

Consolidated Financial Results for the Six Months Ended September 30, 2015

<under Japanese GAAP>

November 6, 2015

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 to file Quarterly Report: November 11, 2015
 Scheduled date to commence dividend payments: December 2, 2015
 Presentation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting (for analysts and institutional investors): Yes

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

1. Consolidated financial results for the six months ended September 30, 2015

(April 1, 2015 – September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2015	124,157	(15.5)	5,407	(64.2)	8,842	(64.3)	7,963	(57.8)
September 30, 2014	146,850	22.1	15,110	30.9	24,736	24.3	18,873	18.8

Note: Comprehensive income: Six months ended September 30, 2015: (22,665) million yen (- %)
 Six months ended September 30, 2014: 30,375 million yen (151.7 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended		
September 30, 2015	139.34	-
September 30, 2014	330.23	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	720,989	524,678	61.2
As of March 31, 2015	736,862	540,647	62.5

Reference: Equity As of September 30, 2015: 441,294 million yen As of March 31, 2015: 460,398 million yen

2. Cash dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	-	25.00	-	25.00	50.00
Fiscal year ending March 31, 2016	-	25.00			
Fiscal year ending March 31, 2016 (Forecasts)			-	25.00	50.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated financial forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 – March 31, 2016)
(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2016	257,724	(15.5)	8,679	(73.0)	5,877	(89.3)	6,970	(76.4)	121.95

Note: Revisions to the consolidated financial forecasts most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “(2) Application of specific accounting for preparing quarterly consolidated financial statements” of “2. Matters regarding summary information (notes)” on page 4 of the attached material.

(3) 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

Note: For details, please refer to “(3) Changes in accounting policies, changes in accounting estimates, and restatement” of “2. Matters regarding summary information (notes)” on page 4 of the attached material.

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015 57,154,776 shares

As of March 31, 2015 57,154,776 shares

b. Number of treasury shares at the end of the period

As of September 30, 2015 2,139 shares

As of March 31, 2015 2,139 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015 57,152,637 shares

Six months ended September 30, 2014 57,152,637 shares

* Indication regarding execution of quarterly review procedures

At the time of disclosure of this quarterly financial results report, the quarterly review procedures for the quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* 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 “(3) Explanation of consolidated financial forecasts and other forward-looking statements” of “1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2015” on page 4 of the attached material to the quarterly financial results report.

(Method of accessing supplementary material on quarterly financial results)

JAPEX plans to hold a presentation meeting for institutional investors and analysts on November 9, 2015. JAPEX plans to post the material distributed at this presentation meeting on its website promptly after the meeting is held.

(Attached Material)

1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2015

(1) Explanation of operating results

During the six months ended September 30, 2015, net sales was at ¥124,157 million, a decrease of ¥22,692 million (-15.5%) year on year. Gross profit decreased by ¥8,106 million (-23.5%) year on year to ¥26,408 million. The main factors behind the year-on-year decreases in net sales and gross profit were falls in sales prices of domestically produced crude oil, overseas crude oil and natural gas, and a decrease in sales volume of domestically produced crude oil.

Exploration expenses increased by ¥1,509 million (+46.3%) year on year to ¥4,769 million. This was the result of a considerable increase in overseas expenditures. Selling, general and administrative expenses increased by ¥87 million (+0.5%) year on year to ¥16,231 million. As a result, operating income decreased by ¥9,703 million (-64.2%) year on year to ¥5,407 million.

Ordinary income amounted to ¥8,842 million, a decrease of ¥15,894 million (-64.3%) year on year. This was mainly because of a decrease in share of profit of entities accounted for using equity method, and the turnaround from foreign exchange gains in the same period of the previous fiscal year to foreign exchange losses.

Income before income taxes decreased by ¥15,980 million (-64.6%) year on year to ¥8,770 million. Profit attributable to owners of parent came to ¥7,963 million, a decrease of ¥10,910 million (-57.8%) 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 ¥98,113 million, a decrease of ¥22,301 million (-18.5%) year on year. This was mainly the result of fall in sales price and a decrease in sales volume of domestically produced crude oil.

(ii) Contract Services

Net sales from contract services (involved in drilling and geological surveys) came to ¥5,542 million, an increase of ¥2,292 million (+70.5%) 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 ¥20,500 million, a decrease of ¥2,683 million (-11.6%) year on year.

(2) Explanation of financial position

At the end of the second quarter, as compared to the end of the previous fiscal year, total assets decreased by ¥15,873 million to ¥720,989 million. The main factor behind this decrease was a decrease of ¥14,771 million in total current assets partly due to a decrease in cash and deposits, and a decrease of ¥21,530 million in total investments and other assets partly due to a decrease in investment securities, despite an increase of ¥20,441 million in total property, plant and equipment partly due to an increase in construction in progress.

Total liabilities increased by ¥95 million from the previous fiscal year-end to ¥196,310 million. The main factor behind this increase was an increase of ¥68,927 million in total non-current liabilities partly due to an increase in long-term loans payable, despite a decrease of ¥68,831 million in total current liabilities partly due to a decrease in short-term loans payable.

Total net assets decreased by ¥15,968 million from the previous fiscal year-end to ¥524,678 million. The main factor behind this decrease was a decrease of ¥20,203 million in valuation difference on available-for-sale securities, and a decrease of ¥5,542 million in foreign currency translation adjustment, despite an increase of ¥6,534 million in retained earnings.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

JAPEX expects that the consolidated financial forecasts for net sales, operating income, ordinary income and profit attributable to owners of parent for the fiscal year ending March 31, 2016 will be lower compared to the previous financial forecasts announced on May 12, 2015. This is mainly due to the expectation that weaker sales prices for crude oil and natural gas overseas will cause lower revenues and the expected recognition of exchange differences on foreign currency denominated liabilities as a non-operating expense. Our revised consolidated financial forecasts are based on the revised Japan Crude Cocktail (JCC) price and foreign exchange rate assumptions of \$50 per barrel and ¥120/\$, respectively, for the third quarter and beyond (October 2015 to March 2016), reflecting the recent trend of oil prices and foreign exchange rate. Please refer to the "Notice of Financial Forecast Revision" released on the same day of this report, November 6, 2015.

2. Matters regarding summary information (notes)

(1) Changes in significant subsidiaries during the six months under review

No item to report

(2) Application of specific accounting for preparing quarterly consolidated financial statements

a. Deferral accounting of cost variance

Cost variance arising from seasonal changes in production level is deferred as current assets (other) and current liabilities (other) because such variance is expected to be almost completely eliminated by the end of the cost accounting period.

b. Calculation of taxes

For the taxes, JAPEX and some of its consolidated subsidiaries compute first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the fiscal year including the second quarter, and next by multiplying the quarterly income before income taxes by such estimated effective tax rate.

However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.

Note that income taxes - deferred is included in income taxes.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

Changes in accounting policies

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended June 30, 2015, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter ended June 30, 2015, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for "Net income" and other related items was changed, and the presentation of "Minority interests" was changed to "Non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the six months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter ended June 30, 2015.

As a result of this change, the effect of these changes on operating income, ordinary income and income before income taxes for the six months ended September 30, 2015 and on capital surplus at the end of the second quarter ended September 30, 2015 is immaterial.

3. Consolidated financial statements
(1) Consolidated quarterly balance sheet

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	92,956	75,756
Notes and accounts receivable - trade	25,248	21,806
Securities	45,605	62,140
Merchandise and finished goods	4,551	4,605
Work in process	250	311
Raw materials and supplies	7,488	5,272
Other	22,430	13,858
Allowance for doubtful accounts	(38)	(31)
Total current assets	198,492	183,721
Non-current assets		
Property, plant and equipment		
Construction in progress	132,122	151,318
Other, net	157,595	158,842
Total property, plant and equipment	289,718	310,160
Intangible assets		
Other	9,949	9,936
Total intangible assets	9,949	9,936
Investments and other assets		
Investment securities	187,926	160,224
Other	54,140	60,189
Allowance for doubtful accounts	(47)	(54)
Allowance for overseas investment loss	(3,317)	(3,187)
Total investments and other assets	238,701	217,171
Total non-current assets	538,369	537,268
Total assets	736,862	720,989

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,728	8,398
Short-term loans payable	50,809	–
Provision	311	189
Other	55,019	35,448
Total current liabilities	112,868	44,036
Non-current liabilities		
Long-term loans payable	20,726	98,363
Deferred tax liabilities	36,657	28,764
Provision	1,005	214
Net defined benefit liability	3,534	3,451
Asset retirement obligations	17,475	17,233
Other	3,946	4,245
Total non-current liabilities	83,346	152,273
Total liabilities	196,214	196,310
Net assets		
Shareholders' equity		
Capital stock	14,288	14,288
Capital surplus	–	157
Retained earnings	346,441	352,976
Treasury shares	(10)	(10)
Total shareholders' equity	360,719	367,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86,174	65,970
Deferred gains or losses on hedges	3	(52)
Foreign currency translation adjustment	12,980	7,437
Remeasurements of defined benefit plans	521	528
Total accumulated other comprehensive income	99,678	73,883
Non-controlling interests	80,249	83,384
Total net assets	540,647	524,678
Total liabilities and net assets	736,862	720,989

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

(Millions of yen)

	Six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)	Six months ended September 30, 2015 (April 1, 2015 – September 30, 2015)
Net sales	146,850	124,157
Cost of sales	112,334	97,748
Gross profit	34,515	26,408
Exploration expenses		
Exploration expenses	3,387	4,791
Exploration subsidies	(126)	(21)
Total exploration expenses	3,260	4,769
Selling, general and administrative expenses	16,143	16,231
Operating income	15,110	5,407
Non-operating income		
Interest income	1,154	800
Dividend income	1,104	1,046
Share of profit of entities accounted for using equity method	7,187	2,350
Other	1,204	424
Total non-operating income	10,651	4,622
Non-operating expenses		
Interest expenses	318	392
Foreign exchange losses	–	593
Provision for allowance for losses on overseas investments	558	–
Other	148	201
Total non-operating expenses	1,026	1,187
Ordinary income	24,736	8,842
Extraordinary income		
Gain on sales of non-current assets	–	0
Subsidy income	42	–
Other	0	–
Total extraordinary income	42	0
Extraordinary losses		
Loss on retirement of non-current assets	28	71
Other	–	1
Total extraordinary losses	28	72
Income before income taxes	24,750	8,770
Income taxes	4,781	3,660
Profit	19,968	5,109
Profit (loss) attributable to non-controlling interests	1,095	(2,853)
Profit attributable to owners of parent	18,873	7,963

Consolidated quarterly statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)	Six months ended September 30, 2015 (April 1, 2015 – September 30, 2015)
Profit	19,968	5,109
Other comprehensive income		
Valuation difference on available-for-sale securities	15,483	(20,205)
Deferred gains or losses on hedges	6	(55)
Foreign currency translation adjustment	(5,084)	(7,512)
Remeasurements of defined benefit plans, net of tax	37	6
Share of other comprehensive income of entities accounted for using equity method	(35)	(9)
Total other comprehensive income	10,406	(27,775)
Comprehensive income	30,375	(22,665)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,805	(17,480)
Comprehensive income attributable to non-controlling interests	(430)	(5,185)

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

No item to report

(Notes on significant changes in the amount of shareholders' equity)

No item to report

4. Supplemental information

Status of production and sales

1. Production

		Six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)	Six months ended September 30, 2015 (April 1, 2015 – September 30, 2015)	(Reference) Fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
E&P	Crude oil (kl)	959,072 (759,035)	882,059 (704,192)	1,990,143 (1,601,853)
	Natural gas (thousand m ³)	627,616 (194,138)	684,307 (280,533)	1,302,003 (436,841)
	LNG (t)	894	250	1,000
	Bitumen (kl)	152,305 (152,305)	142,664 (142,664)	332,757 (332,757)

- 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

		Six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)		Six months ended September 30, 2015 (April 1, 2015 – September 30, 2015)		(Reference) Fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
E&P	Crude oil (kl)	954,605	68,118	1,336,750	54,220	2,064,266	121,240
	Natural gas (thousand m ³)	775,207	37,458	820,504	33,031	1,710,779	83,974
	LNG (t)	88,749	9,455	81,898	7,934	274,044	28,311
	Bitumen (kl)	152,709	5,382	143,288	2,927	332,342	12,105
Subtotal			120,415		98,113		245,631
Contract services			3,250		5,542		10,487
Other businesses	Oil products /merchandise		19,550		16,140		41,040
	Others		3,633		4,360		7,751
Subtotal			23,184		20,500		48,792
Total			146,850		124,157		304,911

- 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.