Consolidated Financial Results for the year ended March 31, 2007

May 11, 2007

Note: The following report is an English translation of the Japanese-language original.

Company name	: INPEX Holdings Inc.	Stock Exchange on which the Company is listed	: Tokyo Stock Exchange
Code number	: 1605	URL	http://www.inpexhd.co.jp/
Representative	: Naoki Kuroda, President		
Contact person	: Shuhei Miyamoto, General Manager, Corporate Communications Unit TEL+81-3-5448-0205		
Scheduled date of ordinary general meeting of shareholders	: June 26, 2007	Scheduled date of payment of cash dividends	: June 27, 2007
Scheduled date of filing Financial report	: June 27, 2007		

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the year ended March 31, 2007 (April 1, 2006-March 31, 2007)

(1) Consolidated operating results

(The percentage expressions represent the changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2007	969,712	—	559,077	—	586,262	—	165,091	—

	Net income per share—basic	Net income per share—diluted	Net income as a percentage of net assets excluding minority interests	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
	Yen	Yen	%	%	%
For the year ended March 31, 2007	70,423.45	—	17.7	38.8	57.7

(Reference): Equity in earnings of affiliates: for the year ended March 31, 2007, ¥ 1,349 million

Note: Since consolidated financial results are prepared for the first time for the year ended March 31, 2007, consolidated financial results of the previous fiscal year and percentage expressions for the change from the previous fiscal year are not disclosed.

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding minority interests as a percentage of total assets	Net assets excluding minority interests per share
	Million yen	Million yen	%	Yen
As of March 31, 2007	1,608,106	1,080,016	64.0	436,467.92

(Reference): Net assets excluding minority interests: as of March 31, 2007, ¥ 1,028,894 million

Note: Since consolidated financial results are prepared for the first time for the year ended March 31, 2007, the consolidated financial position at the end of the previous fiscal year is not disclosed.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
For the year ended March 31, 2007	231,981	(209,243)	13,793	189,416

Note: Since consolidated financial results are prepared for the first time for the year ended March 31, 2007, the consolidated cash flows of the previous fiscal year is not disclosed.

2. Dividends

	Annual cash dividends per share			Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	At 1st half end	At fiscal year end	Total			
For the year ended March 31, 2007	Yen —	Yen 7,000.00	Yen 7,000.00	Million yen 16,501	% 9.9	% 1.8
For the year ended March 31, 2008 (estimated)	3,500.00	3,500.00	7,000.00	—	17.2	—

Note: Since consolidated financial results are prepared for the first time for the year ended March 31, 2007, the dividends of the previous fiscal year is not disclosed.

3. Estimated Consolidated Operating Results for the year ending March 31, 2008 (April 1, 2007-March 31, 2008)

(The percentage expressions represent the changes from the corresponding period of previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending September 30, 2007	429,000	(14.3)	208,000	(30.3)	214,000	(27.2)	52,000	(19.6)	22,058.94
For the year ending March 31, 2008	856,000	(11.7)	414,000	(25.9)	410,000	(30.1)	96,000	(41.9)	40,724.20

4. Others

(1) Significant changes in scope of consolidation : No

(2) Changes in accounting policies

1. Changes due to changes in accounting standard : No
2. Other changes : No

(3) Number of shares issued (Common stock)

1. Number of shares issued at the fiscal year end (including treasury stocks): as of March 31, 2007; 2,358,410 shares
2. Number of treasury shares at the fiscal year end: as of March 31, 2007; 1,089 shares

Note: Since shareholder of the special class share is entitled to the same rights as that for shareholders of common stock regarding dividends and the distribution of residual property, the special class share is classified as common stock equivalent share.
Refer to page 23 " Per share information" for the basis of calculation of consolidated net income per share.

(Reference) Non-Consolidated Financial Results for the year ended March 31, 2007 (April 3, 2006-March 31, 2007)

(1) Operating results (The percentage expressions represent the changes from the previous fiscal year)

	Operating revenues		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2007	32,801	—	30,643	—	30,432	—	30,326	—

	Net income per share—basic	Net income per share—diluted
	Yen	Yen
For the year ended March 31, 2007	12,862.32	—

Note : Since non-consolidated financial results are prepared for the first time for the year ended March 31, 2007, non-consolidated financial results of the previous fiscal year and percentage expressions for the change from the previous fiscal year are not disclosed.

(2) Financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2007	822,786	822,153	99.9	348,766.27

(Reference): Net assets: as of March 31, 2007, ¥ 822,153 million

Note: Since financial results are prepared for the first time for the year ended March 31, 2007, the financial position at the end of the previous fiscal year is not disclosed.

* The aforementioned forecasts of "3. Estimated Consolidated Operating Results for the year ending March 31, 2008" are based on currently available information and contain many uncertainties. Changing business conditions including oil and gas price levels, production and sales plans, projects development schedules, government regulations, financial conditions and regulationship with oil and gas producing countries may cause actual results to differ from the above forecasts. Issues relating to the above forecasts are referred to page 4 of the accompanying materials.

1 Results of Operations and Financial Position

（1） Results for the year ended March 31, 2007

Effective April 3, 2006 the Company has been established as the joint holding company that owns INPEX CORPORATION and Teikoku Oil Co., Ltd., as wholly-owned subsidiaries. Financial results are not compared with the previous fiscal year since the Company started to compile the consolidated financial results from this fiscal year

During this fiscal year, the overall Japanese economy has shown a steady recovery, bolstered by strong global economic growth, driven by buoyant economies in the United States and China. This favorable situation boosted export as well as capital investment in Japan. As a result, Japanese corporate earnings enjoyed solid growth, which prompted the improvement in consumer spending and the labor market.

First, global crude oil prices, an important factor that affects our group's businesses, gathered momentum in the first half of the fiscal year. They continued strong by summer, due to an increase in demand for heating oil, during the winter period in the United States. As the year proceeded, some other events also caused the prices to move upwards. There were strong demand for oil from fast growing emerging economies, including China and India. Increasing of uncertainty over the situation in the Middle East and a large amount of speculative funds flew into the oil markets during this period, resulting in WTI (West Texas Intermediate) smashing its previous all-time high to US$78.40 per bbl mark in July. However, oil prices began to fall in September in the wake of rapidly easing concerns over the tight supply situation, reflecting several factors including a slowdown in U.S. demand resulting from the soaring oil prices. The damage from hurricanes in U.S. was far less than anticipated; this fact also contributed to eliminate the anxieties on oil supply. WTI dropped sharply to US$55 by November, before recovering to the US$60 level by the end of the year, supported by a reduction in supply, following the supply cuts decision by OPEC and other news. Crude oil prices fell temporarily in January because of the mild winter, but they rebounded in the following two months subsequent to cold snaps in February and international heightened tensions. Consequently, nearby delivery WTI crude closed at US$65.87 at the end of the fiscal year. Meanwhile, domestic crude oil and petroleum prices followed a similar pattern of global price movements, chalking up our group's average sales price for crude oil for the fiscal year at US$62.16 per bbl.

On the other hand, with regards to the foreign exchange market, which also has a large impact on our business performance, the U.S. dollar began to trade at the upper end of the 117 yen level for the year. Then, the currency began to depreciate sharply following the special statement at the Washington G7 meeting in April. Member countries agreed to embark on the correction of global imbalance – international income and expenditure disproportion and U.S. current account deficits. The U.S. dollar continued to decline against the yen, marking below the 110 yen level at one time in May. With a rise in market expectations towards higher interest rates by U.S. Federal Reserve Board, however, the currency moved upward against the yen. This trend accelerated by what is called "yen carry trades", trading that benefits from U.S. and Japanese interest rates spread, boosting the U.S. dollar to reach the 122 yen level in January. Following that, the U.S. dollar lost momentum again and slipped to the lower end of the 115 yen level, before edging up to nearly the same level as that at the beginning of the year. As a result, the U.S. dollar middle rate (TTM) at the end of the fiscal year came at ¥118.09, down ¥0.62 from the previous year end. The U.S. dollar average exchange rate for our group's sales was ¥116.90.

In these business circumstances, net sales for the year ended March 31, 2007 was ¥969,712 million mainly due to the increase of crude oil and natural gas prices, an increase in sales volume of crude oil and natural gas, and the average exchange rate of Japanese yen against U.S. dollar fell for sales through the year ended March 31, 2007. Net sales of crude oil and natural gas amounted to ¥607,400 million and ¥332,937 million, respectively.
Cost of sales for the year ended March 31, 2007 was ¥343,794 million. Exploration expenses were ¥17,688 million mainly due to the exploration activities in Asia-Oceania area. Selling, general and administrative expenses were ¥49,152 million, and operating income was ¥559,077 million.
Other income was ¥60,079 million mainly due to the transfer of a part of interest in WA-285-P in the State of Western Australia, and other expenses were ¥32,893 million. As a result, ordinary income for the year ended March 31, 2007 was ¥586,262 million.
Income taxes-current was ¥432,894 million. As a result, net income for the year ended March 31, 2007 was ¥165,091 million

With respect to segment information, the oil and natural gas business combined accounts for more than 90% of the aggregate sales, operating income and asset of all segments. Therefore, the business segment information has been omitted.

On a next fiscal year outlook, consolidated net sales for the six months ending September 30, 2007 are expected to be ¥4,290 hundred million, to decrease ¥718 hundred million (14.3%) compared with for the six months ended September 30, 2006, net sales for the year ending March 31, 2008 are expected to be ¥8,560 hundred million, to decrease ¥1,137 hundred million (11.7%) compared with for the year ended March 31, 2007.
Operating income for the six months ending September 30, 2007 are expected to be ¥2,080 hundred million, to decrease ¥905 hundred million (30.3%) compared with for the six months ended September 30, 2006, operating income for the year ending March 31, 2008 are expected to be ¥4,140 hundred million to decrease ¥1,451 hundred million (25.9%) compared with for the year ended March 31, 2007.
Ordinary income for the six months ending September 30, 2007 are expected to be ¥2,140 hundred million, to decrease ¥800 hundred million (27.2%) compared with for the six months ended September 30, 2006, ordinary income for the year ending March 31, 2008 are expected to be ¥4,100 hundred million, to decrease ¥1,763 hundred million (30.1%) compared with for the year ended March 31, 2007, and net income for the six months ending September 30, 2007 are expected to be ¥520 hundred million, to decrease ¥127 hundred million (19.6%) compared with for the six months ended September 30, 2006, net income for the year ending March 31, 2008 are expected to be ¥960 hundred million, to decrease ¥691 hundred million (41.9%) compared with for the year ended March 31, 2007.
The reason both sales and income will decrease is mainly due to expecting the decrease in crude oil and natural gas prices and the rise in the exchange rate of the Japanese yen against the U.S. dollar compared with this fiscal year.
In these estimates, the crude oil price is assumed to be US$55 per barrel (for Brent crude) through the year ending March 31, 2008, with the exchange rate of the Japanese yen against the U.S. dollar at ¥110 through the year ending March 31, 2008.

（2） Financial Position

Consolidated total assets as of March 31, 2007 were ¥1,608,106 million.
Current assets were ¥474,123 million, and fixed assets were ¥1,133,982 million. Total liabilities were ¥528,090 million, net assets were ¥1,080,016 million, and minority interests in net assets were ¥51,121 million.

As for cash flows for the year ended March 31, 2007, net cash provided by operating activities was ¥231,981 million. Meanwhile, net cash used in investing activities was ¥209,243 million mainly due to purchase of investment securities and increase in development expenditure for ACG Oil Fields, Offshore Mahakam Block and Kashagan Oil Field, etc. Net cash provided by financing activities was ¥13,793 million. Cash and cash equivalents at the end of the year ended March 31, 2007 totaled ¥189,416 million reflecting above net increase of ¥38,273 million from ¥151,143 million at the beginning of the period.

(3) Dividend Policy and dividend for the year ended March 31, 2007 and for the year ending March 31, 2008

In order to secure a stable supply of petroleum and natural gas resources efficiently, the Company aims to expand its operating base. To this end, we are reinforcing investments in exploration and development in Japan and overseas, as well as in maintenance and expansion of the supply infrastructure. The robust financial base of the Company is crucial for maintaining this level of investment. Therefore, our basic policy is to maximize corporate value through ongoing maintenance and enlargement of our reserves and production of petroleum and natural gas, while paying out cash dividends as direct compensation to shareholders, in light of the medium- to long-term prospects for the Company.

With the enactment of the Corporation Law, restrictions on the number of times for paying dividends have been eliminated. However, currently, we do not plan to pay dividends quarterly.

Dividend for the year ended March 31, 2007 is planned to be ¥7,000 per share as year-end dividend.

Dividends for the year ending March 31, 2008 are planned to be ¥3,500 per share as mid-term dividend and ¥3,500 per share as year-end dividend, thus totaling ¥7,000 per share for the year.

2 Overview of the INPEX Group

Skip this item due to no material change from the contents of the semi-annual report of recent date.

3 Management Policy

Skip this item due to no material change from the contents of the semi-annual earnings report of recent date.

4 Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

Accounts	As of March 31, 2007	
	Amounts	Ratio
		%
(Assets)		
Ⅰ Current assets		
1 Cash and deposits	194,278	
2 Accounts receivable-trade	81,954	
3 Marketable securities	55,586	
4 Inventories	13,254	
5 Deferred tax assets	17,242	
6 Accounts receivable-other	81,688	
7 Other	30,129	
Less allowance for doubtful accounts	(11)	
Total current assets	474,123	29.5
Ⅱ Fixed assets		
1Tangible fixed assets *1,3,4,5		
(1) Buildings and structures	103,091	
(2) Wells	17,597	
(3) Machinery, equipment and vehicles	44,356	
(4) Land	28,310	
(5) Construction in progress	22,505	
(6) Other	3,366	
Total tangible fixed assets	219,227	13.6
2 Intangible assets *4		
(1) Goodwill	132,105	
(2) Exploration and development rights	127,110	
(3) Mining rights	4,364	
(4) Other	2,240	
Total intangible assets	265,821	16.5
3 Investments and other assets		
(1) Investment securities *2,3	354,851	
(2) Long-term loans receivable	3,388	
(3) Recoverable accounts under production sharing	319,149	
(4) Other	34,879	
Less allowance for doubtful accounts	(1,869)	
Less allowance for recoverable accounts under production sharing	(51,190)	
Less allowance for investments in exploration	(10,273)	
Total investments and other assets	648,934	40.4
Total fixed assets	1,133,982	70.5
Total assets	1,608,106	100.0

(Millions of yen)

Accounts		As of March 31, 2007	
		Amounts	Ratio
			%
(Liabilities)			
Ⅰ Current liabilities			
1 Accounts payable-trade		21,793	
2 Short-term loans	*3	50,649	
3 Income taxes payable		85,143	
4 Accounts payable-other	*3	88,768	
5 Provision for exploration projects		6,899	
6 Accrued bonuses to officers		193	
7 Other		12,799	
Total current liabilities		266,247	16.5
Ⅱ Long-term liabilities			
1 Long-term debt	*3	198,320	
2 Deferred tax liabilities		38,994	
3 Accrued retirement benefits to employees		8,371	
4 Accrued retirement benefits to officers		1,712	
5 Liabilities for site restoration and decommissioning costs		11,930	
6 Liabilities for losses on development activities		1,964	
7 Accrued special repair and maintenance		179	
8 Other	*3	370	
Total long-term liabilities		261,843	16.3
Total liabilities		528,090	32.8
(Net assets)			
Ⅰ Shareholders' equity			
1 Common stock		30,000	1.9
2 Capital surplus		418,491	26.0
3 Retained earnings		570,120	35.5
4 Treasury stock		(1,108)	(0.1)
Total shareholders' equity		1,017,503	63.3
Ⅱ Valuation, translation adjustments and others			
1 Unrealized holding gain on securities		9,348	0.6
2 Unrealized gain from hedging instruments		17	0.0
3 Translation adjustments		2,025	0.1
Total valuation, translation adjustments and others		11,391	0.7
Ⅲ Minority interests		51,121	3.2
Total net assets		1,080,016	67.2
Total liabilities and net assets		1,608,106	100.0

(2) Consolidated statement of income

(Millions of yen)

Accounts	For the year ended March 31, 2007		
	Amounts		Ratio
			%
Ⅰ Net sales		969,712	100.0
Ⅱ Cost of sales		343,794	35.5
Gross profit		625,918	64.5
Ⅲ Exploration expenses			
1 Exploration expenses	17,780		
2 Exploration subsidies	(91)	17,688	1.8
Ⅳ Selling, general and administrative expenses *1,2		49,152	5.0
Operating income		559,077	57.7
Ⅴ Other income			
1 Interest income	12,843		
2 Dividend income	2,291		
3 Equity in earnings of affiliates	1,349		
4 Gain on transfer of mining rights	33,533		
5 Foreign exchange gain	5,738		
6 Other	4,322	60,079	6.1
Ⅵ Other expenses			
1 Interest expense	12,389		
2 Provision for allowance for recoverable accounts under production sharing	6,176		
3 Provision for exploration projects	2,973		
4 Other	11,355	32,893	3.4
Ordinary income		586,262	60.4
Income before income taxes and minority interests		586,262	60.4
Income taxes-current	432,894		
Income taxes-deferred	(19,655)	413,239	42.6
Minority interests		7,932	0.8
Net income		165,091	17.0

(3) Consolidated statement of changes in net assets

For the year ended March 31, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	—	—	—	—	—
Changes during the period					
Increase (decrease) due to joint stock transfer	30,000	415,892	415,734	(19,641)	841,985
Cash dividends paid			(10,559)		(10,559)
Bonuses to officers			(146)		(146)
Net income			165,091		165,091
Purchase of treasury stock				(1,724)	(1,724)
Disposal of treasury stock		2,598		20,257	22,856
Other changes in items other than those in shareholders' equity (net)					
Total changes during the period	30,000	418,491	570,120	(1,108)	1,017,503
Balance as of March 31, 2007	30,000	418,491	570,120	(1,108)	1,017,503

	Valuation, translation adjustments and others				Minority interests	Total net assets
	Unrealized holding gain (loss) on securities	Unrealized gain from hedging instruments	Translation adjustments	Total valuation, translation adjustments and others		
Balance as of March 31, 2006	—	—	—	—	—	—
Changes during the period						
Increase (decrease) due to joint stock transfer	(5,723)		1,117	(4,605)	39,921	877,300
Cash dividends paid						(10,559)
Bonuses to officers						(146)
Net income						165,091
Purchase of treasury stock						(1,724)
Disposal of treasury stock						22,856
Other changes in items other than those in shareholders' equity (net)	15,071	17	907	15,997	11,200	27,197
Total changes during the period	9,348	17	2,025	11,391	51,121	1,080,016
Balance as of March 31, 2007	9,348	17	2,025	11,391	51,121	1,080,016

Note: Since the Company was established on April 3 ,2006 through the stock transfer, cash dividends paid and Bonuses to officers above represent amounts which were resolved on June 27, 2006 at the ordinary general meeting of shareholders of INPEX CORPRATION, which became wholly-owned subsidiary of the Company.

(4) Consolidated statement of cash flows

(Millions of yen)

Accounts	For the year ended March 31, 2007
	Amounts
I Cash flows from operating activities	
Income before income taxes and minority interests	586,262
Depreciation and amortization	30,599
Amortization of goodwill	6,977
Provision for allowance for recoverable accounts under production sharing	6,080
Provision for exploration projects	3,038
Provision for accrued retirement benefits to employee	845
Provision for site restoration and decommissioning costs	1,214
Other provisions	1,376
Interest and dividend income	(15,134)
Interest expense	12,389
Foreign exchange gain	(1,652)
Equity in earnings of affiliates	(1,349)
Gain on transfer of mining rights	(33,533)
Loss on the sale of investment securities	2,613
Accounts receivable-trade	(10,385)
Recovery of recoverable accounts under production sharing (capital expenditure)	105,949
Recoverable accounts under production sharing (operating expenditures)	(18,955)
Inventories	(8,085)
Accounts payable-trade	(879)
Other	(3,810)
Subtotal	663,561
Interest and dividends received	20,559
Interest paid	(11,993)
Income taxes paid	(440,146)
Net cash provided by operating activities	231,981

(Millions of yen)

Accounts	For the year ended March 31, 2007 Amounts
Ⅱ Cash flows from investing activities	
Increase in time deposits	(17,078)
Decrease in time deposits	2,797
Purchase of marketable securities	(5,140)
Proceeds from sales of marketable securities	23,643
Purchase of tangible fixed assets	(37,844)
Proceeds from sales of tangible fixed assets	955
Purchase of intangible assets	(1,778)
Purchase of investment securities	(109,823)
Proceeds from sales of investment securities	43,609
Investment in recoverable accounts under production sharing (capital expenditures)	(111,313)
Increase in short-term loans receivable	(6,523)
Long-term loans made	(832)
Collection of long-term loans receivable	888
Proceeds from transfer of mining rights	6,707
Other	2,490
Net cash used in investing activities	(209,243)
Ⅲ Cash flows from financing activities	
Decrease in short-term loans	(120)
Proceeds from long-term debt	30,083
Repayment of long-term debt	(38,661)
Proceeds from minority interests for additional shares	3,606
Purchase of treasury stock	(1,169)
Proceeds from sales of treasury stock	22,397
Cash dividends paid	(10,791)
Dividends paid to minority shareholders	(81)
Stock transfer payment	(867)
Restricted cash deposit	9,400
Net cash provided by financing activities	13,793
Ⅳ Effect of exchange rate changes on cash and cash equivalents	1,741
Ⅴ Net increase in cash and cash equivalents	38,273
Ⅵ Cash and cash equivalents at beginning of the period	151,143
Ⅶ Cash and cash equivalents at end of the period	189,416

5) Basic of Presenting Consolidated Financial Statements

For the year ended March 31, 2007
1.Scope of consolidation Number of consolidated subsidiaries: 60 Names of major subsidiaries; INPEX CORPORATION, Teikoku Oil Co., Ltd., Japan Oil Development Co., Ltd., INPEX Natuna, Ltd., INPEX Sahul, Ltd., Teikoku Oil D.R. Congo, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Masela, Ltd. During this period: Number of new companies included in consolidated subsidiaries: 5 Details for the above changes: INPEX Offshore Northeast Java, Ltd., Teikoku Oil and Gas Venezuela, C. A., and 3 other companies have been included due to establishment of the companies. Names of major unconsolidated subsidiaries: Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C. V. (Reason for exclusion from 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.
2. Application of equity method Unconsolidated subsidiary accounted for by the equity method: None Number of affiliates accounted for by the equity method: 13 Names of major affiliates: MI Berau B.V., Angola Japan Oil Co., Ltd., Japan Ohanet Oil & Gas Co., Ltd., ALBACORA JAPAO PETROLEO LTDA, INPEX Offshore North Campos, Ltd. During this fiscal year: Number of new companies included in affiliates accounted for by the equity method: 1 Number of companies excluded from affiliates accounted for by the equity method: 1 Details for the above changes: (1) Petroguarico, S.A. has been included due to establishment of the company (2) Dai-ichi Petroleum Development Co., Ltd. has been excluded due to completion of liquidation Names of major affiliates not accounted for by the equity method: Sakata Natural Gas, Co., Ltd., Teikoku Oil de Burgos, S.A. de C.V., Telnite Co., Ltd., Tangguh project management Co., Ltd. (Reason for not applying the equity method) 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. 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 their closing date. For certain affiliates, however, the Company used financial statements prepared for consolidation purposes as of the consolidated closing date.

For the year ended March 31, 2007
3. Closing dates for the fiscal year of consolidated subsidiaries For the 39 companies for which the closing date differed from the consolidated closing date, including, but not limited to, INPEX Sahul, Ltd., INPEX Browse, Ltd., and INPEX Masela, Ltd., we used 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, Japan Oil Development, Co., Ltd., Teikoku Oil D.R. Congo, Co., Ltd., INPEX Southwest Caspian Sea, Ltd., and INPEX North Caspian Sea, Ltd., we used financial statements for the year ended 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) Inventories Products Carried mainly at the lower of cost or market, cost being determined by the moving-average method Supplies Carried mainly at cost, determined by the moving-average method Work in process Carried at cost, determined by the individual cost basis

For the year ended March 31, 2007
2) Depreciation method of significant depreciable assets (a) Tangible fixed assets Depreciation of 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 Wells and certain machinery (offshore platform and related facilities) are depreciated to the expected residual value (zero). (b) Intangible 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 being amortized over five years. 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 which are 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 exploration stage based on schedule of investments in exploration. (e) Accrued bonuses to officers Accrued bonuses to officers are provided at expected payment amount for the year ended March 31, 2007. (f) 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. Because certain subsidiaries are classified as small enterprises, we employ a simplified method (at the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) for the calculation of the retirement benefit obligation of the subsidiaries. Actuarial gains and losses are charged or credited to income as incurred. (g) Accrued retirement benefits to officers Accrued retirement benefits to officers are stated at the amount which would be required to be paid as if all officers voluntarily terminated their services as of the balance sheet date based on their respective internal rules. (h) Liabilities for site restoration and decommissioning costs Liabilities for site restoration and decommissioning costs are provided for expected future costs for site restoration and decommissioning. (i) Liabilities for losses on development activities Liabilities for losses on development activities are provided for provable losses on oil and natural gas development activities individually estimated for each project. (j) 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 amount being accumulated through the next activity.

For the year ended March 31, 2007
4) 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 minority interests. 5) Accounting for important leases Non-cancelable finance leases are primarily accounted for as operating leases except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. 6) Accounting for major hedge transactions (a) Hedge accounting Simplified accounting method is applied to interest rate swaps. For certain equity accounted companies, deferred hedge accounting is adopted. (b) Hedging instruments and hedged items Hedge instruments: Interest rate swap transactions Hedged items: Interest payments on borrowings (c) 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. (d) Hedge effectiveness assessment method Since simplified accounting method is applied, the Company does not perform hedge effectiveness assessment. 7) Other items important to the preparation of the consolidated financial statements (a) Consumption tax Transactions subject to the consumption tax are recorded at amounts exclusive of the consumption tax. (b) Recoverable accounts under production sharing Cash investments made by the Company during exploration, development and production phases under a production sharing contract and a service contract (buyback arrangement) 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 the natural gas and crude oil 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.
5. Valuation of assets and liabilities of consolidated subsidiaries The assets and liabilities of consolidated subsidiaries are valued at their fair values. However, those whose valuation difference is not material are valued at their carrying amounts.
6. Amortization of Goodwill Goodwill is amortized using a straight-line method over 20 years.
7. Scope of cash and cash equivalents in consolidated statement of cash flow Cash (cash and cash equivalents) in the consolidated statement of cash flow consisted of cash on hand, cash in banks which can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

Notes
(Consolidated balance sheet)

As of March 31, 2007

*1 Accumulated depreciation
Accumulated depreciation of tangible fixed assets is ¥454,161 million.

*2 The Company has the following investments in subsidiaries and affiliates:

Investment securities (equities)	: ¥29,084 million
Other (investments)	: ¥924 million

*3 Assets provided as collateral and collateral-backed debt are as follows

(Collateralized Assets)		Millions of yen
Buildings and structures	2,180	(1,652)
Wells	36	(36)
Machinery, equipments and vehicles	8,748	(8,748)
Land	1,826	(660)
Others (tangible fixed assets)	0	(0)
Investment securities	9,998	(－)
Total	22,790	(11,097)

(Secured debt)		
Short-term loans	95	(－)
Accounts payable-other	5,480	(4,956)
Long-term debt	15,272	(14,525)
Others (long-term liabilities)	16	(－)
Total	20,864	(19,481)

*Amounts in parenthesis () above represent foundation collateral and liabilities.
In addition, investment securities of ¥7,208 million are pledged as collateral for the BTC pipeline project financing.

*4 Accumulated advanced depreciation deducted from acquisition costs of fixed assets related to contribution and others was ¥1,374 million for building and structures, ¥291 million for machinery, equipment and vehicles, and ¥1 million for others (intangible assets).

*5 Accumulated advanced depreciation deducted from acquisition costs of tangible fixed assets related to gain on insurance policies was ¥2 million for others (tangible fixed assets).

6 Contingent liabilities

The Company and its consolidated subsidiaries are contingently liable as guarantors of indebtedness of the following companies:

	Millions of yen
Tangguh Trustee*	13,729
Sakhalin Oil and Gas Development Co., Ltd.	11,845
Japan Ohanet Oil & Gas Co., Ltd.	1,759
ALBACORA JAPAO PETROLEO LIMITADA	1,569
Sakata Natural Gas Co., Ltd.	1,013
Nippon Oil Exploration (Malaysia) Limited.	770
Nippon Oil Exploration (Sarawak) Limited.	286
Employees (housing loans)	537
Total	31,511

*Debt for investment funds of Tangguh LNG project through MI Berau B. V.

In addition, INPEX BTC Pipeline, Ltd., a consolidated subsidiary, is contingently liable as guarantor of indebtedness of BTC Pipeline Project Finance in the amount of ¥7,252 million until BTC Pipeline project completion (guarantee for completion).

(Consolidated statement of income)

For the year ended March 31, 2007
*1. Major accounts included in selling, general and administrative expenses are as follows;

	Millions of yen
Personnel expenses	11,082
(Including provision for accrued retirement benefits to officers	339)
(Including provision for accrued retirement benefits to employees	451)
(Including provision for accrued bonuses to officers	193)
Freight expenses	8,671
Depreciation and amortization	12,867
Amortization of goodwill	6,977

*2. Research and development expenses included in general and administrative expenses: ¥300 million

(Consolidated statement of changes in net assets)

For the year ended March 31, 2007

1. Type and number of shares issued and outstanding and treasury stock (Shares)

	Balance as of March 31, 2006	Increase	Decrease	Balance as of March 31, 2007
Number of shares				
Common stock	—	2,358,409	—	2,358,409
Special class share	—	1	—	1
Total	—	2,358,410	—	2,358,410
Treasury stock				
Common stock	—	23,672	22,582	1,089
Total	—	23,672	22,582	1,089

Notes 1: Increase in common stock by 2,358,409 shares and special class by 1 share are due to the establishment of the Company through stock transfers.

2: Increase in treasury stock of common stock by 23,672 shares is due to increase in consolidated subsidiarys' stock through stock transfer by 22,001 shares and purchase of 1,670 shares of odd lot stock.

3: Decrease in treasury stock of common stock by 22,582 shares is due to decrease in sales of consolidated subsidiary's common stocks of 22,001 shares and decrease in sales of 581 odd lot shares.

2. Share subscription rights

None

3. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Entitlement date	Effective date
Ordinary general meeting of shareholders held on June 27, 2006	Common stock	10,559	5,500	March 31, 2006	June 27, 2006
	Special class share	0	5,500	March 31, 2006	June 27, 2006

Note: Since the Company was established on April 3, 2006 through the stock transfer, cash dividends paid above represent amounts which were resolved on June 27, 2006 at ordinary general shareholders' meeting of INPEX CORPORATION, which became a wholly-owned subsidiary of the Company.

(2) Dividends, of which the entitlement date was in the year ended March 31, 2007, 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)	Entitlement date	Effective date
Ordinary general meeting of shareholders held on June 26, 2007	Common stock	Retained earnings	16,501	7,000	March 31, 2007	June 27, 2007
	Special class share	Retained earnings	0	7,000	March 31, 2007	June 27, 2007

(Consolidated statement of cash flows)

For the year ended March 31, 2007	
Cash and cash equivalents at the end of the period are reconciled to the account reported in the consolidated balance sheet as follows:	
	Millions of yen
Cash and deposits	194,278
Time deposits for more than three months and others	(16,827)
Marketable securities (commercial paper, others)	8,968
Other current assets (short-term bonds with repurchase agreements)	2,997
Cash and cash equivalents	189,416

(Segment information)

1. Business segment information

For the year ended March 31, 2007 (April 1, 2006 through March 31, 2007)

Segment information by business has been omitted because the crude oil and natural gas business accounts for more than 90% of total sales, operating income and asset.

2. Geographical segment information

For the year ended March 31, 2007 (April 1, 2006 through March 31, 2007)

(Millions of yen)

	Japan	Asia - Oceania	NIS	Middle East - Africa	Americas	Total	Eliminations and other	Consolidated
I Net sales and operating income								
Net sales								
(1) Sales to third parties	77,322	387,542	118,617	386,009	220	969,712	—	969,712
(2) Intercompany sales and transfers between segments	0	—	—	—	—	0	(0)	—
Total	77,322	387,542	118,617	386,009	220	969,713	(0)	969,712
Operating expenses	54,306	145,637	82,995	119,282	1,659	403,882	6,753	410,635
Operating income (loss)	23,016	241,905	35,621	266,726	(1,438)	565,831	(6,753)	559,077
II Assets	197,404	322,115	320,574	254,071	17,775	1,111,942	496,163	1,608,106

Notes: 1. Countries and areas are segmented based on their geographic proximity and their mutual operational relationships.

2. Major countries and areas that belong to segments are as follows:

(1) Asia - Oceania････････Indonesia, Australia, East Timor, Vietnam

(2) NIS････････････････Azerbaijan, Kazakhstan

(3) Middle East - Africa･･･UAE, D.R. Congo, Iran, Libya, Egypt, Algeria

(4) Americas････････････Venezuela, Ecuador, USA

3. Unallocated operating expenses included in "Eliminations and other" of ¥9,793 million under the operating expenses are mainly amortization of goodwill and general administrative expenses.

4. Of the figure for assets, ¥496,371 million included in "Eliminations and other" are mainly goodwill, cash and deposit, marketable securities and investment securities concerned with the administrative divisions.

3. Overseas sales

For the year ended March 31, 2007 (April 1, 2006 through March 31, 2007)

	Asia - Oceania	Other	Total
I. Overseas sales (Millions of yen)	319,548	53,556	373,104
II. Consolidated sales (Millions of yen)			969,712
III. Overseas sales as a percentage of consolidated sales (%)	33.0	5.5	38.5

Notes: 1. Countries and areas are segmented based on their geographic proximity.

2. Major countries and areas that belong to segments other than Japan are as follows:

(1) Asia-Oceania･････････South Korea, Taiwan, Indonesia, Singapore, Thailand, China, Malaysia, Philippines, Australia

(2) Other･･･････････････USA, Italy

3. Overseas sales consist of export sales of the Company and its domestic consolidated companies and sales (other than exports to Japan) of its foreign consolidated subsidiaries. Overseas sales are totaled up based on final destination.

(Business integration through purchase accounting method)
For the year ended March 31, 2007

The Company has been established as the joint holding company that owns INPEX CORPORATION (hereafter "INPEX") and Teikoku Oil Co., Ltd., (hereafter "Teikoku") as wholly-owned subsidiaries, according to business integration by stock transfer on April 3, 2006. The purchase accounting method was applied for this transaction. INPEX was treated as an acquiring company and Teikoku as acquired company based on ratio of voting rights.

1. Name and main business of acquired company
   (1) Name of acquired company
   Teikoku Oil Co., Ltd.
   (2) Main business of acquired company
   Exploration, development, production and distribution of crude oil and natural gas
   (3) Major purpose of integration
   To establish a firm position in the global market, by establishing a well-balanced asset portfolio, reinforcing a solid financial base, and concentrating technological capabilities for resource development
   (4) Date of integration
   April 3, 2006
   (5) Legal formalities of business integration
   Establishment of the joint holding company through a stock transfer
   (6) Name after integration
   INPEX Holdings Inc.
   (7) Acquired ratio of the voting rights
   100%

2. Period of acquired company's financial results included in the consolidated financial statements
   From April 1, 2006 to March 31, 2007

3. Acquisition cost and details of acquired company
   Acquisition cost of acquired company is ¥355,756 million. Details of acquisition cost consists of the fair value of acquiring company's stock in amount of ¥354,897 million that deemed to be issued to acquired company's shareholders and expenses of the acquisition in amount of ¥859 million.

4. Stock transfer ratio for the acquisition and other related information
   (1) Stock transfer ratio

	INPEX	Teikoku
Stock transfer ratio	1	0.00144

   (2) Calculation of the stock transfer ratio
   INPEX appointed J.P. Morgan Securities Asia Pte. Limited and Teikoku appointed Goldman Sachs (Japan) Ltd. as their financial advisors in relation to this transaction. The financial advisors analyzed the share price movements of the both companies, discounted cash flow (DCF) / net asset value (NAV) analysis and contribution analysis etc. in considering the stock transfer ratio. The stock transfer ratio was determined through discussion and negotiation by both companies taking into consideration the analysis and advice of their financial advisors and other various factors.
   (3) Share allocation and estimated value
   Based on the above stock transfer ratio, 438,577.82 shares were allotted to Teikoku's shareholders since 0.00144 share of the Company's common share was allotted in exchange for 1 share of Teikoku's common share. Because the Company's stock did not exist on the date of public announcement on the stock transfer agreement, the Company's stock was valuated at ¥809,200 which represents average stock price of acquiring company for the 5 days commencing on 5 days before main terms and conditions of business integration were agreed with and announced to public.

5. Goodwill

(1)Amount of goodwill

¥139,058 million

(2)Reason for goodwill revealed

The investment balance between acquisition cost of acquired company and amount distributed to identifiable assets and liabilities revealed by overall value that was valuated mining rights, production assets, development and operating technology, sales-use assets such as pipelines network, buyers, suppliers, and other factors totally.

(3)Method and period of amortization

Straight-line method over 20 years

6. Acquired assets and liabilities on the date of integration

	(Millions of yen)
Current assets	65,864
Fixed assets	397,885
Total assets	463,750
Current liabilities	28,156
Long-term liabilities	77,519
Total liabilities	105,675
(Reference); Minority interests	2,318

(Per share information)

For the year ended March 31, 2007	
Net assets excluding minority interests per share	¥436,467.92
Net income per share	¥70,423.45

Notes: 1. Diluted net income per share is not presented because there are no dilutive potential of shares of common stock.
2. Net income per share is calculated based on the following:

	For the year ended March 31, 2007
Net income (Millions of yen)	165,091
Amount not attributable to common stockholders (Millions of yen)	—
Net income attributable to common stockholders (Millions of yen)	165,091
Average number of shares (shares)	2,344,269
Common stock	2,344,268
Common stock equivalent share; Special class share	1

Note: Since shareholder of the special class share is entitled to the same rights as that for shareholders of common stock regarding dividends and the distribution of residual property, the special class share is classified as common stock equivalent share.

(Omissions of disclosure)

With respect to information for leases, related party transactions, tax accounting, securities, derivatives and retirement benefits plan, respective disclosure has been omitted because it does not have significant impact on the consolidated financial statements.

5 Non-consolidated financial statements

(1) Non-consolidated balance sheet

(Millions of yen)

Accounts	As of March 31, 2007		
	Amounts		Ratio
			%
(Assets)			
Ⅰ Current assets			
1 Cash and deposits		15,871	
2 Marketable securities		995	
3 Prepaid expenses		0	
4 Deferred tax assets		26	
5 Accounts receivable-other		5,994	
6 Other		28	
Total current assets		22,917	2.8
Ⅱ Fixed assets			
1 Tangible fixed assets			
(1) Tools and fixtures		2	
(2) Construction in progress		19	
Total tangible fixed assets		22	0.0
2 Intangible assets			
(1) Software		511	
Total intangible assets		511	0.1
3 Investments and other assets			
(1) Investment securities		4,962	
(2) Investments in stock of subsidiaries and affiliates		793,906	
(3) Other		466	
Total investments and other assets		799,335	97.1
Total fixed assets		799,868	97.2
Total assets		822,786	100.0

(Millions of yen)

Accounts	As of March 31, 2007		
	Amounts		Ratio
			%
(Liabilities)			
Ⅰ Current liabilities			
1 Accounts payable-other		223	
2 Accrued expenses		59	
3 Income taxes payable		84	
4 Deposits payable		34	
5 Accrued bonuses to officers		110	
Total current liabilities		511	0.1
Ⅱ Long-term liabilities			
1 Deferred tax liabilities		2	
2 Accrued retirement benefits to officers		117	
Total long-term liabilities		120	0.0
Total liabilities		632	0.1
(Net assets)			
Ⅰ Shareholders' equity			
1 Common stock		30,000	3.6
2 Capital surplus			
(1) Capital reserve		762,992	
Total capital surplus		762,992	92.7
3 Retained earnings			
(1) Other retained earnings			
Unappropriated retained earnings		30,265	
Total retained earnings		30,265	3.7
4 Treasury stock		(1,108)	(0.1)
Total shareholders' equity		822,149	99.9
Ⅱ Valuation, translation adjustments and others			
Unrealized holding gain on securities		4	0.0
Total Valuation, translation adjustments and others		4	0.0
Total net assets		822,153	99.9
Total liabilities and net assets		822,786	100.0

(2) Non-consolidated statement of income

(Millions of yen)

Accounts	For the year ended March 31, 2007		
	Amounts		Ratio
			%
Ⅰ Operating revenues			
1 Dividends income	30,393		
2 Management consulting fee income	2,407	32,801	100.0
Ⅱ General and administrative expenses		2,157	6.6
Operating income		30,643	93.4
Ⅲ Other income			
1 Interest income	28		
2 Interest income-securities	18		
3 Other	0	47	0.2
Ⅳ Other expenses			
1 Interest expense	4		
2 Amortization of start - up costs	249		
3 Commissions	3		
4 Other	0	258	0.8
Ordinary income		30,432	92.8
Income before income taxes		30,432	
Income taxes—current	132		
Income taxes—deferred	(26)	106	0.3
Net income		30,326	92.5

(3) Non-consolidated statement of changes in net assets

For the year ended March 31, 2007

(Millions of yen)

	Shareholders' equity					Valuation, translation adjustments and others	Total net assets
	Common stock	Capital surplus Capital reserve	Retained earnings Other retained earnings Unappropriated retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	
Balance at end of prior fiscal year	—	—	—	—	—	—	—
Changes during the period							
Establishment of the Company through the stock transfer	30,000	762,992			792,992		792,992
Net income			30,326		30,326		30,326
Purchase of treasury stock				(1,724)	(1,724)		(1,724)
Disposal of treasury stock			(61)	616	555		555
Other changes in items other than those in shareholders' equity (net)						4	4
Total changes during the period	30,000	762,992	30,265	(1,108)	822,149	4	822,153
Balance as of March 31, 2007	30,000	762,992	30,265	(1,108)	822,149	4	822,153

6 Others

(1) Changes in directors and statutory auditors of the Company

Not applicable for the current fiscal year. Information will be disclosed promptly at the point of which disclose is required.

(2) Production, orders received and sales performance

1) Actual production

The following table shows actual production by business segment.

Business segment	Category	For the year ended March 31, 2007
Crude oil and natural gas	Crude oil	89 millions barrels (243 thousands barrels per day)
	Natural gas	384 billions CF (1,051 millions CF per day)
	Sub total	152 millions BOE (418 thousands BOE per day)
	Petroleum Products	243 thousands kl (1,531 thousands barrels)
	Iodine	534 tons

Notes: 1. The amount of LPG produced abroad is included in 'Crude oil.' On the other hand, the amount of LPG produced in the domestic refinery is included in 'Petroleum Products.'

2. A portion of crude oil production volume is consumed as fuel for petroleum products.

3. The production by the Company's affiliates accounted for by the equity method is included in the figures above. Also, the production is a result for the year ended March 31 regardless of a closing date on the basis of fiscal periods of its subsidiaries or affiliates.

4. The production volume of crude oil and natural gas under the production sharing contracts entered by INPEX Holdings Group corresponds to the net economic take of our group.
Figures calculated by multiplying the gross production volume by our company's interest share are 107 millions barrels (292 thousands barrels per day) of crude oil, 686 billions CF (1,878 millions CF per day) of natural gas, and in total 221 millions BOE (605 thousands BOE per day).

5. BOE means barrels of oil equivalent.

6. Petroleum products are converted in parenthesis. Applied coefficient is 6.29 barrels per 1 kl.

7. Iodine is refined on consignment by another company.

8. Figures are rounded to nearest whole number.

2) Orders received

This information is not disclosed since the amount of orders received accounted for a minor portion of total sales. In addition, there is no production for orders received in crude oil and natural gas business.

3) Actual sales

a) We take back the full amount of crude oil allocated to us under production sharing contracts and produced under concession agreements, and primarily sell it to Japanese refineries. We sell natural gas produced in Indonesia in the form of LNG to Japanese power companies and city gas companies through PERTAMINA and also sell a part to customers in South Korea, Taiwan and other countries. In addition, we sell natural gas produced in Japan to customers using our pipeline.

b) Sales by classification during each period were as follows:

<table>
<tr><th>Business segment</th><th>Category</th><th colspan="3">For the year ended March 31, 2007</th></tr>
<tr><td rowspan="6">Crude oil and natural gas</td><td></td><td>Sales volume of
oversea production</td><td>Sales volume of
domestic production</td><td>Net sales
(Millions of yen)</td></tr>
<tr><td>Crude oil</td><td>83,105 thousands barrels</td><td>27 thousands kl
(170 thousands barrels)</td><td>607,400</td></tr>
<tr><td rowspan="2">Natural gas</td><td>319 billions CF</td><td>1,273 millions m^3
(47 billions CF)</td><td rowspan="2">332,937</td></tr>
<tr><td>LPG: 1,166 thousands barrels</td><td>LPG: 18 thousands tons
(184 thousands barrels)</td></tr>
<tr><td>Others</td><td colspan="3">25,782</td></tr>
<tr><td>Subtotal</td><td colspan="3">966,119</td></tr>
<tr><td>Other</td><td></td><td colspan="3">3,593</td></tr>
<tr><td colspan="2">Total</td><td colspan="3">969,712</td></tr>
</table>

Notes: 1. The above amounts do not include the related consumption tax.
2. The Company’s subsidiaries of which closing date for fiscal year is December 31 are principally consolidated their operating results for the year ended December 31, 2006 except those subsidiaries prepared their financial statement for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.
3. Sales volumes are rounded to nearest whole number.
4. Sales volumes of domestic production are converted in parenthesis. Applied coefficients are as follows: Crude oil: 6.29 barrels per 1 kl, natural gas: 37.32 CF per 1 m^3, LPG: 10.5 barrels per 1 ton.
5. Sales for major customer and sales as a percentage of total net sales are as follows:

Customer	For the year ended March 31, 2007	
	Amount (Millions of yen)	Ratio (%)
PERTAMINA	276,121	28.5

[Supplemental materials]

1. Condensed Consolidated Balance Sheets of INPEX CORPORATION and Teikoku Oil Co., Ltd.

(Millions of yen)

Accounts	INPEX CORPORATION (Consolidated) As of March 31, 2007 Amounts	Teikoku Oil Co., Ltd. (Consolidated) As of March 31, 2007 Amounts
(Assets)		
Ⅰ Current assets		
1 Cash and deposits	162,082	16,324
2 Accounts receivable-trade	71,751	12,128
3 Marketable securities	45,472	9,118
4 Other	113,194	21,298
Total current assets	392,500	58,869
Ⅱ Fixed assets		
1 Tangible fixed assets	57,127	146,787
2 Intangible assets	130,978	2,225
3 Investments and other assets		
(1) Investment securities	241,049	108,839
(2) Recoverable accounts under production sharing	316,894	2,255
(3) Other	26,038	13,587
Less allowance for recoverable accounts under production sharing	(49,556)	(1,634)
Less allowance for investments in exploration	(6,275)	(3,869)
Total investments and other assets	528,150	119,178
Total fixed assets	716,255	268,191
Total assets	1,108,756	327,060
(Liabilities)		
Ⅰ Current liabilities		
1 Accounts payable - trade	19,126	3,401
2 Short-term loans	43,824	9,724
3 Income taxes payable	84,477	581
4 Other	89,042	18,620
Total current liabilities	236,471	32,328
Ⅱ Long-term liabilities		
1 Long-term debt	170,932	27,387
2 Other	14,042	45,010
Total long-term liabilities	184,974	72,397
Total liabilities	421,446	104,725
(Net assets)		
Ⅰ Shareholders' equity		
1 Common stock	29,460	19,579
2 Capital surplus	62,402	11,222
3 Retained earnings	540,968	140,799
Total Shareholders' equity	632,831	171,600
Ⅱ Valuation, translation adjustments and others		
1 Unrealized holding gain on securities	4,215	47,408
2 Unrealized gain from hedging instruments	—	17
3 Translation adjustments	1,556	892
Total valuation, translation adjustments and others	5,772	48,318
Ⅲ Minority interests	48,705	2,415
Total net assets	687,310	222,335
Total liabilities and net assets	1,108,756	327,060

2. Condensed Consolidated Statements of Income of INPEX CORPORATION and Teikoku Oil Co., Ltd.

(Millions of yen)

Accounts	INPEX CORPORATION (Consolidated) For the year ended March 31, 2007	Teikoku Oil Co., Ltd. (Consolidated) For the year ended March 31, 2007
	Amounts	Amounts
Ⅰ Net sales	877,322	114,867
Ⅱ Cost of sales	306,600	59,627
Gross profit	570,721	55,240
Ⅲ Exploration expenses	14,794	2,894
Ⅳ Selling, general and administrative expenses	21,810	20,800
Operating income	534,116	31,545
Ⅴ Other income	58,239	4,747
1 Interest income	12,196	611
2 Equity in earnings of affiliates	977	372
3 Gain on transfer of mining rights	33,533	—
4 Foreign exchange gain	5,674	64
5 Other	5,857	3,699
Ⅵ Other expenses	25,898	6,619
1 Interest expense	11,559	836
2 Provision for allowance for recoverable accounts under production sharing	4,775	1,401
3 Provision for exploration projects	1,975	997
4 Other	7,587	3,384
Ordinary income	566,457	29,673
Ⅶ Special income	—	653
1 Gain on sales of fixed assets	—	653
Income before income taxes and minority interests	566,457	30,326
Income taxes-current	418,169	14,688
Income taxes-deferred	(19,230)	(162)
Minority interests	7,580	351
Net income	159,938	15,449