

## Consolidated Financial Results for the Nine Months ended December 31, 2007

February 8, 2008

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

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(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results for the Nine Months ended December 31, 2007 (April 1, 2007-December 31, 2007)

#### (1) Consolidated operating results

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

|                           | Net sales   |      | Operating income |      | Ordinary income |      | Net income  |     |
|---------------------------|-------------|------|------------------|------|-----------------|------|-------------|-----|
|                           | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen | %   |
| For the nine months ended |             |      |                  |      |                 |      |             |     |
| December 31, 2007         | 857,894     | 17.6 | 494,848          | 14.8 | 481,336         | 12.6 | 117,233     | 9.6 |
| December 31, 2006         | 729,234     | —    | 430,885          | —    | 427,429         | —    | 107,006     | —   |
| 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 |
|---------------------------|----------------------------|------------------------------|
|                           | Yen                        | Yen                          |
| For the nine months ended |                            |                              |
| December 31, 2007         | 49,741.34                  | —                            |
| December 31, 2006         | 45,701.26                  | —                            |
| For the year ended        |                            |                              |
| March 31, 2007            | 70,423.45                  | —                            |

#### (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 December 31, 2007 | 1,753,021    | 1,184,933   | 63.4  | 471,462.32  |
| As of December 31, 2006 | 1,548,763    | 995,971     | 61.3  | 404,351.68  |
| As of March 31, 2007    | 1,608,106    | 1,080,016   | 64.0  | 436,467.92  |

#### (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 nine months ended |                                      |                                      |                                      |  |
| December 31, 2007         | 219,440                              | (164,989)                            | (29,106)                             | 208,903  |
| December 31, 2006         | 191,548                              | (162,962)                            | 9,573                                | 192,006  |
| For the year ended        |                                      |                                      |                                      |  |
| March 31, 2007            | 231,981                              | (209,243)                            | 13,793                               | 189,416  |

### 2. Estimated Consolidated Operating Results for the year ending March 31, 2008 (April 1, 2007-March 31, 2008) [Reference]

(The percentage expressions represent the changes from the 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 year ending |             |      |                  |      |                 |      |             |       |                      |
| March 31, 2008      | 1,165,000   | 20.1 | 682,000          | 22.0 | 659,000         | 12.4 | 153,000     | (7.3) | 64,926.78            |

### 3. Others

- |   |      |
|---|------|
| (1) Significant changes in scope of consolidation | : No |
| (2) Adoption of simplified accounting method      | : No |
| (3) Changes in accounting policies                | : No |

\*Explanation regarding the appropriate use of estimated consolidated operating results

The aforementioned forecasts of “2. 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 and financial and tax schemes may cause actual results to differ from the above forecasts.

## 【Qualitative Information / Financial Statements】

### 1. Qualitative Information on Consolidated Financial Results

During the nine months ended December 31, 2007, consolidated net sales increased by ¥128,660 million, or 17.6%, to ¥857,894 million from the corresponding period of the previous fiscal year mainly due to the increase in sales volume and sales price of crude oil and natural gas, and besides, the average exchange rate of Japanese yen against U.S. dollar fell for sales during the nine months ended December 31, 2007. Net sales of crude oil increased by ¥104,089 million, or 23.0%, to ¥556,380 million, and net sales of natural gas increased by ¥24,591 million, or 9.6% to ¥280,860 million, respectively. Sales volume of crude oil increased by 2,683 Mbbls, or 4.4%, to 63,127 Mbbls mainly due to increase in production volume at ACG Oil Fields. Sales volume of natural gas increased by 15,787 MMcf, or 5.7%, to 294,193 MMcf. Sales volume of natural gas produced overseas increased by 3,886 MMcf, or 1.6%, to 250,514 MMcf mainly due to initiation of natural gas sales at Venezuela project and sales volume of natural gas produced domestically increased by 319 MMm<sup>3</sup>, or 37.4%, to 1,170 MMm<sup>3</sup> (43,678 MMcf) mainly due to increase in sales volume for major clients. The average sales price of crude oil produced overseas increased by US\$10.62 per bbl, or 16.5 %, to US\$74.81 per bbl and the average sales price of natural gas produced overseas increased by US\$0.19 per Mcf, or 2.5%, to US\$7.85 per Mcf. The less increase in the average sales price of natural gas produced overseas relative to crude oil was mainly due to lower unit price of the Venezuela project, whose sales are recorded from the current period. By the energy policy of government of Venezuela, natural gas produced is supplied at lower price for domestic energy demand. In addition, the average sales price of natural gas produced domestically increased by ¥0.56, or 1.6%, to ¥35.23 per m<sup>3</sup>. The average exchange rate of Japanese yen against U.S. dollar fell for sales ¥1.21, or 1.0%, to ¥117.34 per U.S. dollar from the corresponding period of the previous fiscal year.

The increase of ¥128.6 billion in net sales was derived mainly from the following factors: an increase in sales volume of crude oil and natural gas contributed ¥33.0 billion, a increase in unit sales price contributed ¥87.5 billion, and the depreciation of Japanese yen against U.S. dollar contributed ¥8.1 billion, whereas net sales excluding crude oil and natural gas remained constant from the corresponding period of the previous fiscal year.

Cost of sales for the nine months ended December 31, 2007 increased by ¥41,084 million, or 16.4%, to ¥292,020 million mainly due to increase in cost recovery at ACG Oil Fields, increase in expenses for development wells at South Natuna See Block B and increase in royalty at ADMA Block owing to increase in sales. Exploration expenses increased by ¥12,198 million, or 102.8%, to ¥24,064 million. Selling, general and administrative expense increased by ¥11,414 million, or 32.1%, to ¥46,961 million mainly due to increase in transportation cost of crude oil. As a result, operating income increased by ¥63,962 million, or 14.8%, to ¥494,848 million. Other income increased by ¥6,710 million, or 35.7 %, to ¥25,519 million mainly due to net gain on re-determination of unitized field, which is reflecting to adjustment as a result of increase in participating rights by reason of re-determination of reserves at Bayu-Undan Field, and net gain on taking effect of exploration and production agreement which reflects adjustment of the effect of joint venture agreement at Venezuela project. Other expenses increased by ¥16,766 million, or 75.3%, to ¥39,031 million mainly due to loss on valuation of investment securities and provision for allowance for recoverable accounts under production sharing mainly due to increase in exploration activities at Masela Block. As a result, ordinary income increased by ¥53,907 million, or 12.6%, to ¥481,336 million.

Total amount of current income taxes and deferred income taxes increased by ¥34,194 million, or 10.9%, to ¥349,088 million, and minority interests were ¥15,013 million. As a result of above effects, net income for the nine months ended December 31, 2007 increased by ¥10,226 million, or 9.6%, to ¥117,233 million from the corresponding period of the previous fiscal year.

### 2. Qualitative Information on Consolidated Financial Position

Consolidated total assets as of December 31, 2007 increased by ¥144,915 million to ¥1,753,021 million from ¥1,608,106 million as of March 31, 2007. This is mainly due to increase in recoverable accounts under production sharing by ¥47,733 million at Kashagan Oil Field, Offshore Mahakam Block and others, increase in investment securities and marketable securities, and increase in account receivable-trade owing to increase in sales price of crude oil.

Meanwhile, total liabilities increased by ¥39,998 million to ¥568,088 million from ¥528,090 million as of March 31, 2007. Current liabilities increased by ¥26,703 million to ¥292,950 million, long-term liabilities increased by ¥13,294 million to ¥275,138 million.

Net assets increased by ¥104,917 million to ¥1,184,933 million, and minority interests in net assets increased by ¥22,810 million to ¥73,931 million.

As for cash flows for the nine months ended December 31, 2007, net cash provided by operating activities increased by ¥27,892 million to ¥219,440 million from corresponding period of the previous fiscal year. This is mainly due to increase in sales volume and unit sales price of crude oil and natural gas, and besides, the average exchange rate of Japanese yen against U.S. dollar fell for sales during the nine months ended for December 31, 2007. Meanwhile, net cash used in investing activities increased by ¥2,027 million to ¥164,989 million mainly due to capital expenditure in recoverable accounts under production sharing, purchases of investment securities and purchase of tangible fixed assets. Net cash used in financial activities increased by ¥38,679 million to ¥29,106 million mainly due to repayments of long-term debt. After deducting the effect of exchange rate changes on cash and cash equivalents, the increase in cash and cash equivalents at the end of the nine months ended December 31, 2007 amounted to ¥19,486 million. Cash and cash equivalents at the end of the nine months ended December 31, 2007 totaled ¥208,903 million reflecting above net increase of ¥19,486 million from ¥189,416 million at the end of the previous fiscal year.

### 3. Qualitative Information on Estimated Consolidated Operating Results

We have revised our consolidated financial forecasts for the year ending March 31, 2008, which were previously announced on November 9, 2007, due to the increase in the price of crude oil and other factors.

Forecasts for consolidated financial results for the year ending March 31, 2008 (Millions of yen)

|                       | Net sales | Operating income | Ordinary income | Net income |
|-----------------------|-----------|------------------|-----------------|------------|
| Previous Forecasts: A | 1,027,000 | 557,000          | 540,000         | 127,000    |
| Revised Forecasts: B  | 1,165,000 | 682,000          | 659,000         | 153,000    |
| Increase: B – A       | 138,000   | 125,000          | 119,000         | 26,000     |
| Rate of increase (%)  | 13.4      | 22.4             | 22.0            | 20.5       |

The above forecasts are calculated based on the following assumptions:

|                         | Previous Forecasts   | Revised Forecasts  |
|-------------------------|--|--|
| Crude Oil Price (Brent) | Second-Half (October 1, 2007- March 31, 2008) :<br>US\$ 60/bbl | 4 <sup>th</sup> Quarter (January 1, 2008- March 31, 2008) :<br>US\$85/bbl<br>(Second-half (October 1, 2007- March 31, 2008):<br>US\$86.87/bbl) |
| Exchange rates          | Second-Half (October 1, 2007- March 31, 2008) :<br>¥115/US\$1  | 4 <sup>th</sup> Quarter (January 1, 2008- March 31, 2008) :<br>¥105/US\$1<br>(Second-half (October 1, 2007-March 31, 2008):<br>¥109.06/US\$1)  |

Crude oil prices which the Company sells depend on the type of crude oil, and there are also price differential between our crude oil price and Brent price. Price differential are caused by its quality and its pricing range which is affected by the market conditions. Most of our crude oil prices are lower than Brent price.

4. Condensed Consolidated Financial Statements  
(1) Condensed Consolidated Balance Sheets

(Millions of yen, %)

| Accounts  | As of March 31, 2007<br>(A) |       | As of December 31, 2007<br>(B) |       | Fluctuation<br>(B)-(A) | (Reference)<br>As of December 31, 2006 |       |
|---|-----------------------------|-------|--------------------------------|-------|------------------------|--|-------|
|   | Amounts                     | Ratio | Amounts                        | Ratio |                        | Amounts                                | Ratio |
| (Assets)  |                             |       |                                |       |                        |  |       |
| I Current assets  |                             |       |                                |       |                        |  |       |
| 1 Cash and deposits   | 194,278                     |       | 174,674                        |       | (19,604)               | 207,618                                |       |
| 2 Accounts receivable-trade                                       | 81,954                      |       | 134,808                        |       | 52,853                 | 76,475                                 |       |
| 3 Marketable securities   | 55,586                      |       | 95,251                         |       | 39,664                 | 42,868                                 |       |
| 4 Other   | 142,304                     |       | 111,239                        |       | (31,064)               | 96,024                                 |       |
| Total current assets  | 474,123                     | 29.5  | 515,973                        | 29.4  | 41,849                 | 422,986                                | 27.3  |
| II Fixed assets   |                             |       |                                |       |                        |  |       |
| 1 Tangible fixed assets   | 219,227                     | 13.6  | 238,236                        | 13.6  | 19,009                 | 217,725                                | 14.1  |
| 2 Intangible assets   | 265,821                     | 16.5  | 270,027                        | 15.4  | 4,206                  | 269,222                                | 17.4  |
| 3 Investments and other assets                                    |                             |       |                                |       |                        |  |       |
| (1) Investment securities   | 354,851                     |       | 380,892                        |       | 26,041                 | 341,329                                |       |
| (2) Recoverable accounts<br>under production sharing              | 319,149                     |       | 366,923                        |       | 47,773                 | 318,223                                |       |
| (3) Other   | 36,397                      |       | 59,276                         |       | 22,878                 | 36,355                                 |       |
| Allowance for recoverable<br>accounts under production<br>sharing | (51,190)                    |       | (67,349)                       |       | (16,158)               | (48,806)                               |       |
| Allowance for<br>investments in exploration                       | (10,273)                    |       | (10,958)                       |       | (684)                  | (8,274)                                |       |
| Total investments and other<br>assets                             | 648,934                     | 40.4  | 728,784                        | 41.6  | 79,850                 | 638,827                                | 41.2  |
| Total fixed assets  | 1,133,982                   | 70.5  | 1,237,048                      | 70.6  | 103,065                | 1,125,776                              | 72.7  |
| Total assets  | 1,608,106                   | 100.0 | 1,753,021                      | 100.0 | 144,915                | 1,548,763                              | 100.0 |
| (Liabilities)   |                             |       |                                |       |                        |  |       |
| I Current liabilities   |                             |       |                                |       |                        |  |       |
| 1 Accounts payable-trade  | 21,793                      |       | 18,505                         |       | (3,288)                | 23,041                                 |       |
| 2 Short-term loans  | 50,649                      |       | 25,470                         |       | (25,179)               | 41,958                                 |       |
| 3 Income taxes payable  | 85,143                      |       | 106,971                        |       | 21,828                 | 95,437                                 |       |
| 4 Other   | 108,661                     |       | 142,003                        |       | 33,341                 | 101,935                                |       |
| Total current liabilities   | 266,247                     | 16.5  | 292,950                        | 16.7  | 26,703                 | 262,372                                | 16.9  |
| II Long-term liabilities  |                             |       |                                |       |                        |  |       |
| 1 Long-term debt  | 198,320                     |       | 206,990                        |       | 8,670                  | 227,338                                |       |
| 2 Other   | 63,523                      |       | 68,147                         |       | 4,624                  | 63,079                                 |       |
| Total long-term liabilities                                       | 261,843                     | 16.3  | 275,138                        | 15.7  | 13,294                 | 290,418                                | 18.8  |
| Total liabilities   | 528,090                     | 32.8  | 568,088                        | 32.4  | 39,998                 | 552,791                                | 35.7  |
| (Net assets)  |                             |       |                                |       |                        |  |       |
| I Shareholders' equity  |                             |       |                                |       |                        |  |       |
| 1 Common stock  | 30,000                      | 1.9   | 30,000                         | 1.7   | —                      | 30,000                                 | 1.9   |
| 2 Capital surplus   | 418,491                     | 26.0  | 418,493                        | 23.9  | 2                      | 417,500                                | 27.0  |
| 3 Retained earnings   | 570,120                     | 35.5  | 662,604                        | 37.8  | 92,483                 | 512,036                                | 33.1  |
| 4 Treasury stock  | (1,108)                     | (0.1) | (2,054)                        | (0.1) | (946)                  | (10,765)                               | (0.7) |
| Total shareholders' equity  | 1,017,503                   | 63.3  | 1,109,042                      | 63.3  | 91,539                 | 948,770                                | 61.3  |
| II Valuation, translation adjustments<br>and others               |                             |       |                                |       |                        |  |       |
| 1 Unrealized holding gain (loss) on<br>securities                 | 9,348                       | 0.6   | 1,318                          | 0.1   | (8,029)                | (1,296)                                | (0.1) |
| 2 Unrealized gain from hedging<br>instruments                     | 17                          | 0.0   | 9                              | 0.0   | (8)                    | 20                                     | 0.0   |
| 3 Translation adjustments   | 2,025                       | 0.1   | 629                            | 0.0   | (1,395)                | 1,312                                  | 0.1   |
| Total valuation, translation<br>adjustments and others            | 11,391                      | 0.7   | 1,958                          | 0.1   | (9,433)                | 35                                     | 0.0   |
| III Minority interests  | 51,121                      | 3.2   | 73,931                         | 4.2   | 22,810                 | 47,165                                 | 3.0   |
| Total net assets  | 1,080,016                   | 67.2  | 1,184,933                      | 67.6  | 104,917                | 995,971                                | 64.3  |
| Total liabilities and net assets                                  | 1,608,106                   | 100.0 | 1,753,021                      | 100.0 | 144,915                | 1,548,763                              | 100.0 |

## (2) Condensed Consolidated Statements of Income

(Millions of yen, %)

| Accounts  | For the nine months ended December 31, 2006 (A) |       | For the nine months ended December 31, 2007 (B) |       | Fluctuation (B) - (A) | (Reference) For the year ended March 31, 2007 |         |
|---|---|-------|---|-------|-----------------------|---|---------|
|   | Amounts   | Ratio | Amounts   | Ratio |                       | Amounts                                       | Amounts |
| I Net sales   | 729,234   | 100.0 | 857,894   | 100.0 | 128,660               | 969,712                                       | 100.0   |
| II Cost of sales  | 250,935   | 34.4  | 292,020   | 34.0  | 41,084                | 343,794                                       | 35.5    |
| Gross profit  | 478,298   | 65.6  | 565,874   | 66.0  | 87,575                | 625,918                                       | 64.5    |
| III Exploration expenses  | 11,866  | 1.6   | 24,064  | 2.8   | 12,198                | 17,688  | 1.8     |
| IV Selling, general and administrative expenses                             | 35,547  | 4.9   | 46,961  | 5.5   | 11,414                | 49,152  | 5.0     |
| Operating income  | 430,885   | 59.1  | 494,848   | 57.7  | 63,962                | 559,077                                       | 57.7    |
| V Other income  | 18,808  | 2.6   | 25,519  | 2.9   | 6,710                 | 60,079  | 6.1     |
| 1 Interest income   | 9,440   |       | 8,731   |       | (708)                 | 12,843  |         |
| 2 Equity in earnings of affiliates  | 1,526   |       | 1,831   |       | 305                   | 1,349   |         |
| 3 Net gain on re-determination of unitized field                            | —   |       | 4,005   |       | 4,005                 | —   |         |
| 4 Net gain on taking effect of exploration and production agreement         | —   |       | 3,527   |       | 3,527                 | —   |         |
| 5 Foreign exchange gain   | 2,582   |       | 277   |       | (2,305)               | 5,738   |         |
| 6 Other   | 5,259   |       | 7,146   |       | 1,886                 | 40,147  |         |
| VI Other expenses   | 22,265  | 3.1   | 39,031  | 4.5   | 16,766                | 32,893  | 3.4     |
| 1 Interest expense  | 9,230   |       | 8,820   |       | (409)                 | 12,389  |         |
| 2 Provision for allowance for recoverable accounts under production sharing | 3,165   |       | 15,228  |       | 12,062                | 6,176   |         |
| 3 Loss on valuation of investment securities                                | —   |       | 7,915   |       | 7,915                 | —   |         |
| 4 Other   | 9,869   |       | 7,066   |       | (2,802)               | 14,328  |         |
| Ordinary income   | 427,429   | 58.6  | 481,336   | 56.1  | 53,907                | 586,262                                       | 60.4    |
| Income before income taxes and minority interests                           | 427,429   | 58.6  | 481,336   | 56.1  | 53,907                | 586,262                                       | 60.4    |
| Income taxes-current  | 325,266   | 44.6  | 349,144   | 40.7  | 23,877                | 432,894                                       | 44.6    |
| Income taxes-deferred   | (10,372)  | (1.4) | (55)  | (0.0) | 10,317                | (19,655)                                      | (2.0)   |
| Minority interests  | 5,528   | 0.8   | 15,013  | 1.7   | 9,485                 | 7,932   | 0.8     |
| Net income  | 107,006   | 14.7  | 117,233   | 13.7  | 10,226                | 165,091                                       | 17.0    |

## (3) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

| Accounts  | For the nine months<br>ended December 31,<br>2006 | For the nine months<br>ended December 31,<br>2007 | (Reference)<br>For the year ended<br>March 31, 2007 |
|---|---|---|---|
|   | Amounts   | Amounts   | Amounts   |
| I Cash flows from operating activities  |   |   |   |
| Income before income taxes and minority interests                                     | 427,429   | 481,336   | 586,262   |
| Depreciation and amortization   | 22,000  | 26,694  | 30,599  |
| Amortization of goodwill  | 5,239   | 4,926   | 6,977   |
| Provision for allowance for recoverable accounts<br>under production sharing          | 3,713   | 16,224  | 6,080   |
| Interest and dividend income  | (11,402)  | (12,611)  | (15,134)  |
| Interest expense  | 9,230   | 8,820   | 12,389  |
| Foreign exchange gain   | (263)   | (775)   | (1,652)   |
| Equity in earnings of affiliates  | (1,526)   | (1,831)   | (1,349)   |
| Accounts receivable-trade   | (4,919)   | (53,220)  | (10,385)  |
| Recovery of recoverable accounts under<br>production sharing (capital expenditures)   | 80,502  | 80,523  | 105,949   |
| Recoverable accounts under production<br>sharing (operating expenditures)             | (16,459)  | (28,795)  | (18,955)  |
| Other   | (7,915)   | 22,856  | (37,220)  |
| Subtotal  | 505,628   | 544,148   | 663,561   |
| Interest and dividends received   | 15,527  | 12,223  | 20,559  |
| Interest paid   | (8,099)   | (8,933)   | (11,993)  |
| Income taxes paid   | (321,508)   | (327,997)   | (440,146)   |
| Net cash provided by operating activities   | 191,548   | 219,440   | 231,981   |
| II Cash flows from investing activities   |   |   |   |
| Proceeds from sales of marketable securities  | 15,643  | 36,156  | 23,643  |
| Payments for purchases of tangible fixed assets                                       | (27,237)  | (35,977)  | (37,844)  |
| Proceeds from sales of tangible fixed assets  | 944   | 104   | 955   |
| Payments for purchases of investment securities                                       | (76,661)  | (87,384)  | (109,823)   |
| Proceeds from sales of investment securities  | 26,704  | 104   | 43,609  |
| Investment in recoverable accounts under<br>production sharing (capital expenditures) | (87,222)  | (99,568)  | (111,313)   |
| Payments for purchases of mining rights   | —   | (16,082)  | —   |
| Proceeds from transfer of mining rights   | —   | 27,890  | 6,707   |
| Other   | (15,132)  | 9,765   | (25,176)  |
| Net cash used in investing activities   | (162,962)   | (164,989)   | (209,243)   |
| III Cash flows from financing activities  |   |   |   |
| Proceeds from long-term debt  | 24,325  | 34,461  | 30,083  |
| Repayments of long-term debt  | (14,238)  | (44,066)  | (38,661)  |
| Cash dividends paid   | (10,789)  | (24,750)  | (10,791)  |
| Stock transfer payment  | (867)   | (0)   | (867)   |
| Other   | 11,144  | 5,249   | 34,031  |
| Net cash (used in) provided by financing activities                                   | 9,573   | (29,106)  | 13,793  |
| IV Effect of exchange rate changes on cash<br>and cash equivalents                    | 2,703   | (5,858)   | 1,741   |
| V Net increase in cash and cash equivalents   | 40,863  | 19,486  | 38,273  |
| VI Cash and cash equivalents at beginning of the period                               | 151,143   | 189,416   | 151,143   |
| VII Cash and cash equivalents at end of the period                                    | 192,006   | 208,903   | 189,416   |

## 5. Production, orders received and sales performance

### (1) Actual production

The following table shows actual production by business segment:

| Business segment             | Category                     | For the nine months ended<br>December 31, 2006 | For the nine months ended<br>December 31, 2007 | (Reference)<br>For the year ended<br>March 31, 2007 |
|------------------------------|------------------------------|--|--|---|
| Crude oil and<br>natural gas | Crude oil                    | 65 MMbbls<br>(237 Mbbls per day)               | 66 MMbbls<br>(241 Mbbls per day)               | 89 MMbbls<br>(243 Mbbls per day)                    |
|                              | Natural gas                  | 281 Bcf<br>(1,021 MMcf per day)                | 293 Bcf<br>(1,065 MMcf per day)                | 384 Bcf<br>(1,051 MMcf per day)                     |
|                              | Subtotal                     | 112 MMboe<br>(407 Mboe per day)                | 115 MMboe<br>(418 Mboe per day)                | 152 MMboe<br>(418 Mboe per day)                     |
|                              | Petroleum<br>products        | 185 Mkl<br>(1,205 Mbbls)                       | 170 Mkl<br>(1,072 Mbbls)                       | 243 Mkl<br>(1,531 Mbbls)                            |
|                              | Iodine                       | 395 tons                                       | 358 tons                                       | 534 tons  |
|                              | Electric power<br>generation | — millions kWh                                 | 82 millions kWh                                | — millions kWh                                      |

- Notes:
- The volume of LPG produced overseas is included in 'Crude oil.' On the other hand, the amount of LPG produced in the domestic refinery is included in 'Petroleum Products.'
  - A portion of crude oil production volume is consumed as material for petroleum products.
  - A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.
  - The production by the Company's affiliates accounted for by the equity method is included in the figures above. Also the production volume is a result for the nine months ended December 31 regardless of a closing date on the basis of fiscal periods of its subsidiaries or affiliates.
  - 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 79 MMbbls (288 Mbbls per day) of crude oil, 516 Bcf (1,875 MMcf per day) of natural gas, and in total 165 MMboe (600 Mboe per day).
  - Boe means barrels of oil equivalent.
  - The volume of petroleum products is converted to bbl in parenthesis. Applied coefficient is 6.29 bbls per kl.
  - Iodine is refined on consignment by another company.
  - 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

- In principle, 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.
- Sales by business segment during each period were as follows:

| Business segment             | Category    | For the nine months ended<br>December 31, 2006 |         | For the nine months ended<br>December 31, 2007 |         | (Reference)<br>For the year ended<br>March 31, 2007 |         |
|------------------------------|-------------|--|---------|--|---------|---|---------|
|                              |             |  |         |  |         |   |         |
| Crude oil and<br>natural gas | Crude Oil   | 60,444 Mbbls                                   | 452,291 | 63,127 Mbbls                                   | 556,380 | 83,276 Mbbls  | 607,400 |
|                              | Natural Gas | 278,406 MMcf                                   | 256,269 | 294,193 MMcf                                   | 280,860 | 366,080 MMcf  | 332,937 |
|                              |             | LPG: 1,102 Mbbls                               |         | LPG: 1,233 Mbbls                               |         | LPG: 1,351 Mbbls                                    |         |
|                              | Others      | 19,312   |         | 19,266   |         | 25,782  |         |
|                              | Subtotal    | 727,873  |         | 856,508  |         | 966,119   |         |
| Other                        |             | 1,360  |         | 1,385  |         | 3,593   |         |
|                              | Total       | 729,234  |         | 857,894  |         | 969,712   |         |

- Notes:
- The above amounts do not include the related consumption tax.
  - The Company's subsidiaries of which closing date for fiscal year is December 31 are principally consolidated by using their operating results for the nine months ended September 30, 2007 except those subsidiaries prepared their financial statements for consolidation purpose as of the consolidation closing date. However, the significant effects of the difference in fiscal periods were properly adjusted in consolidation.
  - Sales volumes are rounded to nearest whole number.

6. Basic agreement on Offshore North Caspian Sea Block in the Republic of Kazakhstan

On January 14, 2008, all partners have agreed with the Government of Republic of Kazakhstan in principal on the following terms and conditions relative to Offshore North Caspian Sea Block in Republic of Kazakhstan which INPEX North Caspian Sea, Ltd., a consolidated subsidiary of the Company, holds 8.33% participating interest. Further details of the conditions are in process of discussion to reach settlement by the end of May, 2008, therefore, this agreement would not have significant impact on income for the year ending March 31, 2008.

- (1) Construction of new operating and governance model
- (2) All partners except for KazMunayGas (KMG) will dilute proportionally their participating interest allowing KMG' stake to increase matching that of the major shareholders. As a result of this, the participating interest of INPEX North Caspian Sea, Ltd. would be 7.56% from 8.33%.
- (3) Partial alternation on the financial conditions of the production sharing agreement



[Supplemental materials]

1. Condensed Consolidated Statements of Income of INPEX CORPORATION

(Millions of yen)

| Accounts   | For the nine months ended<br>December 31, 2006 | For the nine months ended<br>December 31, 2007 | Fluctuation<br>(B)-(A) |
|--|--|--|------------------------|
|  | (A)  | (B)  | (B)-(A)                |
|  | Amounts  | Amounts  | Amounts                |
| I Net sales  | 664,582  | 771,727  | 107,144                |
| II Cost of sales   | 224,064  | 263,381  | 39,316                 |
| Gross profit   | 440,518  | 508,346  | 67,827                 |
| III Exploration expenses   | 10,944   | 18,966   | 8,022                  |
| IV Selling, general and administrative<br>expenses                             | 15,147   | 23,729   | 8,581                  |
| Operating income   | 414,426  | 465,650  | 51,224                 |
| V Other income   | 17,061   | 18,247   | 1,185                  |
| 1 Interest income  | 9,008  | 8,131  | (877)                  |
| 2 Equity in earnings of affiliates   | 1,266  | 1,051  | (215)                  |
| 3 Net gain on re-determination of unitized<br>field                            | —  | 4,005  | 4,005                  |
| 4 Foreign exchange gain  | 2,431  | 459  | (1,972)                |
| 5 Other  | 4,355  | 4,600  | 245                    |
| VI Other expenses  | 17,430   | 26,759   | 9,329                  |
| 1 Interest expense   | 8,622  | 8,108  | (514)                  |
| 2 Provision for allowance for recoverable<br>accounts under production sharing | 2,678  | 13,573   | 10,895                 |
| 3 Other  | 6,129  | 5,077  | (1,051)                |
| Ordinary income  | 414,057  | 457,138  | 43,080                 |
| Income before income taxes and<br>minority interests                           | 414,057  | 457,138  | 43,080                 |
| Income taxes-current   | 314,012  | 333,742  | 19,730                 |
| Income taxes-deferred  | (10,312)                                       | 3,610  | 13,923                 |
| Minority interests   | 5,257  | 13,441   | 8,183                  |
| Net income   | 105,100  | 106,343  | 1,243                  |
|  |  |  |                        |

## 2. Condensed Consolidated Statements of Income of Teikoku Oil Co., Ltd.

(Millions of yen)

| Accounts   | For the nine months ended<br>December 31, 2006<br>(A) | For the nine months ended<br>December 31, 2007<br>(B) | Fluctuation<br>(B)-(A) |
|--|---|---|------------------------|
|  | Amounts   | Amounts   | Amounts                |
| I Net sales  | 81,360  | 113,012   | 31,652                 |
| II Cost of sales   | 43,547  | 55,474  | 11,927                 |
| Gross profit   | 37,813  | 57,538  | 19,725                 |
| III Exploration expenses   | 921   | 5,097   | 4,176                  |
| IV Selling, general and administrative<br>expenses                             | 15,377  | 18,308  | 2,930                  |
| Operating income   | 21,514  | 34,132  | 12,617                 |
| V Other income   | 4,338   | 7,879   | 3,540                  |
| 1 Interest income  | 425   | 552   | 126                    |
| 2 Equity in earnings of affiliates   | 259   | 780   | 520                    |
| 3 Net gain on taking effect of exploration<br>and production agreement         | —   | 3,527   | 3,527                  |
| 4 Foreign exchange gain  | 151   | —   | (151)                  |
| 5 Other  | 3,501   | 3,018   | (483)                  |
| VI Other expenses  | 4,520   | 4,604   | 84                     |
| 1 Interest expense   | 609   | 736   | 127                    |
| 2 Provision for allowance for recoverable<br>accounts under production sharing | 487   | 1,655   | 1,167                  |
| 3 Foreign exchange loss  | —   | 182   | 182                    |
| 4 Other  | 3,423   | 2,030   | (1,392)                |
| Ordinary income  | 21,332  | 37,406  | 16,073                 |
| Income before income taxes and<br>minority interests                           | 21,332  | 37,406  | 16,073                 |
| Income taxes-current   | 11,230  | 15,282  | 4,052                  |
| Income taxes-deferred  | 308   | (777)   | (1,085)                |
| Minority interests   | 270   | 1,572   | 1,301                  |
| Net income   | 9,522   | 21,329  | 11,806                 |
|  |   |   |                        |