INPEX

INPEX CORPORATION

Consolidated Financial Results for the year ended March 31, 2018 [Japanese GAAP]

May 10, 2018

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
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Scheduled date of ordinary general meeting of shareholders : June 26, 2018
Scheduled date of filing Financial Report : June 27, 2018
Scheduled date of payment of cash dividends : June 27, 2018
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, 2018 (April 1, 2017 - March 31, 2018)

(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	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	933,701	6.8	357,363	6.2	387,269	16.0	40,362	(12.6)
March 31, 2017	874,423	(13.4)	336,452	(13.8)	333,891	(10.9)	46,168	175.2

(Note): Consolidated comprehensive income: for the year ended March 31, 2018, ¥(42,266) million; (—%)
for the year ended March 31, 2017, ¥43,905 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, 2018	27.64	—	1.4	9.0	38.3
March 31, 2017	31.61	—	1.6	7.7	38.5

(Reference): Equity in earnings (losses) of affiliates: for the year ended March 31, 2018, ¥ 4,192 million
for the year ended March 31, 2017, ¥ 2,175 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, 2018	4,255,565	3,158,868	68.5	1,997.24
As of March 31, 2017	4,312,174	3,207,542	68.3	2,015.38

(Reference): Net assets excluding non-controlling interests: as of March 31, 2018, ¥ 2,916,680 million
as of March 31, 2017, ¥ 2,943,169 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, 2018	278,539	(351,908)	34,742	276,079
March 31, 2017	275,810	53,483	(65,428)	316,790

2. Dividends

	Cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total			
For the year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2017	—	9.00	—	9.00	18.00	26,286	56.9	0.9
March 31, 2018	—	9.00	—	9.00	18.00	26,286	65.1	0.9
For the year ending March 31, 2019 (forecast)	—	9.00	—	9.00	18.00		54.8	

(Note): As of the beginning of the fiscal year, the Company expects an ¥18 dividend per common stock in total for the year ending March 31, 2019, and additionally plans to issue a commemorative dividend of ¥6 per share following the Ichthys LNG Project's start-up and shipment of cargo. For Class A stock dividends, please refer to the exhibit "Dividends of Class A stock."

3. Forecasted Consolidated Operating Results for the year ending March 31, 2019 (April 1, 2018 - March 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, 2018	384,000	(14.3)	165,000	(11.2)	165,000	(15.6)	12,000	(60.2)	8.22
For the year ending March 31, 2019	860,000	(7.9)	377,000	5.5	371,000	(4.2)	48,000	18.9	32.87

*Notes

(1) Significant changes in scope of consolidation : Yes

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

Newly included:INPEX Financial Services Singapore PTE. LTD., JODCO Lower Zakum Limited

(Two companies)

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

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

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,462,323,600 shares as of March 31, 2018
   1,462,323,600 shares as of March 31, 2017
2. Number of treasury stock at the end of the period: 1,966,500 shares as of March 31, 2018
   1,966,500 shares as of March 31, 2017
3. Average number of shares: 1,460,357,100 shares for the year ended March 31, 2018
   1,460,357,146 shares for the year ended March 31, 2017

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	233,574	(9.5)	46,390	(28.4)	30,136	(75.4)	1,764	(98.0)
March 31, 2017	258,160	(20.6)	64,792	(24.1)	122,317	118.0	88,920	949.4

	Net income per share—basic	Net income per share—diluted
For the year ended	Yen	Yen
March 31, 2018	1.21	—
March 31, 2017	60.89	—

(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, 2018	2,918,963	2,383,265	81.6	1,631.97
As of March 31, 2017	3,137,704	2,404,076	76.6	1,646.22

(Reference): Net assets: as of March 31, 2018, ¥ 2,383,265 million
as of March 31, 2017, ¥ 2,404,076 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 March 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, 2017	—	3,600.00	—	3,600.00	7,200.00
March 31, 2018	—	3,600.00	—	3,600.00	7,200.00
For the year ending March 31, 2019 (forecast)	—	3,600.00	—	3,600.00	7,200.00

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock (unlisted), no stock split was implemented. The article, which shows that dividends of Class A stock are equivalent to dividends of a common stock prior to the stock split, is specified in the Articles of Incorporation. As of the beginning of the fiscal year, the Company expects a ¥7,200 dividend per Class A stock for the year ending March 31, 2019, and additionally plans to issue a commemorative dividend per Class A stock similarly to the common stock, following the Ichthys LNG Project's start-up and shipment of cargo.

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1. Summary of Operating Results and other

(1) Summary of Consolidated Operating Results

In the fiscal year ended March 31, 2018, the global economy overall continued to gradually recover thanks to steady economies in Europe and the United States and economic recovery in China and other Asian markets despite uncertainty caused by geopolitical risks. The Japanese economy continued on its trajectory of moderate recovery as consumption per capita and capital expenditures showed signs of recovery as corporate earnings, employment rates and the income environment 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$53.12 per barrel on April 1, 2017 and continued on a downward trend, eventually falling to US$44.82 per barrel in late June over concerns of crude oversupply following reports on the recovery of crude oil production in Libya and Nigeria in addition to (observations of) high U.S. crude inventory figures and growing U.S. shale oil production.

Thereafter, in July the index rebounded with the easing of oversupply concerns as Nigeria voluntarily capped its production capacity and Saudi Arabia announced cuts in its August export shipments at the Joint OPEC-Non-OPEC Ministerial Monitoring Committee. The index continued to climb to a record high of US$70.53 in late January.

Although Brent crude then fell temporarily to US$62.59 over renewed concerns of excess supply following Iran's production output increase and U.S. shale [nc1] oil production hitting a record high in February, the index rose again in March driven by bullish factors such as Saudi Arabia and others conveying their intention to continue their collective production reduction into 2019 while achieving an all-time record in February in terms of the production cut compliance rate. Brent crude ultimately closed out the fiscal year at US$70.27 per barrel on March 31, 2018.

Meanwhile, in Japan, crude oil and petroleum product prices shifted in correlation with international oil prices. The INPEX Group's average crude oil sales price for the fiscal year ended March 31, 2018 reflected this shift and rose to US$56.30 per barrel, up US$9.89 from the previous fiscal year.

The foreign exchange market, another important factor that affects the business of our Group, began to trade at ¥111 level against the U.S. dollar. After that, Current Employment Statistics (CES) in early-April was lower than the market forecast and geopolitical risk in Middle East and East Asia was getting higher, the yen appreciated to ¥108 level against the U.S. dollar. However, because Emmanuel Macron won French Presidential election in May and the concern about political situation in Europe pulled back, the yen depreciated to ¥114 level against the U.S. dollar.

In summer, the yen has remained in steadiness roughly lower ¥109 to lower ¥114 level against the U.S. dollar. After that, European Central Bank (ECB) showed the possibility to change an easy-money policy and the Euro appreciated against the U.S. dollar. At the beginning of September, because of Hurricane in the U.S. and geopolitical risk in Asia, the yen appreciated to ¥107 level against the U.S. dollar. At the end of 2017, the yen picked up to ¥112 level against the U.S. dollar through the balance-sheet shrinking by Federal Reserve Board (FRB) in September and the rise in interest-rate in December.

However, in 2018, through Treasury Secretary Steven Mnuchin's statement that a weaker dollar is good for U.S. trade, increase in volatility and the stock price crash by the result of CES in February and concern about trade protectionism, the yen appreciate to mid ¥104 level. TTM closed at ¥106.27 to the U.S. dollar which turned out to be ¥5.93 higher than that of the fiscal year end of March 31, 2017.

Reflecting these situations, the average sales exchange rate for our Group for this fiscal year was ¥111.27 against the U.S. dollar, which is ¥2.67 lower than that of the previous fiscal year.

Consolidated net sales for the year ended March 31, 2018 increased by ¥59.2 billion, or 6.8%, to ¥933.7 billion from the previous fiscal year due to an increase in crude oil price.

Net sales of crude oil increased by ¥93.0 billion, or 15.1%, to ¥710.2 billion, and net sales of natural gas decreased by ¥34.4 billion, or 14.2%, to ¥208.1 billion.

Sales volume of crude oil decreased by 9,325 thousand barrels, or 7.6%, to 112,882 thousand barrels. Sales volume of natural gas decreased by 78,178 million cf, or 22.8%, to 264,816 million cf. Sales volume of overseas natural gas decreased by 86,126 million cf, or 31.7%, to 185,573 million cf, and sales volume of domestic natural gas increased by 213 million ㎥, or 11.1%, to 2,123 million ㎥ (79,243 million cf).

The average sales price of overseas crude oil increased by US$9.89, or 21.3%, to US$56.30 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US$0.15, or 2.9%, to US$5.04 per thousand cf. In addition, the average sales price of domestic natural gas increased by ¥3.00, or 6.9%, to ¥46.36 per ㎥. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales depreciated by ¥2.67, or 2.5%, to ¥111.27 per U.S. dollar from the corresponding period of the previous fiscal year.

The increase of ¥59.2 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 ¥88.7 billion, an increase in unit sales price contributing ¥127.9 billion to the increase, the depreciation of the Japanese yen against the U.S. dollar contributing ¥19.3 billion to the increase, and

an increase in net sales excluding crude oil and natural gas of ¥0.6 billion.
Cost of sales for the year ended March 31, 2018 increased by ¥44.1 billion, or 9.7%, to ¥498.0 billion due to an increase in royalty and others. Exploration expenses decreased by ¥5.4 billion, or 80.3%, to ¥1.3 billion. Selling, general and administrative expenses decreased by ¥0.4 billion, or 0.5%, to ¥76.9 billion. As a result, operating income increased by ¥20.9 billion, or 6.2%, to ¥357.3 billion.
Other income (expenses) improved by ¥32.4 billion, due mainly to posting gain on reversal of allowance for recoverable accounts under production sharing, meanwhile, posting provision for allowance for recoverable accounts under production sharing for the previous fiscal year. As a result, ordinary income increased by ¥53.3 billion, or 16.0%, to ¥387.2 billion.
Extraordinary loss was ¥79.9 billion as a result of posting impairment loss for certain projects due to a drop in future outlook of natural gas prices in Americas.
Total amount of current income taxes and deferred income taxes increased by ¥38.0 billion, or 14.0%, to ¥309.3 billion, and net loss attributable to non-controlling interests was ¥42.4 billion. As a result of the above effects, net income attributable to owners of parent for the year ended March 31, 2018 decreased by ¥5.8 billion, or 12.6%, to ¥40.3 billion.

Financial results by segment are as follows:

1) Japan
Net sales increased by ¥17.3 billion, or 16.9%, to ¥120.0 billion due to increases in sales volume and sales prices of crude oil and natural gas. Operating income increased by ¥7.2 billion, or 40.0%, to ¥25.2 billion.
2) Asia & Oceania
Net sales decreased by ¥69.2 billion, or 31.8%, to ¥148.8 billion due to a decrease in sales volume, despite an increase in sales prices of crude oil and natural gas, and the depreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥23.1 billion, or 44.9%, to ¥28.4 billion.
3) Eurasia (Europe & NIS)
Net sales increased by ¥28.4 billion, or 47.2%, to ¥88.5 billion due to increases in sales volume and sales price of crude oil, and the depreciation of the Japanese yen against the U.S. dollar. Operating income increased by ¥9.2 billion, or 76.6%, to ¥21.3 billion.
4) Middle East & Africa
Net sales increased by ¥83.0 billion, or 17.2%, to ¥565.2 billion due to an increase in sales price of crude oil and the depreciation of the Japanese yen against the U.S. dollar, despite a decrease in sales volume. Operating income increased by ¥28.1 billion, or 10.2%, to ¥305.0 billion.
5) Americas
Net sales decreased by ¥0.3 billion, or 2.9%, to ¥10.9 billion due to a decrease in sales volume of crude oil, despite the depreciation of the Japanese yen against the U.S. dollar. Operating loss increased by ¥1.2 billion, or 13.8%, to ¥10.6 billion.

(2) Summary of Consolidated Financial Position
Consolidated total assets as of March 31, 2018 decreased by ¥56.6 billion to ¥4,255.5 billion from ¥4,312.1 billion as of March 31, 2017. Current assets decreased by ¥473.3 billion to ¥469.5 billion due to a decrease in cash and deposits and others. Fixed assets increased by ¥416.7 billion to ¥3,785.9 billion due to increases in tangible fixed assets, investments and other assets and others.
Meanwhile, total liabilities decreased by ¥7.9 billion to ¥1,096.6 billion from ¥1,104.6 billion as of March 31, 2017. Current liabilities increased by ¥11.7 billion to ¥309.1 billion and long-term liabilities decreased by ¥19.6 billion to ¥787.5 billion.
Net assets decreased by ¥48.6 billion, to ¥3,158.8 billion. Total shareholders' equity increased by ¥11.3 billion, to ¥2,568.2 billion. Total accumulated other comprehensive income decreased by ¥37.8 billion to ¥348.4 billion and non-controlling interests in net assets decreased by ¥22.1 billion to ¥242.1 billion.

(3) Summary of Cash Flows

As for cash flows for the year ended March 31, 2018, net cash provided by operating activities increased by ¥2.7 billion to ¥278.5 billion from the previous fiscal year due mainly to an increase in impairment loss (non-cash), despite a decrease in income before income taxes and an increase in income taxes paid.

Net cash used in investing activities was ¥351.9 billion due to a decrease in proceeds from time deposits, and an increase in payments for purchases of mining rights and others, meanwhile, net cash provided by investing activities was ¥53.4 billion for the previous fiscal year.

Net cash provided by financing activities was ¥34.7 billion due to increases in proceeds from long-term debt and proceeds from non-controlling interests for additional shares and others, meanwhile, net cash used in financing activities was ¥65.4 billion for the previous fiscal year.

After totaling ¥2.0 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, 2018 amounted to ¥40.7 billion. Cash and cash equivalents as of March 31, 2018 totaled ¥276.0 billion reflecting the above net decrease of ¥40.7 billion, from ¥316.7 billion at the end of the previous fiscal year.

(4) Outlook for the Next Period

As for the company's financial outlook, consolidated net sales for the six months ending September 30, 2018 are expected to decrease 14.3% year-on-year to ¥384.0 billion, and net sales for the year ending March 31, 2019 are expected to decrease 7.9% year-on-year to ¥860.0 billion.

Operating income for the six months ending September 30, 2018 is expected to decrease 11.2% year-on-year to ¥165.0 billion, while operating income for the year ending March 31, 2019 is expected to increase 5.5% year-on-year to ¥377.0 billion.

Ordinary income for the six months ending September 30, 2018 is expected to decrease 15.6% year-on-year to ¥165.0 billion, and ordinary income for the year ending March 31, 2019 is expected to decrease 4.2% year-on-year to ¥371.0 billion. Net income attributable to INPEX CORPORATION for the six months ending September 30, 2018 is expected to decrease 60.2% year-on-year to ¥12.0 billion, while net income attributable to INPEX CORPORATION for the year ending March 31, 2019 is expected to increase 18.9% year-on-year to ¥48.0 billion.

Net sales for the year ending March 31, 2019 are expected to fall due to an expected drop in crude oil sales volume. While operating income for the year ending March 31, 2019 is expected to rise on the back of a lower cost of sales ratio, ordinary income for the year ending March 31, 2019 is expected to drop due mainly to the absence of temporary profit as posted in the year ended March 31, 2018. Net income attributable to INPEX CORPORATION for the year ending March 31, 2019 is expected to increase 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 ¥105 to the U.S. dollar through the fiscal year ending March 31, 2019.

(5) Dividends for the year ended March 31, 2018 and for the year ending March 31, 2019

The INPEX CORPORATION Group has set the year-end dividend at ¥9 per common stock for the year ended March 31, 2018. Combined with the mid-term dividend of ¥9 per common stock, the total dividend for the year ended March 31, 2018 is ¥18 per common stock. Also in accordance with its dividend policy, the Group has set the year-end dividend of ¥3,600 per Class A stock for the year ended 31, 2018. Combined with the mid-term dividend of ¥3,600 per Class A stock (unlisted), the total dividend for the year ended March 31, 2018 is ¥7,200 per Class A stock.

For the year ending March 31, 2019, the Group expects mid-term and year-end dividends each of ¥9, bringing the total dividend to ¥18 per common stock and additionally plans to issue a commemorative dividend of ¥6 per common stock following the Ichthys LNG Project's start-up and shipment of cargo. The Group expects mid-term and year-end dividends of ¥3,600 each, bringing the total dividend to ¥7,200 per Class A stock, and additionally plans to issue a commemorative dividend per Class A stock similarly to the common stock, following the Ichthys LNG Project's start-up and shipment of cargo.

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 shows that dividends of Class A stock are equivalent to dividends of a common stock 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, 2017	As of March 31, 2018
(Assets)		
Current assets		
Cash and deposits	※4 652,614	※4 276,102
Accounts receivable-trade	72,364	66,900
Marketable securities	5,503	—
Inventories	※1,※4 30,720	※1,※4 32,321
Deferred tax assets	7,264	3,231
Accounts receivable-other	83,291	71,014
Recoverable accounts under production sharing	47,263	—
Other	※4 68,403	※4 40,997
Less allowance for doubtful accounts	(20,763)	(20,984)
Less allowance for recoverable accounts under production sharing	(3,701)	—
Total current assets	942,960	469,582
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	214,575	201,045
Wells, net	44,980	38,323
Machinery, equipment and vehicles, net	120,713	99,472
Land	19,189	19,098
Construction in progress	1,511,660	1,678,743
Other, net	17,478	7,936
Total tangible fixed assets	※2,※4,※5 1,928,597	※2,※4,※5 2,044,619
Intangible assets		
Goodwill	60,798	54,037
Exploration and development rights	154,556	153,168
Mining rights	298,370	328,086
Other	7,528	6,210
Total intangible assets	521,253	541,502
Investments and other assets		
Investment securities	※3,※4 246,085	※3,※4 367,417
Long-term loans receivable	※4 134,235	※4 295,861
Recoverable accounts under production sharing	611,937	589,098
Deferred tax assets	25,750	20,263
Other	※4 29,248	※4 11,359
Less allowance for doubtful accounts	(8,282)	(849)
Less allowance for recoverable accounts under production sharing	(116,842)	(81,625)
Less allowance for investments in exploration	(2,769)	(1,664)
Total investments and other assets	919,362	1,199,860
Total fixed assets	3,369,213	3,785,982
Total assets	4,312,174	4,255,565

(Millions of yen)

Accounts	As of March 31, 2017	As of March 31, 2018
(Liabilities)		
Current liabilities		
Accounts payable-trade	51,105	45,675
Short-term loans	44,252	71,250
Income taxes payable	45,219	17,234
Accounts payable-other	73,721	94,360
Provision for loss on business	2,920	9,887
Provision for exploration projects	4,478	4,005
Accrued bonuses to officers	62	62
Asset retirement obligations	4,301	407
Other	71,403	66,310
Total current liabilities	297,465	309,194
Long-term liabilities		
Long-term debt	643,432	627,326
Deferred tax liabilities	45,615	35,619
Accrued special repair and maintenance	331	380
Liability for retirement benefits	5,952	5,937
Asset retirement obligations	104,845	111,128
Other	6,989	7,110
Total long-term liabilities	807,166	787,502
Total liabilities	1,104,631	1,096,696
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	676,273	673,574
Retained earnings	1,595,018	1,609,094
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	2,556,852	2,568,230
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	6,479	10,217
Unrealized gain (loss) from hedging instruments	717	25,724
Translation adjustments	379,119	312,507
Total accumulated other comprehensive income	386,316	348,449
Non-controlling interests	264,372	242,188
Total net assets	3,207,542	3,158,868
Total liabilities and net assets	4,312,174	4,255,565

(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, 2017	For the year ended March 31, 2018
Net sales	874,423	933,701
Cost of sales	※2 453,846	※2 498,039
Gross profit	420,576	435,662
Exploration expenses	6,734	1,327
Selling, general and administrative expenses	※1,※2 77,389	※1,※2 76,971
Operating income	336,452	357,363
Other income		
Interest income	10,460	6,477
Dividend income	2,802	4,778
Gain on sales of investment securities	4,999	—
Equity in earnings of affiliates	2,175	4,192
Gain on reversal of allowance for recoverable accounts under production sharing	—	17,528
Compensation income	—	12,625
Other	18,652	9,664
Total other income	39,090	55,266
Other expenses		
Interest expense	5,228	7,075
Provision of allowance for doubtful accounts	8,308	—
Provision for allowance for recoverable accounts under production sharing	14,374	—
Provision for loss on business	—	3,264
Foreign exchange loss	3,759	10,472
Other	9,980	4,547
Total other expenses	41,651	25,360
Ordinary income	333,891	387,269
Extraordinary loss		
Impairment loss	※3 6,366	※3 79,970
Total extraordinary loss	6,366	79,970
Income before income taxes	327,525	307,299
Income taxes-current	304,620	308,351
Income taxes-deferred	(33,227)	1,048
Total income taxes	271,393	309,399
Net income (loss)	56,131	(2,100)
Net income (loss) attributable to non-controlling interests	9,963	(42,462)
Net income attributable to owners of parent	46,168	40,362

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the year ended March 31, 2017	For the year ended March 31, 2018
Net income (loss)	56,131	(2,100)
Other comprehensive income		
Unrealized holding gain on securities	1,522	3,711
Translation adjustments	(19,867)	(68,317)
Share of other comprehensive income of affiliates accounted for by the equity method	6,119	24,439
Total other comprehensive income	※1 (12,225)	※1 (40,166)
Comprehensive income	43,905	(42,266)
Total comprehensive income attributable to		
Owners of parent	36,564	2,495
Non-controlling interests	7,341	(44,762)

(3) Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2017

(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	1,575,136	(5,248)	2,536,971
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			46,168		46,168
Purchase of treasury stock				(0)	(0)
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	19,881	(0)	19,881
Balance at the end of the period	290,809	676,273	1,595,018	(5,248)	2,556,852

	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	4,958	(6,660)	397,622	395,921	245,910	3,178,803
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						46,168
Purchase of treasury stock						(0)
Net changes in items other than those in shareholders' equity	1,521	7,377	(18,503)	(9,604)	18,462	8,857
Total changes during the period	1,521	7,377	(18,503)	(9,604)	18,462	28,739
Balance at the end of the period	6,479	717	379,119	386,316	264,372	3,207,542

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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	327,525	307,299
Depreciation and amortization	91,159	92,805
Impairment loss	6,366	79,970
Amortization of goodwill	6,760	6,760
Provision for allowance for recoverable accounts under production sharing	15,934	(21,190)
Provision for exploration projects	(240)	(458)
Other provisions	7,144	6,810
Liability for retirement benefits	(1,483)	19
Interest and dividend income	(13,262)	(11,255)
Interest expense	5,228	7,075
Foreign exchange loss (gain)	4,896	11,048
Equity in losses (earnings) of affiliates	(2,175)	(4,192)
Loss (gain) on sales of investment securities	(4,999)	—
Recovery of recoverable accounts under production sharing (capital expenditures)	79,873	53,465
Recoverable accounts under production sharing (operating expenditures)	(2,823)	9,632
Accounts receivable-trade	(16,350)	2,846
Inventories	5,592	(2,097)
Accounts payable-trade	4,299	20,604
Accounts receivable-other	11,569	(287)
Accounts payable-other	4,181	12,221
Advances received	280	4,848
Other	23,311	12,467
Subtotal	552,790	588,395
Interest and dividends received	18,773	24,459
Interest paid	(2,911)	(5,077)
Income taxes paid	(292,840)	(329,238)
Net cash provided by (used in) operating activities	275,810	278,539

(Millions of yen)

Accounts	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash flows from investing activities		
Payments for time deposits	(355,238)	(259,990)
Proceeds from time deposits	921,781	593,900
Payments for purchases of tangible fixed assets	(278,359)	(271,324)
Proceeds from sales of tangible fixed assets	4,610	236
Payments for purchases of intangible assets	(21,953)	(1,364)
Payments for purchases of investment securities	(80,224)	(127,785)
Proceeds from sales and redemptions of investment securities	10,600	—
Investment in recoverable accounts under production sharing (capital expenditures)	(37,325)	(24,135)
Decrease (increase) in short-term loans receivable	(1,322)	50
Long-term loans made	(133,478)	(172,533)
Collection of long-term loans receivable	275	273
Payments for purchases of mining rights	—	(100,906)
Other	24,118	11,671
Net cash provided by (used in) investing activities	53,483	(351,908)
Cash flows from financing activities		
Increase (decrease) in short-term loans	(96)	392
Proceeds from long-term debt	11,760	77,612
Repayments of long-term debt	(62,903)	(39,250)
Proceeds from non-controlling interests for additional shares	16,109	27,570
Cash dividends paid	(26,286)	(26,291)
Cash dividends paid to non-controlling interests	(3,939)	(2,523)
Other	(72)	(2,766)
Net cash provided by (used in) financing activities	(65,428)	34,742
Effect of exchange rate changes on cash and cash equivalents	(887)	(2,083)
Net increase (decrease) in cash and cash equivalents	262,977	(40,711)
Cash and cash equivalents at beginning of the period	53,813	316,790
Cash and cash equivalents at end of the period	※1 316,790	※1 276,079

(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: 64

Names of major subsidiaries;
Japan Oil Development Co., Ltd., INPEX Alpha, Ltd., INPEX Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX Gas British Columbia 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: 3

Details for the above changes:
1) JODCO Lower Zakum Limited has been newly included due to establishment of the company.

2) INPEX Financial Services Singapore PTE. LTD. and INPEX E&P Mexico, S.A. de C.V. have been newly included due to an increase in materiality of the companies.

3) INPEX West Congo Petroleum, Ltd. and INPEX UK Ltd. have been excluded due to completion of liquidation.

4) INPEX Natuna Ltd. has been excluded due to execution of share transfer.

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: 20
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 48 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 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.

(e) Accrued bonuses to officers

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

(f) Provision for loss on business

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

(g) Accrued special repair and maintenance

Accrued special repair and maintenance are provided for planned major repair and maintenance activities on tanks in certain subsidiaries at the 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, 2018. 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)

(Consolidated Statement of Income)

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

As a result, ¥4,786 million which was recorded as "Loss on disposal of fixed assets" in other expenses on the consolidated statement of income in the previous fiscal year is reclassified as "Other".

(Consolidated Balance Sheet)

*1 Major accounts included in inventories

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
Merchandise and finished goods	6,861	8,095
Work in process	99	291
Raw materials and supplies	23,759	23,934

*2 Accumulated depreciation of tangible fixed assets

	As of March 31, 2017	As of March 31, 2018
Accumulated depreciation of tangible fixed assets	¥ 762,321 million	¥ 825,311 million

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

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
Investment securities (equities)	163,526	282,432
(of which investment in jointly controlled entities)	(62,417)	(181,935)

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

Collateralized Assets

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
Cash and deposits	222	3,763
Inventories	8,533	7,910
Land	149	141
Construction in progress	1,119,049	1,245,155
Investment securities	62,492	182,049
Long-term loans receivable	131,261	293,788
Other	10,147	4,101
Total	1,331,855	1,736,911

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

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

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
Buildings and structures	1,393	1,393
Machinery, equipment and vehicles	207	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, 2017		As of March 31, 2018	
	Millions of yen		Millions of yen
Ichthys LNG Pty Ltd*1	562,236	Ichthys LNG Pty Ltd*1	533,241
Tangguh Trustee*2	18,997	Tangguh Trustee*2	19,982
Sakhalin Oil and Gas Development Co., Ltd.	2,046	Sakhalin Oil and Gas Development Co., Ltd.	1,938
Japan Canada Oil Sands Limited	1,683	Japan Canada Oil Sands Limited	1,594
Oceanic Breeze LNG Transport S.A.	216	Oceanic Breeze LNG Transport S.A.	209
Employees (housing loans)	51	Employees (housing loans)	33
Total	585,233		556,998

*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 for the year ended March 31, 2018 includes the amount (¥9,154 million) for the construction of Train-3, based on the Company's participating interest as the guarantor of indebtedness.)

(2) Guarantee for derivatives

	As of March 31, 2017	As of March 31, 2018
Ichthys LNG Pty Ltd	¥ (212) million	¥ ― million

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

(3) Completion guarantee

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

	As of March 31, 2017	As of March 31, 2018
Completion guarantee (the Company's portion)	¥ 903,862 million	¥ 857,530 million

(Consolidated Statement of Income)

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

	For the year ended March 31, 2017	For the year ended March 31, 2018
	Millions of yen	Millions of yen
Personnel expenses	21,737	23,427
(Including provision for accrued retirement benefits to employees	671	1,160)
(Including provision for accrued bonuses to officers	62	62)
Taxes	3,078	4,506
Freight expenses	9,862	11,117
Depreciation expenses	20,124	18,606
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, 2017	For the year ended March 31, 2018
¥ 1,983 million	¥ 978 million

*3 Impairment loss

For the year ended March 31, 2017

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

Use	Location	Classification	Impairment loss (Millions of yen)
Assets related to the shale gas project in Canada	British Columbia, Canada	Buildings and structures	225
		Wells	1,689
		Machinery, equipment and vehicles	421
		Mining rights	268
		Other	27
		Subtotal	2,630
Assets related to Yabase Oil Field	Akita City, Akita, etc.	Buildings and structures	650
		Wells	11
		Machinery, equipment and vehicles	906
		Land	442
		Other	17
		Subtotal	2,027
Assets related to South Natuna Sea Block B	Republic of Indonesia	Exploration and development rights	1,702
Other			6
Total			6,366

The recoverable amount of the assets related to the shale gas project in the Horn River area is reasonably estimated by discounting the future cash flows at a rate of 8.3%. The recoverable amount of the assets related to South Natuna Sea Block B is estimated at zero. The recoverable assets of the land related to Yabase Oil Field is estimated by the net realized value of the assets (of which based on reasonably adjusted the valuation amount for real estate tax purposes), and the others are estimated at zero.

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 recoverble 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 the Horn River, Cordova and Liard areas is reasonably estimated by discounting the future cash flows at rates ranging from 9.9% to 16.2%.

(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, 2017	For the year ended March 31, 2018
	Millions of yen	Millions of yen
Unrealized holding gain (loss) on securities		
Amount recognized during the period	8,327	4,951
Amount of reclassification adjustment	(5,029)	(0)
Before income tax effect	3,297	4,951
Amount of income tax effect	(1,775)	(1,240)
Unrealized holding gain (loss) on securities	1,522	3,711
Translation adjustments		
Amount recognized during the period	(19,877)	(68,261)
Amount of reclassification adjustment	9	(55)
Translation adjustments	(19,867)	(68,317)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount recognized during the period	(2,837)	23,906
Amount of reclassification adjustment	(553)	391
Adjustment for acquisition cost of assets	9,510	141
Share of other comprehensive income of affiliates accounted for by the equity method	6,119	24,439
Total other comprehensive income	(12,225)	(40,166)

(Consolidated Statement of Changes in Net Assets)
For the year ended March 31, 2017

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

	Balance as of April 1, 2016	Increase	Decrease	Balance as of March 31, 2017
Number of shares				
Common stock	1,462,323,600	—	—	1,462,323,600
Class A stock	1	—	—	1
Total	1,462,323,601	—	—	1,462,323,601
Treasury stock				
Common stock	1,966,400	100	—	1,966,500
Total	1,966,400	100	—	1,966,500

(Note):The increase of 100 shares in treasury stock of common stock was due to purchase of less-than-one -voting-unit shares.

2. Share subscription rights
None

3. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders June 28, 2016	Common stock	13,143	9	March 31, 2016	June 29, 2016
	Class A stock	0	3,600	March 31, 2016	June 29, 2016
Board of directors' meeting November 11, 2016	Common stock	13,143	9	September 30, 2016	December 1, 2016
	Class A stock	0	3,600	September 30, 2016	December 1, 2016

(2) Dividends, whose record date was in the year ended March 31, 2017, 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 27, 2017	Common stock	Retained earnings	13,143	9	March 31, 2017	June 28, 2017
	Class A stock	Retained earnings	0	3,600	March 31, 2017	June 28, 2017

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

(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, 2017	For the year ended March 31, 2018
	Millions of yen	Millions of yen
Cash and deposits	652,614	276,102
Time deposits for more than three months and others	(335,823)	(22)
Cash and cash equivalents	316,790	276,079

(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 marketing activities for 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."

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

For the year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

(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	102,659	218,099	60,191	482,182	11,290	874,423	—	874,423
(2) Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	102,659	218,099	60,191	482,182	11,290	874,423	—	874,423
Segment income (loss)	18,033	51,565	12,112	276,870	(9,360)	349,221	(12,769)	336,452
Segment assets	320,852	1,997,494	600,854	446,791	137,119	3,503,111	809,062	4,312,174
Other items								
Depreciation and amortization	16,991	21,622	10,327	29,297	11,405	89,645	1,513	91,159
Amortization of goodwill	—	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	1,965	116,619	252	34,772	—	153,611	280	153,892
Increase of tangible fixed assets and intangible assets	15,082	197,957	19,870	42,967	3,329	279,207	573	279,780

Note: 1. (1) Adjustments of segment income of ¥(12,769) million include elimination of inter-segment transactions of ¥13 million and corporate expenses of ¥(12,782) 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 ¥809,062 million include elimination of inter-segment transactions of ¥(2) million and corporate assets of ¥809,064 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 ¥1,513 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 ¥280 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 ¥573 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, 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	2,343,012	622,221	511,194	57,186	3,836,747	418,818	4,255,565
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.

(Relative information)

For the year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	617,194	235,793	6,781	14,653	874,423

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania	Other	Total
409,945	387,959	76,518	874,423

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
282,442	1,390,187	255,968	1,928,597

3. Information by major customer

None

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
SIETCO	107,654	Middle East & Africa

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

For the year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

(Millions of yen)

	Reportable segments						Eliminations and other	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Impairment loss	2,033	1,702	—	—	2,630	6,366	—	6,366

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

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

For the year ended March 31, 2017 (April 1, 2016 through March 31, 2017)

(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, 2017	—	—	—	—	(1,778)	(1,778)	62,576	60,798

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, 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.

(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. For 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, 2017 (Millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	652,614	652,696	81
(2) Accounts receivable-trade	72,364	72,364	—
(3) Marketable securities and Investment securities	58,801	58,801	—
Total assets	783,780	783,861	81
(1) Short-term loans	44,252	43,967	(285)
(2) Long-term debt	643,432	635,082	(8,349)
Total liabilities	687,684	679,049	(8,635)
Derivatives (*)	43	43	—

(*) 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, 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.

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

Assets

(1) Cash and deposits

The fair value of current portion of long-term time deposits included in cash and deposits, is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new deposit is entered into. For the other cash and deposits, the relevant carrying value is used since the item is settled in a short period of time and its market value is almost the same as the carrying value.

(2) Accounts receivable-trade

Since the item is settled in a short period of time and 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, 2017	As of March 31, 2018
Unlisted securities	29,260	26,731
Stocks of subsidiaries and affiliates	163,526	282,432

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, 2017 (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	652,614	—	—	—
Accounts receivable-trade	72,364	—	—	—
Marketable securities				
Other securities:				
Public bonds	—	—	—	—
Corporate bonds	5,500	—	—	—
Other bonds	—	—	—	—
Other	—	—	—	—
Total	730,479	—	—	—

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
	343,002	784	—	295,076

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, 2017 (Millions of yen)

	1 year or less	More than 1 year but less than 5 years	More than 5 years but less than 10 years	More than 10 years
Short-term loans	4,947	—	—	—
Long-term debt	39,304	353,524	199,194	90,713
Lease obligations	64	112	0	—
Total	44,317	353,636	199,194	90,713

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

(Securities)

1. Other securities

As of March 31, 2017 (Millions of yen)

Type of securities	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs			
(1) Stock	33,904	40,368	6,464
(2) Bonds			
Public bonds	—	—	—
Corporate bonds	5,500	5,503	3
Other	—	—	—
(3) Other	2,178	4,963	2,784
Subtotal	41,583	50,835	9,252
Securities with acquisition costs exceeding their carrying values			
(1) Stock	8,717	7,965	(751)
(2) Bonds			
Public bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	8,717	7,965	(751)
Total	50,300	58,801	8,500

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			
Public bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(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			
Public bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	15,911	15,373	(537)
Total	44,800	58,253	13,452

2. Other securities sold for the fiscal years

For the year ended March 31, 2017 (Millions of yen)

Type of securities	Proceeds from sales	Gain on sales	Loss on sales
(1) Stock	10,600	4,999	—
(2) Bonds			
Public bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	10,600	4,999	—

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	—	—

(Derivative Transactions)

1. Derivatives not subject to hedge accounting

(1) Derivatives related to foreign currency

As of March 31, 2017 (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	39,981	—	43	43

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

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.

2. Derivatives subject to hedge accounting

(1) Derivatives related to interest rate

As of March 31, 2017 (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, 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.

(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, 2017	For the year ended March 31, 2018
(1) Net assets excluding non-controlling interests per share	¥ 2,015.38	¥ 1,997.24

	For the year ended March 31, 2017	For the year ended March 31, 2018
(2) Net income per share	¥ 31.61	¥ 27.64
(Calculation basis)		
Net income attributable to owners of parent (Millions of yen)	46,168	40,362
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)	46,168	40,362
Average number of common stock (shares)	1,460,357,146	1,460,357,100

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

(Significant Subsequent Events)

None

(Omissions of Disclosure)

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

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2017	As of March 31, 2018
(Assets)		
Current assets		
Cash and deposits	617,554	443
Accounts receivable-trade	22,403	21,577
Marketable securities	5,503	—
Finished goods	2,233	2,409
Work in process and partly-finished construction	58	203
Raw materials and supplies	9,701	9,825
Advance payments-trade	72	49
Prepaid expenses	401	259
Short-term loans receivable from subsidiaries and affiliates	420,507	177,881
Deposit paid in subsidiaries and affiliates	—	523,907
Deferred tax assets	5,758	—
Recoverable accounts under production sharing	47,263	—
Other	37,249	22,341
Allowance for doubtful accounts	(23,547)	(62,686)
Allowance for investments in exploration	(11,158)	—
Allowance for recoverable accounts under production sharing	(3,701)	—
Total current assets	1,130,302	696,212
Fixed assets		
Tangible fixed assets		
Buildings, net	17,119	16,231
Structures, net	176,747	169,047
Wells, net	1,218	642
Machinery and equipment, net	65,711	59,339
Vehicles, net	16	10
Tools, furniture and fixtures, net	2,263	1,574
Land	16,984	16,890
Leased assets, net	120	77
Construction in progress	3,047	816
Total tangible fixed assets	283,229	264,629
Intangible assets		
Goodwill	62,576	55,623
Mining right	2	2
Software	2,080	1,550
Other	3,982	3,973
Total intangible assets	68,642	61,150

(Millions of yen)

Accounts	As of March 31, 2017	As of March 31, 2018
Investments and other assets		
Investment securities	68,964	73,919
Investments in stock of subsidiaries and affiliates	1,491,638	1,787,811
Long-term loans receivable from employees	10	13
Long-term loans receivable from subsidiaries and affiliates	210,091	136,241
Long-term prepaid expenses	50	39
Other	7,386	6,235
Allowance for doubtful accounts	(17,490)	(106)
Allowance for investments in exploration	(105,122)	(107,183)
Total investments and other assets	1,655,530	1,896,970
Total fixed assets	2,007,401	2,222,751
Total assets	3,137,704	2,918,963
(Liabilities)		
Current liabilities		
Accounts payable-trade	2,956	12,361
Short-term loans payable	—	33,515
Current portion of long-term debt	10,176	38,560
Lease obligations	53	41
Accounts payable-other	13,867	23,863
Accrued expenses	2,781	3,142
Income taxes payable	9,902	3,528
Deferred tax liabilities	—	575
Advances received	44	18
Deposits payable	270	257
Deposits received from subsidiaries and affiliates	337,339	1,984
Accrued bonuses to officers	62	62
Provision for loss on business	2,920	9,887
Asset retirement obligations	163	128
Other	129	248
Total current liabilities	380,666	128,175

(Millions of yen)

Accounts	As of March 31, 2017	As of March 31, 2018
Long-term liabilities		
Long-term debt	333,708	361,402
Lease obligations	86	44
Deferred tax liabilities	2,919	2,608
Accrued retirement benefits to employees	5,506	5,449
Provision for loss on business of subsidiaries and affiliates	7,568	8,188
Provision for loss on guarantees of subsidiaries and affiliates	—	26,693
Asset retirement obligations	2,985	2,964
Other	187	169
Total long-term liabilities	352,961	407,521
Total liabilities	733,627	535,697
(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	2,108	2,105
Reserve for special depreciation	4,536	3,404
Mine prospecting reserve	10,035	13,213
Retained earnings brought forward	1,071,554	1,044,989
Total retained earnings	1,088,235	1,063,713
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	2,397,599	2,373,077
Valuation, translation adjustments and others		
Unrealized holding gain on securities	6,476	10,188
Total valuation, translation adjustments and others	6,476	10,188
Total net assets	2,404,076	2,383,265
Total liabilities and net assets	3,137,704	2,918,963

(2) Non-Consolidated Statement of Income

(Millions of yen)

Accounts	For the year ended March 31, 2017	For the year ended March 31, 2018
Net sales	258,160	233,574
Cost of sales	148,521	144,627
Gross profit	109,639	88,947
Exploration expenses	3,879	519
Selling, general and administrative expenses	40,967	42,036
Operating income	64,792	46,390
Other income		
Interest Income	20,472	14,567
Dividend income	87,273	31,650
Guarantee commission received	17,574	17,764
Other	12,715	2,824
Total other income	138,036	66,807
Other expenses		
Interest expenses	4,179	9,119
Loss on valuation of shares of subsidiaries and affiliates	42,246	18,303
Provision of allowance for doubtful accounts	14,546	36,757
Provision of allowance for investment loss in exploration	4,479	3,546
Provision for loss on business	—	3,264
Provision for loss on business of subsidiaries and affiliates	2,423	351
Provision for loss on guarantees of subsidiaries and affiliates	—	2,086
Foreign exchange loss	7,137	6,958
Other	5,497	2,674
Total other expenses	80,511	83,062
Ordinary income	122,317	30,136
Extraordinary loss		
Impairment loss	2,033	3,630
Total extraordinary loss	2,033	3,630
Income before income taxes	120,283	26,506
Income taxes-current	38,559	19,958
Income taxes-deferred	(7,196)	4,783
Total income taxes	31,362	24,741
Net income	88,920	1,764

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

For the year ended March 31, 2017

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings			
				Other retained earnings			
		Legal capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	Reserve for overseas investment loss	Mine prospecting reserve
Balance at the beginning of the period	290,809	1,023,802	1,023,802	225	7,480	35,226	20,448
Changes during the period							
Provision of reserve for advanced depreciation of non-current assets				1,937			
Reversal of reserve for advanced depreciation of non-current assets				(54)			
Reversal of reserve for special depreciation					(2,943)		
Reversal of reserve for overseas investment loss						(35,226)	
Provision of mine prospecting reserve							5,322
Reversal of mine prospecting reserve							(15,734)
Cash dividends paid							
Net income							
Purchase of treasury stock							
Other changes in items other than those in shareholders' equity(net)							
Total changes during the period	—	—	—	1,883	(2,943)	(35,226)	(10,412)
Balance at the end of the period	290,809	1,023,802	1,023,802	2,108	4,536	—	10,035

	Shareholders' equity				Valuation, translation adjustments and others		Total net assets
	Retained earnings		Treasury stock	Total Shareholders' equity	Unrealized holding gain on securities	Total valuation, translation adjustments and others	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at the beginning of the period	962,221	1,025,601	(5,248)	2,334,965	4,954	4,954	2,339,920
Changes during the period							
Provision of reserve for advanced depreciation of non-current assets	(1,937)	—		—			—
Reversal of reserve for advanced depreciation of non-current assets	54	—		—			—
Reversal of reserve for special depreciation	2,943	—		—			—
Reversal of reserve for overseas investment loss	35,226	—		—			—
Provision of mine prospecting reserve	(5,322)	—		—			—
Reversal of mine prospecting reserve	15,734	—		—			—
Cash dividends paid	(26,286)	(26,286)		(26,286)			(26,286)
Net income	88,920	88,920		88,920			88,920
Purchase of treasury stock			(0)	(0)			(0)
Other changes in items other than those in shareholders' equity(net)					1,522	1,522	1,522
Total changes during the period	109,333	62,634	(0)	62,634	1,522	1,522	64,156
Balance at the end of the period	1,071,554	1,088,235	(5,248)	2,397,599	6,476	6,476	2,404,076

For the year ended March 31, 2018

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings			
				Other retained earnings			
		Legal capital surplus	Total capital surplus	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	Reserve for overseas investment loss	Mine prospecting reserve
Balance at the beginning of the period	290,809	1,023,802	1,023,802	2,108	4,536	—	10,035
Changes during the period							
Provision of reserve for advanced depreciation of non-current assets							
Reversal of reserve for advanced depreciation of non-current assets				(3)			
Reversal of reserve for special depreciation					(1,132)		
Reversal of reserve for overseas investment loss						—	
Provision of mine prospecting reserve							6,528
Reversal of mine prospecting reserve							(3,350)
Cash dividends paid							
Net income							
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
Balance at the end of the period	290,809	1,023,802	1,023,802	2,105	3,404	—	13,213

	Shareholders' equity				Valuation, translation adjustments and others		Total net assets
	Retained earnings		Treasury stock	Total Shareholders' equity	Unrealized holding gain on securities	Total valuation, translation adjustments and others	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at the beginning of the period	1,071,554	1,088,235	(5,248)	2,397,599	6,476	6,476	2,404,076
Changes during the period							
Provision of reserve for advanced depreciation of non-current assets		—		—			—
Reversal of reserve for advanced depreciation of non-current assets	3	—		—			—
Reversal of reserve for special depreciation	1,132	—		—			—
Reversal of reserve for overseas investment loss	—	—		—			—
Provision of mine prospecting reserve	(6,528)	—		—			—
Reversal of mine prospecting reserve	3,350	—		—			—
Cash dividends paid	(26,286)	(26,286)		(26,286)			(26,286)
Net income	1,764	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	(26,564)	(24,522)	—	(24,522)	3,711	3,711	(20,810)
Balance at the end of the period	1,044,989	1,063,713	(5,248)	2,373,077	10,188	10,188	2,383,265

(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, 2017	For the year ended March 31, 2018
Japan	Crude oil	1.3 MMbbls (3.5 Mbbls per day)	1.4 MMbbls (3.7 Mbbls per day)
	Natural gas	48.2 Bcf (132.0 MMcf per day)	53.1 Bcf (145.6 MMcf per day)
	Subtotal	10.3 MMboe (28.3 Mboe per day)	11.3 MMboe (31.1 Mboe per day)
	Iodine	565.2 tons	554.5 tons
	Electric power generation	203.2 million kWh	198.1 million kWh
Asia & Oceania	Crude oil	13.1 MMbbls (36.0 Mbbls per day)	7.8 MMbbls (21.4 Mbbls per day)
	Natural gas	244.1 Bcf (668.7 MMcf per day)	136.8 Bcf (374.9 MMcf per day)
	Subtotal	59.2 MMboe (162.3 Mboe per day)	33.4 MMboe (91.4 Mboe per day)
	Electric power generation	6.3 million kWh	205.1 million kWh
Eurasia (Europe & NIS)	Crude oil	11.6 MMbbls (31.8 Mbbls per day)	15.1 MMbbls (41.5 Mbbls per day)
	Natural gas	1.9 Bcf (5.3 MMcf per day)	7.8 Bcf (21.4 MMcf per day)
	Subtotal	11.9 MMboe (32.7Mboe per day)	16.5 MMboe (45.3Mboe per day)
	Sulfur	—	23.4 Mtons
Middle East & Africa	Crude oil	98.5 MMbbls (269.8 Mbbls per day)	93.9 MMbbls (257.2 Mbbls per day)
Americas	Crude oil	2.7 MMbbls (7.3 Mbbls per day)	2.0 MMbbls (5.4 Mbbls per day)
	Natural gas	42.6 Bcf (116.7 MMcf per day)	39.3 Bcf (107.8 MMcf per day)
	Subtotal	10.3 MMboe (28.3 Mboe per day)	9.1 MMboe (24.9 Mboe per day)
Total	Crude oil	127.1 MMbbls (348.3 Mbbls per day)	120.1 MMbbls (329.1 Mbbls per day)
	Natural gas	336.8 Bcf (922.7 MMcf per day)	237.1 Bcf (649.7 MMcf per day)
	Subtotal	190.3 MMboe (521.3 Mboe per day)	164.2 MMboe (449.9 Mboe per day)
	Iodine	565.2 tons	554.5 tons
	Electric power generation	209.5 million kWh	403.3 million kWh
	Sulfur	—	23.4 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 150.5 MMbbls (412.2 Mbbls per day) of crude oil, 422.9 Bcf (1,158.6 MMcf per day) of natural gas, and in total 229.9 MMboe (629.8 Mboe per day) for the year ended March 31, 2017, and 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.
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, 2017		For the year ended March 31, 2018	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	900 Mbbls	5,148	940 Mbbls	6,299
	Natural gas (excluding LPG)	71,295 MMcf	82,829	79,243 MMcf	98,431
	LPG	5 Mbbls	27	5 Mbbls	38
	Other		14,653		15,290
	Subtotal		102,659		120,059
Asia & Oceania	Crude oil	12,246 Mbbls	61,260	6,554 Mbbls	42,771
	Natural gas (excluding LPG)	230,183 MMcf	150,084	137,371 MMcf	100,056
	LPG	1,855 Mbbls	6,753	1,181 Mbbls	6,009
	Subtotal		218,099		148,836
Eurasia (Europe & NIS)	Crude oil	11,336 Mbbls	59,915	13,266 Mbbls	87,226
	Natural gas (excluding LPG)	1,947 MMcf	275	7,808 MMcf	1,339
	Other		—		31
	Subtotal		60,191		88,597
Middle East & Africa	Crude oil	95,495 Mbbls	482,182	90,412 Mbbls	565,243
Americas	Crude oil	2,230 Mbbls	8,686	1,710 Mbbls	8,737
	Natural gas (excluding LPG)	39,569 MMcf	2,603	40,394 MMcf	2,227
	Subtotal		11,290		10,964
Total	Crude oil	122,207 Mbbls	617,194	112,882 Mbbls	710,277
	Natural gas (excluding LPG)	342,994 MMcf	235,793	264,816 MMcf	202,054
	LPG	1,860 Mbbls	6,781	1,186 Mbbls	6,047
	Other		14,653		15,322
	Total		874,423		933,701

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, 2018	
	Amount (Millions of yen)	Ratio (%)
SIETCO	107,654	11.5