INPEX CORPORATION

Consolidated Financial Results for the year ended March 31, 2012 [Japanese GAAP]

May 10, 2012

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

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

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

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Scheduled date of ordinary general meeting of shareholders :June 26, 2012

Scheduled date of filing Financial Report :June 27, 2012

Scheduled date of payment of cash dividends :June 27, 2012

Preparation of supplementary explanatory materials : Yes

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

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the year ended March 31, 2012(April 1, 2011-March 31, 2012)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2012	1,186,731	25.8	709,357	33.9	767,038	50.8	194,000	50.7
March 31, 2011	943,080	12.2	529,742	14.7	508,587	15.1	128,699	20.0

(Note) Consolidated comprehensive income: for the year ended March 31, 2012, ¥ 240,669 million; (109.8%)
for the year ended March 31, 2011, ¥ 114,706 million; ((19.8)%)

	Net income per share—basic	Net income per share—diluted	Net income as a percentage of net assets excluding minority interests	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
For the year ended	Yen	Yen	%	%	%
March 31, 2012	53,137.93	—	9.3	26.7	59.8
March 31, 2011	40,832.40	—	7.6	21.7	56.2

(Reference): Equity in earnings of affiliates: for the year ended March 31, 2012, ¥ 6,638 million
for the year ended March 31, 2011, ¥ 4,933 million

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding minority interests as a percentage of total assets	Net assets excluding minority interests per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2012	3,066,397	2,314,193	71.1	596,908.99
As of March 31, 2011	2,680,379	2,097,382	74.5	546,958.90

(Reference): Net assets excluding minority interests: as of March 31, 2012, ¥ 2,179,251 million
as of March 31, 2011, ¥ 1,996,888 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2012	320,691	(280,864)	29,294	249,233
March 31, 2011	274,093	(844,511)	548,057	182,025

2. Dividends

	Cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total			
For the year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2011	—	3,000.00	—	3,000.00	6,000.00	21,905	14.7	1.1
March 31, 2012	—	3,000.00	—	4,000.00	7,000.00	25,556	13.2	1.2
For the year ending March 31, 2013 (forecast)	—	3,500.00	—	3,500.00	7,000.00		15.6	

3. Forecasted Consolidated Operating Results for the year ending March 31, 2013 (April 1, 2012-March 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2012	535,000	(6.7)	281,000	(14.3)	279,000	(16.1)	68,000	(8.6)	18,625.57
For the year ending March 31, 2013	1,058,000	(10.8)	571,000	(19.5)	593,000	(22.7)	164,000	(15.5)	44,920.50

*Notes

(1) Significant changes in scope of consolidation : Yes
(Changes in the specified subsidiaries during the period due to change in scope of consolidation)
Newly included: INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd (two companies)

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

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

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 3,655,810 shares as of March 31, 2012; 3,655,810 shares as of March 31, 2011
2. Number of treasury stock at the end of the period: 4,916 shares as of March 31, 2012; 4,916 shares as of March 31, 2011
3. Average number of shares: 3,650,894 shares for the year ended March 31, 2012; 3,151,894 shares for the year ended March 31, 2011

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

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended March 31, 2012 (April 1, 2011-March 31, 2012)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2012	452,228	20.1	233,652	22.6	266,131	28.4	145,807	22.3
March 31, 2011	376,689	8.3	190,645	4.6	207,194	12.0	119,269	23.6

	Net income per share—basic	Net income per share—diluted
For the year ended	Yen	Yen
March 31, 2012	39,937.57	—
March 31, 2011	37,840.47	—

(2) Financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2012	2,540,523	1,948,790	76.7	533,784.50
As of March 31, 2011	1,947,667	1,819,663	93.4	498,415.80

(Reference): Net assets: as of March 31, 2012, ¥ 1,948,790 million
as of March 31, 2011, ¥ 1,819,663 million

*Indication of audit procedure implementation status

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

*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts “3. Forecasted Consolidated Operating Results for the year ending March 31, 2013” are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Please refer to “1. (1) Analysis on Consolidated Operating Results” on page 5.

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1 Results of Operations and Financial Position

(1) Analysis on Consolidated Operating Results

During this fiscal year, while Japanese economy was in difficult circumstances by the effect of the Great East Japan Earthquake which occurred in March 2011, it remained unclear outlook due to the protracted appreciation of Japanese yen against the U.S. dollar and European debt crisis, despite recovery trend of productive activity and individual consumption in Japan.
Under such business environment, Brent crude oil, an important indicator of global crude oil prices that affect our group's businesses, started from US$118.70 per bbl and was on a downward trend behind a concern of downturn in global economy and European debt crisis which led to US$99.79 at the beginning of October.
However, the oil prices turned upward trend and came up to US$115.00 in November since E.U. officials agreed on a solution for the Greece debt problem. Then the prices went down to US$103.35 in mid-December due to reactivation of European debt crisis, instead they climbed up against a background of rising tension of nuclear development in Iran and closed at US$122.88 per bbl at the fiscal year end. Meanwhile, domestic crude oil and petroleum products prices followed a similar pattern of global oil price movements. Reflecting these situations, our group's average sales price for crude oil for the fiscal year was at US$112.97 per bbl which is US$28.63 higher compared with the previous year.

The foreign exchange market, another important factor that affects our group's businesses, began to trade at the middle of ¥83 level to the U.S. dollar.
The yen depreciation went to ¥85.53 in early April based on the assumptions that second round of the U.S. quantitative easing would be completed as planned in June and Japanese exporting companies would refrain from buying yen due to the earthquake. However, yen was on a strong note over ¥80 to the U.S. dollar since there was expansion of pessimistic views to the future of the U.S. economy and major perspective of that the U.S. wouldn't start tightening its monetary policy for the time being.
The steady yen appreciation continued and yen hit historical high of ¥75.32 at the end of October on the back of strong perspective of monetary easing among major countries while there were growing fears of economic recession mainly in Europe. On the other hand, the yen appreciation appeared to be pausing due to yen selling intervention by Bank of Japan with the scale of ¥9 trillion.
Towards the fiscal year end, yen depreciated again since Japanese balance of trade became worse and interest rate of the U.S. turned to 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 of the fiscal year end of March 31, 2011.
Reflecting these situations, our group's average sales exchange rate for this fiscal year was ¥79.13 to the U.S. dollar which was ¥6.53 higher compared with the previous 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 the previous fiscal year due to an increase in sales price of crude oil and natural gas, despite a decrease in sales volume of natural gas and a negative effect of appreciation of Japanese yen against the U.S. dollar. Net sales of crude oil increased by ¥168.3 billion, or 30.2%, to ¥726.2 billion, and net sales of natural gas increased by ¥72.8 billion, or 20.4%, to ¥429.0 billion. Sales volume of crude oil increased by 4,086 Mbbls, or 5.3 %, to 80,738 Mbbls due to an increase in sales volume in the ADMA Block. Sales volume of natural gas decreased by 43,627 MMcf, or 10.9%, to 357,601 MMcf. Sales volume of overseas natural gas decreased by 44,977 MMcf, or 13.3%, to 291,999 MMcf due to a decrease in sales volume in Offshore Mahakam Block and so on, and sales volume of domestic natural gas increased by 36 MM m^3, or 2.1%, to 1,758 MM m^3 (65,602 MMcf). The average sales price of overseas crude oil increased by US$28.63 per bbl, or 33.9 %, to US$112.97 per bbl. Meanwhile, the average sales price of overseas natural gas increased by US$5.02 per Mcf, or 55.2%, to US$14.12 per Mcf. In addition, the average sales price of domestic natural gas increased by ¥2.83, or 6.8%, to ¥44.56 per m^3.
The increase of ¥243.6 billion in net sales was mainly derived from the following factors: a decrease in sales volume pushing sales down of ¥4.4 billion, an increase in unit sales price contributing ¥334.0 billion to the increase, the appreciation of Japanese yen against the U.S. dollar pushing sales down of ¥88.4 billion, and an increase in net sales excluding crude oil and natural gas of ¥2.5 billion.
Cost of sales for the year ended March 31, 2012 increased by ¥60.6 billion, or 18.1%, to ¥395.4 billion due mainly to an increase in royalty in the ADMA Block owing to an increase in sales. Exploration expenses decreased by ¥0.2 billion, or 2.1%, to ¥11.7 billion, and selling, general and administrative expenses increased by ¥3.6 billion, or 5.5%, to ¥70.1 billion. As a result, operating income increased by ¥179.6 billion, or 33.9%, to ¥709.3 billion.
Other income increased by ¥70.9 billion, or 227.4 %, to ¥102.0 billion due to an increase in gain on transfer of mining rights. Other expenses decreased by ¥7.9 billion, or 15.2%, to ¥44.4 billion due to a decrease in provision for allowance for doubtful accounts. As a result, ordinary income increased by ¥258.4 billion, or 50.8%, to ¥767.0 billion.
Total amount of current income taxes and deferred income taxes increased by ¥168.2 billion, or 45.6%, to ¥536.9 billion, and minority interests were ¥36.1 billion. As a result of the above effects, net income for the year ended March 31, 2012 increased by ¥65.3 billion, or 50.7%, to ¥194.0 billion from the previous fiscal year.

Financial results by segment are as follows:

1) Japan
Net sales increased by ¥9.1 billion, or 8.7%, to ¥113.6 billion due to an increase in sales volume and sales price of natural gas. Operating income decreased by ¥1.3 billion, or 5.2%, to ¥24.6 billion due to an increase in net purchase of natural gas.
2) Asia & Oceania
Net sales increased by ¥76.3 billion, or 18.8%, to ¥483.1 billion due to an increase in sales price of crude oil and natural gas despite a decrease in sales volume of crude oil and natural gas, and the appreciation of Japanese yen against the U.S. dollar. Operating income increased by ¥63.7 billion, or 27.0%, to ¥299.5 billion.
3) Eurasia (Europe & NIS)

Net sales increased by ¥16.0 billion, or 23.4%, to ¥84.3 billion due to an increase in sales price of crude oil, despite the appreciation of Japanese yen against the U.S. dollar. Operating income increased by ¥10.6 billion, or 29.1%, to ¥47.0 billion.

4) Middle East & Africa

Net sales increased by ¥149.2 billion, or 42.6%, to ¥500.0 billion due to an increase in sales volume and sales price of crude oil, despite the appreciation of Japanese yen against the U.S. dollar. Operating income increased by ¥111.0 billion, or 45.7%, to ¥354.1 billion.

5) Americas

Net sales decreased by ¥7.1 billion, or 56.4%, to ¥5.5 billion due to a decrease in sales volume of crude oil, and operating loss increased by ¥2.4 billion, or 81.8%, to ¥5.5 billion due to an increase in exploration expenses.

On a next fiscal year outlook, consolidated net sales for the six months ending September 30, 2012 are expected to be ¥535.0 billion, to decrease 6.7% compared with the six months ended September 30, 2011, and net sales for the year ending March 31, 2013 are expected to be ¥1,058.0 billion, to decrease 10.8% compared with the year ended March 31, 2012.
Operating income for the six months ending September 30, 2012 is expected to be ¥281.0 billion, to decrease 14.3% compared with the six months ended September 30, 2011, and operating income for the year ending March 31, 2013 is expected to be ¥571.0 billion, to decrease 19.5% compared with the year ended March 31, 2012.
Ordinary income for the six months ending September 30, 2012 is expected to be ¥279.0 billion, to decrease 16.1% compared with the six months ended September 30, 2011, and ordinary income for the year ending March 31, 2013 is expected to be ¥593.0 billion, to decrease 22.7% compared with the year ended March 31, 2012. Net income for the six months ending September 30, 2012 is expected to be ¥68.0 billion, to decrease 8.6% compared with the six months ended September 30, 2011, and net income for the year ending March 31, 2013 is expected to be ¥164.0 billion, to decrease 15.5% compared with the year ended March 31, 2012.
Net sales for the year ending March 31, 2013 are expected to decrease due to the forecasted decrease in crude oil price compared with this fiscal year, and operating income, ordinary income and net income for the year ending March 31, 2013 are expected to decrease as well.
In these estimates, the crude oil price is assumed to be US$100.0 per barrel (for Brent crude oil) with the exchange rate of Japanese yen against the U.S. dollar at ¥80 through the year ending March 31, 2013.

(2) Analysis on Consolidated Financial Position

Consolidated total assets as of March 31, 2012 increased by ¥386.0 billion to ¥3,066.3 billion from ¥2,680.3 billion as of March 31, 2011. Current assets increased by ¥415.7 billion to ¥908.7 billion due to an increase in marketable securities, and cash and deposits. Fixed assets decreased by ¥29.7 billion to ¥2,157.6 billion due to a decrease in investment securities despite an increase in recoverable accounts under production sharing.
Meanwhile, total liabilities increased by ¥169.2 billion to ¥752.2 billion from ¥582.9 billion as of March 31, 2011. Current liabilities increased by ¥113.1 billion to ¥367.8 billion due to an increase in accounts payable-other and income taxes payable. Long-term liabilities increased by ¥56.0 billion to ¥384.3 billion due to an increase in long-term debt and others.
Net assets increased by ¥216.8 billion, to ¥2,314.1 billion. Total shareholders' equity increased by ¥172.0 billion, to ¥2,184.3 billion. Total accumulated other comprehensive income increased by ¥10.2 billion to ¥ (5.1) billion and minority interests increased by ¥34.4 billion to ¥134.9 billion.

As for cash flows for the year ended March 31, 2012, net cash provided by operating activities increased by ¥46.5 billion to ¥320.6 billion from the previous fiscal year due to an increase in income before income taxes and minority interests owing to an increase in sales price of crude oil and natural gas, and an increase in income taxes paid. Meanwhile, net cash used in investing activities decreased by ¥563.6 billion to ¥280.8 billion due to a decrease in payments for purchase of investment securities and an increase in proceeds from transfer of mining rights. Net cash provided by financial activities decreased by ¥518.7 billion to ¥29.2 billion due to a record of proceeds from issuance of common stock in the previous fiscal year. After deducting ¥2.6 billion of the effect of exchange rate changes on cash and cash equivalents, the increase in cash and cash equivalents at the end of the year ended March 31, 2012 amounted to ¥66.4 billion. Cash and cash equivalents at the end of the year ended March 31, 2012 totaled ¥249.2 billion reflecting the above net increase of ¥66.4 billion and ¥0.7 billion of increase in cash and cash equivalents from newly consolidated subsidiary, from ¥182.0 billion at the end of the previous fiscal year.

(3) Dividend policy and Dividends for the year ended March 31, 2012 and for the year ending March 31, 2013

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

We decided year-end dividend to be ¥4,000 per share for the year ended March 31, 2012 based on the policy above. With the mid-term dividend of ¥3,000 per share, thus total dividend for the year is to be ¥7,000 per share.

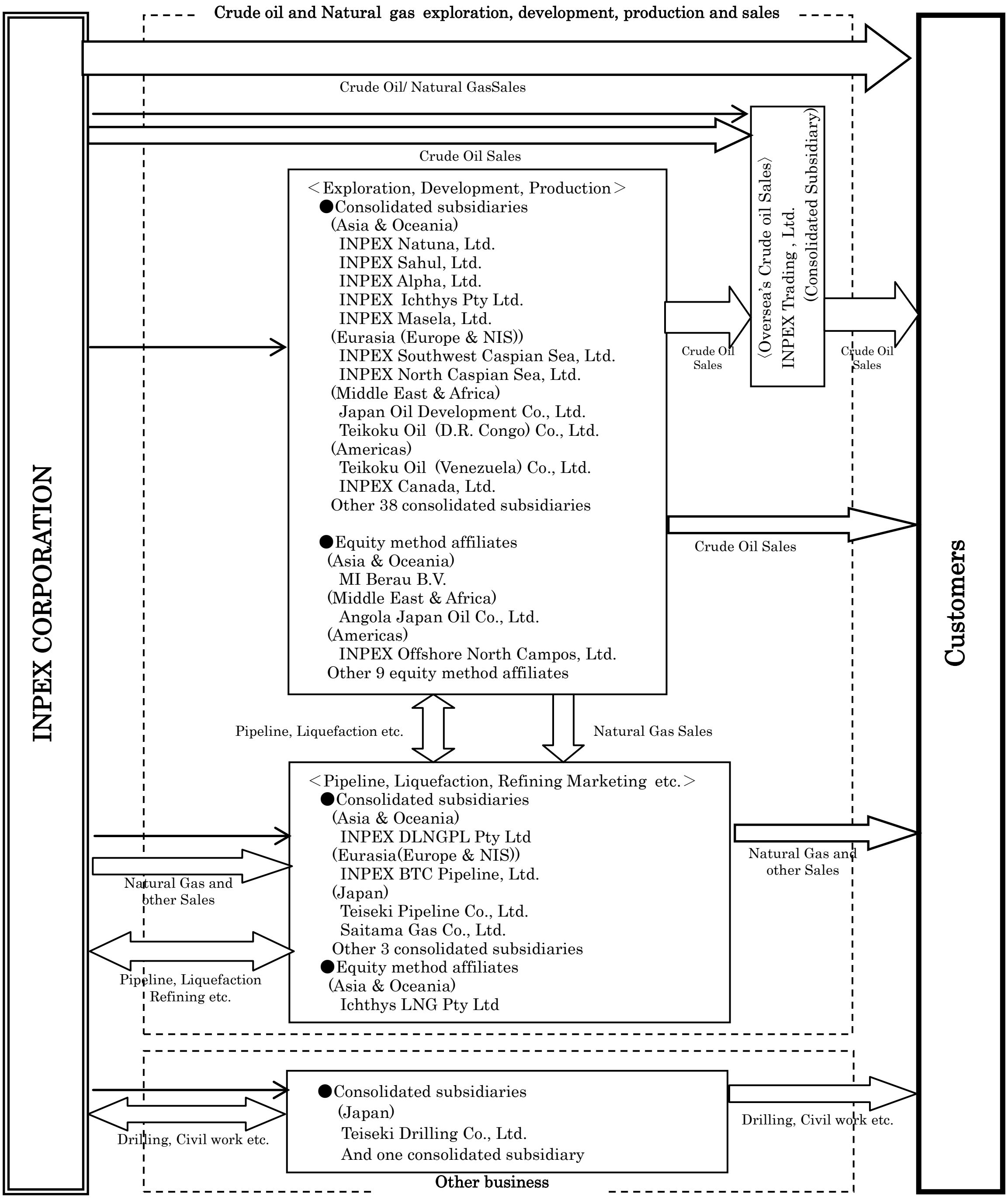
We plan a mid-term dividend to be ¥3,500 per share and a year-end dividend to be ¥3,500 per share for the year ending March 31, 2013, and thus a total dividend for the year is to be ¥7,000 per share.

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

2. Overview of the INPEX CORPORATION Group

The INPEX CORPORATION Group consists of INPEX CORPORATION, 70 subsidiaries (including 59 consolidated subsidiaries), 20 affiliates (including 13 equity method affiliates) and their 3 subsidiaries (as of March 31, 2012). The Group primarily engages in exploration, development, production and sales of crude oil and natural gas in Japan as well as in Asia & Oceania, Eurasia (Europe & NIS), the Middle East & Africa and Americas.

The following diagram shows our Group's business flow.



Note：1 symbol "→" indicates capital investment (including indirect holdings)

2 symbol "⇒" indicates products and services flow

3. Management Policy

(1) Management Strategy

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

(2) Medium- to Long-Term Management Key Initiatives

Based on the Management Strategy above, we carry out our businesses in accordance with three measures as follows;

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

Our challenges are as follows;

The key management initiatives for the Company in developing oil and natural gas resources are to produce oil and natural gas in a stable manner ensuring safety and taking care of the environment communities, and achieving sustainable growth by maintaining and expanding reserves through reinvesting the cash flow obtained from existing oil and gas fields. The INPEX Group strives to ensure HSE management and preservation of the environment, formulating the safety-conscious and environmental sound system or framework across the INPEX Group based on internationally recognized standards. By combining overseas projects that promise high growth potential arising from expansion of reserves with domestic projects that are without country risks and foreign exchange risks, we are seeking qualitative improvements in our asset portfolio. At the same time, by leveraging our business resources more effectively through an organic linkage of our overseas assets and domestic infrastructure, we aim to further enhance our corporate value.

As our immediate business challenges, we recognize the importance of steady development activities of the two large scale LNG projects in Australia (Ichthys) and Indonesia (Abadi), stable production activities under the existing producing projects including Mahakam in Indonesia, ADMA Block offshore Abu Dhabi and ACG oil fields in Azerbaijan, proactive exploration activities for acquiring new oil and gas reserves, and pursuit of opportunities to acquire good projects. In our domestic gas business, we consider that the sustainable growth of natural gas business is important to respond to growing social requirements for expanding natural gas use. To meet such requirements, we have been enhancing domestic gas infrastructure including construction of Naoetsu LNG Receiving Terminal, expansion of Shin Tokyo Line and construction of Toyama Line, and we have been developing the Gas Supply Chain which optimizes usage of overseas natural gas assets and domestic gas supply infrastructure.

To overcome the challenges above and to ensure sustainable growth of our corporate value, we will prepare organization qualifying for global companies including establishing a new department to pursue new opportunities more actively by further strengthen our corporate governance, upgrade and expand development plan of human resources, and strive to maintain financial soundness.

Our policy of business operation and approach to address the challenges are as follows;

① Achieve Well Balanced Asset Portfolio

- Regional Diversification

The operating area and asset portfolio of the Company has diversified to not only Japan, Asia, and Oceania where we have a wealth of experience and assets, but also the Middle East, the Caspian Sea, Central and South America, and Africa and so on. We will proactively continue to invest in Asia, Oceania and other regions taking the regional balance into consideration.

- Output ratio between Crude Oil and Gas

According to the outputs by products, the share of crude oil is just under 60% while the share of natural gas is just over 40%.

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

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

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

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

- Balancing the Project Phases among Exploration, Development and Production

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

- Balancing Contractual Arrangements

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

② Investments through Acquisition relative to the Expiration of Working Interests

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

③ Enhance Activities and Capabilities as Operator

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

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

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

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

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

⑥ Promote an Efficient and Transparent Corporate Management

The Company, as a global one, bears the heavy responsibility of assuring a stable supply of energy to Japan in an efficient manner. Consequently, we recognize not only that our corporate social responsibility is increasing but also that it is essential that we exercise sensitivity in conducting business in communities in Japan and around the world. Therefore, we have reinforced CSR management including setting up the CSR committee and will continuously strengthen our corporate governance.

⑦ Health, Safety and Environmental Efforts

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

⑧ Development of New Business

The Company is positioned for "Evolvement into a company that offers diversified forms of energy" as one of our medium-to long-term strategies and is doing business based on the strategy. Our main goal is to live with the global community and to contribute to the sustainable social development by growing ourselves to be an energy company, who is capable of supplying a variety of environmentally friendly energies in addition to oil and natural gas. We are challenging to develop new business areas in cooperation with domestic and international companies, universities and others. In particular, we pursue opportunities to participate in new business or develop new business for renewable energy such as solar photovoltaic and solar power generation, wind power or geothermal power generation and biomass fuel etc. and comprehensive energy utilization technologies for expansion of access to renewable energy including reserve cell and fuel battery.

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

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

4 Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Accounts	As of March 31, 2011	As of March 31, 2012
(Assets)		
Current assets		
Cash and deposits	112,395	275,903
Accounts receivable-trade	95,391	119,459
Marketable securities	207,165	399,382
Inventories	*1 12,137	*1 11,977
Deferred tax assets	9,450	18,692
Accounts receivable-other	57,032	71,911
Other	12,500	24,388
Allowance for doubtful accounts	(13,141)	(13,013)
Total current assets	492,932	908,702
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	118,054	107,300
Wells, net	28,604	26,827
Machinery, equipment and vehicles, net	58,227	54,462
Land	20,707	20,070
Construction in progress	75,077	167,779
Other, net	79,189	7,257
Total tangible fixed assets	*2,4,5 379,861	*2,4,5 383,697
Intangible assets		
Goodwill	101,362	94,601
Exploration and development rights	125,228	118,007
Mining rights	17,554	16,492
Other	4,966	4,216
Total intangible assets	*5 249,110	*5 233,317
Investments and other assets		
Investment securities	*3,4 975,541	*3,4 886,222
Long-term loans receivable	13,979	48,109
Recoverable accounts under production sharing	534,330	568,318
Deferred tax assets	27,213	30,554
Other	*3,4 118,340	*3,4 115,141
Allowance for doubtful accounts	(270)	(715)
Allowance for recoverable accounts under production sharing	(96,879)	(100,671)
Allowance for investments in exploration	(13,780)	(6,280)
Total investments and other assets	1,558,474	1,540,679
Total fixed assets	2,187,447	2,157,695
Total assets	2,680,379	3,066,397

(Millions of yen)

Accounts	As of March 31, 2011	As of March 31, 2012
(Liabilities)		
Current liabilities		
Accounts payable-trade	23,441	30,228
Short-term loans	*4 4,441	*4 4,801
Income taxes payable	113,101	139,144
Accounts payable-other	*4 83,309	*4 133,153
Provision for exploration projects	9,537	5,551
Accrued bonuses to officers	127	128
Asset retirement obligations	3,686	3,337
Other	17,083	51,498
Total current liabilities	254,728	367,843
Long-term liabilities		
Long-term debt	*4 268,706	*4 313,972
Deferred tax liabilities	36,517	43,178
Accrued retirement benefits to employees	6,979	6,340
Accrued special repair and maintenance	443	367
Asset retirement obligations	8,965	9,804
Other	*4 6,655	*4 10,697
Total long-term liabilities	328,268	384,361
Total liabilities	582,997	752,204
(Net assets)		
Shareholders’ equity		
Common stock	290,809	290,809
Capital surplus	679,287	679,287
Retained earnings	1,047,431	1,219,526
Treasury stock	(5,248)	(5,248)
Total shareholders’ equity	2,012,280	2,184,375
Accumlated other comprehensive income		
Unrealized holding gain on securities	1,455	6,952
Unrealized gain from hedging instruments	—	4,118
Translation adjustments	(16,847)	(16,195)
Total accumlated other comprehensive income	(15,391)	(5,124)
Minority interests	100,493	134,941
Total net assets	2,097,382	2,314,193
Total liabilities and net assets	2,680,379	3,066,397

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

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Net sales	943,080	1,186,731
Cost of sales	334,833	395,442
Gross profit	608,247	791,288
Exploration expenses	12,000	11,747
Selling, general and administrative expenses	*1,2 66,504	*1,2 70,184
Operating income	529,742	709,357
Other income		
Interest income	4,110	4,399
Dividend income	5,721	6,993
Equity in earnings of affiliates	4,933	6,638
Gain on transfer of mining rights	7,333	70,260
Other	9,076	13,790
Total other income	31,176	102,082
Other expenses		
Interest expense	1,073	1,227
Provision for allowance for recoverable accounts under production sharing	11,481	14,816
Provision for exploration projects	3,082	518
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,555	—
Foreign exchange loss	11,539	14,640
Loss on business withdrawal	—	5,370
Other	23,599	7,827
Total other expenses	52,331	44,400
Ordinary income	508,587	767,038
Income before income taxes and minority interests	508,587	767,038
Income taxes-current	367,082	543,156
Income taxes-deferred	1,614	(6,223)
Total income taxes	368,697	536,933
Income before minority interests	139,890	230,105
Minority interests	11,190	36,104
Net income	128,699	194,000

Consolidated Statements of Comprehensive Income

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Income before minority interests	139,890	230,105
Other comprehensive income		
Unrealized holding gain (loss) on securities	(10,950)	5,498
Unrealized gain from hedging instruments	—	4,118
Translation adjustments	(11,516)	2,082
Share of other comprehensive income of associates accounted for by the equity method	(2,716)	(1,134)
Total other comprehensive income	(25,183)	*1 10,564
Comprehensive income	114,706	240,669
Total comprehensive income attributable to		
Shareholders of INPEX CORPORATION	105,782	204,267
Minority interests	8,923	36,401

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at beginning of the period	30,000	290,809
Changes during the period		
Issuance of new shares	260,809	—
Total changes during the period	260,809	—
Balance at end of the period	290,809	290,809
Capital surplus		
Balance at beginning of the period	418,477	679,287
Changes during the period		
Issuance of new shares	260,809	—
Total changes during the period	260,809	—
Balance at end of the period	679,287	679,287
Retained earnings		
Balance at beginning of the period	936,744	1,047,431
Changes during the period		
Cash dividends paid	(18,013)	(21,905)
Net income	128,699	194,000
Total changes during the period	110,686	172,095
Balance at end of the period	1,047,431	1,219,526
Treasury stock		
Balance at beginning of the period	(5,248)	(5,248)
Balance at end of the period	(5,248)	(5,248)
Total shareholders' equity		
Balance at beginning of the period	1,379,974	2,012,280
Changes during the period		
Issuance of new shares	521,619	—
Cash dividends paid	(18,013)	(21,905)
Net income	128,699	194,000
Total changes during the period	632,305	172,095
Balance at end of the period	2,012,280	2,184,375

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Accumulated other comprehensive income		
Unrealized holding gain on securities		
Balance at beginning of the period	12,351	1,455
Changes during the period		
Other changes in items other than those in shareholders' equity, net	(10,895)	5,497
Total changes during the period	(10,895)	5,497
Balance at end of the period	1,455	6,952
Unrealized gain from hedging instruments		
Balance at beginning of the period	—	—
Changes during the period		
Other changes in items other than those in shareholders' equity, net	—	4,118
Total changes during the period	—	4,118
Balance at end of the period	—	4,118
Translation adjustments		
Balance at beginning of the period	(4,826)	(16,847)
Changes during the period		
Other changes in items other than those in shareholders' equity, net	(12,021)	651
Total changes during the period	(12,021)	651
Balance at end of the period	(16,847)	(16,195)
Total accumulated other comprehensive income		
Balance at beginning of the period	7,525	(15,391)
Changes during the period		
Other changes in items other than those in shareholders' equity, net	(22,916)	10,266
Total changes during the period	(22,916)	10,266
Balance at end of the period	(15,391)	(5,124)
Minority interests		
Balance at beginning of the period	103,103	100,493
Changes during the period		
Other changes in items other than those in shareholders' equity, net	(2,609)	34,448
Total changes during the period	(2,609)	34,448
Balance at end of the period	100,493	134,941

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Total net assets		
Balance at beginning of the period	1,490,603	2,097,382
Changes during the period		
Issuance of new shares	521,619	—
Cash dividends paid	(18,013)	(21,905)
Net income	128,699	194,000
Other changes in items other than those in shareholders' equity, net	(25,526)	44,714
Total changes during the period	606,779	216,810
Balance at end of the period	2,097,382	2,314,193

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	508,587	767,038
Depreciation and amortization	54,245	48,026
Amortization of goodwill	6,760	6,760
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	18,990
Provision for exploration projects	(5,442)	(3,915)
Provision for accrued retirement benefits to employee	(592)	(637)
Other provisions	11,462	(25)
Interest and dividend income	(9,832)	(11,393)
Interest expense	1,073	1,227
Foreign exchange loss (gain)	(3,014)	5,334
Equity in earnings of affiliates	(4,933)	(6,638)
Gain on transfer of mining rights	(7,333)	(70,260)
Recovery of recoverable accounts under production sharing (capital expenditures)	50,816	53,543
Recoverable accounts under production sharing (operating expenditures)	(17,368)	(21,041)
Accounts receivable-trade	(11,375)	(23,816)
Inventories	(222)	194
Accounts payable-trade	7,277	6,561
Accounts receivable-other	7,693	(19,773)
Accounts payable-other	9,698	40,942
Advances received	(2,489)	23,890
Other	(594)	369
Subtotal	611,289	815,381
Interest and dividends received	13,079	16,996
Interest paid	(747)	(943)
Income taxes paid	(349,526)	(510,742)
Net cash provided by operating activities	274,093	320,691

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Cash flows from investing activities		
Increase in time deposits	(493)	(88,771)
Decrease in time deposits	3,849	6,064
Increase in long-term deposits	(53,500)	—
Payments for purchases of tangible fixed assets	(84,235)	(68,317)
Proceeds from sales of tangible fixed assets	1,072	314
Payments for purchases of intangible assets	(2,535)	(1,367)
Payments for purchases of marketable securities	(11,731)	(4,090)
Proceeds from sales and redemptions of marketable securities	112,000	136,614
Payments for purchases of investment securities	(724,634)	(238,567)
Proceeds from sales and redemptions of investment securities	10,846	20,672
Investment in recoverable accounts under production sharing (capital expenditures)	(77,864)	(82,915)
Decrease in short-term loans receivable	1,569	3,758
Long-term loans made	(1,134)	(38,094)
Collection of long-term loans receivable	566	3,600
Payments for purchase of mining rights	(28,044)	—
Proceeds from transfer of mining rights	7,333	71,486
Other	2,424	(1,252)
Net cash used in investing activities	(844,511)	(280,864)
Cash flows from financing activities		
Proceeds from issurance of common stock	521,619	—
Decrease in short-term loans	—	(40)
Proceeds from long-term debt	56,285	50,913
Repayments of long-term debt	(4,712)	(4,316)
Proceeds from minority interests for additional shares	6,418	9,723
Cash dividends paid	(18,010)	(21,922)
Dividends paid to minority shareholders	(13,450)	(4,991)
Other	(92)	(71)
Net cash provided by financing activities	548,057	29,294
Effect of exchange rate changes on cash and cash equivalents	(12,015)	(2,663)
Net increase (decrease) in cash and cash equivalents	(34,374)	66,458
Cash and cash equivalents at beginning of the period	216,395	182,025
Increase in cash and cash equivalents from newly consolidated subsidiary	4	750
Cash and cash equivalents at end of the period	*1 182,025	*1 249,233

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

None

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 59

Names of major subsidiaries;
Japan Oil Development Co., Ltd., INPEX Alpha, Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Masela, Ltd.

During this period:
Number of companies newly included in the scope of consolidation: 7
Number of companies excluded from the scope of consolidation: 1

Details for the above changes:
1) INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Operations Australia Pty Ltd, INPEX Babar Selaru Ltd., INPEX Offshore North West Sabah, Ltd. and INPEX Offshore South West Sabah, Ltd. have been newly included due to establishment of the companies.

2) INPEX Australia Pty Ltd has been newly included due to increase in materiality of the company.

3) INPEX Offshore Northeast Java, Ltd. has been excluded due to completion of liquidation.

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

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

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

2. Application of equity method

Number of non-consolidated subsidiaries accounted for by the equity method: None
Number of affiliates accounted for by the equity method: 13
Names of major affiliates:
MI Berau B.V., INPEX Offshore North Campos, Ltd., Angola Japan Oil Co., Ltd., Ichthys LNG Pty Ltd

During this period:
Number of companies newly included as affiliates accounted for by the equity method due to establishment of the company: 1
Detail for the above change: Ichthys LNG Pty Ltd

Names of major non-consolidated subsidiaries and affiliates not accounted for by the equity method:
Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V., Telnite Co., Ltd., Tangguh project management Co., Ltd.

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

Procedures for application of the equity method:
Regarding affiliates accounted for by the equity method having a different closing date from the consolidated closing date,

the Company used the financial statements of each affiliate prepared as of its closing date. For certain affiliates, however, the Company used financial statements prepared for consolidation purposes as of the consolidated closing date.

3. Closing dates for the fiscal year of consolidated subsidiaries

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

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

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

(b) Derivatives
Fair value

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

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

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

(b) Intangible assets (except leased assets)
Exploration and development rights
Exploration and development rights at the exploration stage are fully amortized in the consolidated fiscal year. Such rights which are at the production stage are amortized by the unit-of-production method.

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

Other
Other intangible assets are mainly amortized by the straight-line method.
Software for internal use is amortized over 5 years.

(c) Leased assets
Leased assets for financing lease transactions whose ownership are not to be transferred:
Depreciation of these assets is calculated based on the straight-line method over the lease period assuming no residual value.

3) Basis for significant allowances

(a) Allowance for doubtful accounts

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

(b) Allowance for recoverable accounts under production sharing

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

(c) Allowance for investments in exploration

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

(d) Provision for exploration projects

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

(e) Accrued bonuses to officers

Accrued bonuses to officers are provided at expected payment amount for the year ended March 31, 2012.

(f) Accrued retirement benefits to employees

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

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

(g) Accrued special repair and maintenance

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

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

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

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

5) Accounting for major hedge transactions

(a) Hedge accounting

The deffered hedge accounting method is used to process hedging transactions. Simplified accounting method is applied to interest rate swaps.

(b) Hedging instruments and hedged items

(Foreign currency)

Hedge instruments: Foreign exchange forward transactions

Hedged items: Forecasted transactions in foreign currencies

(Interest rate)

Hedge instruments: Interest rate swap transactions

Hedged items: Interest payments on borrowings

(c) Hedging policy

The nominal amount of the derivative transaction is limited to within the scope of actual demand, and the Company does not engage in speculative derivative transactions.

(d) Hedge effectiveness assessment method

The Company does not perform hedge effectiveness assessment of foreign exchange forward transactions since the main conditions match with forecasted transactions in foreign currencies. The Company does not perform hedge effectiveness assessment since simplified accounting method is applied.

6) Amortization of Goodwill

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

7) Scope of cash and cash equivalents in consolidated statement of cash flow

Cash (cash and cash equivalents) in the consolidated statement of cash flow consisted of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

8) Other items important to the preparation of the consolidated financial statements

(a) Consumption tax

Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax.

(b) Recoverable accounts under production sharing

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

(Changes in the Presentation)

(Consolidated Statements of Income)
“Gain on change in equity”, previously presented separately in other income, is included in “Other” since it has become less significant. As a result, ¥3,644 million which was recorded as “Gain on change in equity” in other income on the consolidated statements of income in the previous fiscal year is included in “Other”.

“Provision of allowance for doubtful accounts”, previously presented separately in other expenses, is included in “Other” since it has become less significant. As a result, ¥9,132 million which was recorded as “Provision of allowance for doubtful accounts” in other expenses on the consolidated statements of income in the previous fiscal year is included in “Other”.

(Consolidated Statements of Cash Flows)
“Provision for allowance for doubtful accounts”, previously presented separately in cash flows from operating activities, is included in “Other provisions” since it has become less significant. As a result, ¥12,924 million which was recorded as “Provision for allowance for doubtful accounts” in cash flows from operating activities on the consolidated cash flows in the previous fiscal year is included in “Other provisions”.

(Additional information)
For the accounting changes and error corrections made in after the beginning of the year ended March 31, 2012, the Company applies “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24 December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24 December 4, 2009).

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

*1 Major accounts included in inventories

	As of March 31, 2011	As of March 31, 2012
	Millions of yen	Millions of yen
Merchandise and finished goods	4,952	4,797
Work in process	238	82
Raw materials and supplies	6,946	7,097

*2 Accumulated depreciation of tangible fixed assets

	As of March 31, 2011	As of March 31, 2012
Accumulated depreciation of tangible fixed assets	¥530,777 million	¥567,304 million

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

	As of March 31, 2011	As of March 31, 2012
	Millions of yen	Millions of yen
Investment securities (equities)	38,881	71,700
(of which investment in jointly controlled entities)	—	25,618
Other (investments and other assets)	121	77

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

Collateralized Assets

	As of March 31, 2011	As of March 31, 2012
	Millions of yen	Millions of yen
Buildings and structures	2,140 (2,140)	2,250 (2,250)
Wells	4,774 (4,774)	2,737 (2,737)
Machinery, equipment and vehicles	9,048 (9,048)	9,190 (9,190)
Land	660 (660)	— (—)
Other (tangible fixed assets)	0 (0)	0 (0)
Investment securities	8,236 (—)	7,632 (—)
Other (investments and other assets)	238 (—)	231 (—)
Total	25,099 (16,623)	22,041 (14,177)

Secured debt

	As of March 31, 2011	As of March 31, 2012
	Millions of yen	Millions of yen
Short-term loans	2,130 (2,114)	1,588 (1,572)
Accounts payable-other	3,992 (3,691)	5,090 (4,783)
Long-term debt	4,022 (3,955)	2,434 (2,383)
Others (long-term liabilities)	16 (—)	16 (—)
Total	10,162 (9,760)	9,129 (8,738)

Amounts in parentheses () above represent foundation collateral and liabilities. In addition, the followings are pledged as collateral for the BTC pipeline project financing.

	As of March 31, 2011	As of March 31, 2012
Investment securities	¥4,928 million	¥4,703 million

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

	As of March 31, 2011	As of March 31, 2012
	Millions of yen	Millions of yen
Building and structures	1,374	1,387
Machinery, equipment and vehicles	259	259
Land	—	56
Other (intangible assets)	1	1

6 Contingent liabilities

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

As of March 31, 2011		As of March 31, 2012	
	Millions of yen		Millions of yen
Tangguh Trustee*	15,536	Tangguh Trustee*	14,510
Fujian Tranche *	5,507	Ichthys LNG Pty Ltd	5,190
Sakhalin Oil and Gas Development Co., Ltd.	4,051	Fujian Tranche *	5,143
INPEX Offshore North Campos, Ltd.	2,613	Sakhalin Oil and Gas Development Co., Ltd.	3,866
Sakata Natural Gas Co., Ltd.	106	INPEX Offshore North Campos, Ltd.	2,151
Employees (housing loans)	254	Employees (housing loans)	212
Total	28,069	Total	31,074

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

(Consolidated Statements of Income)

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

	For the year ended March 31, 2011	For the year ended March 31, 2012
	Millions of yen	Millions of yen
Personnel expenses	14,518	16,049
Including provision for accrued retirement benefits to employees	712	529
Including provision for accrued bonuses to officers	144	135
Taxes	5,928	7,100
Freight expenses	6,666	6,074
Depreciation expenses	22,250	21,898
Amortization of goodwill	6,760	6,760

*2. Research and development expenses included in general and administrative expenses:

	For the year ended March 31, 2011	For the year ended March 31, 2012
	¥449 million	¥401 million

(Consolidated Statements of Comprehensive Income)

For the year ended March 31, 2012

*1 Amount of recycling and amount of income tax effect associated with other comprehensive income

	Millions of yen
Unrealized holding gain on securities	
Amount recognized during this period	5,081
Amount of recycling	538
Before income tax effect adjustment	5,620
Amount of income tax effect	(121)
Unrealized holding gain on securities	5,498
Unrealized gain from hedging instruments	
Amount recognized during this period	6,455
Amount of income tax effect	(2,337)
Unrealized gain from hedging instruments	4,118
Translation adjustments	
Amount recognized during this period	2,082
Share of other comprehensive income of associates accounted for by the equity method	
Amount recognized during this period	(1,134)
Total other comprehensive income	10,564

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2011

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

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

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

2. Share subscription rights

None

3. Dividends

(1) Cash dividends paid

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

(2) Dividends, of which the record date was in the year ended March 31, 2011, and whose effective date will be in the next fiscal year

Resolution	Type of share	Source of dividends	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 28, 2011	Common stock	Retained earnings	10,952	3,000	March 31, 2011	June 29, 2011
	Special class share	Retained earnings	0	3,000	March 31, 2011	June 29, 2011

For the year ended March 31, 2012

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

	Balance as of April 1, 2011	Increase	Decrease	Balance as of March 31, 2012
Number of shares				
Common stock	3,655,809	—	—	3,655,809
Special class share	1	—	—	1
Total	3,655,810	—	—	3,655,810
Treasury stock				
Common stock	4,916	—	—	4,916
Total	4,916	—	—	4,916

2. Share subscription rights
None

3. Dividends
(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 28, 2011	Common stock	10,952	3,000	March 31, 2011	June 29, 2011
	Special class share	0	3,000	March 31, 2011	June 29, 2011
Board of directors' meeting November 4, 2011	Common stock	10,952	3,000	September 30, 2011	December 1, 2011
	Special class share	0	3,000	September 30, 2011	December 1, 2011

(2) Dividends, of which the record date was in the year ended March 31, 2012, and whose effective date will be in the next fiscal year

Resolution	Type of share	Source of dividends	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 26, 2012	Common stock	Retained earnings	14,603	4,000	March 31, 2012	June 27, 2012
	Special class share	Retained earnings	0	4,000	March 31, 2012	June 27, 2012

(Consolidated Statements of Cash Flows)

*1 Cash and cash equivalents at the end of the period are reconciled to the account reported in the consolidated balance sheet as follows:

	For the year ended March 31, 2011	For the year ended March 31, 2012
	Millions of yen	Millions of yen
Cash and deposits	112,395	275,903
Time deposits for more than three months and others	(266)	(84,664)
Marketable securities (commercial paper)	50,991	54,495
Marketable securities (MMF and others)	7,804	699
Marketable securities (certificate of deposit)	11,100	2,800
Cash and cash equivalents	182,025	249,233

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

	Millions of yen
Current assets	534
Fixed assets	34,217
Total assets	34,751
Current liabilities	477
Total liabilities	477

(Segment Information)

1. Overview of reportable segments

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

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

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

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

(Millions of yen)

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

Note: 1. (1) Adjustments of segment income of ¥(8,569) million include elimination of intersegment transactions of ¥232 million and corporate expenses of ¥(8,801) million. Corporate expenses are mainly amortization of goodwill not attributable to a reportable segment and general administrative expenses.
(2) Adjustments of segment assets of ¥1,190,458 million include elimination of intersegment transactions of ¥(2,935) million and corporate assets of ¥1,193,394 million. Corporate assets are mainly goodwill, cash and deposit, marketable securities and investment securities concerned with the administrative divisions.
(3) Adjustments of depreciation and amortization of ¥1,280 million consist mainly of depreciation of corporate assets.
(4) Adjustments of amortization of goodwill of ¥ 6,952 million consist of amortization of goodwill not attributable to a reportable segment.
(5) Adjustments of increase of tangible fixed assets and intangible assets of ¥565 million consist mainly of capital expenditure to corporate assets.
2. Segment income was reconciled with consolidated operating income.

For the year ended March 31, 2012 (April 1, 2011 through March 31, 2012)

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
(1) Sales to third parties	113,662	483,187	84,325	500,032	5,524	1,186,731	—	1,186,731
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	113,662	483,187	84,325	500,032	5,524	1,186,731	—	1,186,731
Segment income (loss)	24,606	299,598	47,075	354,135	(5,517)	719,899	(10,542)	709,357
Segment assets	260,596	445,735	515,537	198,987	67,928	1,488,784	1,577,613	3,066,397
Other items								
Depreciation and amortization	18,485	12,774	8,502	6,550	373	46,686	1,339	48,026
Amortization of goodwill	—	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	—	49,156	—	6,859	9,606	65,621	—	65,621
Increase of tangible fixed assets and intangible assets	35,954	27,146	518	10,387	2,956	76,963	2,105	79,068

Note: 1. (1) Adjustments of segment income of ¥(10,542) million include elimination of intersegment transactions of ¥229 million and corporate expenses of ¥(10,771) million. Corporate expenses are mainly amortization of goodwill not attributable to a reportable segment and general administrative expenses.
(2) Adjustments of segment assets of ¥1,577,613 million include elimination of intersegment transactions of ¥(2,744) million and corporate assets of ¥1,580,357 million. Corporate assets are mainly goodwill, cash and deposit, marketable securities and investment securities concerned with the administrative divisions.
(3) Adjustments of depreciation and amortization of ¥1,339 million consist mainly of depreciation of corporate assets.
(4) Adjustments of amortization of goodwill of ¥ 6,952 million consist of amortization of goodwill not attributable to a reportable segment.
(5) Adjustments of increase of tangible fixed assets and intangible assets of ¥2,105 million consist mainly of capital expenditure to corporate assets.
2. Segment income was reconciled with consolidated operating income.

(Relative information)

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

1. Products and service information

(Millions of yen)

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

2. Geographical information

(1) Sales

(Millions of yen)

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

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

(2) Tangible fixed assets

(Millions of yen)

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

3. Information by major customer

(Millions of yen)

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

For the year ended March 31, 2012 (April 1, 2011 through March 31, 2012)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	726,222	404,735	24,330	31,443	1,186,731

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania (excluding Singapore)	Singapore	Other	Total
591,214	420,183	135,759	39,574	1,186,731

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

(2) Tangible fixed assets

(Millions of yen)

Japan	Australia	Other	Total
229,888	77,980	75,828	383,697

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
PERTAMINA	245,942	Asia & Oceania

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

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

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

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

(Millions of yen)

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

Note: 1. This is the unamortized balance of negative goodwill acquired before April 1, 2010 and net amount of goodwill is stated on the balance sheet.
2. This is the unamortized balance of goodwill not attributable to a reportable segment.
3. Please refer to "Segment information" regarding to the amounts of amortization of goodwill.

For the year ended March 31, 2012 (April 1, 2011 through March 31, 2012)

(Millions of yen)

	Reportable segments						Eliminations and other *2	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas *1	Total		
Balance as of March 31, 2012	—	—	—	—	(2,739)	(2,739)	97,341	94,601

Note: 1. This is the unamortized balance of negative goodwill acquired before April 1, 2010 and net amount of goodwill is stated on the balance sheet.
2. This is the unamortized balance of goodwill not attributable to a reportable segment.
3. Please refer to "Segment information" regarding to the amounts of amortization of goodwill.

(Information on negative goodwill by reportable segment)

None

(Financial Instruments)

1. Status of financial instruments

For the year ended March 31, 2011

(1) Policy regarding financial instruments

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

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

(Credit risks related to trade receivables)

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

(Market price fluctuation risk related to securities)

For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Management Committee. For stocks, the Company holds the shares of trading partners and others to establish close and smooth relationship for the purpose of medium- to long-term stable business. Of these shares, the Company partially holds for the purpose of investment. As for bonds, the Company mainly holds government bonds with short-term maturities to reduce market price fluctuation risk.

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

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

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

As the most of the Company's business consists of overseas business, the Company is exposed to exchange fluctuation risk due to a large portion of monetary assets and liabilities held in foreign currencies such as cash and deposits, accounts receivables and loans required in overseas projects. As a result of fiscal year-end conversion, yen appreciation causes foreign exchange loss on assets and foreign exchange gain on liabilities while yen depreciation causes foreign exchange gain on assets and foreign exchange loss on liabilities. For this reason, foreign exchange gain and loss are offset and maintains the position between assets and liabilities in foreign currencies. At present, the Company is in the position of incurring foreign exchange loss when foreign exchange rate proceeds to yen appreciation. The Company timely converts to the yen to avoid excess holding of foreign currency deposits on hand as well as engages in hedge transactions, based on the Company policy, partly using foreign currency forward exchange contracts as necessary for expected foreign currency trading.

(Management of derivative transactions)

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

(Management of the liquidity risk related to financing)

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

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

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

For the year ended March 31, 2012

(1) Policy regarding financial instruments

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

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

(Credit risks related to trade receivables)

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

(Market price fluctuation risk related to securities)

For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Management Committee. For stocks, the Company holds the shares of trading partners and others to establish close and smooth relationship for the purpose of medium- to long-term stable business. Of these shares, the Company partially holds for the purpose of investment. As for bonds, the Company mainly holds 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 for fund for oil and natural gas exploration projects and construction or expansion of domestic pipelines and LNG receiving terminal and others. The borrowing period is determined considering financial prospects of the project and useful lives of facilities. Loans with variable interest rates are exposed to interest rate fluctuation risk, however, the Company 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 swap contracts with financial institutions as necessary.

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

As the most of the Company's business consists of overseas business, the Company is exposed to exchange fluctuation risk due to a large portion of monetary assets and liabilities held in foreign currencies such as cash and deposits, accounts receivables and loans required in overseas projects. As a result of fiscal year-end conversion, yen appreciation causes foreign exchange loss on assets and foreign exchange gain on liabilities while yen depreciation causes foreign exchange gain on assets and foreign exchange loss on liabilities. For this reason, foreign exchange gain and loss are offset and maintains the position between assets and liabilities in foreign currencies. At present, the Company is in the position of incurring foreign exchange loss when foreign exchange rate proceeds to yen appreciation. The Company 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 forward foreign exchange transactions, currency swaps and others as necessary.

(Management of derivative transactions)

For the above derivative transactions, the Company follows derivative transactions management outline. For derivative transactions exposed to market price fluctuation, market values of these derivatives are regularly reported to the Management 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 monthly financing plan prepared by each project division and secure sufficient liquidity on hand to be prepared for liquidity risks.

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

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

2. Fair value of financial instruments

Carrying value on the consolidated balance sheets as of March 31, 2011 and 2012, fair value and their unrealized loss are as shown below. Items for which is extremely difficult to determine market value are not included in the following table (Please refer to Note 2).

As of March 31,2011 (Millions of yen)

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

As of March 31,2012 (Millions of yen)

	Carrying value	Fair value	Unrealized loss
(1) Cash and deposits	275,903	275,903	—
(2) Accounts receivable-trade	119,459	119,459	—
(3) Marketable securities and investment securities	1,180,509	1,180,509	—
Total assets	1,575,872	1,575,872	—
(1) Short-term loans	4,801	4,830	28
(2) Long-term debt	313,972	316,131	2,158
Total liabilities	318,774	320,961	2,186
Derivatives (*)	7,338	7,338	—

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

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

Assets

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

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

(3) Marketable securities and investment securities

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

Liabilities

(1) Short-term loans

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

(2) Long-term debt

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

Derivatives

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

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

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Unlisted securities	27,819	28,395
Preferred securities	5,000	5,000
Stocks of subsidiaries and affiliates	38,881	71,700

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

Note 3: Redemption schedules for monetary assets securities with maturity dates subsequent to March 31, 2011 and 2012 are as follows

As of March 31,2011 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Cash and deposits	112,395	—	—	—
Accounts receivable-trade	95,391	—	—	—
Marketable securities and investment securities				
Other securities:				
Public bonds	133,000	526,500	41,500	—
Corporate bonds	3,500	33,500	—	—
Other bonds	51,000	33,445	—	—
Other	11,100	198,145	—	—
Total	406,386	791,590	41,500	—

As of March 31,2012 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Cash and deposits	275,903	—	—	—
Accounts receivable-trade	119,459	—	—	—
Marketable securities and investment securities				
Other securities:				
Public bonds	335,500	375,000	39,500	—
Corporate bonds	—	63,500	—	—
Other bonds	54,500	33,185	—	—
Other	6,890	198,100	—	—
Total	792,252	669,785	39,500	—

Note 4: Maturities for long-term loans payable and leased liabilities subsequent to March 31, 2011 and 2012 are as follows

As of March 31,2011 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Long-term debt	4,281	19,156	136,506	113,044
Lease obligations	62	117	1	—
Total	4,344	19,273	136,507	113,044

As of March 31,2012 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Long-term debt	4,681	47,827	114,311	151,833
Lease obligations	52	96	1	—
Total	4,734	47,924	114,313	151,833

(Securities)

1. Other securities as of March 31, 2011 and 2012

As of March 31,2011 (Millions of yen)

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

As of March 31,2012 (Millions of yen)

Type of securities	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceed their acquisition costs			
(1) Stocks	4,499	9,317	4,818
(2) Bonds			
Public bonds	726,075	727,734	1,658
Corporate bonds	23,500	23,588	88
Other	37,395	37,503	107
(3) Other	204,961	209,955	4,993
Subtotal	996,432	1,008,098	11,666
Securities whose acquisition costs exceed their carrying value			
(1) Stocks	47,939	44,103	△3,835
(2) Bonds			
Public bonds	30,190	29,950	△239
Corporate bonds	40,000	39,778	△221
Other	50,882	50,843	△39
(3) Other	7,817	7,734	△82
Subtotal	176,829	172,410	△4,418
Total	1,173,261	1,180,509	7,248

2. Other securities sold for the years ended March 31, 2011 and 2012

For the year ended March 31,2011 (Millions of yen)

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

For the year ended March 31,2012 (Millions of yen)

Type of securities	Proceeds from sales	Gain on sales	Loss on sales
(1) Stocks	—	—	—
(2) Bonds			
Public bonds	41,394	82	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	41,394	82	—

(Derivative Transactions)

1. Derivatives not subject to hedge accounting
(1) Derivatives related to foreign currency

As of March 31, 2011
None

As of March 31, 2012 (Millions of yen)

	Type of derivatives	Contract amounts	Due after one year	Fair value	Valuation gain (loss)
Over-the-counter transactions	Currency swap transactions	31,996	—	882	882

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

2. Derivatives subject to hedge accounting
(1) Derivatives related to foreign currency

As of March 31, 2011
None

As of March 31, 2012 (Millions of yen)

Hedge accounting method	Type of derivatives	Principal items hedged	Contract amounts	Due after one year	Fair value
Deferred hedge accounting	Foreign exchange forwards Long USD	Forecasted transactions in foreign currencies	108,577	—	6,455

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

(2) Derivatives related to interest rate

As of March 31, 2011 (Millions of yen)

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

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

As of March 31, 2012 (Millions of yen)

Hedge accounting method	Type of derivatives	Principal items hedged	Contract amounts	Due after one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps payment fixed, receipt fluctuated	Long-term debt	6,240	4,820	(*)

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

(Business Combination)

1. Transaction under common control

(1) 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

(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 affliate INPEX Browse Ltd., which has been acting as an operator of the Ichthys project in WA-37-R block(*) in offshore Western Australia, undertook a legal 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.

(2) 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

(1) 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

(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 affliate INPEX Browse Ltd., which has been acting as an operator of the Ichthys project in WA-37-R block(*) in offshore Western Australia, undertook a legal 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.

(2) Summary of the Accounting Treatment Adopted

The transaction was treated as formation of jointly conrtolled 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.

(Per Share Information)

	For the year ended March 31, 2011	For the year ended March 31, 2012
Net assets excluding minority interests per share	¥546,958.90	¥596,908.99
Net income per share	¥40,832.40	¥53,137.93

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

	For the year ended March 31, 2011	For the year ended March 31, 2012
Net income (Millions of yen)	128,699	194,000
Amount not attributable to common stockholders (Millions of yen)	—	—
Net income attributable to common stockholders (Millions of yen)	128,699	194,000
Average number of shares (shares)	3,151,894	3,650,894
Common stock	3,151,893	3,650,893
Common stock equivalent share; Special class share	1	1

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

(Significant Subsequent Events)

None

(Omissions of Disclosure)

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

5 Non-Consolidated Financial Statements

(1) Non-Consolidated balance sheets

(Millions of yen)

Accounts	As of March 31, 2011	As of March 31, 2012
(Assets)		
Current assets		
Cash and deposits	20,017	244,066
Accounts receivable-trade	24,913	28,586
Marketable securities	93,393	364,134
Finished goods	2,787	2,491
Work in process and partly-finished construction	158	58
Raw materials and supplies	2,317	2,220
Advance payments-trade	15	12
Prepaid expenses	672	582
Other	46,813	43,756
Allowance for doubtful accounts	(1,300)	(300)
Total current assets	189,790	685,608
Fixed assets		
Tangible fixed assets		
Buildings, net	10,261	9,801
Structures, net	101,892	92,127
Wells, net	5,210	3,193
Machinery and equipment, net	28,837	27,556
Vehicles, net	29	41
Tools, furniture and fixtures, net	774	844
Land	16,330	16,394
Leased assets, net	118	100
Construction in progress	43,201	77,386
Total tangible fixed assets	206,657	227,447
Intangible assets		
Goodwill	104,294	97,341
Mining right	0	0
Software	2,490	2,217
Other	1,903	1,783
Total intangible assets	108,688	101,342

(Millions of yen)

Accounts	As of March 31, 2011	As of March 31, 2012
Investments and other assets		
Investment securities	877,531	771,790
Investments in stock of subsidiaries and affiliates	481,964	685,012
Investments in capital	0	0
Investments in capital of subsidiaries and affiliates	0	0
Long-term loans receivable	10	6
Long-term loans receivable from employees	30	24
Long-term loans receivable from subsidiaries and affiliates	69,055	72,840
Long-term prepaid expenses	8	12
Long-term time deposits	55,000	55,000
Recoverable accounts under production sharing	122,230	114,040
Other	23,945	19,484
Allowance for doubtful accounts	(122)	(104)
Allowance for recoverable accounts under production sharing	(464)	(295)
Allowance for investments in exploration	(186,660)	(191,687)
Total investments and other assets	1,442,531	1,526,126
Total fixed assets	1,757,877	1,854,915
Total assets	1,947,667	2,540,523
(Liabilities)		
Current liabilities		
Accounts payable-trade	3,369	4,594
Current portion of long-term loans payable	3,830	4,218
Lease obligations	43	35
Accounts payable-other	26,051	53,449
Accrued expenses	2,433	2,650
Income taxes payable	19,903	21,374
Deferred tax liabilities	139	124
Advances received	936	1,855
Deposits payable	414	394
Deposits received from subsidiaries and affiliates	-	409,454
Accrued bonuses to officers	110	110
Asset retirement obligations	829	564
Other	16	6,456
Total current liabilities	58,078	505,283

(Millions of yen)

Accounts	As of March 31, 2011	As of March 31, 2012
Long-term liabilities		
Long-term loans payable	52,882	60,664
Lease obligations	71	63
Deferred tax liabilities	3,357	4,212
Accrued retirement benefits to employees	6,469	5,871
Provision for loss on business of subsidiaries and affiliates	3,764	11,982
Asset retirement obligations	2,321	2,662
Other	1,057	992
Total long-term liabilities	69,925	86,449
Total liabilities	128,003	591,733
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus		
Capital reserve	1,023,802	1,023,802
Total capital surplus	1,023,802	1,023,802
Retained earnings		
Other retained earnings		
Reserve for overseas investment loss	28,054	40,869
Mine prospecting reserve	7,308	9,291
Unappropriated retained earnings	472,962	582,067
Total retained earnings	508,325	632,227
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	1,817,689	1,941,592
Valuation, translation adjustments and others		
Unrealized holding gain on securities	1,973	7,198
Total valuation, translation adjustments and others	1,973	7,198
Total net assets	1,819,663	1,948,790
Total liabilities and net assets	1,947,667	2,540,523

(2) Non-Consolidated statements of income

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Net sales	376,689	452,228
Cost of sales	146,539	177,065
Gross profit	230,149	275,162
Exploration expenses	727	30
Selling, general and administrative expenses	38,776	41,479
Operating income	190,645	233,652
Other income		
Interest income	1,808	1,892
Interest income-securities	1,873	2,689
Dividends income	69,665	57,343
Other	3,588	4,162
Total other income	76,935	66,087
Other expenses		
Interest expense	717	989
Amortization of stock issuance cost	2,618	—
Provision of allowance for investment loss in exploration	19,783	12,713
Provision for loss on business of subsidiaries and affiliates	3,006	7,680
Loss on sales of stocks of subsidiaries and affiliates	3,652	—
Foreign exchange loss	19,895	10,009
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,903	—
Other	7,810	2,214
Total other expenses	60,387	33,608
Ordinary income	207,194	266,131
Income before income taxes	207,194	266,131
Income taxes-current	88,837	119,622
Income taxes-deferred	(912)	701
Total income taxes	87,924	120,323
Net income	119,269	145,807

(3) Non-Consolidated statements of changes in net assets

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at the beginning of the period	30,000	290,809
Changes during the period		
Issuance of new shares	260,809	—
Total changes during the period	260,809	—
Balance at the end of the period	290,809	290,809
Capital surplus		
Legal capital surplus		
Balance at the beginning of the period	762,992	1,023,802
Changes during the period		
Issuance of new shares	260,809	—
Total changes during the period	260,809	—
Balance at the end of the period	1,023,802	1,023,802
Total capital surplus		
Balance at the beginning of the period	762,992	1,023,802
Changes during the period		
Issuance of new shares	260,809	—
Total changes during the period	260,809	—
Balance at the end of the period	1,023,802	1,023,802
Retained earnings		
Other retained earnings		
Reserve for overseas investment loss		
Balance at the beginning of the period	—	28,054
Changes during the period		
Provision of reserve for overseas investment loss	28,054	12,815
Total changes during the period	28,054	12,815
Balance at the end of the period	28,054	40,869
Mine prospecting reserve		
Balance at the beginning of the period	7,741	7,308
Changes during the period		
Provision of mine prospecting reserve	7,308	8,038
Reversal of mine prospecting reserve	(7,741)	(6,055)
Total changes during the period	(432)	1,982
Balance at the end of the period	7,308	9,291
Retained earnings brought forward		
Balance at the beginning of the period	399,328	472,962
Changes during the period		
Provision of reserve for overseas investment loss	(28,054)	(12,815)
Provision of mine prospecting reserve	(7,308)	(8,038)
Reversal of mine prospecting reserve	7,741	6,055
Dividends from surplus	(18,013)	(21,905)
Net income	119,269	145,807
Total changes during the period	73,634	109,104
Balance at the end of the period	472,962	582,067

(Millions of yen)

Accounts	For the year ended March 31, 2011	For the year ended March 31, 2012
Total retained earnings		
Balance at the beginning of the period	407,069	508,325
Changes during the period		
Provision of reserve for overseas investment loss	—	—
Provision of mine prospecting reserve	—	—
Reversal of mine prospecting reserve	—	—
Dividends from surplus	(18,013)	(21,905)
Net income	119,269	145,807
Total changes during the period	101,255	123,902
Balance at the end of the period	508,325	632,227
Treasury stock		
Balance at the beginning of the period	(5,248)	(5,248)
Balance at the end of the period	(5,248)	(5,248)
Total shareholders' equity		
Balance at the beginning of the period	1,194,813	1,817,689
Changes during the period		
Issuance of new shares	521,619	—
Cash dividends paid	(18,013)	(21,905)
Net income	119,269	145,807
Total changes during the period	622,875	123,902
Balance at the end of the period	1,817,689	1,941,592
Valuation, translation adjustments and others		
Unrealized holding gain (loss) on securities		
Balance at the beginning of the period	13,210	1,973
Changes during the period		
Other changes in items other than those in shareholders' equity (net)	(11,236)	5,224
Total changes during the period	(11,236)	5,224
Balance at the end of the period	1,973	7,198
Total valuation and translation adjustments		
Balance at the beginning of the period	13,210	1,973
Changes during the period		
Other changes in items other than those in shareholders' equity (net)	(11,236)	5,224
Total changes during the period	(11,236)	5,224
Balance at the end of the period	1,973	7,198
Total net assets		
Balance at the beginning of the period	1,208,024	1,819,663
Changes during the period		
Issuance of new shares	521,619	—
Cash dividends paid	(18,013)	(21,905)
Net income	119,269	145,807
Other changes in items other than those in shareholders' equity (net)	(11,236)	5,224
Total changes during the period	611,638	129,127
Balance at the end of the period	1,819,663	1,948,790

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

None

6 Other

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

Segment	Category	For the year ended March 31, 2011	For the year ended March 31, 2012
Japan	Crude oil	1.4 MMbbls (3.9 Mbbls per day)	1.4 MMbbls (3.8 Mbbls per day)
	Natural gas	47.0 Bcf (128.7 MMcf per day)	46.7 Bcf (127.6 MMcf per day)
	Subtotal	10.2 MMboe (28.1 Mboe per day)	10.2 MMboe (27.7 Mboe per day)
	Petroleum products	239.7 Mkl (1,507.9 Mbbls)	244.3 Mkl (1,536.9 Mbbls)
	Iodine	418.7 tons	443.4 tons
	Electric power generation	179.7 millions kWh	202.8 millions kWh
Asia & Oceania	Crude oil	23.9 MMbbls (65.5 Mbbls per day)	23.0 MMbbls (62.8 Mbbls per day)
	Natural gas	325.5 Bcf (891.8 MMcf per day)	265.9 Bcf (726.4 MMcf per day)
	Subtotal	86.0 MMboe (235.5 Mboe per day)	73.5 MMboe (200.7 Mboe per day)
Eurasia (Europe & NIS)	Crude oil	10.2 MMbbls (27.9 Mbbls per day)	9.2 MMbbls (25.0 Mbbls per day)
Middle East & Africa	Crude oil	49.4 MMbbls (135.4Mbbls per day)	56.6 MMbbls (154.5 Mbbls per day)
Americas	Crude oil	2.5 MMbbls (7.0 Mbbls per day)	1.8 MMbbls (5.0 Mbbls per day)
	Natural gas	29.9 Bcf (82.0 MMcf per day)	27.0 Bcf (73.7 MMcf per day)
	Subtotal	8.0 MMboe (21.8 Mboe per day)	6.7 MMboe (18.2 Mboe per day)
Total	Crude oil	87.5 MMbbls (239.6 Mbbls per day)	91.9 MMbbls (251.2 Mbbls per day)
	Natural gas	402.4 Bcf (1,102.5 MMcf per day)	339.5 Bcf (927.7 MMcf per day)
	Subtotal	163.8 MMboe (448.7 Mboe per day)	156.0 MMboe (426.2 Mboe per day)
	Petroleum products	239.7 Mkl (1,507.9 Mbbls)	244.3 Mkl (1,536.9 Mbbls)
	Iodine	418.7 tons	443.4 tons
	Electric power generation	179.7 millions kWh	202.8 millions kWh

Notes:
1. The volume of LPG produced overseas is included in 'Crude oil.' On the other hand, the volume of LPG produced in the domestic refinery is included in 'Petroleum Products.'
2. A portion of crude oil production volume is consumed as material for petroleum products.
3. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
4. The production by the Company's affiliates accounted for by the equity method is included in the figures above.
   Also the production volume is a result for the years ended March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
5. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the group.
   Figures calculated by multiplying the gross production volume by the Company's interest share are 125.7 MMbbls (344.3 Mbbls per day) of crude oil, 544.7 Bcf (1,492.4 MMcf per day) of natural gas, and in total 229.3 MMboe (628.3 Mboe per day) for the year ended March 31, 2011, and 128.2 MMbbls (350.3 Mbbls per day) of crude oil, 495.0 Bcf (1,352.3 MMcf per day) of natural gas, and in total 221.8 MMboe (606.0 Mboe per day) for the year ended March 31, 2012.
6. Boe means barrels of oil equivalent.
7. The volume of petroleum products is converted to bbl in parenthesis. Applied coefficient is 6.29 bbls per kl.
8. Iodine is refined by other company on consignment.
9. Figures are rounded to the first decimal place.

10. Subtotal of the production volume of crude oil and natural gas for the year ended March 31, 2011 has been changed reflecting the change in method to convert the volume from natural gas to crude oil from the year ended March 31, 2012. The subtotal of the volume before the change is 9.2 MMboe (25.3 Mboe per day) for Japan segment, 78.1 MMboe (214.1 Mboe per day) for Asia & Oceania segment, 7.5 MMboe (20.6 Mboe per day) for Americas segment and 154.5 MMboe (423.3 Mboe per day) for all segments total for the year ended March 31, 2011.

2) Orders received

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

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

Segment	Category	For the year ended March 31, 2011		For the year ended March 31, 2012	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude Oil	156 Mbbls	1,238	138 Mbbls	1,325
	Natural Gas (excluding LPG)	64,253 MMcf	71,848	65,602 MMcf	78,334
	LPG	229 Mbbls	2,515	223 Mbbls	2,559
	Other		28,921		31,443
	Subtotal		104,524		113,662
Asia & Oceania	Crude Oil	18,004 Mbbls	131,182	15,355 Mbbls	140,139
	Natural Gas (excluding LPG)	306,641 MMcf	256,563	264,617 MMcf	321,276
	LPG	3,258 Mbbls	19,081	3,213 Mbbls	21,771
	Subtotal		406,827		483,187
Eurasia (Europe & NIS)	Crude Oil	9,056 Mbbls	68,318	9,107 Mbbls	84,325
Middle East & Africa	Crude Oil	48,396 Mbbls	350,735	56,084 Mbbls	500,032
Americas	Crude Oil	1,040 Mbbls	6,435	53 Mbbls	400
	Natural Gas (excluding LPG)	30,334 MMcf	6,237	27,382 MMcf	5,124
	Subtotal		12,673		5,524
Total	Crude Oil	76,651 Mbbls	557,910	80,738 Mbbls	726,222
	Natural Gas (excluding LPG)	401,228 MMcf	334,650	357,601 MMcf	404,735
	LPG	3,487 Mbbls	21,597	3,436 Mbbls	24,330
	Other		28,921		31,443
	Total		943,080		1,186,731

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

Customer	For the year ended March 31, 2011		For the year ended March 31, 2012	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
PERTAMINA	254,542	27.0	245,942	20.7