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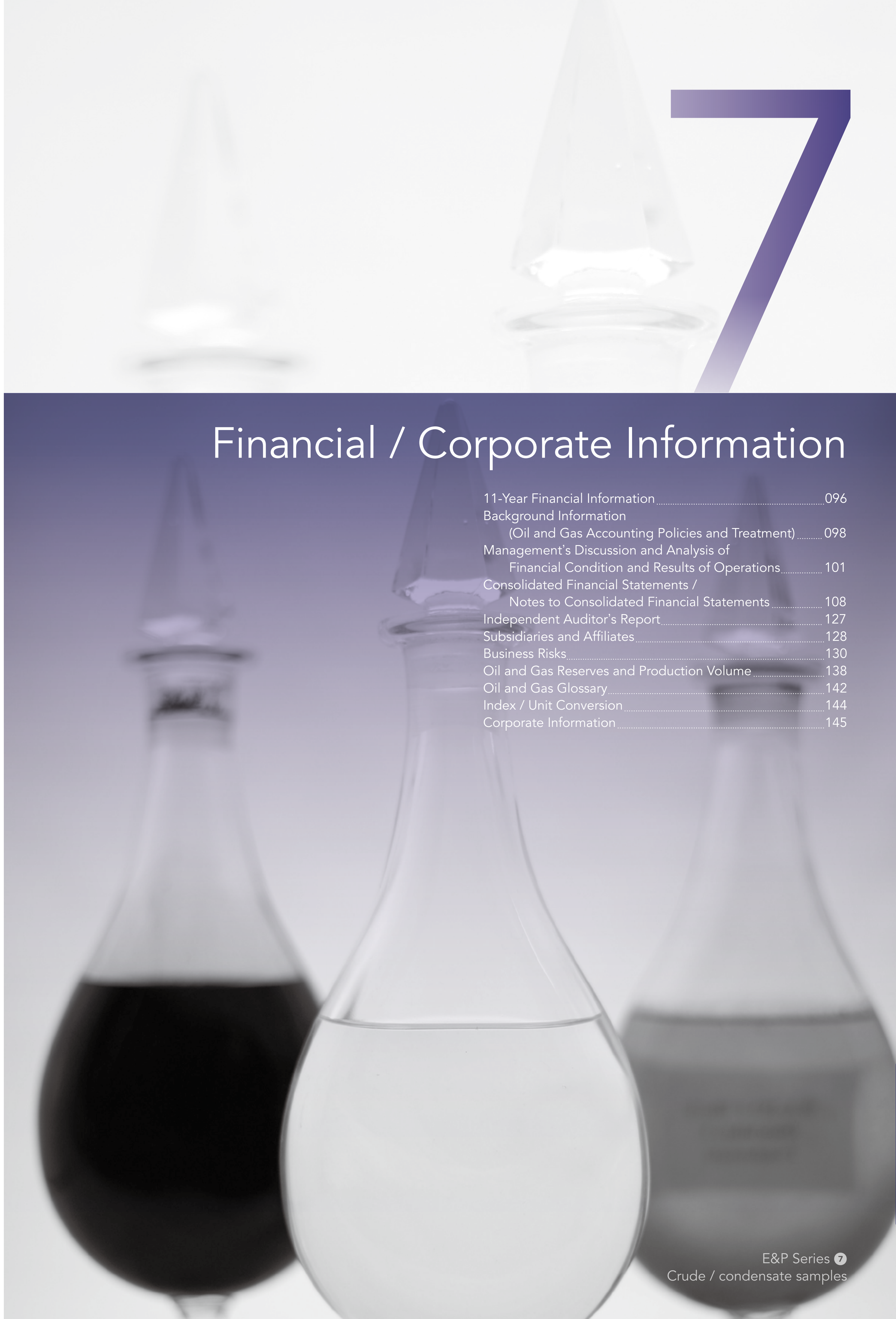
Financial / Corporate Information



E&P Series 7
Crude / condensate samples

Message from the Senior Vice President, Finance & Accounting Division

Masahiro Murayama
Director and Senior Vice President, Finance & Accounting Division

In presenting the financial data in the Annual Report 2012, I would like to explain our basic approach to setting the Company's financial strategies. In securing the large amounts of capital necessary for oil and gas development, our fundamental approach is to use cash on hand, operating cash flows and bank loans. When doing so, we aim to maintain a sound financial condition by targeting an equity ratio of 50% or higher and a net debt to net total capital employed ratio of 20% or less. As of March 31, 2012, INPEX had an equity ratio of 71.1% and a net debt to net total capital employed ratio of -60.7%, putting us well within our targeted range. Also, although the financial balance will worsen because debt for capital investment in the Ichthys LNG Project will increase, we believe we will be able to keep us almost within the targeted range even when production commences on the project. Although the Medium- to Long-Term Vision announced this May calls for investment of ¥3.5 trillion during the 5-year period beginning in the current fiscal year, and more than ¥6 trillion in investment during the subsequent 10-year period, the necessary funds for that investment are to be raised through cash on hand, future operating cash flows and external loans.

Notes

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

11-Year Financial Information

Figures given for the years ended on or before March 31, 2006 represent INPEX Corporation and its subsidiaries/Teikoku Oil Co., Ltd. and its subsidiaries; figures given for the years ended on or after March 31, 2007 represent INPEX Corporation (post integration) and its subsidiaries.

Notes: 1 INPEX Holdings Inc. was established on April 3, 2006 through a stock transfer between INPEX CORPORATION and Teikoku Oil CO., LTD., and merged with these subsidiaries and changed the corporate name to INPEX CORPORATION on October 1, 2008.
2 INPEX Corporation settles accounts in March; Teikoku Oil Co., Ltd. settled accounts in December up to the period ended December 31, 2005.
3 Due to a change of the accounting period, amounts of consolidated financial statement of Teikoku Oil Co., Ltd. of the period ended March 31, 2006 reflect the three-month period from January 1, 2006 to March 31, 2006. Per share data and Financial indicators for the period are not listed here.
4 In consolidated financial statements of INPEX Corporation and Teikoku Oil Co., Ltd. announced for the periods ended on or before March 31, 2006, amounts of less than 1 million yen are rounded down, while amounts are basically rounded to the nearest million.

Millions of yen

As of or years ended March 31,		2002/3 2001/12	2003/3 2002/12	2004/3 2003/12	2005/3 2004/12	2006/3 2005/12	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3
(Results of operations)										INPEX			
Net sales	INPEX	¥ 184,203	¥ 201,533	¥ 218,831	¥ 478,586	¥ 704,234		¥ 969,713	¥1,202,965	¥1,076,165	¥ 840,427	¥ 943,080	¥1,186,732
	Teikoku Oil	75,767	73,630	78,498	84,032	100,716	27,718						
Cost of sales	INPEX	79,120	95,997	105,758	197,094	257,903		343,795	390,554	319,038	298,168	334,833	395,443
	Teikoku Oil	45,036	44,931	47,062	48,455	55,473	12,807						
Gross profit	INPEX	105,083	105,536	113,072	281,492	446,330		625,918	812,411	757,127	542,259	608,247	791,289
	Teikoku Oil	30,730	28,699	31,436	35,576	45,243	14,910						
Operating income	INPEX	97,049	97,270	93,876	268,662	426,650		559,077	714,211	663,267	461,668	529,743	709,358
	Teikoku Oil	11,864	7,296	8,739	13,533	21,077	9,470						
Income before income taxes and minority interests	INPEX	76,855	70,050	94,773	258,631	403,539		586,263	685,800	616,167	442,027	508,587	767,039
	Teikoku Oil	7,799	7,491	11,044	16,676	26,122	10,216						
Net income	INPEX	27,605	27,911	34,781	76,493	103,476		165,092	173,246	145,063	107,210	128,699	194,001
	Teikoku Oil	5,704	5,233	6,796	9,276	15,485	6,484						
(Financial position)										INPEX			
Current assets	INPEX	99,096	119,076	106,952	238,419	257,573		474,124	565,111	411,110	492,855	492,932	908,702
	Teikoku Oil	59,894	47,585	50,166	45,658	58,586	65,864						
Tangible fixed assets	INPEX	23,444	29,869	35,141	68,260	65,219		219,227	254,481	297,636	358,094	379,862	383,698
	Teikoku Oil	96,403	110,416	103,668	114,220	125,418	126,497						
Intangible assets	INPEX	4,233	3,885	137,908	138,631	136,757		265,822	265,481	253,681	239,205	249,111	233,318
	Teikoku Oil	841	796	754	776	811	1,028						
Investments and other assets	INPEX	160,874	185,914	245,295	333,915	512,887		648,934	722,828	805,618	923,624	1,558,475	1,540,680
	Teikoku Oil	45,229	45,188	71,691	79,858	108,949	115,268						
Total assets	INPEX	287,649	338,747	525,298	779,227	972,437		1,608,107	1,807,901	1,768,045	2,013,778	2,680,380	3,066,398
	Teikoku Oil	202,369	203,986	226,280	240,513	293,767	308,659						
Current liabilities	INPEX	17,730	27,275	28,894	122,910	179,600		266,248	325,286	206,059	227,905	254,729	367,844
	Teikoku Oil	24,074	23,882	20,661	27,439	28,998	28,156						
Long-term liabilities	INPEX	38,317	57,007	185,410	209,738	250,236		261,843	243,802	199,925	295,270	328,268	384,361
	Teikoku Oil	41,232	41,342	46,101	44,986	65,230	72,927						
Net assets*	INPEX	231,600	254,463	310,991	446,578	542,600		1,080,016	1,238,813	1,362,061	1,490,603	2,097,383	2,314,193
	Teikoku Oil	137,061	138,760	159,516	168,086	199,536	207,574						
(Cash flows)										INPEX			
Cash flows from operating activities	INPEX	51,830	51,282	44,464	131,206	218,239		231,982	363,995	230,352	241,373	274,094	320,692
	Teikoku Oil	15,971	15,004	19,955	19,225	15,118	9,872						
Cash flows from investing activities	INPEX	(39,626)	(40,533)	(218,121)	(119,956)	(252,399)		(209,243)	(261,767)	(240,168)	(251,812)	(844,511)	(280,864)
	Teikoku Oil	(19,666)	(27,166)	(8,284)	(20,018)	(20,287)	(4,705)						
Cash flows from financing activities	INPEX	9,443	21,237	151,120	9,791	14,350		13,794	(45,228)	(46,090)	68,937	548,057	29,294
	Teikoku Oil	6,238	(407)	(5,914)	(5,824)	7,845	5,480						
Cash and cash equivalents at end of the year	INPEX	49,775	78,414	54,582	128,375	114,967		¥ 189,417	¥ 222,270	¥ 162,845	¥ 216,395	¥ 182,025	¥ 249,233
	Teikoku Oil	¥ 34,001	¥ 23,020	¥ 28,789	¥ 22,234	¥ 25,545	¥ 36,175						
(Per share data)										INPEX			
Earnings per share (EPS) (Yen)	INPEX	¥15,617.64*	¥15,726.17*	¥19,612.92*	¥40,255.92	¥ 53,814.47		¥70,423.45	¥73,510.14	¥61,601.60	¥45,553.56	¥40,832.40	¥53,137.93
	Teikoku Oil	18.63	17.11	22.09	30.22	50.61	—						
Net assets per share (Yen)	INPEX	130,586.85*	143,389.73*	157,275.33*	214,163.98	262,966.53		436,467.92	491,168.09	540,100.10	589,548.88	546,958.90	596,908.99
	Teikoku Oil	438.79	444.90	512.18	543.62	646.90	—						
Cash dividends per share (Yen)	INPEX	3,333*	3,333*	3,333*	4,000	5,500		¥ 7,000.00	¥ 7,500.00	¥ 8,000.00	¥ 5,500.00	¥ 6,000.00	¥ 7,000.00
	Teikoku Oil	¥ 7.00	¥ 6.00	¥ 6.00	¥ 7.50	¥ 9.00	¥ —						
(Financial indicators)										INPEX			
Net debt / Net total capital employed (%)	INPEX	(82.8)%	(75.8)%	12.0%	(13.3)%	(19.6)%		(18.6)%	(36.1)%	(31.2)%	(30.6)%	(48.9)%	(60.7)%
	Teikoku Oil	(15.0)	(2.3)	(9.1)	(5.5)	(1.0)	—						
Equity ratio (%)	INPEX	80.2	74.9	52.9	52.8	51.9		64.0	64.0	71.9	68.9	74.5	71.1
	Teikoku Oil	66.4	66.6	69.1	69.0	67.1	—						
D/E ratio (%)	INPEX	13.5	18.5	60.9	43.2	43.6		24.2%	16.8%	12.9%	17.3%	13.7%	14.6%
	Teikoku Oil	17.5%	18.8%	13.9%	10.8%	14.7%	—%						

* The amount of Net assets as of the years ended on or before March 31, 2006 is retroactively adjusted in accordance with "Accounting Standard for Presentation of Net Assets in Balance Sheet" (ASBJ Statement No.5).

* Retroactively adjusted for a three-for-one stock split in May 2004

Background Information

Oil and Gas Accounting Policies and Treatment

ACCOUNTING METHODS FOR TYPES OF AGREEMENTS

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

1. Production sharing contracts

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

Cost recovery and production sharing

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

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

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

(2) "Cost recovery portion": This is the oil and gas equivalent of a) non-capital production-related expenditures incurred in that period, plus b) the scheduled depreciation expenses in that period for capital expenditures, as calculated under the PSC. The equivalents are determined based on the current unit prices of crude oil and natural gas and allocated between the contractors alone. The quantity of oil and gas in the "cost recovery portion" decreases as unit prices increase, whereas that of the "equity portion" (explained below) rises. If the actual production for the period is insufficient to cover the quantity of oil and gas equivalent calculated for the cost recovery portion, the latter is capped at actual production and any surplus amount is carried forward to the following period, as stipulated in the PSC.

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

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

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

Recoverable costs under the PSCs

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

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

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

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

Interest on loans
Any interest expense that is recoverable under the relevant PSC is recorded within "Recoverable accounts under production sharing."

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

Non-recoverable costs under the PSCs

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

2. Concession agreements

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

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

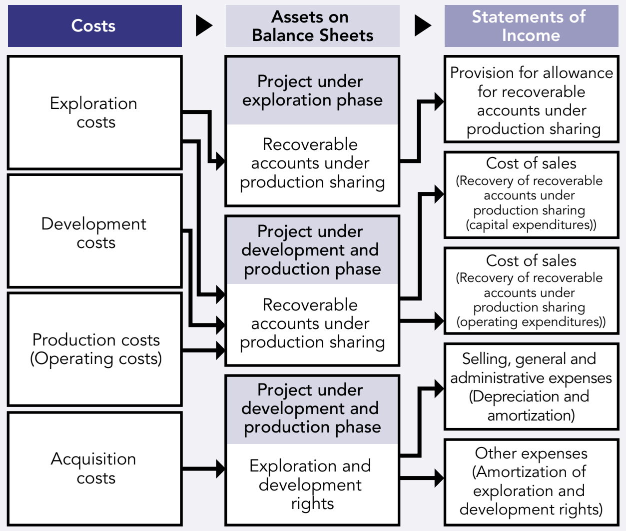
Exploration costs
The Group's share of exploration costs is expensed as incurred.

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

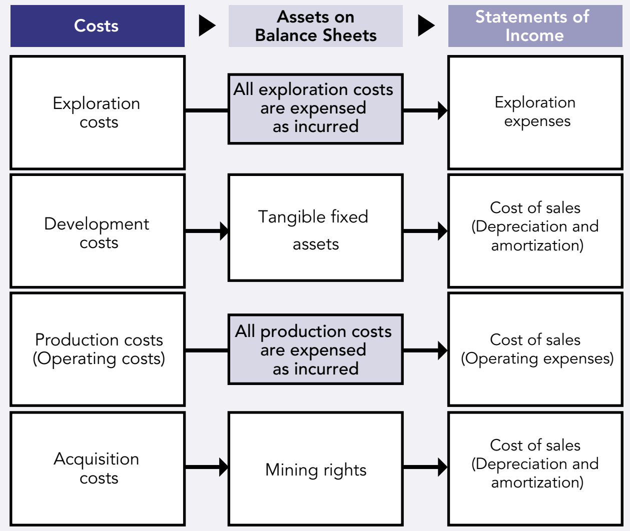
Production costs
The Group's share of operating costs that are incurred during the production phase is recorded within the cost of sales.

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

Production sharing contracts



Concession agreements



CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

— Allowance for recoverable accounts under production sharing

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

— Units-of-production method

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

— Asset retirement obligations

Asset retirement obligations are recorded by a reasonable estimate of retirement costs incurred upon termination of the operation with respect to oil and gas production facilities in case that the Group is obliged to retire such facilities by oil and gas contracts or laws and regulations with the countries in which the Group operates or has working interests. While the Group believes that such estimates of the present value of retirement costs are reasonable, changes to estimates of the present value of retirement costs could significantly affect future operating results.

— Allowance for investments in exploration companies

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

— Provision for exploration projects

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

— Deferred tax assets

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

— Retirement benefits to employees

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

— Goodwill

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

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

BUSINESS ENVIRONMENT

During the year ended March 31, 2012, while the Japanese economy was in difficult circumstances by the effects of the Great East Japan Earthquake that occurred in March 2011, it remained unclear outlook due to the protracted appreciation of the Japanese yen against the U.S. dollar and the European debt crisis, despite a recovery trend of production activity and individual consumption in Japan.

Under such business environment, Brent crude oil, an important indicator of the global crude oil prices that affect the Group’s businesses, started from US$118.70 per bbl and was on a downward trend behind concerns of a downturn in the global economy and the European debt crisis which led to US$99.79 at the beginning of October. However, the oil price turned upward trend and came up to US$115.00 in November after EU officials agreed on a solution to the Greece debt problem. Then the price went down to US$103.35 in mid-December due to reactivation of European debt crisis, instead it climbed up against a background of rising tension of nuclear development in Iran and closed at US$122.88 per bbl for the year ended March 31, 2012. Meanwhile, domestic crude oil and petroleum product prices followed a similar pattern of the global oil price movements. Reflecting these situations, the Group’s average sales price of crude oil for the year ended March 31, 2012 was US$112.97 per bbl which was US$28.63 higher than that for the year ended March 31, 2011.

The foreign exchange market, another important factor that affects the Group’s businesses, began trading at the middle of the ¥83 level to the U.S. dollar. The yen depreciation went to ¥85.53 in early April based on the assumption that the second round of U.S. quantitative easing would be completed as planned in June and that Japanese exporting companies would refrain from buying yen due to the earthquake. However, the yen was on a strong note over ¥80 to the U.S. dollar since there was expansion of pessimistic views on the future of the U.S. economy and the major perspective of that the United States was delaying the start of tightening its monetary policy. Steady yen appreciation continued afterward, and the yen hit a historical high of ¥75.32 at the end of October as a pessimistic view of the economic outlook for the United States and Europe became widespread. Following that, the yen appreciation appeared to pause after the Bank of Japan implemented its largest-ever currency intervention on a scale of ¥9 trillion. Toward the fiscal year end, the yen depreciated again as the Japanese balance of trade worsened and interest rates in the United States turned upward, and as a result, TTM closed at ¥82.14 to the U.S. dollar which turned out to be ¥1.01 higher than that for the year ended March 31, 2011. Reflecting these situations, the Group’s average sales exchange rate for the year ended March 31, 2012 was ¥79.13 to the U.S. dollar which was ¥6.53 higher than that for the year ended March 31, 2011.

PERFORMANCE OVERVIEW

Net sales

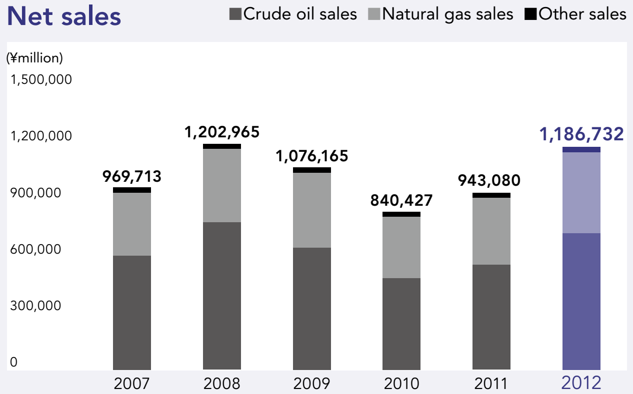
Despite a decrease in natural gas sales volumes and the pressure on sales caused by the appreciation of the average exchange rate of the yen against the U.S. dollar during the year, consolidated net sales for the year ended March 31, 2012, increased by ¥243.6 billion, or 25.8%, to ¥1,186.7 billion from ¥943.1 billion for the year ended March 31, 2011, due to the rise in oil and gas prices.

Compared with the year ended March 31, 2011, net sales of crude oil increased by ¥168.3 billion, or 30.2%, to ¥726.2 billion from ¥557.9 billion, and net sales of natural gas increased by ¥72.9 billion, or 20.4%, to ¥429.1 billion from ¥356.2 billion. Net sales excluding crude oil and natural gas increased by ¥2.5 billion, or 8.7%, to ¥31.4 billion from ¥28.9 billion.

Crude oil sales volume increased by 4,087 thousand barrels, or 5.3%, to 80,738 thousand barrels compared with the year ended March 31, 2011. This was mainly due to an increase in sales volume in the ADMA Block. Sales volumes of natural gas decreased by 43 billion cubic feet (Bcf), or 10.9%, to 358 Bcf compared with the year ended March 31, 2011. Of this, sales of overseas natural gas decreased by 45 Bcf, or 13.3%, to 292 Bcf compared with the year ended March 31, 2011, mainly due to a decrease in sales volume in the Offshore Mahakam Block. Sales of domestic natural gas increased by 36 million m^3, or 2.1%, to 1,758 million m^3 (equivalent to 66 Bcf) compared with the year ended March 31, 2011. The average sales price of overseas crude oil was US$112.97/bbl, an increase of US$28.63, or 33.9%, compared with the year ended March 31, 2011. The average sales price of overseas natural gas was US$14.12 per thousand cubic feet (Mcf), an increase of US$5.02, or 55.2%, compared with the year ended March 31, 2011. The average sales price of domestic natural gas was ¥44.56/m^3, an increase of ¥2.83/m^3, or 6.8%, compared with the year ended March 31, 2011.

The increase of ¥243.6 billion in net sales was mainly derived from the following factors: the decrease in sales volumes pushing sales down of ¥4.4 billion, an increase in average unit sales prices contributing ¥334.0 billion to the increase, the appreciation of the Japanese yen against the U.S. dollar pushing sales down of ¥88.5 billion and an increase in net sales excluding crude oil and natural gas of ¥2.5 billion.

Net sales



7 Financial / Corporate Information

Years ended March 31,	(Millions of yen, %) 2011	2012	Change	Ratio
Net sales:	¥943,080	¥1,186,732	¥243,652	25.8%
Crude oil	557,911	726,223	168,312	30.2
Natural gas	356,247	429,065	72,818	20.4
Other	28,922	31,444	2,522	8.7
Cost of sales	334,833	395,443	60,610	18.1
Gross profit	608,247	791,289	183,042	30.1
Exploration expenses	12,000	11,747	(253)	(2.1)
Selling, general and administrative expenses	44,254	48,286	4,032	9.1
Depreciation and amortization	22,250	21,898	(352)	(1.6)
Operating income	529,743	709,358	179,615	33.9
Other income:	31,176	102,082	70,906	227.4
Interest income	4,110	4,400	290	7.1
Dividend income	5,722	6,993	1,271	22.2
Equity in earnings of affiliates	4,934	6,638	1,704	34.5
Gain on transfer of mining rights	7,334	70,260	62,926	858.0
Other	9,076	13,791	4,715	52.0
Other expenses:	52,332	44,401	(7,931)	(15.2)
Interest expense	1,074	1,228	154	14.3
Provision for allowance for recoverable accounts under production sharing	11,481	14,816	3,335	29.0
Provision for exploration projects	3,082	519	(2,563)	(83.2)
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,555	—	(1,555)	(100.0)
Foreign exchange loss	11,540	14,641	3,101	26.9
Loss on business withdrawal	—	5,370	5,370	—
Other	23,600	7,827	(15,773)	(66.8)
Income before income taxes and minority interests	508,587	767,039	258,452	50.8
Income taxes	368,697	536,934	168,237	45.6
Income before minority interests	139,890	230,105	90,215	64.5
Minority interests	11,191	36,104	24,913	222.6
Net income	¥128,699	¥ 194,001	¥ 65,302	50.7%

Cost of sales
Cost of sales for the year ended March 31, 2012, increased by ¥60.6 billion, or 18.1%, to ¥395.4 billion from ¥334.8 billion for the year ended March 31, 2011. This was mainly due to an increase in royalty associated with an increase in sales from the ADMA Block.

Exploration expenses
Despite an increase in exploration expenses in the Americas and others, such as Brazil, exploration expenses for the year ended March 31, 2012, decreased by ¥0.3 billion, or 2.1%, to ¥11.7 billion from ¥12.0 billion for the year ended March 31, 2011 due to decreased exploration activities in Asia and Oceania and other areas.

Selling, general and administrative expenses
Despite a decrease in transport costs for ACG crude oil associated with a decrease in the sales volume, selling, general and administrative expenses for the year ended March 31, 2012, increased by ¥4.0 billion, or 9.1%, to ¥48.3 billion from ¥44.3 billion for the year ended March 31, 2011 due to an increase in taxes levied by East Timor in connection with the Bayu-Undan Project as the oil price increased and an increase in personnel expenses.

Depreciation and amortization
Depreciation and amortization for the year ended March 31, 2012, decreased by ¥0.4 billion, or 1.6%, to ¥21.9 billion, from ¥22.3 billion for the year ended March 31, 2011 due to a decrease in the depreciation of exploration and development rights and others for the ACG oil fields associated with a decrease in production volume. The Group records depreciation costs for production facilities that are covered by concession agreements as cost of sales. In addition, under its accounting treatment of the PSCs, the Group records capital expenditures as "Recoverable accounts under production sharing" instead of capitalizing these costs within tangible fixed assets and depreciating them. Costs that are recovered in any given year based on the terms of the PSCs are included in the cost of sales.

Operating income
As a result of the above, operating income for the year ended March 31, 2012, increased by ¥179.7 billion, or 33.9%, to ¥709.4 billion from ¥529.7 billion for the year ended March 31, 2011.

Other income
Other income for the year ended March 31, 2012, increased by ¥70.9 billion, or 227.4%, to ¥102.1 billion from ¥31.2 billion for the year ended March 31, 2011. This was mainly due to an increase in gain on transfer of mining rights.

Other expenses
Other expenses for the year ended March 31, 2012, decreased by ¥7.9 billion, or 15.2%, to ¥44.4 billion from ¥52.3 billion for the year ended March 31, 2011. This was mainly due to a decrease in the provision of allowance for doubtful accounts.

Income taxes
Total current income taxes and deferred income taxes for the year ended March 31, 2012, increased by ¥168.2 billion, or 45.6%, to ¥536.9 billion from ¥368.7 billion for the year ended March 31, 2011. This was mainly due to an increase in taxes paid overseas associated with the rise in overseas sales. The Group pays the majority of its taxes outside Japan. In addition to the high corporate tax rates imposed in a number of regions, the Group is generally unable to deduct expenses incurred in Japan for such taxes. Despite the positive effects attributable to the application of the foreign tax credit system, this situation has resulted in a high effective income tax rate of 70.0% in the year under review.

Minority interests
Minority interests for the year ended March 31, 2012, increased by ¥24.9 billion, or 222.6%, to ¥36.1 billion from ¥11.2 billion for the year ended March 31, 2011.

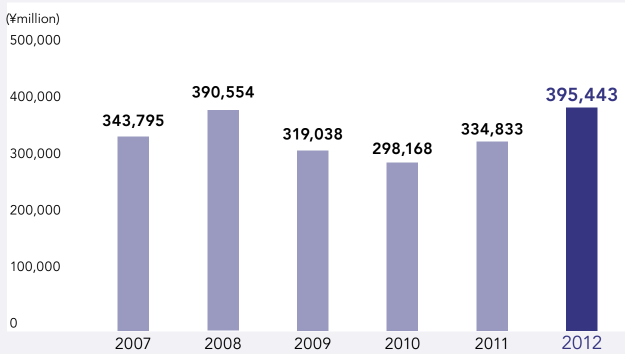
Net income
As a result of the above, net income for the year ended March 31, 2012, increased by ¥65.3 billion, or 50.7%, to ¥194.0 billion from ¥128.7 billion for the year ended March 31, 2011.

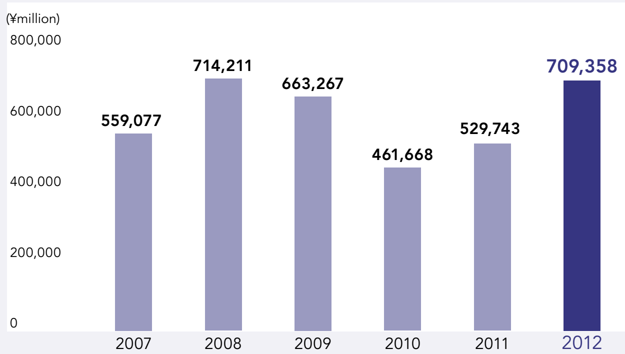
FINANCIAL POSITION

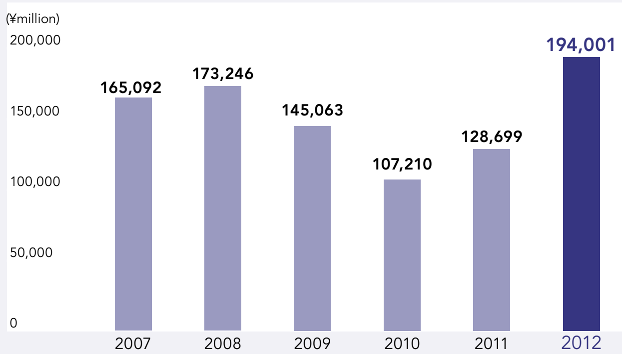
Total assets as of March 31, 2012, increased by ¥386.0 billion, or 14.4%, to ¥3,066.4 billion from ¥2,680.4 billion as of March 31, 2011. Current assets increased by ¥415.8 billion, or 84.3%, to ¥908.7 billion from ¥492.9 billion due to an increase in marketable securities, time deposits, and others. Despite an increase in recoverable accounts under production sharing, fixed assets decreased by ¥29.7 billion, or 1.4%, to ¥2,157.7 billion from ¥2,187.4 billion as of March 31, 2011, due to a decrease in investment securities.

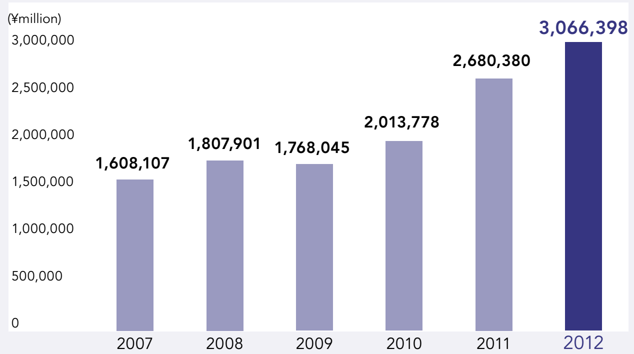
Meanwhile, total liabilities, increased by ¥169.2 billion, or 29.0%, to ¥752.2 billion from ¥583.0 billion as of March 31, 2011. Current liabilities increased by ¥113.1 billion, or 44.4%, to ¥367.8 billion from ¥254.7 billion as of March 31, 2011, due to an increase in accounts payable—other and income taxes payable. Long-term liabilities increased by ¥56.1 billion, or 17.1%, to ¥384.4 billion from ¥328.3 billion due to an increase in long-term debt and others.

Net assets increased by ¥216.8 billion, or 10.3%, to ¥2,314.2 billion from ¥2,097.4 billion as of March 31, 2011. Total shareholders' equity increased by ¥172.1 billion, or 8.6%, to ¥2,184.4 billion from ¥2,012.3 billion as of March 31, 2011. Total accumulated other comprehensive income increased by ¥10.3 billion, or 66.7%, to a loss of ¥5.1 billion from a loss of ¥15.4 billion as of March 31, 2011, and minority interests increased by ¥34.4 billion, or 34.3%, to ¥134.9 billion, from ¥100.5 billion as of March 31, 2011.

Cost of sales


Operating income


Net income


Total assets


INVESTMENTS AND FUNDING

— Investments in upstream oil and gas projects

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

- Exploration expenditures include the costs of exploratory drilling and any geological or geophysical studies. The costs of local personnel and office operations and related administrative expenses are also included in this category if a project (or contract area) is in the exploration phase.
- Development expenditures include the costs of development drilling and any production facilities.
- Operating expenses include the costs of well operations, maintenance and the supervision of production activities. This category also includes the administrative expenses for the project (or contract area) if it contains a field in active production and/or development.

- Discrepancies exist between the standards stipulated in U.S. FASB Accounting Standards Codification Topic 932, "Extractive Industries—Oil and Gas (Topic 932)" and both the Group's definitions of exploration and development expenditures and the standards used in preparing the following tables. The following is a list, which is not limited to, of discrepancies between the Group's accounting policies and Topic 932.
  - Group expenditures relating to the PSC-governed joint ventures where the Group is not the operator are disclosed on a cash basis, rather than an accrual basis as required by Topic 932.
  - The tables below have been prepared based on the cost definitions used by operators in their reporting, which may not be consistent with Topic 932.
  - Topic 932 requires that administrative costs not directly related to exploration and development activities be excluded from exploration and development expenditures, while such administrative costs are not necessarily excluded from those expenditures under the Group's accounting policies.

The table below shows the Group's exploration and development costs and other expenditures (excluding capitalized interest costs and asset retirement costs corresponding to asset retirement obligations capitalized under fixed assets) by segment for the years ended March 31, 2011 and 2012:

(Millions of yen)

Year ended March 31, 2011	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥ 727	¥ 18,847	¥ 517	¥ 3,965	¥ 8,474	¥ 32,530
Development	3,741	97,080	64,108	19,830	2,270	187,029
Subtotal*1	4,468	115,927	64,625	23,795	10,744	219,559
Equity-method Affiliates						
Exploration	—	—	—	355	296	651
Development	—	385	—	650	2,068	3,103
Subtotal	—	385	—	1,005	2,364	3,754
Other capital expenditures*2	21,225	—	—	9	—	21,234
Total	¥25,693	¥116,312	¥64,625	¥24,809	¥13,108	¥244,547

*1 Figures include an equity-method affiliate of Japan Oil Development Co., Ltd. (JODCO).
*2 Other capital expenditures include mainly the construction costs of domestic pipelines for sales of natural gas and the Naoetsu LNG Receiving Terminal.

(Millions of yen)

Year ended March 31, 2012	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥ 31	¥ 15,700	¥ 1,094	¥ 1,074	¥14,915	¥ 32,814
Development	1,021	90,878	59,662	18,249	2,922	172,732
Subtotal*1	1,052	106,578	60,756	19,323	17,837	205,546
Equity-method Affiliates						
Exploration	—	—	—	38	—	38
Development	—	327	—	225	1,768	2,320
Subtotal	—	327	—	263	1,768	2,358
Other capital expenditures*2	35,895	38,403	3	5	—	74,306
Total*3	¥36,947	¥145,308	¥60,759	¥19,591	¥19,605	¥282,210

*1 Figures include an equity-method affiliate of Japan Oil Development Co., Ltd. (JODCO).
*2 Other capital expenditures include the construction costs of domestic pipelines for sales of natural gas and the Naoetsu LNG Receiving Terminal, and the Group's share of investment in Ichthys downstream entity (Ichthys LNG Pty Ltd (an equity-method affiliate)).
*3 The amount capitalized for the asset retirement cost corresponding to asset retirement obligations for the year ended March 31, 2012, is ¥471 million.

Total investments for the year ended March 31, 2012, increased by ¥37.7 billion, or 15.4% to ¥282.2 billion (including ¥2.4 billion to exploration and development by equity-method affiliates) from ¥244.5 billion for the year ended March 31, 2011. This was mainly due to an increase in development expenditures for the Ichthys Project (including the downstream business) and other capital expenditures in the Japan region, despite a decrease in development expenditures for JPDA06-105 (Kitan Oil Field) in the Asia and Oceania region.

The table below shows the Group's operating expenses by segment for the years ended March 31, 2011 and 2012:

(Millions of yen, %)

Year ended March 31, 2011		
Japan	¥ 8,534	10.5%
Asia & Oceania	44,911	55.3
Eurasia (Europe & NIS)	4,409	5.4
Middle East & Africa	20,084	24.7
Americas	3,332	4.1
Total	¥81,270	100.0%

(Millions of yen, %)

Year ended March 31, 2012		
INPEX CORPORATION and Consolidated Subsidiaries		
Japan	¥ 9,071	10.1%
Asia & Oceania	50,886	56.7
Eurasia (Europe & NIS)	6,901	7.7
Middle East & Africa	22,396	25.0
Americas	417	0.5
Total	89,671	100.0
Equity-method Affiliates		
Asia & Oceania	312	4.2
Middle East & Africa	1,533	20.5
Americas	5,639	75.3
Total	¥ 7,484	100.0%

— Expenditures for acquisitions of upstream oil and gas projects

The table below shows the Group's expenditures for acquisitions of upstream oil and gas projects by segment for the years ended March 31, 2011 and 2012. Expenditures in this category include the costs of acquiring mining rights, exploration and development rights, signing bonuses and any tangible fixed assets or recoverable accounts under production sharing gained through the acquisition of interest in upstream oil and gas projects.

(Millions of yen, %)

Years ended March 31,	2011		2012	
INPEX CORPORATION and Consolidated Subsidiaries				
Asia & Oceania	¥ —	—%	¥ —	—%
Eurasia (Europe & NIS)	28,446	100.0	601	100.0
Middle East & Africa	—	—	—	—
Americas	—	—	—	—
Total	28,446	100.0	601	100.0
Equity-method Affiliates				
Asia & Oceania	—	—	—	—
Middle East & Africa	—	—	—	—
Americas	—	—	—	—
Total	¥ —	—%	¥ —	—%

Total expenditures on acquisitions of upstream oil and gas projects for the year ended March 31, 2012, decreased by ¥27.8 billion to ¥0.6 billion from ¥28.4 billion for the year ended March 31, 2011 due to a decrease in outlays in the Eurasia region.

— Analysis of recoverable accounts under production sharing

For upstream projects governed by the PSCs, the Group's share of costs arising during the exploration, development and production phases is capitalized under "Recoverable accounts under production sharing." The following table shows the changes in the balance of "Recoverable accounts under production sharing" during the years ended March 31, 2011 and 2012:

	(Millions of yen)	
Years ended March 31,	2011	2012
Balance at beginning of the year	¥514,646	¥ 534,331
Add: Exploration costs	23,990	25,320
Development costs	120,997	123,762
Operating expenses	43,819	50,055
Other	2,820	4,501
Less: Cost recovery—capital expenditures	50,817	53,543
Cost recovery—operating expenditures	95,665	98,870
Other	25,459	17,238
Balance at end of the year	534,331	568,318
Allowance for recoverable accounts under production sharing at end of the year	¥ (96,880)	¥(100,671)

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

Exploration costs for the year ended March 31, 2012, increased compared with the year ended March 31, 2011. This was mainly due to an increase in exploration expenditures in Suriname Offshore Block 31.

Development costs for the year ended March 31, 2012, increased compared with the year ended March 31, 2011. This was mainly due to increases in development expenditures in the South Natuna Sea Block B and the Offshore Mahakam Block, despite a decrease in those in the Kashagan Oil Field.

Operating expenses for the year ended March 31, 2012, increased compared with the year ended March 31, 2011, mainly due to an increase in operating expenses in the Offshore Mahakam Block.

Cost recovery for the year ended March 31, 2012, increased compared with the year ended March 31, 2011. This was mainly due to increases in cost recovery in the Offshore Mahakam Block and the ACG Oil Fields.

In addition, other deduction was mainly due to the elimination of recoverable accounts under production sharing related to the transfer of mining rights.

The allowance for recoverable accounts under production sharing as of March 31, 2012, increased compared with the year as of March 31, 2011. This was largely due to additional allowance provisions in connection with an increase in recoverable accounts under production sharing with respect to exploration expenditures in the Suriname Offshore Block 31.

— Funding sources and liquidity

Oil and gas exploration and development projects, as well as the construction and expansion of pipelines, LNG receiving terminals and other supply infrastructure, require significant funding. The Group relies on cash flow derived from internal reserves, together with external sources, to procure funds. The Group's basic policy is to utilize internal cash flow and external equity financing to fund exploration projects and to utilize internal cash flow and external loans to fund development projects, pipeline construction and the LNG receiving terminal. The Group currently receives joint financing from the Japan Bank for International Cooperation and Japanese commercial banks. The Japan Oil, Gas and Metals National Corporation (JOGMEC) guarantee system covers this joint financing. In addition, the Development Bank of Japan and various Japanese commercial banks provide loans for the construction and expansion of domestic pipelines and LNG receiving terminals. The Group is in negotiations with financial institutions for the funding of the Ichthys Project through project finance.

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

— Maturities of long-term debt

The aggregate annual maturities of long-term debt subsequent to March 31, 2012 are summarized as follows:

	(Millions of U.S. dollars and Millions of yen)		
	Long-term debt denominated in		
Years ending March 31,	U.S. dollars	Yen	Total yen equivalent
2013	$ —	¥ 4,682	¥ 4,682
2014	—	3,776	3,776
2015	—	5,630	5,630
2016	—	6,988	6,988
2017	—	31,434	31,434
2018 and thereafter	2,775.7	38,149	266,145
Total	$2,775.7	¥90,659	¥318,655

— Cash flows

Cash flows for the years ended March 31, 2011 and 2012 are summarized as follows:

	(Millions of yen)	
Years ended March 31,	2011	2012
Net cash provided by operating activities	¥ 274,094	¥ 320,692
Net cash used in investing activities	(844,511)	(280,864)
Net cash provided by financing activities	548,057	29,294
Cash and cash equivalents at end of the year	¥ 182,025	¥ 249,233

Net cash provided by operating activities

Net cash provided by operating activities for the year ended March 31, 2012, was ¥320.7 billion, an increase of ¥46.6 billion from ¥274.1 billion for the year ended March 31, 2011. This was due to an increase in income before income taxes and minority interests caused by an increase in the unit sales prices for crude oil and natural gas, despite an increase of the amount of income taxes paid.

Net cash used in investing activities

Net cash used in investing activities for the year ended March 31, 2012, was ¥280.9 billion, a decrease of ¥563.6 billion from ¥844.5 billion for the year ended March 31, 2011. This was mainly due to a decrease in payments for purchase of marketable securities and an increase in proceeds from transfer of mining rights.

Net cash provided by financing activities

Net cash provided by financing activities for the year ended March 31, 2012, was ¥29.3 billion, a decrease of ¥518.8 billion from ¥548.1 billion for the year ended March 31, 2011. This was due to proceeds from the issuance of common stock recorded for the year ended March 31, 2011.

CONSOLIDATED FINANCIAL FORECASTS FOR THE YEAR ENDING MARCH 31, 2013 (Announced on August 3, 2012)

Consolidated net sales for the year ending March 31, 2013, are expected to decrease by ¥97.7 billion, or 8.2%, to ¥1,089.0 billion compared with the year ended March 31, 2012. Operating income for the year ending March 31, 2013, is expected to decrease by ¥122.4 billion, or 17.2%, to ¥587.0 billion compared with the year ended March 31, 2012. Income before income taxes and minority interests are expected to decrease by ¥160.0 billion, or 20.9%, to ¥607.0 billion compared with the year ended March 31, 2012. Net income is expected to decrease by ¥26.0 billion, or 13.4%, to ¥168.0 billion.

Net sales for the year ending March 31, 2013 are expected to decrease due to the forecasted decrease in crude oil price compared with the year ended March 31, 2012, and operating income, income before income taxes and minority interests and net income for the year ending March 31, 2013 are also expected to decrease.

The aforementioned forecasts are based on an average oil price of US$102.2/bbl for the Brent crude oil and an average exchange rate of ¥80.0 against the U.S. dollar for the year ending March 31, 2013.

Consolidated Balance Sheets

INPEX CORPORATION and Consolidated Subsidiaries
As of March 31, 2011 and 2012

ASSETS	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars (Note 3) 2012
Current assets:			
Cash and cash equivalents	¥ 182,025	¥ 249,233	$ 3,034,247
Time deposits	266	84,665	1,030,740
Accounts receivable—trade (Note 4)	95,391	119,460	1,454,346
Marketable securities (Notes 4 and 5)	137,270	341,387	4,156,160
Inventories	12,138	11,977	145,812
Deferred tax assets (Note 7)	9,451	18,693	227,575
Accounts receivable—other (Note 4)	57,033	71,912	875,481
Other	12,500	24,388	296,908
Less allowance for doubtful accounts	(13,142)	(13,013)	(158,425)
	492,932	908,702	11,062,844
Tangible fixed assets:			
Buildings and structures (Note 6)	233,270	233,523	2,842,987
Wells (Note 6)	224,676	237,363	2,889,737
Machinery, equipment and vehicles (Note 6)	270,759	277,572	3,379,255
Land (Note 6)	20,708	20,070	244,339
Construction in progress	75,078	167,779	2,042,598
Other	86,148	14,695	178,902
	910,639	951,002	11,577,818
Less accumulated depreciation and amortization	(530,777)	(567,304)	(6,906,550)
	379,862	383,698	4,671,268
Intangible assets:			
Goodwill (Note 16)	101,362	94,602	1,151,717
Exploration and development rights	125,229	118,007	1,436,657
Mining rights	17,554	16,492	200,779
Other	4,966	4,217	51,339
	249,111	233,318	2,840,492
Investments and other assets:			
Recoverable accounts under production sharing	534,331	568,318	6,918,895
Less allowance for recoverable accounts under production sharing	(96,880)	(100,671)	(1,225,603)
	437,451	467,647	5,693,292
Investment securities (Notes 4,5 and 6)	975,541	886,222	10,789,165
Long-term loans receivable	13,979	48,110	585,707
Deferred tax assets (Note 7)	27,214	30,555	371,987
Other investments (Note 6)	118,341	115,142	1,401,778
Less allowance for doubtful accounts	(270)	(716)	(8,717)
Less allowance for investments in exploration	(13,781)	(6,280)	(76,455)
	1,558,475	1,540,680	18,756,757
Total assets	¥2,680,380	¥3,066,398	$37,331,361

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars (Note 3) 2012
Current liabilities:			
Accounts payable—trade	¥ 23,441	¥ 30,228	$ 368,006
Short-term borrowings and current portion of long-term debt (Notes 4,6 and 12)	4,441	4,802	58,461
Income taxes payable (Note 7)	113,102	139,145	1,693,998
Accounts payable—other (Note 6)	83,309	133,153	1,621,050
Provision for exploration projects	9,537	5,551	67,580
Accrued bonuses to officers	128	128	1,558
Asset retirement obligations (Note 15)	3,687	3,338	40,638
Other (Note 7)	17,084	51,499	626,966
	254,729	367,844	4,478,257
Long-term liabilities:			
Long-term debt (Notes 4,6,11 and 12)	268,706	313,973	3,822,413
Deferred tax liabilities (Note 7)	36,518	43,178	525,664
Accrued retirement benefits to employees (Note 14)	6,979	6,341	77,197
Accrued special repair and maintenance	443	368	4,480
Asset retirement obligations (Note 15)	8,966	9,804	119,357
Other (Note 6)	6,656	10,697	130,229
	328,268	384,361	4,679,340
Total liabilities	582,997	752,205	9,157,597
Net assets (Notes 9 and 10):			
Common stock:	290,810	290,810	3,540,419
Authorized: 2011 — 9,000,001 shares 2012 — 9,000,001 shares Issued: 2011 — 3,655,810 shares 2012 — 3,655,810 shares			
Capital surplus	679,288	679,288	8,269,880
Retained earnings	1,047,431	1,219,527	14,846,932
Less: Treasury stock: 2011 — 4,916 shares 2012 — 4,916 shares	(5,248)	(5,248)	(63,891)
Total shareholders' equity	2,012,281	2,184,377	26,593,340
Unrealized holding gain on securities	1,456	6,953	84,648
Unrealized gain from hedging instruments (Note 11)	—	4,118	50,134
Translation adjustments	(16,847)	(16,196)	(197,175)
Total accumulated other comprehensive income	(15,391)	(5,125)	(62,393)
Minority interests	100,493	134,941	1,642,817
Total net assets	2,097,383	2,314,193	28,173,764
Contingent liabilities (Note 18)			
Total liabilities and net assets	¥2,680,380	¥3,066,398	$37,331,361

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

INPEX CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2012	2012
Net sales	¥943,080	¥1,186,732	$14,447,675
Cost of sales	334,833	395,443	4,814,256
Gross profit	608,247	791,289	9,633,419
Exploration expenses	12,000	11,747	143,012
Selling, general and administrative expenses (Notes 13, 14 and 16)	44,254	48,286	587,850
Depreciation and amortization	22,250	21,898	266,594
Operating income	529,743	709,358	8,635,963
Other income:			
Interest income	4,110	4,400	53,567
Dividend income	5,722	6,993	85,135
Equity in earnings of affiliates	4,934	6,638	80,813
Gain on transfer of mining rights	7,334	70,260	855,369
Other	9,076	13,791	167,897
	31,176	102,082	1,242,781
Other expenses:			
Interest expense	1,074	1,228	14,950
Provision for allowance for recoverable accounts under production sharing	11,481	14,816	180,375
Provision for exploration projects	3,082	519	6,319
Loss on adjustment for changes of accounting standard for asset retirement obligations (Note 15)	1,555	—	—
Foreign exchange loss	11,540	14,641	178,244
Loss on business withdrawal	—	5,370	65,376
Other	23,600	7,827	95,289
	52,332	44,401	540,553
Income before income taxes and minority interests	508,587	767,039	9,338,191
Income taxes (Note 7):			
Current	367,083	543,157	6,612,576
Deferred	1,614	(6,223)	(75,761)
	368,697	536,934	6,536,815
Income before minority interests	139,890	230,105	2,801,376
Minority interests	11,191	36,104	439,543
Net income (Note 10)	¥128,699	¥ 194,001	$ 2,361,833

Consolidated Statements of Comprehensive Income

INPEX CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2012	2012
Income before minority interests	¥139,890	¥230,105	$2,801,376
Other comprehensive income			
Unrealized holding gain (loss) on securities	(10,951)	5,499	66,947
Unrealized gain from hedging instruments	—	4,118	50,134
Translation adjustments	(11,516)	2,082	25,347
Share of other comprehensive income of associates accounted for by the equity method	(2,717)	(1,134)	(13,806)
Total other comprehensive income (Note 8)	(25,184)	10,565	128,622
Comprehensive income (Note 8)	114,706	240,670	2,929,998
Total comprehensive income attributable to:			
Shareholders of INPEX CORPORATION	105,783	204,268	2,486,828
Minority interests	¥ 8,923	¥ 36,402	$ 443,170

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

INPEX CORPORATION and Consolidated Subsidiaries

	Millions of yen						
For the year ended March 31, 2011	Balance as of April 1, 2010	Issuance of new shares	Cash dividends paid	Net income	Net changes in items other than those in shareholders' equity	Total changes during the period	Balance as of March 31, 2011
Common stock	¥ 30,000	¥260,810	¥ —	¥ —	¥ —	¥260,810	¥ 290,810
Capital surplus	418,478	260,810	—	—	—	260,810	679,288
Retained earnings	936,745	—	(18,013)	128,699	—	110,686	1,047,431
Treasury stock	(5,248)	—	—	—	—	—	(5,248)
Total shareholders' equity	1,379,975	521,620	(18,013)	128,699	—	632,306	2,012,281
Unrealized holding gain on securities	12,351	—	—	—	(10,895)	(10,895)	1,456
Translation adjustments	(4,826)	—	—	—	(12,021)	(12,021)	(16,847)
Total accumulated other comprehensive income	7,525	—	—	—	(22,916)	(22,916)	(15,391)
Minority interests	103,103	—	—	—	(2,610)	(2,610)	100,493
Total net assets	¥1,490,603	¥521,620	¥(18,013)	¥128,699	¥(25,526)	¥606,780	¥2,097,383

	Millions of yen					
For the year ended March 31, 2012	Balance as of April 1, 2011	Cash dividends paid	Net income	Net changes in items other than those in shareholders' equity	Total changes during the period	Balance as of March 31, 2012
Common stock	¥ 290,810	¥ —	¥ —	¥ —	¥ —	¥ 290,810
Capital surplus	679,288	—	—	—	—	679,288
Retained earnings	1,047,431	(21,905)	194,001	—	172,096	1,219,527
Treasury stock	(5,248)	—	—	—	—	(5,248)
Total shareholders' equity	2,012,281	(21,905)	194,001	—	172,096	2,184,377
Unrealized holding gain on securities	1,456	—	—	5,497	5,497	6,953
Unrealized gain from hedging instruments	—	—	—	4,118	4,118	4,118
Translation adjustments	(16,847)	—	—	651	651	(16,196)
Total accumulated other comprehensive income	(15,391)	—	—	10,266	10,266	(5,125)
Minority interests	100,493	—	—	34,448	34,448	134,941
Total net assets	¥2,097,383	¥(21,905)	¥194,001	¥44,714	¥216,810	¥2,314,193

	Thousands of U.S. dollars (Note 3)					
For the year ended March 31, 2012	Balance as of April 1, 2011	Cash dividends paid	Net income	Net changes in items other than those in shareholders' equity	Total changes during the period	Balance as of March 31, 2012
Common stock	$ 3,540,419	$ —	$ —	$ —	$ —	$ 3,540,419
Capital surplus	8,269,880	—	—	—	—	8,269,880
Retained earnings	12,751,777	(266,678)	2,361,833	—	2,095,155	14,846,932
Treasury stock	(63,891)	—	—	—	—	(63,891)
Total shareholders' equity	24,498,185	(266,678)	2,361,833	—	2,095,155	26,593,340
Unrealized holding gain on securities	17,726	—	—	66,922	66,922	84,648
Unrealized gain from hedging instruments	—	—	—	50,134	50,134	50,134
Translation adjustments	(205,101)	—	—	7,926	7,926	(197,175)
Total accumulated other comprehensive income	(187,375)	—	—	124,982	124,982	(62,393)
Minority interests	1,223,436	—	—	419,381	419,381	1,642,817
Total net assets	$25,534,246	$(266,678)	$2,361,833	$544,363	$2,639,518	$28,173,764

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

INPEX CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2012	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 508,587	¥ 767,039	$ 9,338,191
Depreciation and amortization	54,245	48,026	584,685
Amortization of goodwill	6,760	6,760	82,298
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,555	—	—
Provision for allowance for recoverable accounts under production sharing	15,320	18,991	231,203
Provision for exploration projects	(5,442)	(3,916)	(47,675)
Provision for accrued retirement benefits to employees	(593)	(637)	(7,755)
Other provisions	11,463	(26)	(317)
Interest and dividend income	(9,832)	(11,393)	(138,702)
Interest expense	1,074	1,228	14,950
Foreign exchange loss (gain)	(3,015)	5,334	64,938
Equity in (earnings) losses of affiliates	(4,934)	(6,638)	(80,813)
Gain on transfer of mining rights	(7,334)	(70,260)	(855,369)
Recovery of recoverable accounts under production sharing (capital expenditures)	50,817	53,543	651,850
Recoverable accounts under production sharing (operating expenditures)	(17,369)	(21,041)	(256,160)
Accounts receivable—trade	(11,376)	(23,816)	(289,944)
Inventories	(223)	195	2,374
Accounts payable—trade	7,278	6,562	79,888
Accounts receivable—other	7,694	(19,774)	(240,735)
Accounts payable—other	9,699	40,943	498,454
Advances received	(2,490)	23,891	290,857
Other	(595)	370	4,505
Subtotal	611,289	815,381	9,926,723
Interest and dividends received	13,079	16,997	206,927
Interest paid	(748)	(943)	(11,481)
Income taxes paid	(349,526)	(510,743)	(6,217,957)
Net cash provided by operating activities	274,094	320,692	3,904,212
Cash flows from investing activities:			
Payments for time deposits	(493)	(88,771)	(1,080,728)
Proceeds from time deposits	3,849	6,065	73,837
Payments for long-term deposits	(53,500)	—	—
Payments for purchases of tangible fixed assets	(84,236)	(68,317)	(831,714)
Proceeds from sales of tangible fixed assets	1,072	315	3,835
Payments for purchases of intangible assets	(2,535)	(1,368)	(16,655)
Payments for purchases of marketable securities	(11,731)	(4,090)	(49,793)
Proceeds from sales and redemptions of marketable securities	112,000	136,614	1,663,185
Payments for purchases of investment securities	(724,635)	(238,568)	(2,904,407)
Proceeds from sales and redemptions of investment securities	10,847	20,672	251,668
Investment in recoverable accounts under production sharing (capital expenditures)	(77,865)	(82,916)	(1,009,447)
Decrease in short-term loans receivable	1,570	3,759	45,763
Long-term loans made	(1,134)	(38,094)	(463,769)
Collection of long-term loans receivable	567	3,600	43,827
Payments for purchase of mining rights	(28,045)	—	—
Proceeds from transfer of mining rights	7,334	71,487	870,307
Other	2,424	(1,252)	(15,242)
Net cash used in investing activities	(844,511)	(280,864)	(3,419,333)
Cash flows from financing activities			
Proceeds from issuance of common stock	521,620	—	—
Decrease in short-term loans	—	(40)	(487)
Proceeds from long-term debt	56,285	50,913	619,832
Repayment of long-term debt	(4,713)	(4,317)	(52,557)
Proceeds from minority interests for additional shares	6,418	9,723	118,371
Cash dividends paid	(18,010)	(21,922)	(266,886)
Dividends paid to minority shareholders	(13,450)	(4,992)	(60,774)
Other	(93)	(71)	(864)
Net cash provided by financing activities	548,057	29,294	356,635
Effect of exchange rate changes on cash and cash equivalents	(12,015)	(2,664)	(32,432)
Net increase (decrease) in cash and cash equivalents	(34,375)	66,458	809,082
Cash and cash equivalents at beginning of the year	216,395	182,025	2,216,034
Increase in cash and cash equivalents from newly consolidated subsidiary	5	750	9,131
Cash and cash equivalents at end of the year	¥ 182,025	¥ 249,233	$ 3,034,247

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

INPEX CORPORATION and Consolidated Subsidiaries

1. BASIS OF PRESENTATION

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

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

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

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

The Company has made certain reclassifications of the previous years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

For the 42 companies for which the closing date differed from the consolidated closing date, including but not limited to, INPEX Sahul, Ltd. and INPEX Masela, Ltd., the financial statements for the year ended December 31 were used. However, the necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between the Company's closing date and that of the consolidated subsidiaries. For the 11 companies, including but not limited to, Japan Oil Development, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea Ltd., INPEX Holdings Australia Pty Ltd, and INPEX Ichthys Pty Ltd, the financial statements for the year ended on the consolidated closing date were used, even though their closing date is December 31.

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

(b) Cash equivalents

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

(c) Foreign currency translation

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

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

(d) Securities

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

(e) Derivatives

Derivatives are stated at fair value.

(f) Inventories

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

(g) Allowance for doubtful accounts

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

(h) Recoverable accounts under production sharing and related allowance

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

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

(i) Allowance for investments in exploration

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

(j) 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.

(k) Accrued bonuses to officers

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

(l) Tangible fixed assets (except leased assets)

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

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

(m) Intangible assets (except leased assets)

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

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

Capitalized computer software costs are amortized over a period of five years.

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

(n) Leased assets

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

(o) Accrued retirement benefits to employees

Accrued retirement benefits to employees are provided at the amount calculated based on the expected retirement benefit obligation and the fair value of pension plan assets at the end of this period. Because certain subsidiaries are classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation of the subsidiaries.

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

(p) Asset retirement obligations

Asset retirement obligations are provided by a reasonable estimate of retirement costs incurred upon termination of the operation with respect to oil and gas production facilities in case that the Company is obliged to retire such facilities by oil and gas contracts or laws and regulations with the countries in which the Company operates or has working interests.

(q) Accrued special repair and maintenance

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

(r) Hedge accounting

The deferred hedge accounting method is used to process hedging transactions. The special treatment is applied to interest rate swaps. In addition, the nominal amount of the derivative transaction is limited to the scope of actual demand, and the Company does not engage in speculative derivative transactions.

(s) Research and development expenses

Research and development expenses are charged to income as incurred.

(t) Income taxes

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

(u) Adoption of new accounting standard

Effective the fiscal year ended March 31, 2012, for the accounting changes made on or after April 1, 2011, and corrections of the prior period errors, the Company applies "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, issued on December 4, 2009).

3. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥82.14=US$1.00, the approximate rate of exchange in effect on March 31, 2012. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. STATUS OF FINANCIAL INSTRUMENTS

(a) Policy regarding financial instruments

The Company raises funds for oil and gas development and production, construction or expansion of pipelines and LNG receiving terminal primarily from cash flow on hand and from bank loans. Oil and gas development projects are primarily funded from long-term loans that the Company has secured from the Japan Bank of International Cooperation and Japanese commercial banks. Japan Oil, Gas and Metals National Corporation has provided guarantees for the principal on certain outstanding amounts of the Company's long-term loans. The Development Bank of Japan and Japanese commercial banks have provided long-term loans for the construction or expansion of domestic pipelines and LNG receiving terminal. 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.

(b) 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 the criteria for trading and credit exposure management, the Company properly analyzes the status of trading partners for early detection and reduction of default risks.

(Market price fluctuation risk related to securities)

For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Executive Committee. For shares of stock, the Company holds shares of trading partners and others to establish close and smooth relationships for the purposes of maintaining a medium- to long-term stable business. Of these shares, the Company holds a part of these shares 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 gas development projects and construction or expansion of domestic pipelines and LNG receiving terminal 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 once a year, and leverages fixed-rate-loans or makes interest rate swaps as necessary.

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

As most of the Company's business consists of its overseas business, the Company is exposed to exchange fluctuation risk due to a large portion of monetary assets and liabilities held in foreign currencies such as cash and deposits, accounts receivables and loans required in overseas projects. As a result of fiscal year-end conversion, yen appreciation causes a foreign exchange loss on assets and a foreign exchange gain on liabilities while yen depreciation causes a foreign exchange gain on assets and a foreign exchange loss on liabilities. For this reason, foreign exchange gains and losses are largely offset and the position between assets and liabilities in foreign currencies is maintained. At present, the Company is in the position of incurring foreign exchange loss when foreign exchange rate proceeds to yen appreciation. The Company manages assets in foreign currencies to avoid excess holding of them in comparison with liabilities in foreign currencies. Regarding those planned expenditures in foreign currencies mainly for Ichthys project, the Company manages exchange fluctuation risk through derivative transactions such as foreign exchange forwards, currency swap transactions 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 unit 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 risks.

5. SECURITIES

(a) Information regarding other securities as of March 31, 2011 and 2012 is as follows:

	Millions of yen		
March 31, 2011	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs:			
Stock	¥ 42,521	¥ 49,877	¥ 7,356
Bonds:			
Public bonds	336,349	336,983	634
Corporate bonds	8,500	8,503	3
Other	6,733	7,694	961
Subtotal	394,103	403,057	8,954
Securities with acquisition costs exceeding their carrying values:			
Stock	10,535	8,664	(1,871)
Bonds:			
Public bonds	374,128	372,900	(1,228)
Corporate bonds	28,509	28,334	(175)
Other debt securities	33,868	32,942	(926)
Other	198,255	195,213	(3,042)
Subtotal	645,295	638,053	(7,242)
Total	¥1,039,398	¥1,041,110	¥ 1,712

	Millions of yen			Thousands of U.S. dollars		
March 31, 2012	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs:						
Stock	¥ 4,499	¥ 9,318	¥ 4,819	$ 54,772	$ 113,440	$ 58,668
Bonds:						
Public bonds	726,075	727,734	1,659	8,839,482	8,859,679	20,197
Corporate bonds	23,500	23,589	89	286,097	287,181	1,084
Other debt securities	25,396	25,503	107	309,179	310,482	1,303
Other	204,862	209,855	4,993	2,494,059	2,554,845	60,786
Subtotal	984,332	995,999	11,667	11,983,589	12,125,627	142,038
Securities with acquisition costs exceeding their carrying values:						
Stock	47,939	44,103	(3,836)	583,626	536,925	(46,701)
Bonds:						
Public bonds	30,190	29,950	(240)	367,543	364,621	(2,922)
Corporate bonds	40,000	39,779	(221)	486,973	484,283	(2,690)
Other debt securities	8,385	8,348	(37)	102,082	101,631	(451)
Other	4,338	4,335	(3)	52,812	52,776	(36)
Subtotal	130,852	126,515	(4,337)	1,593,036	1,540,236	(52,800)
Total	¥1,115,184	¥1,122,514	¥ 7,330	$13,576,625	$13,665,863	$ 89,238

(b) Information regarding sales of securities classified as other securities for the years ended March 31, 2011 and 2012 is as follows:

	Millions of yen		
Year ended March 31, 2011	Proceeds from sales	Gain on sales	Loss on sales
Stock	¥ 767	¥138	¥ 55
Bonds:			
Public bonds	10,080	—	385
Total	¥10,847	¥138	¥440

	Millions of yen			Thousands of U.S. dollars		
Year ended March 31, 2012	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
Bonds:						
Public bonds	¥41,395	¥82	¥—	$503,957	$998	$—
Total	¥41,395	¥82	¥—	$503,957	$998	$—

(c) Components of securities for which it is extremely difficult to determine fair value as of March 31, 2011 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Other securities:			
Unlisted securities	¥27,819	¥ 28,395	$ 345,690
Preferred securities	5,000	5,000	60,872
Stocks of subsidiaries and affiliates	38,882	71,700	872,900
Total	¥71,701	¥105,095	$1,279,462

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

(d) Redemption schedule for securities with maturity dates classified as other securities as of March 31, 2012 is as follows:

	Millions of yen				Thousands of U.S. dollars			
March 31, 2012	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than10 years	More than 10 years	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Bonds:								
Public bonds	¥335,500	¥375,000	¥39,500	¥—	$4,084,490	$4,565,376	$480,886	$—
Corporate bonds	—	63,500	—	—	—	773,070	—	—
Other debt securities	—	33,186	—	—	—	404,018	—	—
Other	4,090	198,100	—	—	49,793	2,411,736	—	—
Total	¥339,590	¥669,786	¥39,500	¥—	$4,134,283	$8,154,200	$480,886	$—

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Short-term borrowings from banks and others (Interest rates ranging from 1.037% to 1.325% and from 0.970% to 1.325% at March 31, 2011 and 2012)	¥160	¥120	$1,461
Total	¥160	¥120	$1,461

Long-term debt as of March 31, 2011 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Loans from banks and others, due through 2025 (Interest rates ranging from 0.776% to 2.700% and from 0.700% to 2.700% at March 31, 2011 and 2012)	¥272,987	¥318,655	$3,879,413
Less: Current portion	4,281	4,682	57,000
	¥268,706	¥313,973	$3,822,413

Assets pledged as of March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Buildings and structures	¥ 2,141	¥ 2,251	$ 27,405
Wells	4,774	2,737	33,321
Machinery, equipment and vehicles	9,049	9,190	111,882
Land	660	—	—
Investment securities	8,237	7,633	92,927
Other	239	231	2,812
Total	¥25,100	¥22,042	$268,347

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Short-term borrowings	¥ 2,130	¥1,589	$ 19,345
Accounts payable—other	3,993	5,090	61,968
Long-term debt	4,023	2,434	29,632
Other	17	17	207
Total	¥10,163	¥9,130	$111,152

In addition, investment securities of ¥4,928 million as of March 31, 2011 and ¥4,704 million ($57,268 thousand) as of March 31, 2012 are pledged as collateral for the BTC Pipeline Project Finance.

The aggregate annual maturities of long-term debt subsequent to March 31, 2012 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 4,682	$ 57,000
2014	3,776	45,970
2015	5,630	68,542
2016	6,988	85,074
2017	31,434	382,688
2018 and thereafter	266,145	3,240,139
Total	¥318,655	$3,879,413

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 36.2% for the fiscal years ended March 31, 2011 and 2012.

The effective tax rates reflected in the consolidated statements of income for the fiscal years ended March 31, 2011 and 2012 differ from the statutory tax rate for the following reasons:

Years ended March 31,	2011	2012
Statutory tax rate	36.2%	36.2%
Effect of:		
Permanently non-taxable expenses such as entertainment expenses	0.1	0.3
Permanently non-taxable income such as dividends income	(0.8)	(0.6)
Valuation allowance	2.4	5.7
Foreign taxes	68.9	61.8
Foreign tax credits	(18.8)	(23.1)
Adjustment of deducted amounts of foreign taxes	(14.0)	(8.2)
Net operating losses utilized	(0.8)	—
Equity in (earnings) losses of affiliates	(0.4)	(0.3)
Amortization of goodwill	0.5	0.3
Differences of effective tax rates applied to tax effect accounting	(0.3)	(1.6)
Other	(0.5)	(0.5)
Effective tax rates	72.5%	70.0%

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31,	2011	2012	2012
Deferred tax assets:			
Investments in related parties	¥ 64,881	¥ 58,624	$ 713,708
Loss on revaluation of land	4,855	3,959	48,198
Loss on valuation of investment securities	6,091	3,889	47,346
Recoverable accounts under production sharing (foreign taxes)	4,565	5,258	64,013
Allowance for recoverable accounts under production sharing	—	20,438	248,819
Allowance for investments in exploration	6,528	2,928	35,646
Foreign taxes payable	37,415	35,612	433,553
Net operating loss carry forward	25,287	39,042	475,310
Accumulated depreciation	36,444	37,777	459,910
Accrued retirement benefits	2,565	1,989	24,215
Translation differences of assets and liabilities denominated in foreign currencies	1,000	1,704	20,745
Asset retirement obligations	4,570	4,239	51,607
Exploration expenses	7,780	9,520	115,900
Allowance for doubtful accounts	5,159	4,940	60,141
Other	11,914	14,475	176,224
Total gross deferred tax assets	219,054	244,394	2,975,335
Valuation allowance	(153,220)	(174,115)	(2,119,735)
Total deferred tax assets	65,834	70,279	855,600
Deferred tax liabilities:			
Foreign taxes	32,883	30,164	367,227
Translation differences of assets and liabilities denominated in foreign currencies	15,937	16,326	198,758
Reserve for overseas investment loss	6,541	5,070	61,724
Translation differences due to an application of purchase accounting method	2,429	1,694	20,623
Reserve for exploration	5,958	7,910	96,299
Unrealized holding gain on securities	435	283	3,445
Unrealized gain from hedging instruments	—	2,352	28,634
Other	3,260	4,660	56,733
Total deferred tax liabilities	67,443	68,459	833,443
Net deferred tax assets (liabilities)	¥ (1,609)	¥ 1,820	$ 22,157

8. COMPREHENSIVE INCOME

The reclassification adjustments and tax effects allocated to each component of other comprehensive income for the year ended March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ended March 31,	2012	2012
Unrealized holding gain on securities		
Amount recognized during this period	¥ 5,082	$ 61,870
Reclassification adjustment	539	6,562
Before income tax effect	5,621	68,432
Amount of income tax effect	(122)	(1,485)
	5,499	66,947
Unrealized gain from hedging instruments		
Amount recognized during this period	6,456	78,598
Amount of income tax effect	(2,338)	(28,464)
	4,118	50,134
Translation adjustments		
Amount recognized during this period	2,082	25,347
Share of other comprehensive income of associates accounted for by the equity-method		
Amount recognized during this period	(1,134)	(13,806)
Total other comprehensive income	¥10,565	$128,622

9. NET ASSETS

As of March 31, 2012, the total number of the Company's shares issued consisted of 3,655,809 shares of common stock and 1 special class share.

The special class share has no voting rights at the common shareholders' meeting, but the ownership of the special class share gives its holder a right of veto over certain important matters by imposing the requirement to obtain a class vote. However, requirements stipulated in the Articles of Incorporation need to be met in cases involving the appointment or removal of directors, the disposition of important assets or the exercise of the veto over;

- Appointment and removal of directors
- Disposition of all or part of the Company's material assets
- Amendments to the Article of Incorporation with respect to (i) the purpose of the Company's business and (ii) the granting of voting rights to the Company's shares other than common stock
- Mergers, share exchanges or share transfers
- Capital reduction
- Dissolution

The special class shareholder may request the Company to acquire the special class share. Besides, the Company may also acquire the special class share by a resolution of a meeting of the Board of Directors in case of that special class share is transferred to a non-public subject.

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

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

10. AMOUNTS PER SHARE

Years ended March 31,	Yen 2011	Yen 2012	U.S. dollars 2012
Net income	¥ 40,832.40	¥ 53,137.93	$ 646.92
Cash dividends	6,000.00	7,000.00	85.22
Net assets	¥546,958.90	¥596,908.99	$7,266.97

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the average number of shares of common stock outstanding during the year.
Cash dividends per share represent the cash dividends proposed by the Board of Directors together with the interim cash dividends paid.
Net assets per share are computed based on the net assets excluding minority interests and the number of common stock outstanding at the year end.

11. DERIVATIVE TRANSACTIONS

(a) Derivatives not subject to hedge accounting

Contract amounts, fair value and valuation gain (loss) regarding derivatives not subject to hedge accounting as of March 31, 2011 and 2012 are as follows:

There is no derivative not subject to hedge accounting as of March 31, 2011.

	Millions of yen			
March 31, 2012	Contract amounts	Due after one year	Fair value	Valuation gain
Currency swap transactions	¥31,996	¥—	¥883	¥883

	Thousands of U.S. dollars			
March 31, 2012	Contract amounts	Due after one year	Fair value	Valuation gain
Currency swap transactions	$389,530	$—	$10,750	$10,750

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

(b) Derivatives subject to hedge accounting

Contract amounts and fair value regarding derivatives subject to hedge accounting as of March 31, 2011 and 2012 are as follows:

		Millions of yen		
March 31, 2011	Principal items hedged	Contract amounts	Due after one year	Fair value
Interest rate swaps:				
Payment fixed, receipt fluctuated (Special treatment)	Long-term debt	¥8,300	¥6,240	*2

		Millions of yen		
March 31, 2012	Principal items hedged	Contract amounts	Due after one year	Fair value
Foreign exchange forwards *[1]:				
Buy (USD) (Deferred hedge accounting)	Forecasted transactions in foreign currencies	¥108,578	¥ —	¥6,456
Interest rate swaps:				
Payment fixed, receipt fluctuated (Special treatment)	Long-term debt	¥ 6,240	¥4,820	*2

		Thousands of U.S. dollars		
March 31, 2012	Principal items hedged	Contract amounts	Due after one year	Fair value
Foreign exchange forwards *[1]:				
Buy (USD) (Deferred hedge accounting)	Forecasted transactions in foreign currencies	$1,321,865	$ —	$78,598
Interest rate swaps:				
Payment fixed, receipt fluctuated (Special treatment)	Long-term debt	$ 75,968	$58,680	*2

*1 Fair value is calculated based on the price obtained from the counterparty financial institutions.
*2 Fair value of derivatives for which special treatment of interest rate swaps is applied is included in the estimated fair value of the long-term debt as disclosed in Note 12. (a) since the interest swap is processed together with long-term debt subject to hedging.

12. OTHER FINANCIAL INSTRUMENTS

(a) The carrying value and estimated fair value of financial instruments excluding securities and investment securities which are disclosed in Note 5.(a) and derivatives which are disclosed in Note 11 as of March 31, 2011 and 2012 are as shown below. The following summary also excludes cash and cash equivalents, time deposits and accounts receivable-trade for which fair values approximate their carrying amounts.

	Millions of yen				Thousands of U.S. dollars	
	2011		2012		2012	
March 31,	Carrying value	Estimated fair value	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Short-term borrowings and current portion of long-term debt	¥ 4,441	¥ 4,484	¥ 4,802	¥ 4,830	$ 58,461	$ 58,802
Long-term debt	¥268,706	¥270,572	¥313,973	¥316,131	$3,822,413	$3,848,685

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

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

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

Long-term debt

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

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses amounted to ¥449 million and ¥402 million ($4,894 thousand) for the years ended March 31, 2011 and 2012, respectively.

14. RETIREMENT BENEFITS

(a) Retirement benefit obligations as of March 31, 2011 and 2012 are as follows:

March 31,	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Retirement benefit obligations	¥(15,593)	¥(15,881)	$(193,340)
Plan assets at fair value	8,614	9,540	116,143
Unfunded retirement benefit obligation	(6,979)	(6,341)	(77,197)
Unrecognized actuarial gain or loss	—	—	—
Accrued retirement benefits to employees	¥ (6,979)	¥ (6,341)	$ (77,197)

(b) Retirement benefit expenses for the years ended March 31, 2011 and 2012 are as follows:

Years ended March 31,	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
Service cost	¥ 830	¥ 792	$ 9,642
Interest cost	288	294	3,579
Expected return on plan assets	(152)	(170)	(2,070)
Amortization of actuarial gain or loss	134	(205)	(2,496)
Other*	—	238	2,898
Retirement benefit expenses	¥1,100	¥ 949	$11,553

*"Other" consists of the amount of contribution to defined contribution plan.

(c) The assumptions used in accounting for the above plans are as follows:

Years ended March 31,	2011	2012
Discount rate	2.0%	2.0%
Expected return rate on plan assets	2.0%	2.0%
Period for amortization of actuarial gain or loss	Amortized as incurred	Amortized as incurred

7 Financial / Corporate Information

15. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2011	2012	2012
Balance at beginning of the year *1	¥16,564	¥12,653	$154,042
New obligations	1,281	434	5,284
Accretion expenses	714	322	3,920
Obligations settled	(5,320)	(265)	(3,226)
Other *2	(586)	(2)	(25)
Balance at end of the year	¥12,653	¥13,142	$159,995

*1 The balance at beginning of the year for the year ended March 31, 2011 indicates obligations occurred by applying "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008) .

*2 "Other" mainly includes the changes in foreign currency exchange rates and revision in estimates.

16. GOODWILL

The changes in the carrying amount of goodwill for the years ended March 31, 2011 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2011	2012	2012
Balance at beginning of the year	¥108,123	¥101,362	$1,234,015
Goodwill acquired during the year	(1)	—	—
Amortization of goodwill	(6,760)	(6,760)	(82,298)
Balance at end of the year	¥101,362	¥ 94,602	$1,151,717

17. LEASES

Future minimum lease payments subsequent to March 31, 2012 for operating lease transactions are summarized as follows:

(a) As lessee

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 3,626	$ 44,144
2014 and thereafter	14,447	175,883
Total	¥18,073	$220,027

(b) As lessor

Years ending March 31,	Millions of yen	Thousands of U.S dollars
2013	¥ 78	$ 950
2014 and thereafter	169	2,057
Total	¥247	$3,007

18. CONTINGENT LIABILITIES

As of March 31, 2012, the Company and its consolidated subsidiaries were contingently liable as guarantors of indebtedness of affiliates in the aggregate amount of ¥31,075 million ($378,318 thousand).

19. SUPPLEMENTARY CASH FLOW INFORMATION

(Significant non-cash transactions)

Assets and liabilities which the Company has transferred to Ichthys LNG Pty Ltd, a jointly controlled entity, by the contribution in kind are as follows:

Year ended March 31, 2012	Millions of yen	Thousands of U.S dollars
Current assets	¥ 534	$ 6,501
Fixed assets	34,218	416,582
Total assets	34,752	423,083
Current liabilities	478	5,819
Total liabilities	¥ 478	$ 5,819

20. SEGMENT INFORMATION

Segment information for the years ended March 31, 2011 and 2012

Overview of reportable segments

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

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

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

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

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

	Millions of yen							
Year ended March 31, 2011	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments (a)	Consolidated (b)
Sales to third parties	¥104,525	¥406,828	¥ 68,319	¥350,735	¥12,673	¥ 943,080	¥ —	¥ 943,080
Total sales	104,525	406,828	68,319	350,735	12,673	943,080	—	943,080
Segment income (loss)	25,959	235,814	36,461	243,113	(3,035)	538,312	(8,569)	529,743
Segment assets	240,239	432,323	503,471	245,865	68,023	1,489,921	1,190,459	2,680,380
Other items								
Depreciation and amortization	18,457	17,469	9,013	5,112	2,914	52,965	1,280	54,245
Amortization of goodwill	(1)	—	—	—	(192)	(193)	6,953	6,760
Investment to associates accounted for by the equity method	—	20,067	—	7,084	5,120	32,271	—	32,271
Increase of tangible fixed assets and intangible assets	¥ 25,697	¥ 45,974	¥ 28,362	¥ 10,838	¥2,929	¥ 113,800	¥ 566	¥ 114,366

	Millions of yen							
Year ended March 31, 2012	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments (a)	Consolidated (b)
Sales to third parties	¥113,662	¥483,187	¥ 84,325	¥500,033	¥ 5,525	¥1,186,732	¥ —	¥1,186,732
Total sales	113,662	483,187	84,325	500,033	5,525	1,186,732	—	1,186,732
Segment income (loss)	24,607	299,599	47,076	354,136	(5,518)	719,900	(10,542)	709,358
Segment assets	260,596	445,735	515,537	198,987	67,929	1,488,784	1,577,614	3,066,398
Other items								
Depreciation and amortization	18,485	12,775	8,503	6,550	374	46,687	1,339	48,026
Amortization of goodwill	—	—	—	—	(193)	(193)	6,953	6,760
Investment to associates accounted for by the equity method	—	49,156	—	6,860	9,606	65,622	—	65,622
Increase of tangible fixed assets and intangible assets	¥ 35,954	¥ 27,146	¥ 519	¥ 10,388	¥ 2,956	¥ 76,963	¥ 2,106	¥ 79,069

	Thousands of U.S. dollars							
Year ended March 31, 2012	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments (a)	Consolidated (b)
Sales to third parties	$1,383,760	$5,882,481	$1,026,601	$6,087,570	$ 67,263	$14,447,675	$ —	$14,447,675
Total sales	1,383,760	5,882,481	1,026,601	6,087,570	67,263	14,447,675	—	14,447,675
Segment income (loss)	299,574	3,647,419	573,119	4,311,371	(67,178)	8,764,305	(128,342)	8,635,963
Segment assets	3,172,583	5,426,528	6,276,321	2,422,535	826,990	18,124,957	19,206,404	37,331,361
Other items								
Depreciation and amortization	225,043	155,527	103,518	79,742	4,553	568,383	16,302	584,685
Amortization of goodwill	—	—	—	—	(2,350)	(2,350)	84,648	82,298
Investment to associates accounted for by the equity method	—	598,441	—	83,516	116,947	798,904	—	798,904
Increase of tangible fixed assets and intangible assets	$ 437,716	$ 330,485	$ 6,318	$ 126,467	$ 35,987	$ 936,973	$ 25,640	$ 962,613

(a) Adjustments include elimination of inter-segment transactions and corporate incomes, expenses and assets that are not allocated to a reportable segment.
(b) Segment income is reconciled with operating income on the consolidated statements of income.

Products and service information:

Sales to third parties

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	2011	2012	2012
Crude oil	¥557,911	¥ 726,223	$ 8,841,283
Natural gas (excluding LPG)	334,650	404,735	4,927,380
LPG	21,597	24,330	296,202
Other	28,922	31,444	382,810
Total	¥943,080	¥1,186,732	$14,447,675

Geographical information:

Sales

Year ended March 31, 2011	Millions of yen
Japan	¥573,132
Asia & Oceania	346,717
Other	23,231
Total	¥943,080

Year ended March 31, 2012	Millions of yen	Thousands of U.S. dollars
Japan	¥ 591,215	$ 7,197,650
Asia & Oceania (excluding Singapore)	420,184	5,115,462
Singapore	135,759	1,652,776
Other	39,574	481,787
Total	¥1,186,732	$14,447,675

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

Tangible fixed assets

As of March 31, 2011	Millions of yen
Japan	¥211,088
Australia	96,500
Other	72,274
Total	¥379,862

As of March 31, 2012	Millions of yen	Thousands of U.S. dollars
Japan	¥229,889	$2,798,746
Australia	77,981	949,367
Other	75,828	923,155
Total	¥383,698	$4,671,268

Information by major customer:
Sales from a single group of external customers amount to ¥ 254,542 million arising from sales by the Asia & Oceania segment for the year ended March 31, 2011.

Sales from a single group of external customers amount to ¥ 245,942 million ($ 2,994,181 thousand) arising from sales by the Asia & Oceania segment for the year ended March 31, 2012.

21. RELATED PARTY TRANSACTIONS

There is no related party transaction for the year ended March 31, 2011.

There are the following related party transactions for the year ended March 31, 2012:

Affiliated company

Name of related party	Location	Capital investment (Thousands of U.S. dollars)	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts: Millions of yen	Amounts: Thousands of U.S. dollars
Ichthys LNG Pty Ltd	Western Australia, Australia	$482,700	Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-37-R block in offshore Western Australia, Australia *3	Indirectly 76.00%	Serve the officer concurrently, capital subscription	Contribution in kind *1		
						Total inherited assets	¥34,752	$423,083
						Total inherited liabilities	478	5,819
						Loans of funds *2	¥38,062	$463,380

*1 The detail of the contribution in kind is disclosed in Note 22.
*2 The Company determines the interest rate based on its market interest rates upon loans of funds in a reasonable and appropriate manner.
*3 Upon the grant of production license, WA-37-R has been registered as WA-50-L.

22. BUSINESS COMBINATION

Business combination for the year ended March 31, 2012

1. Transaction under common control
Summary of the transaction
(a) Names and nature of business of parties to the business combination

Names of parties to the business combination : INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd and INPEX Operations Australia Pty Ltd

Nature of business : Exploration and development of oil and natural gas in WA-37-R block* in offshore Western Australia, Australia

(b) Date of the business combination

July 1, 2011

(c) Legal form of the business combination

INPEX Browse, Ltd. made a contribution in kind to INPEX Holdings Australia Pty Ltd. Meanwhile INPEX Holdings Australia Pty Ltd made a contribution in kind to INPEX Ichthys Pty Ltd and INPEX Operations Australia Pty Ltd.

(d) Names of the combined entities

INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd and INPEX Operations Australia Pty Ltd

(e) Summary of the transaction including its purpose

The Company's subsidiary INPEX Browse Ltd., which has been acting as an operator of the Ichthys Project in WA-37-R block* in offshore Western Australia, Australia, undertook a business restructure that required the transfer of the company's assets to newly established Australian companies for the purpose of efficient financing and operation of the project.

Summary of the accounting treatment adopted

The transaction was treated as a business combination among entities under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 26, 2008).

* Upon the grant of production license, WA-37-R was registered as WA-50-L.

2. Formation of jointly controlled company
Summary of the transaction
(a) Names and nature of business of parties to the business combination

Names of parties to the business combination : INPEX Holdings Australia Pty Ltd and Ichthys LNG Pty Ltd

Nature of business : Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-37-R block* in offshore Western Australia, Australia

(b) Date of the business combination

July 1, 2011

(c) Legal form of the business combination

INPEX Holdings Australia Pty Ltd made a contribution in kind to Ichthys LNG Pty Ltd.

(d) Name of the combined entity

Ichthys LNG Pty Ltd

(e) Summary of the transaction including its purpose

The Company's subsidiary INPEX Browse Ltd., which has been acting as an operator of the Ichthys project in WA-37-R block* in offshore Western Australia, Australia, undertook a business restructure that required the transfer of the company's assets to newly established Australian companies for efficient financing and operation of the project.

(f) Reason that the business combination was formed as a jointly controlled company

INPEX Holdings Australia Pty Ltd and TOTAL E&P Holding Ichthys entered into the shareholders agreement under which both parties would jointly control Ichthys LNG Pty Ltd, and there is no specific fact that indicates other controlling relationships. Therefore the business combination is considered to be a formation of a jointly controlled company.

Summary of the accounting treatment adopted

The transaction was treated as formation of jointly controlled company based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 26, 2008).

* Upon the grant of production license, WA-37-R was registered as WA-50-L.

Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
INPEX CORPORATION

We have audited the accompanying consolidated financial statements of INPEX CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of INPEX CORPORATION and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 26, 2012
Tokyo, Japan

Subsidiaries and Affiliates

As of March 31, 2012

Consolidated Subsidiaries

Company name	Issued capital* (Millions of yen)	Voting rights held by us (%)	Main business
INPEX Natuna, Ltd.	5,000	100.00%	Exploration, development, production and sales of oil and natural gas in the South Natuna Sea Block B, Indonesia
INPEX Sahul, Ltd.	4,600	100.00%	Exploration, development, production and sales of oil and natural gas in the JPDA03-12 Block and Bayu-Undan gas-condensate field in the Timor Sea JPDA
INPEX Alpha, Ltd.	8,014	100.00%	Exploration, development, production and sales of oil and natural gas in the WA-35-L Block and others, Australia
INPEX Tengah, Ltd.	1,020	100.00%	Exploration, development, production and sales of oil and natural gas in the Tengah Block in Offshore East Kalimantan, Indonesia
INPEX Browse, Ltd.	163,690	100.00%	Exploration and development of oil and natural gas in the WA-285-P Block and others, Australia
INPEX Ichthys Pty Ltd	802,688 (Thousands of U.S. dollars)	100.00%	Exploration and development of oil and natural gas in the Ichthys gas-condensate field in the WA-50-L Block and others, Australia
INPEX Masela, Ltd.	33,348	51.93%	Exploration and development of oil and natural gas in the Masela Block in the Arafura Sea, Indonesia
INPEX Offshore Northeast Mahakam, Ltd.	3,875	100.00%	Exploration of oil and natural gas in the East Kalimantan Block in Offshore East Kalimantan, Indonesia
INPEX South Makassar, Ltd.	1,097	100.00%	Exploration and development of oil and natural gas in the Sebuku Block in the south of the Offshore Mahakam Block, Indonesia
INPEX Timor Sea, Ltd.	6,712	100.00%	Exploration, development, production and sales of oil and natural gas in the JPDA06-105 Block in the Timor Sea JPDA
INPEX Southwest Caspian Sea, Ltd.	53,594	51.00%	Exploration, development, production and sales of oil in the ACG Oil Fields, Azerbaijan
INPEX North Caspian Sea, Ltd.	50,680	45.00%	Exploration and development of oil in the Offshore North Caspian Sea Block, Kazakhstan
Japan Oil Development Co., Ltd.	18,800	100.00%	Exploration, development, production and sales of oil in the ADMA Block, United Arab Emirates
INPEX ABK, Ltd.	2,500	100.00%	Exploration, development, production and sales of oil in the Abu Al Bukhoosh Block, United Arab Emirates
Teikoku Oil (D.R. Congo) Co., Ltd.	10	100.00%	Exploration, development, production and sales of oil in the Offshore D.R. Congo Block
Teikoku Oil Algeria Co., Ltd.	708	100.00%	Exploration and development of oil in the eastern onshore, Algeria
INPEX Libya, Ltd.	4,905	100.00%	Exploration of oil and natural gas in the 113-3&4 and 113-3&4 Blocks, Libya
Teikoku Oil (Venezuela) Co., Ltd.	100	100.00%	Exploration, development, production and sales of oil and natural gas in the Copa Macoya / Guarico Oriental Blocks, Venezuela
Teikoku Oil (North America) Co., Ltd.	16,593 (Thousands of U.S. dollars)	100.00%	Exploration, development, production and sales of oil in the United States
INPEX Canada, Ltd.	18,520	100.00%	Exploration and development of oil and natural gas including oil sands in Canada
TEIKOKU OIL (SURINAME) CO., LTD.	5,157	55.62%	Exploration of oil in the Northern offshore, Suriname
Teiseki Pipeline Co., Ltd.	100	100.00%	Natural gas transportation, pipeline operation, maintenance and management

Company name	Issued capital* (Millions of yen)	Voting rights held by us (%)	Main business
INPEX DLNGPL Pty Ltd	86,135 (Thousands of AUS dollars)	100.00%	Investment in Darwin LNG Pty Ltd., which constructs and operates the undersea pipeline and LNG plant connecting Bayu Undan Gas/Condensate Field and Darwin (Australia)
INPEX BTC Pipeline, Ltd.	63,800 (Thousands of U.S. dollars)	100.00%	Investment in the pipeline construction and management business that connects Baku (Azerbaijan), Tbilisi (Georgia) and Ceyhan (Turkey)
Teiseki Topping Plant Co., Ltd.	70	100.00%	Refining domestic crude oil, storage and shipment of petroleum products
INPEX Trading, Ltd.	50	100.00%	Sales, agency and brokerage of crude oil and market research and sales planning in connection with oil and natural gas sales
Teiseki Propane Co., Ltd.	80	100.00%	Sales of LPG and petroleum products
Saitama Gas Co., Ltd.	60	62.67%	City gas sales
Teiseki Transport System Co., Ltd.	10	100.00%	Transport by motor trucks and sales of petrochemical products

30 other subsidiaries

Equity-Method Affiliates

Company name	Issued capital* (Millions of yen)	Voting rights held by us (%)	Main business
MI Berau B.V.	656,279 (Thousands of euros)	44.00%	Exploration, development, production and sales of natural gas in the Berau Block and the Tangguh LNG Project, Indonesia
Ichthys LNG Pty Ltd	482,700 (Thousands of U.S. dollars)	76.00%	Engaged in laying the undersea pipeline from the Ichthys gas-condensate field to the Darwin Onshore LNG Plant and building the LNG plant, Australia
Angola Japan Oil Co., Ltd.	8,000	19.60%	Development and production of oil in the Offshore 3/05 Block, Angola
Japan Ohanet Oil & Gas Co., Ltd.	6,400	15.00%	Development and production of natural gas in the southeastern onshore, Algeria
INPEX Offshore North Campos, Ltd.	6,852	37.50%	Financing for oil and natural gas exploration and development projects in the Frade Block in Offshore North Campos, Brazil

8 other equity-method affiliates

Subsidiaries of Equity-Method Affiliates

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

2 other subsidiaries of equity-method affiliates

* Rounding off fractions less than the unit.