INPEX CORPORATION

# Consolidated Financial Results for the year ended March 31, 2016 [Japanese GAAP]

May 12, 2016

**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
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Scheduled date of ordinary general meeting of shareholders : June 28, 2016
Scheduled date of filing Financial Report : June 29, 2016
Scheduled date of payment of cash dividends : June 29, 2016
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, 2016 (April 1, 2015 - March 31, 2016)

(1) Consolidated operating results

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

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| For the year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2016 | 1,009,564 | (13.8) | 390,139 | (27.1) | 374,771 | (34.8) | 16,777 | (78.4) |
| March 31, 2015 | 1,171,226 | (12.2) | 534,886 | (27.1) | 575,155 | (23.3) | 77,820 | (57.6) |

(Note): Consolidated comprehensive income: for the year ended March 31, 2016, ¥ (166,368) million; (－%)
for the year ended March 31, 2015, ¥ 306,979 million; ((11.2)%)

| | Net income per share—basic | Net income per share—diluted | Net income as a percentage of net assets excluding non-controlling 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, 2016 | 11.49 | ― | 0.6 | 8.5 | 38.6 |
| March 31, 2015 | 53.29 | ― | 2.7 | 13.5 | 45.7 |

(Reference): Equity in earnings (losses) of affiliates: for the year ended March 31, 2016, ¥ (20,696) million
for the year ended March 31, 2015, ¥ (13,443) million

(2) Consolidated financial position

| | Total assets | Net assets | Net assets excluding non-controlling interests as a percentage of total assets | Net assets excluding non-controlling interests per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2016 | 4,369,841 | 3,178,803 | 67.1 | 2,008.34 |
| As of March 31, 2015 | 4,499,153 | 3,288,703 | 68.2 | 2,099.95 |

(Reference): Net assets excluding non-controlling interests: as of March 31, 2016, ¥ 2,932,892 million
as of March 31, 2015, ¥ 3,066,680 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, 2016 | 183,707 | (543,534) | 156,726 | 53,813 |
| March 31, 2015 | 216,749 | (81,086) | (4,177) | 260,978 |

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, 2015 | — | 9.00 | — | 9.00 | 18.00 | 26,286 | 33.8 | 0.9 |
| March 31, 2016 | — | 9.00 | — | 9.00 | 18.00 | 26,286 | 156.7 | 0.9 |
| For the year ending March 31, 2017 (forecast) | — | 9.00 | — | 9.00 | 18.00 | | 154.6 | |

(Note): Above information of "Dividends" is regarding common stock. For information regarding Class A stock (which is not listed), please refer to Exhibit "Dividends of Class A stock ".

3. Forecasted Consolidated Operating Results for the year ending March 31, 2017 (April 1, 2016 - March 31, 2017)

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

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| For the six months ending September 30, 2016 | 389,000 | (31.4) | 118,000 | (52.2) | 118,000 | (54.4) | 8,000 | (82.4) | 5.48 |
| For the year ending March 31, 2017 | 808,000 | (20.0) | 238,000 | (39.0) | 237,000 | (36.8) | 17,000 | 1.3 | 11.64 |

*Notes

(1) Significant changes in scope of consolidation : None

(Changes in the specified subsidiaries during the period due to change in scope of consolidation)

(2) Changes in accounting policies, accounting estimates and restatement of corrections

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : Yes
2. Other changes in accounting policies : None
3. Changes in accounting estimates : None
4. Restatement of corrections : None

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,462,323,600 shares as of March 31, 2016; 1,462,323,600 shares as of March 31, 2015
2. Number of treasury stock at the end of the period: 1,966,400 shares as of March 31, 2016; 1,966,400 shares as of March 31, 2015
3. Average number of shares: 1,460,357,200 shares for the year ended March 31, 2016; 1,460,357,200 shares for the year ended March 31, 2015

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(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, 2016 | 324,969 | (22.2) | 85,394 | (38.9) | 56,102 | (77.3) | 8,473 | (94.3) |
| March 31, 2015 | 417,670 | (8.5) | 139,754 | (33.4) | 246,881 | (19.0) | 149,110 | (23.3) |

| | Net income per share—basic | Net income per share—diluted |
|---|---|---|
| For the year ended | Yen | Yen |
| March 31, 2016 | 5.80 | — |
| March 31, 2015 | 102.11 | — |

(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, 2016 | 3,328,919 | 2,339,920 | 70.3 | 1,602.29 |
| As of March 31, 2015 | 3,516,098 | 2,398,664 | 68.2 | 1,642.52 |

(Reference): Net assets: as of March 31, 2016, ¥ 2,339,920 million
as of March 31, 2015, ¥ 2,398,664 million

*Indication of audit procedure implementation status

This earnings report is exempt from audit procedure under the Financial Instruments and Exchange Act. The audit procedure for 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, 2017" are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Please refer to "1. (1) Analysis on Consolidated Operating Results" on page 7.

Exhibit:

Dividends of Class A stock

| | Cash dividends per share | | | | |
|---|---|---|---|---|---|
| | 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 |
| March 31, 2015 | — | 3,600.00 | — | 3,600.00 | 7,200.00 |
| March 31, 2016 | — | 3,600.00 | — | 3,600.00 | 7,200.00 |
| For the year ending March 31, 2017 (forecast) | — | 3,600.00 | — | 3,600.00 | 7,200.00 |

## Index of the Attachments

## 1. Results of Operations and Financial Position

(1) Analysis on Consolidated Operating Results

In the fiscal year ended March 31, 2016, the Japanese economy continued on a path of gradual recovery driven by improvements in corporate earnings and the employment rate, although there were weaknesses in certain segments of the economy including exports and consumer spending.

Of the international crude oil prices, which significantly influence the financial performance of the INPEX Group, Brent crude, considered a common benchmark index, started at US$57.10 per barrel on April 1, 2015, and reached a high of US$67.77 per barrel in early May due to factors including decreased shale oil production forecasts in the U.S., and an upward revision in crude oil demand forecasts by the International Energy Agency (IEA). The index then took on a downward trajectory, dropping to US$42.69 per barrel in early August due to sluggish crude demand in China amid concerns of an economic slowdown there.

Thereafter, the index rose to US$53.05 per barrel due to heightened geopolitical risk brought on by Russia's military intervention in Syria. The index then began dropping again in early December as OPEC deferred a decision on reducing production, and dropped to US$27.88 per barrel in mid-January marking its lowest point in twelve years as a result of sluggish crude demand worldwide and concerns of crude oil oversupply associated with the lifting of sanctions against Iran and observations of an expansion in crude oil exports there.

However, the index then bounced back and finished at US$39.60 per barrel on March 31, 2016, owing to growing expectations of crude oil output adjustments by OPEC and non-OPEC countries triggered by the consensus among four oil producing countries including Saudi Arabia and Russia to freeze crude oil output.

Meanwhile, in Japan, the prices of crude oil and petroleum products shifted in correlation with international oil prices. The INPEX Group's average crude oil sales price for the fiscal year ended March 31, 2016 reflected this shift and fell to US$47.95 per barrel, down US$36.05 from the previous fiscal year.

The foreign exchange market, another important factor that affects the business of our Group, began to trade at the ¥120 level to the U.S. dollar. Beginning of the period, the yen has remained in steadiness roughly ¥118 to ¥120 level to the U.S. dollar. In late-May, the director of European Central Bank remarked that he would accelerate the quantitative monetary easing before the off period in summer. In addition to that, the suggestion by Chairman of Federal Reserve Board Yellen, which showed a possibility to move the rise in interest-rate forward, also brought the dollar buying to the higher ¥125 level for a while.

However, the depreciation in the Chinese stock market in August, and the decline in the rate of Chinese Yuan increased the concern over the Chinese economy. Furthermore, the movement of the risk aversion in the market brought the yen buying dominant and the yen appreciated to the lower ¥116 for a while. Afterward, on the situation where the interest-rate appreciation of 25 basis point by FRB in December and the additional monetary easing (partly introduction of the negative interest rate) by Bank of Japan were determined, the dollar appreciated to the lower ¥120. However, the concern over the world economy and the decline of the expectation of the additional rise in interest-rate depreciated the dollar across the board. TTM closed at ¥112.69 to the U.S. dollar which turned out to be ¥7.58 higher than that of the fiscal year end of March 31, 2015.

Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥120.55 to the U.S. dollar, which is ¥12.62 lower than that of the previous fiscal year.

Consolidated net sales for the year ended March 31, 2016 decreased by ¥161.6 billion, or 13.8%, to ¥1,009.5 billion from the previous fiscal year due to a decrease in sales price of crude oil and natural gas.

Net sales of crude oil decreased by ¥51.1 billion, or 7.0%, to ¥679.2 billion, and net sales of natural gas decreased by ¥105.0 billion, or 24.9%, to ¥316.7 billion.

Sales volume of crude oil increased by 36,669 thousand barrels, or 45.5%, to 117,227 thousand barrels. Sales volume of natural gas increased by 27,731 million cf, or 9.0%, to 337,216 million cf. Sales volume of overseas natural gas increased by 29,105 million cf, or 12.0%, to 271,912 million cf, and sales volume of domestic natural gas decreased by 37 million ㎥, or 2.1%, to 1,750 million ㎥ (65,304 million cf).

The average sales price of overseas crude oil decreased by US$36.05, or 42.9%, to US$47.95 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US$4.78, or 42.1%, to US$6.58 per thousand cf. In addition, the average sales price of domestic natural gas decreased by ¥5.27, or 9.2%, to ¥52.29 per ㎥.

The decrease of ¥161.6 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, an increase in sales volume contributing ¥362.1 billion to the increase, a decrease in unit sales price pushing sales down of ¥612.8 billion, the depreciation of the Japanese yen against the U.S. dollar contributing ¥94.4 billion to the increase, and a decrease in net sales excluding crude oil and natural gas of ¥5.3 billion.

Cost of sales for the year ended March 31, 2016 increased by ¥1.3 billion, or 0.3%, to ¥526.7 billion due mainly to the depreciation of the Japanese yen against the U.S. dollar. Exploration expenses decreased by ¥17.0 billion, or 73.5%, to ¥6.1 billion due mainly to a decrease in exploration activities in the Americas region. Selling, general and administrative expenses decreased by ¥1.1 billion, or 1.3%, to ¥86.5 billion. As a result, operating income decreased by ¥144.7 billion, or 27.1%, to

¥390.1 billion.
Other income decreased by ¥31.8 billion, or 31.3%, to ¥69.9 billion due to a decrease in foreign exchange gain and others, despite increases in gain on sales of marketable securities and dividend income. Other expenses increased by ¥23.8 billion, or 38.7%, to ¥85.3 billion due to increases in equity in losses of affiliates and loss on disposal of fixed assets. As a result, ordinary income decreased by ¥200.3 billion, or 34.8%, to ¥374.7 billion.
Extraordinary loss was ¥45.8 billion as a result of posting impairment loss for certain projects due to a drop in oil prices and others.
Total amount of current income taxes and deferred income taxes decreased by ¥110.0 billion, or 23.7%, to ¥354.3 billion, and net loss attributable to non-controlling interests was ¥42.2 billion. As a result of the above effects, net income attributable to owners of parent for the year ended March 31, 2016 decreased by ¥61.0 billion, or 78.4%, to ¥16.7 billion.

Financial results by segment are as follows:

1) Japan
   Net sales decreased by ¥19.9 billion, or 15.4%, to ¥109.6 billion due to decreases in sales volume and sales prices of crude oil and natural gas. Operating income decreased by ¥4.5 billion, or 27.5%, to ¥12.0 billion.
2) Asia & Oceania
   Net sales decreased by ¥106.9 billion, or 26.1%, to ¥302.8 billion due to a decrease in sales prices of crude oil and natural gas, despite an increase in sales volume of crude oil and natural gas and the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥81.0 billion, or 45.5%, to ¥97.2 billion.
3) Eurasia (Europe & NIS)
   Net sales decreased by ¥27.1 billion, or 28.9%, to ¥66.8 billion due to a decrease in sales price of crude oil, despite an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥18.3 billion, or 57.1%, to ¥13.8 billion.
4) Middle East & Africa
   Net sales decreased by ¥8.0 billion, or 1.5%, to ¥516.5 billion due to a decrease in sales price of crude oil, despite an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥42.3 billion, or 12.7%, to ¥290.8 billion.
5) Americas
   Net sales increased by ¥0.3 billion, or 2.8%, to ¥13.7 billion due to an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar, despite a decrease in sales prices of crude oil and natural gas. Meanwhile, operating loss decreased by ¥1.3 billion, or 8.5%, to ¥14.0 billion due to a decrease in exploration expenses and others.

As for the outlook, consolidated net sales for the six months ending September 30, 2016 are expected to be ¥389.0 billion, to decrease by 31.4% compared with the six months ended September 30, 2015, and net sales for the year ending March 31, 2017 are expected to be ¥808.0 billion, to decrease by 20.0% compared with the year ended March 31, 2016.
Operating income for the six months ending September 30, 2016 is expected to be ¥118.0 billion, to decrease by 52.2% compared with the six months ended September 30, 2015, and operating income for the year ending March 31, 2017 is expected to be ¥238.0 billion, to decrease by 39.0% compared with the year ended March 31, 2016.
Ordinary income for the six months ending September 30, 2016 is expected to be ¥118.0 billion, to decrease by 54.4% compared with the six months ended September 30, 2015, and ordinary income for the year ending March 31, 2017 is expected to be ¥237.0 billion, to decrease by 36.8% compared with the year ended March 31, 2016. Net income attributable to owners of parent for the six months ending September 30, 2016 is expected to be ¥8.0 billion, to decrease by 82.4% compared with the six months ended September 30, 2015, and net income attributable to owners of parent for the year ending March 31, 2017 is expected to be ¥17.0 billion, to increase by 1.3% compared with the year ended March 31, 2016.
Net sales for the year ending March 31, 2017 are expected to decrease due to the forecasted decline in the crude oil price and appreciation of Japanese yen against the U.S. dollar compared with the previous fiscal year, and operating income and ordinary income for the year ending March 31, 2017 are also expected to decrease as well. Net income attributable to owners of parent for the year ending March 31, 2017 is expected to increase slightly year on year, due in part to the lack of impairment loss.
In these estimates, the crude oil price is assumed to be US$45.0 per barrel (for Brent crude oil) with the exchange rate of the Japanese yen against the U.S. dollar at ¥110.0 through the year ending March 31, 2017.

(2) Analysis on Consolidated Financial Position

Consolidated total assets as of March 31, 2016 decreased by ¥129.3 billion to ¥4,369.8 billion from ¥4,499.1 billion as of March 31, 2015. Current assets decreased by ¥358.0 billion to ¥984.3 billion due to a decrease in marketable securities and others. Fixed assets increased by ¥228.7 billion to ¥3,385.4 billion due to increases in tangible fixed assets and intangible assets and others.

Meanwhile, total liabilities decreased by ¥19.4 billion to ¥1,191.0 billion from ¥1,210.4 billion as of March 31, 2015. Current liabilities decreased by ¥46.0 billion to ¥319.1 billion and long-term liabilities increased by ¥26.6 billion to ¥871.9 billion.

Net assets decreased by ¥109.9 billion, to ¥3,178.8 billion. Total shareholders' equity decreased by ¥12.5 billion, to ¥2,536.9 billion. Total accumulated other comprehensive income decreased by ¥121.2 billion to ¥395.9 billion and non-controlling interests increased by ¥23.8 billion to ¥245.9 billion.

As for cash flows for the year ended March 31, 2016, net cash provided by operating activities decreased by ¥33.0 billion to ¥183.7 billion from the previous fiscal year due to a decrease in income before income taxes owing to a decrease in sales prices of crude oil and natural gas and others. Meanwhile, net cash used in investing activities increased by ¥462.4 billion to ¥543.5 billion due to increases in payments for long-term time deposits and payments for purchases of mining rights and others. Net cash provided by financing activities was ¥156.7 billion due to increases in proceeds from long-term debt and proceeds from non-controlling interests for additional shares, meanwhile, net cash used in financing activities was ¥4.1 billion for the previous fiscal year.

After totaling ¥4.0 billion of the effect of exchange rate changes on cash and cash equivalents, the decrease in cash and cash equivalents for the year ended March 31, 2016 amounted to ¥207.1 billion. Cash and cash equivalents as of March 31, 2016 totaled ¥53.8 billion reflecting the above net decrease of ¥207.1 billion, from ¥260.9 billion at the end of the previous fiscal year.

(3) Dividend policy and dividends for the year ended March 31, 2016 and for the year ending March 31, 2017

In order to secure a stable and efficient supply of oil and gas resources, the INPEX CORPORATION Group aims to expand its operating base, and will make the required investments to undertake exploration and development activities in Japan and overseas as well as maintain and expand its supply infrastructure. The robust financial standing of the INPEX CORPORATION Group is crucial for maintaining this level of investment. Therefore, our basic policy is to find a suitable balance between maximizing corporate value through investing in the sustenance and expansion of our reserves as well as oil and gas production, and driving direct shareholder returns via cash dividends, taking into account the Group's medium- to long-term perspectives.

In accordance with the policy outlined above, the Group has set the year-end dividend at ¥9 per common stock for the year ended March 31, 2016. Combined with the mid-term dividend of ¥9 per common stock, the total dividend for the year is ¥18 per common stock. Also in accordance with the policy, the Group has set the year-end dividend of ¥3,600 per Class A stock for the year ended 31, 2016. Combined with the mid-term dividend of ¥3,600 per Class A stock, the total dividend for the year is ¥7,200 per Class A stock.

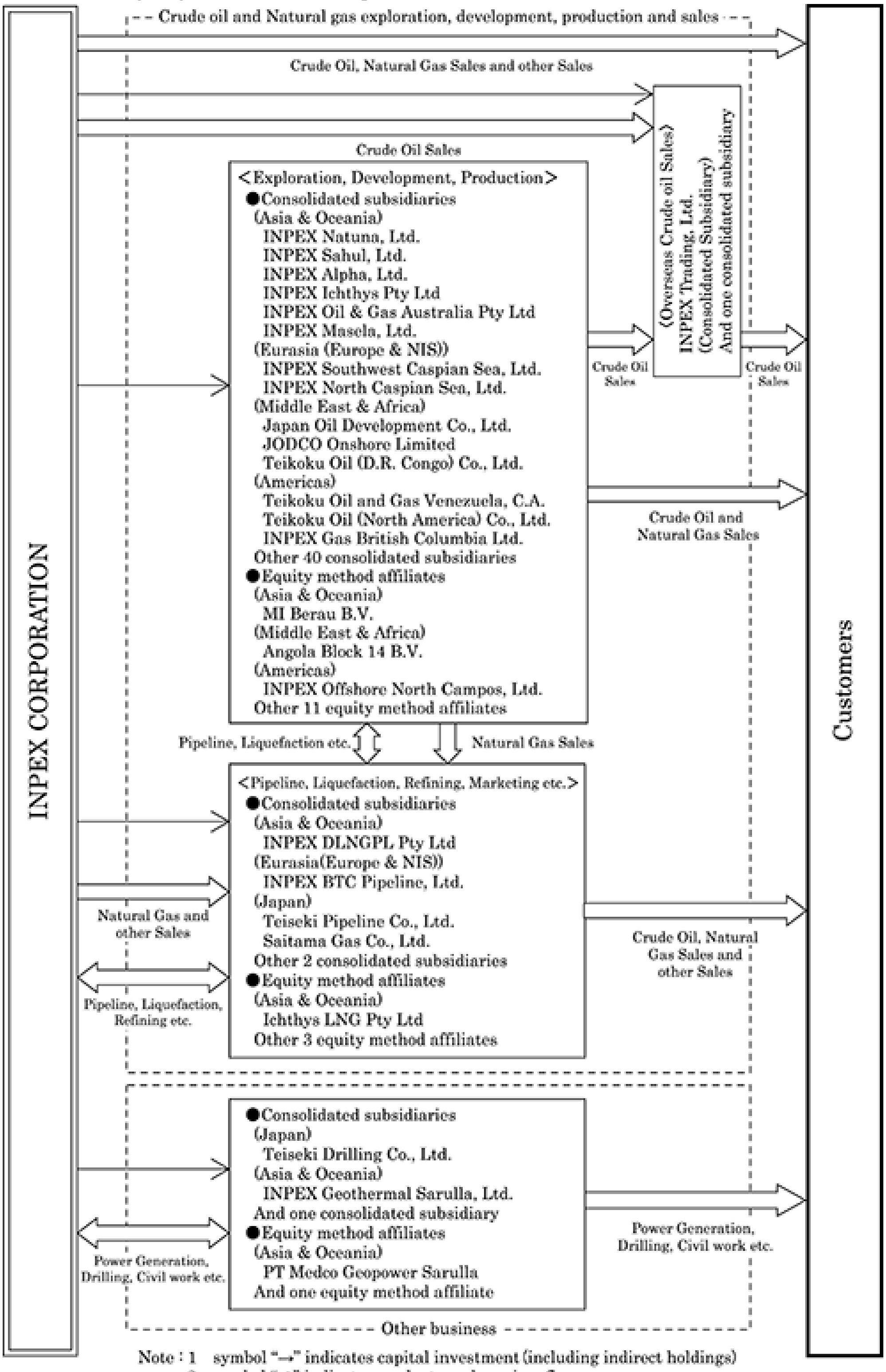
For the year ending March 31, 2017, the Group expects mid-term and year-end dividends each of ¥9 per common stock and ¥3,600 per Class A stock, bringing total dividends to ¥18 per common stock and ¥7,200 per Class A stock.

The Group plans to allocate retained earnings to investments for the sustenance and expansion of its reserves as well as oil and gas production, among other initiatives.

## 2. Overview of the INPEX CORPORATION Group

The INPEX CORPORATION Group consists of INPEX CORPORATION, 73 subsidiaries (including 65 consolidated subsidiaries), 26 affiliates (including 20 equity method affiliates) and their 3 subsidiaries (as of March 31, 2016). 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)", "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 services flow

### 3. Management Policy

(1) Basic Management Strategy

The INPEX Group aims to become a top class international oil and gas exploration and production company by sustainably growing its oil and gas development business. With natural gas as our core business, we will grow into an integrated energy company by contributing to a stable energy supply to broader communities. We will continue to play a significant role in boosting the supply of energy to Japan while contributing to global economic growth and social development. Through these efforts, we intend to further advance our reputation among our shareholders and more broadly our stakeholders as a company that plays an essential role in the global community.

(2) Medium- to Long-Term Management Strategy, Management Indices and Challenges

Based on the Basic Management Strategy above, we carry out our business operations in accordance with the following three growth measures:

- Continuous enhancement of E&P activities to become a top class international oil & gas E&P company
- Strengthening of gas supply chain to further globalize gas business
- Reinforcement of renewable energy initiatives to become an integrated energy company contributing to the global community

Our challenges are as follows:

The INPEX Group's upstream oil and gas business involves developing new oil and gas fields discovered through conducting geophysical surveys and drilling exploratory wells, and delivering shareholder returns from profits generated by producing and selling the oil and natural gas, as well as reinvesting in new exploration and development in order to maintain and expand reserves.

In carrying out exploration, development and production activities, the INPEX Group gives the highest priority in ensuring safety and minimizing environmental impact. To this end, the Group's business operations are based on systems and frameworks that meet global standards in safety, environmental sustainability, etc.

There are numerous risks inherent to the upstream oil and gas industry, such as the risk of insufficient discovery of oil and gas through exploration, the risk of development and production schedule delays, the risk of accidents and cost overruns, the risk associated with the logistics of transporting oil and natural gas on tankers and through pipelines, and country risks involving potential changes in the legal and tax systems in producing countries. Taking such risks into account, the INPEX Group pursues a financially sound mix between operations with high growth potential through the expansion of reserves and operations providing stable revenue to improve the quality of its asset portfolio. At the same time, the Group aims to further enhance its corporate value by fully leveraging its overseas assets as well as its domestic infrastructure including its LNG terminal and natural gas trunk pipeline network.

In May 2012, we set targets to achieve sustainable growth over the medium- to long-term, and laid out the MEDIUM- TO LONG-TERM VISION OF INPEX—Ichthys and our growth beyond—to clarify key initiatives over the five years leading up to the startup of the Ichthys LNG Project. The three growth targets outlined in the vision are: 1) Continuous Enhancement of our E&P Activities; 2) Strengthening our Gas Supply Chain; and 3) Reinforcement of our Renewable Energy Initiatives. Our three management policies designed to support these growth targets are: 1) Securing / Developing Human Resources and Building an Efficient Organizational Structure; 2) Investment for Growth and Return for Shareholders; and 3) Responsible Management as a Global Company. Through realizing its vision, the Group intends to further enhance its corporate value as well as its reputation among its shareholders and more broadly its stakeholders, as a company that plays an essential role in the global community.

The INPEX Group is now faced with the immediate challenge of responding to the drop in oil prices since the second half of 2014. To this end, we will continuously evaluate individual project investments and reduce operating expenditures as well as selling, general and administrative expenses, and build a resilience that will allow us to ensure the continuity of efficient business operations even with oil prices remaining at relatively low levels for a sustained period of time.

Meanwhile, business operations geared towards our medium to long-term growth must proceed continuously and steadily. First, as for the continuous enhancement of our E&P activities, we will work diligently toward our target of commencing production at the Ichthys LNG Project in Australia in the third quarter of 2017, as per the production schedule update announced in September 2015. With regard to the Abadi LNG Project in Indonesia, in September 2015 we submitted to the Indonesian government authorities a revised plan of development (POD) that envisions the adoption of a floating LNG with an annual LNG processing capacity of 7.5 million tons. In April 2016, we received a notification from the Indonesian government authorities instructing to re-propose a plan of development based on onshore LNG development. We intend to work closely with the Indonesian government authorities aiming for the early start-up of development. Elsewhere, we acquired a 5% participating interest in the ADCO Onshore Concession in Abu Dhabi in April 2015, and will continue our efforts to secure stable production at our existing projects including the Offshore Mahakam Block in Indonesia, the ADMA Block offshore Abu Dhabi and the ACG oil fields in Azerbaijan, undertake exploration activities aimed at the acquisition of new oil and gas reserves and pursue opportunities to join viable projects. Next, with regard to strengthening our gas supply chain, we have been working on the construction of the Toyama Line extension of our trunk pipeline network in Japan with the aim of commencing operations in mid-2016 to respond to the growing demand for natural gas supplies. INPEX and Chubu Electric Co., Inc. also entered a joint power supply business agreement with nine city gas companies under the circumstance of the liberalization of the retail electricity and gas markets in Japan and will proceed to establish a framework to flexibly respond to the energy needs of customers. Lastly, as for the reinforcement of renewable energy initiatives, we are advancing our efforts as an integrated energy company that contributes to the global community through various initiatives including our participation since June 2015 in the Sarulla Geothermal Independent Power Producer Project in Indonesia.

The Group's fundamental business operation policies and initiatives to the address the challenges are as follows:

① Continuous Enhancement of E&P Activities

i) Balanced Asset Portfolio

- Regional Diversification

The Group's operations have diversified beyond Japan, Asia, Oceania and the Middle East, where we have a wealth of operational experience, to include locations around the world such as the Caspian Sea region, Central and South America and Africa. We will continue to pursue a portfolio of assets taking geographical mix into consideration.

- Crude Oil and Natural Gas Product Ratio

The INPEX Group's ratio of crude oil products versus natural gas products is approximately 66/34.

Crude oil, which has diverse applications and is considered a convenient fuel source that can be easily handled, transported and stored, is widely used all over the world. As crude oil is a sensitive commodity, its sales prices are often influenced by market conditions. While crude oil customers are not bound to long-term sales contracts, capital investments in crude oil production and transportation are relatively small in comparison to natural gas including LNG. Furthermore, the time required for crude oil development is comparatively short, enabling quick returns on investment once oil fields are discovered.

Natural gas has the lowest environmental impact among fossil fuels, and demand for natural gas as a quick and effective measure against global warming is expected to increase. Commercial production of natural gas requires substantial investment and a long lead-time for the preparation of infrastructure such as liquefaction plants or pipelines. Since gas buyers are also required to make large investments in LNG receiving facilities, stable and long-term sales and purchase contracts are essential. Such LNG contracts, while influenced to an extent by oil price fluctuations, enable long-term profit stability.

When acquiring interests in new projects, it is important to achieve a sound balance between crude oil and natural gas production to ensure efficient investment with a view to securing long-term cash flow.

- Balancing Project Stages (Exploration, Development and Production)

Because oil and gas reserves become depleted as production advances, the INPEX Group must constantly seek to acquire fresh reserves to ensure stable profitability. For this, it is important to reinvest production revenue in exploration and create an operational cycle of discovering, developing and producing at new oil and gas fields to generate revenue, ensuring the stability and continuity of projects at every stage.

To maintain this cyclical balance, we will continue to focus on stable production at key assets including the Offshore Mahakam Block and the ADMA Block as well as the diligent development of the Ichthys LNG Project, while investing in new exploration opportunities.

ii) Implementation of Operator Projects

As Operator, we require significant management resources in terms of organization, human resources and financing. However, being Operator also presents us with significant opportunities to acquire new participating interests through improved technological capabilities and greater recognition from oil and gas producing countries as well as international oil companies. The group is committed to pursuing and implementing projects as Operator, starting with the Ichthys LNG Project, by further enhancing its technological capabilities, ensuring safety in all operations and integrating with local communities.

iii) Strengthening Relationships with Leading Oil and Gas Companies Globally

Developing oil and gas involves considerable risks. Large-scale projects in particular require investments too large for any one company to shoulder individually. Companies therefore typically form consortiums to share the risks and jointly undertake business operations. The INPEX Group is committed to increasing its chances of participating in viable projects, expanding its business and dispersing risks through enhanced cooperation with major international oil companies and national oil companies in oil and gas producing countries as well as leading private oil resource developers, Japanese trading companies and other energy-related enterprises.

② Strengthening Gas Supply Chain

The INPEX Group aims to build a solid network of operations in the Japanese natural gas market, which represents a stable source of revenue. As well as sustaining a natural gas trunk pipeline network to supply the promising markets in the Kanto-Koshinetsu and Hokuriku regions, we plan to increase production at the Minami-Nagaoka gas field, one of the largest gas fields in Japan. We also own numerous promising natural gas assets primarily in Australia and Indonesia. To ensure our long-term growth, we will actively pursue the strengthening of our gas supply chain by organically linking such international assets and our infrastructure in Japan, with our Naoetsu LNG Terminal serving as the gateway.

③ Reinforcement of Renewable Energy Initiatives

As an E&P company, one of our most important challenges is to reduce environmental impact through greenhouse gas reduction initiatives, etc. We are pursuing the development of renewable energy resources such as photovoltaic and geothermal power generation and biomass fuels, as well as next-generation energy solution technologies based on hydrogen, fuel cells and high performance batteries in cooperation with Japanese and international companies, universities and organizations. Through these activities, we seek to locate new business opportunities while helping reduce environmental impact.

④ Securing / Developing Human Resources and Building an Efficient Organizational Structure

We introduced INPEX Values, a set of core values designed to be shared by all INPEX directors and employees, and are working on creating foundations to establish a global HR management system. In the fiscal year ended March 31, 2016, we took steps to instill group-wide adherence to INPEX Values, established a defined practice of accepting diversity and inclusion at the workplace and developed the INPEX Action Plan in conjunction with the Japanese government's introduction of the Act of Promotion of Women's Participation and Advancement in the Workplace. Going forward, we will continue to develop an efficient organizational structure and secure experienced global talent.

⑤ Investment for Growth and Return for shareholders

To ensure growth for the Group, we will progressively carry out investment activities in the medium- to long-term while maintaining sound financial standing. With an eye on the Ichthys production startup schedule, we will look to deliver appropriate shareholder returns that meet the standards of top-class international oil and gas E&P companies.

⑥ Responsible Management as a Global Company

i) CSR Management Promotion, Enhanced Stakeholder Communications and Corporate Governance

As a global entity, the INPEX Group has strived to develop a responsible management system. We are engaged in various ways to progressively strengthen our CSR management under the guidance of the CSR Committee chaired by the President & CEO. We will continue to promote active disclosure practices so as to reach out to our stakeholders based in many locations around the world. We have already implemented measures through the INPEX Advisory Committee to reinforce our corporate governance from a global perspective, and will continue to strengthen internal management with the implementation of the Corporate Governance Code on June 1, 2015.

ii) Strengthening Health, Safety and Environment (HSE) Initiatives

We have organized our HSE management system based on global standards, and through the implementation of HSE activities, we have strived to ensure the safety and health of stakeholders involved in our business and to protect the environment. As for safety and health, we are implementing occupational safety control at drilling, construction and operational sites, instilling process safety management practices essential for preventing major incidents and disaster and managing the health of employees. We are also actively working on enhancing HSE competency through HSE training and personnel development, as well as the preparing emergency response manuals and strengthening corporate preparedness through emergency response drills. In the area of environmental protection, we are making every effort to minimize the impact of our activities on the environment particularly in terms of global warming by means of greenhouse gas emissions control, prevention of air pollution and water contamination, chemical substance control, effective utilization of water resources, prevention of soil pollution, waste management and biodiversity conservation. Through our global initiatives, we will continue to suitably address and evaluate health and security risks in every country and area in which we operate, and implement measures to mitigate risks.

Based on its mission of contributing to the advancement of society through the stable and efficient supply of energy and through the implementation of activities outlined in its Vision, the INPEX Group will improve its corporate value over the long term with a view to securing sustainable growth.

## 4. Basic Rationale for Selection of Accounting Standards

The INPEX Group has been analyzing the differences between International Financial Reporting Standards (IFRS) and accounting principles generally accepted in Japan. The Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

**5. Consolidated Financial Statements**

(1) Consolidated Balance Sheet

(Millions of yen)

| Accounts | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| (Assets) | | |
| Current assets | | |
| Cash and deposits | 922,683 | 772,528 |
| Accounts receivable-trade | 77,209 | 56,462 |
| Marketable securities | 162,289 | — |
| Inventories | ※1 31,652 | ※1 35,915 |
| Deferred tax assets | 4,955 | 2,852 |
| Accounts receivable-other | 110,314 | 84,650 |
| Other | 46,211 | 45,012 |
| Less allowance for doubtful accounts | (12,905) | (13,076) |
| Total current assets | 1,342,409 | 984,345 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures, net | 138,010 | 124,900 |
| Wells, net | 36,391 | 51,257 |
| Machinery, equipment and vehicles, net | 109,686 | 130,796 |
| Land | 19,869 | 19,673 |
| Construction in progress | 1,173,409 | 1,407,490 |
| Other, net | 20,254 | 18,495 |
| Total tangible fixed assets | ※2,※4,※5 1,497,621 | ※2,※5 1,752,614 |
| Intangible assets | | |
| Goodwill | 74,319 | 67,558 |
| Exploration and development rights | 134,809 | 146,262 |
| Mining rights | 238,316 | 318,438 |
| Other | 11,324 | 9,212 |
| Total intangible assets | 458,769 | 541,471 |
| Investments and other assets | | |
| Investment securities | ※3,※4 284,090 | ※3,※4 213,730 |
| Long-term loans receivable | 126,516 | 4,230 |
| Long-term time deposits | 120,270 | 202,842 |
| Recoverable accounts under production sharing | 703,291 | 727,771 |
| Deferred tax assets | 22,848 | 13,105 |
| Other | ※3,※4 76,168 | 71,357 |
| Less allowance for doubtful accounts | (8,398) | (7,814) |
| Less allowance for recoverable accounts under production sharing | (121,707) | (131,765) |
| Less allowance for investments in exploration | (2,727) | (2,046) |
| Total investments and other assets | 1,200,352 | 1,091,410 |
| Total fixed assets | 3,156,743 | 3,385,496 |
| Total assets | 4,499,153 | 4,369,841 |

(Millions of yen)

| Accounts | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| (Liabilities) | | |
| Current liabilities | | |
| Accounts payable-trade | 53,474 | 47,351 |
| Short-term loans | ※4 33,206 | 68,468 |
| Income taxes payable | 60,185 | 42,845 |
| Accounts payable-other | ※4 113,567 | ※4 79,621 |
| Provision for exploration projects | 9,492 | 4,781 |
| Accrued bonuses to officers | 70 | 55 |
| Asset retirement obligations | 1,093 | 2,233 |
| Other | 94,122 | 73,769 |
| Total current liabilities | 365,212 | 319,127 |
| Long-term liabilities | | |
| Long-term debt | ※4 643,951 | 673,098 |
| Deferred tax liabilities | 77,917 | 56,044 |
| Provision for loss on business | 9,080 | 4,737 |
| Accrued special repair and maintenance | 227 | 293 |
| Liability for retirement benefits | 6,700 | 7,461 |
| Asset retirement obligations | 105,234 | 100,829 |
| Other | ※4 2,126 | 29,445 |
| Total long-term liabilities | 845,238 | 871,911 |
| Total liabilities | 1,210,450 | 1,191,038 |
| (Net assets) | | |
| Shareholders' equity | | |
| Common stock | 290,809 | 290,809 |
| Capital surplus | 679,287 | 676,273 |
| Retained earnings | 1,584,645 | 1,575,136 |
| Treasury stock | (5,248) | (5,248) |
| Total shareholders' equity | 2,549,494 | 2,536,971 |
| Accumulated other comprehensive income | | |
| Unrealized holding gain on securities | 46,049 | 4,958 |
| Unrealized loss from hedging instruments | (36,423) | (6,660) |
| Translation adjustments | 507,560 | 397,622 |
| Total accumulated other comprehensive income | 517,185 | 395,921 |
| Non-controlling interests | 222,023 | 245,910 |
| Total net assets | 3,288,703 | 3,178,803 |
| Total liabilities and net assets | 4,499,153 | 4,369,841 |

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

Consolidated Statement of Income

(Millions of yen)

| Accounts | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| Net sales | 1,171,226 | 1,009,564 |
| Cost of sales | ※2 525,443 | ※2 526,757 |
| Gross profit | 645,782 | 482,806 |
| Exploration expenses | 23,238 | 6,166 |
| Selling, general and administrative expenses | ※1,※2 87,657 | ※1,※2 86,500 |
| Operating income | 534,886 | 390,139 |
| Other income | | |
| Interest income | 11,226 | 10,751 |
| Dividend income | 6,669 | 10,825 |
| Gain on sales of marketable securities | 18,146 | 25,986 |
| Foreign exchange gain | 19,562 | 2,964 |
| Other | 46,159 | 19,406 |
| Total other income | 101,763 | 69,934 |
| Other expenses | | |
| Interest expense | 2,946 | 4,198 |
| Equity in losses of affiliates | 13,443 | 20,696 |
| Provision for allowance for recoverable accounts under production sharing | 19,449 | 25,026 |
| Provision for exploration projects | 835 | 335 |
| Loss on disposal of fixed assets | 6,258 | 13,288 |
| Other | 18,561 | 21,756 |
| Total other expenses | 61,494 | 85,301 |
| Ordinary income | 575,155 | 374,771 |
| Extraordinary loss | | |
| Impairment loss | ※3 35,132 | ※3 45,884 |
| Total extraordinary loss | 35,132 | 45,884 |
| Income before income taxes | 540,022 | 328,887 |
| Income taxes-current | 448,658 | 356,585 |
| Income taxes-deferred | 15,767 | (2,192) |
| Total income taxes | 464,425 | 354,393 |
| Net income (loss) | 75,597 | (25,505) |
| Net loss attributable to non-controlling interests | (2,222) | (42,282) |
| Net income attributable to owners of parent | 77,820 | 16,777 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| Accounts | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| Net income (loss) | 75,597 | (25,505) |
| Other comprehensive income | | |
| Unrealized holding gain (loss) on securities | 1,315 | (41,094) |
| Translation adjustments | 244,018 | (129,078) |
| Share of other comprehensive income of affiliates accounted for by the equity method | (13,951) | 29,310 |
| Total other comprehensive income | ※1 231,382 | ※1 (140,862) |
| Comprehensive income | 306,979 | (166,368) |
| Total comprehensive income attributable to | | |
| Owners of parent | 301,622 | (104,487) |
| Non-controlling interests | 5,356 | (61,881) |

(3) Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2015

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total Shareholders' equity |
| Balance at the beginning of the period | 290,809 | 679,287 | 1,532,876 | (5,248) | 2,497,725 |
| Cumulative effects of changes in accounting policies | | | 235 | | 235 |
| Restated balance | 290,809 | 679,287 | 1,533,111 | (5,248) | 2,497,961 |
| Changes during the period | | | | | |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | — |
| Cash dividends paid | | | (26,286) | | (26,286) |
| Net income attributable to owners of parent | | | 77,820 | | 77,820 |
| Net changes in items other than those in shareholders' equity | | | | | |
| Total changes during the period | — | — | 51,533 | — | 51,533 |
| Balance at the end of the period | 290,809 | 679,287 | 1,584,645 | (5,248) | 2,549,494 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Unrealized holding gain on securities | Unrealized loss from hedging instruments | Translation adjustments | Total accumulated other comprehensive income | | |
| Balance at the beginning of the period | 44,737 | (17,578) | 266,224 | 293,382 | 204,928 | 2,996,036 |
| Cumulative effects of changes in accounting policies | | | | | | 235 |
| Restated balance | 44,737 | (17,578) | 266,224 | 293,382 | 204,928 | 2,996,272 |
| Changes during the period | | | | | | |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | | — |
| Cash dividends paid | | | | | | (26,286) |
| Net income attributable to owners of parent | | | | | | 77,820 |
| Net changes in items other than those in shareholders' equity | 1,311 | (18,845) | 241,335 | 223,802 | 17,094 | 240,897 |
| Total changes during the period | 1,311 | (18,845) | 241,335 | 223,802 | 17,094 | 292,431 |
| Balance at the end of the period | 46,049 | (36,423) | 507,560 | 517,185 | 222,023 | 3,288,703 |

For the year ended March 31, 2016

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total Shareholders' equity |
| Balance at the beginning of the period | 290,809 | 679,287 | 1,584,645 | (5,248) | 2,549,494 |
| Cumulative effects of changes in accounting policies | | | | | – |
| Restated balance | 290,809 | 679,287 | 1,584,645 | (5,248) | 2,549,494 |
| Changes during the period | | | | | |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | (3,014) | | | (3,014) |
| Cash dividends paid | | | (26,286) | | (26,286) |
| Net income attributable to owners of parent | | | 16,777 | | 16,777 |
| Net changes in items other than those in shareholders' equity | | | | | |
| Total changes during the period | – | (3,014) | (9,509) | – | (12,523) |
| Balance at the end of the period | 290,809 | 676,273 | 1,575,136 | (5,248) | 2,536,971 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Unrealized holding gain on securities | Unrealized loss from hedging instruments | Translation adjustments | Total accumulated other comprehensive income | | |
| Balance at the beginning of the period | 46,049 | (36,423) | 507,560 | 517,185 | 222,023 | 3,288,703 |
| Cumulative effects of changes in accounting policies | | | | | | – |
| Restated balance | 46,049 | (36,423) | 507,560 | 517,185 | 222,023 | 3,288,703 |
| Changes during the period | | | | | | |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | | (3,014) |
| Cash dividends paid | | | | | | (26,286) |
| Net income attributable to owners of parent | | | | | | 16,777 |
| Net changes in items other than those in shareholders' equity | (41,090) | 29,763 | (109,937) | (121,264) | 23,887 | (97,376) |
| Total changes during the period | (41,090) | 29,763 | (109,937) | (121,264) | 23,887 | (109,900) |
| Balance at the end of the period | 4,958 | (6,660) | 397,622 | 395,921 | 245,910 | 3,178,803 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| Accounts | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 540,022 | 328,887 |
| Depreciation and amortization | 52,520 | 86,791 |
| Impairment loss | 35,132 | 45,884 |
| Amortization of goodwill | 6,760 | 6,760 |
| Provision for allowance for recoverable accounts under production sharing | 20,307 | 29,843 |
| Provision for exploration projects | (600) | (4,399) |
| Other provisions | 3,419 | (4,352) |
| Liability for retirement benefits | (873) | 945 |
| Interest and dividend income | (17,895) | (21,579) |
| Interest expense | 2,946 | 3,464 |
| Foreign exchange loss (gain) | 3,973 | 15,085 |
| Equity in (earnings) losses of affiliates | 13,443 | 20,696 |
| Loss (gain) on sales of marketable securities | (18,146) | (25,986) |
| Recovery of recoverable accounts under production sharing (capital expenditures) | 75,585 | 64,199 |
| Recoverable accounts under production sharing (operating expenditures) | (60,763) | (45,833) |
| Accounts receivable-trade | 25,201 | 15,193 |
| Inventories | (797) | (2,551) |
| Accounts payable-trade | 6,309 | (4,389) |
| Accounts receivable-other | (1,440) | 41,632 |
| Accounts payable-other | (11,246) | (13,746) |
| Advances received | (125) | 2,882 |
| Other | (3,940) | 9,625 |
| Subtotal | 669,795 | 549,053 |
| Interest and dividends received | 28,194 | 31,446 |
| Interest paid | (2,376) | (3,205) |
| Income taxes paid | (478,863) | (393,586) |
| Net cash provided by (used in) operating activities | 216,749 | 183,707 |

(Millions of yen)

| Accounts | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| Cash flows from investing activities | | |
| Payments for time deposits | (326,025) | (544,330) |
| Proceeds from time deposits | 698,139 | 790,267 |
| Payments for long-term time deposits | (112,181) | (439,989) |
| Payments for purchases of tangible fixed assets | (448,381) | (476,788) |
| Proceeds from sales of tangible fixed assets | 245 | 1,131 |
| Payments for purchases of intangible assets | (15,445) | (26,897) |
| Proceeds from sales and redemptions of marketable securities | 214,527 | 175,584 |
| Payments for purchases of investment securities | (26,767) | (6,876) |
| Proceeds from sales and redemptions of investment securities | 68,937 | 27,700 |
| Investment in recoverable accounts under production sharing (capital expenditures) | (70,430) | (60,442) |
| Decrease (increase) in short-term loans receivable | (3,824) | (4,120) |
| Long-term loans made | (111,387) | (215,709) |
| Collection of long-term loans receivable | 259 | 384,759 |
| Payments for purchases of mining rights | (18,424) | (134,516) |
| Other | 69,672 | (13,305) |
| Net cash provided by (used in) investing activities | (81,086) | (543,534) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans | 1,489 | 92 |
| Proceeds from long-term debt | 27,712 | 127,120 |
| Repayments of long-term debt | (18,683) | (26,868) |
| Proceeds from non-controlling interests for additional shares | 16,730 | 87,279 |
| Cash dividends paid | (26,287) | (26,297) |
| Cash dividends paid to non-controlling interests | (4,991) | (4,524) |
| Other | (147) | (74) |
| Net cash provided by (used in) financing activities | (4,177) | 156,726 |
| Effect of exchange rate changes on cash and cash equivalents | 11,962 | (4,064) |
| Net increase (decrease) in cash and cash equivalents | 143,447 | (207,164) |
| Cash and cash equivalents at beginning of the period | 117,530 | 260,978 |
| Cash and cash equivalents at end of the period | ※1 260,978 | ※1 53,813 |

## (5) Notes to Consolidated Financial Statements

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

None

(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 65

Names of major subsidiaries;
Japan Oil Development Co., Ltd., INPEX Alpha, Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Gas British Columbia Ltd., JODCO Onshore Limited, INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Oil & Gas Australia Pty Ltd and INPEX Masela, Ltd.

During this period:
Number of companies newly included in the scope of consolidation: 2
Number of companies excluded from the scope of consolidation: 2

Details for the above changes:
1) JODCO Onshore Limited has been newly included due to establishment of the company.

2) INPEX Geothermal Sarulla, Ltd. has been newly included due to an increase in materiality of the company.

3) INPEX West of Shetland Limited and INPEX Nganzi DRC S.P.R.L.. have been excluded due to completion of liquidation.

Names of major non-consolidated subsidiaries:
Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V. and TELNITE CO., LTD.

(Reason for exclusion from the scope of consolidation)
Those companies are not consolidated because their total assets, total net sales, total net income (the equity portion) and total retained earnings (the equity portion) do not have significant impact on the consolidated financial statements.

Name of an entity that is not accounted for as our subsidiary even though the Company owns the majority vote:
Ichthys LNG Pty Ltd
(Reason for not accounted for as our subsidiary)
The Company owns the majority vote of Ichthys LNG Pty Ltd through INPEX Holdings Australia Pty Ltd. However, since both parties' affirmative votes are required for important resolutions based on the shareholders agreement between INPEX Holdings Australia Pty Ltd and TOTAL E&P Holding Ichthys, Ichthys LNG Pty Ltd is considered to be an affiliate accounted for by the equity method.

2. Application of equity method

Number of non-consolidated subsidiaries accounted for by the equity method: None
Number of affiliates accounted for by the equity method: 20
Names of major affiliates:
Angola Block 14 B.V., MI Berau B.V., Angola Japan Oil Co., Ltd., INPEX Offshore North Campos, Ltd. and Ichthys LNG Pty Ltd

During this period:
Number of companies newly included as affiliates accounted for by the equity method: 2
Number of companies excluded from affiliates accounted for by the equity method: 1

Details for the above changes:
1) PT Medco Geopower Sarulla and Sarulla Operations Ltd. have been newly included due to acquisition of shares.

2) ALBACORA JAPAO PETROLEO LTDA has been excluded due to completion of liquidation.

Names of major non-consolidated subsidiaries and 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. and Tangguh project management Co., Ltd.

(Reason for not applying the equity method)
These subsidiaries and affiliates are not accounted for by the equity method because their total net income (the equity portion) and total retained earnings (the equity portion) do not have significant impact on the consolidated financial statements.

Procedures for application of the equity method:
Regarding affiliates accounted for by the equity method having a different closing date from the consolidated closing date, the Company used the financial statements of each affiliate prepared as of its closing date. For certain affiliates, however, the Company used financial statements prepared for consolidation purposes as of the consolidated closing date.

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

4. Accounting policies
1) Valuation method for significant assets
(a) Securities
Other securities
With a determinable market value
Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving-average method.

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

(b) Derivatives
Fair value

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

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

2) Depreciation method of significant depreciable assets
(a) Tangible fixed assets (except leased assets)
Depreciation of overseas mining facilities is mainly computed by the unit-of-production method. For other tangible fixed assets, straight-line method of depreciation is applied.
Useful lives of significant fixed assets are as follows:
Buildings and structures: 2-60 years
Wells: 3 years
Machinery, equipment and vehicles: 2-22 years

(b) Intangible assets (except leased assets)

Exploration and development rights

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

Mining rights

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

Other

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

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

(c) Leased assets

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

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

3) Basis for significant allowances

(a) Allowance for doubtful accounts

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

(b) Allowance for recoverable accounts under production sharing

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

(c) Allowance for investments in exploration

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

(d) Provision for exploration projects

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

(e) Accrued bonuses to officers

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

(f) Provision for loss on business

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

(g) Accrued special repair and maintenance

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

4) Accounting for retirement benefits

(a) Method of attributing expected retirement benefits to proper periods

When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through March 31, 2016. Because certain subsidiaries are classified as small enterprises, a simplified method (the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) is applied for the calculation of the retirement benefit obligation for those subsidiaries.

(b) Method of recognizing for actuarial differences

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

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

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gain or loss is credited or charged to income.

The revenue and expense accounts of the overseas subsidiaries are translated into yen at the average rates of exchange during the period. The balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date. Translation differences are presented as a component of translation adjustments and non-controlling interests.

6) Accounting for major hedge transactions

(a) Hedge accounting

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

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest payments on borrowings

(c) Hedging policy

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

(d) Hedge effectiveness assessment method

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

7) Amortization of Goodwill

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

8) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash (cash and cash equivalents) in the consolidated statement of cash flows 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.

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

(Changes in Accounting Policies)

Effective from the year ended March 31, 2016, the Company has applied the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No.21, issued on September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued on September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on September 13, 2013), and other standards.

Accordingly, any difference arising from changes in the Company's ownership interest in a subsidiary when the Company retains control over the subsidiary is recognized in capital surplus, and acquisition-related costs are expensed in the fiscal year in which the costs are incurred.

As for business combinations executed at or after the beginning of the year ended March 31, 2016, adjustments to the allocation of acquisition costs after the confirmation of the provisional accounting treatment are reflected in the consolidated financial statements for the fiscal year which includes the acquisition date.

In addition, the presentation method of net income was amended and "minority interests" was renamed "non-controlling interests".

To reflect these changes in presentation, consolidated financial statements for the year ended March 31, 2015 have been reclassified.

The Company has applied these standards from the beginning of the year ended March 31, 2016 in accordance with transitional treatments as stated in Section 58-2(4) of the "Revised Accounting Standard for Business Combinations", Section 44-5(4) of the "Revised Accounting Standard for Consolidated Financial Statements", and Section 57-4(4) of the "Revised Accounting Standard for Business Divestitures".

As a result, capital surplus decreased by ¥3,014 million as of March 31, 2016. The impact on the profit and loss for the year ended March 31, 2016 was immaterial.

(Changes in the Presentation)

(Consolidated Statement of Income)

"Gain on transfer of mining rights", previously presented separately in other income, is included in "Other" since it has become less significant.

As a result, ¥27,520 million which was recorded as "Gain on transfer of mining rights" in other income on the consolidated statement of income in the previous fiscal year is reclassified as "Other".

(Consolidated Statement of Cash Flows)

"Gain on transfer of mining rights", previously presented separately in cash flows from operating activities, is included in "Other" since it has become less significant. "Proceeds from transfer of mining rights", previously presented separately in cash flows from investing activities, is included in "Other" since it has become less significant.

As a result, ¥(27,520) million which was recorded as "Gain on transfer of mining rights" in cash flows from operating activities on the consolidated statement of cash flows in the previous fiscal year is reclassified as "Other". ¥59,405 million which was recorded as "Proceeds from transfer of mining rights" in cash flows from investing activities is reclassified as "Other".

(Consolidated Balance Sheet)

*1 Major accounts included in inventories

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Merchandise and finished goods | 9,162 | 7,910 |
| Work in process | 344 | 643 |
| Raw materials and supplies | 22,145 | 27,361 |

*2 Accumulated depreciation of tangible fixed assets

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Accumulated depreciation of tangible fixed assets | ¥ 683,230 million | ¥ 700,783 million |

*3 The Company has the following investments in subsidiaries and affiliates.

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Investment securities (equities) | 132,377 | 120,068 |
| (of which investment in jointly controlled entities) | (84) | (7,124) |
| Other (investments and other assets) | 74 | － |

*4 Assets provided as collateral and collateral-backed debt are as follows:

Collateralized Assets

| | As of March 31, 2015 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | | Millions of yen | | Millions of yen |
| Buildings and structures | 1,975 | (1,975) | － | (－) |
| Wells | 48 | (48) | － | (－) |
| Machinery, equipment and vehicles | 6,968 | (6,968) | － | (－) |
| Other (tangible fixed assets) | 11 | (11) | － | (－) |
| Investment securities | 1,020 | (－) | 7,744 | (－) |
| Other (investments and other assets) | 217 | (－) | － | (－) |
| Total | 10,241 | (9,004) | 7,744 | (－) |

Secured debt

| | As of March 31, 2015 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | Millions of yen | | Millions of yen | |
| Short-term loans | 490 | (474) | ー | (ー) |
| Accounts payable-other | 509 | (ー) | 531 | (ー) |
| Long-term debt | 1 | (ー) | ー | (ー) |
| Others (long-term liabilities) | 16 | (ー) | ー | (ー) |
| Total | 1,018 | (474) | 531 | (ー) |

Amounts in parentheses () above represent foundation collateral and liabilities.

In addition, the followings are pledged as collateral for the Ichthys LNG project financing and the BTC pipeline project financing.

The Ichthys LNG project financing

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Cash and deposits | 3,875 | 1,507 |
| Inventories | 4,729 | 8,861 |
| Other (current assets) | 2,462 | 15,113 |
| Land | 160 | 150 |
| Construction in progress | 752,019 | 945,517 |
| Long-term loans receivable | 9,680 | ー |
| Total | 772,926 | 971,150 |

The BTC pipeline project financing

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Investment securities | ¥ 7,294 million | ¥ 7,294 million |

*5 Accumulated advanced depreciation deducted from acquisition costs of fixed assets related to contribution and others

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Buildings and structures | 1,393 | 1,393 |
| Machinery, equipment and vehicles | 226 | 221 |
| Land | 84 | 84 |

6 Contingent liabilities

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

| As of March 31, 2015 | | As of March 31, 2016 | |
|---|---|---|---|
| | Millions of yen | | Millions of yen |
| Tangguh Trustee*2 | 16,168 | Ichthys LNG Pty Ltd*1 | 470,635 |
| Fujian Tranche*2 | 5,731 | Tangguh Trustee*2 | 13,125 |
| Sakhalin Oil and Gas Development Co., Ltd. | 1,914 | Fujian Tranche*2 | 4,653 |
| INPEX Offshore North Campos, Ltd. | 1,260 | Sakhalin Oil and Gas Development Co., Ltd. | 1,924 |
| Japan Canada Oil Sands Limited | 676 | INPEX Offshore North Campos, Ltd. | 590 |
| Oceanic Breeze LNG Transport S.A. | 125 | Japan Canada Oil Sands Limited | 1,690 |
| Employees (housing loans) | 92 | Oceanic Breeze LNG Transport S.A. | 215 |
| | | Employees (housing loans) | 63 |
| Total | 25,969 | | 492,898 |

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

*2 Debt for investment funds of Tangguh LNG project through MI Berau B.V. and MI Berau Japan Ltd.

(2) Guarantee for derivatives

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Ichthys LNG Pty Ltd | ¥ (36,433) million | ¥ (7,643) million |

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

(3) Completion guarantee

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

The portion guaranteed by the Company is as follows:

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Completion guarantee (the Company's portion) | ¥ 958,502 million | ¥ 901,540 million |

(Consolidated Statement of Income)

*1 Major accounts included in selling, general and administrative expenses are as follows:

| | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Personnel expenses | 22,324 | 22,641 |
| (Including provision for accrued retirement benefits to employees | 19 | 1,386) |
| (Including provision for accrued bonuses to officers | 77 | 53) |
| Taxes | 5,691 | 4,109 |
| Freight expenses | 9,801 | 11,176 |
| Depreciation expenses | 24,518 | 25,113 |
| Amortization of goodwill | 6,760 | 6,760 |

*2 Research and development expenses included in general and administrative expenses and production cost:

| | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| | ¥ 85 million | ¥ 754 million |

*3 Impairment loss

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

For the year ended March 31, 2015

| Use | Location | Classification | Impairment loss (Millions of yen) |
|---|---|---|---|
| Assets related to Joslyn Oil Sands Lease Block | Alberta, Canada | Other (Tangible fixed assets) | 13,359 |
| | | Mining rights | 14,231 |
| | | Subtotal | 27,590 |
| Assets related to JPDA06-105 Block (Kitan Oil Field) | Timor Sea Joint Petroleum Development Area (JPDA), the Commonwealth of Australia / the Democratic Republic of Timor-Leste | Wells | 348 |
| | | Machinery, equipment and vehicles | 629 |
| | | Construction in progress | 6,111 |
| | | Other (Investments and other assets) | 452 |
| | | Subtotal | 7,541 |
| Total | | | 35,132 |

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

For the year ended March 31, 2016

| Use | Location | Classification | Impairment loss (Millions of yen) |
|---|---|---|---|
| Assets related to Keathley Canyon Blocks 874/875/918/919 (Lucius Oil Field) | U.S. Gulf of Mexico | Wells | 2,335 |
| | | Machinery, equipment and vehicles | 4,378 |
| | | Mining rights | 19,735 |
| | | Subtotal | 26,450 |
| Assets related to JPDA06-105 Block (Kitan Oil Field) | Timor Sea Joint Petroleum Development Area (JPDA), the Commonwealth of Australia / the Democratic Republic of Timor-Leste | Wells | 2,701 |
| | | Machinery, equipment and vehicles | 2,517 |
| | | Construction in progress | 2,184 |
| | | Subtotal | 7,403 |
| Assets related to the shale gas project in the Horn River area | British Columbia, Canada | Buildings and structures | 392 |
| | | Wells | 2,858 |
| | | Machinery, equipment and vehicles | 744 |
| | | Mining rights | 471 |
| | | Other | 104 |
| | | Subtotal | 4,570 |
| Assets related to Copa Macoya Block | Bolivarian Republic of Venezuela | Buildings and structures | 73 |
| | | Wells | 945 |
| | | Machinery, equipment and vehicles | 76 |
| | | Construction in progress | 2,587 |
| | | Other | 2 |
| | | Subtotal | 3,685 |
| Assets related to Abu Al Bukhoosh Block | UAE | Buildings and structures | 75 |
| | | Wells | 1,201 |
| | | Machinery, equipment and vehicles | 1,294 |
| | | Construction in progress | 576 |
| | | Other | 42 |
| | | Subtotal | 3,191 |
| Other | | | 583 |
| Total | | | 45,884 |

The recoverable amount of the assets related to Keathley Canyon Blocks 874/875/918/919 (Lucius Oil Field), the shale gas project in the Horn River area and Abu Al Bukhoosh Block is reasonably estimated by discounting the future cash flows at a rate of 6.5%. The recoverable amount of the assets related to JPDA06-105 Block (Kitan Oil Field) and Copa Macoya Block is estimated at zero.

(Consolidated Statement of Comprehensive Income)

*1 Reclassification adjustments and income tax effects allocated to each component of other comprehensive income

| | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Unrealized holding gain (loss) on securities | | |
| Amount recognized during the period | 26,405 | (15,819) |
| Amount of reclassification adjustment | (24,355) | (27,567) |
| Before income tax effect | 2,049 | (43,387) |
| Amount of income tax effect | (734) | 2,293 |
| Unrealized holding gain (loss) on securities | 1,315 | (41,094) |
| Translation adjustments | | |
| Amount recognized during the period | 244,018 | (128,941) |
| Amount of reclassification adjustment | ― | (137) |
| Translation adjustments | 244,018 | (129,078) |
| Share of other comprehensive income of affiliates accounted for by the equity method | | |
| Amount recognized during the period | (28,436) | 8,667 |
| Amount of reclassification adjustment | 2,238 | (153) |
| Adjustment for acquisition cost of assets | 12,246 | 20,796 |
| Share of other comprehensive income of affiliates accounted for by the equity method | (13,951) | 29,310 |
| Total other comprehensive income | 231,382 | (140,862) |

(Consolidated Statement of Changes in Net Assets)
For the year ended March 31, 2015

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

| | Balance as of April 1, 2014 | Increase | Decrease | Balance as of March 31, 2015 |
|---|---|---|---|---|
| Number of shares | | | | |
| Common stock | 1,462,323,600 | – | – | 1,462,323,600 |
| Class A stock | 1 | – | – | 1 |
| Total | 1,462,323,601 | – | – | 1,462,323,601 |
| Treasury stock | | | | |
| Common stock | 1,966,400 | – | – | 1,966,400 |
| Total | 1,966,400 | – | – | 1,966,400 |

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) | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary general meeting of shareholders June 25, 2014 | Common stock | 13,143 | 9 | March 31, 2014 | June 26, 2014 |
| | Class A stock | 0 | 3,600 | March 31, 2014 | June 26, 2014 |
| Board of directors' meeting November 7, 2014 | Common stock | 13,143 | 9 | September 30, 2014 | December 1, 2014 |
| | Class A stock | 0 | 3,600 | September 30, 2014 | December 1, 2014 |

(2) Dividends, whose record date was in the year ended March 31, 2015, and whose effective date will be in the next fiscal year

| Resolution | Type of share | Source of dividends | Cash dividends paid (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary general meeting of shareholders June 24, 2015 | Common stock | Retained earnings | 13,143 | 9 | March 31, 2015 | June 25, 2015 |
| | Class A stock | Retained earnings | 0 | 3,600 | March 31, 2015 | June 25, 2015 |

For the year ended March 31, 2016

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

| | Balance as of April 1, 2015 | Increase | Decrease | Balance as of March 31, 2016 |
|---|---|---|---|---|
| Number of shares | | | | |
| Common stock | 1,462,323,600 | – | – | 1,462,323,600 |
| Class A stock | 1 | – | – | 1 |
| Total | 1,462,323,601 | – | – | 1,462,323,601 |
| Treasury stock | | | | |
| Common stock | 1,966,400 | – | – | 1,966,400 |
| Total | 1,966,400 | – | – | 1,966,400 |

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) | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary general meeting of shareholders June 24, 2015 | Common stock | 13,143 | 9 | March 31, 2015 | June 25, 2015 |
| | Class A stock | 0 | 3,600 | March 31, 2015 | June 25, 2015 |
| Board of directors' meeting November 10, 2015 | Common stock | 13,143 | 9 | September 30, 2015 | December 1, 2015 |
| | Class A stock | 0 | 3,600 | September 30, 2015 | December 1, 2015 |

(2) Dividends, whose record date was in the year ended March 31, 2016, and whose effective date will be in the next fiscal year

| Resolution | Type of share | Source of dividends | Cash dividends paid (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary general meeting of shareholders June 28, 2016 | Common stock | Retained earnings | 13,143 | 9 | March 31, 2016 | June 29, 2016 |
| | Class A stock | Retained earnings | 0 | 3,600 | March 31, 2016 | June 29, 2016 |

(Consolidated Statement of Cash Flows)

*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, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Cash and deposits | 922,683 | 772,528 |
| Time deposits for more than three months and others | (661,705) | (718,715) |
| Cash and cash equivalents | 260,978 | 53,813 |

2 Significant non-cash transactions

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

Significant asset retirement obligations newly recorded were ¥69,253 million.

For the year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

None

(Segment Information and Others)

(Segment information)

1. Overview of reportable segments

The reportable segments for the Group's oil and natural gas development activities are composed of individual mining area and others for which separate financial information is available in order for the Board of Directors to make Group management decisions.

Since the Group operates oil and natural gas businesses globally, the Group's reportable segments are the mining areas and others by geographical region, categorized in "Japan", "Asia & Oceania" (mainly Indonesia, Australia and East Timor), "Eurasia (Europe & NIS)" (mainly Azerbaijan), "Middle East & Africa" (mainly UAE) and "Americas."

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

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

Accounting policies for the reportable segments are substantially the same as those described in "Basis of Presenting Consolidated Financial Statements."

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

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(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 | 129,521 | 409,775 | 94,049 | 524,528 | 13,351 | 1,171,226 | — | 1,171,226 |
| (2) Intercompany sales and transfers between segments | — | — | — | — | — | — | — | — |
| Total | 129,521 | 409,775 | 94,049 | 524,528 | 13,351 | 1,171,226 | — | 1,171,226 |
| Segment income (loss) | 16,692 | 178,225 | 32,227 | 333,213 | (15,302) | 545,056 | (10,169) | 534,886 |
| Segment assets | 292,960 | 1,677,806 | 557,563 | 253,120 | 305,996 | 3,087,447 | 1,411,706 | 4,499,153 |
| Other items | | | | | | | | |
| Depreciation and amortization | 20,651 | 6,366 | 9,899 | 9,900 | 4,334 | 51,153 | 1,366 | 52,520 |
| Amortization of goodwill | — | — | — | — | (192) | (192) | 6,952 | 6,760 |
| Investment to affiliates accounted for by the equity method | 1,596 | 61,160 | — | 54,096 | 1,197 | 118,050 | — | 118,050 |
| Increase of tangible fixed assets and intangible assets | 26,985 | 405,230 | 12,412 | 46,378 | 46,490 | 537,498 | 418 | 537,917 |

Note: 1. (1) Adjustments of segment income of ¥(10,169) million include elimination of inter-segment transactions of ¥209 million and corporate expenses of ¥(10,379) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

(2) Adjustments of segment assets of ¥1,411,706 million include elimination of inter-segment transactions of ¥(2,164) million and corporate assets of ¥1,413,871 million. Corporate assets are mainly goodwill, cash and deposits, marketable securities, investment securities and assets concerned with the administrative divisions that are not allocated to a reportable segment.

(3) Adjustments of depreciation and amortization of ¥1,366 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 ¥418 million consist mainly of capital expenditure to corporate assets.

2. Segment income is reconciled with operating income on the consolidated statement of income.

For the year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(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 | 109,601 | 302,871 | 66,851 | 516,513 | 13,726 | 1,009,564 | — | 1,009,564 |
| (2) Intercompany sales and transfers between segments | — | — | — | — | — | — | — | — |
| Total | 109,601 | 302,871 | 66,851 | 516,513 | 13,726 | 1,009,564 | — | 1,009,564 |
| Segment income (loss) | 12,096 | 97,204 | 13,831 | 290,865 | (14,001) | 399,996 | (9,856) | 390,139 |
| Segment assets | 338,026 | 1,729,119 | 576,842 | 412,576 | 165,633 | 3,222,199 | 1,147,642 | 4,369,841 |
| Other items | | | | | | | | |
| Depreciation and amortization | 20,642 | 23,170 | 10,142 | 14,755 | 16,439 | 85,151 | 1,639 | 86,791 |
| Amortization of goodwill | — | — | — | — | (192) | (192) | 6,952 | 6,760 |
| Investment to affiliates accounted for by the equity method | 1,683 | 73,327 | — | 35,535 | — | 110,546 | — | 110,546 |
| Increase of tangible fixed assets and intangible assets | 59,368 | 308,433 | 24,156 | 210,659 | 4,798 | 607,415 | 1,651 | 609,067 |

Note: 1. (1) Adjustments of segment income of ¥(9,856) million include elimination of inter-segment transactions of ¥202 million and corporate expenses of ¥(10,059) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.
(2) Adjustments of segment assets of ¥1,147,642 million include elimination of inter-segment transactions of ¥(1,971) million and corporate assets of ¥1,149,614 million. Corporate assets are mainly goodwill, cash and deposits, investment securities and assets concerned with the administrative divisions that are not allocated to a reportable segment.
(3) Adjustments of depreciation and amortization of ¥1,639 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 ¥1,651 million consist mainly of capital expenditure to corporate assets.
2. Segment income is reconciled with operating income on the consolidated statement of income.

(Relative information)

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

1. Products and service information

(Millions of yen)

| | Crude oil | Natural gas (excluding LPG) | LPG | Other | Total |
|---|---|---|---|---|---|
| Sales to third parties | 730,422 | 401,337 | 20,522 | 18,944 | 1,171,226 |

2. Geographical information

(1) Sales

(Millions of yen)

| Japan | Asia & Oceania | UAE | Other | Total |
|---|---|---|---|---|
| 627,068 | 514,863 | – | 29,294 | 1,171,226 |

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 |
|---|---|---|---|
| 252,746 | 985,770 | 259,104 | 1,497,621 |

3. Information by major customer

(Millions of yen)

| Customer | Sales | Relative reportable segment |
|---|---|---|
| ADNOC | – | Middle East & Africa |

For the year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

1. Products and service information

(Millions of yen)

| | Crude oil | Natural gas (excluding LPG) | LPG | Other | Total |
|---|---|---|---|---|---|
| Sales to third parties | 679,241 | 306,205 | 10,555 | 13,561 | 1,009,564 |

2. Geographical information

(1) Sales

(Millions of yen)

| Japan | Asia & Oceania | UAE | Other | Total |
|---|---|---|---|---|
| 491,204 | 378,393 | 102,493 | 37,472 | 1,009,564 |

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 |
|---|---|---|---|
| 291,248 | 1,209,074 | 252,291 | 1,752,614 |

3. Information by major customer

(Millions of yen)

| Customer | Sales | Relative reportable segment |
|---|---|---|
| ADNOC | 102,493 | Middle East & Africa |

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

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(Millions of yen)

| | Reportable segments | | | | | | Eliminations and other | Total |
|---|---|---|---|---|---|---|---|---|
| | Japan | Asia & Oceania | Eurasia (Europe & NIS) | Middle East & Africa | Americas | Total | | |
| Impairment loss | ― | 7,541 | ― | ― | 27,590 | 35,132 | ― | 35,132 |

For the year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(Millions of yen)

| | Reportable segments | | | | | | Eliminations and other | Total |
|---|---|---|---|---|---|---|---|---|
| | Japan | Asia & Oceania | Eurasia (Europe & NIS) | Middle East & Africa | Americas | Total | | |
| Impairment loss | ― | 7,403 | ― | 3,191 | 35,289 | 45,884 | ― | 45,884 |

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

For the year ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(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, 2015 | ― | ― | ― | ― | (2,162) | (2,162) | 76,482 | 74,319 |

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.

For the year ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(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, 2016 | ― | ― | ― | ― | (1,970) | (1,970) | 69,529 | 67,558 |

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)

None

(Financial Instruments)

1. Status of financial instruments

(1) Policy regarding financial instruments

The Company raises funds for oil and gas development and production, construction or expansion of gas infrastructure primarily from cash flow on hand and from bank loans. Oil and gas development projects are primarily funded from long-term loans that the Company has secured from the Japan Bank of International Cooperation, Japanese commercial banks and others. Japan Oil, Gas and Metals National Corporation has provided guarantees for the principal on certain outstanding amounts of the Company's long-term loans. The Development Bank of Japan and Japanese commercial banks have been providing long-term loans for the construction or expansion of domestic gas infrastructure. The Company generally borrows with variable interest rates, while some loans are with a fixed interest rate depending on the nature of each project. Regarding the financing policy, the Company manages funds mainly from deposits and government bonds, which are considered to be of low-risk and high-liquidity. The Company limits the use of derivative transactions for managing risks of forecasted transactions and portfolio assets, and does not engage in speculative derivative transactions.

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

(Credit risks related to trade receivables)

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

(Market price fluctuation risk related to securities)

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

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

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

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

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

(Management of derivative transactions)

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

(Management of the liquidity risk related to financing)

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

(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 sheets, fair value and the difference between them are as shown below. Items for which it is extremely difficult to determine market value are not included in the following table (Please refer to Note 2).

As of March 31, 2015 (Millions of yen)

| | Carrying value | Fair value | Difference |
|---|---|---|---|
| (1) Cash and deposits | 922,683 | 928,304 | 5,620 |
| (2) Accounts receivable-trade | 77,209 | 77,209 | — |
| (3) Marketable securities and investment securities | 280,592 | 280,592 | — |
| Total assets | 1,280,485 | 1,286,106 | 5,620 |
| (1) Short-term loans | 33,206 | 32,937 | (268) |
| (2) Long-term debt | 643,951 | 633,603 | (10,347) |
| Total liabilities | 677,157 | 666,541 | (10,616) |
| Derivatives (*) | 179 | 179 | — |

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

As of March 31, 2016 (Millions of yen)

| | Carrying value | Fair value | Difference |
|---|---|---|---|
| (1) Cash and deposits | 772,528 | 777,134 | 4,606 |
| (2) Accounts receivable-trade | 56,462 | 56,462 | — |
| (3) Marketable securities and investment securities | 61,423 | 61,423 | — |
| Total assets | 890,413 | 895,020 | 4,606 |
| (1) Short-term loans | 68,468 | 68,361 | (107) |
| (2) Long-term debt | 673,098 | 663,984 | (9,113) |
| Total liabilities | 741,567 | 732,346 | (9,221) |
| Derivatives (*) | (270) | (270) | — |

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

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

Assets

(1) Cash and deposits

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

(2) Accounts receivable-trade

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

(3) Marketable securities and investment securities

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

Liabilities

(1) Short-term loans

The estimated fair value of current portion of long-term debt included in short-term loans, is calculated by the same method as (2) Long-term debt. For the other short-term loans, the relevant carrying value is used since the item is settled in a short period of time and its market value is almost the same as the carrying value.

(2) Long-term debt

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

Derivatives

Please refer to "Derivative Transactions" section of the notes to consolidated financial statements.

Note 2: Carrying value of financial instruments for which it is extremely difficult to determine fair value

(Millions of yen)

| | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Unlisted securities | 33,409 | 32,239 |
| Stocks of subsidiaries and affiliates | 132,377 | 120,068 |

These financial instruments are not included in "Assets (3) Marketable securities and investment securities" as they have no quoted market prices and it is extremely difficult to determine their fair value. For shares of exploration companies, an allowance for investments in exploration is provided at an estimated amount based on the financial position of the investees.

Note 3: Redemption schedules for monetary assets and securities with maturity dates subsequent to the fiscal closing dates are as follows

As of March 31, 2015 (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 | 922,683 | ― | ― | ― |
| Accounts receivable-trade | 77,209 | ― | ― | ― |
| Marketable securities and investment securities | | | | |
| Other securities: | | | | |
| Public bonds | 17,000 | 14,000 | ― | ― |
| Corporate bonds | 35,800 | 21,100 | ― | ― |
| Other bonds | 18,040 | ― | ― | ― |
| Other | 66,096 | ― | ― | ― |
| Long-term time deposits | ― | 120,270 | ― | ― |
| Total | 1,136,829 | 155,370 | ― | ― |

As of March 31, 2016 (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 | 772,528 | ― | ― | ― |
| Accounts receivable-trade | 56,462 | ― | ― | ― |
| Investment securities | | | | |
| Other securities: | | | | |
| Public bonds | ― | ― | ― | ― |
| Corporate bonds | ― | 5,500 | ― | ― |
| Other bonds | ― | ― | ― | ― |
| Other | ― | ― | ― | ― |
| Long-term time deposits | ― | 202,842 | ― | ― |
| Total | 828,990 | 208,342 | ― | ― |

Note 4: Maturities for long-term loans payable, leased liabilities and other interest-bearing debt subsequent to the fiscal closing dates are as follows

As of March 31, 2015 (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 |
|---|---|---|---|---|
| Short-term loans | 6,763 | — | — | — |
| Long-term debt | 26,442 | 276,228 | 265,969 | 101,753 |
| Lease obligations | 68 | 145 | 1 | — |
| Total | 33,274 | 276,373 | 265,971 | 101,753 |

As of March 31, 2016 (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 |
|---|---|---|---|---|
| Short-term loans | 5,181 | — | — | — |
| Long-term debt | 63,287 | 329,726 | 252,262 | 91,109 |
| Lease obligations | 55 | 105 | 1 | — |
| Total | 68,524 | 329,831 | 252,263 | 91,109 |

(Securities)

1. Other securities

As of March 31, 2015 (Millions of yen)

| Type of securities | Acquisition cost | Carrying value | Unrealized gain (loss) |
|---|---|---|---|
| Securities with carrying values exceeding their acquisition costs | | | |
| (1) Stock | 34,623 | 52,081 | 17,458 |
| (2) Bonds | | | |
| Public bonds | 31,178 | 31,243 | 65 |
| Corporate bonds | 39,300 | 39,313 | 13 |
| Other | 12,549 | 18,243 | 5,693 |
| (3) Other | 73,495 | 106,737 | 33,242 |
| Subtotal | 191,147 | 247,619 | 56,472 |
| Securities with acquisition costs exceeding their carrying values | | | |
| (1) Stock | 17,765 | 15,374 | (2,390) |
| (2) Bonds | | | |
| Public bonds | — | — | — |
| Corporate bonds | 17,600 | 17,598 | (1) |
| Other | — | — | — |
| (3) Other | — | — | — |
| Subtotal | 35,365 | 32,973 | (2,392) |
| Total | 226,512 | 280,592 | 54,080 |

As of March 31, 2016 (Millions of yen)

| Type of securities | Acquisition cost | Carrying value | Unrealized gain (loss) |
|---|---|---|---|
| Securities with carrying values exceeding their acquisition costs | | | |
| (1) Stock | 14,582 | 22,888 | 8,306 |
| (2) Bonds | | | |
| Public bonds | — | — | — |
| Corporate bonds | 5,500 | 5,508 | 8 |
| Other | — | — | — |
| (3) Other | 2,461 | 4,970 | 2,509 |
| Subtotal | 22,543 | 33,368 | 10,824 |
| Securities with acquisition costs exceeding their carrying values | | | |
| (1) Stock | 33,676 | 28,054 | (5,621) |
| (2) Bonds | | | |
| Public bonds | — | — | — |
| Corporate bonds | — | — | — |
| Other | — | — | — |
| (3) Other | — | — | — |
| Subtotal | 33,676 | 28,054 | (5,621) |
| Total | 56,220 | 61,423 | 5,202 |

2. Other securities sold for the fiscal years

For the year ended March 31, 2015 (Millions of yen)

| Type of securities | Proceeds from sales | Gain on sales | Loss on sales |
|---|---|---|---|
| (1) Stock | — | — | — |
| (2) Bonds | | | |
| Public bonds | 91,741 | 357 | 9 |
| Corporate bonds | — | — | — |
| Other | — | — | — |
| (3) Other | 84,071 | 18,053 | — |
| Total | 175,813 | 18,411 | 9 |

For the year ended March 31, 2016 (Millions of yen)

| Type of securities | Proceeds from sales | Gain on sales | Loss on sales |
|---|---|---|---|
| (1) Stock | — | — | — |
| (2) Bonds | | | |
| Public bonds | 31,205 | 59 | — |
| Corporate bonds | 30,906 | 8 | 2 |
| Other | — | — | — |
| (3) Other | 102,666 | 31,632 | — |
| Total | 164,777 | 31,700 | 2 |

(Derivative Transactions)

1. Derivatives not subject to hedge accounting

(1) Derivatives related to foreign currency

As of March 31, 2015 (Millions of yen)

| | Type of derivatives | Contract amounts | Due after one year | Fair value | Valuation gain (loss) |
|---|---|---|---|---|---|
| Over-the-counter transactions | Foreign exchange forwards<br>Sell CAD<br>Buy USD | 35,264 | – | 179 | 179 |

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

As of March 31, 2016 (Millions of yen)

| | Type of derivatives | Contract amounts | Due after one year | Fair value | Valuation gain (loss) |
|---|---|---|---|---|---|
| Over-the-counter transactions | Foreign exchange forwards<br>Sell CAD<br>Buy USD | 37,451 | – | (270) | (270) |

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

2. Derivatives subject to hedge accounting

(1) Derivatives related to interest rate

As of March 31, 2015 (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 | 4,760 | 4,760 | (*) |

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

As of March 31, 2016 (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 | 4,760 | 4,760 | (*) |

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

(Per Share Information)

Net assets excluding non-controlling interests per share, net income per share and the calculation basis are as follows:

| | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| (1) Net assets excluding non-controlling interests per share | ¥ 2,099.95 | ¥ 2,008.34 |

| | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| (2) Net income per share | ¥ 53.29 | ¥ 11.49 |
| (Calculation basis) | | |
| Net income attributable to owners of parent (Millions of yen) | 77,820 | 16,777 |
| Amount not attributable to common shareholders (Millions of yen) | 0 | 0 |
| (of which Net income attributable to owners of parent related to Class A stock) | (0) | (0) |
| Net income attributable to owners of parent related to common shareholders (Millions of yen) | 77,819 | 16,777 |
| Average number of common stock (shares) | 1,460,357,200 | 1,460,357,200 |

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

(Significant Subsequent Events)

None

(Omissions of Disclosure)

With respect to information for standards issued but not effective, 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.

## 6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Millions of yen)

| Accounts | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| (Assets) | | |
| Current assets | | |
| Cash and deposits | 884,704 | 753,729 |
| Accounts receivable-trade | 26,196 | 16,962 |
| Marketable securities | 162,289 | — |
| Finished goods | 2,655 | 2,588 |
| Work in process and partly-finished construction | 166 | 377 |
| Raw materials and supplies | 9,498 | 12,833 |
| Advance payments-trade | 25 | 108 |
| Prepaid expenses | 637 | 2,796 |
| Deferred tax assets | — | 295 |
| Short-term loans receivable from subsidiaries and affiliates | 156,170 | 195,708 |
| Other | 58,839 | 46,415 |
| Allowance for doubtful accounts | (6,533) | (10,191) |
| Allowance for investments in exploration | (13,099) | (14,961) |
| Total current assets | 1,281,550 | 1,006,661 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings, net | 15,946 | 15,564 |
| Structures, net | 111,393 | 100,628 |
| Wells, net | 213 | 581 |
| Machinery and equipment, net | 63,124 | 60,511 |
| Vehicles, net | 37 | 31 |
| Tools, furniture and fixtures, net | 3,379 | 3,029 |
| Land | 17,051 | 17,467 |
| Leased assets, net | 164 | 111 |
| Construction in progress | 42,755 | 94,887 |
| Total tangible fixed assets | 254,066 | 292,813 |
| Intangible assets | | |
| Goodwill | 76,482 | 69,529 |
| Mining right | 2 | 2 |
| Software | 2,468 | 2,428 |
| Other | 4,555 | 4,270 |
| Total intangible assets | 83,508 | 76,230 |

(Millions of yen)

| Accounts | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Investments and other assets | | |
| Investment securities | 134,565 | 78,118 |
| Investments in stock of subsidiaries and affiliates | 1,465,761 | 1,493,189 |
| Investments in capital of subsidiaries and affiliates | 0 | — |
| Long-term loans receivable from employees | 29 | 21 |
| Long-term loans receivable from subsidiaries and affiliates | 197,470 | 222,426 |
| Long-term prepaid expenses | 347 | 131 |
| Long-term time deposits | 120,270 | 202,842 |
| Recoverable accounts under production sharing | 101,564 | 95,827 |
| Other | 12,079 | 8,187 |
| Allowance for doubtful accounts | (104) | (11,298) |
| Allowance for recoverable accounts under production sharing | (805) | (5,027) |
| Allowance for investments in exploration | (134,202) | (131,204) |
| Total investments and other assets | 1,896,974 | 1,953,214 |
| Total fixed assets | 2,234,548 | 2,322,258 |
| Total assets | 3,516,098 | 3,328,919 |
| (Liabilities) | | |
| Current liabilities | | |
| Accounts payable-trade | 3,378 | 2,543 |
| Current portion of long-term debt | 7,760 | 9,096 |
| Lease obligations | 53 | 44 |
| Accounts payable-other | 15,764 | 11,457 |
| Accrued expenses | 3,269 | 3,398 |
| Income taxes payable | 22,752 | 8,529 |
| Deferred tax liabilities | 832 | — |
| Advances received | 65 | 2,396 |
| Deposits payable | 323 | 308 |
| Deposits received from subsidiaries and affiliates | 796,573 | 593,474 |
| Accrued bonuses to officers | 68 | 55 |
| Asset retirement obligations | 890 | 158 |
| Other | 12 | 406 |
| Total current liabilities | 851,746 | 631,868 |

(Millions of yen)

| Accounts | As of March 31, 2015 | As of March 31, 2016 |
|---|---|---|
| Long-term liabilities | | |
| Long-term debt | 224,872 | 332,921 |
| Lease obligations | 120 | 76 |
| Deferred tax liabilities | 5,982 | 2,877 |
| Accrued retirement benefits to employees | 6,106 | 7,043 |
| Provision for loss on business | 9,080 | 4,737 |
| Provision for loss on business of subsidiaries and affiliates | 16,567 | 6,196 |
| Asset retirement obligations | 2,331 | 2,950 |
| Other | 627 | 327 |
| Total long-term liabilities | 265,687 | 357,130 |
| Total liabilities | 1,117,434 | 988,999 |
| (Net assets) | | |
| Shareholders' equity | | |
| Common stock | 290,809 | 290,809 |
| Capital surplus | | |
| Legal capital surplus | 1,023,802 | 1,023,802 |
| Total capital surplus | 1,023,802 | 1,023,802 |
| Retained earnings | | |
| Other retained earnings | | |
| Reserve for advanced depreciation of non-current assets | 70 | 225 |
| Reserve for special depreciation | 10,942 | 7,480 |
| Reserve for overseas investment loss | 34,834 | 35,226 |
| Mine prospecting reserve | 14,952 | 20,448 |
| Retained earnings brought forward | 982,614 | 962,221 |
| Total retained earnings | 1,043,414 | 1,025,601 |
| Treasury stock | (5,248) | (5,248) |
| Total shareholders' equity | 2,352,778 | 2,334,965 |
| Valuation, translation adjustments and others | | |
| Unrealized holding gain on securities | 45,885 | 4,954 |
| Total valuation, translation adjustments and others | 45,885 | 4,954 |
| Total net assets | 2,398,664 | 2,339,920 |
| Total liabilities and net assets | 3,516,098 | 3,328,919 |

(2) Non-Consolidated Statement of Income

(Millions of yen)

| Accounts | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|
| Net sales | 417,670 | 324,969 |
| Cost of sales | 231,791 | 190,103 |
| Gross profit | 185,879 | 134,866 |
| Exploration expenses | 979 | 3,059 |
| Selling, general and administrative expenses | 45,146 | 46,412 |
| Operating income | 139,754 | 85,394 |
| Other income | | |
| Guarantee commission received | 9,539 | 13,106 |
| Gain on sales of marketable securities | 18,146 | 25,986 |
| Interest income | 13,128 | 16,331 |
| Dividend income | 42,533 | 23,690 |
| Foreign exchange gain | 80,987 | — |
| Other | 3,240 | 8,774 |
| Total other income | 167,576 | 87,889 |
| Other expenses | | |
| Loss on valuation of shares of subsidiaries and affiliates | 39,436 | 44,046 |
| Provision of allowance for doubtful accounts | 1,484 | 16,944 |
| Provision for allowance for recoverable accounts under production sharing | 73 | 945 |
| Provision of allowance for investment loss in exploration | 7,377 | 13,345 |
| Provision for loss on business | 2,102 | — |
| Provision for loss on business of subsidiaries and affiliates | 1,928 | 2,939 |
| Foreign exchange loss | — | 28,300 |
| Other | 8,044 | 10,659 |
| Total other expenses | 60,448 | 117,182 |
| Ordinary income | 246,881 | 56,102 |
| Income before income taxes | 246,881 | 56,102 |
| Income taxes-current | 98,116 | 49,574 |
| Income taxes-deferred | (345) | (1,945) |
| Total income taxes | 97,770 | 47,629 |
| Net income | 149,110 | 8,473 |

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

For the year ended March 31, 2015

(Millions of yen)

| | Shareholders' equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Capital Surplus | | Retained earnings | | | |
| | | | | Other retained earnings | | | |
| | Common stock | Legal capital surplus | Total capital surplus | Reserve for advanced depreciation of non-current assets | Reserve for special account for advanced depreciation of non-current assets | Reserve for special depreciation | Reserve for overseas investment loss |
| Balance at the beginning of the period | 290,809 | 1,023,802 | 1,023,802 | 18 | 50 | 13,044 | 38,542 |
| Cumulative effects of changes in accounting policies | | | | | | | |
| Restated balance | 290,809 | 1,023,802 | 1,023,802 | 18 | 50 | 13,044 | 38,542 |
| Changes during the period | | | | | | | |
| Provision of reserve for advanced depreciation of non-current assets | | | | 52 | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | (0) | | | |
| Provision of reserve for special account for advanced depreciation of non-current assets | | | | | – | | |
| Reversal of reserve for special account for advanced depreciation of non-current assets | | | | | (50) | | |
| Provision of reserve for special depreciation | | | | | | – | |
| Reversal of reserve for special depreciation | | | | | | (2,102) | |
| Provision of reserve for overseas investment loss | | | | | | | – |
| Reversal of reserve for overseas investment loss | | | | | | | (3,708) |
| Provision of mine prospecting reserve | | | | | | | |
| Reversal of mine prospecting reserve | | | | | | | |
| Cash dividends paid | | | | | | | |
| Net income | | | | | | | |
| Other changes in items other than those in shareholders' equity(net) | | | | | | | |
| Total changes during the period | – | – | – | 52 | (50) | (2,102) | (3,708) |
| Balance at the end of the period | 290,809 | 1,023,802 | 1,023,802 | 70 | – | 10,942 | 34,834 |

| | Shareholders' equity | | | | | Valuation, translation adjustments and others | | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Retained earnings | | | Treasury stock | Total Shareholders' equity | Unrealized holding gain on securities | Total valuation, translation adjustments and others | |
| | Other retained earnings | | Total retained earnings | | | | | |
| | Mine prospecting reserve | Retained earnings brought forward | | | | | | |
| Balance at the beginning of the period | 8,815 | 859,882 | 920,354 | (5,248) | 2,229,718 | 44,595 | 44,595 | 2,274,314 |
| Cumulative effects of changes in accounting policies | | 235 | 235 | | 235 | | | 235 |
| Restated balance | 8,815 | 860,118 | 920,590 | (5,248) | 2,229,954 | 44,595 | 44,595 | 2,274,549 |
| Changes during the period | | | | | | | | |
| Provision of reserve for advanced depreciation of non-current assets | | (52) | — | | — | | | — |
| Reversal of reserve for advanced depreciation of non-current assets | | 0 | — | | — | | | — |
| Provision of reserve for special account for advanced depreciation of non-current assets | | — | — | | — | | | — |
| Reversal of reserve for special account for advanced depreciation of non-current assets | | 50 | — | | — | | | — |
| Provision of reserve for special depreciation | | — | — | | — | | | — |
| Reversal of reserve for special depreciation | | 2,102 | — | | — | | | — |
| Provision of reserve for overseas investment loss | | — | — | | — | | | — |
| Reversal of reserve for overseas investment loss | | 3,708 | — | | — | | | — |
| Provision of mine prospecting reserve | 8,487 | (8,487) | — | | — | | | — |
| Reversal of mine prospecting reserve | (2,351) | 2,351 | — | | — | | | — |
| Cash dividends paid | | (26,286) | (26,286) | | (26,286) | | | (26,286) |
| Net income | | 149,110 | 149,110 | | 149,110 | | | 149,110 |
| Other changes in items other than those in shareholders' equity(net) | | | | | | 1,290 | 1,290 | 1,290 |
| Total changes during the period | 6,136 | 122,496 | 122,824 | — | 122,824 | 1,290 | 1,290 | 124,114 |
| Balance at the end of the period | 14,952 | 982,614 | 1,043,414 | (5,248) | 2,352,778 | 45,885 | 45,885 | 2,398,664 |

For the year ended March 31, 2016

(Millions of yen)

| | Shareholders' equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Capital Surplus | | Retained earnings | | | |
| | | | | Other retained earnings | | | |
| | Common stock | Legal capital surplus | Total capital surplus | Reserve for advanced depreciation of non-current assets | Reserve for special account for advanced depreciation of non-current assets | Reserve for special depreciation | Reserve for overseas investment loss |
| Balance at the beginning of the period | 290,809 | 1,023,802 | 1,023,802 | 70 | — | 10,942 | 34,834 |
| Cumulative effects of changes in accounting policies | | | | | | | |
| Restated balance | 290,809 | 1,023,802 | 1,023,802 | 70 | — | 10,942 | 34,834 |
| Changes during the period | | | | | | | |
| Provision of reserve for advanced depreciation of non-current assets | | | | 155 | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | — | | | |
| Provision of reserve for special account for advanced depreciation of non-current assets | | | | | — | | |
| Reversal of reserve for special account for advanced depreciation of non-current assets | | | | | — | | |
| Provision of reserve for special depreciation | | | | | | 122 | |
| Reversal of reserve for special depreciation | | | | | | (3,584) | |
| Provision of reserve for overseas investment loss | | | | | | | 392 |
| Reversal of reserve for overseas investment loss | | | | | | | — |
| Provision of mine prospecting reserve | | | | | | | |
| Reversal of mine prospecting reserve | | | | | | | |
| Cash dividends paid | | | | | | | |
| Net income | | | | | | | |
| Other changes in items other than those in shareholders' equity(net) | | | | | | | |
| Total changes during the period | — | — | — | 155 | — | (3,462) | 392 |
| Balance at the end of the period | 290,809 | 1,023,802 | 1,023,802 | 225 | — | 7,480 | 35,226 |

| | Shareholders' equity | | | | | Valuation, translation adjustments and others | | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Retained earnings | | | Treasury stock | Total Shareholders' equity | Unrealized holding gain on securities | Total valuation, translation adjustments and others | |
| | Other retained earnings | | Total retained earnings | | | | | |
| | Mine prospecting reserve | Retained earnings brought forward | | | | | | |
| Balance at the beginning of the period | 14,952 | 982,614 | 1,043,414 | (5,248) | 2,352,778 | 45,885 | 45,885 | 2,398,664 |
| Cumulative effects of changes in accounting policies | | | — | | — | | | — |
| Restated balance | 14,952 | 982,614 | 1,043,414 | (5,248) | 2,352,778 | 45,885 | 45,885 | 2,398,664 |
| Changes during the period | | | | | | | | |
| Provision of reserve for advanced depreciation of non-current assets | | (155) | — | | — | | | — |
| Reversal of reserve for advanced depreciation of non-current assets | | — | — | | — | | | — |
| Provision of reserve for special account for advanced depreciation of non-current assets | | — | — | | — | | | — |
| Reversal of reserve for special account for advanced depreciation of non-current assets | | — | — | | — | | | — |
| Provision of reserve for special depreciation | | (122) | — | | — | | | — |
| Reversal of reserve for special depreciation | | 3,584 | — | | — | | | — |
| Provision of reserve for overseas investment loss | | (392) | — | | — | | | — |
| Reversal of reserve for overseas investment loss | | — | — | | — | | | — |
| Provision of mine prospecting reserve | 7,826 | (7,826) | — | | — | | | — |
| Reversal of mine prospecting reserve | (2,331) | 2,331 | — | | — | | | — |
| Cash dividends paid | | (26,286) | (26,286) | | (26,286) | | | (26,286) |
| Net income | | 8,473 | 8,473 | | 8,473 | | | 8,473 |
| Other changes in items other than those in shareholders' equity(net) | | | | | | (40,931) | (40,931) | (40,931) |
| Total changes during the period | 5,495 | (20,393) | (17,813) | — | (17,813) | (40,931) | (40,931) | (58,744) |
| Balance at the end of the period | 20,448 | 962,221 | 1,025,601 | (5,248) | 2,334,965 | 4,954 | 4,954 | 2,339,920 |

(4) Notes to Non-Consolidated Financial Statements

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

None

## 7. Other

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

| Segment | Category | For the year ended March 31, 2015 | For the year ended March 31, 2016 |
|---|---|---|---|
| Japan | Crude oil | 1.2 MMbbls<br>(3.2 Mbbls per day) | 1.2 MMbbls<br>(3.2 Mbbls per day) |
| | Natural gas | 41.6 Bcf<br>(113.9 MMcf per day) | 43.8 Bcf<br>(119.7 MMcf per day) |
| | Subtotal | 9.0 MMboe<br>(24.6 Mboe per day) | 9.4 MMboe<br>(25.7 Mboe per day) |
| | Iodine | 482.6 tons | 514.0 tons |
| | Electric power generation | 205.9 million kWh | 203.6 million kWh |
| Asia & Oceania | Crude oil | 14.9 MMbbls<br>(40.9 Mbbls per day) | 17.6 MMbbls<br>(48.0 Mbbls per day) |
| | Natural gas | 241.9 Bcf<br>(662.6 MMcf per day) | 265.6 Bcf<br>(725.7 MMcf per day) |
| | Subtotal | 60.7 MMboe<br>(166.3 Mboe per day) | 67.6 MMboe<br>(184.6 Mboe per day) |
| Eurasia<br>(Europe & NIS) | Crude oil | 9.8 MMbbls<br>(27.0 Mbbls per day) | 11.8 MMbbls<br>(32.3 Mbbls per day) |
| Middle East & Africa | Crude oil | 61.7 MMbbls<br>(168.9 Mbbls per day) | 90.9 MMbbls<br>(248.4 Mbbls per day) |
| Americas | Crude oil | 1.0 MMbbls<br>(2.7 Mbbls per day) | 2.7 MMbbls<br>(7.3 Mbbls per day) |
| | Natural gas | 37.8 Bcf<br>(103.4 MMcf per day) | 32.0 Bcf<br>(87.5 MMcf per day) |
| | Subtotal | 7.8 MMboe<br>(21.3 Mboe per day) | 8.4 MMboe<br>(22.9 Mboe per day) |
| Total | Crude oil | 88.6 MMbbls<br>(242.7 Mbbls per day) | 124.2 MMbbls<br>(339.2 Mbbls per day) |
| | Natural gas | 321.2 Bcf<br>(880.0 MMcf per day) | 341.4 Bcf<br>(932.9 MMcf per day) |
| | Subtotal | 148.9 MMboe<br>(408.1 Mboe per day) | 188.1 MMboe<br>(513.8 Mboe per day) |
| | Iodine | 482.6 tons | 514.0 tons |
| | Electric power generation | 205.9 million kWh | 203.6 million kWh |

Note: 1. The volume of LPG produced overseas is included in 'Crude oil'.

2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
3. 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 years ended March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
4. 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 114.8 MMbbls (314.6 Mbbls per day) of crude oil, 408.0 Bcf (1,117.7 MMcf per day) of natural gas, and in total 191.7 MMboe (525.1 Mboe per day) for the year ended March 31, 2015, and 146.1 MMbbls (399.2 Mbbls per day) of crude oil, 432.0 Bcf (1,180.4 MMcf per day) of natural gas, and in total 227.1 MMboe (620.5 Mboe per day) for the year ended March 31, 2016.
5. Boe means barrels of oil equivalent.
6. Iodine is refined by other company on consignment.
7. Figures are rounded to the first decimal place.

2) Orders received

Disclosure on this information is omitted because the amount of orders received is accounted for a minor portion of total sales.

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

| Segment | Category | For the year ended March 31, 2015 | | For the year ended March 31, 2016 | |
|---|---|---|---|---|---|
| | | Sales volume | Net sales | Sales volume | Net sales |
| Japan | Crude oil | 791 Mbbls | 7,683 | 741 Mbbls | 4,505 |
| | Natural gas (excluding LPG) | 66,679 MMcf | 102,835 | 65,304 MMcf | 91,492 |
| | LPG | 7 Mbbls | 58 | 7 Mbbls | 41 |
| | Other | | 18,944 | | 13,561 |
| | Subtotal | | 129,521 | | 109,601 |
| Asia & Oceania | Crude oil | 11,015 Mbbls | 103,831 | 13,505 Mbbls | 82,069 |
| | Natural gas (excluding LPG) | 204,231 MMcf | 285,480 | 238,759 MMcf | 210,288 |
| | LPG | 2,844 Mbbls | 20,463 | 2,354 Mbbls | 10,514 |
| | Subtotal | | 409,775 | | 302,871 |
| Eurasia (Europe & NIS) | Crude oil | 9,946 Mbbls | 94,049 | 11,666 Mbbls | 66,851 |
| Middle East & Africa | Crude oil | 58,773 Mbbls | 524,528 | 89,486 Mbbls | 516,513 |
| Americas | Crude oil | 33 Mbbls | 329 | 1,829 Mbbls | 9,301 |
| | Natural gas (excluding LPG) | 38,575 MMcf | 13,021 | 33,153 MMcf | 4,425 |
| | Subtotal | | 13,351 | | 13,726 |
| Total | Crude oil | 80,558 Mbbls | 730,422 | 117,227 Mbbls | 679,241 |
| | Natural gas (excluding LPG) | 309,485 MMcf | 401,337 | 337,216 MMcf | 306,205 |
| | LPG | 2,851 Mbbls | 20,522 | 2,361 Mbbls | 10,555 |
| | Other | | 18,944 | | 13,561 |
| | Total | | 1,171,226 | | 1,009,564 |

Note: 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 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.

| Customer | For the year ended March 31, 2015 | | For the year ended March 31, 2016 | |
|---|---|---|---|---|
| | Amount (Millions of yen) | Ratio (%) | Amount (Millions of yen) | Ratio (%) |
| ADNOC | — | — | 102,493 | 10.2 |