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To Those Shareholders with Voting Rights:

Disclosure on the Internet accompanying the Notice of the 12th Ordinary General Meeting of Shareholders

12th Fiscal Year (April 1, 2017 to March 31, 2018)

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INPEX CORPORATION

The content of this document is posted on the website of INPEX CORPORATION (“the Company”) (https://www.inpex.co.jp/english/), pursuant to laws, regulations, and Article 27 of the Articles of Incorporation of the Company.

- **Business Report**

Systems for Ensuring Proper Operations of the Company and Status of Operations of such Systems

Overview of systems to Ensure that the Execution of the Duties by Directors of the Company Complies with Laws and Regulations and the Articles of Incorporation of the Company, and Other Systems for Ensuring the Proper Operations of the Company and the INPEX Group, and Development and Status of Operations of such Systems

[Resolutions of the Company regarding the Development of the Systems for Ensuring Proper Operations (Internal Control Systems)]

The following is a summary of the resolutions of the Company, regarding the "Development of the Systems for Ensuring the Proper Operations as a Stock Company (Internal Control Systems)." This summary reflects a partial revision made by a resolution of the Board of Directors meeting held on March 26, 2018.

(1) Systems to Ensure that Directors and Employees of the Company Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

To ensure that Directors and employees of the Company execute their duties in compliance with applicable laws and regulations and the Articles of Incorporation, the Company shall develop a Corporate Social Responsibility Principles and Business Principles and establish a system to ensure complete compliance.

The Company shall establish a Compliance Committee consisting of full-time Directors and Executive Officers, etc., to deliberate basic policies or other important matters related to compliance. By monitoring the implementation of such policies and ensuring thorough dissemination through in-house training, etc., the Company ensures that its Directors and employees comply with laws and regulations and the Articles of Incorporation in the execution of their duties. Furthermore, the Company shall establish an internal whistle-blowing system with a department in charge and external experts (lawyers) as providers of consultation services.

In order to ensure effective compliance systems and relevant internal rules, the Company shall also verify and evaluate such systems and make the necessary improvements through audits, etc., carried out by the internal audit department which reports directly to the President & CEO and other related in-house departments or external experts. Based on the internal audit regulations, the internal audit department, which reports directly to the President & CEO, shall report the results of audit of the previous fiscal year and the audit plan for the current fiscal year to the Board of Directors.

Furthermore, the Company shall develop a system to ensure the accuracy and reliability of financial reporting, and employ such system properly while evaluating its effectiveness.

(2) Systems for the Storage and Management of Information Related to the Execution of Duties by Directors of the Company

In accordance with applicable laws and regulations, the Articles of Incorporation and internal rules, among others, the Directors shall develop a system for information security administration, and appropriately store and manage documents and other information related to the execution of their duties.

(3) Rules and Other Systems for Risk Management of the Company

To manage diverse risks related to the INPEX Group's business activities, Directors shall cooperate closely with the related departments to identify, analyze and evaluate such risks, and manage them in accordance with internal rules and guidelines, etc.

Furthermore, the functioning and other aspects of the risk management related to daily operations shall be verified and evaluated through audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company and other related in-house departments or an external expert, and continually reviewed in response to changes in the business environment.

(4) Systems to Ensure the Efficient Execution of Duties by Directors of the Company

In order to ensure that the systems to execute Directors' duties efficiently are in place, the Directors shall manage business operations with particular attention to the following:

1) With regard to certain major corporate decisions, an Executive Committee meeting attended by full-time Directors and Managing Executive Officers shall be held weekly and as necessary to ensure that the duties are executed promptly and properly.

2) With regard to the execution of daily duties, the authority of the President & CEO shall be delegated in accordance with the Board of Directors' Regulations and other internal regulations, and the persons in charge at each level shall execute their duties promptly.

Furthermore, the Board of Directors shall formulate the long-term management outlook and medium-term plans, and receive progress reports on the plans and targets. The Company has adopted a division system and assigns Directors as a head of each division in order to achieve efficient management of business operations and establish a responsibility structure. Each division shall implement initiatives, which are important milestones of the business environment, while taking into account important risks and their countermeasures, so as to realize goals in the medium-term plan and other targets. The Executive Committee shall receive progress reports on the plans and targets.

(5) Systems to Ensure the Proper Operations of the INPEX Group

1) Systems for Reporting the Company Matters Related to the Execution of Duties by Directors or Other Equivalent Managerial Staff (hereinafter "Directors, etc.,") of the Company's Subsidiaries

In accordance with the internal rules on group management, the Company shall enter into agreements regarding group management with its subsidiaries, under which the Company requires that important matters of each subsidiary shall be reported to and approved by the Company.

2) Rules and Other Systems for Risk Management of the Company's Subsidiaries

For risk management of the subsidiaries of the Company, in accordance with the internal rules on group management, the Company shall conduct group-wide risk management via mutual cooperation with each subsidiary.

Furthermore, the Company shall require its subsidiaries to cooperate in audits, etc., carried out by the internal audit department under the direct control of the President & CEO of the Company and other related in-house departments or an external expert to verify and evaluate the management of risks related to the daily operations of the subsidiaries. Based on the results of such verification and evaluation, the Company shall have its subsidiaries conduct continuous review of their risk management in response to changes in the business environment.

3) Systems to Ensure the Efficient Execution of Duties by Directors, etc., of the Company's Subsidiaries

To ensure the efficient execution of duties by Directors, etc., of the Company's subsidiaries, the long-term management outlook and medium-term plan shall be shared among all the INPEX Group companies. Under the vision, the Company shall have its subsidiaries manage human resources and monetary resources efficiently and manage business operations in accordance with the Company's internal rules, etc., with particular attention to the following:

i) Important matters of a subsidiary of the Company shall be determined by resolution of the Board of Directors meetings of the subsidiary or by consultation among the Directors of the subsidiary.

ii) Authority for the execution of daily duties by the Company's subsidiaries shall be delegated based on regulations stipulating the administrative authority of subsidiaries, and the persons in charge at each level shall execute their duties promptly.

4) Systems to Ensure that Directors, etc., and Employees of the Company's Subsidiaries Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

The Company shall establish a compliance system (including an internal whistle-blowing system) that is applied to the entire Group, and this system shall be widely deployed and disseminated to all directors, auditors and other equivalent managerial staff, as well as to employees of the Company's subsidiaries.

In cooperation with its subsidiaries, the Company shall conduct audits, etc., of the subsidiaries, carried out by the internal audit department under the direct control of the President & CEO of the Company and other related in-house departments or an external expert.

The Company shall strive to establish a system to ensure that Directors, etc., and employees of the subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation, and enter into agreements regarding group management with its subsidiaries in accordance with the internal rules on group management.

(6) Matters Regarding Employees Who Assist the Audit & Supervisory Board Members of the Company with Auditing Duties in Cases Where the Audit & Supervisory Board Member of the Company Requests the Assignment of Such Employees, Matters Regarding the Independence of Such Employees from Directors of the Company and Matters Related to Ensure the Effectiveness of Instructions Given to Such Employees

The Company has set up the Audit & Supervisory Board Members' Office as an independent organization from the business execution departments and shall deploy dedicated employees to assist the Audit &

Supervisory Board Members with auditing duties in order to enhance the effectiveness of audits by Audit & Supervisory Board Members.

The employees who assist the Audit & Supervisory Board Members' duties shall follow instructions from the Audit & Supervisory Board Members. Performance appraisals, personnel changes and disciplinary action against such employees assisting the Audit & Supervisory Board Members shall require approval of the Audit & Supervisory Board Members beforehand.

(7) Systems for Reporting to the Audit & Supervisory Board Members of the Company

The Directors and employees of the Company, directors, auditors or other equivalent managerial staff, as well as employees of the Company's subsidiaries, or persons who receive a report from them, shall report and provide information to the Audit & Supervisory Board Members of the Company as to the matters provided by laws and regulations, matters that might have a significant impact on the Company and its Group companies, and other matters that an Audit & Supervisory Board Member of the Company has determined to be reported to execute his/her duties.

Also, the Audit & Supervisory Board Members of the Company shall always be able to obtain business information whenever needed by attending the Board of Directors' meetings and other important internal meetings, as well as receiving internal approval documents, etc.

Regarding the internal whistle-blowing system of the INPEX Group, the responsible section of each Group company shall report to the Company's Audit & Supervisory Board Members swiftly as to the content internally reported by directors, auditors, other equivalent managerial staff and employees of the Group companies.

(8) Systems to Ensure that Reporters in the Preceding Section Will Not Receive Detrimental Treatment on the Grounds of the Whistle-Blowing

The Company shall prohibit detrimental treatment against directors, auditors, or other equivalent managerial staff, and employees of the Group companies who reported to the Company's Audit & Supervisory Board Members. And this position shall be disseminated throughout the INPEX Group.

Regarding the internal whistle-blowing system of the INPEX Group, in case detrimental treatment against a whistle-blower is recognized, a disciplinary action will be taken against the person who treated the reporter in such a way and the head of the department to which the person belongs, pursuant to Rules of Employment, etc.

(9) Matters Related to Policies Concerning the Treatment of Expenses or Liabilities Incurred by the Execution of Duties by the Company's Audit & Supervisory Board Members such as Procedures for Prepayments or the Redemption of Such Expenses

In case the Company's Audit & Supervisory Board Members request prepayment or redemption of expenses for their execution of duties, etc., based on Article 388 of the Companies Act, the Company shall swiftly process such expenses or liabilities except in the case such expenses or liabilities are proven to be unnecessary for the execution of duties by such Auditors.

(10) Other Systems to Ensure Effective Audits by the Audit & Supervisory Board Members of the Company

The Representative Directors of the Company shall meet regularly with the Audit & Supervisory Board Members of the Company, provide information as necessary and strive to communicate with them. At the same time, the Company shall secure opportunities for Audit & Supervisory Board Members and Outside Directors to meet regularly, and strive to enhance their mutual cooperation and information sharing.

The Company shall also improve the effectiveness of audits by establishing a system, etc., whereby the Audit & Supervisory Board Members can cooperate with the internal audit department and receive reports regularly.

Furthermore, to conduct audits by the Audit & Supervisory Board Members, the Company shall ensure close cooperation between the Audit & Supervisory Board Members and external experts such as lawyers, certified public accountants and certified tax accountants, among others.

[Outline of the Status of Operations of the Systems for Ensuring the Proper Operations of the Company (Internal Control System)]

While the Company is operating its internal control system effectively based on the contents decided on the "Development of the Systems for Ensuring the Proper Operations as a Stock Company (Internal Control Systems)," the following are the outline of its major operations of such systems during this fiscal year:

<Compliance system>

The Company has established the Code of Conduct with which all officers and employees shall comply. This obliges them to respect social norms and act with high ethical standards, not to mention comply with laws and regulations. Also, the Company has held its Compliance Committee periodically and when necessary to confirm the status of implementation of the compliance and hence report to the Board of Directors.

Based on the activity plans resolved by the Compliance Committee, the Company has also carried out compliance training and has been issuing "Compliance News Letter" once every month. The Company also holds meetings between the compliance managers in each Unit, which aim at sharing and raising compliance awareness among all personnel. As a major activity of this fiscal year and as part of strengthening the global implementation of the systems of anti-bribery and corruption within the INPEX Group, the Company conducted E-learning sessions for officers and employees, and implemented the risk assessment of overseas offices as per the previous fiscal year.

To specify its stance towards the issue of respecting human rights, the INPEX Group has formulated the "Human Rights Policy" based on the United Nation's "the UN Guiding Principles on Business and Human Rights" and announced it in May 2017. E-learning sessions were also conducted for officers and employees to raise the overall awareness of the Group in terms of respecting human rights. Furthermore, the INPEX Group published its "Modern Slavery Act Statement" as per the previous fiscal year, as disclosed on its website pursuant to the UK Modern Slavery Act 2015 enforced in October 2015, in order to clarify its initiatives against human rights violations such as slavery and human trafficking in the business and supply chain of the INPEX Group as well as the risks thereof.

The Company has established its whistle-blowing system, and an internal department in charge of compliance and outside experts (lawyers) were designated as contact points. There were however no whistle blowing cases related to material breach of laws and regulations, etc. during this fiscal year.

<Risk management system>

To respond to various risks related to business projects, first, the New Ventures Division carries out a centralized analysis/examination on whether to adopt or reject a new project, and operate the "INPEX Value Assurance System" as a structure for conducting cross-sectional technical evaluation, etc. at each phase of exploration, evaluation, development, etc.

The Company has set guidelines for country risk management in countries and territories where projects are planned, which include the establishment of a maximum target amount for accumulated investment balance in high-risk countries.

Furthermore, the Company has been conducting financial risk control by identifying risks of fluctuation of currency exchange rates, interest rates, crude oil/natural gas prices and securities prices, and establishing corresponding managing/hedging methods.

With regard to HSE risks, in order to promote continuous improvement activities of industrial health and safety and environments associated with the development of crude oil and natural gas based on the HSE Risk Management Procedures established under the HSE Management System, each business location identifies, analyzes and evaluates HSE risks, as well as establishes and implements risk countermeasures. In addition, the status of risk management is to be reported to the head office for supervising HSE risks, and the head office confirms the report. With regard to security risks, the Company is promoting company-wide management based on procedures and guidelines. In this fiscal year, besides implementing a major revision to the Company's "HSE Policy" on April 1, 2017, as the second year of the Corporate HSE 3rd Phase Medium Term Plan (targeting the five years from 2016 to 2020), the Company is promoting the enhancement of the performance and effectiveness of HSE management.

On the other hand, the Company has established an emergency/crisis response plan in order to enhance capabilities to cope with emergencies such as major accidents and disasters, etc. and is positively promoting risk management which includes conducting emergency response training regularly even in times of safety. Furthermore, the Company has drawn up a business continuity plan (BCP) in order to keep important operations from being stopped, and reviews it as necessary.

With regard to climate change issues which receives high degree of interest internationally, the Company announced and published a position paper in December 2015 which summarized the INPEX Group's basic views and actual efforts, and continues examination of the issues to be discussed in the future. This position paper is, in principle, to be reviewed once every year and was partially revised in February 2017.

Furthermore, in terms of legal risks, regarding important contracts, lawsuits, etc., the Company has developed a structure that can appropriately provide legal advice to business divisions and the management team.

Also, the Company convenes an information security committee every three months in order to implement organizational and systematical information security measures in addition to the education and training regarding information leakage prevention.

<Systems to ensure the efficient performance of duties>

At a regular Board of Directors' meeting held in May 2017, based on the companywide policy of initiatives for the two years from fiscal year 2016 to the end of fiscal year 2017, the results of initiatives for plans and targets in fiscal year 2016 and the formulation of plans and targets for fiscal year 2017 were reported. In addition, each division is implementing initiatives that are important milestones in response to the business environment while paying attention to important risks and their countermeasure policies, the progress of which during the interim period and the year-end period are reviewed accordingly. Going forward, the results of companywide initiatives for plans and targets in fiscal year 2017 will be reported at the Board of Directors meeting in April 2018.

In order to formulate *"Vision 2040,"* which represents the Company's long-term management outlook until fiscal year 2040, and the *"Medium-Term Business Plan 2018-2022,"* which spans across five years from fiscal year 2018 to 2022 and announce them in May 2018*, members of the Board of Directors held four meetings this fiscal year to exchange opinions, and had discussions related to management strategies. Furthermore, we will formulate the new companywide policy of initiatives as well as annual plans and targets based on *"Vision 2040"* and the *"Medium-Term Business Plan 2018-2022,"* and report the progress and results of such initiatives to Board of Directors each year.

*The announcement was made on May 11, 2018.

<Systems for corporate management of the Group companies>

Based on the Group's corporate management rule and the Group's agreements with regard to corporate management, the Company in principle urges reporting to or approval by the Company about important matters. Also, the Audit Unit, the Company's internal audit department, conducts audits of subsidiaries based on the annual auditing plan.

With regard to the operation of the Group companies, we have adopted a concurrent management system particularly with subsidiaries involved in overseas projects. For financing, we are conducting efficient business operations such as by enhancing financial efficiency through a unified management system of the Group's assets by means of the Cash Management System, and by centralized management of the INPEX Group's intercompany finance operations through the Company's financial subsidiary established in the Republic of Singapore.

The Company's whistle-blowing system is designed to be applied to all Group companies. The Company provides thorough instructions, through the Company's and each subsidiary's trainings and communication activities, to prohibit unfavorable treatment of whistle-blowers.

<Auditing system for Ensuring Effectiveness of Auditing by Audit & Supervisory Board Members>

Audit & Supervisory Board Members have been obtaining required information as well as exchanging opinions, for the purpose of improving effectiveness of their auditing, through their attendance at important meetings such as Board of Directors meetings and other management meetings, conducting hearings from each business division, and through meetings with Directors including Representative Directors.

Also, Audit & Supervisory Board Members have been receiving reports regularly from Auditing Unit concerning the internal auditing situation and also receiving necessary reports including reviews of quarterly financial results from the Accounting Auditors, thus keeping close contact with its internal auditing organization and the Accounting Auditors.

Further, the Unit in charge of the whistle-blowing system reports to Audit & Supervisory Board Members about the content and handling of whistle-blowing swiftly.

The Company established "Audit & Supervisory Board Members' Office" as an organization having an employee, independent of the Company's executive team, dedicated to assisting operations by Audit & Supervisory Board Members.

Basic Policy Regarding Control of the Company

(1) Contents of Basic Policy

The INPEX Group shall make maximum use of its well-balanced asset portfolio, its presence as a leading international mid-tier company and its technological capabilities, among others, as a high-quality operator to achieve early commercial production of large-scale oil and gas fields that have already been discovered. At the same time, as a core company in Japan that is internationally competitive, the INPEX Group will strive to proactively expand its business aiming to provide a stable energy supply for Japan in an efficient manner and further enhance its corporate value through expanding investments to acquire high-quality oil and gas fields.

(2) Efforts for Effective Utilization of Resources and for Preventing Inappropriate Control

While further enhancing its financial strength, and aiming to expand its operating base in order to secure a stable and efficient supply of oil and natural gas resources, the INPEX Group will invest aggressively in exploration and development activities as well as the maintenance and expansion, etc., of its supply infrastructure. The Company intends to harmonize the enhancement of corporate value by maintaining and expanding its reserves and production of oil and natural gas through these activities, and returning profits directly to its shareholders through the payment of dividends from a medium- to long-term perspective.

Based on the basic policy under (1) above, the Company has issued a Class A share to the Minister of Economy, Trade and Industry to eliminate the possibility of speculative takeovers or management control by foreign capital, resulting in inappropriate management inconsistent with the Company's role to provide a stable supply of energy to Japan in an efficient manner as a core company, or causing any other adverse effects.

To make decisions on i) the appointment or removal of Directors; ii) the disposition of all or a portion of material assets; iii) amendments to the Articles of Incorporation relating to the Company's business objectives and granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the Class A share, which are already granted to the Class A share); iv) business integration; v) capital reduction and vi) company dissolution, a resolution of a meeting of the holder of the Class A share (hereinafter "a general meeting of Class A stock shareholders") is required in addition to resolutions of the shareholders' meeting or the Board of Directors of the Company. However, concerning i) the appointment or removal of Directors and iv) business integration, resolution of a general meeting of Class A stock shareholders is required only when certain conditions under the Articles of Incorporation are met. Concerning the exercise of voting rights at a general meeting of Class A stock shareholders, the Class A stock shareholder can exercise his/her voting rights in accordance with the guidelines set forth in a Ministry of Economy, Trade and Industry Notice (No. 220, 2008).

According to the guidelines, a resolution regarding the aforementioned items i) and iv) shall be vetoed only "when it is judged there is a high probability that the Company will be managed inconsistent with its role to provide a stable supply of energy to Japan in an efficient manner as a core company," and a resolution to change the Articles of Incorporation related to granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the class A share which is already granted to the class A shares) in the aforementioned item iii) shall be vetoed only "when there is a possibility that it may have an effect on the exercise of the voting rights of the class A shares" and the aforementioned item ii) and amendment to the Articles of Incorporation related to the Company's business objectives in the aforementioned item iii), and resolutions related to items v) and vi) shall be vetoed only "when it is judged there is a high probability that it may adversely affect its role to provide a stable supply of energy to Japan in an efficient manner as a core company."

In addition, the Articles of Incorporation of the Company's subsidiaries stipulate that, upon disposing material assets, a resolution of a general meeting of shareholders of the subsidiary is required when it constitutes a "disposition of all or a portion of material assets" in the aforementioned item ii). In this case, a resolution of the meeting of the holders of the class A share is required in addition to a resolution of the Board of Directors of the Company. The Company's Board of Directors does not have any power over the exercise of the veto right through the exercise of the voting rights of Class A share by Class A stock shareholders. Therefore, Class A share does not have the purpose of maintaining the position of the executive officers of the Company.

(3) Decisions of Board of Directors' Meeting for the Efforts in the Above-Mentioned (2)

The efforts set forth in the above-mentioned (2), which aim to provide a stable supply of energy to Japan in an efficient manner and to improve the Company's corporate value continuously, are in line with the basic policy set forth in the above-mentioned (1).

Given the limited scope of the veto right of the Class A share in the above-mentioned (2), and because the voting rights shall be exercised in accordance with the guidelines for the exercise of voting rights by the Minister of Economy, Trade and Industry, which are set forth in a Ministry of Economy, Trade and Industry Notice (No. 220, 2008), this measure is designed to be highly transparent to avoid unreasonably impeding the

efficiency and flexibility of the Company's management to minimize the impact thereof. For these reasons, the Company believes that this measure is in line with the basic policy set forth in the above-mentioned (1) and does not impair the common interests of the Company's shareholders.

- **Consolidated Financial Statements**

Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2018)

Unit: millions of yen (Amounts truncated to 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 interests		(2,699)			(2,699)
Cash dividends paid			(26,286)		(26,286)
Net income attributable to owners of parent			40,362		40,362
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 interests						(2,699)
Cash dividends paid						(26,286)
Net income attributable to owners of parent						40,362
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

Notes to Consolidated Financial Statements

[Basis of Presenting Consolidated Financial Statements]

1. Scope of consolidation
   (1) Number of consolidated subsidiaries and names of major consolidated subsidiaries
   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:
   (a) JODCO Lower Zakum Limited has been newly included due to establishment of the company.
   (b) 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.
   (c) INPEX West Congo Petroleum, Ltd. and INPEX UK Ltd. have been excluded due to completion of liquidation.
   (d) INPEX Natuna Ltd. has been excluded due to execution of share transfer.

   (2) 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.

   (3) 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
   (1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method and names of major non-consolidated subsidiaries and affiliates accounted for by the 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

   (2) Names of non-consolidated subsidiaries and affiliates not accounted for by the equity method
   Names of major non-consolidated subsidiaries and affiliates:
   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.

   (3) 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) Other basis of presenting consolidated financial statements

(a) 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.

(b) Accounting for major hedge transactions

1) 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.

2) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions
Hedged items: Interest payments on borrowings

3) Hedging policy

Derivative transactions are limited to the scope of actual demand, and the Company does not engage in speculative derivative transactions.

4) Hedge effectiveness assessment method

The Company does not perform hedge effectiveness assessment of interest rate swap transactions since the special treatment is applied.

(c) Amortization of Goodwill

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

(d) Consumption tax

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

(e) 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.

[Change 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.

[Notes to Consolidated Balance Sheet]

1. Assets provided as collateral are as follows:

(Collateralized assets)	Millions of yen
Cash and deposits	3,763
Inventories	7,910
Land	141
Construction in progress	1,245,155
Investment securities	182,049
Long-term loans receivable	293,788
Other	4,101
Total	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.

2. Accumulated depreciation
   Accumulated depreciation of tangible fixed assets is ¥825,311 million.

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

	Millions of yen
Ichthys LNG Pty Ltd*1	533,241
Tangguh Trustee*2	19,982
Sakhalin Oil and Gas Development Co., Ltd.	1,938
Japan Canada Oil Sands Limited	1,594
Oceanic Breeze LNG Transport S. A.	209
Employees (housing loans)	33
Total	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. (Of the funds, for loans relating to the construction of Train-3, only the portion guaranteed by the Company in accordance with the ratio of participating interest (¥9,154 million) is stated.)

   (2) Completion guarantee
   In connection with the Ichthys LNG project financing, the Company and other project participants provide lenders with a guarantee of liabilities during the construction phase based on each participating interest in addition to collateralizing its assets.
   The portion guaranteed by the Company at the end of this fiscal year is ¥857,530 million.

[Notes to Consolidated Statement of Income]

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

(Millions of yen)

Use	Location	Classification	Impairment loss
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%.

[Notes to Consolidated Statement of Changes in Net Assets]

1. Type and number of shares issued and treasury shares

(Shares)

	Balance as of April 1, 2017	Increase	Decrease	Balance as of March 31, 2018
Number of shares				
Common share	1,462,323,600	—	—	1,462,323,600
Class A share	1	—	—	1
Total	1,462,323,601	—	—	1,462,323,601
Treasury share				
Common share	1,966,500	—	—	1,966,500
Total	1,966,500	—	—	1,966,500

2. 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 share	13,143	9	March 31, 2017	June 28, 2017
	Class A share	0	3,600	March 31, 2017	June 28, 2017
Board of directors' meeting November 8, 2017	Common share	13,143	9	September 30, 2017	December 1, 2017
	Class A share	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 share	Retained earnings	13,143	9	March 31, 2018	June 27, 2018
	Class A share	Retained earnings	0	3,600	March 31, 2018	June 27, 2018

[Notes to Financial Instruments]

1. Status of 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.
   In line with the criteria for trading and credit exposure management, the Company properly analyzes the credit status of trading partners for reduction of default risks related to accounts receivable-trade of its clients. For marketable securities and investment securities exposed to market price fluctuation risk, analysis of market values is regularly reported to the Executive Committee.
   Although the Company generally borrows with variable interest rates, some loans are with fixed interest rates including interest rate swap transactions depending on the nature of each project. For exchange rate fluctuation risk related to assets and liabilities denominated in foreign currencies, the Company maintains the position between assets and liabilities in foreign currencies, and manages exchange fluctuation risk through derivative transactions such as foreign exchange forwards and others, as necessary, based on the Company's policy. For derivative transactions, the Company follows internal regulations.

2. Fair value of financial instruments
   Carrying value on the consolidated balance sheet as of March 31, 2018, fair value and the difference between them are as shown below.

(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			
Other 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

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

(2) Accounts receivable-trade

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

(3) 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.

(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.

Derivative Transactions

Fair value is the price obtained from the counterparty financial institutions.

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 (refer to Liabilities (2) above).

Note 2: Unlisted securities (carrying value on the consolidated balance sheet: ¥26,731 million), and shares of subsidiaries and affiliates (carrying value on the consolidated balance sheet: ¥282,432 million) are assumed to have no quoted market prices and it is extremely difficult to determine their fair value. Accordingly, these financial instruments are not included in "Assets (3) Investment securities." 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.

[Notes to Per Share Information]

1. Net assets excluding non-controlling interests per share: ¥1,997.24
2. Net income per share: ¥27.64

- **Non-Consolidated Financial Statements**

Non-Consolidated Statement of Changes in Net Assets

(For the year ended March 31, 2018)

Unit: millions of yen (Amounts truncated to millions of yen)

	Shareholders' equity				
	Common share	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings	
				Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets
Balance at the beginning of the period	290,809	1,023,802	1,023,802	2,108	4,536
Changes during the period					
Reversal of reserve for advanced depreciation of non-current assets				(3)	
Reversal of reserve for special depreciation					(1,132)
Provision of mine prospecting reserve					
Reversal of mine prospecting reserve					
Cash dividends paid					
Net income					
Other changes in items other than those in shareholders' equity (net)					
Total changes during the period	–	–	–	(3)	(1,132)
Balance at the end of the period	290,809	1,023,802	1,023,802	2,105	3,404

Unit: millions of yen (Amounts truncated to millions of yen)

	Shareholders' equity					Valuation, translation adjustments and others		Total net assets
	Retained earnings			Treasury share	Total shareholders' equity	Unrealized holding gain on securities	Total valuation, translation adjustments and others	
	Other retained earnings		Total retained earnings					
	Mine prospecting reserve	Retained earnings brought forward						
Balance at the beginning of the period	10,035	1,071,554	1,088,235	(5,248)	2,397,599	6,476	6,476	2,404,076
Changes during the period								
Reversal of reserve for advanced depreciation of non-current assets		3	—		—			—
Reversal of reserve for special depreciation		1,132	—		—			—
Provision of mine prospecting reserve	6,528	(6,528)	—		—			—
Reversal of mine prospecting reserve	(3,350)	3,350	—		—			—
Cash dividends paid		(26,286)	(26,286)		(26,286)			(26,286)
Net income		1,764	1,764		1,764			1,764
Other changes in items other than those in shareholders' equity (net)						3,711	3,711	3,711
Total changes during the period	3,177	(26,564)	(24,522)	—	(24,522)	3,711	3,711	(20,810)
Balance at the end of the period	13,213	1,044,989	1,063,713	(5,248)	2,373,077	10,188	10,188	2,383,265

Notes to Non-Consolidated Financial Statements

[Significant Accounting Policies]

1. Valuation method for assets

(1)	Valuation method for securities	
	Shares of subsidiaries and affiliates	Stated at cost determined by the moving-average method
	Other securities	
	With a determinable market value	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	Stated at cost determined by the moving-average method
(2)	Valuation method for derivatives	
	Derivatives	Fair value
(3)	Valuation method for inventories	Carried at cost (balance sheet value is carried at the lower of cost or market)
	Finished goods, raw materials and supplies	Determined by the moving-average method
	Work in process and partly-finished construction	Stated at identified cost method

2. Depreciation method of fixed assets

Tangible fixed assets (except leased assets)	Straight-line method of depreciation is applied. Useful lives of significant fixed assets are as follows: Buildings 2-50 years Structures 7-60 years Wells 3 years Machinery and equipment 2-22 years
Intangible assets (except leased assets)	Straight-line method of amortization is applied. Goodwill is amortized over 20 years. Software for internal use is amortized over 5 years.
Leased assets	Depreciation of leased assets for financing lease transactions whose ownership are not to be transferred is calculated based on the straight-line method over the lease period assuming no residual value.

3. Basis for allowances

Allowance for doubtful accounts	Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.
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.
Accrued bonuses to officers	Accrued bonuses to officers are provided at expected payment amount for the fiscal year.
Accrued retirement benefits to employees	Accrued retirement benefits to employees are provided at the amount calculated based on the expected retirement benefit obligation and the estimated value of pension plan assets at the end of this period. Actuarial gains and losses are charged or credited to income as incurred.
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.
Provision for loss on business of subsidiaries and affiliates	Provision for loss on business of subsidiaries and affiliates is provided for future potential losses on business operations of subsidiaries and affiliates at an estimated amount based on the financial positions of these companies.
Provision for loss on guarantees of subsidiaries and affiliates	Provision for loss on guarantees of subsidiaries and affiliates is provided for future potential losses regarding guarantees of subsidiaries and affiliates at an estimated amount based on the financial positions of these companies.

4. Accounting for hedge transactions

Hedge accounting	The special treatment is applied to interest rate swaps.
Hedging instruments and hedged items	Hedging instruments: Interest rate swap transactions Hedged items: Interest payments on borrowings
Hedging policy	The nominal amount of the derivative transaction is limited to within the scope of actual demand, and the Company does not engage in speculative derivative transactions.
Hedge effectiveness assessment method	The Company does not perform hedge effectiveness assessment of interest rate swap transactions since the special treatment is applied.

5. Other basis of presenting non-consolidated financial statements

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

(Non-Consolidated Statement of Income)

"Interest expense", previously included in "Other" in other expenses, is presented separately since it has become more significant.

[Notes to Non-Consolidated Balance Sheet]

1. Assets provided as collateral are as follows:
   Investment in share of subsidiaries and affiliates is ¥4,880 million.
   The above is pledged as collateral for liabilities of affiliates.

2. Accumulated depreciation:
   Accumulated depreciation of tangible fixed assets is ¥290,076 million.

3. Contingent liabilities
   (1) The Company is contingently liable as guarantors of indebtedness of the following companies:

	Millions of yen
Ichthys LNG Pty Ltd*1	533,241
INPEX North Caspian Sea, Ltd.	82,240
Tangguh Trustee*2	19,982
INPEX Trading, Ltd.	9,010
Sakhalin Oil and Gas Development Co., Ltd.	1,938
Japan Canada Oil Sands Limited	1,594
Oceanic Breeze LNG Transport S. A.	298
Employees (housing loans)	33
Teikoku Oil (North America) Co., Ltd.	16
Total	648,356

*1 Debt for investment funds of the Ichthys LNG project
*2 Debt for investment funds of Tangguh LNG Project for which the Company participates through MI Berau B.V. and MI Berau Japan Ltd. (Of the funds, for loans relating to the construction of Train 3, only the portion guaranteed by the Company in accordance with the ratio of participating interest (¥9,154 million) is stated.)

(2) Completion guarantee
In connection with the Ichthys LNG project financing, the Company and other project participants provide lenders with a guarantee of liabilities during the construction phase based on each participating interest.
The portion guaranteed by the Company at the end of this consolidated fiscal year was ¥857,530 million.

4. Monetary assets and liabilities from/to subsidiaries and affiliates

	Millions of yen
Short-term monetary assets from subsidiaries and affiliates	713,064
Long-term monetary assets from subsidiaries and affiliates	136,241
Short-term monetary liabilities to subsidiaries and affiliates	36,848
Long-term monetary liabilities to subsidiaries and affiliates	30

[Notes to Non-Consolidated Statement of Income]

1. Transactions with subsidiaries and affiliates

Operating transactions	Millions of yen
Net sales	29,864
Purchases	1,241
Other operating transactions	18,585
Transactions other than operating transactions	63,976

2. Impairment loss

The Company groups mining areas 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.

(Millions of yen)

Use	Location	Classification	Impairment loss
Assets related to Minami-Aga Oil Field	Agano City, Niigata, etc.	Machinery, equipment and vehicles	1,017
		Land	23
		Construction in progress	2,564
		Subtotal	3,605
Other			24
Total			3,630

The recoverable amount of assets of the land related to the Minami-Aga Oil Field is estimated by discounting the future cash flows at a rate of 9.2%.

[Notes to Non-Consolidated Statement of Changes in Net Assets]

Type and number of treasury shares at end of this period

	Shares
Common share	1,966,500

[Notes to Tax Effect Accounting]

Significant components of deferred tax assets and liabilities	Millions of yen
Deferred tax assets	
Allowance for investments in exploration	30,013
Loss on valuation of investment in shares of subsidiaries and affiliates	32,334
Loss on valuation of investment securities	2,236
Accrued retirement benefits to employees	1,868
Provision for loss on business	2,768
Provision for loss on business of subsidiaries and affiliates	2,292
Asset retirement obligations	866
Accrued bonuses to employees	606
Allowance for doubtful accounts	17,583
Provision for loss on guarantees of subsidiaries and affiliates	7,474
Other	4,532
Total deferred tax assets	102,578
Valuation allowance	(87,067)
Total deferred tax assets	15,511
Deferred tax liabilities	
Unrealized holding gain on securities	3,263
Translation differences due to an application of purchase accounting method	6,664
Mine prospecting reserve	5,139
Reserve for special depreciation	1,324
Reserve for advanced depreciation of non-current assets	1,208
Other	1,096
Total deferred tax liabilities	18,695
Net deferred tax liabilities	3,183

[Notes to Transactions with Related Parties]

Type	Name of related party	Voting interest (Owned)	Description of the business relationship	Transaction detail	Amounts (Millions of yen)	Accounts	Balance (Millions of yen)
Subsidiary	INPEX Trading, Ltd.	Directly 100.00% (Owned) -%	Capital subscription	Sales of crude oil (*1)	24,239	—	—
	INPEX North Caspian Sea, Ltd.	Directly 51.00% (Owned) -%	Serve the officer concurrently, capital subscription	Subscription of shares (*2)	30,035	—	—
				Loans of funds (*3)	2,472	Long-term loans receivable from subsidiaries and affiliates	134,313
				Loans of funds (*3)	39,415	Short-term loans receivable from subsidiaries and affiliates	110,785
				Debt guarantee (*4)	82,240	—	—
	IINPEX Financial Services Singapore PTE. LTD.	Directly 100.00% (Owned) -%	Serve the officer concurrently, capital subscription	Subscription of shares (*5)	172,718 (in millions of US$) 1,600	—	—
				Cash management (*6)	—	Deposits received from subsidiaries and affiliates	523,907
						Short-term loans	33,515
	INPEX Gas British Columbia Ltd.	Directly 45.09% (Owned) -%	Capital subscription	Loans of funds (*7)	47,415	Short-term loans receivable from subsidiaries and affiliates	42,494
	JODCO Lower Zakum Limited	Directly 100.00% (Owned) -%	Capital subscription	Subscription of shares (*8)	64,044 (in millions of US$) 600	—	—
	INPEX Oil & Gas Australia Pty Ltd	Directly 100.00% (Owned) -%	Capital subscription	Subscription of shares (*9)	29,476 (in millions of US$) 265	—	—
Affiliate	Ichthys LNG Pty Ltd	Indirectly 62.25% (Owned) -%	Serve the officer concurrently	Debt guarantee (*4)	533,241	—	—
				Debt guarantee (*10)	857,530	—	—

Note 1: The Company sells crude oil to INPEX Trading, Ltd. based on its market price, in accordance with the sales of crude oil contract.

Note 2: When INPEX North Caspian Sea, Ltd. made a capital increase through a third-party allocation and a shareholder allocation, the Company undertook them at ¥50,000 per share.

Note 3: The Company determines the interest rate based on its market interest rates upon loans of funds in a reasonable and appropriate manner. The Company did not accept any collateral.

Note 4: This refers to the guarantee that was set against the loans from financial institutions as a fund for business development. Amount of transactions represents the balance of guarantees at the end of this period.

Note 5: When INPEX Financial Services Singapore PTE. LTD. made a capital increase through shareholder allocation, the Company undertook it at US$1 per share.

Note 6: The Group adopts a cash management system (hereinafter "CMS") for the purpose of efficient fund management within the Group. The amount of funds transactions through the CMS are not stated above because it is difficult to identify the amounts by transaction details. The Company determines the interest rate based on its market interest rate.

Note 7: The Company determines the interest rate based on its market interest rates upon loans of funds in a reasonable and appropriate manner. The Company did not accept any collateral. For the said loan, ¥37,879 million was recorded as allowance for doubtful accounts, and ¥37,879 million was recorded as provision of allowance for doubtful accounts in this fiscal year.

Note 8: The Company made a capital subscription in JODCO Lower Zakum Limited at US$10,000 per share.

Note 9: When INPEX Oil & Gas Australia Pty Ltd made a capital increase through shareholder allocation, the Company undertook it at US$1 per share.

Note 10: This refers to the completion guarantee provided to lenders based on each participating interest of the Company in connection with the Ichthys LNG project financing. Amount of transactions represents the balance of guarantees provided by the Company at the end of this period.

[Notes to "Per Share" information]

1. Net assets per share: ¥1,631.97
2. Net income per share: ¥1.21