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Highlights



Financial and Operating Highlights

(Compared with the year of establishment and the year ended March 31, 2013)

Results

Backed by stable production volumes, INPEX has maintained high levels of earnings. In the year ended March 31, 2014, consolidated net sales hit a record high. In the period under review, net income also increased year on year. Despite such negative factors as the absence of the one-off gain on transfer of Ichthys mining rights reported in the year ended March 31, 2013, and the downturn in crude oil prices, this positive result reflected among other things the favorable flow-on effects of the weak yen.

Net sales

Net income

Exploration expenditures

Development expenditures*

*Includes the Ichthys downstream business

Exploration and Development Expenditures

Development expenditures are for the most part directed toward the production of crude oil and natural gas from the Company's reserve volume. Although these expenditures have generally totaled around ¥200 billion each year, this amount has increased of late since making a final investment decision in connection with the Ichthys LNG Project in January 2012. Exploration expenditures aimed at discovering new resources are expanding in line with aggressive exploration activities undertaken since the year ended March 31, 2013.

Production and Reserve Volumes

INPEX has continued to maintain stable levels of production volume, which serve as the wellspring for the Company's profits and earnings. With the commencement of production in connection with the Ichthys LNG Project, the Company's net production volume is projected to increase from its current level of 400 thousand boed to 700 thousand boed. Thereafter, INPEX is targeting one million boed by the early 2020s.

Proved reserves naturally decline in line with production activity (around 150 million barrels per year in the Company's current case). In overall terms, however, proved reserves increase with new discoveries and the addition of resources. INPEX is more than offsetting any decline in reserve volumes with additions and upgrades in its participation in large-scale projects.

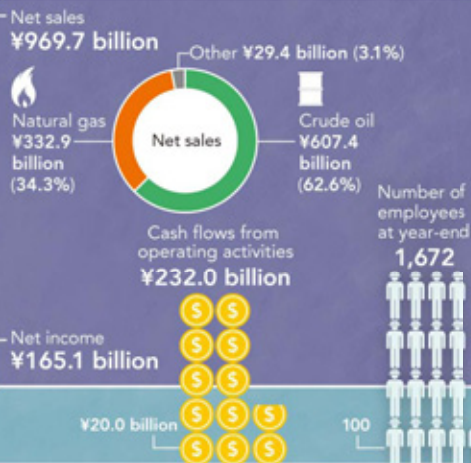
Crude Oil Prices, Foreign Currency Exchange Rates and the Company's Share Price

Fluctuations in the price of crude oil and foreign currency exchange rates have a significant impact on the Company's profits and earnings. The price of Brent crude oil, which stood at around US\$60–\$70 per barrel in the year ended March 31, 2007, fluctuated dramatically before and after the financial crisis in 2008. Since 2011, the price of crude oil has hovered at the high level of US\$100 per barrel.

The Japanese yen exchange rate against the U.S. dollar was weak during the year ended March 31, 2007, fluctuating between ¥110 and ¥120. The yen then entered a period of prolonged appreciation up to 2013. Since the end of 2012, the yen has exhibited a weak trend.

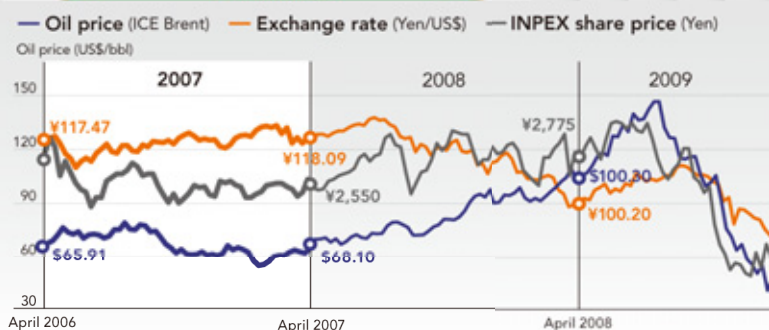
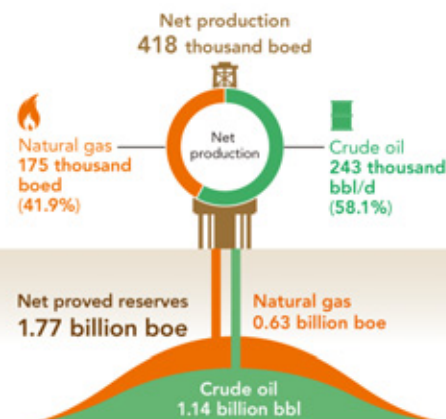
2007

(For the year ended March 31, when established)



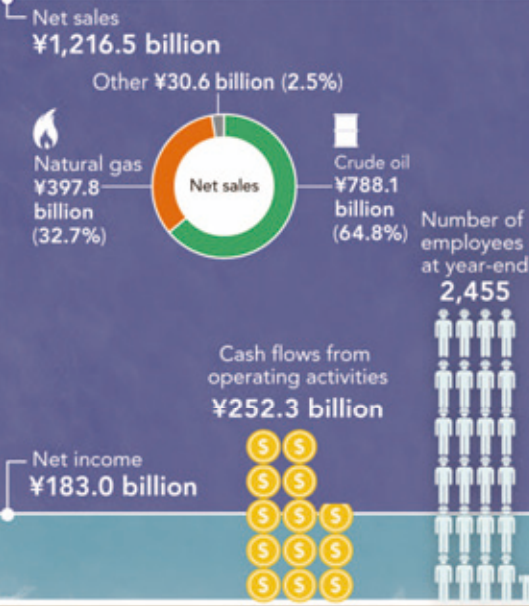
Exploration expenditures ¥30.5 billion

Development expenditures ¥186.0 billion



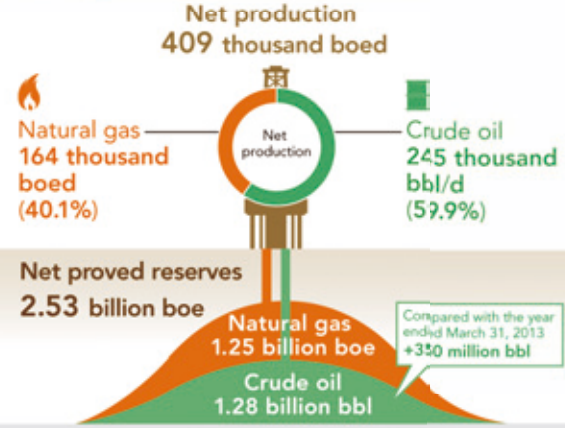
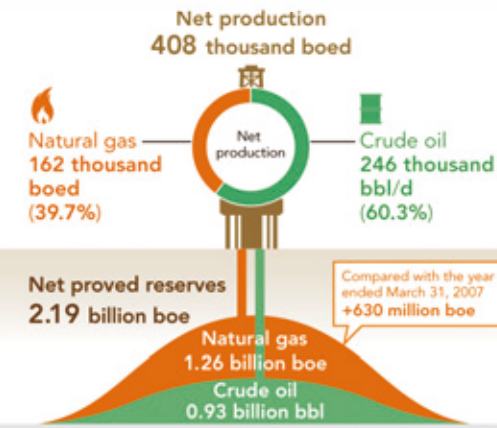
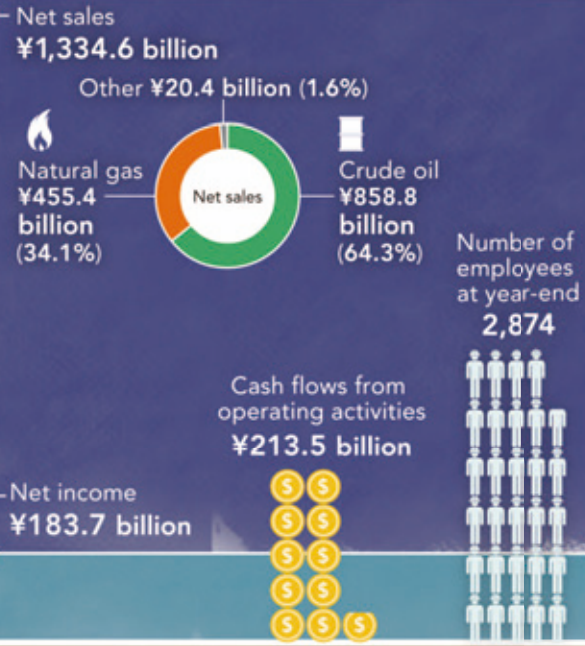
2013

(For the year ended March 31)



2014

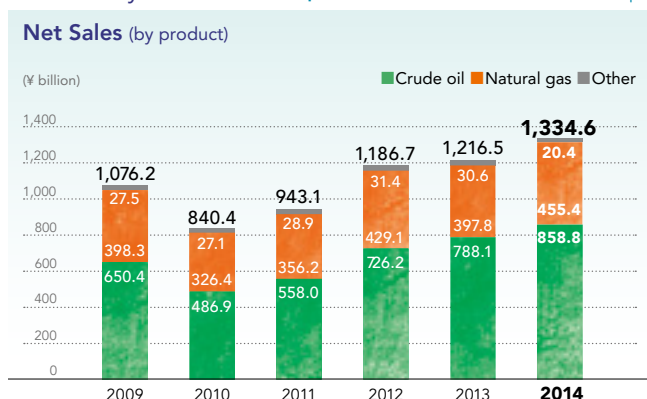
(For the year ended March 31)



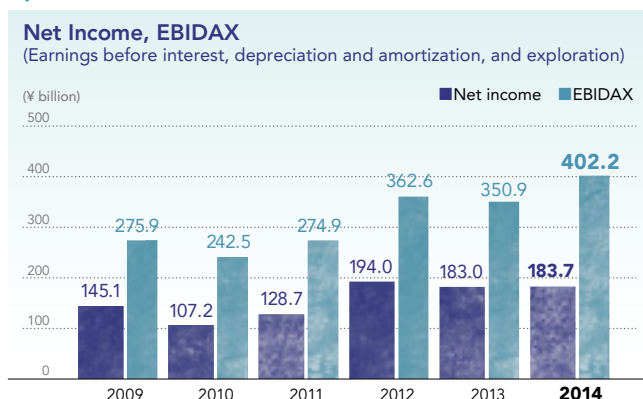
Financial and Operating Highlights (Five-Year Comparative Graphs)

As of or years ended March 31
Please refer to p. 81 for notes of major indices.

Profitability Indices ▶ See p. 8 of Fact Book 2014 for more about profitability indices.

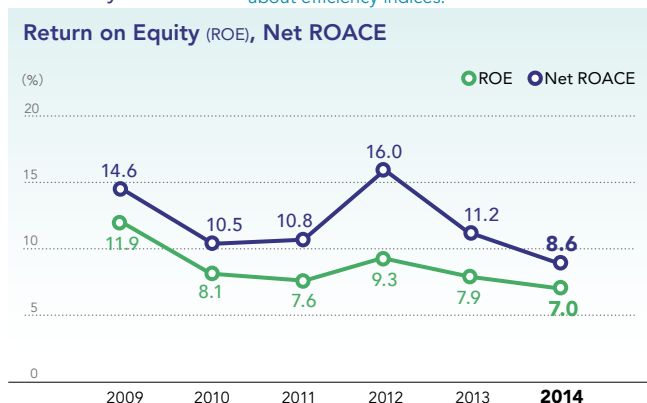


Despite the impact of the yen's appreciation, net sales increased owing mainly to firm trends in crude oil prices between the period from the year ended March 31, 2010, to the year ended March 31, 2012. In the year ended March 31, 2014, net sales reached an all-time high largely reflecting the decline in the value of the yen.



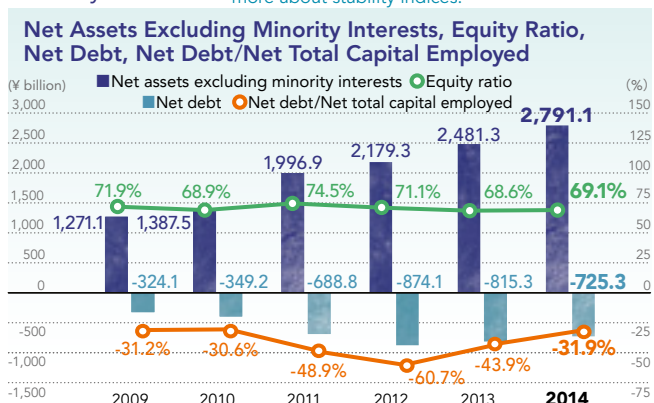
EBIDAX is an index that is commonly used by resource development companies. It is a measure of profit before interest payments, depreciation and amortization, and exploration expenses. EBIDAX provides an indication of the level of profit generated without the impact of accounting treatment applied by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

Efficiency Indices ▶ See p. 9 of Fact Book 2014 for more about efficiency indices.



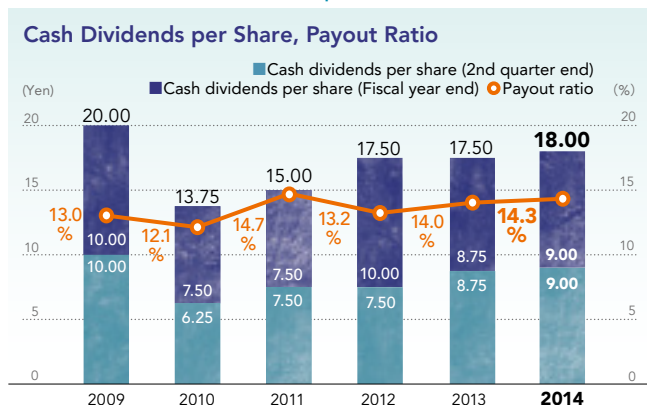
Net ROACE is a profit ratio that includes net debt. With the Company's negative net debt position, net ROACE is higher than ROE.

Stability Indices ▶ See p. 11 of Fact Book 2014 for more about stability indices.



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 2014 for more about performance indices.



The Company, which is currently in an investment (Ichthys, etc.) phase, is placing considerable emphasis on balancing the needs for growth and ensuring appropriate returns to shareholders. After commencing production at the Ichthys LNG Project, INPEX will provide a sound level of return to its shareholders befitting a top-class international oil and gas E&P company.

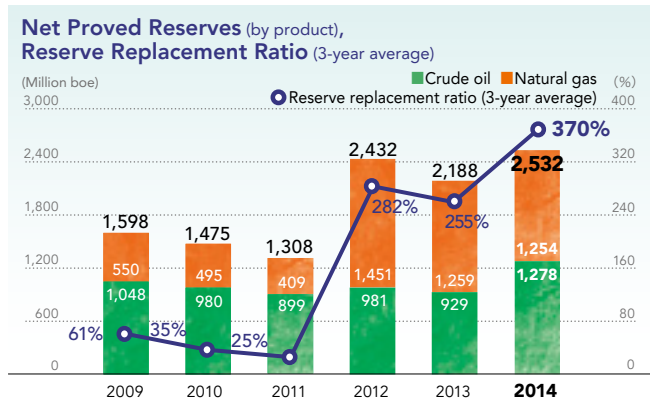
Note: The Company conducted a stock split at a ratio of 1:400 of its common stock on October 1, 2013. Cash dividends per share figures for each consolidated fiscal year have been retroactively adjusted to reflect the impact of the stock split.



Despite the Company's steady performance and stable cash dividend payment record, PER and PBR until the previous year-end have remained entrenched at a low level. More recently, both PER and PBR have exhibited a recovery trend.

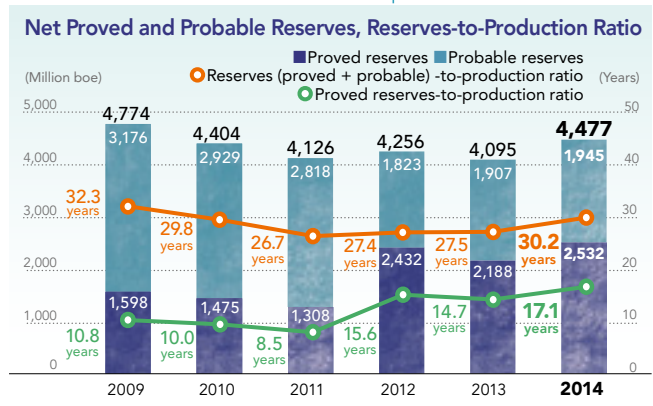
Reserve/Production Indices, Exploration and Development Expenditures

▶ See p. 13 of Fact Book 2014 for more about reserve/production indices.



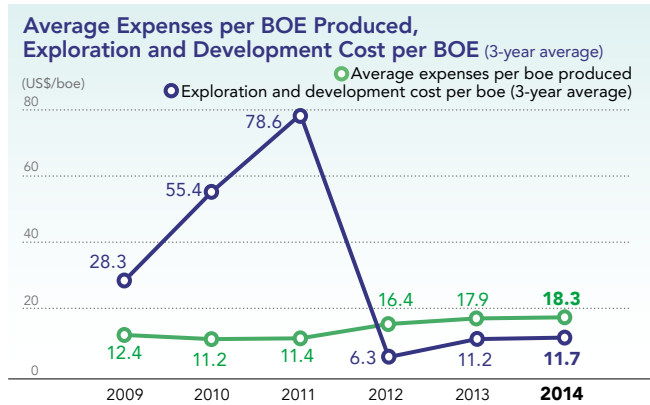
Reserve replacement ratio (3-year average) = Proved reserves increase including acquisitions in the year / Production volume in the year

Proved reserves increased substantially for both the year ended March 31, 2012, and the year ended March 31, 2014, after a final investment decision (FID) for the Ichthys LNG Project was made and the concession agreement in the Upper Zakum Oil Field in the ADMA Block was extended. The RRR for the year ended March 31, 2014, was 370%, the highest level recorded since INPEX publicly listed its shares.



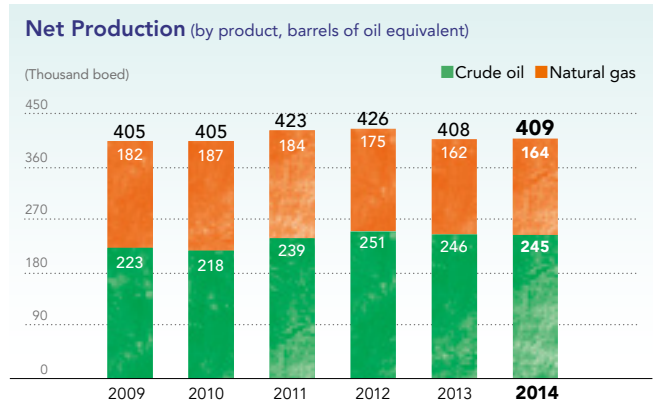
Reserves to production ratio (Years) = Reserves as of the end of the year / Production in the year

The reserves-to-production ratio measures the current number of production volume years of reserve volumes held. The Company's current reserves-to-production ratio is 17.1 years for net proved reserves and 30.2 years on the basis of proved and probable reserves. Both figures indicate sound levels of reserves.



Exploration 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.

The Company's development expenditures have increased of late in line with the transition to the Ichthys development phase. However, buoyed by the upswing in proved reserves, exploration and development expenditures per barrel have remained at a favorable level since the year ended March 31, 2012.



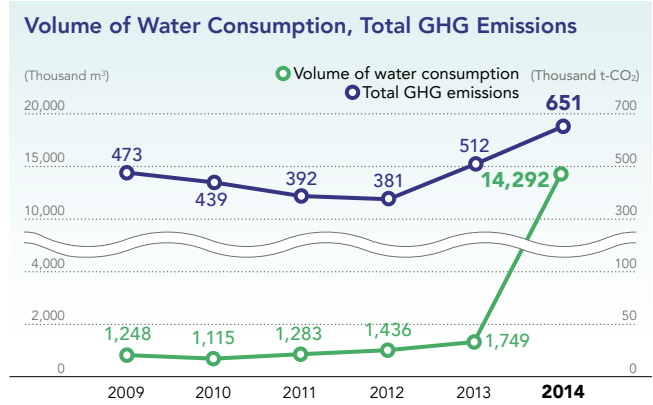
Net production volumes have remained at a stable level as the deterioration in existing production at oil and gas fields has been offset by the commencement of production at new oil fields. Looking ahead, production volume is projected to increase to 700 thousand boed as production commences at the Ichthys LNG and other projects.



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, 2014, included operations currently in progress.

The number of exploratory wells in a working state has increased due to vigorous exploration investment.

The Environment



Volume of water consumption and total GHG emissions from our operator projects in Japan and overseas.

The volume of water consumption has jumped substantially in line with the commencement of operations mainly at the Naoetsu LNG Terminal. The vast majority of this increase largely reflects higher levels of seawater use for heating and cooling. Seawater that has been used is released back into the sea after taking steps to minimize the impact on ecosystems. Greenhouse gas (GHG) emissions are showing a slight increase due to a variety of factors including construction progress at the Ichthys LNG Project.

Business Topics

The Company issued press releases on the following business topics during the period from April 1, 2013, to July 31, 2014.

Exploration Projects

- 2013** April Acquired an interest in the offshore Mozambique Exploration Block Areas 2 & 5
April Signed a new production-sharing contract for the 11-106 contract area of the Joint Petroleum Development Area in the Timor Sea
May Acquired an interest in the offshore Uruguay Exploration Block Area 15
May Executed a cooperation agreement with Rosneft for exploration blocks in the Sea of Okhotsk, Russia
June Confirmed gas condensate in the Southern Offshore Vietnam Blocks 05-1b & 05-1c
June Won the tender for the offshore Western Australia Exploration Block WA-494-P
Aug. Confirmed the presence of crude oil through exploratory drilling at Walker Ridge in the U.S. Gulf of Mexico
Sep. Participated in exploration activities in Irkutsk, Russia
Oct. Awarded an additional offshore exploration license in the U.K. Continental Shelf (27th Seaward Licensing Round)
Dec. Entered into a licensing agreement for the Kanumas Area, Greenland
- 2014** May Won the tender for the offshore Western Australia Exploration Block WA-502-P
June Won the tender for the offshore Western Australia Exploration Block WA-504-P

Ichthys LNG Project ► Please refer to the Special Report from p. 34 for details.

- 2013** June Entered into a contract for two new vessels, one to service the offtake and delivery of LNG and the other as a time charter
June Held a steel-cutting ceremony for a floating production, storage and offloading (FPSO) facility
June Agreed to transfer a partial equity interest in the Ichthys LNG Project to CPC Corporation, Taiwan
Sep. Held a ceremony to open an accommodation facility for employees working at an onshore gas liquefaction plant
- 2014** Feb. Commenced full-scale operations on the assembly of an FPSO facility
April Began operations on the assembly of an offshore central processing facility (CPF)
June Announced that the Ichthys LNG Project had reached the halfway mark
June Commenced installation works on a gas transport pipeline
July Launched the hull of the FPSO facility for the Ichthys LNG Project
July Commenced the installation of modules for the construction of an onshore gas liquefaction plant

Other LNG Projects

- 2013** May Announced changes to interests in the Abadi LNG Project (INPEX's interest went from 60% to 65%)
June Signed a Memorandum of Understanding in connection with the Vladivostok LNG Project, Russia
Nov. Awarded the exclusive right to move forward with the planning necessary to build the LNG export infrastructure at Grassy Point for the shale gas LNG business in Canada
- 2014** May Signed a heads of agreement (HOA) with Tokyo Electric Power Company, Inc., and Shizuoka Gas Company, Ltd., for the sale and purchase of LNG from the Prelude FLNG project

Development and Production Projects

- 2013** April Received approval for the recommencement of production at the Frade Oil Field, Brazil
Sep. Commenced crude oil production at the Kashagan Oil Field, Republic of Kazakhstan
Oct. Commenced production at the Sebuku Block of the Ruby Gas Field, Indonesia
- 2014** Jan. Extended the concession agreement for the Upper Zakum Oil Field, Offshore Abu Dhabi, United Arab Emirates, and improved financial terms and conditions
Jan. Commenced additional crude oil production at the ACG Oil Fields, the Caspian Sea, Azerbaijan (Chirag Oil Project)
May Commenced production at the South Natuna Sea Block B of the South Belut Gas Field, Indonesia
July Acquired an additional interest in the Lucius Oil Field, the U.S. Gulf of Mexico



Upper Zakum Oil Field, U.A.E.

Major Corporate Topics

- 2013** May Obtained new credit ratings from Moody's
May Announced the establishment of the Gas Supply & Infrastructure Division as a part of the Company's organizational changes
Oct. Conducted a stock split and lowered its share trading unit

Strengthening Renewable Energy and Other Initiatives ▶ Please refer to p. 64 for details.

- 2013** April Started power generation via mega-solar Joetsu in Niigata, Japan
- July Commenced drilling of exploratory wells for the development of geothermal energy in Hokkaido and Akita, Japan
- Sep. Commenced a joint study for geothermal energy development in Bandaian, Fukushima, Japan

- 2014** March Decided to construct a second mega-solar Joetsu
- June Engaged in joint commissioned work entailing support operations for production tests of methane hydrate



Exploratory well drilling work for geothermal energy development in the Amematsudake region (July 2013)

Naoetsu LNG Terminal and Gas Pipeline in Japan ▶ Please refer to pp. 62-64 for details.

- 2013** July Concluded extension work on the Naoetsu and Shin Nagaoka lines
- July Signed an LNG sales and purchase agreement with Chubu Electric Power Company, Inc., for INPEX's Naoetsu LNG terminal, Japan
- Aug. First LNG carrier arrived at the Naoetsu LNG Terminal
- Dec. Concluded construction and commenced operations at the Naoetsu LNG Terminal

- 2014** Feb. Commenced feasibility study on the extension of the existing natural gas trunk pipeline Shin Tokyo Line (Stage 5)
- April Proceeded with construction of the natural gas trunk pipeline (Toyama Line: operations scheduled to commence in mid-2016)



Naoetsu LNG Terminal

- 2014** Jan. Established a wholly owned subsidiary and opened a local office in Singapore
- March Selected as a Nadeshiko Brand in fiscal 2013 in recognition of the Company's efforts to promote women in the workforce
- June Established a wholly owned subsidiary and opened a local office in Norway
- July JAPAN-GTL Consortium received the 2014 ENAA Engineering Commendation Award by the Engineering Advancement Association of Japan for its JAPAN-GTL Process

Production Start-up Schedule

In addition to the Ichthys LNG Project, plans are in place to commence production at a number of projects currently under development or where preparations for development are under way.

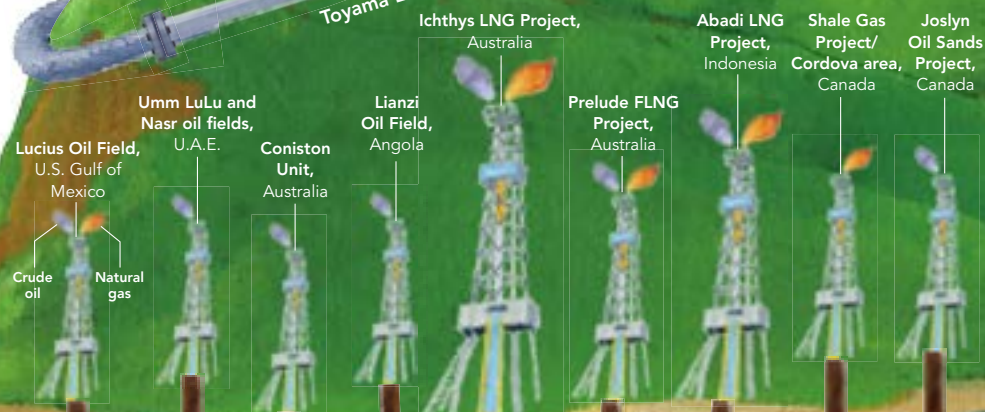
Toward net production volume of 1 million boed

Increase to around 700 thousand boed with the start-up of production at the Ichthys and other projects

Maintaining and expanding net production volume (More than 400 thousand boed)

Toward domestic natural gas supply volume of 2.5 billion m³/year

Toyama Line operations commence



Year Ending March 31, 2015, to Year Ending March 31, 2016

New production is scheduled to commence at crude oil projects in such regions as the Americas, the Middle East, and Africa up to the start-up of production at the Ichthys LNG Project.

From the Year Ending March 31, 2017, Onward

Beginning with the commencement of production at the Ichthys project scheduled for the end of 2016, plans are in place for production to commence thereafter at the Prelude, Abadi and other LNG projects.

The Early 2020s

In addition to the start-up of the Ichthys and other large-scale projects, INPEX is looking to achieve net production volume of one million boed by the early 2020s through a variety of measures including further exploration investment and the acquisition of assets.

Multiple new crude oil projects are scheduled to commence production. Plans are also in place to increase production volumes at existing projects including the Upper Zakum Oil Field.

Unconventional resources including shale gas and oil sands from Canada offer the expectation of future growth.

Natural gas production volumes are projected to increase mainly from LNG projects. LNG projects are also expected to contribute to the production of LPG and condensate.

Expectations of further increases in production will arise as resources are uncovered at the 30-plus exploration projects being conducted across regions worldwide.