INPEX CORPORATION

Consolidated Financial Results for the year ended March 31, 2015 [Japanese GAAP]

May 14, 2015

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 24, 2015
Scheduled date of filing Financial Report : June 25, 2015
Scheduled date of payment of cash dividends : June 25, 2015
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, 2015 (April 1, 2014 - March 31, 2015)

(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, 2015	1,171,226	(12.2)	534,886	(27.1)	575,155	(23.3)	77,820	(57.6)
March 31, 2014	1,334,625	9.7	733,610	5.8	750,077	4.4	183,690	0.4

(Note): Consolidated comprehensive income: for the year ended March 31, 2015, ¥ 306,979 million; ((11.2)%)
for the year ended March 31, 2014, ¥ 345,672 million; (2.4%)

	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, 2015	53.29	－	2.7	13.5	45.7
March 31, 2014	125.78	－	7.0	19.6	55.0

(Reference): Equity in earnings (losses) of affiliates: for the year ended March 31, 2015, ¥ (13,443) million
for the year ended March 31, 2014, ¥ (5,053) million

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net income per share is calculated based on the assumption that the stock split was conducted on April 1, 2013.

(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, 2015	4,499,153	3,288,703	68.2	2,099.95
As of March 31, 2014	4,038,139	2,996,036	69.1	1,911.25

(Reference): Net assets excluding minority interests: as of March 31, 2015, ¥ 3,066,680 million
as of March 31, 2014, ¥ 2,791,108 million

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net assets excluding minority interests per share is calculated based on the assumption that the stock split was conducted on April 1, 2013.

(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, 2015	216,749	(81,086)	(4,177)	260,978
March 31, 2014	213,513	(395,555)	48,961	117,530

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, 2014	―	3,600.00	―	9.00	―	26,286	14.3	1.0
March 31, 2015	―	9.00	―	9.00	18.00	26,286	33.8	0.9
For the year ending March 31, 2016 (forecast)	―	9.00	―	9.00	18.00		37.6	

(Note): 1. The amount of 2nd quarter-end dividend for the fiscal year ended March 31, 2014 is provided before taking into consideration the effect of the stock split conducted at a ratio of 1:400 of common stock with October 1, 2013 as the effective date.
2. Above information of "Dividends" is regarding common stock. For information regarding Class A stock (which is not listed), please refer to Exhibit "Dividends of Class A stock".

3. Forecasted Consolidated Operating Results for the year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to INPEX CORPORATION		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2015	595,000	(10.3)	234,000	(32.5)	243,000	(34.1)	34,000	(61.7)	23.28
For the year ending March 31, 2016	1,249,000	6.6	489,000	(8.6)	512,000	(11.0)	70,000	(10.0)	47.93

*Notes

(1) Significant changes in scope of consolidation : None

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

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

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

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,462,323,600 shares as of March 31, 2015; 1,462,323,600 shares as of March 31, 2014
2. Number of treasury stock at the end of the period: 1,966,400 shares as of March 31, 2015; 1,966,400 shares as of March 31, 2014
3. Average number of shares: 1,460,357,200 shares for the year ended March 31, 2015; 1,460,357,200 shares for the year ended March 31, 2014

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Number of shares issued is calculated based on the assumption that the stock split was conducted on April 1, 2013. For Class A stock (which is not listed), no stock split was implemented.

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(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, 2015	417,670	(8.5)	139,754	(33.4)	246,881	(19.0)	149,110	(23.3)
March 31, 2014	456,325	14.2	209,835	15.8	304,670	23.2	194,339	32.1

	Net income per share—basic	Net income per share—diluted
For the year ended	Yen	Yen
March 31, 2015	102.11	―
March 31, 2014	133.08	―

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net income per share is calculated based on the assumption that the stock split was conducted on April 1, 2013.

(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, 2015	3,516,098	2,398,664	68.2	1,642.52
As of March 31, 2014	3,542,098	2,274,314	64.2	1,557.37

(Reference): Net assets: as of March 31, 2015, ¥ 2,398,664 million
as of March 31, 2014, ¥ 2,274,314 million

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net assets per share is calculated based on the assumption that the stock split was conducted on April 1, 2013.

*Indication of audit procedure implementation status

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

*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts "3. Forecasted Consolidated Operating Results for the year ending March 31, 2016" are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Please refer to "1. (1) Analysis on Consolidated Operating Results" on page 7.

Exhibit:

Dividends of Class A stock

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2014	―	3,600.00	―	3,600.00	7,200.00
March 31, 2015	―	3,600.00	―	3,600.00	7,200.00
For the year ending March 31, 2016 (forecast)	―	3,600.00	―	3,600.00	7,200.00

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date, however, for Class A stock (which is not listed), no stock split was implemented. The Articles of Incorporation specifies that dividends of Class A stock are equivalent to dividends of a common stock prior to the stock split.

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1. Results of Operations and Financial Position

(1) Analysis on Consolidated Operating Results

In the fiscal year ended March 31, 2015, the Japanese economy continued on a path of gradual recovery, owing to improvements in corporate earnings and the employment rate as a result of economic policies implemented by the Japanese government and monetary easing by the Bank of Japan. However, certain aspects of the recovery in consumer spending remained weak following the consumption tax hike.

Of the international crude oil prices, which significantly influence the performance of our Group, Brent crude oil, a common benchmark, started at US$105.62 per barrel on April 1, 2014, and reached a high of US$115.06 per barrel in mid-June due to factors including the decrease of crude oil production in Libya.

However, Brent crude oil fell thereafter as a result of a downward revision in crude oil demand forecasts for 2015 by IEA and OPEC, and, spurred by OPEC's deferment of crude oil production cutbacks announced on November 27 amid intensifying awareness of a crude oil oversupply, ultimately plunged about 60% in a period of six months, having dropped to a low of US$46.59 per barrel in January for the first time in five years and nine months.

Brent crude oil then bounced back and finished at US$55.11 per barrel on March 31, 2015, owing to a perceived slowdown in U.S. shale oil production growth combined with instability in Libya.

Meanwhile, in the Japanese domestic market, crude oil and petroleum product prices shifted in correlation with international oil prices. The Group's average sales price for crude oil for the fiscal year ended March 31, 2015 reflected this shift, recording US$84.00 per barrel, down US$23.78 from the previous fiscal year.

The foreign exchange market, another important factor that affects the business of our Group, began to trade at the ¥103 level to the U.S. dollar. From April to July, the exchange rate remained at a narrow range of ¥101 to ¥103 level to the U.S. dollar without significant changes on the Japanese and U.S. monetary policies. However, the suggestion by the FRB (Federal Reserve Board) in late-August, which showed a possibility to move the rise in interest-rate forward, brought the yen depreciation against the U.S. dollar to the ¥110 level.

Afterward, the yen depreciated sharply against the U.S. dollar when the Bank of Japan's unexpected additional monetary easing and the change of the operating asset allocation target of GPIF (Government Pension Investment Fund) were announced in late-October. Furthermore, the yen depreciated against the U.S. dollar to the late ¥121 level while the U.S. employment rate which announced in early-December went beyond the market expectations.

Although the yen temporarily appreciated to the U.S. dollar following to the probable movement to reduce short yen positions against the U.S. dollar, the appreciation of the U.S. dollar against many other currencies weakened the movement of yen buying from the beginning of 2015, owing to the monetary easing policies in countries except the U.S. and TTM closed at ¥120.27 to the U.S. dollar which turned out to be ¥17.35 lower than that of the fiscal year end of March 31, 2014.

Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥107.93 to the U.S. dollar, which is ¥7.73 lower than that of the previous fiscal year.

Consolidated net sales for the year ended March 31, 2015 decreased by ¥163.3 billion, or 12.2%, to ¥1,171.2 billion from the previous fiscal year due to a decrease in sales price of crude oil and overseas natural gas.

Net sales of crude oil decreased by ¥128.3 billion, or 14.9%, to ¥730.4 billion, and net sales of natural gas decreased by ¥33.5 billion, or 7.4%, to ¥421.8 billion.

Sales volume of crude oil increased by 1,387 thousand barrels, or 1.8%, to 80,558 thousand barrels. Sales volume of natural gas decreased by 17,631 million cf, or 5.4%, to 309,485 million cf. Sales volume of overseas natural gas decreased by 17,204 million cf, or 6.6%, to 242,807 million cf, and sales volume of domestic natural gas decreased by 11 million㎥, or 0.6%, to 1,787 million ㎥ (66,679 million cf).

The average sales price of overseas crude oil decreased by US$23.78, or 22.1%, to US$84.00 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US$1.73, or 13.2%, to US$11.36 per thousand cf. In addition, the average sales price of domestic natural gas increased by ¥7.25, or 14.4%, to ¥57.56 per ㎥.

The decrease of ¥163.3 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, decreases in sales volume and unit sales price pushing sales down of ¥8.9 billion and ¥227.5 billion, respectively, and the depreciation of the Japanese yen against the U.S. dollar contributing ¥74.5 billion to the increase, in addition, a decrease in net sales excluding crude oil and natural gas of ¥1.5 billion.

Cost of sales for the year ended March 31, 2015 increased by ¥35.0 billion, or 7.1%, to ¥525.4 billion due mainly to the depreciation of the Japanese yen against the U.S. dollar. Exploration expenses decreased by ¥4.9 billion, or 17.6%, to ¥23.2 billion due mainly to a decrease in exploration activities in the Middle East and Africa region. Selling, general and administrative expenses increased by ¥5.2 billion, or 6.4%, to ¥87.6 billion. As a result, operating income decreased by ¥198.7 billion, or 27.1%, to ¥534.8 billion.

Other income increased by ¥51.0 billion, or 100.6%, to ¥101.7 billion due to increases in such as gain on transfer of mining rights and foreign exchange gain. Other expenses increased by ¥27.2 billion, or 79.5%, to ¥61.4 billion due to increases in such as provision for allowance for recoverable accounts under production sharing and equity in losses of affiliates. As a result, ordinary income decreased by ¥174.9 billion, or 23.3%, to ¥575.1 billion.

Extraordinary loss was ¥35.1 billion as a result of posting impairment loss for certain projects due to a drop in oil prices and others.

Total amount of current income taxes and deferred income taxes decreased by ¥98.7 billion, or 17.5%, to ¥464.4 billion, and minority interests were a debit of ¥2.2 billion. As a result of the above effects, net income for the year ended March 31, 2015 decreased by ¥105.8 billion, or 57.6%, to ¥77.8 billion.

Financial results by segment are as follows:

1) Japan

   Net sales increased by ¥9.2 billion, or 7.7%, to ¥129.5 billion due to an increase in sales price of natural gas. Operating income decreased by ¥6.0 billion, or 26.7%, to ¥16.6 billion due to an increase in depreciation and amortization.

2) Asia & Oceania

   Net sales decreased by ¥75.2 billion, or 15.5%, to ¥409.7 billion due to decreases in sales volume, and sales prices of crude oil and natural gas, despite the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥86.6 billion, or 32.7%, to ¥178.2 billion.

3) Eurasia (Europe & NIS)

   Net sales decreased by ¥2.2 billion, or 2.4%, to ¥94.0 billion due to a decrease in sales price of crude oil, despite an increase in sales volume and the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥10.3 billion, or 24.3%, to ¥32.2 billion.

4) Middle East & Africa

   Net sales decreased by ¥96.9 billion, or 15.6%, to ¥524.5 billion due to a decrease in sales price of crude oil, despite an increase in sales volume of crude oil and the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥87.9 billion, or 20.9%, to ¥333.2 billion.

5) Americas

   Net sales increased by ¥1.9 billion, or 16.8%, to ¥13.3 billion due to an increase in sales price of natural gas and the depreciation of the Japanese yen against the U.S. dollar, despite a decrease in sales volume. Meanwhile, operating loss increased by ¥7.6 billion, or 100.2%, to ¥15.3 billion due to an increase in exploration expenses and others.

As for the outlook, consolidated net sales for the six months ending September 30, 2015 are expected to be ¥595.0 billion, to decrease by 10.3% compared with the six months ended September 30, 2014, and net sales for the year ending March 31, 2016 are expected to be ¥1,249.0 billion, to increase by 6.6% compared with the year ended March 31, 2015.

Operating income for the six months ending September 30, 2015 is expected to be ¥234.0 billion, to decrease by 32.5% compared with the six months ended September 30, 2014, and operating income for the year ending March 31, 2016 is expected to be ¥489.0 billion, to decrease by 8.6% compared with the year ended March 31, 2015.

Ordinary income for the six months ending September 30, 2015 is expected to be ¥243.0 billion, to decrease by 34.1% compared with the six months ended September 30, 2014, and ordinary income for the year ending March 31, 2016 is expected to be ¥512.0 billion, to decrease by 11.0% compared with the year ended March 31, 2015. Net income attributable to INPEX CORPORATION for the six months ending September 30, 2015 is expected to be ¥34.0 billion, to decrease by 61.7% compared with the six months ended September 30, 2014, and net income attributable to INPEX CORPORATION for the year ending March 31, 2016 is expected to be ¥70.0 billion, to decrease by 10.0% compared with the year ended March 31, 2015.

Net sales for the year ending March 31, 2016 are expected to increase due to the forecasted increase in sales volume of crude oil and others contributed from the newly acquired project, despite a decrease in the forecasted decline in the crude oil price compared with the previous fiscal year.

Meanwhile, operating income, ordinary income and net income attributable to INPEX CORPORATION for the year ending March 31, 2016 are expected to decrease, while the negative effect of decline of oil prices on the existing projects is forecasted to exceed the positive contribution from the newly acquired project to these incomes.

In these estimates, the crude oil price is assumed to be US$65.0 per barrel (for Brent crude oil) with the exchange rate of the Japanese yen against the U.S. dollar at ¥120.0 through the year ending March 31, 2016.

(2) Analysis on Consolidated Financial Position

Consolidated total assets as of March 31, 2015 increased by ¥461.0 billion to ¥4,499.1 billion from ¥4,038.1 billion as of March 31, 2014. Current assets increased by ¥202.2 billion to ¥1,342.4 billion due to increases in cash and deposits and others. Fixed assets increased by ¥258.8 billion to ¥3,156.7 billion due to an increase in construction in progress and others.

Meanwhile, total liabilities increased by ¥168.3 billion to ¥1,210.4 billion from ¥1,042.1 billion as of March 31, 2014. Current liabilities decreased by ¥10.4 billion to ¥365.2 billion due to a decrease in income taxes payable and others. Long-term liabilities increased by ¥178.8 billion to ¥845.2 billion due to an increase in long-term debt and others.

Net assets increased by ¥292.6 billion, to ¥3,288.7 billion. Total shareholders' equity increased by increased by ¥51.7 billion, to ¥2,549.4 billion. Total accumulated other comprehensive income increased by ¥223.8 billion to ¥517.1 billion and minority interests increased by ¥17.0 billion to ¥222.0 billion.

As for cash flows for the year ended March 31, 2015, net cash provided by operating activities increased by ¥3.2 billion to ¥216.7 billion from the previous fiscal year due to decreases in income taxes paid and accounts receivable-other, despite a decrease in income before income taxes and minority interests. Meanwhile, net cash used in investing activities decreased by ¥314.4 billion to ¥81.0 billion due to an increase in proceeds from time deposits, a decrease in payments for long-term time deposits and others, despite an increase in payments for purchases of tangible fixed assets. Net cash used in financing activities was ¥4.1 billion due to a decrease in proceeds from long-term debt, meanwhile, net cash provided by financing activities was ¥48.9 billion for the previous fiscal year.

After totaling ¥11.9 billion of the effect of exchange rate changes on cash and cash equivalents, the increase in cash and cash equivalents for the year ended March 31, 2015 amounted to ¥143.4 billion. Cash and cash equivalents at the end of the fiscal year ended March 31, 2015 totaled ¥260.9 billion reflecting the above net increase of ¥143.4 billion, from ¥117.5 billion at the end of the previous fiscal year.

(3) Dividend policy and dividends for the year ended March 31, 2015 and for the year ending March 31, 2016

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

In accordance with the policy outlined above, the Group has set the year-end dividend at ¥9 per common stock for the year ended 31, 2015. Combined with the mid-term dividend of ¥9 per common stock, the total dividend for the year is ¥18 per common stock. Also in accordance with the policy, the Group has set the year-end dividend of ¥3,600 per Class A stock for the year ended 31, 2015. Combined with the mid-term dividend of ¥3,600 per Class A stock, the total dividend for the year is ¥7,200 per Class A stock.

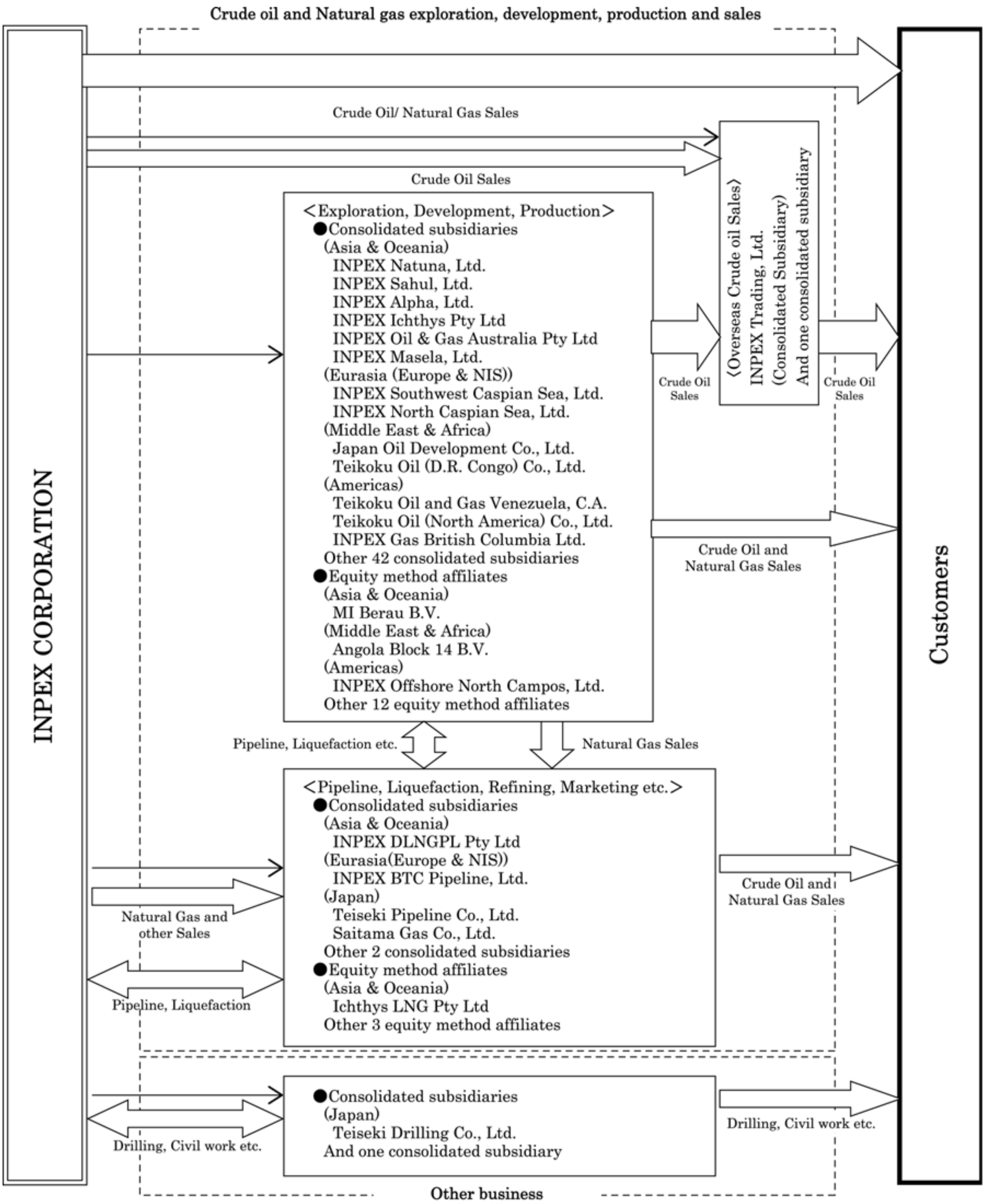
For the year ending March 31, 2016, the Group expects mid-term and year-end dividends each of ¥9 per common stock and ¥3,600 per Class A stock, bringing total dividends to ¥18 per common stock and ¥7,200 per Class A stock.

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

2. Overview of the INPEX CORPORATION Group

The INPEX CORPORATION Group consists of INPEX CORPORATION, 75 subsidiaries (including 65 consolidated subsidiaries), 25 affiliates (including 19 equity method affiliates) and their 3 subsidiaries (as of March 31, 2015). The Group primarily engages in exploration, development, production and sales of crude oil and natural gas in Japan as well as in "Asia & Oceania", "Eurasia (Europe & NIS)", "Middle East & Africa" and "Americas".

The following diagram shows our Group's business flow.



Note : 1 symbol "→" indicates capital investment (including indirect holdings)
2 symbol "⇒" indicates products and services flow

3. Management Policy

(1) Basic Management Strategy

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

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

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

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

Our challenges are as follows;

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

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

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

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

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

Meanwhile, business operations geared towards our medium to long-term growth must proceed unhindered. We are making sound progress with development work on the Ichthys LNG Project in Australia ahead of production, while studying ways to optimize development plans for the Abadi LNG Project in Indonesia centered on a large scale FLNG. We will also continue our efforts to secure stable production in our existing projects including the Offshore Mahakam Block in Indonesia, the ADMA Block offshore Abu Dhabi and the ACG oil fields in Azerbaijan, undertake exploration activities aimed at the acquisition of new oil and gas reserves and pursue opportunities to join viable projects. In Japan, we have been enhancing our gas infrastructure including the construction of the Toyama Line to respond to the growing demand for use of natural gas. We give considerable importance to sustainably growing our natural gas business by strengthening our gas supply chain in conjunction with the natural gas produced from our assets in Japan and around the world.

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

① Continuous Enhancement of E&P Activities

i) Balanced Asset Portfolio

- Regional Diversification

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

- Crude Oil and Natural Gas Products Ratio

The INPEX Group's ratio of crude oil products versus natural gas products is approximately 60/40.

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

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

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

- Balancing Project Stages (Exploration, Development and Production)

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

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

ii) Implementation of Operator Projects

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

iii) Strengthening Relationships with Leading Oil and Gas Companies Globally

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

② Strengthening Gas Supply Chain

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

③ Reinforcement of Renewable Energy Initiatives

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

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

As part of our efforts to build the organizational structure described in the MEDIUM- TO LONG-TERM VISION OF INPEX, we established two new divisions—the New Ventures Division and Gas Supply & Infrastructure Division—and reorganized overseas project divisions and units. Most recently, we created the Global HR / Diversity & Inclusion Group within the Human Resources Unit in January 2015 to promote diversity and globalization within our company. Meanwhile, in April 2014, we introduced INPEX Values, an important set of values shared by all INPEX officers and employees as the first step in establishing our global HR system. We will continue building an efficient organizational structure and seek to secure and leverage the diverse experiences and values of a global workforce.

⑤ Investing in Growth and Delivering Suitable Shareholder Returns

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

⑥ Responsible Management as a Global Company

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

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

ii) Efforts for Health, Safety and Environment

The Company has organized integrated HSE 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 for, develop energy resources, produce and sell the products. 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 and reduce waste and conserve biological diversity. And through our global activities, we appropriately evaluate security risks of each country and area where we operate, and will implement measures for minimizing and protecting from them.

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

4. Basic Rationale for Selection of Accounting Standards

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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2014	As of March 31, 2015
(Assets)		
Current assets		
Cash and deposits	650,187	922,683
Accounts receivable-trade	110,395	77,209
Marketable securities	201,000	162,289
Inventories	※1 25,485	※1 31,652
Deferred tax assets	7,745	4,955
Accounts receivable-other	121,120	110,314
Other	41,912	46,211
Less allowance for doubtful accounts	(17,643)	(12,905)
Total current assets	1,140,204	1,342,409
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	145,936	138,010
Wells, net	25,348	36,391
Machinery, equipment and vehicles, net	112,898	109,686
Land	19,736	19,869
Construction in progress	626,520	1,173,409
Other, net	21,339	20,254
Total tangible fixed assets	※2,※4,※5 951,779	※2,※4,※5 1,497,621
Intangible assets		
Goodwill	81,080	74,319
Exploration and development rights	125,621	134,809
Mining rights	221,411	238,316
Other	11,065	11,324
Total intangible assets	439,178	458,769
Investments and other assets		
Investment securities	※3,※4 476,407	※3,※4 284,090
Long-term loans receivable	33,091	126,516
Long-term time deposits	364,103	120,270
Recoverable accounts under production sharing	685,990	703,291
Deferred tax assets	13,821	22,848
Other	※3,※4 61,159	※3,※4 76,168
Less allowance for doubtful accounts	(885)	(8,398)
Less allowance for recoverable accounts under production sharing	(123,483)	(121,707)
Less allowance for investments in exploration	(3,226)	(2,727)
Total investments and other assets	1,506,977	1,200,352
Total fixed assets	2,897,935	3,156,743
Total assets	4,038,139	4,499,153

(Millions of yen)

Accounts	As of March 31, 2014	As of March 31, 2015
(Liabilities)		
Current liabilities		
Accounts payable-trade	46,811	53,474
Short-term loans	※4 21,954	※4 33,206
Income taxes payable	91,198	60,185
Accounts payable-other	※4 131,904	※4 113,567
Provision for exploration projects	9,816	9,492
Accrued bonuses to officers	110	70
Asset retirement obligations	2,353	1,093
Other	71,521	94,122
Total current liabilities	375,670	365,212
Long-term liabilities		
Long-term debt	※4 561,674	※4 643,951
Deferred tax liabilities	54,959	77,917
Provision for loss on business	6,977	9,080
Accrued special repair and maintenance	234	227
Liability for retirement benefits	7,793	6,700
Asset retirement obligations	25,954	105,234
Other	※4 8,838	※4 2,126
Total long-term liabilities	666,432	845,238
Total liabilities	1,042,102	1,210,450
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	679,287	679,287
Retained earnings	1,532,876	1,584,645
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	2,497,725	2,549,494
Accumulated other comprehensive income		
Unrealized holding gain on securities	44,737	46,049
Unrealized loss from hedging instruments	(17,578)	(36,423)
Translation adjustments	266,224	507,560
Total accumulated other comprehensive income	293,382	517,185
Minority interests	204,928	222,023
Total net assets	2,996,036	3,288,703
Total liabilities and net assets	4,038,139	4,499,153

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

Consolidated Statement of Income

(Millions of yen)

Accounts	For the year ended March 31, 2014	For the year ended March 31, 2015
Net sales	1,334,625	1,171,226
Cost of sales	※2 490,416	※2 525,443
Gross profit	844,209	645,782
Exploration expenses	28,205	23,238
Selling, general and administrative expenses	※1,※2 82,392	※1,※2 87,657
Operating income	733,610	534,886
Other income		
Interest income	17,462	11,226
Dividend income	9,227	6,669
Gain on sales of marketable securities	10,335	18,146
Gain on transfer of mining rights	797	27,520
Foreign exchange gain	―	19,562
Other	12,911	18,639
Total other income	50,734	101,763
Other expenses		
Interest expense	2,335	2,946
Equity in losses of affiliates	5,053	13,443
Provision for allowance for recoverable accounts under production sharing	8,028	19,449
Provision for exploration projects	1,165	835
Foreign exchange loss	4,279	―
Loss on disposal of fixed assets	71	6,258
Other	13,333	18,561
Total other expenses	34,266	61,494
Ordinary income	750,077	575,155
Extraordinary loss		
Impairment loss	―	※3 35,132
Total extraordinary loss	―	35,132
Income before income taxes and minority interests	750,077	540,022
Income taxes-current	514,015	448,658
Income taxes-deferred	49,121	15,767
Total income taxes	563,136	464,425
Income before minority interests	186,941	75,597
Minority interests	3,250	(2,222)
Net income	183,690	77,820

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the year ended March 31, 2014	For the year ended March 31, 2015
Income before minority interests	186,941	75,597
Other comprehensive income		
Unrealized holding gain on securities	9,981	1,315
Unrealized loss from hedging instruments	(20,887)	―
Translation adjustments	176,311	244,018
Share of other comprehensive income of associates accounted for by the equity method	(6,674)	(13,951)
Total other comprehensive income	※1 158,731	※1 231,382
Comprehensive income	345,672	306,979
Total comprehensive income attributable to		
INPEX CORPORATION	335,737	301,622
Minority interests	9,934	5,356

(3) Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of the period	290,809	679,287	1,375,106	(5,248)	2,339,956
Cumulative effects of changes in accounting policies			–		–
Restated balance	290,809	679,287	1,375,106	(5,248)	2,339,956
Changes during the period					
Cash dividends paid			(25,921)		(25,921)
Net income			183,690		183,690
Other changes in items other than those in shareholders' equity, net					
Total changes during the period	–	–	157,769	–	157,769
Balance at the end of the period	290,809	679,287	1,532,876	(5,248)	2,497,725

	Accumulated other comprehensive income				Minority interests	Total net assets
	Unrealized holding gain on securities	Unrealized gain(loss) from hedging instruments	Translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	34,741	16,243	90,350	141,336	189,691	2,670,983
Cumulative effects of changes in accounting policies						–
Restated balance	34,741	16,243	90,350	141,336	189,691	2,670,983
Changes during the period						
Cash dividends paid						(25,921)
Net income						183,690
Other changes in items other than those in shareholders' equity, net	9,995	(33,822)	175,873	152,046	15,236	167,283
Total changes during the period	9,995	(33,822)	175,873	152,046	15,236	325,052
Balance at the end of the period	44,737	(17,578)	266,224	293,382	204,928	2,996,036

For the year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of the period	290,809	679,287	1,532,876	(5,248)	2,497,725
Cumulative effects of changes in accounting policies			235		235
Restated balance	290,809	679,287	1,533,111	(5,248)	2,497,961
Changes during the period					
Cash dividends paid			(26,286)		(26,286)
Net income			77,820		77,820
Other changes in items other than those in shareholders' equity, net					
Total changes during the period	—	—	51,533	—	51,533
Balance at the end of the period	290,809	679,287	1,584,645	(5,248)	2,549,494

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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the year ended March 31, 2014	For the year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	750,077	540,022
Depreciation and amortization	50,916	52,520
Impairment loss	—	35,132
Amortization of goodwill	6,760	6,760
Provision for allowance for recoverable accounts under production sharing	14,882	20,307
Provision for exploration projects	(17,318)	(600)
Other provisions	5,024	3,419
Liability for retirement benefits	(776)	(873)
Interest and dividend income	(26,691)	(17,895)
Interest expense	2,335	2,946
Foreign exchange loss (gain)	14,105	3,973
Equity in (earnings) losses of affiliates	5,053	13,443
Gain on transfer of mining rights	(797)	(27,520)
Gain on sales of marketable securities	(10,335)	(18,146)
Recovery of recoverable accounts under production sharing (capital expenditures)	67,073	75,585
Recoverable accounts under production sharing (operating expenditures)	(60,491)	(60,763)
Accounts receivable-trade	6,276	25,201
Inventories	(10,013)	(797)
Accounts payable-trade	5,413	6,309
Accounts receivable-other	(35,287)	(1,440)
Accounts payable-other	(18,142)	(11,246)
Advances received	2,168	(125)
Other	5,886	23,580
Subtotal	756,118	669,795
Interest and dividends received	26,932	28,194
Interest paid	(2,381)	(2,376)
Income taxes paid	(567,156)	(478,863)
Net cash provided by operating activities	213,513	216,749

(Millions of yen)

Accounts	For the year ended March 31, 2014	For the year ended March 31, 2015
Cash flows from investing activities		
Payments for time deposits	(211,332)	(326,025)
Proceeds from time deposits	276,248	698,139
Payments for long-term time deposits	(484,080)	(112,181)
Proceeds from long-term time deposits	130,757	―
Payments for purchases of tangible fixed assets	(323,650)	(448,381)
Proceeds from sales of tangible fixed assets	677	245
Payments for purchases of intangible assets	(6,170)	(15,445)
Proceeds from sales and redemptions of marketable securities	285,451	214,527
Payments for purchases of investment securities	(24,637)	(26,767)
Proceeds from sales and redemptions of investment securities	62,433	68,937
Investment in recoverable accounts under production sharing (capital expenditures)	(104,073)	(70,430)
Decrease (increase) in short-term loans receivable	(4,187)	(3,824)
Long-term loans made	(37,158)	(111,387)
Collection of long-term loans receivable	75,464	259
Payments for purchase of mining rights	(42,733)	(18,424)
Proceeds from transfer of mining rights	797	59,405
Other	10,640	10,266
Net cash used in investing activities	(395,555)	(81,086)
Cash flows from financing activities		
Increase in short-term loans	2,690	1,489
Proceeds from long-term debt	74,742	27,712
Repayments of long-term debt	(7,759)	(18,683)
Proceeds from minority interests for additional shares	10,289	16,730
Cash dividends paid	(25,934)	(26,287)
Dividends paid to minority shareholders	(4,991)	(4,991)
Other	(74)	(147)
Net cash provided by (used in) financing activities	48,961	(4,177)
Effect of exchange rate changes on cash and cash equivalents	50,752	11,962
Net increase (decrease) in cash and cash equivalents	(82,327)	143,447
Cash and cash equivalents at beginning of the period	199,858	117,530
Cash and cash equivalents at end of the period	※1 117,530	※1 260,978

(5) Notes to Consolidated Financial Statements

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

None

(Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 65

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

During this period:
Number of companies newly included in the scope of consolidation: 1
Number of companies excluded from the scope of consolidation: 2

Details for the above changes:
1) INPEX Norge AS has been newly included due to an increase in materiality of the company.

2) Teikoku Oil de Venezuela, C.A., and Offshore Iwaki Petroleum Co., Ltd. have been excluded due to completion of liquidation.

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

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

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

2. Application of equity method

Number of non-consolidated subsidiaries accounted for by the equity method: None
Number of affiliates accounted for by the equity method: 19
Names of major affiliates:
Angola Block 14 B.V., MI Berau B.V., Angola Japan Oil Co., Ltd., INPEX Offshore North Campos, Ltd. and Ichthys LNG Pty Ltd

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

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

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

3. Closing dates for the fiscal year of consolidated subsidiaries

For the 49 companies for which the closing dates differ from the consolidated closing date, including, but not limited to, INPEX Sahul, Ltd. and INPEX Masela, Ltd., the Company uses the financial statements for the year ended December 31. However, the necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries.

For the 10 companies including, but not limited to, Japan Oil Development, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., and INPEX North Caspian Sea, Ltd., INPEX Holdings Australia Pty Ltd and INPEX Ichthys Pty Ltd, we use their financial statements for the year ended on the consolidated closing date even though their closing date is December 31.

4. Accounting policies

1) Valuation method for significant assets

(a) Securities

Other securities

With a determinable market value

Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving-average method.

Without a determinable market value

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

(b) Derivatives

Fair value

(c) Inventories

Overseas inventories

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

Domestic inventories

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

2) Depreciation method of significant depreciable assets

(a) Tangible fixed assets (except leased assets)

Depreciation of 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 fiscal year.

(f) Provision for loss on business

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

(g) Accrued special repair and maintenance

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

4) Accounting for retirement benefits

(a) Method of recording expected retirement benefits in proper terms

When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through March 31, 2015. Because certain subsidiaries are classified as small enterprises, a simplified method (the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) is applied for the calculation of the retirement benefit obligation of the subsidiaries.

(b) Method of expenses for actuarial differences

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

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

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

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

6) Accounting for major hedge transactions

(a) Hedge accounting

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

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest payments on borrowings

(c) Hedging policy

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 interest rate swap transactions since the special treatment is applied.

7) Amortization of Goodwill

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

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

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

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

(a) Consumption tax

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

(b) Recoverable accounts under production sharing

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

(Changes in Accounting Policies)

Effective the year ended March 31, 2015, the Company has applied provisions described in the main clause of Section 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No.26, issued on May 17, 2012) and the main clause of Section 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, issued on March 26, 2015) and has changed the calculation methods for retirement benefit obligations and service costs. The method of attributing expected retirement benefits to periods has been revised from the straight-line method to the benefit formula method, and the method of determining the discount rate has been revised from a method based on an approximation of the employees' average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

In accordance with transitional accounting treatments as stated in Section 37 of the Accounting Standard, the impact of the changes in calculation methods for retirement benefit obligations and service costs has been recognized as an adjustment to retained earnings at the beginning of the year ended March 31, 2015.

As a result, liability for retirement benefits decreased by ¥246 million while retained earnings increased by ¥235 million as of April 1, 2014. The impact on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 was immaterial.

The impact on per share information was immaterial.

(Changes in the Presentation)

(Consolidated Statement of Income)

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

As a result, ¥13,709 million which was recorded as "Other" in other income on the consolidated statement of income in the previous fiscal year is reclassified as ¥797 million of "Gain on transfer of mining rights" and ¥12,911 million of "Other".

"Loss on disposal of fixed assets", previously included in "Other" in other expenses, is presented separately since it has become more significant.

As a result, ¥13,404 million which was recorded as "Other" in other expenses on the consolidated statement of income in the previous fiscal year is reclassified as ¥71 million of "Loss on disposal of fixed assets" and ¥13,333 million of "Other".

(Consolidated Statement of Cash Flows)

"Gain on transfer of mining rights" and "Gain on sales of marketable securities", previously included in "Other" in cash flows from operating activities, are presented separately since they have become more significant. "Proceeds from transfer of mining rights", previously included in "Other" in cash flows from investing activities, is presented separately since it has become more significant.

As a result, ¥(5,247) million which was recorded as "Other" in cash flows from operating activities on the consolidated statement of cash flows in the previous fiscal year is reclassified as ¥(797) million of "Gain on transfer of mining rights", ¥(10,335) million of "Gain on sales of marketable securities" and ¥5,886 million of "Other". ¥11,438 million which was recorded as "Other" in cash flows from investing activities is reclassified as ¥797 million of "Proceeds from transfer of mining rights" and ¥10,640 million of "Other".

(Consolidated Balance Sheet)

*1 Major accounts included in inventories

	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen
Merchandise and finished goods	8,905	9,162
Work in process	551	344
Raw materials and supplies	16,028	22,145

*2 Accumulated depreciation of tangible fixed assets

	As of March 31, 2014	As of March 31, 2015
Accumulated depreciation of tangible fixed assets	¥ 638,744 million	¥ 683,230 million

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

	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen
Investment securities (equities)	112,576	132,377
(of which investment in jointly controlled entities)	75	84
Other (investments and other assets)	78	74

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

Collateralized Assets

	As of March 31, 2014		As of March 31, 2015	
	Millions of yen		Millions of yen	
Buildings and structures	2,082	(2,082)	1,975	(1,975)
Wells	181	(181)	48	(48)
Machinery, equipment and vehicles	8,026	(8,026)	6,968	(6,968)
Other (tangible fixed assets)	―	(―)	11	(11)
Investment securities	790	(―)	1,020	(―)
Other (investments and other assets)	221	(―)	217	(―)
Total	11,301	(10,289)	10,241	(9,004)

Secured debt

	As of March 31, 2014		As of March 31, 2015	
	Millions of yen		Millions of yen	
Short-term loans	945	(929)	490	(474)
Accounts payable-other	385	(−)	509	(−)
Long-term debt	491	(474)	1	(−)
Others (long-term liabilities)	16	(−)	16	(−)
Total	1,839	(1,403)	1,018	(474)

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

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

The Ichthys LNG project financing

	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen
Cash and deposits	7,835	3,875
Inventories	−	4,729
Other (current assets)	5,429	2,462
Land	145	160
Construction in progress	382,224	752,019
Long-term loans receivable	27,308	9,680
Total	422,943	772,926

The BTC pipeline project financing

	As of March 31, 2014	As of March 31, 2015
Investment securities	¥ 6,378 million	¥ 7,294 million

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

	As of March 31, 2014	As of March 31, 2015
	Millions of yen	Millions of yen
Buildings and structures	1,393	1,393
Machinery, equipment and vehicles	225	226
Land	84	84

6 Contingent liabilities

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

As of March 31, 2014		As of March 31, 2015	
	Millions of yen		Millions of yen
Tangguh Trustee*	15,484	Tangguh Trustee*	16,168
Fujian Tranche*	5,489	Fujian Tranche*	5,731
Sakhalin Oil and Gas Development Co., Ltd.	2,457	Sakhalin Oil and Gas Development Co., Ltd.	1,914
INPEX Offshore North Campos, Ltd.	1,617	INPEX Offshore North Campos, Ltd.	1,260
Employees (housing loans)	112	Japan Canada Oil Sands Limited	676
Japan Canada Oil Sands Limited	25	Oceanic Breeze LNG Transport S.A.	125
		Employees (housing loans)	92
Total	25,186		25,969

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

(2) Guarantee for derivatives

	As of March 31, 2014	As of March 31, 2015
Ichthys LNG Pty Ltd	¥ (17,531) million	¥ (36,433) million

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

(3) Completion guarantee

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

The portion guaranteed by the Company is as follows:

	As of March 31, 2014	As of March 31, 2015
Completion guarantee (the Company's portion)	¥ 600,029 million	¥ 958,502 million

(Consolidated Statement of Income)

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

	For the year ended March 31, 2014	For the year ended March 31, 2015
	Millions of yen	Millions of yen
Personnel expenses	19,274	22,324
(Including provision for accrued retirement benefits to employees	106	19)
(Including provision for accrued bonuses to officers	112	77)
Taxes	6,786	5,691
Freight expenses	8,953	9,801
Depreciation expenses	25,047	24,518
Amortization of goodwill	6,760	6,760

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

	For the year ended March 31, 2014	For the year ended March 31, 2015
	¥ 40 million	¥ 85 million

*3 Impairment loss

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

For the year ended March 31, 2015

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

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

(Consolidated Statement of Comprehensive Income)

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

	For the year ended March 31, 2014	For the year ended March 31, 2015
	Millions of yen	Millions of yen
Unrealized holding gain on securities		
Amount recognized during the period	20,843	26,405
Amount of reclassification adjustment	(10,473)	(24,355)
Before income tax effect	10,369	2,049
Amount of income tax effect	(388)	(734)
Unrealized holding gain on securities	9,981	1,315
Unrealized loss from hedging instruments		
Amount recognized during the period	(31,329)	−
Amount of income tax effect	10,441	−
Unrealized loss from hedging instruments	(20,887)	−
Translation adjustments		
Amount recognized during the period	176,311	244,018
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount recognized during the period	(14,316)	(28,436)
Amount of reclassification adjustment	−	2,238
Adjustment for acquisition cost of assets	7,642	12,246
Share of other comprehensive income of affiliates accounted for by the equity method	(6,674)	(13,951)
Total other comprehensive income	158,731	231,382

(Consolidated Statement of Changes in Net Assets)
For the year ended March 31, 2014

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

	Balance as of April 1, 2013	Increase	Decrease	Balance as of March 31, 2014
Number of shares				
Common stock	3,655,809	1,458,667,791	－	1,462,323,600
Class A stock	1	－	－	1
Total	3,655,810	1,458,667,791	－	1,462,323,601
Treasury stock				
Common stock	4,916	1,961,484	－	1,966,400
Total	4,916	1,961,484	－	1,966,400

(Note): The increases of 1,458,667,791 shares in total number of shares and 1,961,484 shares in treasury stock were derived from a stock split at a ratio of 1:400 of common stock.

2. Share subscription rights
None

3. Dividends
(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 25, 2013	Common stock	12,778	3,500	March 31, 2013	June 26, 2013
	Class A stock	0	3,500	March 31, 2013	June 26, 2013
Board of directors' meeting November 7, 2013	Common stock	13,143	3,600	September 30, 2013	December 2, 2013
	Class A stock	0	3,600	September 30, 2013	December 2, 2013

(2) Dividends, whose record date was in the year ended March 31, 2014, 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 25, 2014	Common stock	Retained earnings	13,143	9	March 31, 2014	June 26, 2014
	Class A stock	Retained earnings	0	3,600	March 31, 2014	June 26, 2014

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Dividends per share, whose effective date is June 26, 2014 is calculated with the number of shares after the stock split was conducted. For Class A stock (which is not listed), no stock split was implemented. The Articles of Incorporation specifies that dividends of Class A stock are equivalent to dividends of a common stock prior to the stock split.

For the year ended March 31, 2015

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

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

2. Share subscription rights
None

3. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 25, 2014	Common stock	13,143	9	March 31, 2014	June 26, 2014
	Class A stock	0	3,600	March 31, 2014	June 26, 2014
Board of directors' meeting November 7, 2014	Common stock	13,143	9	September 30, 2014	December 1, 2014
	Class A stock	0	3,600	September 30, 2014	December 1, 2014

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

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

(Consolidated Statement of Cash Flows)

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

	For the year ended March 31, 2014	For the year ended March 31, 2015
	Millions of yen	Millions of yen
Cash and deposits	650,187	922,683
Time deposits for more than three months and others	(555,947)	(661,705)
Marketable securities (commercial paper)	15,291	−
Marketable securities (MMF and others)	8,000	−
Cash and cash equivalents	117,530	260,978

2 Significant non-cash transactions

For the year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

None

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

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

(Segment Information and Others)

(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, 2014 (April 1, 2013 through March 31, 2014)

(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	120,268	485,068	96,341	621,512	11,435	1,334,625	―	1,334,625
(2) Intercompany sales and transfers between segments	―	―	―	―	―	―	―	―
Total	120,268	485,068	96,341	621,512	11,435	1,334,625	―	1,334,625
Segment income (loss)	22,770	264,849	42,600	421,183	(7,645)	743,758	(10,148)	733,610
Segment assets	286,414	1,038,264	535,046	288,600	265,347	2,413,673	1,624,465	4,038,139
Other items								
Depreciation and amortization	18,837	8,821	10,417	6,772	4,672	49,521	1,394	50,916
Amortization of goodwill	―	―	―	―	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	1,999	39,124	―	65,183	2,015	108,323	―	108,323
Increase of tangible fixed assets and intangible assets	42,403	285,903	4,072	35,194	51,582	419,157	417	419,574

Note:1. (1) Adjustments of segment income of ¥(10,148) million include elimination of intersegment transactions of ¥222 million and corporate expenses of ¥(10,370) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses not attributable to a reportable segment.

(2) Adjustments of segment assets of ¥1,624,465 million include elimination of intersegment transactions of ¥(2,357) million and corporate assets of ¥1,626,823 million. Corporate assets are mainly goodwill, cash and deposits, marketable securities, investment securities and assets concerned with the administrative divisions not attributable to a reportable segment.

(3) Adjustments of depreciation and amortization of ¥1,394 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 ¥417 million consist mainly of capital expenditure to corporate assets.

2. Segment income was reconciled with consolidated operating income.

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

(Millions of yen)

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

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

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

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

(4) Adjustments of amortization of goodwill of ¥6,952 million consist of amortization of goodwill not attributable to a reportable segment.

(5) Adjustments of increase of tangible fixed assets and intangible assets of ¥418 million consist mainly of capital expenditure to corporate assets.

2. Segment income was reconciled with consolidated operating income.

(Relative information)

For the year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	858,753	431,187	24,226	20,457	1,334,625

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania	Other	Total
682,353	620,338	31,933	1,334,625

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
248,246	520,976	182,555	951,779

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
PERTAMINA	217,518	Asia & Oceania
Idemitsu Kosan Co.,Ltd.	156,151	Middle East & Africa

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

1. Products and service information

(Millions of yen)

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

2. Geographical information

(1) Sales

(Millions of yen)

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

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

(2) Tangible fixed assets

(Millions of yen)

Japan	Australia	Other	Total
252,746	985,770	259,104	1,497,621

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
PERTAMINA	160,369	Asia & Oceania
Idemitsu Kosan Co.,Ltd.	135,589	Middle East & Africa

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

For the year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

None

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

(Millions of yen)

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

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

For the year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(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, 2014	－	－	－	－	(2,355)	(2,355)	83,435	81,080

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, 2015 (April 1, 2014 through March 31, 2015)

(Millions of yen)

	Reportable segments						Eliminations and other *2	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas *1	Total		
Balance as of March 31, 2015	－	－	－	－	(2,162)	(2,162)	76,482	74,319

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

(Information on negative goodwill by reportable segment)

None

(Financial Instruments)

1. Status of financial instruments

(1) Policy regarding financial instruments

The Company raises funds for oil and gas development and production, construction or expansion of gas infrastructure primarily from cash flow on hand and from bank loans. Oil and gas development projects are primarily funded from long-term loans that the Company has secured from the Japan Bank of International Cooperation, Japanese commercial banks and others. Japan Oil, Gas and Metals National Corporation has provided guarantees for the principal on certain outstanding amounts of the Company's long-term loans. The Development Bank of Japan and Japanese commercial banks have been providing long-term loans for the construction or expansion of domestic gas infrastructure. The Company generally borrows with variable interest rates, while some loans are with fixed interest rates 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 Executive 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 development projects and construction or expansion of domestic gas infrastructure 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 rate fluctuation risk due to a large portion of monetary assets and liabilities held in foreign currencies such as cash and deposits, accounts receivables and loans required in overseas projects. As a result of fiscal year-end conversion, yen appreciation causes 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, the Company endeavors to reduce exchange rate fluctuation risk by maintaining the position between assets and liabilities in foreign currencies. In addition to planned expenditures in foreign currencies for the Ichthys project and others, the Company manages exchange rate fluctuation risk through derivative transactions such as foreign exchange forwards and others as necessary.

(Management of derivative transactions)

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

(Management of the liquidity risk related to financing)

The finance and accounting division controls cash management based on monthly financing plan prepared by each project division and secures 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, fair value and the difference between them are as shown below. Items for which it is extremely difficult to determine market value are not included in the following table (Please refer to Note 2).

As of March 31, 2014 (Millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	650,187	654,694	4,506
(2) Accounts receivable-trade	110,395	110,395	－
(3) Marketable securities and investment securities	525,989	525,989	－
(4) Long-term time deposits	364,103	367,841	3,738
Total assets	1,650,675	1,658,920	8,245
(1) Short-term loans	21,954	21,744	(210)
(2) Long-term debt	561,674	551,721	(9,952)
Total liabilities	583,628	573,465	(10,163)
Derivatives (*)	－	－	－

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

As of March 31, 2015 (Millions of yen)

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

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

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

Assets

(1) Cash and deposits

The fair value of current portion of long-term time deposits included in cash and deposits, is calculated by the same method as (4) Long-term time deposits. For the other cash and deposits, the relevant carrying value is used since the item is settled in a short period of time and its market value is almost the same as the carrying value.

(2) Accounts receivable-trade

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

(3) Marketable securities and investment securities

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

(4) Long-term time deposits
The fair value of long-term time deposits is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new deposit is entered into.

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 the item is settled in a short period of time and its market value is almost the same as the carrying value.

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

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

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

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Unlisted securities	33,842	33,409
Preferred securities	5,000	－
Stocks of subsidiaries and affiliates	112,576	132,377

These financial instruments are assumed to have no quoted market prices and it is extremely difficult to determine their fair value, 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 and securities with maturity dates subsequent to the fiscal closing dates are as follows

As of March 31, 2014 (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	650,187	－	－	－
Accounts receivable-trade	110,395	－	－	－
Marketable securities and investment securities				
Other securities:				
Public bonds	66,000	80,000	22,500	－
Corporate bonds	18,500	51,800	－	－
Other bonds	30,741	15,438	－	－
Other	66,003	66,096	－	－
Long-term time deposits	－	364,103	－	－
Total	941,828	577,437	22,500	－

As of March 31, 2015 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Cash and deposits	922,683	－	－	－
Accounts receivable-trade	77,209	－	－	－
Marketable securities and investment securities				
Other securities:				
Public bonds	17,000	14,000	－	－
Corporate bonds	35,800	21,100	－	－
Other bonds	18,040	－	－	－
Other	66,096	－	－	－
Long-term time deposits	－	120,270	－	－
Total	1,136,829	155,370	－	－

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

As of March 31, 2014 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Short-term loans	4,327	―	―	―
Long-term debt	17,627	176,159	286,436	99,078
Lease obligations	69	163	―	―
Total	22,023	176,322	286,436	99,078

As of March 31, 2015 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Short-term loans	6,763	―	―	―
Long-term debt	26,442	276,228	265,969	101,753
Lease obligations	68	145	1	―
Total	33,274	276,373	265,971	101,753

(Securities)

1. Other securities

As of March 31, 2014 (Millions of yen)

Type of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs			
(1) Stock	16,698	29,651	12,952
(2) Bonds			
Public bonds	166,875	167,554	678
Corporate bonds	70,316	70,353	37
Other	35,319	41,735	6,415
(3) Other	139,523	169,346	29,822
Subtotal	428,733	478,640	49,906
Securities with acquisition costs exceeding their carrying values			
(1) Stock	35,690	32,324	(3,366)
(2) Bonds			
Public bonds	2,025	2,025	(0)
Corporate bonds	—	—	—
Other	4,999	4,999	(0)
(3) Other	8,000	8,000	—
Subtotal	50,715	47,348	(3,366)
Total	479,448	525,989	46,540

As of March 31, 2015 (Millions of yen)

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

2. Other securities sold for the fiscal years

For the year ended March 31, 2014 (Millions of yen)

Type of securities	Proceeds from sales	Gain on sales	Loss on sales
(1) Stock	－	－	－
(2) Bonds			
Public bonds	72,562	181	－
Corporate bonds	－	－	－
Other	－	－	－
(3) Other	76,850	10,322	－
Total	149,412	10,503	－

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

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

(Derivative Transactions)

1. Derivatives not subject to hedge accounting

(1) Derivatives related to foreign currency

As of March 31, 2014

None

As of March 31, 2015 (Millions of yen)

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

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

2. Derivatives subject to hedge accounting

(1) Derivatives related to interest rate

As of March 31, 2014 (Millions of yen)

Hedge accounting method	Type of derivatives	Principal items hedged	Contract amounts	Due after one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps payment fixed, receipt fluctuated	Long-term debt	4,760	4,760	(*)

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

As of March 31, 2015 (Millions of yen)

Hedge accounting method	Type of derivatives	Principal items hedged	Contract amounts	Due after one year	Fair value
Special treatment of interest rate swaps	Interest rate swaps payment fixed, receipt fluctuated	Long-term debt	4,760	4,760	(*)

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

(Per Share Information)

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

	For the year ended March 31, 2014	For the year ended March 31, 2015
(1) Net assets excluding minority interests per share	¥ 1,911.25	¥ 2,099.95

	For the year ended March 31, 2014	For the year ended March 31, 2015
(2) Net income per share	¥ 125.78	¥ 53.29
(Calculation basis)		
Net income (Millions of yen)	183,690	77,820
Amount not attributable to common shareholders (Millions of yen)	0	0
(of which Net income attributable to Class A stock)	(0)	(0)
Net income attributable to common shareholders (Millions of yen)	183,690	77,819
Average number of common stock (shares)	1,460,357,200	1,460,357,200

(Note): 1. The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date. Net assets excluding minority interests per share and net income per share are calculated based on the assumption that the stock split was conducted on April 1, 2013.

2. Diluted net income per share is not presented because there are no dilutive potential of shares of common stock.

(Significant Subsequent Events)

None

(Omissions of Disclosure)

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

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2014	As of March 31, 2015
(Assets)		
Current assets		
Cash and deposits	612,825	884,704
Accounts receivable-trade	34,987	26,196
Marketable securities	201,000	162,289
Finished goods	2,536	2,655
Work in process and partly-finished construction	57	166
Raw materials and supplies	8,119	9,498
Advance payments-trade	21	25
Prepaid expenses	693	637
Short-term loans receivable from subsidiaries and affiliates	92,468	156,170
Other	43,081	58,839
Allowance for doubtful accounts	(4,766)	(6,533)
Allowance for investments in exploration	—	(13,099)
Total current assets	991,025	1,281,550
Fixed assets		
Tangible fixed assets		
Buildings, net	17,844	15,946
Structures, net	121,032	111,393
Wells, net	477	213
Machinery and equipment, net	65,110	63,124
Vehicles, net	34	37
Tools, furniture and fixtures, net	2,693	3,379
Land	16,933	17,051
Leased assets, net	198	164
Construction in progress	25,370	42,755
Total tangible fixed assets	249,693	254,066
Intangible assets		
Goodwill	83,435	76,482
Mining right	1	2
Software	2,408	2,468
Other	4,901	4,555
Total intangible assets	90,746	83,508

(Millions of yen)

Accounts	As of March 31, 2014	As of March 31, 2015
Investments and other assets		
Investment securities	326,583	134,565
Investments in stock of subsidiaries and affiliates	1,490,660	1,465,761
Investments in capital	0	－
Investments in capital of subsidiaries and affiliates	0	0
Long-term loans receivable from employees	30	29
Long-term loans receivable from subsidiaries and affiliates	98,009	197,470
Long-term prepaid expenses	425	347
Long-term time deposits	364,103	120,270
Recoverable accounts under production sharing	112,313	101,564
Other	12,451	12,079
Allowance for doubtful accounts	(103)	(104)
Allowance for recoverable accounts under production sharing	(732)	(805)
Allowance for investments in exploration	(193,110)	(134,202)
Total investments and other assets	2,210,632	1,896,974
Total fixed assets	2,551,072	2,234,548
Total assets	3,542,098	3,516,098
(Liabilities)		
Current liabilities		
Accounts payable-trade	3,760	3,378
Current portion of long-term debt	5,565	7,760
Lease obligations	56	53
Accounts payable-other	13,950	15,764
Accrued expenses	3,076	3,269
Income taxes payable	21,196	22,752
Deferred tax liabilities	1,111	832
Advances received	30	65
Deposits payable	390	323
Deposits received from subsidiaries and affiliates	976,253	796,573
Accrued bonuses to officers	97	68
Asset retirement obligations	845	890
Other	139	12
Total current liabilities	1,026,473	851,746

(Millions of yen)

Accounts	As of March 31, 2014	As of March 31, 2015
Long-term liabilities		
Long-term debt	203,077	224,872
Lease obligations	149	120
Deferred tax liabilities	5,306	5,982
Accrued retirement benefits to employees	7,371	6,106
Provision for loss on business	6,977	9,080
Provision for loss on business of subsidiaries and affiliates	15,424	16,567
Asset retirement obligations	2,206	2,331
Other	797	627
Total long-term liabilities	241,310	265,687
Total liabilities	1,267,783	1,117,434
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus		
Legal capital surplus	1,023,802	1,023,802
Total capital surplus	1,023,802	1,023,802
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of non-current assets	18	70
Reserve for special account for advanced depreciation of non-current assets	50	—
Reserve for special depreciation	13,044	10,942
Reserve for overseas investment loss	38,542	34,834
Mine prospecting reserve	8,815	14,952
Retained earnings brought forward	859,882	982,614
Total retained earnings	920,354	1,043,414
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	2,229,718	2,352,778
Valuation, translation adjustments and others		
Unrealized holding gain on securities	44,595	45,885
Total valuation, translation adjustments and others	44,595	45,885
Total net assets	2,274,314	2,398,664
Total liabilities and net assets	3,542,098	3,516,098

(2) Non-Consolidated Statement of Income

(Millions of yen)

Accounts	For the year ended March 31, 2014	For the year ended March 31, 2015
Net sales	456,325	417,670
Cost of sales	199,009	231,791
Gross profit	257,316	185,879
Exploration expenses	3,656	979
Selling, general and administrative expenses	43,824	45,146
Operating income	209,835	139,754
Other income		
Gain on sales of marketable securities	10,320	18,146
Dividend income	56,027	42,533
Foreign exchange gain	28,025	80,987
Other	23,631	25,908
Total other income	118,004	167,576
Other expenses		
Loss on valuation of shares of subsidiaries and affiliates	–	39,436
Provision of allowance for investment loss in exploration	9,359	7,377
Other	13,809	13,634
Total other expenses	23,169	60,448
Ordinary income	304,670	246,881
Income before income taxes	304,670	246,881
Income taxes-current	110,866	98,116
Income taxes-deferred	(535)	(345)
Total income taxes	110,330	97,770
Net income	194,339	149,110

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

For the year ended March 31, 2014

(Millions of yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
				Other retained earnings			
	Common stock	Legal capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets	Reserve for special depreciation	Reserve for overseas investment loss
Balance at the beginning of the period	290,809	1,023,802	1,023,802	－	－	647	38,603
Cumulative effects of changes in accounting policies							
Restated balance	290,809	1,023,802	1,023,802	－	－	647	38,603
Changes during the period							
Provision of reserve for advanced depreciation of non-current assets				18			
Reversal of reserve for advanced depreciation of non-current assets				－			
Provision of reserve for special account for advanced depreciation of non-current assets					50		
Reversal of reserve for special account for advanced depreciation of non-current assets					－		
Provision of reserve for special depreciation						12,490	
Reversal of reserve for special depreciation						(92)	
Reversal of reserve for overseas investment loss							(60)
Provision of mine prospecting reserve							
Reversal of mine prospecting reserve							
Cash dividends paid							
Net income							
Other changes in items other than those in shareholders' equity(net)							
Total changes during the period	－	－	－	18	50	12,397	(60)
Balance at the end of the period	290,809	1,023,802	1,023,802	18	50	13,044	38,542

	Shareholders' equity					Valuation, translation adjustments and others		Total net assets
	Retained earnings			Treasury stock	Total Shareholders' equity	Unrealized holding gain on securities	Total valuation, translation adjustments and others	
	Other retained earnings		Total retained earnings					
	Mine prospecting reserve	Retained earnings brought forward						
Balance at the beginning of the period	8,581	704,104	751,936	(5,248)	2,061,300	34,827	34,827	2,096,127
Cumulative effects of changes in accounting policies		–	–		–			–
Restated balance	8,581	704,104	751,936	(5,248)	2,061,300	34,827	34,827	2,096,127
Changes during the period								
Provision of reserve for advanced depreciation of non-current assets		(18)	–		–			–
Reversal of reserve for advanced depreciation of non-current assets		–	–		–			–
Provision of reserve for special account for advanced depreciation of non-current assets		(50)	–		–			–
Reversal of reserve for special account for advanced depreciation of non-current assets		–	–		–			–
Provision of reserve for special depreciation		(12,490)	–		–			–
Reversal of reserve for special depreciation		92	–		–			–
Reversal of reserve for overseas investment loss		60	–		–			–
Provision of mine prospecting reserve	8,832	(8,832)	–		–			–
Reversal of mine prospecting reserve	(8,598)	8,598	–		–			–
Cash dividends paid		(25,921)	(25,921)		(25,921)			(25,921)
Net income		194,339	194,339		194,339			194,339
Other changes in items other than those in shareholders' equity(net)						9,768	9,768	9,768
Total changes during the period	234	155,778	168,418	–	168,418	9,768	9,768	178,186
Balance at the end of the period	8,815	859,882	920,354	(5,248)	2,229,718	44,595	44,595	2,274,314

For the year ended March 31, 2015

(Millions of yen)

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

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

(4) Notes to Non-Consolidated Financial Statements

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

None

7. Other

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

Segment	Category	For the year ended March 31, 2014	For the year ended March 31, 2015
Japan	Crude oil	1.3 MMbbls (3.6 Mbbls per day)	1.2 MMbbls (3.2 Mbbls per day)
	Natural gas	45.8 Bcf (125.5 MMcf per day)	41.6 Bcf (113.9 MMcf per day)
	Subtotal	9.9 MMboe (27.2 Mboe per day)	9.0 MMboe (24.6 Mboe per day)
	Iodine	471.9 tons	482.6 tons
	Electric power generation	214.3 millions kWh	205.9 millions kWh
Asia & Oceania	Crude oil	16.8 MMbbls (46.0 Mbbls per day)	14.9 MMbbls (40.9 Mbbls per day)
	Natural gas	234.9 Bcf (643.5 MMcf per day)	241.9 Bcf (662.6 MMcf per day)
	Subtotal	61.1 MMboe (167.4 Mboe per day)	60.7 MMboe (166.3 Mboe per day)
Eurasia (Europe & NIS)	Crude oil	9.5 MMbbls (26.1 Mbbls per day)	9.8 MMbbls (27.0 Mbbls per day)
Middle East & Africa	Crude oil	61.2 MMbbls (167.6 Mbbls per day)	61.7 MMbbls (168.9 Mbbls per day)
Americas	Crude oil	0.5 MMbbls (1.5 Mbbls per day)	1.0 MMbbls (2.7 Mbbls per day)
	Natural gas	39.2 Bcf (107.4 MMcf per day)	37.8 Bcf (103.4 MMcf per day)
	Subtotal	7.5 MMboe (20.4 Mboe per day)	7.8 MMboe (21.3 Mboe per day)
Total	Crude oil	89.4 MMbbls (244.9 Mbbls per day)	88.6 MMbbls (242.7 Mbbls per day)
	Natural gas	319.9 Bcf (876.4 MMcf per day)	321.2 Bcf (880.0 MMcf per day)
	Subtotal	149.2 MMboe (408.8 Mboe per day)	148.9 MMboe (408.1 Mboe per day)
	Iodine	471.9 tons	482.6 tons
	Electric power generation	214.3 millions kWh	205.9 millions kWh

Note: 1. The volume of LPG produced overseas is included in 'Crude oil'.
2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
3. The production by the Company's affiliates accounted for by the equity method is included in the figures above.
Also the production volume is a result for the years ended March 31 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.
4. The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of the group.
Figures calculated by multiplying the gross production volume by the Company's interest share are 118.5 MMbbls (324.7 Mbbls per day) of crude oil, 434.7 Bcf (1,191.0 MMcf per day) of natural gas, and in total 200.0 MMboe (548.0 Mboe per day) for the year ended March 31, 2014, and 114.8 MMbbls (314.6 Mbbls per day) of crude oil, 408.0 Bcf (1,117.7 MMcf per day) of natural gas, and in total 191.7 MMboe (525.1 Mboe per day) for the year ended March 31, 2015.
5. Boe means barrels of oil equivalent.
6. Iodine is refined by other company on consignment.
7. Figures are rounded to the first decimal place.

2) Orders received

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

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

Segment	Category	For the year ended March 31, 2014		For the year ended March 31, 2015	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	861 Mbbls	9,280	791 Mbbls	7,683
	Natural gas (excluding LPG)	67,106 MMcf	90,454	66,679 MMcf	102,835
	LPG	8 Mbbls	74	7 Mbbls	58
	Other		20,457		18,944
	Subtotal		120,268		129,521
Asia & Oceania	Crude oil	12,151 Mbbls	131,032	11,015 Mbbls	103,831
	Natural gas (excluding LPG)	219,771 MMcf	329,884	204,231 MMcf	285,480
	LPG	2,937 Mbbls	24,152	2,844 Mbbls	20,463
	Subtotal		485,068		409,775
Eurasia (Europe & NIS)	Crude oil	8,697 Mbbls	96,341	9,946 Mbbls	94,049
Middle East & Africa	Crude oil	57,420 Mbbls	621,512	58,773 Mbbls	524,528
Americas	Crude oil	43 Mbbls	586	33 Mbbls	329
	Natural gas (excluding LPG)	40,240 MMcf	10,848	38,575 MMcf	13,021
	Subtotal		11,435		13,351
Total	Crude oil	79,171 Mbbls	858,753	80,558 Mbbls	730,422
	Natural gas (excluding LPG)	327,117 MMcf	431,187	309,485 MMcf	401,337
	LPG	2,944 Mbbls	24,226	2,851 Mbbls	20,522
	Other		20,457		18,944
	Total		1,334,625		1,171,226

Note: 1. The above amounts do not include the related consumption tax.

2. The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the year ended December 31 except those subsidiaries prepared their financial statements for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.

3. Sales volumes are rounded to the nearest whole number.

4. Sales for a major customer and sales as a percentage of total net sales are as follows. 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, 2014		For the year ended March 31, 2015	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
PERTAMINA	217,518	16.3	160,369	13.7
Idemitsu Kosan Co.,Ltd.	156,151	11.7	135,589	11.6