

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2018



**MITSUMI OIL EXPLORATION CO.,LTD.**

Please note that the accompanying consolidated financial statements and notes are translation of the original Japanese document prepared in accordance with the provision set forth in the Companies Act of Japan and applicable regulations and in accordance with the accounting principles generally accepted in Japan and is only for reference purpose. In the event of any differences between this translated consolidated financial statements and the original Japanese document, the original Japanese document shall prevail.

## Consolidated Balance Sheet

March 31, 2018

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2018	March 31, 2017	March 31, 2018
<b>Current Assets</b>			
Cash and cash equivalents (Note 7)	¥241,363	¥221,961	\$2,271,870
Receivables-trade (Note 7)	17,460	9,570	164,348
Inventories	766	1,027	7,207
Other current assets	7,909	5,129	74,445
<b>Total Current Assets</b>	<b>267,499</b>	<b>237,687</b>	<b>2,517,871</b>
<b>Investments and Other Assets</b>			
Investments in securities (Note 7)	98,100	90,430	923,377
Other assets	858	796	8,079
<b>Total Investments and Other Assets</b>	<b>98,958</b>	<b>91,226</b>	<b>931,455</b>
<b>Property and Equipment (Note 3)</b>			
Buildings and structures	4,068	6,001	38,293
Wells	55,879	75,366	525,969
Machinery and equipment	30,016	35,781	282,535
Construction in progress	34,111	32,907	321,071
Other	148	155	1,394
<b>Total Property and Equipment</b>	<b>124,222</b>	<b>150,210</b>	<b>1,169,261</b>
<b>Intangible Assets</b>			
Mineral rights	33,580	36,488	316,074
Exploration expenditures	24,767	23,749	233,126
Allowance for exploration expenditures	(27,481)	(28,574)	(258,671)
Other	168	212	1,578
<b>Total Intangible Assets</b>	<b>31,033</b>	<b>31,875</b>	<b>292,107</b>
<b>Total Assets</b>	<b>¥521,712</b>	<b>¥510,998</b>	<b>\$4,910,695</b>

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## Consolidated Balance Sheet

March 31, 2018

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2018	March 31, 2017	March 31, 2018
<b>Current Liabilities</b>			
Short-term debt (Note 7)	¥1,300	¥4,500	\$12,236
Current portion of long-term debt (Note 7)	2,292	483	21,577
Accounts payable (Note 7)	8,308	9,614	78,200
Income taxes payable (Note 7)	19,186	11,697	180,590
Accrued expenses (Note 7)	2,900	3,762	27,300
Deposits received (Note 7)	210	146	1,973
Asset retirement obligations (Notes 2.p and 4)	2,597	-	24,442
Other current liabilities	1,372	1,426	12,916
<b>Total Current Liabilities</b>	<b>38,165</b>	<b>31,628</b>	<b>359,235</b>
<b>Long-Term Liabilities</b>			
Long-term debt (Note 7)	18,936	21,883	178,234
Deferred tax liabilities	8,466	9,904	79,683
Asset retirement obligations (Notes 2.p and 4)	85,143	105,917	801,421
Long-term accounts payable (Note 7)	6,093	8,586	57,351
Other long-term liabilities	6,766	7,251	63,689
<b>Total Long-Term Liabilities</b>	<b>125,403</b>	<b>153,541</b>	<b>1,180,378</b>
<b>Total Liabilities</b>	<b>163,568</b>	<b>185,169</b>	<b>1,539,613</b>
<b>Contingent Liabilities (Note 6)</b>			
<b>Equity (Note 5)</b>			
Common stock	33,133	33,133	311,873
Shares authorized for both 2018 and 2017: 80,000,000			
Shares outstanding for both 2018 and 2017: 66,266,800			
Capital surplus	2,421	2,443	22,788
Retained earnings	252,289	220,045	2,374,713
<b>Total</b>	<b>287,844</b>	<b>255,621</b>	<b>2,709,374</b>
<b>Accumulated Other Comprehensive Income</b>			
Unrealized gains (losses) on available-for-sale securities	35,797	35,368	336,946
Deferred gains (losses) on hedges	(571)	(1,213)	(5,374)
Foreign currency translation adjustments	27,187	28,968	255,906
<b>Total</b>	<b>62,414</b>	<b>63,123</b>	<b>587,478</b>
<b>Noncontrolling Interests</b>	<b>7,886</b>	<b>7,085</b>	<b>74,230</b>
<b>Total Equity</b>	<b>358,144</b>	<b>325,829</b>	<b>3,371,082</b>
<b>Total Liabilities and Equity</b>	<b>¥521,712</b>	<b>¥510,998</b>	<b>\$4,910,695</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

Year ended March 31, 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018
Net sales	¥125,263	¥116,782	\$1,179,061
Cost of sales	71,902	78,095	676,786
Gross profit	53,362	38,687	502,276
Selling, general, and administrative expenses	6,437	6,724	60,589
Operating income	46,925	31,963	441,687
Other income (expenses)			
Interest and dividend income	4,477	3,597	42,145
Interest expense	(358)	(288)	(3,369)
Equity in earnings (losses) of associated companies	10,886	(492)	102,465
Foreign exchange gain (loss)	(456)	3,157	(4,296)
Gain on write-off of asset retirement obligation of fully depreciated assets related to change in accounting estimate (Note 2.p)	12,798	18,440	120,465
Realized loss on derivatives	(1,652)	(269)	(15,546)
Gain on sales of investments in securities	8,685	4,111	81,746
Provision for exploration expenditure	(2,494)	(1,002)	(23,478)
Other - net	967	326	9,099
Other income (expenses) - net	32,853	27,580	309,231
Income before income taxes	79,778	59,543	750,918
Income taxes			
Current	37,216	27,024	350,301
Deferred	(646)	(375)	(6,082)
Total income taxes	36,570	26,649	344,218
Net income	43,208	32,894	406,699
Net income attributable to noncontrolling interests	771	799	7,259
Net income attributable to owners of the parent	¥42,437	¥32,095	\$399,440
Per share of common stock	Yen		U.S. dollars (Note 1)
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018
Net income	¥640.39	¥484.33	\$6.03
Cash dividends applicable to the year	189	156	1.78

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

Year ended March 31, 2018

	Millions of yen							
	Common stock	Capital surplus	Retained earnings	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Noncontrolling interests	Total equity
BALANCE, March 31, 2016	¥33,133	¥2,443	¥187,945	¥30,910	(¥892)	¥28,287	¥6,101	¥287,927
Changes in scope of consolidation			5					5
Net income			32,095					32,095
Net changes of items other than shareholders' equity				4,458	(321)	681	984	5,802
Net change in the year	-	-	32,100	4,458	(321)	681	984	37,902
BALANCE, March 31, 2017	¥33,133	¥2,443	¥220,045	¥35,368	(¥1,213)	¥28,968	¥7,085	¥325,829
Cash dividends, ¥156 per share			(10,338)					(10,338)
Changes in scope of consolidation			146					146
Net income			42,437					42,437
Changes in parent's ownership interest due to transaction with noncontrolling interests		(22)						(22)
Net changes of items other than shareholders' equity				429	642	(1,781)	801	92
Net change in the year	-	(22)	32,245	429	642	(1,781)	801	32,314
BALANCE, March 31, 2018	¥33,133	¥2,421	¥252,289	¥35,797	(¥571)	¥27,187	¥7,886	¥358,144

	Thousands of U.S. dollars (Note 1)							
	Common stock	Capital surplus	Retained earnings	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Noncontrolling interests	Total equity
BALANCE, March 31, 2017	\$311,873	\$22,993	\$2,071,206	\$332,906	(\$11,421)	\$272,669	\$66,691	\$3,066,918
Cash dividends, \$1.47 per share			(97,304)					(97,304)
Changes in scope of consolidation			1,371					1,371
Net income			399,440					399,440
Changes in parent's ownership interest due to transaction with noncontrolling interests		(205)						(205)
Net changes of items other than shareholders' equity				4,039	6,047	(16,763)	7,539	863
Net change in the year	-	(205)	303,506	4,039	6,047	(16,763)	7,539	304,164
BALANCE, March 31, 2018	\$311,873	\$22,788	\$2,374,713	\$336,946	(\$5,374)	\$255,906	\$74,230	\$3,371,082

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by Mitsui Oil Exploration Co., Ltd. (“MOECO”), in accordance with the provisions set forth in the Companies Act of Japan and applicable regulations (the “Companies Act”) and in accordance with the accounting principles generally accepted in Japan. The information provided in the notes to the consolidated financial statements is limited to that required by the Companies Act. The consolidated statement of cash flows is presented herein, although the preparation of such statement is not required under the Companies Act.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to MOECO's consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2017 consolidated financial statements to conform to the classifications used in 2018.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MOECO is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.24 = US\$1, the rate of exchange at March 31, 2018. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Statement of comprehensive income is not required as a part of the basic financial statements under the Companies Act of Japan and applicable regulations and, accordingly, is not presented herein.

## 2. Summary of Significant Accounting Policies

### a) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of MOECO, 25 subsidiaries (together, the “Group”), and 8 affiliates. The 25 subsidiaries are Moeco Thailand Co., Ltd., Moeco Thai Oil Development Co., Ltd., Moeco Cambodia Co., Ltd., Moeco Vietnam Petroleum Co., Ltd., Moeco Southwest Vietnam Petroleum Co., Ltd., Moeco Tuna E&P Co., Ltd., Moeco Libya Co., Ltd., Moeco West Papua 1 Co., Ltd., Moeco West Papua 3 Co., Ltd., Siam Moeco Ltd., MOECO International B.V., MOEX USA Corporation, MOEX Gulf of Mexico Corporation, MOEX Oil & Gas Texas LLC, MOEX Offshore 2007 LLC, MOEX North America LLC, Moeco Oil & Gas Norge AS, MOECO ASIA PTE. LTD., MOECO ASIA MG3 PTE. LTD., MOECO ASIA PSCG PTE. LTD., MOECO ASIA EP2 PTE. LTD., MOECO Oil & Gas Asia PTE. LTD., MOECO Asia Offshore PTE. LTD., MOECO Asia South PTE. LTD., and MOECO OIL (SARAWAK) SDN.BHD. The 8 affiliates are Mitsui E&P Middle East B.V., Orange Energy Limited, MitEnergy Upstream LLC, Mitsui E&P USA LLC, Mitsui E&P UK Ltd., Erawan2 FSO Bahamas Ltd., Mitsui E&P Texas Holdings LLC, and Mitsui E&P Brasil Ltda. and are accounted for by the equity method. Under the control and influence concepts, those companies in which MOECO, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. As certain companies are not significant to the consolidated financial statements, such companies are not consolidated or accounted for by the equity method. For the year ended March 31, 2018, MOECO added MOECO OIL (SARAWAK) SDN.BHD. as a subsidiary due to its increased significance to the scope of consolidation. For the year ended March 31, 2018, Moeco (Song Hong) Co., Ltd. and Moeco Merangin Co., Ltd. were excluded from the scope of consolidation due to liquidations. As the closing date of certain subsidiaries and affiliates, which is December 31, differed from the consolidated closing date, necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between MOECO's closing date and those of the consolidated subsidiaries.

The excess of cost over the underlying net assets, excluding noncontrolling interests at fair value, as of their dates of acquisition, is accounted for as goodwill and amortized over 20 years by the straight-line method.

All significant intercompany balances and transactions are eliminated in consolidation.

**b) Cash equivalents**

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits that represent short-term investments, all of which mature or become due within six months of the date of acquisition.

**c) Inventories**

Inventories are stated at the lower of cost, determined by the retail method, or net selling value.

**d) Marketable and Investment securities**

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost, determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

**e) Property and equipment**

Property and equipment are stated at cost. Depreciation is mainly calculated by the straight-line method over the estimated useful lives of the respective assets.

**f) Mineral rights**

Mineral rights are carried at cost, less accumulated amortization, which is calculated by the straight-line method over the duration of the petroleum production period, mainly fixed within a contract with the government.

**g) Allowance for exploration expenditures**

The costs that have been invested in exploration activities, such as geological and geophysical expenses, drilling, and other administration, are capitalized as exploration expenditures in intangible assets. An allowance for exploration expenditures is provided for future possible loss on exploration expenditures in the case of failure in exploration, considering the possibility of recovery of exploration expenditures, as there is a fairly low probability of success of exploration before approval for development by oil-producing countries. Moreover, an allowance for exploration expenditures that is incurred before the decision to transition to development has occurred is maintained until commencement of selling and realization of profitability for activities that are still in the development stage because of uncertainty.

Furthermore, an allowance for exploration expenditures is also provided for mineral rights, which includes a signature bonus and so on, associated with the conclusion of a contract with the government.

**h) Long-lived assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**i) Liability for retirement benefits**

Liability for retirement benefits is based on benefit reserves and plan assets in the actuarial report at the consolidated balance sheet date.

**j) Retirement allowance for directors and audit & supervisory board members**

Retirement allowance for directors and audit & supervisory board members is recorded to state the liability at the amount that would be required if all directors and audit & supervisory board members retired at each consolidated balance sheet date. Retirement allowances for directors and audit & supervisory board members are paid subject to approval of the shareholders in accordance with the Companies Act.

**k) Income taxes**

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**l) Foreign currency transactions**

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

**m) Foreign currency financial statements**

The assets, liabilities, revenue, and expense accounts of overseas subsidiaries are translated into yen at the exchange rates of their balance sheet dates, and the differences arising from the translation are presented as "Foreign currency translation adjustments" in equity.

Differences arising from such translation are divided into "Foreign currency translation adjustments" and "Noncontrolling interests" in a separate component of equity.

**n) Derivatives**

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates and commodity prices. Derivatives are stated at fair value, and realized gains and losses on derivative transactions are recognized in the consolidated statement of income.

**o) Per share information**

Net income per share attributable to owners of the parent is calculated by dividing profit attributable to owners of the parent by the weighted-average number of common stock outstanding during the reporting period.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

**p) Change in accounting estimates**

For the year ended March 31, 2018, the Group has changed an accounting estimate of expenses to remove some facilities producing crude oil and natural gas because it was found that the estimated removal expenses have decreased due to a decrease in the unit costs of each process of the removal of facilities in Thailand. Because of this change in accounting estimate, the Group revised asset retirement obligations and removed ¥14,297 million (\$134,571 thousand) from the amount of the liability for asset retirement obligations. Also, gross profit and operating income increased by ¥309 million (\$2,906 thousand) and income before income taxes increased by ¥13,107 million (\$123,371 thousand). Meanwhile, the Group recorded the decrease of depreciation for changes in estimate for asset retirement obligations of depreciated asset in previous years of ¥12,798 million (\$120,465 thousand) as "Gain on write-off of asset retirement obligation of fully depreciated assets related to change in accounting estimate".

This change in accounting estimate will result in an increase to income before income taxes of ¥1,190 million (\$11,201 thousand) in subsequent years.



### 3. Accumulated Depreciation and impairment

Accumulated depreciation and impairment of property and equipment for the years ended March 31, 2018 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Accumulated depreciation and impairment of property and equipment	¥561,479	¥540,551	\$5,285,007

### 4. Asset Retirement Obligations

The Group has estimated expenses to remove some facilities producing crude oil and natural gas in Thailand and recorded asset retirement obligations, which are expected to be incurred at the time of termination of the projects in the Gulf of Thailand. The discount rate is the distribution rate of U.S. Treasury Bills.

The changes in asset retirement obligations for the years ended March 31, 2018 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018
Balance at beginning of year	¥105,917	¥124,268	\$996,958
Additional provisions associated with acquisition of property and equipment	1,151	10,855	10,834
The decrease associated with disposition of property and equipment	(3,063)	(716)	(28,832)
The decrease associated with change of estimate	(14,297)	(28,342)	(134,571)
Adjustment associated with passage of time	2,964	3,286	27,899
Foreign currency translation adjustments	(4,932)	(3,434)	(46,423)
Balance at end of year	¥87,740	¥105,917	\$825,864

### 5. Equity

Japanese companies are subject to the Companies Act. The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock.

Of the dividends whose record date belongs to the current fiscal year, ¥12,524 million (\$117,888 thousand) are those dividends for which the effective date belongs to the next fiscal year. On June 28, 2018, the payment of these dividends was approved upon a resolution at the Annual General Meeting of Shareholders.

## **6. Contingent Liabilities**

On March 31, 2018, MOECO had the following contingent liabilities:

### **(1) Guarantees of indebtedness of an affiliated company**

MOECO provides guarantees to the financial institutions in relation to the borrowing of MOECO's affiliated company amounting to ¥20,855 million (\$196,305 thousand).

Mitsui & Co., Ltd. (the "Parent") provides guarantees to the financial institutions in relation to the borrowing of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the Parent amounting to ¥86,142 million (\$810,823 thousand).

### **(2) Revolving guarantees of contract performance bond of an affiliated company**

MOECO provides revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company amounting to a maximum limit of ¥2,474 million (\$23,285 thousand).

The Parent provides revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the Parent amounting to a maximum limit of ¥10,849 million (\$102,118 thousand).

The JV partner provides revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the JV partner amounting to a maximum limit of ¥1,328 million (\$12,500 thousand).

Financial institutions provide revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the financial institutions amounting to a maximum limit of ¥132 million (\$1,240 thousand).

## **7. Financial Instruments and Related Disclosures**

### **(1) Policy for financial instruments**

The Group emphasizes capital safety and liquidity in its fund management. Cash surpluses, if any, are invested in time deposits and short-term investments. Fund procurement is mainly operated by bank loans. Derivatives are used not for speculative purposes, but to manage exposure to financial risks.

### **(2) Nature and extent of risks arising from financial instruments and risk management**

Receivables, such as trade accounts, are exposed to customer credit risk. The Group manages credit risk from receivables on the basis of internal guidelines.

Securities mainly consist of equity securities. Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Debt loans are short-term debt incurred as temporary bridging funds and long-term debt for projects related to development and production.

Derivatives include commodity contracts for sale of oil and condensate, which are used to manage exposure to market risks from changes in sales price. The Group limits the counterparties of these contracts to major financial institutions and manages its credit risk at a low level.

(3) Fair values of financial instruments

(a) Fair values of financial instruments

March 31, 2018	Millions of yen		
	Carrying amount	Fair value	Unrealized gain
Cash and cash equivalents	¥241,363	¥241,363	-
Receivables-trade	17,460	17,460	-
Marketable securities and investment securities	43,328	43,328	-
Short-term debt	(1,300)	(1,300)	-
Current portion of long-term debt	(2,292)	(2,292)	-
Accounts payable	(8,308)	(8,308)	-
Income taxes payable	(19,186)	(19,186)	-
Accrued expenses	(2,900)	(2,900)	-
Deposits received	(210)	(210)	-
Long-term debt	(18,936)	(18,936)	-
Long-term accounts payable	(6,093)	(5,836)	¥257
Derivatives	3,122	3,122	-
<b>Total</b>	<b>¥246,050</b>	<b>¥246,307</b>	<b>¥257</b>

March 31, 2017	Millions of yen		
	Carrying amount	Fair value	Unrealized gain
Cash and cash equivalents	¥221,961	¥221,961	-
Receivables-trade	9,570	9,570	-
Marketable securities and investment securities	43,949	43,949	-
Short-term debt	(4,500)	(4,500)	-
Current portion of long-term debt	(483)	(483)	-
Accounts payable	(9,614)	(9,614)	-
Income taxes payable	(11,697)	(11,697)	-
Accrued expenses	(3,762)	(3,762)	-
Deposits received	(146)	(146)	-
Long-term debt	(21,883)	(21,883)	-
Long-term accounts payable	(8,586)	(8,292)	¥294
Derivatives	1,436	1,436	-
<b>Total</b>	<b>¥216,244</b>	<b>¥216,538</b>	<b>¥294</b>

March 31, 2018	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain
Cash and cash equivalents	\$2,271,870	\$2,271,870	-
Receivables-trade	164,348	164,348	-
Marketable securities and investment securities	407,831	407,831	-
Short-term debt	(12,236)	(12,236)	-
Current portion of long-term debt	(21,577)	(21,577)	-
Accounts payable	(78,200)	(78,200)	-
Income taxes payable	(180,590)	(180,590)	-
Accrued expenses	(27,300)	(27,300)	-
Deposits received	(1,973)	(1,973)	-
Long-term debt	(178,234)	(178,234)	-
Long-term accounts payable	(57,351)	(54,929)	\$2,421
Derivatives	29,389	29,389	-
<b>Total</b>	<b>\$2,315,978</b>	<b>\$2,318,399</b>	<b>\$2,421</b>

The carrying values of cash and cash equivalents, receivables (trade), short-term debt, accounts payable, income taxes payable, accrued expenses, and deposits received approximate fair value because of their short maturities.

Marketable securities and investment securities are based on quoted prices in active markets.

The carrying values of current portion of long-term debt and long-term debt with floating interest rates approximate fair values because the interest rates of the debt are variable and reflect market interest rates for a short period, and the credit standing of MOECO does not vary greatly.

The fair value of long-term accounts payable is calculated by discounting estimated cash flows in the future at the London Interbank Offered Rate, plus our credit spread.

The derivatives are presented on a net basis. The fair value of derivatives is based on quoted prices which are provided by the financial institutions.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Unlisted shares	¥55,988	¥47,763	\$526,994

**8. Significant Non-cash Transactions**

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018
	Asset retirement obligations	(¥13,146)	(¥17,487)