Consolidated Financial Results for Fiscal Year Ended March 31, 2008

May 15, 2008

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

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Stock Listing: Tokyo Stock Exchange
(URL: http://www.japex.co.jp/)
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(*In this report, amounts less than one million yen have been omitted.)

1. Consolidated Results for Fiscal 2008 (April 1, 2007 – March 31, 2008)

(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	%
FY2008	207,638	22.1	19,625	(34.0)	27,247	(21.5)	20,097	(4.2)
FY2007	170,018	22.5	29,719	10.0	34,705	11.3	20,982	3.8

	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	%	%	%
FY2008	351.65	-	4.7	4.5	9.5
FY2007	367.12	-	5.3	6.2	17.5

Note: Equity in net income (loss) of non-consolidated subsidiaries and affiliates: FY2008 ¥2,193 million FY2007 ¥690 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
FY2008	620,946	448,226	70.8	7,696.00
FY2007	578,059	418,929	71.0	7,185.80

Note: Equity: FY2008 ¥439,852 million FY2007 ¥410,694 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Term
	Million Yen	Million Yen	Million Yen	Million Yen
FY2008	34,314	(53,169)	1,522	42,440
FY2007	34,256	(18,140)	917	60,199

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	%	%
FY2007	20.00	20.00	40.00	2,286	10.9	0.6
FY2008	20.00	20.00	40.00	2,286	11.4	0.5
FY2009 (Forecast)	20.00	20.00	40.00	-	20.5	-

3. Forecasts for Fiscal 2009 (April 1, 2008 – March 31, 2009)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
FY 2009	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First 2Qs	86,404	(5.4)	1,651	(81.7)	3,540	(74.4)	2,822	(70.9)	49.38
Full Year	193,772	(6.7)	8,860	(54.9)	14,321	(47.4)	11,141	(44.6)	194.93

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: Yes

(3) Outstanding shares (common shares)

i. Shares outstanding at term-end (including treasury stock) FY2008 57,154,776 shares FY2007 57,154,776 shares

ii. Treasury stock FY2008 1,407 shares FY2007 1,224 shares

Reference: Summary of Non-Consolidated Results

1.Financial Highlights (April 1, 2007 - March 31, 2008)

(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	%
FY2008	171,563	40.5	18,560	0.9	17,726	(25.7)	14,279	(8.7)
FY2007	122,129	29.4	18,402	2.7	23,848	19.2	15,645	6.2

	Net Income per Share-Basic	Net Income per Share-Diluted
	Yen	Yen
FY2008	249.84	-
FY2007	273.75	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
FY2008	567,469	408,814	72.0	7,152.94
FY2007	530,610	384,989	72.6	6,736.05

Note: Equity: FY2008 ¥408,814 million FY2007 ¥384,989 million

2. Forecasts for Fiscal 2009 (April, 1, 2008 - March, 31, 2009)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
First 2Qs	67,880	(8.9)	5,856	(33.7)	4,107	(58.7)	3,433	(52.9)	60.06
Full Year	155,167	(9.6)	14,126	(23.9)	12,562	(29.1)	10,497	(26.5)	183.67

* Disclaimer Regarding Forecasts Statements

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

In the consolidated fiscal year ended March 31, 2008, the Japanese economy continued its moderate recovery in the areas of improved corporate earnings and steady growth of capital investments, however, with consumer spending in a slump, there are heightened risks of an economic slowdown attributable to a decrease in activity in the US in the wake of the sub-prime mortgage loan crisis and other factors.

The price of crude oil CIF (including cost, insurance and freight) rose from below the $60 per barrel level in the beginning of the fiscal year to a high level of more than $90 per barrel at the end of the fiscal year as global demand for crude oil increased.

In the area of FOREX, although the value of the yen against the US dollar moved from about ¥120 at the beginning of the fiscal year to under ¥100 in March of this year, the crude oil price for the Group rose compared with the previous fiscal year greatly due to a hike in the crude oil CIF price.

The sales price of natural gas for the Group has been relatively cost-competitive among energy sectors as a result of increasing oil products prices pushed up by galloping crude oil. However, due to increased industry participation by non-energy sector businesses along with acceleration in the pace of deregulation, the market environment encompassing the Group continues to be stringent.

Under these conditions, the JAPEX Group worked to maintain production and transportation 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 ¥207,638 million, an increase of ¥37,620 million (+22.1%) year on year.
Gross profit decreased by 2.9% or ¥1,888 million year on year to ¥63,955 million due to the overhaul at an FSO (Floating Storage and Offloading) facility incurred by consolidated subsidiary Japex New Nanhai Ltd., the increase in the cost of sales due to the accounting of a valuation loss subsequent to the early application of the Accounting Standard for Measurement of Inventories and the liquidation of Jawa Oil Co, Ltd.

For operating income, compared to the previous fiscal year, an expansion of exploration activities in Libya, Canada and the Philippines causing an increase in exploration expenses of ¥5,381 million (+65.8%) and the commencement of depreciation of the Shiroishi-Koriyama pipeline leading to a hike in selling, general and administrative expenses of ¥2,824 million (+10.1%) resulted in an operating income posting of ¥19,625 million, down ¥10,093 million or 34% year on year.

Ordinary income was ¥27,247 million, a decrease of ¥7,457 million (-21.5%) year on year due to improved investment returns based on the equity method and an increase in dividend income causing a margin of profit decrease that is lower than operating income despite an increase in non-operating expenses attributable to the foreign exchange gain’s fall to a negative figure and a loss on valuation of marketable securities.

Net income was ¥20,097 million, a decrease of ¥884 million (-4.2%) year on year as a result of lower income taxes.

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 ¥187,660 million, an increase of ¥37,122 million (+24.7%) from the previous fiscal year, on the back of soaring crude oil prices and higher volumes of natural gas sales and purchases of oil produced in Sakhalin.

(B) Contract Services Division
The Contract Services Division is primarily involved in drilling and geophysical surveys, recorded net sales of ¥5,395 million in the fiscal year, an increase of ¥11 million (+0.2%) from the previous fiscal year.

(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 ¥14,582 million, an increase of ¥486 million (+3.5%) from the preceding fiscal year.

Outlook for the fiscal year ending March 31, 2009

Our forecast is based on a crude oil CIF price of $80 per barrel and an exchange rate of ¥105/$. Actual non-consolidated results for the fiscal year under review came to $76.21 per barrel and ¥114.66/$.

Net sales is expected to decrease by ¥13,867 million from the previous fiscal year to ¥193,772 million. Although sales of natural gas are expected to increase because of increases in town gas sales in Hokkaido and along the Shiroishi-Koriyama pipeline, sales of crude oil are expected to decrease as the overseas production of oil drops and the yen appreciates.

Operating income is expected to decrease year on year by ¥10,765 million to ¥8,860 million due to an increase of exploration expenses. In Japan, exploratory drilling operations are planned for four exploration wells (two on land and two offshore) and one exploitation well (on land) for a total of five wells. Overseas, exploratory drilling of two wells in Libya (one on land and one offshore) based on seismic survey data is planned. 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 ¥12,927 million and ¥8,957 million from the previous fiscal year to ¥14,321 million and ¥11,141 million, respectively.

(2) Analysis of financial condition

Overview

i. Balance sheet

Total assets at the end of this fiscal year stood at ¥620,946 million, an increase of ¥42,887 million (+7.4%), from the previous fiscal year end. Of this, current assets decreased ¥16,143 million (-15.4%) to ¥89,008 million, and fixed assets grew ¥59,030 million (+12.5%) to ¥531,937 million.

The primary change in current assets is the ¥14,989 million decrease in marketable securities due to redemptions for commercial paper, etc.

In fixed assets, property, plant and equipment increased ¥25,654 million (+22.2%) due to the increase in production facilities at the Yufutsu oil and gas field in Hokkaido, one of the main facilities of the Company, as well as the addition of production wells both in Japan and Canada. Intangible fixed assets fell ¥1,406 million (-18.5%). This decrease was due to a decline from amortization of goodwill. Investments and others increased by ¥34,782 million, (+9.9%), due to an increase in investment in marketable securities in connection with the acquisition of Energi Mega Pratama Inc. (EMPI) stock and the rise in the market value of the stock of INPEX Holdings, Inc.

Total year-end liabilities rose ¥13,589 million (+8.5%) to ¥172,720 million, year on year mainly due to the increase in deferred tax liabilities brought upon by an increase in the value of investment securities and new long-term debt allocated for the procurement of funds for investment in EMPI.

Total year-end net assets increased ¥29,297 million (+7.0%) to ¥448,226 million, year on year as a result of an increase in retained earnings and a rise in unrealized holding gains on securities.
As a result, the equity ratio as of March 31, 2008 was 70.8%.

ii. Cash flows

As of March 31, 2008, cash and cash equivalents (hereinafter, "net cash") totaled ¥42,440 million, down ¥17,758 million, compared to the end of the previous fiscal year. Below is a summary of cash flows for each activity.

(Cash flows from operating activities)
Net cash provided by operating activities was ¥34,314 million. This is mainly attributable to ¥26,305 million in income before income taxes, ¥16,669 million in depreciation and amortization and ¥8,599 million in payment of income taxes.

(Cash flows from investing activities)
Net cash used in investing activities amounted to ¥53,169 million. The main uses were ¥43,702 million for additions to property, plant and equipment in Japan and Canada, as iterated above, and ¥21,808 million expended for the acquisition of investment securities such as EMPI stock.

(Cash flows from financing activities)
Net cash provided by financing activities amounted to ¥1,522 million. This was mainly due to the amount of revenue derived from long-term debt of ¥6,935 million for the procurement of funds to be directed for investment in EMPI exceeding the amount of total expenditures such as ¥2,285 million of dividend payments and ¥2,278 million in long-term debt reimbursements.

(Ref.) Trend of Cash Flow Indicators

Fiscal Years Ended March 31	**2004**	**2005**	**2006**	**2007**	**2008**
Equity ratio (%)	79.3	74.5	72.5	71.0	70.8
Equity ratio on mark-to-market basis (%)	96.4	63.6	78.9	87.1	60.7
Interest-bearing debt to cash flow ratio (years)	0.5	0.7	0.5	0.6	0.7
Interest coverage ratio (times)	60.3	86.8	188.1	323.3	148.5

Notes:
Equity ratio: Equity/total assets
Equity ratio on mark-to-market basis: Total market capitalization/total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/cash flows
Interest coverage ratio: Cash flow/interest paid

*1. The above indicators are calculated based on consolidated financial figures.
*2. Total market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).
*3. Cash flow is net cash flow from operating activities.
*4. Interest-bearing debt is all debt subject to interest payments within liabilities shown on the consolidated balance sheets.

(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 secure 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 replacement of 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 disclosure of this section is omitted as there is no significant change from the Risk Factors described in the latest Securities Report filed on June 26, 2007.

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

With changes in social conditions marked by an increase in the importance of global warming countermeasures and the recent escalation in the price of crude oil and other natural resources paired with the progress of deregulation ushered in by revisions to the Gas Business Law and the Electric Utility Law, the business environment encompassing JAPEX is undergoing a rapid transformation. As such, the JAPEX Group will aim to further increase its corporate value through the establishment of a clear action plan for the attainment of important business objectives over the long term.

Conducting efficient E&P and discovering new reserves

The replacement and expansion of reserves, which are depleted by production and sales activities, and the formulation of a larger supply structure of oil and natural gas that would ensure long-term stability is of paramount importance to JAPEX, a company whose core competency rests in E&P, development and sales.

In its high-risk oil and natural gas E&P business, JAPEX is striving to uncover promising projects and conduct efficient E&P activities all in an effort to realize the discovery and securement of untapped oil and gas reserves.

Specifically, in order to expand the volume of cost-competitive domestic reserves, which at present represent the largest source of revenue for the Company, JAPEX will continue to proactively effectuate E&P activities with the restructuring of Japanese oil and gas exploration as an important concern and build a new revenue platform through the acquisition of overseas interests with a focus on the balance of its investments.

Japan:
In Hokkaido, Akita and Niigata, in light of the geological potential, expansibility, economic effects and other aspects, JAPEX will systematically conduct E&P activities efficiently combining efforts aimed at the addition of large-scale gas reserves as well as field growth in areas surrounding existing oil and gas fields.

For E&P aimed at the addition of large-scale gas reserves, JAPEX is considering a Yufutsu-type structure in southern central Hokkaido and on the south coast of Hokkaido and green tuff formations in Niigata. Despite relatively-high geological risk, because success in the venture would bring the addition of substantial reserves to the JAPEX arsenal, the Company is effectuating important tasks aimed at early exploratory drilling taking into consideration seismic survey results already made compiled.

For E&P geared towards field growth, JAPEX is contemplating the Yufutsu area in Hokkaido, the Kosei, Yurihara and Ayukawa areas in Akita and the Kitakanbara area and Higashi-Niigata to Iwafune coastline in Niigata. Even though many of the prospective reserves in each individual oil and gas field area are mid-scale, on a relative basis, the geological risk is low and the Company can benefit from short-term revenues due to their addition. Therefore, E&P work is effectuated on an equal basis annually with a keen eye on the production conditions of existing fields and the cost burden of joint venture partners.

Overseas:
In addition to the continuation of expansion efforts targeting domestic reserves, the aggrandizement of overseas reserves, production volume and revenue levels is also essential for the formulation of a stable managerial base over the long-term.

Because of this, JAPEX will zero in on Southeast Asia, specifically Indonesia, Canada, the Middle East, North Africa and Sakhalin as focus areas and infusing managerial resources focused on unearthing opportunities within them, work on comparably low risk, early return projects presently under production or already discovered but not yet developed in an effort to secure a stable volume of reserves, production as well as revenue and build an investment portfolio well-balanced with respect to long-term exploration projects with relatively high return prospects.

Also, the Company will take an interest in gauging the future need for additional LNG procurement for its domestic natural gas supply business and look for opportunities to participate in upstream and midstream LNG projects mainly in focus areas.

Enhancing the efficiency of the natural gas operation system

In order to encourage the further development of the Company in the energy markets in this highly competitive period, it is not only necessary for JAPEX to meet the changes in the climate encompassing the natural gas business brought upon by the progression of deregulation and an increase in public awareness towards environmental problems and fulfill its responsibilities as a supplier to natural gas consumers, but also strengthen its capabilities with respect to the various demands and expectations of a growing number of consumers and find better, more attractive ways to supply gas.

To achieve this, JAPEX will promote its efficient "Gas Integration" system from upstream (E&P) through mid-stream (transportation and storage) to downstream (supply to large users and local distribution companies, or LDCs) in its core competency, the natural gas supply business, and differentiate itself from all other gas suppliers by formulating a gas business model that organically combines the facilities and service functions of the Company.

Specifically, JAPEX will expand its domestic reserves and introduce additional overseas gas sources to complement them. It will establish a transportation and underground storage network utilizing the unique characteristics a company that owns its upstream interests, increase efforts geared at expanding sales along its gas pipelines by adding new lines and promote the diffusion of natural gas for a broad range of applications by supplying LNG satellites to regions without pipeline access. Further, the Company will promote cooperative efforts with local town gas suppliers as a wholesaler based on its traditional principle of coexistence and mutual prosperity with these suppliers.

In addition, in order to diversity sources of revenue and increase profits, it is important for JAPEX to develop its natural gas supply system as a new revenue platform, focus on the access of gas pipelines to third parties in tune with the revised Gas Business Law as an important future business chance and, in an effort to push forward the development of technologies utilizing natural gas, aggressively research and develop gas-to-liquids (GTL) technology involving synthesizing liquid fuels from methane, the main component of natural gas, as well as DME production technology and other technologies and aim for the diversification of gas supply methods through a fusion with environmental businesses.

Based on the above fundamental policy, due to the sharp increase in industrial consumers in the domestic natural gas market as a result of the realization of relative price advantages on the heels of soaring crude oil and petroleum product prices, JAPEX is effectuating capital investments aimed at the aggrandizement of its domestically produced gas supply capacity and increasing its overseas LNG purchases along with rationalizing its gas sales prices to match imported LNG CIF price levels.

Further, with a keen eye on long-term sustainable development for the future based on the aforementioned supply and demand circumstances, JAPEX is looking to secure new LNG sources through the acquisition of upstream interests by latter half of the 2010s decade that will allow it to build a revenue platform in its upstream LNG division and aggressively expand the sale of gas in Japan.

Technology R&D and addressing environmental issues

Faced with the ever growing severity of environmental issues, JAPEX, a supplier of environmentally-friendly natural gas, is striving to reduce the environmental impact of its business activities as a naturally assumed contribution to the environment as well as more comprehensive tasks.

Specifically, the Company will increase the added value of its natural gas supply services, promote the application of the JAPEX Group held technologies to environmental fields, develop GTL and DME production technology, develop technology for Carbon Capture and Storage (CCS) based on oil and gas E&P techniques and proactively engage in new fields such as methane hydrate development technology.

JAPEX will also increase its contributions to environment activities on the social level by, among other actions, participating in and funding forestation programs in Japan and in bio-carbon funds.

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, 2007) Amount (¥ million)		(%)	(As of March 31, 2008) Amount (¥ million)		(%)
(Assets)						
I Current assets						
1. Cash and deposits		27,169			27,794	
2. Notes and accounts receivable		24,451			25,865	
3. Marketable securities		32,714			17,724	
4. Inventories		8,683			10,492	
5. Deferred income taxes		1,047			2,295	
6. Other current assets		11,097			4,846	
Less: Allowance for doubtful receivables		(12)			(10)	
Total current assets		105,152	18.2		89,008	14.3
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings and structures	133,488			139,690		
Accumulated depreciation	78,595	54,892		84,967	54,722	
(2) Wells	42,750			54,140		
Accumulated depreciation	32,096	10,654		35,389	18,751	
(3) Machinery and equipment	72,898			83,059		
Accumulated depreciation	43,639	29,258		48,013	35,046	
(4) Land		13,164			15,305	
(5) Construction in progress		4,699			12,893	
(6) Other property, plant and equipment	11,611			13,860		
Accumulated depreciation	8,773	2,838		9,417	4,443	
Property, plant and equipment, net		115,508	20.0		141,162	22.7
2. Intangible fixed assets						
(1) Goodwill		3,122			2,092	
(2) Others		4,463			4,086	
Total intangible fixed assets		7,585	1.3		6,179	1.0
3. Investments and others						
(1) Investments in securities		341,162			376,137	
(2) Long-term loans receivable		769			7,489	
(3) Long-term accounts receivable		4,908			2,065	
(4) Deferred tax assets		658			749	
(5) Others		11,745			5,872	
Less: Allowance for doubtful receivables		(95)			(97)	
Allowance for losses on overseas investments		(9,335)			(7,621)	
Total investments and others		349,812	60.5		384,595	62.0
Total fixed assets		472,907	81.8		531,937	85.7
Total assets		578,059	100.0		620,946	100.0

Description	(As of March 31, 2007) Amount (¥ million)	(%)	(As of March 31, 2008) Amount (¥ million)	(%)
(Liabilities)				
I Current liabilities				
1. Notes and accounts payable	9,395		13,469	
2. Income taxes payable	3,807		1,414	
3. Reserve for directors' bonus	96		102	
4. Accrual for losses on disasters	-		487	
5. Other current liabilities	23,565		23,382	
Total current liabilities	36,864	6.4	38,857	6.2
II Long-term liabilities				
1. Long-term debt	17,722		21,922	
2. Deferred tax liabilities	94,267		101,477	
3. Accrued retirement benefits for employees	5,434		5,272	
4. Accrued retirement benefits for officers	608		511	
5. Accrued estimated cost of abandonment of wells	3,459		4,126	
6. Accrual for losses on projects	601		310	
7. Other long-term liabilities	170		241	
Total long-term liabilities	122,265	21.1	133,862	21.6
Total liabilities	159,130	27.5	172,720	27.8

	(As of March 31, 2007)		(As of March 31, 2008)	
Description	Amount (¥ million)	(%)	Amount (¥ million)	(%)
(Net Assets)				
I Shareholder's equity				
1. Capital	14,288	2.5	14,288	2.3
2. Capital reserves	227,413	39.3	245,225	39.5
3. Treasury stock	(5)	(0.0)	(7)	(0.0)
Total Shareholder's equity	241,696	41.8	259,506	41.8
II Difference on valuation and conversion, etc.				
1. Difference on valuation of other marketable securities	168,234	29.1	179,629	28.9
2. Deferred gain (loss) on hedging	55	0.0	(0)	(0.0)
3. Translation adjustments	707	0.1	716	0.1
Total difference on valuation and conversion, etc.	168,997	29.2	180,346	29.0
III Minority interest	8,234	1.5	8,373	1.4
Total net assets	418,929	72.5	448,226	72.2
Total liabilities and net assets	578,059	100.0	620,946	100.0

(2) Consolidated Statements of Income

Description	FY2007 (Apr. 1, 2006 – Mar. 31, 2007) Amount (¥ million)		(%)	FY2008 (Apr. 1, 2007 – Mar. 31, 2008) Amount (¥ million)		(%)
I Net sales		170,018	100.0		207,638	100.0
II Cost of sales		104,174	61.3		143,682	69.2
Gross profit		65,844	38.7		63,955	30.8
III Exploration expenses						
1. Exploration expenses	8,987			13,856		
2. Exploration subsidies	(809)	8,178	4.8	(297)	13,559	6.5
IV Selling, general and administrative expenses		27,946	16.4		30,770	14.8
Operating income		29,719	17.5		19,625	9.5
V Non-operating income						
1. Interest income	1,355			1,606		
2. Dividend income	2,805			5,184		
3. Gain on sale of securities	118			85		
4. Equity in profit of non-consolidated subsidiaries and affiliates	690			2,193		
5. Reversal of allowance for losses on overseas investments	-			1,110		
6. Reversal of accrual for losses on projects	270			291		
7. Exchange gains	229			-		
8. Other non-operating income	1,179	6,649	3.9	1,580	12,051	5.8
VI Non-operating expenses						
1. Interest expense	120			313		
2. Loss on sale of securities	241			172		
3. Devaluation loss on securities	54			1,578		
4. Provision for accrued estimated cost of abandonment of wells	569			748		
5. Provision for allowance for losses on overseas investments	242			-		
6. Exchange loss	-			1,242		
7. Other non-operating expenses	434	1,663	1.0	375	4,430	2.2
Ordinary income		34,705	20.4		27,247	13.1
VII Extraordinary gains						
1. Reversal of allowance for doubtful receivables	0			1		
2. Gain on sales of fixed assets	-			1		
3. Income from distribution of remained asset	966	967	0.6	-	2	0.0
VIII Extraordinary losses						
1. Loss on disposal of fixed assets	387			218		
2. Earthquake disaster recovery expenses	-			709		
3. Head office relocation cost	587			-		
4. Others	37	1,012	0.6	18	945	0.4
Income before income taxes and minority interests		34,660	20.4		26,305	12.7
Current income taxes	9,421			6,165		
Deferred income taxes	2,487	11,909	7.0	(738)	5,426	2.6
Minority interests		1,768	1.1		780	0.4
Net income		20,982	12.3		20,097	9.7

3. Consolidated Statements of Shareholders' Equity and Statement of Changes in Shareholder's Equity, etc.

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)
Distributions from Capital reserve		(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 ordinary general shareholders' meeting in June 2006.

Fiscal Year (from April 1, 2007 to March 31, 2008)

(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, 2007	14,288	227,413	(5)	241,696	168,234	55	707	168,997	8,234	418,929
Changes during Fiscal Year										
Distributions from Capital reserve		(2,286)		(2,286)						(2,286)
Net income		20,097		20,097						20,097
Acquisition of treasury stock			(1)	(1)						(1)
Changes during Fiscal Year other than shareholders' equity items (net)					11,394	(56)	9	11,348	138	11,487
Total changes during Fiscal Year	-	17,811	(1)	17,810	11,394	(56)	9	11,348	138	29,297
Balance as of March 31, 2008	14,288	245,225	(7)	259,506	179,629	(0)	716	180,346	8,373	448,226

4. Consolidated Statements of Cash Flows

Description	FY2007 (Apr. 1, 2006 – Mar. 31, 2007) Amount (¥ million)	FY2008 (Apr. 1, 2007 – Mar. 31, 2008) Amount (¥ million)
I Operating activities		
1. Income before income taxes and minority interests	34,660	26,305
2. Depreciation and amortization	14,938	16,669
3. Amortization of goodwill	1,006	1,029
4. Loss on devaluation of marketable securities and investments in securities	54	1,578
5. Increase (decrease) in allowance for doubtful receivables	(32)	(0)
6. Increase (decrease) in provision for accrued retirement benefits for employees	699	(161)
7. Increase (decrease) in provision for accrued retirement benefits for officers	(153)	(96)
8. Increase (decrease) in provision for accrued estimated cost of abandonment of wells	510	602
9. Increase (decrease) in provision for allowance for losses on overseas investments and accrual for losses on projects	(29)	(2,005)
10. Interest and dividend income	(4,161)	(6,791)
11. Interest expense	120	313
12. Gain on redemption and sales of marketable securities and investments in securities	(119)	(395)
13. Loss on redemption and sales of marketable securities and investments in securities	241	191
14. Equity in gains (losses) of unconsolidated subsidiaries and affiliates	(690)	(2,193)
15. Increase (decrease) in notes and accounts receivable	(5,733)	(1,161)
16. Increase (decrease) in inventories	111	(1,808)
17. Increase (decrease) in notes and accounts payable	3,757	5,962
18. Increase (decrease) in consumption tax payable	(550)	332
19. Income from distribution of remained asset	(966)	-
20. Other, net	(180)	2,976
Subtotal	43,481	41,345
21. Collection of claim for indemnity of guaranteed debt implementation	2,643	1,568
22. Income taxes paid	(11,868)	(88,599)
Net cash provided by operating activities	34,256	34,314
II Investing activities		
1. Investments in time deposits	(3,334)	(8,096)
2. Proceeds from time deposits	948	10,934
3. Proceeds from redemption and sale of marketable securities	1,300	1,078
4. Additions to property, plant and equipment	(23,485)	(43,702)
5. Proceeds from sales of property, plant and equipment	28	7
6. Additions to intangible fixed assets	(1,388)	(613)
7. Payments for purchase of investments in securities	(4,950)	(21,808)
8. Proceeds from redemption and sale of investments in securities	7,643	7,573
9. Increase in loans receivable	(165)	(7,929)
10. Decrease in loans receivable	1,241	340
11. Interest and dividends received	4,283	7,532
12. Revenue from distribution of remained asset	1,047	2
13. Other, net	(1,309)	1,510
Net cash used in investing activities	(18,140)	(53,169)
III Financing activities		
1. Increase (decrease) in short-term bank loans	(47)	-
2. Proceeds from long-term debt	5,000	6,935
3. Repayment of long-term debt	-	(2,278)
4. Purchase of treasury stock	(0)	(1)
5. Cash dividends paid	(2,571)	(2,285)
6. Dividends paid to minority shareholders	(1,015)	(306)
7. Interest paid	(105)	(231)
8. Payment of capital reduction for minority interests	(342)	-
9. Dividends paid to minority shareholders for liquidation of subsidiary	-	(310)
Net cash provided by (used in) financing activities	917	1,522
IV Effect of exchange rate changes on cash and cash equivalents	84	(426)
V Increase (decrease) in cash and cash equivalents	17,117	(17,758)
VI Cash and cash equivalents at beginning of the period	43,082	60,199
VII Cash and cash equivalents at the period-end	60,199	42,440

Ⅴ. Others

(1) Status of Production and Sales

1. Production

Oil and Natural Gas Segment

Division	Product	FY2007 (Apr. 1, 2006 – March 31, 2007)	FY2008 (Apr. 1, 2007 – Mar. 31, 2008)
E&P	Crude oil (kl)	791,517 (186,759)	761,636 (147,397)
	Natural gas (thousand m^3)	1,247,087 (62,705)	1,288,606 (58,946)
	LNG (t)	25,584	33,610
	Bitumen (kl)	447,430 (447,430)	410,363 (410,363)

(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 heavy crude oil extracted from oil sands.

2. Sales

Oil and Natural Gas Segment

Division	Product	FY2007 (Apr. 1, 2006 – Mar. 31, 2007)		FY2008 (Apr. 1, 2007 – Mar. 31, 2008)	
		Volume	Amount (¥ million)	Volume	Amount (¥ million)
E&P	Crude Oil (kl)	1,821,618	84,931	2,041,192	117,923
	Natural Gas (thousand m3)	1,411,309	44,949	1,486,910	48,982
	LNG (t)	208,384	10,879	170,453	10,285
	Bitumen (kl)	444,985	9,777	409,743	10,468
	Subtotal		150,538		187,660
Contract services	Subtotal		5,383		5,395
Other Businesses	Subtotal		14,096		14,582
	Total		170,018		207,638

(Notes)
1. 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.
2. Monetary amounts in the table do not include consumption tax.