



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

**Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2016  
<Supplementary material>**

**May 12 , 2016**

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

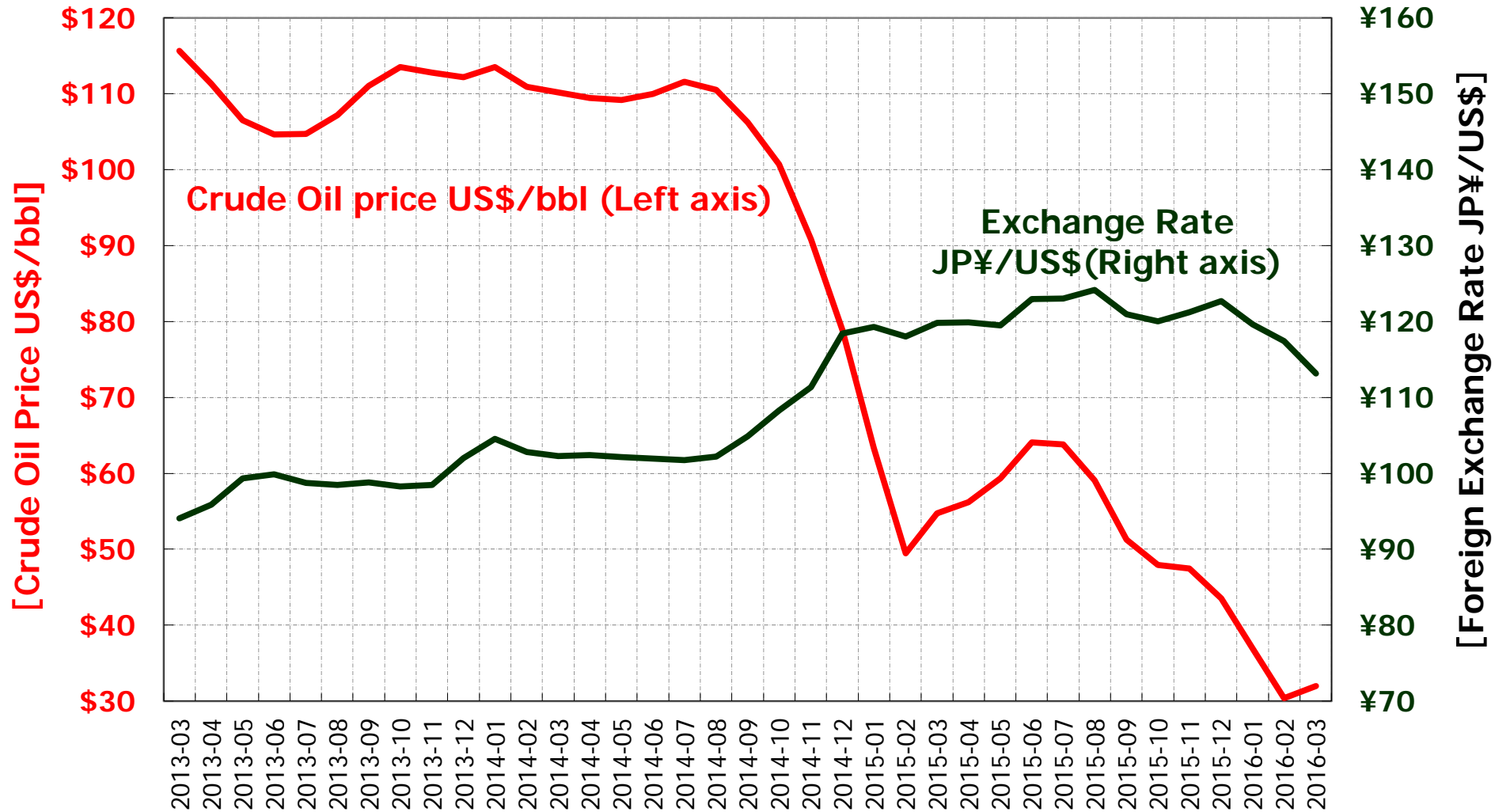
(e) = Estimate

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

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# Trends in Crude Oil Prices and Foreign Exchange Rate



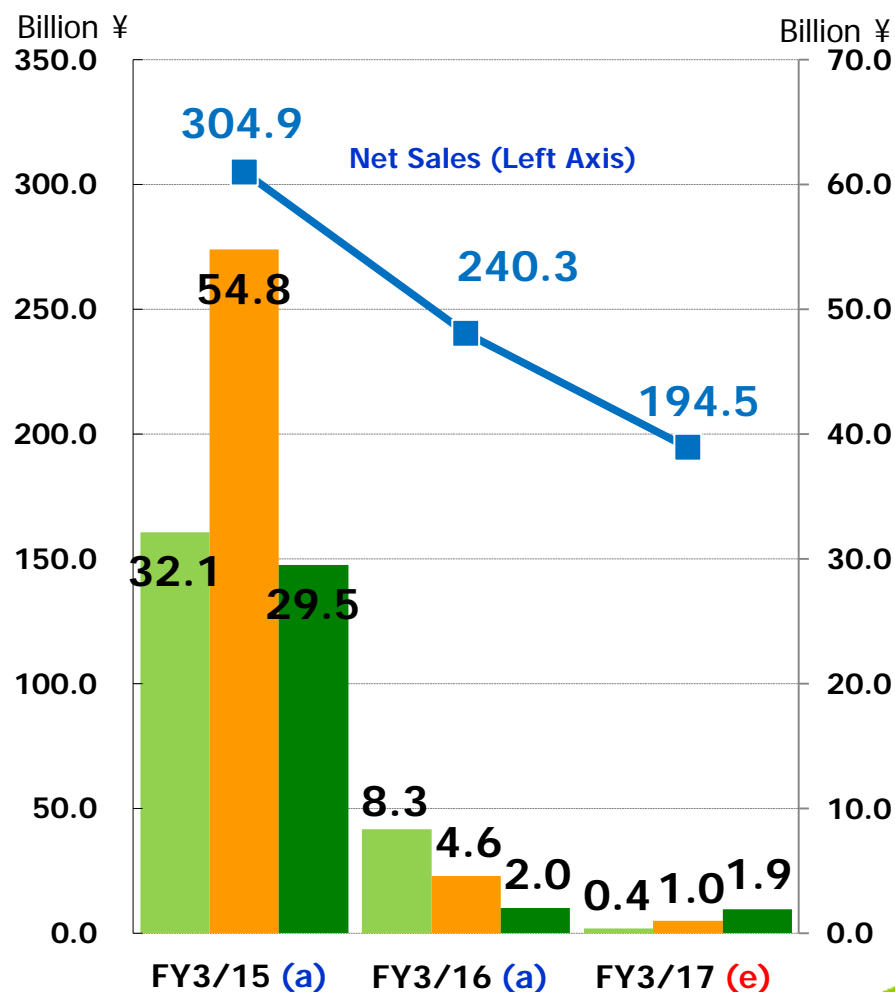
# Actual Results for FY3/16 and Estimate for FY3/17 (Highlight)

## Actual Results for FY3/16 (vs FY3/15)

Billion JP¥	FY3/15 (a)	FY3/16 (a)	Change	
Net Sales	304.9	240.3	-64.6	-21%
Operating Income	32.1	8.3	-23.8	-74%
Ordinary Income	54.8	4.6	-50.1	-91%
Profit attributable to owners of parent	29.5	2.0	-27.4	-92%
JCC Price (US\$/bbl)	96.48	51.48	-45.00	-46%
Exchange Rate (JP¥/US\$)	106.23	121.06	+14.83	+14%

## Estimates for FY3/17 (vs FY3/16)

Billion JP¥	FY3/16 (a)	FY3/17 (e)	Change	
Net Sales	240.3	194.5	-45.7	-19%
Operating Income	8.3	0.4	-7.9	-95%
Ordinary Income	4.6	1.0	-3.6	-78%
Profit attributable to owners of parent	2.0	1.9	-0.1	-5%
JCC Price (US\$/bbl)	51.48	45.00	-6.48	-12%
Exchange Rate (JP¥/US\$)	121.06	115.00	-6.06	-5%



Right Axis

- Operating Income
- Ordinary Income
- Profit attributable to owners of parent

# Actual Results for FY3/16 (Highlight)

billion JP¥	FY3/15 (a)	FY3/16			(a)
		Initial Estimate (e) (May.12, '15)	Revised Estimate (e) (Nov.6, '15)	Revised Estimate (e) (Feb.5, '16)	
Net Sales	304.9	271.1	257.7	245.7	240.3
Operating Income	32.1	9.1	8.6	8.6	8.3
Ordinary Income	54.8	14.0	5.8	5.1	4.6
Profit attributable to owners of parent	29.5	11.7	6.9	5.2	2.0

## Assumptions

JCC Price (US\$/bbl)	96.48	60.00	54.81	51.37	51.48
Exchange Rate (JP¥/US\$)	106.23	115.00	120.82	121.05	121.06

◆ Initial Estimate (May. 2015) → Revised Estimate (Nov. 2015) → Revised Estimate (Feb. 2016)

【-】 Decline in sales prices for oil and gas,  
Foreign currency translation adjustments on the foreign currency denominated debt,  
Fluctuation in foreign currency exchange gains and losses,  
An increase in the tax expense.

◆ Revised Estimate (Feb. 2016) → Second revision (Apr. 2016) and Actual Result (May.2016)

【-】 Decrease of crude oil sales volume from overseas,  
Impairment Loss.

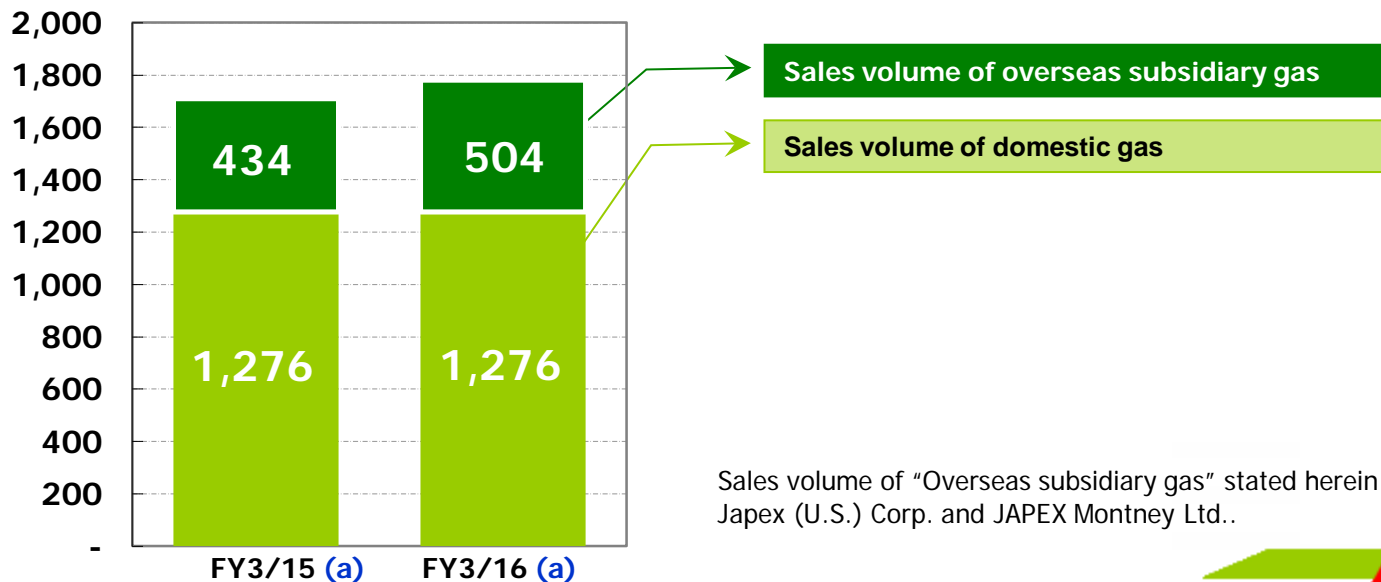
# Actual Sales of Natural Gas for FY3/16 (year-on-year)

Sales volume : Million M3 Net sales : Million JP¥		FY3/15		FY3/16		change	
		1H (a)	Full (a)	1H (a)	Full (a)	1H	Full
Natural gas	Sales volume	775	1,710	820	1,780	+45	+70
	Net sales	37,458	83,974	33,031	68,469	-4,427	-15,505

## Breakdown

Domestic gas	Sales volume	578	1,276	579	1,276	+0	-0
(Domestically produced gas)	Sales volume	(382)	(813)	(361)	(769)	(-21)	(-44)
Overseas gas	Sales volume	196	434	241	504	+45	+70

(Million M3)



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

# Actual Sales of Crude Oil for FY3/16 (year-on-year)

Sales volume : Thousand KL Net sales : Million JP¥		FY3/15		FY3/16		change	
		1H (a)	Full (a)	1H (a)	Full (a)	1H	Full
<b>Crude oil</b>	Sales volume	1,107	2,396	1,480	3,233	+372	+837
	Net sales	73,500	133,346	57,148	102,918	-16,352	-30,428

## Breakdown

<b>Domestic crude oil (*)</b>	Sales volume	190	367	180	340	-10	-27
	Net sales	13,768	23,857	8,427	13,815	-5,341	-10,042
<b>Overseas crude oil (**)</b>	Sales volume	273	830	669	1,616	+396	+786
	Net sales	18,568	43,466	24,416	48,384	+5,847	+4,918
<b>Bitumen (***)</b>	Sales volume	152	332	143	306	-9	-26
	Net sales	5,382	12,105	2,927	4,894	-2,454	-7,211

## Assumptions

<b>JCC price</b>	US\$/bbl	110.06	96.48	59.21	51.48	-50.85	-45.00
<b>Bitumen price (***)</b>	US\$/bbl	53.36	50.48	26.16	21.05	-27.20	-29.43
<b>Exchange rate</b>	JP¥ / US\$	102.13	106.23	121.44	121.06	+19.31	+14.83

(\*) Sales volume and net sales of "Domestic crude oil" stated herein do not include purchased crude oil.

(\*\*) 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.).

(\*\*\*) Royalty is excluded in the net sales and price of Bitumen. From the 3Q FY3/16, Japan Canada Oil Sands Ltd., overseas consolidated subsidiaries, have changed functional currency from Canadian dollar to US dollar.

# Actual Results for FY3/16 (year-on-year)

Million JP¥	FY3/15 (a)	FY3/16 (a)	Change	Causes of increase(+) or decrease(-)
Net sales	304,911	240,302	-64,609	<b>Gross profit</b> Domestic crude oil and natural gas - ¥10.3 billion Overseas consolidated subsidiaries - ¥11.6 billion
Gross profit	70,262	47,279	-22,983	
Exploration expenses	4,489	6,516	+2,027	<b>Exploration expenses</b> Domestic exploration - ¥0.4 billion Overseas exploration + ¥2.5 billion
SG&A expenses	33,625	32,426	-1,199	
Operating income	32,146	8,336	-23,810	<b>Non-operating income (expenses)</b> Equity in earnings - ¥10.3 billion Foreign currency translation adjustments on debt, Fluctuations in foreign currency exchange gains and losses Marginal profit ¥6.6 billion (FY3/15)→Losses ¥8.8 billion (FY3/16) - ¥ 15.4 billion
Non-operating income (expenses)	22,692	-3,684	-26,376	
Ordinary income	54,839	4,652	-50,187	
Extraordinary income (losses)	-4,465	-3,143	+1,322	<b>Extraordinary income (losses)</b> Decrease of an impairment loss + ¥0.9billion
Income taxes	17,644	6,388	-11,256	
Profit attributable to non-controlling interests (losses)	3,161	-6,970	-10,131	
Profit attributable to owners of parent	29,567	2,090	-27,477	



# Revised Full Year Estimates for FY3/17

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

		Upper: from January 2015 to March 2016. Lower: from January 2016 to March 2017.					Full year	
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.		
W T I	US\$/bbl	2015(a)	<b>48.70</b>	<b>57.75</b>	<b>46.50</b>	<b>42.03</b>		<b>48.75</b>
		2016(e)	<b>35.00</b>	<b>40.00</b>	<b>40.00</b>	<b>50.00</b>		<b>41.25</b>
JCC price	US\$/bbl	2015(a)		<b>56.49</b>	<b>62.50</b>	<b>48.91</b>	<b>36.82</b>	<b>51.48</b>
		2016(e)		<b>40.00</b>	<b>40.00</b>	<b>50.00</b>	<b>50.00</b>	<b>45.00</b>
Exchange rate	JP¥/US\$	2015(a)		<b>119.74</b>	<b>123.31</b>	<b>120.76</b>	<b>120.09</b>	<b>121.06</b>
		2016(e)		<b>115.00</b>	<b>115.00</b>	<b>115.00</b>	<b>115.00</b>	<b>115.00</b>
JACOS Bitumen	US\$/bbl	2015(a)	<b>22.37</b>	<b>30.64</b>	<b>19.70</b>	<b>13.55</b>		<b>21.05</b>
		2016(e)	<b>6.35</b>	<b>11.53</b>	-	-		<b>8.39</b>
JML Gas	CA\$/mcf	2015(a)	<b>2.37</b>	<b>2.35</b>	<b>2.30</b>	<b>1.57</b>		<b>2.12</b>
		2016(e)	<b>1.95</b>	<b>1.87</b>	<b>1.85</b>	<b>1.85</b>		<b>1.88</b>

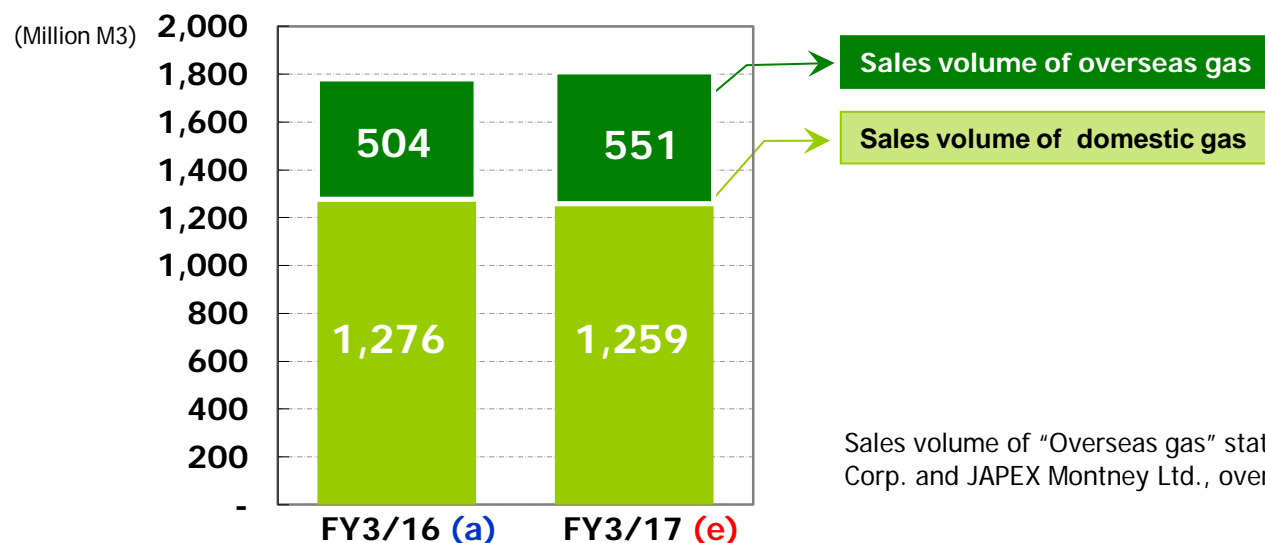
1. "JACOS Bitumen" stated herein Bitumen selling price of Japan Canada Oil Sands Ltd. (Deduction of Royalty). Assuming a temporary suspension of the production operation at the Hangingstone Demonstration Project area from May 2016, not estimate the 2H sales.
2. "JML Gas" stated herein Gas sales price of JAPEX Montney Ltd. (Deduction of Royalty)

# Estimated Natural Gas Sales in FY3/17

Sales volume : Million M3 Net sales : Million JP¥		FY3/16		FY3/17		change	
		1H (a)	Full (a)	1H (e)	Full (e)	1H	Full
Natural gas :	Sales volume	820	1,780	871	1,811	+51	+31
	Net sales	33,031	68,469	24,889	54,607	-8,142	-13,862

## Breakdown

Domestic gas	Sales volume	579	1,276	570	1,259	-8	-17
(Domestically produced gas)	Sales volume	(361)	(769)	(341)	(737)	(-20)	(-32)
Overseas gas	Sales volume	241	504	300	551	+59	+47



# Estimated Crude Oil Sales in FY3/17

Sales volume : Thousand KL Net sales : Million JP¥		FY3/16		FY3/17		change	
		1H (a)	Full (a)	1H (e)	Full (e)	1H	Full
Crude oil	Sales volume	1,480	3,233	1,280	2,564	-200	-669
	Net sales	57,148	102,918	32,233	76,286	-24,915	-26,632

## Breakdown

Domestic crude oil (*)	Sales volume	180	340	150	296	-30	-44
	Net sales	8,427	13,815	4,671	10,288	-3,756	-3,527
Overseas crude oil (**)	Sales volume	669	1,616	669	1,326	-0	-290
	Net sales	24,416	48,384	15,866	36,182	-8,550	-12,202
Bitumen (***)	Sales volume	143	306	93	94	-50	-212
	Net sales	2,927	4,894	538	568	-2,389	-4,326

## Assumptions

JCC price	US\$/bbl	59.21	51.48	40.00	45.00	-19.21	-6.48
Bitumen price (***)	US\$/bbl	26.16	21.05	7.96	8.39	-18.20	-12.66
Exchange rate	JP¥ /US\$	121.44	121.06	115.00	115.00	-6.44	-6.06

(\*) Sales volume and net sales of "Domestic crude oil" stated herein do not include purchased crude oil.

(\*\*) 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.).

(\*\*\*) Royalty is excluded in the net sales and price of Bitumen. Japan Canada Oil Sands Ltd., overseas consolidated subsidiaries, has decided to temporarily suspend a production operation of bitumen at the Hangingstone Demonstration Project area from the middle of May 2016. Japan Canada Oil Sands Ltd., have changed functional currency from Canadian dollar to US dollar from the 3Q FY3/16.

# Estimates for FY3/17

Million JP¥	FY3/16	FY3/17	Change	Causes of increase(+) or decrease(-)
	(a)	(e)		
Net sales	240,302	194,575	-45,727	
Gross profit	47,279	30,547	-16,732	<b>Gross profit</b> Domestic crude oil and natural gas - ¥8.6 billion Overseas consolidated subsidiaries - ¥5.9 billion Consignment revenue - ¥2.5 billion
Exploration expenses	6,516	1,867	-4,649	<b>Exploration expenses</b> Domestic exploration - ¥1.0 billion Overseas exploration - ¥3.6 billion
SG&A expenses	32,426	28,280	-4,146	<b>SG&amp;A expenses</b> Decrease of transportation cost and G&A expenses of JACOS - ¥1.5 billion Cost Reduction, Decrease in depreciation - ¥1.0 billion
Operating income	8,336	400	-7,936	
Non-operating income (expenses)	-3,684	614	+4,298	<b>Non-operating income (expenses)</b> Equity in earnings - ¥2.8 billion Foreign currency translation adjustments on debt, Fluctuations in foreign currency exchange gains and losses +¥8.2 billion
Ordinary income	4,652	1,014	-3,638	
Extraordinary income (losses)	-3,143	-69	+3,074	<b>Extraordinary income (losses)</b> Decrease in the impairment loss +¥3.0 billion
Income taxes	6,388	2,510	-3,878	
Losses attributable to non-controlling interest (-)	-6,970	-3,550	+3,420	
Profit attributable to owners of parent	2,090	1,985	-105	

# Assumptions and Impact on Profits

Assumptions	JCC price	Exchange rate	Canadian gas prices
	45.00 US\$/bbl	115.00 JP¥ / US\$	1.88 CA\$/mcf
<b>FY3/17 Impact on Profits</b>	<b>1 US\$/bbl increase in JCC prices</b> would push profits up by...	<b>A weakening in 1 JP¥/US\$ exchange rates</b> would push profits up by...	<b>1 CA\$/mcf increase in Canadian gas prices</b> would push profits up by...
Operating income	JP¥ 490 million	JP¥ 260 million	JP¥ 1,480 million
Net income	JP¥ 340 million	JP¥ 140 million	JP¥ 630 million

Assumptions		FY3/16			FY3/17			change
		1H (a)	2H (a)	Full (a)	1H (e)	2H (e)	Full (e)	
JCC price	US\$/bbl	59.21	42.89	51.48	40.00	50.00	45.00	-6.48
Exchange rate	JP¥/US\$	121.44	120.47	121.06	115.00	115.00	115.00	-6.06
Canadian gas prices	CA\$/mcf	2.36	1.88	2.12	1.91	1.85	1.88	-0.24

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.