

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <under Japanese GAAP>

May 12, 2017

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

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 Listing: Tokyo Stock Exchange, First Section
 Securities code: 1662
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Scheduled date of ordinary general shareholders' meeting: June 28, 2017
 Scheduled date to commence dividend payments: June 29, 2017
 Scheduled date to file Securities Report: June 28, 2017
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting (for institutional investors and analysts): Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

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

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2017 | 207,130 | (13.8) | 685 | (91.8) | 2,222 | (52.2) | 3,443 | 64.7 |
| March 31, 2016 | 240,302 | (21.2) | 8,336 | (74.1) | 4,652 | (91.5) | 2,090 | (92.9) |

Note: Comprehensive income: FY2017/3: 14,191 million yen (- %) FY2016/3: (50,923) million yen (- %)

| Fiscal year ended | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to sales |
|-------------------|--------------------------|----------------------------|------------------|--|------------------------------------|
| | Yen | Yen | % | % | % |
| March 31, 2017 | 60.24 | – | 0.8 | 0.3 | 0.3 |
| March 31, 2016 | 36.58 | – | 0.5 | 0.6 | 3.5 |

Reference: Equity in earnings (losses) of affiliates: FY2017/3: (4,255) million yen FY2016/3: 1,624 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, 2017 | 746,739 | 510,609 | 58.6 | 7,655.26 |
| As of March 31, 2016 | 707,601 | 495,317 | 59.5 | 7,366.40 |

Reference: Equity As of March 31, 2017: 437,518 million yen As of March 31, 2016: 421,009 million yen

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from 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, 2017 | 43,672 | (84,686) | 18,360 | 103,630 |
| March 31, 2016 | 57,659 | (125,771) | 54,816 | 126,570 |

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, 2016 | – | 25.00 | – | 25.00 | 50.00 | 2,857 | 136.7 | 0.6 |
| Fiscal year ended March 31, 2017 | – | 5.00 | – | 10.00 | 15.00 | 857 | 24.9 | 0.2 |
| Fiscal year ending March 31, 2018 (Forecast) | – | 10.00 | – | 10.00 | 20.00 | | 20.5 | |

3. Consolidated financial forecasts for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------------------------------|-----------------|-----|------------------|-------|-----------------|-------|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending March 31, 2018 | 214,878 | 3.7 | 2,988 | 336.2 | 5,424 | 144.1 | 5,564 | 61.6 | 97.36 |

Note: As the Group principally manages its operations on an annual basis, consolidated financial forecasts for the first six months are omitted from the fiscal year ending March 31, 2018.

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Exclusion: one company (Japex Philippines Ltd.)
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None
- (3) Number of issued shares (common shares)
 - a. Total number of issued shares at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of March 31, 2017 | 57,154,776 shares |
| As of March 31, 2016 | 57,154,776 shares |
 - b. Number of treasury shares at the end of the period

| | |
|----------------------|--------------|
| As of March 31, 2017 | 2,139 shares |
| As of March 31, 2016 | 2,139 shares |
 - c. Average number of shares during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2017 | 57,152,637 shares |
| Fiscal year ended March 31, 2016 | 57,152,637 shares |

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2017
(April 1, 2016 – March 31, 2017)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|--------|------------------|--------|-----------------|--------|-----------------|--------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2017 | 150,137 | (17.2) | 7,938 | (33.0) | 16,473 | 4.5 | 15,063 | 46.1 |
| March 31, 2016 | 181,378 | (20.2) | 11,845 | (40.7) | 15,764 | (40.6) | 10,310 | (48.7) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2017 | 263.57 | – |
| March 31, 2016 | 180.41 | – |

(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, 2017 | 493,018 | 397,941 | 80.7 | 6,962.79 |
| As of March 31, 2016 | 449,679 | 365,288 | 81.2 | 6,391.46 |

Reference: Equity As of March 31, 2017: 397,941 million yen As of March 31, 2016: 365,288 million yen

* Financial results reports are not required to be audited.

* 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. As such, they do not constitute guarantees by the Company of future performance. 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 “(4) Future outlook” of “1. Overview of operating results and others” on pages 7 of the attached material to the financial results report.

(Method of accessing supplementary material on financial results)

On May 12, 2017 (Friday), JAPEX plans to post supplementary material on its website.

In addition, JAPEX plans to hold a presentation meeting for institutional investors and analysts on May 15, 2017 (Monday). JAPEX plans to post the material distributed at this presentation meeting on its website promptly after the meeting is held.

(Attached Material)

1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

In the fiscal year ended March 31, 2017, the Japanese economy continued with a moderate tone of recovery owing to a recovery in exports and production during the second half of the fiscal year despite the economy weakened due to a global economic slowdown and other factors as the economies of emerging countries in Asia and resource-producing countries slowed down during the first half of the fiscal year.

The Japan Crude Cocktail (JCC) price started the fiscal year in the high end of the \$30 range per barrel, recovering gradually to the mid-\$50 level by February 2017 due to an agreement to reduce production among OPEC countries in November 2016, then remaining at that level through to the end of the fiscal year.

In the currency exchange market, the trend of yen appreciation that began in the second half of the previous fiscal year continued through the fiscal year under review. Against the US dollar, the yen appreciated from the lower ¥110 range at the start of the fiscal year to the lower ¥100 range in September, when it began declining down to the upper ¥110 range in January before turning upward again to remain around the lower ¥110 level through to the end of the fiscal year. As a result, the JAPEX Group's JCC price declined slightly as an average for the fiscal year compared to the previous fiscal year.

On the other hand, natural gas struggled to achieve a competitive advantage compared with competing energy sources as the price of petroleum products, etc. declined due to falling JCC prices. In addition, there were efforts to promote project on natural gas infrastructures such as LNG receiving terminals and related pipelines by other companies. As a result, the JAPEX Group faced a severe market environment on natural gas.

Under such circumstances, the JAPEX Group endeavored to secure production and transportation, and focused on efficient E&P toward achieving a stable, long-term supply of energy essential for daily life.

During the fiscal year, net sales was at ¥207,130 million, a decrease of ¥33,171 million (-13.8%) year on year, and gross profit was at ¥32,172 million, a decrease of ¥15,107 million (-32.0%) year on year. The main factors behind the year-on-year decreases in net sales and gross profit were decrease in sales volume of crude oil and domestically produced natural gas, and falls in sales prices.

Exploration expenses was ¥1,512 million, a decrease of ¥5,003 million (-76.8%) year on year. This was mainly the result of a considerable decrease of expenditures in Japan and overseas. Selling, general and administrative expenses was ¥29,975 million, a decrease of ¥2,451 million (-7.6%) year on year. As a result, operating profit was ¥685 million, a decrease of ¥7,651 million (-91.8%) year on year.

Ordinary profit was ¥2,222 million, a decrease of ¥2,429 million (-52.2%) year on year. The result mainly reflected the negative factor to turn from share of profit of entities accounted for using equity method recorded in the previous fiscal year changing to share of loss of entities accounted for using equity method in the fiscal year due to recording impairment loss at the equity-method affiliate Japan Drilling Co., Ltd. However, the impact was partially offset by a decrease in the decline in operating profit, mainly due to a turnaround from foreign exchange losses in the previous fiscal year to foreign exchange gains in the fiscal year.

Profit before income taxes was ¥3,192 million, an increase of ¥1,683 million (+111.6%) year on year. This is mainly due to a decrease in impairment loss and the recognition of gain on sales of non-current assets.

Profit attributable to owners of parent was at ¥3,443 million, an increase of ¥1,352 million (+64.7%) 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 ¥157,706 million, a decrease of ¥31,396 million (-16.6%) year on year. This was mainly the result of a decrease in sales volume and fall in sales price.

(ii) Contract Services

Net sales from contract services (involved in drilling and geological surveys) came to ¥10,354 million, an increase of ¥557 million (+5.7%) 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, etc., as well as other subcontracted tasks, came to ¥39,069 million, a decrease of ¥2,332 million (-5.6%) year on year.

Below is a summary of performance by segment (before elimination of intersegment transactions).

(1) Japan

Net sales in the Japan segment is mainly composed of E&P (including LNG), contract services, and oil products and the like. In the fiscal year under review, net sales was at ¥199,505 million, a decrease of ¥28,868 million (-12.6%) year on year, due mainly to a fall in sales volume of crude oil and natural gas, and a fall of sales price. Segment profit decreased by ¥4,445 million (-17.8%) year on year to ¥20,525 million. This was mainly due to the above-mentioned decrease in net sales, despite a decrease in exploration expenses and selling, general and administrative expenses.

(2) North America

Net sales in the North America segment is mainly composed of E&P (including bitumen). Net sales came to ¥5,688 million, a decrease of ¥4,320 million (-43.2%) year on year due mainly to a decrease in sales volume of bitumen caused by the temporary suspension of the production operation of Japan Canada Oil Sands Limited (hereinafter "JACOS"). There was segment loss of ¥8,620 million (compared to segment loss of ¥6,812 million in the previous fiscal year) despite a decrease of operating costs associated with the temporary suspension of the production operation of JACOS and others.

(3) Europe

In the Europe segment, we have been conducting exploration activities in the UK North Sea block located offshore of Aberdeen. There was segment loss of ¥268 million (compared to segment loss of ¥3,905 million in the previous fiscal year) as a result of a decrease in exploration expenses and others.

(4) Middle East

Net sales from the Middle East segment is mainly composed of crude oil. Net sales came to ¥27,179 million, a decrease of ¥19,337 million (-41.6%) year on year, due mainly to a decrease in sales volume and a fall in sales price. Segment loss came to ¥1,120 million (compared to segment profit of ¥4,486 million in the previous fiscal year). This was mainly due to the above-mentioned decrease in net sales, despite a decrease in cost of sales.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of this fiscal year increased by ¥39,137 million from the previous fiscal year-end to ¥746,739 million.

Current assets decreased by ¥12,278 million from the previous fiscal year-end to ¥161,359 million, mainly due to a decrease in securities of ¥22,248 million despite an increase in cash and deposits of ¥5,129 million and an increase in short-term loans receivable of ¥4,319 million.

Non-current assets increased by ¥51,416 million to ¥585,380 million, mainly due to increases of construction in progress of ¥38,564 million and investment securities of ¥12,975 million.

Total liabilities increased by ¥23,845 million from the previous fiscal year-end to ¥236,129 million.

Current liabilities increased by ¥5,621 million from the previous fiscal year-end to ¥37,911 million, mainly due to an increase in notes and accounts payable - trade of ¥5,048 million and others.

Non-current liabilities increased by ¥18,223 million to ¥198,218 million, mainly due to increases in long-term loans payable of ¥11,873 million and deferred tax liabilities of ¥5,229 million.

Total net assets increased by ¥15,292 million from the previous fiscal year-end to ¥510,609 million.

Shareholders' equity increased by ¥45 million from the previous fiscal year-end to ¥360,155 million.

Accumulated other comprehensive income increased by ¥16,463 million to ¥77,363 million, mainly due to an increase in valuation difference on available-for-sale securities of ¥19,277 million despite a decrease in foreign currency translation adjustment of ¥2,786 million.

Non-controlling interests decreased by ¥1,216 million to ¥73,091 million.

(3) Overview of cash flows for the fiscal year under review

As of March 31, 2017, cash and cash equivalents (hereinafter "net cash") decreased by ¥22,940 million compared to the end of the previous fiscal year to ¥103,630 million. Below is a summary of cash flows for each activity.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥43,672 million. The main factors were ¥26,437 million in recovery of recoverable accounts, ¥15,690 million in depreciation, ¥4,255 million in share of loss of entities accounted for using equity method, and increase in notes and accounts receivable - trade of ¥3,648 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥84,686 million. Net cash was mainly used in purchase of property, plant and equipment of ¥70,250 million and payments of recoverable accounts of ¥21,380 million, while net cash was mainly provided by interest and dividend income received of ¥5,511 million and proceeds from capital reduction of investments of ¥3,526 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥18,360 million. Net cash was mainly provided by proceeds from long-term loans payable of ¥20,385 million, while net cash was mainly used by cash dividends paid of ¥1,716 million.

Reference: Trend of cash flow indicators

| Fiscal years ended March 31 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------|------|------|------|------|
| Equity ratio (%) | 72.8 | 63.7 | 62.5 | 59.5 | 58.6 |
| Equity ratio on mark-to-market basis (%) | 40.6 | 29.6 | 31.6 | 20.4 | 19.5 |
| Interest-bearing debt to cash flow ratio (years) | 0.8 | 1.2 | 1.0 | 2.3 | 3.4 |
| Interest coverage ratio (times) | 110.9 | 53.2 | 99.4 | 83.6 | 48.7 |

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 shares).
- *3. Cash flow here is cash flows from operating activities.
- *4. Interest-bearing debt is all debt subject to interest payments within liabilities (excluding lease obligations) shown on the consolidated balance sheet.

(4) Future outlook

The latest financial forecasts are based on a JCC price of \$50 per barrel for the whole fiscal year, and an exchange rate of ¥110/\$ for the whole fiscal year. Actual non-consolidated results for the fiscal year under review came to \$45.60 per barrel and ¥108.53/\$.

Net sales for the fiscal year ending March 31, 2018 is expected to increase by ¥7,747 million (+3.7%) from the fiscal year under review to ¥214,878 million. This is due to an expected increase in sales mainly reflecting growth in sales volumes for overseas crude oil and bitumen products.

Operating profit is expected to increase by ¥2,303 million (+336.2%) from the fiscal year under review to ¥2,988 million as we expect declines mainly in selling, general and administrative expenses.

Ordinary profit is expected to increase by ¥3,202 million (+144.1%) from the fiscal year under review to ¥5,424 million. This mainly reflects an expected increase share of profit of entities accounted for using equity method, among other factors, which are expected to absorb a decline in the foreign exchange gains recorded in the fiscal year under review.

Profit attributable to owners of parent is expected to increase by ¥2,121 million (+61.6%) from the fiscal year under review to ¥5,564 million despite a decline in extraordinary income after posting a gain on sales of non-current assets in the fiscal year under review and an expected increase in income taxes.

(5) Fundamental policy on allocation of profits and dividend forecasts for this fiscal year and next fiscal year

JAPEX has a basic policy of long-term and stable dividend payout to shareholders. Also, the JAPEX Group is responsible for the stable supply of oil and natural gas that is essential in social life, and we have to consider our financial plan including retained earnings for future use, such as new investments to secure reserves, maintain and expand our supply infrastructure, and others with mid-long term business outlook. Based on these factors and recent condition of our financial results and forecasts due to low price ranges of oil and gas, we will determine an amount of dividend in each time comprehensively considering financial conditions and future needs for funds with the view of strengthening our financial basement.

In the amount of dividend of the fiscal year ended March 31, 2017, interim dividend per share recorded on September 30, 2016 was ¥5.00. And its year-end dividend per share recorded on March 31, 2017 is determined ¥10.00 which is changed from undetermined through in accordance with the above factors and the latest financial results.

From these results, total amount of dividend per share in the fiscal year ended March 31, 2017 is going to be ¥15.00.

Furthermore, the forecast of total annual amount of dividends per share in the fiscal year ending March 31, 2018 is ¥20.00: its breakdown is interim dividend to be recorded on September 30, 2017 as ¥10.00 and year-end dividend to be recorded on March 31, 2018 as ¥10.00.

2. Basic rationale for selecting the accounting standard

The JAPEX Group currently has a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms.

Concerning the adoption of International Financial Reporting Standards (IFRS), the Group intends to respond appropriately giving due consideration to the situation in Japan and overseas.

3. Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2016 | As of March 31, 2017 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 104,359 | 109,488 |
| Notes and accounts receivable - trade | 24,642 | 28,283 |
| Securities | 23,551 | 1,302 |
| Merchandise and finished goods | 4,414 | 4,282 |
| Work in process | 29 | 84 |
| Raw materials and supplies | 4,135 | 5,414 |
| Deferred tax assets | 1,078 | 143 |
| Short-term loans receivable | 28 | 4,348 |
| Other | 11,430 | 8,042 |
| Allowance for doubtful accounts | (30) | (31) |
| Total current assets | 173,638 | 161,359 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 168,808 | 170,341 |
| Accumulated depreciation | (127,005) | (130,907) |
| Buildings and structures, net | 41,802 | 39,433 |
| Wells | 109,468 | 113,166 |
| Accumulated depreciation | (75,421) | (77,400) |
| Wells, net | 34,046 | 35,765 |
| Machinery, equipment and vehicles | 116,174 | 117,045 |
| Accumulated depreciation | (96,057) | (99,255) |
| Machinery, equipment and vehicles, net | 20,116 | 17,790 |
| Mineral resources | 45,956 | 57,955 |
| Accumulated depreciation | (5,021) | (7,144) |
| Mineral resources, net | 40,935 | 50,810 |
| Land | 13,719 | 16,736 |
| Construction in progress | 179,420 | 217,984 |
| Other | 21,241 | 21,336 |
| Accumulated depreciation | (15,063) | (16,068) |
| Other, net | 6,177 | 5,268 |
| Total property, plant and equipment | 336,218 | 383,790 |
| Intangible assets | | |
| Other | 9,698 | 8,487 |
| Total intangible assets | 9,698 | 8,487 |
| Investments and other assets | | |
| Investment securities | 135,261 | 148,237 |
| Long-term loans receivable | 16,522 | 11,672 |
| Deferred tax assets | 3,575 | 4,668 |
| Net defined benefit asset | 888 | 954 |
| Other | 34,705 | 30,171 |
| Allowance for doubtful accounts | (58) | (51) |
| Allowance for overseas investment loss | (2,847) | (2,549) |
| Total investments and other assets | 188,046 | 193,102 |
| Total non-current assets | 533,963 | 585,380 |
| Total assets | 707,601 | 746,739 |

(Millions of yen)

| | As of March 31, 2016 | As of March 31, 2017 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 8,585 | 13,634 |
| Provision for directors' bonuses | 67 | 24 |
| Other | 23,637 | 24,252 |
| Total current liabilities | 32,290 | 37,911 |
| Non-current liabilities | | |
| Long-term loans payable | 130,030 | 141,903 |
| Deferred tax liabilities | 24,267 | 29,497 |
| Provision for directors' retirement benefits | 88 | 69 |
| Net defined benefit liability | 3,574 | 3,572 |
| Asset retirement obligations | 17,811 | 18,292 |
| Other | 4,221 | 4,882 |
| Total non-current liabilities | 179,994 | 198,218 |
| Total liabilities | 212,284 | 236,129 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,288 | 14,288 |
| Capital surplus | 157 | 183 |
| Retained earnings | 345,674 | 345,693 |
| Treasury shares | (10) | (10) |
| Total shareholders' equity | 360,109 | 360,155 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 50,554 | 69,832 |
| Deferred gains or losses on hedges | 3 | (226) |
| Foreign currency translation adjustment | 10,087 | 7,301 |
| Remeasurements of defined benefit plans | 253 | 455 |
| Total accumulated other comprehensive income | 60,899 | 77,363 |
| Non-controlling interests | 74,308 | 73,091 |
| Total net assets | 495,317 | 510,609 |
| Total liabilities and net assets | 707,601 | 746,739 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2016 (April 1, 2015- March 31, 2016) | Fiscal year ended March 31, 2017 (April 1, 2016- March 31, 2017) |
|---|---|---|
| Net sales | 240,302 | 207,130 |
| Cost of sales | 193,022 | 174,957 |
| Gross profit | 47,279 | 32,172 |
| Exploration expenses | | |
| Exploration expenses | 6,631 | 1,847 |
| Exploration subsidies | (115) | (334) |
| Total exploration expenses | 6,516 | 1,512 |
| Selling, general and administrative expenses | 32,426 | 29,975 |
| Operating profit | 8,336 | 685 |
| Non-operating income | | |
| Interest income | 1,470 | 1,243 |
| Dividend income | 2,498 | 2,301 |
| Gain on sales of securities | 0 | 104 |
| Share of profit of entities accounted for using equity method | 1,624 | - |
| Foreign exchange gains | - | 3,444 |
| Other | 1,121 | 920 |
| Total non-operating income | 6,715 | 8,014 |
| Non-operating expenses | | |
| Interest expenses | 784 | 1,245 |
| Loss on sales of securities | 1 | 15 |
| Share of loss of entities accounted for using equity method | - | 4,255 |
| Foreign exchange losses | 8,805 | - |
| Other | 808 | 961 |
| Total non-operating expenses | 10,399 | 6,477 |
| Ordinary profit | 4,652 | 2,222 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 82 | 892 |
| Gain on transfer of mining rights | - | 403 |
| Other | - | 5 |
| Total extraordinary income | 82 | 1,301 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 121 | 90 |
| Impairment loss | 3,098 | 62 |
| Loss on business liquidation | - | 177 |
| Other | 5 | 0 |
| Total extraordinary losses | 3,225 | 331 |
| Profit before income taxes | 1,508 | 3,192 |
| Income taxes - current | 3,633 | 2,619 |
| Income taxes - deferred | 2,755 | (977) |
| Total income taxes | 6,388 | 1,642 |
| Profit (loss) | (4,879) | 1,550 |
| Loss attributable to non-controlling interests | (6,970) | (1,892) |
| Profit attributable to owners of parent | 2,090 | 3,443 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2016 (April 1, 2015- March 31, 2016) | Fiscal year ended March 31, 2017 (April 1, 2016- March 31, 2017) |
|--|---|---|
| Profit (loss) | (4,879) | 1,550 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (35,606) | 19,302 |
| Deferred gains or losses on hedges | 0 | (244) |
| Foreign currency translation adjustment | (9,752) | (4,283) |
| Remeasurements of defined benefit plans, net of tax | (267) | 267 |
| Share of other comprehensive income of entities accounted for using equity method | (416) | (297) |
| Changes in equity interest | – | (2,103) |
| Total other comprehensive income | (46,043) | 12,640 |
| Comprehensive income | (50,923) | 14,191 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (36,293) | 16,564 |
| Comprehensive income attributable to non- controlling interests | (14,630) | (2,372) |

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 14,288 | – | 346,441 | (10) | 360,719 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (2,857) | | (2,857) |
| Profit attributable to owners of parent | | | 2,090 | | 2,090 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 157 | | | 157 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | – | 157 | (767) | – | (609) |
| Balance at end of current period | 14,288 | 157 | 345,674 | (10) | 360,109 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 86,174 | 3 | 12,980 | 521 | 99,678 | 80,249 | 540,647 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (2,857) |
| Profit attributable to owners of parent | | | | | | | 2,090 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | 157 |
| Net changes of items other than shareholders' equity | (35,619) | 0 | (2,892) | (267) | (38,779) | (5,941) | (44,721) |
| Total changes of items during period | (35,619) | 0 | (2,892) | (267) | (38,779) | (5,941) | (45,330) |
| Balance at end of current period | 50,554 | 3 | 10,087 | 253 | 60,899 | 74,308 | 495,317 |

Fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 14,288 | 157 | 345,674 | (10) | 360,109 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (1,714) | | (1,714) |
| Profit attributable to owners of parent | | | 3,443 | | 3,443 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 26 | | | 26 |
| Change of scope of equity method | | | 393 | | 393 |
| Changes in equity interest | | | (2,103) | | (2,103) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | – | 26 | 19 | – | 45 |
| Balance at end of current period | 14,288 | 183 | 345,693 | (10) | 360,155 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 50,554 | 3 | 10,087 | 253 | 60,899 | 74,308 | 495,317 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | (1,714) |
| Profit attributable to owners of parent | | | | | | | 3,443 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | 26 |
| Change of scope of equity method | | | | | | | 393 |
| Changes in equity interest | | | | | | | (2,103) |
| Net changes of items other than shareholders' equity | 19,277 | (229) | (2,786) | 201 | 16,463 | (1,216) | 15,247 |
| Total changes of items during period | 19,277 | (229) | (2,786) | 201 | 16,463 | (1,216) | 15,292 |
| Balance at end of current period | 69,832 | (226) | 7,301 | 455 | 77,363 | 73,091 | 510,609 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2016 (April 1, 2015- March 31, 2016) | Fiscal year ended March 31, 2017 (April 1, 2016- March 31, 2017) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,508 | 3,192 |
| Depreciation | 17,078 | 15,690 |
| Impairment loss | 3,098 | 62 |
| Loss on retirement of property, plant and equipment | 117 | 86 |
| Loss (gain) on valuation of short-term and long-term investment securities | 69 | 10 |
| Increase (decrease) in allowance for doubtful accounts | 2 | (6) |
| Decrease (increase) in net defined benefit asset | (324) | (65) |
| Increase (decrease) in net defined benefit liability | (422) | (1) |
| Increase (decrease) in provision for directors' retirement benefits | (786) | (18) |
| Increase (decrease) in allowance for overseas investment loss | (469) | (298) |
| Interest and dividend income | (3,968) | (3,545) |
| Interest expenses | 784 | 1,245 |
| Foreign exchange losses (gains) | 8,110 | (1,426) |
| Loss (gain) on sales of short-term and long-term investment securities | 1 | (89) |
| Share of (profit) loss of entities accounted for using equity method | (1,624) | 4,255 |
| Recovery of recoverable accounts | 41,402 | 26,437 |
| Decrease (increase) in notes and accounts receivable - trade | 609 | (3,648) |
| Decrease (increase) in inventories | 3,707 | (1,219) |
| Increase (decrease) in notes and accounts payable - trade | 847 | 3,055 |
| Increase (decrease) in accrued consumption taxes | (82) | (1,232) |
| Other, net | (2,288) | 3,651 |
| Subtotal | 67,372 | 46,135 |
| Income taxes (paid) refund | (9,713) | (2,463) |
| Net cash provided by (used in) operating activities | 57,659 | 43,672 |

(Millions of yen)

| | Fiscal year ended March 31, 2016 (April 1, 2015- March 31, 2016) | Fiscal year ended March 31, 2017 (April 1, 2016- March 31, 2017) |
|---|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (660) | (7,249) |
| Proceeds from withdrawal of time deposits | 2,079 | 946 |
| Proceeds from sales and redemption of securities | 2,400 | 398 |
| Purchase of property, plant and equipment | (92,953) | (70,250) |
| Proceeds from sales of property, plant and equipment | 109 | 951 |
| Purchase of intangible assets | (720) | (323) |
| Payments for asset retirement obligations | (829) | (294) |
| Purchase of investment securities | (360) | (135) |
| Proceeds from sales and redemption of investment securities | 9 | 2,645 |
| Payments for investments in capital | (2,821) | (339) |
| Payments of recoverable accounts | (42,958) | (21,380) |
| Payments of loans receivable | (24) | (24) |
| Collection of loans receivable | 5,065 | 1,082 |
| Interest and dividend income received | 5,784 | 5,511 |
| Proceeds from dividends of residual property | 13 | – |
| Proceeds from capital reduction of investments | 1,070 | 3,526 |
| Other, net | (974) | 250 |
| Net cash provided by (used in) investing activities | (125,771) | (84,686) |
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 171,394 | – |
| Decrease in short-term loans payable | (214,137) | – |
| Proceeds from long-term loans payable | 103,711 | 20,385 |
| Repayments of long-term loans payable | (10,392) | – |
| Cash dividends paid | (2,899) | (1,716) |
| Dividends paid to non-controlling interests | (2,156) | (315) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (398) | – |
| Interest expenses paid | (689) | (896) |
| Repayments of lease obligations | (619) | (594) |
| Proceeds from share issuance to non-controlling shareholders | 11,005 | 1,498 |
| Net cash provided by (used in) financing activities | 54,816 | 18,360 |
| Effect of exchange rate change on cash and cash equivalents | (2,791) | (286) |
| Net increase (decrease) in cash and cash equivalents | (16,086) | (22,940) |
| Cash and cash equivalents at beginning of period | 142,657 | 126,570 |
| Cash and cash equivalents at end of period | 126,570 | 103,630 |

4. Others

Status of production and sales

1. Production

| | | Fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016) | Fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017) |
|-----|--|---|---|
| E&P | Crude oil (kl) | 1,908,080 (1,564,057) | 1,570,228 (1,264,026) |
| | Natural gas (thousand m ³) | 1,331,251 (507,328) | 1,380,939 (600,976) |
| | LNG (t) | 2,202 | 10,154 |
| | Bitumen (kl) | 306,432 (306,432) | 90,751 (90,751) |

- 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, 2016 (April 1, 2015 – March 31, 2016) | | Fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017) | |
|---------------------|--|---|-----------------------------|---|-----------------------------|
| | | Volume | Amount (Millions of yen) | Volume | Amount (Millions of yen) |
| E&P | Crude oil (kl) | 2,926,653 | 98,023 | 2,670,522 | 81,428 |
| | Natural gas (thousand m ³) | 1,780,537 | 68,469 | 1,864,865 | 55,329 |
| | LNG (t) | 208,246 | 17,715 | 398,295 | 20,278 |
| | Bitumen (kl) | 306,436 | 4,894 | 91,627 | 669 |
| Subtotal | | | 189,103 | | 157,706 |
| Contract services | | | 9,797 | | 10,354 |
| Other businesses | Oil products/merchandise | | 32,609 | | 33,354 |
| | Others | | 8,792 | | 5,715 |
| | Subtotal | | 41,401 | | 39,069 |
| Total | | | 240,302 | | 207,130 |

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