

Review of Operations

Business Overview



Oil Exploration and Production Business

Petroleum Business (Refining and Sales)

Petrochemical Business

Business summary	Business of exploration and production of crude oil in Abu Dhabi in the United Arab Emirates (UAE) and in State of Qatar	Business to refine imported crude oil and sell the products to nationwide service stations, factories, and other places including overseas	Business to manufacture raw materials of polyester fiber, pet bottles, plastics, synthetic rubber, etc.
Net sales *1	55.8 billion yen	2,220.7 billion yen	48.1 billion yen
Ordinary income *1	18.6 billion yen	- 62.8 billion yen	4.1 billion yen
Ordinary income *1 (excl. inventory valuation)	18.6 billion yen	5.8 billion yen	4.2 billion yen
Number of employees *2	306	4,744	1,071

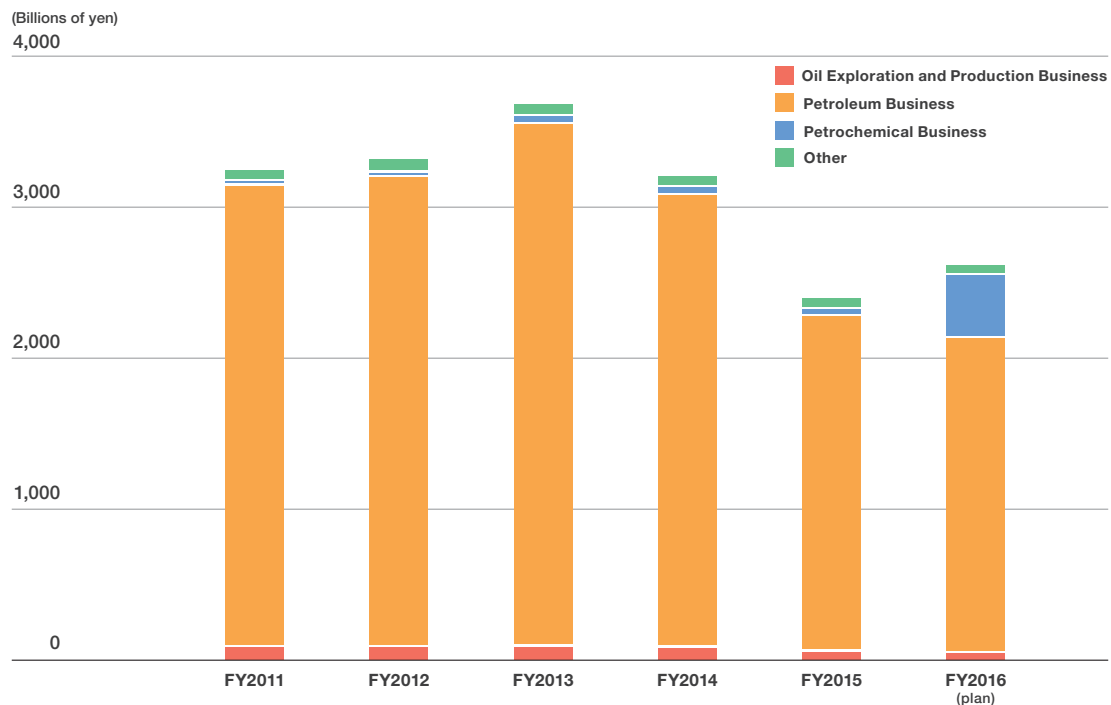
*1 FY2015 results (April 1, 2015 to March 31, 2016)

*2 As of March 31, 2016

*3 Including consolidated adjustment

*4 Wind power generation business (Eco Power): 85

Net Sales by Segment





Other Businesses (Renewable Energy)	Total
Businesses that are not related to oil or petroleum. Mainly engaged in wind power generation as renewable energy.	—
71.4 billion yen	2,244.3 billion yen*3
3.5 billion yen	- 36.1 billion yen*3
3.5 billion yen	32.6 billion yen*3
995*4	7,116

What does the impact of inventory valuation indicate?

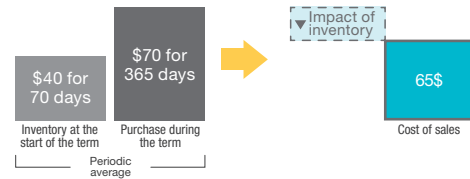
The "impact of inventory valuation" indicates the impact on the cost of sales in the financial statements, according to the inventory valuation method, when there is a change in the price of crude oil.

Inventory valuation impact based on the periodic average method

This indicates the impact in terms of income based on the "periodic average method," which is an inventory valuation method. In a phase when crude oil prices rise, the cost of sales is pushed down (cost decrease = inventory valuation gain) because the unit prices of purchased inventory that have risen during the term are averaged with the lower inventory unit prices at the start of the term. Conversely, in a phase when crude oil prices fall, the cost of sales is pushed up (cost increase = inventory valuation loss) because the unit prices of purchased inventory that have fallen during the term are averaged with the higher inventory unit prices at the start of the term.

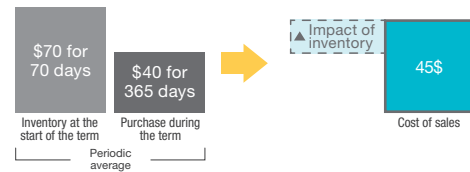
Phase when crude oil prices rise

Average of the unit prices of purchased inventory during the term with the "lower" inventory unit prices at the start of the term. Cost of sales is pushed down (inventory valuation gain)



Phase when crude oil prices fall

Average of the unit prices of purchased inventory during the term with the "higher" inventory unit prices at the start of the term. Cost of sales is pushed up (inventory valuation loss)



Inventory valuation impact based on reduction in book value

If the market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred (cost increase = inventory valuation loss).

Ordinary Income by Segment (excl. Inventory Valuation)

