

INPEX CORPORATION

Financial Results

for the Six Months ended September 30, 2016

November 14, 2016



1. Corporate Overview

Toshiaki Kitamura

Representative Director, President & CEO

2. Financial Results for the six months ended September 30, 2016

Masahiro Murayama

Director, Senior Managing Executive Officer
Senior Vice President, Finance & Accounting

Cautionary Statement



This presentation includes forward-looking information that reflects the plans 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 risks, 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 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.

Corporate Overview

Toshiaki Kitamura
Representative Director, President & CEO

First-Half FY 2017/03 Corporate Highlights (1/2)



<ul style="list-style-type: none"> ■ Half-year Results (Apr.2016 -Sep.2016) 	<ul style="list-style-type: none"> - Net sales ¥389.6 billion (31.3% decrease YoY) - Net income ¥15.7 billion (65.4 % decrease YoY)
<ul style="list-style-type: none"> ■ Major projects 	<ul style="list-style-type: none"> - Ichthys LNG Project <ul style="list-style-type: none"> ➤ Continue onshore (LNG plant) / offshore (CPF/FPSO) development works in progress ➤ Project progress rate: Approx. 90% - Abadi LNG Project <ul style="list-style-type: none"> ➤ Engaged in discussion with Indonesian government regarding the optimal development of the Abadi Gas Field for early start-up of the project - Kashagan Oil Field <ul style="list-style-type: none"> ➤ Production restart
<ul style="list-style-type: none"> ■ Net Production 	<ul style="list-style-type: none"> - 524 thousand BOED (4% increase YoY)
<ul style="list-style-type: none"> ■ Responding to Lower Oil Prices 	<ul style="list-style-type: none"> - Continuing reduction of investments in exploration, development and production costs

First-Half FY 2017/03 Corporate Highlights (2/2)



Continuous Enhancement of E&P Activities

- Commenced exploratory drilling offshore Shimane and Yamaguchi Prefectures, Japan (June)
- Reached final investment decision to expand Tangguh LNG facility, Indonesia (July)

Strengthening Gas Supply Chain

- Commenced partial (July) and full operations (October) of Toyama Line, Japan
- Agreed to sales contracts with three additional city gas companies based on Heads of Agreement with Chubu Electric on joint business operation to supply electricity (September)

Reinforcement of Renewable Energy Initiatives

- Commenced drilling survey in Fukushima Prefecture for geothermal energy development (June)
- Progress on the Sarulla Geothermal Independent Power Producer Project for commercial operations, Indonesia

Ichthys LNG Project (1/3)



Completion of off-loading of the final onshore module
(Aug/2016)



Construction of LNG train
(Aug./2016)



- Proved reserves: Approx. 930 million BOE (Based on INPEX's participating interest of 62.245%)
- Production capacity :
 - Approx. 8.9 million t/y of LNG
 - Approx. 1.6 million t/y of LPG
 - Approx. 100,000 bbl/d of condensate (at peak)
- Participating interest:
INPEX 62.245%, TOTAL 30.000%, Tokyo Gas 1.575%, Osaka Gas 1.200%,
JERA 0.735%, Toho Gas 0.420%, CPC 2.625%, Kansai Electric Power 1.200%
- FID in January 2012
- Project progress rate : Approx. 90%

- Announcement in September 2015
 - Production start: End December 2016 → 3rd quarter of 2017
 - CAPEX : Approx. 10% increase
 - LNG production capacity : Approx.8.4 million t/y →Approx. 8.9 million t/y (approx. 6% increase)

Ichthys LNG Project (2/3)

Offshore Facilities



Major works for Offshore Facilities done since FID and plans up to the third quarter of 2017

2012	2013	2014	2015	2016	2017 (Jan.-Sep.)
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Detailed engineering / procurement

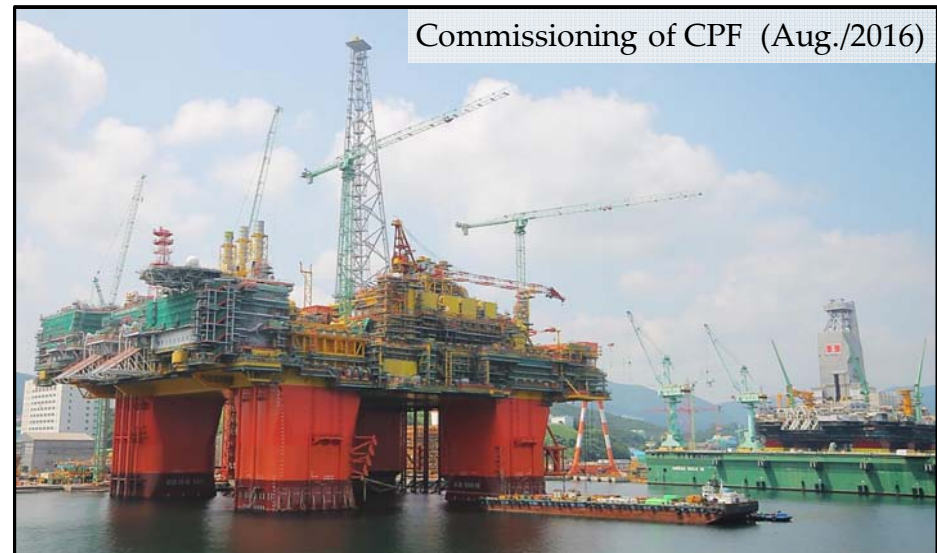
Installation of GEP

Construction of CPF and FPSO / Preparation for ready for sail away

Installation and hook-up offshore production facilities / commissioning

Drilling production wells / completion

Production start-up

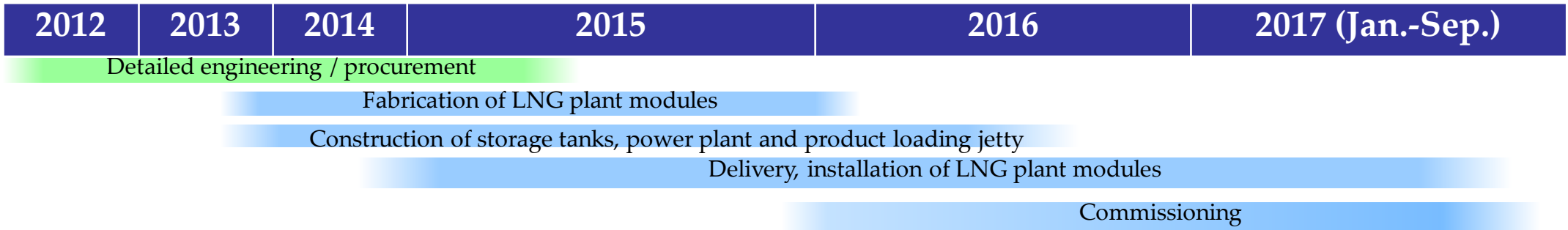


Ichthys LNG Project (3/3)

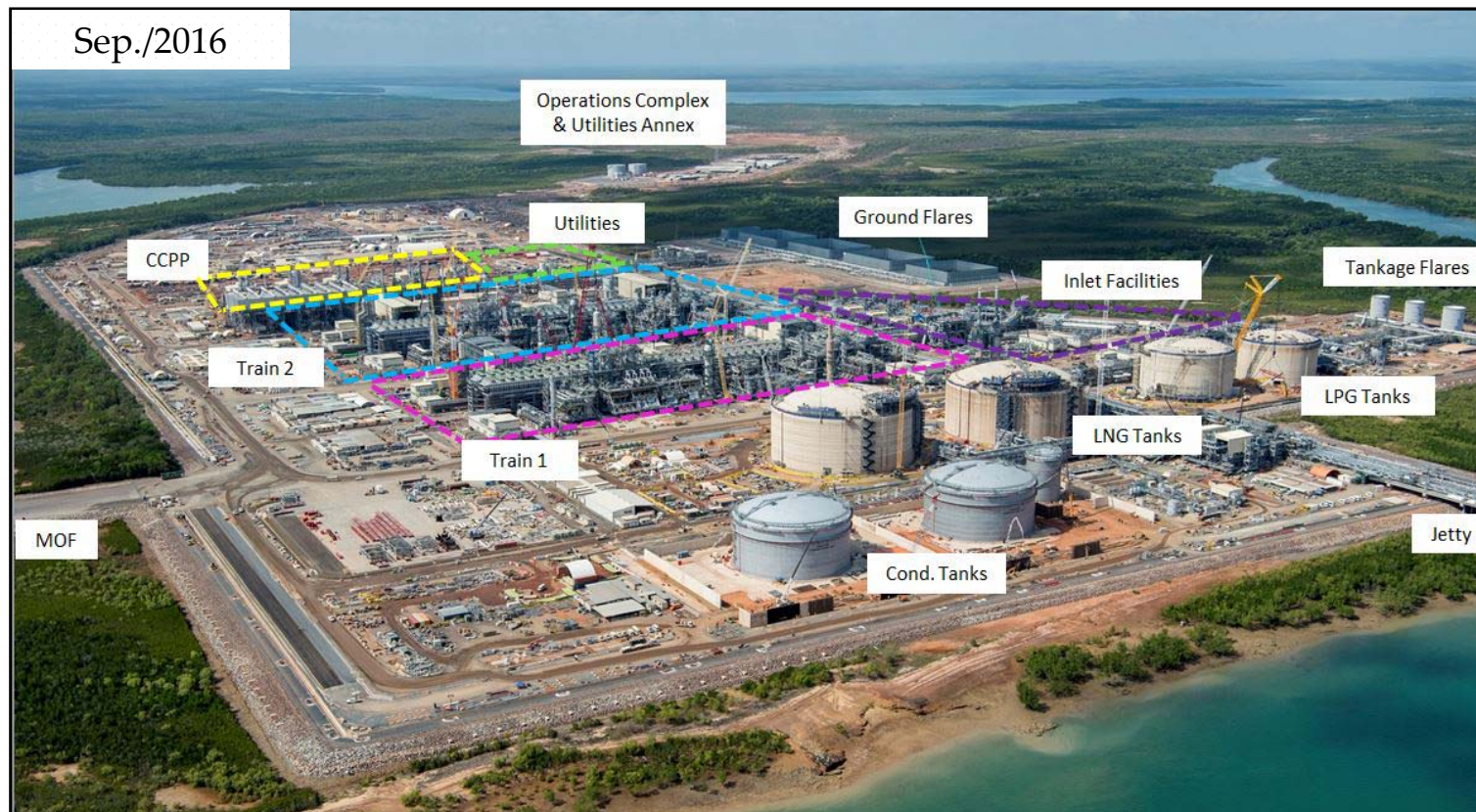
Onshore Facilities



Major works for Onshore Facilities done since FID and plans up to the third quarter of 2017



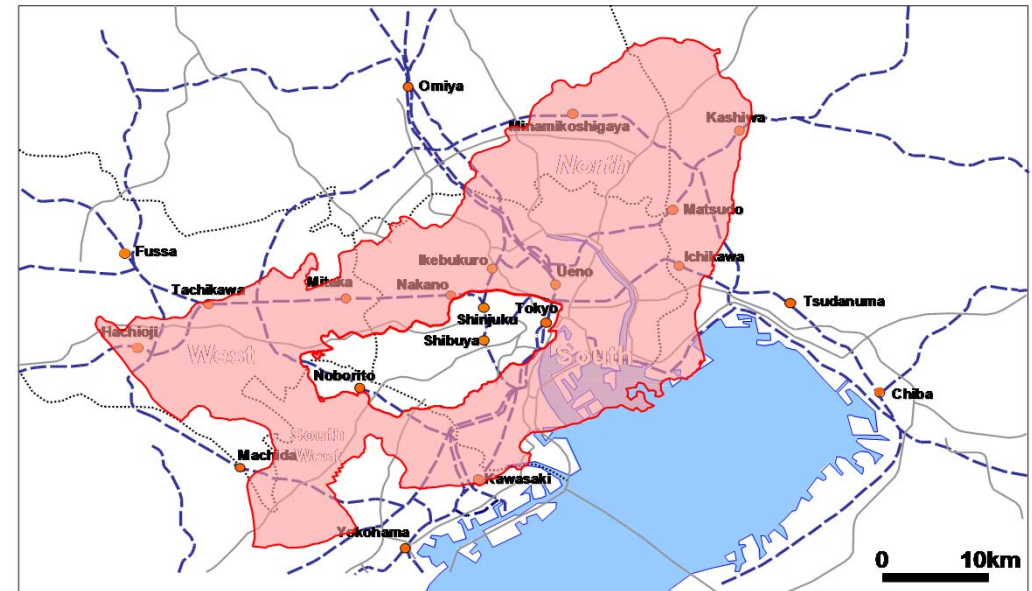
Production start-up



Abadi LNG Project



Location of Masela Block



Abadi gas field (image)

- Received the notice from Indonesian government instructing to re-propose a plan of development based on onshore LNG for the project in April 2016
- Engaged in discussion with Indonesian government regarding the optimal development of the Abadi Gas Field for early start-up of the project

Progress of major upstream business



■ Kazakhstan: Kashagan Oil Field



- Commenced dispatch of crude oil in October 2016 following production restart
- To increase production capacity to a target level of approx. 370,000 bbl/d over the next year
- One of the world's largest oil fields with estimated oil in place of some 35 billion barrels

■ Indonesia: Tangguh LNG Project

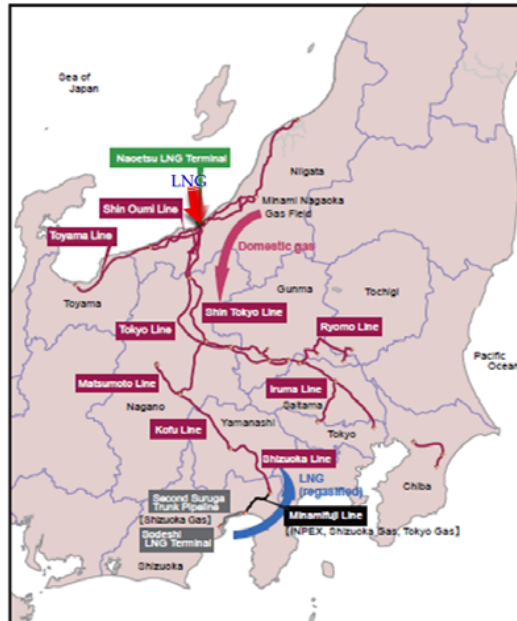


- In July 2016, announced final investment decision to add a third LNG process train (Train 3)
- Commencement of production expected in 2020
- 3.8 million tons per annum (mtpa) of additional production capacity
 - 75% of LNG to be sold to the state electricity company PT.PLN
 - 25% of LNG to be sold to Kansai Electric Power

Strengthening Gas Supply Chain & Reinforcement of Renewable Energy Initiatives



Domestic natural gas business



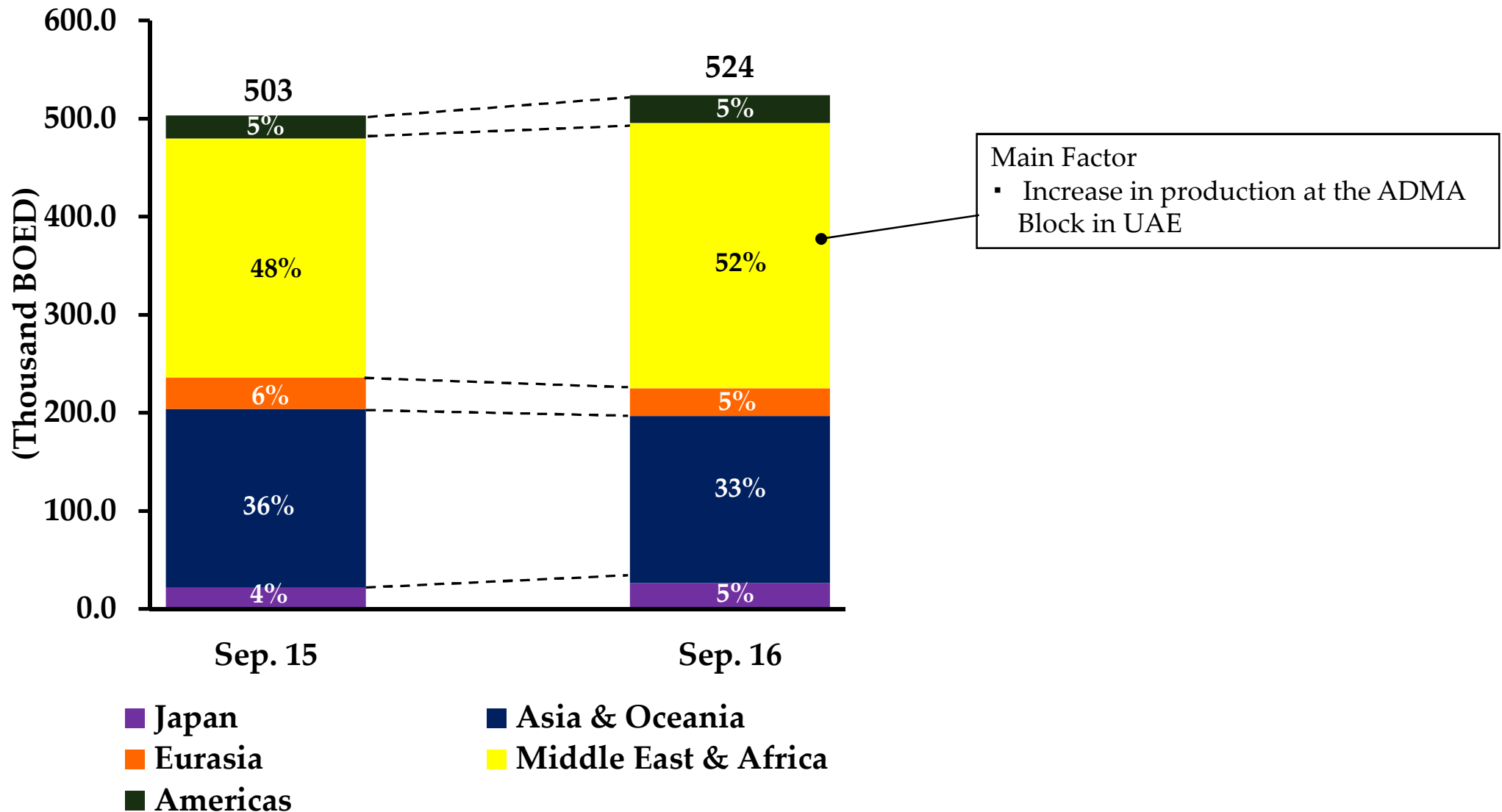
- Toyama Line completed in June 2016
 - Commenced supply of natural gas to Nissan Chemical Industries in July 2016
 - Commenced supply of natural gas to Nihonkai Gas in October 2016
- Natural Gas Sales
 - FY 2016/03: approx. 1,750 million m³*
 - FY 2017/03(estimated): approx. 1,930 million m³*

Geothermal power generation business



- Indonesia: Sarulla Geothermal Independent Power Producer (IPP) Project
 - Power plant with maximum capacity of 330MW, the world's largest single-contract geothermal power project
 - Expected to initiate commercial operations in FY2016, targeting phased ramp-up with 2nd and 3rd plants

Net Production* (April – September 2016) **INPEX**

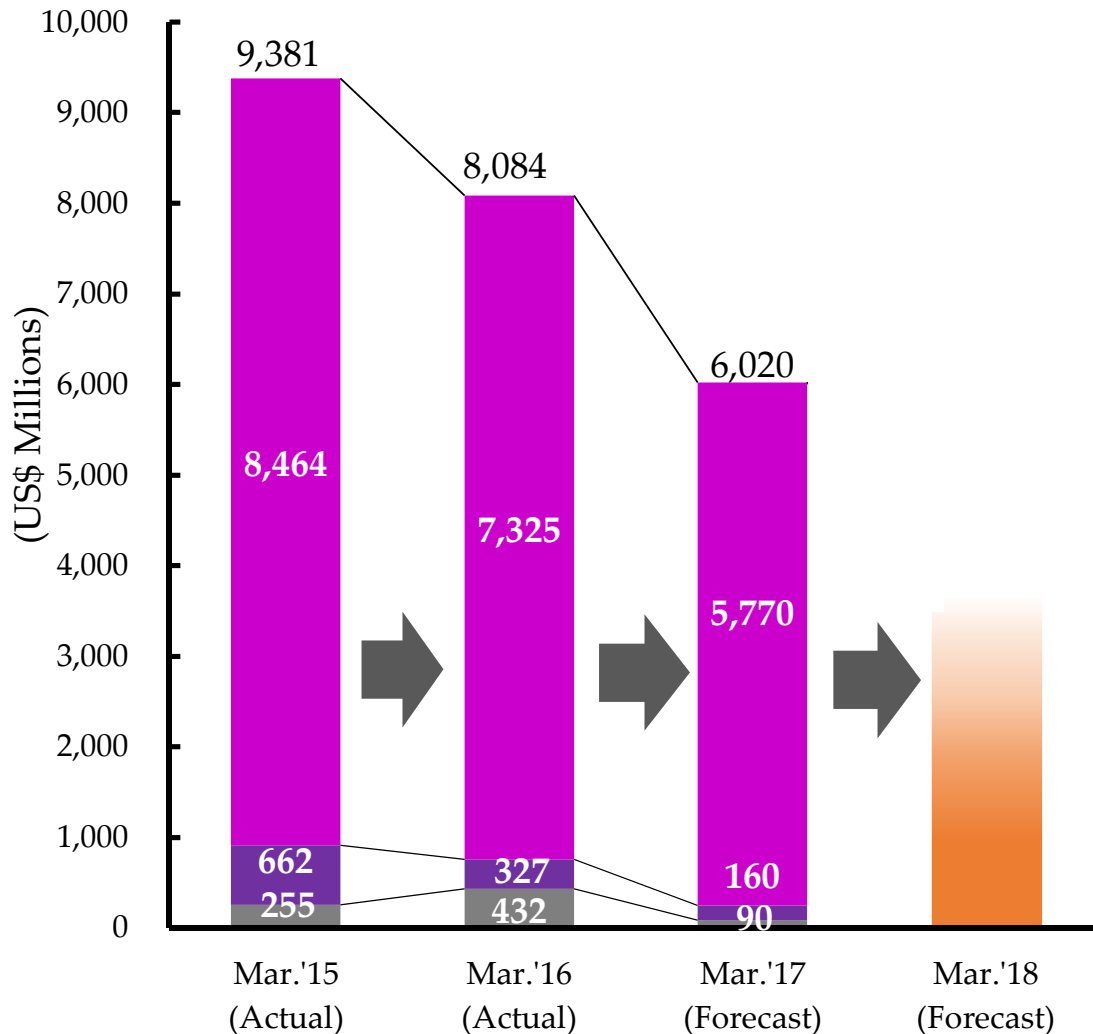


* The production volume of crude oil and natural gas under the production sharing contracts entered into by INPEX Group corresponds to the net economic take of INPEX Group.

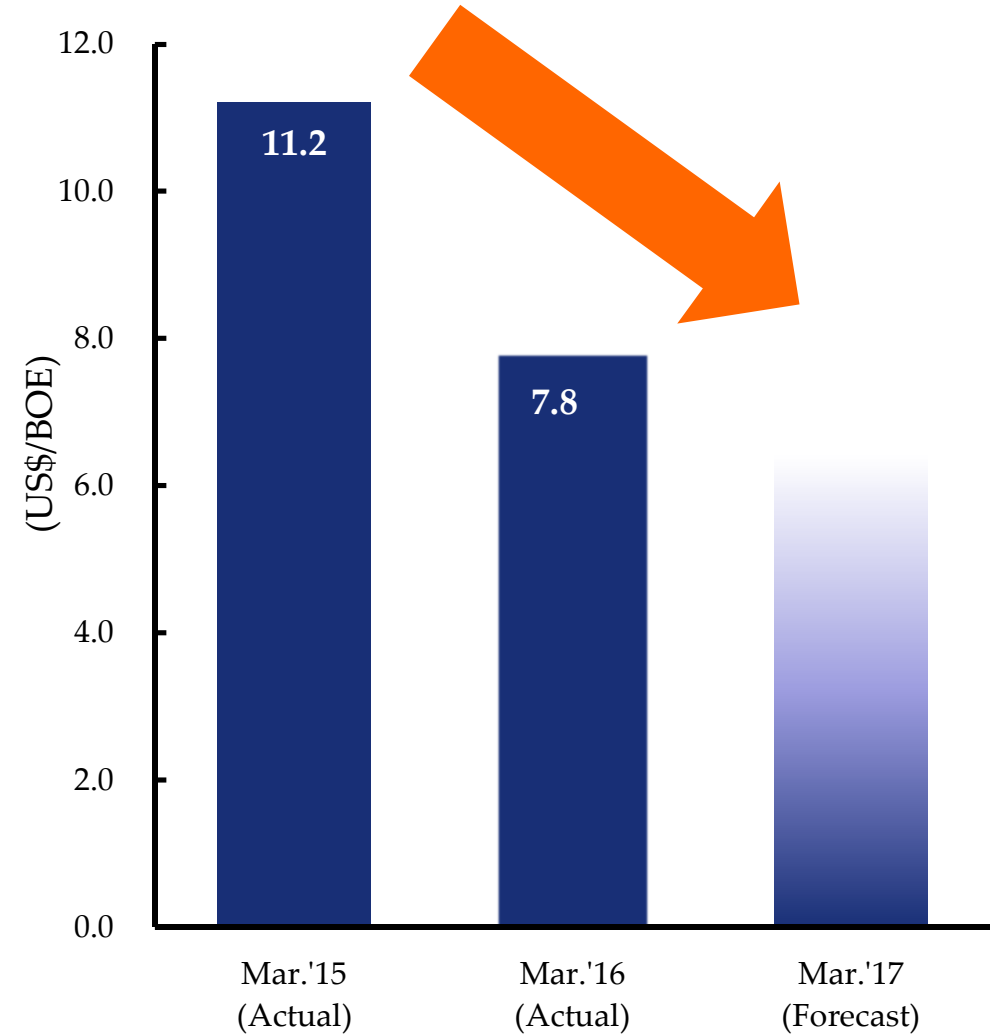
Responding to Lower Oil Prices



Mar.'15 & Mar.'16 investments versus Mar.'17 & Mar.'18 investment forecasts



Production cost per Barrel of Oil Equivalent*3



■ Development*1 ■ Exploration ■ Other capital expenditures*2

*1 Includes investments in Ichthys downstream business

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

*3 Excluding royalties

Financial Results for the six months ended
September 30, 2016

Masahiro Murayama

Director, Senior Managing Executive Officer
Senior Vice President, Finance & Accounting

Highlights of the Consolidated Financial Results for the six months ended September 30, 2016



	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Net sales (Billions of yen)	567.0	389.6	(177.3)	(31.3%)
Crude oil sales	396.8	275.8	(121.0)	(30.5%)
Natural gas sales (including LPG)	163.3	108.0	(55.2)	(33.9%)
Others	6.8	5.7	(1.0)	(15.2%)
Operating income (Billions of yen)	246.7	138.0	(108.7)	(44.1%)
Ordinary income (Billions of yen)	258.8	132.1	(126.6)	(48.9%)
Net income attributable to owners of parent (Billions of yen)	45.4	15.7	(29.7)	(65.4%)
Net income per share (Yen)	31.15	10.77	(20.38)	(65.4%)

Average number of INPEX shares issued and outstanding during the six months ended September 30, 2016: 1,460,357,186

Average crude oil price (Brent) (\$/bbl)	57.31	47.01	(10.30)	(18.0%)
Average exchange rate (¥/\$)	121.88	105.26	16.62 yen appreciation	13.6% yen appreciation

Crude Oil Sales



	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Net sales (Billions of yen)	396.8	275.8	(121.0)	(30.5%)
Sales volume (thousand bbl)	57,805	59,970	2,164	3.7%
Average unit price of overseas production (\$/bbl)	56.52	43.08	(13.44)	(23.8%)
Average unit price of domestic production (¥/kl)	47,043	32,003	(15,041)	(32.0%)
Average exchange rate (¥/\$)	121.36	106.65	14.71 yen appreciation	12.1% yen appreciation
Sales volume by region (thousand bbl)	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Japan	290 (46.2 thousand kl)	415 (66.0 thousand kl)	125 (+19.9 thousand kl)	43.0%
Asia & Oceania	6,837	6,548	(289)	(4.2%)
Eurasia (Europe & NIS)	6,028	6,260	232	3.8%
Middle East & Africa	43,963	45,734	1,771	4.0%
Americas	687	1,012	325	47.4%
Total	57,805	59,970	2,164	3.7%

Natural Gas Sales (excluding LPG)



	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Net sales (Billions of yen)	157.7	104.3	(53.3)	(33.8%)
Sales volume (million cf)	160,634	165,837	5,204	3.2%
Average unit price of overseas production (\$/thousand cf)	7.23	4.83	(2.40)	(33.2%)
Average unit price of domestic sales (¥/m ³)	54.72	43.88	(10.84)	(19.8%)
Average exchange rate (¥/\$)	121.23	105.87	15.36 yen appreciation	12.7% yen appreciation
Sales volume by region (million cf)	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Japan	28,725 (770 million m ³ *)	29,523 (791 million m ³ *)	798 (+21 million m ³ *)	2.8%
Asia & Oceania	114,556	118,646	4,090	3.6%
Eurasia (Europe & NIS)	-	-	-	-
Middle East & Africa	-	-	-	-
Americas	17,353	17,668	315	1.8%
Total	160,634	165,837	5,204	3.2%

(FYI) LPG Sales

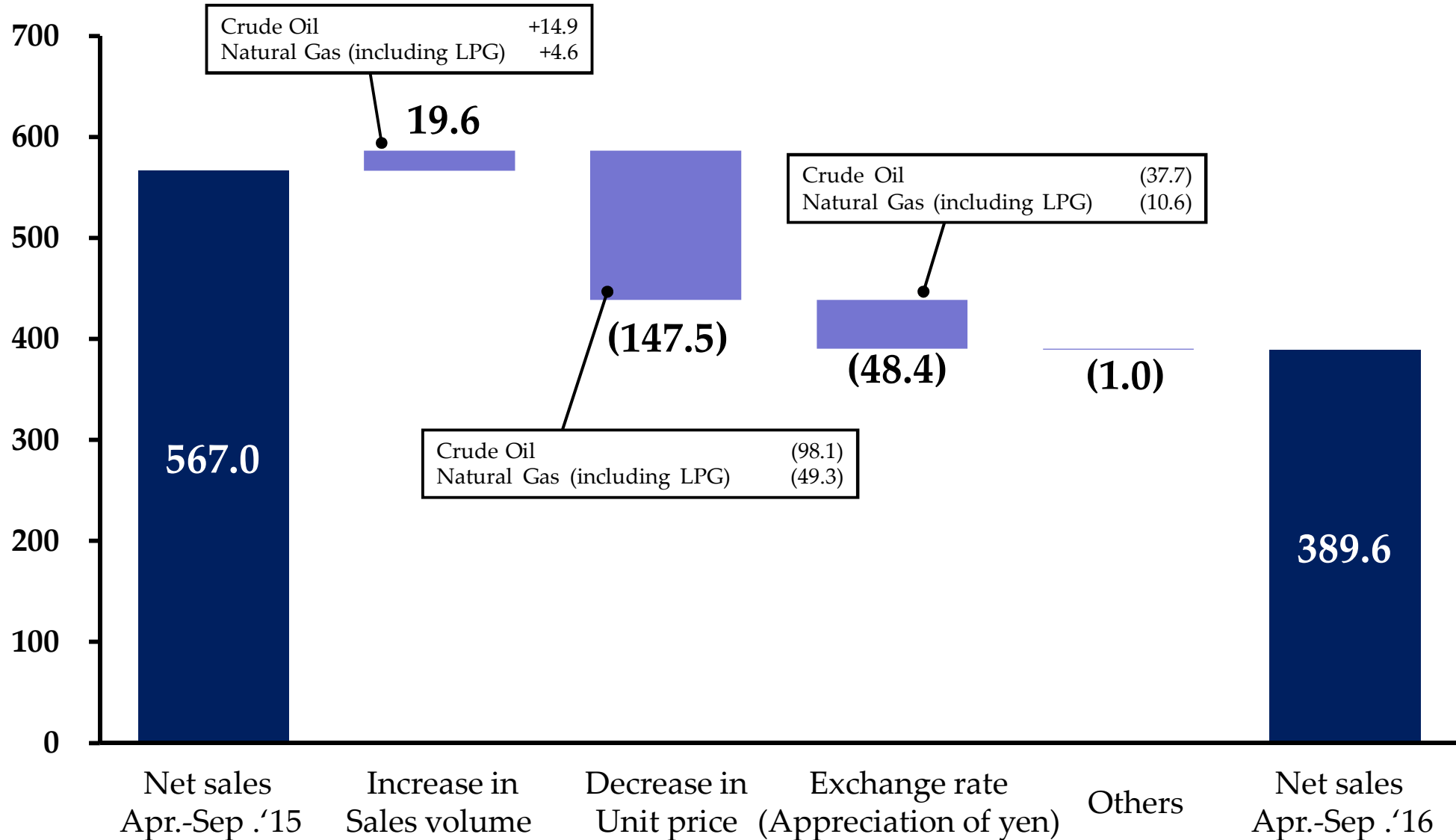
	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Net sales (Billions of yen)	5.5	3.6	(1.9)	(34.7%)

*1m³=41.8605MJ

Analysis of Net Sales Decrease



(Billions of Yen)



Statement of Income



(Billions of Yen)	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change	
Net sales	567.0	389.6	(177.3)	(31.3%)	Increase in sales volume : +19.6 Decrease in unit price : (147.5) Exchange rate (Appreciation of Yen) : (48.4) Others : (1.0)
Cost of sales	273.5	210.1	(63.4)	(23.2%)	
Gross profit	293.4	179.5	(113.9)	(38.8%)	
Exploration expenses	4.0	2.4	(1.6)	(39.8%)	Cost of sales for Crude Oil : 141.6 (Change) (45.9) Cost of sales for Natural Gas* : 63.0 (Change) (16.9) * Including LPG
Selling, general and administrative expenses	42.5	38.9	(3.5)	(8.4%)	
Operating income	246.7	138.0	(108.7)	(44.1%)	Main factors for change : Absence of gain on sales of marketable securities (11.4) Absence of foreign exchange gain (9.1)
Other income	39.8	16.4	(23.4)	(58.7%)	
Other expenses	27.8	22.3	(5.4)	(19.7%)	
Ordinary income	258.8	132.1	(126.6)	(48.9%)	Main factors for change : Provision for allowance for recoverable accounts under production sharing (16.9) Provision for exploration projects (1.6) Foreign exchange loss +17.1
Total income taxes	219.5	107.4	(112.0)	(51.0%)	
Net income (loss) attributable to non-controlling interests	(6.1)	8.9	15.1	-	
Net income attributable to owners of parent	45.4	15.7	(29.7)	(65.4%)	

Other Income/Expenses

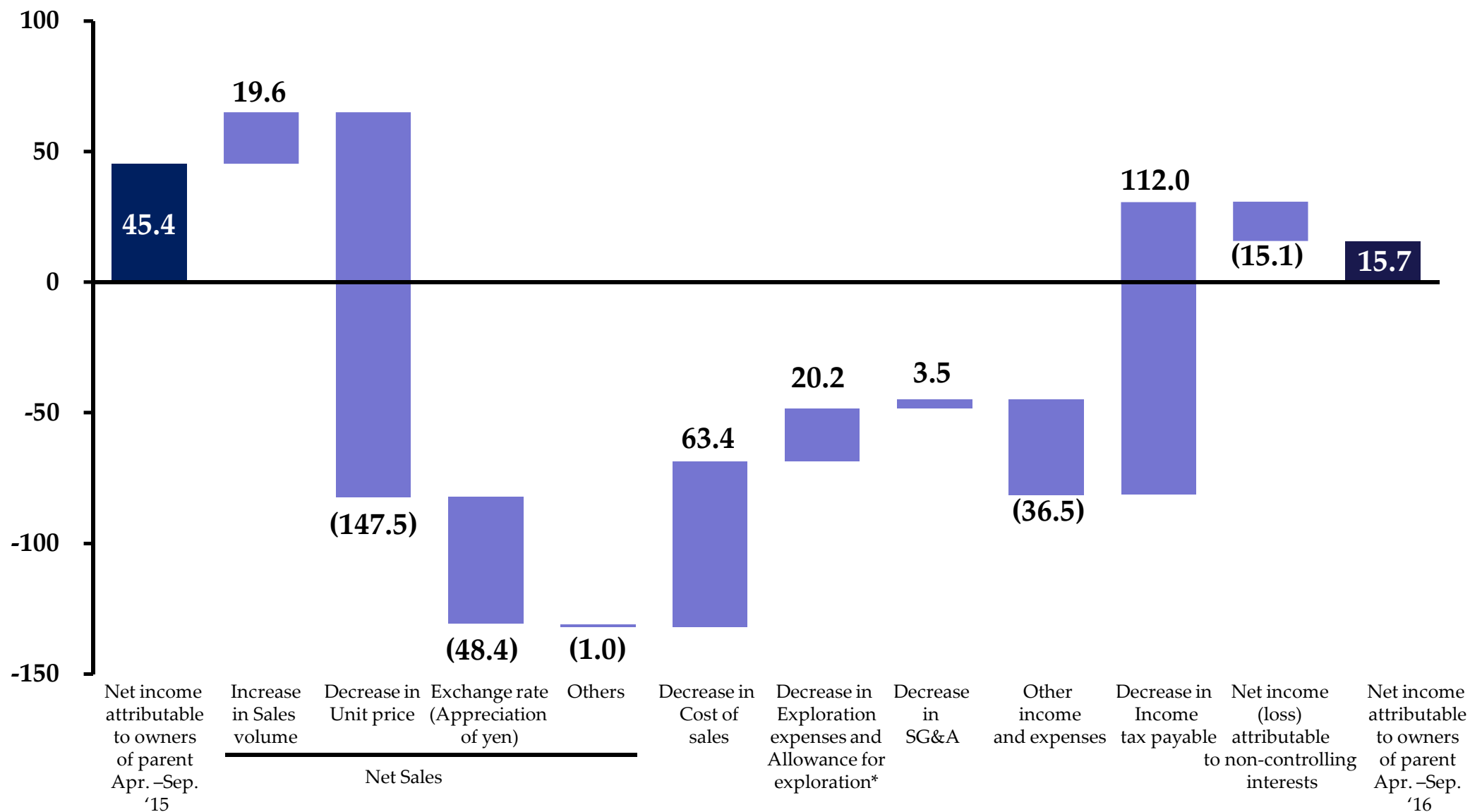


(Billions of Yen)	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Other income	39.8	16.4	(23.4)	(58.7%)
Interest income	4.2	5.1	0.8	19.7%
Dividend income	2.5	1.3	(1.1)	(46.4%)
Gain on sales of marketable securities	11.4	-	(11.4)	-
Foreign exchange gain	9.1	-	(9.1)	-
Other	12.4	9.9	(2.4)	(19.7%)
Other expenses	27.8	22.3	(5.4)	(19.7%)
Interest expense	2.1	2.4	0.2	9.8%
Equity in losses of affiliates	0.9	0.4	(0.4)	(53.3%)
Provision for allowance for recoverable accounts under production sharing	18.0	1.0	(16.9)	(94.3%)
Provision for exploration projects	1.6	-	(1.6)	-
Foreign exchange loss	-	17.1	17.1	-
Other	5.0	1.2	(3.7)	(74.1%)

Analysis of Net Income Decrease



(Billions of Yen)



*Provision for allowance for recoverable accounts under production sharing and Provision for exploration projects

Balance Sheet



(Billions of yen)	Mar. '16	Sep. '16	Change	%Change
Current assets	984.3	933.3	(51.0)	(5.2%)
Tangible fixed assets	1,752.6	1,716.2	(36.3)	(2.1%)
Intangible assets	541.4	497.4	(44.0)	(8.1%)
Recoverable accounts under production sharing	727.7	714.7	(13.0)	(1.8%)
Other	495.4	302.1	(193.2)	(39.0%)
Less allowance for recoverable accounts under production sharing	(131.7)	(133.3)	(1.6)	1.2%
Total assets	4,369.8	4,030.5	(339.2)	(7.8%)
Current liabilities	319.1	262.0	(57.1)	(17.9%)
Long-term liabilities	871.9	767.6	(104.2)	(12.0%)
Total net assets	3,178.8	3,000.9	(177.8)	(5.6%)
(Non-controlling interests)	245.9	247.2	1.3	0.5%
Total liabilities and net assets	4,369.8	4,030.5	(339.2)	(7.8%)
Net assets per share (Yen)	2,008.34	1,885.66	(122.68)	(6.1%)

Available fund (Billions of yen)
768.5*

Breakdown

- Cash and deposits : 749.6
- Available investment securities : 18.9

*Amounts to be allocated to the investments based on the investment plan

Summary of financial information for Ichthys downstream JV (100% basis, including the Company's equity share 62.245%)

(Billions of yen)

- Current assets : 50.6
- Fixed assets : 2,549.2
- Total assets: 2,599.9

Accumulated other comprehensive income (Billions of yen): (181.7)

- Unrealized holding gain on securities : (1.1)
- Unrealized loss from hedging instruments : +3.3
- Translation adjustments: (183.9)

Statement of Cash Flows



(Billions of Yen)	Apr.-Sep. '15	Apr.-Sep. '16	Change	%Change
Income before income taxes	258.8	132.1	(126.6)	(48.9%)
Depreciation and amortization	35.1	43.2	8.1	23.3%
Recovery of recoverable accounts under production sharing (capital expenditures)	26.8	37.2	10.4	38.8%
Recoverable accounts under production sharing (operating expenditures)	(29.3)	(1.5)	27.8	(94.7%)
Income taxes paid	(226.7)	(110.4)	116.2	(51.3%)
Other	32.9	15.9	(16.9)	(51.5%)
Net cash provided by (used in) operating activities	97.6	116.6	18.9	19.4%
Payments for time deposits / Proceeds from time deposits	257.9	166.3	(91.6)	(35.5%)
Payments for long-term time deposits	(63.8)	-	63.8	-
Payments for purchases of tangible fixed assets	(243.9)	(143.1)	100.7	(41.3%)
Payments for purchases of marketable securities/investment securities and proceeds from sales of marketable securities/investment securities	124.2	(0.1)	(124.4)	-
Investment in recoverable accounts under production sharing (capital expenditures)	(40.2)	(24.3)	15.9	(39.6%)
Long-term loans made / Collection of long-term loans receivable	(192.2)	(65.4)	126.7	(65.9%)
Payments for purchase of mining rights	(133.6)	-	133.6	-
Other	(21.4)	(9.3)	12.0	(56.2%)
Net cash provided by (used in) investing activities	(313.1)	(76.2)	236.8	(75.7%)
Net cash provided by (used in) financing activities	46.9	(26.4)	(73.4)	-
Cash and cash equivalents at end of the period	90.9	62.5	(28.4)	(31.3%)

Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2016 **INPEX**

- Assumptions

(August 4, 2016)	1 st half (Previous Forecasts)
Crude oil price (Brent) (US\$/bbl)	46.0
Exchange rate (yen/US\$)	106.6

↓

(November 11, 2016)	1 st half (Actual Results)
Crude oil price (Brent) (US\$/bbl)	47.0
Exchange rate (yen/US\$)	105.3

- Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2016

	Previous Forecasts (August 4, 2016)	Actual Results	Change	% Change
Net Sales (billions of yen)	395.0	389.6	(5.3)	(1.4%)
Operating income (billions of yen)	136.0	138.0	2.0	1.5%
Ordinary income (billions of yen)	128.0	132.1	4.1	3.3%
Net income attributable to owners of parent (billions of yen)	10.0	15.7	5.7	57.3%

Revisions of Financial Forecasts for the year ending March 31, 2017



- Assumptions

(August 4, 2016)	1 st half	2 nd half	Full year
Crude oil price (Brent) (US\$/bbl)	46.0	45.0	45.5
Exchange rate (yen/US\$)	106.6	105.0	105.8



(November 11, 2016)	1 st half	2 nd half	Full year
Crude oil price (Brent) (US\$/bbl)	47.0*1	50.0	48.5
Exchange rate (yen/US\$)	105.3*2	105.0	105.1

*1 1st quarter (Actual) : US\$ 47.0/bbl, 2nd quarter (Actual) : US\$47.0/bbl *2 1st quarter (Actual) : ¥108.2/US\$1, 2nd quarter (Actual) : ¥102.4/US\$

- Financial Forecasts for the year ending March 31, 2017

	Previous forecasts (August 4, 2016)	Revised forecasts (November 11, 2016)	Change	% Change
Net sales (billions of yen)	797.0	830.0	33.0	4.1%
Operating income (billions of yen)	257.0	283.0	26.0	10.1%
Ordinary income (billions of yen)	251.0	284.0	33.0	13.1%
Net income attributable to owners of parent (billions of yen)	17.0	26.0	9.0	52.9%

- Dividend per share

	End of 2Q	End of fiscal year (forecast)
Year ending March 31, 2017 (yen)	9	9