

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <under Japanese GAAP>

May 14, 2020

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 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Scheduled date to file Securities Report: June 26, 2020
 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, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	318,822	19.0	14,283	517.4	32,635	160.6	26,815	81.5
March 31, 2019	267,980	16.2	2,313	(73.6)	12,523	227.1	14,770	–

Note: Comprehensive income: FY2020/3: (6,254) million yen (– %) FY2019/3: (7,804) 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 net sales
	Yen	Yen	%	%	%
March 31, 2020	469.18	–	6.5	5.1	4.5
March 31, 2019	258.44	–	3.5	1.8	0.9

Reference: Equity in earnings (losses) of affiliates: FY2020/3: 11,960 million yen FY2019/3: 12,550 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, 2020	627,132	440,157	64.2	7,046.18
As of March 31, 2019	655,288	450,156	63.6	7,287.32

Reference: Equity As of March 31, 2020: 402,706 million yen As of March 31, 2019: 416,488 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, 2020	69,895	(18,701)	(13,743)	138,259
March 31, 2019	30,970	(13,969)	(15,493)	100,633

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, 2019	–	10.00	–	30.00	40.00	2,286	15.5	0.5
Fiscal year ended March 31, 2020	–	25.00	–	25.00	50.00	2,857	10.7	0.7
Fiscal year ending March 31, 2021 (Forecast)	–	25.00	–	25.00	50.00		–	

3. Consolidated financial forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	223,685	(29.8)	(8,222)	–	(2,139)	–	(3,193)	–	(55.87)

* 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 UK E&P CENTRAL 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: None
 - 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, 2020	57,154,776 shares
As of March 31, 2019	57,154,776 shares
 - b. Number of treasury shares at the end of the period

As of March 31, 2020	2,303 shares
As of March 31, 2019	2,207 shares
 - c. Average number of shares during the period

Fiscal year ended March 31, 2020	57,152,522 shares
Fiscal year ended March 31, 2019	57,152,632 shares

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2020
(April 1, 2019 – March 31, 2020)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	217,079	20.6	7,893	(16.4)	29,718	38.0	25,413	6.9
March 31, 2019	180,024	9.0	9,440	(18.8)	21,536	6.1	23,765	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2020	444.66	–
March 31, 2019	415.82	–

(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, 2020	442,637	380,442	85.9	6,656.63
As of March 31, 2019	467,656	391,225	83.7	6,845.27

Reference: Equity As of March 31, 2020: 380,442 million yen As of March 31, 2019: 391,225 million yen

* Financial results reports are not required to be audited by certified public accountants or an audit corporation.

* 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 page 7 of the attached material to the financial results report.

(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, 2020, the Japanese economy remained on a moderate recovery trend continuing from the previous fiscal year while showing weakness in exports and production, but shifted to a substantial plunge due to the effect of novel coronavirus disease (COVID-19) at the end of the fiscal year, and faces a severe condition.

The Japan Crude Cocktail (JCC) price was on an uptick, starting the fiscal year with the mid-\$60 level per barrel, but later, the price trended downwards due to the effects of the trade issue between the United States and China, and annual average was \$68, \$4 lower from the previous fiscal year. The price again declined sharply this year with the business confidence affected by the spread of COVID-19 and coinciding events such as failure of oil producing countries to agree with coordinated reduction in the beginning of March, the Dubai crude oil price was standing at the level of around mid-\$20 at the end of the fiscal year.

In the currency exchange market, the yen was hovering around ¥110 /US\$ at the beginning of the fiscal year, but then appreciated to the mid ¥100 level subsequently. Although the yen was getting weaker during the second half of the year, it was traded at the higher ¥100 level as of the end of the fiscal year. As a result, the JAPEX Group's average oil sales price for the fiscal year declined compared to the previous fiscal year.

On the other hand, the JAPEX Group continued to face a severe domestic market environment with respect to natural gas sales. In addition to competition with prices of other petroleum products, that was due to intensifying competition amid efforts reinforced by other companies in JAPEX's market domain to promote natural gas infrastructure projects such as LNG receiving terminals and related pipelines, progress in expansion outside traditional supply areas in the entire energy industry using the full retail liberalization of electricity and gas as an opportunity, and other factors.

Under such circumstances, the JAPEX Group has been promoting business based on "Long-Term Vision 2030 and Mid-Term Business Plan 2018-2022" announced in May, 2018.

During the fiscal year, net sales was ¥318,822 million, an increase of ¥50,842 million (+19.0%) year on year. Gross profit was ¥47,042 million, an increase of ¥12,196 million (+35.0%) year on year. Major factors behind the year-on-year increases for net sales were growth in sales volume of crude oil and diluted bitumen in Japan Canada Oil Sands Limited (JACOS) Hangingstone leases. The major factor behind the year-on-year increase for gross profit was an increase of diluted bitumen sales price and leading to improved profit, stemming from an increase in sales volume in the oil sands business and a narrowing of the light-heavy differential (*1).

Exploration expenses was ¥893 million, an increase of ¥104 million (+13.3%) year on year. Selling, general and administrative expenses was ¥31,864 million, an increase of ¥121 million (+0.4%) year on year. Despite these increases, operating profit was ¥14,283 million, an increase of ¥11,970 million (+517.4%) year on year.

Ordinary profit was ¥32,635 million, an increase of ¥20,112 million (+160.6%) year on year, due mainly to an increase in dividend income and the turnaround from foreign exchange losses to foreign exchange gains, despite a decrease in share of profit of entities accounted for using equity method and a decrease in gain on reversal of asset retirement obligations in the previous fiscal year.

Profit before income taxes increased by ¥18,829 million year on year to ¥31,903 million, due mainly to a decrease in gain on sales of non-current assets and the recognition of impairment loss on business assets related to Amarume Oil Field. Profit attributable to owners of parent increased by ¥12,044 million year on year to ¥26,815 million.

(*1) The differential between Western Canadian Select (WCS), which is the reference price for heavy crude oil from the oil sands, and the WTI, which is the reference price of light crude oil

Below is a breakdown of net sales.

(i) Oil and Gas

Net sales from oil and gas (including liquefied natural gas (LNG) and diluted bitumen) came to ¥259,804 million, an increase of ¥44,374 million (+20.6%) year on year. This was mainly the result of growth in sales volume of crude oil and diluted bitumen.

(ii) Contract Services

Net sales from contract services (drilling and geological surveys, etc.) came to ¥15,003 million, an increase of ¥7,661 million (+104.3%) 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 ¥44,014 million, a decrease of ¥1,193 million (-2.6%) year on year.

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

(1) Japan

Net sales in the Japan segment are mainly composed of crude oil and natural gas (including LNG), contract services, oil products and the like. In the fiscal year under review, net sales were at ¥268,373 million, an increase of ¥36,266 million (+15.6%) year on year, due mainly to growth in sales volume of crude oil and natural gas, despite a decrease in sales prices of crude oil and natural gas. Segment profit decreased by ¥474 million (-2.5%) year on year to ¥18,834 million, due to a decrease in sales prices of crude oil and natural gas, and other factors.

(2) North America

Net sales in the North America segment are mainly composed of crude oil and natural gas (including diluted bitumen). In the fiscal year under review, net sales came to ¥48,703 million, an increase of ¥14,433 million (+42.1%) year on year due mainly to growth in sales volume of diluted bitumen in Japan Canada Oil Sands Limited (JACOS) Hangingstone leases. With respect to segment profit (loss), there was a segment profit of ¥3,422 million (compared to segment loss of ¥9,751 million in the previous fiscal year) due to improvement in profit from diluted bitumen sales stemming from the narrowing light-heavy differential in the oil sands business.

(3) Europe

In the Europe segment, exploration activities have been conducted in the UK North Sea block located offshore Aberdeen. In the fiscal year under review, there was segment loss of ¥164 million (compared to segment loss of ¥157 million in the previous fiscal year).

(4) Middle East

Net sales from the Middle East segment are composed of crude oil. In the fiscal year under review, net sales came to ¥43,890 million, an increase of ¥29,073 million (+196.2%) year on year, due mainly to growth in sales volume. Segment profit came to ¥612 million, a decrease of ¥342 million (-35.9%) year on year. This was due to an increase in cost of sales, despite the above-mentioned increase in net sales.

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

Total assets at the end of this fiscal year decreased by ¥28,155 million from the previous fiscal year-end to ¥627,132 million.

Current assets increased by ¥46,966 million from the previous fiscal year-end, mainly due to increases in cash and deposits, and notes and accounts receivable - trade. Non-current assets decreased by ¥75,122 million from the previous fiscal year-end. This was mainly due to a decrease in investment securities resulting from the fall in market values and a decrease in property, plant and equipment resulting from the progress in the depreciation.

Liabilities decreased by ¥18,155 million from the previous fiscal year-end to ¥186,975 million.

Current liabilities increased by ¥3,359 million from the previous fiscal year-end. This was mainly due to an increase in notes and accounts payable - trade despite a decrease in advances received included in other in current liabilities. Non-current liabilities decreased by ¥21,515 million from the previous fiscal year-end. This was mainly due to a decrease in deferred tax liabilities resulting from the above-mentioned fall in market values of investment securities and a decrease in long-term borrowings resulting from the reclassification of borrowings with repayments due in one year or less to current liabilities.

Net assets decreased by ¥9,999 million from the previous fiscal year-end to ¥440,157 million.

The main factor was a decrease in valuation difference on available-for-sale securities, despite an increase in retained earnings.

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

As of March 31, 2020, cash and cash equivalents (hereinafter “net cash”) increased by ¥37,625 million compared to the end of the previous fiscal year to ¥138,259 million. Below is a summary of cash flows for each activity.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥69,895 million. The main factors were recovery of recoverable accounts of ¥41,040 million and ¥31,903 million in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥18,701 million. Net cash was mainly used in payments of recoverable accounts of ¥30,226 million and purchase of property, plant and equipment of ¥7,566 million, while net cash was mainly provided by interest and dividends received of ¥18,820 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥13,743 million. Net cash was mainly used in repayments of long-term borrowings of ¥6,307 million, interest paid of ¥4,729 million and dividends paid of ¥3,141 million.

Reference: Trend of cash flow indicators

Fiscal years ended March 31	2016	2017	2018	2019	2020
Equity ratio (%)	59.5	58.6	60.8	63.6	64.2
Equity ratio on mark-to-market basis (%)	20.4	19.5	19.8	20.9	16.2
Interest-bearing debt to cash flow ratio (years)	2.3	3.4	2.8	4.3	1.8
Interest coverage ratio (times)	83.6	48.7	28.4	8.0	14.8

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 “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the fiscal year ended March 31, 2019. Accordingly, with regard to “Reference: Trend of cash flow indicators” for the fiscal year ended March 31, 2018, the indicators represent those after this accounting standard, etc. was applied retrospectively.

*2. The above indicators are calculated based on consolidated financial figures.

*3. Total market capitalization is calculated based on the number of shares outstanding (excluding treasury shares).

*4. Cash flow here is cash flows from operating activities.

*5. 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 \$40 per barrel for the whole fiscal year, and an exchange rate of ¥108/\$ for the whole fiscal year. Actual non-consolidated results for the fiscal year under review came to \$68.11 per barrel and ¥109.15/\$.

Net sales for the fiscal year ending March 31, 2021 is expected to decrease by ¥95,138 million (-29.8%) from the fiscal year under review to ¥223,685 million. This is mainly due to the projected decline in the sales prices of crude oil and natural gas (including diluted bitumen), despite the expectation of electricity sales upon the commencement of the operation of the Fukushima Natural Gas Power Plant (Unit 1 and Unit 2 are scheduled to commence in late April, and in summer, respectively).

Operating profit is expected to deteriorate by ¥22,506 million from the fiscal year under review to operating loss of ¥8,222 million. This is primarily due to the above-mentioned decline in the sales prices of crude oil and natural gas, and the projection of deteriorated sales profitability resulting from the wider light-heavy differential in diluted bitumen.

Ordinary profit is expected to deteriorate by ¥34,774 million from the fiscal year under review to ordinary loss of ¥2,139 million. This mainly reflects the projection of a decrease in share of profit of entities accounted for using equity method, and the reversal of foreign exchange gains recorded in the fiscal year under review.

Profit attributable to owners of parent is expected to deteriorate by ¥30,008 million from the fiscal year under review to loss attributable to owners of parent of ¥3,193 million.

Regarding the impact of COVID-19 on operating results, the above forecast has factored in a decrease in production volume of crude oil due to the temporary suspension of production operations in the Garraf Oil Field in the south of the Republic of Iraq. Details are as described on page 25 (Significant subsequent events). Moreover, while there is the potential for decreases in sales volumes and in prices of crude oil, natural gas, diluted bitumen, and electricity in a case where economic depression is prolonged both in Japan and overseas, the severity of the impact is difficult to forecast at this point, and it has not been factored into the above forecast.

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 JAPEX Group intends to respond appropriately giving due consideration to the situation in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	117,468	160,077
Notes and accounts receivable - trade	20,825	27,510
Securities	2,330	4,000
Merchandise and finished goods	4,559	5,223
Work in process	362	167
Raw materials and supplies	7,589	11,141
Short-term loans receivable	4,575	19
Other	8,410	4,946
Allowance for doubtful accounts	(33)	(31)
Total current assets	166,087	213,054
Non-current assets		
Property, plant and equipment		
Buildings and structures	335,648	335,240
Accumulated depreciation	(150,449)	(161,558)
Buildings and structures, net	185,198	173,682
Wells	116,070	117,964
Accumulated depreciation	(85,985)	(90,980)
Wells, net	30,084	26,984
Machinery, equipment and vehicles	146,276	146,113
Accumulated depreciation	(107,257)	(111,983)
Machinery, equipment and vehicles, net	39,018	34,129
Land	16,732	16,670
Construction in progress	26,825	31,466
Other	37,316	37,965
Accumulated depreciation	(26,062)	(26,861)
Other, net	11,254	11,103
Total property, plant and equipment	309,114	294,038
Intangible assets		
Other	7,399	6,823
Total intangible assets	7,399	6,823
Investments and other assets		
Investment securities	137,794	88,922
Long-term loans receivable	42	43
Deferred tax assets	7,713	8,003
Retirement benefit asset	1,319	971
Other	26,920	16,034
Allowance for doubtful accounts	(46)	(44)
Allowance for overseas investment loss	(1,057)	(715)
Total investments and other assets	172,686	113,216
Total non-current assets	489,200	414,078
Total assets	655,288	627,132

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,666	12,237
Provision for bonuses for directors (and other officers)	25	75
Other	24,686	23,425
Total current liabilities	32,378	35,738
Non-current liabilities		
Long-term borrowings	127,715	118,774
Deferred tax liabilities	22,330	9,878
Provision for retirement benefits for directors (and other officers)	86	88
Retirement benefit liability	3,452	3,528
Asset retirement obligations	15,335	15,432
Other	3,831	3,535
Total non-current liabilities	172,752	151,236
Total liabilities	205,131	186,975
Net assets		
Shareholders' equity		
Share capital	14,288	14,288
Capital surplus	157	–
Retained earnings	331,306	350,934
Treasury shares	(10)	(11)
Total shareholders' equity	345,741	365,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,296	33,061
Deferred gains or losses on hedges	(2)	181
Foreign currency translation adjustment	3,338	3,494
Remeasurements of defined benefit plans	1,114	756
Total accumulated other comprehensive income	70,747	37,494
Non-controlling interests	33,668	37,450
Total net assets	450,156	440,157
Total liabilities and net assets	655,288	627,132

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	267,980	318,822
Cost of sales	233,133	271,780
Gross profit	34,846	47,042
Exploration expenses	788	893
Selling, general and administrative expenses	*1,*2 31,743	*1,*2 31,864
Operating profit	2,313	14,283
Non-operating income		
Interest income	1,598	1,096
Dividend income	2,102	5,618
Gain on sales of securities	2	240
Share of profit of entities accounted for using equity method	12,550	11,960
Foreign exchange gains	-	2,425
Gain on reversal of asset retirement obligations	3,293	-
Other	1,258	2,313
Total non-operating income	20,804	23,654
Non-operating expenses		
Interest expenses	4,130	4,641
Loss on sales of securities	-	1
Foreign exchange losses	5,296	-
Other	1,167	660
Total non-operating expenses	10,594	5,303
Ordinary profit	12,523	32,635
Extraordinary income		
Gain on sales of non-current assets	716	1
Total extraordinary income	716	1
Extraordinary losses		
Loss on sales of non-current assets	60	14
Loss on retirement of non-current assets	74	193
Impairment loss	*3 30	*3 524
Total extraordinary losses	165	733
Profit before income taxes	13,074	31,903
Income taxes - current	3,925	4,318
Income taxes - deferred	(5,179)	469
Total income taxes	(1,254)	4,788
Profit	14,328	27,114
Profit (loss) attributable to non-controlling interests	(441)	299
Profit attributable to owners of parent	14,770	26,815

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	14,328	27,114
Other comprehensive income		
Valuation difference on available-for-sale securities	(20,366)	(33,236)
Deferred gains or losses on hedges	(5)	184
Foreign currency translation adjustment	(1,705)	(34)
Remeasurements of defined benefit plans, net of tax	(38)	(357)
Share of other comprehensive income of entities accounted for using equity method	(16)	74
Total other comprehensive income	(22,132)	(33,369)
Comprehensive income	(7,804)	(6,254)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(7,455)	(6,437)
Comprehensive income attributable to non- controlling interests	(348)	183

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,288	183	317,679	(10)	332,140
Changes during period					
Dividends of surplus			(1,143)		(1,143)
Profit attributable to owners of parent			14,770		14,770
Change in ownership interest of parent due to transactions with non-controlling interests		(26)			(26)
Change in scope of consolidation					
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during period	–	(26)	13,627	(0)	13,600
Balance at end of period	14,288	157	331,306	(10)	345,741

	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 period	86,667	3	5,149	1,152	92,973	34,140	459,255
Changes during period							
Dividends of surplus							(1,143)
Profit attributable to owners of parent							14,770
Change in ownership interest of parent due to transactions with non-controlling interests							(26)
Change in scope of consolidation							
Purchase of treasury shares							(0)
Transfer from retained earnings to capital surplus							
Net changes in items other than shareholders' equity	(20,370)	(5)	(1,810)	(38)	(22,225)	(472)	(22,698)
Total changes during period	(20,370)	(5)	(1,810)	(38)	(22,225)	(472)	(9,098)
Balance at end of period	66,296	(2)	3,338	1,114	70,747	33,668	450,156

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,288	157	331,306	(10)	345,741
Changes during period					
Dividends of surplus			(3,143)		(3,143)
Profit attributable to owners of parent			26,815		26,815
Change in ownership interest of parent due to transactions with non-controlling interests		(4,192)			(4,192)
Change in scope of consolidation			(7)		(7)
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus		4,035	(4,035)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(157)	19,628	(0)	19,470
Balance at end of period	14,288	–	350,934	(11)	365,212

	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 period	66,296	(2)	3,338	1,114	70,747	33,668	450,156
Changes during period							
Dividends of surplus							(3,143)
Profit attributable to owners of parent							26,815
Change in ownership interest of parent due to transactions with non-controlling interests							(4,192)
Change in scope of consolidation							(7)
Purchase of treasury shares							(0)
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(33,235)	184	156	(357)	(33,252)	3,782	(29,470)
Total changes during period	(33,235)	184	156	(357)	(33,252)	3,782	(9,999)
Balance at end of period	33,061	181	3,494	756	37,494	37,450	440,157

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	13,074	31,903
Depreciation	23,296	25,190
Impairment loss	30	524
Loss on retirement of property, plant and equipment	74	136
Loss (gain) on valuation of short-term and long-term investment securities	4	–
Increase (decrease) in allowance for doubtful accounts	(4)	(4)
Decrease (increase) in retirement benefit asset	132	347
Increase (decrease) in retirement benefit liability	(43)	75
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	2
Increase (decrease) in allowance for overseas investment loss	(924)	(342)
Gain on reversal of asset retirement obligations	(3,293)	–
Interest and dividend income	(3,700)	(6,714)
Interest expenses	4,130	4,641
Foreign exchange losses (gains)	5,444	(2,986)
Loss (gain) on sales of short-term and long-term investment securities	(2)	(239)
Share of loss (profit) of entities accounted for using equity method	(12,550)	(11,960)
Recovery of recoverable accounts	11,118	41,040
Decrease (increase) in trade receivables	5,217	(6,695)
Decrease (increase) in inventories	(1,188)	(4,029)
Increase (decrease) in trade payables	(11,131)	3,831
Increase (decrease) in accrued consumption taxes	970	(668)
Other, net	8,443	(2,140)
Subtotal	39,101	71,914
Income taxes (paid) refund	(8,130)	(2,018)
Net cash provided by (used in) operating activities	30,970	69,895

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Payments into time deposits	(68,859)	(77,870)
Proceeds from withdrawal of time deposits	66,992	70,869
Purchase of securities	(30)	–
Proceeds from sales and redemption of securities	500	–
Purchase of property, plant and equipment	(12,955)	(7,566)
Proceeds from sales of property, plant and equipment	1,337	11
Purchase of intangible assets	(734)	(111)
Payments for asset retirement obligations	(221)	(78)
Purchase of investment securities	(52)	(373)
Proceeds from sales and redemption of investment securities	2	1,024
Payments of recoverable accounts	(25,107)	(30,226)
Loan advances	(26)	(26)
Collection of loans receivable	6,912	4,484
Interest and dividends received	16,126	18,820
Proceeds from dividends of residual property	21	5
Proceeds from capital reduction of investments	1,636	2,138
Proceeds from transfer of mining rights	543	–
Other, net	(56)	196
Net cash provided by (used in) investing activities	(13,969)	(18,701)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,939	49,918
Repayments of short-term borrowings	(7,877)	(48,615)
Repayments of long-term borrowings	(4,990)	(6,307)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,143)	(3,141)
Dividends paid to non-controlling interests	(183)	(516)
Interest paid	(3,865)	(4,729)
Repayments of lease obligations	(404)	(357)
Proceeds from share issuance to non-controlling shareholders	32	4
Net cash provided by (used in) financing activities	(15,493)	(13,743)
Effect of exchange rate change on cash and cash equivalents	(766)	175
Net increase (decrease) in cash and cash equivalents	740	37,625
Cash and cash equivalents at beginning of period	99,892	100,633
Cash and cash equivalents at end of period	* 100,633	* 138,259

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No item to report.

(Additional information)

Financial covenants

A portion of the borrowing (¥29,690 million) by a consolidated subsidiary, JAPEX Montney Ltd., that was financed by financial institutions and is subject to the financial covenants, conflicts with the financial covenants due to the company's excess liabilities. However, the financial institutions have agreed on a moratorium on the exercise of rights of forfeiture of benefit of time until March 2021.

(Consolidated balance sheet)
Contingent liabilities

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020
(1) Liabilities for guarantees on borrowings to financial institutions			
INPEX North Caspian Sea, Ltd.	9,090	INPEX North Caspian Sea, Ltd.	8,012
Employees (borrowings for housing funds)	97	Employees (borrowings for housing funds)	61
Kumamoto Mirai LNG Co., Ltd.	51	Kumamoto Mirai LNG Co., Ltd.	44
Greenland Petroleum Exploration Co., Ltd.	16	Greenland Petroleum Exploration Co., Ltd.	18
(2) Guarantees on liabilities related to production facilities			
Kangean Energy Indonesia Ltd.	2,382	Kangean Energy Indonesia Ltd.	1,364
Total	11,638	Total	9,501

(Consolidated statement of income)

*1. Below is a breakdown of major expense items and amount of selling, general and administrative expenses:

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Personnel expenses	10,789	11,152
(of the above, retirement benefit expenses)	637	506
(of the above, provision for bonuses for directors (and other officers))	22	75
(of the above, provision for retirement benefits for directors (and other officers))	24	25
Freight costs	7,517	6,595
Depreciation	4,705	4,446

*2. Total amount of research and development expenses included in general and administrative expenses

(Millions of yen)

Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
173	360

*3. Impairment loss

For the fiscal year ended March 31, 2020, the JAPEX Group recognized impairment loss on the asset groups as shown below.

Use	Location	Impairment loss	
		Type	Amount (Millions of yen)
Business assets related to Amarume Oil Field	Shonai Town, Yamagata Prefecture	Buildings and structures	148
		Machinery, equipment and vehicles	305
		Land	67
		Other	2
Total			524

The JAPEX Group deems a production facility, etc. as the minimum unit that generates largely independent cash flows for business assets, and groups assets at the level of individual property for idle assets.

As for business assets related to Amarume Oil Field, the carrying value of business assets for production operation is written off to the recoverable amount, and the write-off is recorded as impairment loss under extraordinary losses, based on a reassessment of current business status in the Amarume Oil Field given the drop in the crude oil price, and estimated future cash flows.

In addition, the recoverable amount is measured at value in use which is recorded at the memorandum value as the future cash flows are expected to be negative.

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at the end of the fiscal year (shares)
Issued shares				
Common shares	57,154,776	–	–	57,154,776
Total	57,154,776	–	–	57,154,776
Treasury shares				
Common shares	2,139	68	–	2,207
Total	2,139	68	–	2,207

Note The increase of 68 treasury shares of common shares is due to purchases of shares less than one unit.

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2018	Common shares	571	10	March 31, 2018	June 29, 2018
Meeting of the Board of Directors held on November 9, 2018	Common shares	571	10	September 30, 2018	December 13, 2018

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Resource of Dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2019	Common shares	1,714	Retained earnings	30	March 31, 2019	June 28, 2019

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at the end of the fiscal year (shares)
Issued shares				
Common shares	57,154,776	–	–	57,154,776
Total	57,154,776	–	–	57,154,776
Treasury shares				
Common shares	2,207	96	–	2,303
Total	2,207	96	–	2,303

Note The increase of 96 treasury shares of common shares is due to purchases of shares less than one unit.

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2019	Common shares	1,714	30	March 31, 2019	June 28, 2019
Meeting of the Board of Directors held on November 8, 2019	Common shares	1,428	25	September 30, 2019	December 16, 2019

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Resource of Dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common shares	1,428	Retained earnings	25	March 31, 2020	June 29, 2020

(Consolidated statement of cash flows)

* Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheet (Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash and deposits	117,468	160,077
Time deposits with maturity over three months	(19,134)	(25,817)
Short-term investments, etc. having maturities within three months from the acquisition date (Securities) Money management fund and others	2,300	4,000
Cash and cash equivalents	100,633	138,259

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

The JAPEX Group's reportable segments are segments for which separated financial information is available and which are periodically examined by the Board of Directors to determine allocation of managerial resources and assess business performance, among components of the JAPEX Group.

The JAPEX Group's principal business line is the "oil and natural gas related business." In addition to business activities in Japan, the JAPEX Group has developed business activities overseas through a project company established at each business location.

Therefore, the JAPEX Group consists of segments by business location and considers "Japan," "North America," "Europe" and "Middle East" as reportable segments.

"Japan" consists of business activities such as exploration, development, production, purchase, sale and transportation for crude oil and natural gas, manufacturing, purchase, sale and transportation of oil products, contract services for well drilling work, and others in Japan.

"North America" consists of business activities such as exploration, development, production, purchase, sale, etc. for crude oil, natural gas and bitumen (extra-heavy oil extracted from oil sands) in North America.

"Europe" consists of business activities such as exploration and development for crude oil and natural gas in Europe.

"Middle East" consists of business activities such as development, production, sale, etc. of crude oil and natural gas in the Middle East.

2. Method for calculating net sales, profit (loss), assets and other items by reportable segment

The method for accounting for reported operating segments is basically the same as the description in "Material matters that serve as the basis for preparing consolidated financial statements" of the latest securities report submitted on June 27, 2019 (Japanese only). Profit of reportable segments is the figure based on operating profit. Intersegment revenue and transfers are based on prevailing market prices.

3. Information regarding net sales, profit (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Reportable segment					Others (Note) 1	Total	Adjustment (Note) 2	Amount on the consolidated financial statements (Note) 3
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside customers	232,089	34,270	–	1,620	267,980	–	267,980	–	267,980
Intersegment sales or transfers	18	–	–	13,195	13,213	–	13,213	(13,213)	–
Total	232,107	34,270	–	14,816	281,194	–	281,194	(13,213)	267,980
Segment profit (loss)	19,308	(9,751)	(157)	955	10,355	(7)	10,348	(8,034)	2,313
Segment assets	106,848	199,522	4,230	24,736	335,337	–	335,337	319,950	655,288
Other items									
Depreciation	12,095	10,348	0	293	22,738	–	22,738	557	23,296
Share of profit (loss) of entities accounted for using equity method	165	(10)	–	2	157	12,392	12,550	–	12,550
Investments in entities accounted for using equity method	347	–	–	286	634	22,784	23,419	–	23,419
Increase in property, plant and equipment and intangible assets	8,958	1,619	129	–	10,707	–	10,707	195	10,903

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Reportable segment					Others (Note) 1	Total	Adjustment (Note) 2	Amount on the consolidated financial statements (Note) 3
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside customers	268,365	48,703	–	1,754	318,822	–	318,822	–	318,822
Intersegment sales or transfers	8	–	–	42,136	42,144	–	42,144	(42,144)	–
Total	268,373	48,703	–	43,890	360,967	–	360,967	(42,144)	318,822
Segment profit (loss)	18,834	3,422	(164)	612	22,705	(1)	22,703	(8,419)	14,283
Segment assets	97,780	191,611	6,018	13,628	309,038	–	309,038	318,093	627,132
Other items									
Depreciation	12,407	12,138	0	293	24,839	–	24,839	351	25,190
Share of profit (loss) of entities accounted for using equity method	152	–	–	(8)	144	11,816	11,960	–	11,960
Investments in entities accounted for using equity method	347	–	–	286	634	20,494	21,128	–	21,128
Increase in property, plant and equipment and intangible assets	3,787	4,907	1,697	–	10,392	–	10,392	255	10,648

(Notes) 1. The “Others” category represents operating segments that are not included in reportable segments, and includes Southeast Asia, etc.

2. Major components of adjustment are as follows:

(1) Segment profit (loss)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Elimination of intersegment transactions	15	16
Corporate expenses *	(8,050)	(8,436)
Total	(8,034)	(8,419)

* Corporate expenses are mainly general and administrative expenses and experimentation and research expenses, all of which are not attributable to the reportable segments.

(2) Segment assets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Elimination of intersegment transactions	(616)	(600)
Corporate assets *1	3,387	3,204
Other assets *2	317,179	315,489
Total	319,950	318,093

*1. Corporate assets are mainly assets for management by the headquarters that do not belong to the reportable segments.

*2. Assets allocated to segments are recoverable accounts included in property, plant and equipment, intangible assets, and investments and other assets, whereas other assets are assets other than property, plant and equipment, intangible assets, and recoverable accounts that are not allocated to segments.

3. Segment profit (loss) was adjusted to operating profit in the consolidated statement of income.

[Related information]

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

1. Information by product or service

(Millions of yen)

	Oil	Gas	LNG	Diluted bitumen	Contract services	Oil products/merchandise	Others	Total
Net sales to outside customers	94,579	67,820	22,913	30,116	7,342	39,820	5,387	267,980

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Canada	Russia	Iraq	Others	Total
156,043	33,555	62,612	14,829	938	267,980

(Note) Net sales are classified into countries or regions based on the place where products, etc. were delivered and the location where services were rendered.

(2) Property, plant and equipment

(Millions of yen)

Japan	Canada	Others	Total
108,657	194,263	6,193	309,114

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related segment
BP Singapore Pte. Ltd	7,754	Japan

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

1. Information by product or service

(Millions of yen)

	Oil	Gas	LNG	Diluted bitumen	Contract services	Oil products/merchandise	Others	Total
Net sales to outside customers	128,152	67,231	19,395	45,025	15,003	37,502	6,512	318,822

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Canada	Russia	Iraq	Others	Total
159,815	48,062	66,341	43,960	642	318,822

(Note) Net sales are classified into countries or regions based on the place where products, etc. were delivered and the location where services were rendered.

(2) Property, plant and equipment

(Millions of yen)

Japan	Canada	Others	Total
99,523	186,499	8,015	294,038

3. Information by major customer

(Millions of yen)

Name of customer or individual	Net sales	Related segment
BP Singapore Pte. Ltd	34,707	Japan

[Information on impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Millions of yen)

Japan	North America	Europe	Middle East	Others	Unallocated amounts and elimination	Total
30	–	–	–	–	–	30

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Millions of yen)

Japan	North America	Europe	Middle East	Others	Unallocated amounts and elimination	Total
524	–	–	–	–	–	524

[Information on amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

No item to report.

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

No item to report.

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

No item to report.

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

No item to report.

(Per share information)

	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Net assets per share	¥7,287.32	¥7,046.18
Basic earnings per share	¥258.44	¥469.18

(Notes) 1. Diluted earnings per share is not presented, since there is no dilutive share.

2. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Profit attributable to owners of parent (Millions of yen)	14,770	26,815
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	14,770	26,815
Average number of shares during the period (Thousands of shares)	57,152	57,152

(Significant subsequent events)

Temporary suspension of development and production operations at the Garraf Oil Field in the south of the Republic of Iraq

The Company's consolidated subsidiary, Japex Garraf Ltd., participates in the Garraf Oil Field development and production projects (30% participating interest) in the south of the Republic of Iraq. Following the spread of COVID-19, as a preventative measure to ensure the health and safety of employees from March 16, 2020 all expatriates have been evacuated from the country, necessitating the suspension of development and production operations. The schedule for restarting remains undetermined at this time.

The Garraf Oil Field started crude oil production in August 2013. The average daily production volume for 2019, the most recent year, was approximately 96,000 barrels.

It is difficult at this time to rationally calculate the impact of the operational suspensions on the Company's financial position, business results, and cash flows for the fiscal year ending March 31, 2021 and onwards.

4. Others

Status of production and sales

1. Production

		Fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)
Oil and gas	Crude oil (kl)	1,157,037 (892,535)	1,215,690 (913,298)
	Natural gas (thousand m ³)	1,170,457 (488,436)	1,083,862 (434,194)
	LNG (t)	5,600	4,405
	Bitumen (kl)	812,720 (812,720)	1,130,169 (1,130,169)

- 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, 2019 (April 1, 2018 – March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
Oil and gas	Crude oil (kl)	1,888,653	94,579	2,924,245	128,152
	Natural gas (thousand m ³)	1,731,141	67,820	1,699,595	67,231
	LNG (t)	322,331	22,913	273,312	19,395
	Diluted bitumen (kl)	1,176,091	30,116	1,639,689	45,025
Subtotal			215,429		259,804
Contract services			7,342		15,003
Other businesses	Oil products/merchandise		39,820		37,502
	Others		5,387		6,512
Subtotal			45,207		44,014
Total			267,980		318,822

- 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. Diluted bitumen is bitumen diluted by ultra-light crude oil for pipeline transportation.
3. Monetary amounts in the table do not include consumption taxes.