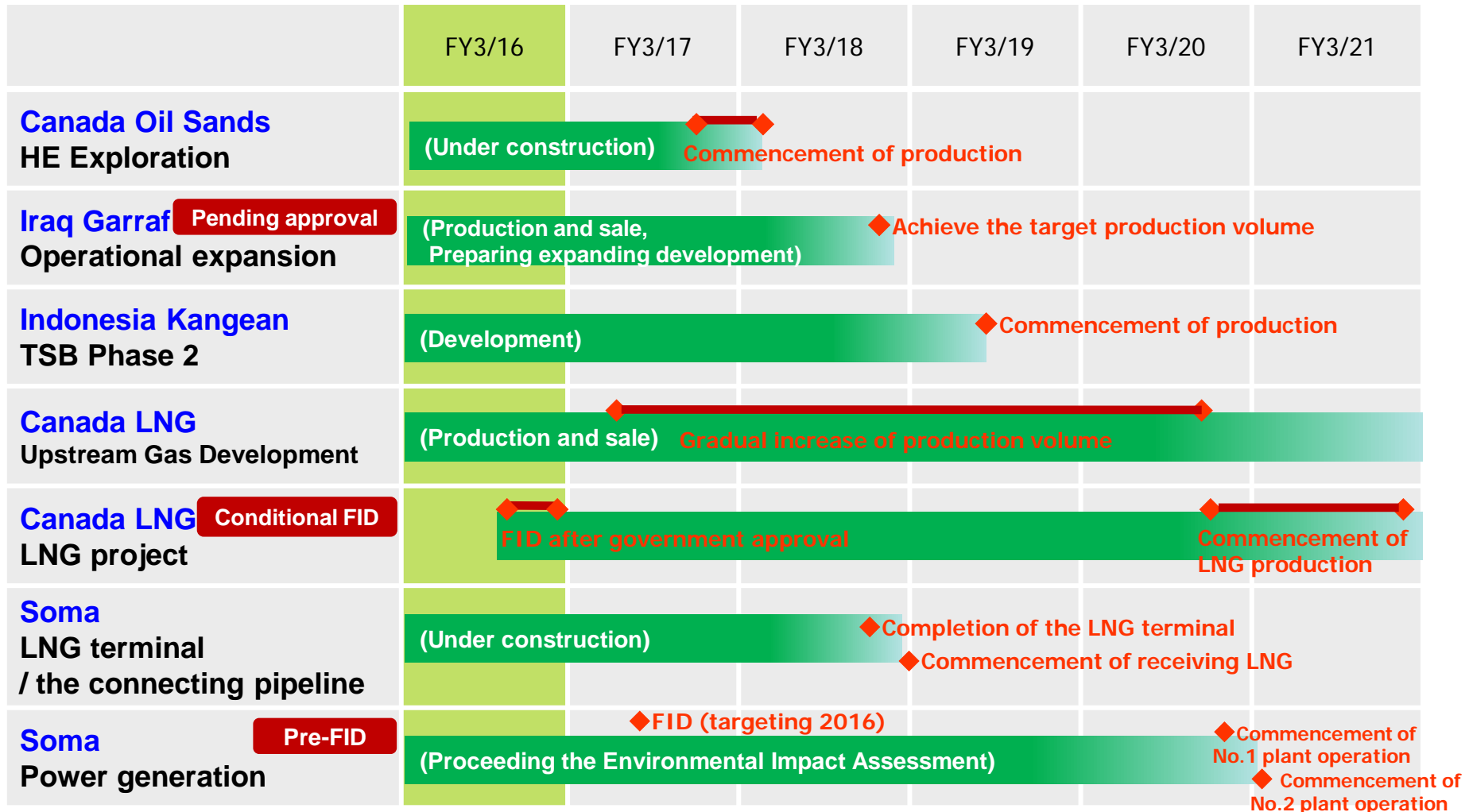
Provisional jet test in Mt. Musa area

### Methane Hydrate



The world's first offshore methane hydrate gas production tests

# Timeline of major projects



JAPEX adopt the optimal financing mix for capital investment funds, through the use of own fund, operating cash flow, public investment / debt guarantee scheme and project finance.

# CSR - Promotion priority agenda “SHINE”

- Pursue efforts to priority agendas “SHINE” in order to respond expectations and requests from all stakeholders and grow as a trusted global company

<b>S</b>	: <b>Stable &amp; Sustainable Energy Supply</b>	⇒ Development of New Technologies
<b>H</b>	: <b>HSE as Our Culture</b>	⇒ HSE activities, Global Warming Countermeasures, etc.
<b>I</b>	: <b>Integrity &amp; Governance</b>	⇒ Corporate Governance, Regulatory compliance
<b>N</b>	: <b>Being a Good Neighbor</b>	⇒ Coexistence and development with local communities
<b>E</b>	: <b>The Employer of Choice</b>	⇒ <u>Diversity</u> , <u>Human resource development</u>

Develop the diverse human resources

**The ratio of female managers**  
➤ 2014 :3.4%→ **by 2020 :3 times**

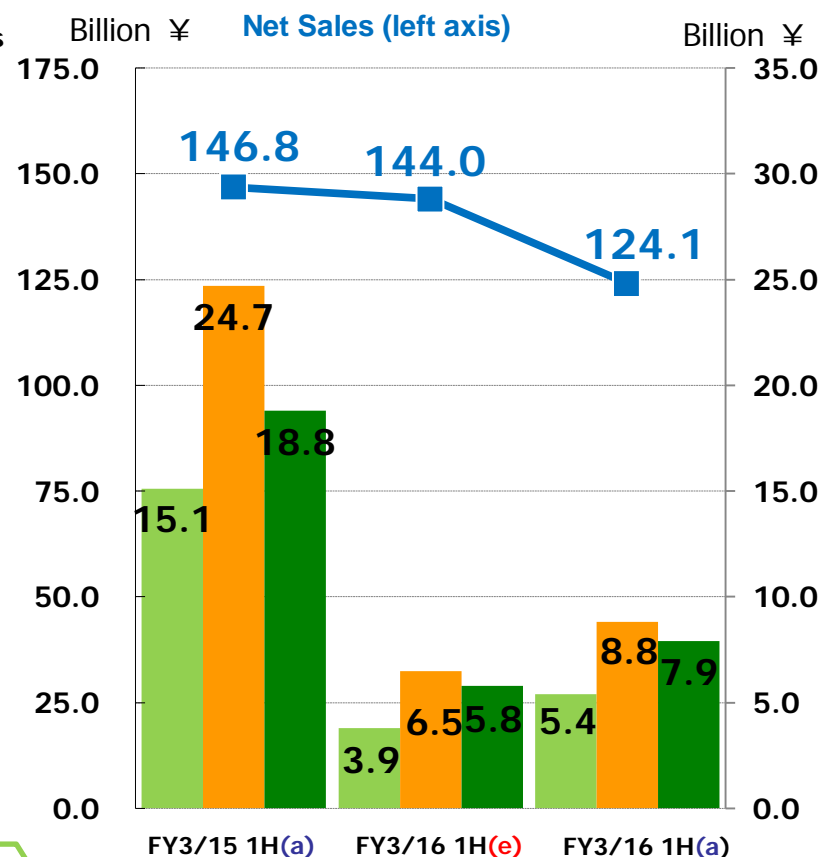
**Improve HR development**  
➤ Bring out the full potential or specialty of each individual employee.

## **2. Consolidated Financial Results for the Six Months Ended September 30, 2015**

**Executive Officer Michiro Yamashita**

# Actual Financial Results for 1H FY3/16 (Summary)

Billion ¥	FY3/15 1H (a)	FY3/16 1H (e) (May12 '15)	FY3/16 1H (a)	change vs Initial estimates %
Net Sales	146.8	144.0	124.1	▲13%
Operating income	15.1	3.9	5.4	+38%
Ordinary income	24.7	6.5	8.8	+35%
Net income	18.8	5.8	7.9	+36%
JCC price US\$/bbl	110.06	57.50	59.21	
Exchange rate JP¥/US\$	102.13	115.00	121.44	
Bitumen price CA\$/bbl	58.93	29.80	32.93	
Exchange rate JP¥/CA\$	95.04	95.00	98.61	



## Main points of difference with initial estimate and FY2016

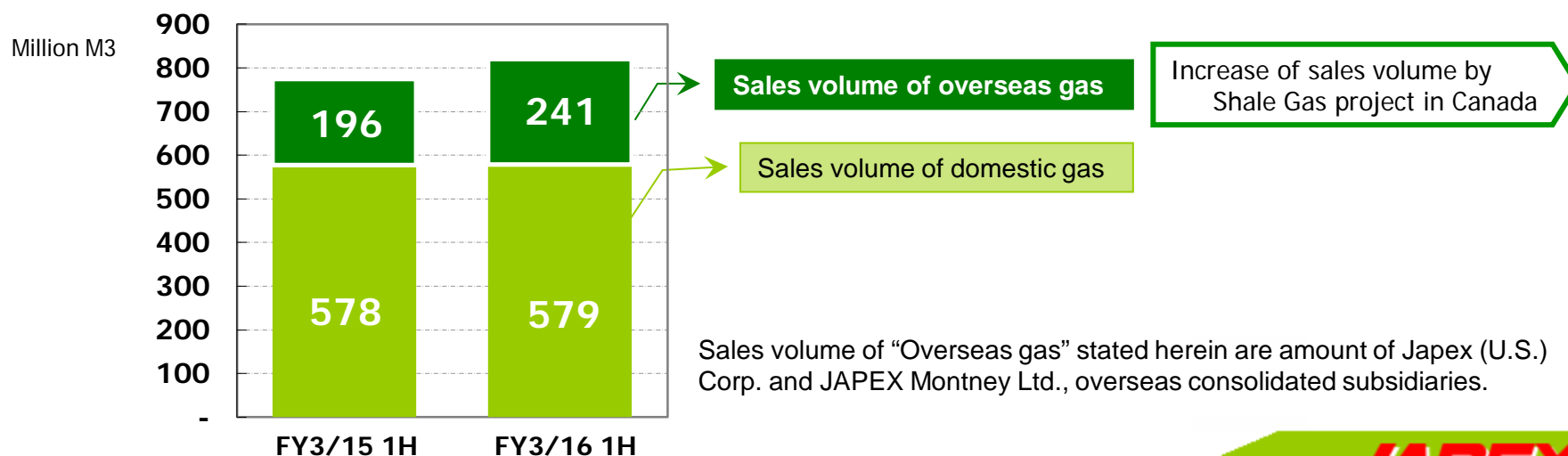
- Net Sales ▲ ¥19.8billion Re-schedule of crude oil sales of Garraf Oil Field, Iraq, into third quarter of fiscal year ending March 31, 2016.
- Operating income +¥ 1.5billion
- Ordinary income +¥ 2.3billion Equity in losses of affiliates +¥ 1.0 billion
- Net income +¥ 2.1 billion

## Actual Sales of Natural Gas in 1H FY3/16 (vs 1H FY3/15)

Sales volume : Million M3 Net sales : Million ¥		FY2015 1H(a)	FY2016 1H (a)	Change
Natural gas	Sales volume	775	820	+45
	Net sales	37,458	33,031	▲4,427

### Breakdown of equity natural gas

Domestic gas	Sales volume	578	579	+0
(Domestically produced gas)	Sales volume	(382)	(361)	(▲21)
Overseas gas	Sales volume	196	241	+45



## Actual Sales of Crude Oil in 1H FY3/16 ( vs 1H FY3/15 )

Sales volume : Thousand KL Net sales : Million ¥		FY3/15 1H(a)	FY3/16 1H(a)	Change
Crude oil	Sales volume	1,107	1,480	+372
	Net sales	73,500	57,148	▲16,352

### Breakdown of equity oil sales

Domestic crude oil:	Sales volume	190	180	▲10	Decline in sales prices
	Net sales	13,768	8,427	▲5,341	
Overseas crude oil:	Sales volume	273	669	+396	Increase of sales of crude oil from Garraf oil field
	Net sales	18,568	24,416	+5,847	
Bitumen:	Sales volume	152	143	▲9	Decline in sales prices
	Net sales	5,382	2,927	▲2,454	

### Oil price and Exchange rate assumptions

JCC price	US\$/bbl	110.06	59.21	▲50.85
Exchange rate	JP¥ / US\$	102.13	121.44	+19.31
Bitumen price	CA\$/bbl	58.93	32.93	▲26.00
Exchange rate	JP¥ / CA\$	95.04	98.61	+3.57

Sales volume and net sales of "Domestic 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 crude oil" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

# Actual Financial Results for 1H FY3/16 (vs 1H FY3/15)

[ Million ¥]	FY3/15	FY3/16	Change	Causes of increase(+) or decrease(▲)
	1H(a)	1H(a)		
Net sales	146,850	124,157	▲22,692	
Gross profit	34,515	26,408	▲8,106	<b>Gross profit</b> Domestic crude oil and natural gas ▲¥3.7billion Overseas consolidated subsidiaries ▲¥4.4billion
Exploration expenses	3,260	4,769	+1,509	<b>Exploration expenses</b> Domestic exploration +0.8billion Overseas exploration ▲2.3billion
SG&A expenses	16,143	16,231	+87	
Operating income	15,110	5,407	▲9,703	
Non-operating income (expenses)	9,625	3,434	▲6,190	<b>Non-operating income (expenses)</b> Share of profit of entities accounted for using equity method ▲ ¥4.8 billion Foreign currency translation differences ▲ ¥1.2 billion
Ordinary income	24,736	8,842	▲15,894	
Extraordinary income (losses)	13	▲72	▲85	
Income taxes	4,781	3,660	▲1,121	
Minority interests in income	1,095	▲2,853	▲3,948	
Net income	18,873	7,963	▲10,910	



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# **3. Revised Full Year Estimates for the Fiscal Year Ending March 31, 2016**

**Executive Officer Michiro Yamashita**

# Revised Full Year Estimates for FY3/16

## [Assumption for Crude Oil Prices and Exchange Rate]

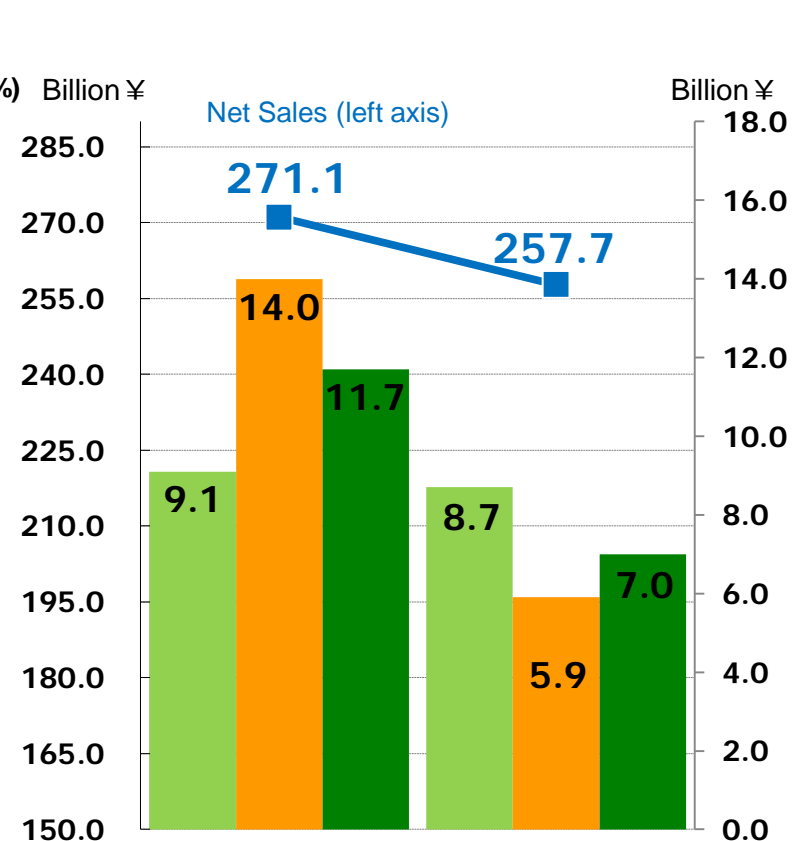
			2015				2016	Full year
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
W T I	US\$/bbl	Initial estimates	<b>50.00</b>	<b>55.00</b>	<b>60.00</b>	<b>60.00</b>		<b>56.25</b>
		Revised estimates	<b>48.70</b>	<b>57.75</b>	<b>46.50</b>	<b>40.00</b>		<b>48.24</b>
JCC price	US\$/bbl	Initial estimates		<b>55.00</b>	<b>60.00</b>	<b>60.00</b>	<b>65.00</b>	<b>60.00</b>
		Revised estimates		<b>56.49</b>	<b>62.50</b>	<b>50.00</b>	<b>50.00</b>	<b>54.81</b>
Exchange rate	JP¥/US\$	Initial estimates		<b>115.00</b>	<b>115.00</b>	<b>115.00</b>	<b>115.00</b>	<b>115.00</b>
		Revised estimates		<b>119.74</b>	<b>123.31</b>	<b>120.00</b>	<b>120.00</b>	<b>120.82</b>
JACOS Bitumen	CA\$/bbl	Initial estimates	<b>27.72</b>	<b>32.45</b>	<b>35.16</b>	<b>35.18</b>		<b>32.52</b>
		Revised estimates	<b>28.15</b>	<b>38.57</b>	<b>24.32</b>	<b>20.07</b>		<b>27.45</b>
JML Gas	CA\$/mcf	Initial estimates	<b>3.54</b>	<b>3.53</b>	<b>3.57</b>	<b>3.62</b>		<b>3.57</b>
		Revised estimates	<b>2.37</b>	<b>2.35</b>	<b>2.23</b>	<b>1.82</b>		<b>2.17</b>

1. "JACOS Bitumen" stated herein Bitumen selling price of Japan Canada Oil Sands Ltd. (Deduction of Royalty)
2. "JML Gas" stated herein Gas sales price of JAPEX Montney Ltd. (Deduction of Royalty)

# Revised Estimates in FY3/16 (Summary)

[Billion ¥]	Initial estimates Full(e) May12,'15	Revised estimates Full(e) Nov.6,'15	Change	Change VS Initial Estimates(%)
Net Sales	271.1	257.7	▲13.4	▲4%
Operating income	9.1	8.7	▲0.4	▲4%
Ordinary income	14.0	5.9	▲8.1	▲58%
Net income	11.7	7.0	▲4.7	▲40%
JCC price US\$/bbl	60.00	54.81	▲5.19	
Exchange rate JP¥/US\$	115.00	120.82	+5.82	
Bitumen price CA\$/bbl	32.52	27.45	▲5.07	
Exchange rate JP¥/CA\$	95.00	90.00	▲5.00	

	1Q (a)	2Q (a)	3Q (e)	4Q (e)
JCC price US\$/bbl (Initial estimates)	55.00	60.00	60.00	65.00
(Revised estimates)	56.49	62.50	50.00	50.00
Bitumen price CA\$/bbl (Initial estimates)	27.72	32.45	35.16	35.18
(Revised estimates)	28.15	38.57	24.32	20.07



Initial estimates (e) Mar.12,'15      Revised estimates (e) Nov.6,'15

right axis

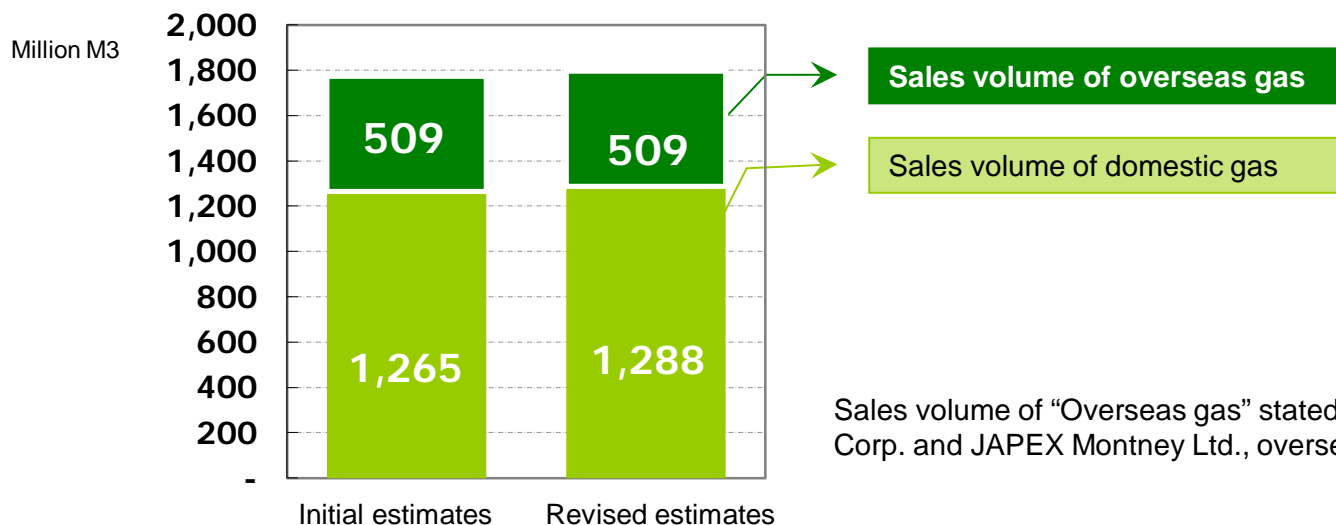
- Operating income
- Ordinary income
- Net income

# Revised Estimated Natural Gas Sales in FY3/16 (vs Initial Estimates)

Sales volume : Million M3 Net sales : Million ¥		Initial estimates Full(e) May12,'15	Revised estimates Full(e) Nov.6,'15	Change
Natural gas	Sales volume	1,773	1,797	+23
	Net sales	67,856	70,094	+2,239

## Breakdown of natural gas sales

Domestic gas	Sales volume	1,265	1,288	+23
(Domestically produced gas)	Sales volume	(757)	(765)	(+8)
Overseas gas	Sales volume	509	509	+0



Sales volume of "Overseas gas" stated herein are amount of Japex (U.S.) Corp. and JAPEX Montney Ltd., overseas consolidated subsidiaries.

# Revised Estimated Crude Oil Sales in FY3/16 (vs Initial Estimates)

Sales volume : Thousand KL Net sales : Million ¥		Initial estimates Full(e) May12,'15	Revised estimates Full(e) Nov.6,'15	Change
Crude Oil	Sales volume	3,423	3,397	▲25
	Net sales	135,841	119,837	▲16,004

## Breakdown of equity oil sales

Domestic crude oil	Sales volume	335	341	+7
	Net sales	14,964	15,181	+218
Overseas crude oil	Sales volume	1,827	1,796	▲31
	Net sales	72,103	59,893	▲12,209
Bitumen	Sales volume	294	296	+2
	Net sales	5,710	4,599	▲1,111

Decline in sales prices

Decline in sales prices

## Oil price and Exchange rate assumptions

JCC price	USD/bbl	60.00	54.81	▲5.19
Exchange rate	JP¥/US\$	115.00	120.82	+5.82
Bitumen price	CAD/bbl	32.52	27.45	▲5.07
Exchange rate	JP¥/CA\$	95.00	90.00	▲5.00

Sales volume and net sales of "Domestic 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 crude oil" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).

# Revised Estimates for FY3/16 (vs Initial Estimates)

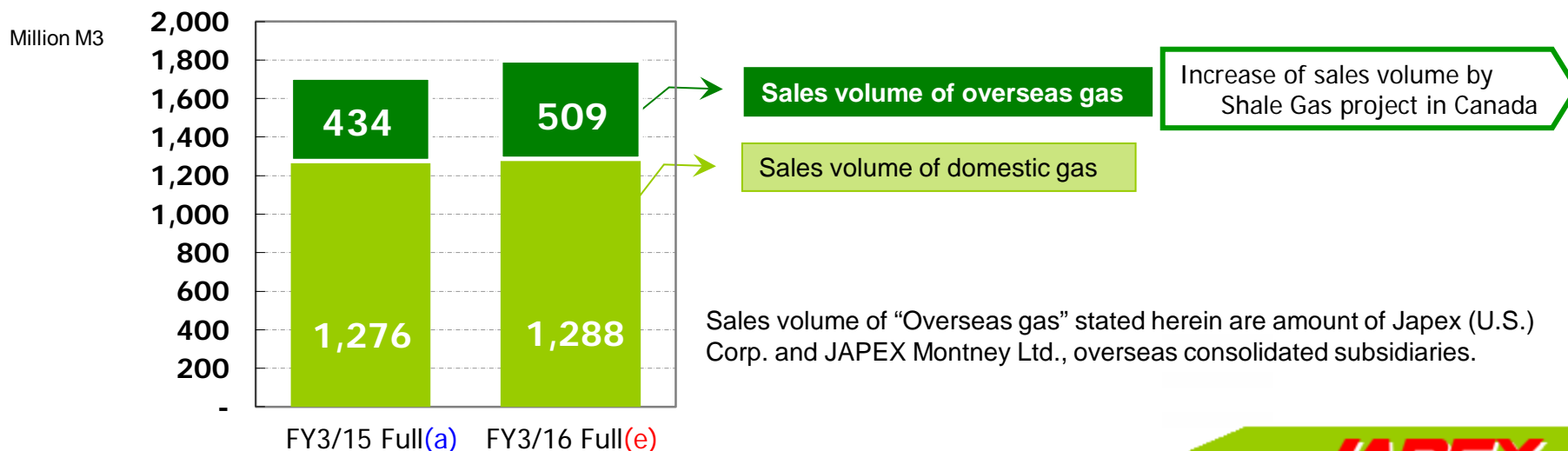
Million ¥	Initial estimates Full(e) May12,'15	Revised estimates Full(e) Nov.6,'15	Change	Causes of increase(+) or decrease(▲)
Net sales	271,118	257,724	▲13,394	
Gross profit	49,475	49,055	▲421	<b>Gross profit</b> Domestic crude oil and natural gas +¥2.7billion Overseas consolidated subsidiaries ▲¥2.6billion
Exploration expenses	7,243	7,338	+95	
SG&A expenses	33,112	33,038	▲74	
Operating income	9,120	8,679	▲441	
Non-operating income	4,891	▲2,802	▲7,694	<b>Non-operating income (losses)</b> Foreign currency translation adjustments on debt ▲¥6.9billion Equity in earnings ▲¥0.3billion
Ordinary income	14,012	5,877	▲8,135	
Extraordinary income	▲20	52	+73	
Income taxes	5,205	5,466	+261	
Minority interests in income	▲2,919	▲6,506	▲3,587	
Net income	11,705	6,970	▲4,735	

# Revised Estimated Natural Gas Sales in FY3/16 (vs FY3/15)

Sales volume : Million M3 Net sales : Million ¥		FY3/15	FY3/16	Change
		Full (a)	Revised estimates Full(e) Nov.6,'15	
Natural gas	Sales volume	1,710	1,797	+86
	Net sales	83,974	70,094	▲13,880

## Breakdown of equity natural gas

Domestic gas	Sales volume	1,276	1,288	+11
(Domestically produced gas)	Sales volume	(813)	(765)	(▲49)
Overseas gas	Sales volume	434	509	+74



## Revised estimated crude oil sales in FY3/16 (vs FY3/15)

		FY3/15	FY3/16	Change
Sales volume : Thousand KL			Revised estimates	
Net sales : Million ¥		Full (a)	Full(e) Nov.6,'15	
Crude oil	Sales volume	2,396	3,397	+1,001
	Net sales	133,346	119,837	▲13,510

### Breakdown of equity oil sales

Domestic crude oil:	Sales volume	367	341	▲26	Decline in sales prices
	Net sales	23,857	15,181	▲8,676	
Overseas crude oil:	Sales volume	830	1,796	+966	Increase of sales of crude oil from Garraf oil field
	Net sales	43,466	59,893	+16,427	
Bitumen	Sales volume	332	296	▲36	Decline in sales price
	Net sales	12,105	4,599	▲7,507	

### Oil price and Exchange rate assumptions

JCC price	US\$/bbl	96.48	54.81	▲41.67
Exchange rate	JP¥/USD	106.23	120.82	+14.59
Bitumen	CA\$/bbl	55.74	27.45	▲28.29
Exchange rate	JP¥/CA\$	103.63	90.00	▲13.63

Sales volume and net sales of "Domestic 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 crude oil" stated herein are amounts of 3 overseas subsidiaries (Japex (U.S.) Corp., JAPEX Montney Ltd. and Japex Garraf Ltd.).



# Revised Estimates for FY3/16 (vs FY3/15)

Million ¥	FY3/15 Full(a)	FY3/16 Revised estimates Full(e) Nov.6,'15	Change
Net sales	304,911	257,724	▲47,188
Gross profit	70,262	49,055	▲21,207
Exploration expenses	4,489	7,338	+2,848
SG&A expenses	33,625	33,038	▲588
Operating income	32,146	8,679	▲23,468
Non-operating income	22,692	▲2,802	▲25,495
Ordinary income	54,839	5,877	▲48,962
Extraordinary income	▲4,465	52	+4,518
Income taxes	17,644	5,466	▲12,178
Minority interests in income	3,161	▲6,506	▲9,668
Net income	29,567	6,970	▲22,598

Causes of increase(+) or decrease(▲)

**Gross profit**

Domestic crude oil and natural gas ▲¥7.6billion  
Overseas consolidated subsidiaries ▲¥12.5billion

**Exploration expenses**

Increase of Overseas exploration ▲2.7billion

**Non-operating income (losses)**

Share of profit of entities accounted for using equity method ▲¥10.1 billion  
Foreign currency translation adjustments on debt ▲¥6.9 billion  
Other ▲¥6.4 billion

# Crude Oil Prices and Exchange Rate Assumptions and Impact on Profits [3Q-4Q]

		FY3/15	FY3/16				1Q-4Q(e)
		1Q-4Q(a)	1stQ(a)	2ndQ(a)	3rdQ(e)	4thQ(e)	
JCC price	US\$/bbl	96.48	56.49	62.50	50.00	50.00	54.81
Exchange rate	JP¥/USD	106.23	119.74	123.31	120.00	120.00	120.82
Bitumen	CA\$/bbl	55.74	28.15	38.57	24.32	20.07	27.45
Exchange rate	JP¥/CA\$	103.63	94.78	98.61	89.34	90.00	90.00
Canadian gas	CA\$/mcf	4.20	2.37	2.35	2.23	1.82	2.17

Assumption	JCC price (3rdQ-4thQ)	Exchange rate (3rdQ-4thQ)	Bitumen (4thQ)	Canadian gas (4thQ)
	USD 50.00/bbl	120.00 JP¥/US\$	CA\$ 20.07/bbl (90.00 JP¥/CA\$)	CA\$ 1.82/mcf
Impact on Profits	US\$ 1 /bbl increase in crude oil prices would push profits up by...	A weakening in Yen 1/US\$ would push profits up by...	CAD 1 /bbl increase in bitumen prices would push profits up by...	CAD 1 /mcf increase in Canadian gas prices would push profits up by...
Operating income	360 Million Yen	200 Million Yen	40 Million Yen	410 Million Yen
Net income	250 Million Yen	120 Million Yen	30 Million Yen	170 Million Yen

Note: 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.