

Consolidated Financial Results for the Three Months ended June 30, 2016 [Japanese GAAP]

August 4, 2016

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

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Meeting of quarterly financial results presentation : No

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the Three Months ended June 30, 2016 (April 1, 2016-June 30, 2016)

(1) Consolidated operating results

(Figures in % represent the changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the three months ended June 30, 2016	198,136	(18.9)	70,773	(25.9)	60,761	(39.8)	7,864	(67.2)
June 30, 2015	244,292	(28.4)	95,460	(46.7)	100,973	(48.0)	23,966	(54.3)

(Note): Consolidated comprehensive income: for the three months ended June 30, 2016, ¥(113,016) million; (—%)
 for the three months ended June 30, 2015, ¥(7,696) million; (—%)

	Net income per share—basic	Net income per share—diluted
For the three months ended June 30, 2016	Yen 5.39	Yen —
June 30, 2015	16.41	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding non-controlling interests as a percentage of total assets
As of June 30, 2016	Millions of Yen 4,152,514	Millions of Yen 3,061,412	% 67.5
As of March 31, 2016	4,369,841	3,178,803	67.1

(Reference): Net assets excluding non-controlling interests: as of June 30, 2016, ¥2,803,262 million
 as of March 31, 2016, ¥2,932,892 million

2. Dividends

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
For the year ended March 31, 2016	Yen —	Yen 9.00	Yen —	Yen 9.00	Yen 18.00
For the year ending March 31, 2017	—	—	—	—	—
For the year ending March 31, 2017 (forecast)	—	9.00	—	9.00	18.00

(Note): 1. Changes in projected dividends for the year ending March 31, 2017 from the previous forecast: None

2. Above information of "Dividends" is regarding common stock. For information regarding Class A stock (which is not listed), please refer to Exhibit "Dividends of Class A stock".

3. Forecasted Consolidated Financial Results for the year ending March 31, 2017 (April 1, 2016-March 31, 2017)

(Figures in % represent the changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the six months ending September 30, 2016	395,000	(30.3)	136,000	(44.9)	128,000	(50.5)	10,000	(78.0)	6.85
For the year ending March 31, 2017	797,000	(21.1)	257,000	(34.1)	251,000	(33.0)	17,000	1.3	11.64

(Note): Changes in forecasted consolidated financial results for the year ending March 31, 2017 from the previous forecast: Yes

Notes

(1) Significant changes in scope of consolidation : None

(Changes in the specified subsidiaries during the period due to change in scope of consolidation)

(2) Adoption of accounting treatments which are exceptional for quarterly consolidated financial statements : None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : None

2. Other changes in accounting policies : None

3. Changes in accounting estimates : Yes

4. Restatement of corrections : None

(Note): Please refer to "2.(3) Changes in accounting policies, accounting estimates and restatement of corrections" on page 5 for further information.

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,462,323,600 shares as of June 30, 2016
1,462,323,600 shares as of March 31, 2016

2. Number of treasury stock at the end of the period: 1,966,400 shares as of June 30, 2016
1,966,400 shares as of March 31, 2016

3. Average number of shares: 1,460,357,200 shares for the three months ended June 30, 2016
1,460,357,200 shares for the three months ended June 30, 2015

* Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure under the Financial Instruments and Exchange Act. The review procedure for quarterly consolidated financial statements under the Financial Instruments and Exchange Act has not been completed at the time of disclosure of this report.

*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Please refer to "1.(3) Explanation regarding future forecast information such as Forecasts for Consolidated Financial Results" on page 4.

Exhibit:

Dividends of Class A stock

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2016	—	3,600.00	—	3,600.00	7,200.00
For the year ending March 31, 2017	—				
For the year ending March 31, 2017 (forecast)		3,600.00	—	3,600.00	7,200.00

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1. Qualitative Information/Financial Statements

(1) Explanation on Consolidated Financial Results

Net sales for the three months ended June 30, 2016 decreased by ¥46.1 billion, or 18.9%, to ¥198.1 billion from the corresponding period of the previous fiscal year due to a decrease in sales prices of crude oil and natural gas.

Net sales of crude oil decreased by ¥15.2 billion, or 9.9%, to ¥139.7 billion, and net sales of natural gas decreased by ¥30.1 billion, or 35.1%, to ¥55.6 billion.

Sales volume of crude oil increased by 9,814 thousand barrels, or 47.5%, to 30,476 thousand barrels. Sales volume of natural gas decreased by 275 million cf, or 0.3%, to 81,184 million cf. Sales volume of overseas natural gas decreased by 57 million cf, or 0.1%, to 66,626 million cf, and sales volume of domestic natural gas decreased by 6 million m³, or 1.5%, to 390 million m³ (14,559 million cf).

The average sales price of overseas crude oil decreased by US\$20.06, or 32.4%, to US\$41.76 per barrel. Meanwhile, the average sales price of overseas natural gas decreased by US\$2.60, or 34.8%, to US\$4.88 per thousand cf. In addition, the average sales price of domestic natural gas decreased by ¥11.30, or 19.6%, to ¥46.33 per m³. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales appreciated by ¥11.54, or 9.5%, to ¥109.52 per U.S. dollar from the corresponding period of the previous fiscal year.

The decrease of ¥46.1 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, an increase in sales volume contributing ¥73.6 billion to the increase, a decrease in unit sales price pushing sales down of ¥100.3 billion, the appreciation of the Japanese yen against the U.S. dollar pushing sales down of ¥18.6 billion, and a decrease in net sales excluding crude oil and natural gas of ¥0.7 billion.

Cost of sales for the three months ended June 30, 2016 decreased by ¥19.7 billion, or 15.7%, to ¥106.5 billion due mainly to the appreciation of the Japanese yen against the U.S. dollar. Exploration expenses increased by ¥0.3 billion, or 28.8%, to ¥1.3 billion due mainly to an increase in exploration activities in the Asia & Oceania region. Selling, general and administrative expenses decreased by ¥1.9 billion, or 9.2%, to ¥19.5 billion. As a result, operating income decreased by ¥24.6 billion, or 25.9%, to ¥70.7 billion.

Other income decreased by ¥13.8 billion, or 60.9%, to ¥8.8 billion due to a decrease in foreign exchange gain and others. Other expenses increased by ¥1.6 billion, or 9.8%, to ¥18.8 billion due to an increase in foreign exchange loss and others, despite a decrease in provision for allowance for recoverable accounts under production sharing. As a result, ordinary income and income before income taxes decreased by ¥40.2 billion, or 39.8%, to ¥60.7 billion.

Total amount of current income taxes and deferred income taxes decreased by ¥36.6 billion, or 45.0%, to ¥44.8 billion, net income decreased by ¥3.5 billion, or 18.1%, to ¥15.9 billion, and net income attributable to non-controlling interests were ¥8.0 billion. As a result of the above effects, net income attributable to owners of parent for the three months ended June 30, 2016 decreased by ¥16.1 billion, or 67.2%, to ¥7.8 billion.

Financial results by segment are as follows:

1) Japan

Net sales decreased by ¥5.4 billion, or 20.1%, to ¥21.8 billion due to a decrease in sales prices of crude oil and natural gas. Meanwhile, operating income increased by ¥2.9 billion to ¥3.6 billion due to a decrease in exploration expenses and others.

2) Asia & Oceania

Net sales decreased by ¥37.3 billion, or 40.2%, to ¥55.4 billion due to a decrease in sales prices of crude oil and natural gas and the appreciation of the Japanese yen against the U.S. dollar. Operating income decreased by ¥25.7 billion, or 73.9%, to ¥9.0 billion.

3) Eurasia (Europe & NIS)

Net sales decreased by ¥2.6 billion, or 14.3%, to ¥15.6 billion due to a decrease in sales price of crude oil and the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales volume of crude oil. Operating income decreased by ¥2.2 billion, or 42.0%, to ¥3.0 billion.

4) Middle East & Africa

Net sales decreased by ¥0.6 billion, or 0.6%, to ¥103.2 billion due to a decrease in sales price of crude oil and the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales volume of crude oil. Meanwhile, operating income increased by ¥1.0 billion, or 1.8%, to ¥59.8 billion due to a decrease in cost of sales and others.

5) Americas

Net sales decreased by ¥84 million, or 4.0%, to ¥2.0 billion due to a decrease in sales prices of crude oil and natural gas and the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales volume of crude oil. Operating loss increased by ¥1.0 billion, or 70.1%, to ¥2.6 billion.

(2) Explanation on Consolidated Financial Position

Total assets as of June 30, 2016 decreased by ¥217.3 billion to ¥4,152.5 billion from ¥4,369.8 billion as of March 31, 2016. Current assets decreased by ¥24.9 billion to ¥959.4 billion due to a decrease in cash and deposits and others. Fixed assets decreased by ¥192.4 billion to ¥3,193.0 billion due to a decrease in investments and other assets and others.

Meanwhile, total liabilities decreased by ¥99.9 billion to ¥1,091.1 billion from ¥1,191.0 billion as of March 31, 2016. Current liabilities decreased by ¥33.2 billion to ¥285.8 billion and long-term liabilities decreased by ¥66.6 billion to ¥805.2 billion.

Net assets decreased by ¥117.3 billion to ¥3,061.4 billion. Total shareholders' equity decreased by ¥5.2 billion to ¥2,531.6 billion. Total accumulated other comprehensive income decreased by ¥124.3 billion to ¥271.5 billion and non-controlling interests in net assets increased by ¥12.2 billion to ¥258.1 billion.

Cash and cash equivalents as of June 30, 2016 totaled ¥76.0 billion reflecting a net increase of ¥22.2 billion from ¥53.8 billion at the end of the previous fiscal year.

Cash flows from operating activities, investing activities and financing activities are as follows:

1) Cash flows from operating activities

Net cash provided by operating activities increased by ¥35.5 billion to ¥45.0 billion from the corresponding period of the previous fiscal year. This is due mainly to decreases in income taxes paid and recoverable accounts under production sharing (operating expenditures), despite a decrease in income before income taxes owing to a decrease in sales prices of crude oil and natural gas.

2) Cash flows from investing activities

Net cash used in investing activities decreased by ¥137.6 billion to ¥2.1 billion from the corresponding period of the previous fiscal year. This is due mainly to the lack of payments for purchases of mining rights.

3) Cash flows from financing activities

Net cash used in financing activities was ¥15.4 billion, meanwhile, net cash provided by financing activities for the previous period was ¥21.3 billion. This is due mainly to an increase in repayments of long-term debt and a decrease in proceeds from non-controlling interests for additional shares.

(3) Explanation regarding future forecast information such as Forecasts for Consolidated Financial Results

Forecasts for consolidated financial results for the six months ending September 30, 2016 and the year ending March 31, 2017 have been revised from the previous forecasts presented on May 12, 2016, taking into consideration the consolidated financial results for the three months ended June 30, 2016.

Forecasts for consolidated financial results for the six months ending September 30, 2016 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	389,000	118,000	118,000	8,000
Revised Forecasts: B	395,000	136,000	128,000	10,000
Increase (Decrease): B-A	6,000	18,000	10,000	2,000
Percentage change (%)	1.5	15.3	8.5	25.0

Forecasts for consolidated financial results for the year ending March 31, 2017 (Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	808,000	238,000	237,000	17,000
Revised Forecasts: B	797,000	257,000	251,000	17,000
Increase (Decrease): B-A	(11,000)	19,000	14,000	—
Percentage change (%)	(1.4)	8.0	5.9	—

The above forecasts are calculated based on the following assumptions:

	Previous Forecasts	Revised Forecasts
Crude oil price (Brent)	Full Year: US\$ 45.0/bbl (Average)	1st quarter (actual): US\$ 47.0/bbl From 2nd quarter: US\$ 45.0/bbl Full Year: US\$ 45.5/bbl (Average)
Exchange rate	Full Year: ¥110.0/US\$ (Average)	1st quarter (actual): ¥108.2/US\$ From 2nd quarter: ¥105.0/US\$ Full Year: ¥105.8/US\$ (Average)

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

2. Notes Regarding Summary Information (Notes)

(1) Significant changes in scope of consolidation:

None

(2) Adoption of accounting treatments which are exceptional for quarterly consolidated financial statements:

None

(3) Changes in accounting policies, accounting estimates and restatement of corrections:

(Changes in accounting estimates)

(Change in useful life)

The Company reviewed the period of economic estimated use of structures (pipelines) considering the progress of initiatives on strengthening our gas supply chain defined in the "Medium- to Long-Term Vision", actual use records and others since the Toyama Line is planned to commence operation this fiscal year. It was confirmed that they could be used longer than their conventional useful lives, which had been based on the method prescribed in the Corporation Tax Act, and the Company has changed their useful lives from the three months ended June 30, 2016.

As a result, compared with the conventional method, operating income, ordinary income and income before income taxes for the three months ended June 30, 2016 increased by ¥1,361 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of March 31, 2016	As of June 30, 2016
(Assets)		
Current assets		
Cash and deposits	772,528	747,974
Accounts receivable-trade	56,462	62,827
Inventories	35,915	35,778
Other	132,515	125,058
Less allowance for doubtful accounts	(13,076)	(12,205)
Total current assets	984,345	959,433
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	124,900	184,724
Wells, net	51,257	49,829
Machinery, equipment and vehicles, net	130,796	135,582
Land	19,673	19,594
Construction in progress	1,407,490	1,308,675
Other, net	18,495	18,744
Total tangible fixed assets	1,752,614	1,717,150
Intangible assets		
Goodwill	67,558	65,868
Other	473,912	456,185
Total intangible assets	541,471	522,053
Investments and other assets		
Investment securities	213,730	198,904
Recoverable accounts under production sharing	727,771	721,558
Other	291,535	175,370
Less allowance for doubtful accounts	(7,814)	(7,196)
Less allowance for recoverable accounts under production sharing	(131,765)	(132,458)
Less allowance for investments in exploration	(2,046)	(2,303)
Total investments and other assets	1,091,410	953,876
Total fixed assets	3,385,496	3,193,080
Total assets	4,369,841	4,152,514

(Millions of yen)

Accounts	As of March 31, 2016	As of June 30, 2016
(Liabilities)		
Current liabilities		
Accounts payable-trade	47,351	42,614
Short-term loans	68,468	65,890
Income taxes payable	42,845	28,465
Provision for exploration projects	4,781	5,103
Accrued bonuses to officers	55	13
Asset retirement obligations	2,233	1,035
Other	153,390	142,761
Total current liabilities	319,127	285,883
Long-term liabilities		
Long-term debt	673,098	617,806
Provision for loss on business	4,737	4,369
Accrued special repair and maintenance	293	306
Liability for retirement benefits	7,461	7,455
Asset retirement obligations	100,829	99,821
Other	85,490	75,459
Total long-term liabilities	871,911	805,218
Total liabilities	1,191,038	1,091,101
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	676,273	676,273
Retained earnings	1,575,136	1,569,857
Treasury stock	(5,248)	(5,248)
Total shareholders' equity	2,536,971	2,531,691
Accumulated other comprehensive income		
Unrealized holding gain on securities	4,958	1,007
Unrealized loss from hedging instruments	(6,660)	(6,066)
Translation adjustments	397,622	276,629
Total accumulated other comprehensive income	395,921	271,570
Non-controlling interests	245,910	258,149
Total net assets	3,178,803	3,061,412
Total liabilities and net assets	4,369,841	4,152,514

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

Accounts	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Net sales	244,292	198,136
Cost of sales	126,289	106,500
Gross profit	118,003	91,635
Exploration expenses	1,042	1,342
Selling, general and administrative expenses	21,500	19,520
Operating income	95,460	70,773
Other income		
Interest income	2,194	2,591
Dividend income	1,693	1,108
Foreign exchange gain	8,256	—
Gain on sales of fixed assets	8	1,909
Other	10,570	3,275
Total other income	22,724	8,884
Other expenses		
Interest expense	1,162	1,162
Equity in losses of affiliates	1,007	221
Provision for allowance for recoverable accounts under production sharing	13,203	687
Provision for exploration projects	568	34
Foreign exchange loss	—	15,757
Other	1,268	1,033
Total other expenses	17,210	18,896
Ordinary income	100,973	60,761
Income before income taxes	100,973	60,761
Income taxes-current	75,975	54,026
Income taxes-deferred	5,505	(9,224)
Total income taxes	81,480	44,801
Net income	19,493	15,959
Net income (loss) attributable to non-controlling interests	(4,473)	8,095
Net income attributable to owners of parent	23,966	7,864

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Net income	19,493	15,959
Other comprehensive income		
Unrealized holding loss on securities	(123)	(3,937)
Translation adjustments	(34,495)	(122,814)
Share of other comprehensive income of associates accounted for by the equity method	7,430	(2,223)
Total other comprehensive income	(27,189)	(128,976)
Comprehensive income	(7,696)	(113,016)
Total comprehensive income attributable to		
Owners of parent	13,598	(116,486)
Non-controlling interests	(21,294)	3,469

(3) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Cash flows from operating activities		
Income before income taxes	100,973	60,761
Depreciation and amortization	14,100	22,172
Amortization of goodwill	1,690	1,690
Provision for allowance for recoverable accounts under production sharing	13,559	692
Provision for exploration projects	(965)	396
Other provisions	(19)	(921)
Liability for retirement benefits	40	16
Interest and dividend income	(3,888)	(3,702)
Interest expense	1,162	1,162
Foreign exchange loss (gain)	(3,820)	16,560
Equity in losses (earnings) of affiliates	1,007	221
Loss (gain) on sales of fixed assets	(8)	(1,909)
Recovery of recoverable accounts under production sharing (capital expenditures)	14,985	21,158
Recoverable accounts under production sharing (operating expenditures)	(22,120)	(2,919)
Accounts receivable-trade	(14,919)	(6,428)
Inventories	(2,396)	(1,239)
Accounts payable-trade	3,968	(4,209)
Other	(5,077)	(360)
Subtotal	98,272	103,141
Interest and dividends received	10,757	4,448
Interest paid	(533)	(106)
Income taxes paid	(98,995)	(62,397)
Net cash provided by (used in) operating activities	9,501	45,085

(Millions of yen)

Accounts	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Cash flows from investing activities		
Payments for time deposits	(43,477)	(163,352)
Proceeds from time deposits	247,928	260,877
Payments for long-term time deposits	(32,710)	—
Payments for purchases of tangible fixed assets	(115,675)	(80,599)
Proceeds from sales of tangible fixed assets	16	2,996
Payments for purchases of intangible assets	(5,553)	(5,951)
Proceeds from sales and redemptions of marketable securities	49,961	—
Payments for purchases of investment securities	(6,400)	(142)
Proceeds from sales and redemptions of investment securities	9,934	—
Investment in recoverable accounts under production sharing (capital expenditures)	(16,413)	(12,813)
Decrease (increase) in short-term loans receivable	66	1,102
Long-term loans made	(96,143)	(2,304)
Collection of long-term loans receivable	178	115
Payments for purchases of mining rights	(132,278)	—
Other	737	(2,077)
Net cash provided by (used in) investing activities	(139,829)	(2,150)
Cash flows from financing activities		
Increase (decrease) in short-term loans	74	(3)
Proceeds from long-term debt	—	50
Repayments of long-term debt	(9,695)	(13,570)
Proceeds from non-controlling interests for additional shares	41,647	8,769
Cash dividends paid	(10,653)	(10,651)
Other	(9)	(9)
Net cash provided by (used in) financing activities	21,364	(15,414)
Effect of exchange rate changes on cash and cash equivalents	(1,260)	(5,312)
Net increase (decrease) in cash and cash equivalents	(110,224)	22,208
Cash and cash equivalents at beginning of the period	260,978	53,813
Cash and cash equivalents at end of the period	150,753	76,021

(4) Notes to Consolidated Financial Statements

(Conditions or events that indicate there could be substantial doubt about the Company's ability to continue as a going concern)

For the three months ended June 30, 2016 (April 1, 2016 through June 30, 2016):

None

(Note on significant changes in shareholders' equity)

For the three months ended June 30, 2016 (April 1, 2016 through June 30, 2016):

None

(Segment information)

I. For the three months ended June 30, 2015 (April 1, 2015 through June 30, 2015)

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
Sales to third parties	27,329	92,740	18,222	103,881	2,118	244,292	—	244,292
Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	27,329	92,740	18,222	103,881	2,118	244,292	—	244,292
Segment income (loss)	679	34,776	5,274	58,793	(1,534)	97,988	(2,528)	95,460

Note: 1. Adjustments of segment income of ¥(2,528) million include elimination of inter-segment transactions of ¥51 million and corporate expenses of ¥(2,580) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

2. Segment income is reconciled with operating income on the consolidated statement of income.

2. Information on impairment loss from fixed assets, goodwill and other items by reportable segment

None

II. For the three months ended June 30, 2016 (April 1, 2016 through June 30, 2016)

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
Sales to third parties	21,848	55,424	15,615	103,213	2,034	198,136	—	198,136
Intercompany sales and transfers between segments	—	—	—	—	—	—	—	—
Total	21,848	55,424	15,615	103,213	2,034	198,136	—	198,136
Segment income (loss)	3,668	9,075	3,058	59,843	(2,611)	73,033	(2,260)	70,773

Note: 1. Adjustments of segment income of ¥(2,260) million include elimination of inter-segment transactions of ¥2 million and corporate expenses of ¥(2,263) million. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

2. Segment income is reconciled with operating income on the consolidated statement of income.

2. Information on impairment loss from fixed assets, goodwill and other items by reportable segment

None

3. Disclosure of changes, etc. in reportable segments

(Change in useful life)

As described in “(3) Changes in accounting policy, accounting estimates and restatement of corrections” in “2. Notes Regarding Summary Information (Notes)”, The Company reviewed the period of economic estimated use of structures (pipelines) considering the progress of initiatives on strengthening our gas supply chain defined in the "Medium- to Long-Term Vision", actual use records and others since the Toyama Line is planned to commence operation this fiscal year. It was confirmed that they could be used longer than their conventional useful lives, which had been based on the method prescribed in the Corporation Tax Act, and the Company has changed their useful lives from the three months ended June 30, 2016.

As a result, compared with the conventional method, "Japan" segment income for the three months ended June 30, 2016 increased by ¥1,361 million.

(Subsequent events)

For the three months ended June 30, 2016 (April 1, 2016 through June 30, 2016):

None

4. Supplementary Information

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

Segment	Category	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Japan	Crude oil	0.2 MMbbls (2.6 Mbbls per day)	0.3 MMbbls (3.2 Mbbls per day)
	Natural gas	8.4 Bcf (92.7 MMcf per day)	11.4 Bcf (125.0 MMcf per day)
	Subtotal	1.8 MMboe (20.0 Mboe per day)	2.4 MMboe (26.7 Mboe per day)
	Iodine	133.9 tons	141.3 tons
	Electric power generation	54.1 million kWh	55.5 million kWh
Asia & Oceania	Crude oil	4.4 MMbbls (48.5 Mbbls per day)	3.6 MMbbls (40.1 Mbbls per day)
	Natural gas	66.3 Bcf (728.5 MMcf per day)	63.6 Bcf (699.3 MMcf per day)
	Subtotal	16.9 MMboe (185.4 Mboe per day)	15.6 MMboe (172.0 Mboe per day)
Eurasia (Europe & NIS)	Crude oil	2.5 MMbbls (27.9 Mbbls per day)	2.6 MMbbls (29.0 Mbbls per day)
Middle East & Africa	Crude oil	20.9 MMbbls (229.8 Mbbls per day)	24.0 MMbbls (264.0 Mbbls per day)
Americas	Crude oil	0.7 MMbbls (7.2 Mbbls per day)	0.7 MMbbls (7.1 Mbbls per day)
	Natural gas	8.4 Bcf (92.1 MMcf per day)	10.1 Bcf (110.8 MMcf per day)
	Subtotal	2.1 MMboe (23.5 Mboe per day)	2.5 MMboe (27.2 Mboe per day)
Total	Crude oil	28.8 MMbbls (316.0 Mbbls per day)	31.3 MMbbls (343.5 Mbbls per day)
	Natural gas	83.1 Bcf (913.4 MMcf per day)	85.1 Bcf (935.0 MMcf per day)
	Subtotal	44.3 MMboe (486.7 Mboe per day)	47.2 MMboe (518.9 Mboe per day)
	Iodine	133.9 tons	141.3 tons
	Electric power generation	54.1 million kWh	55.5 million kWh

Note: 1. The volume of LPG produced overseas is included in 'Crude oil.'

2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.

3. 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 three months ended June 30 regardless of a closing date of fiscal periods of its subsidiaries or affiliates.

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

Figures calculated by multiplying the gross production volume by the Company's interest share are 34.3 MMbbls (376.4 Mbbls per day) of crude oil, 106.5 Bcf (1,170.4 MMcf per day) of natural gas, and in total 54.2 MMboe (595.6 Mboe per day) for the three months ended June 30, 2015, and 37.5 MMbbls (411.8 Mbbls per day) of crude oil, 105.2 Bcf (1,156.6 MMcf per day) of natural gas, and in total 57.2 MMboe (629.0 Mboe per day) for the three months ended June 30, 2016.

5. Boe means barrels of oil equivalent.

6. Iodine is refined by other company on consignment.

7. Figures are rounded to one decimal place.

2) Orders received

Disclosure on this information is omitted because the amount of orders received is accounted for a minor portion of total sales.

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

Segment	Category	For the three months ended June 30, 2015		For the three months ended June 30, 2016	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	135 Mbbls	1,063	208 Mbbls	1,063
	Natural gas (excluding LPG)	14,776 MMcf	22,818	14,559 MMcf	18,073
	LPG	2 Mbbls	12	1 Mbbls	4
	Other		3,434		2,707
	Subtotal		27,329		21,848
Asia & Oceania	Crude oil	4,068 Mbbls	31,002	3,902 Mbbls	18,475
	Natural gas (excluding LPG)	57,678 MMcf	58,894	58,977 MMcf	34,772
	LPG	541 Mbbls	2,842	620 Mbbls	2,177
	Subtotal		92,740		55,424
Eurasia (Europe & NIS)	Crude oil	2,399 Mbbls	18,222	3,059 Mbbls	15,615
Middle East & Africa	Crude oil	13,896 Mbbls	103,881	22,829 Mbbls	103,213
Americas	Crude oil	163 Mbbls	896	479 Mbbls	1,424
	Natural gas (excluding LPG)	9,005 MMcf	1,222	7,649 MMcf	609
	Subtotal		2,118		2,034
Total	Crude oil	20,661 Mbbls	155,066	30,476 Mbbls	139,792
	Natural gas (excluding LPG)	81,459 MMcf	82,935	81,184 MMcf	53,455
	LPG	542 Mbbls	2,855	621 Mbbls	2,182
	Other		3,434		2,707
	Total		244,292		198,136

Note: 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 three months ended March 31 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.

3. Sales volumes are rounded to the nearest whole number.