



INPEX CORPORATION

# Financial Results

for the year ended March 31, 2015

May 15, 2015



# Agenda



- Corporate Overview
- Outlook
- Financial Results  
for the year ended March 31, 2015
- Consolidated Financial Forecasts  
for the year ending March 31, 2016

# Cautionary Statement



This presentation includes forward-looking information that reflects the plan and expectations of the Company. Such forward-looking information is based on the current assumptions and judgments of the Company in light of the information currently available to it, and involves known and unknown risk, uncertainties, and other factors. Such risks, uncertainties and other factors may cause the Company's performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation:

- Price volatility and change in demand in crude oil and natural gas
- Foreign exchange rate volatility
- Change in costs and other expenses pertaining to the exploration, development and production

The Company undertakes no obligation to publicly update or revise the disclosure of information in this presentation (including forward-looking information) after the date of this presentation.

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# Corporate Overview

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Toshiaki Kitamura  
Representative Director, President & CEO

# FY 2015/03 Corporate Highlights (1/2)



<p>■ Financial Results (FY2015/03)</p>	<ul style="list-style-type: none"> <li>- Net sales ¥1,171.2billion (12.2% decrease YoY)</li> <li>- Net profit ¥77.8billion (57.6% decrease YoY)</li> </ul>
<p>■ Ichthys</p>	<ul style="list-style-type: none"> <li>- Commenced major subsea facility installation</li> <li>- Commenced deepwater pipelay</li> <li>- Commenced production well drilling</li> <li>- Project progress rate: Approx. 68%</li> </ul>
<p>■ Abadi</p>	<ul style="list-style-type: none"> <li>- Studying optimization of development plan based on deliverables of Front End Engineering and Design (FEED) works and results of appraisal wells</li> </ul>
<p>■ Abu Dhabi ADCO Onshore Concession</p>	<ul style="list-style-type: none"> <li>- Acquired a 5% participating interest in the ADCO Onshore Concession</li> <li>- Contract period: 40 years from 2015</li> </ul>
<p>■ Net Production</p>	<ul style="list-style-type: none"> <li>- 408 thousand BOED</li> </ul>
<p>■ Proved Reserves</p>	<ul style="list-style-type: none"> <li>- 2.43 billion BOE</li> </ul>

## Approach to downfall in crude oil prices

- Implementation of cost reduction through rescheduling of exploration and development activities (activity deferrals, etc.)

## Acquisition of new exploration blocks

- WA-502-P (May)/WA-504-P (June), offshore Western Australia
- EPNT14-1 onshore acreage in Northern Territory, Australia (February) ※  
※Completion subject to acquisition of permit for operations from NT Government
- WA-513-P (February)/WA-514-P (February), offshore Western Australia

## Progress of existing projects

- Discovery of gas and condensate at Offshore Southern Vietnam Blocks 05-1b and 05-1c (August)
- Discovery of gas in exploration block WA-274-P, offshore Western Australia (August)
- Discovery of oil deposits at shallower depths (October) and subsequently deeper depths (January) in the BM-ES-23 concession in Espírito Santo Basin, offshore Brazil
- Commencement of oil production at Lucius Oil Field in US Gulf of Mexico (January)
- Commencement of oil production at Umm Lulu Oil Field (October) and at Nasr Oil Field (February) in ADMA Block offshore Abu Dhabi

# Ichthys LNG Project (1/3)



- Proved reserves: Approx. 970 million BOE (Based on INPEX's participating interest of 62.245%)
- Production volume (expected):
  - 8.4 million t/y of LNG
  - Approx. 1.6 million t/y of LPG
  - Approx. 100,000 bbl/d of condensate (at peak)
- CAPEX: US\$34.0 billion
- Participating interest:
  - INPEX 62.245%, TOTAL 30.000%,
  - Tokyo Gas 1.575%, Osaka Gas 1.200%,
  - Chubu Electric Power 0.735%,
  - Toho Gas 0.420%, CPC 2.625%,
  - Kansai Electric Power 1.200%
- FID in January 2012
- Production start : By the end of 2016
- Project progress: Approx. 68%

Offloading of LNG plant module (January/2015, Darwin)



Installation of CPF topside module (April/2015, Korea)



# Ichthys LNG Project (2/3)

## Offshore Facilities



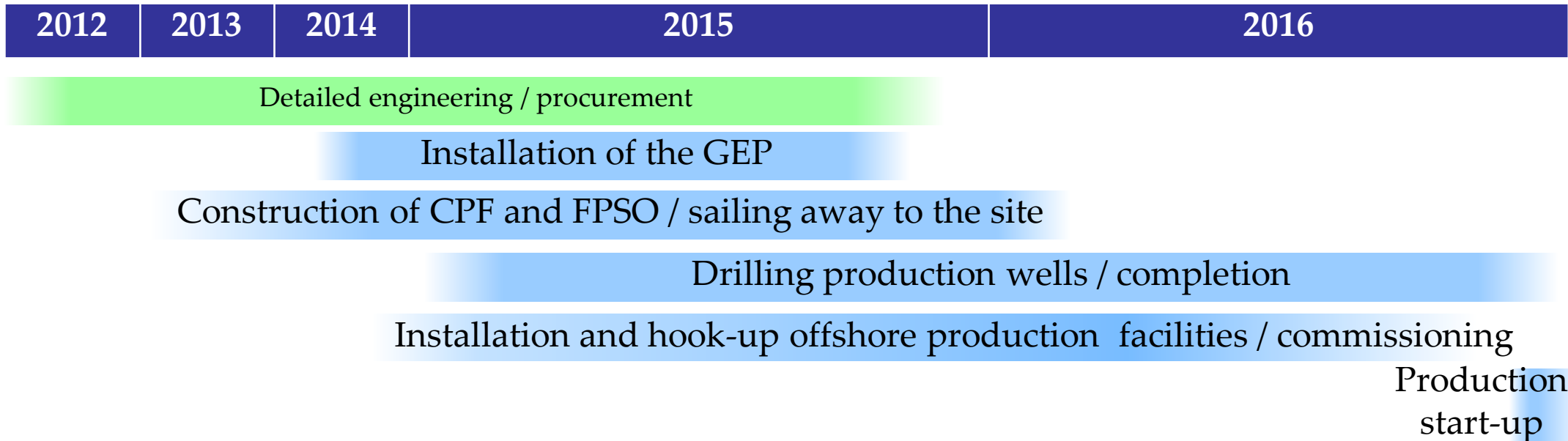
Commencement of pipelaying by Castorone in deeper water area (February/2015)



Commencement of drilling of production wells (February/2015)



Major works for Offshore Facilities done since FID and plans up to 2016





# Ichthys LNG Project (3/3)

## Onshore Facilities



Onshore LNG plant site in Darwin, Australia



Major works for Onshore Facilities done since FID and plans up to 2016

2012	2013	2014	2015	2016
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Detailed engineering / procurement

Fabrication of LNG plant modules

Construction of storage tanks, power plant and product loading jetty

Delivery and installation of LNG plant modules

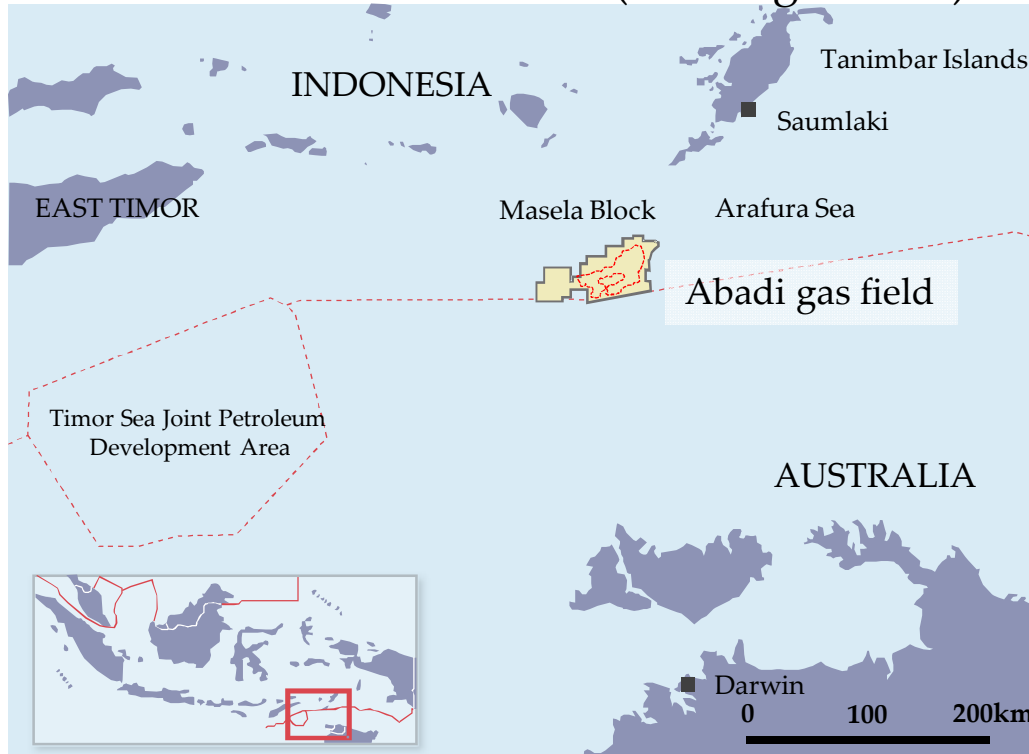
Commissioning

Production start-up

# Abadi LNG Project



## Location of Masela Block (Abadi gas field)



- AMDAL (Environmental Impact Assessment) process
  - Received environmental permit from the Indonesian Ministry of Environment in June 2014.
- Internal evaluation based on deliverables of Front End Engineering and Design (FEED) works
- Initiatives for increasing gas reserves
  - 3 appraisal wells and 1 exploratory drilled from June 2013 till June 2014.
  - Indonesian authorities certified increased reserves based on evaluations of these wells.
- Taking these facts into consideration, studying ways to optimize development plans centered on a large scale FLNG and discussing this matter with the authorities.



FLNG (image)

- Participating Interest
  - INPEX(Operator): 65%, Shell: 35%
- Current phase: Preparation for Development

## Acquisition of new assets



Signing Ceremony of the ADCO Onshore Concession Agreement (April 2015)



Onshore pipeline

- Acquired the ADCO Onshore Concession in April 2015
- Participating interest: 5%
- Contract period: 2015 through 2054 (40 years)
- Operator: ADCO (Abu Dhabi Company for Onshore Petroleum Operations)
- Production: Approximately 1.6 million bbl/d. Working to expand production capacity to 1.8 million bbl/d by 2017.
- Product: Murban Crude (shipping from Jebel Dhanna or Fujairah)

# Topics for FY 2015/03 (2/2)



## Progress of the existing projects and acquisition of new exploration blocks (Results in the 2<sup>nd</sup>. half of FY 2015/03)

Abu Dhabi: Umm Lulu Oil Field in October 2014 and Nasr Oil Field in February 2015; commenced oil production at both oil fields.  
– INPEX share: 12%, ADNOC 60%, BP: 14.67%, TOTAL: 13.33%

U.S.: Lucius Oil Field  
– INPEX share: 7.75309%, Anadarko: 23.82857%(Operator), other partners: 68.41834%  
– Commenced oil production in January 2015

Brazil: BM-ES-23  
– INPEX share: 15%, Petrobras: 65%(Operator), PTTEP: 20%  
– Discovered deposits of oil also at deeper depths through appraisal drilling (January 2015)

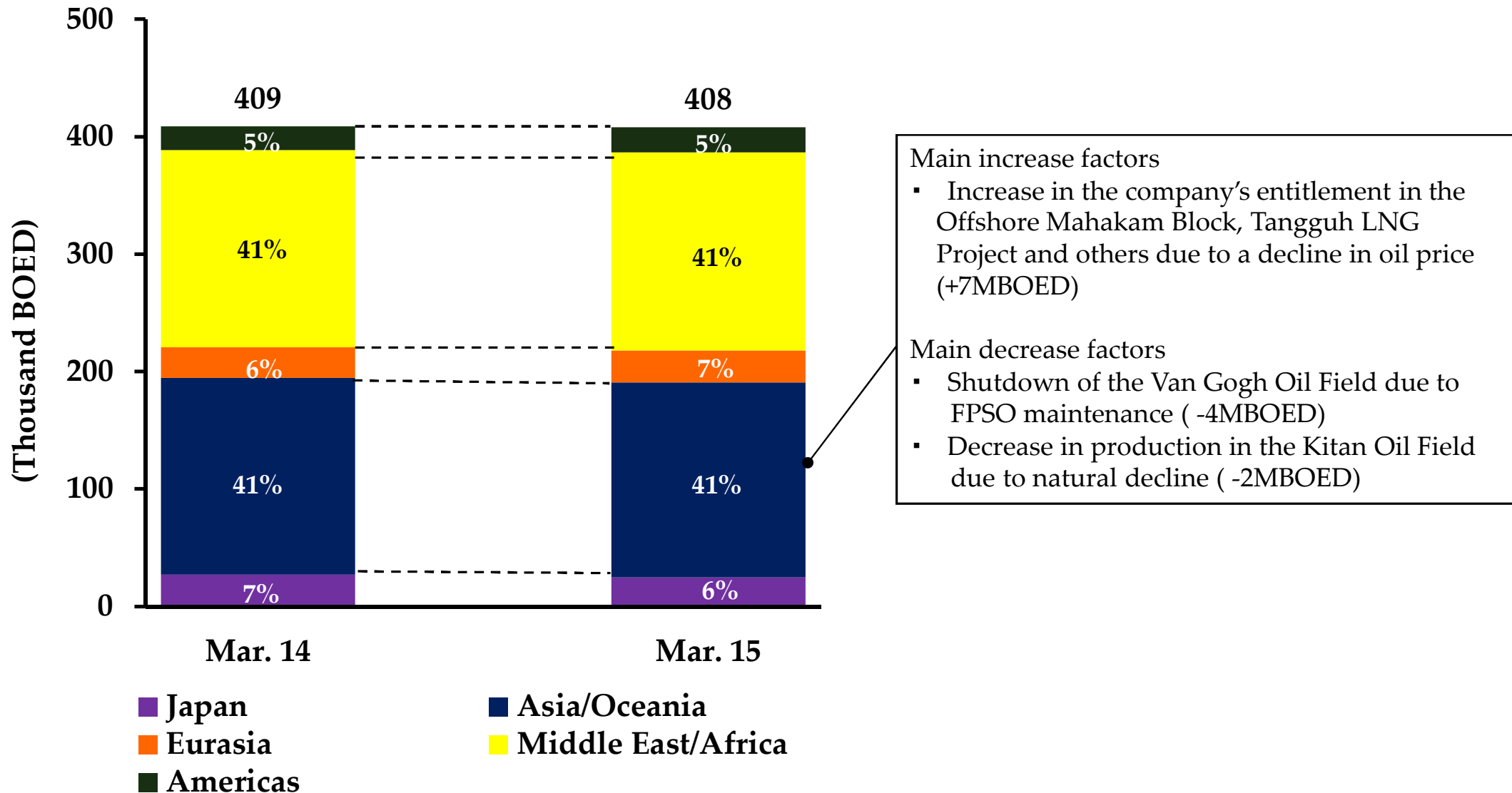


Australia: Acquisition of WA-513-P & WA-514-P  
INPEX share: 40%  
(Operator: Santos)

Australia: Award of EPNT14-1 onshore acreage, Northern Territory  
INPEX share: 100%  
(Operator: INPEX)

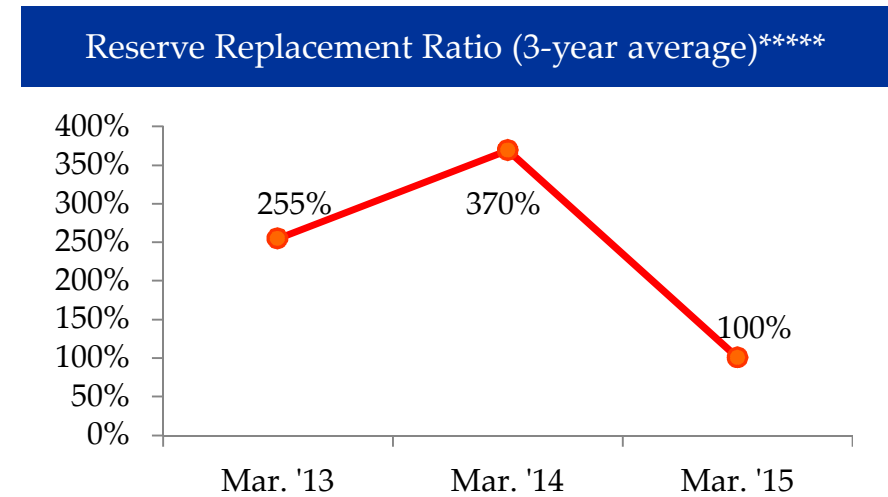
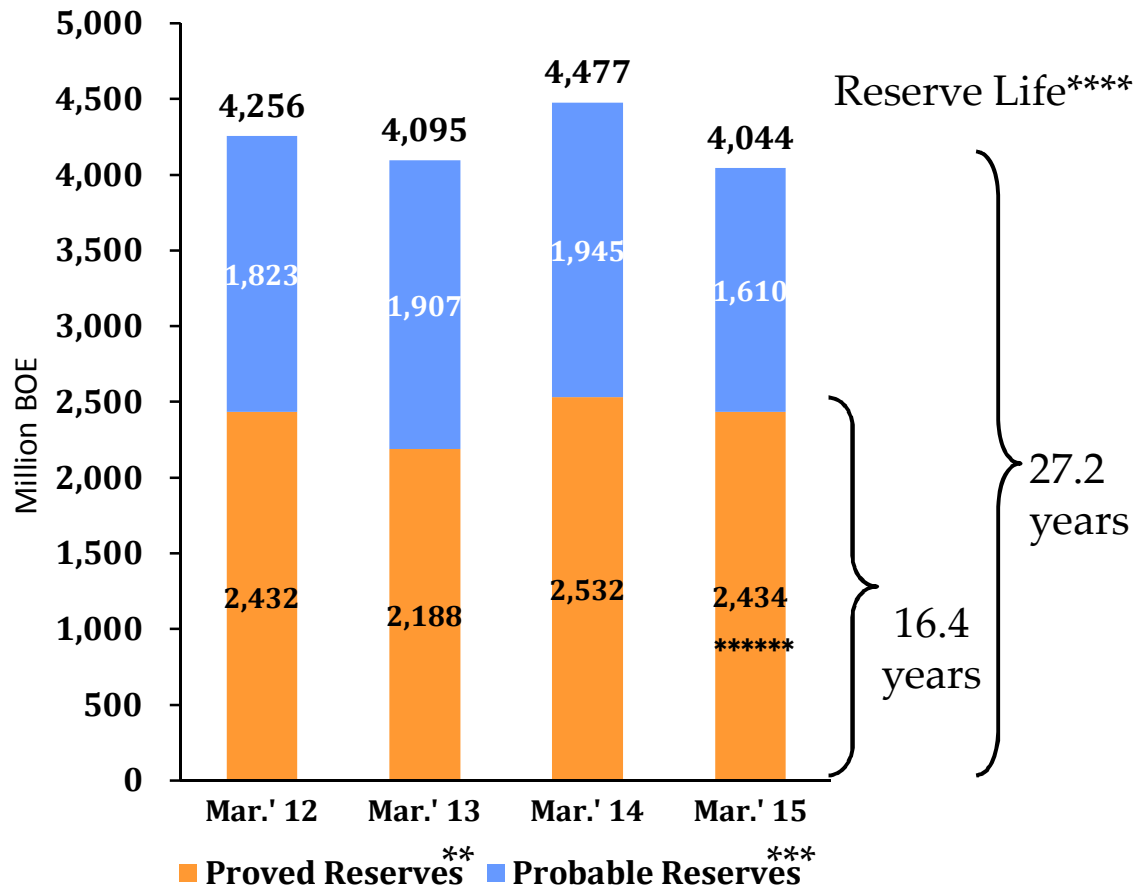
- Production start-ups
- Discoveries of oil/gas
- New exploration projects

# Net Production\* (FY 2015/03)



\* 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 INPEX Group.  
 \*\* Production output resulting from the ADCO Onshore Concession Agreement will be factored into the company's net production volume from the fiscal year ending March 2016.

# Proved + Probable Reserves\* and Reserve Indices



\* The reserves cover most INPEX Group projects including equity method affiliates. The reserves of the projects for which a large amount of investment is expected and which should materially affect the company's future results are evaluated by DeGolyer & MacNaughton, and the others are evaluated internally.

\*\* The proved reserves are evaluated in accordance with SEC regulations. When probabilistic methods are employed, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves.

\*\*\* The probable reserves are evaluated in accordance with SPE/WPC/AAPG/SPEE guidelines (SPE-PRMS) approved in March 2007. When probabilistic methods are employed, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved and probable reserves. Probable reserves do not offer a guarantee of the production of total reserves during a future production period with the same certainty as proved reserves.

\*\*\*\* Reserve Life = Reserves as of March 31, 2015 / Production for the year ended March 31, 2015

\*\*\*\*\* Reserve Replacement Ratio = Proved reserves increase including acquisition / production in the fiscal year

\*\*\*\*\* Incremental volume of proved reserves from the ADCO Concession Agreement in accordance with SEC regulations will be booked in the company's proved reserves from the fiscal year ending March 2016.

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# Outlook

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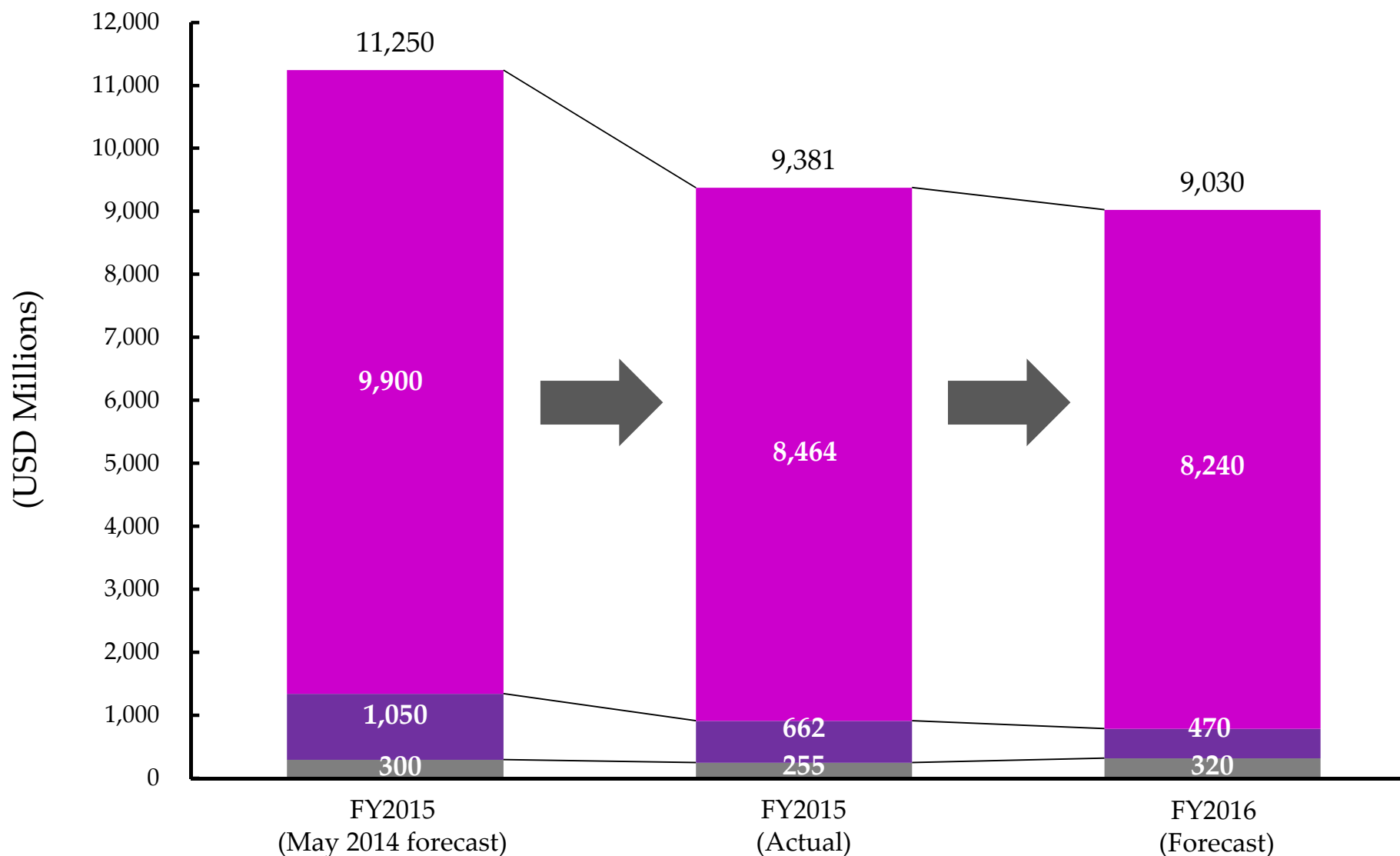
Toshiaki Kitamura  
Representative Director, President & CEO

# Responding to Lower Oil Prices (1/2)

Investments in FY 2015 & Investment Forecast for FY 2016



FY2015 investments (May 2014 forecast and actual) versus FY2016 investment forecast



■ Development ■ Exploration ■ Other Capital Expenditures (Naoetsu LNG Terminal, domestic pipeline network, etc.)

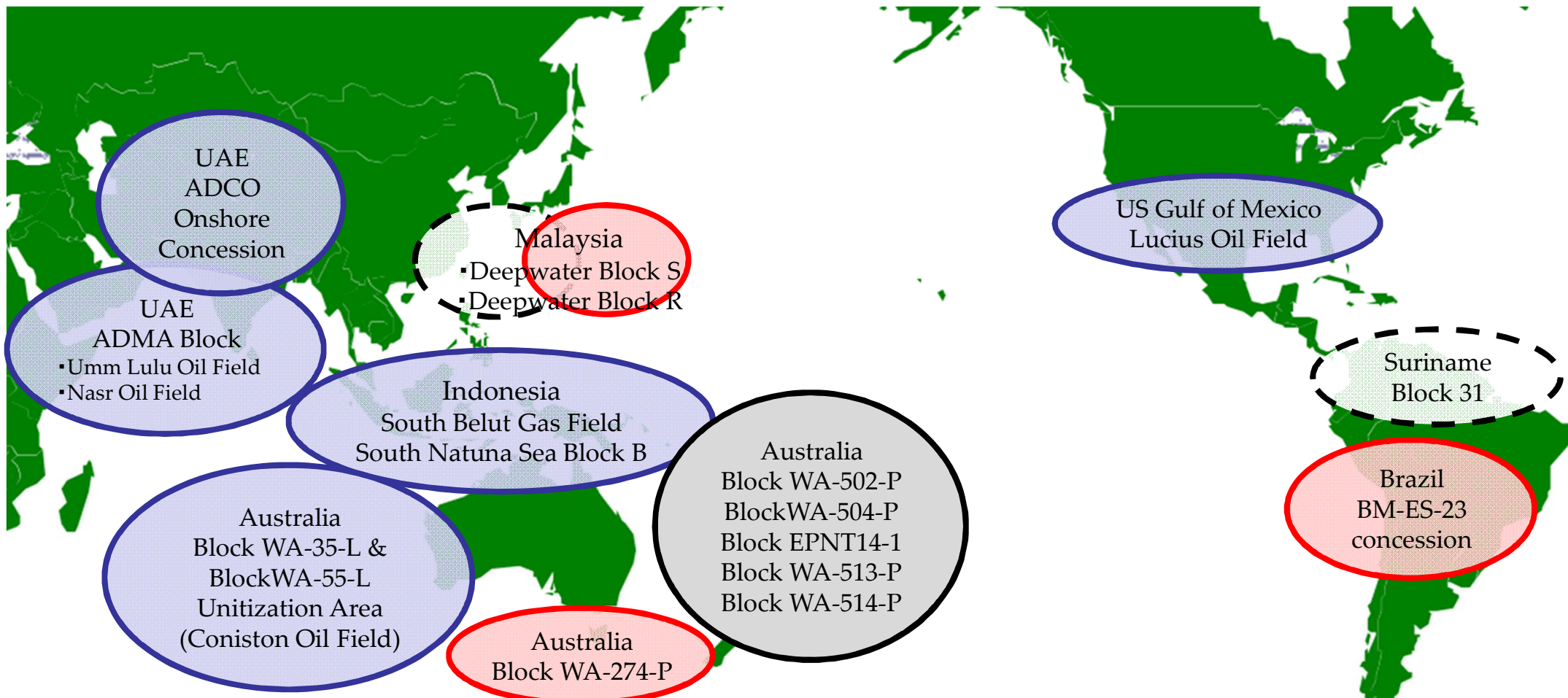


# Responding to Lower Oil Prices (2/2)

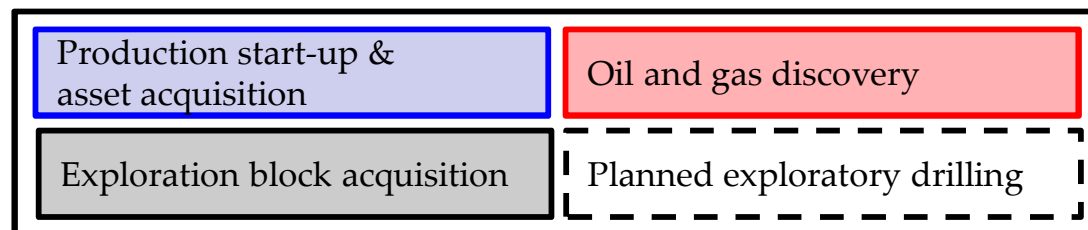
## Mid- to Long-term Growth Initiatives



### Progress in FY2015 and Plans for FY2016



NOTE: The sizes and shapes of diagrams are not indicative of production/reserve volumes and/or influence on our business operations, and do not denote the exact locations of assets.



# Investment Plan

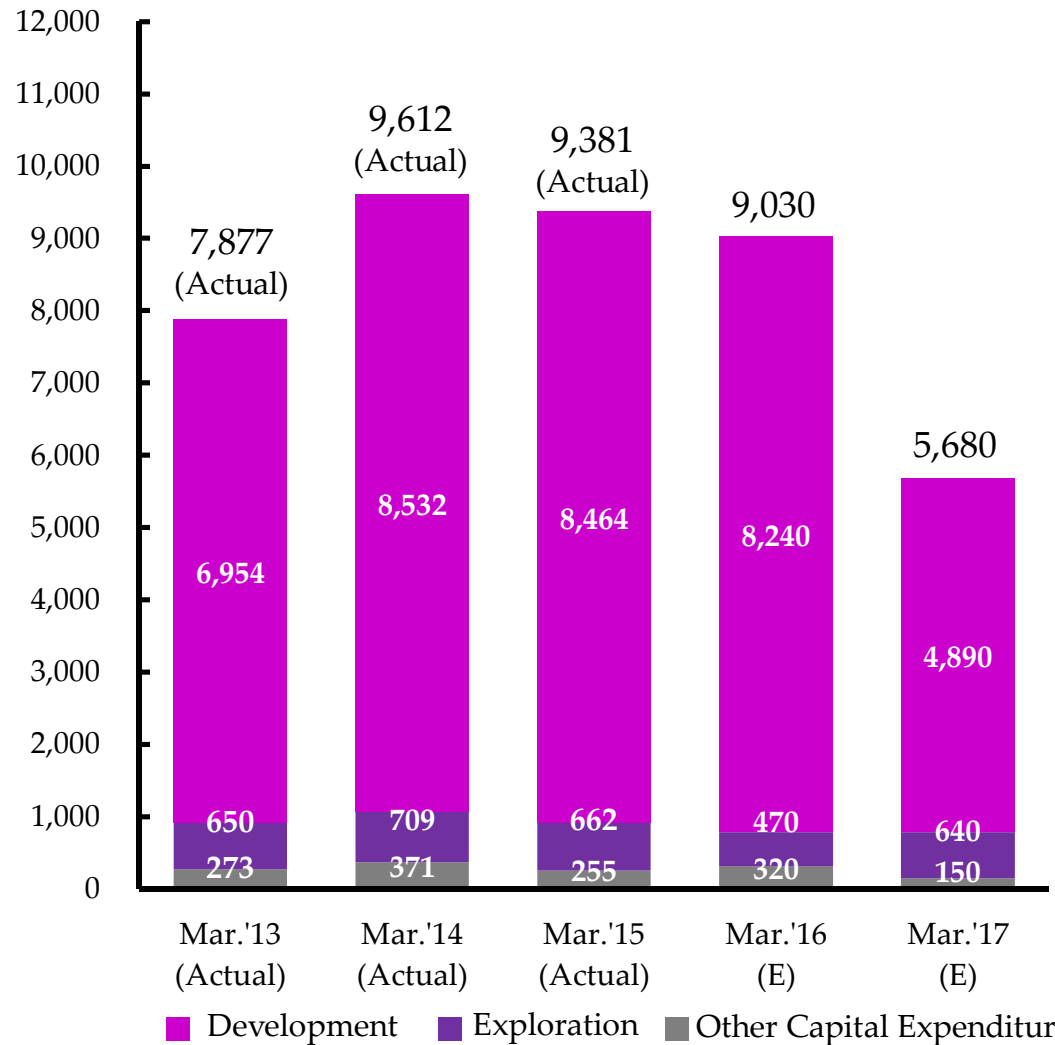
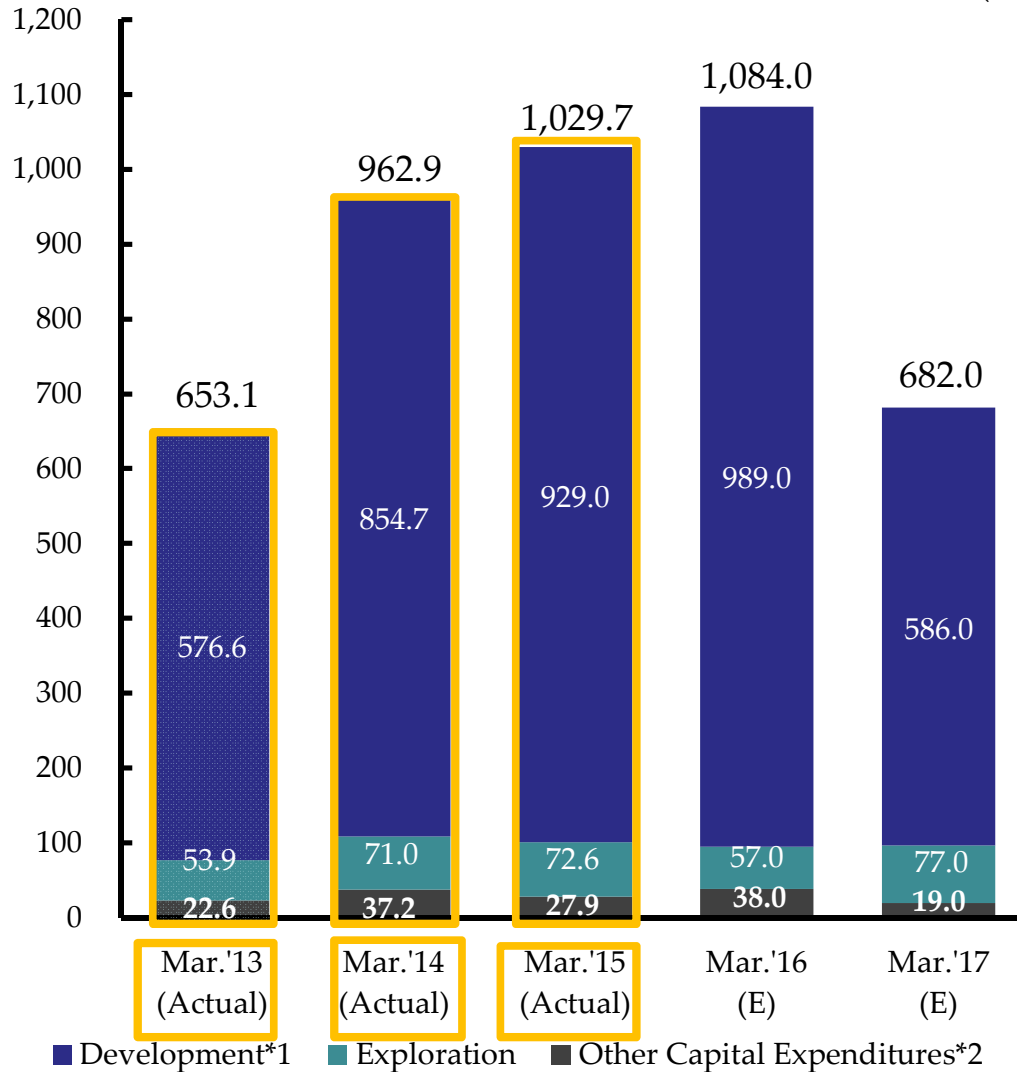


By Activity  
(Billions of Yen)

By Activity  
(Millions of US\$)

(Billions of Yen)

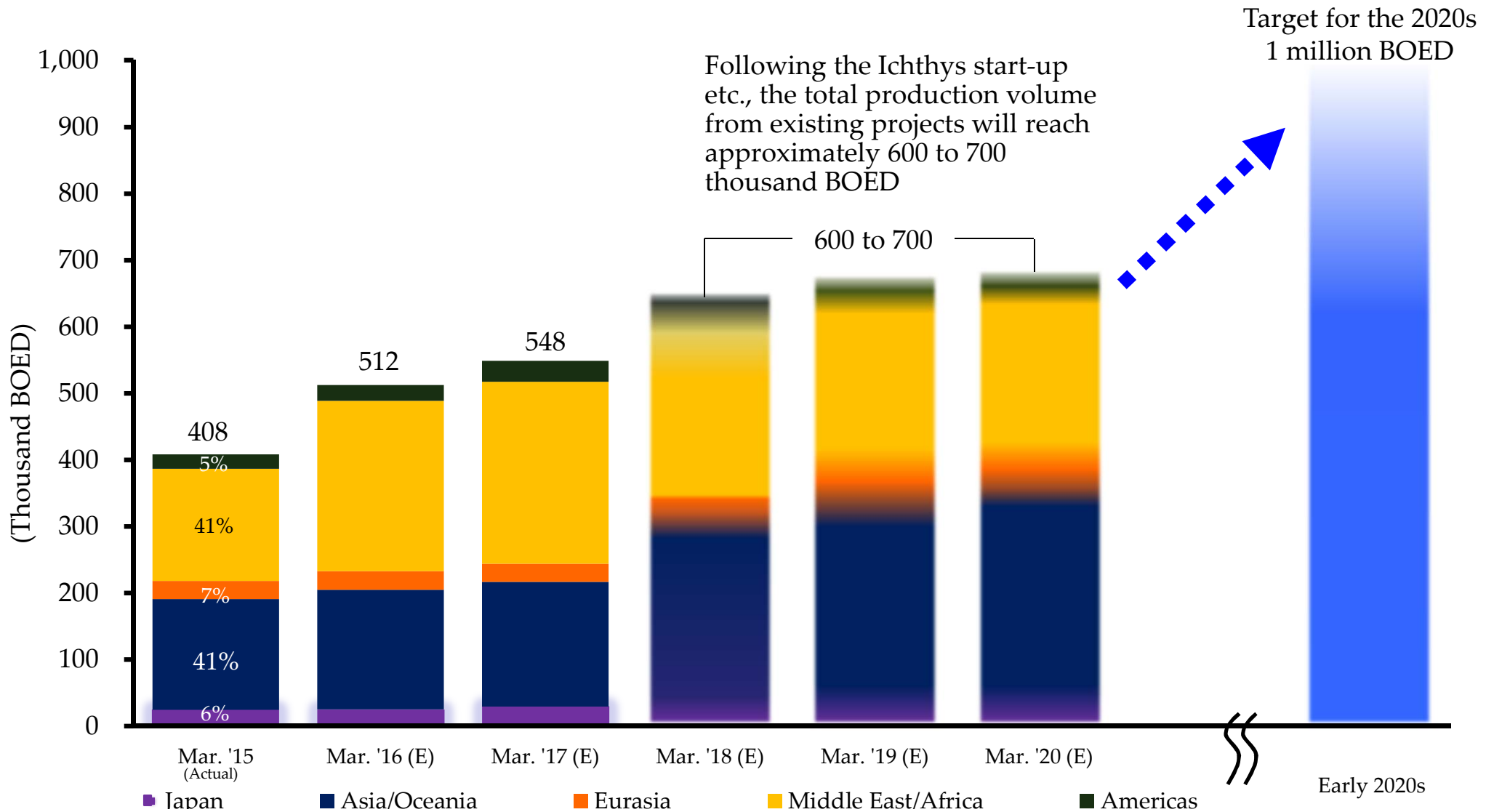
(Millions of US\$)



\*1 Includes investments in Ichthys downstream

\*2 Mainly investments in Naoetsu LNG Terminal and domestic pipeline network

# Net Production\* Volume Projection



Note: Assumed Brent oil price for net production projection: \$65/bbl

\* 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.

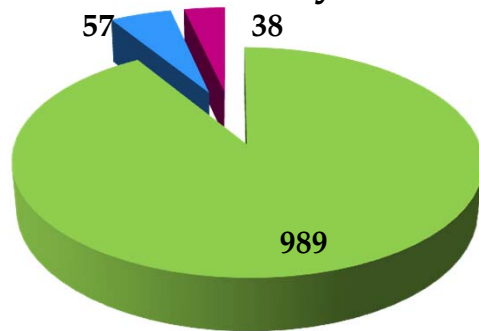
\*\* The production volume from the ADCO Concession Agreement is factored in the company's net production volume from April 27<sup>th</sup> 2015, which is the effective date of the agreement.

# FY 2016/03 Outlook

## Investment Plan

- Development:  
989 billion Yen
- Exploration:  
57 billion Yen
- Other capital expenditures:  
38 billion Yen

Investment Plan By Activity



■ Development ■ Exploration ■ Other capital expenditures

## Net Production

- Target production:  
512 thousand BOED  
(104 thousand BOED  
increase on FY 2015/03)

### Main Increase Factors

- ADCO Onshore Concession
- Van Gogh Oil Field
- Coniston Oil Field

### Main Decrease Factor

- South Natuna Sea Block B

## Projects

- Ichthys LNG Project progression
- Optimization of development plan for Abadi LNG Project
- Acquisition of the ADCO Onshore Concession in April 2015
- Commencement of oil production at Coniston Oil Field in May 2015
- Careful screening and selection of exploration activities

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Financial Results for the year ended March 31, 2015

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Masahiro Murayama

Director, Managing Executive Officer

Senior Vice President of Finance & Accounting Division

# Highlights of the Consolidated Financial Results for the year ended March 31, 2015



	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Net Sales (Billions of yen)	1,334.6	1,171.2	(163.3)	(12.2%)
Crude Oil Sales	858.7	730.4	(128.3)	(14.9%)
Natural Gas Sales (including LPG)	455.4	421.8	(33.5)	(7.4%)
Others	20.4	18.9	(1.5)	(7.4%)
Operating Income (Billions of yen)	733.6	534.8	(198.7)	(27.1%)
Ordinary Income (Billions of yen)	750.0	575.1	(174.9)	(23.3%)
Net Income (Billions of yen)	183.6	77.8	(105.8)	(57.6%)
Net income per share (Yen)*	125.78	53.29	(72.49)	(57.6%)

Average number of INPEX shares issued and outstanding during the year ended March 31, 2015: 1,460,357,200

Average crude oil price (Brent) (\$/bbl)	107.56	86.57	(20.99)	(19.5%)
Average exchange rate (¥/\$)	100.17	109.77	9.60 yen depreciation	9.6% yen depreciation

\*The company conducted a stock split at a ratio of 1:400 of common stock on October 1, 2013.

Net income per share is calculated based on the assumption that the stock split was conducted on April 1, 2013.

# Crude Oil Sales



	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Net Sales (Billions of yen)	858.7	730.4	(128.3)	(14.9%)
Sales volume (thousand bbl)	79,171	80,558	1,387	1.8%
Average unit price of overseas production (\$/bbl)	107.78	84.00	(23.78)	(22.1%)
Average unit price of domestic production (¥/kl)	67,817	61,080	(6,737)	(9.9%)
Average exchange rate (¥/\$)	100.26	107.79	7.53 yen depreciation	7.5% yen depreciation
Sales volume by region (thousand bbl)	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Japan	861 (137 thousand kl)	791 (126 thousand kl)	(70) (-11 thousand kl)	(8.1%)
Asia/Oceania	12,151	11,015	(1,135)	(9.3%)
Eurasia (Europe/NIS)	8,697	9,946	1,249	14.4%
Middle East/Africa	57,420	58,773	1,353	2.4%
Americas	43	33	(10)	(24.1%)
Total	79,171	80,558	1,387	1.8%

# Natural Gas Sales (excluding LPG)



	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Net Sales (Billions of yen)	431.1	401.3	(29.8)	(6.9%)
Sales volume (million cf)	327,117	309,485	(17,631)	(5.4%)
Average unit price of overseas production (\$/thousand cf)	13.09	11.36	(1.73)	(13.2%)
Average unit price of domestic sales (¥/m <sup>3</sup> )	50.31	57.56	7.25	14.4%
Average exchange rate (¥/\$)	100.08	108.26	8.18 yen depreciation	8.2% yen depreciation
Sales volume by region (million cf)	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Japan	67,106 (1,798 million m <sup>3*</sup> )	66,679 (1,787 million m <sup>3*</sup> )	(427) (-11 million m <sup>3*</sup> )	(0.6%)
Asia/Oceania	219,771	204,231	(15,539)	(7.1%)
Eurasia (Europe/NIS)	-	-	-	-
Middle East/Africa	-	-	-	-
Americas	40,240	38,575	(1,665)	(4.1%)
Total	327,117	309,485	(17,631)	(5.4%)

(FYI) LPG Sales

	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Net Sales (Billions of yen)	24.2	20.5	(3.7)	(15.3%)

\*1m<sup>3</sup>=41.8605MJ



# Statement of Income



(Billions of Yen)	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change	
Net Sales	1,334.6	1,171.2	(163.3)	(12.2%)	Decrease in Sales Volume : (8.9) Decrease in Unit Price : (227.5) Exchange rate (Depreciation of Yen) : +74.5 Others : (1.5)
Cost of Sales	490.4	525.4	35.0	7.1%	Cost of sales for Crude Oil : 308.5 (Change) +14.7 Cost of sales for Natural Gas : 202.0 (Change) +19.4 * Including LPG
Gross profit	844.2	645.7	(198.4)	(23.5%)	
Exploration expenses	28.2	23.2	(4.9)	(17.6%)	
Selling, general and administrative expenses	82.3	87.6	5.2	6.4%	
Operating Income	733.6	534.8	(198.7)	(27.1%)	
Other income	50.7	101.7	51.0	100.6%	Main Factors; Gain on transfer of mining rights +26.7 Foreign exchange gain +19.5 Gain on sales of marketable securities +7.8
Other expenses	34.2	61.4	27.2	79.5%	
Ordinary Income	750.0	575.1	(174.9)	(23.3%)	
Extraordinary Loss (Impairment loss)	-	35.1	35.1	-	Main Factors; Provision for allowance for recoverable accounts under production sharing +11.4 Equity in losses of affiliates +8.3 Loss on disposal of fixed assets +6.1
Income taxes	563.1	464.4	(98.7)	(17.5%)	
Minority interests	3.2	(2.2)	(5.4)	-	
Net Income	183.6	77.8	(105.8)	(57.6%)	Joslyn Oil Sands Project : 27.5 JPDA06-105 Block in the Timor Sea Joint Petroleum Development Area (JPDA): 7.5

# Other Income/Expenses

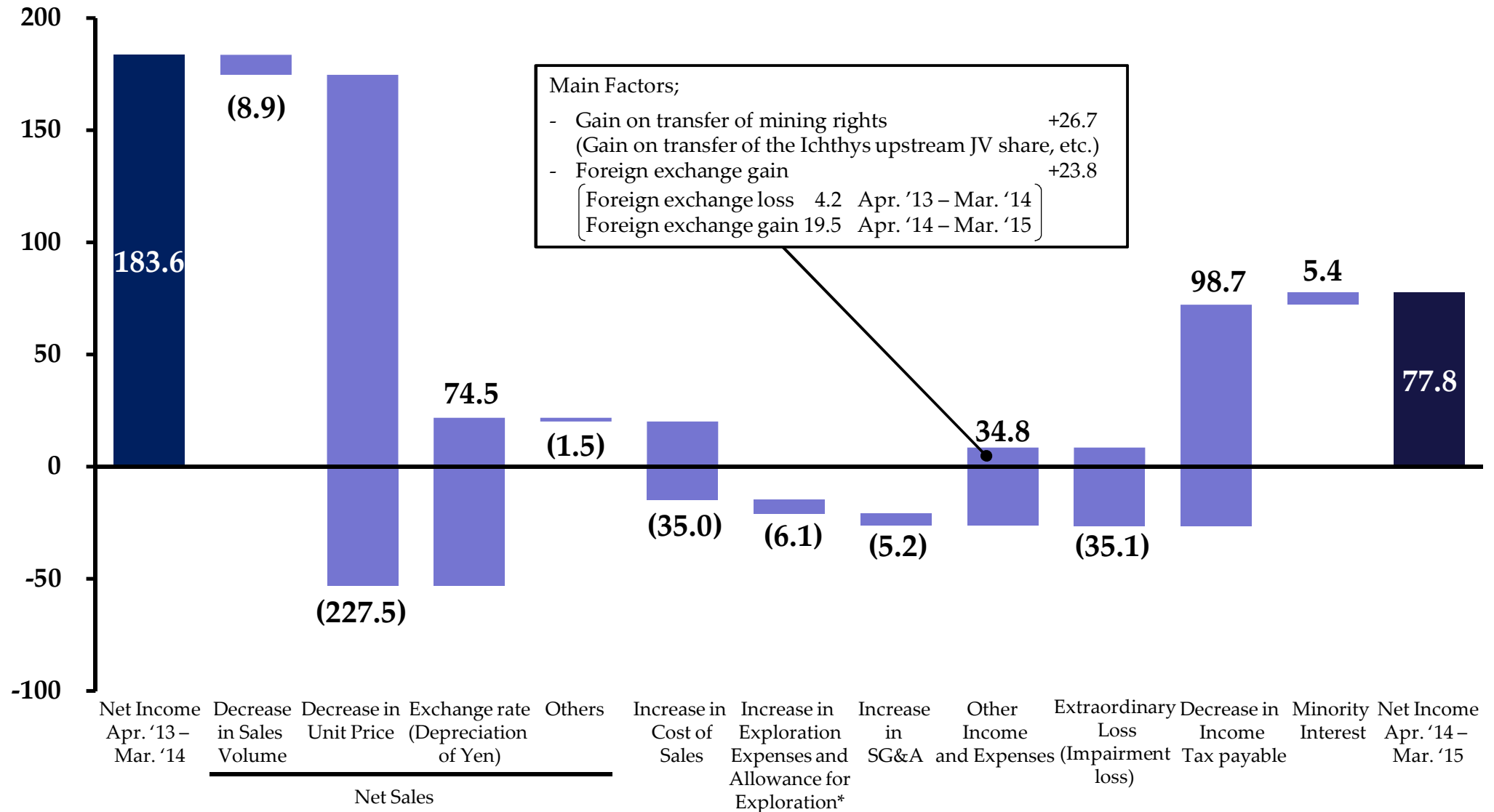


(Billions of Yen)	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
<b>Other income</b>	50.7	101.7	51.0	100.6%
Interest income	17.4	11.2	(6.2)	(35.7%)
Dividend income	9.2	6.6	(2.5)	(27.7%)
Gain on sales of marketable securities	10.3	18.1	7.8	75.6%
Gain on transfer of mining rights	0.7	27.5	26.7	-
Foreign exchange gain	-	19.5	19.5	-
Other	12.9	18.6	5.7	44.4%
<b>Other expenses</b>	34.2	61.4	27.2	79.5%
Interest expense	2.3	2.9	0.6	26.2%
Equity in losses of affiliates	5.0	13.4	8.3	166.0%
Provision for allowance for recoverable accounts under production sharing	8.0	19.4	11.4	142.3%
Provision for exploration projects	1.1	0.8	(0.3)	(28.3%)
Foreign exchange loss	4.2	-	(4.2)	(100.0%)
Loss on disposal of fixed assets	0.0	6.2	6.1	-
Other	13.3	18.5	5.2	39.2%

# Analysis of Net Income Decrease



(Billions of Yen)



# Balance Sheet



(Billions of yen)	Mar. '14	Mar. '15	Change	%Change
Current assets	1,140.2	1,342.4	202.2	17.7%
Tangible fixed assets	951.7	1,497.6	545.8	57.3%
Intangible assets	439.1	458.7	19.5	4.5%
Recoverable accounts under production sharing	685.9	703.2	17.3	2.5%
Other	944.4	618.7	(325.7)	(34.5%)
Less allowance for recoverable accounts under production sharing	(123.4)	(121.7)	1.7	(1.4%)
<b>Total assets</b>	<b>4,038.1</b>	<b>4,499.1</b>	<b>461.0</b>	<b>11.4%</b>
Current liabilities	375.6	365.2	(10.4)	(2.8%)
Long-term liabilities	666.4	845.2	178.8	26.8%
<b>Total net assets</b>	<b>2,996.0</b>	<b>3,288.7</b>	<b>292.6</b>	<b>9.8%</b>
(Minority interests)	204.9	222.0	17.0	8.3%
<b>Total liabilities and net assets</b>	<b>4,038.1</b>	<b>4,499.1</b>	<b>461.0</b>	<b>11.4%</b>
Net assets per share (Yen)**	1,911.25	2,099.95	188.70	9.9%

\*\*The company conducted a stock split at a ratio of 1:400 of common stock on October 1, 2013.  
Net assets per share is calculated based on the assumption that the stock split was conducted on April 1, 2013.

Available fund (Billions of yen)	
	1,263.2*
Breakdown	
• Cash and deposits	: 922.6
• Long-term time deposits	: 120.2
• Marketable securities	: 162.2
• Available investment securities	: 58.0

\*Amounts to be allocated for the investments for development and exploration activities until the year ending March 31, 2017 following the "Medium- To Long-Term Vision of INPEX".

Summary of financial information for Ichthys downstream JV (100% basis, including the Company's equity share 62.245%)	
	(Billions of yen)
• Current assets	: 42.6
• Fixed assets	: 2,213.8
• Total assets	: 2,256.5

Shareholders' equity	
	(Billions of yen)
Retained earnings	: +51.7
Accumulated other comprehensive income	: +223.8
• Unrealized holding gain on securities	: +1.3
• Unrealized loss from hedging instruments	: (18.8)
• Translation adjustments	: +241.3

# Statement of Cash Flows

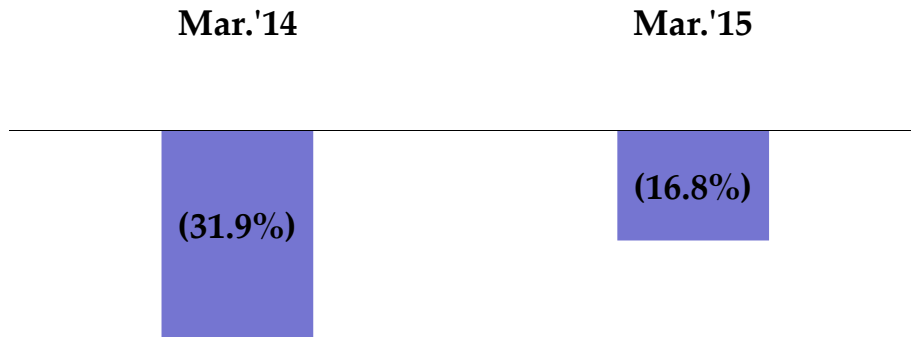


(Billions of Yen)	Apr. '13 - Mar. '14	Apr. '14 - Mar. '15	Change	%Change
Income before income taxes and minority interests	750.0	540.0	(210.0)	(28.0%)
Depreciation and amortization	50.9	52.5	1.6	3.1%
Recovery of recoverable accounts under production sharing (capital expenditures)	67.0	75.5	8.5	12.7%
Recoverable accounts under production sharing (operating expenditures)	(60.4)	(60.7)	(0.2)	0.5%
Income taxes paid	(567.1)	(478.8)	88.2	(15.6%)
Other	(26.9)	88.2	115.1	-
<b>Net cash provided by operating activities</b>	<b>213.5</b>	<b>216.7</b>	<b>3.2</b>	<b>1.5%</b>
Payments for time deposits/Proceeds from time deposits	64.9	372.1	307.1	-
Payments for long-term time deposits/Proceeds from long-term time deposits	(353.3)	(112.1)	241.1	(68.2%)
Purchase of tangible fixed assets	(323.6)	(448.3)	(124.7)	38.5%
Purchases of marketable securities/investment securities and proceeds from sales of marketable securities/investment securities	323.2	256.6	(66.5)	(20.6%)
Investment in recoverable accounts under production sharing (capital expenditures)	(104.0)	(70.4)	33.6	(32.3%)
Long-term loans made / Collection of long-term loans receivable	38.3	(111.1)	(149.4)	-
Payments for purchase of mining rights	(42.7)	(18.4)	24.3	(56.9%)
Proceeds from transfer of mining rights	0.7	59.4	58.6	-
Other	0.9	(8.7)	(9.7)	-
<b>Net cash used in investing activities</b>	<b>(395.5)</b>	<b>(81.0)</b>	<b>314.4</b>	<b>(79.5%)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>48.9</b>	<b>(4.1)</b>	<b>(53.1)</b>	<b>-</b>
Cash and cash equivalents at end of the period	117.5	260.9	143.4	122.1%

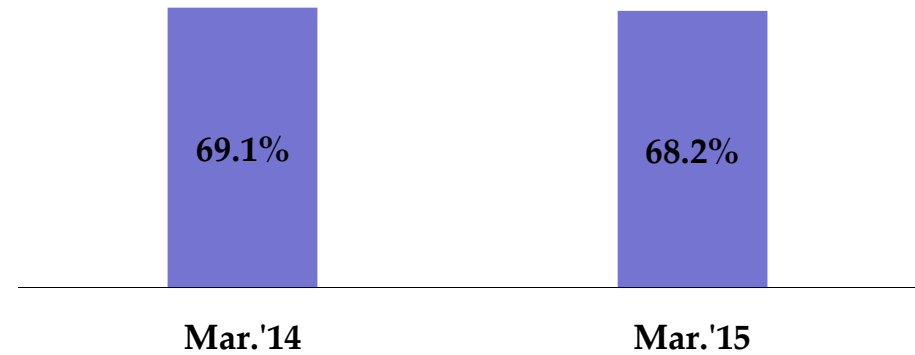
# Financial Indices



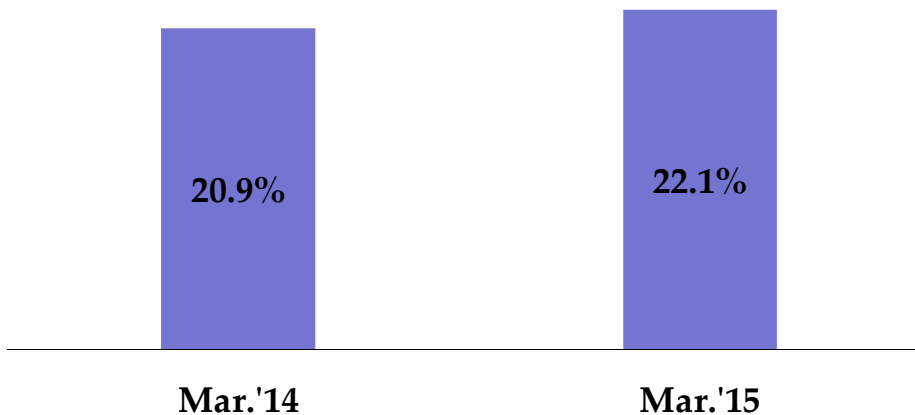
## Net Debt/Total Capital Employed (Net)\*



## Equity Ratio\*\*



## D/E Ratio\*\*\*



\* Net Debt/Total Capital Employed (Net) = (Interest-bearing debt - Cash and deposits - Public and corporate bonds and other debt securities (with determinable value) - CP etc. - Long term time deposits)/(Net assets + Interest-bearing debt - Cash and deposits - Public and corporate bonds and other debt securities (with determinable value) - CP etc. - Long term time deposits)

\*\* Equity Ratio = (Net assets - Minority interests)/Total assets

\*\*\* D/E Ratio = Interest-bearing debt/ (Net asset - Minority interests)

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Consolidated Financial Forecasts  
for the year ending March 31, 2016

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Masahiro Murayama

Director, Managing Executive Officer

Senior Vice President of Finance & Accounting Division

# Consolidated Financial Forecasts for the year ending March 31, 2016



	1st Half	2nd Half	Full year
Brent oil price (\$/bbl)	65.0	65.0	65.0
Average exchange rate (¥/\$)	120.0	120.0	120.0

Full Year	Mar. '15 (Actual)	Mar. '16 (Forecasts )	Change	% Change
Net Sales (Billions of yen)	1,171.2	1,249.0	77.8	6.6%
Operating Income (Billions of yen)	534.8	489.0	(45.8)	(8.6%)
Ordinary Income (Billions of yen)	575.1	512.0	(63.1)	(11.0%)
Net income attributable to INPEX CORPORATION (Billions of yen)	77.8	70.0	(7.8)	(10.0%)

## 1st Half

Net Sales (Billions of yen)	663.1	595.0	(68.1)	(10.3%)
Operating Income (Billions of yen)	346.7	234.0	(112.7)	(32.5%)
Ordinary Income (Billions of yen)	368.4	243.0	(125.4)	(34.1%)
Net income attributable to INPEX CORPORATION (Billions of yen)	88.7	34.0	(54.7)	(61.7%)

Cash dividends per share (yen)	2Q End	9.0	9.0
	FY End	9.0	9.0
	TOTAL	18.0	18.0



# Sales and Investment Plan for the year ending March 31, 2016



		Mar. '15 (Actual)	Mar. '16 (Forecasts )	Change	% Change
Sales Volume	Crude oil (thousand bbl) <sup>1</sup>	80,558	119,854	39,296	48.8%
	Natural gas (million cf) <sup>2</sup>	309,485	322,271	12,786	4.1%
	Overseas	242,807	252,417	9,610	4.0%
	Japan	66,679 (1,787 million m <sup>3</sup> )	69,854 (1,872 million m <sup>3</sup> )	3,175 (85million m <sup>3</sup> )	4.8%
	LPG (thousand bbl) <sup>3</sup>	2,851	2,747	(104)	(3.6%)

(Billions of yen)	Mar. '15 (Actual)	Mar. '16 (Forecasts)	Change	% Change
Development expenditure <sup>4</sup>	929.0	989.0	60.0	6.5%
Other capital expenditure	27.9	38.0	10.1	36.2%
Exploration expenditure	72.6	57.0	(15.6)	(21.5%)
<i>Exploration expenses and Provision for explorations<sup>5</sup></i>	<i>Exploration expenses</i> 23.2	<i>Exploration expenses</i> 13.1	(2.4)	(5.5%)
	<i>Provision for explorations</i> 20.2	<i>Provision for explorations</i> 28.0		
<i>(Minority Interest Portion)<sup>6</sup></i>	10.5	29.1	18.6	177.1%

Note

1 CF for domestic crude oil sales and petroleum products : 1kl=6.29bbl

2 CF for domestic natural gas sales : 1m3=37.32cf

3 CF for domestic LPG sales : 1t=10.5bbl

4 Development expenditure includes investment in Ichthys downstream

5 "Provision for allowance for recoverable accounts under production sharing" + "Provision for exploration projects"

6 Capital increase from minority shareholders, etc.

# Net Income Sensitivities (1/2)



- Sensitivities of crude oil price and foreign exchange fluctuation on consolidated net income for the year ending March 31, 2016 (Note 1)

(The impact of Exchange Rate is shown in more detail below.)

(Billions of yen)

Crude Oil Price; \$1/bbl increase (decrease) (Note 2)	+3.0 (-3.0)
Exchange Rate; ¥1 depreciation (appreciation) against the U.S. dollar	+1.2 (-1.2)
<ul style="list-style-type: none"> <li>➤ Flow effect on net income from operating activities (Note 3)</li> <li>➤ Stock effect on net income (valuation for assets and liabilities denominated in the U.S. dollar) (Note 4)</li> </ul>	<p>+1.9 (-1.9)</p> <p>-0.7 (+0.7)</p>

(Note1) The sensitivities represent the impact on net income for the year ending March 31, 2016 against a \$1 /bbl increase (decrease) of Brent crude oil price on annual average and a ¥ 1 depreciation (appreciation) against the U.S. dollar. These are based on the financial situation at the beginning of the fiscal year. These are for reference purpose s only and the actual impact may be subject to change in production volumes, capital expenditures and cost recoveries, and may not be constant, depending on crude oil prices and exchange rates.

(Note2) This is a sensitivity on net income by fluctuation of crude oil price and is subject to the average price of crude oil (Brent) in the fiscal year.

(Note3) This is a sensitivity on net income from operating activities by fluctuation of the yen against the U.S. dollar and is subject to the average exchange rate in the fiscal year.

(Note4) This is the impact of foreign exchange differences for foreign currency-denominated assets and liabilities as of the beginning of the fiscal year, and is affected by the difference between the exchange rate at the end of the fiscal year and the end of the previous fiscal year. As of the beginning of the fiscal year, as foreign currency-denominated liabilities are greater than foreign currency-denominated assets, exchange valuation gains will occur when the yen is appreciated against the U.S. dollar, while exchange valuation losses will occur when the yen becomes weaker against the U.S. dollar. As shown in the next slide, due to the redemption of the bonds denominated in the U.S. dollar, the sensitivity for stock effect on net income is expected to near zero during this fiscal year.

# Net Income Sensitivities (2/2)

## Details on valuation of U.S. dollar-denominated assets and liabilities

- ◆ The assets and liabilities denominated in the U.S. dollar are practically balanced in the following chart.
- ◆ However, a portion of assets is held as bonds denominated in the U.S. dollar (as shown in green in the following chart), and exchange gain or loss derived from the yen appreciation or depreciation against the U.S. dollar of such a portion does not affect a statement of income, but net assets in the balance sheet expressed in unrealized holding gain or loss on securities.
- ◆ All the remaining amounts of bonds denominated in the U.S. dollar are scheduled to be redeemed by January, 2016, and such amounts will be deposited in an U.S. dollar account. Consequently, the assets and liabilities denominated in the U.S. dollar which raise exchange gain or loss in a statement of income will gradually be balanced and the sensitivity for stock effect on net income is expected to near zero during the fiscal year ending March 2016.

