To Those Shareholders with Voting Rights:

Disclosure on the Internet accompanying
the Notice of the 11th Ordinary General Meeting of Shareholders

11th Fiscal Year (April 1, 2016 to March 31, 2017)
(1) Notes to Consolidated Financial Statements
(2) Notes to Non-consolidated Financial Statements

INPEX CORPORATION

The content of this document is posted on the website of INPEX CORPORATION ("the Company") (http://www.inpex.co.jp/english/), pursuant to laws, regulations, and Article 27 of the Articles of Incorporation of the Company.

Notes to Consolidated Financial Statements

[Basis of Presenting Consolidated Financial Statements]

1. Scope of consolidation
   (1) Number of consolidated subsidiaries and names of major consolidated subsidiaries
   Number of consolidated subsidiaries: 64
   Names of major subsidiaries;
   Japan Oil Development Co., Ltd., INPEX Alpha, Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Gas British Columbia Ltd., JODCO Onshore Limited, INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Oil & Gas Australia Pty Ltd and INPEX Masela, Ltd.
   TEIKOKU OIL LIBYA UK LTD has been excluded from the scope of consolidation from this fiscal year due to completion of liquidation.
   (2) Names of major non-consolidated subsidiaries
   Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V. and TELNITE CO., LTD.
   Reason for exclusion from the scope of consolidation
   Those companies are not consolidated because their total assets, total net sales, total net income (the equity portion) and total retained earnings (the equity portion) do not have significant impact on the consolidated financial statements.
   (3) Name of an entity that is not accounted for as our subsidiary even though the Company owns the majority vote
   Ichthys LNG Pty Ltd
   Reason for not accounted for as our subsidiary
   The Company owns the majority vote of Ichthys LNG Pty Ltd through INPEX Holdings Australia Pty Ltd. However, since both parties' affirmative votes are required for important resolutions based on the shareholders agreement between INPEX Holdings Australia Pty Ltd and TOTAL E&P Holding Ichthys, Ichthys LNG Pty Ltd is considered to be an affiliate accounted for by the equity method.

2. Application of equity method
   (1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method and names of major non-consolidated subsidiaries and affiliates accounted for by the equity method
   Number of non-consolidated subsidiaries accounted for by the equity method: None
   Number of affiliates accounted for by the equity method: 20
   Names of major affiliates:
   Angola Block 14 B.V., MI Berau B.V., Angola Japan Oil Co., Ltd., INPEX Offshore North Campos, Ltd. and Ichthys LNG Pty Ltd
   (2) Names of non-consolidated subsidiaries and affiliates not accounted for by the equity method
   Names of major non-consolidated subsidiaries and affiliates:
   Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V., TELNITE CO., LTD. and Tangguh project management Co., Ltd.
   Reason for not applying the equity method
   These subsidiaries and affiliates are not accounted for by the equity method because their total net income (the equity portion) and total retained earnings (the equity portion) do not have significant impact on the consolidated financial statements.
   (3) Procedures for application of the equity method
   Regarding affiliates accounted for by the equity method having a different closing date from the consolidated closing date, the Company used the financial statements of each affiliate prepared as of its closing date. For certain affiliates, however, the Company used financial statements prepared for consolidation purposes as of the consolidated closing date.

3. Closing dates for the fiscal year of consolidated subsidiaries
   For the 48 companies for which the closing dates differ from the consolidated closing date, including, but not limited to, INPEX Sahul, Ltd. and INPEX Masela, Ltd., the Company uses the financial statements for the year ended December 31.
   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 those 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, we use their financial statements for the year ended on the consolidated closing date even though their closing date is December 31.

4. Accounting policies

(1) Valuation method for significant assets

(a) Securities

Other securities

With a determinable market value

Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving-average method.

Without a determinable market value

Other securities without a determinable market value are stated at cost determined by the moving-average method.

(b) Derivatives

Fair value

(c) Inventories

Overseas inventories

Carried mainly at cost, determined by the average cost method (balance sheet value is carried at the lower of cost or market)

Domestic inventories

Carried mainly at cost, determined by the moving-average method (balance sheet value is carried at the lower of cost or market)

(2) Depreciation method of significant depreciable assets

(a) 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, straight-line method of depreciation is applied. Useful lives of significant fixed assets are as follows:

Buildings and structures:	2-60 years
Wells:	3 years
Machinery, equipment and vehicles:	2-22 years

(b) Intangible assets (except leased assets)

Exploration and development rights

Exploration and development rights at the exploration stage are fully amortized in the consolidated fiscal year. Such rights which are at the production stage are amortized by the unit-of-production method.

Mining rights

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

Other

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

Software for internal use is amortized by the straight-line method over 5 years.

(c) Leased assets

Leased assets for financing lease transactions whose ownership are not to be transferred

Depreciation of these assets is calculated based on the straight-line method over the lease period assuming no residual value.

(3) Basis for significant allowances

(a) Allowance for doubtful accounts

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 which are experiencing financial difficulties.

(b) Allowance for recoverable accounts under production sharing

Allowance for recoverable accounts under production sharing is provided for probable losses on specific investments made under production sharing contracts.

(c) Allowance for investments in exploration

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.

(d) 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.

(e) Accrued bonuses to officers

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

(f) Provision for loss on business

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

(g) 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 the amounts accumulated through the next activity.

(4) Accounting for retirement benefits

(a) 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, 2017. 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.

(b) Method of recognizing for actuarial differences

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

(5) Other basis of presenting consolidated financial statements

(a) Translation of consolidated subsidiaries' significant assets and liabilities denominated in foreign currencies into yen in preparation of the consolidated financial statements

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gain or loss is credited or charged to income. The revenue and expense accounts of the overseas subsidiaries are translated into yen at the average rates of exchange during the period. The balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date. Translation differences are presented as a component of translation adjustments and non-controlling interests.

(b) Accounting for major hedge transactions

1) 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.

2) Hedging instruments and hedged items

Hedging instruments:	Interest rate swap transactions
Hedged items:	Interest payments on borrowings

3) Hedging policy

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

4) Hedge effectiveness assessment method

The Company does not perform hedge effectiveness assessment of interest rate swap transactions since the special treatment is applied.

(c) Amortization of Goodwill

Goodwill is amortized by the straight-line method over 20 years.

(d) Consumption tax

Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.

(e) Recoverable accounts under production sharing

Cash investments made by the Company during exploration, development and production phases 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 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.

[Change in the Presentation]

(Consolidated Statement of Income)

"Gain on sales of investment securities", previously included in "Other" in other income, is presented separately since it has become more significant.

"Provision of allowance for doubtful accounts", previously included in "Other" in other expenses, is presented separately since it has become more significant.

[Changes in Accounting Estimates]

(Change in useful life)

The Company reviewed the period of economic estimated use of structures (pipelines) considering the progress of initiatives on strengthening our gas supply chain defined in the "Medium- to Long-Term Vision", actual use records and others since the Toyama Line commences operation this fiscal year. It was confirmed that they could be used longer than their conventional useful lives, which had been based on the method prescribed in the Corporation Tax Act, and the Company has changed their useful lives from the year ended March 31, 2017.

As a result, compared with the conventional method, operating income, ordinary income and income before income taxes for the year ended March 31, 2017 increased by ¥7,171 million, respectively.

[Notes to Consolidated Balance Sheet]

1. Assets provided as collateral are as follows:

(Collateralized assets)	Millions of yen
Cash and deposits	222
Inventories	8,533
Land	149
Construction in progress	1,119,049
Investment securities	62,492
Long-term loans receivable	131,261
Other	10,147
Total	1,331,855

The above is mainly related to Ichthys LNG Project Finance, and the others which pledged as collateral for liabilities of affiliates excluding the Ichthys LNG Project Finance.

2. Accumulated depreciation
   Accumulated depreciation of tangible fixed assets is ¥762,321 million.

3. Contingent liabilities
   (1) The Company and its consolidated subsidiaries are contingently liable as guarantors of indebtedness of the following companies:

	Millions of yen
Ichthys LNG Pty Ltd*1	562,236
Tangguh Trustee*2	18,997
Sakhalin Oil and Gas Development Co., Ltd.	2,046
Japan Canada Oil Sands Limited	1,683
Oceanic Breeze LNG Transport S. A.	216
Employees (housing loans)	51
Total	585,233

*1 Debt for investment funds of the Ichthys LNG Project.

*2 Debt for investment funds of Tangguh LNG Project for which the Company participates through MI Berau B.V. and MI Berau Japan Ltd.(Of the funds, for loans relating to the construction of Train-3, only the portion guaranteed by the Company in accordance with the ratio of participating interest (¥4,320 million) is stated.)

(2) Guarantee for derivatives

Ichthys LNG Pty Ltd	¥(212) million

The aforementioned derivative transactions are utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. The amount is valuation gain (loss) on the derivatives.

(3) Completion guarantee

In connection with the Ichthys LNG project financing, the Company and other project participants provide lenders with a guarantee of liabilities during the construction phase based on each participating interest in addition to collateralizing its assets.

The portion guaranteed by the Company at the end of this fiscal year is ¥903,862 million.

[Notes to Consolidated Statement of Income]

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.

(Millions of yen)

Use	Location	Classification	Impairment loss
Assets related to the shale gas project in the Horn River area	British Columbia, Canada	Buildings and structures Wells Machinery, equipment and vehicles Mining rights Other	225 1,689 421 268 27
		Subtotal	2,630
Assets related to Yabase Oil Field	Akita City, Akita, etc.	Buildings and structures Wells Machinery, equipment and vehicles Land Other	650 11 906 442 17
		Subtotal	2,027
Assets related to South Natuna Sea Block B	Republic of Indonesia	Exploration and development rights	1,702
Other			6
Total			6,366

The recoverable amount of the assets related to the shale gas project in the Horn River area is reasonably estimated by discounting the future cash flows at a rate of 8.3%. The recoverable amount of the assets related to South Natuna Sea Block B is estimated at zero. The recoverable assets of the land related to Yabase Oil Field is estimated by the net realized value of the assets (of which based on reasonably adjusted the valuation amount for real estate tax purposes), and the others are estimated at zero.

[Notes to Consolidated Statement of Changes in Net Assets]

1. Type and number of shares issued and treasury stock

(Shares)

	Balance as of April 1, 2016	Increase	Decrease	Balance as of March 31, 2017
Number of shares				
Common stock	1,462,323,600	—	—	1,462,323,600
Class A stock	1	—	—	1
Total	1,462,323,601	—	—	1,462,323,601
Treasury stock				
Common stock	1,966,400	100	—	1,966,500
Total	1,966,400	100	—	1,966,500

(Note) The increase of 100 shares in treasury stock of common stock was due to purchase of less-than-one-voting-unit shares.

2. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 28, 2016	Common stock	13,143	9	March 31, 2016	June 29, 2016
	Class A stock	0	3,600	March 31, 2016	June 29, 2016
Board of directors' meeting November 11, 2016	Common stock	13,143	9	September 30, 2016	December 1, 2016
	Class A stock	0	3,600	September 30, 2016	December 1, 2016

(2) Dividends, whose record date was in the year ended March 31, 2017, and whose effective date will be in the next fiscal year

Resolution	Type of share	Source of dividends	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 27, 2017	Common stock	Retained earnings	13,143	9	March 31, 2017	June 28, 2017
	Class A stock	Retained earnings	0	3,600	March 31, 2017	June 28, 2017

[Notes to Financial Instruments]

1. Status of 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.
   In line with the criteria for trading and credit exposure management, the Company properly analyzes the credit status of trading partners for reduction of default risks related to accounts receivable-trade of its clients. For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Executive Committee.
   Although the Company generally borrows with variable interest rates, some loans are with fixed interest rates including interest rate swap transactions depending on the nature of each project. For exchange rate fluctuation risk related to assets and liabilities denominated in foreign currencies, the Company maintains the position between assets and liabilities in foreign currencies, and manages exchange fluctuation risk through derivative transactions such as foreign exchange forwards and others, as necessary, based on the Company's policy. For derivative transactions, the Company follows internal regulations.

2. Fair value of financial instruments
   Carrying value on the consolidated balance sheet as of March 31, 2017, fair value and the difference between them are as shown below.

(Millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	652,614	652,696	81
(2) Accounts receivable-trade	72,364	72,364	—
(3) Marketable securities and investment securities			
Other securities	58,801	58,801	—
Total assets	783,780	783,861	81
(1) Short-term loans	44,252	43,967	(285)
(2) Long-term debt	643,432	635,082	(8,349)
Total liabilities	687,684	679,049	(8,635)
Derivatives*	43	43	—

*Net claims and debts arising from derivative transactions are presented on a net basis. In case the total amount is a debt amount, the above figure is negative.

Note 1: Methods of calculating the fair value of financial instruments

<u>Assets</u>

(1) Cash and deposits

The fair value of current portion of long-term time deposits included in cash and 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. For the other cash and 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.

(2) Accounts receivable-trade

Since the item is settled in a short period of time and its fair value is almost the same as the carrying value, the relevant carrying value is used.

(3) Marketable securities and investment securities

The fair value of shares is determined by the market prices of exchanges, and the fair value of bonds is determined by market prices of exchanges or the prices presented by financial institutions.

<u>Liabilities</u>

(1) Short-term loans

The estimated fair value of current portion of long-term debt included in short-term loans, is calculated by the same method as (2) Long-term debt. For the other short-term loans, 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.

(2) 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.

<u>Derivative Transactions</u>

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

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 since the interest rate swap is treated together with long-term debt subject to hedging (refer to Liabilities (2) above).

Note 2: Unlisted securities (carrying value on the consolidated balance sheet: ¥29,260 million), and stocks of subsidiaries and affiliates (carrying value on the consolidated balance sheet: ¥163,526 million) are assumed to have no quoted market prices and it is extremely difficult to determine their fair value. Accordingly, these financial instruments are not included in "Assets (3) Marketable securities and investment securities." For shares of exploration companies, an allowance for investments in exploration is provided at an estimated amount based on the financial position of the investees.

[Notes to Per Share Information]

1. Net assets excluding non-controlling interests per share: ¥2,015.38
2. Net income per share: ¥31.61

Notes to Non-Consolidated Financial Statements

[Significant Accounting Policies]

1. Valuation method for assets

(1) Valuation method for securities	
Shares of subsidiaries and affiliates	Stated at cost determined by the moving-average method
Other securities	
With a determinable market value	Stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving-average method.
Without a determinable market value	Stated at cost determined by the moving-average method
(2) Valuation method for derivatives	
Derivatives	Fair value
(3) Valuation method for inventories	Carried at cost (balance sheet value is carried at the lower of cost or market)
Finished goods, raw materials and supplies	Determined by the moving-average method
Work in process and partly-finished construction	Stated at identified cost method

2. Depreciation method of fixed assets

Tangible fixed assets (except leased assets)	Straight-line method of depreciation is applied. Useful lives of significant fixed assets are as follows: Buildings 2-50 years Structures 3-60 years Wells 3 years Machinery and equipment 2-22 years
Intangible assets (except leased assets)	Straight-line method of amortization is applied. Goodwill is amortized over 20 years. Software for internal use is amortized over 5 years.
Leased assets	Depreciation of leased assets for financing lease transactions whose ownership are not to be transferred is calculated based on the straight-line method over the lease period assuming no residual value.

3. Basis for allowances

Allowance for doubtful accounts	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 which are experiencing financial difficulties.
Allowance for recoverable accounts under production sharing	Allowance for recoverable accounts under production sharing is provided for probable losses on specific investments made under production sharing contracts.
Allowance for investments in exploration	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.
Accrued bonuses to officers	Accrued bonuses to officers are provided at expected payment amount for the fiscal year.
Accrued retirement benefits to employees	Accrued retirement benefits to employees are provided at the amount calculated based on the expected retirement benefit obligation and the estimated value of pension plan assets at the end of this period. Actuarial gains and losses are charged or credited to income as incurred.
Provision for loss on business	Provision for loss on business is provided for future potential losses on crude oil and natural gas development, production and sales business individually estimated for each project.
Provision for loss on business of subsidiaries and affiliates	Provision for loss on business of subsidiaries and affiliates is provided for future potential losses on business operations of subsidiaries and affiliates at an estimated amount based on the financial positions of these companies.

4. Accounting for hedge transactions

Hedge accounting	The special treatment is applied to interest rate swaps.
Hedging instruments and hedged items	Hedging instruments: Interest rate swap transactions Hedged items: Interest payments on borrowings
Hedging policy	The nominal amount of the derivative transaction is limited to within the scope of actual demand, and the Company does not engage in speculative derivative transactions.
Hedge effectiveness assessment method	The Company does not perform hedge effectiveness assessment of interest rate swap transactions since the special treatment is applied.

5. Other basis of presenting non-consolidated financial statements

Consumption tax	Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.
Recoverable accounts under production sharing	Cash investments made by the Company during exploration, development and production phases 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 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.

[Changes in Accounting Estimates]

(Change in useful life)

The Company reviewed the period of economic estimated use of structures (pipelines) considering the progress of initiatives on strengthening our gas supply chain defined in the "Medium- to Long-Term Vision", actual use records and others since the Toyama Line commences operation this fiscal year.　It was confirmed that they could be used longer than their conventional useful lives, which had been based on the method prescribed in the Corporation Tax Act, and the Company has changed their useful lives from this fiscal year.　As a result, compared with the conventional method, operating income, ordinary income, and income before income taxes for this fiscal year increased by ¥7,171 million, respectively.

[Notes to Non-Consolidated Balance Sheet]

1. Assets provided as collateral are as follows:
   Investment in stock of subsidiaries and affiliates is ¥4,880 million.
   The above is pledged as collateral for liabilities of affiliates.

The above is pledged as collateral for liabilities of affiliates.

2. Accumulated depreciation:
   Accumulated depreciation of tangible fixed assets is ¥275,107 million.

3. Contingent liabilities
   (1) The Company is contingently liable as guarantors of indebtedness of the following companies:

	Millions of yen
Ichthys LNG Pty Ltd*[1]	562,236
INPEX North Caspian Sea, Ltd.	95,420
Tangguh Trustee*[2]	18,997
INPEX Trading, Ltd.	2,576
Sakhalin Oil and Gas Development Co., Ltd.	2,046
Japan Canada Oil Sands Limited	1,683
Oceanic Breeze LNG Transport S. A.	309
Employees (housing loans)	51
Teikoku Oil (North America) Co., Ltd.	14
Total	683,338

*1 Debt for investment funds of the Ichthys LNG project

*2 Debt for investment funds of Tangguh LNG Project for which the Company participates through MI Berau B.V. and MI Berau Japan Ltd. (Of the funds, for loans relating to the construction of Train 3, only the portion guaranteed by the Company in accordance with the ratio of participating interest (¥4,320 million) is stated.)

   (2) Guarantee for derivatives
   Ichthys LNG Pty Ltd ¥(212) million
   The aforementioned derivative transactions are utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. The amount is valuation gain (loss) on the derivatives.

   (3) Completion guarantee
   In connection with the Ichthys LNG project financing, 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 at the end of this consolidated fiscal year was ¥903,862 million.

4. Monetary assets and liabilities from/to subsidiaries and affiliates

	Millions of yen
Short-term monetary assets from subsidiaries and affiliates	429,975
Long-term monetary assets from subsidiaries and affiliates	210,091
Short-term monetary liabilities to subsidiaries and affiliates	338,365
Long-term monetary liabilities to subsidiaries and affiliates	30

[Notes to Non-Consolidated Statement of Income]

1. Transactions with subsidiaries and affiliates

	Millions of yen
Operating transactions	
Net sales	36,290
Purchases	1,400
Other operating transactions	18,484
Transactions other than operating transactions	117,058

2. Impairment loss

The Company groups mining areas 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.

(Millions of yen)

Use	Location	Classification	Impairment loss
Assets related to Yabase Oil Field	Akita City, Akita, etc.	Buildings	118
		Structures	532
		Wells	11
		Machinery, equipment and vehicles	906
		Land	442
		Other	17
		Subtotal	2,027
Other			6
Total			2,033

The recoverable assets of the land related to Yabase Oil Field is estimated by the net realized value of the assets (of which based on reasonably adjusted the valuation amount for real estate tax purposes), and the others are estimated at zero.

[Notes to Non-Consolidated Statement of Changes in Net Assets]

Type and number of treasury stock at end of this period

	Shares
Common stock	1,966,500

[Notes to Tax Effect Accounting]

Significant components of deferred tax assets and liabilities

	Millions of yen
Deferred tax assets	
Allowance for investments in exploration	32,588
Loss on valuation of investment in stocks of subsidiaries and affiliates	31,819
Loss on valuation of investment securities	2,382
Accrued retirement benefits to employees	1,860
Provision for loss on business	824
Provision for loss on business of subsidiaries and affiliates	2,119
Asset retirement obligations	882
Accrued bonuses to employees	604
Allowance for doubtful accounts	11,548
Allowance for recoverable accounts under production sharing	1,045
Other	3,482
Total deferred tax assets	89,158
Valuation allowance	(70,696)
Total deferred tax assets	18,461
Deferred tax liabilities	
Unrealized holding gain on securities	2,023
Translation differences due to an application of purchase accounting method	6,693
Mine prospecting reserve	3,903
Reserve for special depreciation	1,769
Other	1,231
Total deferred tax liabilities	15,621
Net deferred tax assets	2,839

[Notes to Transactions with Related Parties]

Type	Name of related party	Voting interest (Owned)	Description of the business relationship	Transaction detail	Amounts (Millions of yen)	Accounts	Balance (Millions of yen)
Subsidiary	INPEX Trading, Ltd.	Directly 100.00% (Owned) -%	Capital subscription	Sales of crude oil (*1)	35,065	Accounts receivable-trade	4,070
	INPEX North Caspian Sea, Ltd.	Directly 45.00% (Owned) -%	Serve the officer concurrently, capital subscription	Loans of funds (*2)	—	Long-term loans receivable from subsidiaries and affiliates	35,367
				Loans of funds (*2)	—	Short-term loans receivable from subsidiaries and affiliates	2,242
				Loans of funds (*3)	—	Long-term loans receivable from subsidiaries and affiliates	7,400
				Loans of funds (denominated in US$) (*4)	—	Short-term loans receivable from subsidiaries and affiliates	5,204 (in millions of US$) 46
						Long-term loans receivable from subsidiaries and affiliates	10,408 (in millions of US$) 92
				Loans of funds (denominated in US$) (*5)	2,218 (in millions of US$) 20	Long-term loans receivable from subsidiaries and affiliates	60,221 (in millions of US$) 536
				Loans of funds (denominated in US$) (*6)	—	Long-term loans receivable from subsidiaries and affiliates	38,877 (in millions of US$) 346
				Loans of funds (denominated in US$) (*7)	93,801 (in millions of US$) 856	Short-term loans receivable from subsidiaries and affiliates	126,901 (in millions of US$) 1,131
				Debt guarantee (*8)	95,420	—	—

Type	Name of related party	Voting interest (Owned)	Description of the business relationship	Transaction detail	Amounts (Millions of yen)	Accounts	Balance (Millions of yen)
Subsidiary	Japan Oil Development Co., Ltd	Directly 100.00% (Owned) -%	Serve the officer concurrently, capital subscription	Cash management (*9)	—	Deposits received from subsidiaries and affiliates	55,913
	INPEX Southwest Caspian Sea, Ltd.	Directly 51.00% (Owned) -%	Serve the officer concurrently, capital subscription	Cash management (*9)	—	Deposits received from subsidiaries and affiliates	191,890
	INPEX Gas British Columbia Ltd.	Directly 45.09% (Owned) -%	Capital subscription	Loans of funds (denominated in CA$) (*10)	2,485 (in millions of CA$) 31	Short-term loans receivable from subsidiaries and affiliates	—
				Loans of funds (denominated in CA$) (*11)	22,381 (in millions of CA$) 255	Short-term loans receivable from subsidiaries and affiliates	21,464 (in millions of CA$) 255
				Loans of funds (denominated in CA$) (*12)	19,287 (in millions of CA$) 220	Short-term loans receivable from subsidiaries and affiliates	18,516 (in millions of CA$) 220
	Teikoku Oil (North America) Co., Ltd.	Directly 100.00% (Owned) -%	Capital subscription	Loans of funds (denominated in US$) (*13)	—	Short-term loans receivable from subsidiaries and affiliates	42,036 (in millions of US$) 374
	INPEX Holdings Australia Pty Ltd.	Indirectly 100.00% (Owned) -%	Serve the officer concurrently, capital subscription	Loans of funds (denominated in US$) (*13)	—	Short-term loans receivable from subsidiaries and affiliates	137,457 (in millions of US$) 1,225
	INPEX Oil & Gas Australia Pty Ltd.	Directly 100.00% (Owned) -%	Capital subscription	Subscription of shares (*14)	37,535 (in millions of US$) 346	—	—
				Loans of funds (denominated in US$) (*13)	—	Long-term loans receivable from subsidiaries and affiliates	38,078 (in millions of US$) 339

Type	Name of related party	Voting interest (Owned)	Description of the business relationship	Transaction detail	Amounts (Millions of yen)	Accounts	Balance (Millions of yen)
Affiliate	Ichthys LNG Pty Ltd	Indirectly 62.25% (Owned) -%	Serve the officer concurrently	Debt guarantee (*8)	562,236	—	—
				Debt guarantee (*15)	903,862	—	—
				Debt guarantee (*16)	(212)	—	—

Note 1: The Company sells crude oil to INPEX Trading, Ltd. based on its market price, in accordance with the sales of crude oil contract.

Note 2: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in JPY) in a reasonable and appropriate manner. The contract due date and the payment due date are December 17, 2024. The Company did not accept any collateral.

Note 3: The Company determines the interest rate based on its market interest rates and other contracts upon loans of funds (denominated in JPY) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2024. The Company did not accept any collateral.

Note 4: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 17, 2019. The Company did not accept any collateral.

Note 5: The Company determines the interest rate based on its market interest rates and other contracts upon loans of funds (denominated in US$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2024. The Company did not accept any collateral.

Note 6: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 17, 2028. The Company did not accept any collateral.

Note 7: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in US$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2017. The Company did not accept any collateral.

Note 8: This refers to the guarantee that was set against the loans from financial institutions as a fund for business development. Amount of transactions represents the balance of guarantees at the end of this period.

Note 9: The Company adopts a cash management system (hereinafter “CMS”) for the purpose of efficient fund management within the Group. The amount of funds transactions through the CMS are not stated above because it is difficult to identify the amounts by transaction details. The Company determines the interest rate based on its market interest rate.

Note 10: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in CA$) in a reasonable and appropriate manner. There is no loan balance as of the end of this period because the loan was repaid on December 31, 2016. The Company did not accept any collateral.

Note 11: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in CA$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2017. The Company did not accept any collateral.

Note 12: The Company determines the interest rate based on its market interest rates upon loans of funds (denominated in CA$) in a reasonable and appropriate manner. The contract due date and the payment due date are December 31, 2017. The Company did not accept any collateral.

Note 13: With regard to loans of funds (denominated in US$), the Company adopts CMS. The amount of funds transactions through the CMS are not stated above because it is difficult to identify the amounts by transaction details. The Company determines the interest rate based on its market interest rates upon loans of funds in a reasonable and appropriate manner. The Company did not accept any collateral.

Note 14: When INPEX Oil & Gas Australia Pty Ltd. made a capital increase through shareholder allocation, the Company undertook it at US$1 per share.

Note 15: This refers to the completion guarantee provided to lenders based on each participating interest of the Company in connection with the Ichthys LNG project financing. Amount of transactions represents the balance of guarantees provided by the Company at the end of this period.

Note 16: This refers to the guarantee of derivatives provided for derivative transactions which are utilized to hedge exchange rate fluctuation risk regarding payments of development costs for the Ichthys LNG Project. Amount of transactions represents valuation gain (loss) on the derivatives.

[Notes to "Per Share" information]

1. Net assets per share: ¥1,646.22
2. Net income per share: ¥60.89