INPEX
INPEX CORPORATION

Consolidated Financial Results for the year ended March 31, 2011 [Japanese GAAP]

May 11, 2011

Note: The following report is an English translation of the Japanese-language original.

Company name : **INPEX CORPORATION** Stock Exchange on which the Company is listed : Tokyo Stock Exchange

Code number : 1605 URL http://www.inpex.co.jp

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Scheduled date of ordinary general meeting of shareholders :June 28, 2011

Scheduled date of filing Financial report :June 29, 2011

Scheduled date of payment of cash dividends :June 29, 2011

Preparation of supplementary explanatory materials : Yes

Meeting of financial results presentation : Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the year ended March 31, 2011 (April 1, 2010-March 31, 2011)
   (1) Consolidated operating results

(Figures in % represent the changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	943,080	12.2	529,742	14.7	508,587	15.1	128,699	20.0
March 31, 2010	840,427	(21.9)	461,667	(30.4)	442,027	(28.3)	107,210	(26.1)

(Note) Consolidated comprehensive income: for the year ended March 31, 2011, ¥ 114,706 million; ((19.8)%)
for the year ended March 31, 2010, ¥ 143,106 million; (—%)

	Net income per share—basic	Net income per share—diluted	Net income as a percentage of net assets excluding minority interests	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
For the year ended	Yen	Yen	%	%	%
March 31, 2011	40,832.40	—	7.6	21.7	56.2
March 31, 2010	45,553.56	—	8.1	23.4	54.9

(Reference): Equity in earnings (losses) of affiliates: for the year ended March 31, 2011, ¥ 4,933 million
for the year ended March 31, 2010, ¥ (1,919) million

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding minority interests as a percentage of total assets	Net assets excluding minority interests per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	2,680,379	2,097,382	74.5	546,958.90
As of March 31, 2010	2,013,778	1,490,603	68.9	589,548.88

(Reference): Net assets excluding minority interests: as of March 31, 2011, ¥ 1,996,888 million
as of March 31, 2010, ¥ 1,387,499 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2011	274,093	(844,511)	548,057	182,025
March 31, 2010	241,372	(251,812)	68,937	216,395

2. Dividends

	Cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total			
For the year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2010	—	2,500.00	—	3,000.00	5,500.00	12,944	12.1	1.0
March 31, 2011	—	3,000.00	—	3,000.00	6,000.00	21,905	14.7	1.1
For the year ending March 31, 2012 (forecast)	—	3,000.00	—	3,000.00	6,000.00		16.9	

3. Forecasted Consolidated Operating Results for the year ending March 31, 2012 (April 1, 2011-March 31, 2012)

(Figures in % represent the changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2011	497,000	14.8	275,000	18.2	266,000	20.8	60,000	18.5	16,434.33
For the year ending March 31, 2012	1,016,000	7.7	569,000	7.4	550,000	8.1	130,000	1.0	35,607.72

4. Others

(1) Significant changes in scope of consolidation : None

(Note): Changes in the specified subsidiaries during the year due to change in scope of consolidation

(2) Changes in accounting principles, procedures, presentations, etc., pertaining to preparation of consolidated financial statements

1. Changes due to changes in accounting standard : Yes
2. Other changes : None

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the year (including treasury stocks): as of March 31, 2011: 3,655,810 shares; as of March 31, 2010: 2,358,410 shares
2. Number of treasury shares at the end of the year: as of March 31, 2011: 4,916 shares; as of March 31, 2010: 4,916 shares
3. Number of average shares during the year: for the year ended March 31, 2011: 3,151,894 shares; for the year ended March 31, 2010: 2,353,494 shares

Note: Since shareholder of the special class share is entitled to the same rights as that for shareholders of common stock regarding dividends and the distribution of residual property, the special class share is classified as common stock equivalent share.

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended March 31, 2011 (April 1, 2010-March 31, 2011)

(1) Operating results

(Figures in % represent the changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	376,689	8.3	190,645	4.6	207,194	12.0	119,269	23.6
March 31, 2010	347,770	112.7	182,269	103.9	184,913	135.2	96,461	(70.2)

	Net income per share—basic	Net income per share—diluted
For the year ended	Yen	Yen
March 31, 2011	37,840.47	—
March 31, 2010	40,986.63	—

(2) Financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	1,947,667	1,819,663	93.4	498,415.80
As of March 31, 2010	1,329,869	1,208,024	90.8	513,289.83

(Reference): Net assets: as of March 31, 2011, ¥ 1,819,663 million
as of March 31, 2010, ¥ 1,208,024 million

*Indication of audit procedure implementation status

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure for consolidated financial statements under the Financial Instruments and Exchange Act has not been completed at the time of disclosure of this report.

*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts “3. Forecasted Consolidated Operating Results for the year ending March 31, 2012” are based on currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to change in business conditions including oil and gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. For further information, please refer on page 5.

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1 Results of Operations and Financial Position

(1) Analysis on Consolidated Operating Results

During this fiscal year, while Japanese economy was on a course of self-sustaining recovery with business earning improvement, capital spending recovery and steady performance of export, the economy recovery appeared to be pausing such as downturn in export growth after the halfway of the year. Moreover, economic uncertainty has been prevailing due to the Great East Japan Earthquake that occurred in March.
Under such business environment, WTI, an important indicator of global crude oil prices that affect our group's businesses, started from US$84.87 per bbl, and went down to below US$70 per bbl in May due to a decrease in crude oil demand backed by credit uncertainty in Europe triggered by Greece financial crisis and then turned upward trend. After summer, the oil prices climbed up to the range of around US$90 per bbl toward the end of December by supply uncertainty of crude oil due to hurricanes in the sea around US and other reasons as well as strong economic indicators. After the turn of the year, the prices climbed up by the growing tension in North Africa and the Middle East after mid-February and exceeded US$100 per bbl in early March, and closed at US$106.72 per bbl at the fiscal year end. Meanwhile, domestic crude oil and petroleum products prices followed a similar pattern of global oil price movements. Reflecting these situation, our group's average sales price for crude oil for the fiscal year was at US$84.34 per bbl which is US$15.94 higher compared with the previous year.

The foreign exchange market, another important factor that affects our group's businesses, began to trade at the ¥93 level to the U.S. dollar and the yen appreciation continued.
In the face of aggravating U.S. economic indicators in June 2010, FOMC (Federal Open Market Committee) stated that the U.S. economy was in a recession and Chairman Bernanke of Federal Reserve Board warned that the U.S. economic outlook remains "unusually uncertain."
Reflecting such economic situation, market players expected that FRB would expand credit easing and cause to drop both long term and short term interest rate. Accordingly, yen appreciated against the U.S. dollar gradually and recorded over ¥81 to the U.S. dollar at the end of October, in spite of the exchange intervention by Bank of Japan in September.
FOMC announced the second round of quantitative easing in November and subsequently the announcement faded out market overexpectation of further monetary easing and moderated the pressure for the yen appreciation against the U.S. dollar. However, the yen sharply appreciated after the Great East Japan earthquake broke out. The dollar skidded to a postwar record low of ¥76.25 on speculation that Japanese companies would sell foreign currency assets to finance.
Eventually, the yen declined quickly at the ¥80 level to the U.S. dollar as G7 started intervention, and as a result, TTM closed at ¥83.15 against the U.S. dollar which turned out to be ¥9.89 higher than that of the fiscal year end of March 31, 2010.

Consolidated net sales for the year ended March 31, 2011 increased by ¥102.6 billion, or 12.2%, to ¥943.0 billion from the previous fiscal year due to an increase in sales price of crude oil and natural gas, despite a decrease in sales volume of natural gas and a negative effect of appreciation of the Japanese yen against the U.S. dollar. Net sales of crude oil increased by ¥70.9 billion, or 14.6%, to ¥557.9 billion, and net sales of natural gas increased by ¥29.8 billion, or 9.1%, to ¥356.2 billion. Sales volume of crude oil increased by 556 Mbbls, or 0.7 %, to 76,651 Mbbls due to the commencement of production in the Van Gogh field and so on despite a decrease in sales volume in the ACG oil fields. Sales volume of natural gas decreased by 17,699 MMcf, or 4.2%, to 401,228 MMcf. Sales volume of natural gas produced overseas decreased by 18,250 MMcf, or 5.1%, to 336,975 MMcf due to a decrease in sales volume in Offshore Mahakam Block and so on, and sales volume of domestic natural gas increased by 15 MM ㎥, or 0.9%, to 1,722 MM ㎥ (64,253 MMcf). The average sales price of crude oil produced overseas increased by US$15.94 per bbl, or 23.3 %, to US$84.34 per bbl. Meanwhile, the average sales price of natural gas produced overseas increased by US$1.67 per Mcf, or 22.5%, to US$9.10 per Mcf. In addition, the average sales price of domestic natural gas increased by ¥4.68, or 12.6%, to ¥41.73 per ㎥.
The increase of ¥102.6 billion in net sales was derived mainly from the following factors: a decrease in sales volume of ¥7.8 billion, an increase in unit sales price of ¥177.0 billion, the appreciation of the Japanese yen against the U.S. dollar of ¥68.4 billion and an increase in net sales excluding crude oil and natural gas of ¥1.8 billion.
Cost of sales for the year ended March 31, 2011 increased by ¥36.6 billion, or 12.3%, to ¥334.8 billion due mainly to an increase in net purchase of natural gas in Japan and an increase in depreciation owing to the commencement of production in the Van Gogh field. Exploration expenses decreased by ¥3.7 billion, or 23.6%, to ¥12.0 billion, and selling, general and administrative expenses increased by ¥1.6 billion, or 2.5%, to ¥66.5 billion. As a result, operating income increased by ¥68.0 billion, or 14.7%, to ¥529.7 billion.
Other income increased by ¥9.7 billion, or 45.2 %, to ¥31.1 billion due to the record of gain on transfer of mining rights and an increase in equity in earnings of affiliates. Other expenses increased by ¥11.2 billion, or 27.3%, to ¥52.3 billion due to an increase in provision for allowance for doubtful accounts and provision for allowance for recoverable accounts under production sharing owing to the withdrawal from the Azadegan oil field in Iran. As a result, ordinary income increased by ¥66.5 billion, or 15.1%, to ¥508.5 billion.
Total amount of current income taxes and deferred income taxes increased by ¥43.5 billion, or 13.4%, to ¥368.6 billion, and minority interests were ¥11.1 billion. As a result of the above effects, net income for the year ended March 31, 2011 increased by ¥21.4 billion, or 20.0%, to ¥128.6 billion from the previous fiscal year.

Financial results by segment are as follows: effective from the year ended March 31, 2011, the Company adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, issued on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, issued on March 21, 2008), the reportable segments and the calculation method of segment income effective from the year ended March 31, 2011, are compared with the geographical segment information of the previous fiscal year since the same calculation method is used.

1) Japan

Net sales increased by ¥10.5 billion, or 11.2%, to ¥104.5 billion due to an increase in sales volume and sales price of natural gas. Operating income decreased by ¥6.5 billion, or 20.3%, to ¥25.9 billion due to an increase in net purchase of natural gas.

2) Asia & Oceania

Net sales increased by ¥54.4 billion, or 15.5%, to ¥406.8 billion due to an increase in sales price of crude oil and gas and an increase in sales volume of crude oil despite an appreciation of the Japanese yen, and operating income increased by ¥44.7 billion, or 23.4%, to ¥235.8 billion.

3) Eurasia (Europe & NIS)

Net sales decreased by ¥5.2 billion, or 7.1%, to ¥68.3 billion due to a decrease in sales volume of crude oil and an appreciation of the Japanese yen despite an increase in sales price of crude oil, and operating income decreased by ¥3.3 billion, or 8.3%, to ¥36.4 billion.

4) Middle East & Africa

Net sales increased by ¥46.9 billion, or 15.4%, to ¥350.7 billion due to an increase in sales volume and sales price of crude oil, despite an appreciation of the Japanese yen, and operating income increased by ¥37.5 billion, or 18.3%, to ¥243.1 billion.

5) Americas

Net sales decreased by ¥4.0 billion, or 24.1%, to ¥12.6 billion due to a decrease in sales volume of crude oil, and operating loss was ¥3.0 billion (¥1.0 billion of operating income for the previous fiscal year) due to an increase in exploration expenses.

On a next fiscal year outlook, consolidated net sales for the six months ending September 30, 2011 are expected to be ¥497.0 billion, to increase 14.8% compared with the six months ended September 30, 2010, and net sales for the year ending March 31, 2012 are expected to be ¥1,016.0 billion, to increase 7.7% compared with the year ended March 31, 2011.

Operating income for the six months ending September 30, 2011 is expected to be ¥275.0 billion, to increase 18.2% compared with the six months ended September 30, 2010, and operating income for the year ending March 31, 2012 is expected to be ¥569.0 billion, to increase 7.4% compared with the year ended March 31, 2011.

Ordinary income for the six months ending September 30, 2011 is expected to be ¥266.0 billion, to increase 20.8% compared with the six months ended September 30, 2010, and ordinary income for the year ending March 31, 2012 is expected to be ¥550.0 billion, to increase 8.1% compared with the year ended March 31, 2011. Net income for the six months ending September 30, 2011 is expected to be ¥60 billion, to increase 18.5% compared with the six months ended September 30, 2010, and net income for the year ending March 31, 2012 is expected to be ¥130.0 billion, to increase 1.0% compared with the year ended March 31, 2011.

Net sales for the year ending March 31, 2012 are expected to increase due to the forecasted increase in crude oil price compared with this fiscal year, and operating income, ordinary income and net income for the year ending March 31, 2012 are expected to increase as well.

In these estimates, the crude oil price is assumed to be US$95.0 per barrel (for Brent crude) with the exchange rate of the Japanese yen against the U.S. dollar at ¥80 through the year ending March 31, 2012.

(2) Analysis on Consolidated Financial Position

Consolidated total assets as of March 31, 2011 increased by ¥666.6 billion to ¥2,680.3 billion from ¥2,013.7 billion as of March 31, 2011. Current assets slightly increased by ¥78 million to ¥492.9 billion due to a decrease in marketable securities and others despite an increase in accounts receivable-trade and others. Fixed assets increased by ¥666.5 billion to ¥2,187.4 billion due mainly to an increase in investment securities, tangible fixed assets, and recoverable accounts under production sharing.

Meanwhile, total liabilities increased by ¥59.8 billion to ¥582.9 billion from ¥523.1 billion as of March 31, 2011. Current liabilities increased by ¥26.8 billion to ¥254.7 billion due to an increase in income taxes payable and a record of asset retirement obligations. Long-term liabilities increased by ¥32.9 billion to ¥328.2 billion due to an increase in long-term debt and others.

Net assets increased by ¥606.7 billion, to ¥2,097.3 billion. Total shareholders' equity increased by ¥632.3 billion, to ¥2,012.2 billion, of which common stock increased by ¥260.8 billion and capital surplus increased by ¥260.8 billion due to an issuance of new shares. Total accumulated other comprehensive income decreased by ¥22.9 billion to ¥ (15.3) billion and minority interests decreased by ¥2.6 billion to ¥100.4 billion.

As for cash flows for the year ended March 31, 2011, net cash provided by operating activities increased by ¥32.7 billion to ¥274.0 billion from the previous fiscal year due to an increase in income before income taxes and minority interests due to an increase in sales price of crude oil and natural gas. Meanwhile, net cash used in investing activities increased by ¥592.6 billion to ¥844.5 billion due to an increase in payments for purchase of investment securities despite a decrease in investment in recoverable accounts under production sharing (capital expenditures). Net cash provided by financial activities increased by ¥479.1 billion to ¥548.0 billion due mainly to a proceeds from issuance of common stock. After deducting ¥12.0 billion of the effect of exchange rate changes on cash and cash equivalents, the decrease in cash and cash equivalents at the end of the year ended March 31, 2011 amounted to ¥34.3 billion. Cash and cash equivalents at the end of the year ended March 31, 2011 totaled ¥182.0 billion reflecting the above net decrease of ¥34.3 billion from ¥216.3 billion at the end of the previous fiscal year.

(3) Dividend policy and Dividends for the year ended March 31, 2011 and for the year ending March 31, 2012

In order to secure a stable supply of oil and natural gas resources efficiently, INPEX CORPORATION Group aims to expand its operating base. To this end, we are reinforcing investments in exploration and development in Japan and overseas, as well as in maintenance and expansion of the supply infrastructure. The robust financial basis of INPEX CORPORATION Group is crucial for maintaining this level of investment. Therefore, our basic policy is to maximize corporate value through ongoing maintenance and enlargement of our reserves and production of oil and natural gas by affirmative investments, while paying out cash dividends as direct compensation to shareholders, in light of the medium- to long-term prospects for INPEX CORPORATION Group.

We decided year-end dividend to be ¥3,000 per share for the year ended March 31, 2011 based on the policy above. With the mid-term dividend of ¥3,000 per share, thus total dividend for the year is to be ¥6,000 per share.

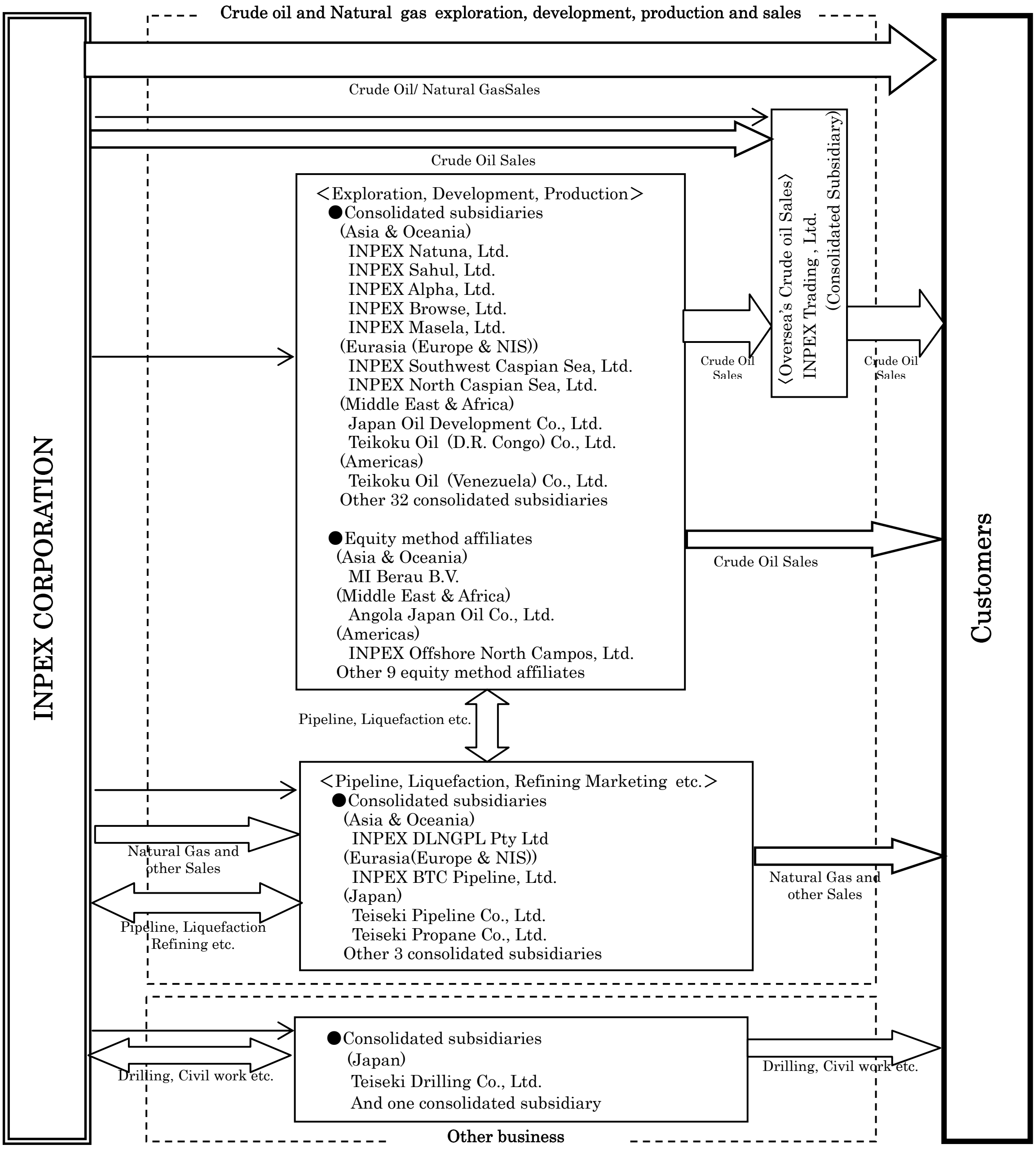
We plan a mid-term dividend to be ¥3,000 per share and a year-end dividend to be ¥3,000 per share for the year ending March 31, 2012, and thus a total dividend for the year is to be ¥6,000 per share.

As to the use of retained earnings, we plan to apply them to investments for the purpose of maintenance and enlargement of our reserves and production of oil and natural gas and so on.

2. Overview of the INPEX CORPORATION Group

The INPEX CORPORATION Group consists of INPEX CORPORATION, 62 subsidiaries (including 53 consolidated subsidiaries), 19 affiliates (including 12 equity method affiliates) and their 3 subsidiaries (as of March 31, 2011). The Group primarily engages in exploration, development, production and sales of crude oil and natural gas in Japan as well as in Asia & Oceania, Eurasia (Europe & NIS), the Middle East & Africa and Americas.

The following diagram shows our Group's business flow.



Note：1 symbol "→" indicates capital investment (including indirect holdings)
2 symbol "⇒" indicates products and service flow

3. Management Policy

(1) Management Strategy

In pursuit of development of oil and natural gas which is the fundamental business of the Company, we seek to improve the productivity and profitability of our existing oil and gas fields in Japan and overseas. At the same time, we are working steadily and proactively to commercialize undeveloped oil and gas resources, especially those in our operator projects. Furthermore, to ensure sustainable growth in the medium to long-term perspective, we are leveraging to maximize our substantially strengthened ability to obtain upstream interests as a consequence of the business integration by building a more balanced asset portfolio, further strengthening our solid financial base, and mobilizing our practical operational and technical capabilities. By maintaining and increasing our reserves and production of oil and natural gas, we will endeavor to secure stable profits over the medium to long term and to achieve enhanced corporate value over time.

(2) Mid-to Long Term Management Key Initiatives

The key management initiatives for the Company in developing oil and natural gas resources are to produce oil and natural gas in a stable manner ensuring safety and taking care of the environment communities, and achieving sustainable growth by maintaining and expanding reserves through reinvesting the cash flow obtained from existing oil and gas fields. By combining overseas projects that promise high growth potential due to expansion of reserves with domestic projects without the attendant country risk and foreign currency risk, we are seeking qualitative improvements in our asset portfolio. At the same time, by leveraging our business resources more effectively through an organic linkage of our overseas assets and domestic infrastructure, we aim to further enhance corporate value.

As our immediate business challenges, we will continue to move forward with exploration and development in new and existing projects such as the WA-37-R (Ichthys) gas and condensate project in Australia, the Masela Block (Abadi) gas project in Indonesia, the Abu Dhabi offshore oil fields in the UAE and the Kashagan and ACG fields in the Caspian Sea. Domestically, we are working to increase the scale of our natural gas business by optimal utilization of natural gas assets in overseas and domestic supply infrastructure including the planned LNG receiving terminal in Naoetsu Port in Niigata Prefecture. Since we anticipate continuous substantial investment in order to achieve the growth strategy of the Company, we must continuously take appropriate measures for funding although we have strengthened our financial basis through the equity rasing in August 2010.

We will undertake operations according to the following policies in order to implement the business strategy of the Company.

① Achieve Well Balanced Asset Portfolio

- Regional Diversification

The operating area of the Company has diversified to include Asia, Oceania, the Middle East, the Caspian Sea, Central and South America, and Africa, besides Japan, and the regional balance of our asset portfolio has improved significantly. However, we recognize the need to reduce our dependence on specific regions from the viewpoint of country and operating risks, and we will continue to be proactive in considering investment in other new promising areas.

- Output ratio between Crude Oil and Gas

According to the outputs by products, the share of crude oil is more than 50% while the share of natural gas is less than 50%.

Crude oil is utilized all over the world as an easily handled fuel with various uses as well as easiness of transportation and storage. As crude oil is a rather sensitive commodity, the selling prices are easily influenced by the condition of the market.

However, the customers are not fixed in a long term, and the amount of the investment for production and transportation facilities is small in comparison with that of natural gas. Furthermore, the time required for the development stage is relatively short so that the company can gain profit comparatively quickly after the oil fields are discovered.

Natural gas is the most environmentally friendly fuel among fossil energies and its utilization is expected to be promoted as a quick effective measure against global warming. Commercial production of natural gas requires substantial investments and a long lead time of preparation for constructing liquefaction plants and pipelines. Since the buyer also must make large investments in LNG receiving facilities, stable and long-term sales contracts are essential. With an assurance of long term LNG supply to the customers, relatively stable profitability is achieved while it is sensitive to oil price fluctuations.

Regarding acquisition of new projects, we focus on a balance between crude oil and natural gas to ensure efficient investment with a view to long-term cash flow.

- Balancing the Project Phases among Exploration, Development and Production

Because crude oil and gas reserves are limited, we continuously seek to acquire new reserves in order to ensure stable profitability. Therefore, we reinvest in exploration to discover new reserves while maintaining our cash flow from production. Projects must be carried out continuously in order to allocate and balance our assets among exploration, development and production stages. To achieve this balance, we invest in exploration, producing and undeveloped oil and gas assets.

- Balancing Contractual Arrangements

We intend to diversify the risk of oil price volatility by balancing contractual arrangements among production sharing contracts, or concession contracts, for which profit is linked to the price of oil, with service contracts or fixed margin contracts, for which profitability is less influenced by oil prices and amounts are fixed.

② Investments through Acquisition relative to the Expiration of Working Interests

The production sharing contract for the offshore Mahakam area, which is the Company's major gas production project, expires in 2017. Although we will negotiate to extend the contract, production is expected to decline in the long term as the remaining reserves decline even if the contract is renewed. We intend to maintain and increase production beyond 2017 by acquiring working interests from other companies or participating in new projects or taking over companies that have substantial production and stable cash flow.

③ Enhance Activities and Capabilities as an Operator

In acting as an operator, we face managerial issues such as the difficulty in securing manpower and the heavy burden of financing. However, involvement as an operator also increases our opportunities to obtain new working interests by improving our technological capabilities and winning recognition from oil and gas producing countries and international oil companies. The Company is pursuing opportunities to act as an operator with enhanced technological capabilities resulting from business integration, while addressing the effective utilization of management resources.

④ Strengthening Relationships with Leading Domestic and International Oil and Gas Companies

Developing petroleum and gas involves considerable risks. Large-scale projects in particular require huge investments, presenting an insuperable obstacle for a single company. Companies form a consortium to share the risk, and this is an international practice too. The Company plans to expand its business and to diversify risks by increasing opportunities to participate in projects through enhanced cooperation with major international oil companies, national oil companies in oil and gas producing countries as well as leading private oil resource developers, trading companies and other energy-related companies.

⑤ Enlarging the Company's Business Domain through Organic Linkage of Domestic and Foreign Assets

The Company aims to expand operations in the domestic natural gas market, which represents a stable base of earnings that is expected to grow. As well as building a natural gas pipeline network to supply the promising market in the Kanto-Koshinetsu region, we plan to expand production in the key Minami Nagaoka gas field. We also own promising undeveloped assets, primarily natural gas, in Indonesia and Australia, and to ensure their long-term growth. We will consider the possibilities of gas business integration that organically links these overseas gas assets with our domestic infrastructure (gas supply chain), as an aggressive pursuit of the enlarged business domain.

⑥ Promote an Efficient and Transparent Corporate Management

The Company bears the heavy responsibility of assuring a stable supply of energy to Japan in an efficient manner. Consequently, we recognize not only that our corporate social responsibility is increasing but also that it is essential that we exercise sensitivity in conducting business in communities in Japan and around the world. Therefore, we intend to manage our business in an efficient and transparent manner in line with global standards.

⑦ Health, Safety and Environmental Efforts

The Company has organized integrated HSE (Health, Safety and Environment) management system in line with international standards and has been trying hard to secure the safety and health of people concerned in our business and the environment. The Company places prevention of incident as the top priority and positively address to improve required documents including manuals and to develop skills through personnel training and education for emergency situation. As for environmental issues, particularly global warming, we make every effort to minimize the effects on surrounding areas when we explore, develop, produce and sell energy resources. Also we are working to reduce our greenhouse gas emission unit, reduce emissions of chemical substances, suppress emissions into the atmosphere and river systems, prevent soil pollution, reduce waste and conserve biological diversity.

⑧ Development of New Business

Our group has set up “Evolvement into a company that offers diversified forms of energy” as one of our mid-to long-term strategies and is doing business based on the strategy. Our main goal is to live with global community and to contribute to the sustainable social development by growing ourselves to be an energy company, who is capable of supplying a variety of environmentally friendly energies in addition to oil and natural gas. In particular, we pursue opportunities to participate in new business or develop new business, in cooperation with both domestic and international companies, universities and others, for new energy such as GTL (Gas to Liquids) that are produced as oil substitutes by reforming natural gas at a normal temperature, renewable energy such as solar photovoltaic and power generation, wind power or geothermal power generation and biomass fuel etc. and technologies for expansion of access to renewable energy including reserve cell and fuel battery.

In order to supply energy in a stable and efficient manner and thereby contribute to the good of society, the Company aims to maintain and expand its reserves and production and will seek to allocate our business resources optimally and maintain the soundness of our financial position with a view to securing steady growth.

In addition, to fulfill our corporate social responsibility, we will strengthen corporate governance and compliance, and carry out strict safety management throughout our operations. Recognizing our obligation to protect the environment and to become an integral part of the communities where we operate, we aim to improve our corporate value over the long term.

4 Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Accounts	As of March 31, 2010	As of March 31, 2011
(Assets)		
Current assets		
Cash and deposits	119,809	112,395
Accounts receivable-trade	88,364	95,391
Marketable securities	213,040	207,165
Inventories	*1 12,322	*1 12,137
Deferred tax assets	5,355	9,450
Accounts receivable-other	43,160	57,032
Other	10,824	12,500
Allowance for doubtful accounts	(22)	(13,141)
Total current assets	492,854	492,932
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	127,599	118,054
Wells, net	18,193	28,604
Machinery, equipment and vehicles, net	45,728	58,227
Land	20,789	20,707
Construction in progress	91,447	75,077
Other, net	54,335	79,189
Total tangible fixed assets	*2,4,5 358,094	*2,4,5 379,861
Intangible assets		
Goodwill	108,122	101,362
Exploration and development rights	107,856	125,228
Mining rights	18,154	17,554
Other	5,070	4,966
Total intangible assets	*5 239,205	*5 249,110
Investments and other assets		
Investment securities	*3,4 403,978	*3,4 975,541
Long-term loans receivable	18,641	13,979
Recoverable accounts under production sharing	514,645	534,330
Deferred tax assets	24,563	27,213
Other	*3,4 72,576	*3,4 118,340
Allowance for doubtful accounts	(640)	(270)
Allowance for recoverable accounts under production sharing	(94,891)	(96,879)
Allowance for investments in exploration	(15,248)	(13,780)
Total investments and other assets	923,624	1,558,474
Total fixed assets	1,520,923	2,187,447
Total assets	2,013,778	2,680,379

(Millions of yen)

Accounts	As of March 31, 2010	As of March 31, 2011
(Liabilities)		
Current liabilities		
Accounts payable-trade	16,601	23,441
Short-term loans	*4 4,872	*4 4,441
Income taxes payable	86,534	113,101
Accounts payable-other	*4 81,211	*4 83,309
Provision for exploration projects	15,324	9,537
Accrued bonuses to officers	132	127
Asset retirement obligations	—	3,686
Other	23,228	17,083
Total current liabilities	227,905	254,728
Long-term liabilities		
Long-term debt	*4 235,510	*4 268,706
Deferred tax liabilities	27,139	36,517
Accrued retirement benefits to employees	7,585	6,979
Liabilities for site restoration and decommissioning costs	14,257	—
Liabilities for losses on development activities	1,964	—
Accrued special repair and maintenance	442	443
Asset retirement obligations	—	8,965
Other	*4 8,369	*4 6,655
Total long-term liabilities	295,269	328,268
Total liabilities	523,175	582,997
(Net assets)		
Shareholders' equity		
Common stock	30,000	290,809
Capital surplus	418,477	679,287
Retained earnings	936,744	1,047,431
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	1,379,974	2,012,280
Accumlated other comprehensive income		
Unrealized holding gain on securities	12,351	1,455
Translation adjustments	(4,826)	(16,847)
Total accumlated other comprehensive income	7,525	(15,391)
Minority interests	103,103	100,493
Total net assets	1,490,603	2,097,382
Total liabilities and net assets	2,013,778	2,680,379

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Net sales	840,427	943,080
Cost of sales	298,167	334,833
Gross profit	542,259	608,247
Exploration expenses	15,710	12,000
Selling, general and administrative expenses	*1,2 64,880	*1,2 66,504
Operating income	461,667	529,742
Other income		
Interest income	4,353	4,110
Dividend income	9,476	5,721
Equity in earnings of affiliates	—	4,933
Gain on change in equity	—	3,644
Gain on transfer of mining rights	—	7,333
Other	7,643	5,432
Total other income	21,473	31,176
Other expenses		
Interest expense	1,274	1,073
Equity in losses of affiliates	1,919	—
Provision for allowance for doubtful accounts	—	9,132
Provision for allowance for recoverable accounts under production sharing	6,028	11,481
Provision for exploration projects	8,594	3,082
Provision for investments in exploration	5,408	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,555
Foreign exchange loss	13,263	11,539
Other	4,624	14,466
Total other expenses	41,113	52,331
Ordinary income	442,027	508,587
Income before income taxes and minority interests	442,027	508,587
Income taxes-current	322,993	367,082
Income taxes-deferred	2,132	1,614
Total income taxes	325,125	368,697
Income before minority interests	—	139,890
Minority interests	9,691	11,190
Net income	107,210	128,699

Consolidated Statements of Comprehensive Income

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Income before minority interests	—	139,890
Other comprehensive income		
Unrealized holding loss on securities	—	(10,950)
Translation adjustments	—	(11,516)
Share of other comprehensive income of associates accounted for using equity method	—	(2,716)
Total other comprehensive income	—	*2 (25,183)
Comprehensive income	—	*1 114,706
Attributable to		
INPEX shareholders	—	105,782
Minority interests	—	8,923

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at beginning of the period	30,000	30,000
Changes during the period		
Issuance of new shares	—	260,809
Total changes during the period	—	260,809
Balance at end of the period	30,000	290,809
Capital surplus		
Balance at beginning of the period	418,477	418,477
Changes during the period		
Issuance of new shares	—	260,809
Total changes during the period	—	260,809
Balance at end of the period	418,477	679,287
Retained earnings		
Balance at beginning of the period	844,832	936,744
Changes during the period		
Cash dividends paid	(15,297)	(18,013)
Net income	107,210	128,699
Total changes during the period	91,912	110,686
Balance at end of the period	936,744	1,047,431
Treasury stock		
Balance at beginning of the period	(5,248)	(5,248)
Balance at end of the period	(5,248)	(5,248)
Total shareholders' equity		
Balance at beginning of the period	1,288,062	1,379,974
Changes during the period		
Issuance of new shares	—	521,619
Cash dividends paid	(15,297)	(18,013)
Net income	107,210	128,699
Total changes during the period	91,912	632,305
Balance at end of the period	1,379,974	2,012,280

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities		
Balance at beginning of the period	(6,817)	12,351
Changes during the period		
Other changes in items other than those in shareholders' equity, net	19,169	(10,895)
Total changes during the period	19,169	(10,895)
Balance at end of the period	12,351	1,455
Unrealized loss from hedging instruments		
Balance at beginning of the period	(0)	—
Changes during the period		
Other changes in items other than those in shareholders' equity, net	0	—
Total changes during the period	0	—
Balance at end of the period	—	—
Translation adjustments		
Balance at beginning of the period	(10,121)	(4,826)
Changes during the period		
Other changes in items other than those in shareholders' equity, net	5,295	(12,021)
Total changes during the period	5,295	(12,021)
Balance at end of the period	(4,826)	(16,847)
Total accumulated other comprehensive income		
Balance at beginning of the period	(16,939)	7,525
Changes during the period		
Other changes in items other than those in shareholders' equity, net	24,465	(22,916)
Total changes during the period	24,465	(22,916)
Balance at end of the period	7,525	(15,391)
Minority interests		
Balance at beginning of the period	90,938	103,103
Changes during the period		
Other changes in items other than those in shareholders' equity, net	12,165	(2,609)
Total changes during the period	12,165	(2,609)
Balance at end of the period	103,103	100,493

0(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Total net assets		
Balance at beginning of the period	1,362,060	1,490,603
Changes during the period		
Issuance of new shares	—	521,619
Cash dividends paid	(15,297)	(18,013)
Net income	107,210	128,699
Other changes in items other than those in shareholders' equity, net	36,630	(25,526)
Total changes during the period	128,542	606,779
Balance at end of the period	1,490,603	2,097,382

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Cash flows from operating activities		
Income before income taxes and minority interests	442,027	508,587
Depreciation and amortization	40,354	54,245
Amortization of goodwill	6,759	6,760
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,555
Provision for allowance for doubtful accounts	—	12,924
Provision for allowance for recoverable accounts under production sharing	7,430	15,320
Provision for exploration projects	7,360	(5,442)
Provision for accrued retirement benefits to employee	(902)	(592)
Provision for site restoration and decommissioning costs	59	—
Other provisions	4,484	(1,461)
Interest and dividend income	(13,829)	(9,832)
Interest expense	1,274	1,073
Foreign exchange loss (gain)	2,379	(3,014)
Equity in (earnings) losses of affiliates	1,919	(4,933)
Gain on transfer of mining rights	—	(7,333)
Recovery of recoverable accounts under production sharing (capital expenditures)	45,653	50,816
Recoverable accounts under production sharing (operating expenditures)	(14,996)	(17,368)
Accounts receivable-trade	(14,638)	(11,375)
Inventories	5,844	(222)
Accounts payable-trade	4,718	7,277
Accounts receivable-other	(9,670)	7,693
Accounts payable-other	13,669	9,698
Advances received	(1,120)	(2,489)
Other	3,357	(594)
Subtotal	532,135	611,289
Interest and dividends received	16,169	13,079
Interest paid	(1,734)	(747)
Income taxes paid	(305,198)	(349,526)
Net cash provided by operating activities	241,372	274,093

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Cash flows from investing activities		
Increase in time deposits	(9,925)	(493)
Decrease in time deposits	8,430	3,849
Increase in long-term deposits	—	(53,500)
Payments for purchases of tangible fixed assets	(87,549)	(84,235)
Proceeds from sales of tangible fixed assets	86	1,072
Payments for purchases of intangible assets	(991)	(2,535)
Payments for purchases of marketable securities	—	(11,731)
Proceeds from sales and redemptions of marketable securities	101,320	112,000
Payments for purchases of investment securities	(156,264)	(724,634)
Proceeds from sales and redemptions of investment securities	—	10,846
Investment in recoverable accounts under production sharing (capital expenditures)	(91,650)	(77,864)
Decrease in short-term loans receivable	77	1,569
Long-term loans made	(7,521)	(1,134)
Collection of long-term loans receivable	34	566
Payments for purchase of mining rights	—	(28,044)
Proceeds from transfer of mining rights	—	7,333
Other	(7,860)	2,424
Net cash used in investing activities	(251,812)	(844,511)
Cash flows from financing activities		
Proceeds from issurance of common stock	—	521,619
Decrease in short-term loans	(20,121)	—
Proceeds from long-term debt	108,062	56,285
Repayments of long-term debt	(5,283)	(4,712)
Proceeds from minority interests for additional shares	4,704	6,418
Cash dividends paid	(15,306)	(18,010)
Dividends paid to minority shareholders	(2,972)	(13,450)
Other	(145)	(92)
Net cash provided by financing activities	68,937	548,057
Effect of exchange rate changes on cash and cash equivalents	(4,947)	(12,015)
Net increase (decrease) in cash and cash equivalents	53,550	(34,374)
Cash and cash equivalents at beginning of the period	162,844	216,395
Increase in cash and cash equivalents from newly consolidated subsidiary	—	4
Cash and cash equivalents at end of the period	*1 216,395	*1 182,025

(5) Conditions or events that indicate there could be substantial doubt about the Company's ability to continue as a going concern

None

(6) Basis of Presenting Consolidated Financial Statements

For the year ended March 31, 2010	For the year ended March 31, 2011
1.Scope of consolidation Number of consolidated subsidiaries: 54 Names of major subsidiaries; Japan Oil Development Co., Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., Teikoku Oil D.R. Congo, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Masela, Ltd. During this period: Number of new companies included in consolidated subsidiaries: 1 Number of companies excluded from consolidated subsidiaries: 1 Details for the above changes: (1) INPEX Offshore Northeast Brazil has been included due to establishment of the company. (2) Daiichi Warehouse Co., Ltd. has been excluded due to share transfer. Names of major unconsolidated subsidiaries: Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C. V., TELNITE CO.,LTD. (Reason for exclusion from 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.	1.Scope of consolidation Number of consolidated subsidiaries: 53 Names of major subsidiaries; Japan Oil Development Co., Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., Teikoku Oil D.R. Congo, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Masela, Ltd. During this period: Number of new companies included in consolidated subsidiaries: 5 Number of companies excluded from consolidated subsidiaries: 6 Details for the above changes: (1) INPEX South Makassar, INPEX West Congo Petroleum, Ltd., INPEX Nganzi DRC S.P.R.L. and INPEX Gulf of Mexico Co., Ltd. have been included due to establishment of the companies. (2) INPEX North Peru has been included due to increase in materiality of the company. (3) INPEX Service has been excluded due ro merger. (4) INPEX Jawa and INPEX Sumatra have been excluded due to share transfer. (5) Teikoku Oil de Venezuela, Teikoku Oil de Sanvi-Guere and Teikoku Oil Nile NQR have been excluded due to completion of liquidation. Names of major unconsolidated subsidiaries: Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C. V., TELNITE CO.,LTD. (Reason for exclusion from consolidation) Same as on the left
2. Application of equity method Unconsolidated subsidiary accounted for by the equity method: None Number of affiliates accounted for by the equity method: 12 Names of major affiliates: MI Berau B.V., Angola Japan Oil Co., Ltd., Japan Ohanet Oil & Gas Co., Ltd., ALBACORA JAPAO PETROLEO LTDA, INPEX Offshore North Campos, Ltd.	2. Application of equity method Same as on the left Number of affiliates accounted for by the equity method: 12 Names of major affiliates: MI Berau B.V., Angola Japan Oil Co., Ltd., Japan Ohanet Oil & Gas Co., Ltd., INPEX Offshore North Campos, Ltd.

For the year ended March 31, 2010	For the year ended March 31, 2011
During this fiscal year: Number of companies excluded from affiliates accounted for by the equity method: 1 Detail for the above change: Project Finance BLRE, Ltd. has been excluded due to completion of liquidation.	During this fiscal year: Number of companies included in affiliates accounted for by the equity method: 1 Number of companies excluded from affiliates accounted for by the equity method: 1 Detail for the above change: (1) JAPAN CARABOBO, Ltd. has been included due to establishment of the company. (2) Bontang LNG Train H Investment Co., Ltd. has been excluded due to completion of liquidation.
Names of major affiliates not accounted for by the equity method: Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V., Telnite Co., Ltd., Tangguh project management Co., Ltd. (Reason for not applying the equity method) 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. 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 their closing date. For certain affiliates, however, the Company used financial statements prepared for consolidation purposes as of the consolidated closing date.	Names of major affiliates not accounted for by the equity method: Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V., Telnite Co., Ltd., Tangguh project management Co., Ltd. (Reason for not applying the equity method) Same as on the left Procedures for application of the equity method: Same as on the left (Change in accounting policy) Effective from the fiscal year ended March 31, 2011, the Company adopted the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 issued on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24 issued on March 10, 2008). There is no impact on the consolidated financial statements as a result of this change.

For the year ended March 31, 2010	For the year ended March 31, 2011
3. Closing dates for the fiscal year of consolidated subsidiaries For the 35 companies for which the closing date 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, Japan Oil Development, Co., Ltd., Teikoku Oil D.R. Congo, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., and INPEX North Caspian Sea, Ltd., we use financial statements for the year ended the consolidated closing date even though their closing date is December 31. (Additional information) Teiseki Real Estate Co., Ltd. has changed the closing date from December 31 to March 31, since this fiscal year. Accordingly, the consolidated operating results for the year ended March 31, 2010 included operating results for 15 months from January 1, 2009 to March 31, 2010. The effect of this change does not have a significant impact on the consolidated financial statements.	3. Closing dates for the fiscal year of consolidated subsidiaries For the 39 companies for which the closing date 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 8 companies including, but not limited, Japan Oil Development, Co., Ltd., Teikoku Oil D.R. Congo, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., and INPEX North Caspian Sea, Ltd., we use financial statements for the year ended 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.	4. Accounting policies 1) Valuation method for significant assets (a) Securities Other securities With a determinable market value Same as on the left Without a determinable market value Same as on the left

For the year ended March 31, 2010	For the year ended March 31, 2011
(b) 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)	(b) Inventories Overseas inventories Same as on the left Domestic inventories Same as on the left
2) Depreciation method of significant depreciable assets (a) Tangible fixed assets (except leased assets) Depreciation of 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	2) Depreciation method of significant depreciable assets (a) Tangible fixed assets (except leased assets) Same as on the left
(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 being amortized over five years.	(b) Intangible assets (except leased assets) Exploration and development rights Same as on the left Mining rights Same as on the left Other Same as on the left
(c) Leased assets Leased assets for financing lease transactions whose ownership are not to be transferred: Depreciation of leased assets are calculated based on the straight-line method over the lease period assuming no residual value.	(c) Leased assets Leased assets for financing lease transactions whose ownership are not to be transferred: Same as on the left

For the year ended March 31, 2010	For the year ended March 31, 2011
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.	3) Basis for significant allowances (a) Allowance for doubtful accounts Same as on the left
(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.	(b) Allowance for recoverable accounts under production sharing Same as on the left
(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.	(c) Allowance for investments in exploration Same as on the left
(d) Provision for exploration projects Provision for exploration projects is provided for future expenditures of consolidated subsidiaries at exploration stage based on schedule of investments in exploration.	(d) Provision for exploration projects Same as on the left
(e) Accrued bonuses to officers Accrued bonuses to officers are provided at expected payment amount for the year ended March 31, 2010.	(e) Accrued bonuses to officers Accrued bonuses to officers are provided at expected payment amount for the year ended March 31, 2011.
(f) 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. Because certain subsidiaries are classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation of the subsidiaries. Actuarial gains and losses are charged or credited to income as incurred.	(f) Accrued retirement benefits to employees Same as on the left

For the year ended March 31, 2010	For the year ended March 31, 2011
(g) Liabilities for site restoration and decommissioning costs Liabilities for site restoration and decommissioning costs are provided for expected future costs for site restoration and decommissioning.	―――――――
(h) Liabilities for losses on development activities Liabilities for losses on development activities are provided for provable losses on oil and natural gas development activities individually estimated for each project.	―――――――
(i) 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 amount being accumulated through the next activity.	(g) Accrued special repair and maintenance Same as on the left
4) 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 minority interests.	4) Translation of consolidated subsidiaries' significant assets and liabilities denominated in foreign currencies into yen in preparation of the consolidated financial statements Same as on the left
5) Accounting for major hedge transactions (a) Hedge accounting Simplified accounting method is applied to interest rate swaps. (b) Hedging instruments and hedged items Hedge instruments: Interest rate swap transactions Hedged items: Interest payments on borrowings (c) 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. (d) Hedge effectiveness assessment method Since simplified accounting method is applied, the Company does not perform hedge effectiveness assessment.	5) Accounting for major hedge transactions (a) Hedge accounting Same as on the lef (b) Hedging instruments and hedged items Same as on the left (c) Hedging policy Same as on the left (d) Hedge effectiveness assessment method Same as on the left

For the year ended March 31, 2010	For the year ended March 31, 2011
———	6) Amortization of Goodwill Goodwill is amortized using a straight-line method over 20 years.
———	7) Scope of cash and cash equivalents in consolidated statement of cash flow Cash (cash and cash equivalents) in the consolidated statement of cash flow consisted of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.
6) Other items important to the preparation of the consolidated financial statements (a) Consumption tax Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax. (b) Recoverable accounts under production sharing Cash investments made by the Company during exploration, development and production phases under a production sharing contract and a service contract (buyback arrangement) 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 the natural gas and crude oil 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.	8) Other items important to the preparation of the consolidated financial statements (a) Consumption tax Same as on the left (b) 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 the natural gas and crude oil 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.
5. Valuation of assets and liabilities of consolidated subsidiaries The assets and liabilities of consolidated subsidiaries are valued at their fair values. However, those whose valuation difference is not material are valued at their carrying amounts.	———
6. Amortization of Goodwill Goodwill is amortized using a straight-line method over 20 years.	———
7. Scope of cash and cash equivalents in consolidated statement of cash flow Cash (cash and cash equivalents) in the consolidated statement of cash flow consisted of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	———

(7) Changes in the Basis of Presenting Consolidated Financial Statements

For the year ended March 31, 2010	For the year ended March 31, 2011
―――――	(Accounting Standard for Asset Retirement Obligations) Effective from the fiscal year ended March 31, 2011, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008). Pursuant to these standards, the Company has reversed liabilities for site restoration and decommissioning costs which had been recorded as a provision for future costs expected to incur in accordance with the schedule for site restoration and decommissioning. As a result, operating income decreased by ¥141 million and ordinary income and income before income taxes and minority interests decreased by ¥1,046 million, respectively.

(Changes in the Presentation)

For the year ended March 31, 2010	For the year ended March 31, 2011
(Consolidated Statements of Income) “Loss on valuation of investment securities”, previously presented separately in other expenses, is included in “Other” since its amount is below 10% of total other expenses. The amount of “Loss on valuation of investment securities” for the year ended March 31, 2010 is ¥14 million. “Provision for investments in exploration”, previously included in “Other” in other expenses, is separately presented in other expenses since its amount exceeded 10% of total other expenses. The amount of “Provision for investments in exploration” for the year ended March 31, 2009 is ¥3,631 million.	(Consolidated Statements of Income) “Provision for investments in exploration”, previously presented separately in other expenses, is included in “Other” since its amount is below 10% of total other expenses. The amount of “Provision for investments in exploration” for the year ended March 31, 2011 is ¥499 million. “Gain on change in equity”, previously included in “Other” in other income, is separately presented in other income since its amount exceeded 10% of total other income. The amount of “Gain on change in equity” for the year ended March 31, 2010 is ¥1,284 million. “Provision of allowance for doubtful accounts”, previously included in “Other” in other expenses, is separately presented in other expenses since its amount exceeded 10% of total other expenses. The amount of “Provision of allowance for doubtful accounts” for the year ended March 31,2010 is ¥91 million. Effective from the fiscal year ended March 31 2011, based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the Company applies the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5**,** March 24, 2009). As a result, “Income before minority interests” is included in the consolidated financial statements for the year ended March 31, 2011.
(Consolidated Cash Flows) “Loss (gain) on valuation of investment securities ”, previously presented separately in cash flows from operating activities, is included in “Other” due to decrease in its materiality. The amount of “Loss (gain) on valuation of investment securities” for the year ended March 31, 2010 is ¥14 million.	(Consolidated Cash Flows) “Provision for allowance for doubtful accounts ”, previously included in “Other provisions” in cash flows from operating activities, is separately presented due to increase in its materiality. The amount of “Provision for allowance for doubtful accounts” for the year ended March 31, 2010 is ¥106 million.

(Additional information)

Effective from this fiscal year, the Company applies “Accounting Standard for Presentation of Comprehensive Income”(ASBJ Statement No.25 June 30, 2010).

However, the amount of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” in the consolidated fiscal year are shown as “Valuation, translation adjustments and others” and “Total valuation, translation adjustments and others”.

(8) Notes to Consolidated Financial Statements
(Consolidated Balance Sheets)

As of March 31, 2010	As of March 31, 2011
*1 Major accounts included in inventories are as follows:	*1 Major accounts included in inventories are as follows:

As of March 31, 2010 (Millions of yen)

	Millions of yen
Merchandise and finished goods	3,923
Work in process	127
Raw materials and supplies	8,271

As of March 31, 2011 (Millions of yen)

	Millions of yen
Merchandise and finished goods	4,952
Work in process	238
Raw materials and supplies	6,946

As of March 31, 2010	As of March 31, 2011
*2 Accumulated depreciation Accumulated depreciation of tangible fixed assets is ¥505,499 million.	*2 Accumulated depreciation Accumulated depreciation of tangible fixed assets is ¥530,777 million.
*3 The Company has the following investments in subsidiaries and affiliates: Investment securities (equities) : ¥36,713 million Other (investments and other assets) : ¥128 million	*3 The Company has the following investments in subsidiaries and affiliates: Investment securities (equities) : ¥ 38,881 million Other (investments and other assets) : ¥ 121 million
*4 Assets provided as collateral and collateral-backed debt are as follows:	*4 Assets provided as collateral and collateral-backed debt are as follows:

(Collateralized Assets) Millions of yen

	As of March 31, 2010		As of March 31, 2011	
Buildings and structures	2,239	(2,239)	2,140	(2,140)
Wells	3,444	(3,444)	4,774	(4,774)
Machinery, equipments and vehicles	9,512	(9,512)	9,048	(9,048)
Land	660	(660)	660	(660)
Other (tangible fixed assets)	0	(0)	0	(0)
Investment securities	9,385	(—)	8,236	(—)
Other (investments and other assets)	246	(—)	238	(—)
Total	25,487	(15,856)	25,099	(16,623)

(Secured debt)

	As of March 31, 2010		As of March 31, 2011	
Short-term loans	2,130	(2,114)	2,130	(2,114)
Accounts payable-other	5,496	(5,001)	3,992	(3,691)
Long-term debt	6,153	(6,069)	4,022	(3,955)
Others (long-term liabilities)	16	(—)	16	(—)
Total	13,797	(13,184)	10,162	(9,760)

As of March 31, 2010	As of March 31, 2011
Amounts in parenthesis () above represent foundation collateral and liabilities. In addition, investment securities of ¥5,571 million are pledged as collateral for the BTC pipeline project financing.	Amounts in parenthesis () above represent foundation collateral and liabilities. In addition, investment securities of ¥4,928 million are pledged as collateral for the BTC pipeline project financing.
*5 Accumulated advanced depreciation deducted from acquisition costs of fixed assets related to contribution and others was ¥1,374 million for building and structures, ¥276 million for machinery, equipment and vehicles, and ¥1 million for other (intangible assets).	*5 Accumulated advanced depreciation deducted from acquisition costs of fixed assets related to contribution and others was ¥1,374 million for building and structures, ¥259 million for machinery, equipment and vehicles, and ¥1 million for other (intangible assets).

As of March 31, 2010	As of March 31, 2011
6 Contingent liabilities The Company and its consolidated subsidiaries are contingently liable as guarantors of indebtedness of the following companies: Millions of yen Tangguh Trustee* 17,971 Fujian Tranche * 6,402 INPEX Offshore North Campos, Ltd. 3,290 Sakhalin Oil and Gas Development Co., Ltd. 3,213 Sakata Natural Gas Co., Ltd. 305 Employees (housing loans) 319 Total 31,502 *Debt for investment funds of Tangguh LNG project through MI Berau B. V. and MI Berau Japan Ltd.	6 Contingent liabilities The Company and its consolidated subsidiaries are contingently liable as guarantors of indebtedness of the following companies: Millions of yen Tangguh Trustee* 15,536 Fujian Tranche * 5,507 Sakhalin Oil and Gas Development Co., Ltd. 4,051 INPEX Offshore North Campos, Ltd. 2,613 Sakata Natural Gas Co., Ltd. 106 Employees (housing loans) 254 Total 28,069 *Debt for investment funds of Tangguh LNG project through MI Berau B. V. and MI Berau Japan Ltd.

(Consolidated Statements of Income)

For the year ended March 31, 2010		For the year ended March 31, 2011	
*1. Major accounts included in selling, general and administrative expenses are as follows:		*1. Major accounts included in selling, general and administrative expenses are as follows:	
	Millions of yen		Millions of yen
Personnel expenses	13,645	Personnel expenses	14,518
(Including provision for accrued retirement benefits to employees	358)	(Including provision for accrued retirement benefits to employees	712)
(Including provision for accrued bonuses to officers	140)	(Including provision for accrued bonuses to officers	144)
Taxes	4,485	Taxes	5,928
Freight expenses	8,733	Freight expenses	6,666
Depreciation expenses	20,011	Depreciation expenses	22,250
Amortization of goodwill	6,759	Amortization of goodwill	6,760
*2. Research and development expenses included in general and administrative expenses: ¥470 million		*2. Research and development expenses included in general and administrative expenses: ¥ 449 million	

(Consolidated Statements of Comprehensive Income)

For the year ended March 31, 2011

*1 Comprehensive income for the year ended March 31, 2011

Comprehensive income attributable to INPEX shareholders:	¥131,675 million
Comprehensive income attributable to minority interests:	¥11,431 million
Total	¥143,106 million

*2 Other comprehensive income for the year ended March 31, 2010

Unrealized holding gain on securities	¥19,170 million
Translation adjustments	¥6,806 million
Share of other comprehensive income of associates accounted for using equity method	¥227 million
Total	¥26,204 million

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2010

1. Type and number of shares issued and outstanding and treasury stock (Shares)

	Balance as of March 31, 2009	Increase	Decrease	Balance as of March 31, 2010
Number of shares				
Common stock	2,358,409	—	—	2,358,409
Special class share	1	—	—	1
Total	2,358,410	—	—	2,358,410
Treasury stock				
Common stock	4,916	—	—	4,916
Total	4,916	—	—	4,916

2. Share subscription rights

None

3. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Entitlement date	Effective date
Ordinary general meeting of shareholders June 25, 2009	Common stock	9,413	4,000	March 31, 2009	June 26, 2009
	Special class share	0	4,000	March 31, 2009	June 26, 2009
Board of directors' meeting November 4, 2009	Common stock	5,883	2,500	September 30, 2009	December 1, 2009
	Special class share	0	2,500	September 30, 2009	December 1, 2009

(2) Dividends, of which the entitlement date was in the year ended March 31, 2010, 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)	Entitlement date	Effective date
Ordinary general meeting of shareholders June 23, 2010	Common stock	Retained earnings	7,060	3,000	March 31, 2010	June 24, 2010
	Special class share	Retained earnings	0	3,000	March 31, 2010	June 24, 2010

For the year ended March 31, 2011

1. Type and number of shares issued and outstanding and treasury stock (Shares)

	Balance as of March 31, 2010	Increase	Decrease	Balance as of March 31, 2011
Number of shares				
Common stock	2,358,409	1,297,400	—	3,655,809
Special class share	1	—	—	1
Total	2,358,410	1,297,400	—	3,655,810
Treasury stock				
Common stock	4,916	—	—	4,916
Total	4,916	—	—	4,916

Note: An increase in common stock of 1,297,400 shares is due to offering new shares by 1,216,000 shares and the third-party allotment by 81,400 shares, respectively.

2. Share subscription rights
None

3. Dividends
(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Entitlement date	Effective date
Ordinary general meeting of shareholders June 23, 2010	Common stock	7,060	3,000	March 31, 2010	June 24, 2010
	Special class share	0	3,000	March 31, 2010	June 24, 2010
Board of directors' meeting November 4, 2010	Common stock	10,952	3,000	September 30, 2010	December 1, 2010
	Special class share	0	3,000	September 30, 2010	December 1, 2010

(2) Dividends, of which the entitlement date was in the year ended March 31, 2011, 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)	Entitlement date	Effective date
Ordinary general meeting of shareholders June 28, 2011	Common stock	Retained earnings	10,952	3,000	March 31, 2011	June 29, 2011
	Special class share	Retained earnings	0	3,000	March 31, 2011	June 29, 2011

(Consolidated Statements of Cash Flows)

For the year ended March 31, 2010	For the year ended March 31, 2011
*1 Cash and cash equivalents at the end of the period are reconciled to the account reported in the consolidated balance sheet as follows:	*1 Cash and cash equivalents at the end of the period are reconciled to the account reported in the consolidated balance sheet as follows:

For the year ended March 31, 2010:

	Millions of yen
Cash and deposits	119,809
Time deposits for more than three months and others	(3,786)
Marketable securities (commercial paper)	68,477
Marketable securities (financial bill and others)	19,801
Marketable securities (MMF and others)	9,742
Marketable securities (certificate of deposit)	2,350
Cash and cash equivalents	216,395

For the year ended March 31, 2011:

	Millions of yen
Cash and deposits	112,395
Time deposits for more than three months and others	(266)
Marketable securities (commercial paper)	50,991
Marketable securities (MMF and others)	7,804
Marketable securities (certificate of deposit)	11,100
Cash and cash equivalents	182,025

(Segment Information)

1. Business segment information

For the year ended March 31, 2010

Segment information by business has been omitted because the crude oil and natural gas business accounts for more than 90% of total sales, operating income and asset.

2. Geographical segment information

For the year ended March 31, 2010 (April 1, 2009 through March 31, 2010)

(Millions of yen)

	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Eliminations and other	Consolidated
I Net sales and operating income								
Net sales								
(1) Sales to third parties	93,958	352,383	73,574	303,818	16,692	840,427	—	840,427
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	93,958	352,383	73,574	303,818	16,692	840,427	—	840,427
Operating expenses	61,404	161,313	33,805	98,246	15,663	370,433	8,325	378,759
Operating income	32,554	191,069	39,769	205,571	1,028	469,993	(8,325)	461,667
II Assets	240,879	451,167	446,848	229,842	85,241	1,453,980	559,797	2,013,778

Notes:
1. Countries and areas are segmented based on their geographic proximity and their mutual operational relationships.
2. Major countries and areas that belong to segments other than Japan are as follows:
   (1) Asia & Oceania・・・・・・・・・・Indonesia, Australia, East Timor, Vietnam
   (2) Eurasia (Europe & NIS)・・・Azerbaijan, Kazakhstan, UK
   (3) Middle East & Africa・・・・・UAE, D.R. Congo, Iran, Libya, Egypt, Algeria, Angola
   (4) Americas・・・・・・・・・・・・・・Venezuela, Ecuador, USA, Canada, Surinam, Brazil
3. Unallocated operating expenses included in “Eliminations and other” of ¥8,766 million under the operating expenses are mainly amortization of goodwill and general administrative expenses.
4. Of the figure for assets, ¥562,927 million included in “Eliminations and other” are mainly goodwill, cash and deposit, marketable securities and investment securities concerned with the administrative divisions.

3. Overseas sales

For the year ended March 31, 2010

	Asia & Oceania	Other	Total
I. Overseas sales (Millions of yen)	271,231	53,424	324,656
II. Consolidated sales (Millions of yen)			840,427
III. Overseas sales as a percentage of consolidated sales (%)	32.3	6.3	38.6

Notes:
1. Countries and areas are segmented based on their geographic proximity.
2. Major countries and areas that belong to segments other than Japan are as follows:
   (1) Asia & Oceania・・・・・・・・・South Korea, Taiwan, Indonesia, Singapore, Thailand, Philippines, Australia
   (2) Other・・・・・・・・・・・・・・・USA, Italy
3. Overseas sales represent sales to countries and regions outside of Japan, which is determined based upon the final destination.

(Segment information)

For the year ended March 31, 2011 (April 1, 2010 through March 31, 2011)

1. Overview of reportable segments

For the Company's oil and natural gas development activities, the Board of Directors make the Group management decisions with respect to each mining area and others, the separate financial information of which is available.
The Company operates oil and natural gas businesses globally, thus, the Company's reportable segments are entities of individual mining areas and others aggregated by geographical region. These are classified into following segments: "Japan", "Asia & Oceania" (principally Indonesia, Australia and East Timor), "Eurasia (Europe & NIS)" (principally Azerbaijan), "Middle East & Africa" (principally UAE) and "Americas."
The Company produces oil and natural gas in each segment. In addition, the Company conducts marketing activities for petroleum products and others in "Japan" segment.

2. Methods of calculating of sales and income (loss), identifiable assets, and other items by reportable segment
Accounting method for reportable segment is the substantially same as presentations on "Basis of Presenting Consolidated Financial Statements."

3. Information on sales and income (loss), identifiable assets, and other items by reportable segment

For the year ended March 31, 2010 (April 1, 2009 through March 31, 2010)

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
(1) Sales to third parties	93,958	352,383	73,574	303,818	16,692	840,427	—	840,427
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	93,958	352,383	73,574	303,818	16,692	840,427	—	840,427
Segment income	32,554	191,069	39,769	205,571	1,028	469,993	(8,325)	461,667
Segment assets	240,879	451,167	446,848	229,842	85,241	1,453,980	559,797	2,013,778
Other items								
Depreciation and amortization	18,225	3,600	7,909	5,535	3,971	39,241	1,112	40,354
Amortization of goodwill	(1)	—	—	—	(192)	(193)	6,952	6,759
Investment to affiliates accounted for by the equity method	—	21,768	—	6,990	1,340	30,099	—	30,099
Increase of tangible fixed assets and intangible assets	52,072	29,208	200	5,904	4,955	92,341	461	92,803

Note: 1. (1) Adjustments of segment income of ¥(8,325) million include elimination of intersegment transactions of ¥440 million and corporate expenses of ¥(8,766) million. Corporate expenses are mainly amortization of goodwill not attributable to a reportable segment and general administrative expenses.
(2) Adjustments of segment assets of ¥559,797 million include elimination of intersegment transactions of ¥(3,129) million and corporate assets of ¥562,927 million. Corporate assets are mainly goodwill, cash and deposit, marketable securities and investment securities concerned with the administrative divisions.
(3) Adjustments of depreciation and amortization of ¥1,112 million consist mainly of depreciation of corporate assets.
(4) Adjustments of amortization of goodwill of ¥ 6,952 million consist of amortization of goodwill not attributable to a reportable segment.
(5) Adjustments of increase of tangible fixed assets and intangible assets of ¥461 million consist mainly of capital expenditure to corporate assets.
2. Segment income was reconciled with consolidated operating income.

For the year ended March 31, 2011 (April 1, 2010 through March 31, 2011)

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
(1) Sales to third parties	104,524	406,827	68,318	350,735	12,673	943,080	—	943,080
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	104,524	406,827	68,318	350,735	12,673	943,080	—	943,080
Segment income (loss)	25,959	235,814	36,460	243,112	(3,035)	538,311	(8,569)	529,742
Segment assets	240,238	432,323	503,471	245,865	68,022	1,489,921	1,190,458	2,680,379
Other items								
Depreciation and amortization	18,456	17,468	9,013	5,111	2,914	52,964	1,280	54,245
Amortization of goodwill	(0)	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	—	20,066	—	7,083	5,120	32,270	—	32,270
Increase of tangible fixed assets and intangible assets	25,696	45,973	28,361	10,838	2,929	113,799	565	114,365

Note: 1. (1) Adjustments of segment income of ¥(8,569) million include elimination of intersegment transactions of ¥232 million and corporate expenses of ¥(8,801) million. Corporate expenses are mainly amortization of goodwill not attributable to a reportable segment and general administrative expenses.

(2) Adjustments of segment assets of ¥1,190,458 million include elimination of intersegment transactions of ¥(2,935) million and corporate assets of ¥1,193,394 million. Corporate assets are mainly goodwill, cash and deposit, marketable securities and investment securities concerned with the administrative divisions.

(3) Adjustments of depreciation and amortization of ¥1,280 million consist mainly of depreciation of corporate assets.

(4) Adjustments of amortization of goodwill of ¥ 6,952 million consist of amortization of goodwill not attributable to a reportable segment.

(5) Adjustments of increase of tangible fixed assets and intangible assets of ¥565 million consist mainly of capital expenditure to corporate assets.

2. Segment income was reconciled with consolidated operating income.

(Relative information)

For the year ended March 31, 2011 (April 1, 2010 through March 31, 2011)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	557,910	334,650	21,597	28,921	943,080

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania	Other	Total
573,131	346,717	23,231	943,080

Note: Sales by geographical area is determined based upon the final destination and customer.

(2) Tangible fixed assets

(Millions of yen)

Japan	Australia	Other	Total
211,087	96,500	72,273	379,861

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
PERTAMINA	254,542	Asia & Oceania

(Information on impairment loss from fixed assets by reportable segment)

For the year ended March 31, 2011 (April 1, 2010 through March 31, 2011)

Disclosure has been omitted because it does not have significant impact on the consolidated financial statements.

(Information on amortization of goodwill and unamortized balance by reportable segment)

For the year ended March 31, 2011 (April 1, 2010 through March 31, 2011)

(Millions of yen)

	Reportable segments						Eliminations and other *2	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas *1	Total		
Balance as of March 31, 2011	—	—	—	—	(2,931)	(2,931)	104,294	101,362

Note: 1. This is the unamortized balance of negative goodwill acquired before April 1, 2010 and net amount of goodwill is stated on the balance sheet.

2. This is the unamortized balance of goodwill not attributable to a reportable segment.

3. Please refer to “Segment information” regarding to the amounts of amortization of goodwill.

(Information on negative goodwill by reportable segment)

For the year ended March 31, 2011 (April 1, 2010 through March 31, 2011)

None

(Additional information)

Effective from the year ended March 31, 2011, the Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No.20, issued on March 21, 2008).

(Financial Instruments)

For the year ended March 31, 2010

(Supplementary information)

Beginning from the year ended March 31, 2010, the Company adopted the Accounting Standard for Financial Instruments (ASBJ Statement No.10 issued on March 10, 2008) and the Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19 issued on March 10, 2008).

1. Status of financial instruments

(1) Policy regarding financial instruments

The Company raises funds for oil and gas exploration, development and production, construction or expansion of domestic pipelines and LNG receiving terminal 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 of International Co-operation and Japanese commercial banks. Japan Oil, Gas and Metals National Corporation have 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 been providing long-term loans for the construction or expansion of domestic pipelines and LNG receiving terminal. The Company generally borrows with variable interest rates, while some loans are with fixed interest rate depending on the nature of each project. Regarding the financing policy, the Company manages funds mainly from cash on hand and government bonds, which are considered of low-risk and high-liquidity. The Company does not engage in speculative derivative transactions to prevent risks hereinafter described below.

(2) Details of financial instruments, associated risk and risk management

(Credit risks related to trade receivables)

Trade receivables —accounts receivable-trade and accounts receivable-other — are comprised mainly from sales of oil and natural gas. Main trading partners are national oil companies, major oil companies and others. In line with 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 Management Committee. For stocks, the Company holds the shares of trading partners and others to establish close and smooth relationship for the purpose of medium- to long-term stable business. Of these shares, the Company partially holds for the purpose of investment. As for bonds, the Company mainly holds government bonds with short-term maturities to reduce market price fluctuation risk.

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

Loans are mainly for fund for oil and natural gas exploration projects and construction or expansion of domestic pipelines and LNG receiving terminal and others. The borrowing period is determined considering financial prospects of the project and useful lives of facilities. Loans with variable interest rates are exposed to interest rate fluctuation risk, however, the Company leverages in line with the above policy. Loans with fixed interest rate include fixed interest expenses under special treatment of interest rate swaps.

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

As the most of the Company's business consists of overseas business, the Company is exposed to exchange 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 foreign exchange loss on assets and foreign exchange gain on liabilities while yen depreciation causes foreign exchange gain on assets and foreign exchange loss on liabilities. For this reason, foreign exchange gain and loss are offset and maintains the position between assets and liabilities in foreign currencies. At present, the Company is in the position of incurring foreign exchange loss when foreign exchange rate proceeds to yen appreciation. The Company timely converts to the yen to avoid excess holding of foreign currency deposits on hand as well as engages in hedge transactions, based on the Company policy, partly using foreign currency forward exchange contracts as necessary for expected foreign currency trading.

(Management of derivative transactions)

For the above derivative transactions such as interest rate swap transactions and forward exchange contracts, the Company follows derivative transactions management outline. Further, the Company only transacts with financial institutions with high credit ratings to reduce credit risks for the use of derivatives.

(Management of the liquidity risk related to financing)

The finance unit controls cash management based on monthly financing plan prepared by each project division and secure sufficient liquidity on hand to be prepared for liquidity risks.

(3) Supplementary explanation of items related to the market value of financial instruments

For nominal amounts and others regarding derivative transactions on "Derivatives Transactions", its amounts do not indicate market risks related to derivative transactions.

2. Fair value of financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2010, fair value and their unrealized loss are as shown below. Items for which is extremely difficult to determine market value are not included in the following table (Please refer to Note 2).

(Millions of yen)

	Carrying value	Fair value	Unrealized loss
(1) Cash and deposits	119,809	119,809	—
(2) Accounts receivable-trade	88,364	88,364	—
(3) Marketable securities and investment securities	544,681	544,681	—
Total assets	752,855	752,855	—
(1) Short-term loans	4,872	4,935	62
(2) Long-term debt	235,510	237,023	1,512
Total liabilities	240,383	241,958	1,575
Derivatives	—	—	—

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

Assets

(1) Cash and deposits, and (2) Accounts receivable-trade

Since these items are settled in a short period of time and their fair values are almost the same as their carrying values, the relevant carrying values are used.

(3) Marketable securities and investment securities

The fair value of shares are determined by the market prices of exchanges, and the fair value for bonds are determined by market prices of exchanges or the prices presented by financial institutions. For further information on investment securities of each holding purpose, please refer to “Securities” section of the notes to financial statements.

Liabilities

(1) Short-term loans

The 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 these items are settled in a short periods of time and its market value is almost the same as the carrying value.

(2) Long-term debt

The 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.

Derivatives

Please refer to “Derivative transactions” section of notes to financial statements.

Note 2: Financial instruments for which it is extremely difficult to determine market value

(Millions of yen)

	Carrying value
Unlisted securities	30,623
Preferred securities	5,000
Stocks of subsidiaries and affiliates	36,713

These financial instruments are assumed to have no market value and require excessive costs to estimate future cash flows. Accordingly, these financial instruments are not included in “Assets (3) Marketable securities and investment securities” as it is to be financial instruments for which are extremely difficult to determine fair value. For shares of exploration companies among unlisted securities and stocks of subsidiaries and affiliates, the allowance is provided for investments in exploration at an estimated amount based on the financial position of the investees.

Note 3: Redemption schedule for monetary assets securities with maturity dates subsequent to March 31, 2010 is as follows

(Millions of yen)

	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
Cash and deposits	119,809	—	—	—
Accounts receivable-trade	88,364	—	—	—
Marketable securities and investment securities				
Other securities:				
Public bonds	122,500	210,500	37,000	6,500
Other bonds	77,804	45	—	—
Other	2,350	—	—	—
Total	410,828	210,545	37,000	6,500

Note 4: Maturities for long-term loans payable and leased liabilities subsequent to March 31, 2010 is as follows

(Millions of yen)

	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
Long-term debt	4,712	15,894	139,779	79,836
Lease obligations	88	128	1	—
Total	4,801	16,022	139,781	79,836

For the year ended March 31, 2011

1. Status of financial instruments

(1) Policy regarding financial instruments

The Company raises funds for oil and gas exploration, development and production, construction or expansion of domestic pipelines and LNG receiving terminal 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 of International Co-operation and Japanese commercial banks. Japan Oil, Gas and Metals National Corporation have 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 been providing long-term loans for the construction or expansion of domestic pipelines and LNG receiving terminal. The Company generally borrows with variable interest rates, while some loans are with fixed interest rate depending on the nature of each project. Regarding the financing policy, the Company manages funds mainly from cash on hand and government bonds, which are considered of low-risk and high-liquidity. The Company does not engage in speculative derivative transactions to prevent risks hereinafter described below.

(2) Details of financial instruments, associated risk and risk management

(Credit risks related to trade receivables)

Trade receivables —accounts receivable-trade and accounts receivable-other — are comprised mainly from sales of oil and natural gas. Main trading partners are national oil companies, major oil companies and others. In line with 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 Management Committee. For stocks, the Company holds the shares of trading partners and others to establish close and smooth relationship for the purpose of medium- to long-term stable business. Of these shares, the Company partially holds for the purpose of investment. As for bonds, the Company mainly holds government bonds with short-term maturities to reduce market price fluctuation risk.

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

Loans are mainly for fund for oil and natural gas exploration projects and construction or expansion of domestic pipelines and LNG receiving terminal and others. The borrowing period is determined considering financial prospects of the project and useful lives of facilities. Loans with variable interest rates are exposed to interest rate fluctuation risk, however, the Company leverages in line with the above policy. Loans with fixed interest rate include fixed interest expenses under special treatment of interest rate swaps.

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

As the most of the Company's business consists of overseas business, the Company is exposed to exchange 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 foreign exchange loss on assets and foreign exchange gain on liabilities while yen depreciation causes foreign exchange gain on assets and foreign exchange loss on liabilities. For this reason, foreign exchange gain and loss are offset and maintains the position between assets and liabilities in foreign currencies. At present, the Company is in the position of incurring foreign exchange loss when foreign exchange rate proceeds to yen appreciation. The Company timely converts to the yen to avoid excess holding of foreign currency deposits on hand as well as engages in hedge transactions, based on the Company policy, partly using foreign currency forward exchange contracts as necessary for expected foreign currency trading.

(Management of derivative transactions)

For the above derivative transactions such as interest rate swap transactions and forward exchange contracts, the Company follows derivative transactions management outline. Further, the Company only transacts with financial institutions with high credit ratings to reduce credit risks for the use of derivatives.

(Management of the liquidity risk related to financing)

The finance unit controls cash management based on monthly financing plan prepared by each project division and secure sufficient liquidity on hand to be prepared for liquidity risks.

(3) Supplementary explanation of items related to the market value of financial instruments

For nominal amounts and others regarding derivative transactions on "Derivatives Transactions", its amounts do not indicate market risks related to derivative transactions.

2. Fair value of financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2011, fair value and their unrealized loss are as shown below. Items for which is extremely difficult to determine market value are not included in the following table (Please refer to Note 2).

(Millions of yen)

	Carrying value	Fair value	Unrealized loss
(1) Cash and deposits	112,395	112,395	—
(2) Accounts receivable-trade	95,391	95,391	—
(3) Marketable securities and investment securities	1,111,005	1,111,005	—
Total assets	1,318,792	1,318,792	—
(1) Short-term loans	4,441	4,483	42
(2) Long-term debt	268,706	270,572	1,865
Total liabilities	273,147	275,056	1,908
Derivatives	—	—	—

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

Assets

(1) Cash and deposits, and (2) Accounts receivable-trade

Since these items are settled in a short period of time and their fair values are almost the same as their carrying values, the relevant carrying values are used.

(3) Marketable securities and investment securities

The fair value of shares are determined by the market prices of exchanges, and the fair value for bonds are determined by market prices of exchanges or the prices presented by financial institutions. For further information on investment securities of each holding purpose, please refer to “Securities” section of the notes to financial statements.

Liabilities

(1) Short-term loans

The 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 these items are settled in a short periods of time and its market value is almost the same as the carrying value.

(2) Long-term debt

The 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.

Derivatives

Please refer to “Derivative transactions” section of notes to financial statements.

Note 2: Financial instruments for which it is extremely difficult to determine market value

(Millions of yen)

	Carrying value
Unlisted securities	27,819
Preferred securities	5,000
Stocks of subsidiaries and affiliates	38,881

These financial instruments are assumed to have no market value and require excessive costs to estimate future cash flows, accordingly, these financial instruments are not included in “Assets (3) Marketable securities and investment securities”. For shares of exploration companies among unlisted securities and stocks of subsidiaries and affiliates, the allowance is provided for investments in exploration at an estimated amount based on the financial position of the investees.

Note 3: Redemption schedule for monetary assets securities with maturity dates subsequent to March 31, 2011 is as follows

(Millions of yen)

	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
Cash and deposits	112,395	—	—	—
Accounts receivable-trade	95,391	—	—	—
Marketable securities and investment securities				
Other securities:				
Public bonds	133,000	526,500	41,500	—
Corporate bonds	3,500	33,500	—	—
Other bonds	51,000	33,445	—	—
Other	11,100	198,145	—	—
Total	406,386	791,590	41,500	—

Note 4: Maturities for long-term loans payable and leased liabilities subsequent to March 31, 2011 is as follows

(Millions of yen)

	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
Long-term debt	4,281	19,156	136,506	113,044
Lease obligations	62	117	1	—
Total	4,344	19,273	136,507	113,044

(Securities)
For the year ended March 31, 2010

1 Other securities as of March 31, 2010

(Millions of yen)

Type of securities	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceed their acquisition costs			
(1) Stocks	28,825	43,779	14,954
(2) Bonds			
Public bonds	275,323	276,952	1,628
Corporate bonds	—	—	—
Other	18,562	18,801	239
(3) Other	6,732	8,721	1,989
Subtotal	329,443	348,255	18,811
Securities whose acquisition costs exceed their carrying value			
(1) Stocks	26,872	22,395	(4,477)
(2) Bonds			
Public bonds	104,506	102,922	(1,584)
Corporate bonds	—	—	—
Other	59,025	59,016	(9)
(3) Other	12,111	12,092	(18)
Subtotal	202,516	196,426	(6,090)
Total	531,959	544,681	12,721

2 Other securities sold during the year ended March 31, 2010

(Millions of yen)

Type of securities	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	—	—	—
(2) Bonds			
Public bonds	107,500	—	—
Corporate bonds	—	—	—
Other	266,653	—	—
(3) Other	31,130	—	—
Total	405,283	—	—

Note: Proceeds from sales include redemption and cancellation of bonds and others.

For the year ended March 31, 2011

1 Other securities as of March 31, 2011

(Millions of yen)

Type of securities	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceed their acquisition costs			
(1) Stocks	42,521	49,876	7,355
(2) Bonds			
Public bonds	336,349	336,983	633
Corporate bonds	8,500	8,503	3
Other	—	—	—
(3) Other	6,732	7,693	961
Subtotal	394,102	403,057	8,954
Securities whose acquisition costs exceed their carrying value			
(1) Stocks	10,535	8,663	△1,871
(2) Bonds			
Public bonds	374,128	372,900	△1,227
Corporate bonds	28,508	28,334	△174
Other	84,863	83,933	△929
(3) Other	217,236	214,116	△3,119
Subtotal	715,272	707,948	△7,323
Total	1,109,374	1,111,005	1,630

2 Other securities sold during the year ended March 31, 2011

(Millions of yen)

Type of securities	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	767	137	55
(2) Bonds			
Public bonds	10,079	—	384
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	10,846	137	440

Note: Proceeds from sales, which previously included redemption and cancellation of bonds and others, exclude them from this fiscal year.

The amounts of proceeds from sales of other securities exclude redemption and cancellation of bonds and others for the year ended March 31, 2010 is ¥－million.

(Derivatives Transactions)
For the year ended March 31, 2010

1 Derivatives not subject to hedge accounting
None
2 Derivatives subject to hedge accounting
(1) Derivatives related to interest rate

(Millions of yen)

Hedge accounting method	Type of derivatives	Principal items hedged	Contract amounts	Due after one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps payment fixed, receipt fluctuated	Long-term debt	10,340	8,300	(*)

(*) Fair value of derivatives for which special treatment of interest rate swaps is applied is included to the fair value of long-term debt since it is a part of the long-term debt.

For the year ended March 31, 2011

1 Derivatives not subject to hedge accounting
None
2 Derivatives subject to hedge accounting
(1) Derivatives related to interest rate

(Millions of yen)

Hedge accounting method	Type of derivatives	Principal items hedged	Contract amounts	Due after one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps payment fixed, receipt fluctuated	Long-term debt	8,300	6,240	(*)

(*) Fair value of derivatives for which special treatment of interest rate swaps is applied is included to the fair value of long-term debt since it is a part of the long-term debt.

(Per Share Information)

For the year ended March 31, 2010		For the year ended March 31, 2011	
Net assets excluding minority interests per share	¥589,548.88	Net assets excluding minority interests per share	¥546,958.90
Net income per share	¥45,553.56	Net income per share	¥40,832.40

Notes: 1. Diluted net income per share is not presented because there are no dilutive potential of shares of common stock.
2. Net income per share is calculated based on the following:

	For the year ended March 31, 2010	For the year ended March 31, 2011
Net income (Millions of yen)	107,210	128,699
Amount not attributable to common stockholders (Millions of yen)	—	—
Net income attributable to common stockholders (Millions of yen)	107,210	128,699
Average number of shares (shares)	2,353,494	3,151,894
Common stock	2,353.493	3,151,893
Common stock equivalent share; Special class share	1	1

Note: Since a shareholder of the special class share is entitled to the same rights as that for shareholders of common stock regarding dividends and the distribution of residual property, the special class share is classified as common stock equivalent share.

(Significant Subsequent Events)

None

(Omissions of Disclosure)

With respect to information for leases, related party transactions, tax accounting, asset retirement obligations and retirement benefits plan respective disclosure has been omitted because it does not have significant impact on the consolidated financial statements.

5 Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

Accounts	As of March 31, 2010	As of March 31, 2011
(Assets)		
Current assets		
Cash and deposits	23,039	20,017
Accounts receivable-trade	27,130	24,913
Marketable securities	103,670	93,393
Finished goods	2,673	2,787
Work in process and partly-finished construction	112	158
Raw materials and supplies	2,531	2,317
Advance payments-trade	53	15
Prepaid expenses	647	672
Short-term loans receivable to subsidiaries and affiliates	35,893	26,244
Accounts receivable-other	13,614	16,908
Other	2,735	3,660
Allowance for doubtful accounts	(20)	(1,300)
Total current assets	212,083	189,790
Fixed assets		
Tangible fixed assets		
Buildings, net	9,687	10,261
Structures, net	111,519	101,892
Wells, net	4,530	5,210
Machinery and equipment, net	24,494	28,837
Vehicles, net	24	29
Tools, furniture and fixtures, net	791	774
Land	16,375	16,330
Leased assets, net	163	118
Construction in progress	35,301	43,201
Total tangible fixed assets	202,888	206,657
Intangible assets		
Goodwill	111,247	104,294
Mining right	0	0
Software	2,705	2,490
Other	1,883	1,903
Total intangible assets	115,836	108,688

(Millions of yen)

Accounts	As of March 31, 2010	As of March 31, 2011
Investments and other assets		
Investment securities	289,868	877,531
Investments in stock of subsidiaries and affiliates	460,949	481,964
Investments in capital	0	0
Investments in capital of subsidiaries and affiliates	0	0
Long-term loans receivable	20	10
Long-term loans receivable from employees	37	30
Long-term loans receivable from subsidiaries and affiliates	65,893	69,055
Long-term prepaid expenses	15	8
Real estate for investment, net	13,350	-
Long-term deposits	-	55,000
Recoverable accounts under production sharing	136,964	122,230
Other	14,543	23,945
Allowance for doubtful accounts	(492)	(122)
Allowance for recoverable accounts under production sharing	(554)	(464)
Allowance for investments in exploration	(181,534)	(186,660)
Total investments and other assets	799,062	1,442,531
Total fixed assets	1,117,786	1,757,877
Total assets	1,329,869	1,947,667

(Millions of yen)

Accounts	As of March 31, 2010	As of March 31, 2011
(Liabilities)		
Current liabilities		
Accounts payable-trade	2,831	3,369
Current portion of long-term loans payable	4,210	3,830
Lease obligations	70	43
Accounts payable-other	26,568	26,051
Accrued expenses	2,279	2,433
Income taxes payable	24,614	19,903
Deferred tax liabilities	423	139
Advances received	1,611	936
Deposits payable	628	414
Accrued bonuses to officers	110	110
Asset retirement obligations	-	829
Other	53	16
Total current liabilities	63,402	58,078
Long-term liabilities		
Long-term loans payable	43,313	52,882
Lease obligations	90	71
Deferred tax liabilities	4,203	3,357
Accrued retirement benefits to employees	7,075	6,469
Liabilities for site restoration and decommissioning costs	631	-
Provision for loss on business of subsidiaries and affiliates	2,014	3,764
Asset retirement obligations	-	2,321
Other	1,113	1,057
Total long-term liabilities	58,442	69,925
Total liabilities	121,845	128,003
(Net assets)		
Shareholders' equity		
Common stock	30,000	290,809
Capital surplus		
Capital reserve	762,992	1,023,802
Total capital surplus	762,992	1,023,802
Retained earnings		
Other retained earnings		
Reserve for overseas investment loss	-	28,054
Mine prospecting reserve	7,741	7,.308
Unappropriated retained earnings	399,328	472,962
Total retained earnings	407,069	508,325
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	1,194,813	1,817,689
Valuation, translation adjustments and others		
Unrealized holding gain on securities	13,210	1,973
Total valuation, translation adjustments and others	13,210	1,973
Total net assets	1,208,024	1,819,663
Total liabilities and net assets	1,329,869	1,947,667

(2) Non-Consolidated Statements of Income

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Net sales	347,770	376,689
Cost of sales	127,635	146,539
Gross profit	220,134	230,149
Exploration expenses	2,996	727
Selling, general and administrative expenses	34,868	38,776
Operating income	182,269	190,645
Other income		
Interest income	2,188	1,808
Interest income on securities	1,722	1,873
Dividends income	32,682	69,665
Other	3,829	3,588
Total other income	40,423	76,935
Other expenses		
Interest expense	604	717
Amortization of stock issuance cost	—	2,618
Provision of allowance for investment loss in exploration	20,161	19,783
Provision for loss on business of subsidiaries and affiliates	—	3,006
Loss on sales of stocks of subsidiaries and affiliates	—	3,652
Foreign exchange loss	15,756	19,895
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,903
Other	1,256	7,810
Total other expenses	37,779	60,387
Ordinary income	184,913	207,194
Income before income taxes	184,913	207,194
Income taxes-current	90,221	88,837
Income taxes-deferred	(1,769)	(912)
Total income taxes	88,451	87,924
Net income	96,461	119,269

(3) Non-Consolidated Statements of Changes in Net Assets

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at the beginning of the period	30,000	30,000
Changes during the period		
Issuance of new shares	—	260,809
Total changes during the period	—	260,809
Balance at the end of the period	30,000	290,809
Capital surplus		
Legal capital surplus		
Balance at the beginning of the period	762,992	762,992
Changes during the period		
Issuance of new shares	—	260,809
Total changes during the period	—	260,809
Balance at the end of the period	762,992	1,023,802
Total capital surplus		
Balance at the beginning of the period	762,992	762,992
Changes during the period		
Issuance of new shares	—	260,809
Total changes during the period	—	260,809
Balance at the end of the period	762,992	1,023,802
Retained earnings		
Other retained earnings		
Reserve for overseas investment loss		
Balance at the beginning of the period	—	—
Changes during the period		
Provision of reserve for overseas investment loss	—	28,054
Total changes during the period	—	28,054
Balance at the end of the period	—	28,054
Mine prospecting reserve		
Balance at the beginning of the period	4,112	7,741
Changes during the period		
Provision of mine prospecting reserve	7,741	7,308
Reversal of mine prospecting reserve	(4,112)	(7,741)
Total changes during the period	3,629	(432)
Balance at the end of the period	7,741	7,308
Retained earnings brought forward		
Balance at the beginning of the period	321,793	399,328
Changes during the period		
Provision of reserve for overseas investment loss	—	(28,054)
Provision of mine prospecting reserve	(7,741)	(7,308)
Reversal of mine prospecting reserve	4,112	7,741
Dividends from surplus	(15,297)	(18,013)
Net income	96,461	119,269
Total changes during the period	77,535	73,634
Balance at the end of the period	399,328	472,962

(Millions of yen)

Accounts	For the year ended March 31, 2010	For the year ended March 31, 2011
Total retained earnings		
Balance at the beginning of the period	325,905	407,069
Changes during the period		
Provision of reserve for overseas investment loss	—	—
Provision of mine prospecting reserve	—	—
Reversal of mine prospecting reserve	—	—
Dividends from surplus	(15,297)	(18,013)
Net income	96,461	119,269
Total changes during the period	81,164	101,255
Balance at the end of the period	407,069	508,325
Treasury stock		
Balance at the beginning of the period	(5,248)	(5,248)
Balance at the end of the period	(5,248)	(5,248)
Total shareholders' equity		
Balance at the beginning of the period	1,113,649	1,194,813
Changes during the period		
Issuance of new shares	—	521,619
Cash dividends paid	(15,297)	(18,013)
Net income	96,461	119,269
Total changes during the period	81,164	622,875
Balance at the end of the period	1,194,813	1,817,689
Valuation, translation adjustments and others		
Unrealized holding gain (loss) on securities		
Balance at the beginning of the period	(5,164)	13,210
Changes during the period		
Other changes in items other than those in shareholders' equity (net)	18,375	(11,236)
Total changes during the period	18,375	(11,236)
Balance at the end of the period	13,210	1,973
Total valuation and translation adjustments		
Balance at the beginning of the period	(5,164)	13,210
Changes during the period		
Other changes in items other than those in shareholders' equity (net)	18,375	(11,236)
Total changes during the period	18,375	(11,236)
Balance at the end of the period	13,210	1,973
Total net assets		
Balance at the beginning of the period	1,108,485	1,208,024
Changes during the period		
Issuance of new shares	—	521,619
Cash dividends paid	(15,297)	(18,013)
Net income	96,461	119,269
Other changes in items other than those in shareholders' equity (net)	18,375	(11,236)
Total changes during the period	99,539	611,638
Balance at the end of the period	1,208,024	1,819,663

(4) Conditions or events that indicate there could be substantial doubt about the Company's ability to continue as a going concern

None

6 Other

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by business segment for the year ended March 31, 2010:

Business segment	Category	For the year ended March 31, 2010
Crude oil and natural gas	Crude oil	80MMbbls (218 Mbbls per day)
	Natural gas	411 Bcf (1,127 MMcf per day)
	Subtotal	148 MMboe (406 Mboe per day)
	Petroleum products	240 Mkl (1,512 Mbbls)
	Iodine	453 tons
	Electric power generation	137 millions kWh

Notes:
1. The volume of LPG produced overseas is included in 'Crude oil.' On the other hand, the volume of LPG produced in the domestic refinery is included in 'Petroleum Products.'
2. A portion of crude oil production volume is consumed as material for petroleum products.
3. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
4. The production by the Company's affiliates accounted for by the equity method is included in the figures above. Also the production volume is a result for the year ended March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
5. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the group.
   Figures calculated by multiplying the gross production volume by the Company's interest share are 122 MMbbls (335 Mbbls per day) of crude oil, 552 Bcf (1,512 MMcf per day) of natural gas, and in total 214 MMboe (587 Mboe per day). For calculating the gas production based on interest share, 100% of the gas production volume measured at wellhead (separator gas) had been used until the year ended March 31, 2009. However, from the year ended March 31, 2010, the Company applies marketable gas volume basically adjusted for delivery specifications, excluding own fuel consumption, re-injection, losses as flare, diffusion, process loss and inert gas generated at plant etc.
6. Boe stands for barrels of oil equivalent.
7. The volume of petroleum products is converted to bbl in parenthesis. Applied coefficient is 6.29 bbls per kl.
8. Iodine is refined by other company on consignment.
9. Figures are rounded to the nearest whole number.
10. The production volume of natural gas has changed reflecting the change in applied coefficient of domestic natural gas volume from this fiscal year.
    The volume before the change is 410Bcf (1,123 MMcf per day).

The following table shows actual production by segment for the year ended March 31, 2011

Segment	Category	For the year ended March 31, 2011
Japan	Crude oil	1.4 MMbbls (3.9 Mbbls per day)
	Natural gas	47.0Bcf (128.7 MMcf per day)
	Subtotal	9.2MMboe (25.3 Mboe per day)
	Petroleum products	239.7 Mkl (1,507.9 Mbbls)
	Iodine	418.7 tons
	Electric power generation	179.7 millions kWh
Asia & Oceania	Crude oil	23.9 MMbbls (65.5 Mbbls per day)
	Natural gas	325.5 Bcf (891.8 MMcf per day)
	Subtotal	78.1 MMboe (214.1 Mboe per day)
Eurasia (Europe & NIS)	Crude oil	10.2 MMbbls (27.9 Mbbls per day)
Middle East & Africa	Crude oil	49.4 MMbbls (135.4 Mbbls per day)
Americas	Crude oil	2.5 MMbbls (7.0 Mbbls per day)
	Natural gas	29.9 Bcf (82.0 MMcf per day)
	Subtotal	7.5 MMbbls (20.6 Mboe per day)
Total	Crude oil	87.5 MMbbls (239.6 Mbbls per day)
	Natural gas	402.4 Bcf (1,102.5 MMcf per day)
	Subtotal	154.5 MMboe (423.3 Mboe per day)
	Petroleum products	239.7 Mkl (1,507.9 Mbbls)
	Iodine	418.7 tons
	Electric power generation	179.7 millions kWh

Notes:
1. The volume of LPG produced overseas is included in ‘Crude oil.’ On the other hand, the volume of LPG produced in the domestic refinery is included in ‘Petroleum Products.’
2. A portion of crude oil production volume is consumed as material for petroleum products.
3. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
4. The production by the Company’s affiliates accounted for by the equity method is included in the figures above. Also the production volume is a result for the year ended March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
5. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the group.
   Figures calculated by multiplying the gross production volume by the Company’s interest share are 125.7 MMbbls (344.3 Mbbls per day) of crude oil, 544.7 Bcf (1,492.4 MMcf per day) of natural gas, and in total 216.5 MMboe (593.0 Mboe per day).
6. Boe means barrels of oil equivalent.
7. The volume of petroleum products is converted to bbl in parenthesis. Applied coefficient is 6.29 bbls per kl.
8. Iodine is refined by other company on consignment.
9. Figures are rounded to the first decimal.

2) Orders received

Disclosure on this information is omitted because the amount of orders received is accounted for a minor portion of total sales. In addition, there is no production for orders received in crude oil and natural gas business.

3) Actual sales

a) The Company takes back the full amount of crude oil produced overseas allocated to us under production sharing contracts and produced under concession agreements, and sell it to domestic and foreign customers. The Company sells most of natural gas produced in Indonesia in the form of LNG to Japanese power companies, city gas companies and customers in South Korea, Taiwan and other countries through PERTAMINA. In addition, the Company sells natural gas produced in Japan to customers such as city gas companies using our pipeline.

b) The following table shows sales by business segment for the year ended March 31, 2010:

(Millions of yen)

Business segment	Category	For the year ended March 31, 2010	
Crude oil and natural gas	Crude Oil	76,095 Mbbls	486,920
	Natural Gas	418,927 MMcf	326,412
		LPG: 3,377 Mbbls	
	Other		24,507
	Subtotal		837,840
Other			2,586
Total			840,427

Notes:
1. The above amounts do not include the related consumption tax.
2. The Companys' subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the year ended December 31 except those subsidiaries prepared their financial statement for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.
3. Sales volumes are rounded to nearest whole number.
4. Sales volume of natural gas has changed reflecting the change in applied coefficient of domestic natural gas volume from this fiscal year.
   The volume before the change is 416,684 MMcf.

c) The following table shows sales by segment for the year ended March 31, 2011:

(Millions of yen)

Segment	Category	For the year ended March 31, 2011	
		Sales volume	Net sales
Japan	Crude Oil	156 Mbbls	1,238
	Natural Gas (excluding LPG)	64,253 MMcf	71,848
	LPG	229 Mbbls	2,515
	Other		28,921
	Subtotal		104,524
Asia & Oceania	Crude Oil	18,004 Mbbls	131,182
	Natural Gas (excluding LPG)	306,641 MMcf	256,563
	LPG	3,258 Mbbls	19,081
	Subtotal		406,827
Eurasia (Europe & NIS)	Crude Oil	9,056 Mbbls	68,318
Middle East & Africa	Crude Oil	48,396 Mbbls	350,735
Americas	Crude Oil	1,040 Mbbls	6,435
	Natural Gas (excluding LPG)	30,334 MMcf	6,237
	Subtotal		12,673
Total	Crude Oil	76,651 Mbbls	557,910
	Natural Gas (excluding LPG)	401,228 MMcf	334,650
	LPG	3,487 Mbbls	21,597
	Other		28,921
	Total		943,080

Notes:
1. The above amounts do not include the related consumption tax.
2. The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the year ended December 31, 2010 except those subsidiaries prepared their financial statements for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.
3. Sales volumes are rounded to the nearest whole number.
4. Sales for a major customer and sales as a percentage of total net sales are as follows. Sales amount of PERTAMINA consists mostly of natural gas, and over half of them are sold to Japanese customers in the form of LNG.

Customer	For the year ended March 31, 2010		For the year ended March 31, 2011	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
PERTAMINA	240,137	28.6	254,542	27.0