

# HIGHLIGHTS | 1



# Financial and Operating Highlights

As of or years ended March 31  
Please refer to p. 97 for notes of major indices.

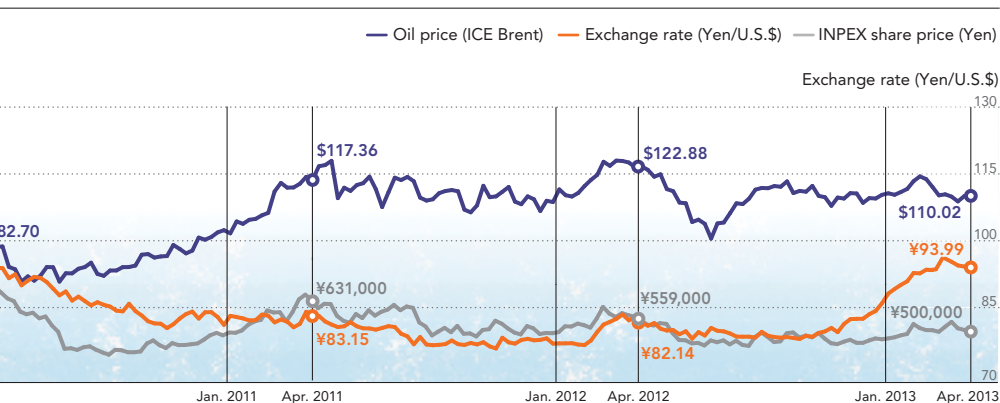
	2007	2008	2009	2010
<b>Results of Operations</b> (Millions of yen / Thousands of U.S. dollars)				
Net sales	¥ 969,713	¥ 1,202,965	¥ 1,076,165	¥ 840,427
Gross profit	625,918	812,411	757,127	542,259
Operating income	559,077	714,211	663,267	461,668
Net income	165,092	173,246	145,063	107,210
EBIDAX (Earnings before interest, depreciation and amortization, and exploration)	321,790	382,654	275,871	242,543
<b>Financial Position</b> (Millions of yen / Thousands of U.S. dollars)				
Total assets	¥ 1,608,107	¥ 1,807,901	¥ 1,768,045	¥ 2,013,778
Net assets excluding minority interests	1,028,895	1,157,371	1,271,123	1,387,500
Net debt	(169,667)	(328,353)	(324,109)	(349,211)
<b>Cash Flows</b> (Millions of yen / Thousands of U.S. dollars)				
Cash flows from operating activities	¥ 231,982	¥ 363,995	¥ 230,352	¥ 241,373
Cash flows from investing activities	(209,243)	(261,767)	(240,168)	(251,812)
Cash flows from financing activities	13,794	(45,228)	(46,090)	68,937
Cash and cash equivalents at end of the year	189,417	222,270	162,845	216,395
<b>Per Share Data</b> (Yen / U.S. dollars)				
Earnings per share (EPS)	¥ 70,423.45	¥ 73,510.14	¥ 61,601.60	¥ 45,553.56
Net assets per share	436,467.92	491,168.09	540,100.10	589,548.88
Cash dividends per share	7,000.00	7,500.00	8,000.00	5,500.00
Payout ratio (%)	9.9%	10.2%	13.0%	12.1%
<b>Financial Indices (%)</b>				
Net debt / Net total capital employed	(18.6)%	(36.1)%	(31.2)%	(30.6)%
Equity ratio	64.0%	64.0%	71.9%	68.9%
Return on equity (ROE)	17.7%	15.8%	11.9%	8.1%
Net return on average capital employed (Net ROACE)	20.4%	21.4%	14.6%	10.5%
<b>Stock Indices</b>				
Stock price (Yen / U.S. dollars)	¥ 1,020,000	¥ 1,110,000	¥ 683,000	¥ 686,000
Market capitalization (Billions of yen / Millions of U.S. dollars)	2,405.6	2,617.8	1,610.8	1,617.9
Price earnings ratio (PER) (Times)	14.5	15.1	11.1	15.1
Price book-value ratio (PBR) (Times)	2.3	2.3	1.3	1.2
<b>Operating Data</b>				
Net proved reserves (Million boe)	1,770	1,645	1,598	1,475
Net production (Thousand boed)	418	423	405	405
Exploration and development expenditures (Millions of yen / Thousands of U.S. dollars)	217,646	315,684	294,364	235,721

## Oil price / Exchange rate / INPEX share price



2011	2012	2013	2013 (U.S. dollars)*
¥ 943,080	¥ 1,186,732	¥ 1,216,533	\$ 12,943,217
608,247	791,289	790,207	8,407,352
529,743	709,358	693,448	7,377,891
128,699	194,001	182,962	1,946,611
274,931	362,597	350,905	3,733,429
¥ 2,680,380	¥ 3,066,398	¥ 3,616,159	\$ 38,473,870
1,996,890	2,179,252	2,481,293	26,399,543
(688,807)	(874,116)	(815,308)	(8,674,412)
¥ 274,094	¥ 320,692	¥ 252,347	\$ 2,684,828
(844,511)	(280,864)	(489,870)	(5,211,937)
548,057	29,294	137,069	1,458,336
182,025	249,233	199,859	2,126,386
¥ 40,832.40	¥ 53,137.93	¥ 50,114.22	\$ 533.19
546,958.90	596,908.99	679,639.63	7,230.98
6,000.00	7,000.00	7,000.00	74.48
14.7%	13.2%	14.0%	14.0%
(48.9)%	(60.7)%	(43.9)%	(43.9)%
74.5%	71.1%	68.6%	68.6%
7.6%	9.3%	7.9%	7.9%
10.8%	16.0%	11.2%	11.2%
¥ 631,000	¥ 559,000	¥ 500,000	\$ 5,320
2,306.8	2,043.6	1,827.9	19,448
15.5	10.5	10.0	10.0
1.2	0.9	0.7	0.7
1,308	2,432	2,188	2,188
423	426	408	408
248,005	243,531	807,988	8,596,532

\* The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥93.99 = U.S.\$1.00, the approximate rate of exchange in effect as of March 31, 2013.

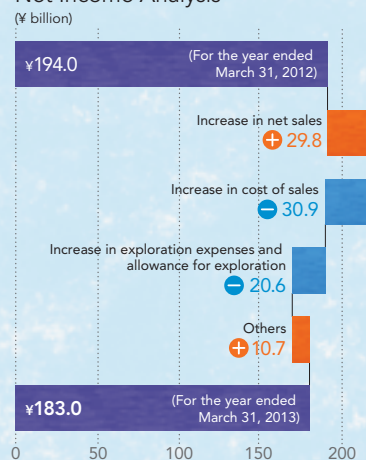


### Net Income for the year ended March 31, 2013

**¥183.0 billion**

Net sales increased by ¥29.8 billion compared with the previous fiscal year. In addition, the gain on transfer of the Ichthys LNG Project equity interest was recognized.

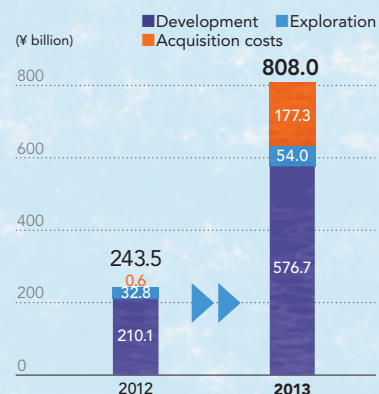
#### Net Income Analysis



### Exploration and Development Expenditures for the year ended March 31, 2013

**¥808.0 billion**

Exploration and development expenditures increased substantially compared with the previous fiscal year due mainly to the increase in development expenditures in connection with the transition to the Ichthys development phase for the year under review, and the acquisition of interests in such large-scale projects as shale gas projects in Canada and Prelude FLNG Project in Australia.

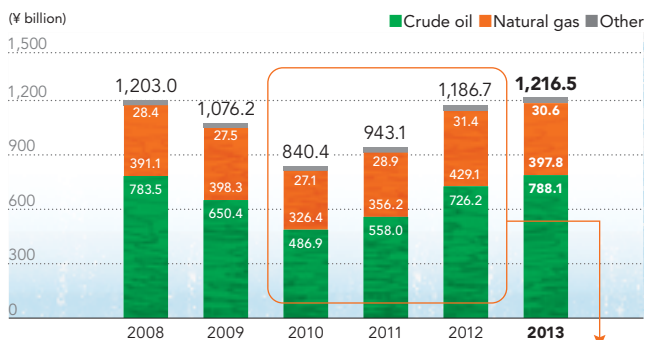


# Financial and Operating Highlights (Graphs)

As of or years ended March 31  
Please refer to p. 97 for notes of major indices.

## Profitability Indices [▶ See p. 8 of Fact Book 2013 for more about profitability indices.](#)

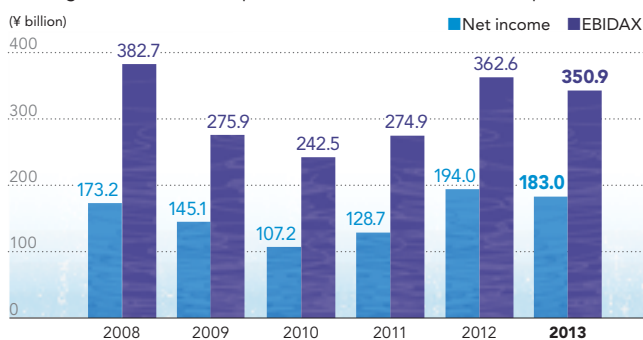
### Net Sales (by product)



Despite the impact of yen appreciation, net sales experienced a sound increase owing mainly to firm trends in crude oil prices between the period from the year ended March 31, 2010, to the year ended March 31, 2012.

### Net Income, EBIDAX

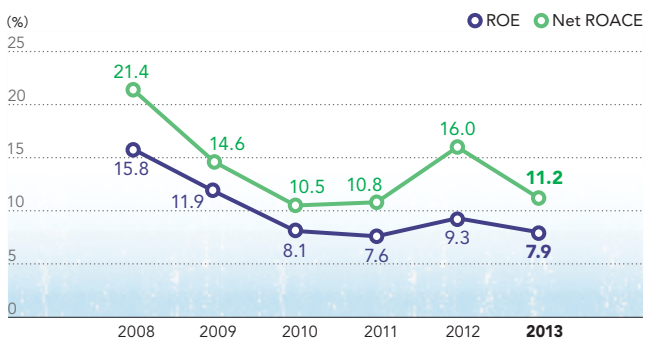
(Earnings before interest, depreciation and amortization, and exploration)



EBIDAX is an index that is commonly used by resource development companies. It is a measure of profit before interest payments, depreciation and amortization as well as exploration expenses. EBIDAX provides an indication of the level of profit generated without the impact of accounting treatment applied by individual companies.

## Efficiency Indices [▶ See p. 9 of Fact Book 2013 for more about efficiency indices.](#)

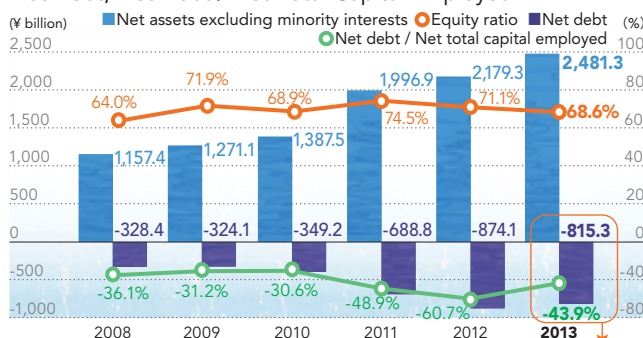
### Return on Equity (ROE), Net ROACE



Net ROACE is an indicator that is commonly used by resource development companies. Net ROACE is a profit ratio which includes net debt with the sum of net assets. With the Company's negative net debt position, net ROACE is higher than ROE.

## Stability Indices [▶ See p. 11 of Fact Book 2013 for more about stability indices.](#)

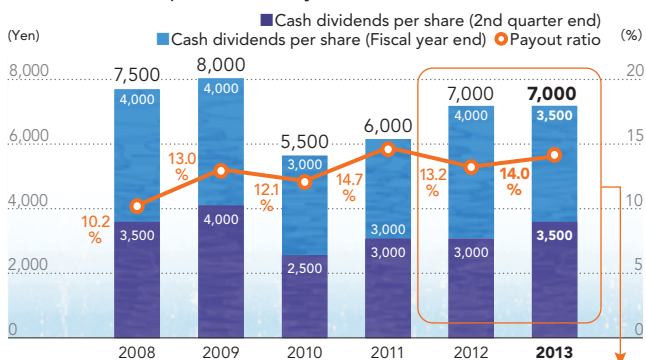
### Net Assets Excluding Minority Interests, Equity Ratio, Net Debt, Net Debt / Net Total Capital Employed



The Company's net debt is negative because the sum of cash and cash equivalents and public bonds is greater than the sum of interest-bearing debt. INPEX continues to maintain financial strengths.

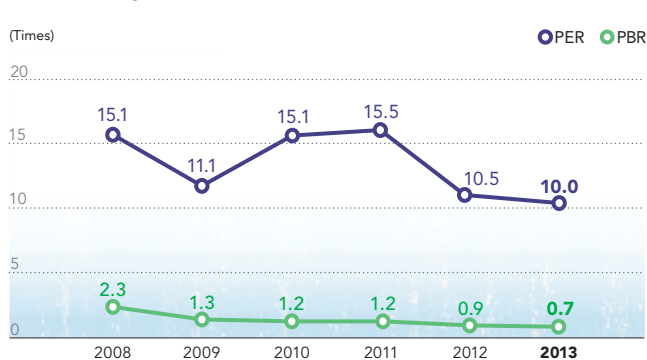
## Performance Indices [▶ See p. 12 of Fact Book 2013 for more about performance indices.](#)

### Cash Dividends per Share, Payout Ratio



The Company, which is currently in a growth investment phase, is placing the emphasis on balancing the needs to expand medium- to long-term earnings with ensuring appropriate returns to shareholders.

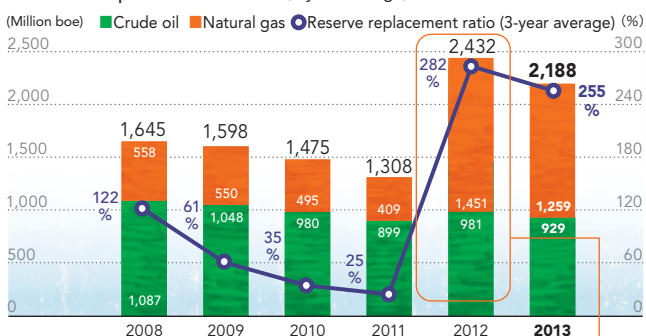
### Price Earnings Ratio (PER), Price Book-Value Ratio (PBR)



Despite the Company's steady performance and stable cash dividend payment record, PER and PBR remained entrenched at a low level. This trend can be seen in other mining- and oil-related stocks listed in Japan.

## Reserve/Production Indices ▶ See p. 13 of Fact Book 2013 for more about reserve/production indices.

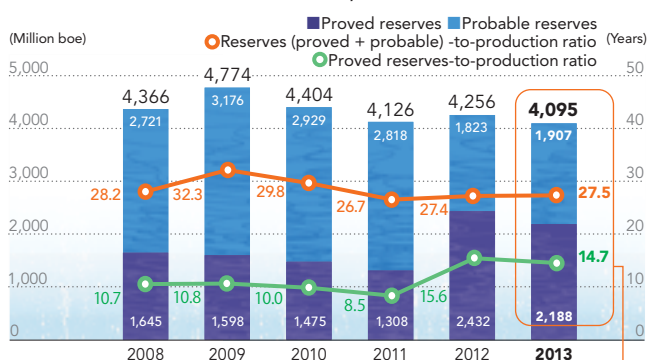
### Net Proved Reserves (by product), Reserve Replacement Ratio (3-year average)



Reserve replacement ratio (3-year average) =  
Proved reserves increase including acquisition / Production

The Final Investment Decision (FID) for the Ichthys LNG Project was made in January 2012 and the reserve evaluation at 1.18 billion boe was upgraded to net proved reserves.

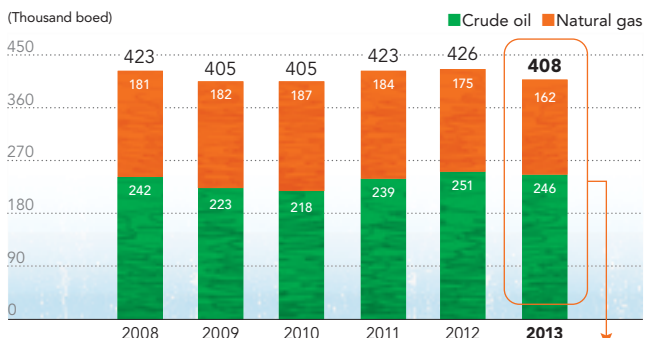
### Net Proved and Probable Reserves, Reserves-to-Production Ratio



Reserves to production ratio (Years) =  
Reserves as of the end of the year / Production in the year

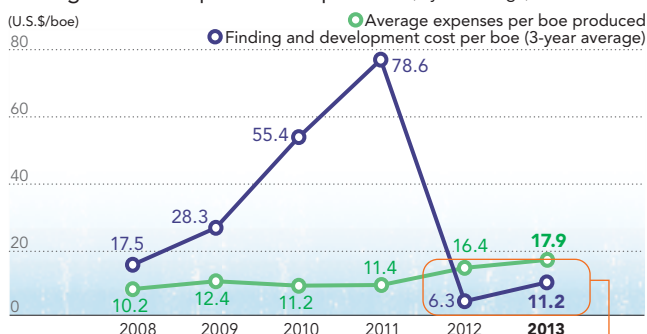
The reserves-to-production ratio measures the current number of production volume years of reserve volumes held. As of March 31, 2013, the Company's reserves-to-production ratio was 14.7 years for net proved reserves and 27.5 years on the basis of proved and possible reserves.

### Net Production (by product)



For the year ended March 31, 2013, crude oil production volume in the Middle East and Africa regions increased, mainly in the ADMA Block. On the other hand, there were signs of a decrease in natural gas production volume for the same period owing mainly to natural decline at the Offshore Mahakam Block.

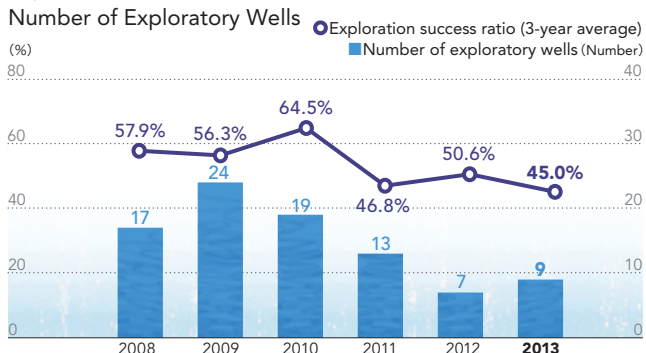
### Average Expenses per BOE Produced, Finding and Development Cost per BOE (3-year average)



Finding and development cost per boe (3-year average) = The sum of total costs incurred for exploration and development of oil and gas fields and total costs incurred for acquisitions divided by the sum of proved reserve extensions, acquisitions and revisions.

Finding and development cost per boe is improving significantly following the upgrade of the Ichthys net probable reserves to net proved reserves.

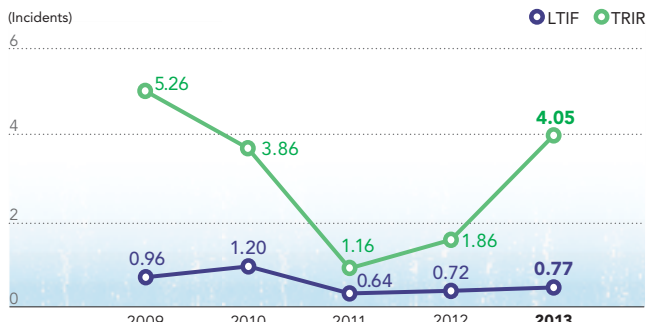
### Exploration Success Ratio (3-year average), Number of Exploratory Wells



Exploration success ratio (3-year average) = The number of net productive exploratory wells drilled / The number of net exploratory wells drilled. (An exploratory well is a well drilled to find a new field, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir or to extend the limits of a known reservoir.) The number of wells represents the completion of drilling operations for the subject year. However, data for the year ended March 31, 2013 included operations currently in progress.

The number of exploratory wells is expected to increase from the year ending March 31, 2014 on the back of vigorous exploration investment.

### LTIF, TRIR



LTIF: Rate of injuries resulting in fatalities or lost time per million hours worked  
TRIR: Rate of recordable injuries (fatalities, lost time, restricted workdays, and medical treatment) per million hours worked

# Business Topics

## 1

### Acquisition of Production and Development Assets

#### August 2012 Participation in Offshore Angola Block 14

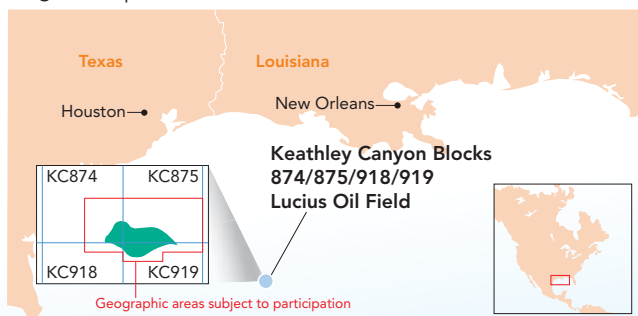
INPEX reached an agreement with TOTAL S.A. to acquire a 9.99% interest in Block 14 offshore the Republic of Angola. Located approximately 100 kilometers offshore, Block 14 is currently producing crude oil in three development areas, and there are other discovered undeveloped areas. Further exploration and development of the discovered undeveloped areas of the block will be conducted.



Marine production facilities at Angola Block 14

#### August 2012 Acquisition of interest in the Lucius Oil Field in the U.S. Gulf of Mexico

INPEX agreed to acquire a 7.2% participating interest in the Lucius project, which includes portions of Keathley Canyon Blocks 874, 875, 918 and 919 in the U.S. Gulf of Mexico. The Lucius project has been in the development phase since December 2011, and the first production of crude oil and natural gas is expected to start in the latter half of 2014.



Construction work on production facilities for the Lucius project

## 2

### Acquisition of New Exploration Projects

From April 1, 2012, through June 30, 2013, INPEX acquired a total of nine new exploration projects.

#### May 2013: Uruguay, South America Acquisition of interest in offshore exploration block

INPEX agreed to acquire a partial interest in exploration Area 15 offshore Uruguay from Tullow Oil (U.K.), an independent E&P company. Exploration activities including 3D seismic data acquisition work have been ongoing in the block since December 2012.

#### October 2012: United Kingdom INPEX was awarded new exploration blocks in the 27th Seaward Licensing Round

INPEX was successful in the 27th Seaward Licensing Round in the United Kingdom, and was awarded offshore exploration blocks jointly with Centrica (U.K.) and Statoil (Norway). Exploration work will be conducted.

#### April 2013: Mozambique, Africa Participation in offshore exploration project

INPEX agreed to acquire a partial interest in the exploration block Area 2 & 5 offshore Mozambique from Statoil (Norway). Two exploratory wells are planned during 2013.

## 3

## Progress on Development Work for the Ichthys LNG Project in Australia

### December 2012 **Project finance arrangements signed**

INPEX finalized arrangements for US\$20 billion in project finance loans for the Ichthys LNG Project, including those with eight export credit agencies and 24 commercial banks from Japan and abroad.

### January 2013 **First steel cutting ceremony for offshore CPF**

The first steel cutting ceremony was held at Geoje in South Korea for the construction of the offshore central processing facility (CPF) for the Ichthys LNG Project.

### February 2013 **Completion of insurance arrangements for construction of facilities**

INPEX completed insurance arrangements providing coverage for project facilities related to the Ichthys LNG Project during the construction period (through the end of 2016).

### June 2013 **Construction begins on FPSO facility**

A ceremony was held for the first steel cutting for the hull of a Floating Production, Storage and Offloading (FPSO) facility in Okpo, South Korea. With fabrication of the hull under way, construction work on all of the Ichthys LNG Project's major offshore facilities has been commenced.



Ribbon-cutting and first steel-cutting ceremony for the FPSO facility

See the Special Feature on [pp. 48–55](#) for more details about progress being made on the Ichthys LNG Project.

## 4

## Progress on the Abadi LNG Project in Indonesia

### November 2012 **Start of FEED work for subsea production facilities**

Front-End Engineering and Design (FEED) work for subsea production facilities was commenced that will transport natural gas and condensate from the Abadi gas field to the Floating LNG (FLNG) plant.

### January 2013 **Start of FEED work for FLNG facilities**

FEED work for Floating LNG (FLNG) facilities was commenced that refine, liquefy, store and offload natural gas and condensate produced from the Abadi gas field.

#### May 2012: Iraq

##### **INPEX was awarded onshore exploration Block 10**

INPEX was successful in the fourth Petroleum Licensing Round in Iraq, and was awarded the onshore exploration Block 10 jointly with LUKOIL (Russia). In November 2012, a service agreement related to the block was signed. Exploration work will be conducted accordingly.

#### March 2013: Indonesia

##### **INPEX was awarded West Sebuku Block in South Makassar**

INPEX was successful with Mubadala Petroleum (United Arab Emirates) in the 2012 Petroleum Licensing Round in Indonesia and was awarded the West Sebuku Block in South Makassar. Exploration work will be conducted.

#### April 2013:

##### **Timor Sea Joint Petroleum Development Area**

##### **INPEX signed a contract for the JPDA 11-106 Block**

A new production sharing contract was signed with the relevant authorities upon expiry of the exploratory phase under the contract for the JPDA 11-106 contract area in the exploration area around the Kitan Oil Field in the Timor Sea Joint Petroleum Development Area. INPEX will continue with exploration and development of the area.

#### November 2012: India

##### **Acquisition of interest in exploration block in the Bay of Bengal**

INPEX agreed to acquire a partial interest in the offshore exploration block KG-DWN-2004/6 from Oil and Natural Gas Corporation Limited, India's national E&P company. Exploration work has already begun in the block, and exploratory wells are currently being drilled.

#### June 2012: Australia

##### **Acquisition of interest in exploration Block AC/P36**

INPEX acquired an interest in the exploration Block AC/P36 offshore Western Australia. As an operator, INPEX will conduct exploration work, including drilling of exploratory wells.

#### June 2013: Australia

##### **INPEX was awarded exploration Block WA-494-P offshore Western Australia**

As an operator, INPEX was awarded a 100% interest in exploration Block WA-494-P offshore Western Australia. Large-scale gas-condensate fields have been discovered and are under development, such as the Ichthys and Prelude gas fields adjacent to the block.

# 5

## Major Corporate Topics

### October 2012 **Establishment of the INPEX Advisory Committee**

The INPEX Advisory Committee was established as a part of measures to enhance corporate governance. INPEX plans to hold INPEX Advisory Committee meetings twice a year, attended by four Japanese and international experts who will offer their advice on various issues including domestic and international politics and economy, the energy situation, and corporate social responsibility.



The INPEX Advisory Committee

### April 2013 **Construction completed on INPEX Mega Solar Joetsu**

INPEX completed construction on the INPEX Mega Solar Joetsu solar power generation plant in Joetsu, Niigata. Installed on the site of our subsidiary, the solar panels began generating power in March 2013 with a maximum output of two megawatts.



Ceremony to commemorate the completion of INPEX Mega Solar Joetsu

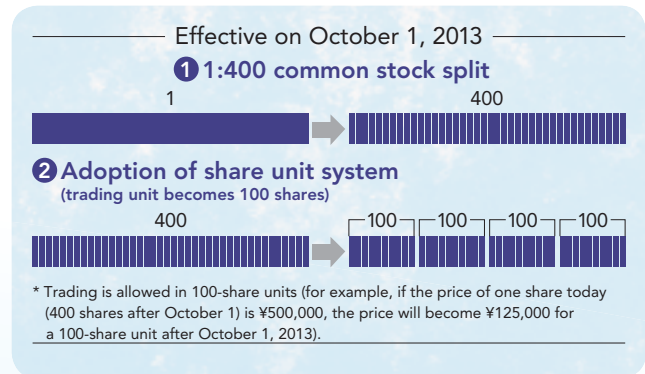
### Reorganizations

In May 2012, INPEX established the New Ventures Division for the enhancement of planning functions for basic policies and investment strategies related to the development of new overseas projects. In June 2013, INPEX established the Gas Supply & Infrastructure Division for the integrated management of gas supply chain facilities in Japan, including the Naoetsu LNG Terminal to be completed shortly. INPEX also reorganized overseas business divisions and units to promptly deal with the increasing number of overseas upstream projects.

May 2013 **Acquisition of A1 credit rating from Moody's**  
INPEX obtained from the U.S. credit rating agency Moody's a new long-term issuer rating of A1 with a "stable" outlook.

### May 2013 **Announcement of stock split and reduction in investment unit**

INPEX decided to conduct a 1:400 common stock split effective on October 1, 2013, and to adopt a share unit system with 100 shares defined as a single investment unit. As a result of these initiatives, the investment unit amount of the Company's shares will be one quarter of what it was before the stock split and adoption of the share unit system, making it easier for individual investors to acquire shares of the Company's stock.



### Electric power conservation and volunteer work

INPEX is working to reduce electricity consumption at its business sites in Japan. During the summer of 2012, we were able to cut electricity consumption by as much as 40% compared with the 2010 level. INPEX employees have volunteered in areas affected by the Great East Japan Earthquake, with a combined total of 524 employees volunteering since the natural disaster. For the year ended March 31, 2013, 214 employees volunteered.



Volunteer work