

Consolidated Financial Results for the Interim Period Ended September 30, 2004

November 15, 2004

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

Company Name: Japan Petroleum Exploration Co., Ltd.

Stock Listing: Tokyo Stock Exchange

Company Code: 1662

Location of Head Office: Tokyo

(URL: <http://www.japex.co.jp/>)

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Date of the Board of Directors meeting to settle term-end consolidated accounts: November 15, 2004

U.S. GAAP not applied

1. Consolidated Results for the FY2005 Interim Period (April 1, 2004 – September 30, 2004)

(1) Consolidated Operating Results (Amounts less than one million yen have been omitted)

	Net Sales		Operating Income		Ordinary Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%
FY2005 Interim	46,371	9.5	3,139	(44.7)	7,259	1.2
FY2004 Interim	42,352	11.8	5,679	106.1	7,169	338.6
FY2004 Full Year	96,713		12,449		14,468	

	Net Income		Net Income per Share	Diluted Net Income per Share
	(¥ million)	%	(¥)	(¥)
FY2005 Interim	5,583	17.3	97.69	-
FY2004 Interim	4,762	175.0	83.31	-
FY2004 Full Year	9,960		172.76	

(Notes)

- Equity in net income (loss) of non-consolidated subsidiaries and affiliates
FY2005 Interim: ¥997 million FY2004 Interim: (¥2,298 million) FY2004 Full Year: (¥2,072 million)
- Average number of outstanding shares during the period (Consolidated):
FY2005 Interim: 57,154,267 shares FY2004 Interim: 57,154,776 shares FY2004 Full Year: 57,154,715 shares
- Changes in accounting methods: Yes
- Percentage figures for net sales, operating income and other items represent changes compared with the previous fiscal year.
- Diluted net income per share is not shown because there are no shares with a dilutive effect.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(¥ million)	(¥ million)	%	(¥)
FY2005 Interim	247,756	202,178	81.6	3,537.42
FY2004 Interim	239,774	190,398	79.4	3,331.28
FY2004 Full Year	246,765	195,715	79.3	3,422.80

(Note) Number of shares issued and outstanding (consolidated) at period end:

FY2005 Interim	57,154,063
FY2004 Interim	57,154,776
FY2004 Full Year	57,154,472

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at Period-End
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY2005 Interim	6,874	(1,522)	(4,092)	29,205
FY2004 Interim	9,332	(3,969)	(3,821)	25,328
FY2004 Full Year	21,522	(12,677)	(4,599)	27,851

(4) Number of Consolidated Subsidiaries and Affiliates

Consolidated subsidiaries: 15

Non-consolidated subsidiaries accounted for by the equity method: 1

Equity-method affiliates: 9

(5) Changes in Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries (Added): 2 (Excluded): 0

Equity-method affiliates (Added): 0 (Excluded): 2

2. Forecasts for FY2005 (April 1, 2004 – March 31, 2005)

	Net Sales	Ordinary Income	Net Income
	(¥ million)	(¥ million)	(¥ million)
Full Year	99,558	16,470	11,043

(Reference) Estimated net income per share is ¥ 193.21

Note: The above estimates have been made based on information available as of the date of this release. Actual results may differ from these estimates due to a variety of factors.

II. Management Policies

1. Fundamental Business Policies

Since its establishment in 1955, Japan Petroleum Exploration Co., Ltd. (JAPEx) has pursued its mission of contributing to Japan's energy supplies by securing reserves and expanding production centered on the exploration, development, and sale of oil and natural gas. Guided by this mission, the Company has steadily discovered oil and natural gas reserves to result in the business base of today.

In light of its expanding role as a supplier and, consequently, related increases in its responsibility to society, JAPEx Group is actively focused on constructing a new business model that not only relies on increasing reserves but also upgrading and expanding transmission systems for natural gas and other initiatives. As such, the Group aims to move forward as a company with the competitive capabilities required to respond to changes in its operating environment. The section below outlines the Group's business philosophy in this respect.

“Taking on the challenge of new energy value creation and increasing corporate value”

- Contribute to the supply of energy through global exploration and production (E&P) activities.
- Contribute to coexistence between the planet and its population by developing and promoting the use of environment-friendly natural gas.
- Pursue sustainable growth and maximize shareholder value by placing top priority on winning and maintaining the trust of society, customers, shareholders and employees.

2. Fundamental Policy on Dividends

The Company's basic policy is to sustain stable dividends over the long term. Taking into account the medium-term outlook for the business, dividend payments are set based on respect for the return of profits to shareholders. While considering the need to acquire new reserves as an energy company that plays a role in providing stable supplies of oil and natural gas, indispensable resources for society, the policy also takes into account the need for retained earnings to finance the acquisition of new reserves and to upgrade and improve transmission systems, primarily pipelines.

3. Medium-term Business Strategy and Critical Issues

Japan's energy industry is entering an era of full-scale competition, ushered in by rapid deregulation, beginning with revisions to the Gas Business Law and the Electric Utility Law. As such, competition is intensifying almost on a daily basis with the entry of new players into each energy sector.

Specifically, the Gas Business Law was revised in April 2004, thereby further expanding the scope of deregulation. In addition, the Japanese government has introduced a concept of “common carrier” in gas transmission. Under this concept, companies, including JAPEx, that possess gas pipelines above a certain capacity are obligated to open their pipelines for third party access. As a result of these and other developments, the Company's gas business is facing a major turning point.

In the current environment, natural gas, a major earnings base for the JAPEx Group, is drawing significant attention for its clean energy characteristics. Going forward, the Company believes demand for natural gas is likely to rise steadily due to the proliferation of distributed energy sources, including micro gas turbines and fuel cells, and acceleration in the expansion and upgrade of natural gas supply networks. This presents opportunities for JAPEx to further develop its natural gas business. Moreover, JAPEx will continue to position oil as a core element in the Group's business, based on recognition of the central role this resource still plays as a primary energy source in Japan.

Accordingly, expanding natural gas sales, and in parallel, maintaining and increasing reserves of oil and natural gas, are critical issues for the Company.

Expanding sales of natural gas and upgrading and expanding the supply system

To expand sales of natural gas while coping with the intensifying competitive environment, the Company must be able to address the expectations and requirements of a much broader user base. Specifically, the Company is working to construct a business that seamlessly integrates services and facilities, from upstream (E&P) through mid-stream (transmission and storage) to downstream (marketing). The Company is therefore promoting sales to existing major gas suppliers and city gas providers, tapping overseas gas sources to replenish domestic reserves, working to strengthen its transmission and storage network, which allows the Group to more fully leverage its upstream divisions, and integrating this network with its environmental businesses.

From this perspective, the Company is stepping up efforts to expand sales of natural gas passing through its Yufutsu-Sapporo and Niigata-Sendai pipelines. Simultaneously, it will work to expand and upgrade its transmission network by constructing a new natural gas pipeline to the city of Koriyama by way of Fukushima, by branching its Niigata-Sendai pipeline.

JAPEX's LNG Satellite System is designed to serve customers in geographic areas not reached by its pipeline network. LNG is loaded onto tanker trucks and railway tank containers and shipped to the Tohoku, Kanto, Hokuriku, and Kyushu regions to supply natural gas to a broader base of customers. The Company is also working to promote sales to users within Hokkaido by dispatching LNG tank containers from its LNG plant in Yufutsu, which is located in the region.

Through these and other initiatives, JAPEX aims to expand the annual sales volume of natural gas (including LNG products) to 1.7 billion m³ by the year ending March 31, 2009 (Fiscal 2009).

In addition, JAPEX believes securing overseas gas sources is another critical issue to increase the stability and flexibility of supply. While continuing to purchase LNG from Malaysia LNG Tiga, a contract started in March 2003, the Company also actively participates in the Sakhalin Pipeline Project, a strategic initiative to build an international pipeline to supply natural gas to Japan.

Conducting efficient E&P and securing new reserves

With its business centered on E&P, the JAPEX Group continually works to sustain and increase its reserves, and strives to further expand and upgrade its system for providing stable supplies of oil and natural gas over the long term. Specifically, to increase domestic reserves, which are both an important source of earnings and cost competitive, the Company is conducting exploration, mainly in Niigata, Akita, and Hokkaido prefectures with the aim of adding substantial new gas reserves. It is also conducting exploration aimed at tapping reserves in areas surrounding existing gas fields. In this way, the Company is able to conduct interlocking, tactical and aggressive exploration that affords greater efficiencies.

Furthermore, recognizing the importance of maintaining stable revenue from the overseas E&P business, the Company is working to increase operating efficiency and carry out exploration in areas identified as key geographies. Specifically, the Company aims to increase the efficiency of operations at fields where it currently carries out oil and gas production. Moreover, in uncovering new business, the Company seeks to acquire the rights to oil and gas fields that are already on stream, as well as fields that have been discovered but remain undeveloped, both of which offer relatively low risk and rapid returns, with consideration given to the balanced preservation of exploration assets over long-term operating periods.

The Japan Oil, Gas and Metals National Corporation (JOGMEC) was established in February 2004, inheriting the functions of Japan National Oil Corporation (JNOC). Japan is thus heading for a turning point in terms of reinforcing its system for promoting the nation's resource and energy policies as JNOC accelerates the disposal of its assets prior to its dissolution. Against this backdrop of asset disposal by JNOC, and from the perspective of maximizing corporate value, JAPEX will continue to take a positive approach to acquiring new assets that

dovetail with its business strategy. During the period under review, it acquired Japex New Nanhai Ltd. and Jawa Oil Co., Ltd.

Addressing environmental issues

As global environmental issues become more serious, JAPEX, as a company that supplies environment-friendly natural gas, feels an obligation to contribute to environmental protection. The Company therefore works to increase environmental awareness within the company through ongoing use of internal environment management systems (acquisition of ISO14001), and reducing the environmental impact of its business activities.

JAPEX will continue pushing ahead with efforts to inject added value into the supply of natural gas, and appropriately apply Group technologies in the environment business field. To this end, the Company is proactively taking on R&D themes in new fields such as gas-to-liquid technology, which can be used to extract liquid fuel from methane, the main component of natural gas.

The JAPEX Group aims to utilize these activities to further strengthen its operating base and enhance its competitiveness, thereby bolstering operating efficiency. The ultimate goal is to achieve sustainable development and maximize shareholder value.

4. Basic stance and progress on strengthening corporate governance

(1) Basic stance on corporate governance

The JAPEX Group recognizes the importance of corporate governance in translating efficient management into higher earnings and in ensuring the company plays a valuable role in society. The Company therefore makes it a top priority to continually reinforce and upgrade its corporate governance systems.

(2) Measures to strengthen corporate governance

The Board of Directors and corporate auditors (together with the Audit Committee, comprising all the Company's auditors) are responsible for overseeing executive actions carried out by each director. JAPEX therefore employs what is known as a Corporate Auditing System.

The Board of Directors meets monthly. In addition to making decisions pertaining to important business and affairs of the corporation, the Board oversees executive actions based on status reports it receives from directors. Also, from the perspective of speeding up decision-making, an Executive Committee, comprising full-time directors that reside in Tokyo, meets weekly to make decisions regarding items that are not subject to decision by the Board of Directors. It also deliberates on items in support of decision-making by the Board. No outside directors are appointed to the Executive Committee.

Corporate auditors, who attend Board meetings on an as-needed basis, also exchange opinions with Board members with executive functions as part of their oversight function. The Board of Auditors has four members, two of whom are outside auditors. Outside auditors have no special relationships with the Company.

In addition to implementing corporate governance based on this management structure, the Company conducts investor relations activities, including holding earnings results meetings and posting data on its corporate website, to increase management transparency, with the goal of ensuring optimal business execution in any operating environment.

5. Basic policies on relationships with related parties (parent company and others)

As of September 30, 2004, JNOC held 49.94% of the Company's outstanding shares. In addition, some JAPEX subsidiaries and affiliates engaged in overseas E&P activities received equity investment as well as credit guarantees from JNOC.

Directors and employees of JNOC do not serve concurrently as directors of JAPEX. In addition, there is no exchange of employees between the Company and JNOC.

Pursuant to the Law on Abolition of the JNOC and the Metal Mining Agency of Japan, officially announced in July 2003, JOGMEC was established on February 29, 2004, taking over many of the functions of the JNOC, including investment/credit guarantees, R&D, and the re-commissioning of basic research in Japan.

III. Business Results and Financial Position

1. Business Results

(1) Overview of the Interim Period

In the first half of fiscal 2005, ended September 30, 2004, the Japanese economy recovered moderately as the recent improvement in the corporate sector spread to the household sector.

Meanwhile, in the petroleum market, although exchange rates were stable on the whole, international crude oil prices rose, supporting strong prices for domestic crude oil. Still, due to acceleration in the pace of deregulation, domestic natural gas prices remained problematic for the Company amid escalating competition among energy sectors.

Under these conditions, the JAPEX Group worked to maintain robust pipeline operations with the aim of ensuring stable supplies of affordable and safe energy over the long term. In addition, the Group focused its collective efforts on efficient E&P both in Japan and overseas.

In the interim period ended September 30, 2004, consolidated net sales totaled ¥46,371 million, up ¥4,018 million, or 9.5%, compared to a year earlier. Driving this growth was higher sales of crude oil on the back of rising prices, government orders for exploration drilling and other factors.

Operating income totaled ¥3,139 million, down ¥2,539 million, or 44.7%, from the previous interim period. This reflected a higher cost of sales in line with increased sales of oil and government orders for exploration drilling, as well as depreciation and amortization expenses and a greater volume of domestic exploration work. Ordinary income totaled ¥7,259 million, up ¥89 million, or 1.2%, from a year earlier due to increases in equity-method earnings and other factors.

As a result, consolidated net income for the interim period totaled ¥5,583 million, up ¥821 million, or 17.3%, from the previous year.

Below is a summary of earnings data for each of the Company's business segments by division.

Oil and Natural Gas Segment

(a) E&P Division

The E&P division sells crude oil, natural gas and liquefied natural gas (LNG). Interim net sales totaled ¥37,141 million, up ¥1,182 million, or 3.3%, from a year earlier, primarily reflecting higher sales of crude oil on the back of rising prices.

(b) Contract Services Division

The Contract Services Division accepts orders mainly for drilling projects and geophysical surveys. Interim net sales totaled ¥2,641 million, up ¥814 million, or 44.6%, from the previous interim period. This increase was mainly due to government orders for methane hydrate exploration drilling.

(c) Other Businesses Division

This division mainly includes the sale of petroleum products such as LPG and fuel oil, the transmission of third-party gas and petroleum products, and other miscellaneous consignment orders. Interim net sales totaled ¥5,914 million, up ¥2,040 million, or 52.7%, from a year earlier, reflecting higher revenues from third-party transmission orders and increased sales of petroleum products.

Geothermal Energy Segment

Geothermal Energy Division

The Geothermal Energy Division sells steam used for power generation and undertakes work related to geothermal exploration technology and R&D on a contract basis. Interim net sales totaled ¥674 million, down ¥18 million, or 2.7%, reflecting lower sales volumes of steam for power generation.

(2) Financial Position

Interim Cash Flows

As of September 30, 2004, cash and cash equivalents totaled ¥29,205 million, up ¥1,354 million, or 4.9%, compared to March 31, 2004. This increase was mainly attributable to income before income taxes and minority interests of ¥6,712 million and depreciation and amortization of ¥6,817 million, against outflows of ¥6,839 million for the acquisition of property, plant and equipment, and ¥5,687 million for the acquisition of securities.

Net cash provided by operating activities was ¥6,874 million, a decrease of 26.3%, from the previous year. The main components were ¥6,712 million in income before income taxes and minority interests and ¥6,817 million in depreciation and amortization, against an increase in inventories of ¥3,419 million and income taxes paid of ¥1,938 million.

Net cash used in investing activities amounted to ¥1,522 million, down 61.7% from a year earlier. This was mainly attributable to ¥6,839 million for the acquisition of property, plant and equipment and proceeds of ¥5,103 million related to the acquisition of shares in subsidiaries accompanying a change in the scope of consolidation (a net cash inflow arising from the difference between outflows for the purchase of shares in Japex New Nanhai Ltd. and Jawa Oil Co., Ltd. and the funds held by these companies).

Net cash used in financing activities was ¥4,092 million, up 7.1% year on year. Main components were cash dividends paid of ¥1,997 million and cash used for the repayment of long-term debt of ¥1,153 million.

Cash Flow Indicators

	Fiscal 2003		Fiscal 2004		Fiscal 2005
	Interim	Year-End	Interim	Year-End	Interim
Shareholders' equity ratio (%)	76.0	77.1	79.4	79.3	81.6
Shareholders' equity ratio on mark-to-market basis (%)	—	—	—	96.4	109.3
Debt repayment period (years)	—	0.7	—	0.5	—
Interest coverage ratio (times)	12.0	34.5	49.7	60.3	46.6

Notes:

Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio on mark-to-market basis: Total market capitalization/total assets

Debt repayment period: Interest-bearing debt/net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities/interest paid

* JAPEX listed on the Tokyo Stock Exchange on December 10, 2003.

* The various indicators are calculated based on consolidated financial figures.

* Total market capitalization is calculated using the closing stock price at the end of the term multiplied by the number of shares outstanding at the end of the term (excluding treasury stock).

* Net cash flow from operating activities is that shown on the statement of consolidated cash flows.

Interest-bearing debt is all debt subject to interest payments within debt shown on the consolidated balance sheets. Interest paid is that shown on the consolidated statement of cash flows.

(3) Forecasts for the Fiscal Year Ending March 31, 2005

For the fiscal year ending March 31, 2005, the Company expects consolidated net sales to increase ¥2.8 billion, or 2.9%, from the previous fiscal year, to ¥99.5 billion, based mainly on expected higher crude oil prices.

Although JAPEX anticipates increased exploration expenses related to more aggressive exploration activities during the period, higher oil prices have led to an improvement in the financial position of overseas project companies, meaning JAPEX expects to **partially reverse allowance for losses on overseas investments and accrual for losses on projects**. Consequently, the Company is projecting a year-on-year increase in ordinary income of ¥2.0 billion, or 13.8%, to ¥16.4 billion. Compared to the previous year, net income is expected to increase by ¥1.0 billion, or 10.8%, to ¥11.0 billion.

Since October 2004, the Niigata-Chuetsu region of Japan has been hit by a series of earthquakes. Based on the most current damage reports, JAPEX expects these earthquakes to have only a negligible impact on sales. However, the Company expects to book an extraordinary loss of ¥0.5 billion for earthquake-related damage and ¥60 million in non-operating expenses for providing support to the quake-hit region. These charges have been factored into the above forecasts.

The above forecasts assume: 1) prices of US\$39/barrel and US\$37/barrel for imported crude oil for the third and fourth quarters of fiscal 2005, respectively; and 2) an exchange rate of ¥110/US\$ for both the third and fourth quarters in the second half of fiscal 2005.

The following is a comparison of current forecasts with those announced on May 17, 2004, together with full-year results for fiscal 2004.

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
	(¥ million)	(¥ million)	(¥ million)
Previous Forecasts: A	84,163	11,313	9,556
Current Forecasts: B	99,558	16,470	11,043
Change: B – A	15,395	5,157	1,487
Change (%)	18.2%	45.5%	15.5%

A number of risks and uncertainties have the potential to affect JAPEX's business performance, including, but not limited to, the following:

Operational risk

The JAPEX Group's business requires substantial investment over long periods in the exploration stage. However, there is no guarantee that resources will be discovered. As such, the Company's business is high risk by nature. Moreover, even after resources are discovered, heavy investment is still required, including for the drilling of development wells and the construction of related production and transmission facilities. Accordingly, long lead times are typically required from the time of project initiation to investment recovery and contribution to profits. In the meantime, there is a risk that various changes in the operating environment will prevent desired investment objectives from being attained.

Factors causing volatility in crude oil sales

JAPEX markets crude oil in Japan at international prices. Consequently, the price at which the Company sells crude oil is affected by market trends, such as the level of output set by OPEC and trends in the international balance of supply and demand, as well as fluctuations in exchange rates. To reduce associated risks, the Company engages in crude oil swap transaction, although this approach does not entirely eliminate all associated risks.

Factors causing volatility in natural gas sales

Selling prices for natural gas are normally set based on fixed contracts with customers and denominated in yen. As such, prices are not affected by short-term fluctuations in prices for internationally traded natural gas or

exchange rates. However, volumes of gas sales to local distribution companies (LDCs) do exhibit seasonality, that is, lower demand in the summer and higher demand in the winter. In addition, sales volume declines during warm winters. Furthermore, over the longer term, deregulation of Japan's energy markets carries the risk of lower unit selling prices and lower sales volume for natural gas.

(3) Distribution of Dividends

The Company will pay an interim dividend of ¥15.00 per share in accordance with a decision by the Board of Directors on November 15, 2004.

. Consolidated Interim Financial Statements

1 . Consolidated Interim Balance Sheets

Description	As of Sept. 30, 2004		As of March 31, 2004		Change Amount (¥ million)	As of Sept. 30, 2003	
	Amount (¥ million)		Amount (¥ million)			Amount (¥ million)	
(Assets)							
Current assets							
1 . Cash and deposits		27,716		22,201			20,887
2 . Notes and accounts receivable		9,728		11,430			5,992
3 . Marketable securities		6,095		9,854			10,526
4 . Inventories		9,535		6,116			9,060
5 . Other current assets		6,770		5,343			5,619
Less: Allowance for doubtful receivables		(11)		(13)			(19)
Total current assets		59,836		54,932	4,903		52,067
Fixed assets							
1 . Property, plant and equipment							
(1) Buildings and structures	45,993		53,411			54,785	
(2) Machinery and equipment	21,831		23,697			12,381	
(3) Land	11,233		12,051			12,015	
(4) Other property, plant and equipment	14,060	93,119	11,415	100,576	(7,457)	15,457	94,640
2 . Intangible fixed assets		1,892		819	1,072		728
3 . Investments and others							
(1) Investments in securities	83,896		84,771			84,869	
(2) Others	20,556		19,121			21,617	
Less: Allowance for doubtful receivables	(184)		(123)			(123)	
Allowance for losses on overseas investments	(11,360)	92,908	(13,334)	90,436	2,472	(14,026)	92,337
Total fixed assets		187,920		191,832	(3,912)		187,706
Total assets		247,756		246,765	991		239,774
(Liabilities)							
Current liabilities							
1 . Notes and accounts payable		2,464		2,353			1,184
2 . Short-term bank loans		-		600			50
3 . Current portion of long-term debt		9,306		2,306			2,310
4 . Other current liabilities		14,207		11,539			9,378
Total current liabilities		25,978		16,798	9,179		12,923
Long-term liabilities							
1 . Long-term debt		850		9,003			10,156
2 . Accrued retirement benefits for employees		3,896		3,574			3,711
3 . Accrued retirement benefits for officers		679		696			625
4 . Accrued estimated cost of abandonment of wells		2,492		2,423			2,834
5 . Accrual for losses on projects		2,635		10,975			11,609
6 . Other reserves		58		-			-
7 . Other long-term liabilities		668		2,186			2,153
Total long-term liabilities		11,281		28,859	(17,578)		31,091
Total liabilities		37,259		45,658	(8,398)		44,015
(Minority interests)							
Minority interests in consolidated subsidiaries		8,319		5,392	2,926		5,360
(Shareholders' equity)							
Common stock		14,288		14,288	-		14,288
Retained earnings		184,323		180,826	3,496		175,627
Unrealized holding gain on securities		3,865		3,412	453		2,515
Translation adjustments		(295)		(2,810)	2,515		(2,032)
Treasury stock		(3)		(1)	(1)		-
Total shareholders' equity		202,178		195,715	6,463		190,398
Total liabilities, minority interests and shareholders' equity		247,756		246,765	991		239,774

2 . Consolidated Interim Statements of Income

Description	Fiscal 2005 1 st half		Fiscal 2004 1 st half		Change	Fiscal 204	
	Amount (¥ million)		Amount (¥ million)		Amount (¥ million)	Amount (¥ million)	
Net sales		46,371		42,352	4,018		96,713
Cost of sales		30,285		25,742	4,542		58,060
Gross profit		16,086		16,609	(523)		38,653
Exploration expenses							
1 . Exploration expenses	2,908		1,598			5,888	
2 . Exploration subsidies	(81)	2,826	(211)	1,387	1,439	(675)	5,213
Selling, general and administrative expenses		10,120		9,543	576		20,990
Operating income		3,139		5,679	(2,539)		12,449
Non-operating income							
1 . Interest income	575		636			1,192	
2 . Dividend income	1,071		925			1,298	
3 . Equity in profit of unconsolidated subsidiaries and affiliates	997		-			-	
4 . Reversal of allowance for losses on overseas investments	1,213		2,632			2,705	
5 . Reversal of accrual for losses on projects	419		-			-	
6 . Other non-operating income	533	4,809	375	4,569	239	759	5,956
Non-operating expenses							
1 . Interest expense	141		183			346	
2 . Loss on sale of securities	-		-			34	
3 . Devaluation loss on securities	95		-			498	
4 Equity in losses of unconsolidated subsidiaries and affiliates	-		2,298			2,072	
5 . Provision for accrued estimated cost of abandonment of wells	257		22			160	
6 . Provision for losses on projects	-		260			129	
7 . Other non-operating expenses	195	690	314	3,079	(2,389)	695	3,937
Ordinary income		7,259		7,169	89		14,468
Extraordinary income							
1 . Reversal of allowance for doubtful receivables	3	3	10	10	(6)	25	25
Extraordinary losses							
1 . Loss on disposal of fixed assets	550	550	134	134	416	286	286
Income before income taxes and minority interests		6,712		7,045	(333)		14,207
Current income taxes	1,912		2,674			2,568	
Deferred income taxes	(913)	998	(553)	2,121	(1,122)	1,386	3,955
Minority interests		129		161	(32)		291
Net income		5,583		4,762	821		9,960

3 . Consolidated Interim Statements of Shareholders' Equity

Description	Fiscal 2005 1 st half		Fiscal 2004 1 st half		Fiscal 2004	
	Amount (¥ million)		Amount (¥ million)		Amount (¥ million)	
(Retained earnings)						
Balance at beginning of year		180,826		172,370		172,370
Add						
1 . Net income	5,583	5,583	4,762	4,762	9,960	9,960
Deduct						
1 . Cash dividends paid	2,000		1,428		1,428	
2 . Bonuses to officers	86		75		75	
(Incl. statutory auditors)	(3)	2,087	(4)	1,504	(4)	1,504
Balance at end of year		184,323		175,627		180,826

4 . Consolidated Interim Statements of Cash Flows

	Fiscal 2005 1 st half	Fiscal 2004 1 st half	Change	Fiscal 2004
Description	Amount (¥ million)	Amount (¥ million)	Amount (¥ million)	Amount (¥ million)
Operating activities				
Income before income taxes and minority interests	6,712	7,045		14,207
Depreciation and amortization	6,817	4,972		11,043
Loss on devaluation of marketable securities and investments in securities	95	44		498
Increase (decrease) in allowance for doubtful receivables	58	(7)		(27)
Increase (decrease) in provision for accrued retirement benefits for employees	317	435		303
Increase (decrease) in provision for accrued retirement benefits for officers	(17)	26		97
Increase (decrease) in provision for accrued estimated cost of abandonment of wells	65	(287)		(638)
Decrease in provision for allowance for losses on overseas investments and accrual for losses on projects	(1,465)	(2,503)		(3,830)
Interest and dividend income	(1,646)	(1,561)		(2,491)
Interest expense	141	183		346
Gain on redemption and sales of marketable securities and investments in securities	(58)	(182)		(305)
Loss on redemption and sales of marketable securities and investments in securities	69	-		34
Equity in losses (gains) of unconsolidated subsidiaries and affiliates	(997)	2,298		2,072
Decrease (increase) in notes and accounts receivable	2,295	5,753		310
Decrease (increase) in inventories	(3,419)	(274)		2,669
Increase in prepaid expenses	-	(819)		-
Decrease in advances	-	284		-
Increase (decrease) in notes and accounts payable	(1,569)	(5,712)		(2,161)
Increase (decrease) in consumption tax payable	67	(90)		(211)
Other, net	1,345	902		1,408
Subtotal	8,813	10,506	(1,692)	23,326
Income taxes (paid) refunded	(1,938)	(1,173)		(1,803)
Net cash provided by operating activities	6,874	9,332	(2,457)	21,522
Investing activities				
Investments in time deposits	(40)	(320)		(335)
Proceeds from time deposits	330	-		15
Payments for purchase of marketable securities	(100)	(2,998)		(2,998)
Proceeds from redemption and sale of marketable securities	1,888	3,613		7,890
Additions to property, plant and equipment	(6,839)	(4,444)		(15,734)
Proceeds from sales of property, plant and equipment	122	0		38
Additions to intangible fixed assets	(216)	(251)		(423)
Payments for purchase of investments in securities	(5,687)	(5,139)		(9,030)
Proceeds from redemption and sale of investments in securities	2,506	4,072		5,106
Proceeds from purchase of consolidated subsidiary stock accompanied by changes in scope of consolidation	5,103	-		-
Increase in loans receivable	(152)	(253)		(89)
Decrease in loans receivable	33	25		554
Interest and dividends received	1,727	1,651		2,638
Other, net	(197)	75		(309)
Net cash used in investing activities	(1,522)	(3,969)	2,447	(12,677)
Financing activities				
Increase (decrease) in short-term bank loans	(600)	(850)		(300)
Repayment of long-term debt	(1,153)	(1,157)		(2,315)
Acquisition of treasury stock	(1)	-		(1)
Cash dividends paid	(1,997)	(1,428)		(1,428)
Dividends paid to minority shareholders	(192)	(197)		(197)
Interest paid	(147)	(187)		(356)
Net cash used in financing activities	(4,092)	(3,821)	(270)	(4,599)
Effect of exchange rate changes on cash and cash equivalents	93	(79)	172	(260)
Increase in cash and cash equivalents	1,354	1,462	(108)	3,984
Cash and cash equivalents at beginning of the period	27,851	23,866	3,984	23,866
Cash and cash equivalents at period-end	29,205	25,328	3,876	27,851

. Status of Production and Sales

1. Production

(1) Oil and Natural Gas Segment

Division	Product	Fiscal 2004 1 st half	Fiscal 2005 1 st half	Fiscal 2004
E&P	C r u d e o i l	263,824 ^{kl} (1,822)	255,759 ^{kl} (2,286)	574,417 ^{kl} (3,131)
	N a t u r a l g a s	453,140 ^{k m3} (3,511)	477,696 ^{k m3} (1,665)	1,036,120 ^{k m3} (7,231)
	L N G	742 ^t	7,253 ^t	6,589 ^t
Other Businesses	L P G	4,290 ^t	4,640 ^t	10,811 ^t
	F u e l o i l , e t c .	24,775 ^{kl}	23,010 ^{kl}	52,393 ^{kl}

(Notes)

1. The figures in parentheses in E&P Operations represent overseas production and are included in the total.

2. Part of the oil production volume is used as a feedstock for LPG, fuel oil and other products.

3. Part of the natural gas production volume is used as a feedstock for LNG, LPG and other products.

(2) Geothermal Energy Segment

Division	Product	Fiscal 2004 1 st half	Fiscal 2005 1 st half	Fiscal 2004
Geothermal Energy	S t e a m	574,928 ^t	552,788 ^t	1,107,443 ^t

2. Sales

(1) Oil and Natural Gas Segment

Division	Product	Fiscal 2004 1 st half		Fiscal 2005 1 st half		Fiscal 2004	
		Volume	Amount	Volume	Amount	Volume	Amount
E&P	Crude oil	750,787 ^{kl}	15,705 ^(¥ million)	693,467 ^{kl}	18,476 ^(¥ million)	1,528,507 ^{kl}	32,963 ^(¥ million)
	Natural gas	571,446 ^{thousand m³}	18,750	552,778 ^{thousand m³}	16,568	1,296,389 ^{thousand m³}	42,560
	LNG	30,236 ^t	1,502	42,448 ^t	2,096	75,883 ^t	3,837
	Subtotal	-	35,958	-	37,141	-	79,361
Contract Services		-	1,826	-	2,641	-	7,049
	Subtotal	-	1,826	-	2,641	-	7,049
Other Businesses	LPG	13,118 ^t	649 ^(¥ million)	13,795 ^t	669 ^(¥ million)	31,506 ^t	1,514 ^(¥ million)
	Fuel oil, etc	38,213 ^{kl}	1,532	43,688 ^{kl}	1,950	89,090 ^{kl}	3,517
	Others	-	1,691	-	3,294	-	4,182
	Subtotal	-	3,874	-	5,914	-	9,213
	Total	-	41,659	-	45,697	-	95,624

(2) Geothermal Energy Segment

Division	Product	Fiscal 2004 1 st half		Fiscal 2005 1 st half		Fiscal 2004	
		Volume	Amount	Volume	Amount	Volume	Amount
Geothermal Energy	Steam	553,620	(¥ million) 692	527,863	(¥ million) 674	1,061,336	(¥ million) 1,089
	Total	-	692	-	674	-	1,089

(Notes)

1. Others in Other Businesses includes revenue from the transmission of third-party gas through JAPEX's pipeline network and sales commissions.
2. Monetary amounts in the table do not include consumption tax.

Non-consolidated Financial Results for the Interim Period Ended September 30, 2004

November 15, 2004

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

Company Name: Japan Petroleum Exploration Co., Ltd. Stock Listing: Tokyo Stock Exchange
 Company Code: 1662 Location of Head Office: Tokyo
 (URL: <http://www.japex.co.jp/>)
 President: Yuji Tanahashi
 Inquiries: Koichi Shimomura, Manager, Media Relations, Administration Department TEL:(03) 5461-7413
 Date of the Board of Directors meeting to settle period-end Interim dividend system: Yes
 non-consolidated accounts: November 15, 2004
 Date of interim dividend payment: Trading unit system: One unit 100 shares
 December 8, 2004

1. Non-consolidated Results for the FY2005 Interim Period (April 1, 2004 – September 30, 2004)

(1) Non-consolidated Operating Results (Amounts less than one million yen have been omitted)

	Net Sales		Operating Income		Ordinary Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%
FY2005 Interim	41,295	12.6	2,701	(47.2)	5,164	(27.1)
FY2004 Interim	36,689	7.1	5,120	113.3	7,086	250.5
FY2004 Full Year	82,343		10,506		12,481	

	Net Income		Net Income per Share
	(¥ million)	%	(¥)
FY2005 Interim	4,057	(22.4)	70.99
FY2004 Interim	5,229	115.2	91.49
FY2004 Full Year	9,602		166.56

(Notes)

1. Average number of outstanding shares during the period: FY2005 Interim: 57,154,267 shares FY2004 Interim: 57,154,776 shares FY2004: 57,154,715 shares
2. Changes in accounting methods: No
3. Percentage figures for net sales, operating income and other items represent changes compared with the previous fiscal year.

(2) Dividends

	Interim Dividend per Share	Dividends per Share for the Fiscal Year
	(¥)	(¥)
FY2005 Interim	15.00	_____
FY2004 Interim	0.00	_____
FY2004 Full Year	_____	35.00

(3) Non-consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(¥ million)	(¥ million)	%	(¥)
FY2005 Interim	218,826	189,397	86.6	3,313.80
FY2004 Interim	211,555	181,716	85.9	3,179.36
FY2004 Full Year	217,802	186,923	85.8	3,269.05

(Notes)

- Number of shares issued and outstanding at period end: FY2005 Interim 57,154,063 shares
 FY2004 Interim 57,154,776 shares
 FY2004 Full Year 57,154,472 shares
- Number of treasury stock at period end: FY2005 Interim 713 shares
 FY2004 Interim 0 shares
 FY2004 Full Year 304 shares

2. Non-consolidated Forecast for FY2005 (April 1, 2004 – March 31, 2005)

	Net Sales	Ordinary Income	Net Income	Dividends per Share for the Fiscal Year	
				Year-end	
	(¥ million)	(¥ million)	(¥ million)	(¥)	(¥)
Full Year	85,210	12,199	9,041	15.00	30.00

(Reference) Estimated net income per share is ¥158.18

Difference from previous forecast (May 17, 2004)

	Net Sales	Ordinary Income	Net Income
	(¥ million)	(¥ million)	(¥ million)
Previous Forecast (A)	72,809	9,819	8,291
Revised Forecast (B)	85,210	12,199	9,041
Change (B-A)	12,401	2,380	750
Change (%)	17.0%	24.2%	9.0%

Note: The above estimates have been made based on information available as of the date of this release. Actual results may differ from these estimates due to a variety of factors.