INPEX

Energy for a bright future

INPEX CORPORATION

Annual Report 2015

Year ended March 31, 2015

Energy for a bright future

INPEX is the largest oil and gas E&P company in Japan. The Company currently is engaged in more than 70 projects spread across more than 20 countries worldwide.

As a company that is engaged in oil and natural gas exploration, development and production activities worldwide, INPEX boasts the highest reserve and production volumes among companies in Japan. On the international stage, the Company is positioned as a mid-tier E&P player just behind the world's oil majors. The Ichthys LNG Project in Australia being one of its key initiatives, INPEX is actively engaged in oil and natural gas projects in Japan and overseas. In addition to securing a stable and efficient supply of energy, the Company is working diligently to ensure sustainable growth in its corporate value.

Our Mission

The mission of the INPEX is to provide a stable and efficient supply of energy to customers by exploring and developing oil and natural gas resources both domestically and throughout the world. Through its business, we aim to become an integrated energy company, which contributes to our community and makes it more livable and prosperous.

Annual Report 2015 Contents

NOTES REGARDING FIGURES

Financial figures in this Annual Report have been basically rounded to the nearest unit (e.g., millions, billions) for convenience. The "Project Overview by Region" section (starting on p. 20) basically describes the operating situation as of June 30, 2015. Figures in parentheses denote negative amounts. Natural gas production volume for projects in production is not the volume at wellheads, but corresponds to sales to buyers.

INPEX CORPORATION is listed on the First Section of the Tokyo Stock Exchange under the securities code 1605. The Company is also included in the Nikkei Stock Average (Nikkei 225) and the JPX-Nikkei Index 400 (JPX400).

Message from the

Looking Back at the Past Year

For the fiscal year ended March 31, 2015, net sales and net income decreased 12.2% and 57.6% year on year to ¥1,171.2 billion and ¥77.8 billion, respectively. Given the harsh market environment exacerbated by factors such as the drop in crude oil prices averaging approximately 20% in the fiscal year, impairment losses were incurred on certain projects and INPEX reported a downturn in revenue and earnings. Judging by the trends in oil prices, the Company recognizes that the future remains uncertain. INPEX is therefore currently adopting measures designed to minimize the impact to our earnings to the extent possible.

In the fiscal year ended March 2015, net production volume, which is a key pillar supporting the Company's earnings, was essentially unchanged year on year at 408 thousand BOED. Proved reserves, which represent a source of future earnings, stood at approximately 2.43 billion BOE at the end of March 2015.

Turning briefly to the status of the Company's major projects, development work at the Ichthys LNG Project in Australia is now at its peak, and the project has surpassed the 70% progress rate. Preparations for development work to expand the scale of production have commenced at the Abadi LNG Project in Indonesia following the confirmation of a greater volume of natural gas reserves. In April 2015, INPEX announced that it acquired a 5% participating interest in the ADCO Onshore Concession in Abu Dhabi, U.A.E. This concession makes up one of the world's largest deposits of oil and currently produces approximately 1.6 million bbl/d. As a result, we anticipate this project will contribute significantly to maintaining and expanding the Company's proved reserves and net production volume.

Toshiaki Kitamura
President & CEO

President

Update on the Ichthys LNG Project

The Ichthys LNG Project in Australia, which is the first large-scale LNG project to be operated by a Japanese company, is paramount to the Company's future growth. Following the final investment decision (FID) made in January 2012, development work has proceeded and the project reached its halfway mark in mid-2014. Currently, the progress rate is more than 70% and is steadily taking shape toward first production. In terms of the status of offshore facilities, construction of the central processing facility (CPF) and the floating production storage and offloading (FPSO) facility has progressed. As for onshore facilities, the first of over 200 prefabricated modules (large-scale components that make up facilities) currently under construction at yards in China, the Philippines and Thailand was delivered last year, and steady progress is being made with respect to transportation, delivery and installation work. Concrete steps are also being taken at the onshore LNG plant to construct storage tanks for LNG, LPG and condensate, as well as power generation and module offload-

Steady progress in construction of the onshore LNG plant ing facilities. As for the 889-km pipeline that will link the Ichthys gas-condensate field located offshore Western Australia to the onshore LNG plant in Darwin, Northern Territory, the shallow water pipelay in Darwin Harbour was completed in November 2014 and the deepwater pipelay has been ongoing since February 2015. Development well drilling work also began in February 2015 for the eventual recovery of products from the gas-condensate field. Having personally conducted site inspections on several occasions in the past year and witnessing the progress on the construction of the offshore facilities, pipeline and onshore LNG plant, I was filled with great excitement and anticipation. I will collaborate with all involved parties to ensure further progress on development work in the year ending March 31, 2016, putting safety as our first and foremost priority.

In tandem with development work on the Ichthys LNG Project, INPEX is conducting exploration work in a bid to locate and secure new gas reserves across several exploration blocks in the area surrounding the Ichthys gas-condensate field. During the fiscal year ended March 2015, the Company acquired two additional exploration blocks (WA-513-P and WA-514-P) bringing the total number of owned exploration blocks in the surrounding area to 13. We intend to further strengthen our initiatives in these exploration blocks with the expectation of tapping the synergies created with the Ichthys LNG Project.

Conceptual image of the completed onshore LNG plant

Advancing Preparation Work for the Development at the Abadi LNG Project

The Abadi LNG Project is another large-scale LNG project in which INPEX as Operator is undertaking preparation work for the development of a giant gas field offshore Indonesia. The company aiming to deploy a floating LNG (FLNG) facility that processes, liquefies, stores and offloads natural gas with an annual LNG processing capacity of 2.5 million tons as the first stage of development, based on a plan of development for the Abadi Gas Field approved by the Government of Indonesia, as a result of evaluations of three appraisal wells drilled between 2013 and 2014, a substantially greater volume of natural gas reserves was confirmed. Taking this finding into consideration, INPEX is studying ways to optimize development plans centered on a large-scale FLNG, and is currently in discussions with the Indonesian government alongside partner Shell.

Drillship deployed in the Abadi LNG Project

Acquisition of Onshore Concession in Abu Dhabi

In 2014, we announced the extension of the concession agreement for the Upper Zakum Oil Field offshore Abu Dhabi in the U.A.E. In 2015, INPEX has again been successful in achieving notable results in the region, with the acquisition of a participating interest in the ADCO Onshore Concession. The ADCO Onshore Concession is one of the world's largest oil fields and is made up of 11 fields currently in production and four that remain undeveloped. The Company has acquired a 5% participating interest based on a 40-year agreement effective January 2015. While production currently stands at 1.6 million BOD, INPEX plans to proceed with development work aimed at increasing oil production to 1.8 million BOD by 2017.

The company's acquisition of a participating interest in one of the world's largest oil fields is likely the result of the value placed by local government authorities and stakeholders on INPEX's track record in oil development and production operations as well as technological contributions in Abu Dhabi that span over 40 years. In addition to its oil development business, INPEX is also involved in social contribution activities in Abu Dhabi in areas such as human resources development.

It is most rewarding to witness how these steadfast initiatives have driven the growth of the Company, significantly contributing to the long-term, stable supply of energy to Japan.

Oil terminal

Strengthening the Natural Gas Business in Japan

The Naoetsu LNG Terminal completed in Niigata Prefecture in December 2013 had received a total of six LNG vessels as of July 2015 and is operating smoothly. In 2014, INPEX also began upgrading facilities at its Koshijihara Plant also in Niigata Prefecture. The Koshijihara Plant refines and processes natural gas produced from the Minami-Nagaoka Gas Field, which the Company is developing as Operator. The upgrades are expected to enhance the rate of natural gas and condensate recovery at the field, increase the volume of recoverable reserves by approximately 20% and extend the production life span of the Minami-Nagaoka Gas Field by nearly 20 years beyond current estimates. This initiative at one of Japan's largest natural gas fields will help promote the efficient and effective use of Japan's energy resources, and allow the Company to deliver a stable supply of energy while securing a steady source of earnings.

Drilling work at the Minami-Nagaoka Gas Field
(Nagaoka City, Niigata Prefecture)

Addressing the Fall in Crude Oil Prices

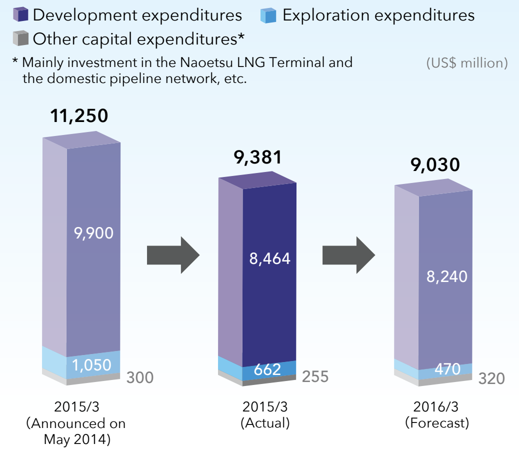
Crude oil prices, which hovered above the US$100 per barrel mark in mid-2014, plunged dramatically toward the beginning of the new year falling temporarily below US$50. Oil prices are expected to converge to a new equilibrium point over the medium to long term, INPEX recognizes the critical need to factor in a prolonged period of low oil prices when implementing countermeasures to manage risk. In response to the drop in oil prices, the Company is evaluating the importance level of individual projects while adopting a comprehensive approach toward determining investment priorities. Specifically, we will resolve to proceed with investments and projects that have been identified as essential in accordance with original plans. For all other projects, we will make every effort to reduce investments and curtail costs to minimize the impact of oil prices on our performance. To elaborate, INPEX pursues the following three policy measures.

1. **We will continue to push forward with the Ichthys LNG Project and other important development projects that serve as key growth drivers.**
2. **During the year ended March 31, 2015, we took steps to curtail development and exploration costs considering the drop of oil price. In particular, regarding exploration projects, we conducted investment reduction by reviewing the schedules and cost structures.**
3. **We will continue to focus on enhancing the operational efficiency of projects throughout the year ending March 31, 2016, while cutting back on related expenditures.**

As part of our efforts to curtail the costs identified in the second policy measure above, we reduced our initial development investment plan by about 15% from approximately US$9.9 billion to around US$8.5 billion. In terms of exploration investment plans, INPEX adjusted drilling schedules taking into account the upswing in drilling costs associated with the rise in crude oil prices, while postponing operations at certain exploration wells and other initiatives including the transfer of certain participating interests. Through these initiatives, we streamlined our initial investment plan from about US$1.1 billion to around US$0.7 billion in the year ended March 31, 2015, a reduction of approximately 37%. In the year ending March 31, 2016, INPEX will continue its cost cutting initiatives. Plans are in place to reduce the total amount of investment by approximately US$0.4 billion compared with the fiscal year ended March 2015, from around US$9.4 billion to roughly US$9.0 billion.

In assessing the outlook for oil prices over the medium to long term, it is imperative that we shift away from the US$100 per barrel mind-set that persisted over the past several years. From the perspective of the Company's business development activities, it is equally important that we put in place a robust financial scheme capable of carrying out the necessary business activities even in an environment of persistently low oil prices. It goes without saying that energy is an essential resource for both the economy and society at large irrespective of short-term fluctuations in demand. At the same time, there is no denying the importance of the long-term and stable development of energy and its efficient consumption not only to Japan but also to the rest of the world. I am therefore convinced more than ever that the mission of the Company is to actively pursue the development of energy to fulfill its responsibility to society while securing sustainable growth. Despite a persistently difficult operating environment, INPEX is unified in its commitment to undertake whatever measures are necessary to carry out its mission and tasks.

Shifts in investment-reduction measures



Outlook

Financial forecasts for the year ending March 31, 2016 announced in August 2015 are based on the assumption that crude oil prices (full year average) will fall more than US$20 compared to the fiscal year ended March 2015. Taking this and other assumptions into account, net income attributable to INPEX is projected to decrease by 10% year-on-year, to ¥70.0 billion. Consolidated net sales, on the other hand, are expected to slightly increase year-on-year, to ¥1,181.0 billion spurred by revenue generated from the ADCO Concession and other factors.

Net production volume in the current period is forecast to rise around 25% compared with the fiscal year ended March 2015 to 512 thousand BOED, due mainly to the addition of production from the ADCO Concession. This will be the first time for the Company to exceed 500 thousand BOED since its public listing. While the startup of the Ichthys LNG Project and other factors are expected to lift the net production volume of existing projects to around the 700 thousand BOED level, this forecast increase to over 500 thousand BOED prior to the startup of the Ichthys LNG Project is highly significant. Moreover, the volume of proved reserves and the reserve replacement ratio (RRR), which is the amount of proved reserves added to a company's reserve base during a given period relative to the amount of oil and gas produced, are projected to increase substantially as of the end of March 2016 owing mainly to production from the ADCO Concession.

In terms of the Company's shareholder return policy, INPEX is implementing a balanced approach between investments and the payment of dividends. In the lead-up to production at the Ichthys LNG Project, cash flows derived from producing projects are being channeled into reinvestments. In this context, the focus of our activities is directed toward investment. As a result, we plan to pay an annual dividend of ¥18.0 per share for the year ending March 31, 2016, unchanged from the fiscal year ended March 2015. However, after production begins at the Ichthys LNG Project, we would like to provide returns to shareholders considering the levels of top-class international oil and gas E&P companies.

Looking back once again on the year ended March 31, 2015, I personally visited the sites of a number of projects with a view to promoting each project while exchanging opinions with the government authorities of each country and project partners. At the same time, I placed considerable emphasis on building and maintaining strong ties of mutual trust with all stakeholders including institutional investors through direct communication. As was earlier stated, crude oil prices plummeted dramatically from the second half of the fiscal year ended March 2015, and as a result, we took steps to reduce costs. In the fiscal year ending March 31, 2016, the INPEX Group will continue to work in unison to push forward its various business activities and make every effort to address and overcome a harsh operating environment while clearly defining critical investments and projects the Group needs to pursue, as well as investment and cost-reduction priorities.

In addition to securing the stable and efficient supply of energy on an ongoing basis, the Company will work diligently to enhance its competitiveness as an international oil and gas E&P company and ensure sustainable growth in both shareholder and corporate value. As we work to achieve these goals, we would greatly appreciate your continued understanding and support.

August 2015

President & CEO
Toshiaki Kitamura

北村 俊昭

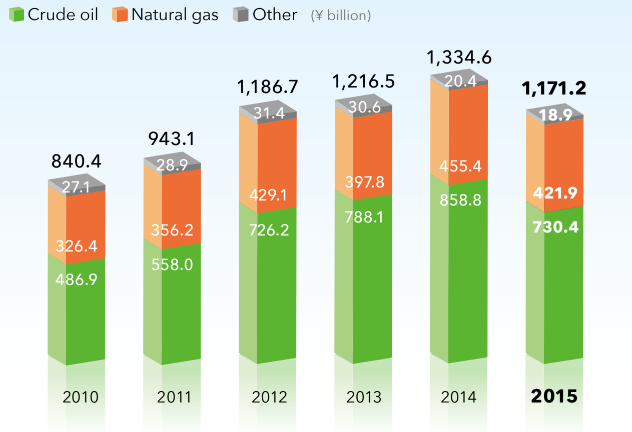
Financial and Operating Highlights (Five-Year Comparative Graphs)

As of or years ended March 31
Please refer to p. 51 for notes of major indices.

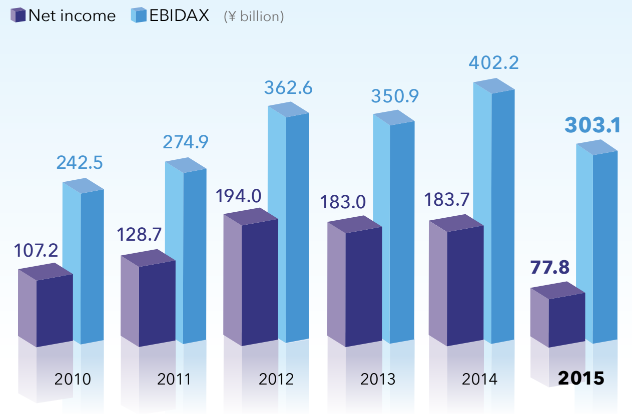
Profitability Indices

See p. 8 of Fact Book 2015 for more about profitability indices.

Net Sales (by product)



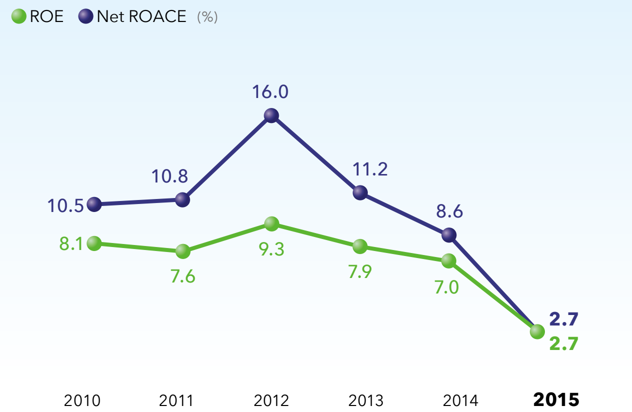
Net Income, EBIDAX
(Earnings before interest, depreciation and amortization, and exploration)



Efficiency Indices

See p. 9 of Fact Book 2015 for more about efficiency indices.

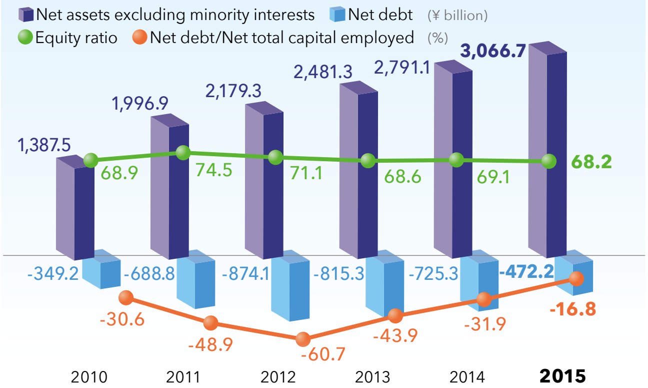
Return on Equity (ROE), Net ROACE



Stability Indices

See p. 11 of Fact Book 2015 for more about stability indices.

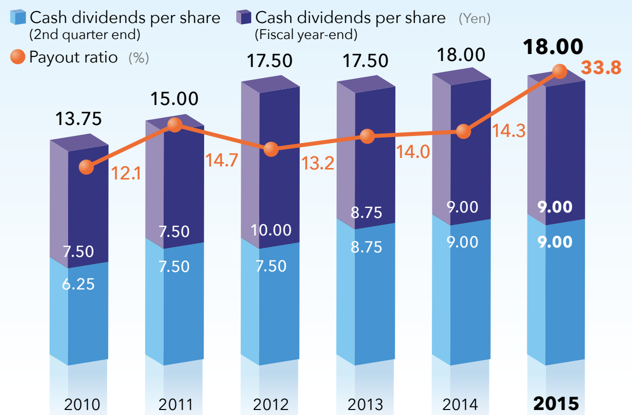
Net Assets Excluding Minority Interests, Equity Ratio, Net Debt, Net Debt/Net Total Capital Employed



Performance Indices

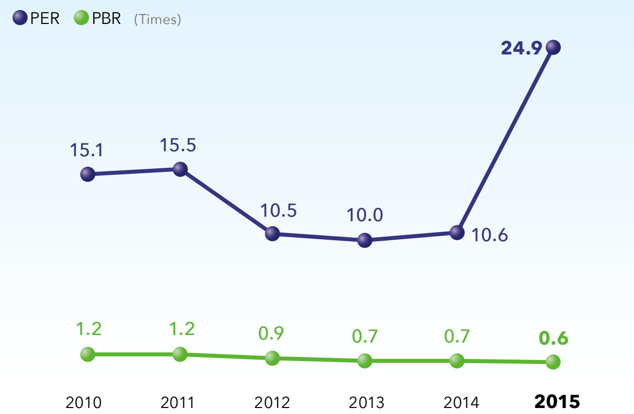
See p. 12 of Fact Book 2015 for more about performance indices.

Cash Dividends per Share, Payout Ratio



Note: Cash dividends per share are retroactively adjusted for a stock split at a ratio of 1:400 of common stock on October 1, 2013.

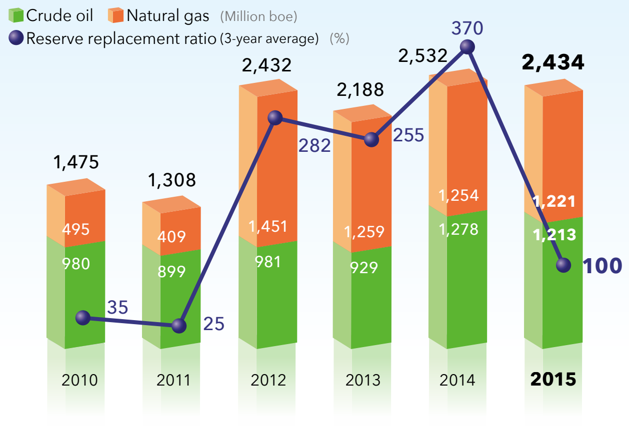
Price Earnings Ratio (PER), Price Book-Value Ratio (PBR)



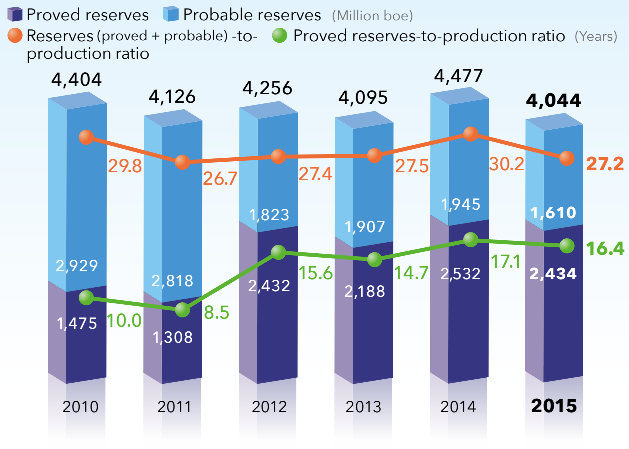
Reserve/Production Indices

▶ See p. 13 of Fact Book 2015 for more about reserve/production indices.

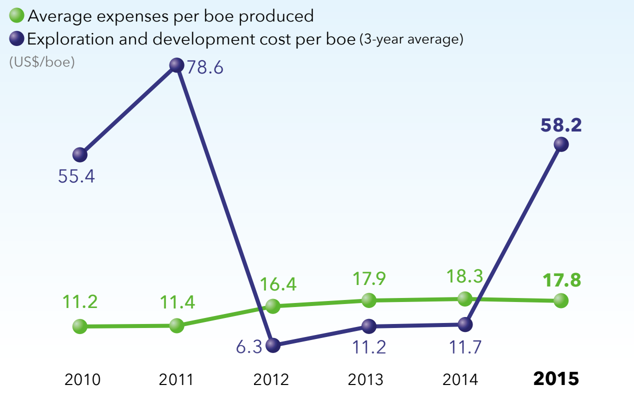
Net Proved Reserves (by product), Reserve Replacement Ratio (3-year average)



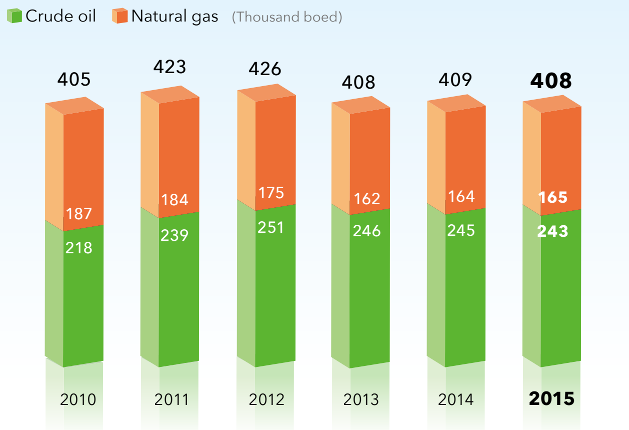
Net Proved and Probable Reserves, Reserves-to-Production Ratio



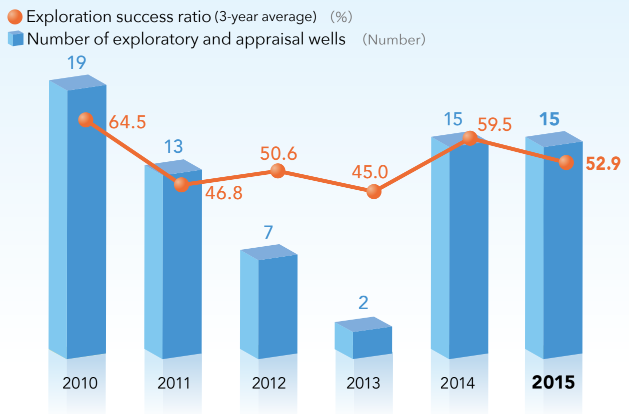
Average Expenses per BOE Produced, Exploration and Development Cost per BOE (3-year average)



Net Production (by product, barrels of oil equivalents)

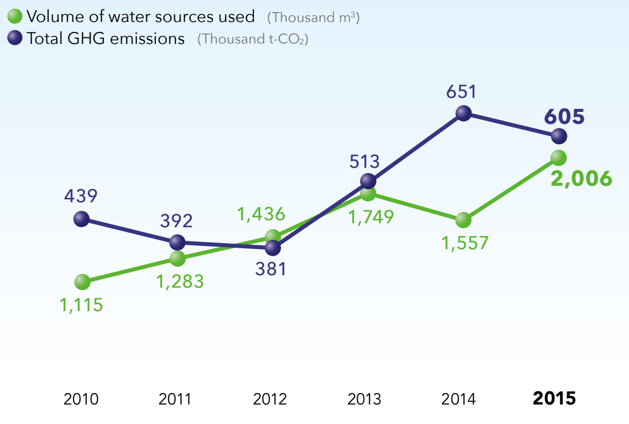


Exploration Success Ratio (3-year average), Number of Exploratory and Appraisal Wells



The Environment

Volume of Water Sources Used, Total GHG Emissions



Business Model and Strengths

In its oil and gas development business, INPEX employs a business model that focuses on stable production and supply, as well as the reinvestment of cash flows obtained from production activities toward the acquisition of new reserves and the discovery and development of oil and gas which contribute to further production revenues. This cycle is the wellspring for sustainable growth as a company.

INPEX's Strength 1

Dynamic Growth Scenario

Ichthys/Abadi

INPEX is in the process of developing two of the world's large-scale LNG projects at Ichthys in Australia and Abadi in Indonesia. We are the first Japanese company to develop such large-scale projects as an operator. The Company's net production volume is currently at the level of 400-500 thousand boed, and there are prospects of an increase to 600-700 thousand boed following the start of production at Ichthys and other projects. We are focusing on Ichthys development work, which will increase the corporate value of our company.

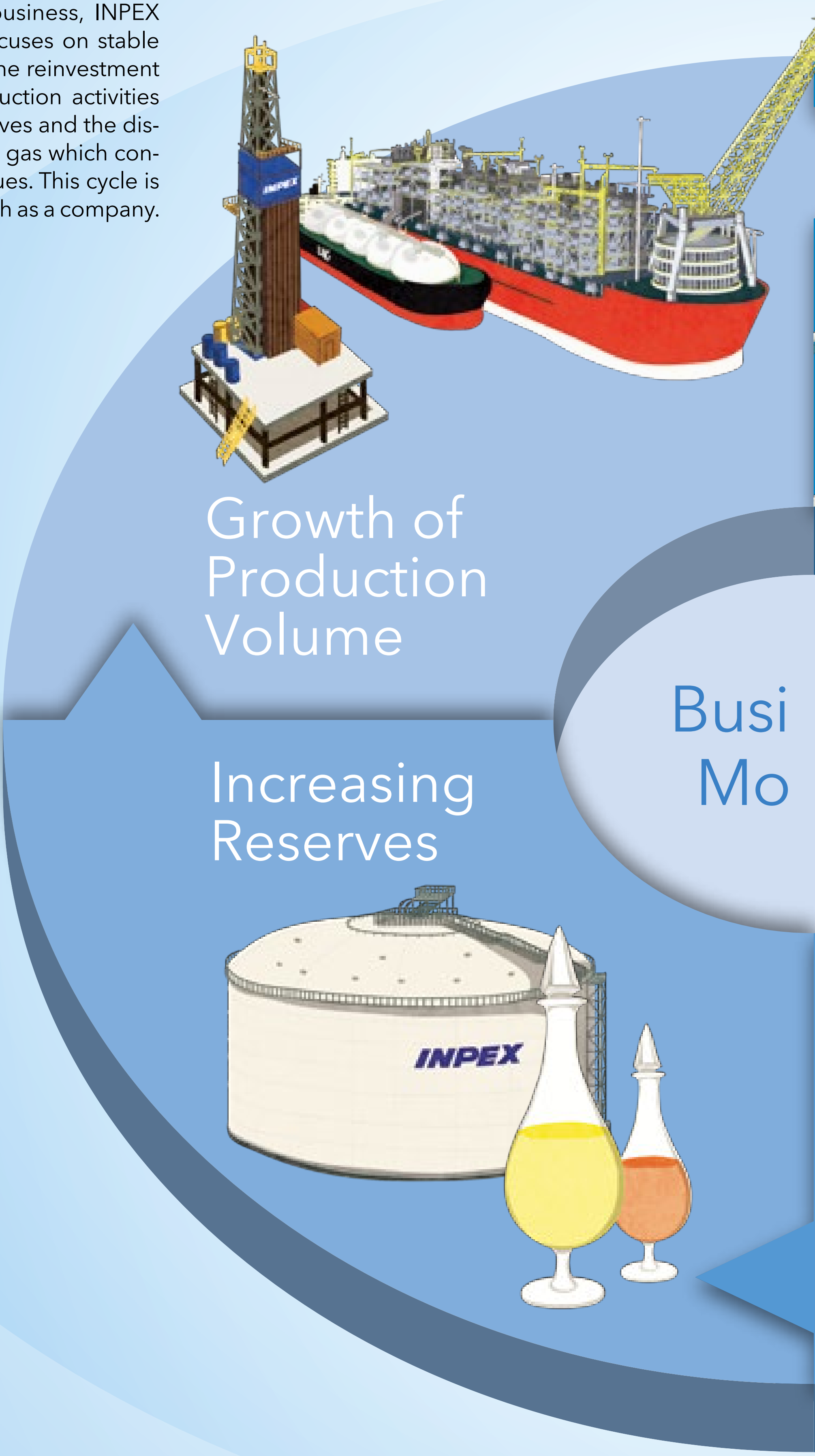
INPEX's Strength 2

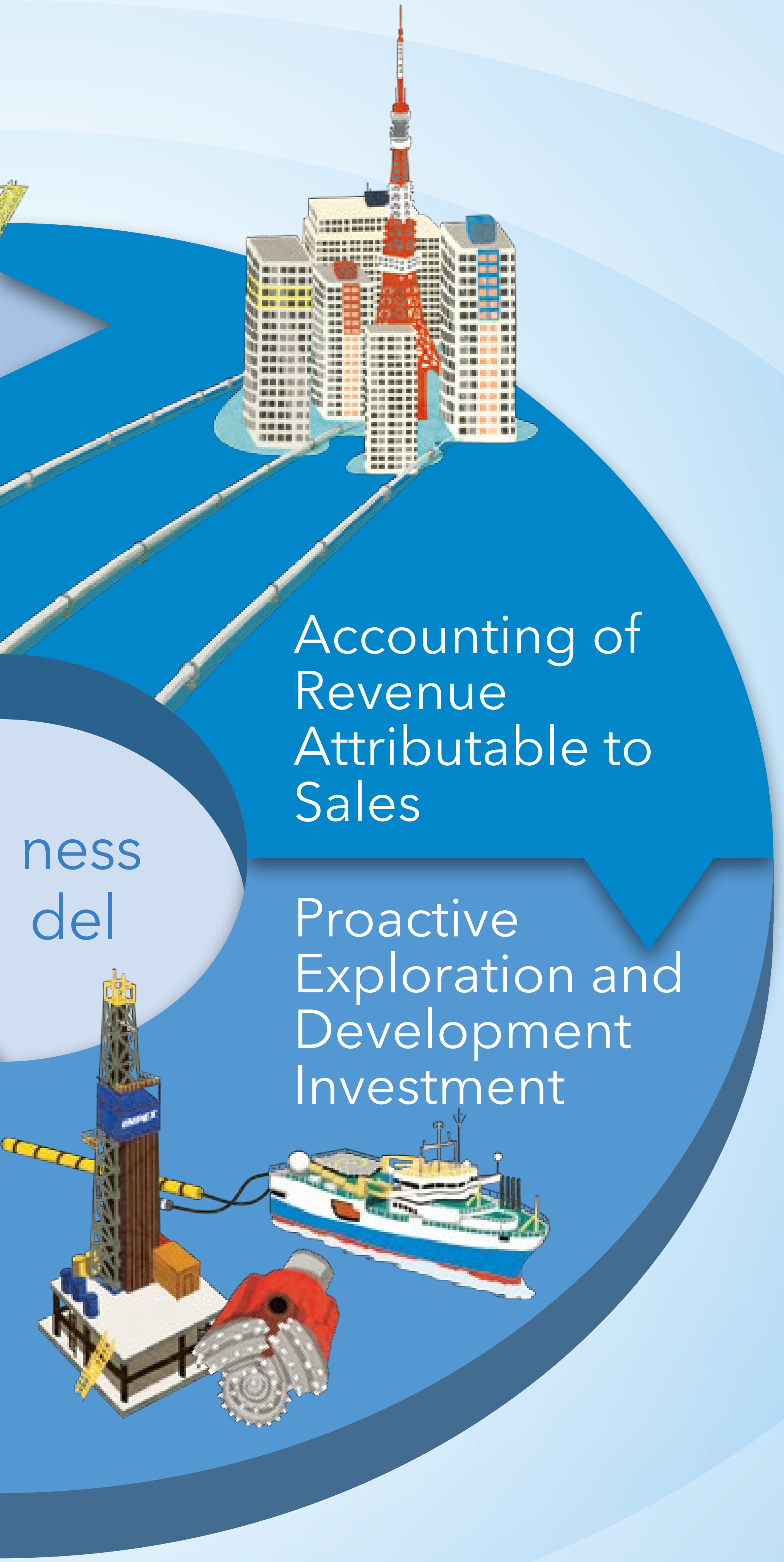
A Balanced Portfolio and Strong Reserve Volume/Resources

4.04 billion boe

(Proved and probable reserves)

INPEX has secured a balanced portfolio while establishing appropriate risk management by combining different projects to ensure an optimal balance across such key parameters as the oil and natural gas ratio, regional distribution as well as exploration, development and production activities. Turning to the Company's reserve volume, the source of its corporate value, INPEX holds a proved and probable reserve volume of 4.04 billion boe as well as an abundance of possible reserves and contingent resources that are not included in probable reserves. Looking ahead, we expect to expand proved and probable reserves over the medium to long term.





INPEX's Strength 3

Natural Gas Supply Chain

Domestic natural gas pipeline network

1,400 km

INPEX owns a natural gas pipeline network in Japan of around 1,400 km. The Naoetsu LNG Terminal commenced operations in December 2013, bringing one step closer the realization of a natural gas supply chain that links natural gas assets in Japan and overseas and the domestic market. By receiving LNG from the large-scale Ichthys project and other sources, the Company will build a global gas supply chain and plan further value-added improvements.

INPEX's Strength 4

Strong Financial Base

Equity ratio:

68.2%

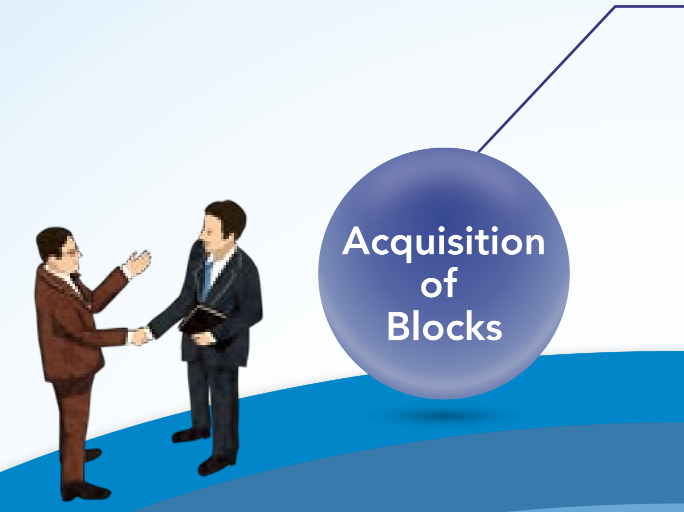
Net debt/Net total capital employed:

-16.8%

A healthy balance sheet and cash reserves are essential for oil and gas E&P companies. This reflects both the high degree of risk associated with E&P activities and the need to have sufficient funds on hand to take advantage of major investment opportunities. INPEX has secured a strong financial position. As of March 31, 2015, our company had an equity ratio of 68.2% and a ratio of net debt to net total capital employed of –16.8%. (Cash and cash equivalents and public bonds were greater than interest-bearing debts.) Compared to the oil majors and other global peers, this represents a sound level of financial strength.

The Structure and Mechanism of Oil and Natural Gas Exploration and Development

The business activities of the oil and gas industry can be envisioned as the flow of a river. The upstream consists of development and production of oil and natural gas. The midstream is where products are transported. The downstream refers to refining and sales. Our mainstay business is to handle operations in the upstream including the exploration, drilling, production, lifting and sales of crude oil and natural gas. As shown in the business flow at right, upstream business activities can be further classified into the acquisition of blocks, exploration, appraisal, development, production and sales.



There are many methods for **selling crude oil linked to spot prices** (market prices established one time per transaction), the spot prices themselves being mainly decided based on crude oil, which has become the transaction benchmark. Representative crude oil spot prices are those quoted for Middle East Dubai crude, North Sea Brent crude and West Texas Intermediate (WTI) from the United States, to name but a few.

In contrast, because projects characteristically require large-scale investment, in many cases **sales of liquefied natural gas (LNG) result from long-term sale and purchase contracts concluded from both producers and buyers.**

The extracted oil and natural gas are refined and processed. After separating oil and removing impurities (e.g., carbon gas, hydrogen), we ship natural gas that can be used as a product.

LNG tanker

Where do crude oil and natural gas come from?

Crude oil and natural gas are thought to originate from organic matter, such as the remains of once-living organisms that accumulated at the bottom of seas and lakes, that was then subjected to extreme heat and pressure underground. Crude oil and natural gas that have formed deep underground are lighter than the water in the earth, allowing them to gradually rise to the surface over a long period of time. If the crude oil and natural gas encounter highly dense geological formations on the way to the surface, however, deposits form that become oil and gas fields.

We collect extensive information on legal system and country risks related to areas in which oil and natural gas are expected to exist. We then apply and bid for mining rights and/or exploration and development rights and **enter into a contract** for exploration and development.

Signing ceremony of a contract

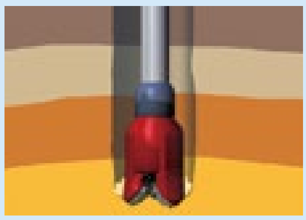
In addition to geological surveys, we utilize **geophysical surveys** conducted through satellite images and seismic waves in order to assess the potential subsurface accumulations of oil and natural gas. Furthermore, we **drill exploratory wells** in order to confirm the presence of oil and gas. The bit, a special drill attached to the tip of the pipe, drills through hard rock while digging into the ground.

Geophysical surveys

Once the presence of oil and natural gas has been confirmed, we **drill appraisal wells** to assess the extent of the oil and gas fields and to evaluate the amount of reserves. In addition, we make comprehensive judgments regarding the commercial viability of the fields.

Drilling of appraisal wells

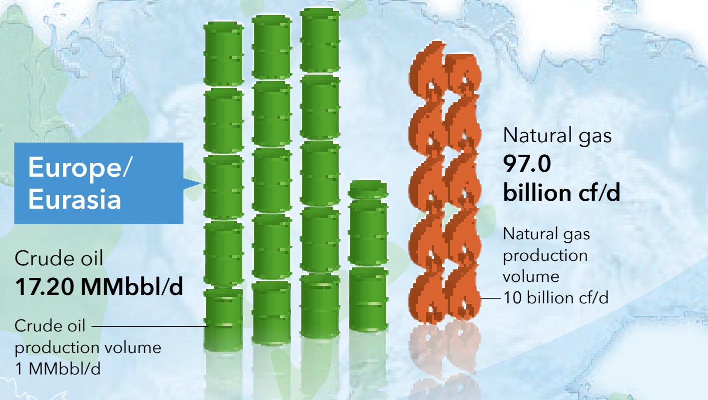
After a final investment decision (FID) has been made, steps are taken to **construct the necessary facilities to engage in crude oil and natural gas production and shipment.** This includes facilities that separate resources into their liquid and gaseous states to remove impurities and pipelines to facilitate transportation. In addition, **the drilling of production wells** is undertaken to extract crude oil and natural gas.

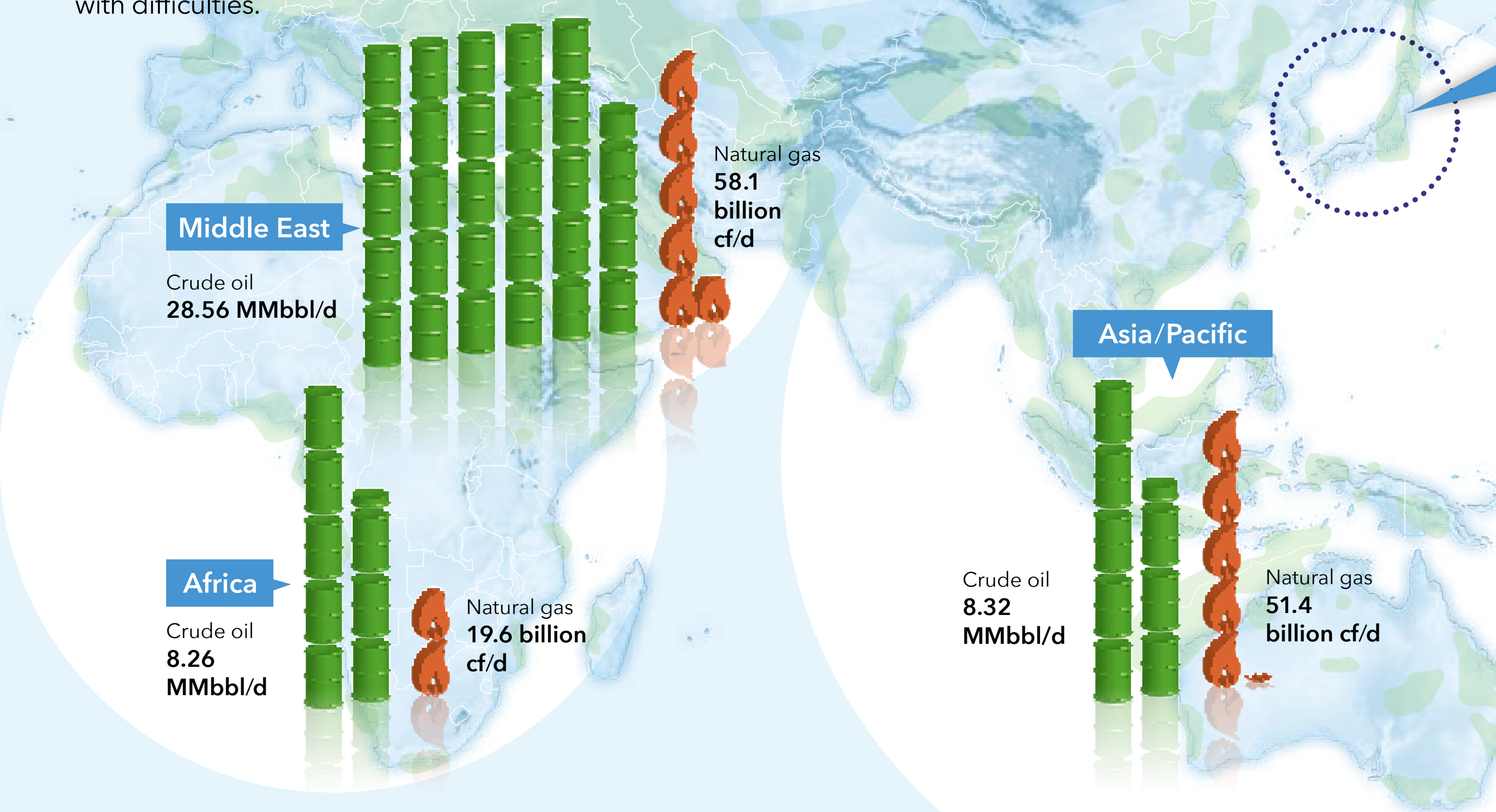


Drilling of production wells

Business Environment in Oil and Gas Development

The forecast is for further expansion of global primary energy demand, including oil and natural gas, to be centered on developing countries, such as China and India. Of that demand, that for natural gas is expected to see a significant increase. Due to the mature nature of exploration and development, as well as such factors as rising resource nationalism, however, the scope of potential oil and natural gas development will continue to be biased toward frontier regions where development is beset with difficulties.



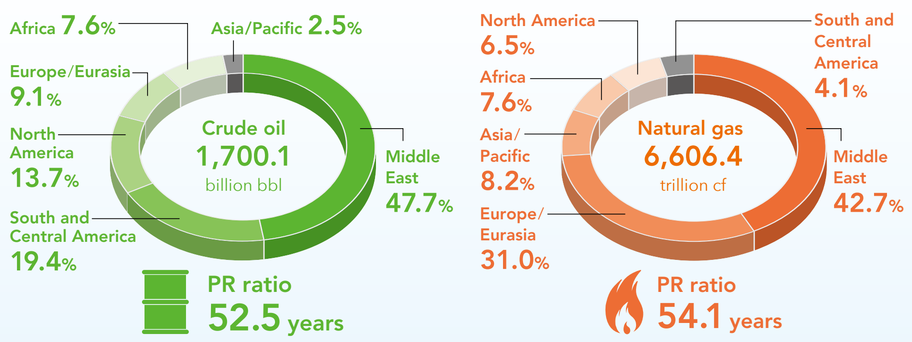


Representation of main oil and natural gas production areas

Global Proved Reserves and Reserves-to-Production Ratio

Global proved reserves of crude oil and natural gas total approximately 1.7 trillion barrels and 6.6 quadrillion cubic feet, respectively. By region, the Middle East holds the largest reserve volumes of both crude oil and natural gas in existence. There are also extensive proved reserves of crude oil in South and Central America and North America and of natural gas in Europe and Eurasia.

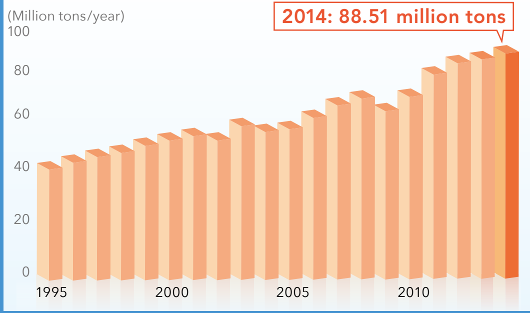
Proved Reserves by Region and Reserves-to-Production Ratio (PR ratio) (As of December 31, 2014)



Source: BP Statistical Review of World Energy 2015

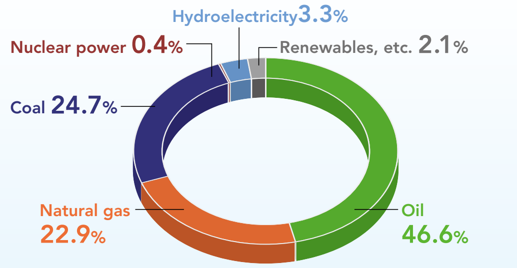
Oil and Natural Gas Demand in Japan

LNG Import Trend in Japan



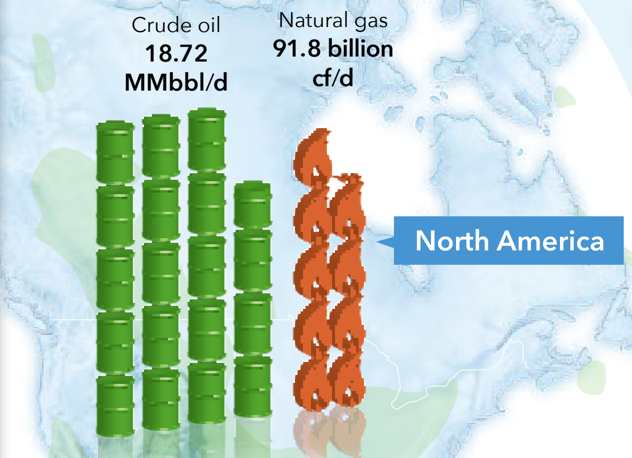
Demand for LNG is increasing in Japan. This reflects the upswing in LNG use for thermal power generation in the wake of the shutdowns of nuclear power plants. Trade Statistics of Ministry of Finance

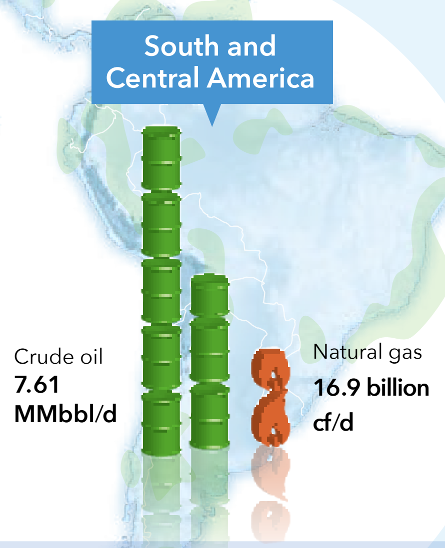
Japan's Primary Energy Supply (2013)



Oil that is broadly used as a source of heat and power, as well as in the production of materials, even now accounts for more than 40% of Japan's primary energy demand.

Source: Energy & Economic Statistics in Japan 2015





Production Volume by Region

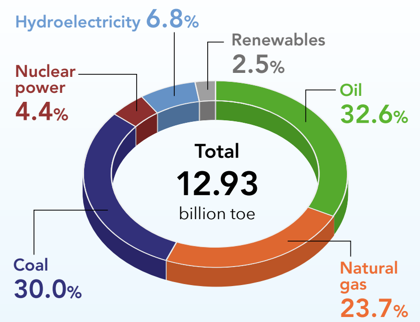
There are many countries and regions that produce oil and natural gas, but countries that have large-scale production, have opened their mining areas to foreign oil companies or are capable of exporting LNG are limited to just a few. Due to the rise in resource nationalism, the securing of new oil and natural gas interests by energy development companies has in recent years continued to be biased toward frontier regions where development is beset with difficulties. Among these regions, however, are promising areas where large-scale reserve volumes are to be expected.

Production volume source: BP Statistical Review of World Energy 2015

Global Energy Demand

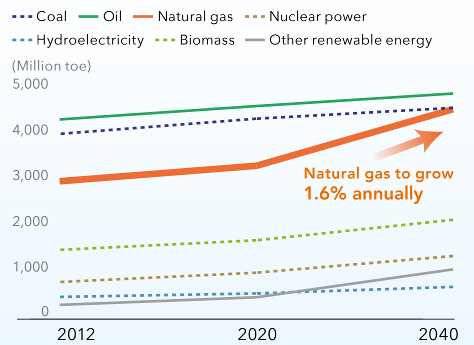
Oil and natural gas account for more than half of the amount of global primary energy consumption. The main focus is on other forms of energy, such as solar, hydro, biomass and geothermal, as these are renewable within a short time of first use and emit less CO_2 during power generation when compared to finite fossil fuels.

World Primary Energy Consumption (2014)



Source: BP Statistical Review of World Energy 2015

World Primary Energy Demand by Fuel



Source: IEA World Energy Outlook 2014 in the New Policies Scenario

The Medium- to Long-Term Vision of INPEX and Investment Plans

In May 2012, the Company formulated the INPEX Medium- to Long-Term Vision that clarified such aspects as key initiatives up to the fiscal year ending March 2017 toward medium- to long-term growth targets and the achievement of those targets. The Medium- to Long-Term Vision defined **three growth targets** and **three management policies** and clearly specified the key initiatives over the following five-year period.

Three Growth Targets

We have set three growth targets necessary for sustainable growth and will conduct key initiatives over the next five years to achieve them.

1 Continuous Enhancement of E&P Activities

Achieve net production volume of

1 million boed

by the early 2020s

2 Strengthening Gas Supply Chain

Achieve domestic gas supply volume of

2.5 billion m^3/year

by the early 2020s

(3.0 billion m^3/year in the long term)

3 Reinforcement of Renewable Energy Initiatives

Promote efforts to commercialize renewable energies and reinforce R&D activities

for the next generation

Three Management Policies

We are positioning ourselves to become a top-class international oil and gas E&P company and are improving and building our management base to evolve into an integrated energy company.

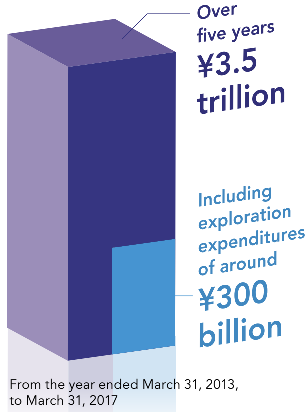
1 Securing/Developing Human Resources and Building an Efficient Organizational Structure

Recruit and utilize personnel in and outside of Japan to develop global professionals.

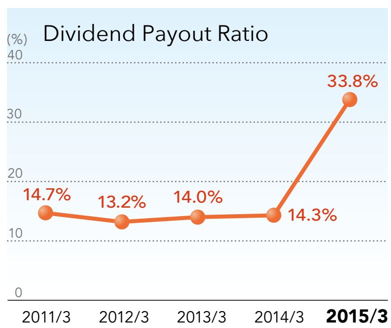
Establish an efficient business execution system to facilitate decision making.

2 Investment for Growth and Return for Shareholders

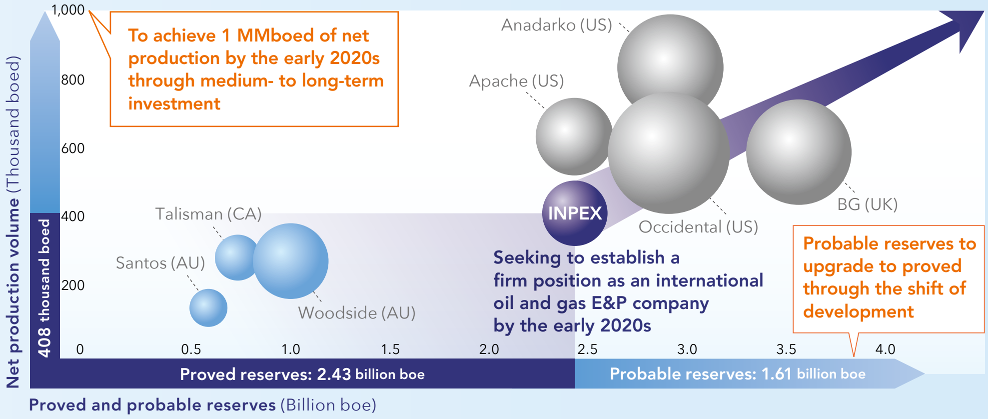
Investment



From the period in which Ichthys starts production, we will be aware of our position as a top-class international oil and gas E&P company and will plan appropriate returns for our shareholders.



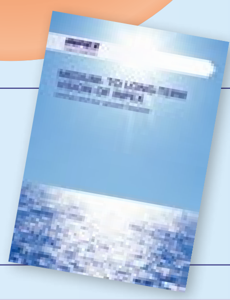
Proved Reserves, Net Production Volume and the Market Value of the Major International Oil and Gas E&P Players



Proved reserves and production volume indicated in this chart are from documents disclosed by the major E&P companies in fiscal 2014. The size of the circle shows the market value of each company as of March 31, 2015. Currently, INPEX is positioned as a mid-tier E&P player. As our operations expand through new milestones including the start of production at the Ichthys LNG Project in Australia, we will endeavor to secure a foothold among the world's oil majors by the early 2020s. A comparison between the proved reserves, net production volume and market value of the major international oil and gas E&P players is presented in the above diagram.

Become a Top-Class International Oil and Gas E&P Company

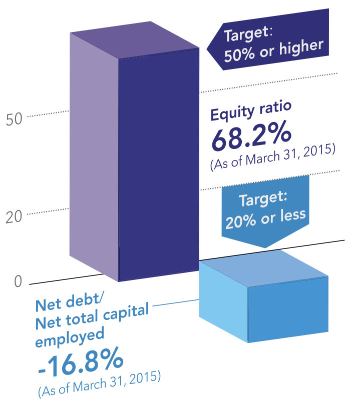
Become an Integrated Energy Company with natural gas as the core



MEDIUM- TO LONG-TERM VISION OF INPEX:
Ichthys and Our Growth Beyond

For details, please refer to the booklet entitled "MEDIUM- TO LONG-TERM VISION OF INPEX: Ichthys and Our Growth Beyond," or refer to the following Web site:
▸ **www.inpex.co.jp/en/vision**

Maintain Financial Strength



Funding Source

Own funds

Approximately ¥1.2 trillion of cash available on hand (As of March 31, 2015)

Cash flows

Future operating cash flows obtained each year

Bank loans

- Lending from JBIC
- Guarantee from JOGMEC
- Project finance

3 Responsible Management as a Global Company

Promote continuous improvements in corporate compliance and HSE initiatives.

Build trust-based working relationships with stakeholders through interactive communications.

Segment Overview

Asia & Oceania

▸p. 20

Eurasia

▸p. 28

Number of countries

Number of projects

- In production
- Under development
- Preparation for development
- Under exploration (oil and gas reservoirs confirmed)
- Under exploration
- Other

Production/Reserves

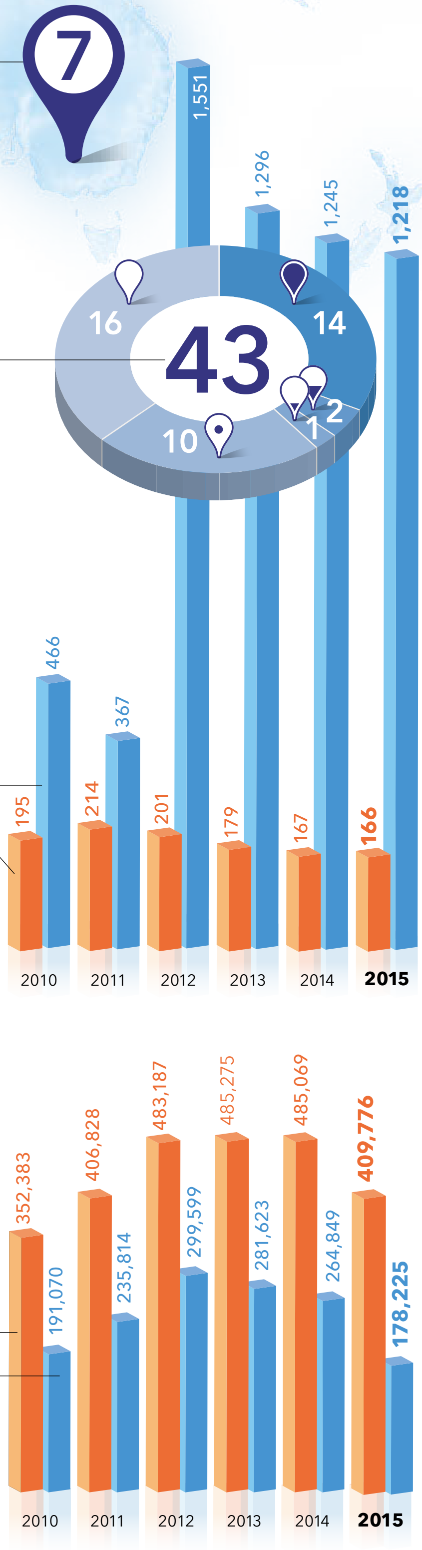
Proved reserves (million boe)

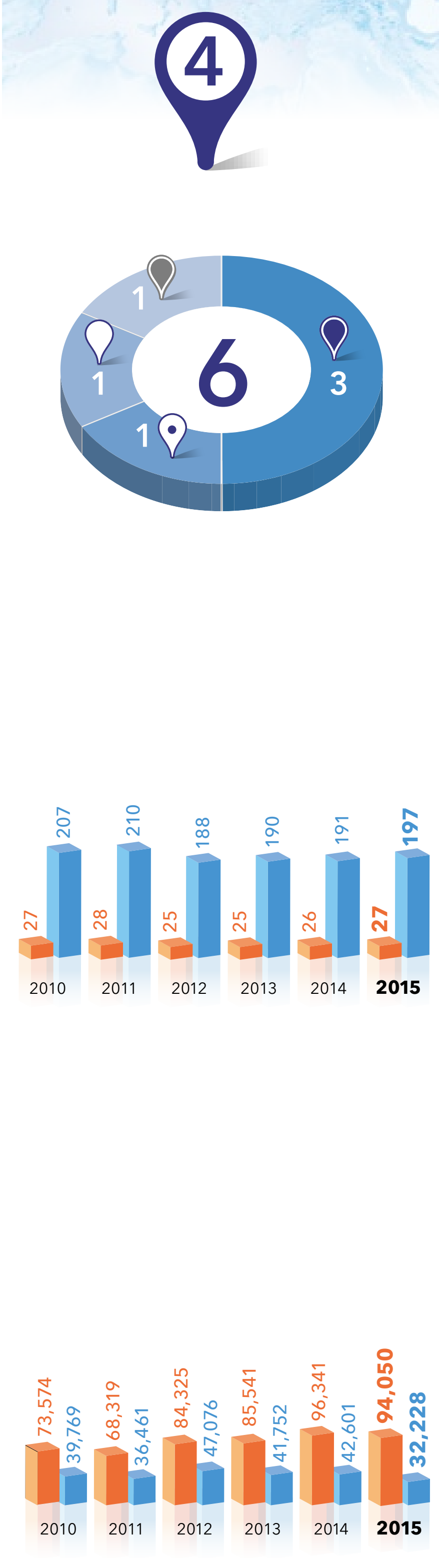
Net production (thousand boed)

Net sales/ Operating income

Net sales (¥ million)

Operating income (¥ million)

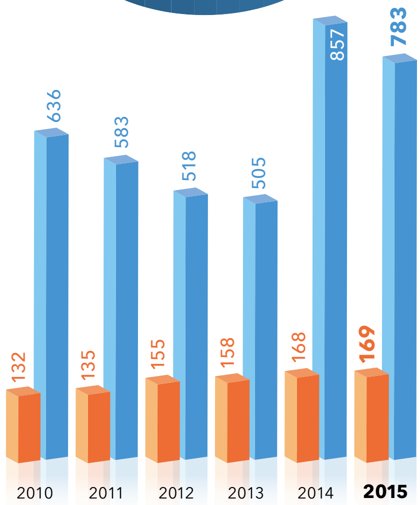


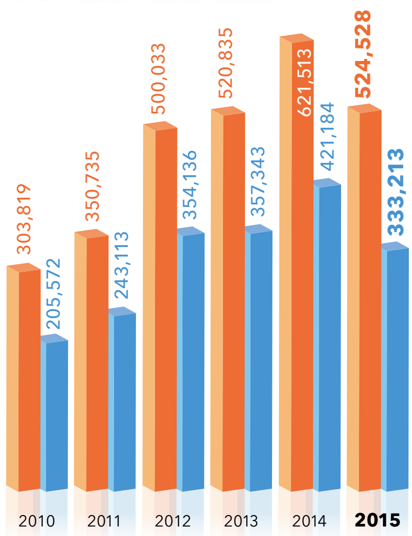


Middle East & Africa

▸p. 30

6

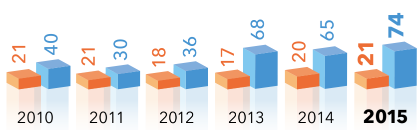


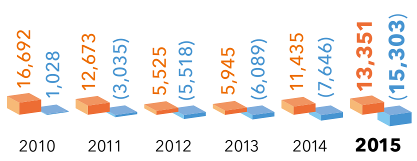


Americas

▸p. 32

7





Japan

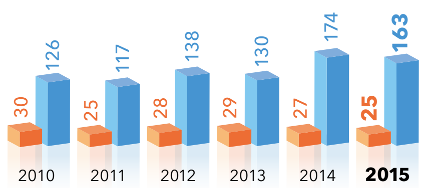
▸p. 36

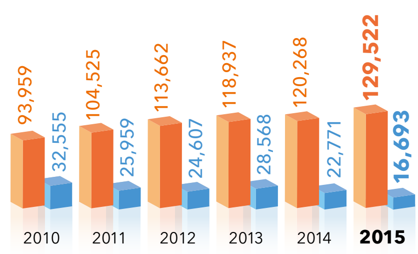
1

Minami-Nagaoka Gas Field

Naoetsu LNG Terminal

Natural gas pipeline network (Approx. 1,400 km) etc.





Project Overview by Region

Asia & Oceania

In the Asia and Oceania region, INPEX holds participating interests in the Offshore Mahakam Block in Indonesia, which is contributing significantly to earnings, and the large-scale Ichthys and Abadi LNG projects, where development and preparatory development activities are under way. The Company is also actively advancing more than 20 exploration projects with growth potential across the region.

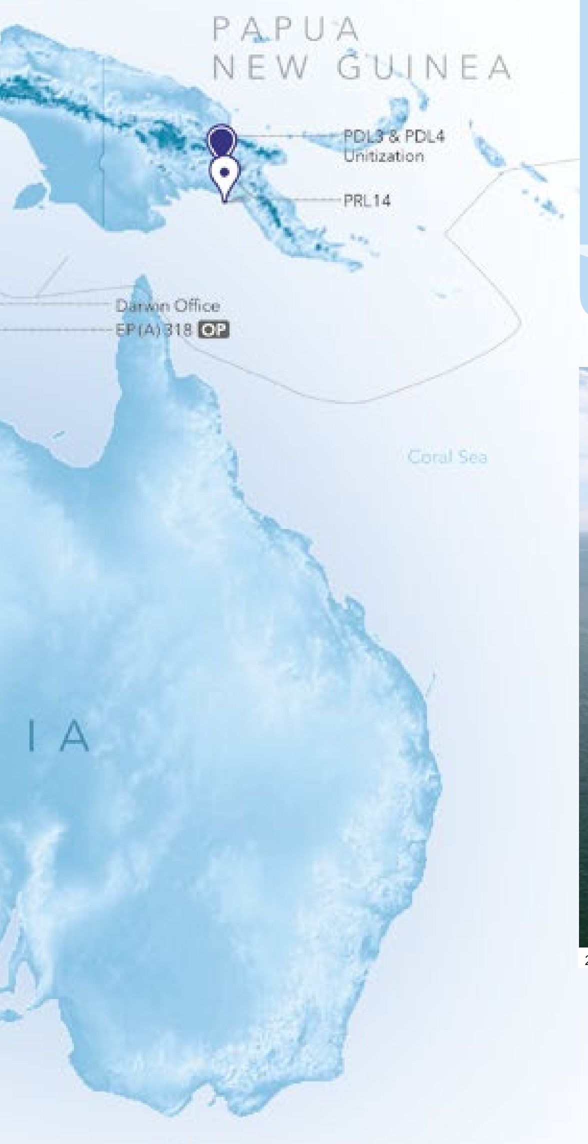
❶ Offshore Mahakam Block and Attaka Unit

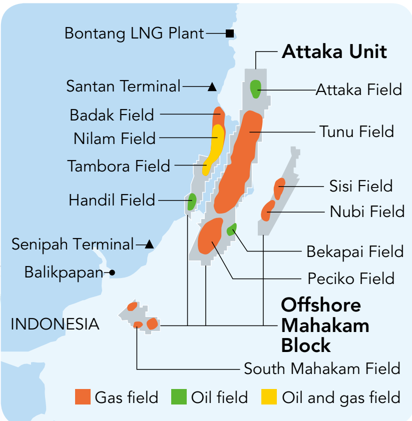
INPEX entered into a production sharing contract (PSC) with the Indonesian Government in October 1966, at that time acquiring a 100% interest in the Offshore Mahakam Block. The Attaka Unit was established in April 1970 through the unitization of part of the adjacent blocks owned by INPEX and Unocal (now Chevron), with each company taking a 50% interest. Production of crude oil and natural gas has continued since 1972. INPEX farmed out 50% of its interest in the Offshore Mahakam Block to CFP (now TOTAL) in July 1970.

This venture subsequently made a series of discoveries in the Bekapai (oil), Handil (oil), Tambora (oil and gas), Tunu (gas), Peciko (gas), Sisi and Nubi (gas), as well as the South Mahakam (gas), fields, each of which has continued to produce crude oil and natural gas. The crude oil and condensate produced from these fields are shipped mainly to oil refineries and power companies in Japan by tanker from the Santan and Senipah terminals. Most of the natural gas is supplied to the Bontang LNG Plant, and then shipped as LNG to customers in Japan and elsewhere.

The Offshore Mahakam Block has begun to see output decline after more than 40 years of production. In 2012, impediments at production wells led to a large drop in output, in addition to natural attrition. Thereafter, successful steps were taken to control the decline in production. In addition to measures aimed at counteracting sand problems, INPEX accelerated the pace at which it undertook development well drilling. Production volumes have remained stable since 2013.

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
Offshore Mahakam	In production (Crude oil: 72 Mbbld, Natural gas: 1,257 MMcf/d, LPG: 11 Mbbld)	INPEX CORPORATION (February 21, 1966)	INPEX 50% TOTAL* 50%
Attaka Unit			INPEX 50% Chevron* 50%






1


2

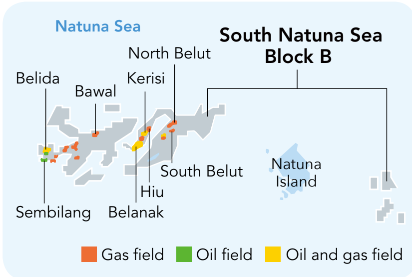
1: Compression unit 2: Production facility

❷ South Natuna Sea Block B

FPSO vessel

In July 1977, INPEX acquired a 17.5% interest in the South Natuna Sea Block B in Indonesia. Later, in January 1994, INPEX increased its total interest in the block to 35% with the purchase of an additional interest. Crude oil production began in 1979, and supplies of natural gas to Singapore via Indonesia's first international pipeline commenced in 2001. Additional deliveries of natural gas from this pipeline to Malaysia started in 2002. These supply milestones contributed to the extension of the PSC covering the block until 2028.

Production operations in the Belanak oil and gas field, which is part of South Natuna, utilize a world-class floating production, storage and offloading (FPSO) system. Production of crude oil and condensate began in December 2004, with LPG production commencing in April 2007. After 2006 at this same block, production began at the Hiu Gas, Kerisi Oil and Gas, North Belut Gas and Bawal Gas fields. Most recently, production commenced at the South Belut Gas Field in April 2014.

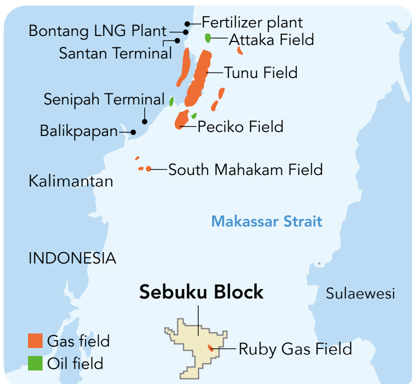


Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
South Natuna Sea B	In production (Crude oil: 27 Mbbld Natural gas: 354 MMcf/d LPG: 12 Mbbld)	INPEX Natuna, Ltd. (September 1, 1978)	INPEX Natuna 35% ConocoPhillips* 40% Chevron 25%

❸ Sebuku Block Ruby Gas Field

Offshore production facility in the Ruby Gas Field

In September 2010, INPEX obtained a 15% interest in the Sebuku Block off the shore of South Makassar, Indonesia. Thereafter, work began to develop the Ruby Gas Field in the block, and production of natural gas followed in October 2013. The natural gas produced here is transported from offshore production facilities via undersea pipeline to onshore storage facilities that receive products from the Offshore Mahakam Block. The natural gas is then mainly sent via inland pipeline to a fertilizer plant in East Kalimantan.



Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
Sebuku	In production (Natural gas: 73 MMcf/d)	INPEX South Makassar, Ltd. (May 17, 2010)	INPEX South Makassar 15% PEARL OIL (Sebuku) Ltd.* 70% TOTAL 15%

④ Abadi LNG Project

INPEX acquired a 100% interest in the Masela Block in November 1998 through an open bid conducted by the Indonesian government and subsequently went about exploratory activities as Operator, discovering the Abadi Gas Field through the first exploratory well drilled in 2000. The company subsequently drilled two appraisal wells in 2002 and four in 2007–2008, all of which confirmed the presence of gas and condensate reservoirs. In December 2010, Indonesian authorities approved the initial plan of development (POD-1) deploying a floating LNG (FLNG) plant with an annual processing capacity of 2.5 million tons, and from November 2012 to November 2014, INPEX undertook SURF (subsea, umbilical, riser and flowline) and FLNG FEED work. Meanwhile, INPEX also has studied the feasibility of full field development, drilling three appraisal wells between 2013 and 2014 with the aim of expanding the volume of recoverable reserves. Evaluations of these wells resulted in the confirmation of a substantially greater volume of natural gas reserves, which was certified by Indonesian authorities. Taking those into consideration, INPEX is studying ways to optimize development plans centered on a large-scale FLNG and is currently in discussions with the Indonesian government.

Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
Masela	Preparation for development	INPEX Masela, Ltd. (December 2, 1998)	INPEX Masela* 65% Shell 35%


1


2


3

1: Drillship for the Abadi LNG Project 2: Production test 3: Floating LNG (rendering)

4 Project Overview

5 The Ichthys LNG Project and Surrounding Blocks

Project Overview

In 1997, INPEX placed an open tender bid to acquire the petroleum exploration permit WA-285-P located approximately 200 km northwest of Western Australia's Kimberley coast. This bid was accepted in August 1998. During the initial phase of exploration, which began in March 2000, the Company drilled three exploratory wells that confirmed the presence of gas and condensate. As part of a second drilling campaign, INPEX conducted three-dimensional seismic surveys while drilling an additional two wells. These activities helped to identify the existence of sufficient recoverable reserves to warrant commercial development. Thereafter, progressive steps were taken to transition toward development. In addition to undertaking front-end engineering and design (FEED) operations, the Company channeled its energies toward acquiring government approval and engaging in LNG marketing and other related activities from 2009. A final investment decision (FID) was made in January 2012 triggering the start of fully fledged development work. In the ensuing period, INPEX has continued to engage in engineering, equipment procurement and construction work activities with respect to both onshore and offshore production facilities.

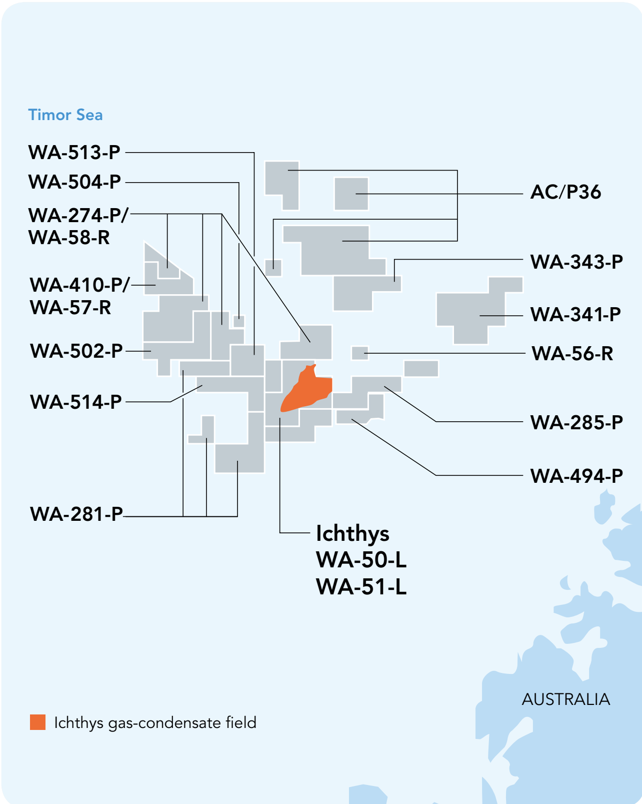
Status of Development Work

Development work was more than half complete as of June 2014 and is currently approaching its peak. Looking at the status of offshore facilities, work continues on the manufacture and installation of a subsea production system as well as the construction of a central processing facility (CPF) and a floating production, storage and offloading (FPSO) facility. Construction of modules for onshore facilities is under way at yards in China, the Philippines and Thailand. Onsite work to install the first module was undertaken in 2014 with approximately one-third of all module installation work completed as of June 2015. In Darwin, progress is being made on the construction of LNG, LPG and condensate storage tanks as well as other essential equipment and facilities including electric power generation systems and jetties to accommodate module shipment. Currently, pipe-laying work for the 889-km-long gas export pipeline (GEP) that will connect the Ichthys gas-condensate field with onshore facilities in Darwin is in progress. Following successful completion of the shallow water section in November 2014, open ocean work began from February 2015 in conjunction with the drilling of production wells.

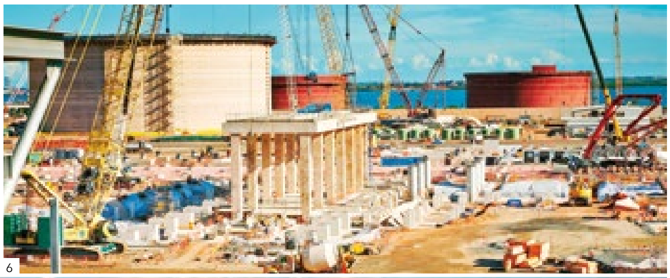
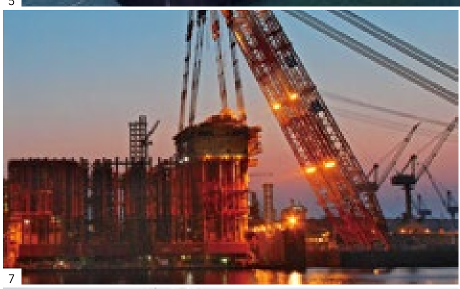
Surrounding Exploration Blocks

INPEX holds 13 exploration blocks in the vicinity of the Ichthys gas-condensate field and is currently engaging in exploration activities. Of this total, evaluation work on the gas already discovered at the three WA-56-R, WA-281-P, and WA-274-P blocks is under way. In the event that substantial amounts of crude oil and natural gas are confirmed as a result of this exploration and evaluation activity, synergies and other effects with the Ichthys LNG Project are expected to further expand business.

1: FPSO under construction 2: ENSCO5006 drilling rig for a production well 3: Subsea wellhead assembly 4: CPF construction at floating dock



Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
WA-50-L	Under development	INPEX Ichthys Pty Ltd (April 5, 2011)	INPEX Ichthys Pty* 62.245% TOTAL 30.000% CPC 2.625% Tokyo Gas 1.575% Osaka Gas 1.200% Kansai Electric Power 1.200% Chubu Electric Power 0.735% Toho Gas 0.420%
WA-51-L		INPEX Browse, Ltd. (September 1, 1998)	
WA-285-P	Under exploration		
WA-341-P		INPEX Browse E&P Pty Ltd (October 21, 2013)	INPEX Browse E&P Pty* 60% TOTAL 40%
WA-343-P			INPEX Browse E&P Pty* 60% TOTAL 40%
WA-56-R	Under exploration (Oil/gas reservoirs confirmed)		INPEX Browse E&P Pty* 60% TOTAL 40%
AC/P36	Under exploration		INPEX Browse E&P Pty* 50% Murphy 50%
WA-494-P			INPEX Browse E&P Pty* 100%
WA-274-P/ WA-58-R	Under exploration (Oil/gas reservoirs confirmed)		INPEX Browse E&P Pty 20% Santos* 30% Chevron 50%
WA-281-P	Under exploration (Oil/gas reservoirs confirmed)		INPEX Browse E&P Pty 20.0000% Santos* 47.8306% Chevron 24.8300% Beach 7.3394%
WA-410-P/ WA-57-R	Under exploration		INPEX Browse E&P Pty 20% Santos* 30% Chevron 50%
WA-502-P			INPEX Browse E&P Pty 40% Santos* 60%
WA-504-P			INPEX Browse E&P Pty 40% Santos* 60%
WA-513-P			INPEX Browse E&P Pty 40% Santos* 60%
WA-514-P			INPEX Browse E&P Pty 40% Santos* 60%


5

6

7

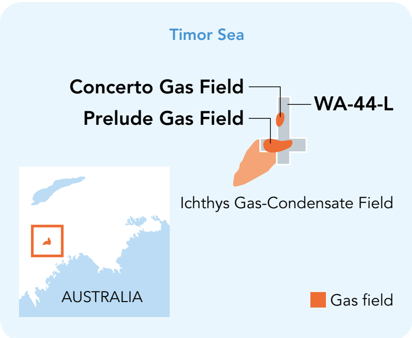
8

9

5: Gas export pipeline laying work 6: Onshore gas liquefaction plant under construction 7: CPF module installation work 8: Module of onshore liquefaction plant delivery work 9: Onshore gas liquefaction plant

❻ Prelude FLNG Project (WA-44-L Block)

In June 2012, we acquired from Shell a 17.5% interest in the Prelude FLNG Project, which is located in WA-44-L, approximately 475 km north-northeast of Broome, off the coast of Western Australia. A production, liquefaction and shipment project using FLNG, the Prelude FLNG Project consists of the Prelude and Concerto gas fields and will approximately produce 3.6 million tons per year of LNG, 400 thousand tons per year of LPG at peak and approximately 36 thousand barrels per day of condensate at peak.



Shell (the operator) made the FID on the Prelude FLNG Project, which will be the world's first FLNG project, in May 2011. Development of the Prelude FLNG Project is currently under way, with the start of production targeted at around 10 years from when the Prelude Gas Field was first discovered in early 2007.

Through its participation as a project partner in the Prelude FLNG Project, INPEX is gaining experience and knowledge about FLNG, which it expects to leverage in the Abadi LNG Project in Indonesia.

Contract area (block)	**Project status**	**Venture company** (established)	**Interest owned** (*Operator)
WA-44-L	Under development	INPEX Oil & Gas Australia Pty Ltd (February 28, 2012)	INPEX Oil & Gas Australia 17.5% Shell* 67.5% KOGAS 10.0% CPC 5.0%

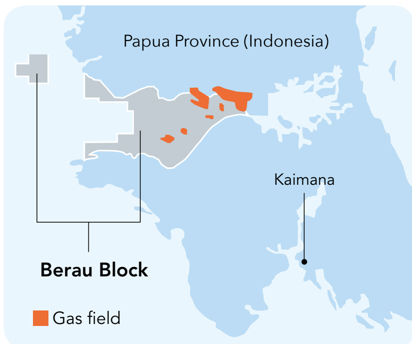
FLNG vessel

❼ Tangguh LNG Project (Berau Block)

MI Berau B.V., jointly established by INPEX and Mitsubishi Corporation, acquired an interest in the Berau Block in October 2001. In October 2007, MI Berau Japan Ltd., a joint venture with Mitsubishi Corporation, acquired a stake in KG Berau Petroleum Ltd., effectively increasing the Company's interest to around 7.79% in the Tangguh LNG Project.

In March 2005, the Indonesian Government approved an extension of the production sharing contract (PSC) and project development plans for the Tangguh LNG Project through 2035. Development work commenced thereafter, and the first shipments of LNG began in July 2009.

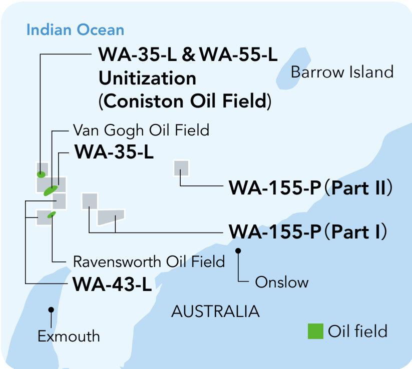
Shipping facility



Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2014)	**Venture company** (established)	**Interest owned** (*Operator)
Berau	In production (Crude oil: 6 Mbbld Natural gas: 1,027 MMcf/d)	MI Berau B.V. (August 14, 2001)	MI Berau 22.856% BP* 48.000% Nippon Oil Exploration (Berau) 17.144% KG Berau 12.000%
Tangguh Unit			MI Berau 16.30% BP* 37.16% CNOOC 13.90% Nippon Oil Exploration (Berau) 12.23% KG Berau, KG Wiriagar 10.00% LNG Japan 7.35% Repsol 3.06%

❽ Van Gogh Oil Field, Ravensworth Oil Field and Others

INPEX acquired interests in offshore Western Australia WA-155-P (Part I) in July 1999, after which the Van Gogh and Ravensworth oil fields were discovered. The Australian Government granted production licenses for the above oil fields as the WA-35-L and WA-43-L blocks, at which oil production commenced in February and August of 2010, respectively. The development of the Coniston Oil Field, which saddles WA-35-L and WA-55-L, was started in December 2011, and crude oil production commenced in May 2015.



Van Gogh FPSO vessel

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
WA-35-L (Van Gogh Oil Field)	In production (Resumed since April 2015)	INPEX Alpha, Ltd. (February 17, 1989)	INPEX Alpha 47.499% Quadrant* 52.501%
WA-43-L (Ravensworth Oil Field)	In production (Crude oil: 10 Mbbld)		INPEX Alpha 28.500% BHPBP* 39.999% Quadrant 31.501%
WA-35-L & WA-55-L Unitization area (Coniston Oil Field)	In production (Since May 2015)		INPEX Alpha 47.499% Quadrant* 52.501%
WA-35-L (excluding Van Gogh Oil Field)	Under exploration (Oil/gas reservoirs confirmed)		INPEX Alpha 47.499% Quadrant* 52.501%
WA-155-P (Part I)	Under exploration (Oil/gas reservoirs confirmed)		INPEX Alpha 28.5% Quadrant* 71.5%
WA-155-P (Part II)	Under exploration		INPEX Alpha 18.670% Quadrant* 40.665% OMV 27.110% JX 7.000% Tap 6.555%

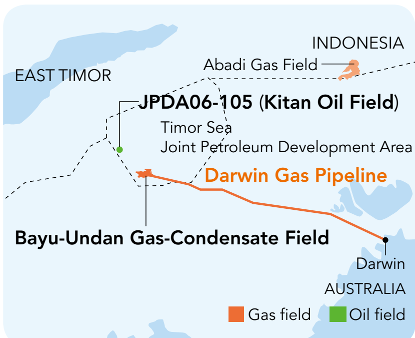
❾ Bayu-Undan Project (JPDA03-12 Block) and Kitan Oil Field (JPDA06-105 Block)

In April 1993, INPEX acquired an interest in JPDA03-12, a contract area located in the Timor Sea JPDA, which is jointly managed by Australia and East Timor. Exploration within this contract area resulted in the discovery of oil and gas fields. Of these, studies revealed that the Undan structure and the Bayu structure in the adjacent JPDA03-13 contract area were a single structure. The interest holders unitized both contract areas in 1999, allowing joint development of the Bayu-Undan Gas-Condensate Field to proceed. The commercial production and shipment of condensate and LPG started in 2004, and LNG in February 2006.

The presence of oil was confirmed through exploration drilling of the Kitan-1 and Kitan-2 wells in March 2008 in the JPDA06-105 contract area, which INPEX acquired in January 1992. Thereafter, we obtained approval for the final development plan from the Timor Sea JPDA authorities in April 2010. After development work, production at the Kitan Oil Field commenced in October 2011.

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
JPDA03-12	In production (Crude oil: 24 Mbbld, Natural gas: 519 MMcf/d, LPG: 14 Mbbld)	INPEX Sahul, Ltd. (March 30, 1993)	INPEX Sahul 19.2458049% ConocoPhillips* 61.3114766% Santos 19.4427185%
Bayu-Undan Unit			INPEX Sahul 11.378120% ConocoPhillips* 56.943372% Eni 10.985973% Santos 11.494535% Tokyo Timor Sea Resources (TEPCO/Tokyo Gas) 9.198000%
JPDA06-105 (Kitan Oil Field)	In production (Crude oil: 6 Mbbld)	INPEX Timor Sea, Ltd. (November 25, 1991)	INPEX Timor Sea 35% Eni* 40% Repsol 25%

Kitan Oil Field (Production test)



Eurasia

The Company's activities in this region revolve mainly around the ACG projects in Azerbaijan and the Kashagan project in Kazakhstan, large-scale oil projects. The Company has been aggressively exploring for resources with the acquisition of exploration projects in Greenland and the Far East region of Russia.

1 Offshore North Caspian Sea Contract Area (Kashagan Oil Field and Others)

In September 1998, INPEX acquired an interest in the Offshore North Caspian Sea Contract Area in Kazakhstan's territorial waters. The Offshore North Caspian Sea Contract Area consists of two blocks: the East Block is about 4,300 km^2 and the West Block is about 1,275 km^2 in area (for a total of about 5,575 km^2). The Kashagan Oil Field, which is in the East Block, is located in the Caspian Sea at depths of 3–5 m and is approximately 75 km southeast of Atyrau, Kazakhstan.

Since the first exploratory well was drilled in September 1999, the Kashagan Oil Field was confirmed in 2000 and commercial discoveries were announced in 2002. After development work, the Kashagan Oil Field began producing crude oil in September 2013, but production was suspended due to gas leaks from the pipeline.

Besides the Kashagan field, hydrocarbon reserves were also confirmed in four other structures: Kalamkas, Aktote, Kairan and Kashagan Southwest. Appraisal of these structures is continuing in parallel with the development of the main Kashagan field with a view to expanding the total production of the contract area.

Offshore facility

Contract area (block)	Project status	Venture company (established)	Interest owned
Offshore North Caspian Sea	Production under suspension	INPEX North Caspian Sea, Ltd. (August 6, 1998)	INPEX North Caspian Sea 7.56% Eni 16.81% ExxonMobil 16.81% KMG 16.87% Shell 16.81% TOTAL 16.81% CNPC 8.33%

❷ ACG Oil Fields

Offshore production facilities

INPEX acquired an interest in the Azeri-Chirag-Gunashli (ACG) Oil Fields in a region of the south Caspian Sea in Azerbaijan in April 2003. At the ACG Oil Fields, oil is being produced at the Chirag, the Central Azeri, the West Azeri, the East Azeri, the Deepwater Gunashli and the West Chirag.

Contract area (block)	**Project status** (production on the basis of all fields and average rate of FY2014)	**Venture company** (established)	**Interest owned** (*Operator)
ACG	In production (Crude oil: 642 Mbbld)	INPEX Southwest Caspian Sea, Ltd. (January 29, 1999)	INPEX Southwest Caspian Sea 10.96% BP* 35.78% Chevron 11.27% SOCAR 11.65% Statoil 8.56% ExxonMobil 8.00% TPAO 6.75% Itochu 4.30% ONGC 2.72%

❸ BTC Pipeline Project

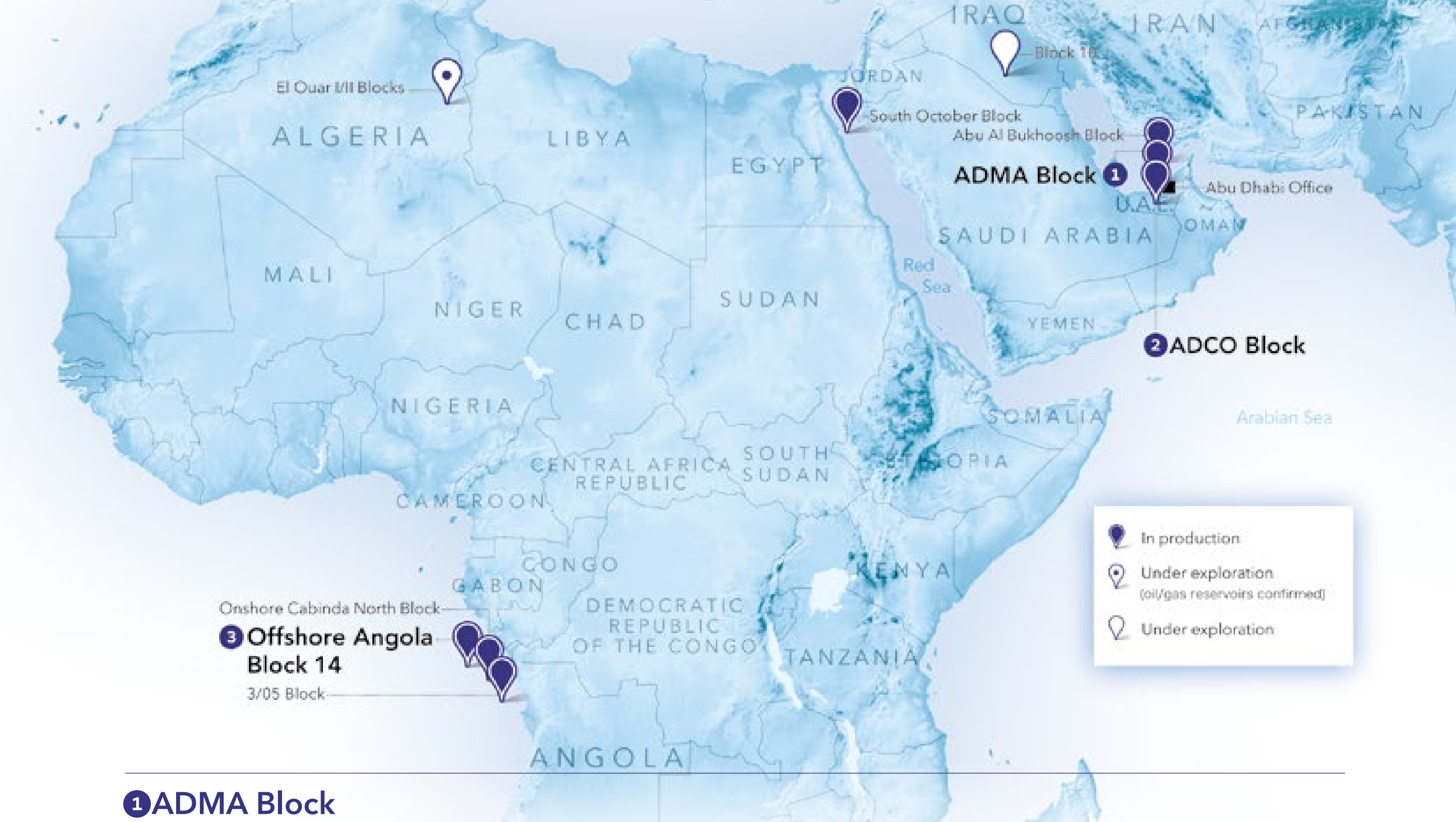
The 1,770-km BTC pipeline stretches from Baku in Azerbaijan on the coast of the Caspian Sea to Ceyhan in Turkey. Full-scale operation commenced in June 2006. Total transportation capacity stands at 1.2 million barrels per day, mainly for crude oil produced in the ACG Oil Fields in Azerbaijan.

Contract area (block)	**Venture company** (established)	**Interest owned** (*Operator)
BTC Pipeline	INPEX BTC Pipeline, Ltd. (October 16, 2002)	INPEX BTC Pipeline 2.50% BP* 30.10% Azerbaijan (BTC) Limited 25.00% Chevron 8.90% Statoil 8.71% TPAO 6.53% Eni 5.00% TOTAL 5.00% Itochu 3.40% ConocoPhillips 2.50% ONGC 2.36%

Shipping terminal

Middle East & Africa

In the Middle East, the ADMA Block in Abu Dhabi in the United Arab Emirates and the ADCO Block, in which INPEX took up a participating interest from April 2015, are contributing substantially to the Company's oil production capacity. In Africa, oil production is ongoing at various locations including the Offshore Angola Block 14.

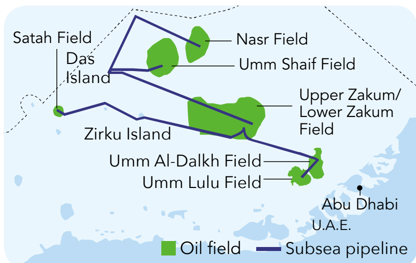


1 ADMA Block

Zirku Island

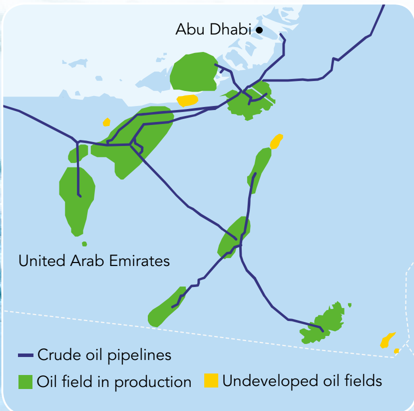
In May 2004, INPEX made Japan Oil Development Co., Ltd. (JODCO), a wholly owned subsidiary by acquiring all of the JODCO shares held by Japan National Oil Corporation (at that time) through a share exchange. JODCO owns an interest in the ADMA Block located offshore Abu Dhabi in the United Arab Emirates. Oil production currently spans seven fields in the block.

In addition, a number of development projects are under way to maintain and expand oil output, such as redevelopment of the Upper Zakum Oil Field involving the use of artificial islands, as well as Phase 2 development and other work, with the aim of engaging in early production at the Umm Lulu and Nasr oil fields.



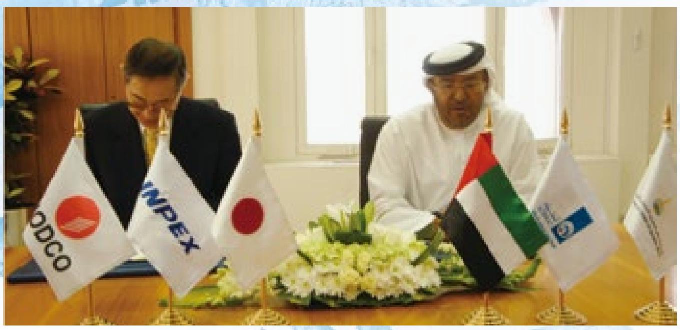
Contract area (block)	**Project status**	**Venture company** (established)	**Interest owned**
Umm Shaif, Lower Zakum, Umm Lulu Field, Nasr Field	In production	Japan Oil Development Co., Ltd. (JODCO) (February 22, 1973)	JODCO 12.00% ADNOC 60.00% BP 14.67% TOTAL 13.33%
Upper Zakum Field			JODCO 12.00% ADNOC 60.00% ExxonMobil 28.00%
Umm Al-Dalkh Field			JODCO 12.00% ADNOC 88.00%
Satah Field			JODCO 40.00% ADNOC 60.00%

2 ADCO Onshore Concession



Through its wholly owned subsidiary, Japan Oil Development Co., Ltd. (JODCO), INPEX acquired a 5% interest in the ADCO Onshore Concession in Abu Dhabi in April 2015 following its participation bid. The Company also concluded a 40-year agreement with the Supreme Petroleum Council of the Emirate of Abu Dhabi and Abu Dhabi National Oil Company (ADNOC) that came into effect on January 1, 2015. The concession is made up to 15 principal onshore oil fields in Abu Dhabi of which 11 are currently in production and four remain undeveloped. Combined, these fields make up one of the world's largest deposits of oil producing 1.6 million barrels per day. Steps are being taken to pursue development work with the aim of increasing oil production to 1.8 million barrels per day by 2017.

Contract area (block)	Project status	Venture company (established)	Interest owned
ADCO	In production	JODCO Onshore Limited (April 15, 2015)	JODCO 5%, etc.



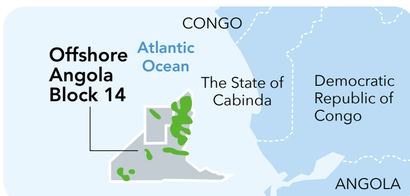
Concession agreement signing ceremony held in April 2015

Onshore pipeline

3 Offshore Angola Block 14

Production facility

Participating through a joint venture company with TOTAL S.A., INPEX acquired a 9.99% indirect interest in the oil producing Angola Block 14 in February 2013. Block 14 is located approximately 100 km offshore from Cabinda, Angola. It is an oil-producing block that includes discovered undeveloped fields. Crude oil is currently being produced from three development areas. At the same time, energies are being channeled toward the development of certain discovered undeveloped fields. In this manner, steps are being taken to pursue exploration potential within the block.



Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
Offshore Angola Block 14	In production (Crude oil: 118 Mbbld)	Angola Block 14 B.V. (April 19, 2012)	Angola Block 14 B.V. 20.00% (including 9.99% of INPEX's interest) Chevron* 31.00% Sonangol 20.00% Eni 20.00% Galp 9.00%

4 Project Overview

Americas

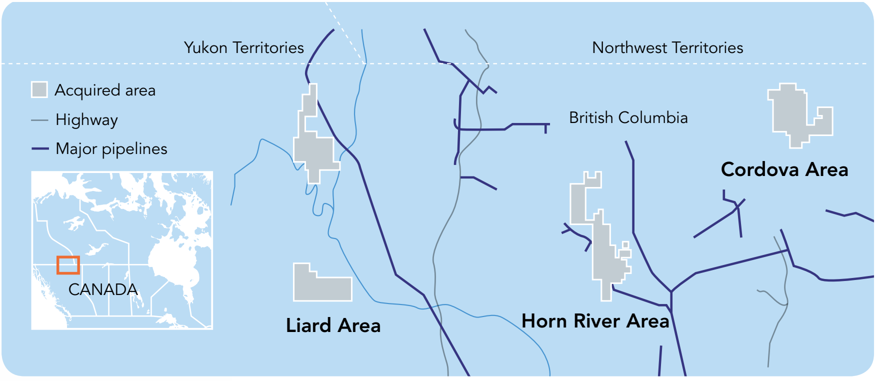
In Canada, INPEX participates in shale gas projects and others. The Company is also engaged in a major deepwater exploration project in the U.S. Gulf of Mexico (Lucius), projects in Venezuela and offshore oil projects in Brazil.

❶ Shale Gas Project in Canada

In August 2012, INPEX acquired a 40% interest in the shale gas projects in the Horn River, Cordova and Liard basins in British Columbia, Canada, from Nexen Inc.

The shale gas projects in the Horn River, Cordova and Liard basins contain discovered and undeveloped shale gas. We will proceed with development work and are aiming for production of a maximum of 1,250 million cubic feet per day (approximately 200 thousand boed).

The shale gas that is produced will be converted into LNG with studies under way to consider commercialization through exports from the Canadian west coast.



Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
Horn River, Cordova and Liard areas	In production (partly)	INPEX Gas British Columbia Ltd. (November 28, 2011)	INPEX Gas British Columbia 40% Nexen* 60%


1


2


3

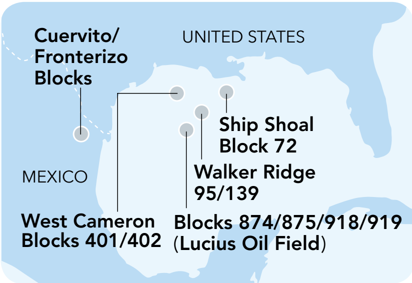
1: Drilling site 2: Finishing operation 3: Hydraulic fracturing site

4 Project Overview

❷ U.S. Gulf of Mexico Projects and Others

In August 2012, INPEX acquired a 7.2% interest from Anadarko Petroleum Corporation in the Lucius Oil Field in the deepwater of the Gulf of Mexico. Oil and gas production commenced at the Lucius Oil Field in January 2015.

We participated in the deepwater exploration blocks of Walker Ridge 95/139 in the Gulf of Mexico in February 2011. In exploratory work since then, the Yucatan North-1 exploratory well was drilled and confirmed the presence of crude oil in an about 36-m thick sandstone bed formation. We are analyzing data obtained thus far and are working with our partners on more exploration and appraisal activities.



Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
Blocks 874/875/918/919 (Lucius Oil Field)	In production (Crude oil: 6 Mbbld, Natural gas: 5 MMcf/d)	Teikoku Oil (North America) Co., Ltd. (May 30, 2003)	Teikoku Oil (North America) 7.8% Anadarko* 23.8% Other 68.4%
Ship Shoal Block 72	In production (Natural gas: 3 MMcf/d)		Teikoku Oil (North America) 25.0% PetroQuest* 42.5% Other 32.5%
West Cameron Blocks 401/402			Teikoku Oil (North America) 25.0% PetroQuest* 38.0% Other 37.0%
Walker Ridge Blocks 95/139	Under exploration (Oil/gas reservoirs confirmed)	INPEX Gulf of Mexico Co., Ltd. (April 28, 2010)	Teikoku Oil (North America) 12.29% Shell* 57.37% Other 30.34%


1


2


3

1,3: Lucius Oil Field 2: Cuervito Block in Mexico

❸ Copa Macoya and Guarico Oriental Blocks


Gas plant

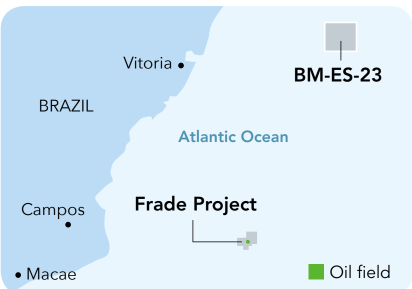
INPEX was awarded a 100% interest in a central onshore area, the East Guarico Block in Venezuela, in July 1992. INPEX participated in oil and natural gas field rehabilitation, exploration and development activities as an operator. Thereafter, the existing operational service agreements were changed to joint venture agreements in 2006. Around the same time, the East Guarico Block was newly reconfigured into a gas business in the Copa Macoya Block and a crude oil business in the Guarico Oriental Block. In addition, the agreement period of both agreements was extended to 2026 as a result of the change to joint venture agreements.

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
Copa Macoya	In production (Crude oil: 1 Mbbld Natural gas: 52 MMcf/d)	Teikoku Oil and Gas Venezuela, C.A. (June 7, 2006)	Teikoku Oil and Gas Venezuela* 70% PDVSA Gas 30%
Guarico Oriental			Teikoku Oil and Gas Venezuela 30% PDVSA CVP* 70%

❹ Brazil (Frade Block, Other)

Frade Japão Petróleo Limitada (FJPL), a joint venture established by INPEX and Sojitz Corporation, acquired an interest in the Frade Block in Brazil's offshore Northern Campos basin in July 1999. Commercial production started in June 2009. Production was temporarily suspended in March 2012 due to the presence of a small oil sheen but safely resumed at the end of April 2013.

In addition, INPEX is engaging in joint exploration activities with various entities including Petróleo Brasileiro S.A., which serves as project operator, at the BM-ES-23 concession in the Espírito Santo Basin offshore Brazil. As a result of appraisal well drilling conducted from 2014 and over 2015, quality oil deposits were discovered at shallower and deeper depths. Plans are in place to consider the potential for commercial production.



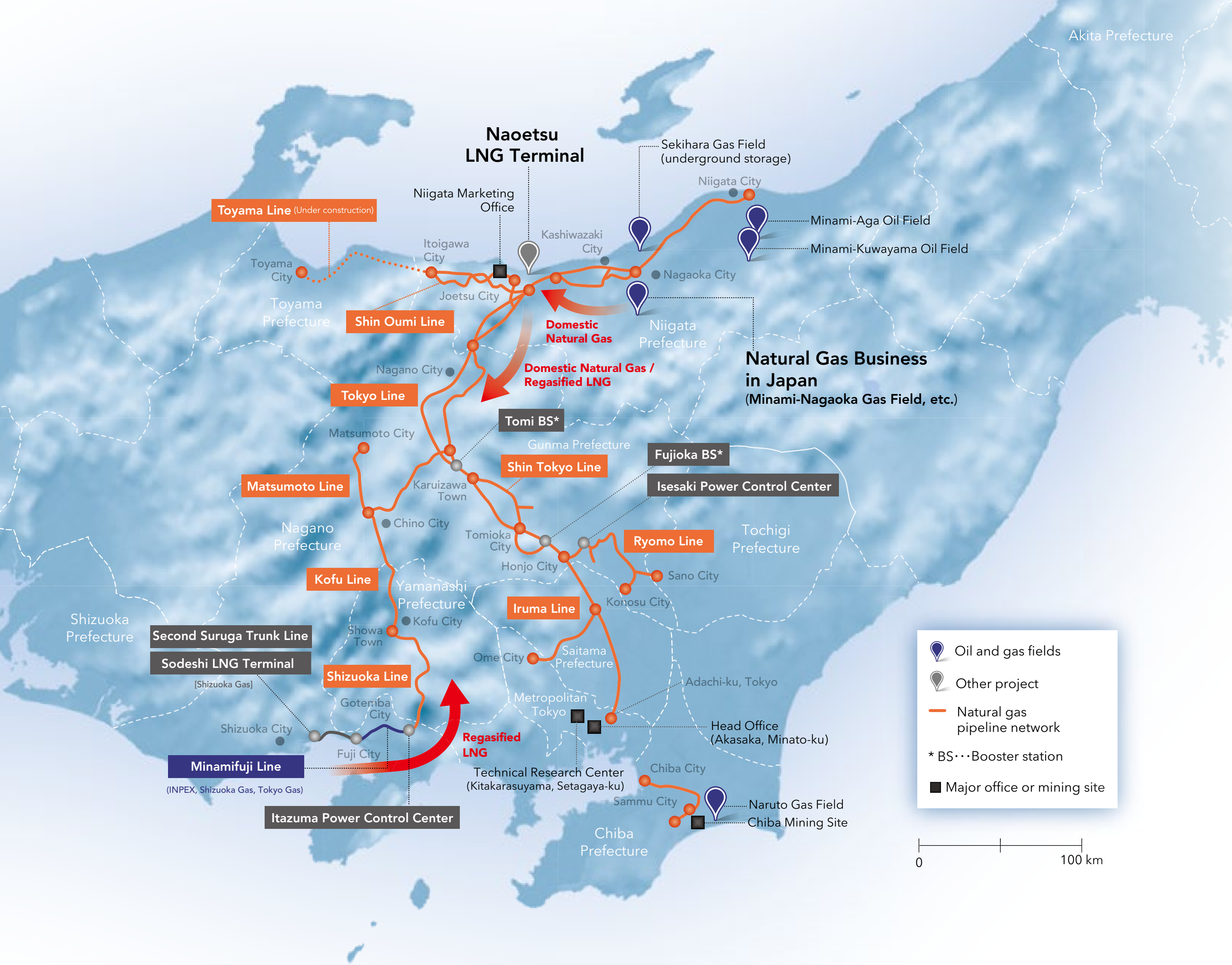

FPSO vessel in the Frade Block

Contract area (block)	Project status (production on the basis of all fields and average rate of FY2014)	Venture company (established)	Interest owned (*Operator)
Frade Project	In production (Crude oil: 27 Mbbld Natural gas: 3 MMcf/d)	Frade Japão Petróleo Limitada (FJPL) (July 5, 1999)	Frade Japão Petróleo 18.2609% Chevron* 51.7391% Petrobras 30.0000%
BM-ES-23	Under exploration (Oil/gas reservoirs confirmed)	INPEX Petróleo Santos Ltda. (January 19, 2007)	INPEX Petróleo Santos 15% Petrobras* 65% PTTEP 20%

4 Project Overview

Japan

INPEX is active in the Minami-Nagaoka Gas Field in Niigata Prefecture, one of the largest of its kind in Japan, and participates in other oil and natural gas projects. In addition, the Company operates a domestic trunk pipeline network of approximately 1,400 km. INPEX also commenced operation at Naoetsu LNG Terminal in December 2013.



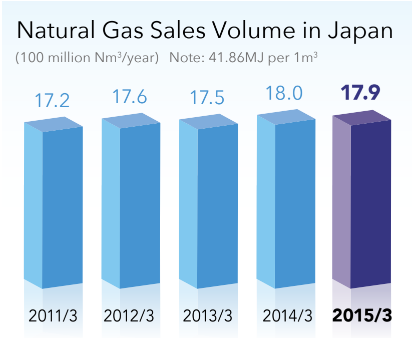
Natural Gas Business in Japan

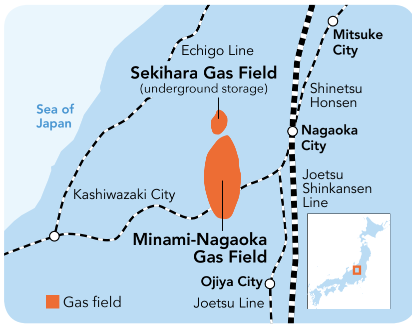
In its natural gas business in Japan, the natural gas produced from the Company-held Minami-Nagaoka Gas Field (Niigata Prefecture) as well as the LNG and other products received at the Naoetsu LNG Terminal (Niigata Prefecture), which commenced operations in December 2013, are transported through a trunk pipeline network of approximately 1,400 km stretching across the Kanto and Koshinetsu regions, and sold to customers including city gas companies and large-scale plants along the aforementioned network.

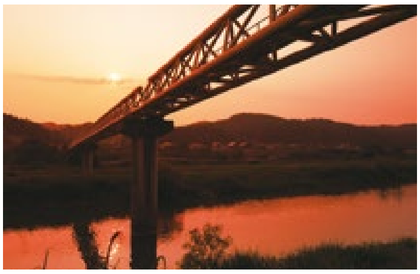
INPEX has experienced steady growth in sales of natural gas volume due to sharp rises in the prices of competing fuels, as well as the highly environmentally friendly attributes of natural gas. In addition to its role as a fuel for thermal energy, natural gas is expected to be used for a wide variety of applications, such as a fuel for onsite power generation and co-generation, as well as a raw material for chemical products. INPEX targets annual sales of 2.5 billion m³ by the early 2020s and as much as 3.0 billion m³ over the long term.

To achieve these targets, INPEX is advancing construction work on the Toyama Line (extending from Itoigawa City, Niigata Prefecture, to Toyama City, Toyama Prefecture) with a view to completion in mid-2016. In the lead-up to the full deregulation of electric power retail sales in April 2016, the Company has at the same time commenced steps to consider new initiatives with respect to electric power business activities with the aim of collaborating with various parties including city gas companies along its network.

At the Naruto Gas Field in Chiba Prefecture, natural gas is being produced from water-soluble gas fields. After extracting natural gas from underground water (brine water), the brine water is used to produce iodine, which is exported to Europe, the United States and elsewhere.






Natural gas pipeline that crosses a river (Shibumi River, Niigata Prefecture)

Renewable Energy and Other Initiatives

Power Generation Business in Japan

In March 2013, the Company began generating electricity at INPEX Mega Solar Joetsu, a solar power plant with a maximum output of 2 MW, located on the former site of an oil refinery that it shut down in Joetsu City, Niigata Prefecture. In 2014, steps were taken to construct a new solar power plant with output of 2 MW next to this site. Power generation began from July 2015. We estimate that these two solar power plants will generate around 5,330,000 kWh annually, enough electricity to power 1,600 homes.

In addition, INPEX constructed a high-efficiency gas turbine combined cycle thermal power plant with output of about 55,000 kW next to its Koshijihara plant in Niigata Prefecture, and has been supplying electricity on a wholesale basis to power producers and suppliers (PPS) since May 2007.

Geothermal Development

Geothermal power is the generation of electricity with turbines powered by steam produced from the thermal energy of magma underground.

Since 2011, INPEX and Idemitsu Kosan Co., Ltd., have been jointly conducting geothermal surveys in the Amemasudake region of Hokkaido Prefecture and the Oyasu region of Akita Prefecture. The two companies were joined by Mitsui Oil Exploration Co., Ltd., in 2012, and drilling of one survey well in the Amemasudake region and two survey wells in the Oyasu region commenced during 2013. In 2014, the drilling of three survey wells was undertaken across the two regions. We plan to continue conducting geothermal resource surveys by drilling survey wells of a similar scale in both of these regions going forward. In addition, INPEX is a member of the geothermal resource survey group in Fukushima Prefecture and has been conducting land surveys in areas surrounding Mt. Bandaisan since September 2013.

Moreover, INPEX took steps to participate in the Sarulla Geothermal Independent Power Producer (IPP) Project in Indonesia from June 2015. The project involves constructing a geothermal power plant with a maximum capacity of 330 MW in the Sarulla Geothermal Field located in North Sumatra Province, and providing generated power to Indonesia's government-owned electricity company over a period of 30 years. Construction of the power generation plant began in 2014. Energies are being channeled toward the progressive start of commercial operations from 2016.


Sarulla Geothermal Independent Power Producer (IPP) Project

Research of Methane Hydrate Resource in Japan

A type of unconventional natural gas, methane hydrate is a solid crystal structure with methane trapped inside. Deposits of methane hydrate have been confirmed along the coastline of Japan, but its extraction is technologically challenging. Experts have said that more time is needed to develop economically viable technologies.

INPEX participates in research and survey activities as do related committees led by the national government. Leveraging its technologies accumulated in upstream operations, INPEX has been contributing to solving the technological challenges for extracting methane hydrate, especially in the field of subsea production equipment.

Sustainability

INPEX aims to further enhance its reputation as a company essential to society by contributing to economic growth and social development through its business operations. Fulfilling our corporate social responsibility (CSR) is a vital plank in the platform that supports our existence and business. Each year, we take steps to evaluate the progress of our CSR activities and to push forward all appropriate measures from a medium- to long-term perspective.

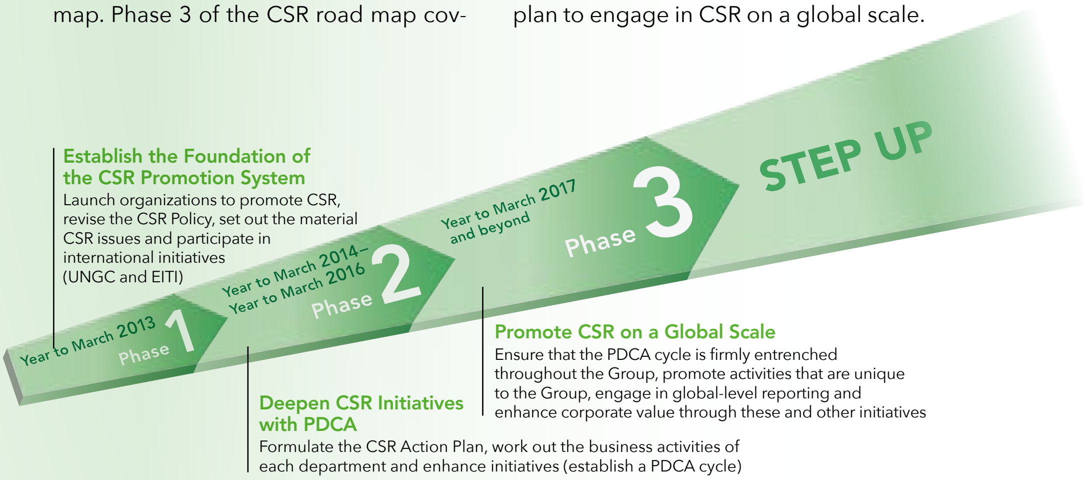
1. Material CSR Issues

As a global energy company that aims to constantly expand its upstream operations, in April 2012 the Company identified material CSR issues that it would tackle on a priority basis in a bid to gain the trust of all stakeholders. INPEX revised its existing material CSR issues and added corporate governance to bring the total number of issues to six for the year ended March 31, 2015. From the year ending March 31, 2016, the Company will work to enhance its CSR management in line with its revised material CSR issues.

In this section of the annual report 2015, we provide details of the Material CSR issues and the progress of these for the year ended March 31, 2015, as well as explain our plans from the year ending March 31, 2016. Please refer to the Company's Sustainability Report 2015 for details of specific initiatives by issue.

2. CSR Activity Road Map

For the continuous enhancement of CSR activities, we have established a medium-term action plan called the CSR road map. Phase 3 of the CSR road map covers the period that coincides with the start of production at the Ichthys LNG Project. It is during this phase that we plan to engage in CSR on a global scale.

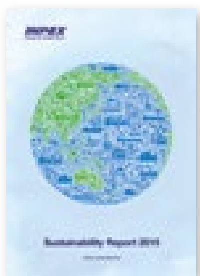


About the Sustainability Report 2015

INPEX publishes its Sustainability Report annually to keep its stakeholders informed of its CSR initiatives and activities. To help our stakeholders efficiently and effectively understand the value that our Company creates, we have prepared different types of reports in 2015 (a digest edition, a full edition and a Web edition) responding to various needs, based on the material CSR issues specified in 2012 as our guide.

Readers can access and order each of these reports via the Company's CSR Web site.

▸ www.inpex.co.jp/english/csr/



Material CSR Issue

Compliance

Comply with laws and social norms (including human rights)

HSE Initiatives

Practice safety management and environmental protection with respect to operations

Community Contribution

Build trust and contribute to local communities (including education)

Greenhouse Gas Countermeasures

Address climate change

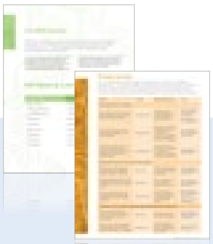
Employee Development

Develop and utilize human resources as a global company

An overview of the material CSR issues, vision, results for the year ended March 31, 2015, and plans for the year ending March 31, 2016, are presented briefly as follows.

Overview of the Key CSR Issues

- **Observe international and social norms** that include laws, regulations and other rules related to human rights



Put in place a Reconciliation Action Plan (RAP) as a part of efforts to promote cooperation with the indigenous people of Australia (June 2015)

- Reduce the environmental impact of daily operations, take steps to mitigate environmental risks and engage in activities that help to conserve biodiversity
- **Ensure safety** across every facet of business activities

Ichthys HSE CEO forum

- Strive to communicate with governments, local residents, NGOs and other public stakeholders
- Approach all stakeholders after fully grasping the needs of local communities and **taking into consideration the impact of business activities; take all appropriate measures** (including efforts to provide local residents with relevant education)

Social contribution in local communities

- **Promote research, development and practical application of renewable energy and fossil fuel technologies (including technologies that separate, capture and store CO_2 (CCS), as well as technologies to generate methane); promote the CO_2 offset program** (including forest protection and the planting of trees)

GHG Management working group

- **Employ talented people, treat them with respect and assign them to positions** to which they are suited **without discrimination** on the basis of culture, national origin, creed, race, gender or age

Diversity workshop in Australia

Vision

- Go beyond simply complying with laws and regulations to being properly **attentive to various social norms including those of where we operate**
- Ensure that directors and employees take the initiative and engage in **activities that reflect high ethical standards** to win the trust of society

- **Ensure the safety of all employees** and related parties including contractors, and **conduct operations without allowing major accidents**
- Make every effort to minimize environmental impact beyond legal and regulatory requirements, and conduct operations while being attentive to environmental risks such as those posed by leakages and biodiversity

- Conduct business in a manner that **contributes to the societal growth of the communities within which the Company operates while respecting local cultures and customs, etc.**

- Engage in operations while taking into consideration the impact on climate change
- **Develop and supply a diverse range of energies that help to combat climate change** while promoting further advances in technologies

- **Actively develop and utilize human resources suited to the conduct of operations globally**
- **Achieve a proper balance between business growth and employee satisfaction**

Material CSR Issues (Continued)

Major Activity Fields	Results for the Year Ended March 2015
•Strengthen Compliance; Respect Human Rights, etc.	•Published and distributed the Code of Conduct Guidance; held briefings for personnel in charge of promoting compliance •Put in place and enforced Anti-bribery and Anti-corruption (ABC) Guidelines; conducted in-house training •Introduced the ABC due diligence program covering contract and purchasing processes in Australia •Conducted ABC training for all employees in Australia •Put in place and enforced an ABC Policy; conducted training for employees in Indonesia •Participation in CSR training (e-learning) including human rights by 94% of employees in Japan •Run Global Compact Japan network working group meetings as the managing company •Participated in IPIECA working group meetings •Disclosed payment information to EITI member countries
•Strengthen Environmental Management; Maintain Safety and Protect Biodiversity	•Took steps to secure third-party verification of environmental performance data in Japan (GHG emissions, energy use, water consumption and wastewater discharged) •Implemented various environmental management plans for the Ichthys LNG Project •Completed HSE audits at subsidiaries in Malaysia, Venezuela, and Suriname •Revised HSE Risk Management Guidelines; took steps to promote and explain to operating organizations •Achieved the fiscal 2014 incidence index targets: LTIF: 0.15; TRIR: 1.24 •Conducted HSE forums between contractors with respect to the Ichthys LNG Project •Participated in the Biodiversity and Eco System Working Group run jointly by IOGP/IPIECA •Conducted an environmental monitoring program for the Ichthys LNG Project •Conducted an ocean environmental impact study for the Naoetsu LNG Terminal •Conducted a field survey for the Abadi LNG Project
•Reduce the Impact of Operations on Local Communities; Participate in Community Events and Contribute to Society	•Put in place a Social Impact Management Plan (SIMP) and periodically reported the status of implementation to the Australian government •Obtained an environmental permit for the Abadi LNG Project •Implemented environmental management and monitoring plans as stipulated under environmental approvals; submitted implementation reports to local authorities for the Abadi LNG Project •Conducted environmental and social baseline surveys based on international guidelines such as IFC Performance Standards for the Abadi LNG Project •Provided update information for stakeholders with respect to the Ichthys LNG Project (over 100 times) •Achieved a 60% local recruitment rate for the onshore facility construction workforce for the Ichthys LNG Project •Supported over 50 community programs in Australia •Accepted 13 student interns; provided post-graduate endowments; provided student support
•Address Climate Change	•Established the GHG Management Working Group within the Corporate HSE Committee •Promoted Companywide activities, conducted GHG emission forecasts and determined annual GHG-related risk management process through activities undertaken by the GHG Management Working Group •Newly constructed INPEX Mega Solar Joetsu, a solar power generation facility •Concluded a participation agreement in the geothermal power generation business in Sarulla, Indonesia •Undertook investments of ¥870 million relating to strengthening renewable energy initiatives and R&D for new technology
•Recruit and Train a Global Workforce; Promote Diversity	•Put in place the INPEX Values; conducted briefings at business sites •Established the Global HR / Diversity & Inclusion Group within the Company's head office •Put into effect the Global Mobility Guidelines; applied persons hired in Australia at business sites in other countries (track record: 4 assignments) •Conducted various training programs under the Company's training structure and systems (group training for newly recruited employees, training for general staff, management training, and specialized skills training) •Results for training of young and mid-level engineering personnel: cumulative total of 7 persons trained at project sites in Japan and 20 persons trained at overseas offices and project sites •Hired 3 foreign new graduates; hired 8 foreign mid-career employees; hired 5 foreign contract employees; percentage of persons with disabilities to total employees: 2.05% •Conducted equal employment opportunity (EEO) and cross-cultural awareness training in Australia •Took steps to reflect the results of the employee engagement survey to improve the workplace environment

Plans for the Year Ending March 2016


Aboriginal Cultural Awareness Training in Australia

- Promote global compliance (put in place and support compliance systems at each overseas offices); strengthen collaboration between the head office and overseas offices
- Continue to provide ABC training
- Strengthen ABC due diligence processes in Australia
- Continue to conduct ABC training in Australia
- Put in place detailed administration and management rules regarding ABC Policies and ensure widespread awareness within the workplace in Indonesia
- Continue to participate in the Global Compact, EITI and IPIECA


Coral monitoring at Darwin Harbour

- Expand the boundaries and scope of third-party verification of HSE performance data
- Continue to monitor the impact of construction work on environment at the Ichthys LNG Project
- Achieve a compliance rate of 90% or higher with respect to the requirements stipulated under the Corporate HSE Procedures; reinforce HSE audits in order to firmly entrench HSEMS administration and management
- Draw up emergency response plans on the basis of the worst-case scenarios for a variety of emergencies and crises
- Promote HSE activities with contractors to eliminate incidents across the Company as a whole (targets: LTIF: 0.20; TRIR: less than 0.85)
- Undertake a cross-organizational HSE support project; lift the level of HSE leadership
- Continue to participate in the Biodiversity and Eco System Working Group jointly run by IOGP/IPIECA
- Continue biodiversity conservation monitoring
- Commence drawing up impact assessment and action plans for the Abadi LNG Project


Sponsored course at
the Hitotsubashi University Graduate School

- Monitor the status of SIMP implementation
- Commence drawing up the environmental and social impact assessment (ESIA) and environmental and social action plans (ESAPs) based on international guidelines such as the IFC Performance Standards
- Continue to provide information to stakeholders on the Ichthys LNG Project
- Continue to support local businesses and employment through the Ichthys LNG Project
- Continue to support community programs
- Continue to offer summer internships to undergraduates and post-graduates majoring in the sciences
- Continue to provide post-graduate endowments


INPEX Mega Solar Joetsu

- Introduce a series of processes for management climate change risk of the entire Group
- Continue to promote the commercialization of renewable and other energies
- Work toward realizing commercial viability of the geothermal power generation project in Sarulla, Indonesia
- Continue to engage in business investments to strengthen renewable energy initiatives


Diversity workshop in Australia

- Build a globally common human resource platform
- Ensure the widespread penetration and entrenched use of the INPEX Values; foster shared values among employees
- Promote personnel transfers between bases in Japan and overseas
- Continue to conduct various training programs under the Company's training structure and systems
- Continue to improve awareness toward technological capability and strengthen training initiatives
- Continue to promote diversity (promote the employment of women, non-Japanese citizens, and the disabled)
- Continue training aimed at promoting diversity
- Continue to conduct employee engagement surveys to build a better workplace

Corporate Governance (As of July 1, 2015)

INPEX works to enhance its corporate governance in order to raise its corporate value; continue to exist as a corporation that is trusted by our shareholders, other stakeholders and all of society.

Overview of the Corporate Governance Structure

INPEX has adopted an Audit & Supervisory Board Member structure, under which Audit & Supervisory Board members audit the execution of operations, which are in turn carried out by directors well versed in their field. In addition, the Company has introduced an Executive Officer System to pursue the management with agility and efficiency. INPEX frequently engages in negotiations with the governments of oil-producing countries and overseas oil companies. This necessarily requires internal directors and executive officers that have both a sound knowledge of the Company and their particular field of expertise. Internal directors in principle hold the concurrent position of executive officers. By adopting this concurrent organizational structure, the Company's Board of Directors is better placed to execute operations in an efficient manner. At the same time, this structure helps to ensure effective operating oversight.

In addition to enhancing the transparency of management and bolstering the ability of the Board of Directors to carry out its supervisory function, INPEX has appointed five of its 15-member Board of Directors from outside the Company. Through this initiative, steps have been taken to ensure that management issues are considered and deliberated with a greater degree of objectivity. Moreover, four of the Company's five Audit & Supervisory Board members are also appointed from external sources. In addition to putting in place a Audit & Supervisory Board, INPEX has set up the Secretariat of Audit & Supervisory Board Member and deployed dedicated Secretariat staff and is reinforcing collaboration between Audit & Supervisory Board members and the Audit Unit, as well as independent auditors.

Overview of the Corporate Governance Structure

Organizational structure .... Company with Audit & Supervisory Board Member

Directors
Number of directors as stipulated by the Articles of Incorporation .... up to 16
Number of directors (number of outside directors) 15 (5)
Term of office .... 1 year

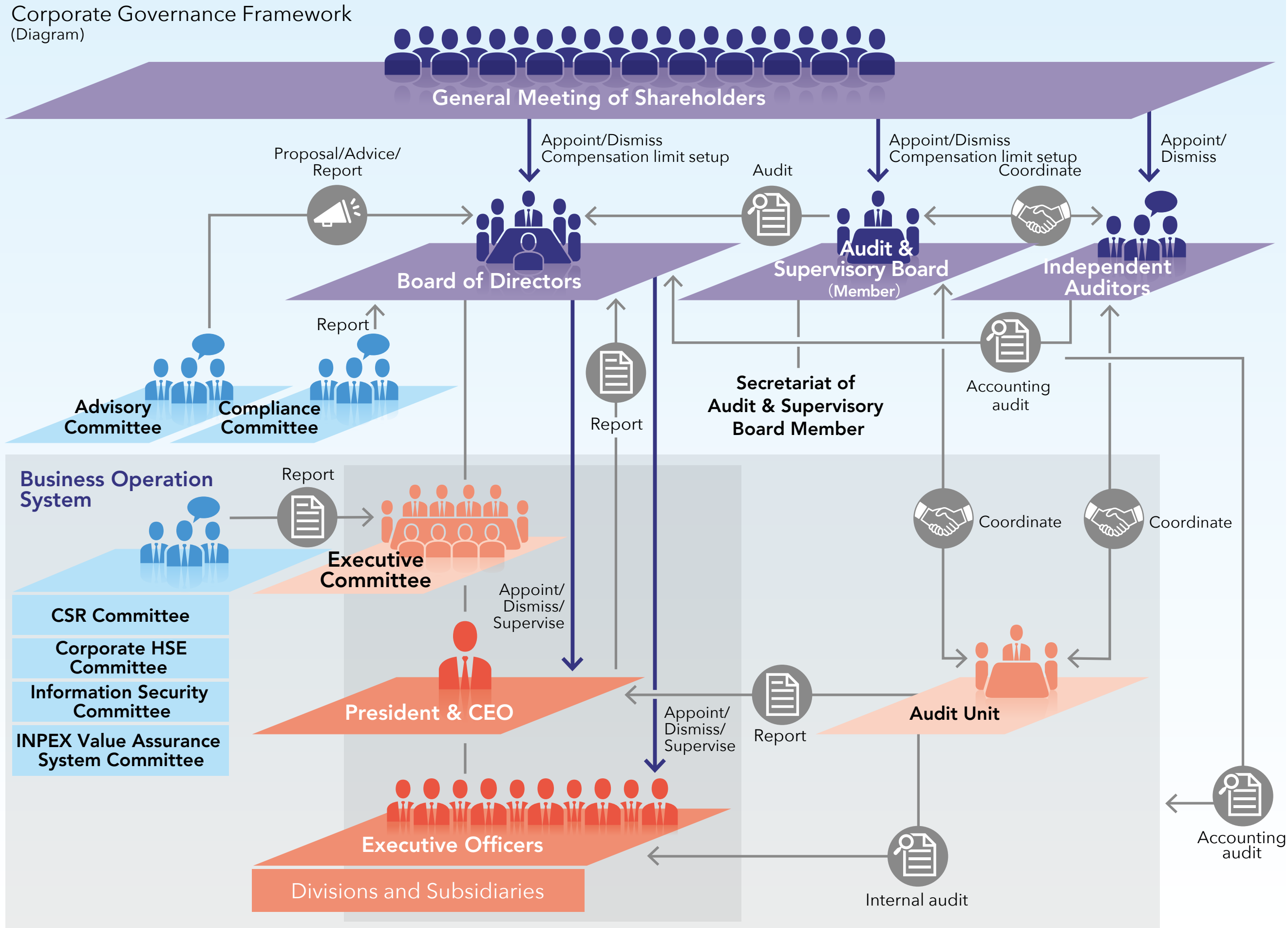
Audit & Supervisory Board members
Number of Audit & Supervisory Board members as stipulated by the Articles of Incorporation .... up to 5
Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members) 5 (4)
Term of office .... 4 years

Number of independent directors and auditors ... 9 (5 outside directors, 4 outside Audit & Supervisory Board members)

Rights plan and other measures to protect against a takeover .... None

Other .... Issuance of a Class A Stock to the Minister of Economy, Trade and Industry

Corporate Governance Framework
(Diagram)



[1] Directors and the Board of Directors

The Company's Board of Directors comprises 15 members, five of whom are outside directors. In addition to a monthly meeting, the Board of Directors meets as necessary in order to discuss and determine the execution of important matters. The Board also supervises the execution of duties by directors. In addition, the term of office for directors was set at one year from June 2012. This initiative helps to enhance the ability of directors to respond to changes in the Company's operating environment in a timely manner and to further clarify management responsibilities.

9th Ordinary General Meeting of Shareholders held on June 24, 2015

[2] Executive Committee and Executive Officer System

From the perspective of increasing the speed of decision making related to the execution of business, we have established an Executive Committee. The meetings are held weekly and as necessary. At the Executive Committee, flexible decision making is conducted for resolutions not affiliated with the Board of Directors, and deliberation is held to contribute to decision making by the Board of Directors.

We implemented an Executive Officer System in order to respond accurately and quickly to a rapidly changing management environment and the expansion of our business activities. The term of office for executive officers is set to one year, the same as for directors.

[3] Class A Stock

According to the stipulations of the Articles of Incorporation, INPEX issues a Class A Stock to the Minister of Economy, Trade and Industry. The Class A Stock does not possess voting rights at shareholders' meetings. However, it is possible for the holder of the Class A Stock to exercise veto rights for certain major corporate decisions. We think the holding of Class A Stock by the Minister of Economy, Trade and Industry is an effective countermeasure to prevent a speculative acquisition or an attempt at management controlled by foreign capital, while not unreasonably impeding the efficiency of management for the stable supply of energy as a core company for Japan's oil & gas E&P. Furthermore, we expect positive results in terms of external negotiation and credits as a national flagship company efficiently contributing to the stable supply of energy in Japan.

▸ See pp. 90–91 for Business Risks (8. Class A Stock)

[4] Director Compensation

In the business of developing oil and natural gas, a considerable amount of time is required between the launch of a business venture and any investment recovery. Accordingly, INPEX does not consider it appropriate to reflect short-term performance in directors' compensation. Compensation for directors consists of monthly compensation (basic compensation), which is paid based on the duties of each director, and a bonus based on the Company's performance. Compensation is determined by the Board of Directors. Compensation paid to Audit & Supervisory Board members consists solely of a fixed monthly compensation, which is determined through consultation between the Audit & Supervisory Board members.

The table below shows the amount of compensation paid to directors and Audit & Supervisory Board members for the year ended March 31, 2015. From the year ended March 31, 2014, the bonus component paid to outside directors and Audit & Supervisory Board members has been abolished. Outside directors and Audit & Supervisory Board members are now paid a consolidated fixed compensation amount only. This takes into account efforts to further bolster corporate governance.

Compensation Paid to Directors and Audit & Supervisory Board Members (Year ended March 31, 2015)

Director classification	Total amount of compensation paid (¥ million)	Total amount of compensation paid by type of compensation (¥ million)		Number of directors and Audit & Supervisory Board members eligible for basic compensation (persons)
		Basic compensation	Bonus	
Directors (excluding outside directors)	460	392	68	11
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board members)	27	27	–	1
Outside Directors and Outside Audit & Supervisory Board members	96	96	–	9

Notes: 1. The Company does not adopt a stock option plan.
2. The Company does not maintain an accrued retirement benefits plan.
3. The total amount of compensation paid includes a provision to accrued bonuses to directors for the year ended March 31, 2015.

[5] Accounting Audit and Auditor Compensation

In accordance with the Companies Act and the Financial Instruments and Exchange Act, we accept accounting audits from Ernst & Young ShinNihon LLC. The amount of auditor compensation is determined in total based on the audit plan and the number of auditing dates, after obtaining approval from the Audit & Supervisory Board.

Compensation Paid to the CPAs and Related Parties

(Year ended March 31, 2015)

Name of the CPA firm	Ernst & Young ShinNihon LLC
Names of the CPAs	Kazuhiko Umemura, Satoshi Takahashi
Accounting audit members	13 CPAs and 27 others
Compensation for auditing services	¥235 million (INPEX: ¥158 million; Consolidated subsidiaries: ¥77 million)
Compensation for non-auditing services	¥31 million (INPEX: ¥15 million; Consolidated subsidiaries: ¥16 million)

Monitoring of Management by Outside Directors and Audit & Supervisory Board Members

[1] Outside Directors

Regarding the appointment of outside directors, we believe that it is important to comprehensively consider a variety of factors. These factors include the validity of business decisions and consideration of their efficacy, professionalism and objectiveness in the oversight function in addition to the perspective of independence.

Our Company's five outside directors possess broad knowledge and many years of experience as managers in such fields as the resource/energy industry, finance and legal matters. Also, four of the outside directors are shareholders of the Company and serve as directors or advisors of companies that conduct business in the same field. Therefore, we recognize the importance of paying special attention to the possibility of competition and other conflicts of interest. In response, we collect written pledges from outside directors in order to ensure conformance with the Companies Act when taking a proper response toward noncompetition, the prevention of information leakage and the implementation of appropriate measures toward transactions with a conflict of interest. These written pledges are the same as those submitted by internal appointees.

[2] Outside Audit & Supervisory Board Members

When appointing outside Audit & Supervisory Board members, we believe that it is important to comprehensively consider factors such as independence, efficacy in the oversight function and professionalism.

Four of the five Audit & Supervisory Board members are outside Audit & Supervisory Board members who possess rich knowledge and experience in our Company's business, as well as in fields such as finance and accounting, and utilize these qualities when performing auditing activities for our Company. One of the outside Audit & Supervisory Board members also holds the position of executive officer at Japan Petroleum Exploration Co., Ltd. (JAPEX), a company that engages in the same type of business as the Company.

[3] Independence of Outside Directors and Audit & Supervisory Board Members

INPEX does not have its own requirements regarding independence when appointing outside directors and outside Audit & Supervisory Board members, however, it refers to the requirements* of independent directors/auditors as defined in Article 436, Item 2, Sub-Item 1, of the Securities Listings Regulations for the Tokyo Stock Exchange. The Company reports on its relationships with independent directors/auditors, sets minimal criteria with respect to transactions and has submitted notifications that all nine of its outside directors (5) and Audit & Supervisory Board members (4) are independent directors/auditors.

*It has been confirmed that the outside directors/Audit & Supervisory Board members do not fall under the conditions stipulated in the Ordinance for Enforcement of the Securities Listings Regulations, Article 211, Item 4, Sub-Item 5, and Article 226, Item 4, Sub-Item 5. Furthermore, it has been confirmed that there is no risk of a conflict of interest with ordinary shareholders.

[4] Audit & Supervisory Board and Audit & Supervisory Board Members

INPEX has adopted an Audit & Supervisory Board Members system. The Audit & Supervisory Board is composed of five Audit & Supervisory Board members, four of which come from outside.

In addition to attending meetings of the Board of Directors and the Executive Committee, the Audit & Supervisory Board members review the execution of business duties by directors and executive officers through reports given by and hearings for related departments. Furthermore, the Audit & Supervisory Board members meet on regular and as needed bases with the Independent Auditors, and receive reports from the Independent Auditors regarding audits. They also conduct regular meetings with the internal audit department (Audit Unit) to receive reports regarding internal audits and the evaluation of internal controls.

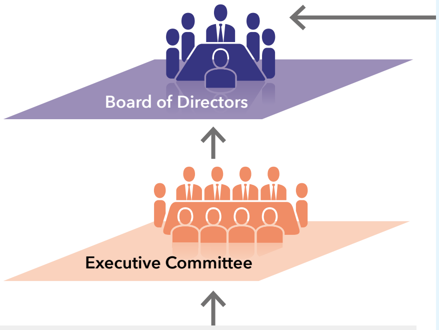
To strengthen the auditing function and ensure viable corporate governance, steps have been taken to set up the Secretariat of Audit & Supervisory Board Member and to deploy dedicated Secretariat staff. In this manner, efforts are being made to promote collaboration along the aforementioned terms between Audit & Supervisory Board members, the Audit Unit and Independent Auditors. Moreover, we have constructed a system to strengthen the monitoring function through periodic meetings with representative directors and directors.

Outside Directors/Outside Audit & Supervisory Board Members: Concurrently Held Positions and Reason for Appointment

	Name	Independent directors/auditors	Significant concurrently held positions	Reason for appointment	Attendance at board meetings for the year ended March 31, 2015
Outside directors	Hiroshi Sato	✓	Advisor for Japan Petroleum Exploration Co., Ltd., a major shareholder in our company	To utilize in our company's management his rich experience and broad knowledge in the oil development industry	Board of Directors meetings 13/15 Audit & Supervisory Board meetings 12/12
	Yoshiyuki Kagawa	✓	Senior Advisor of Mitsui Oil Exploration Co., Ltd., a major shareholder in our company	To utilize in our company's management his rich experience and broad knowledge as a business executive	Board of Directors meetings 15/15
	Seiji Kato	✓	Corporate Advisor of Mitsubishi Corporation, a shareholder in our company	To utilize in our company's management his rich experience and broad knowledge in the resources/energy industry	Board of Directors meetings 15/15
	Hiroji Adachi	✓	Director, Senior Vice President of JX Holdings, Inc., a major shareholder in our company	To utilize in our company's management his rich experience and broad knowledge in the resources/energy industry	–
	Yasuhiko Okada	✓	Partner of Kitahama Partners	Possesses extensive experience and knowledge in finance, as well as professional knowledge and experience as an attorney, in addition to management experience in financial institutions	Board of Directors meetings 15/15
Outside Audit & Supervisory Board members	Hideyuki Toyama	✓	—	Possesses extensive experience and knowledge in finance, as well as professional knowledge and experience as an attorney	–
	Koji Sumiya	✓	—	Possesses extensive experience and knowledge in financial matters	Board of Directors meetings 15/15 Audit & Supervisory Board meetings 12/12
	Michiro Yamashita	✓	Executive Officer, in charge of Finance & Accounting Dept. of Japan Petroleum Exploration Co., Ltd., a major shareholder in our company	To utilize in our company's auditing procedures his rich experience in the oil development industry, as well as his knowledge in financial and accounting matters, in addition to accounting experience	–
	Masaru Funai	✓	—	To utilize in our company's auditing procedures his rich experience in the energy industry, as well as his knowledge in financial and accounting matters, in addition to accounting experience	Board of Directors meetings 15/15 Audit & Supervisory Board meetings 12/12

Internal Committees

To further enhance the efficacy of the corporate governance function, INPEX has set up ❶ the Advisory Committee, ❷ the Compliance Committee and ❸ the CSR Committee. In addition, the Company maintains ❹ the Corporate HSE Committee, ❺ the Information Security Committee and ❻ the INPEX Value Assurance System Committee to appropriately manage risks associated with business operations.



❶ Advisory Committee

The Advisory Committee was established in October 2012 with the aim of enhancing corporate value and the corporate governance function. Comprised of external experts in a broad spectrum of fields, the committee provides the Board of Directors with multifaceted and objective advice and recommendations across a wide range of areas. Areas of discussion and advice include international political and economic conditions, an outlook of energy conditions and ways in which to bolster corporate governance.

The Advisory Committee deliberating on an important matter

❷ Compliance Committee

The Compliance Committee was established in April 2006 with the aim of promoting compliance initiatives across the entire Group. The committee formulates fundamental compliance policies applicable to the Group, deliberates on important matters and manages the manner in which compliance is practiced.

❸ CSR Committee

In April 2012, INPEX Group established the CSR Committee with the aims of better fulfilling its corporate social responsibility and promoting activities that contribute to the sustainable development of society. The committee puts in place fundamental policies and formulates important measures designed to promote CSR.

❹ Corporate HSE Committee

In accordance with the HSE Management System, the Corporate HSE Committee was established in October 2007 to promote health, safety and environment initiatives. In addition to formulating corporate HSE policies and priority targets for each period, the committee advances HSE activities across the organization.

❺ Information Security Committee

The Information Security Committee was established in November 2007 to consider and determine all appropriate measures necessary to maintain, manage and strengthen information security. The committee also takes steps to address any incident relating to information security and to put in place preventive measures.

❻ INPEX Value Assurance System Committee

The INPEX Value Assurance System Committee was established in May 2014 to contribute to the Company's decision-making process with respect to confirmation of the status of preparations in connection with important milestones of those oil and natural gas upstream business projects in which INPEX participates, and the improvement and promotion of project value.

Information Disclosure and Activities for the Benefit of Shareholders and Investors

INPEX undertakes the early delivery of convocation notices for its general meeting of shareholders in an effort to ensure that shareholders have sufficient time to consider agenda items tabled for resolution at each Ordinary General Meeting of Shareholders. The Convocation Notice for INPEX's 9th Ordinary General Meeting of Shareholders held in June 2015 was posted on the Company's Web site more than three weeks prior to the meeting on May 29, 2015. The Convocation Notice itself was dispatched on June 2, 2015. To facilitate the exercise of voting rights, INPEX implemented the exercise of voting rights via the Internet. The Company also adopted a platform for the electronic use of voting rights while posting copies of the convocation notice and other related documents, both in Japanese and English, on its Web site and TDnet (Timely Disclosure network).

Turning to the Company's IR activities, INPEX participates in events such as IR fairs for individual investors and meetings in a variety of venues including the branch offices of securities firms. More than 10 information meetings for individual investors are generally held each year. Video archives of certain meetings are also made available on the Company's Web site. INPEX holds biannual meetings on its financial results for analysts and institutional investors. Video archives of these financial results presentations are provided on the Company's IR Web site together with a simultaneous interpretation in English. In general, INPEX undertakes overseas IR road shows covering such regions as Europe, North America and Asia. Furthermore, INPEX strives to participate in conferences attended by domestic and overseas investors while engaging in one-on-one meetings.

The Company's Web site (IR section: www.inpex.co.jp/english/ir/) features a host of IR tools including financial reports, financial results presentations and annual reports. Together with recent news releases, every effort is made to disclose pertinent information on the Company's performance and financial position, as well as trends in crude oil prices, foreign currency exchange rates, the Company's share price and stock information.

Toshiaki Kitamura, President & CEO, at an IR presentation meeting for individual investors in March 2015

Board of Directors (As of June 24, 2015)

Naoki Kuroda Chairman

Years of service as Director: 9 years, Number of shares owned: 32,700 shares

April 1963	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
June 1992	Director-General for the Agency of Natural Resources and Energy
August 1993	Advisor to Bank of Tokyo Ltd. / Advisor to Mitsui Marine Insurance, Ltd. (currently Bank of Tokyo-Mitsubishi UFJ, Ltd. / Mitsui Sumitomo Insurance Co., Ltd.)
August 1995	Advisor to Sumitomo Corporation
June 1996	Managing Executive Director of Sumitomo Corporation
June 1999	Director of Indonesia Petroleum, Ltd. (INPEX Corporation)
April 2001	Representative Director, Executive Vice President of Sumitomo Corporation
August 2004	Senior Advisor to Sumitomo Corporation
September 2004	Representative Director, Executive Senior Vice President of INPEX Corporation
June 2005	Representative Director, President of INPEX Corporation
April 2006	Representative Director, President of INPEX Holdings Inc. (currently the Company)
June 2010	Representative Director, Chairman of the Company (incumbent)

Toshiaki Kitamura President & CEO

Years of service as Director: 5 years, Number of shares owned: 22,400 shares

April 1972	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
July 2002	Director-General for Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
July 2003	Director-General for Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
June 2004	Director-General for Trade Policy Bureau, Ministry of Economy, Trade and Industry
July 2006	Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry
November 2007	Adviser to Tokio Marine & Nichido Fire Insurance Co., Ltd.
April 2008	Visiting Professor of Waseda University Graduate School
August 2009	Senior Executive Vice President of the Company
June 2010	Representative Director, President & CEO of the Company (incumbent)

Directors and Audit & Supervisory Board Members

A C	Chairman	Naoki Kuroda	
A C	President & CEO	Toshiaki Kitamura	(1)
A C C H I	Director	Seiji Yui	(1)
C C H I VA	Director	Masaharu Sano	(1)
C H	Director	Shunichiro Sugaya	(1)
C I	Director	Masahiro Murayama	(1)
C H	Director	Seiya Ito	(1)
C C H I	Director	Wataru Tanaka	(1)
C H	Director	Takahiko Ikeda	(1)
C H I	Director	Yoshikazu Kurasawa	(1)

Director (Outside)	Hiroshi Sato*	(2) (4)
Director (Outside)	Yoshiyuki Kagawa	(2) (4)
Director (Outside)	Seiji Kato	(2) (4)
Director (Outside)	Hiroji Adachi*	(2) (4)
Director (Outside)	Yasuhiko Okada	(2) (4)
Audit & Supervisory Board Member	Kazuo Yamamoto*	
Audit & Supervisory Board Member (Outside)	Hideyuki Toyama*	(3) (4)
Audit & Supervisory Board Member (Outside)	Koji Sumiya	(3) (4)
Audit & Supervisory Board Member (Outside)	Michiro Yamashita*	(3) (4)
Audit & Supervisory Board Member (Outside)	Masaru Funai	(3) (4)

Executive Officers

A C	President & CEO	Toshiaki Kitamura	
A C C H I	Senior Executive Vice President	Seiji Yui	Senior Vice President, Corporate Strategy & Planning In charge of Compliance of the Company
C C H I VA	Senior Executive Vice President	Masaharu Sano	Senior Vice President, Technical Headquarters In charge of HSE of the Company
C H	Managing Executive Officer	Shunichiro Sugaya	Senior Vice President, Masela Project
C I	Managing Executive Officer	Masahiro Murayama	Senior Vice President, Finance & Accounting
C H	Managing Executive Officer	Seiya Ito	Senior Vice President, Ichthys Project
C C H I	Managing Executive Officer	Wataru Tanaka	Senior Vice President, General Administration
C H	Managing Executive Officer	Takahiko Ikeda	Senior Vice President, Gas Supply & Infrastructure
C H I	Managing Executive Officer	Yoshikazu Kurasawa	Senior Vice President, New Ventures
C H	Managing Executive Officer	Shuhei Miyamoto	Senior Vice President, the Americas & Africa
C H	Managing Executive Officer	Kenji Kawano	Senior Vice President, Asia & Australasia
C H	Managing Executive Officer	Yasuhisa Kanehara	Senior Vice President, Eurasia & Middle East
	Managing Executive Officer	Hiroshi Fujii	Vice President, Eurasia & Middle East
C	Managing Executive Officer	Shigeharu Yajima	Senior Vice President, Oil & Gas Business
C	Managing Executive Officer	Yoshinori Yamamoto	Senior Vice President, Domestic Oil & Gas Business
C H	Managing Executive Officer	Kimiya Hirayama	Senior Vice President, Domestic Project
C I	Managing Executive Officer	Takashi Kubo	Senior Vice President, Logistics & IMT
	Executive Officer	Noboru Himata	Vice President, Finance & Accounting General Manager, Finance Unit

	Executive Officer	Hirohisa Ota	Vice President, Masela Project General Manager, Technical Unit
	Executive Officer	Hajime Kawai	Vice President, Masela Project Vice President Commercial, Jakarta Office
	Executive Officer	Atsushi Sakamoto	Vice President, Ichthys Project Director, Onshore Project, Perth Office
	Executive Officer	Arihiro Kezuka	Vice President, Ichthys Project General Manager, Technical Unit
	Executive Officer	Nobuharu Sase	Vice President, Oil & Gas Business General Manager, Oil Marketing Unit
VA	Executive Officer	Tetsuro Tochikawa	Vice President, Technical Headquarters General Manager, Technical Planning & Coordination
	Executive Officer	Yoshiro Ishii	Vice President, Corporate Strategy & Planning General Manager, New Business Planning Unit
VA	Executive Officer	Toshiya Oshita	Vice President, Technical Headquarters General Manager, Technical Resources Unit
	Executive Officer	Kimihisa Kittaka	Vice President, Corporate Strategy & Planning General Manager of Corporate Strategy & Planning Unit General Manager, Corporate Communications Unit
	Executive Officer	Hideki Iwashita	Vice President, Ichthys Project Director, Commercial Coordination, Perth Office
VA	Executive Officer	Tetsuo Yonezawa	General Manager, HSE Unit
	Executive Officer	Hiroshi Nakamura	Vice President, General Administration General Manager, Human Resources Unit
	Executive Officer	Tsuyoshi Watanabe	Vice President, General Administration General Manager, General Administration Unit

* Newly appointed directors and Audit & Supervisory Board members

(1) Concurrently hold the position of executive officer
(2) Outside directors as defined in Article 2, Item 15, of the Companies Act
(3) Outside Audit & Supervisory Board members as defined in Article 2, Item 16, of the Companies Act
(4) Independent directors/auditors as defined in Article 436, Item 2, Sub-Item 1, of the Securities Listings Regulations for the Tokyo Stock Exchange

Member of Internal Committees

- A Advisory Committee
- C Compliance Committee
- C CSR Committee
- H Corporate HSE Committee
- I Information Security Committee
- VA INPEX Value Assurance System Committee

Seiji Yui
Director, Senior Executive Vice President
Years of service as Director: 9 years,
Number of shares owned: 19,000 shares

Masaharu Sano
Director, Senior Executive Vice President
Years of service as Director: 9 years,
Number of shares owned: 20,000 shares

Shunichiro Sugaya
Director, Managing Executive Officer
Years of service as Director: 6 years,
Number of shares owned: 16,000 shares

Masahiro Murayama
Director, Managing Executive Officer
Years of service as Director: 6 years,
Number of shares owned: 16,200 shares

Seiya Ito
Director, Managing Executive Officer
Years of service as Director: 9 years,
Number of shares owned: 15,400 shares

Wataru Tanaka
Director, Managing Executive Officer
Years of service as Director: 6 years,
Number of shares owned: 26,300 shares

Takahiko Ikeda
Director, Managing Executive Officer
Years of service as Director: 6 years,
Number of shares owned: 22,500 shares

Yoshikazu Kurasawa
Director, Managing Executive Officer
Years of service as Director: 3 years,
Number of shares owned: 11,600 shares

Seiji Yui

April 1975	Joined Indonesia Petroleum, Ltd. (INPEX Corporation)
September 1999	General Manager of Jakarta Office of INPEX Corporation
June 2000	Director, General Manager of Jakarta Office of INPEX Corporation
March 2003	Director, Coordinator of Exploration Department 1 and Exploration Department 2 of INPEX Corporation
June 2003	Managing Director of INPEX Corporation
April 2004	Managing Director of Japan Oil Development Co., Ltd.
March 2006	Representative Director, Managing Director of Japan Oil Development Co., Ltd.
April 2006	Director, Deputy Senior General Manager of Corporate Strategy & Planning Division and Technology Division of INPEX Holdings Inc. (currently the Company)
March 2007	Managing Director, Senior General Manager of Technology and HSE Division, in charge of Oceania & America projects of INPEX Corporation
June 2007	Managing Director, Senior General Manager of Technology and HSE Division and Oceania & America Project Division of INPEX Corporation
October 2008	Director, Senior Managing Executive Officer, Senior Vice President of Asia & Australasia of the Company
June 2012	Director, Senior Managing Executive Officer, Senior Vice President of Corporate Strategy & Planning Division of the Company
June 2014	Director, Senior Executive Vice President, Senior Vice President of Corporate Strategy & Planning Division of the Company (incumbent)
June 2015	Director, Senior Executive Vice President, Senior Vice President of Corporate Strategy & Planning, in charge of Compliance of the Company (incumbent)

Masaharu Sano

April 1974	Joined Teikoku Oil Co., Ltd.
April 2000	General Manager of Technical Planning Department of Teikoku Oil Co., Ltd.
March 2001	Senior General Manager of Teikoku Oil Co., Ltd.
March 2001	General Manager of New Ventures Department, International Projects Division of Teikoku Oil Co., Ltd.
March 2002	Director, General Manager of New Ventures Department, International Projects Division of Teikoku Oil Co., Ltd.
March 2005	Managing Director, President of International Projects Division / Domestic Offshore Division of Teikoku Oil Co., Ltd.
April 2006	Director, Deputy Senior General Manager of Corporate Strategy & Planning Division / Technology Division of INPEX Holdings Inc. (currently the Company)
October 2008	Director, Senior Managing Executive Officer, Senior Vice President of The Americas & Africa Project Division of the Company
June 2012	Director, Senior Managing Executive Officer, Senior Vice President
June 2015	Director, Senior Executive Vice President, Senior Vice President of Technical Headquarters, in charge of HSE of the Company (incumbent)

Shunichiro Sugaya

April 1976	Joined Indonesia Petroleum, Ltd. (INPEX Corporation)
April 1997	General Manager of Development Department of INPEX Corporation
June 2001	Director, General Manager of Development Department of INPEX Corporation
June 2002	Director, Coordinator in charge of Development Department of INPEX Corporation
September 2005	Director, Senior General Manager of Asia Project Division, Assistant Senior General Manager of Technology and HSE Division and Coordinator in charge of Asia region / technology and HSE of INPEX Corporation
June 2007	Managing Director, Senior General Manager of Asia Project Division of INPEX Corporation
October 2008	Director, Managing Executive Officer, Senior Vice President of Masela Project of the Company (incumbent)

Masahiro Murayama

April 1976	Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd., etc.)
June 1999	General Manager of Financial Institutions Banking Division No. 2 of The Industrial Bank of Japan, Ltd.
June 2001	General Manager of Corporate Banking Department No. 2 of The Industrial Bank of Japan, Ltd.
April 2002	General Manager of Corporate Banking Division No. 9 of Head Office of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
December 2002	General Manager of Syndicated Finance Structuring Division No. 1 of Mizuho Bank, Ltd.
October 2003	General Manager of Syndicated Finance Distribution Division No. 1 of Mizuho Bank, Ltd.
April 2004	Executive Officer, General Manager of Syndicated Finance Distribution Division No. 1 of Mizuho Bank, Ltd.
October 2004	Executive Officer, General Manager of Loan Trading Division of Mizuho Bank, Ltd.
April 2005	Managing Executive Officer, in charge of corporate banking of Mizuho Bank, Ltd.
April 2008	Director, Deputy President of Mizuho Securities Co., Ltd.
April 2009	Council of Mizuho Securities Co., Ltd.
May 2009	Advisor to the Company
June 2009	Director, Managing Executive Officer, Senior Vice President of Finance & Accounting of the Company (incumbent)

Seiya Ito

April 1977	Joined Indonesia Petroleum, Ltd. (INPEX Corporation)
April 2002	General Manager of Corporate Planning & Management Department of INPEX Corporation
June 2003	Director, General Manager of Corporate Planning & Management Department of INPEX Corporation
November 2004	Director, General Manager of Corporate Planning & Management Department and Public Affairs Department of INPEX Corporation
September 2005	Director, Assistant Senior General Manager of Corporate Strategy & Administration Division, General Manager of Corporate Strategy & Planning Unit and Public Affairs Unit of INPEX Corporation
April 2006	Director, Assistant Senior General Manager of Corporate Strategy & Administration Division, General Manager of Corporate Strategy & Planning Unit of INPEX Corporation
April 2006	Director, Assistant Senior General Manager of Corporate Strategy & Planning Division of INPEX Holdings Inc. (currently the Company)
July 2006	Director, Deputy Senior General Manager of Oceania & America Project Division of INPEX Corporation
October 2008	Director, Managing Executive Officer, Senior Vice President of Ichthys Project of the Company (incumbent)

Wataru Tanaka

April 1977	Joined Indonesia Petroleum, Ltd. (INPEX Corporation)
June 2000	General Manager of Planning & New Ventures Department of INPEX Corporation
June 2003	Director, General Manager of Planning & New Ventures Department of INPEX Corporation
June 2004	Director, Coordinator in charge of the Middle East and Caspian Sea regions of INPEX Corporation
October 2004	Director, Deputy General Manager of Tehran Office of INPEX Corporation
February 2007	Director, Coordinator in charge of Middle East projects of INPEX Corporation
April 2007	Director, Assistant Senior General Manager of General Administration and Corporate Planning Division of INPEX Corporation
October 2008	Managing Executive Officer, Deputy Senior General Manager of General Administration Division of the Company
June 2009	Director, Managing Executive Officer, Senior Vice President of General Administration Division of the Company
June 2011	Director, Managing Executive Officer, Senior Vice President of General Administration Division (incumbent) and Corporate Strategy & Planning Division of the Company

Takahiko Ikeda

April 1978	Joined Teikoku Oil Co., Ltd.
March 2002	General Manager of Production Department, Domestic Operating Division of Teikoku Oil Co., Ltd.
March 2004	Senior General Manager of Teikoku Oil Co., Ltd.
March 2005	Director of Teikoku Oil Co., Ltd.
April 2006	General Manager of Domestic Project Planning and Administration Unit, Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company)
June 2007	Managing Director, President of Domestic Operation Division and General Manager of Niigata District Department of Teikoku Oil Co., Ltd.
October 2008	Director, Managing Executive Officer, Senior Vice President of Domestic Projects of the Company
June 2014	Director, Managing Executive Officer, Senior Vice President of Gas Supply & Infrastructure of the Company (incumbent)

Yoshikazu Kurasawa

April 1982	Joined Japan National Oil Corporation
February 2004	Deputy General Manager of Planning & New Ventures Department of INPEX Corporation
April 2005	General Manager of Planning & New Ventures Department of INPEX Corporation
September 2005	General Manager of Business Development and Legal Unit, General Administration & Corporate Planning Division of INPEX Corporation
April 2006	General Manager of Overseas Project Planning and Administration Unit, Corporate Strategy & Administration Division of INPEX Holdings Inc. (currently the Company)
June 2007	Executive Officer, General Manager of Business Development and Legal Unit, General Administration & Corporate Planning Division of INPEX Corporation
October 2008	Executive Officer, Assistant Senior General Manager of Corporate Strategy & Planning, General Manager of Business Development and Legal Unit of the Company
June 2011	Managing Executive Officer, Vice President of Corporate Strategy & Planning of the Company
June 2012	Director, Managing Executive Officer, Senior Vice President of New Ventures of the Company (incumbent)

Hiroshi Sato
Director (Outside)
Years of service as Director: - years**
(Years of service as Audit & Supervisory Board Member: 9 years)
Number of shares owned: - shares

Yoshiyuki Kagawa
Director (Outside)
Years of service as Director: 8 years,
Number of shares owned: - shares

Seiji Kato
Director (Outside)
Years of service as Director: 5 years,
Number of shares owned: - shares

Hiroji Adachi
Director (Outside)
Years of service as Director: - years**,
Number of shares owned: - shares

Yasuhiko Okada
Director (Outside)
Years of service as Director: 3 years,
Number of shares owned: - shares

Hiroshi Sato

April 1970	Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)
June 1999	General Manager of Finance and Accounting Department of JAPEX
June 2002	Director, General Manager of Finance and Accounting Department of JAPEX
June 2005	Managing Executive Officer of JAPEX
April 2006	Audit & Supervisory Board Member (part-time) of INPEX Holdings Inc. (currently the Company) (incumbent)
June 2006	Managing Director & Executive Officer of JAPEX
June 2007	Senior Managing Director & Executive Officer of JAPEX
June 2010	Executive Vice President & Executive Officer of JAPEX
June 2014	Advisor of JAPEX (incumbent)
June 2015	Director of the Company (incumbent)

Yoshiyuki Kagawa

April 1970	Joined Mitsui & Co., Ltd.
September 2001	Director of Mitsui Oil Exploration Co., Ltd.
October 2001	Chief Operating Officer of Energy Business Unit, Energy Group of Mitsui & Co., Ltd.
April 2002	Managing Officer, Chief Operating Officer of Energy Business Unit, Energy Group of Mitsui & Co., Ltd.
April 2003	Executive Managing Officer, Chief Operating Officer of Energy Business Unit of Mitsui & Co., Ltd.
April 2005	Representative Director, Executive Vice President of Mitsui Oil Exploration Co., Ltd.
June 2005	Representative Director, President, CEO of Mitsui Oil Exploration Co., Ltd.
June 2006	Representative Director, President, CEO and CCO of Mitsui Oil Exploration Co., Ltd.
June 2007	Director of INPEX Holdings Inc. (currently the Company) (incumbent)
June 2012	Senior Advisor of Mitsui Oil Exploration Co., Ltd. (incumbent)

Seiji Kato

April 1971	Joined Mitsubishi Corporation
July 1997	General Manager of LNG Business Department of Mitsubishi Corporation
April 2003	Senior Vice President, Division COO of Natural Gas Business Division of Mitsubishi Corporation
April 2006	Senior Vice President, Division COO of Natural Gas Business Division B of Mitsubishi Corporation
April 2007	Executive Vice President, Group COO of Energy Business Group of Mitsubishi Corporation
April 2008	Executive Vice President, Group CEO of Energy Business Group of Mitsubishi Corporation
June 2010	Director of the Company (incumbent)
June 2011	Corporate Adviser of Mitsubishi Corporation (incumbent)

Hiroji Adachi

April 1982	Joined Nippon Oil Co., Ltd.
July 2004	General Manager of Technical & Engineering Service Department, Refining Technology & Engineering Division of Nippon Oil Corporation
April 2008	Executive Officer, General Manager of Technical & Engineering Service Department, Refining Technology & Engineering Division of Nippon Oil Corporation
July 2010	Executive Officer, General Manager of Technical & Engineering Service Department, Refining Technology & Engineering Division of JX Nippon Oil & Energy Corporation
June 2012	Senior Vice President and Executive Officer, General Manager of Mizushima Refinery of JX Nippon Oil & Energy Corporation
June 2014	Senior Vice President and Executive Officer, General Manager of Corporate Planning Dept. I of JX Holdings, Inc.
June 2015	Director, Senior Vice President, in charge of Corporate Planning Dept. I & Corporate Planning Dept. II of JX Holdings, Inc. (incumbent)
June 2015	Director of the Company (incumbent)

Yasuhiko Okada

April 1966	Joined Ministry of Finance
July 1994	Director-General for the Tokyo Regional Taxation Bureau
May 1995	Secretary-General of Executive Bureau, Securities and Exchange Surveillance Commission
July 1999	Administrative Vice-Minister of Environment Agency (currently Ministry of the Environment)
June 2003	President of National Association of Labour Banks; President of The Rokinren Bank
January 2012	Attorney at Law admitted to practice in Japan; Partner of Kitahama Partners (Tokyo Office) (incumbent)
June 2012	Director of the Company (incumbent)

Kazuo Yamamoto
Audit & Supervisory Board Member
Years of service as Audit & Supervisory Board Member: - years**,
Number of shares owned: 8,900 shares

Hideyuki Toyama
Audit & Supervisory Board Member (Outside)
Years of service as Audit & Supervisory Board Member: - years**,
Number of shares owned: - shares

Koji Sumiya
Audit & Supervisory Board Member (Outside)
Years of service as Audit & Supervisory Board Member: 5 years,
Number of shares owned: 7,600 shares

Michiro Yamashita
Audit & Supervisory Board Member (Outside)
Years of service as Audit & Supervisory Board Member: - years**,
Number of shares owned: - shares

Masaru Funai
Audit & Supervisory Board Member (Outside)
Years of service as Audit & Supervisory Board Member: 5 years,
Number of shares owned: - shares

Kazuo Yamamoto

April 1978	Joined Teikoku Oil Co., Ltd.
March 2002	General Manager of Petroleum Products Marketing Department, Marketing Division of Teikoku Oil Co., Ltd.
August 2003	General Manager of Petroleum Products Marketing Department and Power Business Department, Marketing Division of Teikoku Oil Co., Ltd.
March 2004	Senior General Manager, General Manager of Petroleum Products Marketing Department and Power Business Department, Marketing Division of Teikoku Oil Co., Ltd.
March 2005	Director, General Manager of Technical Planning Department and Deputy General Manager of LNG Planning Office of Teikoku Oil Co., Ltd.
April 2006	General Manager of Technology Planning Unit, Technology Division of INPEX Holdings Inc. (currently the Company)
October 2008	Executive Officer, Assistant to General Manager of Technical Division, General Manager of Technical Planning Unit of the Company
November 2010	Executive Officer, Assistant to General Manager of Technical Division, General Manager of Technical Infrastructure Unit of the Company
June 2011	Managing Executive Officer, General Manager of Logistics & IMT Division of the Company
June 2015	Audit & Supervisory Board Member of the Company (incumbent)

Hideyuki Toyama

April 1975	Joined Ministry of Finance
July 2001	Director-General of Sapporo Regional Taxation Bureau, National Tax Agency (NTA)
July 2003	Executive Secretary of the Administration Office of the Director-General, Cabinet Legislation Bureau (CLB)
July 2005	Director-General of the Fourth Department, CLB
October 2006	Director-General of the Third Department, CLB
November 2012	Advisor, Aioi Nissay Dowa Insurance Co., Ltd.
January 2013	Registered as attorney-at-law (incumbent)
April 2013	Visiting Professor, Graduate School of Public Policy, University of Tokyo (incumbent)
June 2015	Audit & Supervisory Board Member of the Company (incumbent)

Koji Sumiya

April 1976	Joined The Export-Import Bank of Japan (currently Japan Bank for International Cooperation)
April 2001	Director General, International Finance Department I of Japan Bank for International Cooperation (Currently Japan Bank for International Cooperation)
April 2002	Director General, Policy Planning and Coordination Department of Japan Bank for International Cooperation
October 2005	Resident Executive Director, Osaka Branch of Japan Bank for International Cooperation
October 2007	Senior Executive Director of Japan Bank for International Cooperation
October 2008	Managing Executive Officer of Japan Bank for International Cooperation, Japan Finance Corporation (Currently Japan Bank for International Cooperation)
May 2010	Retired from Japan Bank for International Cooperation, Japan Finance Corporation
June 2010	Audit & Supervisory Board Member of the Company (incumbent)

Michiro Yamashita

April 1982	Joined Japan Petroleum Exploration Co., Ltd. (JAPEX)
June 2005	General Manager of Corporate Strategy Department of JAPEX
April 2010	Vice President of Environment and Innovative Technology Projects Division of JAPEX
June 2011	Vice President of Environment and Innovative Technology Projects Division of JAPEX
July 2012	Senior Advisor, Assistant to Executive Officer in charge of Finance & Accounting Department of JAPEX
June 2013	Executive Officer in charge of Finance & Accounting Department of JAPEX (incumbent)
June 2015	Audit & Supervisory Board Member (part-time) of the Company (incumbent)

Masaru Funai

April 1972	Joined Marubeni Corporation
April 1998	General Manager, Corporate Planning & Coordination Department of Marubeni Corporation
April 2000	Executive Vice President and CFO of Marubeni America Corporation
April 2001	Executive Vice President, CFO and CAO of Marubeni America Corporation
April 2002	General Manager, Risk Management Department of Marubeni Corporation
April 2003	Corporate Vice President, General Manager, Corporate Planning & Coordination Department of Marubeni Corporation
April 2005	Corporate Senior Vice President, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation
June 2005	Corporate Senior Vice President, Member of the Board, CIO, Executive Corporate Officer, Human Resources Department, Information Strategy Department and Risk Management Department of Marubeni Corporation
April 2007	Corporate Executive Vice President, Member of the Board, Executive Corporate Officer, General Affairs Department, Human Resources Department, Risk Management Department and Legal Department of Marubeni Corporation
April 2009	Senior Executive Vice President, Member of the Board, CIO, Chief Operating Officer, Information Strategy Department, Corporate Accounting Department, Business Accounting Department-I, Business Accounting Department-II, Business Accounting Department-III and Finance Department, Senior Operating Officer, Audit Department, Chief Operating Officer, Investor Relations of Marubeni Corporation
April 2010	Senior Executive Vice President, Member of the Board, Senior Operating Officer, Audit Department of Marubeni Corporation
June 2010	Audit & Supervisory Board Member (part-time) of the Company (incumbent)
April 2011	Senior Consultant of Marubeni Corporation

** Appointed in June 2015

Financial & Corporate Information

9-Year Financial Information

INPEX CORPORATION and Consolidated Subsidiaries

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥120.27=US$1.00, the approximate exchange rate in effect as of March 31, 2015.

	Millions of yen					
(Results of operations)	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3
Net sales	¥ 969,713	¥ 1,202,965	¥ 1,076,165	¥ 840,427	¥ 943,080	¥ 1,186,732
Cost of sales	343,795	390, 554	319,038	298,168	334,833	395,443
Gross profit	625,918	812,411	757,127	542,259	608,247	791,289
Operating income	559,077	714,211	663,267	461,668	529,743	709,358
Income before income taxes and minority interests	586,263	685,800	616,167	442,027	508,587	767,039
Net income	¥ 165,092	¥ 173,246	¥ 145,063	¥ 107,210	¥ 128,699	¥ 194,001
(Financial position)						
Current assets	¥ 474,124	¥ 565,111	¥ 411,110	¥ 492,855	¥ 492,932	¥ 908,702
Tangible fixed assets	219,227	254,481	297,636	358,094	379,862	383,698
Intangible assets	265,822	265,481	253,681	239,205	249,111	233,318
Investments and other assets	648,934	722,828	805,618	923,624	1,558,475	1,540,680
Total assets	1,608,107	1,807,901	1,768,045	2,013,778	2,680,380	3,066,398
Current liabilities	266,248	325,286	206,059	227,905	254,729	367,844
Long-term liabilities	261,843	243,802	199,925	295,270	328,268	384,361
Net assets	¥ 1,080,016	¥ 1,238,813	¥ 1,362,061	¥ 1,490,603	¥ 2,097,383	¥ 2,314,193
(Cash flows)						
Cash flows from operating activities	¥ 231,982	¥ 363,995	¥ 230,352	¥ 241,373	¥ 274,094	¥ 320,692
Cash flows from investing activities	(209,243)	(261,767)	(240,168)	(251,812)	(844,511)	(280,864)
Cash flows from financing activities	13,794	(45,228)	(46,090)	68,937	548,057	29,294
Cash and cash equivalents at end of the period	¥ 189,417	¥ 222,270	¥ 162,845	¥ 216,395	¥ 182,025	¥ 249,233
(Per share data)						
Net assets per share (Yen)	¥1,091.17*	¥1,227.92*	¥1,350.25*	¥1,473.87*	¥1,367.40*	¥1,492.27*
Cash dividends per share (Yen)	17.50*	18.75*	20.00*	13.75*	15.00*	17.50*
Earnings per share (EPS) (Yen)	¥ 176.06*	¥ 183.78*	¥ 154.00*	¥ 113.88*	¥ 102.08*	¥ 132.84*

* Retroactively adjusted for a stock split at a ratio of 1:400 of common stock on October 1, 2013.

(Financial indicators)	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3
Net debt / Net total capital employed (%)	(18.6)%	(36.1)%	(31.2)%	(30.6)%	(48.9)%	(60.7)%
Equity ratio (%)	64.0	64.0	71.9	68.9	74.5	71.1
D/E ratio (%)	24.2%	16.8%	12.9%	17.3%	13.7%	14.6%

Millions of yen			Thousands of U.S. dollars
2013/3	2014/3	2015/3	2015/3
¥ 1,216,533	¥ 1,334,626	¥ 1,171,227	$ 9,738,314
426,326	490,417	525,444	4,368,870
790,207	844,209	645,783	5,369,444
693,448	733,610	534,886	4,447,377
718,146	750,078	540,023	4,490,089
¥ 182,962	¥ 183,691	¥ 77,820	$ 647,044
¥ 1,106,504	¥ 1,140,204	¥ 1,342,410	$11,161,636
584,541	951,779	1,497,622	12,452,166
380,156	439,179	458,770	3,814,501
1,544,958	1,506,977	1,200,352	9,980,477
3,616,159	4,038,139	4,499,154	37,408,780
414,977	375,670	365,212	3,036,601
530,198	666,432	845,238	7,027,837
¥ 2,670,984	¥ 2,996,037	¥ 3,288,704	$27,344,342
¥ 252,347	¥ 213,514	¥ 216,749	$ 1,802,187
(489,870)	(395,555)	(81,087)	(674,208)
137,069	48,961	(4,178)	(34,739)
¥ 199,859	¥ 117,531	¥ 260,978	$ 2,169,934
¥1,699.10*	¥1,911.25*	¥ 2,099.95	$ 17.46
17.50*	18.00*	18.00	0.15
¥ 125.29*	¥ 125.78*	¥ 53.29	$ 0.44
(43.9)%	(31.9)%	(16.8)%	(16.8)%
68.6	69.1	68.2	68.2
19.2%	20.9%	22.1%	22.1%

Notes

* EBIDAX = Net income + Minority interests + Deferred tax + (1 – Tax rate) × (Interest expense – Interest income) + Foreign exchange gain and loss + Depreciation and amortization + Amortization of goodwill + Recovery of recoverable accounts under production sharing (capital expenditures) + Exploration expenses + Provision for exploration projects + Provision for allowance for recoverable accounts under production sharing + Impairment loss
* Net assets excluding minority interests = Net assets – Minority interests
* Equity ratio = Net assets excluding minority interests / Total assets
* Net debt = Interest-bearing debt – Cash and cash equivalents – Time deposits – Certificate of deposits – Public bonds and corporate bonds and other debt securities with determinable value – Long-term time deposits
* Net debt / Net total capital employed = Net debt / (Net assets + Net debt)
* D/E ratio = Interest-bearing debt / (Net assets – Minority interests)
* ROE = Net income / Average of net assets excluding minority interests at the beginning and end of the year
* Net ROACE = (Net income + Minority interests + (Interest expense – Interest income) × (1 – Tax rate)) / Average of sum of net assets and net debt at the beginning and end of the year
* The reserves cover most of INPEX group projects including the equity-method affiliates. The reserves from March 31, 2007 to March 31 2010 were evaluated by DeGolyer & MacNaughton, and from March 31, 2011, the reserves of projects which are expected to be invested a large amount and affect the Group's future result materially are evaluated by DeGolyer & MacNaughton, and the others are done internally.
  The proved reserves are evaluated in accordance with SEC regulations.
  The probable reserves are sum of proved reserves and probable reserves evaluated in accordance with SPE/WPC/AAPG/SPEE guideline Petroleum Resources Management System 2007(PRMS) approved in March 2007 after deduction of proved reserves evaluated in accordance with SEC regulations. Probable reserves as of March 31, 2007 are evaluated in accordance with the guideline established by SPE and WPC (1997 SPE/WPC).
  Possible reserves are evaluated in accordance with PRMS.
* Production volumes are calculated in accordance with SEC regulations and include the equity-method affiliates. The production volume of crude oil and natural gas under the production sharing contracts entered into by the Group corresponds to the net economic take of the Group.
  Calculation of the conversion factor from gas to oil equivalent was altered from the year ended March 31, 2012.

Notes: In consolidated financial statements, amounts are basically rounded to the nearest million.

Message from the Senior Vice President, Finance & Accounting

I would like to take this opportunity to provide an overview of the Group's business results highlights as well as details of its investment plans and funding.

Masahiro Murayama
Director, Senior Vice President, Finance & Accounting

Business Results Highlights for the Year Ended March 31, 2015

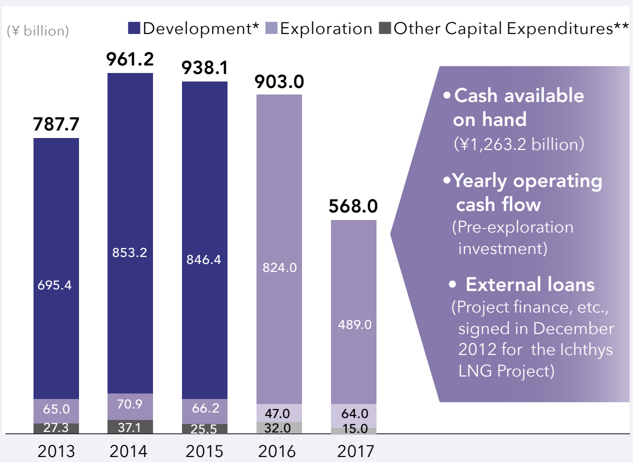
Consolidated net sales for the year ended March 31, 2015, amounted to ¥1,171.2 billion, a decrease of 12.2% compared with the previous period. From a profit perspective, consolidated net income fell 57.6% year on year to ¥77.8 billion. Despite the positive flow-on effect attributable to the weak yen (year-on-year depreciation of 9.6%), revenue declined owing mainly to the drop in crude oil prices (year-on-year decrease of 19.5%), which substantially drove down sales by ¥227.5 billion. While this downturn in revenue contributed to a lower tax burden, the Group reported a decline in earnings after posting a one-off impairment loss.

Turning to the Group's financial position, consolidated total assets as of March 31, 2015, stood at ¥4,499.2 billion, up ¥461.0 billion compared with the previous period-end. This largely reflected the increase in tangible fixed assets of ¥545.8 billion. Total off-balance-sheet assets on a 100% basis of the Ichthys LNG Project downstream operating company, in which the Group holds a 62.245% equity share, amounted to ¥2,256.6 billion as of March 31, 2015. The balance of net assets as of March 31, 2015 came in at ¥3,288.7 billion, up¥292.7 billion compared with the balance as of March 31, 2014. This included an increase in translation adjustments of ¥241.3 billion attributable to the weak yen. Accounting for each of these factors, the equity ratio stood at 68.2% as of March 31, 2015, with net debt to net total capital employed coming in at negative 16.8%. Looking ahead, the Group will undertake essential investments while working to maintain a robust financial position.

Investment Plans and Funding

The Group will continue to undertake exploration and development investments aimed at future growth in line with its investment plan covering the five-year period from the year ended March 31, 2013 to the year ending March 31, 2017, put in place in May 2012. In procuring the necessary funds to undertake these investments, the Group will look to procure U.S. dollar funds through external loans including project finance, operating cash flows also in U.S. dollars, and available cash on hand. The vast majority of cash on hand available for use totaling ¥1,263.2 billion as of March 31, 2015 was denominated in U.S. dollars. Accordingly, the Group does not expect its funding burden to increase as a result of a decline in the value of the yen.

Investment Plan (Results / Forecasts)



*Ichthys downstream business included in development expenditures
**Investments mainly in the Naoetsu LNG Terminal and pipeline-related facilities in Japan

ACCOUNTING METHODS FOR TYPES OF AGREEMENTS

The oil and gas business generates the bulk of consolidated net sales revenues for INPEX CORPORATION and its consolidated subsidiaries (the "Group"). Two types of agreements govern the Group's oil and gas operations. One is production sharing contracts (the "PSCs") and the other is concession agreements. The latter category also includes domestic mining rights, as well as overseas permits, licenses and lease agreements.

1. Production sharing contracts

Production sharing contract is an agreement by which one or several oil and gas development companies serve as contractors that undertake at their own expense exploration and development work on behalf of the governments of oil-producing countries or national oil companies and receive production from the projects as cost recovery and compensation.

Cost recovery and production sharing

The PSCs determine the allocation of oil and gas production among the host country's government (or related entity) and the contractors such as the Group. The allocation formula generally differs according to the terms of the individual PSC. The overview below is specific to one type of PSC typical of many oil and gas projects in Indonesia, a country with which the Group has concluded numerous PSCs.

Under this type of arrangement, the total production in any given year or other accounting period is allocated at the end of the period between three portions.

(1) **"First tranche petroleum":** This is a prescribed portion of total production allocated between the host country's government and the contractors in line with agreed percentages.

(2) **"Cost recovery portion":** This is the oil and gas equivalent of a) non-capital production-related expenditures incurred in that period, plus b) the scheduled depreciation expenses in that period for capital expenditures, as calculated under the PSC. The equivalents are determined based on the current unit prices of crude oil and natural gas and allocated between the contractors alone. The quantity of oil and gas in the "cost recovery portion" decreases as unit prices increase, whereas that of the "equity portion" (explained below) rises.

If the actual production for the period is insufficient to cover the quantity of oil and gas equivalent calculated for the cost recovery portion, the latter is capped at actual production and any surplus amount is carried forward to the following period, as stipulated in the PSC.

(3) **"Equity portion":** This is any residual production that is left after the first two portions have been allocated. It is allocated between the host country's government and the contractors based on agreed percentages.

The calculation of items in the income statement based on the above PSC-related considerations is as follows:

- The Group records as net sales its share of total sales relating to the oil and gas production that is allocated to contractors under the PSCs.
- The Group books as cost of sales the portion of "Recoverable accounts under production sharing" that is recovered through the allocation of its share of the "cost recovery portion."

Recoverable costs under the PSCs

Exploration costs

The share of recoverable exploration costs incurred by the Group under the terms of the relevant PSC is capitalized within "Recoverable accounts under production sharing."

Development costs

The share of all development costs incurred by the Group that is recoverable under the terms of the relevant PSC is recorded within "Recoverable accounts under production sharing."

Production costs

Any operating costs incurred during the production phase that are recoverable under the relevant PSC are initially recorded within "Recoverable accounts under production sharing."

Administrative expenses

Any administrative expenses that are recoverable under the relevant PSC are recorded within "Recoverable accounts under production sharing."

As discussed above, in "Cost recovery and production sharing," these costs are recovered either as capital or operating expenditures.

Non-recoverable costs under the PSCs

Acquisition costs

Costs relating to the acquisition of rights (recorded as intangible assets under "Exploration and development rights") for any projects governed by the PSCs that are entirely in the exploration phase are expensed as incurred and amortized. Expenditures or costs relating to the acquisition of rights to projects already in the development or production phase are capitalized within "Exploration and development rights" and amortized based on the unit-of-production method. These amortization costs are recorded within "Depreciation and amortization." Cost recovery provisions in the PSCs do not generally cover these expenditures.

2. Concession agreements

Concession agreement is an agreement or authorization (including mining rights awarded in Japan, as well as overseas permits, licenses and lease agreements) by which a government entity or a national oil company of the country directly awards mining rights to an oil company. The oil company makes its own investment in exploration and development and has the right of disposition of the oil and gas it extracts. Revenues are returned to the host country in the form of royalties, taxes, etc., on sales.

Acquisition costs

Costs relating to the acquisition of rights (recorded as intangible assets under "Mining rights") for projects governed by concession agreements are treated in the same way as projects governed by the PSCs, as described above.

Exploration costs

The Group's share of exploration costs is expensed as incurred.

Development costs

The Group's share of any development costs related to mining facilities is capitalized within tangible fixed assets. The depreciation of tangible fixed assets that are governed by concession agreements is computed primarily using the unit-of-production method for mining assets located outside Japan and the straight-line method for domestic facilities. These depreciation expenses are recorded within the cost of sales.

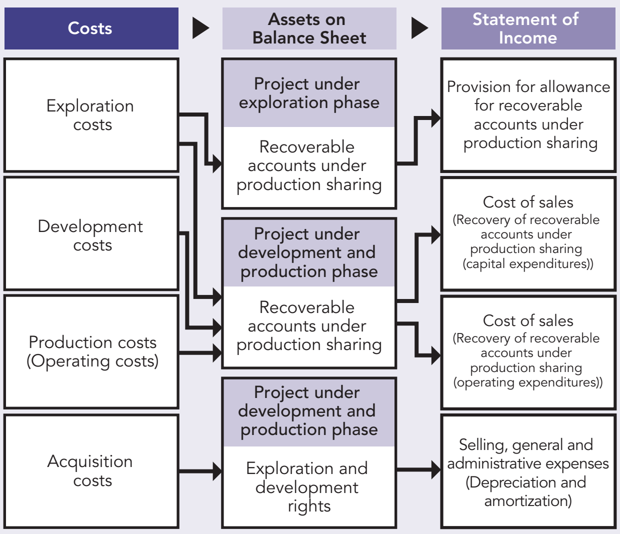
Production costs

The Group's share of operating costs that are incurred during the production phase is recorded within the cost of sales.

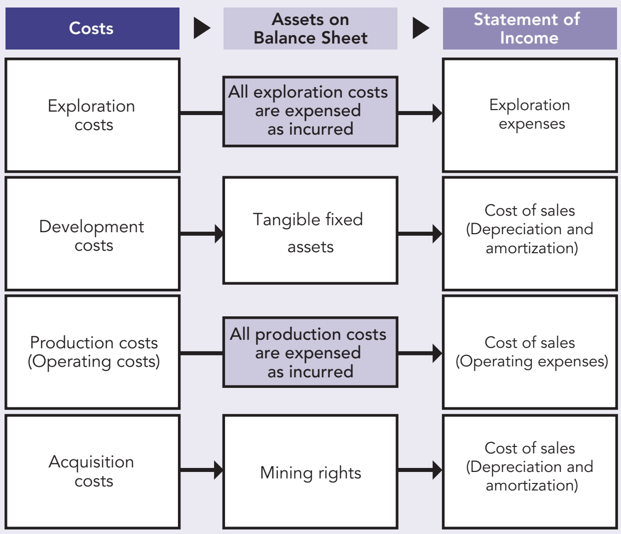
Administrative expenses

The Group's share of administrative expenses is expensed as incurred.

Production sharing contracts



Concession agreements



CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Group's consolidated financial statements are prepared in conformity with Japanese GAAP. The preparation of these financial statements requires the application of estimates, judgments and assumptions that affect the reported values of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses for the reporting period. Actual results may differ from the previously estimated or assumed values.

Accounting estimates pursuant to the preparation of the consolidated financial statements are deemed critical if the degree of uncertainty associated with such estimates is high, or if rational changes to such estimates could exert a material impact on the financial condition or operating results. Critical accounting policies and estimates relating to the financial presentation are outlined below.

— Allowance for recoverable accounts under production sharing

Any expenditures made during the exploration, development and production phases of projects governed by the PSCs are capitalized within "Recoverable accounts under production sharing" if they are recoverable under the relevant PSC. A reserve equal to exploration costs is recorded within "Allowance for recoverable accounts under production sharing" to provide for potential losses from unsuccessful exploration. This reserve typically remains unchanged on the balance sheet until it exceeds the residual balance of exploration costs that previously had been capitalized within "Recoverable accounts under production sharing" during the exploration phase. Reflecting the uncertainty associated with oil and gas projects, a reserve is recorded within "Allowance for recoverable accounts under production sharing" to provide for probable losses on development activities, as individually estimated for each project. Although assessments and accounting estimates are made on a reasonable basis, actual operating results can change depending on the project status.

— Unit-of-production method
Overseas mining facilities, mining rights and exploration and development rights that are acquired during the development and production phase are mainly depreciated or amortized based on the unit-of-production method. This approach requires the estimation of reserves. Although the Group believes that the assessment of reserves is done in an appropriate manner, any changes in these estimates could significantly affect future operating results.

— Asset retirement obligations
Asset retirement obligations are recorded by a reasonable estimate of the present value of retirement costs incurred upon termination of the operation and production with respect to oil and gas production facilities, based on the oil and gas contracts or laws and regulations within the countries in which the Group operates or has working interests. Although the Group believes that such estimates of the present value of retirement costs are reasonable, changes to estimates of the present value of retirement costs, which caused by the factors such as changes to retirement plans, escalating prices of drilling equipment and materials and others, could significantly affect future operating results.

— Allowance for investments in exploration companies
A reserve is recorded to provide for probable losses on investments made by the Group in entities engaged in oil and gas activities, as estimated based on the net assets of such entities. Although the Group believes that the assessments and estimates relating to such investments are reasonable, changes in actual production volumes, prices or foreign exchange rates could significantly affect future operating results.

— Provision for exploration projects
A provision for exploration projects is provided for future expenditures of consolidated subsidiaries at the exploration stage based on a schedule of investments in exploration. Although the Group believes that assessments relating to the schedule of investments are reasonable, changes to the schedule could significantly affect future operating results.

— Provision for loss on business
A provision for loss on business is provided for future potential loss on crude oil and natural gas development, production and sales business individually estimated for each project. Although assessments and accounting estimates are made on a reasonable basis, actual operating results can change depending on the business status.

— Deferred tax assets
Deferred tax assets reflect temporary differences (including net operating loss carry-forwards) arising mainly from the write-down of exploration expenditures, foreign taxes payable and excess of tax allowable depreciation. Valuation allowances are provided once it is judged that the non-realization of deferred tax assets has become the more probable outcome. The effect of foreign tax credits is taken into account in the calculation of such valuation allowances. The realization of deferred tax assets is principally dependent on the generation of sufficient taxable income, based on the available information. Adjustments to deferred tax assets could be required if future taxable income was lower than expected due to market conditions, foreign exchange rate fluctuations or poor operating performance.

— Retirement benefits to employees
Retirement benefit obligation to employees are recognized at the net present value of future obligations as of the end of the accounting period, taking into account any periodic benefit costs that have arisen during the period. The calculation of retirement benefit obligations and retirement benefit expenses is based on various actuarial assumptions, including the discount rate, employee turnover and retirement rates, remuneration growth rates, and the long-term expected return on plan assets. Future operating results could be significantly affected by deviation between the base assumptions and actual results or the revision of such assumptions which were to generate actuarial gains or losses.

— Goodwill
The excess cost over underlying net assets excluding minority interests as fair value as of their dates of acquisition is accounted for as goodwill and amortized over 20 years on a straight-line method.

Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS ENVIRONMENT

During the year ended March 31, 2015, the Japanese economy continued on a path of gradual recovery, owing to improvements in corporate earnings and the employment rate as a result of economic policies implemented by the Japanese government and monetary easing by the Bank of Japan. However, certain aspects of the recovery in consumer spending remained weak following the consumption tax hike.

Under such business environment, Brent crude oil price, a common benchmark of international crude oil prices which significantly influence the Group's performance, started at US$105.62 per barrel on April 1, 2014, and reached a high of US$115.06 per barrel in mid-June due to factors including the decrease of crude oil production in Libya.

However, Brent crude oil fell thereafter as a result of a downward revision in crude oil demand forecasts for 2015 by IEA and OPEC, and, spurred by OPEC's deferment of crude oil production cutbacks announced on November 27 amid intensifying awareness of a crude oil oversupply, ultimately plunged about 60% in a period of six months, having dropped to a low of US$46.59 per barrel in January for the first time in five years and nine months.

Brent crude oil then bounced back and finished at US$55.11 per barrel on March 31, 2015, owing to a perceived slowdown in U.S. shale oil production growth combined with instability in Libya.

Meanwhile, in the Japanese domestic market, crude oil and petroleum product prices shifted in correlation with international oil prices. The Group's average sales price for crude oil for the year ended March 31, 2015 reflected this shift, recording US$84.00 per barrel, down US$23.78 from the year ended March 31, 2014.

The foreign exchange market, another important factor that affects the business of the Group, began to trade at the ¥103 level to the U.S. dollar. From April to July, the exchange rate remained at a narrow range of ¥101 to ¥103 level to the U.S. dollar without significant changes on the Japanese and U.S. monetary policies. However, the suggestion by the FRB (Federal Reserve Board) in late-August, which showed a possibility to move the rise in interest-rate forward, brought the yen depreciation against the U.S. dollar to the ¥110 level.

Afterward, the yen depreciated sharply against the U.S. dollar when the Bank of Japan's unexpected additional monetary easing and the change of the operating asset allocation target of GPIF (Government Pension Investment Fund) were announced in late-October. Furthermore, the yen depreciated against the U.S. dollar to the late ¥121 level while the U.S. employment rate which announced in early-December went beyond the market expectations.

Although the yen temporarily appreciated to the U.S. dollar following to the probable movement to reduce short yen positions against the U.S. dollar, the appreciation of the U.S. dollar against many other currencies weakened the movement of yen buying from the beginning of 2015, owing to the monetary easing policies in countries except the U.S. and TTM closed at ¥120.27 to the U.S. dollar which turned out to be ¥17.35 lower than that on March 31, 2014.

Reflecting these situations, the average sales exchange rate for the Group for the year ended March 31, 2015, was ¥107.93 to the U.S. dollar, which is ¥7.73 lower than that for the year ended March 31, 2014.

PERFORMANCE OVERVIEW

Net sales

Consolidated net sales for the year ended March 31, 2015, decreased by ¥163.4 billion, or 12.2%, to ¥1,171.2 billion from ¥1,334.6 billion for the year ended March 31, 2014, due to a decrease in sales price of crude oil and overseas natural gas.

Compared with the year ended March 31, 2014, net sales of crude oil decreased by ¥128.3 billion, or 14.9%, to ¥730.4 billion from ¥858.8 billion, and net sales of natural gas decreased by ¥33.6 billion, or 7.4%, to ¥421.9 billion from ¥455.4 billion.

Crude oil sales volume increased by 1,387 thousand barrels, or 1.8%, to 80,558 thousand barrels compared with the year ended March 31, 2014. The sales volume of natural gas decreased by 18 billion cubic feet (Bcf), or 5.4%, to 309 Bcf compared with the year ended March 31, 2014. Of this, the sales volume of overseas natural gas decreased by 17 Bcf, or 6.6%, to 243 Bcf compared with the year ended March 31, 2014. The sales volume of domestic natural gas decreased by 11 million m^3, or 0.6%, to 1,787 million m^3 (equivalent to 67 Bcf) compared with the year ended March 31, 2014. The average sales price of overseas crude oil was US$84.00 per barrel, a decrease of US$23.78, or 22.1%, compared with the year ended March 31, 2014. The average sales price of overseas natural gas was US$11.36 per thousand cubic feet (Mcf), a decrease of US$1.73, or 13.2%, compared with the year ended March 31, 2014. The average sales price of domestic natural gas was ¥57.56 per m^3, an increase of ¥7.25 per m^3, or 14.4%, compared with the year ended March 31, 2014.

The decrease of ¥163.4 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, decreases in sales volume and unit sales price pushing sales down of ¥8.9 billion and ¥227.5 billion, respectively, and the depreciation of the Japanese yen against the U.S. dollar contributing ¥74.6 billion to the increase, in addition, a decrease in net sales excluding crude oil and natural gas of ¥1.5 billion.

Years ended March 31,	2014	2015	Change	Ratio
		(Millions of yen, %)		
Net sales	¥1,334,626	¥1,171,227	¥(163,399)	(12.2)%
Crude oil	858,754	730,422	(128,332)	(14.9)
Natural gas	455,414	421,860	(33,554)	(7.4)
Other	20,458	18,945	(1,513)	(7.4)
Cost of sales	490,417	525,444	35,027	7.1
Gross profit	844,209	645,783	(198,426)	(23.5)
Exploration expenses	28,206	23,239	(4,967)	(17.6)
Selling, general and administrative expenses	57,345	63,139	5,794	10.1
Depreciation and amortization	25,048	24,519	(529)	(2.1)
Operating income	733,610	534,886	(198,724)	(27.1)
Other income	50,735	101,764	51,029	100.6
Interest income	17,462	11,227	(6,235)	(35.7)
Dividend income	9,228	6,670	(2,558)	(27.7)
Gain on sales of marketable securities	10,320	18,146	7,826	75.8
Gain on transfer of mining rights	798	27,520	26,722	—
Foreign exchange gain	—	19,562	19,562	—
Other	12,927	18,639	5,712	44.2
Other expenses	34,267	96,627	62,360	182.0
Interest expense	2,335	2,947	612	26.2
Equity in losses of affiliates	5,054	13,444	8,390	166.0
Provision for allowance for recoverable accounts under production sharing	8,028	19,449	11,421	142.3
Provision for exploration projects	1,165	835	(330)	(28.3)
Foreign exchange loss	4,280	—	(4,280)	(100.0)
Loss on disposal of fixed assets	72	6,258	6,186	—
Impairment loss	—	35,132	35,132	—
Other	13,333	18,562	5,229	39.2
Income before income taxes and minority interests	750,078	540,023	(210,055)	(28.0)
Income taxes	563,137	464,426	(98,711)	(17.5)
Income before minority interests	186,941	75,597	(111,344)	(59.6)
Minority interests	3,250	(2,223)	(5,473)	—
Net income	¥ 183,691	¥ 77,820	¥(105,871)	(57.6)%

Cost of sales
Cost of sales for the year ended March 31, 2015, increased by ¥35.0 billion, or 7.1%, to ¥525.4 billion from ¥490.4 billion for the year ended March 31, 2014. This was mainly due to the depreciation of the Japanese yen against the U.S. dollar.

Exploration expenses
Exploration expenses for the year ended March 31, 2015, decreased by ¥5.0 billion, or 17.6%, to ¥23.2 billion from ¥28.2 billion for the year ended March 31, 2014. This was mainly due to a decrease in exploration activities in the Middle East and Africa region.

Selling, general and administrative expenses
Selling, general and administrative expenses for the year ended March 31, 2015, increased by ¥5.8 billion, or 10.1%, to ¥63.1 billion from ¥57.3 billion for the year ended March 31, 2014. This was mainly due to an increase in personnel expenses.

Depreciation and amortization
Depreciation and amortization for the year ended March 31, 2015, decreased by ¥0.5 billion, or 2.1%, to ¥24.5 billion from ¥25.0 billion for the year ended March 31, 2014. This was mainly due to a decrease in the depreciation of exploration and development rights for the ACG Oil Fields. The Group records depreciation costs for production facilities that are covered by concession agreements as cost of sales. In addition, under its accounting treatment of the PSCs, the Group records capital expenditures as "Recoverable accounts under production sharing" instead of capitalizing these costs within tangible fixed assets and depreciating them. Costs that are recovered in any given year based on the terms of the PSCs are included in the cost of sales.

Operating income
As a result of the above, operating income for the year ended March 31, 2015, decreased by ¥198.7 billion, or 27.1%, to ¥534.9 billion from ¥733.6 billion for the year ended March 31, 2014.

Other income
Other income for the year ended March 31, 2015, increased by ¥51.0 billion, or 100.6%, to ¥101.8 billion from ¥50.7 billion for the year ended March 31, 2014. This was mainly due to increases in gain on transfer of mining rights and foreign exchange gain.

Other expenses
Other expenses for the year ended March 31, 2015, increased by ¥62.4 billion, or 182.0%, to ¥96.6 billion from ¥34.3 billion for the year ended March 31, 2014. This was mainly due to the following factors: posting impairment loss for certain projects due to a drop in oil prices and increases in provision for allowance for recoverable accounts under production sharing and equity in losses of affiliates.

Income taxes
Total current income taxes and deferred income taxes for the year ended March 31, 2015, decreased by ¥98.7 billion, or 17.5%, to ¥464.4 billion from ¥563.1 billion for the year ended March 31, 2014. The Group pays the majority of its taxes outside Japan. In addition to the high corporate tax rates imposed in a number of regions, the Group is generally unable to deduct expenses incurred in Japan for such taxes. Despite the positive effects attributable to the application of the foreign tax credit system, this situation resulted in a high effective income tax rate of 86.0% for the year ended March 31, 2015.

Minority interests
Minority interests for the year ended March 31, 2015, decreased by ¥5.5 billion to ¥(2.2) billion from ¥3.3 billion for the year ended March 31, 2014.

Net income
As a result of the above, net income for the year ended March 31, 2015, decreased by ¥105.9 billion, or 57.6%, to ¥77.8 billion from ¥183.7 billion for the year ended March 31, 2014.

FINANCIAL POSITION

Total assets as of March 31, 2015, increased by ¥461.0 billion, or 11.4%, to ¥4,499.2 billion from ¥4,038.1 billion as of March 31, 2014. Current assets increased by ¥202.2 billion, or 17.7%, to ¥1,342.4 billion from ¥1,140.2 billion due to an increase in cash and cash equivalents and others. Fixed assets increased by ¥258.8 billion, or 8.9%, to ¥3,156.7 billion from ¥2,897.9 billion as of March 31, 2014, due to an increase in construction in progress and others.

Meanwhile, total liabilities increased by ¥168.3 billion, or 16.2%, to ¥1,210.5 billion from ¥1,042.1 billion as of March 31, 2014. Current liabilities decreased by ¥10.5 billion, or 2.8%, to ¥365.2 billion from ¥375.7 billion as of March 31, 2014, due to a decrease in income taxes payable and others. Long-term liabilities increased by ¥178.8 billion, or 26.8%, to ¥845.2 billion from ¥666.4 billion as of March 31, 2014, due to an increase in long-term debt and others.

Net assets increased by ¥292.7 billion, or 9.8%, to ¥3,288.7 billion from ¥2,996.0 billion as of March 31, 2014. Total shareholders' equity increased by ¥51.8 billion, or 2.1%, to ¥2,549.5 billion from ¥2,497.7 billion as of March 31, 2014. Total accumulated other comprehensive income increased by ¥223.8 billion, or 76.3%, to ¥517.2 billion from ¥293.4 billion as of March 31, 2014, and minority interests increased by ¥17.1 billion, or 8.3%, to ¥222.0 billion from ¥204.9 billion as of March 31, 2014.

INVESTMENT AND FUNDING

— Investments in upstream oil and gas projects

Continuous exploration for new reserves of crude oil and natural gas is essential for stable earnings of the Group. The information in this section on upstream oil and gas investments is based on the data reported by project operators relating to exploration expenditures, development expenditures and operating expenses. The Group's expenditure categories are defined as follows:

- Exploration expenditures include the costs of exploratory drilling and any geological or geophysical studies. The costs of local personnel and office operations and related administrative expenses are also included in this category if a project (or contract area) is in the exploration phase.
- Development expenditures include the costs of development drilling and any production facilities.
- Operating expenses include the costs of well operations, maintenance and the supervision of production activities. This category also includes the administrative expenses for the project (or contract area) if it contains a field in active production and/or development.
- Discrepancies exist between the standards stipulated in U.S. FASB Accounting Standards Codification Topic 932, "Extractive Industries—Oil and Gas (Topic 932)," and both the Group's definitions of exploration and development expenditures and the standards used in preparing the following tables. The following is a partial list of the discrepancies between the Group's accounting policies and Topic 932.
  - Group expenditures relating to the PSC-governed joint ventures where the Group is not the operator are disclosed on a cash basis rather than an accrual basis as required by Topic 932.
  - The tables below have been prepared based on the cost definitions used by operators in their reporting, which may not be consistent with Topic 932.
  - Topic 932 requires that administrative costs not directly related to exploration and development activities be excluded from exploration and development expenditures, whereas such administrative costs are not necessarily excluded from those expenditures under the Group's accounting policies.

The table below shows the Group's exploration and development costs and other expenditures (excluding capitalized interest costs and asset retirement costs corresponding to asset retirement obligations capitalized under fixed assets) by segment for the years ended March 31, 2014 and 2015.

(Millions of yen)

Year ended March 31, 2014	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥ 3,384	¥ 36,689	¥ 107	¥16,590	¥14,232	¥ 71,002
Development	1,071	338,123	58,804	50,041	18,601	466,640
Subtotal*1	4,455	374,812	58,911	66,631	32,833	537,642
Equity-method Affiliates						
Exploration	—	—	194	105	—	299
Development	—	1,517	—	11,791	1,198	14,506
Subtotal	—	1,517	194	11,896	1,198	14,805
Other capital expenditures*2	37,036	388,271	—	—	—	425,307
Total*3	¥41,491	¥764,600	¥59,105	¥78,527	¥34,031	¥977,754

*1 Figures include an equity-method affiliate of Japan Oil Development Co., Ltd. (JODCO).
*2 Other capital expenditures include the construction costs of domestic gas infrastructure and the Group's share of investment in the Ichthys downstream entity (Ichthys LNG Pty Ltd, an equity-method affiliate).
*3 The amount capitalized for the asset retirement costs corresponding to asset retirement obligations for the year ended March 31, 2014, was ¥10,651 million.

(Millions of yen)

Year ended March 31, 2015	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥ 519	¥ 47,681	¥ 2,839	¥ 1,982	¥19,628	¥ 72,649
Development	2,851	436,119	45,657	74,386	22,912	581,925
Subtotal*1	3,370	483,800	48,496	76,368	42,540	654,574
Equity-method Affiliates						
Exploration	—	—	445	7	—	452
Development	—	963	—	13,094	835	14,892
Subtotal	—	963	445	13,101	835	15,344
Other capital expenditures*2	27,016	348,112	—	—	—	375,128
Total*3	¥30,386	¥832,875	¥48,941	¥89,469	¥43,375	¥1,045,046

*1 Figures include an equity-method affiliate of Japan Oil Development Co., Ltd. (JODCO).
*2 Other capital expenditures include the construction costs of domestic gas infrastructure, the Group's share of investment in the Ichthys downstream entity (Ichthys LNG Pty Ltd, an equity-method affiliate) and others.
*3 The amount capitalized for the asset retirement costs corresponding to asset retirement obligations for the year ended March 31, 2015, was ¥60,888 million.

Total investments for the year ended March 31, 2015, increased by ¥67.3 billion, or 6.9%, to ¥1,045.0 billion (including ¥15.3 billion for exploration and development by equity-method affiliates) from ¥977.8 billion for the year ended March 31, 2014. This was mainly due to an increase in development expenditures for the Ichthys Project (including the downstream business) in the Asia & Oceania region.

The table below shows the Group's operating expenses by segment for the years ended March 31, 2014 and 2015.

(Millions of yen, %)

Years ended March 31,	2014		2015	
INPEX CORPORATION and Consolidated Subsidiaries				
Japan	¥ 10,286	7.5%	¥ 11,075	6.4%
Asia & Oceania	82,719	60.7	104,938	60.8
Eurasia (Europe & NIS)	9,521	7.0	13,384	7.8
Middle East & Africa	31,921	23.4	39,927	23.1
Americas	1,916	1.4	3,229	1.9
Subtotal	136,363	100.0	172,553	100.0
Equity-method Affiliates				
Asia & Oceania	1,224	11.6	1,034	8.9
Eurasia (Europe & NIS)	—	—	—	—
Middle East & Africa	7,156	67.6	8,290	71.2
Americas	2,199	20.8	2,321	19.9
Subtotal	10,579	100.0	11,645	100.0
Total	¥146,942	—%	¥184,198	—%

— Expenditures for acquisitions of upstream oil and gas projects

The table below shows the Group's expenditures for acquisitions of upstream oil and gas projects by segment for the years ended March 31, 2014 and 2015. Expenditures in this category include the costs of acquiring mining rights, exploration and development rights, signing bonuses and any tangible fixed assets or recoverable accounts under production sharing gained through the acquisition of interest in upstream oil and gas projects.

(Millions of yen, %)

Years ended March 31,	2014		2015	
INPEX CORPORATION and Consolidated Subsidiaries				
Asia & Oceania	¥16,091	36.9%	¥ —	—%
Eurasia (Europe & NIS)	913	2.1	—	—
Middle East & Africa	—	—	—	—
Americas	26,643	61.0	18,424	100.0
Subtotal	43,647	100.0	18,424	100.0
Equity-method Affiliates				
Asia & Oceania	—	—	—	—
Eurasia (Europe & NIS)	—	—	—	—
Middle East & Africa	—	—	—	—
Americas	—	—	—	—
Subtotal	—	—	—	—
Total	¥43,647	—%	¥18,424	—%

Total expenditures on acquisitions of upstream oil and gas projects for the year ended March 31, 2015, decreased by ¥25.2 billion to ¥18.4 billion from ¥43.6 billion for the year ended March 31, 2014, mainly due to decreases in the Asia & Oceania and Americas regions.

— Analysis of recoverable accounts under production sharing

For upstream projects governed by the PSCs, the Group's share of costs arising during the exploration, development and production phases is capitalized under "Recoverable accounts under production sharing." The following table shows the changes in the balance of "Recoverable accounts under production sharing" during the years ended March 31, 2014 and 2015.

	(Millions of yen)	
Years ended March 31,	2014	2015
Balance at beginning of the year	¥ 590,566	¥ 685,990
Add: Exploration costs	42,086	41,237
Development costs	172,234	131,985
Operating expenses	73,179	98,250
Other	9,386	7,332
Less: Cost recovery—capital expenditures	(67,073)	(75,586)
Cost recovery—operating expenditures	(129,671)	(146,930)
Other	(4,717)	(38,987)
Balance at end of the year	685,990	703,291
Allowance for recoverable accounts under production sharing at end of the year	¥(123,484)	¥(121,707)

The amount posted as "Cost recovery—operating expenditures" in recoverable accounts under production sharing is greater than that posted as operating expenses. Along with operating expenses, this is because a portion of the exploration and development costs, which are incurred and recoverable within the year, is included in the "Cost recovery—operating expenditures" account.

Exploration costs for the year ended March 31, 2015, decreased compared with the year ended March 31, 2014. This was mainly due to a decrease in exploration expenditures in the Asia & Oceania region.

Development costs for the year ended March 31, 2015, decreased compared with the year ended March 31, 2014. This was mainly due to a decrease in development expenditures in the South Natuna Sea Block B.

Operating expenses for the year ended March 31, 2015, increased compared with the year ended March 31, 2014. This was mainly due to an increase in operating expenses in the Offshore Mahakam Block and the South Natuna Sea Block B.

Cost recovery for the year ended March 31, 2015, increased compared with the year ended March 31, 2014. This was mainly due to an increase in cost recovery in the Offshore Mahakam Block and the ACG Oil Fields.

In addition, other deduction was mainly due to the decrease in recoverable accounts under production sharing related to the business withdrawal from certain exploration blocks.

The allowance for recoverable accounts under production sharing as of March 31, 2015, decreased compared with March 31, 2014. This was mainly due to the business withdrawal from certain exploration blocks, despite additional provision for allowance in connection with exploration expenditures.

— Funding sources and liquidity

Oil and gas exploration and development projects, as well as the construction of gas infrastructure, require significant funding. The Group relies on cash flow derived from internal reserves, together with external sources, to procure funds. The Group's basic policy is to utilize internal cash flow and external equity financing to fund exploration projects and to utilize internal cash flow and external loans to fund development projects and the construction of gas infrastructure. The Group currently receives loans from the Japan Bank for International Cooperation, Japanese commercial banks and others. The Japan Oil, Gas and Metals National Corporation (JOGMEC) guarantee system covers these loans. In addition, the Development Bank of Japan and various Japanese commercial banks provide loans for the construction of domestic gas infrastructure.

The Ichthys downstream entity (Ichthys LNG Pty Ltd, an equity-method affiliate), as the borrower, has utilized external loans from export credit agencies and commercial banks for project financing throughout the year ended March 31, 2015.

The Group's basic liquidity policy is to maintain sufficient cash on hand at all times to fund expenditures for existing and new oil and gas projects in a timely manner, while also keeping a cushion of liquidity to provide for steep falls in oil and gas prices. In line with this policy, excess cash reserves are invested in low-risk, highly liquid financial instruments. The Group's strategy is to improve capital efficiency over the long term through business expansion while continuing to maintain a sound financial position with sufficient liquidity.

— Maturities of long-term debt

The aggregate annual maturities of long-term debt subsequent to March 31, 2015, are summarized as follows:

	(Millions of U.S. dollars and Millions of yen)		
	Long-term debt denominated in		
Years ending March 31,	U.S. dollars	Yen	Total yen equivalent
2016	$ 154.6	¥ 7,847	¥ 26,443
2017	258.6	34,119	65,222
2018	258.6	10,245	41,349
2019	458.6	9,818	64,976
2020	658.6	25,469	104,681
2021 and thereafter	2,940.5	14,069	367,723
Total	$4,729.5	¥101,567	¥670,394

— Cash flows

Cash flows for the years ended March 31, 2014 and 2015, are summarized as follows:

	(Millions of yen)	
Years ended March 31,	2014	2015
Net cash provided by operating activities	¥213,514	¥216,749
Net cash used in investing activities	(395,555)	(81,087)
Net cash provided by (used in) financing activities	48,961	(4,178)
Cash and cash equivalents at end of the year	¥117,531	¥260,978

Net cash provided by operating activities

Net cash provided by operating activities for the year ended March 31, 2015, was ¥216.7 billion, an increase of ¥3.2 billion from ¥213.5 billion for the year ended March 31, 2014. This was mainly due to decreases in income taxes paid and accounts receivable-other, despite a decrease in income before income taxes and minority interests.

Net cash used in investing activities

Net cash used in investing activities for the year ended March 31, 2015, was ¥81.1 billion, a decrease of ¥314.5 billion from ¥395.6 billion for the year ended March 31, 2014. This was mainly due to an increase in proceeds from time deposits and a decrease in payments for long-term time deposits, despite an increase in payments for purchases of tangible fixed assets.

Net cash provided by (used in) financing activities

Net cash used in financing activities for the year ended March 31, 2015, was ¥4.2 billion. This was mainly due to a decrease in proceeds from long-term debt. Meanwhile, net cash provided by financing activities for the year ended March 31, 2014, was ¥49.0 billion.

CONSOLIDATED FINANCIAL FORECAST FOR THE YEAR ENDING MARCH 31, 2016 (Announced on August 7, 2015)

Consolidated net sales for the year ending March 31, 2016, are expected to increase by ¥9.8 billion, or 0.8%, to ¥1,181.0 billion compared with the year ended March 31, 2015. Operating income for the year ending March 31, 2016, is expected to decrease by ¥63.9 billion, or 11.9%, to ¥471.0 billion compared with the year ended March 31, 2015. Income before income taxes* is expected to decrease by ¥61.0 billion, or 11.3%, to ¥479.0 billion compared with the year ended March 31, 2015. Net income attributable to owners of parent* is expected to decrease by ¥7.8 billion, or 10.0%, to ¥70.0 billion compared with the year ended March 31, 2015.

Net sales for the year ending March 31, 2016 are expected to increase due to the forecasted increase in sales volume of crude oil and others contributed from the newly acquired project, despite a decrease in the forecasted decline in the crude oil price compared with the year ended March 31, 2015. Meanwhile, operating income, income before income taxes, and net income attributable to owners of parent for the year ending March 31, 2016 are expected to decrease, while the negative effect of decline of oil prices on the existing projects is forecasted to exceed the positive contribution from the newly acquired project to these incomes.

The aforementioned forecasts are based on an average oil price of US$60.9 per barrel for Brent crude oil and an average exchange rate of ¥120.4 to the U.S. dollar for the year ending March 31, 2016.

*Effective from the beginning of the year ending March 31, 2016, the Company will apply the “Revised Accounting Standard for Business Combinations” and other standards (see p. 68) and rename “Income before income taxes and minority interests” to “Income before income taxes”, and “Net income” to “Net income attributable to owners of parent”, respectively.

Consolidated Balance Sheet

INPEX CORPORATION and Consolidated Subsidiaries
March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	2014	2015	2015
Current assets			
Cash and cash equivalents	¥ 117,531	¥ 260,978	$ 2,169,934
Time deposits (Note 13)	555,948	661,706	5,501,838
Accounts receivable—trade (Note 4)	110,396	77,209	641,964
Marketable securities (Notes 4 and 5)	177,709	162,289	1,349,372
Inventories	25,485	31,652	263,175
Deferred tax assets (Note 7)	7,745	4,956	41,207
Accounts receivable—other (Note 4)	121,121	110,315	917,228
Other	41,913	46,211	384,227
Less allowance for doubtful accounts	(17,644)	(12,906)	(107,309)
Total current assets	1,140,204	1,342,410	11,161,636
Tangible fixed assets			
Buildings and structures (Note 6)	294,621	300,484	2,498,412
Wells (Note 6)	264,439	291,524	2,423,913
Machinery, equipment and vehicles (Note 6)	356,157	366,422	3,046,662
Land	19,737	19,870	165,211
Construction in progress	626,520	1,173,409	9,756,456
Other	29,050	29,143	242,313
	1,590,524	2,180,852	18,132,967
Less accumulated depreciation and amortization	(638,745)	(683,230)	(5,680,801)
Total tangible fixed assets	951,779	1,497,622	12,452,166
Intangible assets			
Goodwill (Note 18)	81,080	74,319	617,935
Exploration and development rights	125,622	134,810	1,120,895
Mining rights	221,411	238,316	1,981,508
Other	11,066	11,325	94,163
Total intangible assets	439,179	458,770	3,814,501
Investments and other assets			
Recoverable accounts under production sharing	685,990	703,291	5,847,601
Less allowance for recoverable accounts under production sharing	(123,484)	(121,707)	(1,011,948)
	562,506	581,584	4,835,653
Investment securities (Notes 4, 5 and 6)	476,407	284,090	2,362,102
Long-term loans receivable	33,092	126,517	1,051,941
Long-term time deposits (Note 13)	364,103	120,270	1,000,000
Deferred tax assets (Note 7)	13,822	22,849	189,981
Other investments (Note 6)	61,159	76,168	633,308
Less allowance for doubtful accounts	(885)	(8,399)	(69,834)
Less allowance for investments in exploration	(3,227)	(2,727)	(22,674)
Total investments and other assets	1,506,977	1,200,352	9,980,477
Total fixed assets	2,897,935	3,156,744	26,247,144
Total assets	¥4,038,139	¥4,499,154	$37,408,780

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 3) 2015
Current liabilities			
Accounts payable—trade	¥ 46,811	¥ 53,474	$ 444,616
Short-term borrowings and current portion of long-term debt (Notes 4, 6 and 13)	21,954	33,206	276,096
Income taxes payable (Note 7)	91,198	60,185	500,416
Accounts payable—other (Note 6)	131,905	113,568	944,275
Provision for exploration projects	9,817	9,492	78,922
Accrued bonuses to officers	111	70	582
Asset retirement obligations (Note 17)	2,353	1,094	9,096
Other (Note 7)	71,521	94,123	782,598
Total current liabilities	375,670	365,212	3,036,601
Long-term liabilities			
Long-term debt (Notes 4, 6, 12 and 13)	561,674	643,951	5,354,211
Deferred tax liabilities (Note 7)	54,960	77,918	647,859
Provision for loss on business	6,978	9,080	75,497
Accrued special repair and maintenance	234	228	1,896
Liability for retirement benefits (Note 16)	7,793	6,700	55,708
Asset retirement obligations (Note 17)	25,954	105,234	874,981
Other (Note 6)	8,839	2,127	17,685
Total long-term liabilities	666,432	845,238	7,027,837
Total liabilities	1,042,102	1,210,450	10,064,438
Net assets (Note 10)			
Common stock	290,810	290,810	2,417,976
Authorized: 2014 — 3,600,000,001 shares; 2015 — 3,600,000,001 shares			
Issued: 2014 — 1,462,323,601 shares; 2015 — 1,462,323,601 shares			
Capital surplus	679,288	679,288	5,648,025
Retained earnings	1,532,876	1,584,645	13,175,730
Less: Treasury stock 2014 — 1,966,400 shares; 2015 — 1,966,400 shares	(5,248)	(5,248)	(43,635)
Total shareholders' equity	2,497,726	2,549,495	21,198,096
Unrealized holding gain on securities	44,737	46,049	382,880
Unrealized gain (loss) from hedging instruments (Note 12)	(17,579)	(36,423)	(302,843)
Translation adjustments	266,225	507,560	4,220,171
Total accumulated other comprehensive income	293,383	517,186	4,300,208
Minority interests	204,928	222,023	1,846,038
Total net assets	2,996,037	3,288,704	27,344,342
Contingent liabilities (Note 20)			
Total liabilities and net assets	¥4,038,139	¥4,499,154	$37,408,780

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

INPEX CORPORATION and Consolidated Subsidiaries
For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Net sales	¥1,334,626	¥1,171,227	$9,738,314
Cost of sales	490,417	525,444	4,368,870
Gross profit	844,209	645,783	5,369,444
Exploration expenses	28,206	23,239	193,224
Selling, general and administrative expenses (Notes 14, 16 and 18)	57,345	63,139	524,977
Depreciation and amortization	25,048	24,519	203,866
Operating income	733,610	534,886	4,447,377
Other income			
Interest income	17,462	11,227	93,348
Dividend income	9,228	6,670	55,459
Gain on sales of marketable securities	10,320	18,146	150,877
Gain on transfer of mining rights	798	27,520	228,818
Foreign exchange gain	—	19,562	162,651
Other	12,927	18,639	154,976
Total other income	50,735	101,764	846,129
Other expenses			
Interest expense	2,335	2,947	24,503
Equity in losses of affiliates	5,054	13,444	111,782
Provision for allowance for recoverable accounts under production sharing	8,028	19,449	161,711
Provision for exploration projects	1,165	835	6,943
Foreign exchange loss	4,280	—	—
Loss on disposal of fixed assets	72	6,258	52,033
Impairment loss (Note 15)	—	35,132	292,109
Other	13,333	18,562	154,336
Total other expenses	34,267	96,627	803,417
Income before income taxes and minority interests	750,078	540,023	4,490,089
Income taxes (Note 7)			
Current	514,016	448,659	3,730,431
Deferred	49,121	15,767	131,097
Total income taxes	563,137	464,426	3,861,528
Income before minority interests	186,941	75,597	628,561
Minority interests	3,250	(2,223)	(18,483)
Net income	¥ 183,691	¥ 77,820	$ 647,044

Consolidated Statement of Comprehensive Income

INPEX CORPORATION and Consolidated Subsidiaries
For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Income before minority interests	¥186,941	¥ 75,597	$ 628,561
Other comprehensive income			
Unrealized holding gain on securities	9,982	1,315	10,933
Unrealized gain (loss) from hedging instruments	(20,888)	—	—
Translation adjustments	176,311	244,018	2,028,918
Share of other comprehensive income of affiliates accounted for by the equity-method	(6,674)	(13,951)	(115,997)
Total other comprehensive income (Note 8)	158,731	231,382	1,923,854
Comprehensive income (Note 8)	345,672	306,979	2,552,415
Total comprehensive income attributable to:			
Shareholders of INPEX CORPORATION	335,737	301,622	2,507,874
Minority interests	¥ 9,935	¥ 5,357	$ 44,541

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

INPEX CORPORATION and Consolidated Subsidiaries

	Millions of yen				
	Shareholders' equity				
For the year ended March 31, 2014	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2013	¥290,810	¥679,288	¥1,375,107	¥(5,248)	¥2,339,957
Cumulative effects of changes in accounting policies			—		—
Restated balance	290,810	679,288	1,375,107	(5,248)	2,339,957
Cash dividends paid			(25,922)		(25,922)
Net income			183,691		183,691
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	157,769	—	157,769
Balance as of March 31, 2014	¥290,810	¥679,288	¥1,532,876	¥(5,248)	¥2,497,726

	Millions of yen					
	Accumulated other comprehensive income					
For the year ended March 31, 2014	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2013	¥34,742	¥ 16,244	¥ 90,350	¥141,336	¥189,691	¥2,670,984
Cumulative effects of changes in accounting policies						—
Restated balance	34,742	16,244	90,350	141,336	189,691	2,670,984
Cash dividends paid						(25,922)
Net income						183,691
Net changes in items other than those in shareholders' equity	9,995	(33,823)	175,875	152,047	15,237	167,284
Total changes during the period	9,995	(33,823)	175,875	152,047	15,237	325,053
Balance as of March 31, 2014	¥44,737	¥(17,579)	¥266,225	¥293,383	¥204,928	¥2,996,037

	Millions of yen				
	Shareholders' equity				
For the year ended March 31, 2015	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	¥290,810	¥679,288	¥1,532,876	¥(5,248)	¥2,497,726
Cumulative effects of changes in accounting policies			236		236
Restated balance	290,810	679,288	1,533,112	(5,248)	2,497,962
Cash dividends paid			(26,287)		(26,287)
Net income			77,820		77,820
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	51,533	—	51,533
Balance as of March 31, 2015	¥290,810	¥679,288	¥1,584,645	¥(5,248)	¥2,549,495

	Millions of yen					
	Accumulated other comprehensive income					
For the year ended March 31, 2015	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2014	¥44,737	¥(17,579)	¥266,225	¥293,383	¥204,928	¥2,996,037
Cumulative effects of changes in accounting policies						236
Restated balance	44,737	(17,579)	266,225	293,383	204,928	2,996,273
Cash dividends paid						(26,287)
Net income						77,820
Net changes in items other than those in shareholders' equity	1,312	(18,844)	241,335	223,803	17,095	240,898
Total changes during the period	1,312	(18,844)	241,335	223,803	17,095	292,431
Balance as of March 31, 2015	¥46,049	¥(36,423)	¥507,560	¥517,186	¥222,023	¥3,288,704

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
For the year ended March 31, 2015	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	$2,417,976	$5,648,025	$12,745,290	$(43,635)	$20,767,656
Cumulative effects of changes in accounting policies			1,962		1,962
Restated balance	2,417,976	5,648,025	12,747,252	(43,635)	20,769,618
Cash dividends paid			(218,566)		(218,566)
Net income			647,044		647,044
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	428,478	—	428,478
Balance as of March 31, 2015	$2,417,976	$5,648,025	$13,175,730	$(43,635)	$21,198,096

	Thousands of U.S. dollars (Note 3)					
	Accumulated other comprehensive income					
For the year ended March 31, 2015	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of April 1, 2014	$371,971	$(146,162)	$2,213,561	$2,439,370	$1,703,899	$24,910,925
Cumulative effects of changes in accounting policies						1,962
Restated balance	371,971	(146,162)	2,213,561	2,439,370	1,703,899	24,912,887
Cash dividends paid						(218,566)
Net income						647,044
Net changes in items other than those in shareholders' equity	10,909	(156,681)	2,006,610	1,860,838	142,139	2,002,977
Total changes during the period	10,909	(156,681)	2,006,610	1,860,838	142,139	2,431,455
Balance as of March 31, 2015	$382,880	$(302,843)	$4,220,171	$4,300,208	$1,846,038	$27,344,342

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

INPEX CORPORATION and Consolidated Subsidiaries
For the year ended March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2015	2015
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 750,078	¥ 540,023	$ 4,490,089
Depreciation and amortization	50,917	52,520	436,684
Impairment loss	—	35,132	292,109
Amortization of goodwill	6,761	6,761	56,215
Provision for allowance for recoverable accounts under production sharing	14,883	20,307	168,845
Provision for exploration projects	(17,318)	(600)	(4,989)
Other provisions	5,024	3,419	28,428
Liability for retirement benefits	(777)	(873)	(7,259)
Interest and dividend income	(26,691)	(17,896)	(148,798)
Interest expense	2,335	2,947	24,503
Foreign exchange loss (gain)	14,105	3,973	33,034
Equity in (earnings) losses of affiliates	5,053	13,444	111,782
Gain on transfer of mining rights	(798)	(27,520)	(228,818)
Loss (Gain) on sales of marketable securities	(10,335)	(18,146)	(150,877)
Recovery of recoverable accounts under production sharing (capital expenditures)	67,073	75,586	628,469
Recoverable accounts under production sharing (operating expenditures)	(60,491)	(60,764)	(505,230)
Accounts receivable—trade	6,277	25,202	209,545
Inventories	(10,014)	(797)	(6,627)
Accounts payable—trade	5,413	6,310	52,465
Accounts receivable—other	(35,288)	(1,440)	(11,973)
Accounts payable—other	(18,142)	(11,247)	(93,514)
Advances received	2,168	(126)	(1,047)
Other	5,886	23,580	196,059
Subtotal	756,119	669,795	5,569,095
Interest and dividends received	26,932	28,194	234,423
Interest paid	(2,381)	(2,376)	(19,756)
Income taxes paid	(567,156)	(478,864)	(3,981,575)
Net cash provided by operating activities	213,514	216,749	1,802,187
Cash flows from investing activities			
Payments for time deposits	(211,332)	(326,026)	(2,710,784)
Proceeds from time deposits	276,248	698,139	5,804,764
Payments for long-term time deposits	(484,081)	(112,181)	(932,743)
Proceeds from long-term time deposits	130,757	—	—
Payments for purchases of tangible fixed assets	(323,651)	(448,381)	(3,728,120)
Proceeds from sales of tangible fixed assets	677	245	2,037
Payments for purchases of intangible assets	(6,171)	(15,446)	(128,428)
Proceeds from sales and redemptions of marketable securities	285,452	214,527	1,783,712
Payments for purchases of investment securities	(24,637)	(26,767)	(222,558)
Proceeds from sales and redemptions of investment securities	62,433	68,938	573,194
Investment in recoverable accounts under production sharing (capital expenditures)	(104,073)	(70,430)	(585,599)
Decrease (increase) in short-term loans receivable	(4,187)	(3,825)	(31,804)
Long-term loans made	(37,158)	(111,388)	(926,149)
Collection of long-term loans receivable	75,464	260	2,162
Payments for purchase of mining rights	(42,734)	(18,424)	(153,189)
Proceeds from transfer of mining rights	797	59,406	493,939
Other	10,641	10,266	85,358
Net cash used in investing activities	(395,555)	(81,087)	(674,208)
Cash flows from financing activities			
Increase in short-term loans	2,691	1,490	12,389
Proceeds from long-term debt	74,742	27,713	230,423
Repayment of long-term debt	(7,760)	(18,684)	(155,351)
Proceeds from minority interests for additional shares	10,289	16,730	139,104
Cash dividends paid	(25,935)	(26,288)	(218,575)
Dividends paid to minority shareholders	(4,992)	(4,992)	(41,507)
Other	(74)	(147)	(1,222)
Net cash provided by (used in) financing activities	48,961	(4,178)	(34,739)
Effect of exchange rate changes on cash and cash equivalents	50,752	11,963	99,468
Net increase (decrease) in cash and cash equivalents	(82,328)	143,447	1,192,708
Cash and cash equivalents at beginning of the period	199,859	117,531	977,226
Cash and cash equivalents at end of the period	¥ 117,531	¥ 260,978	$ 2,169,934

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

INPEX CORPORATION and Consolidated Subsidiaries

1. BASIS OF PRESENTATION

INPEX CORPORATION (the "Company") is primarily engaged in the research, exploration, development and production of crude oil and natural gas.

The Company and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan.

The accompanying consolidated financial statements have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with International Financial Reporting Standards, or IFRS or the accounting principles generally accepted in the United States, or U.S. GAAP as adjusted for certain items.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which may differ in certain material respects from IFRS or U.S. GAAP, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company has made certain reclassifications of the previous years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions are eliminated in consolidation. Further, certain companies that do not have significant impact on the consolidated financial statements, are not consolidated or accounted for by the equity-method.

For the 49 companies for which the closing date differed from the consolidated closing date, including but not limited to, INPEX Sahul, Ltd. and INPEX Masela, Ltd., the financial statements for the year ended December 31 were used. However, the necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between the Company's closing date and that of the consolidated subsidiaries. For the 10 companies, including but not limited to, Japan Oil Development, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Holdings Australia Pty Ltd, and INPEX Ichthys Pty Ltd, the financial statements for the year ended on the consolidated closing date were used, even though their closing date is December 31.

The excess of cost over underlying net assets excluding minority interests at fair value as of the date of acquisition is accounted for as goodwill and amortized over 20 years on a straight-line method.

(b) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents, including short-term time deposits with original maturities of three months or less.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gain or loss is credited or charged to income.

The assets and liability accounts of overseas subsidiaries are translated into yen at the exchange rates prevailing at the balance sheet date. The revenue and expense accounts of the overseas subsidiaries are translated into yen at the average rates of exchange during the period. The components of net assets excluding minority interests are translated at their historical exchange rates. The differences arising from the translation are presented as translation adjustments and minority interests in the accompanying consolidated financial statements.

(d) Securities

In general, securities are classified into three categories: trading, held-to-maturity or other securities. Securities held by the Company and its subsidiaries are all classified as other securities. Other securities with a determinable market value are mainly stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Other securities without a determinable market value are stated at cost. Cost of securities sold is determined by the moving average method.

(e) Derivatives

Derivatives are stated at fair value.

(f) Inventories

Overseas inventories are carried mainly at cost, determined by the average cost method (balance sheet value is carried at the lower of cost or market). Domestic inventories are carried mainly at cost, determined by the moving-average method (balance sheet value is carried at the lower of cost or market).

(g) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers experiencing financial difficulties.

(h) Recoverable accounts under production sharing and related allowance

Cash investments made by the Company during an exploration, development and production project under a production sharing contract are recorded as "Recoverable accounts under production sharing" so long as they are recoverable under the terms of the relevant contract. When the Company receives crude oil and natural gas in accordance with the relevant contract, an amount corresponding to the purchase costs of the products (i.e., a cost recovery portion of the investments) is released from this account.

Because these investments are recoverable only where commercial oil or gas is discovered, an allowance for recoverable accounts under production sharing is provided for probable losses on investments made during the exploration stage under production sharing contracts arising from the failure to discover commercial oil and gas. In light of this uncertainty, an allowance for recoverable accounts under production sharing is provided for probable losses on development investment individually estimated for each project.

(i) Allowance for investments in exploration

The allowance for investments in exploration is provided for future potential losses on investments in exploration companies at an estimated amount based on the net assets of the investees.

(j) Tangible fixed assets (except leased assets)

Depreciation of overseas mining facilities is mainly computed by the unit-of-production method.

For other tangible fixed assets, the straight-line method of depreciation is applied. The useful lives of fixed assets are based on the estimated useful lives of the respective assets.

(k) Intangible assets (except leased assets)

Exploration and development rights at the exploration stage are fully amortized in the year such rights are acquired, and those at the production stage are amortized by the unit-of-production method.

Mining rights are amortized mainly by the unit-of-production method.

Other intangible assets are amortized by the straight-line method.

Capitalized computer software costs are amortized by the straight-line method over a period of 5 years.

(l) Leased assets

Leased assets are amortized by the straight-line method over the lease period assuming no residual value.

(m) Provision for exploration projects

Provision for exploration projects is provided for future expenditures of consolidated subsidiaries at the exploration stage based on a schedule of investments in exploration.

(n) Accrued bonuses to officers

Accrued bonuses to officers are provided at the expected payment amount for the fiscal year.

(o) Provision for loss on business

Provision for loss on business is provided for future potential losses on oil and gas development, production and sales business individually estimated for each project.

(p) Accrued special repair and maintenance

Accrued special repair and maintenance are provided for planned major repair and maintenance activities on tanks in certain subsidiaries at amounts accumulated through the next activity.

(q) Accounting for retirement benefits

(Method of attributing expected retirement benefits to proper periods)

When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through March 31, 2015. Because certain subsidiaries are classified as small enterprises, a simplified method (the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) is applied for the calculation of the retirement benefit obligation for those subsidiaries.

(Method of recognizing for actuarial differences)

Actuarial gains and losses are charged or credited to income as incurred.

(r) Asset retirement obligations

Asset retirement obligations are recorded by a reasonable estimate of the present value of retirement costs incurred upon termination of the operation and production with respect to oil and gas production facilities, based on the oil and gas contracts or laws and regulations within the countries in which the Company operates or has working interests.

(s) Hedge accounting

The special treatment is applied to the interest rate swaps that meet certain criteria. For certain equity-method affiliates, the deferred hedge accounting method is adopted.

In addition, derivative transactions are limited to the scope of actual demand, and the Company does not engage in speculative derivative transactions.

(t) Research and development expenses

Research and development expenses are charged to income as incurred.

(u) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(v) Adoption of new accounting standard

Effective the year ended March 31, 2015, the Company has applied provisions described in the main clause of Section 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No.26, issued on May 17, 2012) and the main clause of Section 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, issued on March 26, 2015) and has changed the calculation methods for retirement benefit obligations and service costs. The method of attributing expected retirement benefits to periods has been revised from the straight-line method to the benefit formula method, and the method of determining the discount rate has been revised from a method based on an approximation of the employees' average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

In accordance with transitional accounting treatments as stated in Section 37 of the Accounting Standard, the impact of the changes in calculation methods for retirement benefit obligations and service costs has been recognized as an adjustment to retained earnings at the beginning of the year ended March 31, 2015.

As a result, liability for retirement benefits decreased by ¥246 million ($2,045 thousand) while retained earnings increased by ¥236 million ($1,962 thousand) as of April 1, 2014. The impact on operating income and income before income taxes and minority interests for the year ended March 31, 2015 was immaterial.

The impact on amounts per share was immaterial.

(w) Standards issued but not effective

- "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on September 13, 2013)
- "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued on September 13, 2013)
- "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on September 13, 2013)
- "Revised Accounting Standard for Earnings Per Share" (ASBJ Statement No.2, issued on September 13, 2013)
- "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on September 13, 2013)
- "Revised Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No.4, issued on September 13, 2013)

(Overview)

Revisions of these accounting standards mainly apply to (i) the accounting treatment of any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary, (ii) the accounting for acquisition-related costs, (iii) the presentation of net income, the change of name from "minority interests" to "non-controlling interests" and (iv) the transitional treatments for these accounting standards.

(Scheduled Effective Date)

The revised accounting standards and guidance are scheduled to take effect from the beginning of the year ending March 31, 2016. The transitional treatment will be applied to business combinations executed at or after the beginning of the year ending March 31, 2016.

(The impact of the adoption of the revised accounting standards and guidance)

The impact of the adoption of revised accounting standards and guidance on consolidated financial statements are now under evaluation.

3. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥120.27=US$1.00, the approximate exchange rate in effect as of March 31, 2015. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. STATUS OF FINANCIAL INSTRUMENTS

(a) Policy regarding financial instruments

The Company raises funds for oil and gas development and production, construction or expansion of gas infrastructure primarily from cash flow on hand and from bank loans. Oil and gas development projects are primarily funded from long-term loans that the Company has secured from the Japan Bank for International Cooperation, Japanese commercial banks and others. Japan Oil, Gas and Metals National Corporation has provided guarantees for the principal on certain outstanding amounts of the Company's long-term loans. The Development Bank of Japan and Japanese commercial banks have provided long-term loans for the construction or expansion of domestic gas infrastructure. The Company generally borrows loans with variable interest rates, while some loans are with a fixed interest rate depending on the nature of each project.

Regarding the financing policy, the Company manages funds mainly from deposits and government bonds, which are considered to be of low-risk and high-liquidity. The Company limits the use of derivative transactions for managing risks of forecasted transactions and portfolio assets, and does not engage in speculative derivative transactions.

(b) Details of financial instruments, associated risks and risk management

(Credit risk related to trade receivables)

Trade receivables such as accounts receivable-trade and accounts receivable-other are comprised mainly from sales of crude oil and natural gas. Main trading partners are national oil companies, major oil companies and others. In line with the criteria for trading and credit exposure management, the Company properly analyzes the status of trading partners for early detection and reduction of default risks.

(Market price fluctuation risk related to securities)

For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Executive Committee. For shares of stock, the Company mainly holds shares of trading partners and others to establish close and smooth relationships for the purpose of maintaining a medium- to long-term stable business. A part of these shares are held for the purpose of investment. As for bonds, the Company mainly holds bonds with short-term maturities by considering medium- to long-term cash outflow forecast and market price fluctuation risk.

(Interest rate fluctuation risk related to short-term loans and long-term debt)

Loans are mainly used to fund oil and natural gas development projects and construction or expansion of domestic gas infrastructure and others. The borrowing period is determined considering the financial prospects of the project and useful lives of the facilities. Loans with variable interest rates are exposed to interest rate fluctuation risk, however, the Company analyzes the impact of interest rate fluctuation at the time of borrowing and on an annual basis, and leverages fixed-rate-loans or interest rate swaps as necessary.

(Exchange rates fluctuation risk related to assets and liabilities in foreign currencies)

As most of the Company's business is conducted overseas, the Company is exposed to exchange rate fluctuation risk due to a large portion of monetary assets and liabilities held in foreign currencies such as cash and deposits, accounts receivables and loans required in overseas projects. As a result of fiscal year-end conversion, yen appreciation causes a foreign exchange loss on assets and a foreign exchange gain on liabilities while yen depreciation causes a foreign exchange gain on assets and a foreign exchange loss on liabilities. For this reason, the Company endeavors to reduce exchange rate fluctuation risk by maintaining the position between assets and liabilities in foreign currencies. In addition to planned expenditures in foreign currencies on the Ichthys Project and others, the Company manages exchange rate fluctuation risk through derivative transactions such as foreign exchange forwards and others as necessary.

(Management of derivative transactions)

For the above derivative transactions, the Company follows its derivative transactions management outline. For derivative transactions exposed to market price fluctuation, market values of these derivatives are regularly reported to the Executive Committee, and the Company only transacts with financial institutions with high credit ratings to reduce counterparty risks for the use of derivatives.

(Management of liquidity risk related to financing)

The finance and accounting division controls cash management based on a monthly financing plan prepared by each project division and secures sufficient liquidity on hand to prepare for liquidity risk.

5. SECURITIES

(a) Information regarding other securities as of March 31, 2014 and 2015 is as follows:

	Millions of yen		
March 31, 2014	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs			
Stock	¥ 16,699	¥ 29,652	¥12,953
Bonds:			
Public bonds	166,875	167,554	679
Corporate bonds	70,316	70,353	37
Other debt securities	25,099	31,444	6,345
Other	139,524	169,346	29,822
Subtotal	418,513	468,349	49,836
Securities with acquisition costs exceeding their carrying values			
Stock	35,690	32,324	(3,366)
Bonds:			
Public bonds	2,025	2,025	(0)
Subtotal	37,715	34,349	(3,366)
Total	¥456,228	¥502,698	¥46,470

March 31, 2015	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs						
Stock	¥ 34,624	¥ 52,082	¥17,458	$ 287,886	$ 433,042	$145,156
Bonds:						
Public bonds	31,178	31,243	65	259,233	259,774	541
Corporate bonds	39,300	39,313	13	326,765	326,873	108
Other debt securities	12,549	18,243	5,694	104,340	151,684	47,344
Other	73,496	106,738	33,242	611,092	887,486	276,394
Subtotal	191,147	247,619	56,472	1,589,316	2,058,859	469,543
Securities with acquisition costs exceeding their carrying values						
Stock	17,765	15,375	(2,390)	147,709	127,837	(19,872)
Bonds:						
Corporate bonds	17,600	17,598	(2)	146,338	146,321	(17)
Subtotal	35,365	32,973	(2,392)	294,047	274,158	(19,889)
Total	¥226,512	¥280,592	¥54,080	$1,883,363	$2,333,017	$449,654

(b) Information regarding sales of securities classified as other securities for the years ended March 31, 2014 and 2015 is as follows:

Year ended March 31, 2014	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
Bonds			
Public bonds	¥ 72,563	¥ 182	¥—
Other	76,307	10,307	—
Total	¥148,870	¥10,489	¥—

Year ended March 31, 2015	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
Bonds						
Public bonds	¥ 91,741	¥ 358	¥9	$ 762,792	$ 2,977	$75
Other	84,072	18,053	—	699,027	150,104	—
Total	¥175,813	¥18,411	¥9	$1,461,819	$153,081	$75

(c) Components of securities for which it is extremely difficult to determine fair value as of March 31, 2014 and 2015 are summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Other securities			
Unlisted securities	¥ 33,842	¥ 33,410	$ 277,792
Preferred securities	5,000	—	—
Stocks of subsidiaries and affiliates	112,576	132,377	1,100,665
Total	¥151,418	¥165,787	$1,378,457

These securities are not included in (a) as they have no quoted market prices and it is extremely difficult to determine their fair value. For shares of exploration companies among unlisted securities and stocks of subsidiaries and affiliates, an allowance for investments in exploration is provided at an estimated amount based on the financial position of the investees.

(d) Redemption schedule for securities with maturity dates classified as other securities as of March 31, 2015 is as follows:

March 31, 2015	Millions of yen				Thousands of U.S. dollars			
	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Bonds								
Public bonds	¥ 17,000	¥14,000	¥—	¥—	$ 141,349	$116,405	$—	$—
Corporate bonds	35,800	21,100	—	—	297,664	175,438	—	—
Other debt securities	18,041	—	—	—	150,004	—	—	—
Other	66,096	—	—	—	549,563	—	—	—
Total	¥136,937	¥35,100	¥—	¥—	$1,138,580	$291,843	$—	$—

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(a) Short-term borrowings as of March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Short-term borrowings from banks and others (Interest rates ranging from 0.839% to 1.963% and from 0.600% to 19.000% at March 31, 2014 and 2015)	¥4,327	¥6,763	$56,232

(b) Long-term debt as of March 31, 2014 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Loans from banks and others, due through 2028 (Interest rates ranging from 0.366% to 2.500% and from 0.362% to 2.500% at March 31, 2014 and 2015)	¥579,301	¥670,394	$5,574,075
Less: Current portion	17,627	26,443	219,864
	¥561,674	¥643,951	$5,354,211

(c) Assets pledged as of March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Buildings and structures	¥ 2,082	¥ 1,975	$16,421
Wells	181	49	407
Machinery, equipment and vehicles	8,027	6,969	57,945
Other (tangible fixed assets)	—	12	100
Investment securities	790	1,020	8,481
Other (investments and other assets)	222	217	1,804
Total	¥11,302	¥10,242	$85,158

(d) The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Short-term borrowings	¥ 946	¥ 491	$4,083
Accounts payable—other	385	509	4,232
Long-term debt	492	1	8
Other	17	17	141
Total	¥1,840	¥1,018	$8,464

(e) In addition, assets pledged as collateral for the Ichthys LNG Project Finance and the BTC Pipeline Project Finance are as follows:

(Ichthys LNG Project Finance)

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Cash and cash equivalents	¥ 7,835	¥ 3,875	$ 32,219
Inventories	—	4,729	39,320
Other (Current assets)	5,430	2,462	20,470
Land	146	161	1,339
Construction in progress	382,224	752,019	6,252,756
Long-term loans receivable	27,309	9,681	80,494
Total	¥422,944	¥772,927	$6,426,598

(BTC Pipeline Project Finance)

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Investment securities	¥6,378	¥7,294	$60,647

(f) The aggregate annual maturities of long-term debt subsequent to March 31, 2015 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2016	¥ 26,443	$ 219,864
2017	65,222	542,297
2018	41,349	343,801
2019	64,976	540,251
2020	104,681	870,383
2021 and thereafter	367,723	3,057,479
Total	¥670,394	$5,574,075

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to income taxes which, in the aggregate, resulted in a statutory tax rate of approximately 33.3% and 30.8% for the years ended March 31, 2014 and 2015, respectively.

(a) The effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2014 and 2015 differ from the statutory tax rate for the following reasons:

Years ended March 31,	2014	2015
Statutory tax rate	33.3%	30.8%
Effect of:		
Permanently non-taxable expenses such as entertainment expenses	0.6	0.2
Permanently non-taxable income such as dividends income	(0.7)	(0.3)
Valuation allowance	0.6	11.0
Foreign taxes	73.5	79.1
Foreign tax credits	(15.1)	(17.2)
Adjustment of deducted amounts of foreign taxes	(15.7)	(18.4)
Amortization of goodwill	0.3	0.4
Differences of effective tax rates applied to tax effect accounting	(2.0)	1.0
Other	0.3	(0.6)
Effective tax rates	75.1%	86.0%

(b) The significant components of deferred tax assets and liabilities as of March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2014	2015	2015
Deferred tax assets			
Exploration expenditures	¥ 94,419	¥ 86,644	$ 720,413
Loss on valuation of investment securities	3,196	3,640	30,265
Recoverable accounts under production sharing (foreign taxes)	10,040	10,432	86,738
Allowance for investments in exploration	1,054	783	6,510
Foreign taxes payable	32,221	39,929	331,995
Net operating loss carry forward	62,175	106,328	884,078
Accumulated depreciation	11,649	16,443	136,717
Liability for retirement benefits	2,369	1,857	15,440
Provision for loss on business	2,148	2,619	21,776
Translation differences of assets and liabilities denominated in foreign currencies	8,385	27,467	228,378
Asset retirement obligations	10,829	22,858	190,056
Allowance for doubtful accounts	3,901	4,150	34,506
Impairment loss	—	10,814	89,914
Other	18,788	23,625	196,433
Total gross deferred tax assets	261,174	357,589	2,973,219
Valuation allowance	(188,518)	(276,397)	(2,298,138)
Total deferred tax assets	72,656	81,192	675,081
Deferred tax liabilities			
Foreign taxes	(84,960)	(112,046)	(931,621)
Translation differences of assets and liabilities denominated in foreign currencies	(955)	(329)	(2,735)
Reserve for overseas investment loss	(4,671)	(4,099)	(34,082)
Translation differences due to an application of purchase accounting method	(1,795)	(2,382)	(19,805)
Reserve for exploration	(11,218)	(8,415)	(69,968)
Unrealized holding gain on securities	(1,807)	(2,541)	(21,127)
Other	(4,821)	(8,464)	(70,375)
Total deferred tax liabilities	(110,227)	(138,276)	(1,149,713)
Net deferred tax assets (liabilities)	¥ (37,571)	¥ (57,084)	$ (474,632)

8. COMPREHENSIVE INCOME

Amount of reclassification adjustments and income tax effects allocated to each component of other comprehensive income for the years ended March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2014	2015	2015
Unrealized holding gain on securities			
Amount recognized during the period	¥ 20,843	¥ 26,405	$ 219,547
Amount of reclassification adjustments	(10,473)	(24,356)	(202,511)
Before income tax effect adjustment	10,370	2,049	17,036
Amount of income tax effect	(388)	(734)	(6,103)
	9,982	1,315	10,933
Unrealized gain (loss) from hedging instruments			
Amount recognized during the period	(31,329)	—	—
Amount of income tax effect	10,441	—	—
	(20,888)	—	—
Translation adjustments			
Amount recognized during the period	176,311	244,018	2,028,918
Share of other comprehensive income of affiliates accounted for by the equity-method			
Amount recognized during the period	(14,316)	(28,436)	(236,434)
Amount of reclassification adjustments	—	2,238	18,608
Adjustment for acquisition cost of assets	7,642	12,247	101,829
	(6,674)	(13,951)	(115,997)
Total other comprehensive income	¥158,731	¥231,382	$1,923,854

9. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions for the years ended March 31, 2014 and 2015 are as follows:

For the year ended March 31, 2014
None

For the year ended March 31, 2015
Significant asset retirement obligations newly recorded were ¥69,254 million ($575,821 thousand).

10. NET ASSETS

The total number of the Company's shares issued consisted of 1,462,323,600 shares of common stock and 1 Class A stock as of March 31, 2015.

Class A stock has no voting rights at the common shareholders' meeting, but the ownership of Class A stock gives its holder a right of veto over certain important matters described below. However, requirements stipulated in the Articles of Incorporation need to be met in cases involving the exercise of the veto over the appointment or removal of directors, the disposition of material assets or business integration;

- Appointment and removal of directors
- Disposition of material assets
- Amendments to the Article of Incorporation with respect to (i) the purpose of the Company's business and (ii) the granting of voting rights to the Company's shares other than common stock
- Business integration
- Capital reduction
- Dissolution

Class A stock shareholder may request the Company to acquire Class A stock. Besides, the Company may also acquire Class A stock by a resolution of the meeting of the Board of Directors in case where Class A stock is transferred to a non-public entity.

The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date, but for Class A stock, no stock split was conducted. The Articles of Incorporation specifies that dividends of Class A stock are equivalent to dividends of a common stock prior to the stock split. The cash dividends of Class A stock for the year ended March 31, 2015 amounted to ¥7,200.

Under the Companies Act of Japan, 10% of the amount to be distributed as dividends from capital surplus (other than capital reserve) and retained earnings (other than legal reserve) should be transferred to capital reserve and legal reserve, respectively, up to the point where total amount of capital reserve and legal reserve equals 25% of the common stock account.

Distributions can be made at any time by a resolution of the meeting of shareholders, or the Board of Directors if certain conditions are met, but neither capital reserve nor legal reserve is available for distributions.

11. AMOUNTS PER SHARE

Amounts per share as of March 31, 2014 and 2015 are as follows:

	Yen		U.S. dollars
Years ended March 31,	2014	2015	2015
Net assets per share	¥1,911.25	¥2,099.95	$17.46
Cash dividends per share	18.00	18.00	0.15
Net income per share	¥ 125.78	¥ 53.29	$ 0.44

Diluted net income per share is not presented because there are no dilutive potential of shares of common stock.

Net assets per share are computed based on the net assets excluding minority interests and the number of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors together with the interim cash dividends paid.

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the average number of shares of common stock outstanding during the year.

The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net assets per share, cash dividends per share and net income per share are calculated based on the assumption that the stock split was conducted on April 1, 2013.

12. DERIVATIVE TRANSACTIONS

(a) Derivatives not subject to hedge accounting

There is no derivative not subject to hedge accounting as of March 31, 2014.

Contract amounts, fair value and valuation gain (loss) regarding derivatives subject to hedge accounting as of March 31, 2015 is as follows:

	Millions of yen			
March 31, 2015	Contract amounts	Due after one year	Fair value	Valuation gain (loss)
Foreign exchange forwards*				
Sell (CAD) Buy (USD)	¥35,264	¥—	¥180	¥180

	Thousands of U.S. dollars			
March 31, 2015	Contract amounts	Due after one year	Fair value	Valuation gain (loss)
Foreign exchange forwards*				
Sell (CAD) Buy (USD)	$293,207	$—	$1,497	$1,497

* Fair value is the price obtained from the counterparty financial institutions.

(b) Derivatives subject to hedge accounting

Contract amounts, fair value and valuation gain (loss) regarding derivatives subject to hedge accounting as of March 31, 2014 and 2015 are as follows:

		Millions of yen		
March 31, 2014	Principal items hedged	Contract amounts	Due after one year	Fair value
Interest rate swaps				
Payment fixed, receipt fluctuated (Special treatment)	Long-term debt	¥4,760	¥4,760	*

		Millions of yen		
March 31, 2015	Principal items hedged	Contract amounts	Due after one year	Fair value
Interest rate swaps				
Payment fixed, receipt fluctuated (Special treatment)	Long-term debt	¥4,760	¥4,760	*

		Thousands of U.S. dollars		
March 31, 2015	Principal items hedged	Contract amounts	Due after one year	Fair value
Interest rate swaps				
Payment fixed, receipt fluctuated (Special treatment)	Long-term debt	$39,578	$39,578	*

* Fair value of derivatives for which special treatment of interest rate swaps is applied is included in the estimated fair value of the long-term debt as disclosed in Note 13. (a) since the interest rate swap is treated together with long-term debt subject to hedging.

13. OTHER FINANCIAL INSTRUMENTS

(a) The carrying value and estimated fair value of financial instruments excluding marketable securities and investment securities which are disclosed in Note 5.(a) and derivatives which are disclosed in Note 12 as of March 31, 2014 and 2015 are as shown below. The following summary also excludes cash and cash equivalents, and accounts receivable-trade for which fair values approximate their carrying amounts.

	Millions of yen	
March 31, 2014	Carrying value	Estimated fair value
Time deposits	¥555,948	¥560,455
Long-term time deposits	364,103	367,841
Short-term borrowings and current portion of long-term debt	21,954	21,744
Long-term debt	¥561,674	¥551,721

	Millions of yen		Thousands of U.S. dollars	
March 31, 2015	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Time deposits	¥661,706	¥667,326	$5,501,838	$5,548,566
Short-term borrowings and current portion of long-term debt	33,206	32,938	276,096	273,867
Long-term debt	¥643,951	¥633,604	$5,354,211	$5,268,180

(b) For other financial instruments, computation methods of estimated fair value are as shown below.

(Time deposits)

The fair value of current portion of long-term time deposits included in time deposits is calculated by the same method as long-term time deposits. For the other time deposits, the relevant carrying value is used since the item is settled in a short period of time and its market value is almost the same as the carrying value.

(Long-term time deposits)

The fair value of long-term time deposits is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new deposit is entered into.

(Short-term borrowings and current portion of long-term debt)

The estimated fair value of current portion of long-term debt is calculated by the same method as long-term debt. For short-term borrowings, the relevant carrying value is used since these items are settled in a short periods of time and its fair value is almost the same as the carrying value.

(Long-term debt)

The estimated fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan is entered into.

14. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in general and administrative expenses and cost of sales amounted to ¥40 million and ¥86 million ($715 thousand) for the years ended March 31, 2014 and 2015, respectively.

15. IMPAIRMENT LOSS

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. Due to impact from deteriorating business environments based on such factors as the drop in oil prices, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

For the year ended March 31, 2015

Use	Location	Classification	Impairment loss	
			Millions of yen	Thousands of U.S. dollars
Assets related to Joslyn Oil Sands Lease Block	Alberta, Canada	Other (Tangible fixed assets)	¥13,359	$111,075
		Mining rights	14,232	118,334
		Subtotal	27,591	229,409
Assets related to JPDA06-105 Block (Kitan Oil Field)	Timor Sea Joint Petroleum Development Area (JPDA), the Commonwealth of Australia / the Democratic Republic of Timor-Leste	Wells	348	2,893
		Machinery, equipment and vehicles	630	5,238
		Construction in progress	6,111	50,811
		Other (Investments and other assets)	452	3,758
		Subtotal	7,541	62,700
Total			¥35,132	$292,109

The recoverable amount of the assets related to JPDA06-105 Block (Kitan Oil Field) is reasonably estimated by discounting the future cash flows at a rate of 7%.
The recoverable amount of the assets related to Joslyn Oil Sands Lease Block is estimated at zero.

16. RETIREMENT BENEFITS

Retirement benefits for the years ended March 31, 2014 and 2015 are as follows:

(a) Defined benefit plans (excluding plans included in (b))

(Reconciliation of beginning and ending balances of the retirement benefit obligations)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Balance at beginning of the period	¥18,743	¥19,445	$161,678
Cumulative effects of changes in accounting policies	—	(246)	(2,045)
Restated balance	18,743	19,199	159,633
Service cost	948	1,014	8,431
Interest cost	185	198	1,646
Actuarial loss (gain)	25	176	1,463
Retirement benefits paid	(456)	(608)	(5,055)
Balance at end of the period	¥19,445	¥19,979	$166,118

(Reconciliation of beginning and ending balances of plan assets at fair value)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Balance at beginning of the period	¥10,611	¥12,121	$100,782
Expected return on plan assets	265	303	2,519
Actuarial gain (loss)	1,024	1,305	10,851
Contributions to the plans	541	544	4,523
Retirement benefits paid	(320)	(333)	(2,769)
Balance at end of the period	¥12,121	¥13,940	$115,906

(Reconciliation between retirement benefit obligations and plan assets at fair value and liability for retirement benefits and asset for retirement benefits on the consolidated balance sheet)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit obligations (funded plans)	¥19,445	¥19,979	$166,118
Plan assets at fair value	(12,121)	(13,940)	(115,906)
Net liability (asset) on consolidated balance sheet	7,324	6,039	50,212
Liability for retirement benefits	7,324	6,039	50,212
Net liability (asset) on consolidated balance sheet	¥ 7,324	¥ 6,039	$ 50,212

(Details of retirement benefit expenses)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Service cost	¥ 948	¥1,014	$ 8,431
Interest cost	185	197	1,638
Expected return on plan assets	(265)	(303)	(2,519)
Amortization of actuarial gain or loss	(999)	(1,128)	(9,379)
Retirement benefit expenses for defined benefit plans	¥(131)	¥ (220)	$(1,829)

(Plan assets)

Components of plan assets	2014	2015
Stock	40%	43%
General accounts	44%	40%
Bonds	15%	17%
Other	1%	0%
Total	100%	100%

(Basis of measurement for long-term expected return rate on plan assets)
The expected long-term return rate on plan assets is determined based on the current and expected future distribution of plan assets and the current and expected future long-tern return rate on various assets of which plan assets are composed.

(Basis of the actuarial assumptions)

	2014	2015
Discount rate	1.0%	1.0%
Long-term expected return rate on plan assets	2.5%	2.5%

(b) Defined benefit plans applying simplified methods

(Reconciliation of beginning and ending balances of liability for retirement benefits)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Balance at beginning of the period	¥448	¥469	$3,899
Retirement benefit expenses	100	257	2,137
Retirement benefits paid	(57)	(71)	(590)
Contributions to the plans	(35)	(20)	(166)
Other	13	26	216
Balance at end of the period	¥469	¥661	$5,496

(Reconciliation between retirement benefit obligations and plan assets at fair value and liability for retirement benefits and asset for retirement benefits on the consolidated balance sheet)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit obligations (funded plans)	¥278	¥297	$2,470
Plan assets at fair value	(216)	(234)	(1,946)
	62	63	524
Retirement benefit obligations (unfunded plans)	407	598	4,972
Net liability (asset) on consolidated balance sheet	469	661	5,496
Liability for retirement benefits	469	661	5,496
Net liability (asset) on consolidated balance sheet	¥469	¥661	$5,496

(Retirement benefit expenses)

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit expenses under simplified methods	¥100	¥257	$2,137

(c) Defined contribution plans

The Group's contributions for defined contribution plans amounted to ¥957 million and ¥1,442 million ($11,990 thousand) for the years ended March 31, 2014 and 2015, respectively.

17. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2014	2015	2015
Balance at beginning of the period	¥17,395	¥ 28,307	$235,362
New obligations	6,209	58,342	485,092
Accretion expenses	782	1,329	11,050
Obligations settled	(198)	(389)	(3,235)
Change in estimates *1	2,275	14,919	124,046
Other *2	1,844	3,820	31,762
Balance at end of the period	¥28,307	¥106,328	$884,077

*1 "Change in estimates" for the year ended March 31, 2015 mainly reflects increasing site restoration and decommissioning costs which became evident and revised rate of discount of certain subsidiaries in the year ended March 31, 2015.
*2 "Other" mainly includes the change due to foreign exchange rates fluctuation.

18. GOODWILL

The changes in the carrying amount of goodwill for the years ended March 31, 2014 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2014	2015	2015
Balance at beginning of the period	¥87,841	¥81,080	$674,150
Goodwill acquired during the period	—	—	—
Amortization of goodwill	(6,761)	(6,761)	(56,215)
Balance at end of the period	¥81,080	¥74,319	$617,935

19. LEASES

Future minimum lease payments subsequent to March 31, 2015 for operating lease transactions are summarized as follows:

(a) As lessee

	Millions of yen	Thousands of U.S. dollars
2016	¥ 6,688	$ 55,608
2017 and thereafter	11,663	96,974
Total	¥18,351	$152,582

(b) As lessor

	Millions of yen	Thousands of U.S dollars
2016	¥112	$ 931
2017 and thereafter	204	1,696
Total	¥316	$2,627

20. CONTINGENT LIABILITIES

As of March 31, 2015, the Company and its consolidated subsidiaries were contingently liable as guarantors of indebtedness of affiliates in the aggregate amount of ¥25,969 million ($215,923 thousand).

In addition, the Company guarantees for derivative transactions utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. The relevant loss on valuation as of March 31, 2015 was ¥36,433 million ($302,927 thousand).

In connection with the Ichthys LNG Project Finance, the Company and other project participants provide lenders with a guarantee of liabilities during the construction phase based on each participating interest. The portion guaranteed by the Company as of March 31, 2015, was ¥958,503 million ($7,969,593 thousand).

21. SEGMENT INFORMATION

Segment information for the years ended March 31, 2014 and 2015

(a) Overview of reportable segments

The reportable segments for the Group's oil and gas development activities are composed of individual mining area and others for which separate financial information is available in order for the Board of Directors to make Group management decisions. Since the Group operates oil and gas businesses globally, the Group's reportable segments are the mining areas and others by geographical region, categorized in "Japan", "Asia & Oceania" (mainly Indonesia, Australia and East Timor), "Eurasia (Europe & NIS)" (mainly Azerbaijan), "Middle East & Africa" (mainly UAE) and "Americas."

The Company produces oil and gas in each segment. In addition, the Company conducts marketing activities for petroleum products and others in "Japan" segment.

(b) Basis of measurement for sales, income (loss), assets and other items by reportable segment

Accounting policies for the reportable segments are substantially the same as those described in "Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES".

(c) Information on sales and income (loss), assets and other items by reportable segment

	Millions of yen							
Year ended March 31, 2014	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments *1	Consolidated *2
Sales to third parties	¥120,268	¥ 485,069	¥ 96,341	¥621,513	¥ 11,435	¥1,334,626	¥ —	¥1,334,626
Total sales	120,268	485,069	96,341	621,513	11,435	1,334,626	—	1,334,626
Segment income (loss)	22,771	264,849	42,601	421,184	(7,646)	743,759	(10,149)	733,610
Segment assets	286,414	1,038,265	535,046	288,601	265,348	2,413,674	1,624,465	4,038,139
Other items								
Depreciation and amortization	18,838	8,822	10,417	6,772	4,672	49,521	1,396	50,917
Amortization of goodwill	—	—	—	—	(192)	(192)	6,953	6,761
Investment to affiliates accounted for by the equity-method	2,000	39,124	—	65,184	2,015	108,323	—	108,323
Increase of tangible fixed assets and intangible assets	¥ 42,404	¥ 285,903	¥ 4,073	¥ 35,195	¥ 51,583	¥ 419,158	¥ 417	¥ 419,575

	Millions of yen							
Year ended March 31, 2015	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments *1	Consolidated *2
Sales to third parties	¥129,522	¥ 409,776	¥ 94,050	¥524,528	¥ 13,351	¥1,171,227	¥ —	¥1,171,227
Total sales	129,522	409,776	94,050	524,528	13,351	1,171,227	—	1,171,227
Segment income (loss)	16,693	178,225	32,228	333,213	(15,303)	545,056	(10,170)	534,886
Segment assets	292,961	1,677,806	557,564	253,120	305,996	3,087,447	1,411,707	4,499,154
Other items								
Depreciation and amortization	20,651	6,367	9,900	9,901	4,335	51,154	1,366	52,520
Amortization of goodwill	—	—	—	—	(192)	(192)	6,953	6,761
Investment to affiliates accounted for by the equity-method	1,597	61,160	—	54,096	1,197	118,050	—	118,050
Increase of tangible fixed assets and intangible assets	¥ 26,986	¥ 405,231	¥ 12,412	¥ 46,378	¥ 46,491	¥ 537,498	¥ 419	¥ 537,917

Year ended March 31, 2015	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments *1	Consolidated *2
	Thousands of U.S. dollars							
Sales to third parties	$1,076,927	$ 3,407,134	$ 781,990	$4,361,254	$ 111,009	$ 9,738,314	$ —	$ 9,738,314
Total sales	1,076,927	3,407,134	781,990	4,361,254	111,009	9,738,314	—	9,738,314
Segment income (loss)	138,796	1,481,874	267,964	2,770,541	(127,239)	4,531,936	(84,559)	4,447,377
Segment assets	2,435,861	13,950,328	4,635,936	2,104,598	2,544,242	25,670,965	11,737,815	37,408,780
Other items								
Depreciation and amortization	171,705	52,939	82,315	82,323	36,044	425,326	11,358	436,684
Amortization of goodwill	—	—	—	—	(1,596)	(1,596)	57,811	56,215
Investment to affiliates accounted for by the equity-method	13,278	508,523	—	449,788	9,953	981,542	—	981,542
Increase of tangible fixed assets and intangible assets	$ 224,378	$ 3,369,344	$ 103,201	$ 385,616	$ 386,555	$ 4,469,094	$ 3,484	$ 4,472,578

*1 Adjustments include elimination of inter-segment transactions and corporate incomes, expenses and assets that are not allocated to a reportable segment.
*2 Segment income is reconciled with operating income on the consolidated statement of income.

(d) Products and service information

(Sales to third parties)

Years ended March 31,	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Crude oil	¥ 858,754	¥ 730,422	$6,073,185
Natural gas (excluding LPG)	431,187	401,338	3,336,975
LPG	24,227	20,522	170,633
Other	20,458	18,945	157,521
Total	¥1,334,626	¥1,171,227	$9,738,314

(e) Geographical information

(Sales)

Years ended March 31,	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Japan	¥ 682,353	¥ 627,068	$5,213,836
Asia & Oceania	620,339	514,864	4,280,901
Other	31,934	29,295	243,577
Total	¥1,334,626	¥1,171,227	$9,738,314

(Tangible fixed assets)

March 31,	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Japan	¥248,247	¥ 252,747	$ 2,101,497
Australia	520,976	985,771	8,196,316
Other	182,556	259,104	2,154,353
Total	¥951,779	¥1,497,622	$12,452,166

(f) Information by major customer

(Sales to major customers)

Years ended March 31,	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015	Segment
PERTAMINA	¥217,519	¥160,370	$1,333,416	Asia & Oceania
Idemitsu Kosan Co., Ltd.	¥156,151	¥135,590	$1,127,380	Middle East & Africa

22. RELATED PARTY TRANSACTIONS

There are the following related party transactions for the years ended March 31, 2014 and 2015.

(a) Affiliated company

Year ended March 31, 2014

Name of related party	Location	Capital investment	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts	Title of account	Amounts
							Millions of yen		Millions of yen
Ichthys LNG Pty Ltd	Western Australia, Australia	$482,700 thousand	Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-50-L block in offshore Western Australia	Indirectly 66.07%	Serve the officer concurrently, capital subscription	Interest income*	¥ 7,976	Current assets: other (accrued revenue)	¥ 2,133
								Long-term loans receivable	27,309
						Debt guarantee	¥600,030	—	¥ —

Year ended March 31, 2015

Name of related party	Location	Capital investment	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts		Title of account	Amounts	
							Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Ichthys LNG Pty Ltd	Western Australia, Australia	$482,700 thousand	Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-50-L block in offshore Western Australia	Indirectly 62.25%	Serve the officer concurrently, capital subscription	Loans of funds Collection of loans*	¥110,363	$ 917,627	Long-term loans receivable	¥120,042	$998,104
						Debt guarantee	¥958,503	$7,969,593	—	¥ —	$ —

* The Company determines the interest rate on loans of funds based on market interest rates in a reasonable and appropriate manner.

(b) Note related to the parent company or significant affiliated companies

The significant affiliated company for the years ended March 31, 2014 and 2015 is Ichthys LNG Pty Ltd. The summary of its financial information is as follows:

Years ended March 31,	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars 2015
Total current assets	¥ 47,238	¥ 42,670	$ 354,785
Total fixed assets	1,262,541	2,213,893	18,407,691
Total current liabilities	57,265	110,247	916,662
Total long-term liabilities	1,229,360	2,137,499	17,772,504
Total net assets	23,154	8,817	73,310
Net sales	—	—	—
Net loss before income taxes	(3,367)	(2,902)	(24,129)
Net income (loss)	¥ (2,018)	¥ 873	$ 7,259

Independent Auditor's Report

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Building a better working world

Independent Auditor's Report

The Board of Directors
INPEX CORPORATION

We have audited the accompanying consolidated financial statements of INPEX CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of INPEX CORPORATION and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 24, 2015
Tokyo, Japan

Subsidiaries and Affiliates

As of March 31, 2015

Consolidated Subsidiaries

Company name	Issued capital* (Millions of yen)	Voting rights held by us (%)	Main business
INPEX Natuna, Ltd.	5,000	100.00%	Exploration, development, production and sales of oil and natural gas in the South Natuna Sea Block B, Indonesia
INPEX Sahul, Ltd.	4,600	100.00%	Exploration, development, production and sales of oil and natural gas in the JPDA03-12 Block and Bayu-Undan Gas-Condensate Field in the Timor Sea JPDA, Australia and East Timor
INPEX Alpha, Ltd.	8,014	100.00%	Exploration, development, production and sales of oil and natural gas in the WA-35-L Block and others, Australia
INPEX Tengah, Ltd.	1,020	100.00%	Exploration, development, production and sales of oil and natural gas in the Tengah Block in Offshore East Kalimantan, Indonesia
INPEX Browse, Ltd.	421,690	100.00%	Financing for oil and natural gas exploration and development in the WA-285-P Block and others, Australia
INPEX Ichthys Pty Ltd	802,688 (Thousands of U.S. dollars)	100.00%	Exploration and development of oil and natural gas in the Ichthys Gas-Condensate Field (WA-50-L), Australia
INPEX Browse E&P Pty Ltd	331,186 (Thousands of U.S. dollars)	100.00%	Exploration of oil and natural gas in the WA-494-P Block and others, Australia
INPEX Masela, Ltd.	43,436	51.93%	Exploration and development of oil and natural gas in the Masela Block in the Arafura Sea, Indonesia
INPEX South Makassar, Ltd.	1,097	100.00%	Exploration, development, production and sales of oil and natural gas in the Sebuku Block in the Makassar Strait, Indonesia
INPEX Timor Sea, Ltd.	6,712	100.00%	Exploration, development, production and sales of oil and natural gas in the JPDA06-105 Block in the Timor Sea JPDA, Australia and East Timor
INPEX Oil & Gas Australia Pty Ltd	400,000 (Thousands of U.S. dollars)	100.00%	Exploration and development of oil and natural gas in the Prelude Gas Field (WA-44-L) and others, Australia
INPEX Babar Selaru, Ltd.	1,426	51.01%	Exploration of oil and natural gas in the Babar Selaru Block, Offshore Indonesia
INPEX Offshore North West Sabah, Ltd.	2,647	77.24%	Exploration of oil and natural gas in the deepwater Block S located offshore Sabah, Malaysia
INPEX Southwest Caspian Sea, Ltd.	53,594	51.00%	Exploration, development, production and sales of oil in the ACG Oil Fields, Azerbaijan
INPEX North Caspian Sea, Ltd.	50,680	45.00%	Exploration and development of oil in the Offshore North Caspian Sea Block, Kazakhstan
Japan Oil Development Co., Ltd.	18,800	100.00%	Exploration, development, production and sales of oil in the ADMA Block in Offshore Abu Dhabi, United Arab Emirates
INPEX ABK, Ltd.	2,500	100.00%	Exploration, development, production and sales of oil in the Abu Al Bukhoosh Block in Offshore Abu Dhabi, United Arab Emirates
Teikoku Oil (D.R. Congo) Co., Ltd.	10	100.00%	Exploration, development, production and sales of oil in the Offshore D.R. Congo Block
INPEX Angola Block 14 Ltd.	475,600 (Thousands of U.S. dollars)	100.00%	Investment in oil exploration, development, production and sales in Block 14, Offshore Angola
Teikoku Oil and Gas Venezuela, C.A.	1,620 (Thousands of bolivars)	100.00%	Investment in exploration, development, production and sale of natural gas in the Copa Macoya Block and exploration, development, production and sale of oil in the Guarico Oriental Block, Bolivarian Republic of Venezuela
Teikoku Oil (North America) Co., Ltd.	19,793 (Thousands of U.S. dollars)	100.00%	Exploration, development, production and sales of oil and natural gas in the Lucius Oil Field and others, in the U.S. Gulf of Mexico
INPEX Canada, Ltd.	21,325	100.00%	Exploration and development of oil including oil sands in the Joslyn project, Canada
Teikoku Oil (Suriname) Co., Ltd.	7,257	56.78%	Exploration of oil in the Offshore Block 31, Suriname

Company name	Issued capital* (Millions of yen)	Voting rights held by us (%)	Main business
INPEX Gas British Columbia Ltd.	1,043,488 (Thousands of Canadian dollars)	45.09%	Exploration, development, production and sales of natural gas in the shale gas blocks of the Horn River, Cordova and Liard basins in British Columbia, Canada
Teiseki Pipeline Co., Ltd.	100	100.00%	Natural gas transportation, pipeline operation, maintenance and management
INPEX DLNGPL Pty Ltd	86,135 (Thousands of AUS dollars)	100.00%	Investment in Darwin LNG Pty Ltd, which constructs and operates the undersea pipeline and LNG plant connecting the Bayu Undan Gas-Condensate Field and Darwin (Australia)
INPEX BTC Pipeline, Ltd.	63,800 (Thousands of U.S. dollars)	100.00%	Investment in the pipeline construction and management business that connects Baku (Azerbaijan), Tbilisi (Georgia) and Ceyhan (Turkey)
INPEX Trading, Ltd.	50	100.00%	Sales, agency and brokerage of crude oil and market research and sales planning in connection with oil and natural gas sales
Saitama Gas Co., Ltd.	60	62.67%	City gas sales

36 other subsidiaries

Equity-Method Affiliates

Company name	Issued capital* (Millions of yen)	Voting rights held by us (%)	Main business
MI Berau B.V.	888,601 (Thousands of U.S. dollars)	44.00%	Exploration, development, production and sales of natural gas in the Berau Block and the Tangguh LNG Project, West Papua province, Indonesia
Ichthys LNG Pty Ltd	482,700 (Thousands of U.S. dollars)	62.25%	Engaged in laying the undersea pipeline from the Ichthys Gas-Condensate Field to the Darwin Onshore LNG Plant and building the LNG plant, Australia
Angola Japan Oil Co., Ltd.	8,000	19.60%	Exploration, development, production and sales of oil in the Offshore 3/05 Block, Angola
INPEX Offshore North Campos, Ltd.	6,852	37.50%	Financing for oil and natural gas exploration, development, production and sales in the Frade Block in Offshore North Campos, Brazil
Angola Block 14 B.V.	18 (Thousands of euros)	49.99%	Exploration, development, production and sales of oil in Block 14, Offshore Angola

14 other equity-method affiliates

Subsidiaries of Equity-Method Affiliates

Company name	Issued capital*	Voting rights held by us (%)	Main business
Frade Japão Petróleo Limitada	103,051 (Thousands of reais)	0.00%	Exploration, development, production and sales of oil and natural gas in the Frade Block in Offshore North Campos, Brazil

2 other subsidiaries of equity-method affiliates

*Rounding off fractions less than the unit.

Business Risks

The following is a discussion on key items that can be considered potential risk factors relating to the business of INPEX CORPORATION, its subsidiaries and affiliates (the "Group"). From the standpoint of information disclosure to investors and shareholders, we proactively disclose matters that are not necessarily the business risks but that can be considered to have important effects on the investment decisions of investors. The following discussion does not completely cover all business risks relating to the Group's businesses.

Unless stated otherwise, forward-looking statements in the discussion are the judgment of the Group as of June 25, 2015 and are subject to change after such date due to various factors, including changes in social and economic circumstances.

1. CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE OIL AND NATURAL GAS DEVELOPMENT BUSINESS

(1) Risk of failure in exploration, development or production

Payment of compensation is ordinarily necessary to acquire participating interests. Also, surveying and exploratory drilling expenses (exploration expenses) become necessary at the time of exploration activities for the purpose of discovering resources. When resources are discovered, it is necessary to further invest in substantial development expenses according to various conditions, including the size of the recoverable reserves, development costs and details of agreements with oil-producing countries (including gas-producing countries; hereinafter the same shall apply).

There is, however, no guarantee of discovering resources on a scale that makes development and production feasible. The probability of such discoveries is considerably low despite various technological advances in recent years, and even when resources are discovered the scale of the reserves does not necessarily make commercial production feasible. For this reason, the Group conservatively recognizes expenses related to exploration investment in our consolidated financial statements. The Group maintains financial soundness by booking 100% as expenses in the case of concession agreements (including mining rights awarded in Japan as well as permits, licenses and leases awarded overseas) and by booking 100% of exploration project investment as allowances in the case of production sharing agreements. In addition, if there are impossibilities of recovery of investment in a development project, we also book the corresponding amount of investment in the development project as allowances while considering the recovery possibility of each project.

To increase recoverable reserve and production volumes, the Group plans to always take an interest in promising properties and plans to continue exploration investment. At the same time, we plan to invest in development projects, including the acquisition of interests in discovered undeveloped fields and producing fields, so as to maintain an overall balance between assets at the exploration, development, and production stages.

Although exploration and development (including the acquisition of interests) are necessary to secure the reserves essential to the Group's future sustainable business development, each type of investment involves technological and economic risks, and failed exploration or development could have an adverse effect on the results of the Group's operations.

(2) Crude oil, condensate, LPG and natural gas reserves

1) Proved reserves

INPEX CORPORATION (the "Company") commissioned DeGolyer and MacNaughton, an independent petroleum engineering consultant in the United States, to assess the main proved reserves of the Group of which projects with a significant amount of future development investment might materially affect future performance. An assessment of other projects was undertaken by the Company. The definition of proved reserves is based on the U.S. Securities and Exchange Commission's (SEC) Regulation S-X, Rule 4-10(a), which is widely known among U.S. investors. Regardless of whether the deterministic approach or probabilistic approach is used in evaluation, proved oil and gas reserves are estimated quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable from known reservoirs under existing economic and operating conditions, from the date of evaluation through to the expiration date of the agreement granting operating rights (or in the event of evidence with a reasonable certainty of agreement, extension through to the expiration of the projected extension period). For definition as "proved reserves," operators must have a reasonable degree of certainty that the recovery of hydrocarbons has commenced or that the project will commence within an acceptable period of time. This definition is widely regarded as being conservative. Nevertheless, the strictness of the definition does not imply any guarantee of the production of total reserves during a future production period. In this context, when probabilistic methods are employed, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the sum of estimated proved reserves.

For further details on proved reserves of crude oil, condensate, LPG and natural gas held by the Group, including affiliates accounted for under the equity method, please see the section "Oil and Gas Reserves and Production Volume" on P. 92.

2) Probable reserves and possible reserves

In addition to the assessment of proved reserves based on the SEC standards, the Company commissioned DeGolyer and MacNaughton to assess its probable reserves and the possible reserves of which projects with a significant amount of future development investment might materially affect the future performance, similar to proved reserves. An assessment of other projects was undertaken by the Company, based on the Petroleum Resources Management System 2007 (PRMS) published by four organizations: the Society of Petroleum Engineers (SPE), the World Petroleum Congress (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE). Probable reserves, as defined by PRMS guidelines established by the four organizations, are reserves of oil and gas volumes outside proved reserves that are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves based on analyses of geological and engineering data. In this context, when probabilistic methods are employed, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved and probable reserves. In addition, possible reserves are also defined in accordance with PRMS guidelines as reserves of oil and gas volumes which are not categorized as proved reserves or probable reserves and which are less likely to be recovered than probable reserves based on analyses of geological and engineering data. In this case, it is unlikely that the actual quantity of oil and gas recovered will exceed the sum of proved reserves, probable reserves and possible reserves. Furthermore, when probabilistic methods are employed to calculate possible reserves, there should be at least a 10% probability that the quantities recovered will equal or exceed the sum of proved reserves, probable reserves and possible reserves. Probable reserves and possible reserves can be upgraded to proved reserves after the addition of new technical data or when uncertainty has been reduced due to clarification of economic conditions or operational conditions. Nevertheless, probable reserves and possible reserves do not offer a guarantee of the production of total reserves during a future production period with the same certainty as proved reserves.

For further details on probable reserves and possible reserves of crude oil, condensate, LPG and natural gas held by the Group, including affiliates accounted for under the equity method, please see the section "Oil and Gas Reserves and Production Volume" on P. 92.

3) Possibility of changes in reserves

A reserve evaluation depends on the available geological and engineering data from oil and gas reservoirs, the maturity of development plans and a considerable number of assumptions, factors and variables including economic conditions as of the date such an estimate is made. Reserves may be revised in the future on the basis of geological and engineering data as well as development plans and information relating to changes in economic and other conditions made newly available through progress in production and operations. As a result, there is a possibility that reserves will be restated upwards or downwards. As to the reserves under a PSC, not only production, but also oil and gas prices, investments, recovery of investments due to contractual conditions and remuneration fees may affect the economic entitlement. This may cause reserves to increase or decrease. In this way, the assessed value of reserves could fluctuate because of various data, assumptions and changes of definition.

(3) In the oil and natural gas development business the period from exploration to sales is highly capital intensive and funds cannot be recovered for a long time

Considerable time and expense is required for exploration activities. Even when promising resources are discovered through exploration, substantial expenses including production facility construction costs, and an extended period of time, are necessary at the development stage leading up to production. For this reason, a long period of 10 years or more is required from the time of exploration and development investment until the recovery of funds through production and sales. In particular, the development of the Ichthys and the Abadi, large-scale LNG projects, being pursued by the Company requires a very large amount of investment, and the financing of these projects could be impacted by changes in the economic and financial environment. Following the discovery of resources, a delay in the development schedule or the loss of the economic viability of the properties during the development process leading up to production and the commencement of sales could have an adverse effect on the Group's operational results. Such delays or losses may occur due to changes in the business environment including a delay in the acquisition or modification of government approvals, the occurrence of unanticipated problems related to geological conditions, fluctuations in the price of oil or gas, fluctuations in foreign exchange rates, or escalating prices of equipment and materials. In the case of LNG projects, such delays or losses may occur due to an inability to complete such procedural requirements as FID owing to the lack of any long-term contractual agreement with prospective purchasers with respect to production.

(4) Operatorship

In the oil and natural gas development business, companies frequently form business partnerships for the purpose of the dispersion of risk and financial burden. In such partnerships, one of the companies becomes the operator, which performs the actual work and bears the responsibility for operations on behalf of the partners. The companies other than the operator, as non-operators, participate in the business by providing a predetermined amount of funds and either carefully examining the exploration and development plan devised and implemented by the operator, or participating in some operations.

The integration of INPEX CORPORATION and Teikoku Oil Co., Ltd., was completed on October 1, 2008. The resultant company possesses abundant operational capabilities thanks to the integration of the former two companies' know-how based on extensive operation experience in exploration, development and production both within Japan and overseas as well as their high level proprietary technologies.

The Group intends to actively pursue operator projects focusing on the two large-scale LNG Ichthys and Abadi projects taking into consideration the effective application of business resources as well as the balance between operator and non-operator projects, based on the Group's technical capability, which has been considerably enhanced by the above-stated business integration. Although the Company lacks operator experience in LNG development projects, it has significant expertise as an operator in the development and production of crude oil and natural gas both in Japan and overseas as well as a wealth of know-how and knowledge accumulated over many years as a participant in LNG and other projects in such countries as Indonesia and Australia. In addition, we believe that by utilizing the services of specialized subcontractors and highly experienced external consultants, a practice similar to foreign oil companies including the majors, it will be possible to execute business appropriately as an operator including LNG projects.

Engaging in project coordination as an operator will contribute to the expansion of opportunities of block and acreage acquisition through enhancement of technical capabilities and greater presence in oil-producing countries and the industry. At the same time, there exist risks such as constraints on the recruitment of personnel who have specialized operational skills and an increase in financial burden. Inability to adequately cope with such risks could have an adverse effect on the Group's results of operations.

(5) Project partners

In the oil and natural gas development business, as previously mentioned, several companies often engage in joint business for the purpose of dispersion of risk and financial burden. In such cases, the partners generally enter into a joint operating agreement among themselves to decide on the decision-making procedure for execution of the joint business, or to decide on an operator that conducts business on their behalf. A company that is a partner in one property in which the Group is engaged in joint business may become a competitor in the acquisition of other participating interests, even though the relationship with the partner may be good.

In undertaking the joint business, participants in principle bear a financial burden in proportion to their interest share. Any inability by a joint business partner to fulfill this financial burden may adversely affect the project.

(6) Disaster and accident risks

Oil and natural gas development entails the risk that operational accidents and disasters may occur in the process of exploration, development, production and transportation. Should such an accident, disaster or other such incident occur, there is the risk that costs will be incurred, excluding compensation covered by insurance, due to facility damage, as well as the risk of a major accident or disaster involving loss of life. In addition, a cost burden for recovery or opportunity loss from the interruption of operations could occur. For the domestic natural gas business, the Company has continued to procure as source gas natural gas regasified from imported LNG since January 2010. Furthermore, the Company has procured imported LNG as source gas in connection with its Naoetsu LNG Terminal from August 2013. An inability to procure natural gas regasified from imported LNG and other imported gas as source gas due to troubles concerning suppliers or the Company's Naoetsu LNG Terminal may interfere with the Company's ability to supply to its customers. This could in turn have an adverse effect on the Company's domestic natural gas business.

With regard to environmental problems, there is a possibility of soil contamination, air pollution, and freshwater and seawater pollution. The Group has established a "Health, Safety and Environment Policy," and as a matter of course abides by the environmental laws, regulations, and standards of the countries in which we operate and give due consideration to the environment in the conduct of business, based on our independent guidelines. In the event of an operating accident or disaster which impacts the environment, there is the possibility of incurring a response or cost burden for recovery from that incident, of incurring obligation of payment for procedural costs, compensation or other cost related to the start of civil, criminal or government procedures, or of incurring loss from the interruption of operations. Furthermore, in the event of changes to or the strengthening of the environmental laws, regulations, and standards (including support measures for the promotion of new, renewable energies) of the countries in which we operate, it may be necessary for the Group to devise additional measures, and an associated cost burden could occur.

Although the Group maintains accident insurance in the natural conduct of its operations, should such an accident or disaster be attributable to willful misconduct or negligence on the part of the Group, the occurrence of a cost burden could have an adverse effect on financial results. Also, such accident or trouble would result in receiving administrative punishment or result in damage to the Group's credibility and reputation as an oil and natural gas development company, and could therefore have an adverse effect on future business activities.

In 2011 and 2012, an oil seep emanated in the vicinity of the Frade oil field, in which an approximate 18.3% interest is held by a subsidiary of one of INPEX CORPORATION's equity method affiliated companies. The Federal Prosecution Service of Brazil filed lawsuits against Chevron Brasil Upstream Frade Ltda., the Frade oil field operator, and others, and these lawsuits have been subsequently concluded.

In September 2013, crude oil production was commenced at the Kashagan oil field within the Offshore North Caspian Sea Block in the Republic of Kazakhstan, in which INPEX CORPORATION's 45% owned consolidated subsidiary, INPEX North Caspian Sea, Ltd., holds a 7.56% interest. However, shortly after crude oil production had begun, a leak from the gas pipeline was discovered and the production has been suspended. In response to the gas leak, North Caspian Operating Company, the operator, and Agip KCO, the company responsible for operations management (together, the "Operators"), flared the gas remaining in the gas pipeline at the production facilities and emitted it. In relation to this activity, the Ministry of Environmental Protection of the Republic of Kazakhstan issued to the Operators a notice for a monetary claim, on the alleged grounds that the Operators had violated environmental laws. Subsequently, these disputes in relation to the Kashagan oil field have been concluded through settlement among the related parties.

(7) Risk in Relation to Mine Abandonment

The Group books in its accounts, as an asset retirement obligation, the estimated present value of costs related to mine abandonment that will become necessary after finishing operation and production in oil and gas production facilities and the like in accordance with agreements with the authorities of oil-producing countries, applicable laws and regulations and the like. If it is later found that the estimated present value of those costs falls short due to a change in the procedures used for mine abandonment, a rise in expenses for procuring drilling materials and equipment or any other reason, the Group will be required to increase the amount of that asset retirement obligation, which could adversely affect the financial condition and results of operations of the Group.

2. EFFECTS OF FLUCTUATIONS IN CRUDE OIL PRICES, NATURAL GAS PRICES, FOREIGN EXCHANGE AND INTEREST RATES ON FINANCIAL RESULTS

(1) Effects of fluctuations in crude oil prices and natural gas prices on financial results

A large percentage of crude oil prices and natural gas prices in overseas businesses are determined by international market conditions. In addition, those prices fluctuate significantly in response to the influence of a variety of factors including global or local supply and demand as well as trends and conditions in the global economy and financial markets. The vast majority of these factors are beyond the control of the Company. In this regard, INPEX is not in a position to accurately predict movements in future crude oil and natural gas prices. The Group's sales and profits are subject to the effects of such price fluctuations. Such effects are highly complex and are caused by the following factors.

1) Although a majority of natural gas selling prices in overseas businesses are linked to crude oil prices, they are not in direct proportion to crude oil prices.
2) Because sales and profits are determined on the basis of crude oil prices and natural gas prices at the time sales are booked, actual crude oil transaction prices and the average oil price during the accounting period do not necessarily correspond.

For the domestic natural gas businesses, the Company has continued to purchase as source gas natural gas regasified from imported LNG as a raw material in addition to natural gas produced in Japan since January 2010. The price of the Company's natural gas sold in Japan is comprised of a fixed price portion as well as a portion that reflects fluctuations in the price of imported LNG. In addition to the direct impact of trends in the market prices of LNG and competing energy sources on that portion that reflects fluctuations in the price of imported LNG, contract negotiations held each fiscal year with end purchasers could have an indirect effect on the fixed price portion.

(2) The effect of fluctuations in exchange rates on financial results

As most of the Group's business consists of E&P conducted overseas, associated revenues (sales) and expenditures (costs) are denominated in foreign currencies (primarily in U.S. dollars), and profit and loss is subject to the effects of the foreign exchange market. In the event of appreciation in the value of the yen, yen-denominated sales and profits decrease. Conversely, in the event of depreciation in the value of the yen, yen-denominated sales and profits increase.

On the other hand, when borrowing necessary funds, the Company borrows in foreign currencies. In the event of appreciation in the value of the yen, a foreign exchange gain on foreign-currency denominated borrowings is recorded as a result of fiscal year-end conversion; in the event of depreciation in the value of the yen, a foreign exchange loss is incurred. For this reason, the exchange risk associated with the above business is diminished and the impact of fluctuations in exchange rates on profit and loss tends to be mitigated. Moreover, although the Company is taking measures to reduce a portion of the risks associated with movements in foreign currency exchange rates, these measures by no means cover all possible risks. As a result, the impact of fluctuations in foreign currency exchange rates cannot be completely eliminated.

(3) The effect of fluctuations in interest rates on financial results

The Group raises some of the funds necessary for exploration and development operations through borrowing. Much of these borrowings are with variable-rates, long term borrowings based on the U.S. dollar six-month LIBOR rate. Accordingly, the Company's profits are subject to the influence of fluctuations in U.S. dollar interest rates. Furthermore, although the Group has devised methods to reduce a portion of interest rate risk, these methods do not cover all risks of interest rate fluctuation incurred by our Group and do not entirely remove the effect of fluctuations in interest rates.

3. OVERSEAS BUSINESS ACTIVITIES AND COUNTRY RISK

The Group engages in a large number of oil and natural gas development projects overseas. Because the Group's business activities, including the acquisition of participating interests, are conducted on the basis of contracts with the governments of oil-producing countries and other entities, steps taken by oil-producing countries to further tighten controls applicable to home country natural resources, suspension of operation due to conflicts and other factors, and other such changes in the political, economic, and social circumstances in such oil-producing countries or neighboring countries (including government involvement, stage of economic development, economic growth rate, capital reinvestment, resource allocation, restriction of economic activities by global community, government control of foreign exchange or foreign remittances, and the balance of international payments), the application of OPEC production ceilings in OPEC member countries and changes in the legal system and taxation system of those countries (including the establishment or abolition of laws or regulations and changes in their interpretation or enforcement) could have a significant impact on the Group's business or results unless the impact is compensated by insurance.

Additionally, against the background of rising development costs and other changes in the business environment, the progress of oil and gas projects, and the need to address environmental issues, the governments of oil-producing countries may seek to renegotiate the fiscal conditions including conditions of existing oil contracts related to participating interests. In the event that the fiscal conditions of contracts were to be renegotiated, this could have an adverse effect on the Group's business performance.

4. DEPENDENCE ON SPECIFIC GEOGRAPHICAL AREAS OR PROPERTIES

(1) Production volume

The Group engages in stable production of crude oil and natural gas in the Offshore Mahakam Block (Indonesia), the ADMA Block (United Arab Emirates), the Minami Nagaoka Gas Field (Japan) and so on. Through a process of business integration, the Group had established a wide ranging, diversified yet balanced portfolio that encompassed the Asia-Oceania regions (particularly Japan, Indonesia, and Australia), the Middle East and Africa, Eurasia including Caspian Sea area and the Americas. For the year ended March 31, 2015 however, the Middle East and Africa regions accounted for about 41% and the Asia and Oceania regions accounted for about 41% of the Group's production volume, making up the vast majority of the Group's operations.

Looking ahead, the Group will endeavor to further enhance the balance of its asset portfolio on a regional basis. However, the Group currently relies heavily on specific geographical areas and properties for its production volume, and the occurrence in these properties of an operational problem or difficulty could have an adverse effect on the Group's operational results.

(2) Contract expiration dates in principal business areas

Expiration dates are customarily stipulated in the agreements related to participating interests, which are prerequisites for the Group's overseas business activities. Although March 30, 1997 was the initial contract expiration date in the production sharing contract for the Offshore Mahakam Block of Indonesia, the Group's principal geographical business area, an extension was approved in 1991, and the current expiration date is December 31, 2017. On the basis of the concession agreement for the ADMA Block, the concession expiration date is March 8, 2018. (However, the expiration date for the Upper Zakum Oil Field has been extended to December 31, 2041.) Although the Group plans to make efforts together with partners to further extend these agreements, inability to re-extend the agreements or unfavorable contract terms and conditions at the time of re-extension could have an adverse effect on the Group's results. Even should the agreements be re-extended, we anticipate that remaining recoverable reserves may decrease at the time of re-extension. Although the Group is striving to acquire interests that can substitute these properties, failure to acquire participating interests in oil and gas fields to fully substitute for these properties could have an adverse effect on the Group's results. In addition, the period for exploration in oil and gas fields currently under exploration is fixed by contracts, and in the case of fields where oil and/or gas reserves are found that are deemed to be commercialized, and the Company is unable to decide on the transition to the development stage by the expiration of the current contract, efforts will be made through negotiations with the government of the oil- or gas-producing country in question to have the periods extended. However, there remains the possibility that such negotiations may not be successfully concluded, in which event the Company would be forced to withdraw from operations in the oil or gas field concerned. Also, as a rule, when there has been a major breach of contract on the part of one party, it is customary for the other party to have the right to cancel the agreement before the expiration date. The agreements for properties in these principal geographical business areas contain similar provisions. The Group has never experienced early cancellation of an agreement due to breach of contract, and we do not anticipate such an occurrence in the future. Nevertheless, a major breach of contract on the part of a party to an agreement could result in cancellation of an agreement before the expiration date.

And in the overseas natural gas development and production activities, in many cases we are selling and supplying gas based on long-term sales and supply contracts in which expiration dates are stipulated. We plan to make efforts with partners to extend or re-extend the expiration date before the deadline stipulated in these contracts. Nevertheless, inability to extend the contracts, or the occurrence of cases in which extension is made but sales and supply volumes are reduced, could have an adverse effect on the Group's business or results.

5. PRODUCTION SHARING CONTRACTS

(1) Details of production sharing contracts

The Group has entered into production sharing contracts with countries including Indonesia and Caspian Sea area, and therefore holds numerous participating interests in those regions.

Production sharing contracts are agreements by which one or several oil and natural gas development companies serve as contractors that undertake at their own expense exploration and development work on behalf of the governments of oil-producing countries or national oil companies and receive production from the projects as cost recovery and compensation. That is to say, when exploration and development work results in the production of oil or natural gas, the contractors recover the exploration and development costs they incurred by means of a share in the production. The remaining production (crude oil and gas) is shared among the oil-producing country or national oil company and the contractors according to fixed allocation ratios. (The contactors' share of production after cost recovery is called "profit oil and gas." In the case of natural gas, sales are conducted by Indonesia and the contractors receive cost recovery and profit gas in the form of cash.) On the other hand, in cases when exploration fails and expected production is not realized, the contractors are not to recover their invested funds.

(2) Accounting treatment of production sharing contracts

When a company in the Group owns participating interests under production sharing contracts, as mentioned above, in the role of contractor it invests technology and funds in the exploration and development of the property, recovers the invested costs from the production produced, and receives a share of the remaining production after recovery of invested costs as compensation.

Costs invested on the basis of production sharing contracts are recorded on the balance sheet as assets for which future recovery is anticipated under the item "Recoverable accounts under production sharing." After the start of production, recovered costs on the basis of those agreements are deducted from this balance sheet item.

As production received under production sharing contracts is divided into the cost recovery portion and the compensation portion, the method of calculating cost of sales is also distinctive. That is to say, the full amount of production received is temporarily charged to cost of sales as the cost of received production, and subsequently the amount of the compensation portion is calculated and this amount is booked as an adjustment item to cost of sales ("Free of charge production allocated"). Consequently, only the cost recovery portion of production after deduction of the compensation portion is booked as cost of sales.

6. RELATIONSHIP WITH THE JAPANESE GOVERNMENT

(1) The Company's relationship with the Japanese government

Although the government of Japan (the Minister of Economy, Trade and Industry) holds 18.94% of the Company's common shares issued and a Class A Stock as of June 25, 2015, the Company autonomously exercises business judgment as a private corporation. There is no relationship of control, such as through the dispatch of officers or other means between the Company and the Japanese government. Moreover, we believe that no such relationship will develop in the future. Furthermore, there is no concurrent posting or secondment to the Company of officers or employees from the Japanese government.

(2) Ownership and sale of the Company's shares by the Japanese government (the Minister of Economy, Trade and Industry)

The Ministry of Economy, Trade and Industry (METI) holds 18.94% of the Company's common shares issued. METI succeeded to the shares that had been held by Japan National Oil Corporation (JNOC) following the dissolution of JNOC on April 1, 2005. With regard to the liquidation and disposition of the oil and gas upstream assets owned by JNOC, the Policy Regarding the Disposal of Oil and Gas Development-Related Assets Held by Japan National Oil Corporation (hereinafter, the "Report") was announced on March 18, 2003 by the Japan National Oil Corporation Asset Evaluation and Liquidation Deliberation Subcommittee of the Advisory Committee on Energy and Natural Resources, an advisory body of the Ministry of Economy, Trade and Industry. The Report describes the importance of appropriate timing in selling the shares on the market, taking into consideration enterprise value growth. In addition, METI may, in accordance with the Supplementary Provision Article 13 (1) 2 of the "Special Measures Act for Reconstruction Finance Keeping After the Great East Japan Earthquake" ("the Reconstruction Finance Keeping Act" (provisional translation, the same shall apply hereinafter)) enacted December 2, 2011, sell off the Company's shares in Japan or overseas after examining the possibility of disposal of the said shares based on a review of the holdings from the perspective of energy policy. This could have an impact on the market price of the Company's shares.

METI also holds one share of the Company's Class A Stock. As the holder of a Class A Stock, METI possesses veto rights over certain resolutions of the Company's general shareholders' meetings and meetings of the Board of Directors. For details on the Class A Stock, please refer to "8. CLASS A STOCK" below.

7. TREATMENT OF SHARES OF THE GROUP'S PROJECT COMPANY OWNED BY JAPANESE GOVERNMENT AND JOGMEC

(1) Treatment of shares of the Group's project company previously owned by Japan National Oil Corporation (JNOC)

In the aforementioned Report, INPEX CORPORATION (prior to the integration with Teikoku Oil; reorganized on October 1, 2008) was identified as a company that should comprise part of a core company, and is expected to play a role in efficient realization of a stable supply of energy for Japan through the involvement by a national flagship company. In response to the Report, the Company (also, the Group since our acquirement of Teikoku Oil on October 1, 2008) has sought to promote efficient realization of a stable supply of energy for Japan while taking advantage of synergy with the efforts of active resource diplomacy on the part of the Japanese government, and has aimed to maximize shareholder value by engaging in highly transparent and efficient business operations.

As a result, with regard to the integration by means of transfer of shares held by JNOC proposed in the Report, INPEX CORPORATION and JNOC concluded the Basic Agreement Concerning the Integration of Assets Held by JNOC into INPEX CORPORATION of February 5, 2004 (hereinafter the "Basic Agreement") and a memorandum of understanding related to Basic Agreement (hereinafter "MOU"). On March 29, 2004, INPEX CORPORATION and JNOC entered into related contracts including the Basic Contract Concerning the Integration of Assets Held by JNOC into INPEX CORPORATION (hereinafter the "Basic Contract"), achieving the agreement on the details including the treatment of the project companies subject to the integration and shareholding ratios.

In 2004 INPEX CORPORATION accomplished the integration of Japan Oil Development Co., Ltd. (JODCO), INPEX Java Ltd. (disposal was completed on September 30, 2010) and INPEX ABK, Ltd. which are three of four companies covered by the Basic Agreement. Although INPEX Southwest Caspian Sea Ltd. (hereinafter "INPEX Southwest Caspian") would become a wholly owned subsidiary of INPEX CORPORATION by means of a share exchange and the procedures were undertaken, the share exchange contract was invalidated owing to failure to accomplish the terms and conditions of the share exchange contract and the planned share exchange was cancelled. Following the dissolution of JNOC on April 1, 2005, the Minister of Economy, Trade and Industry succeeded to the INPEX Southwest Caspian shares held by JNOC. The Company continues to study the possibility to acquire the shares. However, the METI's future treatment of these shares is undecided and, depending on the result of review in accordance with the Reconstruction Finance Keeping Act, acquisition of INPEX Southwest Caspian shares could be unavailable.

The treatment of Sakhalin Oil and Gas Development Co., Ltd. (hereinafter "SODECO"), INPEX Offshore North Campos, Ltd., INPEX North Makassar, Ltd. (liquidation proceedings completed on December 19, 2008), INPEX Masela, Ltd., and INPEX North Caspian Sea, Ltd. was agreed between INPEX CORPORATION and JNOC in the MOU of February 5, 2004. Regarding the treatment of shares of SODECO, refer to the section "(2) Treatment of the shares of Sakhalin Oil and Gas Development (SODECO) owned by the Japanese government" below. With regard to the transfer to INPEX CORPORATION of the shares in the above project companies other than SODECO, it was decided that the shares are to be transferred for cash compensation as soon as prerequisites such as the consent of the oil-producing country and joint venture partners and the possibility of appropriate asset evaluations are in place. However, the transfer of shares held by JNOC in the above companies has not been decided and the shares in the above project companies were succeeded to by the Japan Oil Gas and Metals National Corporation (hereinafter "JOGMEC") on the dissolution of JNOC on April 1, 2005, except shares related to INPEX North Makassar, Ltd., to which the Minister of Economy, Trade and Industry succeeded. JOGMEC states in its "medium-term objective" and "medium-term plan" that the shares succeeded to from JNOC will be disposed of at an appropriate time and in an appropriate manner, but the timing and manner of the disposal for the shares held by JOGMEC have not been decided, and it is possible that the Company will be unable to acquire the shares.

(2) Treatment of the shares of Sakhalin Oil and Gas Development (SODECO) owned by the Japanese government

The Japanese government (the Minister of Economy, Trade and Industry) owns 50% of the shares of SODECO. SODECO was established in 1995 to engage in an oil and natural gas exploration and development project located on the northeast continental shelf off Sakhalin Island. SODECO owns a 30.0% interest in the Sakhalin-1 Project, of which ExxonMobil of the United States is the operator. In October 2005, Phase 1 of this project started with the goal of advanced production of oil and natural gas. Furthermore, there is a plan for additional development operations (Phase 2) for the purpose of the full-scale production of natural gas. The Company holds 6.08% of SODECO shares issued and outstanding.

In the previously mentioned Report, SODECO, along with INPEX CORPORATION and JODCO, has been identified as a company that should comprise part of a core company in Japan's oil and natural gas upstream industry in the future.

In accordance with the Report, it is assumed that private-sector shareholders, including INPEX CORPORATION, will acquire shares of SODECO issued and outstanding to which the Minister of Economy, Trade and Industry succeeded and that were previously held by JNOC (50.0%). The Company plans to hold a maximum of 33% of the SODECO shares to become its largest shareholder. In the event that the consent of SODECO's joint-venture partners, the relevant Russian government entity, or other parties is necessary for the acquisition of the shares, obtaining the consent is a prerequisite for acquisition. In addition, it will be necessary to reach agreement on the shareholder composition for SODECO, the share transfer price, and other matters.

In the event that the additional acquisition of the SODECO shares is realized, the Group will hold a substantial ownership interest in oil and natural gas assets in Russia, as well as in Asia and Oceania, the Middle East, Caspian Sea area, and other regions, and we expect the acquisition to contribute to the achievement of a more balanced overseas asset portfolio for the Group.

However, at this time it is undecided whether agreement concerning acquisition of the shares with the Minister of Economy, Trade and Industry will be reached as anticipated and will be realized. Also, even in the event that the acquisition is realized, the conditions and time of acquisition are undecided and, depending on the result of review in accordance with the Reconstruction Finance Keeping Act, the acquisition by the Company could be unavailable.

8. CLASS A STOCK

(1) Overview of the classified share

1) Reason for the introduction

The Company was established as the holding company through a stock transfer between INPEX CORPORATION and Teikoku Oil Co., Ltd. on April 3, 2006. Along with this, a classified share originally issued by INPEX CORPORATION (prior to the merger) was transferred and at the same time the Company issued a classified share with the same effect (hereinafter the "Class A Stock") to the Minister of Economy, Trade and Industry. The classified share originally issued by INPEX CORPORATION was the minimally required and a highly transparent measure to eliminate the possibility of management control by foreign capital while not unreasonably impeding the efficiency and flexibility of management based on the concept in the Report discussed in the above section 7. "TREATMENT OF SHARES OF THE GROUP'S PROJECT COMPANY OWNED BY JAPANESE GOVERNMENT AND JOGMEC." INPEX CORPORATION is identified as a company that should comprise part of a core company for Japan's oil and gas upstream industry and is expected to play a role in efficient realization of a stable supply of energy for Japan as a national flagship company. On the basis of the concept of the Report, following a speculative acquisition or an attempt at management controlled by foreign capital, Class A Stock is designed and issued to be highly transparent while not unreasonably impeding the efficiency and flexibility of management and to keep the effects of any such speculative acquisition to the necessary minimum. At the same time, Class A Stock maintains the Company's role in the efficient implementation of a stable supply of energy for Japan as a core business, so that management is not conducted in a way contradictory to that role and no negative impact is felt.

2) Shareholders' meeting resolutions, dividends, distribution of residual assets, and redemption

Unless otherwise provided by laws or ordinances, the Class A Stock does not have any voting rights at the Company's general shareholders' meetings. With regard to cash dividends paid and the distribution of residual assets, the Company concluded a stock split at a ratio of 1:400 of common stock with October 1, 2013, as the effective date. For Class A Stock (unlisted) no stock split was conducted. The Articles of Incorporation specify that dividends of Class A Stock are equivalent to dividends of a common stock prior to the stock split. The Class A Stock will be redeemed by resolution of the Board of Directors of the Company if the holder of the Class A Stock requests redemption or if the Class A Stock is transferred to a party other than the government of Japan or an independent administrative body that is fully funded by the government of Japan.

3) Veto rights in the Articles of Incorporation

The Articles of Incorporation of the Company provide that an approval resolution of the meeting of the holder of the Class A Stock is necessary in addition to resolutions of the Company's general shareholders' meetings and resolutions of meetings of the Board of Directors for the decisions on certain important matters such as the appointment or removal of Directors, disposition of material assets, changes to the Articles of Incorporation, business integration, capital reduction or company dissolution in connection with the business of the Company. Accordingly, the Minister of Economy, Trade and Industry, as the holder of the Class A Stock, has veto rights over these important matters.

4) Criteria for the exercise of veto rights provided in the criteria for the exercise of the Class A Stock holder's voting rights

Criteria concerning the exercise of the veto rights have been established in a Ministry of Economy, Trade and Industry Notice (No. 220, 2008) (hereinafter the "Notice"). The criteria stipulate the exercise of veto rights only in the following specific cases.

- When resolutions pertaining to appointment or removal of Directors and integration are not voted down and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- With regard to decisions related to the disposal of all or part of significant assets, when resolutions pertaining to disposition of material assets are not voted down and the objects of disposition are oil and natural gas exploration or production rights or rights similar thereto or shares or ownership interest in the Company's subsidiary whose principal assets are said rights and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- When resolutions pertaining to amendments to the Company's Articles of Incorporation relating to changes in the Company's business objectives, reduction in the amount of capital, or dissolution are not voted down and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- When resolutions pertaining to amendments to the Articles of Incorporation granting voting rights to any shares other than the common shares of the Company are not voted down and could have an effect on the exercise of the voting rights of the Class A Stock.

It is provided that the above criteria shall not be limited in the event that the Notice is changed in the light of energy policy.

(2) Risk in connection with the Class A Stock

Following a speculative acquisition or an attempt at management controlled by foreign capital, Class A Stock is designed and issued to be highly transparent while not unreasonably impeding the efficiency and flexibility of management and to keep the effects of any such speculative acquisition to the necessary minimum. At the same time, Class A Stock maintains the Company's role in the efficient implementation of a stable supply of energy for Japan as a core business, so that management is not conducted in a way contradictory to that role and no negative impact is felt. Nevertheless, the anticipated risks in connection with the Class A Stock include the following.

1) Possibility of conflict of interest between national policy and the Company and its common shareholders

It is conceivable that the Minister of Economy, Trade and Industry could exercise the veto rights in accordance with the above criteria provided in the Notice. As the said criteria have been provided from the standpoint of efficient realization of a stable supply of energy to Japan, it is possible that the exercise of the veto rights by the Minister of Economy, Trade and Industry could conflict with the interest of other shareholders who hold the Company's common shares. Also, it is possible that the said criteria could be changed in the light of energy policy.

2) Impact of the exercise of veto rights on the price of shares of common stock

As mentioned above, as the holder of the Class A Stock has the veto rights over certain important matters in connection with the business of the Company, the actual exercise of the veto rights over a certain matter could have an impact on the price of the Company's shares of common stock.

3) Impact on the Company's degree of freedom in business and business judgment

As the Minister of Economy, Trade and Industry holds the Class A Stock with the previously mentioned veto rights, the Company needs a resolution of the meeting of the holder of the Class A Stock concerning the above matters. For this reason, the Company's degree of freedom in management in those matters could be restricted by the judgment of the Minister of Economy, Trade and Industry. Also, attendant on the need for a resolution of the meeting of the holder of the Class A Stock concerning the above matters, a certain period of time is required for procedures such as the convening and holding of meetings and resolutions and for the processing of formal objections, if necessary.

9. CONCURRENTLY SERVING OUTSIDE DIRECTORS

The Board of Directors of the Company is composed of 15 members, five of whom are outside directors.

The four outside directors have many years of management experience in the Company's business and are able to offer objective, professional advice regarding operations. For this reason, they were asked to join the Board of Directors to contribute to the development of the Company's business.

The four outside directors concurrently serve as director or advisors of Japan Petroleum Exploration Co., Ltd., Mitsubishi Corporation, Mitsui Oil Exploration Co., Ltd. and JX Holdings, Inc. (hereinafter "shareholder corporations"), respectively.

At the same time, however, the shareholder corporations are involved in businesses that overlap with those of the Company. The Company therefore recognizes that it must pay particular attention to corporate governance to avoid conflicts of interest in connection with competition and other matters.

To this end, all Company directors, including the four outside directors described above, are required to sign a written undertaking to carry out their duties as officers of the Company appropriately and with the highest regard for the importance of such matters as their obligations in connection with noncompetitive practices under the Japanese Companies Act, the proper manner for dealing with conflict of interest, and confidentiality.

Oil and Gas Reserves and Production Volume

1. OIL AND GAS RESERVES

Proved reserves

The following tables list the proved reserves of crude oil, condensate, LPG and natural gas of INPEX CORPORATION, its consolidated subsidiaries and equity-method affiliates (the "Group") on main projects. Disclosure contents for proved reserves are determined in accordance with the rules and regulations of the U.S. Financial Accounting Standards Board (the "FASB"), and are presented in accordance with the Accounting Standards Codification Topic 932 "Extractive Activities —Oil and Gas" ("Topic 932"). The Group's proved reserves as of March 31, 2015 were 1,213.27 million barrels for crude oil, condensate and LPG, and 6,560.6 billion cubic feet for natural gas, for a total of 2,434.37 million boe.

	Japan		Asia & Oceania		Eurasia (Europe & NIS)		Middle East & Africa		Americas		Total	
	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)
Proved developed and undeveloped reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2013	15	609	208	5,507	183	42	363	—	9	296	779	6,454
Extensions and discoveries	7	261	—	3	—	—	408	—	—	22	414	286
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	(0)	(8)	8	12	13	(15)	2	—	(0)	7	23	(4)
Interim production	(1)	(46)	(17)	(217)	(10)	—	(31)	—	(0)	(37)	(59)	(300)
As of March 31, 2014	21	816	199	5,306	186	27	742	—	9	288	1,157	6,437
Equity-method affiliates												
As of March 31, 2013	—	—	3	314	—	—	142	—	6	0	151	315
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	—	—	(1)	(1)	—	—	3	—	(1)	0	1	(1)
Interim production	—	—	(0)	(15)	—	—	(30)	—	(0)	(0)	(31)	(15)
As of March 31, 2014	—	—	2	298	—	—	115	—	5	1	121	298
Proved developed and undeveloped reserves												
As of March 31, 2014	21	816	201	5,603	186	27	857	—	13	289	1,278	6,735
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2014	21	816	199	5,306	186	27	742	—	9	288	1,157	6,437
Extensions and discoveries	—	—	18	182	13	—	—	—	3	63	34	245
Acquisitions and sales	—	—	(9)	(269)	—	—	—	—	1	1	(8)	(268)
Revisions of previous estimates	(0)	(9)	12	121	3	0	(16)	—	(0)	29	(2)	140
Interim production	(1)	(42)	(15)	(217)	(10)	—	(31)	—	(0)	(38)	(58)	(296)
As of March 31, 2015	19	765	204	5,123	192	27	695	—	13	343	1,123	6,258
Equity-method affiliates												
As of March 31, 2014	—	—	2	298	—	—	115	—	5	1	121	298
Extensions and discoveries	—	—	0	20	—	—	5	—	—	—	5	20
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	—	—	(0)	9	—	—	(1)	—	(3)	(0)	(4)	8
Interim production	—	—	(0)	(24)	—	—	(31)	—	(1)	(0)	(31)	(24)
As of March 31, 2015	—	—	2	302	—	—	87	—	1	0	90	302
Proved developed and undeveloped reserves												
As of March 31, 2015	19	765	206	5,425	192	27	783	—	13	343	1,213	6,561
Proved developed reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2015	13	513	22	442	46	—	520	—	10	192	611	1,146
Equity-method affiliates												
As of March 31, 2015	—	—	1	166	—	—	73	—	1	0	75	167
Proved undeveloped reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of March 31, 2015	6	252	182	4,681	146	27	175	—	3	151	512	5,112
Equity-method affiliates												
As of March 31, 2015	—	—	1	136	—	—	15	—	—	—	15	136

Notes: 1. Based on SEC disclosure standards, the Group discloses proved reserves in each country containing 15% or more of its proved reserves. As of March 31, 2015, the Group held proved reserves in Australia of approximately 181.07 million barrels for crude oil and approximately 4,554.9 billion cubic feet for natural gas, for a total of 1,032.08 million boe.
2. Proved reserves (as of March 31, 2015) of the following blocks and fields include the portion attributable to minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%), Americas: Copa Macoya (30%), Horn River Area (54.91%)
3. MMbbl: Million barrels
4. Bcf: Billion cubic feet
5. Crude oil includes condensate and LPG

Standardized measure of discounted future net cash flows and their changes relating to proved oil and gas reserves for the year ended March 31, 2015

Disclosure contents for the standardized measure of discounted future net cash flows and their changes relating to proved reserves for the year ended March 31, 2015 are determined in accordance with the rules and regulations of the FASB, and are presented in accordance with Topic 932.

In calculating the standardized measure of discounted future cash inflows, the arithmetic average of oil and gas prices at the first day of each month during the current fiscal year is applied to the estimated annual future production from proved reserves. Future development and production costs are estimated based upon the assumptions of constant oil and gas prices and the continuation of existing economic, operating and regulatory conditions. Future income tax expenses are calculated by applying the year-end statutory tax rates to estimated future pretax cash flows less the tax basis of the properties involved based upon laws and regulations already legislated at year-end.

The discount is computed by applying a prescribed discount rate of 10% to the estimated future net cash flows.

The translation of U.S. dollar amounts into yen amounts is computed by applying the year-end exchange rates (TTM) of ¥102.92 and ¥120.27 to the U.S. dollar as of March 31, 2014 and 2015, respectively.

Since these figures are calculated in accordance with the rules set forth by the FASB, which have the following aspects, they do not represent the fair market value nor the Group's estimation for the present value of the cash flows of reserves of crude oil, condensate, LPG and natural gas.

- No economic value is attributed to potential reserves.
- A prescribed discount rate of 10% is applied.
- Oil and gas prices are subject to constant fluctuations despite the assumptions of constant oil and gas prices of Topic 932.

	Millions of yen					
March 31, 2014	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries						
Future cash inflows	¥17,341,495	¥1,216,700	¥ 6,010,999	¥1,830,647	¥ 8,114,992	¥168,157
Future production and development costs	(5,214,355)	(232,106)	(2,022,074)	(475,798)	(2,430,435)	(53,942)
Future income tax expenses	(7,756,030)	(390,578)	(1,791,151)	(294,204)	(5,270,507)	(9,589)
Future net cash flows	4,371,111	594,016	2,197,774	1,060,645	414,050	104,627
10% annual discount for estimated timing of cash flows	(2,724,139)	(353,477)	(1,399,641)	(638,328)	(301,903)	(30,790)
Standardized measure of discounted future net cash flows	1,646,972	240,539	798,133	422,316	112,146	73,837
Equity-method affiliates						
Future cash inflows	1,502,675	—	172,531	—	1,283,450	46,694
Future production and development costs	(559,626)	—	(100,520)	—	(422,426)	(36,681)
Future income tax expenses	(807,541)	—	(37,642)	—	(768,867)	(1,032)
Future net cash flows	135,508	—	34,369	—	92,158	8,981
10% annual discount for estimated timing of cash flows	(34,528)	—	(18,128)	—	(13,834)	(2,566)
Share of equity-method investees' standardized measure of discounted future net cash flows	100,980	—	16,242	—	78,324	6,414
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 1,747,952	¥ 240,539	¥ 814,375	¥ 422,316	¥ 190,471	¥ 80,252

Note: Reserves of the following blocks and fields include the portion attributable to minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%)/Americas: Copa Macoya (30%), Horn River Area (54.91%)

	Millions of yen					
March 31, 2015	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries						
Future cash inflows	¥16,826,527	¥1,373,830	¥6,518,619	¥1,787,325	¥6,935,269	¥211,485
Future production and development costs	(5,420,750)	(279,282)	(2,143,400)	(563,719)	(2,373,944)	(60,405)
Future income tax expenses	(6,619,499)	(379,336)	(1,792,785)	(235,731)	(4,200,930)	(10,718)
Future net cash flows	4,786,278	715,212	2,582,434	987,875	360,395	140,363
10% annual discount for estimated timing of cash flows	(2,740,756)	(414,963)	(1,445,090)	(552,389)	(288,615)	(39,699)
Standardized measure of discounted future net cash flows	2,045,522	300,249	1,137,344	435,486	71,780	100,663
Equity-method affiliates						
Future cash inflows	1,283,858	—	384,759	—	890,520	8,579
Future production and development costs	(578,892)	—	(117,127)	—	(453,308)	(8,457)
Future income tax expenses	(538,253)	—	(128,356)	—	(409,898)	—
Future net cash flows	166,713	—	139,276	—	27,315	122
10% annual discount for estimated timing of cash flows	(82,534)	—	(78,062)	—	(4,453)	(19)
Share of equity-method investees' standardized measure of discounted future net cash flows	84,179	—	61,214	—	22,862	103
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 2,129,701	¥ 300,249	¥1,198,557	¥ 435,486	¥ 94,643	¥100,766

Note: Reserves of the following blocks and fields include the portion attributable to minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%)/Americas: Copa Macoya (30%), Horn River Area (54.91%)

	Millions of yen						
	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Equity-method affiliates
INPEX CORPORATION and Consolidated Subsidiaries							
Standardized measure at beginning of the period As of April 1, 2014	¥1,747,952	¥240,539	¥ 798,133	¥422,316	¥112,146	¥ 73,837	¥100,980
Changes resulting from:							
Sales and transfers of oil and gas produced, net of production costs	(933,684)	(46,427)	(265,325)	(70,193)	(267,861)	(17,081)	(266,797)
Net changes in oil and gas prices and production costs	(1,289,599)	12,487	(409,334)	(170,468)	(591,895)	(25,668)	(104,722)
Development costs incurred	431,664	1,822	318,607	24,570	53,866	12,129	20,670
Changes in estimated future development costs	(198,468)	(7,012)	20,083	(38,914)	(54,786)	(9,473)	(108,367)
Revisions of previous quantity estimates	210,367	(4,584)	94,716	109,456	(58,664)	43,889	25,554
Accretion of discount	213,577	25,354	112,742	47,880	13,732	8,624	5,245
Net change in income taxes	1,503,911	37,521	179,852	39,546	850,306	2,092	394,593
Extensions, discoveries and improved recoveries	153,338	—	153,338	—	—	—	—
Other	290,644	40,550	134,532	71,292	14,935	12,313	17,023
Standardized measure at end of the period As of March 31, 2015	¥2,129,701	¥300,249	¥1,137,344	¥435,486	¥ 71,780	¥100,663	¥ 84,179

Note: Reserves of the following blocks and fields include the portion attributable to minority interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (55%)/Americas: Copa Macoya (30%), Horn River Area (54.91%)

Probable reserves and possible reserves

The following tables list the probable and possible reserves of crude oil, condensate, LPG and natural gas of the Group on main projects. Our probable reserves as of March 31, 2015 were 714.62 million barrels for crude oil, condensate and LPG, and 4,986.6 billion cubic feet for natural gas, for a total of 1,609.67 million boe. In addition, the Group's possible reserves as of March 31, 2015 were 104.53 million barrels for crude oil, condensate and LPG, and 2,493.1 billion cubic feet for natural gas, for a total of 575.66 million boe.

March 31, 2015	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Subtotal	Interest in reserves held by equity-method affiliates	Total
Probable reserves								
Crude oil, condensate and LPG (MMbbl)	2	138	351	198	2	691	24	715
Natural gas (Bcf)	74	4,724	91	—	63	4,952	35	4,987

March 31, 2015	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Subtotal	Interest in reserves held by equity-method affiliates	Total
Possible reserves								
Crude oil, condensate and LPG (MMbbl)	2	82	2	0	6	93	12	105
Natural gas (Bcf)	65	2,229	—	—	86	2,380	113	2,493

Notes: 1. MMbbl: Million barrels
2. Bcf: Billion cubic feet

2. OIL AND GAS PRODUCTION

The following tables list average daily production for crude oil, natural gas, and the total of crude oil and natural gas by region. The proportional interests in production by the equity-method affiliates are not broken down by geographical regions.

The Group's production for the year ended March 31, 2015 was 242.7 thousand barrels per day for crude oil, condensate and LPG, and 880.0 million cubic feet per day for natural gas, for a total of 408.1 thousand boed. Our method for calculating the conversion of natural gas volumes to barrels of oil equivalent (boe) was changed effective the year ended March 31, 2012.

Years ended March 31,	2010	2011	2012	2013	2014	2015
Crude oil, condensate and LPG (Mbbld):						
Japan	4.5	3.9	3.8	3.9	3.6	3.2
Asia & Oceania	47.7	65.1	62.5	58.0	45.8	40.6
Eurasia (Europe & NIS)	26.9	27.9	25.0	25.1	26.1	27.0
Middle East & Africa	73.3	73.0	84.3	84.4	84.4	84.8
Americas	5.5	2.3	0.1	0.1	0.1	0.5
Subtotal	158.0	172.2	175.7	171.5	160.0	156.1
Proportional interests in production by equity-method affiliates	60.4	67.4	75.4	74.4	84.9	86.6
Total	218.3	239.6	251.2	245.9	244.9	242.7
Annual production (MMbbl)	79.7	87.5	91.9	89.8	89.4	88.6
Natural gas (MMcf/d):						
Japan	155.1	128.7	127.6	133.7	125.5	113.9
Asia & Oceania	880.5	836.0	665.0	586.4	602.8	596.5
Eurasia (Europe & NIS)	—	—	—	—	—	—
Middle East & Africa	—	—	—	—	—	—
Americas	86.9	81.1	72.4	90.9	107.4	103.2
Subtotal	1,122.6	1,045.9	865.0	811.0	835.7	813.7
Proportional interests in production by equity-method affiliates	—	56.6	62.7	52.4	40.7	66.4
Total	1,122.6	1,102.5	927.7	863.4	876.4	880.0
Annual production (Billions of cubic feet)	409.7	402.4	339.5	315.1	319.9	321.2
Crude oil and natural gas (Mboed):						
Japan	30.4	25.3	27.7	29.0	27.2	24.6
Asia & Oceania	194.5	204.4	189.5	169.4	159.9	154.3
Eurasia (Europe & NIS)	26.9	27.9	25.0	25.1	26.1	27.0
Middle East & Africa	73.3	73.0	84.3	84.4	84.4	84.8
Americas	20.0	15.8	13.1	16.2	19.0	19.0
Subtotal	345.1	346.5	339.7	324.0	316.7	309.7
Proportional interests in production by equity-method affiliates	60.4	76.8	86.5	83.8	92.1	98.4
Total	405.4	423.3	426.2	407.8	408.8	408.1
Annual production (MMboe)	148.0	154.5	156.0	148.8	149.2	148.9

Corporate Information

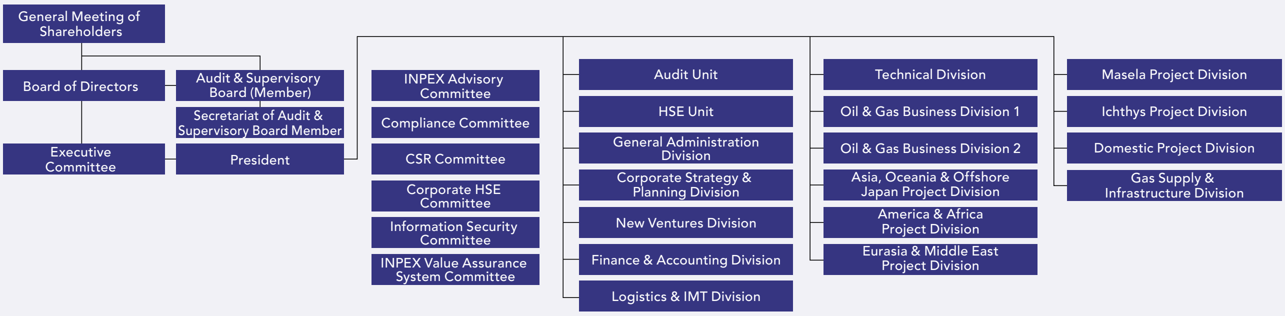
(As of March 31, 2015)

Corporate Data

Company Name INPEX CORPORATION
Established April 3, 2006
Capital ¥290,809,835,000
Company Headquarters
Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo 107-6332, Japan

Number of Employees (Consolidated) 3,178
Main Business Research, exploration, development, production and sales of oil, natural gas and other mineral resources, other related businesses and investment and lending to the companies engaged in these activities, etc.

Organization Chart (As of July 1, 2015)



Stock Data

Total Number of Shares Authorized to be Issued:
3,600,000,000 common stocks
1 Class A Stock

Type and Total Number of Issued shares
Common Stocks: 40,190 shareholders / 1,462,323,600 shares
Class A Stock*: 1 shareholder (Minister of Economy, Trade and Industry) / 1 share

* The Company's Articles of Incorporation stipulate that certain major corporate decisions require a resolution by the holder of the Class A Stock in addition to the approval of the shareholders' meetings or Board of Directors.

Major Shareholders (Common Stocks)

Name	Number of shares	Percentage of total common shares* (%)
Minister of Economy, Trade and Industry	276,922,800	18.94
Japan Petroleum Exploration Co., Ltd.	106,893,200	7.31
Mitsui Oil Exploration Co., Ltd.	50,554,000	3.46
Japan Trustee Services Bank, Ltd. (Trust Account)	46,364,200	3.17
JX Holdings, Inc.	43,810,800	3.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	40,454,300	2.77
CBNY-GOVERNMENT OF NORWAY	37,415,475	2.56
State Street Bank and Trust Company 505223	29,793,001	2.04
JP Morgan Chase Bank 385632	27,875,580	1.91
The Bank of New York Mellon SA/NV 10	20,992,737	1.44

* Percentage of total common shares are for total number of issued common shares.

Shareholding by Shareholder Type

Shareholder type	Number of shareholders	Number of shares	Percentage of total common shares*1 (%)
Financial Institutions (Including Trust Accounts)	100	222,549,308	15.22
Securities Companies	59	13,438,854	0.92
Other Domestic Corporations	341	240,904,224	16.47
Minister of Economy, Trade and Industry*2	1	276,922,800	18.94
Foreign Corporations and Other	708	669,088,685	45.76
Individuals and Other	38,980	37,453,329	2.56
Treasury Shares	1	1,966,400	0.13

*1 Percentage of total common shares are for total number of issued common shares.
*2 Excludes one Class A Stock

Home Page

The Company's Web site provides investors with the most up-to-date IR information, including financial statements.
▸ **www.inpex.co.jp/english**

Inquiries

For IR inquiries, as well as to offer comments and opinions about this report, please contact below.

Corporate Strategy & Planning Division
Corporate Communications Unit
Investor Relations Group
Phone: **+81-3-5572-0234**, Fax: **+81-3-5572-0235**
Web site: **www.inpex.co.jp/en/ir/inquiries.html**

This Report was printed using environmentally conscious methods, vegetable oil-based ink.

Printed in Japan

INPEX
INPEX CORPORATION

Akasaka Biz Tower
5-3-1 Akasaka, Minato-ku
Tokyo 107-6332, Japan
Phone: +81-3-5572-0200
▸ www.inpex.co.jp/english