

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

May 14, 2009

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

Company name: Japan Petroleum Exploration Co., Ltd.  
 Listing: Tokyo Stock Exchange, First Section  
 Securities code: 1662  
 URL: <http://www.japex.co.jp/>  
 President: Osamu Watanabe  
 Inquiries: Shigeyoshi Hasegawa, Manager, Media Relations, Media and Investor Relations Department  
 TEL: (03) 6268-7110

Scheduled date of ordinary general shareholders' meeting: June 24, 2009  
 Scheduled date to commence dividend payments: June 25, 2009  
 Scheduled date to file Securities Report: June 25, 2009

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2009

(April 1, 2008 – March 31, 2009)

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2009	202,127	(2.7)	20,090	2.4	22,358	(17.9)	12,560	(37.5)
March 31, 2008	207,638	22.1	19,625	(34.0)	27,247	(21.5)	20,097	(4.2)

Fiscal year ended	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
March 31, 2009	219.77	–	3.1	4.0	9.9
March 31, 2008	351.65	–	4.7	4.5	9.5

Note: Equity in net income (loss) of non-consolidated subsidiaries and affiliates: FY2009 -270 million yen FY2008 2,193 million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2009	500,444	378,227	74.1	6,486.85
As of March 31, 2008	620,946	448,226	70.8	7,696.00

Reference: Equity As of March 31, 2009: 370,743 million yen As of March 31, 2008: 439,852 million yen

#### (3) Consolidated cash flows

Fiscal year ended	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2009	36,381	(23,342)	(477)	51,975
March 31, 2008	34,314	(53,169)	1,522	42,440

## 2. Cash dividends

Record date	Cash dividends per share					Total annual cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2008	–	20.00	–	20.00	40.00	2,286	11.4	0.5
Fiscal year ended March 31, 2009	–	20.00	–	20.00	40.00	2,286	18.2	0.6
Fiscal year ending March 31, 2010 (Forecast)	–	20.00	–	20.00	40.00		48.4	

## 3. Consolidated financial forecasts for the fiscal year ending March 31, 2010 (April 1, 2009 - March 31, 2010) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2009	59,903	(46.0)	(2,008)	–	147	(98.9)	91	(99.0)	1.59
Fiscal year ending March 31, 2010	129,313	(36.0)	931	(95.4)	5,919	(73.5)	4,726	(62.4)	82.69

## 4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements (changes described in the section of “Changes in significant matters forming the basis of preparing the consolidated financial statements”)
  - a. Changes due to revisions to accounting standards and other regulations: Yes
  - b. Changes due to other reasons: None
- (3) Number of issued shares (common stock)
  - a. Total number of issued shares at the end of the period (including treasury stock)
    - As of March 31, 2009 57,154,776 shares
    - As of March 31, 2008 57,154,776 shares
  - b. Number of treasury shares at the end of the period
    - As of March 31, 2009 1,783 shares
    - As of March 31, 2008 1,407 shares

## Reference: Summary of non-consolidated results

### 1. Non-consolidated financial results for the fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2009	157,818	(8.0)	13,037	(29.8)	25,445	43.5	18,571	30.1
March 31, 2008	171,563	40.5	18,560	0.9	17,726	(25.7)	14,279	(8.7)

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2009	324.95	–
March 31, 2008	249.84	–

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2009	466,550	350,991	75.2	6,141.26
As of March 31, 2008	567,469	408,814	72.0	7,152.94

Reference: Equity As of March 31, 2009: 350,991 million yen As of March 31, 2008: 408,814 million yen

### 2. Non-consolidated financial forecasts for the fiscal year ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2009	47,602	(43.3)	1,424	(85.2)	1,836	(89.9)	1,589	(89.8)	27.81
Fiscal year ending March 31, 2010	104,159	(34.0)	6,890	(47.2)	10,413	(59.1)	9,793	(47.3)	171.35

#### \* Proper use of financial forecasts, and other special matters

The forecast statements shown in this document are based on information that was available at the time of preparation. Actual performance may differ materially from these forecasts due to various factors. For the outlook for the fiscal year ending March 31, 2010, please refer to the section of “(1) Analysis of business performance” of “I. Business results” on page 4.

## I. Business results

### (1) Analysis of business performance

In the consolidated fiscal year ended March 31, 2009, the Japanese economy, which was at a standstill at the beginning of the fiscal year and started to slow down around summertime, is beset by a sharp overall deterioration with an extremely large drop in corporate earnings at the end of the fiscal year and large-scale, ongoing employment adjustments.

Although the price of crude oil CIF (cost, insurance and freight) rose from nearly \$100 per barrel in the beginning of the fiscal year to mid-\$130 range in August, it drastically fell after its peak in the same month and hovered at mid-\$40 range as of the end of the fiscal year.

In the area of FOREX, although the lowest point for the yen's value against the US dollar exceeded ¥110 in August, it subsequently made a turnaround rising up to the upper-¥80 range in December, its historical high level. This was followed by another U-turn at the end of the fiscal year down to the upper-¥90 range. Despite these wild fluctuations, the low crude oil CIF price during fall and winter pushed the Group's crude oil prices down slightly compared with the previous fiscal year.

Furthermore, the market environment of natural gas was quite a detriment for the Group as the third quarter began. It lost its competitive strength among the other energy sectors as a result of falling oil products prices pushed down by tumbling crude oil since the fall, and demand was waning on the heels of an ever worsening economy.

Under these conditions, the JAPEX Group worked to maintain production and transportation operations with the aim of ensuring stable supplies of energy, indispensable resources for society, 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 at ¥202,127 million, a decrease of ¥5,510 million (-2.7%) year on year.

Gross profit increased by 5.8%, or ¥3,724 million year on year, to ¥67,680 million. Although average full-year prices decreased year on year due to sharp drops in crude oil since the fall, this was offset by factors such as a rise in natural gas and bitumen prices.

For operating income, compared to the previous fiscal year, seismic survey activities mostly in Indonesia and exploratory drilling activities off the coast of Niigata and in Akita, Hokkaido and the Philippines caused an increase in exploration expenses of ¥1,793 million (+13.2%) coupled by a rise in selling, general and administrative expenses of ¥1,466 million (+4.8%). This resulted in an operating income posting of ¥20,090 million, up ¥464 million, or 2.4%, year on year.

Ordinary income was ¥22,358 million, a decrease of ¥4,889 million (-17.9%) year on year due to a turnaround from equity in earnings of affiliates to equity losses as well as a decrease in reversal of allowance for overseas investment loss and an increase in provision for cost of abandonment due to a revision of the Group's plans for the abandonment of wells.

Income before income taxes was ¥17,108 million, a decrease of ¥9,196 million (-35.0%) year on year, due in large part to the posting of a loss on retirement of noncurrent assets and an impairment loss as extraordinary loss caused by the abandoning of a portion of the Numanohata SK-8D well due to its inability to produce a commercial quantity. The well was spudded in May 2008 mainly for production drilling at the Yufutsu oil and gas field in Hokkaido.

Net income was ¥12,560 million, a decrease of ¥7,537 million (-37.5%) year on year as a result of lower income taxes.

Below is a summary of earnings by business division.

#### (i) E&P Division

The E&P Division sells crude oil, natural gas, liquefied natural gas (LNG) and bitumen. During the fiscal year ended March 31, 2009, this Division posted net sales of ¥183,471 million, down ¥4,188 million (-2.2%)

year on year, due in part to a decrease in the sales amount of Sakhalin crude oil traded and falling full-year crude oil prices in spite of rises in natural gas and bitumen prices.

(ii) Contract Services Division

The Contract Services Division is primarily involved in drilling and geophysical surveys. During the fiscal year ended March 31, 2009, it recorded net sales of ¥4,739 million, down ¥655 million (-12.2%) year on year.

(iii) Other Businesses Division

The Other Businesses Division is primarily involved in the sale of oil products, including liquefied petroleum gas (LPG) and fuel oil, the transportation of natural gas and oil products on consignment as well as other subcontracted tasks. During the fiscal year ended March 31, 2009, this Division posted net sales of ¥13,916 million, down ¥666 million (-4.6%) year on year.

### **Outlook for the fiscal year ending March 31, 2010**

Our forecast is based on a crude oil CIF price of \$40 per barrel and an exchange rate of ¥90/\$. Actual non-consolidated results for the fiscal year under review came to \$89.71 per barrel and ¥102.56/\$.

Net sales for the fiscal year ending March 31, 2010 is expected to decrease by ¥72,814 million (-36.0%) from the previous fiscal year to ¥129,313 million. Sales of crude oil are expected to decrease as the overseas production of oil drops and prices go down.

Operating income is expected to decrease year on year by ¥19,159 million (-95.4%) to ¥931 million despite a smaller margin of decrease based on expectations of lower exploration expenses and selling, general and administrative expenses. As for drilling activities, exploratory drilling operations are planned for one exploration well (on land) and one exploitation well (offshore) for a total of two wells in Japan. Overseas, exploratory drilling of three wells in Libya (one on land and two offshore) based on seismic survey data is planned.

Ordinary income and net income are forecast to decrease by ¥16,439 million (-73.5%) and ¥7,834 million (-62.4%) from the previous fiscal year to ¥5,919 million and ¥4,726 million, respectively.

## **(2) Analysis of financial condition**

### **Overview**

#### **a. Balance sheet**

Total assets at the end of this fiscal year stood at ¥500,444 million, a decrease of ¥120,502 million (-19.4%), from the previous fiscal year end. Of this, current assets increased ¥8,111 million (+9.1%) to ¥97,120 million, and noncurrent assets fell ¥128,613 million (-24.2%) to ¥403,324 million.

The primary change in current assets is the decreases in short-term investment securities due to redemptions for commercial paper and in notes and accounts receivable-trade, among other factors, despite a higher Gensaki transaction balance included in other of current assets.

In noncurrent assets, property, plant and equipment increased ¥1,604 million (+1.1%). The factors for decrease such as depreciation expenses were smaller than the factors for increase such as the drilling of offshore and onshore production wells in Niigata along with an increase in production facilities at the Yufutsu oil and gas field in Hokkaido. Intangible assets fell ¥1,786 million (-28.9%). This decrease was due partly to a decline from amortization of goodwill. Investments and other assets decreased by ¥128,431 million, (-33.4%), due large part to a fall in investment securities in connection with a revaluation of the market value of the stock of INPEX CORPORATION.

Total year-end liabilities fell ¥50,503 million (-29.2%) to ¥122,216 million year on year mainly due to the decrease in deferred tax liabilities brought upon by a valuation of the market value of investment securities.

Total year-end net assets decreased ¥69,998 million (-15.6%) to ¥378,227 million, year on year as a result of decreases in valuation difference on available-for-sale securities and in foreign currency translation adjustment.

As a result, the equity ratio as of March 31, 2009 was 74.1%.

## b. Cash flows

As of March 31, 2009, cash and cash equivalents (hereinafter, "net cash") totaled ¥51,975 million, up ¥9,534 million, compared to the end of the previous fiscal year. Below is a summary of cash flows for each activity.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥36,381 million. This is mainly attributable to ¥17,108 million in income before income taxes, ¥21,521 million in depreciation and amortization and ¥6,845 million in income taxes paid.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to ¥23,342 million. The main uses were ¥28,012 million for additions to property, plant and equipment, as iterated above, and ¥6,064 million payments of loans receivable mainly to Kangean Energy Indonesia Ltd. (KEI) and EMP Exploration (Kangean) Ltd. (EMPE), both equity method companies which are subsidiaries of Energi Mega Pratama Inc. (EMPI) and ¥9,039 million of proceeds from sales and redemption of investment securities.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to ¥477 million. This was due to the amount of proceeds from long-term loans payable of ¥6,014 million for the procurement of funds to be directed for investment in KEI and EMPE exceeding the amount of total expenditures such as ¥2,284 million of cash dividends paid and ¥2,278 million of repayment of long-term loans payable.

### (Ref.) Trend of cash flow indicators

Fiscal years ended March 31	2005	2006	2007	2008	2009
Equity ratio (%)	74.5	72.5	71.0	70.8	74.1
Equity ratio on mark-to-market basis (%)	63.6	78.9	87.1	60.7	45.3
Interest-bearing debt to cash flow ratio (years)	0.7	0.5	0.6	0.7	0.8
Interest coverage ratio (times)	86.8	188.1	323.3	148.5	70.7

Equity ratio: Equity/total assets

Equity ratio on mark-to-market basis: Total market capitalization/total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/cash flows

Interest coverage ratio: Cash flow/interest paid

Notes:

- \*1. The 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 provided by (used in) 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 per share interim dividend and ¥20 per share year-end dividend) is planned for the current year. The same dividend of ¥40 (¥20 per share interim dividend and ¥20 per share year-end dividend) per share is planned for the following year as well.

## 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

The replacement and expansion of reserves, which are depleted by production and sales activities, and the formulation of a supply structure of oil and natural gas that would ensure long-term stability is of paramount importance to JAPEX, a company whose business is centered on exploration, development and sales of these resources.

With changes in social conditions marked by an increase in the importance of global warming countermeasures and the advancing deregulations resulting from the revisions of the Electric Business Act and the Gas Business Act, the business environment encompassing JAPEX is undergoing a rapid transformation. As such, the JAPEX will aim to further increase its corporate value through the establishment of a clear action plan for the attainment of important business challenges over the long term by setting the following three activities as core business objectives; "Exploration/ development efficiency and discovery of new resources" "Reinforcing an efficient, integrated natural gas operation system" "Corporate efforts to research and develop technology and to protect global environment."

Details of the JAPEX Group Mid-term Business Plan (for fiscal years 2009 to 2013) released on May 21, 2008, may be accessed with the following URLs in our Website.

[http://www.japex.co.jp/english/pdf/2008/20080521en\\_midtermplan\\_japex.pdf](http://www.japex.co.jp/english/pdf/2008/20080521en_midtermplan_japex.pdf)

[http://www.japex.co.jp/pdf/2008/20080521d\\_japex.pdf](http://www.japex.co.jp/pdf/2008/20080521d_japex.pdf)

"Supplementary Materials to the mid-term business plan" (Japanese only)

Since the release of our mid-term business plan in May of last year, we have witnessed drastic changes in our business environment such as an inevitable and significant drop in the Company's results attributable to the global financial crisis brought on by the U.S. sub-prime housing loan problem as well as an appreciation of the yen and plunge in international crude oil prices on the heels of a simultaneous worldwide economic downturn.

In response to such changes, the Company will steadfastly continue the abovementioned three activities as core business objectives, however, should current crude oil prices remain the same, we are aware that realizing the net income, cash flows and other estimates in the mid-term business plan released last year would be difficult. Therefore, in the first half of business plan period, we will work towards improving revenue by postponing some domestic exploration projects and reducing expenses, among other initiatives, and make proactive investments with the aim of enlarging our revenue base in the latter years of the business plan period and beyond during which we expect the economic climate to recover to a certain degree.

Specific outline of the revision are provided below.

[Estimated crude oil prices and exchange rates]

Concerning crude oil prices, taking into consideration its movements during the fourth quarter, we expect crude oil to remain at the stringent level of \$40/bbl for approx. two years and then gradually start improving in FY 2012. In addition, exchange rates are expected to hover around ¥90/\$ throughout the business plan period.

	FY 2009 (Actual)	FY 2010	FY 2011	FY 2012	FY 2013
Crude oil (\$/b)	89.7	40	40	60	80
Exchange rate (¥/\$)	102.5	90	90	90	90

\*At the time of the May 2008 announcement, crude oil prices and exchange rates were estimated to remain at \$80/b and ¥105/\$ constantly throughout the business plan period. The outlook for crude oil prices is based on the JCC (Japan Crude Cocktail = Weighted average CIF price of crude oil imports into Japan). Actual results are average unit sale prices of the Company.

[Revision of revenue improvement]

With regard to domestic exploration investments, the Company will postpone some exploratory drilling activities, especially those slated in the first half of the business plan period, to another year and work towards reducing selling, general and administrative expenses and improving revenue.

FY 2009 to FY 2013 (cumulative)	Announced May 2008	Revision
Domestic exploration expenses	Approx. 50.0 billion yen	Approx. 37.0 billion yen

[Revision of quantitative targets]

a. Sales target: In light of slumping demand in the wake of deteriorating economic conditions, the Company will postpone its 2 billion m<sup>3</sup> natural gas sales target period to a year after from FY 2013.

b. Outlook for FY consolidated income

FY 2009 to 2013 (average)	Announced May 2008	Revision
Net income	Approx. 25.0 billion yen	Approx. 11.0 billion yen

Actual FY 2009 results: Approx. 12.5 billion yen

Forecast for FY 2010: Approx. 4.7 billion yen

c. Outlook for consolidated net cash provided by (used in) operating activities (before income taxes and exploration expense deduction)

FY 2009 to FY 2013 (cumulative)	Announced May 2008	Revision
Cash flows from operating activities	Approx. 300.0 billion yen	Approx. 230.0 billion yen

d. Reserve target: Regarding reserves, we will maintain our target announced in May 2008 (almost doubling the approx. 170 million barrels of proved reserves of crude oil conversion owned by the JAPEX Group as of the end of FY 2007 to 350 million barrels by the end of FY 2013). As of the end of FY 2009, actual results were approx. 270 million barrels (an increase of 21% year on year).

As stated above, an inevitable fall in the level of income is expected as a result of a slacking natural gas sales volume in the wake of dropping crude oil prices and an economic slowdown. Nevertheless, we are working towards improving the condition by means, such as postponing some exploration investments.

At the same time, with the next business developments on the horizon, we will strive to maximize business value by promoting existing overseas projects and strengthen our internal structure including personnel development with the aim of obtaining new investment opportunities to secure future growth and enhance our ability to implement them.

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

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	27,794	27,702
Notes and accounts receivable-trade	25,865	17,050
Short-term investment securities	17,724	11,510
Inventories	10,492	—
Merchandise and finished goods	—	4,255
Work in process	—	553
Raw materials and supplies	—	6,200
Deferred tax assets	2,295	1,315
Other	4,846	28,543
Allowance for doubtful accounts	(10)	(12)
Current assets	89,008	97,120
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	139,690	142,900
Accumulated depreciation	(84,967)	(90,876)
Buildings and structures, net	54,722	52,024
Wells	54,140	59,115
Accumulated depreciation	(35,389)	(41,003)
Wells, net	18,751	18,112
Machinery, equipment and vehicles	83,059	101,561
Accumulated depreciation	(48,013)	(53,282)
Machinery, equipment and vehicles, net	35,046	48,278
Land	15,305	15,338
Construction in progress	12,893	4,790
Other	13,860	14,310
Accumulated depreciation	(9,417)	(10,087)
Other, net	4,443	4,223
Property, plant and equipment	141,162	142,767
Intangible assets		
Goodwill	2,092	1,063
Other	4,086	3,328
Intangible assets	6,179	4,392
Investments and other assets		
Investment securities	376,137	241,945
Long-term loans receivable	7,489	13,432
Long-term accounts receivable-other	2,065	70
Deferred tax assets	749	648
Other	5,872	5,939
Allowance for doubtful accounts	(97)	(68)
Allowance for overseas investment loss	(7,621)	(5,803)
Investments and other assets	384,595	256,164
Noncurrent assets	531,937	403,324
Assets	620,946	500,444

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	13,469	6,508
Income taxes payable	1,414	392
Provision for directors' bonuses	102	93
Provision for loss on disaster	487	188
Other	23,382	16,909
<b>Current liabilities</b>	<b>38,857</b>	<b>24,093</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	21,922	25,325
Deferred tax liabilities	101,477	60,108
Provision for retirement benefits	5,272	5,732
Provision for directors' retirement benefits	511	559
Provision for cost of abandonment	4,126	5,725
Provision for loss on business of subsidiaries and affiliates	310	35
Other	241	635
<b>Noncurrent liabilities</b>	<b>133,862</b>	<b>98,123</b>
<b>Liabilities</b>	<b>172,720</b>	<b>122,216</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,288	14,288
Retained earnings	245,225	255,499
Treasury stock	(7)	(9)
<b>Shareholders' equity</b>	<b>259,506</b>	<b>269,778</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	179,629	105,430
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	716	(4,465)
<b>Valuation and translation adjustments</b>	<b>180,346</b>	<b>100,964</b>
<b>Minority interests</b>	<b>8,373</b>	<b>7,484</b>
<b>Net assets</b>	<b>448,226</b>	<b>378,227</b>
<b>Liabilities and net assets</b>	<b>620,946</b>	<b>500,444</b>

**(2) Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)
Net sales	207,638	202,127
Cost of sales	143,682	134,447
Gross profit	63,955	67,680
Exploration expenses		
Exploration expenses	13,856	16,272
Exploration subsidies	(297)	(920)
Exploration expenses	13,559	15,352
Selling, general and administrative expenses	30,770	32,237
Operating income	19,625	20,090
Non-operating income		
Interest income	1,606	1,253
Dividends income	5,184	5,823
Gain on sales of securities	85	490
Equity in earnings of affiliates	2,193	—
Reversal of allowance for overseas investment loss	1,110	—
Reversal of provision for loss on business of subsidiaries and affiliates	291	275
Other	1,580	1,839
Non-operating income	12,051	9,682
Non-operating expenses		
Interest expenses	313	494
Loss on sales of securities	172	432
Loss on valuation of securities	1,578	1,805
Provision for cost of abandonment	748	2,055
Foreign exchange losses	1,242	1,886
Other	375	740
Non-operating expenses	4,430	7,414
Ordinary income	27,247	22,358
Extraordinary income		
Reversal of allowance for doubtful accounts	1	8
Gain on sales of noncurrent assets	1	0
Subsidy	—	191
Extraordinary income	2	199
Extraordinary loss		
Loss on retirement of noncurrent assets	218	2,986
Impairment loss	—	2,312
Loss on disaster	709	—
Other	18	152
Extraordinary loss	945	5,450
Income before income taxes	26,305	17,108
Income taxes-current	6,165	1,879
Income taxes-deferred	(738)	1,686
Income taxes	5,426	3,565
Minority interests in income	780	981
Net income	20,097	12,560

**(3) Consolidated statements of shareholders' equity and statement of changes in shareholders' equity, etc.**

	(Millions of yen)	
	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	14,288	14,288
Balance at the end of current period	14,288	14,288
Retained earnings		
Balance at the end of previous period	227,413	245,225
Changes of items during the period		
Dividends from surplus	(2,286)	(2,286)
Net income	20,097	12,560
Total changes of items during the period	17,811	10,274
Balance at the end of current period	245,225	255,499
Treasury stock		
Balance at the end of previous period	(5)	(7)
Changes of items during the period		
Purchase of treasury stock	(1)	(2)
Total changes of items during the period	(1)	(2)
Balance at the end of current period	(7)	(9)
Total shareholders' equity		
Balance at the end of previous period	241,696	259,506
Changes of items during the period		
Dividends from surplus	(2,286)	(2,286)
Net income	20,097	12,560
Purchase of treasury stock	(1)	(2)
Total changes of items during the period	17,810	10,272
Balance at the end of current period	259,506	269,778

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	168,234	179,629
Changes of items during the period		
Net changes of items other than shareholders' equity	11,394	(74,199)
Total changes of items during the period	11,394	(74,199)
Balance at the end of current period	179,629	105,430
Deferred gains or losses on hedges		
Balance at the end of previous period	55	(0)
Changes of items during the period		
Net changes of items other than shareholders' equity	(56)	—
Total changes of items during the period	(56)	—
Balance at the end of current period	(0)	(0)
Foreign currency translation adjustment		
Balance at the end of previous period	707	716
Changes of items during the period		
Net changes of items other than shareholders' equity	9	(5,182)
Total changes of items during the period	9	(5,182)
Balance at the end of current period	716	(4,465)
Total valuation and translation adjustments		
Balance at the end of previous period	168,997	180,346
Changes of items during the period		
Net changes of items other than shareholders' equity	11,348	(79,381)
Total changes of items during the period	11,348	(79,381)
Balance at the end of current period	180,346	100,964
Minority interests		
Balance at the end of previous period	8,234	8,373
Changes of items during the period		
Net changes of items other than shareholders' equity	138	(888)
Total changes of items during the period	138	(888)
Balance at the end of current period	8,373	7,484
Net assets		
Balance at the end of previous period	418,929	448,226
Changes of items during the period		
Dividends from surplus	(2,286)	(2,286)
Net income	20,097	12,560
Purchase of treasury stock	(1)	(2)
Net changes of items other than shareholders' equity	11,487	(80,270)
Total changes of items during the period	29,297	(69,998)
Balance at the end of current period	448,226	378,227

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes	26,305	17,108
Depreciation and amortization	16,669	21,521
Impairment loss	—	2,312
Amortization of goodwill	1,029	1,014
Loss on retirement of property, plant and equipment	—	2,964
Loss (gain) on valuation of short-term and long term investment securities	1,578	1,805
Increase (decrease) in allowance for doubtful accounts	(0)	(26)
Increase (decrease) in provision for retirement benefits	(161)	459
Increase (decrease) in provision for directors' retirement benefits	(96)	47
Increase (decrease) in provision for cost of abandonment	602	1,870
Increase (decrease) in allowance for overseas investment loss and provision for loss on business of subsidiaries and affiliates	(2,005)	(2,092)
Interest and dividends income	(6,791)	(7,077)
Interest expenses	313	494
Gain on redemption and sales of short-term and long term investment securities	(395)	—
Loss on redemption and sales of short-term and long term investment securities	191	—
Loss (gain) on redemption of securities	—	81
Loss (gain) on redemption of investment securities	—	39
Loss (gain) on sales of short-term and long term investment securities	—	(57)
Equity in (earnings) losses of affiliates	(2,193)	270
Decrease (increase) in notes and accounts receivable-trade	(1,161)	8,511
Decrease (increase) in inventories	(1,808)	(517)
Increase (decrease) in notes and accounts payable-trade	5,962	(11,410)
Increase (decrease) in accrued consumption taxes	332	(383)
Other, net	2,976	4,966
Subtotal	41,345	41,901
Proceeds from collection of claim for indemnity of debt guarantee	1,568	1,134
Other proceeds	—	191
Income taxes (paid) refund	(8,599)	(6,845)
Net cash provided by (used in) operating activities	34,314	36,381

(Millions of yen)

	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)
Net cash provided by (used in) investing activities		
Payments into time deposits	(8,096)	(8,306)
Proceeds from withdrawal of time deposits	10,934	2,572
Proceeds from sales and redemption of securities	1,078	2,246
Purchase of property, plant and equipment	(43,702)	(28,012)
Proceeds from sales of property, plant and equipment	7	20
Purchase of intangible assets	(613)	(593)
Purchase of investment securities	(21,808)	(2,607)
Proceeds from sales and redemption of investment securities	7,573	9,039
Payments of loans receivable	(7,929)	(6,064)
Collection of loans receivable	340	312
Interest and dividends income received	7,532	7,607
Proceeds from dividends of residual property	2	—
Other, net	1,510	442
Net cash provided by (used in) investing activities	(53,169)	(23,342)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	6,935	6,014
Repayment of long-term loans payable	(2,278)	(2,278)
Purchase of treasury stock	(1)	(2)
Cash dividends paid	(2,285)	(2,284)
Cash dividends paid to minority shareholders	(306)	(1,387)
Interest expenses paid	(231)	(514)
Payment of dividends in liquidation of subsidiary to minority shareholders	(310)	—
Other, net	—	(25)
Net cash provided by (used in) financing activities	1,522	(477)
Effect of exchange rate change on cash and cash equivalents	(426)	(3,025)
Net increase (decrease) in cash and cash equivalents	(17,758)	9,534
Cash and cash equivalents at beginning of period	60,199	42,440
Cash and cash equivalents at end of period	42,440	51,975

## IV. Others

### Status of Production and Sales

#### 1. Production

##### Oil and Natural Gas Segment

Division	Product	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)
E&P	Crude oil (kl)	761,636 (147,397)	748,022 (136,632)
	Natural gas (thousand m <sup>3</sup> )	1,288,606 (58,946)	1,286,621 (57,843)
	LNG (t)	33,610	46,796
	Bitumen (kl)	410,363 (410,363)	416,369 (416,369)

- 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	Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008)		Fiscal year ended March 31, 2009 (April 1, 2008 – March 31, 2009)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
E&P	Crude oil (kl)	2,041,192	117,923	1,919,959	102,845
	Natural gas (thousand m <sup>3</sup> )	1,486,910	48,982	1,485,961	54,126
	LNG (t)	170,453	10,285	177,401	13,412
	Bitumen (kl)	409,743	10,468	417,423	13,087
	Subtotal		187,660		183,471
Contract services			5,395		4,739
Other businesses			14,582		13,916
Total			207,638		202,127

- 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.