Consolidated Financial Results for Fiscal Year Ended March 31, 2007

May 14, 2007

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

Company Name: Japan Petroleum Exploration Co., Ltd.
Company Code: 1662
President: Yuji Tanahashi
Inquiries: Shigeyoshi Hasegawa, Manager, Media Relations, Media and Investor Relations Department TEL: (03) 6268-7110
Scheduled date for ordinary general shareholders' meeting: June 25, 2007
Scheduled date for commencement of dividend payment: June 26, 2007
Scheduled date for filing Securities Report: June 26, 2007

Stock Listing: Tokyo Stock Exchange
(URL: http://www.japex.co.jp/)

(*In this report, amounts less than one million yen have been omitted.)

1. Consolidated Results for Fiscal 2006 (April 1, 2006 – March 31, 2007)

(1) Consolidated Operating Results

Note: Percentages indicate changes over the same period in the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2007	170,018	22.5	29,719	10.0	34,705	11.3	20,982	3.8
FY2006	138,796	34.6	27,018	84.1	31,190	64.1	20,216	52.8

	Net Income per Share-Basic	Net Income per Share-Diluted	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Sales
	Yen	Yen	%	%	%
FY2007	367.12	-	5.3	6.2	17.5
FY2006	352.11	-	6.0	6.7	22.5

Note: Equity in net income (loss) of non-consolidated subsidiaries and affiliates: FY2007 ¥690 million FY2006 ¥(587) million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
FY2007	578,059	418,929	71.0	7,185.80
FY2006	532,516	386,222	72.5	6,756.00

Note: Equity: FY2007 ¥410,694 million FY2006 -

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Financing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Term
	Million Yen	Million Yen	Million Yen	Million Yen
FY2007	34,256	(18,140)	917	60,199
FY2006	32,850	(20,063)	(6,088)	43,082

2. Cash Dividends

	Cash Dividends per Share			Total Annual Cash Dividends	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
Record-Date	Interim	Year-End	Full Year			
	Yen	Yen	Yen	Million Yen	%	%
FY2006	15.00	25.00	40.00	2,286	11.4	0.7
FY2007	20.00	20.00	40.00	2,286	10.9	0.6
FY2008 (Forecast)	20.00	20.00	40.00	-	17.2	-

3. Forecasts for Fiscal 2008 (April 1, 2007 – March 31, 2008)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
FY 2008	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Interim	73,426	9.4	4,595	(63.3)	8,561	(45.6)	6,448	(39.5)	112.82
Full Year	155,760	(8.4)	11,964	(59.7)	17,658	(49.1)	13,293	(36.6)	232.58

4. Others

(1) Change to significant subsidiaries during the term (those changes accompanying change in scope of consolidation): No

(2) Change to accounting policy, procedure, and method of presentation for preparing consolidated financial statements (those to be described in the section of the *Change of Significant Accounting Policies on the Preparation of Consolidated Financial Statements*)

i. Change due to amendment of accounting standard: Yes

ii. Change due to other reasons: No

(3) Outstanding shares (common shares)

i. Shares outstanding at term-end (including treasury stock)	FY2007	57,154,776 shares	FY2006	57,154,776 shares
ii. Treasury stock	FY2007	1,224 shares	FY2006	1,090 shares

Reference: Summary of Non-Consolidated Results

1. Financial Highlights (April 1, 2006 - March 31, 2007)

(1) Non-Consolidated Financial Results

Percentages indicate changes over the same period in the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2007	122,129	29.4	18,402	2.7	23,848	19.2	15,645	6.2
FY2006	94,377	8.9	17,922	79.2	20,012	37.4	14,733	36.9

	Net Income per Share-Basic	Net Income per Share-Diluted
	Yen	Yen
FY2007	273.75	-
FY2006	256.39	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
FY2007	530,610	384,989	72.6	6,736.05
FY2006	499,301	365,860	73.3	6,399.95

Note: Equity: FY2007 ¥384,989 million FY2006 ¥365,860 million

2. Forecasts for Fiscal 2008 (April, 1, 2007 - March, 31, 2008)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
FY2008	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Interim	62,990	34.6	7,381	(0.5)	7,397	(36.0)	5,832	(37.8)	102.04
Full Year	130,907	7.2	16,960	(7.8)	18,456	(22.6)	15,183	(3.0)	265.66

<ins>* Disclaimer Regarding Forecasts Statements</ins>

The forecasts statements in this document have been made based on information available as of the date of this release. Actual results may differ from those estimates due to a variety of factors.

Ⅰ. Business Results

(1) Analysis of Business Performance

Overview of the fiscal year ended March 31, 2007

In the fiscal year ended March 31, 2007, despite a weakening of consumer spending, the Japanese economy continued its moderate recovery thanks to the steady growth of capital investments propelled by favorable corporate earnings.

The price of crude oil (including cost, insurance and freight) rose from the $60 per/barrel range in the beginning of the fiscal year to more than $70 per barrel in August and September as demand for oil increased, particularly in the US and Asian region, as did the geo-political risk in the Middle East. After then, however, the price began to decline due to mild winter weather, an easing of geo-political risk, and other factors. By year end the oil price was below $60 per barrel.

In addition, a trend of moderate devaluation of the yen against the dollar has been occurring since the summer and because of the aforementioned reasons, the crude oil price for the Group rose compared with the previous fiscal year.

Meanwhile, due to acceleration in the pace of deregulation, domestic natural gas prices still remained weak amid escalating competition among energy sectors.

Under these conditions, the JAPEX Group worked to maintain production 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.

Net sales in the fiscal year were strong at ¥170,018 million, an increase of ¥31,222 million (+22.5%) year on year.
The increase in net sales can be explained by the rise in price of crude oil and bitumen, and also, from the third quarter of the fiscal year, the purchase and sale of Sakhalin crude oil (SOKOL crude) from Sakhalin Oil Gas Development Co., Ltd. (SODECO), in which the company has a 14.5% holding.

Although the aforementioned sale of crude oil purchased from Sakhalin Oil Gas Development Co., Ltd. (SODECO) also contributed to an increase in cost of sales, gross profit increased year on year by ¥4,481 million (+7.3%) because of the high price of oil.

Operating income increased by ¥2,701 million (+10.0%) from the preceding fiscal year. Factors influencing operating income were a year-on-year decrease of ¥1,499 million (-15.5%) in exploration expenses and an increase of ¥3,279 million (+13.3%) in selling, general and administrative expenses. The decrease in exploration expenses was due to a decrease in drilling exploration wells, while the increase in selling, general and administrative expenses was due in part to an increase in the costs related to technical cooperation with the Ministry of Oil, Iraq.

Ordinary income was ¥34,705 million, an increase of ¥3,514 million (+11.3%) year on year, which was due to improved investment returns based on the equity method, and net income was ¥20,982 million, an increase of ¥765 million (+3.8%) year on year.

The performance of each of the sectors of our business was as follows:

(A) E&P Division
The E&P Division sells crude oil, natural gas, liquefied natural gas (LNG) and bitumen. This division recorded net sales of ¥150,538 million, an increase of ¥33,033 million (+28.1%) from the previous fiscal year, due to increases in net sales as a result of the rise in crude oil and bitumen prices and the commencement of the purchase and sale of the previously mentioned SOKOL crude.

(B) Contract Services Division
The Contract Services Division is primarily involved in drilling and geophysical surveys, and recorded net sales of ¥5,383 million in the fiscal year, a decrease of ¥1,764 million (–24.7%) from the previous fiscal year, due to decreases in geophysical survey contracts from the government.

(C) Other Businesses
Our Other Businesses Division is primarily involved in the sale of oil products, including liquefied petroleum gas (LPG) and fuel oil, as well as transportation of natural gas and oil products on consignment. Net sales in the fiscal year were ¥14,096 million, a decrease of ¥46 million (-0.3%) from the preceding fiscal year.

Outlook for the fiscal year ending March 31, 2008

Our forecast is based on price of $55 per barrel for imported crude oil, and an exchange rate of ¥115/$. Actual results for the fiscal year under review came to $63.21 per barrel and ¥116.89/$.

Net sales is expected to decrease by ¥14,258 million from the previous fiscal year to ¥155,760 million. Although sales of natural gas are expected to increase because of increases from the commencement of the Shiroishi-Koriyama pipeline and the increase in sales of town gas in Hokkaido and Niigata Prefecture, sales of crude oil are expected to decrease as the price of oil drops and production decreases that will be necessary because of the regular maintenance schedule.

Ordinary income is expected to decrease year on year by ¥17,755 million to ¥11,964 million due to an increase of exploration expenses. In Japan drilling operations are planned for three exploration wells (one on land and two at offshore) in Niigata Prefecture, while overseas, seismic survey is planned for Libya and also in Canada seismic survey and drilling appraisal wells are planned to evaluate oil sands reserves. Also planned for overseas, will be drilling of an exploration well in the offshore block of the Philippines. Through domestic and overseas projects such as these, we plan to aggressively conduct our exploration operations.

Ordinary income and net income are forecast to decrease by ¥17,046 million and ¥7,689 million from the previous fiscal year to ¥17,658 million and ¥13,293 million, respectively.

(2) Analysis of financial condition

Overview

i. Balance sheet

Total assets at the end of this fiscal year stood at ¥578,059 million, an increase of ¥45,542 million (+8.6%), from the previous fiscal year end. Of this, current assets increased ¥26,830 million (34.3%) to ¥105,152 million, and fixed assets grew ¥18,712 million (+4.1%) to ¥472,907 million.

The primary change in current assets is the ¥16,747 million increase in marketable securities due to an increase in investment in commercial paper, etc.

In fixed assets, property, plant and equipment increased ¥14,395 million, or 14.2%. This increase was mainly due to the completion of the construction of the Shiroishi-Koriyama pipeline. Intangible fixed assets grew ¥1,252 million, or 19.8%. This increase was due to a decline from amortization of goodwill and the posting of exploration rights by JAPEX Block A Ltd., a consolidated subsidiary. Investments and others increased by ¥3,063 million, or 0.9%, due to progress in the recovery of loans collection and indemnity claims by JJI S&N B.V., an affiliate, and an increase in investment in marketable securities in connection with the rise in the stock price of INPEX Holdings, Inc.

Total liabilities rose ¥20,598 million, or 14.9%, to ¥159,130 million, due to the posting of payables associated with the construction costs for the Shiroishi-Koriyama pipeline completed in March 2007 as well as new borrowings.

Total net assets increased ¥24,943 million, or 6.3%, to ¥418,929 million, mainly as a result of an increase in retained earnings and a rise in unrealized holding gains on securities. (This increase includes the addition of minority interests in consolidated subsidiaries to Shareholders' Equity at the end of the previous fiscal year.)
As a result, the equity ratio as of March 31, 2007 was 71.0%.

ii. Cash flows

As of March 31, 2007, cash and cash equivalents totaled ¥60,199 million, up ¥17,117 million, compared to the end of the previous fiscal year. Below is a summary of cash flows of each activity.

Net cash provided by operating activities was ¥34,256 million, an increase of 4.3%, from the previous fiscal year. This is mainly attributable to ¥34,660 million in income before income taxes and ¥14,938 million in depreciation and amortization, ¥11,868 million in payment of income taxes, and an increase of ¥5,733 million in notes and accounts receivable.

Net cash used in investing activities amounted to ¥18,140 million, a decrease of 9.6%, from the previous fiscal year. The main uses were ¥23,485 million by acquiring property, plant and equipment and others.

Net cash provided by financing activities amounted to ¥917 million (use of ¥6,088 million in the previous fiscal year). This was mainly due to subtracting ¥2,571 million of dividend payments from the increase in funds resulting from ¥5,000 million in proceeds from long-term debt.

Trend of Cash Flow Indicators

Fiscal Years Ended March 31	2003	2004	2005	2006	2007
Equity ratio (%)	77.1	79.3	74.5	72.5	71.0
Equity ratio on mark-to-market basis (%)	-	96.4	63.6	78.9	87.1
Debt repayment period (years)	0.7	0.5	0.7	0.5	0.6
Interest coverage ratio (times)	34.5	60.3	86.8	188.1	323.3

Notes:
Equity ratio: Equity/total assets
("Shareholders' equity ratio" for the fiscal year ended March 2003 through the fiscal year ended March 2006 is noted under "equity ratio.")
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 above 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 liabilities shown on the consolidated balance sheets. Interest paid is that shown on the consolidated statement of cash flows.

(3) Fundamental Policy on Allocation of Profits and Dividends for This Year and Next Year

The Company's basic policy is to sustain stable dividends over the long term. Taking into account the medium and long-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 transportation systems, primarily pipelines.

Based on the above reasoning, an annual dividend of ¥40 per share (¥20 yen per share interim dividend and ¥20 yen per share year-end dividend) is planned for the current year. The same dividend of ¥40 yen per share is planned for the following year as well.

(4) Risk Factors

The following are a few of the range of different factors that could potentially impact the operating results of the JAPEX Group. Please be aware that factors with the potential to affect business performance are not limited to those discussed below.

i. Risks associated with business operations
The exploration stage of business operations is inherently highly risky. These operations require substantial investments and extended timeframes to conduct activities beginning with initial surveys and including exploration work to the discovery of resources. Furthermore, there are no assurances that oil or gas will be found. Substantial investments are also required to commercialize newly found reserves, as JAPEX must drill development wells and construct production and transmission facilities. Due to these factors, long lead times are typically required from the start of a particular project until an investment can be recovered and earnings generated. During this period, the operating environment can undergo changes that may make it difficult to achieve the original investment goals of the project. Such changes may include an increased investment costs, demand reduction, unit price declines, increased operating expenses, currency fluctuations, etc. Moreover, these investments are subject to various technical risks unique to the oil mining industry, including unexpected declines in oil deposit volume and/or production volume, as well as the mixing of impurities.

ii. Factors causing volatility in crude oil sales
JAPEX sells crude oil in the domestic market 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 transactions, although this approach does not entirely eliminate all associated risks.

iii. Factors causing volatility in natural gas sales
Prices for natural gas sold in the domestic market are, in most cases, 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, the deregulation of Japan's energy markets and other factors carries the risk of lower unit selling prices and lower sales volumes of natural gas.

Ⅱ. Business 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 with regard to a stable supply, the JAPEX Group is actively focused on constructing a new business model that not only relies on expanding reserves but also upgrading and expanding transportation 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 humankind 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) Medium and Long Term Business Strategy and Critical Issues

Japan's energy industry is entering an era of full-scale competition, ushered in by 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 the "common carrier" concept in gas transportation. 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. Government efforts to bolster environmental measures to achieve the greenhouse reduction target defined in the Kyoto Protocols, coupled with activities to tackle global warming on the corporate and individual level, are likely to continue to drive demand for natural gas. This presents opportunities for JAPEX to further develop its natural gas business.

Moreover, the mounting concerns over recent escalation in global fuel prices and supply stability, has underscored the importance of exploration and development operations. Based on recognition that oil will continue to play a critical part and the central role as a primary energy source in Japan, JAPEX Group, for its part, will continue to position these activities as key elements of its business base. Accordingly, expanding natural gas sales and maintaining and enlarging 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 cope with the intensifying competitive environment as well as expand sales of environment-friendly natural gas, the Group is working to construct a natural gas business that seamlessly integrates services and facilities, from upstream (E&P) through mid-stream (transportation and storage) to downstream (supply to large users and local distribution companies, or LDCs).

For this reason, while striving to expand sales along the route of existing pipelines, from March, 2007, we commenced the new operation of the Shiraishi-Koriyama gas pipeline branching from the Niigata-Sendai gas pipeline, as well as conducting full-scale studies for the construction of a subsea gas pipeline between Sendai and Iwaki to further enhance our natural gas transportation network.

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, Hokuriku, and Kyushu regions to supply natural gas to a broader base of customers. To expand supply to users within Hokkaido by LNG tank containers from its LNG plant in Yufutsu, which is located in the region, JAPEX is taking steps to augment a liquefaction plant scheduled for completion in fiscal 2008.

Through the ongoing development of its gas operations, JAPEX was targeting natural gas sales volume of 1.7 billion m^3 in fiscal 2009. However、because of the increase in demand that has already occurred, we practically reached this target in fiscal 2007 and are now in the process working to achieve a further increase in sales volume.
Moreover, in addition to leveraging the Group's upstream division uniqueness, to upgrade and expand its natural gas transportation and underground storage network that organically links a range of facilities and services, JAPEX also recognizes that it is important to aggressively pursue capital investment such as increasing existing production facilities and drilling additional production wells to support its current policy of increasing demand in natural gas.

Conducting efficient E&P and securing new reserves

With its business centered on E&P, the JAPEX Group continually works to maintain and expand 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 significantly expand cost-competitive domestic reserves, a key source of earnings, 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 oil and gas fields. In this way, the Company is able to conduct interlocking, tactical exploration that affords greater efficiencies.

Furthermore, recognizing the importance of establishing a stable overseas business base from a long-term viewpoint, the Company will work to increase operating efficiency and carry out exploration in focus areas. Specifically, the Company aims to increase the efficiency of operations and development at fields where it currently carries out oil and gas production. Moreover, when developing new business, the Company seeks to acquire the rights to oil and gas fields that already on stream, and fields that have been discovered but remain undeveloped, both of which offer low risk and early returns. At the same time, the Company works for the balanced preservation of exploration assets over long-term operating periods with anticipated relatively high returns. As part of this policy, with Iraq the Company is undertaking technical cooperation with the Ministry of Oil to strengthen relations with the Ministry, and with Libya, where the Company has succeeded in obtaining interests, the Company is promoting exploration activities. Furthermore, the Company is promoting development activities in the Kangean block in Indonesia as well as actively continuing to develop other projects.

Addressing environmental issues

JAPEX, as a company that supplies environment-friendly natural gas, feels an obligation to contribute to environmental protection. The Company therefore works to increase internal environmental awareness through ongoing use of internal environment management systems (all company sites have acquired ISO 14001 certification), and to reduce the environmental impact of its business activities. At the same time, JAPEX is contributing to environmental activities on the societal level by, among other actions, participating in and funding afforestation programs in Japan and overseas.

In Japan, emissions rights trading and other new environmental businesses are being steadily generated in an effort to help reduce the nation’s greenhouse gas levels. For its part, JAPEX will continue pushing ahead with efforts to promote natural gas use from a variety of angles, and appropriately apply the 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-liquids technology, which can be used to extract liquid fuel from methane, the main component of natural gas, and technologies for storing carbon dioxide underground.

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

Ⅲ. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Description	(As of March 31, 2006) Amount (¥ million)		(%)	(As of March 31, 2007) Amount (¥ million)		(%)
(Assets)						
I Current assets						
1. Cash and deposits		29,639			27,169	
2. Notes and accounts receivable		18,713			24,451	
3. Marketable securities		15,966			32,714	
4. Inventories		8,794			8,683	
5. Deferred income taxes		837			1,047	
6. Other current assets		4,389			11,097	
Less: Allowance for doubtful receivables		(19)			(12)	
Total current assets		78,321	14.7		105,152	18.2
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings and structures	116,219			133,488		
Accumulated depreciation	73,319	42,899		78,595	54,892	
(2) Wells	37,012			42,750		
Accumulated depreciation	29,251	7,760		32,096	10,654	
(3) Machinery and equipment	68,561			72,898		
Accumulated depreciation	40,274	28,286		43,639	29,258	
(4) Land		13,131			13,164	
(5) Construction in progress		6,396			4,699	
(6) Other property, plant and equipment	10,906			11,611		
Accumulated depreciation	8,269	2,637		8,773	2,838	
Property, plant and equipment, net		101,112	19.0		115,508	20.0
2. Intangible fixed assets						
(1) Goodwill		4,132			3,122	
(2) Others		2,200			4,463	
Total intangible fixed assets		6,333	1.2		7,585	1.3
3. Investments and others						
(1) Investments in securities		335,345			341,162	
(2) Long-term loans receivable		1,827			769	
(3) Long-term account receivable		9,351			4,908	
(4) Deferred tax assets		432			658	
(5) Others		9,008			11,745	
Less: Allowance for doubtful receivables		(120)			(95)	
Allowance for losses on overseas investments		(9,095)			(9,335)	
Total investments and others		346,749	65.1		349,812	60.5
Total fixed assets		454,195	85.3		472,907	81.8
Total assets		532,516	100.0		578,059	100.0

Description	(As of March 31, 2006) Amount (¥ million)	(%)	(As of March 31, 2007) Amount (¥ million)	(%)
(Liabilities)				
I Current liabilities				
1. Notes and accounts payable	8,195		9,395	
2. Income taxes payable	6,208		3,807	
3. Reserve for directors' bonus	-		96	
4. Other current liabilities	11,157		23,565	
Total current liabilities	25,561	4.8	36,864	6.4
II Long-term liabilities				
1. Long-term debt	15,000		17,722	
2. Deferred tax liabilities	88,556		94,267	
3. Accrued retirement benefits for employees	4,735		5,434	
4. Accrued retirement benefits for officers	761		608	
5. Accrued estimated cost of abandonment of wells	2,943		3,459	
6. Accrual for losses on projects	871		601	
7. Other long-term liabilities	100		170	
Total long-term liabilities	112,969	21.2	122,265	21.1
Total liabilities	138,531	26.0	159,130	27.5
(Minority interests)				
Minority interests in consolidated subsidiaries	7,762	1.5	-	-
(Shareholders' equity)				
I Common stock	14,288	2.7	-	-
II Retained earnings	209,095	39.2	-	-
III Unrealized holding gains on securities	161,949	30.4	-	-
IV Translation adjustments	894	0.2	-	-
V Treasury stock	(4)	(0.0)	-	-
Total shareholders' equity	386,222	72.5	-	-
Total liabilities, minority interests and shareholders' equity	532,516	100.0	-	-

Description	(As of March 31, 2006) Amount (¥ million)	(%)	(As of March 31, 2007) Amount (¥ million)	(%)
(Net Assets)				
I Shareholder's equity				
1. Capital	-	-	14,288	2.5
2. Capital reserves	-	-	227,413	39.3
3. Treasury stock	-	-	(5)	(0.0)
Total Shareholder's equity	-	-	241,696	41.8
II Difference on valuation and conversion, etc.				
1. Difference on valuation of other marketable securities	-	-	168,234	29.1
2. Deferred gain (loss) on hedging	-	-	55	0.0
3. Translation adjustments	-	-	707	0.1
Total difference on valuation and conversion, etc.	-	-	168,997	29.2
III Minority interest	-	-	8,234	1.5
Total net assets	-	-	418,929	72.5
Total liabilities and net assets	-	-	578,059	100.0

(2) Consolidated Statements of Income

	FY2006 (Apr. 1, 2005 – Mar. 31, 2006)			FY2007 (Apr. 1, 2006 – Mar. 31, 2007)		
Description	Amount (¥ million)		(%)	Amount (¥ million)		(%)
I Net sales		138,796	100.0		170,018	100.0
II Cost of sales		77,433	55.8		104,174	61.3
Gross profit		61,362	44.2		65,844	38.7
III Exploration expenses						
1. Exploration expenses	10,800			8,987		
2. Exploration subsidies	(1,122)	9,677	6.9	(809)	8,178	4.8
IV Selling, general and administrative expenses		24,666	17.8		27,946	16.4
Operating income		27,018	19.5		29,719	17.5
V Non-operating income						
1. Interest income	1,367			1,355		
2. Dividend income	2,548			2,805		
3. Gain on sale of securities	222			118		
4. Equity in profit of non-consolidated subsidiaries and affiliates	-			690		
5. Reversal of accrual for losses on projects	814			270		
6. Exchange gains	847			229		
7. Other non-operating income	1,426	7,226	5.2	1,179	6,649	3.9
VI Non-operating expenses						
1. Interest expense	144			120		
2. Loss on sale of securities	93			241		
3. Loss on redemption of securities	0			-		
4. Devaluation loss on securities	1			54		
5. Equity in losses of non-consolidated subsidiaries and affiliates	587			-		
6. Provision for accrued estimated cost of abandonment of wells	522			569		
7. Provision for allowance for losses on overseas investments	784			242		
8. Other non-operating expenses	919	3,054	2.2	434	1,663	1.0
Ordinary income		31,190	22.5		34,705	20.4
VII Extraordinary gains						
1. Reversal of allowance for doubtful receivables	77			0		
2. Income from distribution of remained asset	-	77	0.1	966	967	0.6
VIII Extraordinary losses						
1. Loss on disposal of fixed assets	101			387		
2. Head office relocation cost	-			587		
3. Others	-	101	0.1	37	1,012	0.6
Income before income taxes and minority interests		31,166	22.5		34,660	20.4
Current income taxes	8,845			9,421		
Deferred income taxes	448	9,294	6.7	2,487	11,909	7.0
Minority interests		1,655	1.2		1,768	1.1
Net income		20,216	14.6		20,982	12.3

(3) Consolidated Statements of Shareholders' Equity and Statement of Changes in Shareholders' Equity, etc.

Consolidated Statements of Shareholders' Equity

	FY2006 (Apr. 1, 2005 – Mar. 31, 2006)	
Description	Amount (¥ million)	
Retained earnings		
I Balance at beginning of year		191,116
II Addition		
1. Net income	20,216	20,216
III Deduction		
1. Cash dividends paid	2,143	
2. Bonuses to officers	95	
(of which to auditors)	(3)	
3. Deduction of consolidated subsidiaries	0	2,238
IV Balance at end of year		209,095

Consolidated Statement of Changes in Shareholders' Equity etc.

Fiscal Year (from April 1, 2006 to March 31, 2007)

(Unit: ¥ million)

	Shareholder's equity				Difference on valuation and conversion etc.				Minority interests	Total net assets
	Capital	Capital reserves	Treasury stock	Total share holder's equity	Difference on valuation of other marketable securities	Deferred gain (loss) on hedging	Transition adjustments	Total difference on valuation and conversion, etc.		
Balance as of March 31, 2006	14,288	209,095	(4)	223,379	161,949	-	894	162,843	7,762	393,985
Changes during Fiscal Year										
Distributions from Capital reserve (note)		(1,428)		(1,428)						(1,428)
		(1,143)		(1,143)						(1,143)
Directors' bonuses (note)		(92)		(92)						(92)
Net income		20,982		20,982						20,982
Acquisition of treasury stock			(0)	(0)						(0)
Changes during Fiscal Year other than shareholders' equity items (net)					6,285	55	(187)	6,154	472	6,626
Total changes during Fiscal Year	-	18,318	(0)	18,317	6,285	55	(187)	6,154	472	24,943
Balance as of March 31, 2007	14,288	227,413	(5)	241,696	168,234	55	707	168,997	8,234	418,929

(Note) These items represent distribution of earnings resolved at the General Meeting of Shareholders in June 2006.

(4) Consolidated Statements of Cash Flows

Description	FY2006 (Apr. 1, 2005 – Mar. 31, 2006) Amount (¥ million)	FY2007 (Apr. 1, 2006 – Mar. 31, 2007) Amount (¥ million)
I Operating activities		
1. Income before income taxes and minority interests	31,166	34,660
2. Depreciation and amortization	13,951	14,938
3. Amortization of goodwill	946	1,006
4. Loss on devaluation of marketable securities and investments in securities	1	54
5. Increase (decrease) in allowance for doubtful receivables	(89)	(32)
6. Increase in provision for accrued retirement benefits for employees	903	699
7. Increase in provision for accrued retirement benefits for officers	(11)	(153)
8. Decrease in provision for accrued estimated cost of abandonment of wells	97	510
9. Decrease in provision for allowance for losses on overseas investments and accrual for losses on projects	(30)	(29)
10. Interest and dividend income	(3,916)	(4,161)
11. Interest expense	144	120
12. Gain on redemption and sales of marketable securities and investments in securities	(428)	(119)
13. Loss on redemption and sales of marketable securities and investments in securities	94	241
14. Equity in losses (gains) of unconsolidated subsidiaries and affiliates	587	(690)
15. Decrease (increase) in notes and accounts receivable	(4,766)	(5,733)
16. Decrease (increase) in inventories	363	111
17. Increase (decrease) in notes and accounts payable	6,260	3,757
18. Increase (decrease) in consumption tax payable	(322)	(550)
19. Income from distribution of remained asset	-	(966)
20. Other, net	(2,151)	(180)
Subtotal	42,799	43,481
21. Payments of debt guarantee	(7,515)	-
22. Collection of claim for indemnity of guaranteed debt implementation	-	2,643
23. Income taxes paid	(2,432)	(11,868)
Net cash provided by operating activities	32,850	34,256
II Investing activities		
1. Investments in time deposits	(1,302)	(3,334)
2. Proceeds from time deposits	561	948
3. Payments for purchase of marketable securities	(5,998)	-
4. Proceeds from redemption and sale of marketable securities	10,536	1,300
5. Additions to property, plant and equipment	(21,042)	(23,485)
6. Proceeds from sales of property, plant and equipment	79	28
7. Additions to intangible fixed assets	(743)	(1,388)
8. Payments for purchase of investments in securities	(11,819)	(4,950)
9. Proceeds from redemption and sale of investments in securities	5,792	7,643
10. Increase in loans receivable	(3,128)	(165)
11. Decrease in loans receivable	2,353	1,241
12. Interest and dividends received	4,124	4,283
13. Revenue from distribution of remained asset	-	1,047
14. Other, net	523	(1,309)
Net cash used in investing activities	(20,063)	(18,140)
III Financing activities		
1. Decrease in short-term bank loans	(158)	(47)
2. Proceeds from long-term debt	8,000	5,000
3. Repayment of long-term debt	(8,973)	-
4. Purchase of treasury stock	(0)	(0)
5. Cash dividends paid	(2,142)	(2,571)
6. Dividends paid to minority shareholders	(609)	(1,015)
7. Interest paid	(174)	(105)
8. Payment of capital reduction for minority interests	(2,029)	(342)
Net cash provided by (used in) financing activities	(6,088)	917
IV Effect of exchange rate changes on cash and cash equivalents	1,020	84
V Increase in cash and cash equivalents	7,720	17,117
VI Cash and cash equivalents at beginning of the period	34,568	43,082
VII Increase in cash and cash equivalents due to merger	870	-
VIII Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	(76)	-
IX Cash and cash equivalents at the period-end	43,082	60,199

IV. Others

(1) Status of Production and Sales

1. Production

Oil and Natural Gas Segment

Division	Product	FY2006 (Apr. 1, 2005 – March 31, 2006)	FY2007 (Apr. 1, 2006 – Mar. 31, 2007)
E&P	Crude oil (kl)	805,612 (164,842)	791,517 (186,759)
	Natural gas (thousand m^3)	1,279,066 (62,335)	1,247,087 (62,705)
	LNG (t)	25,901	25,584
	Bitumen (kl)	449,785 (449,785)	447,430 (447,430)
Other Businesses	LPG (t)	10,737	9,741
	Fuel oil, etc. (kl)	55,719	51,650

(Notes)
1. The figures in parentheses in E&P 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 others.
3. Part of the natural gas production volume is used as a feedstock for LNG, LPG and others.
4. Bitumen is heavy oil extracted from oil sands.

2. Sales

Oil and Natural Gas Segment

Division	Product	FY2006 (Apr. 1, 2005 – Mar. 31, 2006)		FY2007 (Apr. 1, 2006 – Mar. 31, 2007)	
		Volume	Amount (¥ million)	Volume	Amount (¥ million)
E&P	Crude Oil (kl)	1,485,849	61,185	1,821,618	84,931
	Natural Gas (thousand m3)	1,413,717	43,539	1,411,309	44,949
	LNG (t)	124,736	6,252	208,384	10,879
	Bitumen (kl)	448,951	6,526	444,985	9,777
	Subtotal	-	117,504	-	150,538
Contract services		-	7,148	-	5,383
	Subtotal	-	7,148	-	5,383
Other Businesses	LPG (t)	26,234	1,755	22,833	1,700
	Fuel oil, etc (kl)	102,125	5,934	97,487	6,181
	Others	-	6,453	-	6,214
	Subtotal	-	14,143	-	14,096
	Total	-	138,796	-	170,018

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