

**Consolidated Financial Results for the year ended March 31, 2019 [Japanese GAAP]**

May 13, 2019

**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 <https://www.inpex.co.jp>  
 Representative : Takayuki Ueda, President  
 Contact person : Munehiro Hosono, General Manager, Corporate Communications Unit  
 TEL+81-3-5572-0233

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 Scheduled date of filing Financial Report : June 26, 2019  
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 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, 2019 (April 1, 2018 - March 31, 2019)**

**(1) Consolidated operating results**

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended								
March 31, 2019	971,388	4.0	474,281	32.7	519,278	34.1	96,106	138.1
March 31, 2018	933,701	6.8	357,363	6.2	387,269	16.0	40,362	(12.6)

(Note): Consolidated comprehensive income: for the year ended March 31, 2019, ¥116,061 million; (—%)  
 for the year ended March 31, 2018, ¥(42,266) million; (—%)

	Net income per share—basic	Net income per share—diluted	Net income as a percentage of net assets excluding non-controlling 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, 2019	65.81	—	3.2	11.5	48.8
March 31, 2018	27.64	—	1.4	9.0	38.3

(Reference): Equity in earnings (losses) of affiliates: for the year ended March 31, 2019, ¥28,363 million  
 for the year ended March 31, 2018, ¥4,192 million

**(2) Consolidated financial position**

	Total assets	Net assets	Net assets excluding non-controlling interests as a percentage of total assets	Net assets excluding non-controlling interests per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	4,793,545	3,257,584	62.7	2,058.95
As of March 31, 2018	4,252,386	3,158,868	68.6	1,997.24

(Reference): Net assets excluding non-controlling interests: as of March 31, 2019, ¥3,006,480 million  
 as of March 31, 2018, ¥2,916,680 million

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2019	238,566	(682,005)	405,184	239,652
March 31, 2018	278,539	(351,908)	34,742	276,079

## 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 March 31, 2018	Yen —	Yen 9.00	Yen —	Yen 9.00	Yen 18.00	Millions of yen 26,286	% 65.1	% 0.9
March 31, 2019	—	9.00	—	15.00	24.00	35,048	36.5	1.2
For the year ending December 31, 2019 (forecast)	—	12.00	—	12.00	24.00		38.9	

- (Note): 1. Breakdown of year-end dividend for the year ended March 31, 2019: Ordinary dividend of 9.00 yen Commemorative dividend of 6.00 yen  
2. "Dividends" as stated above refer to common stock. For information regarding Class A stock (not listed), please refer to Exhibit "Dividends of Class A stock".  
3. The Company plans to change its fiscal year-end from March 31 to December 31, effective the period ending December 2019, subject to shareholder approval of a partial amendment to the Articles of Incorporation at the Annual General Meeting of Shareholders scheduled to be held in late June 2019.

## 3. Forecasted Consolidated Operating Results for the year ending December 31, 2019 (April 1, 2019 - December 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2019	549,000	25.3	244,000	7.8	228,000	(7.7)	44,000	29.3	30.13
For the year ending December 31, 2019	958,000	—	442,000	—	430,000	—	90,000	—	61.64

(Note): The Company plans to change its fiscal year-end from March 31 to December 31, effective the period ending December 2019, subject to shareholder approval of a partial amendment to the Articles of Incorporation at the Annual General Meeting of Shareholders scheduled to be held in late June 2019. The consolidated accounting period of the Company and its subsidiaries with provisional settlements of accounts\* for fiscal 2019 will therefore be the nine-month period from April 1 to December 31, 2019, while the accounting periods of subsidiaries with a December 31 fiscal year-end will remain unchanged (January 1 - December 31, 2019).

\*Subsidiaries with a December 31 fiscal year-end that provisionally settled their accounts on March 31 due to the relatively large impact of their performance on the Company's consolidated financial accounts.

[Reference]

Percentage figures below (adjusted % increase/decrease) represent year-on-year changes based on adjusted figures for the nine-month period (April 1 - December 31, 2018) for the Company and subsidiaries with provisional settlements of accounts, and the twelve-month period (January 1 - December 31, 2018) for subsidiaries with a December 31 fiscal year-end.

(Millions of yen)

Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent
958,000 19.7%	442,000 6.9%	430,000 (3.5%)	90,000 72.1%

\*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 : None  
 2. Other changes in accounting policies : None  
 3. Changes in accounting estimates : None  
 4. Restatement of corrections : None
- (3) Number of shares issued (Common stock)  
 1. Number of shares issued at the end of the period 1,462,323,600 shares as of March 31, 2019  
 (including treasury stock): 1,462,323,600 shares as of March 31, 2018  
 2. Number of treasury stock at the end of the period: 2,123,800 shares as of March 31, 2019  
 1,966,500 shares as of March 31, 2018  
 3. Average number of shares: 1,460,260,300 shares for the year ended March 31, 2019  
 1,460,357,100 shares for the year ended March 31, 2018

(Note): As of March 31, 2019, 157,300 shares of "the Board Incentive Plan Trust" are included in number of treasury stock at the end of the period.

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended								
March 31, 2019	136,137	(41.7)	12,821	(72.4)	39,457	30.9	32,214	—
March 31, 2018	233,574	(9.5)	46,390	(28.4)	30,136	(75.4)	1,764	(98.0)

	Net income per share—basic	Net income per share—diluted
For the year ended	Yen	Yen
March 31, 2019	22.06	—
March 31, 2018	1.21	—

(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, 2019	3,165,750	2,381,619	75.2	1,631.02
As of March 31, 2018	2,918,963	2,383,265	81.6	1,631.97

(Reference): Net assets: as of March 31, 2019, ¥ 2,381,619 million  
 as of March 31, 2018, ¥ 2,383,265 million

\*This financial report is not subject to audit by certified public accountants or audit firms.

\*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts "3. Forecasted Consolidated Operating Results for the year ending December 31, 2019" 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. (4) Outlook for the Next Period" on page 4.

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, 2018	—	3,600.00	—	3,600.00	7,200.00
March 31, 2019	—	3,600.00	—	6,000.00	9,000.00
For the year ending December 31, 2019 (forecast)	—	4,800.00	—	4,800.00	9,600.00

(Note): 1. Breakdown of year-end dividend for the year ended March 31, 2019: Ordinary dividend of 3,600.00 yen

Commemorative dividend: 2,400.00 yen

2. The Company conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock (not listed), no stock split was implemented. The article specifying that dividends of Class A stock are equivalent to dividends of common stock prior to the stock split is included in the Articles of Incorporation.

3. The Company plans to change its fiscal year-end from March 31 to December 31, effective the period ending December 2019, subject to shareholder approval of a partial amendment to the Articles of Incorporation at the Annual General Meeting of Shareholders scheduled to be held in late June 2019.

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## 1. Summary of Operating Results and other

### (1) Summary of Consolidated Operating Results

In the fiscal year ended March 31, 2019, the outlook of the global economy remained uncertain despite the steady nature of the U.S. economy, owing to U.S.-China trade disputes and the deceleration of the Chinese economy. The Japanese economy continued on its trajectory of moderate recovery as consumption per capita and capital expenditures showed signs of growth as corporate earnings and employment rates continued to improve.

Of the international crude oil price indices, which significantly influence the financial performance of the INPEX Group, Brent crude, commonly considered a benchmark index, started the fiscal year at US\$67.64 per barrel on April 1, 2018 and jumped to US\$79.80 per barrel in May 2018 on the back of concerns over tightened supply and demand due to a decrease in Iranian crude oil exports following the announcement of the reinstatement of U.S. sanctions against Iran.

Thereafter, the price of Brent crude oil fell to US\$70.76 per barrel in August reflecting concerns of growing U.S. crude oil production and inventory, but rebounded to US\$84.98 per barrel in October, buoyed by spreading concerns over supply shortages driven by a decrease in Iranian oil exports in light of pending U.S. sanctions, suspicions that OPEC's production hike to offset this would prove insufficient, and weakening growth in U.S. shale oil production.

In January 2019, however, the price of Brent crude oil fell dramatically to US\$54.91 per barrel reflecting rising concerns of a global economic slowdown, in addition to the announcement that the sanctions against Iran would be temporarily relaxed allowing some countries to import oil from the country, and skepticism over OPEC's willingness to comply with production cutbacks following its meeting in December, which led to the relaxation of supply and demand. The Brent crude price ultimately closed out the fiscal year at US\$68.39 per barrel on March 31, 2019, lifted by expectations of a resolution to U.S.-China trade disputes and concerns over the tightening of supply and demand as a result of coordinated production cutbacks by oil-producing countries.

Meanwhile, in Japan, the price of crude oil and petroleum products shifted in correlation with international oil prices. The INPEX Group's average crude oil sales price for the fiscal year ended March 31, 2019 reflected this shift and rose to US\$70.30 per barrel, up US\$14.00 year-on-year.

The foreign exchange market, another important factor that affects the business of our Group, began to trade at ¥106 level against the U.S. dollar. After that, the U.S. dollar climbed to ¥114 level against the U.S. dollar because of steadily U.S. economic indicators, U.S. corporate results and the stability of the world which was led by the realization of the summit between U.S. and North Korea, and so forth.

In October onward, escalation of the Trade War between U.S. and China led to the fall in the U.S. treasury bill interest rate and stock price. In December, Federal Open Market Committee (FOMC) revised the forecast of the number of rate hikes during 2019 from three to two and U.S. IT company cut the outlook of the result. Under those circumstances, at the beginning of 2019, Japanese Yen plummeted.

After that slump, however, Japanese Yen rebounded because of the expectation of easing U.S. – China Trade War and steadily U.S. economic indicators.

Finally, at the end of this period, TTM closed at ¥111.01 against the U.S. dollar which turned out to be ¥4.74 lower than that of the fiscal year end of March 31, 2018.

Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥110.70 against the U.S. dollar, which is ¥0.57 higher than that of the previous fiscal year.

Consolidated net sales for the year ended March 31, 2019 increased by ¥37.6 billion, or 4.0%, to ¥971.3 billion from the previous fiscal year due to an increase in crude oil price.

Net sales of crude oil increased by ¥72.4 billion, or 10.2%, to ¥782.6 billion, and net sales of natural gas decreased by ¥37.3 billion, or 18.0%, to ¥170.7 billion.

Sales volume of crude oil decreased by 12,379 thousand barrels, or 11.0%, to 100,503 thousand barrels. Sales volume of natural gas decreased by 31,965 million cf, or 12.1%, to 232,851 million cf. Sales volume of overseas natural gas decreased by 33,652 million cf, or 18.1%, to 151,922 million cf, and sales volume of domestic natural gas increased by 45 million m<sup>3</sup>, or 2.1%, to 2,169 million m<sup>3</sup> (80,930 million cf).

The average sales price of overseas crude oil increased by US\$14.00, or 24.9%, to US\$70.30 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US\$1.86, or 36.9%, to US\$3.18 per thousand cf. In addition, the average sales price of domestic natural gas increased by ¥7.10, or 15.3%, to ¥53.46 per m<sup>3</sup>. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales appreciated by ¥0.57, or 0.5%, to ¥110.70 per U.S. dollar from the corresponding period of the previous fiscal year.

The increase of ¥37.6 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, a decrease in sales volume pushing sales down of ¥99.3 billion, an increase in unit sales price contributing ¥139.1 billion to the increase, the appreciation of the Japanese yen against the U.S. dollar pushing sales down of ¥4.7 billion, and an increase in net sales excluding crude oil and natural gas of ¥2.6 billion.

Cost of sales for the year ended March 31, 2019 decreased by ¥84.7 billion, or 17.0%, to ¥413.3 billion due to the absence of cost of sales in the offshore Mahakam Block. Exploration expenses increased by ¥10.3 billion to ¥11.6 billion. Selling, general and administrative expenses decreased by ¥4.8 billion, or 6.3%, to ¥72.1 billion. As a result, operating income increased by ¥116.9 billion, or 32.7%, to ¥474.2 billion.

Other income increased by ¥15.6 billion, or 28.3% to ¥70.9 billion due to an increase in equity in earnings of affiliates and others. Other expenses increased by ¥0.5 billion, or 2.2% to ¥25.9 billion. As a result, ordinary income increased by ¥132.0 billion, or 34.1%, to ¥519.2 billion.

Extraordinary loss was ¥25.2 billion as a result of posting impairment loss for certain projects due to the decline in forecasted production volume and the decline in forecasted natural gas prices in the Americas.

Total amount of current income taxes and deferred income taxes increased by ¥87.8 billion, or 28.4%, to ¥397.2 billion, and net income attributable to non-controlling interests was ¥0.6 billion. As a result of the above effects, net income attributable to owners of parent for the year ended March 31, 2019 increased by ¥55.7 billion, or 138.1%, to ¥96.1 billion.

Financial results by segment are as follows:

1) Japan

Net sales increased by ¥20.2 billion, or 16.9%, to ¥140.3 billion due to increases in sales volume and sales price of natural gas.

Operating income increased by ¥3.9 billion, or 15.7%, to ¥29.2 billion.

2) Asia & Oceania

Net sales decreased by ¥57.2 billion, or 38.4%, to ¥91.6 billion due to a decrease in sales volume, despite an increase in sales price of crude oil. Operating income decreased by ¥1.0 billion, or 3.8%, to ¥27.3 billion.

3) Eurasia (Europe & NIS)

Net sales increased by ¥28.1 billion, or 31.7%, to ¥116.7 billion due to increases in sales volume and sales price of crude oil.

Operating income increased by ¥10.0 billion, or 46.8%, to ¥31.4 billion.

4) Middle East & Africa

Net sales increased by ¥49.1 billion, or 8.7%, to ¥614.4 billion due to an increase in sales price of crude oil, despite a decrease in sales volume. Operating income increased by ¥107.0 billion, or 35.1%, to ¥412.0 billion.

5) Americas

Net sales decreased by ¥2.6 billion, or 24.2%, to ¥8.3 billion due to a decrease in sales volume of crude oil, despite an increase in sales price of crude oil. Meanwhile, operating loss decreased by ¥1.9 billion, or 17.9%, to ¥8.7 billion due to a decrease in cost of sales and others.

(2) Summary of Consolidated Financial Position

Consolidated total assets as of March 31, 2019 increased by ¥541.1 billion to ¥4,793.5 billion from ¥4,252.3 billion as of March 31, 2018. Current assets decreased by ¥8.6 billion to ¥457.7 billion due to a decrease in cash and deposits and others. Fixed assets increased by ¥549.7 billion to ¥4,335.8 billion due to increases in tangible fixed assets, investments and other assets and others.

Meanwhile, total liabilities increased by ¥442.4 billion to ¥1,535.9 billion from ¥1,093.5 billion as of March 31, 2018. Current liabilities increased by ¥66.5 billion to ¥372.0 billion and long-term liabilities increased by ¥375.8 billion to ¥1,163.9 billion.

Net assets increased by ¥98.7 billion, to ¥3,257.5 billion. Total shareholders' equity increased by ¥69.6 billion, to ¥2,637.8 billion.

Total accumulated other comprehensive income increased by ¥20.1 billion to ¥368.6 billion and non-controlling interests in net assets increased by ¥8.9 billion to ¥251.1 billion.

The above comparisons to the previous fiscal year are made on the condition that "Partial Amendments to Accounting Standard for Tax Effect Accounting"(ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of this fiscal year, and such amendments was also retrospectively applied to the balances as of the end of previous fiscal year.

### (3) Summary of Cash Flows

As for cash flows for the year ended March 31, 2019, net cash provided by operating activities decreased by ¥39.9 billion to ¥238.5 billion from the previous fiscal year due mainly to an increase in income taxes paid.

Net cash used in investing activities increased by ¥330.0 to ¥682.0 billion due mainly to a decrease in proceeds from time deposits, and an increase in long-term loans made.

Net cash provided by financing activities increased by ¥370.4 to ¥405.1 billion due mainly to an increase in proceeds from long-term debt.

After totaling ¥1.8 billion of the effect of exchange rate changes on cash and cash equivalents, the decrease in cash and cash equivalents for the year ended March 31, 2019 amounted to ¥36.4 billion. Cash and cash equivalents as of March 31, 2019 totaled ¥239.6 billion reflecting the above net decrease of ¥36.4 billion, from ¥276.0 billion at the end of the previous fiscal year.

### (4) Outlook for the Next Period

Forecasted consolidated operating results for the year ending December 2019 are based on a nine-month period (April 1 - December 31, 2019) for the Company and subsidiaries with provisional settlements of accounts\*1, and a twelve-month period (January 1 - December 31, 2019) for subsidiaries with a December 31 fiscal year-end, due to a planned change in the accounting period.

(Billions of yen)

	Fiscal Year Ended March, 2019 (Adjusted actual*2)	Fiscal Year Ending December, 2019 (Forecasts)	Adjusted Year-on-Year Increase/Decrease
Net Sales	800.1	958.0	19.7%
Operating Income	413.6	442.0	6.9%
Ordinary Income	445.6	430.0	(3.5%)
Net income attributable to owners of parent	52.3	90.0	72.1%

\*1 Subsidiaries with a December 31 fiscal year-end that provisionally settled their accounts on March 31 due to the relatively large impact of their performance on the Company's consolidated financial accounts.

\*2 Figures for "Fiscal Year Ended March 2019 (Adjusted actual)" and "Adjusted Year-on-Year Increase/Decrease" are based on a nine-month period (April 1 - December 31, 2018) for the Company and subsidiaries with provisional settlements of accounts, and a twelve-month period (January 1 - December 31, 2018) for subsidiaries with a December 31 fiscal year-end.

Consolidated net sales for the six months ending September 30, 2019 are expected to increase 25.3% year-on-year to ¥549.0 billion, and consolidated net sales for the year ending December 31, 2019 are expected to increase 19.7% adjusted year-on-year to ¥958.0 billion.

Operating income for the six months ending September 30, 2019 is expected to increase 7.8% year-on-year to ¥244.0 billion, and operating income for the year ending December 31, 2019 is expected to increase 6.9% adjusted year-on-year to ¥442.0 billion.

Ordinary income for the six months ending September 30, 2019 is expected to decrease 7.7% year-on-year to ¥228.0 billion, and ordinary income for the year ending December 31, 2019 is expected decrease 3.5% adjusted year-on-year to ¥430.0 billion. Net income attributable to owners of parent for the six months ending September 30, 2019 is expected to increase 29.3% year-on-year to ¥44.0 billion, and net income attributable to owners of parent for the year ending December 31, 2019 is expected to increase 72.1% adjusted year-on-year to ¥90.0 billion.

Net sales for the year ending December 31, 2019 are expected to increase adjusted year-on-year mainly due to a steady production ramp-up at the Ichthys LNG Project and the commencement of production at the Prelude FLNG Project despite an expected drop in crude oil prices. Operating income for the year ending December 31, 2019 is expected to rise adjusted year-on-year despite an increase in cost of sales and exploration expenses. Other income (expenses) is expected to fall due mainly to the absence of temporary profit as posted in the year ended March 31, 2019 (Adjusted actual). As a result, ordinary income for the year ending December 31, 2019 is expected to drop adjusted year-on-year. Net income attributable to owners of parent for the year ending December 31, 2019 is expected to increase adjusted year-on-year, due in part to the absence of impairment loss.

The above estimates are based on a crude oil price assumption of US\$65.0 per barrel (Brent) at an exchange rate of ¥110 to the U.S. dollar through the fiscal year ending December 31, 2019.



(5) Dividend policy and dividends for the year ended March 31, 2019 and for the year ending December 31, 2019

Based on the shareholder return policy outlined in the Medium-term Business Plan 2018-2022 announced in May 2018, INPEX CORPORATION (INPEX) will seek in principle to maintain stable dividend payouts and enhance shareholder returns in stages during the period covered by the Business Plan in accordance with the improvement in the Company's financial performance, with the payout ratio set at 30% or higher.

In accordance with the policy stated above, INPEX has set the year-end dividend at ¥15 (adding a commemorative dividend of ¥6 to an ordinary dividend of ¥9) per common stock for the year ended March 31, 2019. Combined with the mid-term dividend of ¥9 per common stock, the planned total dividends for the year ended March 31, 2019 are ¥24 per common stock. INPEX has also set the year-end dividend of ¥6,000 (adding a commemorative dividend of ¥2,400 to an ordinary dividend of ¥3,600) per Class A stock for the year ended March 31, 2019. Combined with the mid-term dividend of ¥3,600 per Class A stock (unlisted), the planned total dividends for the year ended March 31, 2019 are ¥9,600 per Class A stock.

For the year ending December 31, 2019, INPEX expects mid-term and year-end dividends of ¥12 each, bringing the total dividends to ¥24 per common stock. INPEX expects mid-term and year-end dividends of ¥4,800 each, bringing the total dividend to ¥9,600 per Class A stock.

The Group conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock, no stock split was implemented. The article, which outlines that Class A stock dividends are equivalent to common stock dividends prior to the stock split, is specified in the Articles of Incorporation.

## **2. 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.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2018	As of March 31, 2019
(Assets)		
Current assets		
Cash and deposits	※4 276,102	※4 239,675
Accounts receivable-trade	66,900	※4 92,217
Inventories	※1,※4 32,321	※1,※4 40,100
Accounts receivable-other	71,014	68,331
Other	※4 40,997	※4 30,644
Less allowance for doubtful accounts	(20,984)	(13,257)
Total current assets	466,350	457,711
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	201,045	187,191
Wells, net	38,323	259,310
Machinery, equipment and vehicles, net	99,472	1,304,356
Land	19,098	18,930
Construction in progress	1,678,743	506,399
Other, net	7,936	2,805
Total tangible fixed assets	※2,※4,※5 2,044,619	※2,※4,※5 2,278,994
Intangible assets		
Goodwill	54,037	47,276
Exploration and development rights	153,168	152,977
Mining rights	328,086	314,759
Other	6,210	5,200
Total intangible assets	541,502	520,213
Investments and other assets		
Investment securities	※3,※4 367,417	※3,※4 419,064
Long-term loans receivable	※4 295,861	※4 592,786
Recoverable accounts under production sharing	589,098	568,059
Deferred tax assets	20,316	13,746
Other	※4 11,359	※4 17,258
Less allowance for doubtful accounts	(849)	(789)
Less allowance for recoverable accounts under production sharing	(81,625)	(70,017)
Less allowance for investments in exploration	(1,664)	(3,482)
Total investments and other assets	1,199,913	1,536,625
Total fixed assets	3,786,035	4,335,834
Total assets	4,252,386	4,793,545

(Millions of yen)

Accounts	As of March 31, 2018	As of March 31, 2019
(Liabilities)		
Current liabilities		
Accounts payable-trade	45,675	32,205
Short-term loans	71,250	127,184
Income taxes payable	17,234	19,281
Accounts payable-other	94,360	113,179
Provision for loss on business	9,887	9,971
Provision for exploration projects	4,005	7,303
Accrued bonuses to officers	62	96
Asset retirement obligations	407	3,309
Other	62,555	59,469
Total current liabilities	305,439	372,000
Long-term liabilities		
Long-term debt	627,326	1,014,013
Deferred tax liabilities	36,195	25,129
Provision for stocks payment	—	21
Accrued special repair and maintenance	380	479
Liability for retirement benefits	5,937	6,265
Asset retirement obligations	111,128	110,107
Other	7,110	7,943
Total long-term liabilities	788,078	1,163,961
Total liabilities	1,093,517	1,535,961
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	673,574	673,574
Retained earnings	1,609,094	1,678,914
Treasury stock	(5,248)	(5,434)
Total shareholders' equity	2,568,230	2,637,863
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	10,217	2,831
Unrealized gain (loss) from hedging instruments	25,724	6,359
Translation adjustments	312,507	359,425
Total accumulated other comprehensive income	348,449	368,616
Non-controlling interests	242,188	251,103
Total net assets	3,158,868	3,257,584
Total liabilities and net assets	4,252,386	4,793,545

(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, 2018	For the year ended March 31, 2019
Net sales	933,701	971,388
Cost of sales	※2 498,039	※2 413,300
Gross profit	435,662	558,088
Exploration expenses	1,327	11,679
Selling, general and administrative expenses	※1,※2 76,971	※1,※2 72,127
Operating income	357,363	474,281
Other income		
Interest income	6,477	7,644
Dividend income	4,778	6,760
Equity in earnings of affiliates	4,192	28,363
Reversal of allowance for doubtful accounts	197	8,357
Gain on reversal of allowance for recoverable accounts under production sharing	17,528	—
Compensation income	12,625	7,498
Foreign exchange gain	—	1,941
Other	9,467	10,358
Total other income	55,266	70,924
Other expenses		
Interest expense	7,075	17,333
Provision for allowance for recoverable accounts under production sharing	—	1,468
Provision for exploration projects	—	203
Foreign exchange loss	10,472	—
Other	7,812	6,923
Total other expenses	25,360	25,927
Ordinary income	387,269	519,278
Extraordinary loss		
Impairment loss	※3 79,970	※3 25,236
Total extraordinary loss	79,970	25,236
Income before income taxes	307,299	494,042
Income taxes-current	308,351	399,919
Income taxes-deferred	1,048	(2,660)
Total income taxes	309,399	397,258
Net income (loss)	(2,100)	96,783
Net income (loss) attributable to non-controlling interests	(42,462)	677
Net income attributable to owners of parent	40,362	96,106

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the year ended March 31, 2018	For the year ended March 31, 2019
Net income (loss)	(2,100)	96,783
Other comprehensive income		
Unrealized holding gain (loss) on securities	3,711	(7,387)
Translation adjustments	(68,317)	46,094
Share of other comprehensive income of affiliates accounted for by the equity method	24,439	(19,429)
Total other comprehensive income	※1 (40,166)	※1 19,277
Comprehensive income	(42,266)	116,061
Total comprehensive income attributable to		
Owners of parent	2,495	116,273
Non-controlling interests	(44,762)	(211)

(3) Consolidated Statement of Changes in Net Assets  
For the year ended March 31, 2018

(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	676,273	1,595,018	(5,248)	2,556,852
Changes during the period					
Change in ownership interest of parent arising from transactions with non-controlling shareholders		(2,699)			(2,699)
Cash dividends paid			(26,286)		(26,286)
Net income attributable to owners of parent			40,362		40,362
Purchase of treasury stock					—
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	(2,699)	14,076	—	11,377
Balance at the end of the period	290,809	673,574	1,609,094	(5,248)	2,568,230

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	6,479	717	379,119	386,316	264,372	3,207,542
Changes during the period						
Change in ownership interest of parent arising from transactions with non-controlling shareholders						(2,699)
Cash dividends paid						(26,286)
Net income attributable to owners of parent						40,362
Purchase of treasury stock						—
Net changes in items other than those in shareholders' equity	3,737	25,007	(66,612)	(37,866)	(22,184)	(60,051)
Total changes during the period	3,737	25,007	(66,612)	(37,866)	(22,184)	(48,674)
Balance at the end of the period	10,217	25,724	312,507	348,449	242,188	3,158,868

For the year ended March 31, 2019

(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	673,574	1,609,094	(5,248)	2,568,230
Changes during the period					
Change in ownership interest of parent arising from transactions with non-controlling shareholders					—
Cash dividends paid			(26,286)		(26,286)
Net income attributable to owners of parent			96,106		96,106
Purchase of treasury stock				(186)	(186)
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	69,820	(186)	69,633
Balance at the end of the period	290,809	673,574	1,678,914	(5,434)	2,637,863

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	10,217	25,724	312,507	348,449	242,188	3,158,868
Changes during the period						
Change in ownership interest of parent arising from transactions with non-controlling shareholders						—
Cash dividends paid						(26,286)
Net income attributable to owners of parent						96,106
Purchase of treasury stock						(186)
Net changes in items other than those in shareholders' equity	(7,386)	(19,365)	46,918	20,166	8,914	29,081
Total changes during the period	(7,386)	(19,365)	46,918	20,166	8,914	98,715
Balance at the end of the period	2,831	6,359	359,425	368,616	251,103	3,257,584



## (4) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the year ended March 31, 2018	For the year ended March 31, 2019
Cash flows from operating activities		
Income before income taxes	307,299	494,042
Depreciation and amortization	92,805	106,899
Impairment loss	79,970	25,236
Amortization of goodwill	6,760	6,760
Provision for allowance for recoverable accounts under production sharing	(21,190)	1,241
Provision for exploration projects	(458)	3,660
Other provisions	6,810	(5,781)
Liability for retirement benefits	19	383
Interest and dividend income	(11,255)	(14,405)
Interest expense	7,075	17,333
Foreign exchange loss (gain)	11,048	(1,047)
Equity in losses (earnings) of affiliates	(4,192)	(28,363)
Recovery of recoverable accounts under production sharing (capital expenditures)	53,465	33,127
Recoverable accounts under production sharing (operating expenditures)	9,632	4,639
Accounts receivable-trade	2,846	(25,372)
Inventories	(2,097)	(11,359)
Accounts payable-trade	20,604	(13,427)
Accounts receivable-other	(287)	(11,666)
Accounts payable-other	12,221	14,408
Advances received	4,848	4,443
Other	12,467	17,017
Subtotal	588,395	617,768
Interest and dividends received	24,459	21,120
Interest paid	(5,077)	(12,242)
Income taxes paid	(329,238)	(388,080)
Net cash provided by (used in) operating activities	278,539	238,566

(Millions of yen)

Accounts	For the year ended March 31, 2018	For the year ended March 31, 2019
Cash flows from investing activities		
Payments for time deposits	(259,990)	(249,615)
Proceeds from time deposits	593,900	249,616
Payments for purchases of tangible fixed assets	(271,324)	(210,732)
Proceeds from sales of tangible fixed assets	236	209
Payments for purchases of intangible assets	(1,364)	(809)
Payments for purchases of investment securities	(127,785)	(104,766)
Investment in recoverable accounts under production sharing (capital expenditures)	(24,135)	(31,631)
Decrease (increase) in short-term loans receivable	50	813
Long-term loans made	(172,533)	(262,671)
Collection of long-term loans receivable	273	264
Payments for purchases of mining rights	(100,906)	(107,862)
Other	11,671	35,179
Net cash provided by (used in) investing activities	(351,908)	(682,005)
Cash flows from financing activities		
Increase (decrease) in short-term loans	392	1,840
Proceeds from long-term debt	77,612	497,777
Repayments of long-term debt	(39,250)	(76,185)
Proceeds from non-controlling interests for additional shares	27,570	14,118
Cash dividends paid	(26,291)	(26,290)
Cash dividends paid to non-controlling interests	(2,523)	(5,832)
Other	(2,766)	(242)
Net cash provided by (used in) financing activities	34,742	405,184
Effect of exchange rate changes on cash and cash equivalents	(2,083)	1,827
Net increase (decrease) in cash and cash equivalents	(40,711)	(36,427)
Cash and cash equivalents at beginning of the period	316,790	276,079
Cash and cash equivalents at end of the period	※1 276,079	※1 239,652

(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 Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., JODCO Onshore Limited, JODCO Lower Zakum Limited, INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Oil & Gas Australia Pty Ltd, INPEX Masela, Ltd., and INPEX FINANCIAL SERVICES SINGAPORE PTE. LTD.

During this period:

Number of companies newly included in the scope of consolidation: 3

Number of companies excluded from the scope of consolidation: 2

Details for the above changes:

- 1) INPEX Solutions, LTD. and JODCO Exploration Limited have been newly included due to establishment of the company.
- 2) INPEX Canada, Ltd. has been excluded due to a merger.
- 3) INPEX North Peru has been excluded due to completion of liquidation.

Names of major non-consolidated subsidiaries:

Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V. 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: 21

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 11 companies including, but not limited to, Japan Oil Development, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Holdings Australia Pty Ltd and INPEX Ichthys Pty Ltd, 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 overseas 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 by the straight-line method 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 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 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.

#### (e) Provision for exploration projects

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

#### (f) Accrued bonuses to officers

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

#### (g) Provision for stocks payment

Provision for stocks payment is provided to prepare for payments of stock benefits to directors and other under the share delivery rule. The amount is based on the expected stock benefit payable for the fiscal year.

#### (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 amounts accumulated through the next activity.

### 4) Accounting for retirement benefits

#### (a) Method of attributing expected retirement benefits to proper periods

When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through March 31, 2019. 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 for those subsidiaries.

#### (b) Method of recognizing 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 non-controlling 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

Derivative transactions are limited to 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 the Presentation)

(Changes in resulting from "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of this fiscal year. As a result, deferred tax assets are classified as "Investments and other assets" and deferred tax liabilities are classified as "Long-term liabilities" respectively.

As a result, ¥53 million out of ¥3,231 million which was recorded as "deferred tax assets" in "current assets" on the consolidated balance sheet in the previous fiscal year is included in 20,316 million which is presented in "deferred tax assets" in "investments and other assets", and ¥3,754 million which was recorded as "deferred tax liabilities" in "current liabilities" on the consolidated balance sheet in the previous fiscal year is included in ¥36,195 million which is presented in "deferred tax liabilities" in "Long-term liabilities".

Total assets for the previous fiscal year decreased by 3,178 million since the deferred tax assets and deferred tax liabilities of the same taxable entity should be offset against each other.

(Consolidated Statement of Income)

"Reversal of allowance for doubtful accounts", previously included in "Other" in other income, is presented separately since it has become more significant.

As a result, ¥9,664 million which was recorded as "Other" in other income on the consolidated statement of income in the previous fiscal year is reclassified as ¥197 million of "Reversal of allowance for doubtful accounts", and ¥9,467 million of "Other".

"Provision for loss on business", previously presented separately in other expenses, is included in "Other" since it has become less significant.

As a result, ¥3,264 million which was recorded as "Provision for loss on business" in other expenses on the consolidated statement of income in the previous fiscal year is reclassified as "Other".

(Additional information)

(Stock-based remuneration system for directors)

At the Company's 12th Ordinary Meeting of Shareholders held on June 26, 2018, the Company resolved to introduce a stock-based remuneration system (the System for Directors of the Company and Executive Officers of the Company excluding Outside Directors and non-residents of Japan; hereinafter collectively referred to as Directors) with the aim of increasing the incentive for Directors to contribute to the medium-to long-term improvement of the corporate value of the Company by making clear the link between the remuneration of Directors and the Company's stock price. In the introduction of the System, a structure called "the Board Incentive Plan Trust" shall be adopted.

1) Outline of the System

"The Board Incentive Plan Trust" is a system under which shares of the Company and the amount of money equivalent to the proceeds from the disposal of shares of the Company will be delivered and provided to the Directors according to their positions and other factors, covering the five calendar years from 2018 to 2023.

2) Shares of the Company that remain in the trust

Shares of the Company that remain in the trust are recorded as treasury stock in the net asset with the book value of the trust (excluding incidental expenses). The book value and numbers of the treasury stock at March 31, 2019 are ¥186 million and 157,300 shares, respectively.



## (Consolidated Balance Sheet)

## \*1 Major accounts included in inventories

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
Merchandise and finished goods	8,095	8,561
Work in process	291	321
Raw materials and supplies	23,934	31,218

## \*2 Accumulated depreciation of tangible fixed assets

	As of March 31, 2018	As of March 31, 2019
Accumulated depreciation of tangible fixed assets	¥ 825,311 million	¥ 854,351 million

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

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
Investment securities (equities)	282,432	345,550
(of which investment in jointly controlled entities)	(181,935)	(252,447)

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

## Collateralized Assets

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
Cash and deposits	3,763	18,150
Accounts receivable-trade	—	9,489
Inventories	7,910	12,957
Wells	—	227,482
Machinery, equipment and vehicles	—	1,223,590
Land	141	148
Construction in progress	1,245,155	19,530
Investment securities	182,049	252,521
Long-term loans receivable	293,788	586,822
Other	4,101	4,477
Total	1,736,911	2,355,170

The above is mainly related to the Ichthys LNG Project Finance, and includes others that are pledged as collateral for liabilities of affiliates.

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

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
Buildings and structures	1,393	1,393
Machinery, equipment and vehicles	193	193
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, 2018		As of March 31, 2019
	Millions of yen		Millions of yen
Ichthys LNG Pty Ltd*1	533,241	Ichthys LNG Pty Ltd*1	508,275
Tangguh Trustee*2	19,982	Tangguh Trustee*2	24,331
Sakhalin Oil and Gas Development Co., Ltd.	1,938	Japan Canada Oil Sands Limited	1,665
Japan Canada Oil Sands Limited	1,594	Oceanic Breeze LNG Transport S.A.	861
Oceanic Breeze LNG Transport S.A.	209	Employees (housing loans)	24
Employees (housing loans)	33		
<b>Total</b>	<b>556,998</b>		<b>535,158</b>

\*1 Debt for investment funds of the Ichthys LNG project.

\*2 Debt for investment funds of Tangguh LNG project through MI Berau B.V. and MI Berau Japan Ltd.

(The aforementioned Debt includes the amount (¥9,154 million and ¥16,377 million as of March 31, 2018 and 2019, respectively) for the construction of Train-3, based on the Company's participating interest as the guarantor of indebtedness.)

### (2) 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, 2018	As of March 31, 2019
Completion guarantee (the Company's portion)	¥ 857,530 million	¥ 845,999 million

(Consolidated Statement of Income)

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

	For the year ended March 31, 2018	For the year ended March 31, 2019
	Millions of yen	Millions of yen
Personnel expenses	23,427	22,596
(Including provision for accrued retirement benefits to employees)	1,160	1,181)
(Including provision for accrued bonuses to officers)	62	96)
Taxes	4,506	4,429
Freight expenses	11,117	11,083
Depreciation expenses	18,606	14,468
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, 2018	For the year ended March 31, 2019
	¥ 978 million	¥ 579 million

\*3 Impairment loss

For the year ended March 31, 2018

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. In light of the decline in forecasted natural gas prices in the Americas, the recoverable amount of these groups of assets expected to decrease, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

Use	Location	Classification	Impairment loss (Millions of yen)
Assets related to the shale gas project in Canada	British Columbia, Canada	Buildings and structures	2,677
		Wells	4,020
		Machinery, equipment and vehicles	11,391
		Mining rights	48,428
		Other	9,725
		Subtotal	76,243
Other			3,726
Total			79,970

The recoverable amount of the assets related to the shale gas project in Canada (Horn River, Cordova and Liard areas) is reasonably estimated by discounting the future cash flows at rates ranging from 9.9% to 16.2%.

For the year ended March 31, 2019

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. In light of the decline in forecasted production volume and the decline in forecasted natural gas prices in the Americas, the recoverable amount of these groups of assets expected to decrease, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

Use	Location	Classification	Impairment loss (Millions of yen)
Assets related to Van Gogh Oil Field / Coniston Oil Field	Commonwealth of Australia	Wells	449
		Machinery, equipment and vehicles	6,503
		Construction in progress	3,116
		Other	15
		Subtotal	10,085
Assets related to the shale gas project in Canada	British Columbia, Canada	Buildings and structures	23
		Wells	4,580
		Other	4,999
		Subtotal	9,603
Other			5,547
Total			25,236

The recoverable amount of the assets related to Van Gogh Oil Field and Coniston Oil Field is reasonably estimated by discounting the future cash flows at a rate of 9.1%. The recoverable amount of the assets related to the shale gas project in Canada 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, 2018	For the year ended March 31, 2019
	Millions of yen	Millions of yen
Unrealized holding gain (loss) on securities		
Amount recognized during the period	4,951	(10,007)
Amount of reclassification adjustment	(0)	—
Before income tax effect	4,951	(10,007)
Amount of income tax effect	(1,240)	2,620
Unrealized holding gain (loss) on securities	3,711	(7,387)
Translation adjustments		
Amount recognized during the period	(68,261)	44,459
Amount of reclassification adjustment	(55)	1,635
Translation adjustments	(68,317)	46,094
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount recognized during the period	23,906	(21,234)
Amount of reclassification adjustment	391	224
Adjustment for acquisition cost of assets	141	1,581
Share of other comprehensive income of affiliates accounted for by the equity method	24,439	(19,429)
Total other comprehensive income	(40,166)	19,277

(Consolidated Statement of Changes in Net Assets)  
For the year ended March 31, 2018

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

	Balance as of April 1, 2017	Increase	Decrease	Balance as of March 31, 2018
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	1,966,500	—	—	1,966,500
Total	1,966,500	—	—	1,966,500

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 27, 2017	Common stock	13,143	9	March 31, 2017	June 28, 2017
	Class A stock	0	3,600	March 31, 2017	June 28, 2017
Board of directors' meeting November 8, 2017	Common stock	13,143	9	September 30, 2017	December 1, 2017
	Class A stock	0	3,600	September 30, 2017	December 1, 2017

(2) Dividends, whose record date was in the year ended March 31, 2018, and whose effective date will be in the next fiscal year

Resolution	Type of share	Source of dividends	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 26, 2018	Common stock	Retained earnings	13,143	9	March 31, 2018	June 27, 2018
	Class A stock	Retained earnings	0	3,600	March 31, 2018	June 27, 2018

For the year ended March 31, 2019

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

	Balance as of April 1, 2018	Increase	Decrease	Balance as of March 31, 2019
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	1,966,500	157,300	—	2,123,800
Total	1,966,500	157,300	—	2,123,800

(Note): 1. The increase of 157,300 shares in treasury stock of common stock was due to acquisition of the Company's shares by "the Board Incentive Plan Trust"

2. The number of treasury shares of common stock as of March 31, 2019 includes 157,300 shares of the Company held by "the Board Incentive Plan Trust".

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 26, 2018	Common stock	13,143	9	March 31, 2018	June 27, 2018
	Class A stock	0	3,600	March 31, 2018	June 27, 2018
Board of directors' meeting November 7, 2018	Common stock	13,143	9	September 30, 2018	December 3, 2018
	Class A stock	0	3,600	September 30, 2018	December 3, 2018

(Note): "Total dividend" as determined by the resolution of Board of Directors' meeting on November 7, 2018 includes ¥1 million of dividends on the Company's shares held by "the Board Incentive Plan Trust".

(2) Dividends, whose record date was in the year ended March 31, 2019, 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, 2019	Common stock	Retained earnings	21,905	15	March 31, 2019	June 26, 2019
	Class A stock	Retained earnings	0	6,000	March 31, 2019	June 26, 2019

(Note): "Total dividend" as determined by the resolution of Ordinary general meeting of shareholders on June 25, 2019 includes ¥2 million of dividends on the Company's shares held by "the Board Incentive Plan Trust".

(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, 2018	For the year ended March 31, 2019
	Millions of yen	Millions of yen
Cash and deposits	276,102	239,675
Time deposits for more than three months and others	(22)	(23)
Cash and cash equivalents	276,079	239,652



(Segment Information and Others)

(Segment information)

1. Overview of reportable segments

The reportable segments for the Group's oil and natural gas development activities are composed of individual mining area and others for which separate financial information is available in order for the Board of Directors to make Group management decisions.

Since the Group operates oil and natural gas businesses globally, the Group's reportable segments are the mining areas and others by geographical region, categorized in "Japan", "Asia & Oceania" (mainly Indonesia, Australia and East Timor), "Eurasia (Europe & NIS)" (mainly Azerbaijan and Kazakhstan), "Middle East & Africa" (mainly UAE) and "Americas."

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

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

Accounting policies for the reportable segments are substantially the same as those described in "Basis of Presenting Consolidated Financial Statements."

Internal sales between segments are based on prices for third-party transactions.

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

For the year ended March 31, 2018 (April 1, 2017 through March 31, 2018)

(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	120,059	148,836	88,597	565,243	10,964	933,701	—	933,701
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	120,059	148,836	88,597	565,243	10,964	933,701	—	933,701
Segment income (loss)	25,256	28,405	21,395	305,055	(10,656)	369,456	(12,093)	357,363
Segment assets	303,133	2,342,417	619,794	511,036	57,186	3,833,568	418,818	4,252,386
Other items								
Depreciation and amortization	17,941	14,053	9,691	36,892	12,900	91,480	1,325	92,805
Amortization of goodwill	—	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	1,980	237,959	915	31,712	—	272,567	298	272,866
Increase of tangible fixed assets and intangible assets	2,975	228,823	7,040	149,217	1,785	389,841	1,065	390,906

Note: 1. (1) Adjustments of segment income of ¥(12,093) million include elimination of inter-segment transactions of ¥17 million and corporate expenses of ¥(12,110) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

(2) Adjustments of segment assets of ¥418,818 million include elimination of inter-segment transactions of ¥(2) million and corporate assets of ¥418,820 million. Corporate assets are mainly goodwill, cash and deposits, investment securities and assets concerned with the administrative divisions that are not allocated to a reportable segment.

(3) Adjustments of depreciation and amortization of ¥1,325 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 investment to affiliates accounted for by the equity method of ¥298 million consist of investment to affiliates accounted for by the equity method not attributable to a reportable segment.

(6) Adjustments of increase of tangible fixed assets and intangible assets of ¥1,065 million consist mainly of capital expenditure to corporate assets.

2. Segment income is reconciled with operating income on the consolidated statement of income.

For the year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

(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	140,311	91,630	116,718	614,420	8,308	971,388	—	971,388
(2) Intercompany sales and transfers between segments	—	4,810	—	—	—	4,810	(4,810)	—
Total	140,311	96,440	116,718	614,420	8,308	976,199	(4,810)	971,388
Segment income (loss)	29,210	27,336	31,405	412,064	(8,751)	491,264	(16,983)	474,281
Segment assets	291,284	2,971,494	600,987	530,432	42,317	4,436,516	357,029	4,793,545
Other items								
Depreciation and amortization	17,561	34,134	7,092	38,769	7,957	105,515	1,384	106,899
Amortization of goodwill	—	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	1,921	301,699	8,117	22,771	—	334,511	1,473	335,984
Increase of tangible fixed assets and intangible assets	3,865	241,755	6,388	61,437	3,476	316,924	777	317,701

- Note: 1. (1) Adjustments of segment income of ¥(16,983) million include elimination of inter-segment transactions of ¥13 million and corporate expenses of ¥(16,996) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.
- (2) Adjustments of segment assets of ¥357,029 million include elimination of inter-segment transactions of ¥(1) million and corporate assets of ¥357,030 million. Corporate assets are mainly goodwill, cash and deposits, investment securities and assets concerned with the administrative divisions that are not allocated to a reportable segment.
- (3) Adjustments of depreciation and amortization of ¥1,384 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 investment to affiliates accounted for by the equity method of ¥1,473 million consist of investment to affiliates accounted for by the equity method not attributable to a reportable segment.
- (6) Adjustments of increase of tangible fixed assets and intangible assets of ¥777 million consist mainly of capital expenditure to corporate assets.
2. Segment income is reconciled with operating income on the consolidated statement of income.

(Relative information)

For the year ended March 31, 2018 (April 1, 2017 through March 31, 2018)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	710,277	202,054	6,047	15,322	933,701

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania	Other	Total
428,652	405,422	99,627	933,701

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
264,548	1,537,732	242,338	2,044,619

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
Shell International Eastern Trading Company	107,654	Middle East & Africa

For the year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	782,695	169,205	1,504	17,983	971,388

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania	Other	Total
423,090	378,956	169,342	971,388

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

(2) Tangible fixed assets

(Millions of yen)

Japan	Australia	UAE	Other	Total
245,338	1,774,223	228,920	30,512	2,278,994

### 3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
JXTG Nippon Oil & Energy Corporation	99,554	Middle East & Africa

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

For the year ended March 31, 2018 (April 1, 2017 through March 31, 2018)

(Millions of yen)

	Reportable segments						Eliminations and other	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Impairment loss	3,630	—	—	96	76,243	79,970	—	79,970

For the year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

(Millions of yen)

	Reportable segments						Eliminations and other	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Impairment loss	5,547	10,085	—	—	9,603	25,236	—	25,236

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

For the year ended March 31, 2018 (April 1, 2017 through March 31, 2018)

(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, 2018	—	—	—	—	(1,586)	(1,586)	55,623	54,037

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, 2019 (April 1, 2018 through March 31, 2019)

(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, 2019	—	—	—	—	(1,393)	(1,393)	48,670	47,276

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 for 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 and others have provided long-term loans for the construction or expansion of domestic gas infrastructure. The Company generally borrows loans with variable interest rates, while some loans are with a fixed interest rate depending on the nature of each project. Regarding the financing policy, the Company manages funds mainly from deposits and government bonds, which are considered to be of low-risk and high-liquidity. The Company limits the use of derivative transactions for managing risks of forecasted transactions and portfolio assets, and does not engage in speculative derivative transactions.

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

(Credit risk related to trade receivables)

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

(Market price fluctuation risk related to securities)

For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Executive Committee. For shares of stock, the Company mainly holds shares of trading partners and others to establish close and smooth relationships for the purpose of maintaining a medium- to long-term stable business. A part of these shares are held for the purpose of investment.

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

Loans are mainly used to fund oil and natural gas development projects and construction or expansion of domestic gas infrastructure and others. The borrowing period is determined considering the financial prospects of the project and useful lives of the facilities. Loans with variable interest rates are exposed to interest rate fluctuation risk, however, the Company analyzes the impact of interest rate fluctuation at the time of borrowing and on an annual basis, and leverages fixed-rate-loans or interest rate swaps as necessary.

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

As most of the Company's business is conducted overseas, 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. 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, 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 internal rules. 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 a monthly financing plan prepared by each project division and secures sufficient liquidity on hand to prepare for liquidity risk.

(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, 2018

(Millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	276,102	276,102	—
(2) Accounts receivable-trade	66,900	66,900	—
(3) Investment securities	58,253	58,253	—
(4) Long-term loans receivable	295,861	295,861	—
Total assets	697,117	697,117	—
(1) Short-term loans	71,250	69,588	(1,661)
(2) Long-term debt	627,326	600,954	(26,372)
Total liabilities	698,577	670,543	(28,034)
Derivatives (*)	50	50	—

(\*) 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, 2019

(Millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	239,675	239,675	—
(2) Accounts receivable-trade	92,217	92,217	—
(3) Investment securities	48,244	48,244	—
(4) Long-term loans receivable	592,786	592,786	—
Total assets	972,924	972,924	—
(1) Short-term loans	127,184	126,524	(660)
(2) Long-term debt	1,014,013	1,000,538	(13,474)
Total liabilities	1,141,197	1,127,062	(14,134)
Derivatives (*)	57	57	—

(\*) 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 the fair value of financial instruments

Assets

(1) Cash and deposits

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

(2) Accounts receivable-trade

Since the item is settled in a short period of time and its 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 loans receivable

The fair value of long-term loans receivable 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.

Liabilities

(1) Short-term loans

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

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, 2018	As of March 31, 2019
Unlisted securities	26,731	25,268
Stocks of subsidiaries and affiliates	282,432	345,550

These financial instruments are not included in "Assets (3) Marketable securities and investment securities" as they have no quoted market prices and it is extremely difficult to determine their fair value. For shares of exploration companies, an allowance for investments in exploration is provided 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, 2018

(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	276,102	—	—	—
Accounts receivable-trade	66,900	—	—	—
Long-term loans receivable	—	784	—	295,076
Total	343,002	784	—	295,076

As of March 31, 2019

(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	239,675	—	—	—
Accounts receivable-trade	92,217	—	—	—
Long-term loans receivable	—	2,005	2,005	588,775
Total	331,893	2,005	2,005	588,775

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, 2018

(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	5,109	—	—	—
Long-term debt	66,141	336,897	167,740	122,688
Lease obligations	56	78	0	—
Total	71,306	336,976	167,741	122,688

As of March 31, 2019

(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	127,184	—	—	—
Long-term debt	—	479,202	492,626	42,183
Lease obligations	31	48	—	—
Total	127,215	479,250	492,626	42,183



(Securities)

1. Other securities

As of March 31, 2018

(Millions of yen)

Type of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs			
(1) Stock	26,711	37,238	10,527
(2) Bonds	—	—	—
(3) Other	2,178	5,641	3,462
Subtotal	28,889	42,879	13,989
Securities with acquisition costs exceeding their carrying values			
(1) Stock	15,911	15,373	(537)
(2) Bonds	—	—	—
(3) Other	—	—	—
Subtotal	15,911	15,373	(537)
Total	44,800	58,253	13,452

As of March 31, 2019

(Millions of yen)

Type of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs			
(1) Stock	6,637	9,455	2,818
(2) Bonds	—	—	—
(3) Other	2,178	5,595	3,417
Subtotal	8,815	15,051	6,235
Securities with acquisition costs exceeding their carrying values			
(1) Stock	35,984	33,193	(2,791)
(2) Bonds	—	—	—
(3) Other	—	—	—
Subtotal	35,984	33,193	(2,791)
Total	44,800	48,244	3,444

2. Other securities sold for the fiscal years

For the year ended March 31, 2018

(Millions of yen)

Type of securities	Proceeds from sales	Gain on sales	Loss on sales
(1) Stock	0	—	—
(2) Bonds			
Public bonds	—	—	—
Corporate bonds	5,500	—	—
Other	—	—	—
(3) Other	—	—	—
Total	5,500	—	—

For the year ended March 31, 2019

None

(Derivative Transactions)

1. Derivatives not subject to hedge accounting

(1) Derivatives related to foreign currency

As of March 31, 2018

(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	42,494	—	50	50

(\*) Fair value is the price obtained from the counterparty financial institutions.

As of March 31, 2019

(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	44,254	—	57	57

(\*) Fair value is the price obtained from the counterparty financial institutions.

2. Derivatives subject to hedge accounting

(1) Derivatives related to interest rate

As of March 31, 2018

(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 estimated fair value of the long-term debt since the interest rate swap is treated together with long-term debt subject to hedging.

As of March 31, 2019

(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	—	(*)

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

(Per Share Information)

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

	For the year ended March 31, 2018	For the year ended March 31, 2019
(1) Net assets excluding non-controlling interests per share	¥ 1,997.24	¥ 2,058.95

	For the year ended March 31, 2018	For the year ended March 31, 2019
(2) Net income per share	¥ 27.64	¥ 65.81
(Calculation basis)		
Net income attributable to owners of parent (Millions of yen)	40,362	96,106
Amount not attributable to common shareholders (Millions of yen)	0	0
(of which Net income attributable to owners of parent related to Class A stock)	(0)	(0)
Net income attributable to owners of parent related to common shareholders (Millions of yen)	40,362	96,106
Average number of common stock (shares)	1,460,357,100	1,460,260,300

(Note): 1. Diluted net income per share is not presented because there are no dilutive potential of shares of common stock.

2. For the purpose of computing net assets excluding non-controlling interests per share, the Company's shares held by "the Board Incentive Plan Trust" recorded as treasury stock under shareholders' equity are included in the treasury stock to be deducted from the total number of shares issued at the end of the period. Additionally, in computing net income per share, above shares of the Company are included in the treasury stock to be deducted from the average number of shares during the period. The numbers of shares of treasury stock deducted from the total number of shares issued at the end of the period in computing net assets excluding non-controlling interests per share was 157,300 shares, and the numbers of shares of treasury stock deducted from the average number of shares during the period in computing net income per share was 96,800 shares.

(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.

#### 4. Non-Consolidated Financial Statements

##### (1) Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2018	As of March 31, 2019
(Assets)		
Current assets		
Cash and deposits	443	395
Accounts receivable-trade	21,577	15,588
Finished goods	2,409	2,250
Work in process and partly-finished construction	203	299
Raw materials and supplies	9,825	17,114
Advance payments-trade	49	718
Prepaid expenses	259	287
Short-term loans receivable from subsidiaries and affiliates	177,881	166,198
Deposit paid in subsidiaries and affiliates	523,907	701,826
Other	22,341	19,505
Allowance for doubtful accounts	(62,686)	(69,710)
Total current assets	696,212	854,474
Fixed assets		
Tangible fixed assets		
Buildings, net	16,231	15,134
Structures, net	169,047	160,852
Wells, net	642	7
Machinery and equipment, net	59,339	50,945
Vehicles, net	10	15
Tools, furniture and fixtures, net	1,574	1,042
Land	16,890	16,715
Leased assets, net	77	43
Construction in progress	816	328
Total tangible fixed assets	264,629	245,085
Intangible assets		
Goodwill	55,623	48,670
Mining right	2	2
Software	1,550	1,128
Other	3,973	3,732
Total intangible assets	61,150	53,533

(Millions of yen)

Accounts	As of March 31, 2018	As of March 31, 2019
Investments and other assets		
Investment securities	73,919	63,906
Investments in stock of subsidiaries and affiliates	1,787,811	1,909,580
Long-term loans receivable from employees	13	—
Long-term loans receivable from subsidiaries and affiliates	136,241	138,475
Long-term prepaid expenses	39	17
Deferred tax assets	—	4,269
Other	6,235	9,514
Allowance for doubtful accounts	(106)	(614)
Allowance for investments in exploration	(107,183)	(112,492)
Total investments and other assets	1,896,970	2,012,656
Total fixed assets	2,222,751	2,311,276
Total assets	2,918,963	3,165,750
(Liabilities)		
Current liabilities		
Accounts payable-trade	12,361	7,819
Short-term loans payable	33,515	—
Current portion of long-term debt	38,560	87,680
Lease obligations	41	18
Accounts payable-other	23,863	16,582
Accrued expenses	3,142	4,486
Income taxes payable	3,528	1,873
Advances received	18	174
Deposits payable	257	2,103
Deposits received from subsidiaries and affiliates	1,984	3,100
Accrued bonuses to officers	62	96
Provision for loss on business	9,887	9,971
Asset retirement obligations	128	78
Other	248	467
Total current liabilities	127,600	134,454

(Millions of yen)

Accounts	As of March 31, 2018	As of March 31, 2019
Long-term liabilities		
Long-term debt	361,402	596,838
Lease obligations	44	26
Deferred tax liabilities	3,183	1,140
Accrued retirement benefits to employees	5,449	5,563
Provision for stocks payment	—	21
Provision for loss on business of subsidiaries and affiliates	8,188	17,781
Provision for loss on guarantees of subsidiaries and affiliates	26,693	23,657
Asset retirement obligations	2,964	4,450
Other	169	195
Total long-term liabilities	408,097	649,676
Total liabilities	535,697	784,130
(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	2,105	2,105
Reserve for special depreciation	3,404	2,269
Mine prospecting reserve	13,213	9,428
Retained earnings brought forward	1,044,989	1,055,837
Total retained earnings	1,063,713	1,069,641
Treasury stock	(5,248)	(5,434)
Total shareholders' equity	2,373,077	2,378,819
Valuation, translation adjustments and others		
Unrealized holding gain on securities	10,188	2,800
Total valuation, translation adjustments and others	10,188	2,800
Total net assets	2,383,265	2,381,619
Total liabilities and net assets	2,918,963	3,165,750

## (2) Non-Consolidated Statement of Income

(Millions of yen)

Accounts	For the year ended March 31, 2018	For the year ended March 31, 2019
Net sales	233,574	136,137
Cost of sales	144,627	80,684
Gross profit	88,947	55,452
Exploration expenses	519	146
Selling, general and administrative expenses	42,036	42,485
Operating income	46,390	12,821
Other income		
Interest Income	14,567	13,668
Dividend income	31,650	37,995
Guarantee commission received	17,764	19,408
Foreign exchange gain	—	924
Other	2,824	2,065
Total other income	66,807	74,062
Other expenses		
Interest expenses	9,119	12,526
Loss on valuation of shares of subsidiaries and affiliates	18,303	—
Provision of allowance for doubtful accounts	36,757	7,018
Provision of allowance for investment loss in exploration	3,546	11,120
Provision for loss on business	3,264	84
Provision for loss on business of subsidiaries and affiliates	351	7,878
Provision for loss on guarantees of subsidiaries and affiliates	2,086	4,085
Foreign exchange loss	6,958	—
Other	2,674	4,712
Total other expenses	83,062	47,426
Ordinary income	30,136	39,457
Extraordinary income		
Gain on extinguishment of tie-in shares	—	760
Total extraordinary income	—	760
Extraordinary loss		
Impairment loss	3,630	5,547
Total extraordinary loss	3,630	5,547
Income before income taxes	26,506	34,671
Income taxes-current	19,958	6,149
Income taxes-deferred	4,783	(3,692)
Total income taxes	24,741	2,456
Net income	1,764	32,214

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

For the year ended March 31, 2018

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Other retained earnings			
				Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	Mine prospecting reserve	Retained earnings brought forward
Balance at the beginning of the period	290,809	1,023,802	1,023,802	2,108	4,536	10,035	1,071,554
Changes during the period							
Reversal of reserve for advanced depreciation of non-current assets				(3)			3
Reversal of reserve for special depreciation					(1,132)		1,132
Provision of mine prospecting reserve						6,528	(6,528)
Reversal of mine prospecting reserve						(3,350)	3,350
Cash dividends paid							(26,286)
Net income							1,764
Purchase of treasury stock							
Other changes in items other than those in shareholders' equity(net)							
Total changes during the period	—	—	—	(3)	(1,132)	3,177	(26,564)
Balance at the end of the period	290,809	1,023,802	1,023,802	2,105	3,404	13,213	1,044,989



	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	
	Total retained earnings					
Balance at the beginning of the period	1,088,235	(5,248)	2,397,599	6,476	6,476	2,404,076
Changes during the period						
Reversal of reserve for advanced depreciation of non-current assets	—		—			—
Reversal of reserve for special depreciation	—		—			—
Provision of mine prospecting reserve	—		—			—
Reversal of mine prospecting reserve	—		—			—
Cash dividends paid	(26,286)		(26,286)			(26,286)
Net income	1,764		1,764			1,764
Purchase of treasury stock		—	—			—
Other changes in items other than those in shareholders' equity(net)				3,711	3,711	3,711
Total changes during the period	(24,522)	—	(24,522)	3,711	3,711	(20,810)
Balance at the end of the period	1,063,713	(5,248)	2,373,077	10,188	10,188	2,383,265

For the year ended March 31, 2019

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Other retained earnings			
				Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	Mine prospecting reserve	Retained earnings brought forward
Balance at the beginning of the period	290,809	1,023,802	1,023,802	2,105	3,404	13,213	1,044,989
Changes during the period							
Reversal of reserve for advanced depreciation of non-current assets				—			—
Reversal of reserve for special depreciation					(1,134)		1,134
Provision of mine prospecting reserve						3,769	(3,769)
Reversal of mine prospecting reserve						(7,553)	7,553
Cash dividends paid							(26,286)
Net income							32,214
Purchase of treasury stock							
Other changes in items other than those in shareholders' equity(net)							
Total changes during the period	—	—	—	—	(1,134)	(3,784)	10,847
Balance at the end of the period	290,809	1,023,802	1,023,802	2,105	2,269	9,428	1,055,837

	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	
	Total retained earnings					
Balance at the beginning of the period	1,063,713	(5,248)	2,373,077	10,188	10,188	2,383,265
Changes during the period						
Reversal of reserve for advanced depreciation of non-current assets	—		—			—
Reversal of reserve for special depreciation	—		—			—
Provision of mine prospecting reserve	—		—			—
Reversal of mine prospecting reserve	—		—			—
Cash dividends paid	(26,286)		(26,286)			(26,286)
Net income	32,214		32,214			32,214
Purchase of treasury stock		(186)	(186)			(186)
Other changes in items other than those in shareholders' equity(net)				(7,388)	(7,388)	(7,388)
Total changes during the period	5,927	(186)	5,741	(7,388)	(7,388)	(1,646)
Balance at the end of the period	1,069,641	(5,434)	2,378,819	2,800	2,800	2,381,619

(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

## 5. 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, 2018	For the year ended March 31, 2019
Japan	Crude oil	1.4 MMbbls (3.7 Mbbls per day)	1.3 MMbbls (3.5 Mbbls per day)
	Natural gas	53.1 Bcf (145.6 MMcf per day)	48.0 Bcf (131.6 MMcf per day)
	Subtotal	11.3 MMboe (31.1 Mboe per day)	10.3 MMboe (28.2 Mboe per day)
	Iodine	554.5 tons	560.7 tons
	Electric power generation	198.1 million kWh	204.7 million kWh
Asia & Oceania	Crude oil	7.8 MMbbls (21.4 Mbbls per day)	6.9 MMbbls (18.9 Mbbls per day)
	Natural gas	136.8 Bcf (374.9 MMcf per day)	146.0 Bcf (400.1 MMcf per day)
	Subtotal	33.4 MMboe (91.4 Mboe per day)	34.3 MMboe (94.1 Mboe per day)
	Electric power generation	205.1 million kWh	402.3 million kWh
Eurasia (Europe & NIS)	Crude oil	15.1 MMbbls (41.5 Mbbls per day)	17.0 MMbbls (46.5 Mbbls per day)
	Natural gas	7.8 Bcf (21.4 MMcf per day)	10.0 Bcf (27.4 MMcf per day)
	Subtotal	16.5 MMboe (45.3 Mboe per day)	18.7 MMboe (51.3 Mboe per day)
	Sulfur	23.4 Mtons	87.7 Mtons
Middle East & Africa	Crude oil	93.9 MMbbls (257.2 Mbbls per day)	84.4 MMbbls (231.2 Mbbls per day)
Americas	Crude oil	2.0 MMbbls (5.4 Mbbls per day)	1.2 MMbbls (3.2 Mbbls per day)
	Natural gas	39.3 Bcf (107.8 MMcf per day)	32.8 Bcf (89.9 MMcf per day)
	Subtotal	9.1 MMboe (24.9 Mboe per day)	7.1 MMboe (19.5 Mboe per day)
Total	Crude oil	120.1 MMbbls (329.1 Mbbls per day)	110.7 MMbbls (303.3 Mbbls per day)
	Natural gas	237.1 Bcf (649.7 MMcf per day)	236.9 Bcf (649.0 MMcf per day)
	Subtotal	164.2 MMboe (449.9 Mboe per day)	154.9 MMboe (424.3 Mboe per day)
	Iodine	554.5 tons	560.7 tons
	Electric power generation	403.3 million kWh	606.9 million kWh
	Sulfur	23.4 Mtons	87.7 Mtons

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 139.9 MMbbls (383.4 Mbbls per day) of crude oil, 286.7 Bcf (785.3 MMcf per day) of natural gas, and in total 193.2 MMboe (529.4 Mboe per day) for the year ended March 31, 2018, and 124.9 MMbbls (342.2 Mbbls per day) of crude oil, 253.4 Bcf (694.2 MMcf per day) of natural gas, and in total 172.0 MMboe (471.1 Mboe per day) for the year ended March 31, 2019.

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, 2018		For the year ended March 31, 2019	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	940 Mbbls	6,299	789 Mbbls	6,478
	Natural gas (excluding LPG)	79,243 MMcf	98,431	80,930 MMcf	115,939
	LPG	5 Mbbls	38	4 Mbbls	29
	Other		15,290		17,862
	Subtotal		120,059		140,311
Asia & Oceania	Crude oil	6,554 Mbbls	42,771	5,621 Mbbls	40,975
	Natural gas (excluding LPG)	137,371 MMcf	100,056	106,703 MMcf	49,180
	LPG	1,181 Mbbls	6,009	200 Mbbls	1,474
	Subtotal		148,836		91,630
Eurasia (Europe & NIS)	Crude oil	13,266 Mbbls	87,226	15,115 Mbbls	114,622
	Natural gas (excluding LPG)	7,808 MMcf	1,339	9,996 MMcf	1,974
	Other		31		120
	Subtotal		88,597		116,718
Middle East & Africa	Crude oil	90,412 Mbbls	565,243	78,048 Mbbls	614,420
Americas	Crude oil	1,710 Mbbls	8,737	930 Mbbls	6,198
	Natural gas (excluding LPG)	40,394 MMcf	2,227	35,223 MMcf	2,110
	Subtotal		10,964		8,308
Total	Crude oil	112,882 Mbbls	710,277	100,503 Mbbls	782,695
	Natural gas (excluding LPG)	264,816 MMcf	202,054	232,851 MMcf	169,205
	LPG	1,186 Mbbls	6,047	204 Mbbls	1,504
	Other		15,322		17,983
	Total		933,701		971,388

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.

Customer	For the year ended March 31, 2019	
	Amount (Millions of yen)	Ratio (%)
JXTG Nippon Oil & Energy Corporation	99,554	10.2