

Consolidated Financial Results for the Six Months Ended September 30, 2013 <under Japanese GAAP>

November 8, 2013

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

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 Listing: Tokyo Stock Exchange, First Section
 Securities code: 1662
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Scheduled date to file Quarterly Report: November 12, 2013
 Scheduled date to commence dividend payments: November 29, 2013
 Presentation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting (for analysts and institutional investors): Yes

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

1. Consolidated financial results for the six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2013	120,281	13.5	11,543	549.1	19,902	549.9	15,883	–
Six months ended September 30, 2012	105,958	1.3	1,778	(71.4)	3,062	(61.2)	(24,433)	–

Note: Comprehensive income: Six months ended September 30, 2013: 12,067 million yen (– %)
 Six months ended September 30, 2012: -40,803 million yen (– %)

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2013	277.91	–
September 30, 2012	(427.51)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	599,290	436,174	65.6
As of March 31, 2013	525,172	403,625	72.8

Reference: Equity As of September 30, 2013: 393,043 million yen As of March 31, 2013: 382,441 million yen

2. Cash dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2014	–	25.00	–	–	–
Fiscal year ending March 31, 2014 (Forecasts)	–	–	–	25.00	50.00

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

3. Consolidated financial forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 – March 31, 2014)
(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
Fiscal year ending March 31, 2014	232,692	0.7	20,722	49.0	28,783	2.5	21,511	–	376.39

Note: Revisions to the consolidated financial forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes
Note: For details, please refer to the section of “(2) Application of specific accounting for preparing quarterly consolidated financial statements” of “2. Matters regarding summary information (notes)” on page 4 of the attached material.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of issued shares (common stock)
 - a. Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2013	57,154,776 shares
As of March 31, 2013	57,154,776 shares
 - b. Number of treasury shares at the end of the period

As of September 30, 2013	2,139 shares
As of March 31, 2013	2,139 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2013	57,152,637 shares
Six months ended September 30, 2012	57,152,637 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures for the quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of financial forecasts, and other special matters

The forward-looking statements, including the financial forecasts shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially from these forecasts due to various factors.

For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to the section of “(3) Explanation of consolidated financial forecasts and other forward-looking statements” of “1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2013” on page 4 of the attached material to the quarterly financial results report.

(Method of accessing contents of presentation meeting of quarterly financial results)

On November 11, 2013, JAPEX plans to hold a presentation meeting for institutional investors and analysts. JAPEX plans to post the material distributed at this presentation meeting on its website promptly after the meeting is held.

(Attached Material)

1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2013

(1) Explanation of operating results

During the six months ended September 30, 2013, net sales was at ¥120,281 million, an increase of ¥14,323 million (+13.5%) year on year. This was mainly the result of an increase in sales prices due to the impact of foreign exchange rates, despite negative factors such as sales volume declines for crude oil and natural gas. Gross profit increased by ¥8,522 million (+36.1%) year on year to ¥32,161 million. This was mainly the result of the aforementioned increase in sales prices and a decrease in cost of sales due to decreased depreciation and amortization and decreased variable cost in line with a decline in sales volume of natural gas.

Exploration expenses decreased by ¥1,593 million (-21.8%) year on year to ¥5,723 million, due to a considerable decrease in overseas expenditures, and selling, general and administrative expenses increased by ¥350 million (+2.4%) year on year to ¥14,893 million. As a result, operating income increased by ¥9,765 million (+549.1%) year on year to ¥11,543 million.

Ordinary income amounted to ¥19,902 million, increasing ¥16,839 million (+549.9%) year on year, mainly because of the respective turnarounds from equity in losses of affiliates and foreign exchange losses recorded in the same period of the previous fiscal year to equity in earnings of affiliates and foreign exchange gains.

Income before income taxes and minority interests was ¥19,905 million, increasing ¥51,615 million year on year mainly due to the absence of impairment loss that was recorded in the same period of the previous fiscal year under extraordinary loss. Net income was ¥15,883 million, increasing ¥40,316 million year on year despite an increase in income taxes.

Below is a breakdown of sales.

(i) E&P

Net sales from E&P (including liquefied natural gas (LNG) and bitumen) came to ¥94,614 million, an increase of ¥10,803 million (+12.9%) year on year. This was mainly the result of an increase in net sales of purchased crude oil, particularly Sakhalin crude oil, reflecting an increase in sales prices due to a substantial swing towards yen depreciation in foreign exchange rates, which outweighed sales volume declines for domestically produced crude oil, bitumen and natural gas.

(ii) Contract Services

Net sales from contract services (involved in drilling and geological surveys) came to ¥4,005 million, an increase of ¥1,557 million (+63.6%) year on year.

(iii) Other Businesses

Net sales from other businesses, such as the sale of oil products, including liquefied petroleum gas (LPG), fuel oil and the like, the transportation of natural gas and oil products as well as other subcontracted tasks, came to ¥21,662 million, an increase of ¥1,962 million (+10.0%) year on year.

(2) Explanation of financial position

At the end of the second quarter, as compared to the end of the previous fiscal year, although current assets decreased, noncurrent assets increased, and total assets increased by ¥74,118 million to ¥599,290 million as a result. In current assets, the main factor for change was a decrease in short-term loans receivable based on repo transactions included in the other current assets item. In noncurrent assets, the main factors for change included a decrease in investment securities due to a fall in stock prices, an increase in investments relating to development of the Garraf oilfield in Iraq, and the recognition of assets relating to a project for the development and production of shale gas in the province of British Columbia in Canada.

Regarding liabilities and net assets, total liabilities increased by ¥41,568 million from the previous fiscal year-end to ¥163,115 million, as a result of an increase in short-term loans payable exceeding decreases in notes and accounts payable-trade and in deferred tax liabilities as a result of the aforementioned drop in

investment securities. Total net assets increased by ¥32,549 million to ¥436,174 million as a result of increases in retained earnings and foreign currency translation adjustment exceeding a decrease in valuation difference on available-for-sale securities.

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

We have not revised the consolidated financial forecasts for the year ending March 31, 2014 from the financial forecasts announced on May 10, 2013.

2. Matters regarding summary information (notes)

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

No items to report

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

a. Deferral accounting of cost variance

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

b. Calculation of taxes

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

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

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

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

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	53,870	55,819
Notes and accounts receivable-trade	32,337	31,847
Securities	53,414	55,426
Merchandise and finished goods	4,490	4,701
Work in process	77	796
Raw materials and supplies	7,007	6,404
Other	37,479	13,528
Allowance for doubtful accounts	(31)	(37)
Total current assets	188,645	168,485
Noncurrent assets		
Property, plant and equipment		
Construction in progress	2,957	80,883
Other, net	87,725	101,378
Total property, plant and equipment	90,683	182,261
Intangible assets		
Other	10,394	10,512
Total intangible assets	10,394	10,512
Investments and other assets		
Investment securities	177,304	170,017
Other	62,806	72,504
Allowance for doubtful accounts	(31)	(31)
Allowance for overseas investment loss	(4,630)	(4,458)
Total investments and other assets	235,449	238,031
Total noncurrent assets	336,526	430,805
Total assets	525,172	599,290

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,947	13,327
Short-term loans payable	–	49,825
Provision	170	212
Other	22,037	23,171
Total current liabilities	41,155	86,536
Noncurrent liabilities		
Long-term loans payable	24,197	22,992
Deferred tax liabilities	31,983	29,124
Provision for retirement benefits	6,938	6,534
Other provision	886	847
Asset retirement obligations	10,858	11,939
Other	5,526	5,140
Total noncurrent liabilities	80,391	76,579
Total liabilities	121,547	163,115
Net assets		
Shareholders' equity		
Capital stock	14,288	14,288
Retained earnings	291,990	306,730
Treasury stock	(10)	(10)
Total shareholders' equity	306,268	321,008
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,310	71,462
Deferred gains or losses on hedges	226	(188)
Foreign currency translation adjustment	(2,362)	760
Total accumulated other comprehensive income	76,173	72,035
Minority interests	21,183	43,131
Total net assets	403,625	436,174
Total liabilities and net assets	525,172	599,290

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

	(Millions of yen)	
	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)
Net sales	105,958	120,281
Cost of sales	82,320	88,120
Gross profit	23,638	32,161
Exploration expenses		
Exploration expenses	7,316	5,728
Exploration subsidies	–	(4)
Total exploration expenses	7,316	5,723
Selling, general and administrative expenses	14,542	14,893
Operating income	1,778	11,543
Non-operating income		
Interest income	805	1,209
Dividends income	1,442	1,181
Equity in earnings of affiliates	–	4,041
Other	706	2,394
Total non-operating income	2,953	8,826
Non-operating expenses		
Interest expenses	141	270
Equity in losses of affiliates	744	–
Foreign exchange losses	357	–
Other	426	197
Total non-operating expenses	1,669	467
Ordinary income	3,062	19,902
Extraordinary income		
Subsidy income	300	40
Gain on transfer of mining rights	2,495	–
Other	1	0
Total extraordinary income	2,796	41
Extraordinary loss		
Loss on retirement of noncurrent assets	532	35
Impairment loss	37,031	–
Other	6	2
Total extraordinary losses	37,570	38
Income (loss) before income taxes and minority interests	(31,710)	19,905
Income taxes	(7,772)	3,983
Income (loss) before minority interests	(23,938)	15,921
Minority interests in income	495	38
Net income (loss)	(24,433)	15,883

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)
Income (loss) before minority interests	(23,938)	15,921
Other comprehensive income		
Valuation difference on available-for-sale securities	(17,777)	(6,852)
Deferred gains or losses on hedges	749	(437)
Foreign currency translation adjustment	197	3,459
Share of other comprehensive income of associates accounted for using equity method	(34)	(23)
Total other comprehensive income	(16,865)	(3,854)
Comprehensive income	(40,803)	12,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(41,401)	11,745
Comprehensive income attributable to minority interests	598	322

(3) Notes to consolidated financial statements
(Notes on premise of going concern)
No items to report

(Notes on significant changes in the amount of shareholders' equity)
No items to report

4. Supplemental information

Status of production and sales

1. Production

		Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)	(Reference) Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)
E&P	Crude oil (kl)	239,751 (1,134)	209,333 (9,935)	482,306 (5,840)
	Natural gas (thousand m ³)	534,262 (555)	504,685 (38,774)	1,080,116 (1,199)
	LNG (t)	226	10,803	602
	Bitumen (kl)	188,486 (188,486)	165,551 (165,551)	348,948 (348,948)

- Notes: 1. The figures in parentheses represent overseas production and are included in the total.
2. Part of the natural gas production volume is used as a feedstock for LNG.
3. Bitumen is a type of extra-heavy oil extracted from oil sands.

2. Sales

		Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)		Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)		(Reference) Fiscal year ended March 31, 2013 (April 1, 2012 – March 31, 2013)	
		Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)	Volume	Amount (Millions of yen)
E&P	Crude oil (kl)	732,685	41,754	712,272	48,808	1,335,639	78,834
	Natural gas (thousand m ³)	685,316	30,054	614,873	31,883	1,455,708	69,795
	LNG (t)	89,062	7,292	91,037	8,811	229,242	19,098
	Bitumen (kl)	187,429	4,708	165,479	5,110	349,198	9,694
Subtotal			83,810		94,614		177,423
Contract services			2,447		4,005		9,674
Other businesses	Oil products /merchandise		15,824		17,813		36,034
	Others		3,876		3,849		7,953
Subtotal			19,700		21,662		43,988
Total			105,958		120,281		231,086

- Notes: 1. "Oil products/merchandise" includes liquefied petroleum gas (LPG), fuel oil, gas oil and kerosene, and "Others" includes the transportation of natural gas and oil products as well as other subcontracted tasks.
2. Monetary amounts in the table do not include consumption taxes.