

Financial Results  
for the six months ended September 30, 2008

---

November 13, 2008

# Agenda

---

## 1. At the Start of new INPEX CORPORATION

### - Update of Corporate Activities -

Kunihiko Matsuo

Representative Director, Chairman

## 2. Financial Results for the year ended September 30, 2008

Mutsuhisa Fujii

Director, Executive Vice President

Head of Finance & Accounting Division

# Cautionary Statement

---

This presentation includes forward-looking information that reflects the plan and expectations of the Company. Such forward-looking information is based on the current assumptions and judgments of the Company in light of the information currently available to it, and involves known and unknown risk, uncertainties, and other factors. Such risks, uncertainties and other factors may cause the Company's performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation:

- Price volatility and change in demand in crude oil and natural gas
- Foreign exchange rate volatility
- Change in costs and other expenses pertaining to the exploration, development and production

The Company undertakes no obligation to publicly update or revise the disclosure of information in this presentation (including forward-looking information) after the date of this presentation

At the Start of new INPEX CORPORATION  
- Update of Corporate Activities -

---

Kunihiko Matsuo  
Representative Director, Chairman

# Long-term Growth Target & Strategies for Corporate Growth

---

## Long-term Growth Target

- INPEX CORPORATION Group expands oil and natural gas exploration and development activities in a sustainable manner and aims to become a global energy company with the daily production of 800 thousand to one million barrels of oil equivalent in the late 2010s.
- While holding upstream oil and gas business as the core business, INPEX CORPORATION Group aims to become a company which provides diversified energies through establishing a natural gas supply chain and working proactively towards the development of unconventional hydrocarbon resources and new energies.

## Three Strategies for Corporate Growth

Based on a well-balanced asset portfolio, further strengthened operational and technical capabilities and reinforced management, all of which have been formed as the result of business integration, INPEX CORPORATION pursues the following three strategies:

- Sustainable expansion of oil and gas Exploration and Production ventures
- Establishment of gas supply chain and enhancement of Gas Business
- Growing into a company which provides diversified energies

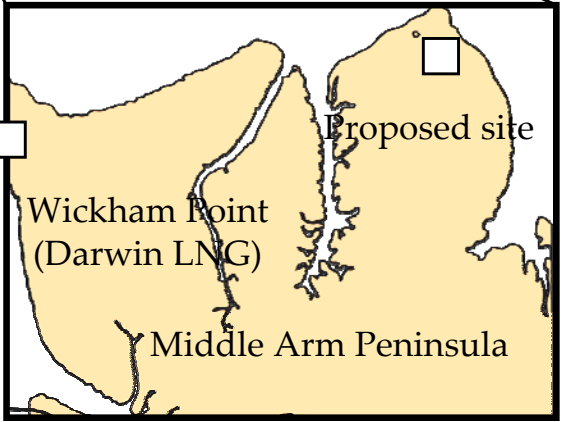
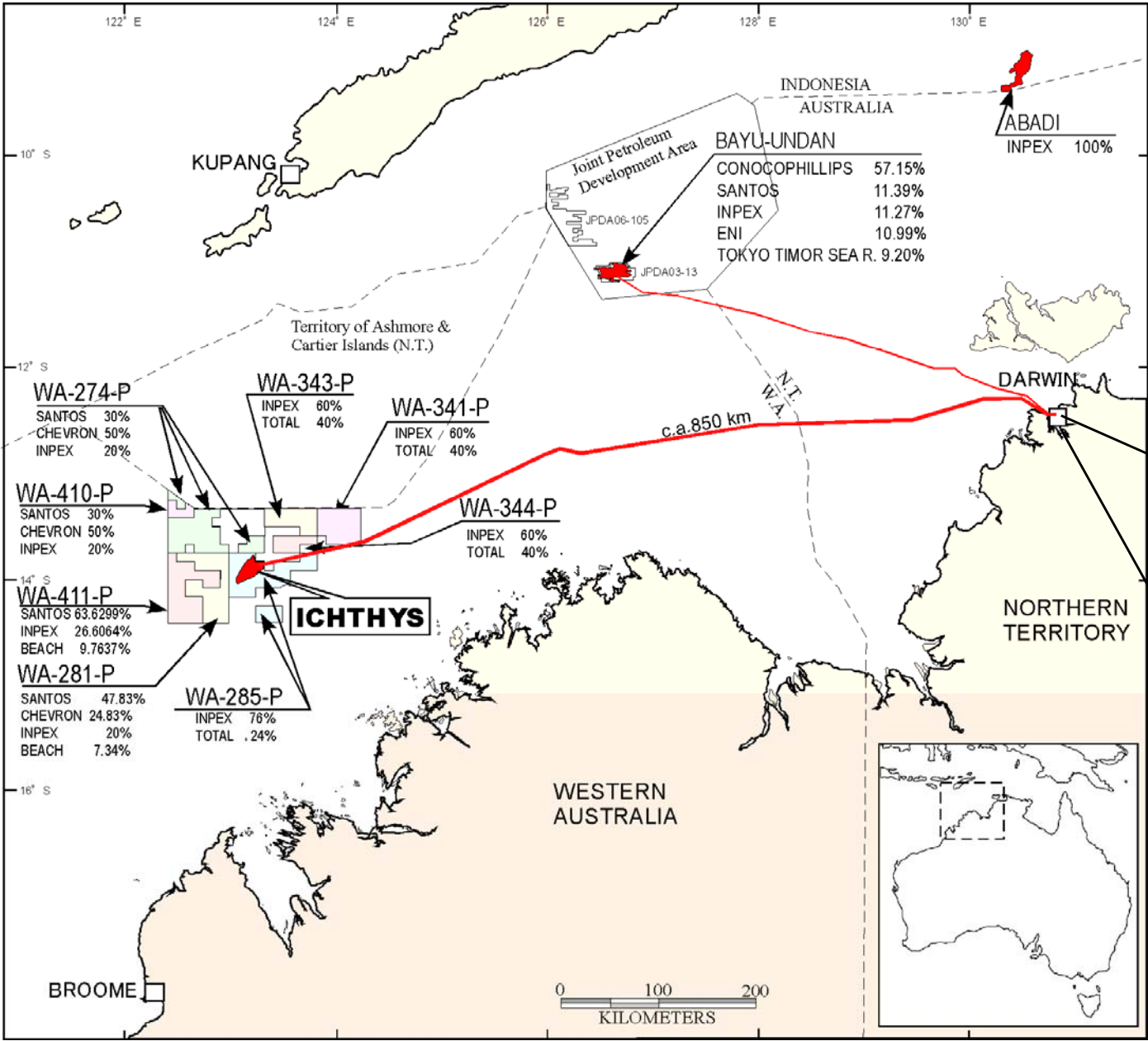
# Ichthys LNG Project

---

- Selected the designated industrial site on Blaydin Point on Middle Arm Peninsula in Darwin as the location for LNG facility
- FEED will follow shortly
- FID target: The end of 2009 or early 2010
- Production start target: late 2014 or early 2015
- CAPEX: More than US\$20 billion
- Production volume: More than 8 MM t/a of LNG (2 trains)
  - 100,000 bbl/d of condensate
  - 1.6 MM t/a of LPG
- Reserves: 12.8 Tcf of natural gas and 527 MM bbl of condensate  
(2.28 billion boe for our net reserves of 3 billion boe in total)\*
- Drilled the exploration well (Mimia-1), made a discovery of gas and condensate in WA-344-P Block near Ichthys and scheduled to evaluate the gas reserves
- Currently drilling the exploration well (Ichthys North-1) in WA-274-P Block

\* Total reserves of the Ichthys gas and condensate field reported to Australian government. The above reserves are recoverable reserves in accordance with an in-house evaluation standard, which is different from probable reserves based on SPE standard released on 16<sup>th</sup> May, 2008

# Ichthys LNG Project (Con't)





# Ichthys LNG Project (Con't)



Figure 3-5: Conceptual site plan for onshore gas-processing facility, onshore pipeline and MOF, at Blaydin Point

\* As of May 2008 (Source: Referral of Proposed Action – Browse Basin and Blaydin Point, Darwin)



# Abadi LNG Project

---



Drilling Rig (Masela Bolck)

- Drilled 4 additional appraisal wells since May 2007 to confirm the reserves
- Conducted Pre-FEED for Floating LNG
- Submitted the plan of development (POD) in May 2008 and started discussions with Indonesian Government (BPMIGAS)
- Discussing POD with Floating LNG as a preferable option, while assuming a number of development options
- Proceed to development and production period (20 years) upon approval of POD
- FID target: 2011
- Production start target: 2016

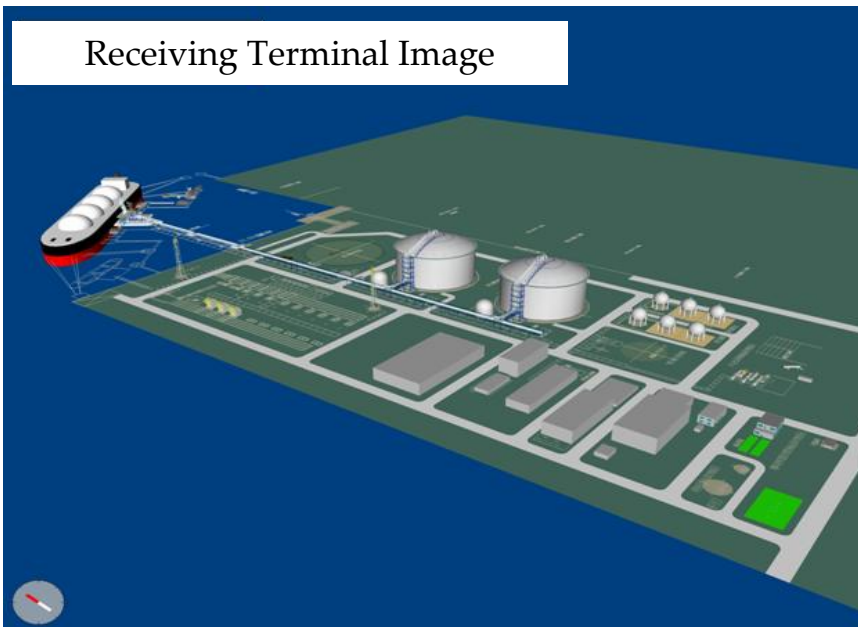
# LNG receiving terminal at Naoetsu, Japan

Landfill Situation (July 2008)



- FID to construct a LNG receiving terminal in the port of Naoetsu in Joetsu city, Niigata Prefecture in August 2008
- Reinforce our setup for a stable supply of natural gas, together with the introduction of re-gasified LNG from Shizuoka Gas Company, Ltd. (scheduled in January 2010)
- Strive for the sustained growth of our natural gas business by making optimal utilization of natural gas sources both domestic and overseas, and supply infrastructure in Japan

Receiving Terminal Image



- Outline of the Naoetsu LNG receiving terminal -

Construction site: Arahama Pier zone, Port of Naoetsu, Joetsu city, Niigata Prefecture, Japan

Lot area: approximately 25 ha

Major facilities: berth, tanks (aboveground 180,000-kl tank x 2: workable quantity 1.5 MM t/a, expansion capacity for 1 tank), re-gasifying, and calorific value adjustment facilities

Investment cost: approximately 100 billion yen (including the cost of land acquisition)

Start-up target of construction: 2009

Start-up target of operation: 2014

# Leading to Gas Supply Chain

Exploration  
& Production

Liquefaction

Shipping  
& vaporization

Distribution



(DST in Masela Block)

- Early commercialization of discovered oil & gas fields overseas
- Active exploration and production overseas



(Bontang LNG Plant)

- Steady progress of large-scale LNG projects (Ichthys and Abadi)



(Shipping Berth of Darwin)

- Diversifying source of feed gas for expansion of domestic natural gas business
- Construction of our own LNG receiving terminal



(Shizuoka Line)

- Optimal utilization of domestic gas and overseas LNG
- Connect domestic pipeline network with overseas assets



# ACG Oil Fields / Kashagan Oil Field



Central Azeri Platform

## ACG Oil Fields (Azerbaijan)

- The fire of BTC pipeline occurred on August 6, located close to a valve station in Turkey. BTC shutdown resulting from the fire limited the production volume from ACG Oil Fields. On August 26, Operation was back to normal after the repairs.
- Gas release occurring at the Central Azeri Platform on September 17. Temporarily shut down the platform and continuing activities towards identifying the source of the gas release. The production is being curtailed.



Offshore Production Facilities  
(Kashagan Oil Field)

## Kashagan Oil Field (Kazakhstan)

- Concluded a final agreement on 31 October, 2008 with Kazakhstan authority within the framework of the basic agreement reached in January 2008
- Participating Interest: reduced to 7.56% from 8.33%
- Established a new joint operating company (North Caspian Operating Company). NCOC will take over the operatorship from Agip KCO in January 2009
- Production start target: 2012
- Plateau production will be 300 thousand bbl/d and further increase to 450 thousand bbl/d at the Experimental Program stage. At the Kashagan full field development stage, a plateau of 1.5 million bbl/d is planned towards the end of the next decade.

# Production Start-up Projects in 2009



Drilling Rig (Van Gogh Oil Field)

## Van Gogh Oil Field (Van Gogh Defined Area) (Australia)

- Production start: April 2009
- Oil production volume: Approximately 60,000 bbl/d (peak rate)
- Participating Interest: 47.499%



Tangguh LNG Plant

## Tangguh LNG Project (Indonesia)

- LNG construction under construction
- Production start: 1Q 2009
- LNG production: 7.6 MM t/a
- Our net interest: Approximately 7.79%

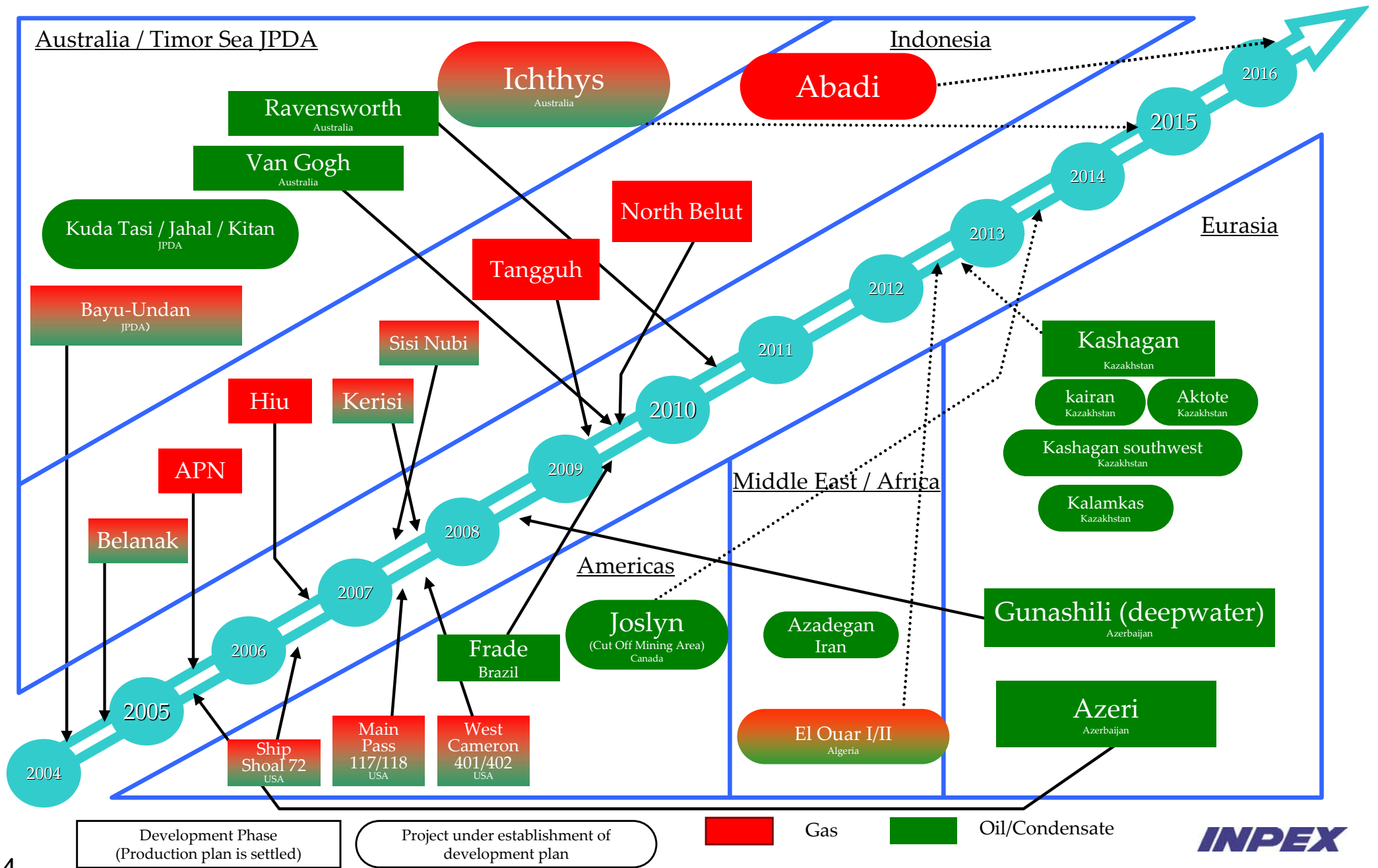


Frade FPSO

## Frade Block (Brazil)

- Production start: April 2009
- Oil production volume: Approximately 100,000 bbl/d (peak rate)
- Our net interest: Approximately 6.85%

# Production Start-up Schedule





# New Exploration Project / Exploration Performance

## Block BM-C-31 (Brazil)

- Acquired a new exploration block in November 2008: Block BM-C-31 in Campos Basin, Offshore Brazil
- Participating Interest: 20% (Operator: Petrobras)
- Deepwater project with a water depth ranging from 1,750m to 1,950m



## Exploration Performance (as of the end of September 2008)

Exploratory wells	Completion or Under operation (as operator)	
Japan	1	(1)
Indonesia	7	(1)
Australia	5	(2)
Libya	1	(1)
Egypt	2	(1)
U.K.	1	
<b>Total*</b>	<b>17</b>	<b>(6)</b>

Seismic Survey	Completion
2D (km)	1,700
3D (km <sup>2</sup> )	766

\* We planned total 30 wells in our exploration plan during FY2009/03 as of 16 May, 2008 and have changed to 27 wells through revision of plan (10 wells scheduled in 2<sup>nd</sup> half)

# Financial Results

## for the six months ended September 30, 2008

---

Mutsuhisa Fujii  
Director, Executive Vice President  
Head of Finance & Accounting Division

# Subsidiaries and Affiliates

## 58 consolidated subsidiaries

Major subsidiaries	Country/region	Ownership	Stage	Accounting term
INPEX CORPORATION	Indonesia	100%	Production	March
Teikoku Oil	Japan	100%	Production	March
Japan Oil Development	UAE	100%	Production	March (provisional settlement of account)
INPEX Natuna	Indonesia	100%	Production	March
INPEX Sahul	Timor Sea Joint Petroleum Development Area	100%	Production	December
INPEX Browse	Australia	100%	Preparation for development	March (provisional settlement of account)
INPEX Southwest Caspian Sea	Azerbaijan	51%	Production	March (provisional settlement of account)
INPEX North Caspian Sea	Kazakhstan	45%	Development	March (provisional settlement of account)

## 14 equity method affiliates

Major affiliates	Country/region	Ownership	Stage	Accounting term
MI Berau B.V.	Indonesia	44%	Development	December
Angola Japan Oil	Angola	19.6%	Production	December
INPEX Offshore North Campos	Brazil	37.5%	Development	December

## Highlights of the Consolidated Financial Results for the six months ended September 30, 2008

	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Net Sales (Billions of yen)	554.1	741.5	187.4	33.8%
Crude Oil Sales	357.7	478.0	120.3	33.6%
Natural Gas Sales (Including LPG)	183.5	248.8	65.3	35.6%
Others	12.8	14.6	1.7	13.7%
Operating Income (Billions of yen)	325.9	503.7	177.7	54.5%
Ordinary Income (Billions of yen)	321.6	479.4	157.7	49.1%
Net Income (Billions of yen)	81.0	104.0	22.9	28.4%
Net income per share (Yen)	34,385.24	44,155.91	9,770.67	28.4%

Average number of shares issued and outstanding during the six months ended September 30, 2008(consolidated): 2,355,673

# Crude Oil Sales

	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Net Sales (Billions of yen)	357.7	478.0	120.3	33.6%
Sales volume (Mbbbl)	42,971	38,301	(4,670)	(10.9%)
Average unit price of overseas production (\$/bbl)	69.47	116.73	47.26	68.0%
Average unit price of domestic production(¥/kl)	55,004	81,789	26,785	48.7%
Average exchange rate (¥/\$)	119.44	105.89	13.55 yen appreciation	11.3% yen appreciation
Sales volume by region (Mbbbl)	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Japan	151 (24 thousand kl)	161 (26 thousand kl)	11 (2 thousand kl)	7.0%
Asia/Oceania	5,917	5,436	(481)	(8.1%)
Eurasia (Europe/NIS )	9,573	4,316	(5,257)	(54.9%)
Middle East/Africa	27,281	28,306	1,025	3.8%
Americas	50	82	32	63.7%
Total	42,971	38,301	(4,670)	(10.9%)

# Natural Gas Sales (Excluding LPG)

	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Net Sales (Billions of yen)	178.1	239.0	60.8	34.2%

Sales volume (MMcf)	202,083	197,349	(4,733)	(2.3%)
Average unit price of overseas production (\$/Mcf)	7.32	11.73	4.41	60.2%
Average unit price of domestic production (¥/ m <sup>3</sup> )	34.92	37.25	2.33	6.7%
Average exchange rate (¥/\$)	119.32	106.24	13.08 yen appreciation	11.0% yen appreciation

Sales volume by region (MMcf)	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Japan	28,222 (756 million m <sup>3</sup> )	28,301 (758 million m <sup>3</sup> )	79 (2 million m <sup>3</sup> )	0.3%
Asia/Oceania	159,073	154,546	(4,527)	(2.8%)
Eurasia (Europe/NIS)	-	-	-	-
Middle East/Africa	-	-	-	-
Americas	14,788	14,502	(286)	(1.9%)
Total	202,083	197,349	(4,734)	(2.3%)

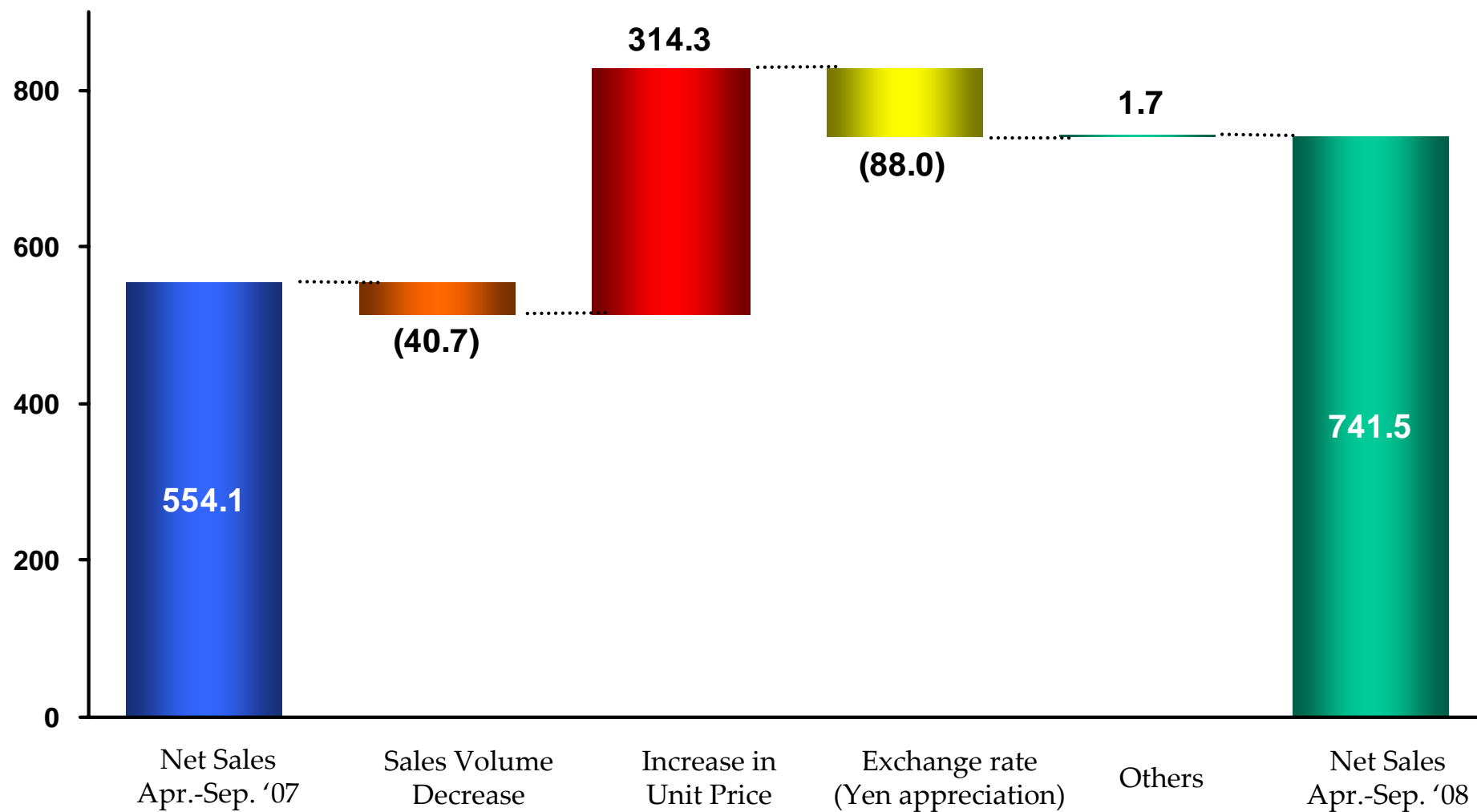


# LPG Sales

	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Net Sales (Billions of yen)	5.4	9.8	4.4	83.0%
Sales volume (Mbbbl)	755	1,083	329	43.6%
Average unit price of overseas production (\$/bbl)	53.47	81.30	27.83	52.0%
Average unit price of domestic production (¥/kg)	126	147	21	16.3%
Average exchange rate (¥/\$)	119.99	105.65	14.33 yen appreciation	11.9% yen appreciation
Sales volume by region (Mbbbl)	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Japan	100 (9 thousand t)	106 (10 thousand t)	7 (1 thousand t)	6.8%
Asia/Oceania	655	977	322	49.2%
Eurasia (Europe/NIS )	-	-	-	-
Middle East/Africa	-	-	-	-
Americas	-	-	-	-
Total	755	1,083	329	43.6%

# Analysis of Net Sales Increase

(Billions of Yen)



# Statements of Income

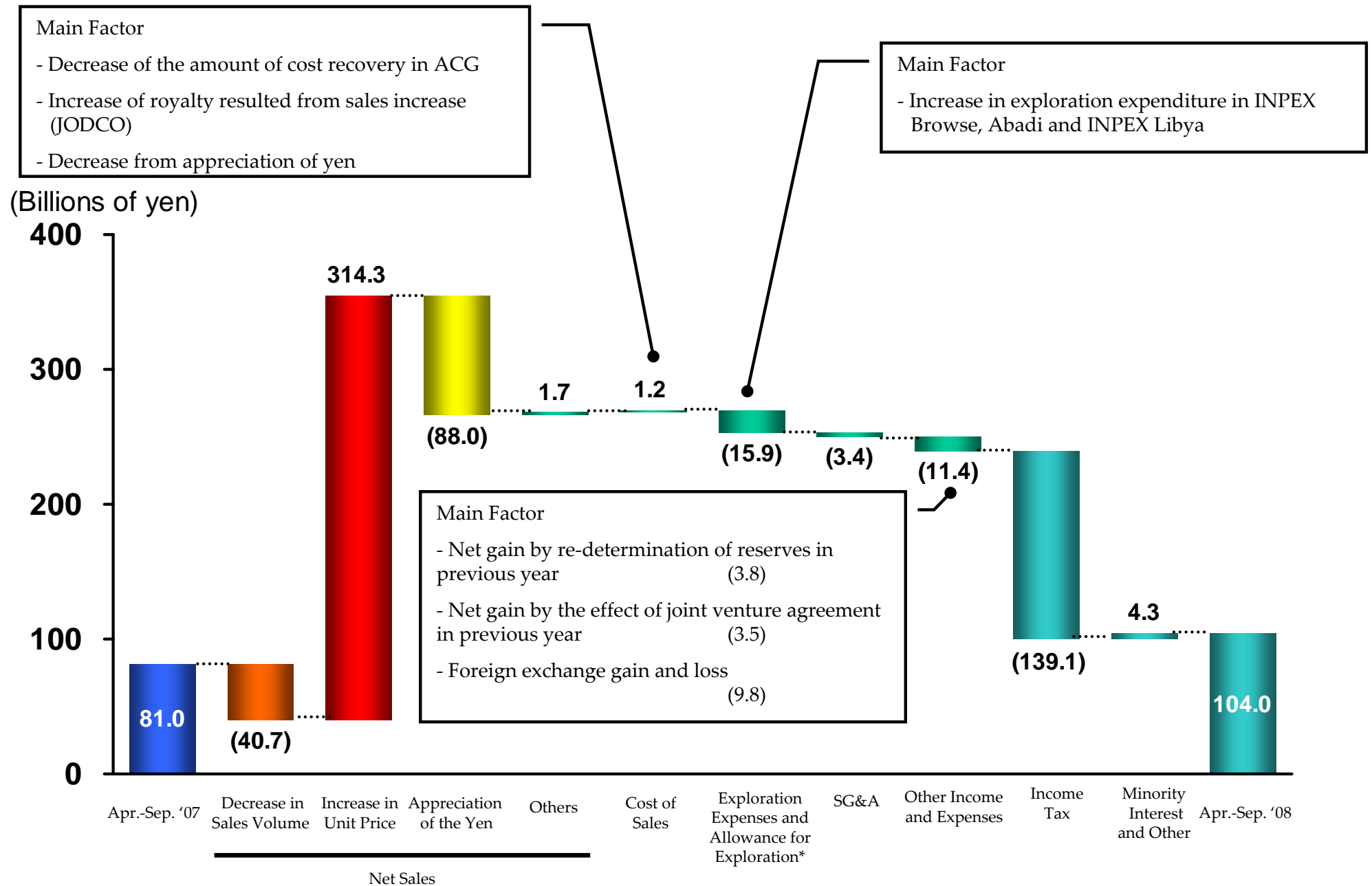
(Billions of Yen)	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change	
Net Sales	554.1	741.5	187.4	33.8%	Crude oil sales : 478.0 (Change) +120.3 Natural Gas sales* : 248.8 (Change) +65.3
Cost of Sales	189.6	188.4	(1.2)	(0.6%)	Cost of sales for crude oil : 137.3 (Change) +5.0 Cost of sales for natural gas* : 42.8 (Change) (6.6)
Exploration expenses	8.3	15.7	7.4	89.1%	
Selling, general and administrative expenses	30.2	33.6	3.4	11.5%	
Operating Income	325.9	503.7	177.7	54.5%	
Other income	22.0	10.7	(11.3)	(51.4%)	
Other expenses	26.3	34.9	8.6	32.7%	INPEX Browse, INPEX Timor Sea, etc.
Ordinary Income	321.6	479.4	157.7	49.1%	
Income taxes	231.9	371.0	139.1	60.0%	Mainly income taxes in foreign countries
Minority interests	8.6	4.3	(4.3)	(50.0%)	
Net Income	81.0	104.0	22.9	28.4%	

\*Including LPG

# Other Income/Expenses

(Billions of Yen)	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change	
<b>Other income</b>	22.0	10.7	(11.3)	(51.4%)	
Interest income	5.9	3.4	(2.4)	(41.2%)	
Dividend income	1.2	3.7	2.5	198.1%	
Equity in earnings of affiliates	1.0	1.3	0.2	24.2%	
Net gain on re-determination of unitized field	3.8	-	(3.8)	(100%)	Net gain by re-determination of reserves at Bayu-Undan gas/condensate field in previous year
Net gain on taking effect of exploration and production agreement	3.5	-	(3.5)	(100%)	Net gain by the effect of joint venture agreement at Venezuela project in previous year
Foreign exchange gain	4.5	-	(4.5)	(100%)	
Other	1.8	2.1	0.2	15.9%	
<b>Other expenses</b>	26.3	34.9	8.6	32.7%	
Interest expense	5.9	3.4	(2.5)	(42.5%)	
Provision for allowance for recoverable accounts under production sharing	7.5	14.1	6.6	88.5%	Increase in exploration expenditure in Abadi and INPEX Libya
Provision for exploration projects	0.6	2.5	1.8	266.7%	
Loss on valuation of investment securities	6.8	5.1	(1.7)	(25.1%)	
Foreign exchange loss	-	5.2	5.2	-	3.43 yen depreciation from the beginning of this term and 2.66 yen appreciation from the beginning of the term in previous year
Other	5.4	4.5	(0.8)	(16.3%)	

# Analysis of Net Profit Increase



# Balance Sheets

(Billions of yen)	Mar. 31 '08	Sep. 30 '08	Change	%Change
Current assets	565.1	511.2	(53.9)	(9.5%)
Tangible fixed assets	254.4	277.8	23.3	9.2%
Intangible assets	265.4	259.3	(6.1)	(2.3%)
Recoverable accounts under production sharing	383.1	446.5	63.3	16.5%
Other investments	411.1	481.2	70.1	17.1%
Less allowance for recoverable accounts under production sharing	(71.4)	(88.1)	(16.6)	23.3%
<b>Total assets</b>	<b>1,807.9</b>	<b>1,888.0</b>	<b>80.1</b>	<b>4.4%</b>
Current liabilities	325.2	347.5	22.3	6.9%
Long-term liabilities	243.8	208.0	(35.8)	(14.7%)
Total net assets	1,238.8	1,332.4	93.6	7.6%
(Minority interests)	81.4	91.9	10.5	12.9%
<b>Total liabilities and net assets</b>	<b>1,807.9</b>	<b>1,888.0</b>	<b>80.1</b>	<b>4.4%</b>
Net assets per share (Yen)	491,168	526,702	35,534	7.2%



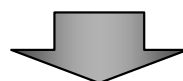
# Statements of Cash Flows

(Billions of Yen)	Apr.-Sep. '07	Apr.-Sep. '08	Change	%Change
Income before income taxes and minority interests	321.6	479.4	157.7	49.1%
Depreciation and amortization	17.7	19.6	1.9	10.9%
Recovery of recoverable accounts under production sharing (capital expenditures)	50.6	25.2	(25.3)	(50.1%)
Recoverable accounts under production sharing (operating expenditures)	(14.4)	(25.2)	(10.7)	74.5%
Income taxes paid	(213.2)	(314.7)	(101.5)	47.6%
Other	8.9	27.0	18.1	202.6%
<b>Net cash provided by operating activities</b>	<b>171.2</b>	<b>211.3</b>	<b>40.1</b>	<b>23.4%</b>
Purchase of tangible fixed assets	(25.0)	(40.2)	(15.2)	61.0%
Purchases of marketable securities/investment securities and proceed from sales of marketable securities/investment securities (Net)	(43.7)	(74.8)	(31.0)	70.9%
Investment in recoverable accounts under production sharing (capital expenditures)	(58.6)	(64.0)	(5.4)	9.3%
Other	47.3	0.0	(47.2)	(99.9%)
<b>Net cash used in investing activities</b>	<b>(80.1)</b>	<b>(179.0)</b>	<b>(98.9)</b>	<b>123.6%</b>
<b>Net cash used in financing activities</b>	<b>(24.9)</b>	<b>(50.6)</b>	<b>(25.6)</b>	<b>102.5%</b>
Cash and cash equivalents at end of the period	252.1	210.2	(41.8)	(16.6%)

# Revision of Financial Forecasts for the year ending March 31, 2009

## - Assumptions

(Aug. 8, 2008)	1Q(actual)	2Q	2 <sup>nd</sup> half	Full year
Crude oil price (Brent)(\$/bbl)	123.0	115.0	95.0	107.0
Exchange rate (yen/US\$)	104.6	105.0	100.0	102.4



(Nov. 11, 2008)	1 <sup>st</sup> half (actual)	2 <sup>nd</sup> half	Full year
Crude oil price (Brent)(\$/bbl)	119.9	65.0	92.5
Exchange rate (yen/US\$)	106.1	95.0	100.6

## - Financial Forecasts for the year ending March 31, 2009

	Previous forecasts (Aug. 8, 2008)	Revised forecasts (Nov. 11, 2008)	Change	% Change
Net Sales (billions of yen)	1,314.0	1,153.0	(161.0)	(12.3%)
Operating income (billions of yen)	850.0	723.0	(127.0)	(14.9%)
Ordinary income (billions of yen)	819.0	692.0	(127.0)	(15.5%)
Net income (billions of yen)	177.0	150.0	(27.0)	(15.3%)

## - Dividend per share

	End of 2Q	End of fiscal year (forecast)	Toal (forecast)
Year ended March 31, 2009 (yen)	4,000	4,000	8,000